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### RESEARCH ARTICLE

## COMMERCIAL MARKET DEVELOPMENT OF BULOG (INDONESIAN LOGISTIC BUREAU) THROUGH SMALL-RETAIL BUSINESS BASED ON COMMUNITY SERVICE (RPK / RUMAH PANGAN KITA).

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#### Abstract

This study attempts to measure the performance of RPK in performing the expected roles and functions, so that the strengthening and inhibiting factors that are owned can be known; measure the level of customer satisfaction to know the suitability of expected and accepted services, so that the gap as the basis for the development of marketing programs can be identified, and make a competitor analysis to get the excess and or attracting factor, so that strategic steps for strengthening competitiveness of RPK can be known. The customer satisfaction index as a whole is 0.75 from the 0-1 satisfaction scale. This value is categorized as "moderate satisfaction" that still needs to be improved. Improvements need to be done on both the product and service aspects. Major improvements to the product quality are recommended for two attributes that are considered important to the customer but the satisfaction level is still low, that are (1) availability of expiry date and (2) expiration time limit. While major improvements in service quality aspects are (1) product availability and (2) quality guarantee from product. It indicates the need to improve the quality of BULOG products to increase customer trust in *Sahabat RPK* and improve stock management by *Sahabat RPK*.

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#### Introduction:-

Indonesia has a complex and a unique food problem. The food problem must be solved by the food institution. Some things that need to be done by BULOG (Indonesian Bureau Logistics) is doing food business wisely so that it can become a market alternative for customer with equal price and quality guarantee, and it has big capital to make purchasing with standard price or sell with top price when prices are high. The second function to establish the standard price and top price is a public service obligation (PSO) faced with financing. Foodstuffs business by BULOG can commercially contribute to the reduction of financing costs (Bantacut 2008).

RPK (A food distribution network) is an outlet with a small capital to foster entrepreneurship that generates the economy and food security from, to, and based on society. A small, high-frequency business cycle can withstand the depletion of community economic resources (rural), retain local business margins and assist in the distribution of economic activities by growing new sustainable business actors. RPK is a commercial division of BULOG

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(Indonesia Bureau Logistics). It is possible to do because the requirement to establish RPK is very easy and can be fulfilled by most people who want it. Small capital, easy terms and guidance and support from BULOG has become a growth magnet that is from the target of 22,000 which has successfully established 21,700 RPK.

Rapid growth in the early period may be false, so it is necessary to examine the real growth variables. Initial responses are frequently in form of: (i) experimental effort without adequate plans and preparation, (ii) the impact of momentary euphoria, (iii) a transitional period that can lead to success or otherwise, or (iv) promising early steps that shape strong and sustainable stability. To ensure that this rapid growth as the starting point of sustainable development, it is necessary to examine the strengths and weaknesses of RPK business actors (food companions) as well as customer satisfaction of RPK, so that the strengthening factor and strategic step of continuation development of program RPK can be found.

The high level of competition will cause customers to face many alternative products, prices, and quality varies, so that customers will look for products with the highest value of some existing products (Kotler and Keller 2016). One of the factors affecting competitiveness of RPK is customer satisfaction. Competitive advantage grows from the value or benefits that a company can create for its buyers that cost more than the company has to spend to create it (Limsanny 2009).

Customer satisfaction is a factor that greatly affects customer loyalty. There are many benefits gained through customer satisfaction, such as maintaining customers, reducing the sensitivity of customers to prices, reducing marketing failure costs, reducing operational costs and improving business reputation (Fornell 1992). Satisfaction has a positive effect on loyalty, desire to recommend, and word of mouth. Satisfaction also affects customer choices that will have an impact on increasing customer retention. Customers can remain loyal to a product and maintain a relationship with a product because customers are satisfied with the product (Heitmann et al 2007).

Loyalty and willingness of customers to conduct transactions on a continuous basis in the same company can occur if there is customer satisfaction with the performance of the company (Harnoto 2014). According to Griffin (2002), the characteristics of loyal customers are making regular purchases, offering a product or service to others, and indicating an entry barrier to a product or service offered by a competitor. Loyal customers will benefit companies, lower marketing costs to attract new customers, lower transactional costs, lower turnover costs, increase sales that will increase the company's market share, and make a more positive word of mouth.

There are several efforts that can be done to find the strengthening factors and strategic steps of further development of the program which are:

1. Measuring the performance of RPK in performing the expected roles and functions, so that the strengthening and inhibiting factors that are owned can be known;
2. Measuring the level of customer satisfaction to know the suitability of expected and accepted services, so that the gap as the basis for the development of marketing programs can be identified, and
3. Analyzing competitor to get the excess and or attracting factor, so that strategic steps for strengthening competitiveness of RPK can be known.

### **Methodology:-**

As a reseller of BULOG product, the performance of RPK will be greatly influenced by BULOG (Indonesian Bureau Logistics) performance in providing and distributing products to RPK.

BULOG product is distributed through a distribution network called RPK. People that join the network known as 'Sahabat RPK'. Therefore, the performance of RPK can be measured from (1) its ability to sell BULOG products and (2) the final customer satisfaction that it serves. Feedback for these RPK can also be an input for BULOG to improve the service. Hopefully BULOG can give guidance and support to RPK built from the result of this research.

Data collection is conducted in five cities, namely Bandar Lampung, DKI Jakarta, Pontianak, Surabaya, and Palu. The sample of RPK taken is 18 outlets in each city and the final customer sample is of 90 final customers in each city. The total sample used is 90 RPK outlets and 450 customers.

Data plotting is done using the following techniques:

1. Survey with a structured questionnaire with respondents: (a) RPK and (b) the final customer of the RPK.
2. Secondary data collection on BULOG and RPK related to product supply and sale performance of RPK.

#### Analysis of Performance and Satisfaction of Customer:-

While evaluating the satisfaction of customer, two things will be conducted: (1) the product/commodity of BULOG itself such as rice, meat, cooking oil, sugar, salt with indicators presented in Table 1 and (2) the service of RPK to the customer with the indicators presented in Table 2. This customer satisfaction survey will be an input for RPK in improving services and BULOG in improving products as well as services to RPK.

**Table 1:-**Satisfaction of RPK Product Quality Indicators

| Dimension   | Indicator  |
|-------------|--|
| Performance | Physical characteristics of the product (PK11)         |
|             | Taste intensity of product (PK12)                      |
|             | Nutrition content (PK13)                               |
| Features    | Availability of nutritional content information (PK21) |
|             | Availability of expiry date (PK22)                     |
|             | Availability of quality assurance logo (PK23)          |
| Reliability | Variation of product type (PK31)                       |
|             | Variation of packaging size (PK32)                     |
|             | Consistency of BULOG product availability (PK33)       |
|             | Consistency of quality (PK34)                          |
| Conformance | Price compliance with availability (PK41)              |
|             | Price compliance with quality (PK42)                   |
| Durability  | Expiration deadline (PK51)                             |
| Aesthetics  | Quality packaging design (PK61)                        |
| Reputation  | Brand reputation (PK71)                                |

**Table 2:-**Satisfaction of RPK Service Quality Indicators

| Dimension      | Indicator  |
|----------------|--|
| Tangibles      | Convenience of outlet (LK11)   |
|                | Cleanliness of outlet (LK12)   |
|                | Affordability of outlet location (LK13)  |
|                | Product layout (LK14)  |
|                | Building form (shop / shop / private house / etc) (LK15)                                 |
|                | Availability of supporting facilities (LK16)   |
|                | Availability of shelf for product (LK17)   |
| Reliability    | Product availability on every purchase (LK21)  |
|                | Availability of product size variant (LK22)  |
|                | Regular hours of operation (LK23)  |
| Responsiveness | Service service for customers (LK31)   |
|                | Operating hours (LK32)   |
| Assurance      | Quality assurance of the product (LK41)  |
|                | Halal assurance of the product (LK42)  |
| Empathy        | Hospitality officer in serving (LK51)  |
|                | The ability of officers in responding to complaints or addressing customer issues (LK52) |
|                | Self service system (LK53)   |

#### Competition Analysis:-

RPK are agents of BULOG products that are not exclusive, not franchised; therefore BULOG may not be the sole source of suppliers. It allows RPK to sell other similar products (competitors). In addition, RPK also compete with other retailers in selling products of similar staples.

