

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

In this era, competition between humans is getting tougher, especially in business. Now a days, actually all entrepreneur, corporate and family business want to make their product to be on the top of market share. To survive from competitors, all businesses need to have a good strategies. There is many good strategies to implement but, it must be suitable to the company to run it. There are many same products with different brands. Customer have their own right to choose which brand they want to choose. According to Faisal Ahmad Dias Permana (2017) purchase decision is a stage in the purchase decision making process where at this stage consumers really buy a product.

Y Insyani (2017) stated that Consumer decisions in purchasing explains that consumer behavior is not only influenced by consumer characteristics but can also be influenced by the marketing mix which includes product quality, price, distribution, and promotion, those variables affect the purchasing decision.

The research is about the selling of Generator in PT Mitra Karya Prima Mesindo Medan. PT Mitra Karya Prima Mesindo is a family firm that act as engine distributor. PT Mitra Karya Prima Mesindo was founded in 2000, with only no more than 10 employees. This company has been led by 2 generations. There are a lot of engine that distribute by PT Mitra Karya Prima Mesindo, one of the engines was

generator. The generator itself also have many kinds of brand but their engine brand image is Yamamoto brand. PT Mitra Karya Prima Mesindo located on Jl. Aluminium Raya No.51. PT Mitra Karya Prima Mesindo also expand their company to Jakarta in 2008. There are many factors that considered by customers in deciding to buy a product. One of the factors is brand image. *“citra merek sering digunakan sebagai syarat ekstrinsik untuk membuat sebuah keputusan pembelian.”* (Firman Kurniawan et al., 2018,p. 78)

Faisal Ahmad Dias Permana (2017) stated that the development of an product brand image is very important in purchasing decisions.

If brand image of a company is good, then it will be a positive vibes for the company such as :

1. Customer trust, with a positive brand image, customer will trust the product of the company more.
2. To survive, with a good brand image the company will be able to survive and compete with other brands.

Besides the factor of brand image, quality is also one of the factors that affected customer purchase decision. Company needs to make a good quality of product and maintain the product quality with a good standard. Quality is also a supporting aspect for brand image, with a good quality it makes the company brand image more well-known. A good quality of product is also a key to compete with other brands. Faisal Ahmad Dias Permana (2017) stated that a better product quality will have a positive and significant effect on purchasing decision. Product quality

also included what actually customer needs, what quality that can help customer have a good product satisfaction.

According to Faisal Ahmad Dias Permana (2017), product quality is determined by a set of functions of a product, which includes durability, reliability, accuracy, ease of operation, as well as improvements and other attributes.

*Perusahaan memberikan penawaran produk yang berkualitas terbaik untuk menciptakan kepuasan konsumen di dalam pasar. Konsumen yang merasakan hasil dari produk yang berkualitas akan merasa puas dan akan memberikan kesan tersendiri didalam benak konsumen. Dengan demikian dapat disimpulkan bahwa terdapat hubungan antara kualitas produk dengan kepuasan konsumen.*

(Aris Kurniawan et al., 2018,p. 162)

**Table 1. 1 Generator Top Brand Award Year 2017-2019**

No	Year 2017		Year 2018		Year 2019		Top
	Brand	TBI	Brand	TBI	Brand	TBI	
1	Honda	27.9%	Honda	35.7%	Honda	35.7%	Top
2	Yanmar	19.9%	Krisbow	28.9%	Krisbow	24.8%	Top
3	Krisbow	12.4% (TOP)	Yanmar	9.3%	Yanmar	10.0%	
4	Yamaha	7.9%	MAN	5.9%	Cummins	9.8%	

Source : [www.topbrand-award.com](http://www.topbrand-award.com) (2021)

**Table 1. 2 Generator Top Brand Award Year 2020-2021**

No	Year 2020		Year 2021		Top
	Brand	TBI	Brand	TBI	
1	Honda	30.2%	Honda	30.2%	Top
2	Krisbow	25.5%	Krisbow	25.5%	Top
3	Yanmar	11.3%	Yanmar	11.3%	Top
4	Cummins	7.4%	Cummins	7.4%	

