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Distribution Channel Analysis in Increasing Customer Satisfaction

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Abstract: The aim of this research is to find out how distribution channels are, the factors that influence distribution channels and distribution channel strategies in increasing customer satisfaction at Lion Parcel Gunungsitoli City. This research uses a qualitative research approach. The sample in this study was 4 people consisting of business owners, admin staff (couriers) and customers at Lion Parcel Gunungsitoli City. The data collection techniques used were observation and interviews. The results of this research are firstly that the distribution channel at Lion Parcel is quite good, prioritizing good service quality and providing convenience in carrying out transactions and bonuses for regular customers, secondly, the factors that influence distribution at Lion Parcel in Gunungsitoli City are the distance that is quite far and the infrastructure does not support it and the courier staff is still minimal and the third is Lion Parcel Gunungsitoli City, namely adding workers so that goods can be distributed properly and looking for other alternatives to speed up the distribution process.

Keywords: Distribution Channel, Satisfaction, Customer.

1. INTRODUCTION

Currently, the development of service businesses has become one of the most pursued ventures by entrepreneurs. Advances in technology have made it easier for businesses to offer services to consumers, facilitating transactions and allowing them to reach customers across different regions. This service also helps companies cater to customers located far from the company's headquarters. One of the growing service sectors is the parcel delivery or logistics business, which provides ease in courier services as a form of public service. The large number of companies offering similar services, each with its own advantages, has led to intense competition among them. This fierce competition indirectly forces each service provider to continuously innovate in their business operations to maintain their company's sustainability. One of the key factors determining the success of a delivery service business is the distribution channel. Distribution channels are crucial elements in the modern supply chain, influencing a company's ability to achieve operational efficiency and customer satisfaction. Effective distribution management is essential to ensure customer convenience. These channels should be implemented from the inception of the company as they significantly affect the market reach where the products are distributed. Well-managed distribution channels have a significant impact on expanding market reach, increasing the number of customers and sales volume.

The distribution strategy chosen by a company can vary depending on the type of product, target market, distribution costs, and consumer preferences. Several factors to consider when selecting a distribution channel include the desired geographical coverage, after-sales service needs, control over the product, and cost efficiency. A well-managed distribution channel supports the company's operations by minimizing costs such as storage or distribution costs, while also enhancing customer

satisfaction. Customer satisfaction is an important concept in business planning and management, as customers expect products or services to be delivered with quality service. In service industries, customer satisfaction is a primary focus, especially in logistics. Customer satisfaction in logistics services is a key indicator in assessing the quality of service provided by logistics providers. This satisfaction can be achieved through timely deliveries, accurate specifications, and the correct quantity of ordered goods. To improve customer satisfaction in logistics services, providers need to understand customer needs and expectations, while being committed to continuously improving service quality. Feedback from customers also serves as a vital tool for improving distribution channels and service quality. Lion Parcel is a fast-delivery service provider that offers various advantages and services to meet the needs of both businesses and individuals. With its speed, efficiency, and high-quality service, Lion Parcel has established itself as one of the leading players in Indonesia's parcel delivery industry. Established on February 14, 2013, Lion Parcel (PT Lion Express) provides first, middle, and last-mile delivery services for both domestic and international shipments. Supported by over 7,000 agents, 15,000 couriers, and 3,000 vehicles, Lion Parcel's delivery network covers 98% of sub-districts across 34 provinces in Indonesia, leveraging Lion Group's network and infrastructure to provide affordable logistics services.

Lion Parcel in Gunungsitoli City is one of PT Lion Express' branches that has been operating for several years. However, in its operations, there have been several customer complaints regarding the service. According to preliminary observations, these complaints include inaccurate package delivery to the customer's address, delays in shipment, lack of information provided to customers, and a lack of accountability from delivery couriers. These issues arise due to deliveries exceeding the estimated time, limited delivery coverage, and tracking systems that are inaccurate or not up to date, making it difficult for customers to track their shipments. Additionally, a lack of transparency regarding delivery schedules and unresponsive customer service has led to frustration among customers, prompting many to switch to other service providers. The formulation of the problem is the core of the topic of the event that must be thought about appropriately based on mature and detailed guidelines. Based on the description above, the researcher formulates the problem as follows: (1) How is the distribution channel system implemented by Lion Parcel in Gunungsitoli City? (2) What of kind factors influence the effectiveness of the distribution channels at Lion Parcel in Gunungsitoli City? (3) What distribution channel strategies are most appropriate to improve customer satisfaction at Lion Parcel in Gunungsitoli City.

2. RESEARCH METHODS

Siswanto (as cited in Teresia, 2019) suggests that a research approach is a perspective on the object that determines the direction of the study. This aligns with the notion that an approach serves as a tool to capture reality or phenomena before conducting the analysis. Based on this view, the approach used in this research is qualitative, as the issue involves human-related aspects and the perspective on the object is key in guiding the direction of the research.

2.1. Research Variables

According to Sugiyono, as cited in Setyawan (2021), a research variable is anything determined by the researcher to be studied to obtain information, from which conclusions can be drawn. The variable in this study is the distribution channel's role in enhancing customer satisfaction.

