

# CHAPTER I

## INTRODUCTION

### 1.1. Background of Study

Properties are just like buildings. The increasing number of residents in urban areas raises the necessity for housing that continues to extend per annum, and this may end in the increasing need for housing or having an adequate home as a highly coveted need. With the necessity for housing that is greater than the prevailing housing supply, this is often a chance for housing developers to satisfy the requirements of those consumers. The quantity of competition among housing developers requires developers to focus more on providing a competitive advantage in services to their housing consumers.

The company can make some efforts to win the competition, for instance by increasing customer satisfaction. Additionally to the facilities provided, it is not uncommon for condominium developers to draw in potential buyers and residents with the promise of providing quality products that's satisfying to residents. A number of the facilities provided and therefore the products provided are expected to supply satisfaction and luxury for residents from the condominium management.

Some factors which will influenced customer satisfaction are price and merchandise quality. "Customer satisfaction may be a key think about customer retention. There are variety of things that influence customer satisfaction, which incorporates price, product quality and repair quality, also as other contextual and private aspects are named." (Rocha, et.al, 2020, p.60).

Tribeca Condominium Podomoro City Deli Medan may be a well-known condominium in Medan. It's built by the developer Agung Podomoro Land. The corporate always attempt to improve the infrastructure and services still be administered for the convenience of residents. One among the competitors in Medan is Cambridge Condominium Medan. The comparison between Tribeca Condominium Podomoro City Deli Medan and Cambridge Condominium Medan is as follow:

**Table 1.1**  
**Comparison between Tribeca Condominium Podomoro City Deli Medan and Cambridge Condominium Medan**

<b>Description</b>	<b>Tribeca Condominium Podomoro City Deli</b>	<b>Cambridge Condominium</b>
Types	Luxurious Premiere A - 101.03m <sup>2</sup> Luxurious Premiere B - 101.57m <sup>2</sup> Luxurious Platinum A - 145.56m <sup>2</sup> Luxurious Platinum B - 141.33m <sup>2</sup>	Mozart Tower – 200m <sup>2</sup> Newton Tower – 200m <sup>2</sup> Picasso Tower – 200m <sup>2</sup>
Facilities	Smart home lighting Semi private lift Swimming pool Tennis court Gym and fitness center Indoor sport area Children playground Barbecue pit Sauna Reflexology path Direct access to Delipark Mall Direct access to Rivapark	Swimming pool Fitness SPA Tea House Library Auditorium capacity up to 150 persons Jogging Track Children Playground.

Source: [www.podomorocitydelimedan.com](http://www.podomorocitydelimedan.com) and [www.cambridge.co.id](http://www.cambridge.co.id)

The building management was handled by PT. Inner City Management. Initially, building management was managed by Prima Buana Internusa which was established in February 2006 and may be a subsidiary of the Agung Podomoro group, the largest property and land Development Company in Indonesia. To satisfy market demand, Prima Buana Internusa features a trade market with a

registered name called Inner City Management which was officially used on February 26, 2011.

Tribeca Condominium Podomoro City Deli Medan give customer 3 months as warranty period for the complaint specifications such as: yellow marble / spots / cracks, cracked walls / striped paint, hot water heater doesn't work, bathroom faucet / sink loose, light switch doesn't work, rusty balcony railing, and so on. During the warranty period, the responsibility lies with the project.

PT. Inner City Management as the responsible building management for Tribeca Condominium Podomoro City Deli Medan has responsibilities including: building management, including the handover process, building maintenance, cleanliness of public areas, and so on; human resource training, telecommunications, internet network, multimedia, establishment of resident associations, leasing, engineering and lift service, water treatment plan, landscaping and garden, and procurement system.

Tribeca Condominium Podomoro City Deli Medan is divided into 2 towers which are Southern Tower and Northern Tower. Every floor has 9 units which consists of type A, B, C, D, E, F, G, H and I. The maintenance fee per month consists of environmental maintenance fees (maintenance costs for parks, facilities, security) and sinking funds (reserve costs for buildings such as building painting, repainting and others). Environmental maintenance fee is Rp17.500/m<sup>2</sup> and sinking fund is Rp 1.500,-/m<sup>2</sup>, so the total maintenance fee is Rp19.000/m<sup>2</sup>.

