

CHAPTER I

INTRODUCTION

1.1. Background of the Study

PT. Samudera Atlantik Jaya Medan Tembung, which was established in May 2016, is a company which engaged in importing tires. This company imports tires from two famous developing countries, such as India and China. It has only imported two brands of tires since it was established, which are “CEAT” and “CHAOYANG”. These two brands of tires are distributed to almost every city in Indonesia. Below are the sales data for CEAT and CHAOYANG from May 2016 to May 2021.

Table 1.1 CEAT Sales

Time Period	Price	Sales
2016 - 2017	IDR 2.500.000, -	IDR 10.600.000.000, -
2017 - 2018	IDR 2.500.000, -	IDR 8.800.000.000, -
2018 - 2019	IDR 2.600.000, -	IDR 14.000.000.000, -
2019 – 2020	IDR 2.500.000, -	IDR 15.000.000.000, -
2020 - 2021	IDR 2.500.000, -	IDR 14.500.000.000, -

Source: PT. Samudera Atlantik Jaya Medan Tembung (2021)

From the table above, the sales of CEAT tire from 2017 to 2018 was decreased from IDR 10.600.000.000, - to IDR 8.800.000.000, - (16.98%), then it increased from IDR 8.800.000.000, - to IDR 14.000.000.000, - (37.14%) from 2018 to 2019. The sales continued to increase from IDR 14.000.000.000, - to IDR 15.000.000.000, - (6.66%) from 2019 – 2020. Unfortunately, the sales were decreased from 2020 – 2021 due to several circumstances from IDR 15.000.000.000, - to IDR 14.500.000.000, - (3.33%).

Table 1.2 CHAOYANG Sales

Time Period	Price	Sales
2016 - 2017	IDR 2.300.000, -	IDR 4.200.000.000, -
2017 - 2018	IDR 2.300.000, -	IDR 3.500.000.000, -
2018 - 2019	IDR 2.400.000, -	IDR 5.600.000.000, -
2019 – 2020	IDR 2.300.000, -	IDR 6.000.000.000, -
2020 - 2021	IDR 2.300.000, -	IDR 5.700.000.000, -

Source: PT. Samudera Atlantik Jaya Medan Tembung (2021)

From the table above, the sales of CHAOYANG tire from 2017 to 2018 was decreased from IDR 4.200.000.000, - to IDR 3.500.000.000, - (16.67%), then it increased from IDR 3.500.000.000, - to IDR 5.600.000.000, - (37.5%) from 2018 to 2019. The sales continued to increase from IDR 5.600.000.000, - to IDR 6.000.000.000, - (6.66%) from 2019 – 2020. Unfortunately, the sales were decreased from 2020 – 2021 due to several circumstances from IDR 6.000.000.000, - to IDR 5.700.000.000, - (5%).

Table 1.3 Total Sales

Time Period	Total Sales
2016 - 2017	IDR 14.800.000.000, -
2017 - 2018	IDR 12.300.000.000, -
2018 - 2019	IDR 19.600.000.000, -
2019 – 2020	IDR 21.000.000.000, -
2020 - 2021	IDR 20.200.000.000, -

Source: PT. Samudera Atlantik Jaya Medan Tembung (2021)

From the table above, the total sales of PT. Samudera Atlantik Jaya Medan Tembung from 2017 to 2018 was decreased from IDR 14.800.000.000, - to IDR 12.300.000.000, - (16.89%), then it increased from IDR 12.300.000.000, - to IDR 19.600.000.000, - (37.24%) from 2018 to 2019. The sales continued to increase from IDR 19.600.000.000, - to IDR 21.000.000.000, - (6.66%) from 2019 – 2020. Unfortunately, the sales were decreased from 2020 - 2021 due to several circumstances

from IDR 21.000.000.000, - to IDR 20.200.000.000, - (3.81%).

According to the research done in PT. Samudera Atlantik Jaya Medan Tembung, the reduction of the sales occurred due to the dissatisfaction from the customer seen through the feedback and complain collected by PT. Samudera Atlantik Jaya Medan Tembung. Below are the data complain given by the customer of PT. Samudera Atlantik Jaya Medan Tembung.