In conducting competition analysis, the competitor object studied in this research includes two factors, namely: Therefore, *RPK*'s competitors consist of two types, namely: (1) similar products of basic needs other than *RPK*, and (2) other retailers selling products basic needs.

Product competition analysis is conducted on the most frequently purchased *RPK* product type or with the highest purchase nominal value. Respondent customers of *RPK* are requested to mention other similar products (outside *RPK*) that are most likely to be purchased. Furthermore, the level of satisfaction with all product attributes (as seen in Table 1) and service attributes (as seen in Table 2) the competitor is asked with the same measurement scale.

#### **Customer Loyalty:-**

*RPK* customer loyalty is measured by several indicators, namely:

1. Customer satisfaction in a whole
2. Purchase experience routinely
3. Willingness for repeat buying in the future
4. Recommendations to others to buy the product of *RPK*
5. Willingness to buy when price increased
6. Willingness to look for *RPK* products elsewhere when not found in usual shopping place.

#### **Sampling Technique:-**

Determination of sample size in this research is done by using rule of thumb technique. The number of indicators in this study is 29, so the lower limit of the sample size is  $31 \times 5 = 155$ . The sample used in this study amounted to 450 which is above the lower limit of the sample size. The number of cities to be selected is 5 cities where 18 *RPK* outlets will be selected in each city. The number of respondents taken at each outlet amounted to 5 respondents; therefore the total respondents in this study are  $5 \times 18 \times 5 = 450$  respondents.

The population in this study is the people who ever consume *BULOG* products in which the exact amount is unknown. The sampling technique used is multistage sampling. This technique is done by doing a multilevel grouping where at each level samples for research will be selected. This technique is also useful for large scale surveys (Lavrakas 2008). Electoral districts was based on purposive sampling technique, namely Jakarta, Lampung, Pontianak, Surabaya, and Palu. The selection of *RPK* outlets in each city was done by using simple random sampling technique and sampling for final customer respondents at each outlet was done by using convenience sampling technique by setting the requirement for the respondent in which the respondent has consumed *BULOG* product more than once.

#### **Data Analysis and Processing Technique:-**

There are three techniques used to perform the analysis and processing of data which are *descriptive statistics*, *CSI*, and *matrix IPA*. *Descriptive statistics* is used to describe the performance of *RPK* in distributing *BULOG* products to the public. *CSI (Customer Satisfaction Index)* is used to measure the level of customer satisfaction with service performance. *IPA Matrix (Importance Performance Analysis)* is used to obtain information about the level of customer satisfaction to a service by measuring the level of importance and the level of performance.

The importance of service quality is the importance of a service variable for customers. The level of performance is the performance of an attribute perceived by customers (Martilla and James 1977). The 5-level *Likert* scale is used to measure the level of importance that is very important, important, important enough, less important, and not important. These five levels are scored as follows:

1. A very important answer is scored 5
2. An important answer is scored 4
3. An important enough answer is scored 3
4. Less important answer is scored
5. A not important answer is scored 1

The level of implementation is the actual performance of the service quality provided by *BULOG* and perceived by the *RPK*. 5-level *Likert* scale is used to measure the level of implementation is very satisfied, fairly satisfied, satisfied, less satisfied, and dissatisfied. These five levels are scored as follows:

1. A Very Satisfied answer is scored 5
2. A Satisfied answer is scored 4

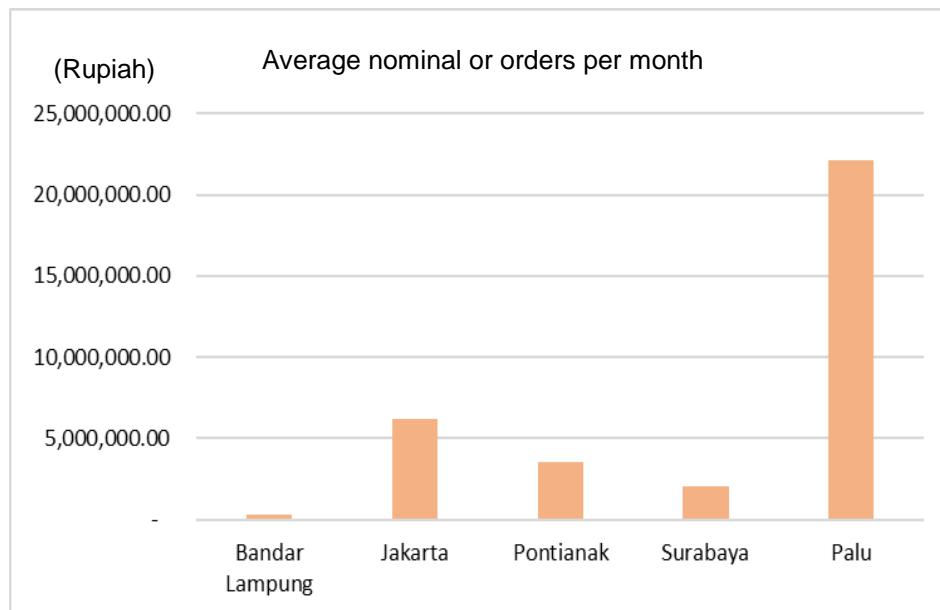
3. A Fairly Satisfied answer is scored 3
4. A Less Satisfied answer is scored 2
5. A Dissatisfied answer is scored 1

### Result And Discussion:-

#### Performance Analysis of RPK:-

The performance of *RPK* is shown by the ability of *RPK* in distributing *BULOG* products to the public. In this study, ability is measured by two indicators, namely (1) nominal average order per month and (2) the frequency of order made by *RPK* to *BULOG* in last year.

Figure 2.1 shows the nominal variation of order between *RPK* Companions in each city in a month. Order with the highest nominal is in the city of Palu, the average reached IDR 22 million. It is different from the nominal order in Bandar Lampung which has the lowest nominal among other cities.



**Figure 2.1:-** Average nominal or orders per month

The order frequency of *RPK* made last year in Figure 2.2 shows a correlation that is inversely proportional to the nominal order. Bandar Lampung with the lowest nominal order has the highest number of product orders in the last year, which is 35 times per year or about 3 times per week, while in Jakarta and Pontianak, *RPK* order on average 25 times per year or 2 times a month. *RPK* in Surabaya rarely order, ie only an average of 5 times per year or about 1 time in 2 months. *RPK* in Palu order 29 times a year or about 2.5 times per month. Based on the volume and frequency of these orders, *RPK* in Palu has a relatively good performance compared to another city because *BULOG* product can rotate more and more quickly. Meanwhile, the development of *RPK* in Surabaya shows relatively low and stagnant performance.



