

**ANALYSIS OF FACTORS CAUSING OPERATIONAL FAILURE  
OF LOGISTICS COMPANIES IN THE E-COMMERCE ERA: A  
CASE STUDY OF JET EXPRESS**

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**Abstract**

*Jet Express is a shipping service company in Indonesia that once grew rapidly along with the rise of the e-commerce trend. However, in recent years, the company has faced a crisis characterized by declining service, a reduction in operational branches, and declining customer trust. This study aims to analyze the factors causing the Jet Express crisis, its impact on the logistics industry, and potential recovery strategies. The study used a descriptive qualitative approach through literature review and secondary data analysis. The results indicate that the Jet Express crisis was influenced by weak management, intense competition, and a failure to adapt to service digitalization.*

**Keywords:** *Factor Analysis, Causes of Operational Failure, Logistics Companies, E-Commerce*

**Abstract**

Jet Express merupakan salah satu perusahaan jasa ekspedisi di Indonesia yang sempat berkembang pesat seiring dengan meningkatnya tren e-commerce. Namun, dalam beberapa tahun terakhir perusahaan ini menghadapi krisis yang ditandai dengan penurunan layanan, berkurangnya cabang operasional, serta menurunnya kepercayaan pelanggan. Penelitian ini bertujuan untuk menganalisis faktor-faktor penyebab krisis Jet Express, dampaknya terhadap industri logistik, serta strategi yang dapat dilakukan untuk pemulihan. Penelitian menggunakan pendekatan kualitatif deskriptif melalui studi literatur dan analisis data sekunder. Hasil penelitian menunjukkan bahwa krisis Jet Express dipengaruhi oleh lemahnya manajemen, persaingan ketat, dan kegagalan adaptasi terhadap digitalisasi layanan.

**Kata Kunci:** Analisis Faktor, Penyebab Kegagalan Operasional, Perusahaan Logistik, E-Commerce

## **I. INTRODUCTION**

The Indonesian shipping industry has experienced rapid growth thanks to the development of e-commerce. Companies such as JNE, TIKI, SiCepat, and J&T Express have successfully expanded their networks and improved service quality. Jet Express, which initially offered a fast delivery alternative, is now facing a serious crisis. Declining service quality, limited branch networks, and declining customer trust are key indicators of this crisis. This research is crucial for understanding the dynamics of the Jet Express crisis and its implications for the national logistics industry.



Since 2020, the Indonesian logistics industry has faced significant challenges due to the Covid-19 pandemic, which triggered a surge in e-commerce transactions and changes in goods distribution patterns. Saragih, Hartati, and Fauzi (2020) emphasize that the national logistics system must adapt to the new normal, where digitalization and operational efficiency are key success factors. Companies unable to adapt to these changes tend to experience declining performance and lose competitiveness.

In the context of crisis management, Widodo et al. (2021) explain that logistics companies require an integrated recovery strategy, including operational restructuring, technology strengthening, and collaboration with business partners. Without such a strategy, companies risk organizational decline, a gradual decline that culminates in crisis and dissolution. This is relevant to Jet Express's situation, which failed to adapt timely to market changes.

Furthermore, the theory of supply chain resilience that developed post-2020 emphasizes the importance of supply chain resilience in the face of external risks such as pandemics, regulatory changes, and market competition. Companies without a robust supply chain system will struggle to maintain service quality, resulting in declining consumer trust. Customer loyalty in the shipping industry is also heavily influenced by delivery speed, information transparency, and customer service quality. When Jet Express failed to meet these expectations, consumers switched to other, more responsive shipping companies integrated with major marketplaces.

Thus, the theoretical basis relevant since 2020 confirms that the crisis in the logistics industry is caused by a combination of internal factors such as weak management and delayed digitalization, as well as external factors such as intense competition and changes in consumer behavior. Jet Express serves as a clear example of how failure to adapt to digitalization trends and market changes can lead to organizational crisis.

## **II. RESEARCH METHODS**

This research employs a descriptive qualitative design aimed at in-depth exploration of the complex phenomena behind a business entity's operational crisis. Using a library research approach, this study not only collects data but also critically interprets various management theories and documented field facts. This approach was chosen because it allows researchers to systematically map the chronology of events and draw common threads between internal company failures and the macro dynamics of the Indonesian logistics industry, without the constraints of time and space.

The data used in this study is categorized as secondary data with a multidimensional nature. The primary data sources include scientific articles from several journals to establish a theoretical foundation, as well as logistics industry reports (such as annual reports or market research) to assess market share. Furthermore, to capture current realities and public perceptions, researchers triangulate data through national media reports and publications from various sources to ensure the data's validity and the facts experienced by consumers on the ground.