2.2. Data Analysis Techniques

1. Data Collection

The first step in the data analysis process is data collection. The data in this study were obtained through observations, interviews, literature reviews, and documentation, all of which were recorded in field notes consisting of two aspects: description and reflection. Descriptive notes are natural data that contain what the researcher saw, heard, felt, and experienced firsthand, without the researcher's opinions or interpretations of the phenomena encountered. Reflective notes, on the other hand, include the researcher's impressions, comments, and interpretations of the findings. Field notes from observations were recorded as thoroughly as possible by the researcher. In this study, the field notes provided explanations about the number of employees and the services performed daily.

2. Data Reduction

Data reduction is the process of selecting and simplifying research findings according to the needs of the study. This process involves grouping similar data, organizing it systematically, eliminating data that is irrelevant to the research objectives, and summarizing the data into simpler patterns and structures. The most relevant and significant data is selected to support the research goals. Data reduction is carried out to provide a more specific and in-depth understanding of the phenomena being studied, and to facilitate the researcher in obtaining additional data, if necessary, ultimately leading to data that aligns with the research objectives:

To get this record, researchers conducted interviews with several informants:

1. Data Presentation

Data presentation is defined as a structured set of information that allows for the drawing of conclusions and decision-making. The data is organized in a coherent and easily understandable format. At this stage, the researcher arranges relevant data so that the information gathered can be interpreted and provide specific meaning to answer the research problem. Data presentation is not merely a narrative description but involves a continuous process of analysis until conclusions are drawn. Therefore, presenting the data helps the researcher understand what is happening and determine the next steps based on the findings.

2. Interesting Conclusion

At this stage, the researcher systematically organizes the data that has been presented, then seeks to draw conclusions from the data in accordance with the research focus

3. RESULTS AND DISCUSSION

In line with the research method established earlier, the researcher collected data and information about the variables studied through interviews with informants at the research site. Based on the research findings, primary data relevant to the issues discussed was obtained. The study revealed that Lion Parcel in Gunungsitoli City uses both direct and indirect distribution channels to deliver parcels to customers. The direct distribution channel involves direct delivery from the producer to the consumer without intermediaries, while the indirect channel involves third parties such as agents or distributors. The results show that customer satisfaction is influenced by several factors, including delivery speed, service reliability, and staff friendliness. Most respondents expressed satisfaction with Lion Parcel's services, particularly regarding the delivery speed, which matched the promised time. Key Factors Affecting Waiting Time in the Distribution Channel: Delivery time and distance are the main factors influencing waiting time. Longer distances or more complex routes require more time.

Poor road infrastructure and unpredictable weather also hinder the distribution process. Additionally, a limited workforce contributes to delivery delays. Differences in Waiting Time Based on Service Type: Waiting time varies depending on the type of service chosen, such as regular or express service. Express services are typically faster than regular services or large shipments that require special handling. Average Delivery Time from Warehouse to Final Customer: The average delivery time from the warehouse to the final customer ranges from 1 to 2 days, depending on the distance and the shipping method chosen by the customer. Ease of Expanding Distribution Channels to New Areas: Expanding distribution channels is not always easy and depends largely on the conditions of the targeted area. Adequate infrastructure, a broad network, technological support, and local partnerships facilitate expansion. Factors Influencing the Ease of Expanding Distribution Channels: Factors such as infrastructure support, partnership models, technology, human resources, regulations, market potential, and financial backing play key roles in the ease of expanding distribution channels. Easily Accessible Areas or Markets: Regions with good infrastructure and dense populations, such as major cities, are easier to reach compared to remote areas with inadequate infrastructure. Alternative Distribution Channels: In addition to air routes, Lion Parcel also uses land routes (sea freight) as an alternative, although it takes longer. Easy Transaction Methods Beyond Social Media: Customers can conduct transactions directly at Lion Parcel branches, although many prefer to use social media or phone to conduct their transactions. Employee Training to Improve Services: Employee training is mandatory at Lion Parcel to enhance service quality. Strategies for Building Long-Term Relationships with Customers: Providing optimal service, addressing complaints, innovating services, and offering discounts to loyal customers are strategies used by Lion Parcel to build long-term relationships with its customers