Figure 2.2:-Number of order in the last year

### Satisfaction and Loyalty:-

#### Customer Satisfaction Index:-

Customer satisfaction index as a whole to the product of *BULOG* is 0.75 which is the range of values from 0.66 to 0.80 indicating that the overall final customers are satisfied in the satisfied category. It is also supported by the level of customer satisfaction on product quality in every city which is in the satisfied category.

Customer satisfaction index as a whole towards the service of *RPK* is 0.74 which is the range of values from 0.66 to 0.80 revealing that the overall final customers are in the satisfied category. It also corresponds to the level of customer satisfaction on each city which is in the satisfied category. In general, customers have been satisfied with *BULOG* products and *RPK* service but *BULOG* still needs to continuously improve and enhance product and service quality so that customer satisfaction index value can approach 1.00.

The value of customer satisfaction index varies by city. This difference may be due to differences in customer preferences in each city and the different services provided by the *RPK* to the customer. Table 6 shows the total customer satisfaction index of Lampung, Jakarta, Pontianak, and Surabaya which is in the range 0.66 - 0.80 which is included in the satisfied category. Palu city customers have a total satisfaction index of 0.81 which is included in the very satisfied category. The highest customer satisfaction index for *BULOG* products is also found in Palu city, while the highest customer satisfaction index for *RPK* service is in Palu and Jakarta. The index of customer satisfaction on *RPK* service in Pontianak city is the lowest that is 0.65. This value is included in the range 0.51 - 0.65, which is quite satisfied. The highest customer satisfaction index in Palu city is also in accordance with the performance of *RPK* Palu who has the highest monthly order nominal compared to the other cities.

Table 3:-Total Customer Satisfaction Index

| City      | Customer satisfaction index of <i>BULOG</i> products | Customer satisfaction index of <i>RPK</i> service | Total customer satisfaction index |
|-----------|--|---|-----------------------------------|
| Lampung   | 0.73   | 0.77  | 0.75                              |
| Jakarta   | 0.76   | 0.80  | 0.78                              |
| Pontianak | 0.71   | 0.65  | 0.68                              |
| Surabaya  | 0.72   | 0.66  | 0.69                              |
| Palu      | 0.81   | 0.80  | 0.81                              |

#### Importance-Performance Analysis of *BULOG* Product:-

The level of customer satisfaction can be known by the performance assessment of *BULOG* product attributes and service of *RPK*. Customer satisfaction can be achieved if the performance has met the expectations and interests of

customers. In IPA matrix, it can be seen the position of each attribute which is divided into 4 quadrants. Quadrant I contains the attributes that are considered very important but the satisfaction is relatively low. Quadrant I is a priority improvement. Quadrant II contains the attributes that are considered very important and its performance has been very satisfactory. Therefore, this Quadrant II needs to be maintained. Quadrant III contains attributes of interest and level of satisfaction is relatively low. Meanwhile, Quadrant IV contains attributes whose level of importance is relatively low but its satisfaction is relatively high. The attributes in this IV quadrant are considered to be overvalued. This means attributes with high importance score by customers come under quadrant I and quadrant II. Therefore, only quadrant I and quadrant II that have high importance attributes will be shown in this article.

Figure 3.1 shows that in Bandar Lampung there are 2 attributes that are in quadrant I, namely availability of expiry date (PK22) and price match with product availability (PK41). It shows that customers in the city of Bandar Lampung feel the need to include the expiry date of the product and the need for a more stable and competitive price. Quadrant II has attributes of physical characteristics (PK11), product taste (PK12), availability consistency (PK33), and quality consistency (PK34). It indicates customer satisfaction towards these attributes and the need for *BULOG* to maintain the performance of these four attributes.

Based on the IPA matrix of Pontianak city on *BULOG* product in Figure 3.2, there are 4 attributes that are in quadrant I, namely availability of expiry date (PK22), variation of packaging size (PK32), quality consistency (PK34), and availability consistency (PK33). Better *quality control* needs to be applied in Pontianak to improve the consistency of *BULOG* product quality. Products with consistent quality will increase customer satisfaction and will

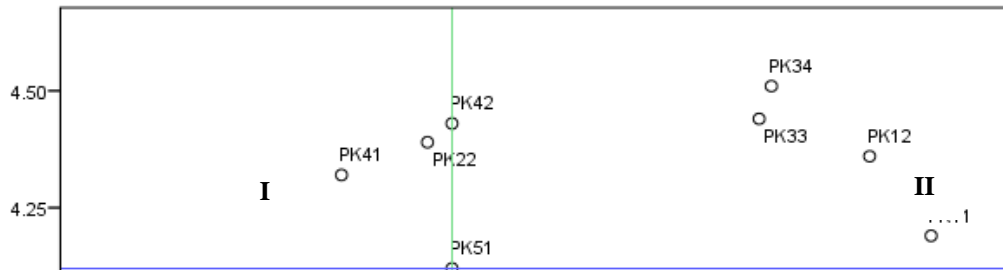


Figure 3.1:-IPA matrix of BULOG product in Bandar Lampung

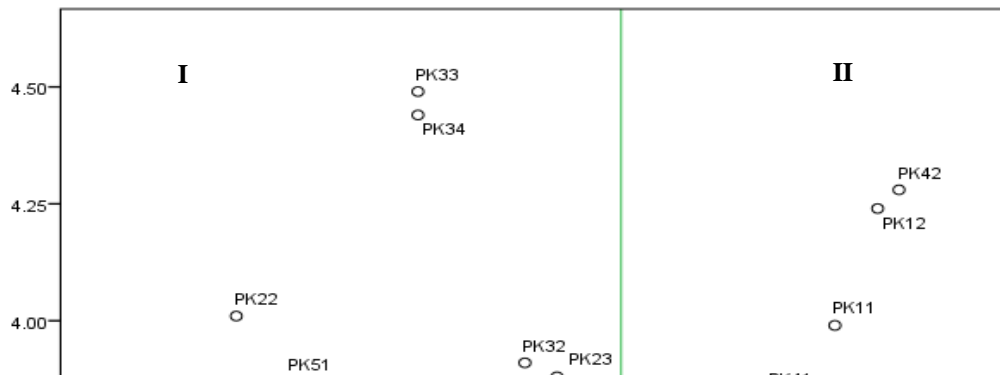


Figure 3.2:-IPA matrix of BULOG product in Pontianak

impact on customer loyalty to a product. Customers who are not satisfied with the consistency of availability can be caused by the stock of products provided by the *RPK* when deciding to order repeatedly. In Quadrant II, there are physical characteristics of the product (PK11), product taste product (PK12), and conformity of price to quality (PK42). A satisfied performance on the attributes should be maintained.

In the city of Jakarta, Quadrant I in Figure 3.3 contains the attributes of availability of expiry dates (PK22) and packaging size variations (PK32) which are considered important by customers. Both attributes are very priority for improving performance. With regard to packaging size variations, it should be remembered that current competitor brands offer more varied packaging sizes. Meanwhile, attributes that need to be maintained in achievement

performance are in Quadrant II, namely product taste (PK12), product quality consistency (PK34), and product availability (PK33).

