

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Generally all companies aim at reaching their maximum profit in accordance with their capabilities and economic resources. Stability of making profit serves as the criterion of the company's achievement and key for success to get external trust, such as from : creditors, investors and other external parties related to the companies.

In this globalization era with tight competition, each company tries to get as many buyers as they can. Nowadays market is no longer the sellers' market, but the buyers' one, and the criteria of selling and marketing products is based on consumers' needs and wants, so that producers cannot merely sell their products without improving their products suitable with consumers' needs and wants.

To put all those into practice, a company should not only focus on to one existing product, because consumers always tend to look for novelties which are better in quality and model. The company should

strive to look for more and more buyers to meet the challenge of other competitors with their similar products, but which are varied and better in qualities.

The company should be able to find out breakthroughs in order to meet the challenges and to motivate itself through some creative innovations which are profitable. To achieve that goal, the company should coordinate variables of the marketing mix which comprises product, price, placement and promotion in a well-planned manner.

Product refers to the goods or services that a company wants to sell and also involves research and development of a new product with a better quality and model. The difficulty in marketing a certain product which cannot reach the expected target was the problem of PT Rajasa Putra Jaya Perkasa. As a result, piling unsold stock leads to problems in finance and cash flow. Faced with such a condition, a more effective way of marketing was then conducted by this company. One way of doing so is by developing and improving the existing products. Developing products can be done by introducing new models, exclusive designs or quality improvement of the existing ones. The products that are used for evaluating purposes, for instance : VCD Player will be taken from several brands that are available at PT Rajasa Putra Jaya Perkasa, such as : dat, Sanko, Kingstar, Sinko and Huadah which are quite salable.

Marketing as we all know is the key to a successful business. Variables of the marketing mix, such as price, placement and promotion have been discussed many times in previous working papers. For that reason, the writers are more interested to focus their study on the problem of product, namely everything that deals with product improvement, development and innovation. In the writers' opinion, a product can become popular among the public, if it meets the buyers' taste and want as nowadays market is no longer the sellers' market but the buyers' one. Based on the above observation, the writers conclude that it is very important to find out the influence of product improvement to the sales volume.

1.2 Statement of the Problem

Based on the background which has been explained, the writers want to know :

1. What kind of planning method is used by PT Rajasa Putra Jaya Perkasa in planning their product ?
2. How does the process of product improvement take place at PT Rajasa Putra Jaya Perkasa ?
3. Is there any relationship between product improvement and sales volume ?

1.3 Purpose of the Study

1. To find out the planning method used by PT Rajasa Putra Jaya Perkasa in planning their product.
2. To find out the process of product improvement at PT Rajasa Putra Jaya Perkasa.
3. To find out whether there is any relationship between product improvement and sales volume.

1.4 Significance of the Study

1. To the science

It can be used as a useful information, comparison and study to add the insight of the science.

2. To the decision maker

It might be an essential consideration to solve related problems.

3. To the observer

It is useful to get experience and apply the knowledge that has been taught in the classroom. It is also as a partial fulfillment to graduate from the D-2 (equivalent) Petra Business English program.

4. To the Petra Business English

It can be used to enrich the library and be used as a comparative study for colleagues who may observe similar problems in the future.

1.5 Scope and Limitation

In this paper, the writers will explain only one variable of the marketing mix, namely product, especially on product improvement in order to find out the planning method of product improvement, the process of product improvement and the relationship between product improvement cost towards the sales volume at PT Rajasa Putra Jaya Perkasa. The data being analyzed are taken during the last four years. Since the survey was conducted by the writers in June 1999, the data they got from the company for the year 1999 is limited up to May.

1.6 Methods of the Study

The writers do a library research to get the theories and conduct a field study by observing the object and interviewing the company's representatives at PT Rajasa Putra Jaya Perkasa. The data will be arranged and analyzed based on the existing theories using statistic method by computer program SPSS 7.5.

In order to give the readers a better understanding about product improvement itself, in the next chapter the writers review some related theories.