

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT IN IMPROVING CUSTOMER SATISFACTION (CASE STUDY AT PT SIDO MUNCUL TBK)

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ABSTRACT

The purpose of this research is to determine the implementation of Supply Chain Management (SCM) in improving customer satisfaction. Supply Chain Management is a management method that involves the integration of business processes among networks related to suppliers, manufacturers, distribution centers, and retailers. Customer satisfaction is the overall attitude shown by consumers towards goods and services after they have obtained and used them, and it represents the difference between what consumers expect and the situation provided by the company. The method used is a case study because the targeted company has already implemented Supply Chain Management in its operations. Data collection techniques include interviews and documentation. The results of this research prove that the proper implementation of Supply Chain Management by the company has an impact on customer satisfaction.

Keywords: Supply Chain Management (SCM), Customer Satisfaction, Management Accounting, Production Management

INTRODUCTION

In recent years, consumer trust in herbal products in Indonesia has shown an increasing trend. This is driven by several factors, including rising public awareness of a healthy lifestyle and the importance of maintaining health. The belief that herbal products are more natural and safer compared to conventional medicines also encourages consumers to switch. Additionally, as times progress, access to herbal products becomes easier with their growing availability in drugstores, supermarkets, and online platforms. The increasing demand for herbal products inevitably leads to an increase in the production and sales of these products. However, it is known that herbal products are based on herbal plants affected by agricultural management. Factors such as regional production levels, transportation, factory demand, quality, and consumer levels play a role.

Therefore, companies operating in this sector must have a system that can manage their products from upstream to downstream. Supply Chain Management (SCM) is a method that can monitor product delivery in a timely manner to satisfy consumers, reduce costs, and increase company productivity through optimization of time, location, and the flow of material quantities. Supply Chain Management (SCM) plays a crucial role in enhancing consumer satisfaction. Consumers expect the products they purchase to arrive on time and in the correct quantities. Effective SCM ensures the smooth flow of goods from upstream to downstream, minimizing delays and stock shortages. This increases consumer satisfaction as they get the products they want without long waits or disappointment due to stockouts.

Consumers want high-quality and defect-free products. Efficient SCM ensures well-controlled production and distribution processes, minimizing damage and ensuring that products reach consumers in prime condition (Ali et al., 2023).

Consumer satisfaction increases because they believe the products they buy are of good quality and durable. Consumers want to know the latest information about the products they purchase, such as shipping status, stock availability, and return processes. Effective SCM allows for transparent communication between the company and consumers, ensuring they always receive accurate and up-to-date information. This enhances trust and consumer satisfaction as they feel valued and well-informed. Additionally, consumers want easy access to product information, the ability to make purchases, and obtain after-sales services. Well-integrated SCM provides user-friendly online platforms and responsive customer service (Amaliah et al., 2021).

Lu et al. (2016) stated that Supply Chain Management can be a primary resource for companies to achieve superior performance. One reason is that SCM always interacts with the external environment of the organization and continually gathers information to formulate strategies. Similarly, research conducted by Chavez et al. (2016) indicates that SCM competencies can affect customer satisfaction levels and higher shareholder value. Product quality and delivery are significantly and positively related to customer satisfaction (Fadilah, Rosidana, et al., 2021; Lestari, Hartanto, et al., 2022; Lestari, Purnamasari, et al., 2022).

The purpose of this study is to analyze the relationship between SCM implementation and consumer satisfaction at PT Sido Muncul by identifying key factors in SCM that need to be optimized to improve consumer satisfaction. Additionally, this study aims to develop effective SCM implementation strategies at PT Sido Muncul. This research differs from previous studies in several aspects, such as conducting research in the herbal and pharmaceutical industry with an interesting and unique context, exploring key factors in SCM optimized to enhance PT Sido Muncul's consumer satisfaction, and providing effective SCM implementation strategies in the context of a herbal and pharmaceutical company. The variables in this study are: Independent Variable: Supply Chain Management and Dependent Variable: Consumer Satisfaction. The implementation of supply chain management in a company can increase consumer satisfaction, based on several aspects, indicators, and how consumer satisfaction can be measured through supply chain management.

RESEARCH METHODS

This research was conducted using the case study method. According to Muktaf (2016) the case study research method is an appropriate strategy for research that uses how or why research questions, when the researcher has little time to control the events being studied, and the focus of the research is on contemporary phenomena. In the case study method, the researcher focuses on the design and implementation of the research. The type of research conducted is qualitative research. According to Sugiyono (2011), the qualitative research method is a research method based on philosophy used to study scientific conditions (experiments) where the researcher acts as an instrument.

