

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Customer satisfaction is the customer's response to the evaluation of perceived discrepancies between previous expectations and the actual performance of the product that is felt after use (Tjiptono, 2018). Customer satisfaction is a level of feeling where a person expresses the results of a comparison of the performance of the product (service) received and expected (Kotler, 2018). In an effort to develop a product or service, it is necessary to pay attention to the benefits that will be offered. These benefits can be communicated and given to customers through product attributes, such as quality, features, as well as style and design (Kotler & Keller, 2019).

PT Putra Sejahtera Mandiri Vulkanisir, Medan a company engaged in the recycling tires. Retreading tires is a process of repair (recycling) tires that are worn out into new use by giving the tread on the surface of the crown without changing the shape or brand on the base tire with a guarantee of strength or durability of the wear rate of 90% when compared with the original crown with a relatively cheap price.

Based on initial research that in this company there is a decrease in customer satisfaction that can be seen from the decline in sales over the past few years.

**Table 1. 1 Sales Data at PT Putra Sejahtera Mandiri Vulkanisir, Medan
2020-2022**

Year	Total Sales
2020	35.781.581.000
2021	34.561.532.500
2022	29.847.369.000

Souces: PT Putra Sejahtera Mandiri Vulkanisir, Medan, 2023

Table 1.1 shows that total sales in 2020 amounted to 35,781,581,000. Then decreased for the next year by 34,561,532,500. In 2022, it also decreased by 29,847,369,000. It can be concluded that customer satisfaction is declining so as not to make repeated purchases in large quantities.

In addition, a decrease in customer satisfaction also causes the level of customer complaints to increase.

**Table 1. 2 Customer Complaints Data
PT Putra Sejahtera Mandiri Vulkanisir, Medan
2020-2022**

Year	Total complaints	Description
2020	17	1. Inconsistent product quality 2. Untimely product distribution. 3. product attributes related to packaging that still less protect the tire
2021	21	4. Reduced product raw material composition so that product quality does not have strong and durable durability
2022	27	5. Unsatisfactory product 6. Decreased product resistance 7. The price increase but the quality has decreased 8. Tire packaging is easy to tear 9. In one year experienced 2-3 times the price increase but the product does not experience development 10. Disappointed with the response of sales staff from handling unsatisfactory product returns

Souces: PT Putra Sejahtera Mandiri Vulkanisir, Medan, 2023

Table 1.2 shows that the occurrence of customer complaints to the company. Customer complaints in 2020 to 2022 are more related to inconsistent product quality, untimely product distribution, product attributes related to packaging that still less protect the tire, reduced product raw material composition

so that product quality does not have strong and durable durability. These complaints lead to decreased satisfaction levels creating a negative brand image.

Product attributes are elements that are consider important by customers and used as the basis for making repurchase decisions. Attributes that can be added to a product include brand, packaging, and labels. According to Solomon (2018), the product attribute variables are brand, packaging, label, product design, color, product quality, product warranty & product liability and product servicing. Brand is also an attribute that provides non material benefits, namely emotional satisfaction. Product attributes are product elements that are consider important by customers. The product elements include brand, packaging, guarantee, service, and others (Puspaningrum, 2018).



Figure 1. 1 Process of Vulkanisir

Souces: PT Putra Sejahtera Mandiri Vulkanisir, Medan, 2023

Retreaded tire product attributes have decreased seen from inconsistent quality that creates tire product returns, less neat packing, products that are quickly damage due to minimal supervision of the retreaded tire production process. This triggers customer disappointment so that it has an impact on customer dissatisfaction.

Brand image, which usually includes the product's name, its main physical features and appearance (including the packaging and logo), and its main function, is the key to answer the question of how the customer chooses among alternative brands after information gathering processes of buyer behavior. Alternative evaluation is how the customer uses this information to evaluate the options and arrive at a brand choice. The perspective focusing on psychological attributes of a product of customers behavior states that customers often choose products, services and activities over others because they associate these attributes with a certain life style, a self-image or an ascribed status. They attempt to preserve or enhance their self-image by buying products that they believe are congruent with that self-image and by avoiding products that are not (Sirgy, 2018).

The brand image of retreaded tires at the company PT Putra Sejahtera Mandiri Vulkanisir, Medan has decreased. Product image is less positive because it has a decrease in product quality that triggers the speed of damage. The brand of vulkanisir tires is TOP. TOP products still trigger customer dissatisfaction with the consistency of quality that is not maintained, the product distribution process is quite long and not in accordance with the promise to customers so as to trigger

customer disappointment. Some of these things trigger a negative image of TOP brands.

Based on the above explanation, the writer decides to conduct a research entitled **“Influence of Product Attributes and Brand Image on Customer Satisfaction at PT Putra Sejahtera Mandiri Vulkanisir, Medan”**.

1.2 Problem Limitation

Based on the background of the study, the writer formulates several questions, follows:

1. This research was conducted in PT Putra Sejahtera Mandiri Vulkanisir, Medan.
2. Independent variables in this study are Product Attributes (X_1) and Brand Image (X_2) while the dependent variable is Customer Satisfaction (Y).
3. Criteria respondents were from 20-60 years old, wholesalers and made a purchase in 2022.
4. Brand image indicators are the advantages of brand, the strength of brand and the uniqueness of brand (Kotler and Keller, 2019). Indicators of product attributes according to Kotler and Armstrong (2020) are product quality, product features and product design. According to Setyo (2020), customer satisfaction is measured by how well customer expectations are met, namely: fulfillment of customer expectations, recommend to other parties, service quality and loyal.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions, follows:

1. Does Product Attributes have partial influence on Customer Satisfaction at PT Putra Sejahtera Mandiri Vulkanisir, Medan?
2. Does Brand Image have partial influence on Customer Satisfaction at PT Putra Sejahtera Mandiri Vulkanisir, Medan?
3. Do Product Attributes and Brand Image have simultaneous influence on Customer Satisfaction at PT Putra Sejahtera Mandiri Vulkanisir, Medan?

1.4 Objective of the Research

Based on the problem formulation the objectives of this research are:

1. To analyze whether Product Attribute have partial influence on Customer Satisfaction at PT Putra Sejahtera Mandiri Vulkanisir, Medan.
2. To analyze whether Brand Image have partial influence on Customer Satisfaction at PT Putra Sejahtera Mandiri Vulkanisir, Medan
3. To investigate whether Product Attributes and Brand Image have simultaneous influence on Customer Satisfaction at PT Putra Sejahtera Mandiri Vulkanisir, Medan.

1.5 Benefit of the Research

The writer expects that this research can give benefits both theoretically and practically.

1.5.1 Theoretical Benefit

The research result can be used to expand, improve and develop the relevant theories especially in the Product Attributes and Brand Image have simultaneous influence on Customer Satisfaction.

1.5.2 Practical Benefit

The practical benefits on this research are:

a. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge with regard to Product Attributes , Brand Image and Customer Satisfaction.

b. For the PT Putra Sejahtera Mandiri Vulkanisir, Medan

To provide useful suggestion for the company in increasing Customer Satisfaction especially improving the Product Attributes and Brand Image.

c. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.