

# CHAPTER I

## INTRODUCTION

### 1.1. BACKGROUND OF STUDY

In any businesses, on-going process has always been competitive that is why it has to be adapted with any changes so company can keep going and growing. The necessary and key in business is customer that came from external factor. The ultimate goal for the company is obtain new customer, continuously maintain the existing customer and keeping off new or potential customers being the other company's customer.

In any businesses, marketing is not sufficient, it has to be combined with branding. Shelcy (2017) has stated that the differences between marketing and branding difficult to be differentiated, because in branding it builds both opinion and passion bond with the senses of trusting, knowing and liking left and have a space in consumer's mind and perspective, while marketing itself is the tactics to make the best of sales volume. All branding starts with brand awareness. A superior of branding tactics gives the competitive advantages in market and its business which means indirectly differentiate the business itself with competitors and creating superiority.

In addition, the fundamental of awareness of a brand is notable, because it indicates whether customers will be able to "recognize" as well as "recall" the brands. Usually, products are being judged based on the brand without engage directly with it. As a regular customer in a store, he will grab and buy the product he familiar with and recognize one, after riding through different kinds of brand for a product. Survey had proven that six-in-ten global respondent which is 69% chose the product they are well-known with by Nielson Global Innovation survey. Brand name provide significant strength to our businesses (Olivia, 2019).

Consumer has to aware to the brand, otherwise it is impossible to perform the business in the future and survive. The bigger is the "Brand

Awareness”, the bigger of its tendency to purchase the product. If the customer familiar about the brand, it will leads to greater opportunity for purchase a particular product (Azafar et al. 2017). Furthermore, Gary and Philip (2015) pointed out that today’s company has already open minded by upgrading to another level in business, not focuses in sales but focus on creating a value by serve something different from their product, services and supervise customer experience towards the company and brand.

Kevin (2013) said that why brand is important, because either in marketing program or past experienced brand has established unique sense in customer’s mind. James and Terry (2018) said that it is impossible for customer to evaluate each of the characteristic of the product, hence it is always judged from pre-purchase evaluation. During the pre-purchase evaluation it is the process of confirming every individual faith. According to Alexander (2014) views that the strength of brand indicates from it is sales volume. In addition, the sign of brand is stronger when customer react nicely and agreeably to the product and service because of the awareness towards brand name. To conclude that if company has it awareness of brand, customer react agreeably and influencing brand of its company’s sales.

James & Terry (2018) views the level of one customer consciousness recognize and recall a brand is brand awareness. Customer has likelihood to buy familiar product rather than unfamiliar product. It is naturally sense of human, when customer had knowledge about the product, customer behavior is less influenced and confident for picking a certain product. In consequently, having less knowledge about the product shrink customer’s purchase intention. It indicates the product and brand are more prospective to enter the consideration set if the customer has better knowledge about it. Kevin (2013) defines that “purchase intention is the likelihood of a customer of buying a particular product with some consideration in the process.”

Purchase intention is initially steps in customer buying process and end with post-buying behavior. Kevin (2013) defines that purchase intention

is likelihood of client of buying particular products or services with some consideration. It is mainly, customer desire to buy particular brand that has selected for them Beside that, Vo and Nguyen (2015) stated that, purchase intention indicates the buying decision begins with the desire of an individual purchase certain products or services.

Moreover, these are the factors influencing customer purchase intention and the final decision with selection depends for familiar and popular product. Rasheed and Zia. (2015) said that these are three the factors influencing “customer purchase intention” which are insight of customer, product design, as well as value of product which matter the most in relation between customer and product.

Writer believe that factor that affect customer purchase intention from one of them is brand awareness. Writer provide evidence to support the statement by the book of “Brand Equity: An Indian Perspective by Sangeeta Trott and Vinod Sople (2018, p.11)” said that

“Trott and Sople (2018 )in purchasing decisions, brand awareness has a primary role, great level of brand awareness leads to more purchase intention”

Medan is one of the third biggest city in Indonesia after Jakarta and Surabaya. It is known as metropolitan and prospective city that made it as center of where any activities is keep moving in any sector . Because of quite busy and the economy turnaround is incredibly fast that it made the activities in any sector pull off the mobility from one location to another location. Therefore, transportation is a necessary because of the high mobility, especially private transportation since the public transportation is quite minim in Medan city. The necessity of private transportation even more significant according to Samsat database in 2018 about personal transportation that four-wheeled transportation is spreading around in Medan is more than three million units, meanwhile two million is two-wheeled transportation.

