

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

For the survival and development of an organization in the market, competitive advantage is essential. The organization's continuous market survival remains doubtful until it evolves and adapts its business strategy to the evolving market environment and, let alone, to the achievement of its goals. Therefore, it is important for companies to understand the nature of a competitive advantage for long-term survival and success. Organizations can benefit from a competitive edge by creating and implementing an innovative strategy that their competitors do not implement.

Creating a competitive edge requires identifying consumer desires (customers) and designing a plan for using resources unused (or unused) to differentiate the enterprise from competition. The plan must take the target market and the strengths and weaknesses of the company into account. While a large number of studies have clarified and analyzed the major effect on the efficiency of a company's sustainable competitive advantages (service quality, product quality, for example), not many literatures focuses on competitive advantage factors from business to business (B2B) sector.

Customer needs become a very important thing to note and satisfied by the manufacturer or service provider. The product providers or services should pay attention to changing customer needs or widening customer needs. The providers

of the product to win the competition of its competitors also required strategies to the right business. The goal is to create a brand image depth for products and services offered by manufacturers. Customer satisfaction becomes a strategic target for the company to be grow and develop and still exist in the face of change this fierce competition.

Customer satisfaction is a very important element in the business community, especially when it is active in services and also contributes to the maintenance and growth of companies. Therefore, the standard of service is a significant factor for deciding the effectiveness of a product.

Quality is one of the main factors determining product selection for customers. Customer satisfaction will be achieved if the quality of products provided in accordance with their needs. In the past decade, service quality has gained much attention for the company. Quality issues are not only become the weapon of competition, but have become “tickets to be paid” to enter the business world. This is because the quality of services can be used as a tool to achieve competitive advantage. (Suryadharm and Nurcahya, 2015).

PT. Sari Makmur Tunggal Mandiri which is located on Jl. Kompos No.110-A, Kec. Sunggal, Kabupaten Deli Serdang, Sumatera Utara was established in 1995, starting with the vision of becoming Indonesia’s leading company in commodity export business. Some products offered by the company are commodity exports goods, for example: arabica coffee, Robusta coffee, cocoa, cassia, nutmeg with shell, betelnut, black pepper, Siaw mace, mix, nutmeg ABCD, dry cherry coffee, etc.

Based on the pre survey conducted by the researcher, customer dissatisfaction has occurred by PT. Sari Makmur Tunggal Mandiri regarding the quality of the products offered. This dissatisfaction is indicated by complaints about the product, including unsuitable fruit flavors, fruit resistance that is susceptible to weather and environmental temperature, and still found damaged packaging.

Another complaint submitted by respondents is handling complaints about product quality which tends to be slow. When customers submit complaints, either by telephone, SMS, or criticism and suggestions directly to the company, usually the complaint will only be handled 1 or 2 weeks after the complaint is submitted and this is very unfortunate by the customers.

In terms of product quality, of course customers expect good quality and durable commodity products. Good product quality can be seen from fresh fruit seeds, colors, flavors that are suitable and according to ISO standards. In addition, good and undamaged product packaging also affects customer satisfaction. Problems with the quality of this product can be caused by a product quality that is not expected by the customer to the reality, or it can also be caused by employee productivity that is not optimal in the production process, thereby reducing the quality of the product produced.

In this study, the researcher wants to analyze the product quality at PT. Sari Makmur Tunggal Mandiri to find out what is actually expected by the customer and what has been perceived by the customer for the quality of products it receives and write it in this skripsi entitled “**The Influence of Product Quality**

Towards Customer Satisfaction at PT. Sari Makmur Tunggal Mandiri Medan”.

1.2 PROBLEM LIMITATION

Due to limitation of times, ability and knowledge, the writer will focus on product quality as independent variable (X). The writer will also focus on customer satisfaction as dependent variable (Y). This research will focus on impacts of product quality in order to know the customer satisfaction at PT. Sari Makmur Tunggal Mandiri Medan which located on Jl. Kompos No.110-A, Kec. Sunggal, Kabupaten Deli Serdang, Medan City - North Sumatera.

1.3 PROBLEM FORMULATION

Based on the background of the study above, the problem formulation in this research are as follows:

1. How does the product quality at PT. Sari Makmur Tunggal Mandiri?
2. How does the customer satisfaction at PT. Sari Makmur Tunggal Mandiri?
3. Does product quality have influence on customer satisfaction at PT. Sari Makmur Tunggal Mandiri?

1.4 RESEARCH OBJECTIVE

The research objective are as follows:

1. To evaluate the product quality at PT. Sari Makmur Tunggal Mandiri.
2. To evaluate the customer satisfaction at PT. Sari Makmur Tunggal Mandiri.

3. To discover whether product quality have influence towards customer satisfaction at PT. Sari Makmur Tunggal Mandiri.

1.5 BENEFIT OF THE RESEARCH

1.5.1 Theoretical Benefit

Theoretically, the results of this study are expected to be useful to strengthen the theory in about management marketing, especially about the influence of product quality towards customer satisfaction in a company.

1.5.2 Practical Benefit

The practical benefits expected from this research are as follows:

1. For the writer

This research can provide an overview and knowledge about management marketing, especially about the influence of product quality towards customer satisfaction in a company.

2. For the company

This research is expected to be used as a suggestion to give more attention about the factors of product quality in order to increase the level of customer satisfaction.

3. For the future researchers

The results of this research are expected to be used as a source of references who concerned in conducting related research in the future.