

CHAPTER I

INTRODUCTION

1.1 Background

The development of the use of fuel oil is currently growing and increasing. Moreover, fuel oil is one of the main energies for various types of land transportation, according to the Manager of Communication Relations and CSR of Pertamina Regional North Sumatra, Taufikurachman. PT. Pertamina Persero is one of the State-Owned Enterprises (BUMN) which plays the largest role in the Oil, Gas (MIGAS) and new and renewable Energy sectors under the Ministry of Energy and Mineral Resources, Directorate General of Oil and Gas. PT. Pertamina Persero is the nation's economic locomotive with more than 56 (fifty six) years of experience, PT. Pertamina Persero explores oil point sources throughout Indonesia, both land and sea and refines oil into certain products.

PT. Pertamina Persero produces light oil or petrol (Aviation Gasoline (aircraft fuel), Pertamina Racing, Pertamina Turbo, Pertamina 92 Plus, Pertamina 92, Peralite and Premium, heavy oils such as Aviation Turbine Fuel (turbine aircraft fuel), Dexlite, Pertadex, Solar which is now Biosolar and Kerosene as we know it as lamp oil), Lube (Lube Base Oil) and finally LPG Gas.

Premium is the most popular fuel for motorized vehicles in Indonesia. One reason is because the price is relatively low. The octane number of the lowest premium among other gasoline types, which is 88, is produced in accordance with the Decree of the Directorate General of Oil and Gas Np.3674/K24/DJM/2006 dated March 17, 2006 concerning Specifications for Gasoline 88 Types of Fuel Oil. According to the Minister of Energy and Mineral Resources (ESDM), Sudirman Said (2017), Peralite is a cleaner and environmentally friendly product better quality of Peralite. And manufactured to fit all types of vehicles. The advantage of Peralite is that it makes the vehicle engine pull lighter. The additive substance given to Peralite is what makes the quality above Premium. Based on the test between Peralite and Premium, it can be said that the use of

Pertalite fuel will make the vehicle in the use of fuel more efficient. Because Pertalite has a higher RON (Pertamina.com, 2021).

Pertalite is recommended for vehicles that have 9-10:1 compression, especially those that have used technology equivalent to Electronic Fuel Injection (EFI) and catalytic converters. Pertalite produces detergent ingredients that are useful for vehicle engines whose function is to release the crust of combustion products in the vehicle's pistons.

Tabel 1.1 Types of Gasoline Fuel and Octane Value

Fuel Type	Octane Value	Ideal Compression
Premium	88	7-9 : 1
Pertalite	90	9-10 : 1

Source: Pardede, D.K.H (2018)

The results of Pardede, D.K.H (2018) research the last consumers are vehicle users, many are less aware of the meaning of RON in good fuel for their vehicles. Researchers see that people or consumers do not know the satisfaction of a good fuel for the vehicles they use, especially vehicles production above 2009 and compression above 9:1 it would be better to use fuel with RON 90 namely pertalite. It can be interpreted that consumers are definitely more focused on the usability and advantages that consumers can get from a product.

According to Kusumahati, et al (2013) suggests that Utilitarian is more focused on the benefits of the goods as a whole physical, functional and provide value to consumers. Instrumental value These are real physical characteristics of a product such as quantity, weight and type. While the functional value here is the value obtained from product attributes physiologically. And cognitive value consists of consumer beliefs and knowledge about the product. Product Utilitarian has two dimensions, namely efficiency and achievement (Kim in Mohammad 2016). Then Yani and Farida (2017) state that the better the utilitarian value offered by other fuel products, the higher the switching behavior of consumers.

Based on this, consumers can be seen by Switching. Switching is a brand switching behavior carried out by consumers for reasons or as a consumer's vulnerability to switching to other brands (Dharmmesta in Kurniawan, 2016). And according to Trijp in Suwandi and Septrizola (2015) sorts out two factors that

influence consumers in switching brands, namely internal and external factors. Internal factors are environmental factors from within consumers that can influence purchasing decisions, brand selection and brand switching both rationally and emotionally. Things that are dimensions of consumer internal factors are variety seeking and post-consumption dissatisfaction. External factors are environmental factors from outside of consumers that can affect brand switching both rationally and emotionally. External factors can be explained by advertising, in-store promotions, and others.

Based on the above background, researchers are interested in conducting research with the title **“The Effect of Product Utilitarian on Switching of Premium to Peralite Products in Bengkalis”**.

1.2 Formulation of the Problem

The formulation of the problem taken from the background description that will be discussed in this thesis is "how much is the influence of Product Utilitarian on Switching from Premium to Peralite Products in Bengkalis?".

1.3 Purpose of the Study

Based on the formulation of the problem, the objectives of this study are as follows:

1. To determine the influence of Product Utilitarian on Switching of Premium type product to Peralite type product in Bengkalis.
2. To find out consumer perceptions of the Product Utilitarian Premium and Peralite Products in Bengkalis.

1.4 Significant of the Study

Each research is carried out to obtain useful benefits for all parties concerned. The benefits expected by the author in conducting this research include the following:

1. For Writers

This research is expected to train the author's knowledge so that the author continues to explore information about things that the author does not know, both in theory to be studied and how to write well and through this research can also be a graduation requirement to graduate and get a bachelor's degree, (one) at the writer's campus.

2. For International Business Administration Study Program

The research that the author has done is expected to be a useful bibliography in the study program which one day will be achieved for academic purposes.

3. For Companies

The results of this study are expected to be reference material and documentation at PT. Pertamina Persero regarding things that make consumers interested in using Peralite has moved from Premium which later the results of the author's research can be a reference for companies to make policies in the future so that it can be a lesson for companies to increase Peralite demand.

1.5 Scope and Limitation of the Problem

Based on the description of the background and to avoid refraction of the problem, the researcher limits the problems or topics that are narrowed down in this research:

1. This study only focuses on the effect of product utilitarian on switching to be studied.
2. This research is only aimed at consumers who use peralite product in the city of Bengkalis.

1.6 Writing System

The systematics of writing research on the Effect of Product Utilitarian on Switching of Premium to Peralite Products in Bengkalis are as follows:

CHAPTER 1 : INTRODUCTION

In this chapter, the researcher describes the background, problem formula, research objectives, research benefits, scope and limitations of the problem, and writing systematics.

CHAPTER 2 : LITERATURE REVIEW

This chapter explains the theoretical basis that will be used in the completion of research, both general and specific in nature, consisting of previous research, and the theoretical basis.

CHAPTER 3 : METHOD AND ACCOMPLISHMENT PROCESS

In this chapter, the researcher will describe various things, including: location and object of the study, types and sources of data, sampling techniques, data collection techniques, measurement scale, data measurement techniques, data analysis techniques, research hypothesis, types of study, concept definition, and operational definition.

CHAPTER 4 : RESULT AND DISCUSSION

This chapter contains test results, discussion, and limitations of research results.

CHAPTER 5 : CONCLUSION AND SUGGESTION

In this chapter, there are conclusions and suggestions as a final description of the report.