Distribution channels are a key element in connecting a company with its consumers. Choosing the right distribution channel is crucial as it directly impacts the success of marketing strategies. Regular evaluation is also necessary to ensure that the chosen channel is effective, efficient, and aligned with market needs. Selecting the right distribution channel not only helps in product dissemination but also enhances customer satisfaction, reduces costs, and speeds up delivery times. In its operations, Lion Parcel (PT. Lion Express) in Gunungsitoli City prioritizes service quality to ensure customer satisfaction in its parcel delivery services. In service businesses, service quality plays a critical role in influencing customer satisfaction, which is often driven by direct interactions between employees and customers. In addition to service quality, the flow of goods and services from producer to consumer is a crucial factor. Distribution plays a vital role in linking producers with consumers, providing satisfaction through the products and services delivered. Efficiency in managing distribution channels significantly impacts the success of product marketing. Distribution or marketing channels can be defined as a network of organizations or individuals involved in moving products from producers to end consumers. According to Chopra and Meindl in Taufik (2023), a series of strategic steps are taken by companies to ensure that raw materials, components, and finished goods are transferred from suppliers to companies and eventually from producers to consumers. Additionally, Safitri (2023) explains that distribution is the process of delivering goods and services from producers to consumers with the goal of meeting human needs. Distribution is a critical component of economic activity that serves as a bridge between producers and consumers, ensuring that goods and services reach those who need them. In this study, the distribution channels used by Lion Parcel (PT. Lion Express) in Gunungsitoli City involve both direct and indirect distribution systems. Direct distribution is carried out by delivering goods directly to the consumer, while indirect distribution involves distributing goods to partnered agents who then deliver them to the consumers. Previous research that also utilized direct and indirect distribution channels was conducted by Hasriani (2018). The distribution channels implemented by Lion Parcel in Gunungsitoli City are as follows.

1. Waiting Time.

- a. Conditions and delivery destination locations. The conditions referred to here include unpredictable weather, such as frequent rain, which disrupts the distribution process. Additionally, the varied delivery locations (covering the entire Nias Islands) affect the delivery time, as the considerable distances require more time, compounded by inadequate road infrastructure.
- b. Workforce. At Lion Parcel in Gunungsitoli City, the workforce consists of only 2 (two) people: the business owner and one employee. The business owner is directly involved in the operations, while the employee serves as both an administrator and a courier. The waiting time in a distribution channel refers to the period required from when the product is dispatched by the producer until it reaches the consumer. This waiting time is a crucial factor in determining the effectiveness and efficiency of the distribution channel. According to Abdullah, T. & Francis T., as cited in Rahmadi (2020), the average time consumers spend waiting for a product before receiving it has a significant impact on their level of satisfaction.

1. Ease of Distribution

Ease of distribution is crucial to ensure that products can be delivered quickly and efficiently to consumers. This refers to a company's ability to ensure smooth product distribution without significant obstacles in terms of accessibility, reach, or the delivery process. In its operations, Lion Parcel faces challenges in expanding its network, especially in areas that are hard to reach due to inadequate infrastructure and limited network access in certain regions, requiring careful consideration before expanding the distribution network.

2. Product Variety

Product variety in a distribution channel refers to the different types of goods or services distributed through the network. The more varied the products, the more complex the management of the distribution channel becomes. According to Abdullah, T. & Francis T. in Rahmadi (2020), product variety in marketing channels relates to the breadth of product options available to consumers through the channel. Consumers generally prefer channels that offer a wide variety of products because it provides them with more options to choose the products that best meet their needs and preferences. In expanding its business, Lion Parcel offers an alternative distribution channel besides air transport, which is via land routes, although this option takes longer. Most consumers prefer air shipping because it is faster, even though it is slightly more expensive compared to land transport.

3. Support for Improvement

Support for distribution channel improvements is essential to ensure that distribution becomes more effective, efficient, and responsive to market needs. Ongoing support for improving distribution channels helps companies remain competitive in the market, increases consumer satisfaction, and enhances operational efficiency.

Lion Parcel is always open to suggestions and feedback from customers to improve its distribution channels. This is done to assess the level of customer satisfaction at Lion Parcel Gunungsitoli City. Customer satisfaction refers to the level of contentment customers feel after interacting with a product or service provided by a company. This satisfaction is typically influenced by customers' expectations before receiving the product or service and their experiences afterward. In its efforts to meet customer

satisfaction, Lion Parcel prioritizes good service. Most customers remain loyal to Lion Parcel's services, despite occasional issues such as discrepancies in tracking information or delivery errors. This aligns with Karunden's (2018) research, which states that distribution channels that emphasize service quality can enhance customer satisfaction and encourage continued use of the offered products.

4. CONCLUSION

Based on the results and discussion, several findings can be concluded as follows: The distribution channels at Lion Parcel in Gunungsitoli City are operating well and prioritize service quality by offering two delivery alternatives: direct and indirect. PT. Lion Parcel provides clear information to customers both online and in person, offers bonuses or discounts to maintain customer loyalty, and is willing to pick up packages from customers' homes for their convenience. To further enhance customer satisfaction, selecting and optimizing the right distribution channels is crucial. This includes optimizing the network of agents and partners, utilizing digital technology, forming partnerships with local logistics providers, expanding package pickup and delivery services, and strengthening customer service and communication efforts. Based on the research findings regarding the distribution channels to improve customer satisfaction at Lion Parcel in Gunungsitoli City, several recommendations are provided, which are expected to be beneficial for Lion Parcel as a logistics service provider and for future researchers. These recommendations include: (1) It is necessary to improve or provide training for administrative staff to ensure accurate recording of addresses and details on shipped items, so that deliveries reach the correct destination and avoid long waiting times for the shipped goods; (2) It is recommended to increase the number of workers or couriers at Lion Parcel to reduce delivery delays and better manage customer waiting times; (3) For future researchers, it is suggested to conduct studies with the same variables on other logistics services to broaden the understanding of distribution channels.

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