

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Every company strives for growth and success in achieving its objectives. To foster long-term relationships with customers, businesses focus on various marketing initiatives designed to enhance customer loyalty. By implementing effective marketing strategies, companies seek to build strong connections with their customers, encouraging repeat purchases and brand commitment. In today's highly competitive market, maintaining customer loyalty is essential for sustaining a competitive edge, as businesses must continuously engage and satisfy their customers to ensure lasting relationships and continued support.

Customer loyalty is a consumer's commitment to a brand, store, or supplier, based on a highly positive attitude reflected in consistent repeat purchases. Therefore, discussing loyalty means considering the future by taking into account past behaviors or attitudes toward purchasing goods or services (Wahyoedi and Suparso, 2021).

Therefore, companies must be well-prepared to face competition from rivals seeking to capture market share. To stand out, they must continuously strive to meet customer needs, ensuring their products offer superior value compared to competitors. One effective approach to achieving this is by closely analyzing customer behavior and preferences, allowing businesses to align their offerings with what customers truly desire. As market dynamics evolve, consumers are driven to

continuously seek products that fulfill their needs and expectations. This shift has led companies to adopt tailored strategies that prioritize customer satisfaction and engagement. In today's highly competitive landscape, businesses are actively competing to build strong relationships with customers, encouraging repeat purchases and fostering long-term loyalty through personalized experiences and targeted marketing efforts.

There are many products offered by companies for everyday use by people, one of which is baby care products. The term baby products typically refers to a wide range of items specifically designed and intended for use by infants and toddlers. These products are crafted with the safety, comfort, and developmental needs of babies in mind which can encompass various categories. These products are often developed with specific features to cater to the sensitive needs of babies, such as hypoallergenic materials, ergonomic designs, and safety certifications. Manufacturers and retailers of baby products prioritize meeting stringent safety standards to ensure the well-being and comfort of infants and toddlers.

PT. Dodorindo Jaya Abadi, established in 1997 and accredited, offers a range of Dodo brand baby products that meet ISO 9002 standards, ensuring they meet international quality benchmarks. Their product lineup includes feeding bottles, cups, soothers, nipples, cotton buds, accessories, and breast pads, each available in multiple variants to cater to diverse customer preferences. Initial observations reveal a decline in customer purchasing frequency, particularly among regular buyers who are now making fewer orders. This trend is exacerbated by heightened competition in today's advanced economic landscape, where numerous

companies offer similar products, providing customers with ample alternative purchasing options. The following is the sales data of company can be seen below:

Table 1.1. Company Sales Data Period 2021 – 2024

Years	Sales Data
2021	Rp. 17.833.567.000
2022	Rp. 17.629.601.000
2023	Rp. 17.102.719.000
2024	Rp. 16.239.583.000

Sources: PT. Dodorindo Jaya Abadi, 2025

Table 1.1 shows the sales data of PT. Dodorindo Jaya Abadi for the period 2021 to 2024, indicating a consistent decline in sales over the four years. In 2021, the company recorded sales of Rp. 17,833,567,000, which slightly decreased to Rp. 17,629,601,000 in 2022. The downward trend continued in 2023 with sales of Rp. 17,102,719,000, and further declined in 2024 to Rp. 16,239,583,000. This decline suggests that the company may be facing challenges such as reduced customer interest, increasing market competition, or ineffective marketing strategies, all of which require immediate attention to prevent further revenue loss. There are several factors that can influence customer purchases in companies, such as brand image, customer behavior, and product quality.

Brand image represents how customers perceive or interpret a brand. It reflects the overall impression formed through the brand's reputation, marketing efforts, customer interactions, and associations with its products or services. A strong brand image is typically associated with positive qualities such as dependability, excellence, credibility, and distinctiveness. This perception significantly impacts consumer behavior, as a positive brand image can enhance customer loyalty, preference, and purchasing decisions. On the other hand, a weak

or negative brand image can discourage consumers from selecting a brand's offerings. As a result, businesses dedicate substantial resources to building and improving their brand image through strategic marketing and branding initiatives (Kolter, et al. 2024).

