

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

In today business environment, competition among companies getting stronger. Companies are trying to find ways to maintain the survival of the company. Marketing is activity that implemented by company to maintain the survival, develop and make a profit. The success of companies in marketing their products certainly has the right strategy. Companies with the right strategies will be able to get customers who are always loyal in buying and using products in the company. Marketing is not simply provided goods and selling it but more than it which includes selling with many ways like transporting goods, storing, etc.

PT Delica Indonesia is the company that engaged in sales and production of aluminium. PT Delica Indonesia was founded in 1987 by Mr. Cu Cok Sam. At present, the company is run by his son who is the 3rd generation of Mr. Chu Cok Sam namely Mr. Haris Sam. Located in Medan, North Sumatra, the factory in Binjai, Sei Mencirim and showroom located in Gatot Subroto has in-house printing facilities and an R & D center for the 6000 series produced in extrusion. All other specialist alloys are available upon request. This factory has in-house facilities for surface treatment of aluminum profiles such as anodizing, electro coloring and powder coating.

According to Manap (2016, p.5), marketing clearly reveals the meaning and significance of marketing. Marketing is a planning process in determining prices, product processes, promotions, places or distributions as well as social and managerial processes to achieve goals.

According to Limakrisna et al. (2017, p.4), marketing defines as activities that assist creation value of economic where economic value is the factor in specifying the product price and services. Significant factor in increasing these values are production, marketing and consumers.

Purchasing decisions are decisions that are owned by the customer in determining the product purchased according to the criteria and desires of the customer about the product's ability to attract their interest. Purchasing decisions are important things that must be owned by the company in offering products sold. In addition, purchasing decision can be defined as process of choosing one from several alternatives available, after that the customer can evaluate the choices and make decision.

The problem with purchasing decisions at PT Delica Indonesia is the purchase that has decreased in the company that is seen because most customers experience a decline and no longer make purchases to the company. This shows that the company has not been able to maintain customer trust in buying at the company. Decreasing purchasing decisions can be noticed from the data of company sales as follows:

**Table 1.1 Company Sales Data 2018**

| Months    | Target         | Achievement   | Percentage |
|-----------|----------------|---------------|------------|
| January   | 10,000,000,000 | 9,852,000,000 | 98.52%     |
| February  | 10,000,000,000 | 9,754,600,000 | 97.55%     |
| March     | 10,000,000,000 | 9,654,500,000 | 96.55%     |
| April     | 10,000,000,000 | 9,545,596,000 | 95.46%     |
| May       | 10,000,000,000 | 9,754,500,000 | 97.55%     |
| June      | 10,000,000,000 | 9,655,400,000 | 96.55%     |
| July      | 10,000,000,000 | 9,660,500,000 | 96.61%     |
| August    | 10,000,000,000 | 9,750,500,000 | 97.51%     |
| September | 10,000,000,000 | 9,564,000,000 | 95.64%     |
| October   | 10,000,000,000 | 8,953,500,000 | 89.54%     |
| November  | 10,000,000,000 | 9,135,000,000 | 91.35%     |
| December  | 10,000,000,000 | 8,745,000,000 | 87.45%     |

Source: PT Delica Indonesia

From the sales data, it can be seen that existing sales cannot reach the target of the company. Sales continued to decline to December to reach a total of Rp.8,745,000,000 at 87.45% in December due to declining aluminum demand. While the highest demand occurred in January amounting to Rp.9,852,000,000 with a percentage of 98.52% due to the increase in aluminum demand.

One of the things that can influence purchasing decision is personal selling in which personal selling is direct sales carried out by the salesperson to introduce products that are sold with the purpose to increase the knowledge of customer regarding the product and purchase the product.

Personal selling activities are always a top priority in increasing sales due to face-to-face product introductions capable of delivering maximum results in attracting customer interest. The company's personal selling has not been effective in supporting the company's sales and is unable to achieve sales targets.

According to Hasan (2014, p.604), personal selling is verbal presentation that done by salesperson with one or more customers with the purpose of making a sale.