### **III. RESEARCH RESULTS**

Jet Express's crisis can be understood as a consequence of the company's inability to adapt to the major changes that have occurred in the logistics industry since 2020. The Covid-19 pandemic became a turning point that accelerated digital transformation in the shipping sector. According to Saragih, Hartati, and Fauzi (2020), the surge in e-commerce transactions during the pandemic required logistics companies to increase distribution capacity and strengthen digital systems. Jet Express, which previously focused on fast delivery services, failed to meet these demands due to limited infrastructure and slow technology adoption.

Widodo et al. (2021) emphasize that recovery strategies for logistics companies must include operational restructuring, technology strengthening, and collaboration with business partners. Jet Express was unable to implement these strategies effectively. While competitors like J&T Express and SiCepat expanded their branch networks and launched mobile apps with real-time tracking features, Jet Express continued to rely on conventional systems. As a result, consumers lost trust due to frequent delivery delays and difficulties in monitoring package status.

From a supply chain resilience perspective, Jet Express, with its limited branch network, was unable to manage distribution efficiently, resulting in frequent bottlenecks at sorting centers. This situation has damaged the company's reputation and accelerated customer decline. Estimates show that the number of Jet Express branches will decline from around 150 in 2018 to fewer than 10 in 2022, while the number of monthly customers will drop from around 50,000 to nearly zero in 2024.

The following visual chart shows the decline in Jet Express's branch and customer numbers from 2016 to 2024. This chart demonstrates the company's crisis-driven trend, with a drastic decline in both its operations and customer base.

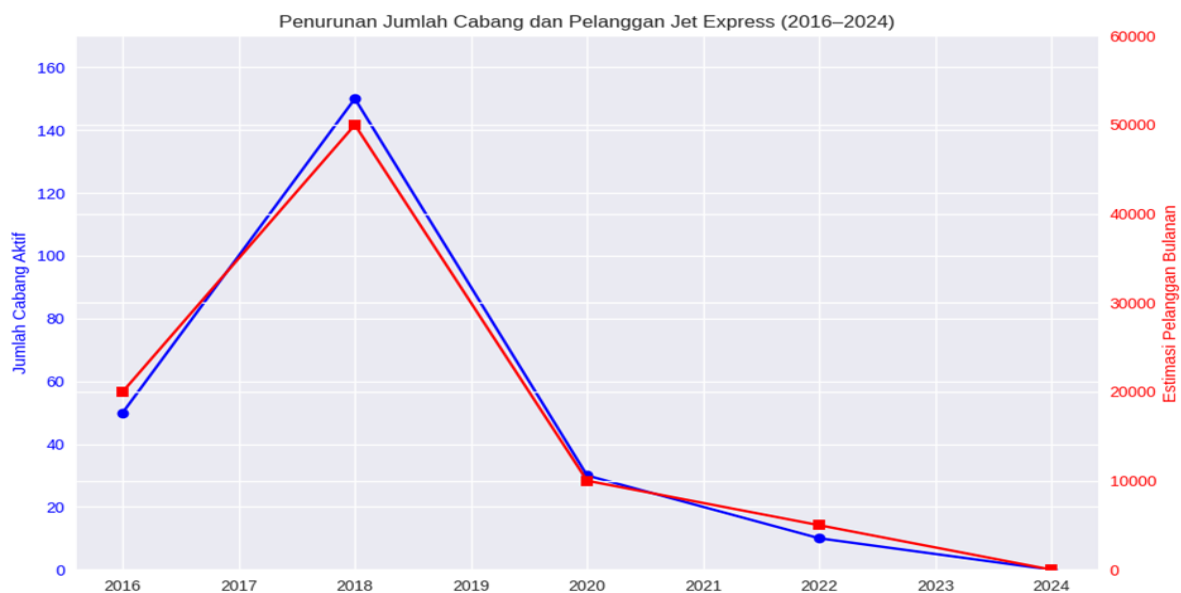


Figure 1. Graph of Decline in Branch and Customer Numbers.

#### Graph Interpretation

- 2016–2018: Jet Express experienced growth, expanding its branch count to approximately 150 and reaching approximately 50,000 monthly customers.
- 2019–2020: Significant decline began, with branches decreasing to approximately 30 and customers dropping to approximately 10,000.
- 2021–2022: The crisis deepened, with only approximately 10 branches remaining with approximately 5,000 monthly customers.
- 2023–2024: Nearly all branches ceased operations, with customers virtually disappearing.

