

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In today's increasingly modern era, competition between companies is getting tougher. This is because technological developments are increasingly rapid. Every company strives to be the best in competition. Companies must strive to produce and deliver products that consumers want at a reasonable price. Therefore, the survival of a company is very dependent on how the company's ability to attract consumers in buying a product and the process of making purchasing decisions taken by consumers.

Purchasing decisions are decisions made by consumers in choosing or buying a product or service where consumers are directly involved in choosing the goods or services offered. Many things can underlie consumers in choosing a product, such as how the seller's service or salesman, the quality of the product, the shape of the product, the type and benefits of the product, the price of the product, and others.

PT Indomas Tirta Kencana Abadi (PT INTIKA) which was founded in 2012 is a distributor company engaged in the field of food and non-food. PT INTIKA is the sole distributor for FMCG such as Interbis, Regal, Double Swallow Sun jelly powder, Barco Coconut Oil, Maknyuss & Ayam Jago Rice, Yeo's, King Fisher Sardines and non-food products such as Sensi diapers. Berri Juice products themselves are products that have existed since 2012 and are classified as new products in the company. Berri Juice's superiority is that it can generally be used to mix food in restaurants and healthy drinks for digestion. Berri Juice has flavors of Orange, Grape, Apples and Mangoes. The company is led by Mr. William Tio as Managing

Director who runs all operations with the assistance of operational managers and marketing managers. Marketing of PT INTIKA's products is carried out in the city of Medan and its surroundings by procuring a branch office. Marketing is divided into traditional market and modern market sections to keep the product moving properly.

The problem of purchasing decisions in companies is consumer buying interest which has decreased because the products sold by companies are unable to compete with other companies. This causes a decrease in sales experienced by the company. The decline in sales shows a decrease in purchasing decisions by companies. Declining sales have shown a decline in purchasing decisions experienced by companies. There is the company sales data of 2018.

Table 1.1
Sales Data of PT Indomas Tirta Kencana Abadi in 2018

Month	Sales Target	Achieved	Percentage
January	Rp 5,000,000,000,-	Rp 4,902,140,000,-	98.04%
February	Rp 5,000,000,000,-	Rp 5,060,410,000,-	101.21%
March	Rp 5,000,000,000,-	Rp 4,919,350,000,-	98.39%
April	Rp 5,000,000,000,-	Rp 4,870,120,000,-	97.40%
May	Rp 5,000,000,000,-	Rp 4,828,230,000,-	96.56%
June	Rp 5,000,000,000,-	Rp 4,817,300,000,-	96.34%
July	Rp 5,000,000,000,-	Rp 4,931,390,000,-	98.63%
August	Rp 5,000,000,000,-	Rp 4,560,200,000,-	91.20%
September	Rp 5,000,000,000,-	Rp 4,259,860,000,-	85.19%
October	Rp 5,000,000,000,-	Rp 4,618,240,000,-	92.36%
November	Rp 5,000,000,000,-	Rp 4,930,720,000,-	98.61%
December	Rp 5,000,000,000,-	Rp 4,968,610,000,-	99.37%

Source : Company Sales of PT Indomas Tirta Kencana Abadi in 2018

Table 1.1 can be seen that the sales data of PT Indomas Tirta Kencana Abadi starting from January 2018 - December 2018 shows a decline. The highest achievements in February, July and December due to the Chinese New Year, Idul Fitri and Christmas.

One of the factors that cause a decrease in purchasing decisions that decline is service quality. Service quality is the level of service provided to customers who buy company products. Services provided as a form of corporate support to customers in order to get various problems solving regarding various things such as complaints that customers have. Service problems are actually not difficult or complicated, but if this is not considered, it can cause things that are vulnerable because of their very sensitive nature.

Stated from Girard et al. (2014, p.71) service to customers, better known as customer service, is the key to the success of direct sales to consumers.

Based on the theory issued by Girard above, service quality is always an illustration of the company's service capabilities to customers in buying products. With poor handling, it will certainly result in complaints that continue to occur. Complaints occur because customers feel dissatisfied. In PT Indomas Tirta Kencana Abadi, complaints that occur due to the same problem and have not received a settlement from the company at this time. Employees who often do not pick up calls from customers, are slow to take care of product returns, language employees are less polite and often eliminate customer bills. These things cause complaints from customers in the company.

Service quality that has not been good still occurs in companies that seen from complaints submitted by customers to companies through telephone complaints or those delivered directly to the leadership of the company.

In this study writer choose PT Indomas Tirta Kencana Abadi as the object of research. Based on the formulation of the problem described, the writer decided to conduct research with the title "**The Effect of Service Quality towards Purchasing Decision at PT Indomas Tirta Kencana Abadi Medan**"

1.2 Problem Limitation

With the limited knowledge and ability possessed by writer in conducting research, the writer focuses on research on service quality as independent variables and purchasing decision as the dependent variable. This research will focus to repeated costumers because in repeated customer, the writer can ask many problems that experienced by the customers. Customers from January until December 2018 will be used and there are 86 customers in this period of time.

In this research, service quality will use indicators from Tjiptono (2014,p.174) as reliability, responsiveness, assurance, empathy, tangibles.

As for the purchasing decision, the writer will use indicators from Swastha and Handoko (2016,p.102) as 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 writer formulate problems in this study include:

1. How are the activities of service quality at PT Indomas Tirta Kencana Abadi?
2. Is there any effect of service quality towards purchasing decision at PT Indomas Tirta Kencana Abadi ?

1.4 Objectives of the Research

The objectives in doing this research are:

1. To know about the activities of service quality at PT Indomas Tirta Kencana Abadi.
2. To know and analyze the effect of service quality towards purchasing decision at PT Indomas Tirta Kencana Abadi.

1.5 Benefit of the 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 service quality 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 hope that the results of this study can provide benefits to the company as input or suggestions in an effort to increase considering service quality 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 Writing

The following are the system of writing in this research:

Chapter I : Introduction

This chapter explains about the background of study, problem limitation, problem formulation, objective of research, benefits of research, and systems of writing.

Chapter II : Literature Review and Hypothesis Development

This chapter will clarify about entrepreneurship, family business, marketing, service quality, purchasing decision and relationship between service quality 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, data collection method, and data analysis method.

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 is the summary of this research. After conduct the research, the writer will conclude it into these chapter. as well as implementation of the research, suggestions and recommendation for the company.