THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Analysis of the Effect of Distribution Channel on Customer Satisfaction with Product Quality as a Moderating Variable: Case Study of a Private Company Producing Sacks

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Abstract:

Plastic and sack manufacturing companies are a significant in economic activity. The distribution channel for the introduction of sacks and the quality of sack creates a decrease in consumer satisfaction. This research technique was quantitative, and the research was descriptive in nature. Data was gathered through interviews, questionnaires, and documentation. For the analysis, multiple linear regressions were performed. This study took a sample of 110 consumers from a population of 150. The results showed that $F_{count} (5.734) > F_{table} (3.06)$ with a significance value of 0.000 0.05. $F_{count} (5.734) > F_{table} (3.06)$ with a significant value of 0.004 0.05. The introduction of sacks and the quality of sacks has a beneficial and substantial impact on customer satisfaction at Otani Company. The modified R-Square of 48% of the variance in the dependent variable of customer satisfaction can be explained by variations in the distribution channel of sack delivery and product quality of sacks.

Keywords: Distribution Channel, Product Quality, Customer Satisfaction

1. Introduction

Customer satisfaction is the consumer's feeling about the difference between what he has received and what he expected. Customers will be satisfied if the value given by the product or service satisfies them for an extended period. The more companies engaged in the same field, the more customer demands on the company, such as better distribution channel and better product quality. It is the demands from customers that are not met by the company that causes low customer satisfaction or failure to meet the company's targets.

Otani Company is a company engaged in the production of plastic and sacks. Otani Company produces a wide range of sacks, including rice sacks, fertilizer sacks, sugar sacks, salt sacks, and animal feed sacks of various sorts and sizes. Otani Company is dedicated to manufacturing high-quality plastic and sacks. This company produces sacks for a variety of uses. The sacks are used for fertilizer, sugar, salt, animal feed, rice, tires. The Otani Company's sacks feature good printing, good paint colors, and clear writing prints. The sack fabric is also sturdy and does not rip easily. Customer satisfaction at Otani Company, on the other hand, has declined in the last few months. The distribution channel is one of several variables that contribute to the Otani Company's low customer satisfaction. A distribution channel is an institution that carries out all activities related to the distribution of products and their ownership status from producers to final consumers or business users.

Figure 1

2. Review of Related Literature

2.1. Distribution Channel

According to Tjiptono and Gregorius (2016: 395), 'Distribution channel is a series of organizational participants who perform all the functions needed to deliver products/services from the seller back to the final buyer.'

According to Sudaryono (2015: 233), 'Distribution channel is products that have been manufactured and need to be distributed to reach consumers, either through distribution channels, intermediaries, or sent directly.'

2.1.1. Distribution Channel Indicator

According to Abdullah and Tantri (2014: 213-214), marketing channel produces five services:

- Unit of Size
- Waiting Time
- Ease of Deployment
- Product Variations
- Service Assistance

2.1.2. Theory of the Effect of Distribution Channel on Customer Satisfaction

According to Tjiptono and Gregorius (2016: 413), 'This aspect is related to the determination of intermediaries in a region. The goal is to serve the market with minimal costs but can create a product image that meets customer expectations.'

According to Nitiusastro (2013:201), 'The implications of distribution channel on consumer behavior, the most ideal condition for customers is when they need a product and information about the product can be obtained easily, inexpensively, and pleasantly.'

2.2. Product Quality

According to Kotler and Keller (2013:143), 'Product quality is the entirety of features and characteristics of a product or service that depends on its ability to satisfy stated or implied demands.'

According to Sunyoto (2012:240), 'Quality is a measure to assess if a product or service has the desired use-value, or in other words, a product or service is deemed to have quality if it functions or has the desired use-value.'

Kualitas produk didefinisikan sebagai kepuasan klien. Konsumen tertarik pada barang-barang yang memberikan yang terbaik dalam hal kualitas, kinerja, estetika, atau aspek unik dalam ide produk (Alisan & Sari, 2018).

2.2.1. Product Quality Indicator

According to Tjiptono and Gregorius (2016: 75), quality has several main dimensions of which eight are often used:

- Performance
- Feature
- Reliability
- Conformance
- Durability
- Serviceability

2.3. Customer Satisfaction

According to Sunyoto (2012:227), 'Customer satisfaction is the level of one's feelings after comparing the perceived (performance or results) compared to their expectations.'

According to Sangadji and Sopiah (2013: 180), 'Satisfaction or dissatisfaction is a person's experience of pleasure or disappointment that results from a comparison between his impressions of the real/actual product performance and the expected product performance.'

2.3.1. Customer Satisfaction Indicator

According to Hasan (2013:99), the determination of customer satisfaction on tangible products:

- Form
- Feature
- Performance Quality
- Conformance
- Durability
- Repairability
- Style
- Design

2.3.2. Theory of the Effect of Product Quality on Customer Satisfaction

According to Sangadji and Sopiah (2013: 100), 'Quality has a close relationship with customer satisfaction. Quality provides an impetus to customers to forge a strong bond with the company.'

According to Tjiptono and Gregorius (2012: 76), 'High quality leads to a high level of customer satisfaction as well.' According to Priansa (2017:109), 'Product quality is the consumer's perception of the overall characteristics of the product that affect its ability to meet consumer satisfaction.'