The specifications for every unit is as follow:

**Table 1.2**  
**The Specifications for Tribeca Condominium Podomoro City Deli Medan**

Types	Bedroom	Area	Price	Maintenance Fee/ Month
A, B, E, F	3 Bedrooms	145.56 m <sup>2</sup>	Rp4.300.000.000,-	Rp2.765.640,-
C and D	3 Bedrooms	141.33 m <sup>2</sup>	Rp4.200.000.000,-	Rp2.685.270,-
G and I	2 Bedrooms	101.03 m <sup>2</sup>	Rp3.500.000.000,-	Rp1.919.570,-
H	2 Bedrooms	101.57 m <sup>2</sup>	Rp3.600.000.000,-	Rp1.925.270,-

Source: Tribeca Condominium Podomoro City Deli Medan, 2021

The phenomenon that happens within the condominium may be a decrease in customer satisfaction. Customers are dissatisfied with their purchases because of frequent damage after the warranty period ends, as a result they cannot complain to the project developer and need to submit it to the building management, which is PT. Inner City Management. Complaints submitted can't be skilled immediately because the building management still has got to communicate with the project developer and therefore the technical department for improvements. Additionally, the maintenance provided doesn't include product exchange, meaning that the building management only provides assistance for repairs but not in terms of replacing new units. This problem causes customers to be disappointed because they feel that they already paid plenty to shop for a condominium unit, but instead they get a product quality that is not as expected.

The table below show the customer satisfaction data about frequent complaint/ defect at Tribeca Condominium Podomoro City Medan:

**Table 1.3**  
**Frequent Complaint/ Defect January – July 2021**

Month	Complains / Defect	Numbers of Case
January	<ul style="list-style-type: none"> <li>- Ceiling seeping in the master toilet</li> <li>- Dirty glass railing on the balcony</li> <li>- Poor balcony embankment</li> <li>- Dull marble floor in the master bedroom</li> <li>- Dirty walls in the master bedroom</li> <li>- Yellow spots in the living room</li> </ul>	165 Cases

	<ul style="list-style-type: none"> <li>- Dirty walls in toilet</li> <li>- Dirty glass window in the master bed</li> <li>- Dirty ace ledge doors</li> <li>- Dull floor in living dining</li> <li>- Painted floors in living dining</li> <li>- The window in the bedroom area is seeping</li> <li>- Ceiling seepage in master toilet area</li> <li>- Ceiling seepage in the bedroom area</li> <li>- The bottom wall seeps in the master bedroom</li> <li>- Seepage wall in master bedroom area</li> <li>- Ceiling seepage in the bedroom area</li> <li>- Seepage wall in master bedroom area</li> </ul>	
February	<ul style="list-style-type: none"> <li>- Glass railing cracks in the balcony area</li> <li>- Seepage wall in master bedroom area</li> <li>- Seepage wall in master bedroom area</li> <li>- Ceiling seepage in service area</li> <li>- Bubble ceiling paint in the living room</li> <li>- Striped paint in the master bedroom</li> <li>- Dirty floors and yellow spots in the living room</li> <li>- Dirty kitchen cabinets</li> <li>- Seepage window in bedroom</li> <li>- Plafond leaking in the master toilet less slopping floor on the balcony</li> <li>- Ceiling seepage in master bed</li> <li>- Seepage window in master bedroom area</li> <li>- The wall in the master bedroom is seeping</li> <li>- Seepage window in master bedroom area</li> <li>- Dirty glass railing on the balcony</li> <li>- Poor balcony embankment</li> <li>- Dull marble floor in the master bedroom</li> <li>- Dirty walls in the master bedroom</li> <li>- Yellow spots in the living room</li> </ul>	127 Cases
March	<ul style="list-style-type: none"> <li>- Dirty balcony floor</li> <li>- Balcony embankment tidying</li> <li>- Dirty glass railing</li> <li>- Dirty AC ledge door</li> <li>- Dirty sliding glass door</li> <li>- Tidying used floor paint in living room</li> <li>- Striped and rough paint in living room</li> <li>- Striped paint on main door</li> <li>- Dull marble floor in living room</li> <li>- Lights off in living</li> <li>- Tidying ceiling edges</li> <li>- Slack window hinges in Master Bedroom</li> <li>- Dirty paint on sills in master bedroom</li> <li>- Tipping of painted floor edges in master bedroom</li> <li>- Dirty walls in master toilet</li> <li>- Tipping floor corners in toilet</li> <li>- Cracked walls in service area</li> <li>- Clean kitchen cabinets</li> <li>- Striped paint on the edges of the bedroom window</li> <li>- The ceiling in the balcony area is leaking</li> </ul>	99 Cases

