

CHAPTER I

INTRODUCTION

1.1 Background of the study

Protection is one of the ways a person or a company can be secured from future dangers that will not happen within the commercial world or in individual life. Those who feel unreliable require and discover and will do their best to maintain a strategic distance from outsiders and extra things. Like all other companies in common, whether it's a product commerce, a benefit, or any trade, it requires certainty in its exercises and within the protections commerce, which is more prominent than client confidence in promoting items, whether it's related to the demand for way better benefit, company title or notoriety for execution. Usually way better than the competition. Hence, each company cannot do without making client fulfillment, as fulfilled clients are presently a frame of victory for companies in item conveyance, counting within the protections trade.

Customer behavior is how people, bunches, and organizations select, buy, utilize, and exploit goods, services, thoughts, or encounters to meet their needs and wants. Four variables impact shopper behavior: Cultural, social, individual, and mental. Buyer behavior could be an exceptionally critical choice when choosing an item or benefit from purchasing because it drives buyers to purchase and eventually be satisfied with what they buy.

Hence, each great advertiser must know everything. Communicate the circumstance to the client so that the client is fulfilled with the chosen benefit. On

the other hand, a great advertiser must decide what motivates customers to select the required item the company offers so that the advertiser can create a methodology for promoting the thing the company sells.

Concurring to Daga (2017), customer satisfaction could be a reaction that appears to buyers to the benefit or execution (comes about) gotten; at that point, buyers will compare the execution (comes about) with the desires they need. In this manner, great marketers are required to be able to fulfill clients about client fulfillment. Items sold by the company since it is conceivable that disappointed clients will run absent and switch to comparable companies that can give particular pride to the fulfillment buyers want. Five variables affect customer satisfaction: Benefit Quality, Item Quality, Cost, Comfort, and Personal/emotional variables.

Agreeing with Daga (2017), customer fulfillment is the consumer's response to the benefit or execution (outcome) received, and the shopper, at that point, compares the execution (result) with the anticipated expectations. Therefore, a great marketer must be able to charm clients regarding client fulfillment. The items the company offers, since on the off chance that there's a chance that satisfied customers will run absent and go to comparable companies that can provide the particular level of fulfillment buyers need. Five variables affect client fulfillment: Benefit quality, item quality, cost, comfort, and personal/emotional variables.

Daga (2017) agrees that item quality is characteristic of items and services that bolster their capacity to meet shopper needs. Keeping up item quality is imperative for the industry to retain clients and maintain a company's notoriety. From the over understanding, it can be concluded that in expansion to benefit quality, item quality

plays a vital part in client fulfillment, since in case the quality of the sold item does not meet the customer's wishes, shoppers will consequently switch to comparative items—competing companies, variables that eventually harm the company.

PT AIA FINANCIAL (AIA) Medan is one of the driving life protection companies in Indonesia, a life protection company enrolled and regulated by the Budgetary Administrations Specialist. AIA Medan may be an auxiliary of the AIA Bunch. AIA offers various protection items, counting Shariah-based protections, life protections, health insurance, mischance protections, investment-linked protections, worker advantage plans, and pension finance plans (DPLK). These items are disseminated by over 6,000 experienced deals experts through different conveyance channels, counting organization, bancassurance, and corporate solutions (benefits and worker benefits).

Table 1.1 Sales Data for February – July 2022

No	Month	Total Customers
1	February	351
2	March	342
3	April	345
4	May	321
5	June	281
6	July	243