Source : [www.topbrand-award.com](http://www.topbrand-award.com) (2021)

**Table 1. 3 PT Mitra Karya Prima Mesindo Income Data 2016-2020**

YEAR	INCOME
2016	Rp13.657.420.000,00
2017	Rp11.784.105.000,00
2018	Rp10.867.620.000,00
2019	Rp12.783.087.000,00
2020	Rp9.174.170.000,00

Source : PT Mitra Karya Prima Mesindo (2021)

Table 1.1 and Table 1.2 shows that each generator brand compete to be in the top 3 market. From the table, it also shows that Yamamoto brand is not included into the Top Brand. Which means brand image has impact to customer purchase decision. Then, from Table 1.3 we can see that PT Mitra Karya Prima Mesindo is

unable to maintain their income from year to year which means that their selling was decreasing.

The research would be done in Medan area. The research that made in PT Mitra Karya Prima Mesindo Medan shows that customers have some complain due to the brand image and product quality compared with other similar product from others distributor. There is intense competition between engine distributor company in Indonesia. There are more than 10 generator brands and distributor now a days. To compete with other brands and distributor, PT Mitra Karya Prima Mesindo needs to add some strategies to compete with other brands. So, this research is to make an increase on PT Mitra Karya Prima Mesindo sales that related to brand image and product quality that PT Mitra Karya Prima Mesindo provide to the customer.

Based on this problems, a research is conducted with the title **“The Effect of Brand Image and Product Quality towards Customer Purchase Decision on Yamamoto Generators at PT Mitra Karya Prima Mesindo, Medan”**.

## **1.2 Problem Limitation**

The research is about the selling of Generator in PT Mitra Karya Prima Mesindo Medan. The research would be done in Medan area. Due to the limitation of time, resource and the effect of Covid-19 Pandemic, the research will be about brand image and product quality towards the decision to buy generator in PT Mitra Karya Prima Mesindo Medan. This research will be done without direct interaction, which will be done online.

### **1.3 Problem Formulation**

There is intense competition between engine company in Indonesia. There are more than 10 engines brand now a days. To compete with other brands, PT Mitra Karya Prima Mesindo needs to add some strategies to compete with other brands. So this research is to make a increase on Generator sales that related to brand image and product quality that PT Mitra Karya Prima Mesindo serve to the customer.

As the problem stated above, Then the question is specified into research as below :

1. Does brand image effect the customer purchase decision to buy Yamamoto Generator in PT Mitra Karya Prima Mesindo Medan?
2. Does product quality effect the customer purchase decision to buy Yamamoto Generator in PT Mitra Karya Prima Mesindo Medan?
3. Does brand image and product quality effect the customer purchase decision to buy Yamamoto Generator in PT Mitra Karya Prima Mesindo Medan?

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

Base on the background of the study and problem formulation above, the objective research will be:

1. To analyze the effect of brand image toward the decision to buy Yamamoto Generator in PT Mitra Karya Prima Mesindo Medan.
2. To analyze the effect of product quality toward the decision to buy Yamamoto Generator in PT Mitra Karya Prima Mesindo Medan.
3. Analyze the effect of brand image and product quality toward the decision to buy Yamamoto Generator in PT Mitra Karya Prima Mesindo Medan.

## **1.5 Benefit of the Research**

The benefit from the result of the research can be added as experience and knowledge about factors that affect the decision of customer. The result also can be use in real life when start a business, so that there is a direction which factors need to be pay more attention.

### **1.5.1 Theoretical Benefit**

From the result of the research, it will be a good knowledge and information for new entrepreneurs to learn. The results will also show how brand image affect to customer purchase decision.

### **1.5.2 Practical Benefit**

#### **1. Writer**

This research can help the writer understand the further theories that have been teach in university and to find out the use in the working environment.

#### **2. Company**

This result of the research can be useful for the PT Mitra Karya Prima Mesindo, as information as well as advice on various factors such as : brand image and product quality. So that the company can increase the factors that affect the decision of customer to buy Generator in the future.

#### **3. Future Researchers**

This research hopefully will be an additional information for the future researcher on a similar topic.