

## **CHAPTER I**

### **INTRODUCTION**

#### **1.1 Background of the Study**

During the globalization era, every business is getting more and more competitive. The competitiveness encourages each business player to maximize its company's performance in order to survive in the industry. The company must learn and understand the customer's needs and demands. By knowing what the customer wants, the company is able to create a marketing strategy to satisfy its customer.

The research object in this paper is the Chubb safes' safe box products that is being distributed in PT. Indolok Bakti Utama Medan. The need to use a safety box is crucial in today's era since every person would want to keep their belongings safe and free from fire and flood damage. Moreover, it is more convenient for some people to use personal safe box because it is more safety as they can monitor their safe box directly rather than keeping their belongings in bank.

Chubb safes is a brand of safe box that is originally from United Kingdom and has been the world's pioneer since then. The safe box is able to compete with the new brand that is emerging in the market. The safe box offers lots of different series and can be used for residential, office and also retail. It also offers security standard and certification along with the maintenance. PT. Indolok Bakti Utama Medan has distributed Chubb safes' safe box for more than 40 years and is a solo distributor of the famous safe box.

In order to find the best strategy to stay alert in business competition, one of the strategies that the company maintains is the creation of customer satisfaction.

Therefore, PT. Indolok Bakti Utama prioritizes its performance by giving the services and facilities that the other competitors do not have which will impact on its customer satisfaction.

To become a company that offers not only services but also product quality, a company should have maintained and balanced both of them to achieve the best output for the company itself. A service business will only work better if the company has gained trust from the customers itself.

(Purba et al., 2020) stated that promotion is the activity that is being done by a company to help them in order to market their product easily to the customers. By using promotion, the customer can easily identify the products and having interest on buying those. The promotion can be done as well by giving discount to the customers.

(Ningtiyas, 2019) stated that services are a chain of activity where there is interaction between the service provider and customers. The service quality will depend on what the customers need and end up affecting the customer's hope. Therefore, service quality depends on the services that are being provided by the company on how to satisfy what the customer wants consistently.

According to (Handoko, 2017), customer satisfaction is the level of satisfaction that they have after they received the services. The customer will feel satisfied if the services that they received is match or exceed their expectation. In contrast, the customer will feel unsatisfied if the services are below what they expect. Therefore, customer satisfaction is important factors in valuing what the customer wants.

Every person would want to achieve what they want and even ourselves would

be satisfied if we achieved something that we want. Every company would want to focus their performance on knowing what and how to satisfy the customer's needs. Customer satisfaction determines the company's image and when they are satisfied, they will tell others and eventually it will promote the company because they have achieved what they want (Syaifullah & Nerli, 2019)

PT. Indolok Bakti Utama is based in Jakarta and has a marketing network in more than 22 cities in Indonesia including Medan, Surabaya, Balikpapan, Palembang, Semarang and Bandung. The company is sister company of Gunnebo Indonesia as an official distributor company that distributes several safety products starting from safe box, fire extinguisher and alarm. The company positioned itself as "The Total Solution Safety Equipment & For safes words" and one of its products is Chubb safe box.

The company has proven their sustainability since they were established in 1972 as the pioneer in the security industry that has been trusted by the government, bank, industrial, public and commercial building as well as contractors in finding the solutions. PT. Indolok Bakti Utama has a branch in Medan because they believe that Medan is one of the fastest growing cities in Indonesia proven by its economy, new offices, hotels, hospitals and malls which will need a fire and security system for the business.

**Table 1.1 The competitors of Chubbsafes' safe box**

<b>Company's Name</b>	<b>Address</b>	<b>Products</b>	<b>Year</b>
PT. Kawan Lama Sejahtera	Jalan Gajah Mada No. 5 B-C, Sumatera Utara 20153	Safe box (Krisbow), furnitures, car and motorcycle solution, warehouse and mining solution	2003
Aneka Jaya	Jalan Raden Saleh No. 21, Kesawan, Medan Baru, Sumatera Utara 20111	Safe box (Unika) and furnitures	2015
PD. Wira Utama	Jalan Prof HM. Yamin Sh No. 23, Gg Buntu, Sumatera	Safe box (Unisafe) and furnitures	2016

