

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Higher customer satisfaction shows the successful of the company and one of them is by looking at the quality of the product. In this globalization area, product quality becomes one of the most crucial criteria to determine the level of customer satisfaction. Nowadays, people tend to buy products based on the quality. Various kinds of product quality indicate the level of customer satisfaction that the company get. Consumers may focus on the specification quality of a product or service, or how it compares to competitors in the marketplace. Producers might measure the conformance quality, or whether the product or service was produced correctly.

Product Quality is one of the key important steps to support or contribute customer satisfaction since product is the major needs in customer's expansion. (Manurung, in Rizal Wahyu Kusuma, 2015)

To define in other way, product quality has the capability or power to meet or exceed customer's expectation and satisfaction. (Waters & Waters in Hoe, 2018).

The other fundamental keys to develop customer satisfaction are product quality and price. (Bei and Chiao in Razak, 2016).

PT. Sari Dumai Sejati is a restricted liability corporation processing Palm Oil (CPO) in the form of cook oil, palm oil and organic food derivatives of agricultural products around 21 years old. It owns and controls an extensive spectrum of the palm oil value chain from the supply to the distribution and participates in the refining, processing and trade of palm oil for domestic and international export. As PT. Sari Dumai Sejati is an exporter from Indonesia, the company sell Rbd Palm Kernel Oil. PT. Sari Dumai Sejati has a factory located in Riau

Province, Lubuk Gaung – Dumai and head office that is located in Jakarta.

Table 1.1 The Sales of Cooking Oil at PT.Sari Dumai Sejati

YEAR	TOTAL SALES (Rupiah)
2014	33,680,682,841,086
2015	29,948,391,586,549
2016	27,441,765,990,351
2017	24,680,541,798,009
2018	20,915,084,184,833

Source : Prepared by the writer (2019)

Based on the table above, the sales of cooking oil at PT. Sari Dumai Sejati is declining. One of the cause that the sales declining is because the quality of the product is worsen. It is said that the quality of product is worsen because is the level of acidity of the oil is more and more higher. Because of the level of acidity is getting higher, customer keep complaint and they feel unsatisfied. If the product quality is worsen, customer tend to buy less because they are not attracted to it anymore. If the quality of oil at PT. Sari Dumai Sejati is worsen, the customer will spend less on money to buy the oil. They will not choose to spend their money on the oil.

The reason I choose PT.Sari Dumai Sejati is PT. Sari Dumai Sejati is classified as one of Indonesia's largest exporters. In addition, it provides certain information on the diverse product quality the business has and how the client reacts to each of the different product quality. Based on client feedback and reaction, the business maximizes its goods in order to satisfy clients. In that case, PT. Sari Dumai Sejati perfectly match with the topic that will be discussed.

To prove the relationship between them, the writer is interested to conduct the research with the title as follows: **“The Impact of Product Quality on Customer Satisfaction at PT. Sari Dumai Sejati”**.

1.2 Problem Limitation

Besides product quality, there are some other factors that can trigger the declining of sales at PT Sari Dumai Sejati such as service, price and any other factors.

Due to the limitation of time and budget, the writer would like to limit the research to product quality as the independent variable and its relation to customer satisfaction as the dependent variable at PT. Sari Dumai Sejati.

For product quality, the indicators are performance, features, reliability, compliance, durability, service ability, and perceived quality.

For customer satisfaction, the indicators are loyalty, satisfaction, repurchase interest, small desire to make a complaint, and the willingness to recommend the product.

1.3 Problem Formulation

Based on background study above, the writer identifies the problem is “Does quality of product impact customer satisfaction at PT Sari Dumai Sejati?”

1.4 Objective of the Research

Based on the description in the background of the study, the objective of the research is to find out the impact of product quality on customer satisfaction at PT. Sari Dumai Sejati.

1.5 Benefit of the Research

The benefit from conducting this research are as follows:

1.5.1 Theoretical Benefit

1. The result of the research would expand knowledge in academic area, especially on product quality and customer satisfaction.

2. This research can be used as a reference to next research on similar area.

1.5.2 Practical Benefit

1. For the writer, the research will expand or add knowledge about product quality and customer satisfaction.
2. For the company, the research will give recommendation for the company to improve its product quality and customer satisfaction

1.5.3 System of writing

The following is the system of writing in this *skripsi* will be as follow:

Chapter I Introduction

This chapter consists of background of the study, problem limitation, problem formulation, objective of the research, benefit of the research and systems of writing. This chapter describes about the problem that was faced by the company which is the decreasing of the sales.

Chapter II Literature Review and Hypothesis Development

This chapter consists of theoretical background, preview research, hypothesis development, research model, framework of thinking. theoretical background describes the theory used in this research such as definition of international business, definition of marketing and types of marketing mix.

Chapter III Research Methodology

This chapter consists of research design, population and sample, data collection model, operation variable definition and variable measurement, data analysis method.

Chapter IV Data Analysis and Discussion

This chapter consists of General View of research object, Data Analysis, Descriptive Statistic Result of Data Quality Testing, Result of Hypothesis Testing, and Discussion.

Chapter V Conclusion

This chapter provides conclusion, implication, and recommendation to overcome the problem.