Table 1.4 Negative Feedback

Time Period	Total Feedback	Most Common Feedback
2016 - 2017	12	“Why is the price so expensive?” “Why is there no discount?” “Why are there only two types of tires imported?” “Why the tire is not distributed to this city?”
2017 - 2018	8	“Why is there no discount?” “Why is there no loyalty card so cheaper price can be obtained?” “Why are there no other brand of tire?”
2018 - 2019	5	“Why is there no discount?” “Are there no discount for loyal customer?” “Why is the price increasing?”
2019 - 2020	4	“Why is the price decreasing?” “Are the price decrease due to the product is not good?”
2020 - 2021	15	“Why is the tire not in a good condition?” “Are there no expanded warranty for the tire?” “Why are the product taking so long to arrive?” “Why is our feedback not being handled?” “Why the tire can not last longer than it used to be?” “Is there no discount due to Covid-19 condition?”

Source: PT. Samudera Atlantik Jaya Medan Tembung (2021)

From the table above, we can conclude than most customer who complained to PT. Samudera Atlantik Jaya Medan Tembung felt most dissatisfied with the price and the quality of the product. It can be seen from the table 1.1 and table 1.2 above that the price for CEAT and CHAOYANG from 2018 - 2019 was increased and the price were making very significant difference in the sales. Due to this reason, we can conclude that price has an influence towards a company. And from table 1.3, it can be

seen that most feedback collected were discussing about the product quality of PT. Samudera Atlantik Jaya Medan Tembung and it can be concluded that product quality has an influence towards a company. Paul W et al. (2010) explained that “consumer satisfaction is a term much of the time utilized in advertising. It is a proportion of how items and administrations provided by an organization meet or outperform client assumption”. Consumer satisfaction is characterized as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals".

From the feedback collected above and from the problem found in this company, hence the writer decided to do research about “**The Influence of Price and Product Quality Towards Customer Satisfaction at PT. Samudera Atlantik Jaya Medan Tembung**”.

1.2. Problem Limitation

The writer will focus on the set of limitation where price as variable X1 and product quality as variable X2. On the other side, customer satisfaction will be variable Y. According to Stanton cited in Agustin (2016), there are four indicators of price, including affordability, quality, competitiveness, and benefit. The indicators of product quality according to Garvin (1987) are performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. While Hoyer and MacInnis (2001) stated that the three indicators of customer satisfaction are repeat purchase, brand loyalty, and positive word of mouth. In addition, the writer will be limiting this

research to loyal customer at PT. Samudera Atlantik Jaya Medan Tembung from May 2016 until May 2021 with the length of 2 to more than 5 years of subscription time. The time of this research will be from January until October 2021.

1.3. Problem Formulation

Based on the background of the study outlined before, the formulation of the research problems is as follow:

1. How is price at PT. Samudera Atlantik Jaya Medan Tembung?
2. How is product quality at PT. Samudera Atlantik Jaya Medan Tembung?
3. How is customer satisfaction at PT. Samudera Atlantik Jaya Medan Tembung?
4. Does price influence customer satisfaction at PT. Samudera Atlantik Jaya Medan Tembung?
5. Does product quality influence customer satisfaction at PT. Samudera Atlantik Jaya Medan Tembung?
6. Do price and product quality simultaneously influence customer satisfaction at PT. Samudera Atlantik Jaya Medan Tembung?

1.4. Research Objective

Based on the problem formulation outlined before, the objective of the research is to discover and analyze:

1. Price at PT. Samudera Atlantik Jaya Medan Tembung.

2. Product quality at PT. Samudera Atlantik Jaya Medan Tembung.
3. Customer satisfaction at PT. Samudera Atlantik Jaya Medan Tembung.
4. The influence of price at PT. Samudera Atlantik Jaya Medan Tembung.
5. The influence of product quality at PT. Samudera Atlantik Jaya Medan Tembung.
6. The simulant influence of price and product quality at PT. Samudera Atlantik Jaya Medan Tembung.

1.5. Benefit of Research

1.5.1. Theoretical Benefit

The benefit of the research for theoretical purposes is to provide future researchers a guidance on conducting research on the understanding towards the influence and significant correlation of price and product quality in measuring customer satisfaction. Furthermore, adding the references of academic literature as well as a learning discourse, material, knowledge and comparison that provide vital information for the similar field researchers in the future.

1.5.2. Practical Benefit

The benefit of the research for practical purposes is conducted for all parties for example: business or corporate owner, manager, salespeople and business practitioners as a beneficial contribution to obtain knowledge and become a guidance that can be used for consideration of policy or decision making in the field of marketing specifically relating to price and product quality. Moreover, the purpose of this research

can also be used as a reference for further understanding about the price and product quality in their own business especially for PT. Samudera Atlantik Jaya Medan Tembung, so that they will make the right decision and fix the flaws that exist then evaluated and ultimately be able to improve the capability of maintaining a good customer satisfaction.