	Utara 20234		
Solingen Medan	Jalan Raden Saleh No. 71, Kesawan, Medan Baru, Sumatera Utara 20111	Safe box (Solingen) and APAR	2019

Source: Prepared by the Writer (2021)

The safety box that is being offered by PT. Indolok Bakti Utama Medan has some competitors such as Unika, Solingen, Krisbow and Unisafe. To prevent those things from happening, PT. Indolok Bakti Utama Medan provides some strategies to fight the competitors such as knowing the factors that will influence the customer's buying decision by measuring the customer satisfaction in order to know what the customer wants.

PT. Indolok Bakti Utama Medan is being pushed to ensure and provide the customer's needs and give full services in order to maintain the current customer and in hope of gaining new customers.

**Table 1.2 The number of consumers of Safe box**

Months	2018	2019	2020
January	32	16	17
February	30	24	20
March	45	21	21
April	40	23	20
May	35	24	22
June	33	24	19
July	32	26	16
August	21	26	22
September	33	29	25
October	24	26	20
November	28	27	22
December	24	19	20

<b>TOTAL</b>	<b>377</b>	<b>285</b>	<b>244</b>
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Source: Company Internal Data

In Table 1.1, it can be seen that the number of consumers keeps on decreasing from years. As the number keeps on fluctuating each month, it leaves question as it has problems that arise within the company. As there are some factors that influence the number of customers starting from the promotional issue up to the service quality that is being given to the customers. Both of the issues in this research will become the assessment from the customers to know and judge the progress of the company.

**Table 1.3 Promotional Budget**

Year	Budget
2018	Rp 135.000.000,-
2019	Rp 150.000.000,-
2020	Rp 85.000.000,-

Source: Company's Internal Data

As the company is using their promotional budget to create brochures and vouchers, buy merchandise, rent places, advertisement through social media and so on. But then the company is not focusing on the offline customers because the company itself can only offers some products and brochure to let the customers know about their product. Moreover, the customers who have gone into the store are sometimes not being directed to website which makes the customer unsatisfied on not getting the discount. Even if it is stated in the brochures, but then the wording is too small for people to read.

Besides that, the company does not have a certain platform to showcase the product in which they do not have a store for the customer to come and look at the

product. It limits the area of the customers as they can only buy only or go to the distributor to purchase the safes. Moreover, the company's social media stated that it is located in Jakarta so people who are based in other cities will think that the product should be sent from Jakarta, and it might be costly in the delivery as safes are quite heavy, while in fact that the safes are available in some big cities in Indonesia.

PT. Indolok Bakti Utama Medan does not have a scheduled direct selling on exhibition booths. The exhibition booth is being done at a scheduled particular time and the customer has to wait for an announcement by the company to know about the next exhibition. Therefore, the customer might not be satisfied with the unscheduled exhibition by the company.

During the booth exhibition, the company provides lucky draws and mini games for the customers that are passing by the booth. Before the lucky draw and mini games, the company will announce the time of the competition for the customers to be prepared. But then, often the company is delaying the schedule and often not on time as they have announced before because of waiting for the crowd. The participants or customers are not satisfied with the company as they are not on time. Moreover, the prizes of winning the lucky draw and mini games are not being announced in advance which results in customers not being satisfied with the prizes that are being given by the company. The gifts that are mostly being given by the customers are the company's merchandise and vouchers around Rp 50.000,- to Rp 100.000,-. The customers are often unsatisfied since they expect higher prizes.

The company is not using the company's names but the dealers on the dealer's exhibition. Moreover, the price of the product is cheaper on the dealer's

company since as the distributor, the company can't sell products cheaper than the dealer's company. Therefore, every effort that is being made by the company has little effect on the sales, in which it keeps on decreasing gradually. To conclude that the flow of information and promotion are not properly spread.