Source: PT AIA, Medan

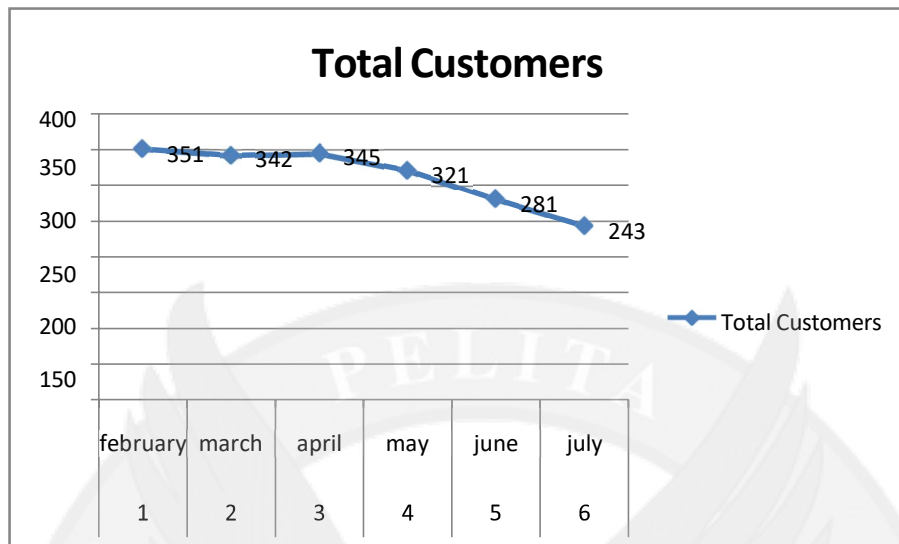


Figure 1.1 Sales Data for February – July 2022

Source: Written by the author (PT AIA Financial Medan)

Based on information obtained from headline A, a senior agent at PT AIA FINANCIAL (AIA) Medan said that in the last few months, sales of health insurance and investment in PT AIA FINANCIAL (AIA) Medan experienced downward fluctuations, as did one of the senior agents. in headline B which says that there are indeed fluctuations that lead to a decline, the decline in sales is allegedly due to customer dissatisfaction with both the product and the selling agent, which is also accompanied by anxiety from customers regarding the products and services of each selling agent which is still lacking in the eyes of customers in terms of purchase of marketed products.

The types of customer complaints, in this case, are caused by complaints about the role of the selling agent and the service after the sale occurs, in the form of an annual report and policy maturity report that is late to the customer's hands, the incompatibility of the return-on-investment value with that stated by the agent

caused by the situation. Macroeconomic conditions, the value of shares or mutual funds carried out by the company can be said to be a misunderstanding between customers and agents at the product introduction stage, and some customers say the old claim method is due to a lack of supporting documents such as proof of payment that has been lost or wasted. The phenomena of product quality, the discrepancy between the value of return on investment and that stated by the agent, is caused by in this situation, the products sold by agents do not match the results obtained, the investment insurance products purchased are different from those offered, for life insurance products, there is a difference between what is promised and the results received, the amount of return on investment insurance is smaller than what was promised, it is offered for reasons. This unfavorable economic situation causes that there are still problems with the quality of the products provided to consumers that should have been tested before being marketed.

The phenomena of Service Quality and service after sales occur in the form of annual reports and reports on policy due dates that are late in reaching the customer; some customers say that the long claim process is due to the absence of supporting documents such as lost or wasted proof of payment, misunderstandings between customers and agents at the product introduction stage, services provided by insurance agents that are incomplete in delivery, the many reasons given by insurance agents and evasion if there are questions about insurance products that are not by the initial agreement.

Based on the actualities gotten from PT AIA Medan, almost the nearness of unsatisfied clients, both in terms of items where the speculation esteem comes about

are not suitable and administrations from offering operators, at that point the reason that underlies this investigate takes the title: "The Influence of Product Quality and Service Quality on Customer Satisfaction at PT AIA Medan".

1.2 Problem of Limitation

Based on the study's foundation and issue distinguishing proof, this investigation is constrained to PT AIA Medan representatives and clients.

1.3 Problem Formulation

Based on the previous, the authors are curious about the impact of Product Quality and Service Quality on Customer Satisfaction, which can be expressed in the form of questions as follows:

1. Does Product Quality Influence Customer Satisfaction at PT AIA Medan?
2. Does Service Quality Influence Customer Satisfaction at PT AIA Medan?
3. Do Product Quality and Service Quality Influence Customer Satisfaction at PT AIA Medan?

1.4 Objective of Research

The goal of this research is to reveal:

1. Investigate the Product Quality at PT AIA Medan.
2. Determine the Service Quality at PT AIA Medan
3. Determine the Product and Service Quality at PT AIA Medan.

1.5 Theoretical Benefit

Researchers in this study anticipate the following benefits:

1. Designed for Students

This inquiry helps expand information and knowledge and apply speculations and ideas related to Shopper Behavior learned in addresses, especially in terms of Product Quality, Service Quality and Customer Satisfaction.

2. For Educators

This inquiry can be utilized as a reference to assist understudies from issue Identification to application, especially within the regions of Product Quality, Service Quality and Customer Satisfaction.

3. For Researchers

The discoveries of this consideration are anticipated to serve as an asset for other analysts who utilize comparative topics from different viewpoints.

