

CHAPTER I

INTRODUCTION

1.1 Background of the Study

When a customer makes a purchase, there will be a customer's consideration of using the selected or purchased goods or services, there are several factors that influence the decision to make a purchase. there are internal factors and external factors. The difficulty of the conditions of intense competition, each company must be able to survive, and continue to develop, the most important thing for the company to do and pay attention to is to retain existing customers and then find new customers, so that existing customers do not become competitors' customers. So companies must retain their customers (Hasan, 2015).

Customer loyalty is one of the factors that influence the success of today's business. Loyalty has become the most important strategy of the company, because loyal customers can increase the company's income. Customer loyalty in general can be defined as someone who uses the product continuously, for some reason, feels happy or satisfied with a product. Research conducted by Kotler (2015) states that customer loyalty is a continuation of customer satisfaction from using the facilities or services provided by the company to become customers of the company.

Kotler (2018), Customer loyalty can be used as a basis or benchmark in making policies to add or reduce service value for customers. Where the company

will get information from customers, namely regarding activities to process and store information about services and brands. Therefore, customer loyalty can affect customer confidence in making purchase decisions. Customer loyalty can show how much support a customer has for the services offered by the company. On the other hand, customer loyalty can prove the level of customer trust in the services or services offered by the company.

In research conducted by Ivan (2016) states that efforts to maintain company customers must create customer loyalty, the company must realize that loyalty to the company alone is not enough to maintain the company's survival, because of loyalty does not really affect the sales and profit figures. There are concrete actions as evidence that customers are truly loyal to the company, namely customer retention.

According to Mohd Farid, Shamsudin, Esa (2020) states that behaviors that lead to repurchase and the willingness of customers to purchase the organization's products in the future.

The poor quality of services provided by companies to consumers has long been recognized as causing many losses for companies. Services provided to consumers are very directly related to the sustainability of a company. At this time consumers are very careful and selective in choosing a product, based on product quality, product service, price, and satisfaction of the product itself. Quality is a dynamic condition related to products, services, human resources, processes, and the environment that meet or exceed expectations, Goetsch & Davis (2016:115).

Customer satisfaction is very important for the company. And this is also the most important factor in the emergence of customer loyalty as well as the main key in winning business competition.

According to Tjiptono and Diana (2015: 23) Customer Satisfaction is the feeling of pleasure or disappointment one gets from comparing the perceived performance (or results) of the product and its expectations. A customer is satisfied or not, very much depends on the performance of the product (Perceived Performance) compared to the expectations of the customer concerned and whether the customer interprets a deviation or gap between the performance and expectations.

If someone gets something that is in accordance with the expectations then that person will feel satisfied, whereas if that person gets something that is not in accordance with expectations then that person will feel dissatisfied or disappointed. Customer satisfaction is an emotional response to an evaluation of the experience of consuming a product or service Windasuri & Hyacintha (2016:64). So we can conclude that customer satisfaction is a feeling that is felt by consumers after using a product or service, because it exceeds expectations or is in accordance with the expectations of the customer. Customer satisfaction can be seen through customer satisfaction surveys, making purchases continuously and not making many complaints.

The relationship between customer satisfaction and customer retention is that customers who are not satisfied will move, while customers who are satisfied

will survive. customers who survive are customers who have a positive attitude towards a product

PT. Sinar Cakrawala Gemilang is the company that produce various types of packaging boxes. This company is in Kawasan Industri Medan (KIM 1), starting from food packaging to packaging for export goods. the average furniture industry uses cardboard. as a container to package the product. and the use of cardboard can reduce plastic waste and lead to a healthier life thereby reducing plastic waste. The reason I chose the company was because the company had problems regarding customer satisfaction and customer loyalty that the company was facing. So as a student I want to help the company through my journal research.

Customer Loyalty PT. Sinar Cakrawala Gemilang has decreased, which is reflected in the decline in company sales. The following is the sales data of PT. Sinar Cakrawala Gemilang, namely:

Table 1.1
Sales Data PT. Sinar Cakrawala Gemilang
Tahun 2018-2020

Year	Total
2018	Rp 8.854.689.000
2019	Rp 6.113.706.000
2020	Rp 2.108.500.000

Sources: PT. Sinar Cakrawala Gemilang, 2021

Table 1.1 shows a decrease in sales, which reflects a decrease in consumer loyalty to the company, so that many consumers are interested in other similar companies.

Consumer satisfaction has decreased, which is reflected in the number of consumers making complaints to companies related to services that are still not optimal, such as delays in the return process, the information provided is still sometimes not reliable, then product delivery does not match the time of consumer demand, which triggers consumers to experience disappointment. At this company is the level of satisfaction of the consumer experience-lowering reflected in the number of consumers who are not regularly in the re-purchase, the level of complaints increased even have an impact on the decline in sales of the company.

1.2 Problem Limitation

In my opinion problem limitation is efforts to limit the scope of the problem that are too broad or wide so that the research can be more focused on. In order for this research to be more targeted, focused, and avoid the discussion becoming too broad, the writer needs to limit it. The limitations of the problem in this study are as follows.

So that the problem does not spread, this research is limited. This study only discusses the effect of customer satisfaction on customer loyalty at PT. Sinar Cakrawala Gemilang in Medan. In this study will only test how influential customer satisfaction is on customer loyalty to increase sales within the company and increase customer loyalty.

So that the problem does not spread, this study has a problem limitation, namely customer satisfaction (X) and customer loyalty (Y). In this customer

satisfaction will be limited to indicators of the quality of the product being sold, service quality, price, how to get the product. Customer satisfaction can be measured through complaints and suggestions, customer satisfaction surveys, *ghost shopping*, and analysis of missing customers. Meanwhile, customer loyalty issues will be limited to choice reduction and habit, trust, history with company, emotional bonding, satisfaction.

1.3 Problem formulation

In this research study, to solve all the problems that occur, the processes to be examined are:

1. How is customer satisfaction at PT. Sinar Ckarawala Gemilang ?
2. How does PT. Sinar Cakrawala Gemilang maintain their customer loyalty?
3. Is there any effect on customer satisfaction toward customer loyalty at PT. Sinar Cakrawala Gemilang?

1.4 Objective of research

The objectives of this study are as follows:

1. To identify the customer satisfaction at PT. Sinar Cakrawala Gemilang
2. To identify customer loyalty at PT, Sinar Cakrawala Gemilang
3. To identify the effect on customer satisfaction toward customer loyalty at PT. Sinar Cakrwala Gemilang

1.5 Benefits of the research

The benefits of this research are:

1. For PT. Sinar Cakrawala Gemilang as material for information and consideration for the company to improve good service in order to create customer satisfaction
2. For author to add insight and knowledge, the author especially applies the knowledge that has been obtained from college to society.
3. For academic as a guide or recommendation for other researchers, especially those related to the object of customer satisfaction and customer loyalty.