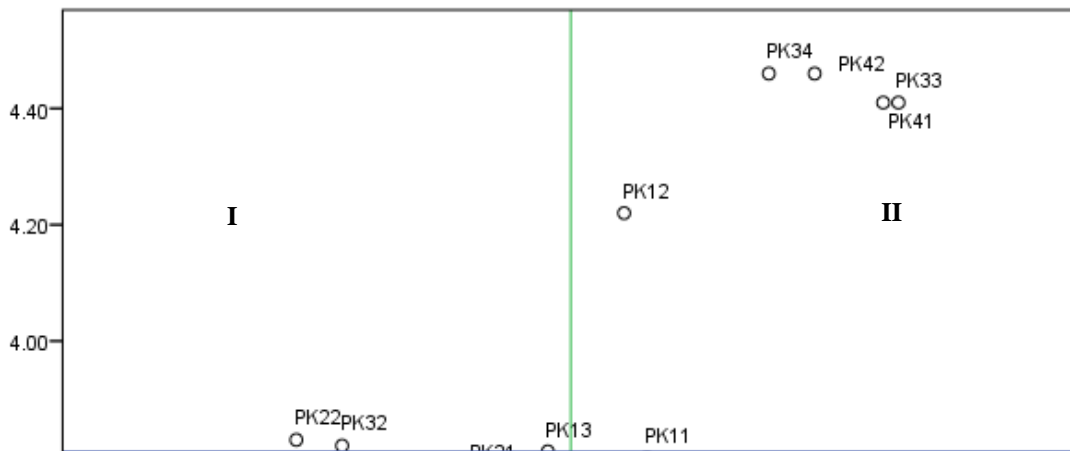


Figure 3.3:-IPA matrix of BULOG product in Jakarta

The attribute of availability of expiry date (PK22) and quality consistency (PK34) in Figure 3.4 is important for Surabaya customer but its performance is not satisfactory so it is included in Quadrant I. Consistency of quality has a higher importance than the availability of expiry date, hence it should be prioritized. Consistency of quality is necessary enhanced to increase customer satisfaction of *BULOG* products even though the customer has been satisfied with the price conformity with the existing quality. Better quality will improve customer satisfaction with *BULOG* products and can be more competitive on other brands.

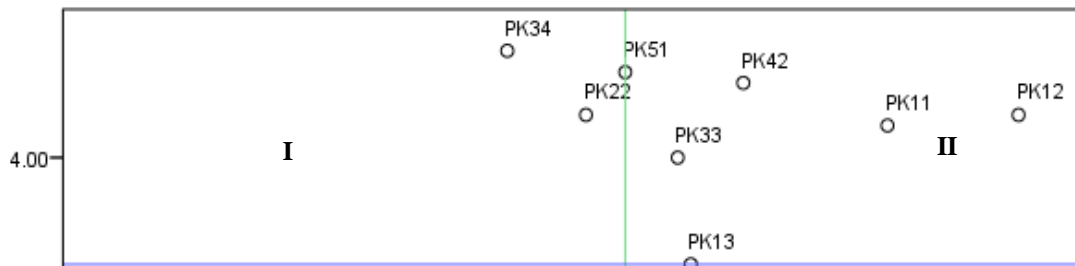


Figure 3.4:-IPA matrix of BULOG product in Surabaya

The final customer in the city of Palu in Figure 3.5 has good satisfaction with *BULOG* products. It is indicated by the number of attributes in quadrant I which only amounted to 1 attribute while other cities have attributes in quadrant I which amounted to more than 1 attribute. Attribute that is in quadrant I is the availability date of expiry (PK32). It is in accordance with the customer satisfaction index of Palu city which is higher than the other cities.

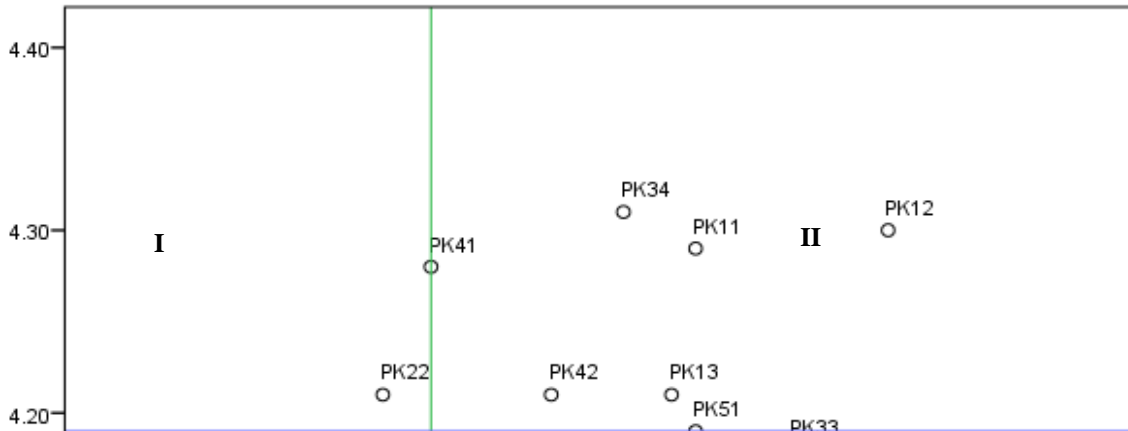


Figure 3.5:-IPA matrix of BULOG product in Palu

Figure 3.6 shows that overall there are generally 2 attributes in quadrant I that are important to the customer but the satisfaction is still low, that is, the availability of the expiry date (PK22) and the time limit expires (PK51). It indicates the need for the addition of labels containing the expiry date information and the improvement of the product quality to increase the product save period. The quality of packaging size is in the quadrant IV (PK61) which indicates the customers feel the quality and the packaging design of the *BULOG* product is good but not too important in influencing the customer satisfaction.

**Importance-Performance Analysis of RPK Service:-**

Figure 3.7 reveals that there is 1 attribute that is in quadrant I namely guarantee of product quality (LK41). Based on the IPA matrix, *BULOG* products in Bandar Lampung, customers have a high satisfaction with the consistency of *BULOG* product quality in Bandar Lampung. Product quality guarantee needs *RPK* to serve the replacement of defective / expired products that customers have purchased. Lack of customer satisfaction with product quality guarantee of *RPK* can be caused by the products sold by *RPK* besides *BULOG* products, such as rice bulk and sugar bulk in which its level of quality and consistency are not guaranteed. Product availability (LK21) attribute of Bandar Lampung is located in quadrant II which shows that customers are satisfied with the performance of *RPK*. It is due