The object of this research refers to the implementation of supply chain

management at PT Sido Muncul Tbk by conducting interviews with warehouse and public relations employees of PT Sido Muncul Tbk. PT Sido Muncul Tbk itself started as a home industry in 1940, managed by Mrs. Rahkmat Sulistio in Yogyakarta, and assisted by three employees. The high demand for more practical herbal medicine packaging encouraged her to produce herbal medicine in a practical form (powder). Thus, in 1951, a simple company named Sido Muncul, which means "A Dream Come True," was established at Jl. Mlaten Trenggulun. With its first and flagship product, Jamu Tolak Angin, Mrs. Rakhmat's herbal products began to gain popularity among the local community, and the demand kept increasing (Nurcholisah, Purnamasari, et al., 2023). As it developed, the factory located at Jl. Mlaten Trenggulun could no longer meet the large production capacity due to increasing market demand, and in 1984, the factory was moved to the Small Industrial Area on Jl. Kaligawe, Semarang. To accommodate the increasing market demand, the factory began to be equipped with modern machines, and the number of employees was increased according to the required capacity (now numbering more than 2000 people). To anticipate future advancements, it was deemed necessary to build a larger and more modern factory unit. Thus, in 1997, the groundbreaking for a new factory in Klepu took place.

The data collection techniques used were interviews and documentation. According to (Suarto, 2017), an interview is a data collection method through a one-sided question-and-answer session conducted systematically based on the research objectives. According to Muktaf (2016), documentation includes letters, memoranda, official announcements, agendas, meeting conclusions, written event reports, administrative documents, proposals, progress reports, internal documents, research, formal evaluations, clippings, and media articles (Nurcholisah, Nurleli, et al., 2023). Its use is to verify correct spelling, titles, and names, add specific details, and make inferences. Data sources were obtained from the public relations department, the warehouse department of PT Sido Muncul Tbk, and staff who have worked for more than five years at PT Sido Muncul Tbk.

The data analysis technique used in this research is descriptive analysis. Descriptive analysis is a research method by collecting data as it is, then organizing, processing, and analyzing it to provide an overview of the existing problems. In descriptive analysis, data is usually presented in the form of ordinary tables or frequency tables, graphs, bar charts, line charts, pie charts, measures of central tendency, measures of data dispersion, and so on (Sugiyono, 2011).

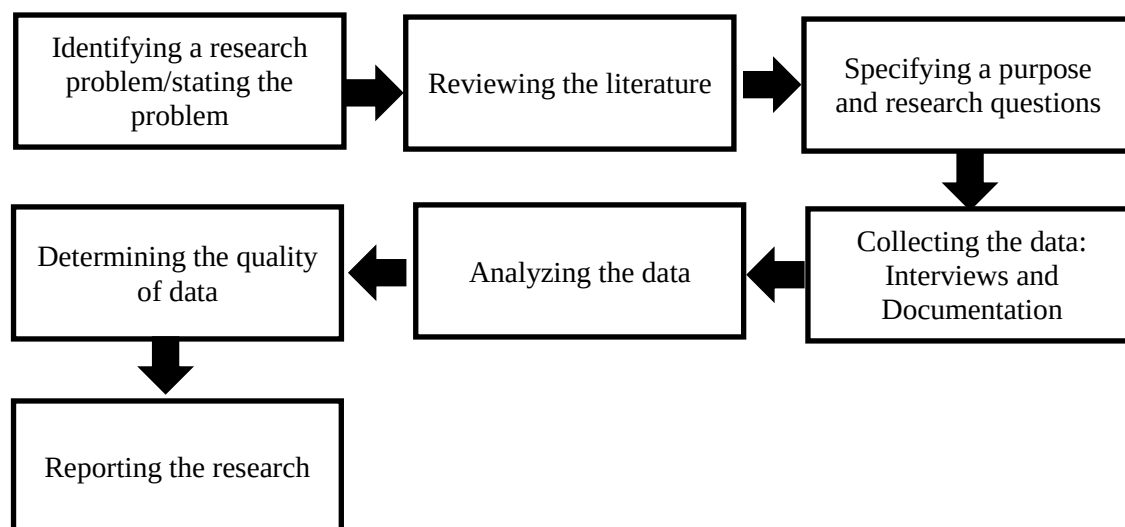


Figure 1. Research Methodology Case Study at PT Sido Muncul Tbk

RESULTS AND DISCUSSION

Each stage of the supply chain illustrates how PT Sido Muncul Tbk's operations function. This supply chain management system facilitates the operational processes of PT Sido Muncul Tbk, both directly and indirectly. It enables PT Sido Muncul Tbk to continually provide high-quality products to its customers. Below is the supply chain of PT Sido Muncul Tbk. The explanation of the supply chain of Sido Muncul is as follows:



Figure 1. Sido Muncul Supply Chain
 Source: sidomuncul.co.id

Supplier

PT Sido Muncul Tbk sources its raw materials from local and imported suppliers. They collaborate with spice farmers to establish partnerships that will eventually become part of their supply chain. The goal is to invite and guide local farmers to cooperate in maintaining the volume of their simplicia raw materials for

long-term continuity. Additionally, sourcing raw materials from local agriculture offers advantages such as shorter delivery times and easier monitoring processes.