Personal sales capabilities at the company are still not good at serving complaints and explaining aluminium products sold to customers. The employee as the salesperson has not served the customer to the maximum. This happens because employees often do not master the explanation and product superiority in serving customer, so customers become uninterested.

Hermawan (2014, p.108), explains that personal sales are one way for companies to introduce products by offering and explaining features and product superiority directly to prospective customers to encourage them to make purchases.

Another theory is taken from Marwanto (2015, p.237) the big task of salesman is to boost or increase sales of a company.

In addition to employee services that have not been good, the ability of employees to service complaints is also considered slow by customers. Customer complaints that are often not able to be answered by company and product return services that often late make customers often do not feel comfortable. This makes customers often disappointed in the perceived service and makes them unwilling to make a purchase back to the company. Consumer purchasing decisions decrease which is known from the decrease in sales and the failure of sales targets.

In this study, researchers choose PT Delica Indonesia Medan as the object of research. PT Delica Indonesia Medan is one of the companies that types of glass sold include aluminum that applied to door, windows, curtain wall, and various other glass needs. The company focuses on selling aluminium glass. Based on description been stated up above, the writer decided to research with the title "**The Impact of Personal Selling Towards Purchasing Decision at PT Delica Indonesia in Medan**"

## **1.2 Problem Limitation**

With limited knowledge and ability possessed by the writer in conducting research. In this paper, the writer focuses on research about personal selling as independent variables and purchasing decision as the dependent variable. This research will focus to repeated customer. The period of customer is taken from January 2018 to December 2018 with amount 45 customer.

In this research, personal selling will use indicator from Setiadi (2015, p.187) which are prospecting for consumers, opening the relationship, presenting the sales message, closing the sales and servicing the customer.

Based on Sunyoto (2014, p.283) there are seven indicators of purchasing decision, due to limitation, the writer will only choose 5 out



of 7 which are decision of type product, the shape of the product, about brands, about the seller, about how to pay.

### **1.3 Problem Formulation**

Based on the problem identification, the authors formulate problems in this study include:

1. How about personal selling at PT Delica Indonesia Medan?
2. Is there any impact of personal selling towards purchasing decision at PT Delica Indonesia Medan?

### **1.4 Objective of the Research**

The following are research objectives in this research:

1. To know about personal selling at PT Delica Indonesia Medan.
2. To know and analyze the impact of personal selling towards purchasing decision at PT Delica Indonesia Medan.

### **1.5 Benefit of the Research**

Here are the advantages for conducting this research:

#### **1.5.1 Theoretical Benefit**

1. For Readers

The outcomes from this research can increase knowledge regarding the personal selling and purchasing decisions examined by the author.

2. For Writer

The results of this study can be used as a comparison between the theories learned during the lecture and the reality that occurs in the company, so it can increase the knowledge of the author.

### 3. For others researcher

The results of this study are expected to be additional references, reference material for researchers, then interested parties to study the same problem in the future.

## 1.5.2 Practical Benefit

### 1. For Company

Researcher hopes that the outcomes of the research can give input or suggestions to company in an effort to increase personal selling as a way to improve purchasing decisions.

### 2. For Future Researchers

As a consideration and comparison material for further researchers in choosing the appropriate research title in influencing purchasing decisions.

## 1.6 System of Writing

The following are the system of writing in this research:

### Chapter I: Introduction

This chapter discuss the background of the study, limitation of the problem, problem formulation, objectives of the results, benefit of the research and system of writing.

### Chapter II: Literature Review and Hypothesis Development

This chapter will clarify about entrepreneurship, family business, marketing, personal selling, purchasing decision and relationship between personal selling and purchasing decision as well as previous research, hypothesis development, and framework of thinking.

**Chapter III: Research Methodology**

This chapter will explain methods and way used in conducting the research. The writer will present research design, research object, method of data collection and data analysis.

**Chapter IV: Data Analysis and Discussion**

This chapter will discuss about general view of research object, data analysis, descriptive statistic, result of quality testing and hypothesis testing and discussion.

**Chapter V: Conclusion**

This chapter will discuss the conclusion of the research as well as implementation of the research, suggestions and recommendation for the company.