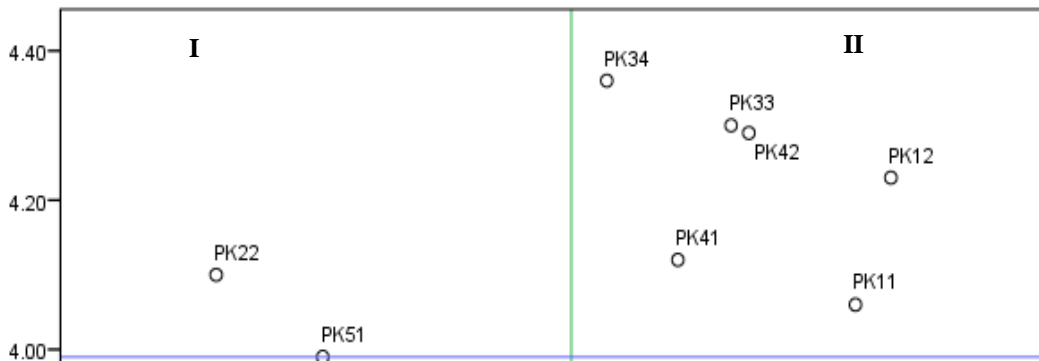


Figure 3.6:-Overall IPA matrix of BULOG product

to the fact

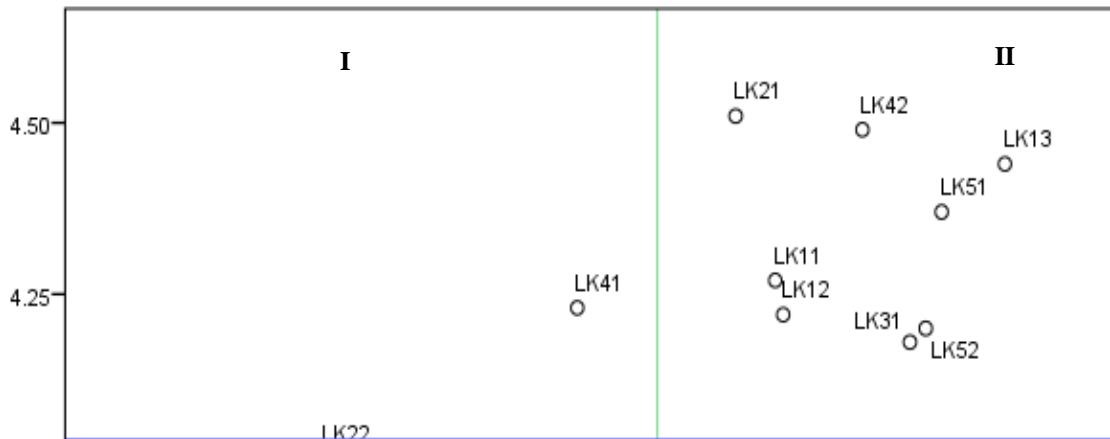


Figure 3.7:-IPA matrix of RPK service in Bandar Lampung

that *RPK* Bandar Lampung has a high order frequency although the nominal order per month is the lowest so that the stock is always available every time customer needs a product.

IPA Matrix of *RPK* service in Jakarta city in Figure 3.8 shows good performance and no attribute in quadrant I that need to be improved. It reveals that *RPK* of Jakarta can perform well in serving the important attributes for customers. This good service needs to be maintained and can be a pilot for other city of *RPK* in improving the quality of service to the customer. Convenience of purchasing place is the attribute that is in quadrant IV. Quadrant IV indicates the good service performance by *RPK* but not very important for the customer. It is due to the large number of customers in the city of Jakarta who do not make direct purchases to *RPK* outlets. Customers who have become regular customers tend to make orders via chat and *RPK* deliver the order to the customer's residence which is a form of additional services to customers. It also causes the level of customer satisfaction of *RPK* in the city of Jakarta higher than other cities.

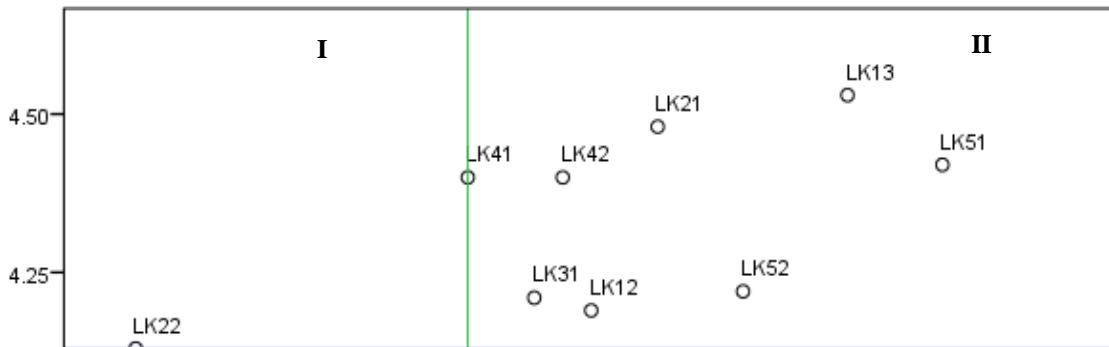


Figure 3.8:-IPA matrix of RPK service in Jakarta

The product availability (LK21) and the availability of packing size attributes (LK22) in *RPK* located in the city of Pontianak in Figure 3.9 are in quadrant I. The lack of product availability in the city of Pontianak can be caused by a lack of customer demand for products other than rice, sugar, and cooking oil. It makes *RPK* not to provide other basic food supplies so that the availability of product variants in outlets of *RPK* Pontianak is less good. The availability of packaging size is also an important attribute for customers but *RPK* have not been able to provide good service. *BULOG* needs to add packet size variants that can be sold by *RPK* in order to increase customer satisfaction on the service of *RPK*.

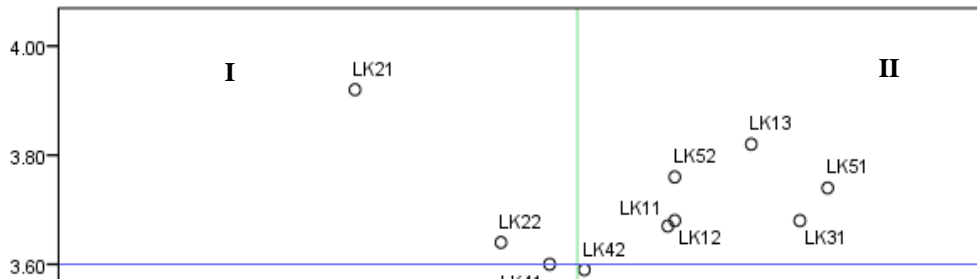


Figure 3.9:-IPA matrix of RPK service in Pontianak

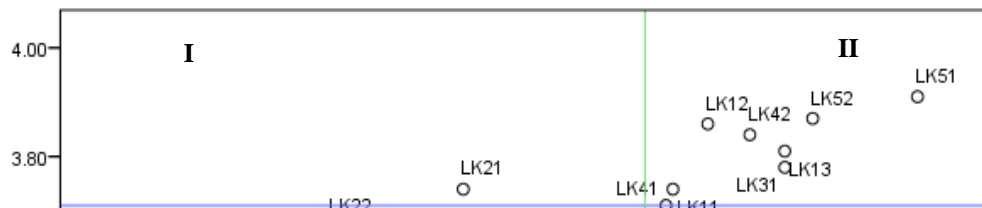


Figure 3.10:-IPA matrix of RPK service in Surabaya

In Figure 3.10 in Surabaya, the product availability attribute (LK21) is in quadrant I. Customers frequently do not find the products they need when shopping to *RPK*. There is a customer demand for adding basic food variants provided by *RPK*, such as eggs, onions, garlic, and chili. This shows that *BULOG* has to provide other commodity to expand the market of *RPK*.

IPA Matrix of *RPK* service in Palu city in Figure 3.11 shows there is one attribute that is in quadrant I specifically product availability (LK21). This problem is similar to the attribute of quadrant I in the city of Surabaya; therefore it is necessary to add the variant and the number of products. The addition of product variant in Palu city is highly recommended because customers have good satisfaction on *BULOG* product and have a good level of satisfaction on *BULOG* brand reputation. The addition of product variant can increase customer's satisfaction to *RPK* and *BULOG* so that *BULOG* product can also become more competitive to other brand product.