Manufacturer

The raw materials obtained from suppliers are processed by the manufacturer, namely PT Semarang Herbal Indo Plant and PT Sido Muncul. Specifically, the simplicia raw materials undergo an extraction process first by PT Semarang Herbal Indo Plant before entering the production process managed by PT Sido Muncul. PT Semarang Herbal Indo Plant (SHI) is a subsidiary of PT Sido Muncul, which serves as a raw material extraction plant. The establishment of PT Semarang Herbal Indo Plant in Semarang City has increased Sido Muncul's production capacity. The standardized production stages conducted by PT Semarang Herbal Indo Plant involve extracting beneficial parts of simplicia, including seeds, roots, flowers, leaves, fruits, and plant bark. These extracted parts are then utilized to produce pharmaceutical products, food, beverages, cosmetics, and more (Ladewy, Y et al., 2022; Purnamasari, P: 2022).

The subsequent production stage for product manufacturing takes place at the PT Sido Muncul factory in Semarang City, specifically on Jalan Soekarno Hatta km 28, Bergas District. The factory spans an area of 367,041 square meters, with the factory building covering 136,776 square meters, supporting buildings covering 16,774 square meters, an agro-tourism area covering 20,554 square meters, and the remaining area serving as supportive zones. The PT Sido Muncul factory is equipped with comprehensive facilities and supported by pharmaceutical standards. Some of these facilities include CPOB and CPOTB standardized production facilities, an ISO 17025 certified laboratory, a holistic clinic, an agro-tourism area, and demineralized water and waste treatment facilities. This factory has been operating since 2000 and currently produces 100 million sachets of products per month.

Distributor

The finished products are first stored in a warehouse before distribution. PT Muncul Mekar, a subsidiary of PT Sido Muncul, specializes in distributing PT Sido Muncul Tbk products. PT Muncul Mekar has over 122 distributors spread from Sabang to Merauke to ensure product availability in every region. Additionally, PT Berlico Mulia Farma, another subsidiary of PT Sido Muncul Tbk, focuses on distributing PT Sido Muncul Tbk's pharmaceutical products, with distribution processes covering more than 16 major cities in Indonesia and involving 53 large pharmaceutical wholesalers (PBF). PT Sido Muncul also distributes its products to countries in Africa and Nigeria through its subsidiary, Muncul Nigeria Limited.

Retailer

After being distributed by the distributors, the products reach the retailers. These retailers include traders in traditional and modern trade sectors, such as traditional medicine (herbal) traders, retail drug (pharmaceutical) traders, cosmetic traders, health product traders, and others. Currently, PT Sido Muncul's products have reached over 100,000 wholesale and retail traders, who then sell directly to customers (consumers).

Customer

Customers are the final part of PT Sido Muncul's supply chain. The customers who buy and consume Sido Muncul's products are mostly teenagers and adults. In conducting its business, PT Sido Muncul also segments the market to target Southeast Asian communities who favor herbal medicines. Customers with high or moderate lifestyles can enjoy PT Sido Muncul's products without exception (Rosyida, Heryani, Fuadi, & Dinia, 2020). Furthermore, the quality of PT Sido Muncul Tbk's Jamu Tolak Angin products is rated highly by consumers. This is evidenced by the significant impact of product quality on customer satisfaction (Izzaturahman et al., 2023). Product quality can be used as a means to enhance customer satisfaction with PT Sido Muncul Tbk's Jamu Tolak Angin. Customer satisfaction is a post-purchase evaluation that involves comparing customer expectations with the reality they receive. To maintain customer satisfaction, PT Sido Muncul Tbk must understand the expectations of its consumers. Through the implementation of Supply Chain Management, PT Sido Muncul Tbk achieves customer satisfaction measured by:

- a) Re-purchase. Many consumers repurchase the goods or products produced by PT Sido Muncul Tbk.
- b) Word-of-mouth creation. Through product taste, packaging appearance, and product efficacy, consumers will speak positively about the company to others.
- c) Brand creation. Consumers pay less attention to competitors' brands and advertisements. The good quality of PT Sido Muncul Tbk's Jamu Tolak Angin enhances the brand's reputation. This brand reputation is a key to the success of a branded product. A good brand reputation will automatically be in the minds of consumers.
- d) Repeat purchase decisions from the same company. With PT Sido Muncul Tbk's distinctive slogan, "Smart people? drink Tolak Angin," consumers do not only buy one product. With many varieties of herbal and nutritional drinks, consumers will buy other products from the same company, such as Kukubima Energy, Tolak Linu, Ginger Milk, Complete Herbal, and Turmeric Tamarind.

