

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Nowadays, there are so many new businesses that develop. A company operates to earn profit and also develop to be better from time to time. So, each company has its own strategy in order for the company to compete with another company and to survive in the industry. Therefore, a strategy that a company have is really important to satisfy what the customer need and want. By knowing what the customer want and need, then the company can develop a strategy to make the customer satisfy.

It is also very important for a company to have a marketing mix which consist of product, promotion, place and price. By having a good marketing strategy, a company can know the customer better since the focus of marketing is consumer. One of the most important factor from marketing mix is product especially product quality, because customers always consider about the product quality before the customers purchase product from a company.

In this competitive era, customers have many brands to choose before they purchase a product. So, by having many brands to choose from, customers must be more critical in choosing which brand that meet their need and want. Then, by producing a high quality product which meet the customer need and want, the company has an excellence compare to its competitor. So, to keep the customer always satisfy, the company must always develop and maintain the product quality from time to time.

Customer satisfaction is when a customer already purchases some goods or services and then the customer gives a feedback whether the products or services meet the customer's expectation or not. A satisfied customer means that the performance or quality of the goods or services has the same expectation of the customer hope. A satisfied customer will have a chance to purchase the company's product again in the future. While, a dissatisfied customer can

encourage or persuade others not to purchase a good or service for the company again in the future (Razak, 2016).

A satisfy customer can be beneficial for a company since the customer will purchase the company's product again in the future and even the satisfied customer can promote the company's product to their friends or families. The company can gain so much benefit from a satisfy customer such as gaining more profit, getting a loyal customer, getting a new customer and many more.

Product quality is something that a company can offer in order to meet the needs of the customer. Quality of a product can affect the satisfaction of the customer. Customer satisfaction depends on the company's product quality, if the product has a superior level of quality, then the level of customer satisfaction will be higher too. Consumers want a product that are meet their expectations. Quality of a product can become a strategy from a company to compete with its competitors (Gaol, 2016).

The object of this research is PT. Mitra Pelita Sukses. The company was established in 2006. PT. Mitra Pelita Sukses is located in Medan at Jalan Krakatau No. 47 ABC. The owner of the company is Mr. Richard Ciputra. The company considered as international company because the company import the product from China directly. The product brand is Bolzano which consists of door handle, door hinges, and padlock. A quality of product in the product that PT. Mitra Pelita Sukses sell is very important since the product is mostly use for a long time and for safety. Especially for the padlock, people will prefer to buy that has a great quality because it is for security and safety for the users. So, by selling a high quality product and keep the quality consistent from time to time, the company can satisfy the customer who already purchased a product from the company.

Table 1.1 Percentage of Product Return in PT Mitra Pelita Sukses (2018)

Year : 2018	
Month	Percentage of Return Product
January	0.72%
February	0.56%
March	1.05%
April	0.94%
May	1.2%
June	1.07%
July	1.4%
August	1.22%
September	1.18%
October	1.06%
November	1.17%
December	1.24%

Source: Prepared by the writer (2019)

Based on table 1.1, the product return percentage in the past few months in 2018 increase significantly, which means that the defect product is increase significantly in the past few months. Mostly the product is return to the company because of rust and the key is hard to operate. So, the company must really look into the quality of the product, since this if the return product keep increasing in the future, it can have an impact towards the satisfaction of the company consumer.

Based on the description above, the writer is interested in doing the research with taking the *skripsi* title as follows : **“The Effect of Product Quality on Customer Satisfaction at PT. Mitra Pelita Sukses Medan”**

1.2 PROBLEM LIMITATION

This research will have some limitations, such as the sample of the research and the place of the research. The independent variable is product quality, while the dependent variable is customer satisfaction. First, since there are 8 indicators of product quality which are reliability, durability, performance, serviceability, features, aesthetics, conformance, and perceived quality (Tjiptono & Chandra, 2017), the writer will only focus on 4 indicators on this research which are performance, conformance, aesthetics, and perceived

quality. Next, there are 6 indicators of customer satisfaction which are accessibility, language, fairness, customer loyalty, desires, and expectations (Carter, 2017 ; Pohan, 2015), the writer will only focus on 4 indicators which are expectations, fairness, accessibility and customer loyalty. Last, the place of the research will be taken only in PT. Mitra Pelita Sukses at Jl. Krakatau No 47 ABC, Medan. Although there will be some limitations in this research, the writer will put the best effort to come out with a great research. The customers in this research only customers that live in Medan.

1.3 PROBLEM FORMULATION

Based on the description in the background of the study, the problem formulations determined will be:

1. How is the quality of PT. Mitra Pelita Sukses product?
2. Does the product quality have an effect on customer satisfaction at PT. Mitra Pelita Sukses?

1.4 OBJECTIVE OF THE RESEARCH

Based on the problem formulation, the objective of the research will be:

1. To determine the product quality in PT. Mitra Pelita Sukses.
2. To determine the effect of product quality on customer satisfaction at PT. Mitra Pelita Sukses.

1.5 BENEFIT OF THE RESEARCH

1.5.1 Theoretical Benefit

Benefits of this research are :

1. For the writer, this research is expected to add the writer knowledge and experience in marketing especially about product quality and customer satisfaction.
2. For other, this research can be used as references for further research in the same field or a research with same topic.

1.5.2 Practical Benefit

Benefit of this research for the company is this research is expected to give the relevant suggestion and recommendation for the company to improve the product quality and customer satisfaction.

1.6 SYSTEM OF WRITING

The systematic outline of writing in this research will be as follows:

Chapter I : Introduction

In this chapter, the writer describes about the background of study, problem limitation, problem formulation, objective of the research, benefit of the research, and systems of writing.

Chapter II : Literature Review and Hypothesis Development

In this chapter, the writer describes about theoretical background, previous research, hypothesis development, research model, and framework of thinking.

Chapter III : Research Methodology

In this chapter, the writer describes about research design, population and sample, data collection method, operational variable definition and variable measurement, and data analysis method.

Chapter IV : Data Analysis and Discussion

In this chapter, the writer describes about general view of PT. Mitra Pelita Sukses, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing, and discussion.

Chapter V : Conclusion and Recommendation

In this chapter, the writer describes about conclusion, implication, and recommendation.