2.3.3. Theory of the Effect of Product Quality on Customer Satisfaction through Moderating Variables

The term 'product' refers to anything that a manufacturer provides to satisfy a market need or desire. A product is anything that is offered to a market to meet a need or demand. Packaging, color, pricing, and the reputation of the businesses and merchants engaged in their production and distribution are all complex products. In short, a product is anything that a business produces to meet the demands and needs of its customers. Consumers will evaluate whether a product or service meets or exceeds their expectations after purchasing it. Customer satisfaction is critical. Otherwise, dissatisfied consumers will complain. We believe that there is a strong correlation between customer satisfaction and transactional pleasure.

2.4. Research Hypothesis

The hypothesis of this research is as follows:

- H₁: Distribution Channel has a positive effect on Customer Satisfaction.
- H₂: Product Quality has a positive effect on Customer Satisfaction.
- H₃: Channel has a positive effect on Customer Satisfaction through moderating variables.

3. Research Methodology

The researcher employed a quantitative research method in this research. According to Sangadji and Sopiah (2013: 288), 'Quantitative research is research that is more reliant on data that can be calculated to produce an interpretation.'

According to Sangadji and Sopiah (2013:309), 'Population is the entire research subject.' In this study, the population consisted of all consumers at Otani Company in 2018, a total of 150 customers, with customers who repeated transactions classified as one customer.

4. Results

4.1. Reliability-Analysis

A reliability test, according to Priyatno (2013:30), is a measuring instrument that is considered to be reliable if the tool in measuring a symptom consistently produces the same results. Cronbach's alpha is a prominent reliability test technique. This method works well with scores that are on a scale (e.g., 1-4, 1-5) or in a range (e.g., 0-10, 0-30).

- If the Cronbach's alpha value > 0.60 then it is declared reliable
- If the Cronbach's alpha value < 0.60 then it is declared unreliable

Variable	Reliability Value	Information
Commitment	0.906	6
Communication	0.822	6
Work Discipline	0.891	8

Table 1: Reliability Analysis

It is shown that all of the three variables get high Cronbach's alpha. The Cronbach's alpha bigger than 0.6 is accepted.

4.2. Validity (F-Test and T-Test)

According to Ghazali (2013), F-test and T-test shows how far the influence of one explanatory/independent variable is in explaining the variation of the dependent variable.

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1337,994	2	668,997	114,882	,000 ^b
	Residual	623,097	107	5,823		
	Total	1961,091	109			

Table 2: F-Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14,576	1,523		9,570	,000
	Distribution channel	,170	,075	,227	2,273	,025
	Product quality	,452	,072	,626	6,272	,000

Table 3: T-Test

From Table 2 and 3 above, the outcome shows that the legitimacy is substantial. It implies that the theory is acknowledged.

4.3. Normality Test

Normality test is overseen as its prerequisite. By utilizing the one-sample Kolmogorov-Smirnov test, it shows that the gathered information is dispersed regularly. Table 4 below shows the outcome.

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		110
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	2,39091653
Most Extreme Differences	Absolute	,078
	Positive	,078
	Negative	-,068
Test Statistic		,078
Asymp. Sig. (2-tailed)		,096 ^c

Table 4: Statistical Normality Test

The value of $p = > 0.05$ on the measurement results of the Kolmogorov-Smirnov test, as shown in Table 4 above, indicates that the results with a value of 0.096 are larger than 0.05. Thus, it is possible to conclude that the data is normally distributed. As a result, it is possible to conclude that the data is normally distributed.

5. Discussion

5.1. The Effect of Distribution Channel on Customer Satisfaction

The results of this study indicate that hypothesis H_1 is accepted, namely the distribution channel has a positive and significant effect on customer satisfaction at Otani Company with the t_{count} value compared to the t_{table} value. Thus, the distribution channel variable is $2.273 > 1.976$ and the significance is 0.025 ($0.025 < 0.05$).

5.2. The Effect of Product Quality on Customer Satisfaction

The results of this study indicate that hypothesis H_2 is accepted, namely the distribution channel has a positive and significant effect on customer satisfaction at Otani Company with the t_{count} value compared to the t_{table} value. Thus, the customer satisfaction variable is $6.272 > 1.976$ and the significance is 0.000 ($0.000 < 0.05$).

5.3. The Effect of Distribution Channel on Customer Satisfaction through Moderating Variables

The results of this study indicate that the H_3 hypothesis is rejected, namely, the distribution channel has no positive and significant effect on customer satisfaction at Otani Company with the t_{count} value compared to the t_{table} value. Thus, the distribution channel variable is $-0.198 > 1.976$ and the significance is 8.44 ($8.44 < 0.05$).

6. Conclusion

The results of the partial test of the distribution channel of the sack delivery variable have a positive and significant effect on customer satisfaction at the Otani Company. Partial testing of sack product quality variables has a positive and significant effect on customer satisfaction at Otani Company. The results of the simultaneous test of the distribution channel of the sack delivery variable and product quality simultaneously have a positive and significant effect on Otani Company customer satisfaction. The results of the partial test of the distribution channel of the sack delivery variable through the moderating variable have no positive and insignificant effect on customer satisfaction at Otani Company.

7. Suggestion for Further Studies

For further researchers, it is better to include other variables besides distribution channel and product quality as predictor variables for customer satisfaction. Thus, more information can be obtained about the factors that can affect customer satisfaction.

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