Customer behavior refers to the study of how individuals, groups, or organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and desires. It involves examining various aspects of customer decision-making processes, including what influences their choices, how they evaluate alternatives, and why they make particular purchasing decisions. Factors influencing customer behavior can range from personal preferences, cultural influences, social norms, economic factors, psychological motivations, to marketing strategies employed by companies. Understanding customer behavior is crucial for businesses to effectively market their products or services, anticipate market trends, and tailor their offerings to meet customer demands (Hartini, 2021).

Product quality refers to the overall standard or grade of a product based on its ability to meet or exceed customer expectations. It encompasses various attributes, including durability, reliability, functionality, performance, design, safety, and adherence to specifications. High product quality ensures that a product fulfills its intended purpose effectively and provides value to the customer (Tjiptono, 2022).

For phenomena related to brand image that occur in companies where there are still many customers who think or have the impression that the company's products are relatively cheap, which makes customers doubt the quality of what they offer, such as bottles of milk. Moreover, when customers often compare

company products with company products with better quality, the company's products become less desirable. While the phenomenon related to customer behavior where many customers often follow the behavior of their friends or family when looking for the products they need, so customers don't look for too much information or carry out comparative evaluations regarding company products and immediately make purchases of products that are often used by their friends or family. Not a few customers also want to use expensive products for their lifestyle or for their own personal satisfaction, which makes company products less desirable because there are many products that are of higher quality than company products. For phenomena related to product quality that occur in companies where quite a few online reviews when comparing the company's products with other products get results that other companies' products are better than the company's products. Apart from that, recommendations from celebrities or influencers make customers more often follow the best products they recommend, such as Philips Avent, Dr. Brown, Coconi, Hegen, Pigeon and so on.

Based on the background study, the writer is interested to conduct research with the title: **“The Effect of Brand Image, Customer Behavior and Product quality toward Customer loyalty at PT. Dodorindo Jaya Abadi Medan.”**

1.2 Problem Limitation

The goal of problem solving is to create boundaries to focus on the main issue being discussed. Therefore, the discussion was not long and effective, to limit the problem, the author will focus on three variables: brand image, customer behavior and product quality as independent variable while customer loyalty as

dependent variable. This thesis aims to study the extent to which brand image, customer behavior and product quality can effect customer loyalty. This study will focus on PT. Dodorindo Jaya Abadi Medan.

1.3 Problem Formulation

The problem formulation can be describe as follow:

- a. Does brand image have a partial effect toward customer loyalty at PT. Dodorindo Jaya Abadi Medan?
- b. Does customer behavior have a partial effect toward customer loyalty at PT. Dodorindo Jaya Abadi Medan?
- c. Does product quality have a partial effect toward customer loyalty at PT. Dodorindo Jaya Abadi Medan?
- d. Do Brand image, customer behavior, and product quality have simultaneous effect toward customer loyalty at PT. Dodorindo Jaya Abadi Medan?

1.4 Objective of the Research

The objective of the research as follow:

- a. To analyze whether the brand image has partial effect toward customer loyalty at PT. Dodorindo Jaya Abadi Medan.
- b. To analyze whether the customer behavior has partial effect toward customer loyalty at PT. Dodorindo Jaya Abadi Medan.
- c. To analyze whether the product quality has partial effect toward customer loyalty at PT. Dodorindo Jaya Abadi Medan.

- d. To analyze whether the Brand image, customer behavior, and product quality has simultaneous effect toward customer loyalty at PT. Dodorindo Jaya Abadi Medan.

1.5 Benefit of the Research

The benefit of the researches as follow:

- a. Theoretical Benefit

The findings of this study demonstrate to readers that brand image, customer behavior, and product quality significantly impact customer loyaltys. This research offers valuable insights, experiences, and real-life observations that will benefit the writer in the future.

- b. Practical Benefit

- 1) For PT. Dodorindo Jaya Abadi

The researcher expects the result from this study could benefit the business to evaluate, and take the result as suggestion to know the effect of brand image, customer behavior, and product quality towards customer loyalty.

- 2) For Writer

The result from this study can make the writer gain new experience and more knowledge about the importance of brand image, customer behavior, and product quality towards customer loyalty.

- 3) For Future Research

The researcher expects the result from this study could become a comparison for the future researchers who are interested of studying the same topic which is the effect brand image, customer behavior, and product quality towards customer loyalty.