	<ul style="list-style-type: none"> <li>- The walls in the master bedroom are leaking</li> <li>- The ceiling is leaking in the bedroom</li> <li>- The ceiling is leaking in the bathroom</li> <li>- The concrete in the railing is cracked and needs to be cleaned</li> <li>- Yellow marble all area</li> <li>- Door in master bedroom dirty</li> </ul>	
April	<ul style="list-style-type: none"> <li>- Dirty balcony floor</li> <li>- Balcony embankment tidying</li> <li>- Dirty glass railing</li> <li>- Dirty AC ledge door</li> <li>- Dirty sliding glass door</li> <li>- Tidying used floor paint in living room</li> <li>- Striped and rough paint in living room</li> <li>- Striped paint on main door</li> <li>- Dull marble floor in living room</li> <li>- Lights off in living</li> <li>- Tidying ceiling edges</li> <li>- Slack window hinges in master bedroom</li> <li>- Dirty paint on sills in master bedroom</li> <li>- Tipping of painted floor edges in master bedroom</li> <li>- Dirty walls in master toilet</li> <li>- Tipping floor corners in toilet</li> <li>- Cracked walls in service area</li> <li>- Clean kitchen cabinets</li> <li>- Striped paint on the edges of the bedroom window</li> </ul>	144 Cases
May	<ul style="list-style-type: none"> <li>- Ceiling seepage in the master bedroom toilet area</li> <li>- Bottom wall leaking in area (maid toilet, study room, toilet, master toilet)</li> <li>- Toilet door not meeting</li> <li>- Ceiling leaking in bedroom area</li> <li>- Marble spots in hall way</li> <li>- Marble spots in master bedroom</li> <li>- Ceiling leaking in master bedroom</li> <li>- Cracked wall in areas (study room, bedroom, master bedroom)</li> <li>- The wall seeps in the maid toilet</li> <li>- Dirty paint in living room</li> <li>- Main door ceiling seeps in toilet</li> <li>- Walls seeps in study room</li> <li>- Wall from the outside seeps to the inside in the service area</li> </ul>	98 Cases
June	<ul style="list-style-type: none"> <li>- Floor spots and cracks in the living room</li> <li>- Floor spots in the master bedroom</li> <li>- The window can't be closed in the master bedroom</li> <li>- Cracked glass in the master bedroom</li> <li>- The walls are leaking in the master bedroom</li> <li>- Yellow paint on the master bedroom window</li> <li>- Floor spots in bedroom</li> <li>- The walls are not neat in service area</li> <li>- Dirty paint on main door ceiling</li> <li>- Seepage in the master bedroom toilet area</li> <li>- Bottom wall leaking in area (maid toilet, study room, toilet, master toilet)</li> </ul>	138 Cases

	<ul style="list-style-type: none"> <li>- Toilet door not meeting</li> <li>- Ceiling leaking in bedroom area</li> <li>- Marble spots in hall way</li> <li>- Marble spots in master bedroom</li> <li>- Ceiling leaking in master bedroom</li> <li>- Cracked wall in area (study room, bedroom, master bedroom)</li> <li>- The wall seeps in the maid toilet</li> <li>- Dirty paint in the living room</li> <li>- The lock system is difficult to lock from the inside of the main door</li> </ul>	
July	<ul style="list-style-type: none"> <li>- The wall seeps in the master bed</li> <li>- The ceiling leaks in the master toilet</li> <li>- Ceiling seeping in the master toilet</li> <li>- Seepage wall near the main door in the service area</li> <li>- Leaking ceiling on the balcony</li> <li>- Ceiling seeps in the balcony area</li> <li>- Marble spots in the living room</li> <li>- Marble spots in bedroom</li> <li>- Marble spots in bedroom</li> <li>- Exhaust fan sounds in the master toilet</li> <li>- Marble spots in the master bedroom</li> <li>- Dirty floor glass window holders in the master bedroom</li> <li>- Cracked marble floors in the kitchen area</li> <li>- Dirty floors in the kitchen area</li> <li>- Ceiling seeps in the service area</li> <li>- Seepage window in the master bedroom area</li> <li>- Leaking window in bedroom area</li> <li>- Seepage window in the master bedroom area</li> <li>- Ceiling seeps in the master bedroom area</li> <li>- Master bedroom seepage wall</li> </ul>	115 Cases

Source: Tribeca Condominium Podomoro City Deli Medan, 2021

Based on the above table, the complaint / defect cases within the company are always high, mostly about wall seepage, balcony seepage, stains on the ground, dirty floors, leaking window and wall. Besides the complaint/ defect cases, customers also complaint about the slow handling of cases administrated. The residents of the Tribeca Condominium Podomoro City Deli Medan often complain about the services provided by the condominium manager, starting from unsatisfactory customer service to residents, hospitality of employees to residents who are still lacking, the safety level of the apartment remains not guaranteed because there's still a scarcity of security of the doorway in order that there are still

non-resident guests who can enter the lobby without notification to residents, and in terms of the facilities provided by residents they are still not satisfied with the prevailing facilities.