Currently, any businesses is being responded differently in market whether it is good or bad. That is also happened to the automobile industry

that availability of cars, color, shapes, level, and specification that being react various in market because of the diverse opinion and impression in consumer assumption. Brand can build opinion and also brand has characteristic as an intangible asset, along with the sense of emotions to the audience (Nathalie and Julia, 2013).

Yantina (2018) stated the latest data in 2018, that majority car brand and as well as leading in Indonesia in automotive market based on Gabungan Industri Kendaraan Bermotor Indonesia held in Medan mentioned the following car brand from Toyota, Mitsubishi, Honda, Daihatsu, Suzuki and many more. As the company that writer research about is not a primary or prominent car brand, the writer is driven to serve company's sales because the strength of one brand is based on the sales.

According to the company manager, the sales of company for 2016 was 1164 units sold, for 2017 was 991 units sold and for 2018 was 732 units sold. It shows that it decreased from 2016-2018. Regarding how much is the percentage is 15% and 37%.

**Table 1.1 Sales of The Company From 2016-2018**

Suzuki Unit Sold Year 2016-2018					
Quarter	Month	2016	2017	2018	2019
Q1	January	112	49	57	68
	February	67	48	88	39
	March	93	67	99	58
	April	85	75	61	
Q2	May	129	103	56	
	June	113	97	60	
	July	100	93	39	
	August	89	92	37	
Q3	September	97	88	49	
	October	85	85	46	
	November	85	78	59	
	December	109	116	72	
	Total	1164	991	723	

Source: Branch Manager

There were several campaign Suzuki has done recently such as through Instagram, advertisement and several campaigns.

First, Suzuki create their first Instagram account in the January 8<sup>th</sup> 2019, which the followers almost 10K people and 313 postings for this 7 months. The feed of Suzuki Instagram is about the customer good feedback, announce of launching new product, events they are going to held, product promotion and motivational quotes. After riding through the Suzuki's Instagram feed most of the picture has around 80-100 likes and for video is surprisingly has thousands view. Through these activities in Suzuki's Instagram account, Suzuki build brand awareness in customer's mind create a good assumption towards the brand for example posting good customer feedback make customer who see the post build assumption of this car is being trusted for many people. Regarding of launching new product which was Ertiga, they announced on Instagram with the help of Celebgram/Celebrity Instagram to engage and invite customer to come at the showroom indirectly create the brand awareness at Suzuki that eventually increase purchase intention. Regarding the events they are going to held such as invite public people to come at the showroom that create brand awareness for public eventually increase the purchase intention.

Second, Suzuki has create brand awareness through advertisement in TV commercial. According to Wibowo (2018) said that IIMS held in Santika Convention Centre said that Suzuki has issuing the biggest advertisement funds rather than competitors such as Chevrolet, Honda, Wuling and Yamaha. Suzuki has create a quite memorable slogan in TV commercial in Trans7 for this past three years and aired around 11 advertisement about the product in TV Commercial. By entering April 17<sup>th</sup>-29<sup>th</sup> 2018, Suzuki has become the brand that being the most appear in TV commercial with the advertisement point almost 1.124 point. By entering May 2018, Suzuki has cut some the advertisement point become 97 point. Another brand awareness that Suzuki create through advertisement is the slogan "Way of Life" at the end of advertisement and repetition of the slogan that increase the brand recall (Rachmanto, 2017). The "Way of Life" slogan indicates 4 elements which are spirit, straightforward, sporty and

value that become the fundamental and strengthen primary brand awareness of Suzuki still exist as one of the automotive brand.