Figure 3.12 shows overall there are two attributes that are in quadrant I, namely product availability (LK21) and quality guarantee of the product (LK41). It is in accordance with the problems presented in each city of IPA matrix which indicates the need for quality improvement from *BULOG* and improvement of stock management from *RPK*. In general, *BULOG* needs to perform additional availability and improve the quality of product variants in order to make the perception of guaranteed quality.

There are 7 attributes that are in quadrant II which indicate that customers are satisfied with attributes that are considered important by them so that they need to maintain their performance, i.e. convenience and cleanliness of the purchasing place (LK11 & LK12), affordability of location (LK13), service speed (LK31), “halal” product guarantee (LK42), friendliness of *RPK* (LK51), and the ability of *RPK* in response to complaints (LK52). These attributes have a good performance because mostly *RPK* is in the residential area and the customer of *RPK* is a neighbor so that it has a good personal closeness.

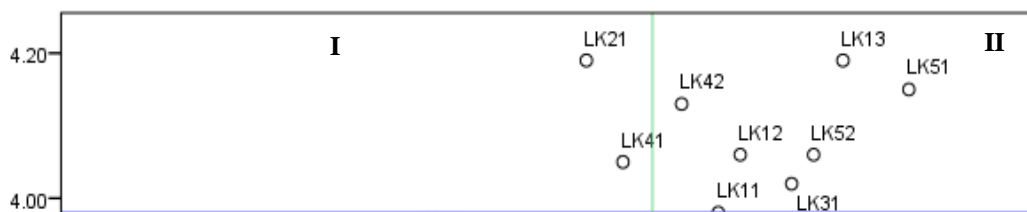


Figure 3.12:-Overall IPA matrix of RPK service



Figure 3.11:-IPA matrix of RPK service in Palu

**Loyalty:-**

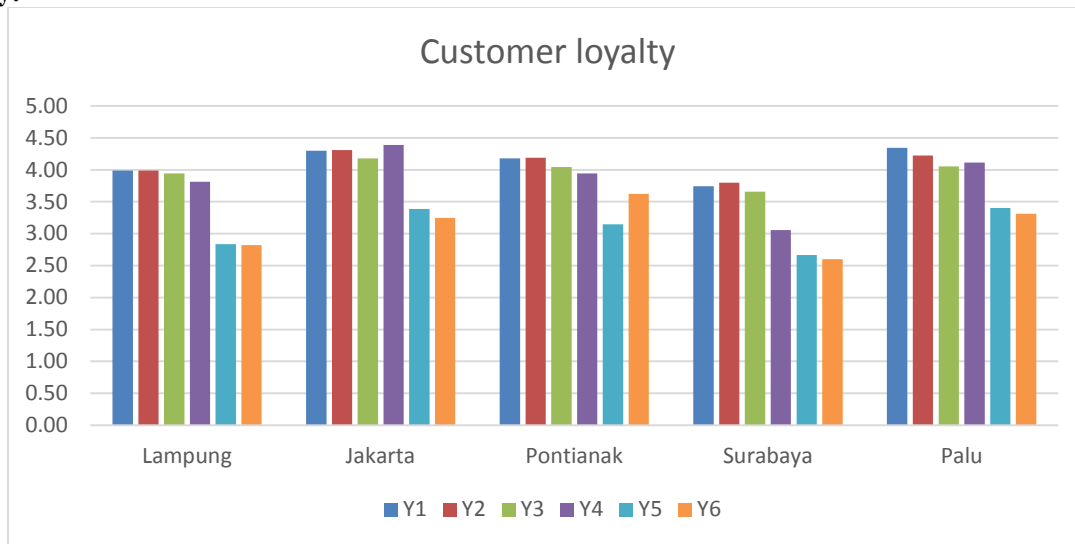


Figure 3.13:-Customer Loyalty

**Annotation:**

- Y1:** Customer satisfaction in a whole
- Y2:** Purchase experience routinely
- Y3:** Willingness for repeat buying in the future
- Y4:** Recommendations to others to buy the product of RPK
- Y5:** Willingness to buy when price increased
- Y6:** Willingness to look for RPK products elsewhere when not found in usual shopping place

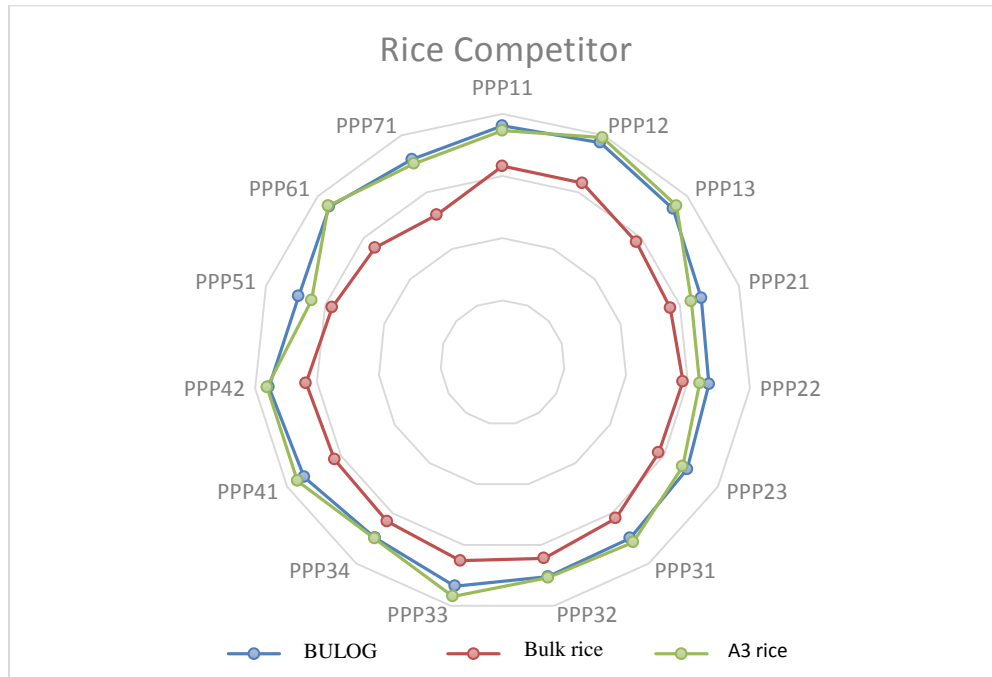
Customer loyalty is the peak stage of customer interaction with the product after knowing, buying, and being satisfied (Hill and Alexander 2017). Loyal customers will re-purchase and recommend others to make a purchase. Loyalty can also boost both sales and market share of the product over the long term (Hallowell 1996; McNally *et al.* 2011). In this study, qualitatively the loyalty is measured through a survey of customer that shop at RPK as presented in Figure 3.13. BULOG's product customers generally have a good level of satisfaction, make regular purchases, willing for repeat buying at RPK and recommend others to purchase BULOG products at RPK. However, the customer loyalty of BULOG product is relatively low if there is an increase in price or if BULOG product is not available in RPK. The highest loyalty seems to occur in Palu and Jakarta where customer response to loyalty relatively good and similar. For example, in Jakarta, recommendation to family members to buy BULOG products is the highest between all. Meanwhile in Palu, customer whole satisfaction is very prominent.