One of the issues that caused customer dissatisfaction is price. The worth factor is a crucial think about customer satisfaction. Price is an indicator that the corporate offers for a condominium unit with all existing components which will exceed consumer expectations. Customers want that the price they pay is commensurate with the products they envision. This suggests that the existence of a condominium with all the prevailing qualities is in a position to form customers' satisfaction. This is often a challenge for apartment managers to not reduce the standard of the unit because customers feel that the price they pay is for quality.

In this research, the writer found that the customers felt that the value of buying the condominium unit is just too expensive in comparison to customer expectations. Customers expect a condominium unit with good quality with none damage, or the looks of unnecessary errors like the color of the walls that aren't in accordance with the agreement or the presence of unit leaks. Although the project developer is trying to supply compensation for repairs, the customer remains disappointed because it seems that the funds issued weren't returned with satisfactory results. Additionally, maintenance costs are felt too expensive for the services received. The maintenance department cannot provide a quick response consistent with the customer's wishes, but instead seems slow because they need to ask other related parties before providing an answer.

In addition, customers also are not satisfied with the product quality. The standard of product doesn't match the expectations of the customer. Additionally, there are some products that at the time of purchase use certain specifications, but are after all replaced with other similar products that aren't in accordance with the buyer's expectations, for example, when there is a lack in the toilet, they just instance replacing the things then paint on. Additionally to the difference in material specifications from the agreement with truth within the field, customers also complain about the standard of the facilities provided. The promised park wasn't as big needless to say, an empty playground with only some toys, narrow BBQ facilities, incomplete gym space and a less spacious lobby. The facilities provided become one among the complements in completing the standard of the units purchased. Additionally, the promised gift products like television, refrigerator and other few gifts obtained at the time of purchase weren't delivered consistent with the expected specifications.

Based on description above, the writer want to conduct the research with title **“The Influence of Price and Product Quality towards Customer Satisfaction at Tribeca Condominium Podomoro City Deli Medan.”**

### **1.2. Problem Limitation**

The problem limitation may be a limitation on the scope of a drag in order that the discussion which will do isn't too far and wide with the aim that the discussion which focuses on just one research. The matter are going to be limited to the customer satisfaction problems during the research period with focused on

the residents of the condominium. The research also will be limited to the price and product quality problems that have influence to customer satisfaction.

This research will use questionnaire to obtain data from respondents. The writer will limit the respondents to customers from the company within last 3 years. The questionnaire will be about price with indicators of affordability, price match with service quality, price match with benefits; and price competitiveness (Indrasari, 2019, p.44-45). The questionnaire about product quality with indicators of performance, features, reliability, durability, usability, aesthetics, and perceived quality (Afnina and Hastuti, 2018). The questionnaire about customer satisfaction with indicators of quality of product, quality of service provided, product price, ease of accessing the product, and how to advertise the product (Warsito, 2020).

The analysis method will use multiple linear regression to know the influence between price and product quality to customer satisfaction. Besides that, the writer will do the hypothesis test and coefficient of determination. This research will take place at Tribeca Condominium Podomoro City Deli Medan as research object. The research will focus to the customers that owned the condominium at Tribeca Condominium Podomoro City Deli Medan.

### **1.3. Problem Formulation**

Based on the background and problem limitation above, the writer will describe some problem formulation which is in accordance to the research object. The problems formulation in this research are as follow:

1. Does price have influence on customer satisfaction at Tribeca Condominium

Podomoro City Deli Medan?

2. Does product quality have influence on customer satisfaction at Tribeca Condominium Podomoro City Deli Medan?
3. How is the customer satisfaction at Tribeca Condominium Podomoro City Deli Medan?
4. Do price and product quality have influence on customer satisfaction at Tribeca Condominium Podomoro City Deli Medan?

#### **1.4. Objective of Research**

Objectives of research are as follow:

1. To know the influence of price towards customer satisfaction at Tribeca Condominium Podomoro City Deli Medan.
2. To know the influence of product quality towards customer satisfaction at Tribeca Condominium Podomoro City Deli Medan.
3. To know the customer satisfaction at Tribeca Condominium Podomoro City Deli Medan.
4. To know the influence of price and product quality toward customer satisfaction at Tribeca Condominium Podomoro City Deli Medan.

#### **1.5. Benefit of the Research**

##### **1.5.1. Theoretical Benefit**

This research has benefit to compare the theories and practice in working field.

### **1.5.2. Practical Benefit**

This research can be used as recommendation in controlling the customer satisfaction through price and product quality.

