

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

Owning a private car is a common thing in this era. A car provides comfort and flexibility for the owner to carry out their daily routines. The increasing number of private car owners influences the demand for complementary products to increase as well. For example, window tint protects its driver from the blinding sunlight. Car owners nowadays understand the importance of safe driving and are willing to spend extra budget for protection.

CV. SAF is a company that provides window film (tint) installation in Medan and acts as an authorized supplier for tint brands like Solargard and Vkool. CV, SAF located in Jalan T. Amir Hamzah Komplek. Sentosa Land no. 9-L, Medan. Since the establishment, CV. SAF is committed to delivering the best product and services for the customer and the re-seller.

From the observation conducted, the writer suspects price and promotion are the variables that influence the decreasing sales at CV. SAF. The result is also supported by the sales report in the year 2019-2020 from the company as below:

**Table 1.1 CV. SAF Revenue 2018-2020**

<b>Month</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
January	164.270.000	228.475.000	336.939.351
February	178.554.500	115.150.000	157.693.045
March	188.925.000	123.850.000	109.494.513
April	170.429.000	112.384.000	45.853.000
May	149.926.200	161.956.000	49.814.540
June	186.017.000	79.277.000	74.906.000
July	176.280.000	145.726.000	99.273.000
August	211.386.500	110.401.000	104.536.900
September	184.725.000	123.572.950	92.487.000
October	133.750.800	130.477.000	90.711.000
November	110.390.000	134.676.550	125.771.500
December	183.087.000	118.019.000	130.052.000
<b>Total Revenue</b>	<b>2.037.741.000</b>	<b>1.583.964.500</b>	<b>1.417.531.849</b>

Source: Prepared by writer (2021)

From the table above, CV. SAF shows decreasing sales year to year. From the observation result on the company and is supported by the sales data above, the writer suspects the price and promotion factors are the main problems that affect the decreasing interest of the customer purchase decision.

Price is a component that has a direct influence on the company margin. Price in customers' point of view indicates the value of an object. The higher value of an object, the higher the price will be (Tjiptono, 2016). Promotion is a method to persuade the target customer to purchase a product by conveying the strength and benefit of the product to the customer (Armstrong et al., 2018). A well-developed promotion strategy will therefore have a beneficial impact on the company. The

purchase decision is a stage where the customers started to develop preferences on a specific brand or develop an intention to purchase the most favorite brand (Kotler et al., 2016).

Based on Gulliando and Shihab's (2019) paper, "The Effect of Product Quality, Price and Promotion on the Purchase Decision of Telkomsel Service Products". Communication service products that are affordable and product discount advertisements positively affect customer behavior. This means price and promotion have an influence on the customer purchase decision in Telkomsel.

In this research the writer will be focusing on the price and promotion variables and how they affect product sales. And from the description above, the writer concluded the research title will be:

**“THE INFLUENCE OF PRICE AND PROMOTION TOWARDS THE CUSTOMER PURCHASE DECISION IN CV. SAF MEDAN”.**

### **1.2 Problem Limitation**

The scope of this research is going to be limited to the customers of CV. SAF that own a car. The responses will be collected with a questionnaire that is given during their visits to CV. SAF.

### **1.3 Problem Formulation**

Based on the background of the study, the problem formulations are stated as below:

1. How is the influence of price towards the customer purchase decision in CV.SAF Medan?
2. How is the influence of promotion towards the customer purchase decision in CV.SAF Medan?
3. How is the influence of Price and Promotion simultaneously towards the customer purchase decision in CV.SAF Medan?

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

Here are some objective of the research to solve the problem that writer encountered, which are:

1. To evaluate price at CV. SAF Medan
2. To evaluate promotion at CV. SAF Medan
3. To evaluate customer purchase decision at CV. SAF Medan
4. To learn which variable that have the biggest influence in affecting the customers purchase decision.

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

Here are the benefits after the research is conducted. The benefit can be seperated into two kinds, which are:

### **1.5.1 Theoretical Benefit**

This research by all means is to provide a place to apply the theory related to the marketing major earned during the undergraduate education. Especially in the theory of price, promotion, and purchase decision.

### **1.5.2 Practical Benefit**

The practical benefit expected from this research are:

1. For the writer

this research by all means is to provide a place to apply the theory related to the marketing major earned during the undergraduate education.

2. For the company

The result of the research is expected to become a suggestion for the company to improve or fix the problem encountered during the research conducted.

3. For the researchers.

The result of this result is expected to become ideas or references for further research in the influence of price and promotion towards the purchase decision.