**Competition:-**

BULOG product competitors will be presented in the form of radar diagrams consisting of 5 diagrams according to the main BULOG products offered in RPK, namely rice, sugar, cooking oil, wheat, and meat.

**Product Competitor:-**

Bulk rice is the main competitor and A3 is the brand that becomes the second largest choice of customers after bulk rice. Bulk rice in Indonesia is a mixture of several rice brand that usually have cheaper price and sold at traditional market. Figure 4.1 shows rice *BULOG* superior in all aspect compared to bulk rice, but *BULOG* rice has a level of satisfaction which tends to be same as rice A3.



**Figure 4.1:-**Comparison of BULOG’s rice satisfaction to competitors  
 PPP11: Physical

**Annotation:-**

- characteristics of the product
- PPP12: Taste intensity of product
- PPP13: Nutrition content
- PPP21: Availability of nutritional content information
- PPP22: Availability of expiry date
- PPP23: Availability of quality assurance logo
- PPP31: Variation of product type
- PPP32: Variation of packaging size
- PPP33: Consistency of BULOG product availability
- PPP34: Consistency of quality
- PPP41: Price compliance with availability
- PPP42: Price compliance with quality
- PPP51: Expiration time limit
- PPP61: Quality packaging design
- PPP71: Brand reputation

Bulk sugar is the main competitor of *BULOG* sugar and the second competitor is *Gulaku*. Bulk sugar same as bulk rice, is a mixture of several sugar brand that commonly have cheaper price and usually sold at Indonesia traditional market. In general, *BULOG* is more superior than bulk sugar but there is a variant attribute of packaging size where sugar bulk is superior to *BULOG*. *BULOG* sugar tends to have same level of satisfaction with *Gulaku* but *Gulaku* is superior on some attributes ie variations of product type and packaging size variation. It indicates the need for *BULOG* to add variant packing sizes. Radar diagram of sugar competitors presented in Figure 4.2.

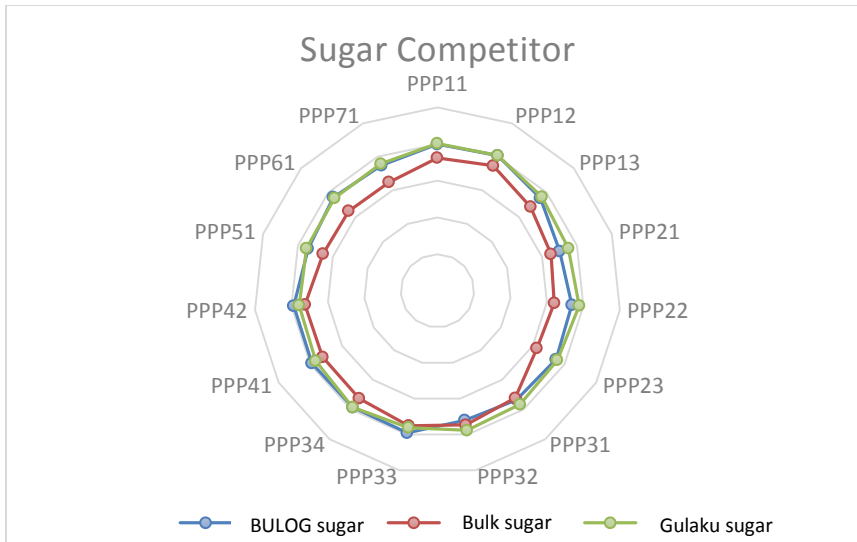


Figure 4.2:-Comparison of BULOLOG's sugar satisfaction to competitors

The brands of cooking oil that becomes the main competitors of *BULOLOG* are *Bimoli* and *Tropica*. In general, *BULOLOG*, *Bimoli*, and *Tropica* oil have the same level of satisfaction. *BULOLOG* oil packaging design quality attribute is better than *Bimoli* and *Tropica*. The cooking oil competition diagram is presented in Figure 4.3.

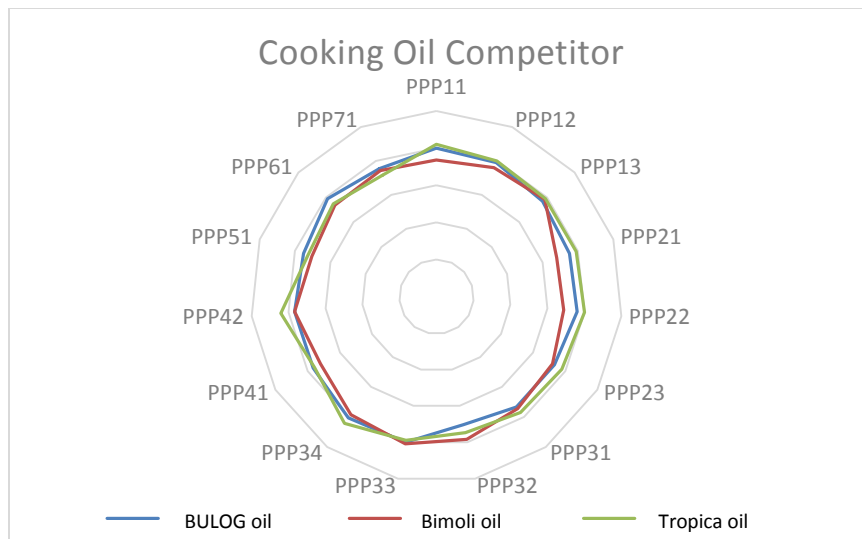


Figure 4.3:-Comparison of BULOLOG's cooking oil satisfaction to competitors

*BULOLOG*'s main competitors in wheat flour are *Segitiga Biru* and bulk wheat flour. *Segitiga Biru* has a higher level of satisfaction than *BULOLOG* on 8 attributes, namely nutritional content, availability of nutritional content information, expiry date, and logo of quality guarantee, consistency of availability, packaging quality, and brand reputation. *BULOLOG* flour is more superior in general than bulk flour, but bulk flour is superior to *BULOLOG* in the packaging size variation attribute. It shows that *BULOLOG* needs to add variant of wheat packaging size. The analysis of flour competition is presented in Fig 4.4.

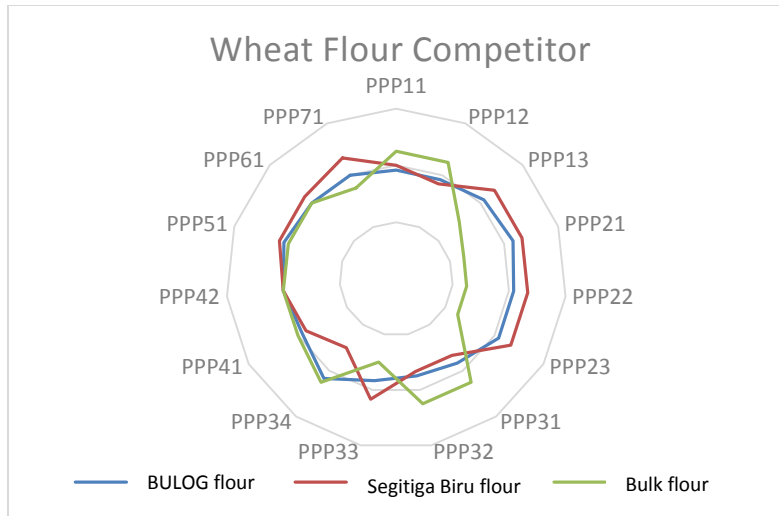


Figure 4.4:-Comparison of BULOG’s wheat flour satisfaction to competitors

Fresh meat in Indonesia is a bulk meat that sold at traditional market. *BULOG* meat is generally superior to fresh meat, but there are some attributes where fresh meat is superior to *BULOG* i.e. physical characteristics, product type variation, size variation, and consistency of availability. It is due to the large amount of fat in the meat of *BULOG*, the lack of variation of meat type, the limitations of the size of the packaging which is only 1 kg in size, and the lack of consistency of meat stock at *RPK* outlets. Lack of consistency of meat stock in *RPK* causes some new *RPK* will reorder when the meat stock at *RPK* outlet has been out of stock.

