

CHAPTER 1

INTRODUCTION

1.1 Background of Study

Through the years, the number of competitors and new marketplace are increasing from time to time. According to Journal (2019), about 543,000 new businesses started each months. The products or services provided by competitors also vary. The creative industry in Indonesia is currently in the spotlight because it contributes significantly to the economy in Indonesia. Based on BEKRAF (Creative Economy Agency) data, the creative economy's contribution to Indonesia's gross domestic product in 2016 is 7,44% from the total of national economy.

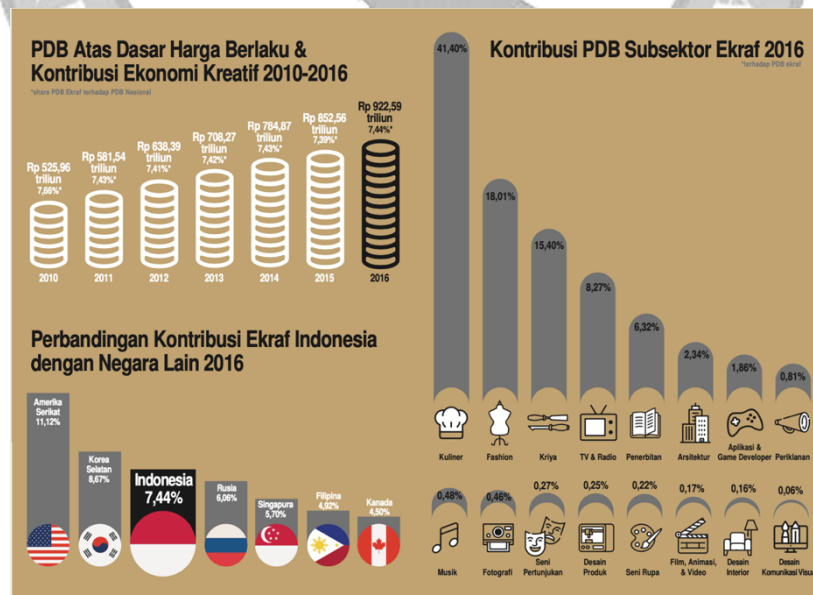


Figure 1.1 Indonesian Creative Economy Statistical Data

Source: BEKRAF (2018)

In figure 1.1, there is a comparison chart of Indonesia creative economy contribution with other countries in 2016. The result of the comparison on the year of 2016 is Indonesia in the third rank with 7,44% of contribution on creative economy compared to other countries. There are 26 of subsectors that contribute in the gross domestic product (GDP). One of the creative industry's subsectors that is in demand is fashion industry that occupying second position with 18,01% of contribution to Indonesia's GDP. One of the businesses that popular in fashion industry is custom t-shirt printing business.

As the time goes by, technology has evolved to become more and more advanced. With this advanced technology, various business opportunities were born such as digital printing. There are various of products that can be made by using digital printing machine, ranging from merchandise such as mug, pen, bag, keychain, clothes, banner, and so on. In Indonesia, apparel digital printing business are one of the business that are in demand by Indonesian's entrepreneurs. In an article titled "*Perusahaan Ini Dorong Generasi Milenial Jadi Entrepreneur di Era Digital*", Soekarno stated that today's digital printing business does not require large capital.

Custom t-shirt printing market trend is popular now among entrepreneurs or someone who wanted to start a business. There are three types of t-shirt printing technique namely screen printing, digital printing, and plot printing. According to Crendence Research (2020), custom t-shirt printing in global market still in the early stage and offer strong growth

opportunities, evolving beyond its early adopter stage to reach mass markets during 2017-2025. Especially in Asia Pacific, it has a good opportunity to start the custom t-shirt printing business.

To compete with competitors in the same marketplace, it is important for many companies to concentrate on giving the best quality to their customers in order to achieve customer satisfaction. According to Fornell et al. (1996) as cited in Khadka & Maharjan (2017), the definition of customer satisfaction is an assessment on customer's experience of purchasing and use the product in a company. Khadka & Maharjan (2017) stated that the marketing of a product affects customer satisfaction, customer will set an expectation of how the goods and services are being offered by the company. When the customer feels satisfied with a product that is offered by the company, they will repurchase the product or recommend it to their friends or family.

