

CHAPTER I

INTRODUCTION

1.1. Background Of Study

The era of globalization continues to demand the ability to move forward in the future. Entrepreneurship is one form of change in the era of globalization today. Entrepreneurship is an effort in carrying out an activity, activities that provide employment for everyone. In carrying out entrepreneurial activities, a person or group of people will use marketing to expand their business.

In carrying out entrepreneurial activities, a good strategy is needed. All entrepreneurs always pay attention to the strategy as a benchmark for successfully developing the business. The ability of the company offered inside, which offers products to customers. In the intended target market, an entrepreneur is also required to have the right marketing techniques to develop the business properly.

As an entrepreneur, the ability to gain trust from customers is a priority. With what is offered, customers will continue to buy products that are sold and offered. Purchasing decisions are decisions made by consumers with considerations made such as price, promotion, product quality and other things.

The success of an entrepreneur always judged by the ability to get customers and continues to expand the business. Good entrepreneurs will do various things to prioritize customers as the end of their business development. The ability of an entrepreneur to prioritize customers will make customers feel comfortable and continue to make purchases at the company.

PT. Indodairy Continental is a food and beverage distributor company in Medan. founded in 2008 by Mr. Jondri and Mr. Chandra Hadinegoro. The current managing director is Mr. Jondri. One of the

products they market is Greenfields milk. PT. Indodairy Continental is the official distributor for Greenfields milk. This company is part of the Indodairy group which consists of PT. Indodairy Continental, Sam's Patisserie and Wak Noer Coffee House. The company is engaged in a food service that has a dominant consumer base such as cafe, coffee house, restaurant, patisserie, bakery house, cake house and other supermarkets.

In a good entrepreneurship system, proper planning is needed with a clear target market. This is needed as an effort to establish the smoothness between marketing in an effort to gain customer trust. Companies can do various things to increase customer trust such as giving promotions, appropriate prices and maximum service capabilities. With the company's ability to fulfill this, the customer as the target market will feel comfortable and will be loyal to the company.

The decrease in company sales is one indication of purchases that have decreased. Decreasing purchases by consumers can be seen from the inability of companies to achieve their sales targets. The following will show the company's sales data in 2018.

Table 1.1
Company Sales Data 2018

Months	Target (Rp)	Achievement (Rp)	Percentage
January	4,000,000,000	3,850,000,000	96.25%
February	4,000,000,000	3,750,650,000	93.77%
March	4,000,000,000	3,855,600,000	96.39%
April	4,000,000,000	3,600,350,000	90.01%
May	4,000,000,000	3,550,990,000	88.77%
June	4,000,000,000	3,950,340,000	98.76%
July	4,000,000,000	3,650,980,000	91.27%
Agustus	4,000,000,000	3,930,750,000	98.27%
September	4,000,000,000	3,820,850,000	95.52%
October	4,000,000,000	3,560,620,000	89.02%
November	4,000,000,000	3,885,210,000	97.13%
December	4,000,000,000	3,700,950,000	92.52%

Source : Company sales data of PT. Indodairy Continental

From the sales data displayed, it can be seen that the company is currently experiencing a decrease in trust from customers. This can be seen from the decline in purchases made and have not been able to reach the sales target in the company. Sales that have not been able to pass the main target are indicative of a decline in sales at the company.

PT Indodairy Continental carries out promotions by giving cashback programs to customers who reach a specified purchase, while for some competitors the company offers promotions by giving price discounts, giving direct gifts in the form of refrigerators, tv and others. Promotion is to introduce products to customers; promotions are intended to make products that have the potential to buy products.

Promotion is very close to the efforts to help companies gain customer trust in the products sold by them. With regular promotions, the product will be well known to customers. With the support of good promotion, it will help companies get customers who are loyal to the company.

Promotional activities will be a useful medium for companies to introduce products. But promotional activities are often not carried out by companies at the beginning of sales with consumers. Promotional offers are carried out when there are only competing companies that offer other better products. This triggers customers often move to other companies that often offer promotions in the form of targets for buying and giving gifts. PT. Indodairy Continental is considered always being late in offering promotions to customers.

Promotional capabilities shown by the company will greatly affect the results of decisions made by customers. Promotion is a marketing activity with the best success to attract consumer interest. Customers will always choose companies that provide promotions with the best advantages. Promotion is the main aspect that must be considered by companies in running sales and attracting customers.

Stated from Tjiptono (2015,p.387), promotion is one of the determining factors for the success of a marketing program. No matter how high the quality of a product is, if the consumer has never heard of it and is not sure that the product will be useful to them, and then they will never buy it.

It can be given about the conclusions from the main theory explained, that promotion becomes the main basis in establishing the right marketing in the company. Promotion will be the end of the company's marketing capabilities in marketing existing products.

In this study researchers choose PT. Indodairy Continental as the object of research. Based on the formulation of the problem described, the researcher decided to conduct research with the title **"The Effect Of Promotion On Customer Purchase Decision at PT Indodairy Continental"**

1.2 Problem Limitation

With the limited knowledge and ability possessed by researchers in conducting research, the researcher focuses on research on personal selling as independent variables and purchasing decision as the dependent variable. This research will focus to repeated customer because in repeated customer, researcher can find many problems to company.

1. As preference in this research, promotion will use indicator from Rangkuti (2014,p.72) which are : type of media, the number of contacts, the number of respond, sales volume, sales or number response.
2. As preference in this research, purchasing decision will use indicator from Sunyoto (2014.p.283) there are seven indicator of purchase 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:

-Is there any effect of promotion on customer purchase decision at PT Indodairy Continental?

1.4 Objectives of Research

The objectives in doing this research are:

-To know if there is any effect of promotion on customer purchase decision at PT Indodairy Continental ?

1.5 Benefits of Research

The benefits from conducting this research are as follows:

1.5.1 Theoretical Benefit

1. For Readers

The results of this study can be used as material to show that there are influences and relationships between promotion 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 as to increase the knowledge of the author.

3. For Other 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 results of this study can provide benefits to the company as input or suggestions in an effort to increase considering promotion 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 in the company.

1.6 Systems of Research

The systems of the research are as follow :

Chapter I : Introduction

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

Chapter II : Literature Review and Hypothesis Development

This chapter will contain about some theories that are related to the topic if the study, such as definition of entrepreneurship, definition of promotion, benefit of promotion, indicator of promotion, theory about purchasing decision, benefit of purchasing decision, indicator about purchasing decision, relationship between promotion and purchasing decision. The writer also presents previous research, hyphotesis research, research model and framework of thinking.

Chapter III : Research Methodology

This chapter will elaborate on methods or steps used in conducting the research. The writer will present research design, research object, data collection method and data analysis method.

Chapter IV : Data Analysis and Discussion

This chapter will clarify the data obtained from doing research. This chapter consists of general view of research object, data analysis and discussion.

Chapter V : Conclusion

This chapter contains conclusions from the research. The writer will present conclusion after conducting the research, implementation of this research, suggestions and recommendation for the company for the purpose to improve the sales further.

