

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Companies are based on customer retention in today's challenging environment because customers are the key factors of success. That is why customer satisfaction is playing an important role in sustaining a competitive advantage in the market. It is extremely critical and vital that organizations can hold a devoted base of customers. Organizations perform different activities to satisfy company customers. Customer satisfaction has been considered the heart of key in today's highly competitive world of organizations. It has a major contribution to the sustainable profit growth of any organization. Customer satisfaction has become the top key performance indicator for evaluating the performance of organizations. It is the key to stay alive in competition (Saha et al., 2015). In order to get a good market and profit position, organizations.

According to Laith et al. (2018), salesman ethical behavior has a significant impact on customer relationships and commitment. When the salesman shows high ethical behavior, customers will have more trust in the organization. So the honest actions of the salespersons can increase the customer trust in salesman as well as on organization. This study is made on the services industry, which can be generalized in salesman behavior for dairy products. Because in dairy products there are possible chances of quality complaints which need to be tackled by salesman through their behavior.

PT. Putra Indo Mandiri Sejahtera, Berastagi was started in 2006 under the name PT. Putra Indo Jaya Mandiri, which has changed its name to PT. Putra Indo

Mandiri Sejahtera, Berastagi in 2007. The company, better known as Gundaling Farm, is located in the village of Jarang Uda, Berastagi, which is precisely located at Jalan Tahura 1 Village of Lau gumba, Berastagi, North Sumatra. Gundaling Farm currently runs a business in cow's milk processing through the pasteurization process and sale for the cow. Sources of raw milk are obtained from dairy farms which are managed by the company

Customer satisfaction expects a principal part in the achievement of every business association, whether it is recommended for any product or an organization. Every business needs to hold its present clients and in a like manner to expand the client's base basically, and it is possible correctly when the target client is completely satisfied from the relationship on a couple of parameters (Sabir et al., 2017). Customer satisfaction PT. Putra Indo Mandiri Sejahtera, Berastagi has decreased as seen from the increase in complaints from customers to the company in the form of services that are not optimal, changing payment systems, personal selling staff who are still unresponsive in serving customers, delivery systems or distribution that is still not optimal, such as often not on time. Some of these problems cause customer dissatisfaction.

Table 1.1
Complaints Data of PT. Putra Indo Mandiri Sejahtera, Berastagi
2018-2020

Year	Complaint Total	Information
2018	18	1. Services that are not optimal 2. Information not valid 3. Errors in product distribution 4. Delivery systems or distribution that is still not optimal
2019	31	5. Prices fluctuate 6. Complaints were not resolved quickly 7. Salespeople who lack product control 8. Salespeople are slow in resolving consumer complaints
2020	41	

Sources: PT. Putra Indo Mandiri Sejahtera, Berastagi (2021)

In addition, the decline in consumer satisfaction also resulted in a decrease in sales, which:

Table 1.2
Sales Data PT. Putra Indo Mandiri Sejahtera, Berastagi
2018-2020

Year	Total
2018	19.687.500.000
2019	15.458.634.000
2020	8.746.650.000

Sources: PT. Putra Indo Mandiri Sejahtera, Berastagi (2021)

Ethical behavior is also very important in creating customer satisfaction because salespeople present their organization's image in their behavior and interactions with customers. Lin (2016) also studied on ethical behavior of salesman and its impact on customer satisfaction. It shows a strong relationship between ethical sales behavior, confidence benefits, customer loyalty, and customer satisfaction.

The company's personal selling staff lacks competence in inviting, encouraging, providing information, handling complaints, causing many customers not to make repeat purchases, which impacts the salesman staff unable to achieve the sales targets set by the company. The number of customer complaints is about

the marketing staff's unresponsiveness to complaints made by customers, competence in product mastery is still not optimal, the services provided are still not fast in providing information in case of problems or price increases. Some of these things trigger customer disappointment.

The description that has been there before encourages researchers to discuss in the thesis under the title "Effect of Personal Selling toward Customer Satisfaction at PT. Putra Indo Mandiri Sejahtera, Berastagi ."

1.2 Problem Limitation

Limitation of the problem in this study only discusses the effect of Personal Selling on Customer Satisfaction at PT. Putra Indo Mandiri Sejahtera, Berastagi. The object of research in this study is focused on Gundaling Farm.

According to Priansa (2016), the five elements concerning consumer satisfaction are as follows:

1. Expectations
2. Performance
3. Comparison
4. Experience
5. Confirmation and disconfirmation

According to Setiadi (2016), to measure personal selling variables, the following indicators are used:

1. Prospecting for consumers
2. Qualifying the prospect
3. Presenting the sales manager

4. Servicing the account.

1.3 Problem Formulation

The problem formulation in this research are:

1. How is the Personal Selling at PT. Putra Indo Mandiri Sejahtera, Berastagi ?
2. How is the Customer Satisfaction at PT. Putra Indo Mandiri Sejahtera, Berastagi ?
3. Does Personal Selling have an effect towards Customer Satisfaction at PT. Putra Indo Mandiri Sejahtera, Berastagi ?

1.4 Objective of the Research

The purpose of the study is

1. To analyze Personal Selling at PT. Putra Indo Mandiri Sejahtera, Berastagi .
2. To analyze Customer Satisfaction at PT. Putra Indo Mandiri Sejahtera, Berastagi .
3. To analyze the effect of Personal Selling towards Customer Satisfaction at PT. Putra Indo Mandiri Sejahtera, Berastagi

1.5 Benefit of Research

1.5.1 Theoretical Benefit

A reference for similar research in the future, especially concern about Personal Selling attention to the level of Customer Satisfaction.

1.5.2 Practical Benefit

Some of the benefits are expected for:

1. Researcher

Help the writer to know the effect of Personal Selling on Customer Satisfaction in real life.

2. Reader

Help to improve reader knowledge about how important the effect of the level of Personal Selling towards their Customer Satisfaction.

3. Company PT. Putra Indo Mandiri Sejahtera, Berastagi

Help the company to be aware of Personal Selling's effect on Customer Satisfaction.

