

## ABSTRACT

Batam is one of the islands in the Riau Archipelago province which is a free trade area or commonly known as FTZ. The implementation of these regulations has an impact such as the high logistics costs that must be incurred by entrepreneurs if they want to make good deliveries from/to Batam. The logistics process has a vital role in business growth.

The purpose of this research is to find out whether there is an effect of Logistics Management on Customer Satisfaction in SMEs in the Free Trade area during a decline in economic growth. The aspects studied include Logistics Management and Customer Satisfaction.

This research method is explored using quantitative methods with a total of 428 respondents who are small and medium businesses in Batam. The period for distributing the questionnaires is from January 2021 to May 2021. The test is carried out using SPSS. The analytical techniques used include simple linear regression analysis and hypothesis testing. The results shown in the form of Logistics Management have a significant effect on SME Customer Satisfaction in Batam when there is a decline in economic growth.

For further research, the researcher suggests to conduct a more specific research with the field of business how the influence of logistics management on customer satisfaction in SMEs. Because in this study the data collection of respondents is not limited by the field of business, where all business fields that are included in the SME category are included in this study.

**Keywords:** *Logistics Management, Customer Satisfaction, Small and Medium Enterprises.*