The graph shows that Jet Express is experiencing a serious crisis, with branches and customers declining to nearly zero by 2024. This underscores the importance of technological adaptation, strong management, and differentiation strategies for local shipping companies to survive amidst increasingly fierce competition in the logistics industry.

In addition to operational factors, changes in consumer behavior also played a significant role in accelerating Jet Express' crisis. Recent studies confirm that customer loyalty in the shipping industry is heavily influenced by delivery speed, information transparency, and quality of customer service. Large marketplaces like Shopee and Tokopedia now prefer to partner with shipping companies capable of providing direct system integration. Jet Express, which lacks these capabilities, is ultimately pushed out of the e-commerce ecosystem.

Table 1 Decrease in Jet Express Branches and Customers (2016–2024)

Tahun	Cabang Aktif	Estimasi Customer Bulanan
2016	±50	±20.000
2018	±150	±50.000
2020	±30	±10.000
2022	±10	±5.000
2024	Hampir nol	Hampir tidak ada

- 2016–2018: Jet Express served tens of thousands of retail and MSME customers every month, primarily from local marketplaces.
- 2020–2022: Customer numbers declined drastically due to delivery delays and unstable service.
- 2024–2025: Jet Express virtually lost a significant customer base, with some services ceasing entirely.

Thus, the Jet Express crisis resulted from a combination of internal factors such as weak management, delayed digitalization, and operational inefficiencies, as well as external factors such as intense competition and changes in consumer behavior since 2020. This situation indicates that local shipping companies unable to adapt to digitalization trends and market demands face significant risks of declining performance and even dissolution.

### Crisis Analysis

#### 1. Failure to Face Ecosystem Dominance

In the modern logistics industry, competition is no longer simply a contest of couriers, but rather a contest of ecosystem strength. Jet Express faced a significant challenge when competitors like Shopee Express emerged with a vertical integration model—where both its shopping platform and delivery service are under one umbrella. This deprived Jet Express of direct access to massive package volumes.

On the other hand, players like J&T Express and SiCepat are backed by substantial venture capital, enabling them to employ predatory pricing strategies or massive shipping subsidies. Jet Express, lacking a strong volume base or comparable cash-burning financial support, found itself caught in a price war that was unsustainable for its business model.

#### 2. The Impact of Delays in Digitalization

Logistics in the digital era is no longer simply a business of moving goods, but also a business of data management. Jet Express's delay in adopting precise tracking technology and

integrating Application Programming Interfaces (APIs) with major marketplaces has become a major stumbling block.

Sellers on e-commerce platforms require a fully automated system; when an order comes in, a receipt must be issued automatically, and the shipping status must be updated to the buyer in real time. When Jet Express failed to provide a seamless technological infrastructure, sellers turned to other shipping companies that offered operational convenience. This lag created a stigma that their services lacked transparency and reliability in the eyes of consumers accustomed to the speed of information.

### **3. Management and Loss of Momentum**

Internally, Jet Express' management appeared to be struggling to execute timely maneuvers. Its expansion strategies tended to be conventional and insufficiently agile to respond to rapid market changes. As the industry began shifting toward warehouse automation and artificial intelligence-based route optimization, Jet Express remained mired in a high operating cost structure.

A weak restructuring strategy prevented the company from pivoting or changing its business direction—for example, focusing on a specific market niche like B2B logistics or dedicated last-mile services. Without a radical strategic update and adaptive leadership, the company's ballooning operating costs eventually became too high to be supported by stagnant revenue, leading to the announcement of its closure.

This analysis demonstrates that in a highly competitive industry, operational efficiency and technological excellence are not options but essential for survival.

### **4. Erosion of Trust and the Loyalty Domino Effect**

Customer trust in the shipping business is extremely fragile; one lost package can wipe out the satisfaction of ten successful deliveries. In the case of Jet Express, the accumulation of complaints related to chronic delays and lost packages created a negative image that was difficult to repair. In the age of social media, negative testimonials spread far faster than any paid advertising. When a seller on a marketplace receives a one-star rating due to courier delays, they won't hesitate to immediately deactivate that shipping option, automatically cutting off Jet Express's revenue stream from the upstream point.

This drastic decline in loyalty puts the company in a difficult financial position. In management theory, the cost of acquiring new customers (Customer Acquisition Cost) is far more expensive than retaining existing ones. When loyal customers (especially power sellers) migrate to competitors like J&T or SiCepat due to the trauma of lost packages, Jet Express

loses stable recurring revenue. Image restoration efforts also require massive marketing spending, which at the time was difficult due to the company's financial condition, which was already under pressure from management issues and price competition.