Another campaign that create the brand awareness was service program campaign from 24-25 September held by Suzuki for customer who has Suzuki car (Pamungkas, 2017). The customer who joined this campaign is around 500 customer at Suzuki Jl. Adam Malik, which means that 500 customer of Suzuki being maintained in brand awareness because after customer purchase a car, they might shift to another competitors product due to bigger brand awareness in society, that is why they constantly held this campaign. In addition, another campaign that Suzuki held was Test Drive the new product launched by put banners at the main dealer.

Last but not least, according to medanbisnisdaily.com Suzuki has formed the community which is Ertiga Club Chapter Sumut gathered together in main dealer of Suzuki and the activities involved such as touring using Suzuki Ertiga that actually part of their campaign to increase brand awareness in society.

After the information and reason stated above, writer confident the primary driver that affecting company is not the primary and prominent car brand and company's sales weaken and declined for the past 3 years and brand awareness and different perception of customer in market. In addition, the key word of purchase intention is concern about belief customer has towards brand or product that customer feel right to make decision to purchase particular product. At the end, the feeling right of choosing particular product shows the awareness of a brand that customer has that influence customer purchase intention.

These are being the cause why writer is driven to make study and research by the title: **“The Effect of Brand Awareness towards Customer Purchase Intention at Suzuki Jl. Adam Malik Medan”**.

## 1.2. PROBLEM LIMITATION

The aim of this research covers considerable number of clients in company. Thus, the outcome cannot covers fairly to all customer, product and location. Moreover, this research refers only to projects that started and finished within the span of 2013-2018 in order to overcome the time limitation. The indicators and characteristics are as follows.

Brand awareness (Kevin, 2013):

- a. Brand recognition: customer is able to recognize the product by it is attributes over any other brand.
- b. Brand recall: customer is able to recall the brand name based on the limited information given.

Customer purchase intention (Rasheed and Zia, 2015):

- a. Knowledge of customer: information that customer has towards the products and services
- b. Product design: the external visibility of product with some elements that makes decent to be marketed
- c. Value of product: intangible and tangible feeling and opinion towards the product.

## 1.3. PROBLEM FORMULATION

Previously mentioned, the writer's objective lies in identifying the impact of "Brand Awareness" on "Customer Purchase Intention. In order to do so, several questions to assist answering the questions can be generated as follows:

1. What does the impact of "Brand Awareness" on "Customer Purchase Intention" in the company?
2. How much is the degree of "Brand Awareness" contributed towards "Customer Purchase Intention" at the company?

#### **1.4. OBJECTIVES OF THE RESEARCH**

The aim after the research is allowing the preferable understanding about “brand awareness” towards “purchase intention” and the effect between those variables. Therefore, the main purpose of this research are:

1. To investigate whether “Brand Awareness” does have effect towards customer “Purchase Intention” at the company?
2. To investigate how much is the degree of “Brand awareness” contributed towards customer “Purchase Intention” at the company?

#### **1.5. BENEFITS OF THE RESEARCH**

##### **1.5.1. Theoretically**

Theoretically, the ultimate purpose of completing this paper is to present the impact of awareness of brand towards purchase intention at researched company. Moreover, for both writer it would add some good references and increase the opportunity for another researcher, meanwhile for reader is better understanding and to improve some knowledge.

##### **1.5.2. Practically**

This research has purpose to serve the evidence that writer belief brand awareness is having significant and positive influence in increasing purchase intention for company. In addition, for company benefit by giving a solution and better understanding of company’s problem and serves some suggestion and advice that assist company become better.

#### **1.6. SYSTEMS OF WRITING**

Here are elaboration of each chapter that will be discussed about:

Chapter I: Introduction

This chapter mainly discusses about the reason why choosing the topic, grand theory, objective of the research, field of study, benefit for academically and object of this research.

**Chapter II: Literature Review and Hypothesis Development**

This chapter is going to elaborate of theories that related to the variables, the previous findings of this topic, relationship between variables and hypothesis development.

**Chapter III: Research Methodology**

This chapter focuses on discussing theory, method, formula, steps and sampling.

**Chapter IV: Data Analysis and Discussion**

This chapter will process data acquired from questionnaire, analyzing data as well as explain the processed data.

**Chapter V: Conclusion and Recommendation**

This chapter will conclude the analyzed data, implication and giving some advice for company with the aims improving company's performance.

