

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The industry of multimedia is distinguished by its continuous and progressive advancements, since it operates within the categories of Computer Science and Electronics. These disciplines are renowned for their continuous and boundless innovations, with the objective of fulfilling human needs in the realms of audio visual and communication. Seminars function as a mechanism through which some persons may disseminate more knowledge and ideas to a broader audience. In the context of a seminar, many components are often included with the intention of augmenting the overall level of participation and passion connected with the event. An example of such technological advancement is the LED videotron.

The utilization of LED videotron in events functions as a mechanism to augment the overarching ambiance and foster elevated degrees of excitement. The use of LED videotron technology has the capacity to proficiently exhibit the distinctive characteristics of an event via visually captivating images and videos, therefore engrossing a substantial audience. The concept of LED videotron is obvious to us. The use of LED videotron is prevalent in facilitating the broadcast of promotional media and extensive information to the general public, consequently enhancing convenience. The use of videotron displays at various events has often

been employed to enhance the overall appeal and aesthetic appeal of those events. D Fatihudin (2019) stated that a company's marketing strategy is the driving force behind whether or not it achieves its goals. After deciding on a marketing strategy to compete as a whole, the company employs a variety of methods to determine how consumers respond to its marketing strategies. The marketing mix is used as a tool in the process of designing a company's marketing strategy.

PT Multi Rental Indonesia is a rental service company that provides equipment rental in the form of videotron to events. The income of PT Multi Rental Indonesia is subject to instability because to the intense rivalry among rental service companies in Medan City.

Table 1.1 Table of Total Customers and Returning Customer Percentage During the Period of June until August 2023

No	Month	Total Customers	Returning Customers	Returning Customers Percentage
1	June	33	12	36%
2	July	30	14	47%
3	August	35	11	31%

Source: Prepared by Writer (2023)

From the table 1.1, it only mentions the customer who buy the videotron service. The fundamental purpose of business operations is to achieve maximum profitability. The success of a company is contingent upon its ability to effectively market its products at rates that are competitive within the industry, while simultaneously ensuring that the products retain the necessary degree of quality. The above table shows the monthly total customers and returning customer percentage of June until August for PT Multi Rental Indonesia's services. The graph illustrates the fluctuating percentage of returning customer, which exhibit a high degree of variability and unpredictability between consecutive months. The

numerical value has a quick ascent throughout the month of June and then increased by 11% in the month of July. However, there was a decrease occurred in month of August by 16%.

PT Multi Rental Indonesia is not the only service company that providing the rental of videotron in Medan. The following table lists various service companies that also engage in providing the rental of videotron in Medan.

Table 1.2 List of Videotron Rental Companies in Medan

No	Company
1	PT Cahaya Rezeki Semesta
2	PT Titik Media Indonesia
3	CV Digital 76
4	Creo House
5	Prima Kencana Advertising

Source: Google (2023)

In today's business environment, a considerable proportion of emerging companies are entering a certain sector. Emerging enterprises has the advantage of resilience in an increasingly competitive business market. Given that the primary objective of operating a business is to create financial gains, the purchase choices made by consumers have significant importance. Profits are generated through the transactional exchange of monetary resources by clients in return for the goods and/or services provided by a company. Hence, it can be inferred that PT Multi Rental Indonesia stands to generate a financial gain in the event that a consumer chooses to make a purchase of its services.

In this research, there are three independent variables and one dependent variable including: Service Quality (X_1), Product Quality (X_2), Promotion (X_3) and Customer Satisfaction (Y). Customer satisfaction (Y) is a fundamental idea within

the context of modern marketing theory and practice. Customer satisfaction is often regarded as the primary factor that influences the achievement of a marketing organization, including both commercial and non-profit organizations. The achievement of customer satisfaction is often regarded as a necessary condition for the attainment of company goals (Tjiptono & Diana, 2019).

Moreover, independent variables in this research are as follows. Service quality refers to the ability of service providers to effectively fulfilled the requirements and expectations of clients. The term "quality" has a diverse array of definitions and interpretations, as individuals may perceive it in varying manners. Several instances encompass adherence to specified needs or expectations, suitability for implementation in ongoing development processes, and the lack of impaired or flawed goods (Mutiawati et al., 2019). Product quality is a collection of traits and characteristics that determines the degree to which the output can fulfil the criteria of consumer wants. This degree is determined by the product's ability to fulfil those needs (Nurfauzi et al., 2023). Promotion is one form of communication that is often used by marketers. As one of the promotion mix's elements, sales promotion is an essential component of product promotion activities (Tolan et al., 2021).

Every business will always experience problems in carrying out their business activities. Company must be prepared to confront a variety of problems, such as those involving finances, customers. production, marketing and so on If a business is unable to resolve these issues swiftly and effectively, it can have a negative effect on its ability to continue activities.