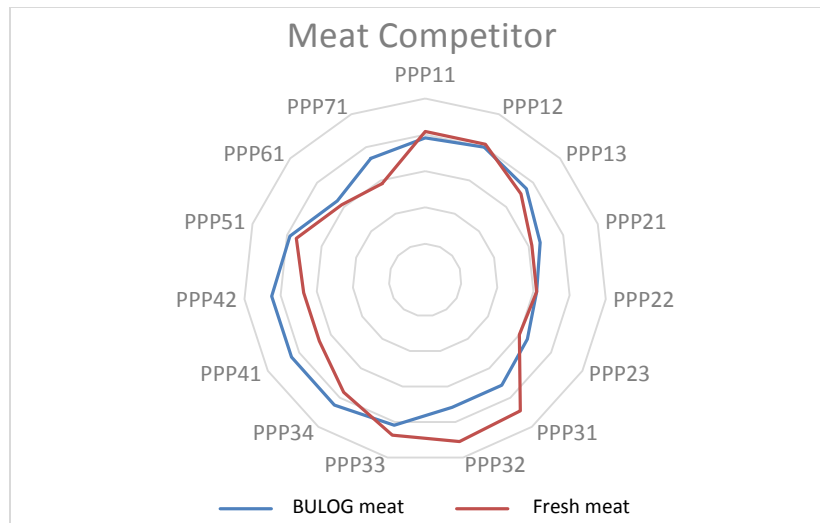
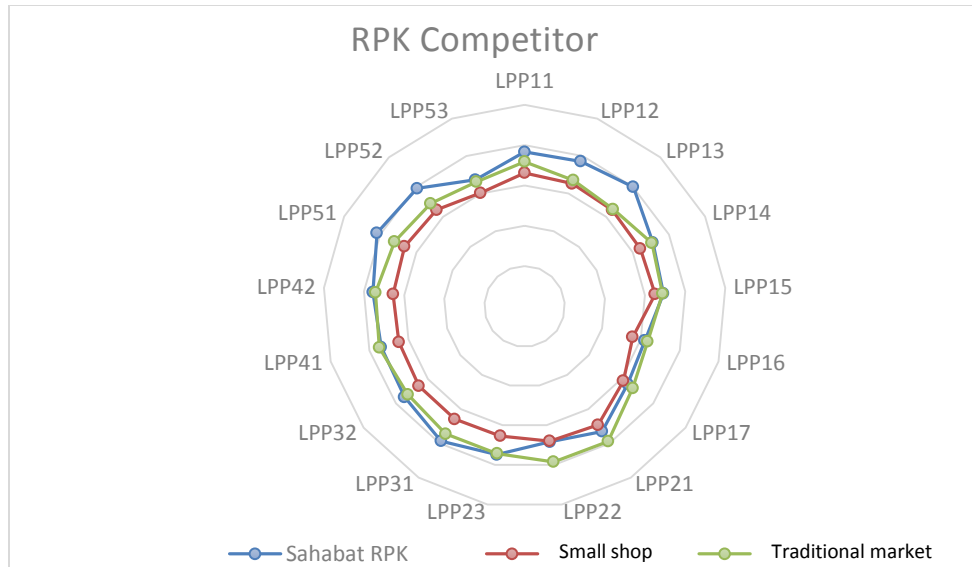


Figure 4.5. Comparison of BULOG’s meat satisfaction to competitors

**Retail Competitor:-**

The main competitors of *RPK* Companions are stalls and markets. Overall, *RPK* are superior to all attributes compared to stalls. It shows customers are more satisfied to make a purchase in *RPK* than other stalls. *RPK* are also more generally superior in various attributes than the market, but there are some attributes that show the market is superior to *RPK*. These attributes are the availability of the required product and the availability of the packaging size. It indicates the need for *BULOG* to add a variant of packaging size that can be sold by *RPK* in order to increase the customer satisfaction. Comparisons between *RPK* Companions and their competitors are shown in Figure 4.6.



**Gambar 4.6:-**Comparison of customer satisfaction with RPK service with

**Competitors:-**

**Annotation:-**

outlet

LPP12: Cleanliness of outlet

LPP13: Affordability of outlet location

LPP14: Product layout

LPP15: Building form (shop / shop / private house / etc)

LPP16: Availability of supporting facilities

LPP17: Availability of shelf for product

LPP21: Product availability on every purchase

LPP22: Availability of product size variant

LPP23: Regular hours of operation

LPP31: Service service for customers

LPP32: Operating hours

LPP41: Quality assurance of the product

LPP42: Halal assurance of the product

LPP51: Hospitality officer in serving

LPP52: The ability of officers in responding to complaints or addressing customer issues

LPP53: Self service

system

LPP11: Convenience of

**Conclusion:-**

The customer satisfaction index as a whole is 0.75 from the 0-1 satisfaction scale. This value is categorized as "moderate satisfaction" that still needs to be improved. Improvements need to be done on both the product and service aspects. Major improvements to the product quality are recommended for two attributes that are considered important to the customer but the satisfaction level is still low, that are (1) availability of expiry date and (2) expiration time limit. While major improvements in service quality aspects are (1) product availability and (2) quality guarantee from product. It indicates the need to improve the quality of *BULOG* products to increase customer trust in *RPK* and improve stock management by *RPK*.

The best selling product of *BULOG* in order is sugar, rice, and cooking oil. For general sugar commodities, *BULOG* is more superior than its nearest competitor, namely *Gulaku* and bulk sugar, but there are variant attributes of packaging size where bulk sugar is more superior. It indicates the need for *BULOG* to increase the packaging size variant. Besides, on *BULOG* rice commodity, it also needs to improve the quality of rice because of complaints from customers about the low storage capacity of *BULOG* rice. In addition, for cooking oil, *Bimoli* and *Tropica* are the

main competitors of *BULOG* oil. *BULOG* has superiority from both brands of cooking oil in terms of the attribute of packaging design quality. It needs to be maintained in order to avoid the transfer of customers to the other brands.

*RPK* are superior to other stalls that become competitors, but there are some attributes where *RPK* have lower performance than the market which is also a competitor *RPK*. It is because the market has the availability of products and the availability of good packaging size. Hence, *BULOG* needs to add variant packaging size that can be sold by *RPK*.

Customers have a good commitment to consume *BULOG* products continuously. It reveals good loyalty towards *BULOG* products, but customers of *BULOG* products are sensitive to price increases. *RPK* are sensitive to price increases because the customers are also sensitive to price increases. It is because the profit earned by *RPK* depends on the buying interest of the customers of *BULOG* products. *BULOG* needs to improve the price competitiveness of products to increase customers loyalty and *RPK*.

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