In addition to the four measures of customer satisfaction, here are some aspects of customer satisfaction based on the implementation of Supply Chain Management at PT Sido Muncul Tbk:

- a) Expectation. Consumers develop expectations before purchasing PT Sido Muncul Tbk products by comparing their needs with what the company's products offer in terms of benefits, which can affect customer satisfaction before purchasing the product.
- b) Performance. Based on high-quality and selected raw materials, PT Sido Muncul Tbk impacts consumers by allowing them to experience the benefits and performance of the products produced based on their needs (Fadilah et al., 2020; Fadilah, Nurleli, et al., 2021; Purnamasari & Hartanto, 2023a, 2023b; Purnamasari, Rahmani, et al., 2020)
- c) Comparison. Before purchasing, there are expectations and performance perceptions that will be compared after consuming the product. This is

based on consumer assessment of the product composition, which has its own benefits for consumption according to consumer needs (Nurhayati, Hartanto, Paramita, et al., 2023; Purnamasari et al., 2022).

- d) Confirmation/disconfirmation. The alignment of pre-purchase desires with purchase perceptions. This requires confirmation, as PT Sido Muncul continually strives to develop and improve product quality through customer satisfaction questionnaires. This effort allows for the evaluation of perception alignment from customer feedback in these questionnaires.
- e) Discrepancy. Observed from the implementation of Supply Chain Management at PT Sido Muncul Tbk, and the efforts made by the company to enhance customer satisfaction, there is a performance consistency above the expectation level, which increases customer satisfaction (Amaliah et al., 2021; Amran et al., 2021).

Based on the measurements and aspects of customer satisfaction through Supply Chain Management, several factors influence PT Sido Muncul Tbk's customer satisfaction, including:

- a) Product Quality. Choosing trusted raw material suppliers and applying strict quality control ensures high-quality raw materials, accompanied by Good Manufacturing Practices (GMP) and the use of the latest technology, resulting in consistent and safe products (Fadilah, Maemunah, & Hernawati, 2019). Additionally, product quality is controlled through regular testing in both internal and external laboratories, ensuring products meet standards and detection fraud in process (Fadilah, Maemunah, Lim, et al., 2019; Oktaroza et al., 2022; Purnamasari & Umiyati, 2019).
- b) Service Quality. A wide and well-organized distribution network ensures Sido Muncul products are available throughout Indonesia quickly and on time, demonstrating efficient distribution. Additionally, the company provides excellent customer service with a trained and responsive team ready to assist customers with various questions and complaints. This is supported by educational and promotional activities to enhance customer knowledge and trust in PT Sido Muncul Tbk's product quality (Setyaningrum et al., 2023).
- c) Emotional. This aspect is crucial in building a strong and positive brand image through Indonesian cultural and traditional values, creating an emotional bond with customers. Furthermore, guaranteed product quality and excellent service build customer trust in the PT Sido Muncul Tbk brand. Ultimately, a pleasant shopping experience at Sido Muncul stores increases customer satisfaction and loyalty.
- d) Price. Efficient supply chain management, such as negotiating raw material prices and optimizing transportation, helps reduce production costs and allows for competitive pricing. PT Sido Muncul Tbk's consumers receive value commensurate with the price they pay, as the products are of high quality, beneficial to health, and possess strong cultural value. PT Sido Muncul Tbk implements flexible pricing strategies, adapting to market segmentation and competitive conditions.

- e) Cost. Effective supply chain management helps PT Sido Muncul Tbk save costs in various aspects, such as raw material procurement, production, distribution, and storage. Cost savings and increased product sales of PT Sido Muncul Tbk result in improved company profitability (Fadilah, S., Nurleli, N., & Nurcholisah, K, 2020).

CONCLUSION

PT Sido Muncul Tbk fully understands the crucial role of supply chain management in enhancing customer satisfaction. In terms of product quality, PT Sido Muncul implements strict quality control across the entire supply chain, from raw material selection to production and distribution processes. By doing so, PT Sido Muncul Tbk has demonstrated that effective supply chain management can significantly contribute to increased customer satisfaction. This has been achieved through the implementation of several appropriate strategies, such as an extensive distribution network, efficient logistics systems, stringent quality control, and competitive pricing strategies, all of which have contributed to wide product availability, maintained quality, and affordable prices for consumers. To further enhance customer satisfaction, the company can improve transparency and communication with consumers, increase the utilization of digital technology to enhance customer service, boost collaboration with suppliers and business partners, and continuously innovate and adapt to market trends (Nurhayati, Hartanto, & Pramono, 2023; Nurhayati & Susanto, 2017; Purnamasari, Pramono, et al., 2020).

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