**Table 1.4 Reasons of customers complaint**

<b>Reasons</b>	<b>Total</b>
Efficiency in handling customers' products	34
Price	28
Delivery Time	15
Service Quality	11
Product Quality	8

Source: Company's Internal Data

Based on the customers' complaints, the highest complaint's reason is the efficiency of handling the customer's product. The problem toward efficiency is the slow response that is being given by the company. As the customer will have to call the call center to voice out their complaint, the company gives 1x24 hours to respond to the customer. The slow services are being provided because there is only one branch in Medan that has to cover all of the complaints in the city. Therefore, the company has to match all of the complaints within the city with the minimum number of technicians. The complaints will have to queue for the problem to be solved and become delayed. Therefore, the customer may feel unsatisfied with the queuing mechanism and limited technician.

In some cases, the safe has to be serviced in several days and it lengthens the process of product repairment. Not to mention that safes with forgotten passwords should be drilled which will take longer time to fix. As there is no service center in Medan, it limits the capabilities of the company which should keep

sending technicians to the customer's destination to solve the problem which could take more than 1x24 hours.

Besides that, as the company directs the customers to catch up with the call center, it does not have direct information and interaction with the customer. The customer services will direct the customer, but the customer cannot give a direct response or casually ask about the information of the product. Due to these cases, it slows the company's progress on effective communication and maximizing the service quality.

As the company provides services for the products that need reparation, there is a need to be giving the fastest response and efficiency on handling the product. Therefore, the services that the company has at the current moment will ruin the customers' expectations even if the company has a good product quality. The customer complaints will keep on rising if there are no changes being made by PT. Indolok Bakti Utama Medan. The last consequence, the customer will move to the other competitors who are better in taking care of the customer.

Based on the issues that arise in the company, the writer will do research to find out how promotion and service quality can influence customer satisfaction. The research will be in the form of a thesis entitled **“The Influence of Promotion and Service Quality toward Customer Satisfaction of Chubb safes' Safe Box in PT. Indolok Bakti Utama Medan.”**

## **1.2 Problem Limitation**

Based on the research that has been made by the writer, this research has limited sources in customer satisfaction as an independent variable and promotion



and service quality as the dependent variable at PT. Indolok Bakti Utama in Komplek Taman Jemadi Indah, Blok A-12B & A-15, Kel. Pulo Brayon Barat II. The population in this research is the-end customer or the business customer and this research is being done by focusing on Chubbsafes' safe boxes as there are needs of people to keep their belongings safe. The data retrieval process will be done by giving a survey to each selected customer that meets the criteria and based on their availability or convenient accessibility to get their immediate reactions to the issue. The data analysis tool will be using multiple linear regressions utilizing SPSS.

### **1.3 Problem Formulation**

Based on the background of the study, the writer are able to have a problem formulation such as:

1. Does promotion and service quality simultaneously can influence customer satisfaction of Chubbsafes' safe box in PT. Indolok Bakti Utama Medan?
2. Does promotion can influence customer satisfaction of Chubbsafes' safe box in PT. Indolok Bakti Utama Medan?
3. Does service quality can influence customer satisfaction of Chubbsafes' safe box in PT. Indolok Bakti Utama Medan?

### **1.4 Objective of the Research**

The purpose of conducting research is:

1. To know how promotion and service quality simultaneously can influence customer satisfaction of Chubbsafes' safe box in PT. Indolok Bakti Utama Medan.

2. To know how promotion can influence customer satisfaction of Chubb safes' safe box in PT.Indolok Bakti Utama Medan.
3. To know how service quality can influence customer satisfaction of Chubb safes' safe box in PT. Indolok Bakti Utama Medan.

## **1.5 Benefit of the Research**

The benefits of conducting this research are as follows:

### **1.5.1 Theoretical Benefits**

This research is expected to give a benefit to the marketing management and future researchers as a reference to the study. The variables that are being used are promotion, service quality and customer satisfaction that can be used by readers especially in the field of marketing.

### **1.5.2 Practical Benefit**

This research is expected to give a benefit for the company, the customer and next researchers as follows:

#### **1. For the Company**

This research will provide the company some information about how promotion and service quality can influence the customer satisfaction.

#### **2. For the Customer**

From this research the customer will know how promotion and service quality will influence the sales along with customer satisfaction within the customer.

#### **3. For the next Researchers**

As an additional knowledge, especially about how promotion and service

quality can simultaneously influence customer satisfaction.