In PT Multi Rental Indonesia itself, service quality is a benchmark for companies when building trust and increasing customer satisfaction. However, some of the customers must have experienced poor service. Despite the shortcomings in assessing quality, it does not mean that quality cannot be measured, but it can be specified what aspects will be assessed (Duy, 2021). A consumer complaint occurs when they are unable to contact the call center when they are having problems. The customer stated that it is difficult to reach customer service when necessary. If there are any issues with the product, payment, or shipping, customers will directly contact the company. But when customer service is extremely slow to respond, customers will perceive that the company provides poor service quality.

Moreover, the product's quality also has a huge influence on how satisfied consumers are. Customers have a natural expectation that they would get items of the greatest quality (Ernest Grace et al., 2021). One of PT Multi Rental Indonesia's clients leased a videotron from the company's store, but when they tried to use it, they encountered unanticipated technical issues. Contacting customer service, on the other hand, resulted in a quick resolution to the problem.

Additionally, promotion helps introduce items and boost sales. Thus, businesspeople must remember product advertising mistakes. Maintaining and growing trade requires this. Offering discounts for short time periods or extra things with limited offers or as long as the product is available may entice people to buy it. Customers told PT Multi Rental Indonesia that promotional activities and customer moods are inseparable (Herlambang & Komara, 2022). The problems are

PT Multi Rental very rarely give discount to the customer, even for the old customer. Discounting is the easiest way to retain customers. In addition, many people nowadays seek information through social media. PT Multi Rental Indonesia itself is not very active in social media to promote their services and products.

Despite the fact that PT Multi Rental Indonesia's service quality categorize unsatisfactory, there are still a number of service that can be enhanced. When a consumer receives a high-quality product and service but with substandard service, the consumer will undoubtedly be dissatisfied. During the transactional process, every customer desire to be treated with respect and to receive superior service. When attempting to acquire a product or service, consumers desire to be responded to and treated with concern. In addition to the high quality of their products, they must also provide excellent service. As long as PT Multi Rental Indonesia was a company that provide rental of videotron, the product they sell must also need to be in high quality in order to get the satisfactory customers. Since the company rarely provides sales promotion information, PT Multi Rental Indonesia must conduct additional intensive sales promotions through their social media and giving discount offer to influence customer satisfaction. If a company's promotions are more convincing and alluring, consumers are more likely to purchase and subscribe to its products and services.

Based on the background of the study that has been provided and explained above, it encourages the writer to do research entitled **“The Influence of Service Quality, Product Quality and Promotion on Customer Satisfaction at PT Multi Rental Indonesia”**.

1.2 Problem Limitation

Problem limitations have been established by the writer in order to prevent any deviations from the research topic such as follows:

- a. The research object is limited to PT Multi Rental Indonesia.
- b. The respondents are limited to the customers in Medan.
- c. The dependent variable in this research is Customer Satisfaction.
- d. The independent variables in this research are Service Quality, Product Quality and Promotion.
- e. Indicator of Customer Satisfaction limited to overall customer satisfaction, confirm expectations, repurchase intention and willingness to recommend (Tjiptono & Diana, 2019).
- f. Indicator of Service Quality limited to reliability, responsiveness, assurance, empathy and tangible (Tjiptono & Diana, 2019).
- g. Indicator of Product Quality limited to form, feature, customization, performance quality, conformance quality, durability, reliability, repairability, style and design (Kotler & Keller, 2017).
- h. Indicator of Promotion limited to coupons, rebates and price pack (Kotler & Keller, 2016).

1.3 Problem Formulation

Based on the previously stated background, the problem formulation in this research are as follows:

- a. Does service quality have a partial influence on customer satisfaction?
- b. Does product quality have a partial influence on customer satisfaction?
- c. Does promotion have a partial influence on customer satisfaction?
- d. Do service quality, product quality and promotion have a simultaneous influence on customer satisfaction?

1.4 Objective of the Research

In accordance to the problem formulations that have been described above, the objective of research which supposed to solve the problems that already been found are as follows:

- a. To examine whether service quality has partial influence on customer satisfaction at PT Multi Rental Indonesia.
- b. To examine whether product quality has partial influence on customer satisfaction at PT Multi Rental Indonesia.
- c. To examine whether promotion has partial influence on customer satisfaction at PT Multi Rental Indonesia.
- d. To examine whether service quality, product quality and promotion have simultaneous influence on customer satisfaction at PT Multi Rental Indonesia.

1.5 Benefit of the Research

This research is supposed to be beneficial to all parties involved and the benefits can be divided into two categories, such as:

1.5.1 Theoretical Benefit

The anticipated consequence of the research is a greater knowledge of why PT Multi Rental Indonesia's monthly product sales fluctuate and how service quality, product quality and promotion may influence customer satisfaction.

1.5.2 Practical Benefit

a. For Writer

With the knowledge gained from this research, the writer will have a better understanding on how to conduct a marketing study and the influence of service quality, product quality and promotion on sales in the real world.

b. For Company

The results of this research can serve as a point of reference for PT Multi Rental Indonesia in assessing the influence of service quality, product quality, and promotion on the customer satisfaction.

c. For Other Researchers

Customer satisfactions may be influenced by a number of factors, including the service quality, product quality and promotion.