One of the factors that influences the customer satisfaction is the product quality that the company offer to the consumers. Product has crucial role in determining the success of the company. Customer satisfaction is directly proportional to product quality. According to Kotler and Armstrong (2008:272) as cited in Sartika & Basriani (2018), product quality is the characteristic of a goods or services that have capability to fulfil customer's needs. In order to create a good product quality, the company needs to pay attention to the quality control, equipment that being used to create the product and materials.

In the previous research, Rozi (2018) in his journal "*Pengaruh Kualitas Produk Motor Honda Terhadap Kepuasan Konsumen pada Mahasiswa STIE Al-Khairiyah Cilegon*" the researcher investigates the influence of product quality towards customer satisfaction. The result of the research for product quality and customer satisfaction, concluded that there is a positive and significant relationship between product quality and customer satisfaction. Considering the important of product quality to obtain customer satisfaction knowledge for entrepreneurs especially for start-up business to compete in marketplace. The writer decides to conduct a research the issue to identify how will the product quality influence the customer satisfaction at Cititex Medan.

Cititex Medan is a start-up business that engaged in the distribution of plain apparel products such as T-shirts, jackets, polo shirts, hats, and others. Moreover, Cititex Medan also provides custom t-shirt digital printing using plot printing technique and embroidery services. It is located at Jl. Kl. Yos Sudarso Km 6,5 Komp. BBc 1-2, Tanjung Mulia, Medan and it was established on 2014. In order to satisfy the customers, the product quality is the main basis in influencing customer satisfaction. Having a good quality product are important especially as a supplier, when the customer feels satisfy with the product quality, they will repurchase it or recommend it to their friends.

After the writer did some research and preliminary interview with the customer of Cititex Medan, the writer found out that some of the customers

are not satisfy with the company and complain about the product quality, they receive the product not in a good condition such as there are some part of the clothes that were not sewn or a hole on the shirt. This can be a problem in the future if this issue keeps coming, the customers will find another company that provides a better product quality. Therefore, the writer would like to examines whether product quality influences the customer satisfaction and causes the decline in number of customers at Cititex, Medan.

The writer realizes the importance to retain the customer satisfaction to compete with other competitors in the same marketplace, by having a good product quality, Cititex Medan can maintain and retain the customer satisfaction. Based on description above, considering the importance of the product quality to customer satisfaction, the writer wants to conduct the research with title “**The Influence of Product Quality towards Customer Satisfaction at Cititex, Medan**”.

1.2 Problem Limitation

Due to the limitation of knowledge, time, and information, the writer makes limitation of the research in product quality as independent variable and customer satisfaction as dependent variable.

1.3 Problem Formulation

Based on the background of the study the writer explained, the problem formulation in this research paper are as follows:

- a. How is the product quality at Cititex, Medan?
- b. How is the customer satisfaction at Cititex, Medan?
- c. Does the product quality have influence towards customer satisfaction at Cititex, Medan?

1.4 Objective of the Research

The purpose in doing this research are as follows:

- a. To find out how the product quality at Cititex, Medan.
- b. To find out how satisfy the customer at Cititex, Medan.
- c. To find out whether product quality has influence on customer satisfaction at Cititex, Medan.

1.5 Benefit of the Research

As this research paper done, the writer hope that it gives benefit as follows:

1.5.1 Theoretical Benefit

This research uses the theory of product quality and customer satisfaction. The writer hoped that after finished this research, there will be discovery a new theory that can contribute to the development of management theory, especially in marketing. The writer hopes that this research will become a benchmark for other researches.

1.5.2 Practical Benefit

- a. For the writer, this research can add more knowledge and experience.
- b. For the company, this research can be used to improve company's product quality and customer satisfaction.
- c. For other researches, this research can be used as references.