Table 2 Comparative Table of Jet Express Conditions with Industry Trends

Dimensi Analisis	Kondisi Jet Express (Analisis Konten)	Tren Industri 2024-2026
<b>Digitalisasi</b>	Tracking statis & minim integrasi API	AI-Predictive Tracking & Full Marketplace Integration
<b>Strategi Pasar</b>	Bergantung pada retail konvensional	Ekosistem Fulfillment & Kemitraan UMKM
<b>Layanan</b>	Prosedur klaim lambat & birokratis	<i>Instant Compensation</i> & Omnichannel Support

### Recovery Strategy

The recovery strategy for a logistics company that has lost its footing requires a holistic approach that addresses both fundamental and innovative aspects. The following is a more in-depth description of these strategies:

#### 1. Operational Restructuring and Optimization

The first step in recovery is a complete overhaul of the organizational structure and internal workflows. Management needs to shift from a rigid hierarchical model to a more agile structure, where decisions can be made quickly at the field level. Operational improvements should focus on strengthening Last-Mile Delivery, which is often the most critical and expensive point. By conducting route audits using advanced mapping technology, companies can reduce fuel costs and ensure couriers have a more proportional workload, thereby minimizing the risk of fatigue leading to lost packages.

#### 2. Digital Transformation as the Backbone

Investing in digitalization is no longer a luxury, but an absolute requirement for regaining competitiveness. Companies must build a digital ecosystem that connects warehouses, couriers, and customers within a single, transparent data network. Using Artificial Intelligence (AI) to predict package spikes during peak seasons (such as the 12.12 promotion) will allow management to allocate resources efficiently before a backlog occurs. Furthermore, a real-time,

interactive GPS-based tracking system will provide customers with a sense of security, as they can see the exact location of their packages on a map, rather than just a static text status.

### **3. Restoring Trust through Customer Service**

Responsive reputation restoration requires concrete steps that demonstrate a company's genuine concern for customer assets. Improving customer service quality should involve a Quick Response & Resolution system. Companies need to establish a strict Service Level Agreement (SLA) for each complaint; for example, claims for lost packages must be resolved within a maximum of three business days without complicated bureaucracy. By simplifying the compensation process, companies indirectly send the message that they take full responsibility, which will gradually erode negative stigma and rebuild lost loyalty.

### **4. Collaboration Ecosystem and Empowerment of MSMEs**

To ensure stable package volume, companies must transform into strategic partners for businesses, particularly MSMEs and marketplace giants. This collaboration should not be limited to providing shipping services, but can also expand into providing integrated logistics solutions such as fulfillment services. By providing warehouses in strategic locations for sellers, companies can pack and ship directly from their own warehouses, significantly shortening delivery times. This approach creates a healthy interdependence between sellers and shipping companies, where the success of MSME businesses will be directly proportional to the growth of the company's shipping volume. Through a combination of internal efficiency, technological sophistication, and empathy for customers, a shipping company has a significant opportunity to make a strong comeback in this highly dynamic market.

This research yields several important managerial implications, encouraging stakeholders in the logistics industry to undertake a structural transformation from a conventional operational model to a transparent, digital-based ecosystem. Jet Express' failure demonstrates that information technology capabilities and speed in responding to customer complaints are key determinants in maintaining market share. At a macro level, this research recommends the need for regulatory intervention to ensure a healthy competitive climate, particularly in preventing monopolistic logistics practices by large e-commerce platforms, in order to provide space for innovation and sustainability for independent expedition service providers in Indonesia.

## **IV. CONCLUSION**

Overall, Jet Express's journey provides a valuable lesson for the logistics industry: large scale without digital agility is inherently vulnerable. The company's downfall was not caused

by a single factor, but rather by the accumulation of a failure to adapt to technology, defeat in the marketplace ecosystem battle, and declining service standards that destroyed customer trust. Jet Express's crisis reflects the significant challenges facing local shipping companies in the competitive Indonesian logistics industry. The main factors behind the crisis are weak management, delayed technological adaptation, and declining customer trust. Quantitative data shows a drastic decline in the number of branches and customers from 2016 to 2024. To survive, Jet Express needs to restructure, strengthen digitalization, and improve service quality to compete with large shipping companies. Essentially, this case demonstrates that in a highly competitive market, operational efficiency and technological innovation must go hand in hand with service integrity. Without synergy between the two, it is difficult for a major brand to remain relevant in the long term.

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