

CHAPTER I

INTRODUCTION

1.1 Background of Study

In a business, marketing has many functions. Marketing is not only able to make ordinary people understand the products or services offered, but also increase sales to make the business grow. In general, marketing is useful for explaining the products or services offered to the public. (Glints, 2021)

Marketing is an activity to meet various needs and customer satisfaction by doing various ways. Start from making products, places of sale, determining prices, and doing product promotions. In another sense, marketing is a combination of interrelated activities in an effort to know consumer needs. Thus, companies can develop prices, products, services, and promotions to meet needs and earn profits.

With marketing, consumers can more easily meet their needs. What consumers do is only need to exchange various products and services from producers for money. So, if marketing can run optimally, it can generate maximum profit for the company. (Accurate, 2021)

In implementing a strategy to compete, an entrepreneur must be able to apply good marketing in the company he is running. One of the good marketing programs is promotion. Promotions are used because they achieve targets that ads alone cannot achieve. It is also important to persuade customers to purchase now

rather than later, to buy your brand rather than a rival, to buy more and to buy more often, rather than less. (Andrews and Shimp 2017, p. 429)

The success of promotional activity certainly cannot be separated from how the activity is managed strategically. Determining the right model and media in advertising decisions, determining the most effective form of communication in direct sales, how company creates and maintains relationships as a function of publicity, or when the company needs to hold sales promotions, are some examples that should be considered by the company in managing promotional activity effectively (Martha et al, 2018).

Purchasing decisions are decisions that consumers have in buying products or services offered by the company. The consumer purchasing decision process will depend on various things, one of which is promotion. Promotion by companies will be a consideration for buying products from consumers. With promotional offers in the form of price cuts (discounts), free promos for other products (bundling), and installments relief, consumers will change their minds when they get a promotional program.

CV Mandiri Success Jaya was founded in 2011 by Siu Lian, is a family business engaged in computer sales at the Merak Jingga area business center in Medan City. At this time the company's business focus is serving various computer needs. Apart from selling, at this time they also provide repair and computer service.

CV Mandiri Success Jaya engaged in the sale of spare parts, computer accessories, laptops and computers. In business activities carried out in recent

years, it is experiencing a decline in terms of income. The following is the sales data held by CV Mandiri Success Jaya in the 2015-2019.

Table 1.1
Sales Revenue at CV Mandiri Success Jaya

Year	Target Revenue	Sales Revenue
2015	500,000,000	325,750,000
2016	500,000,000	318,520,220
2017	500,000,000	355,650,000
2018	500,000,000	308,560,000
2019	500,000,000	301,565,000

Source: CV Mandiri Success Jaya, 2015-2019

In the sales table from 2015-2019, it can be seen that sales experienced a decline in 2016, increased again in 2017 and in 2018-2019 decreased again. This is thought to have occurred in the 2015-2016 period due to an increase in the price of computer accessories and spare parts. Whereas in 2017, sales increased because the company received various product bundling activities provided by distributors and this played a good role in increasing sales. In 2018-2019, the decline is thought to be due to an increase in import taxes and changes in exchange rates which caused the profit margin to decrease. This decline is also supported by the growing development of the Merak Jingga area as a complete center in the computer sector. In 2015, 2016, 2018, 2019, CV Mandiri Success Jaya also did not carry out regular promotions so that this had an impact on its sales. With this development, there will be more choices for consumers in determining their choice of transacting at outlets that provide the best prices.

The promotions carried out at CV Mandiri Success Jaya are not carried out routinely. The products promoted are only limited to certain products such as flash

drives and keyboards. However, for products with the highest sales, such as computers, graphics cards never get promotions. In addition to the promotions carried out, employees also do not offer products that are promoted to consumers who come so that consumers also do not know the products being promoted.

To maintain business continuity, an entrepreneur will always pay attention to the field of promotion. Promotions with the intention of providing discounted prices to customers, of course, also pay attention to the advantages they have. With regular promotions, it will trigger an increase in buying interest and have a good impact on company sales.

Based on the problems previously described, the writer is interested in conducting research on the title **“The Effect of Promotion towards Purchasing Decision at CV Mandiri Success Jaya, Medan”**

1.2 Problem Limitation

The problems discussed in this study are about the effect of promotion in having an effect on purchasing decisions at CV Mandiri Success Jaya. Problems in the research background are limited about CV Mandiri Success Jaya did not carry out regular promotions on his product so that this had an impact on its sales. With this development, there will be more choices for consumers in determining their choice of transacting at outlets that provide the best prices.

However, due the limitation of time, budget, and data access, in this research, the writer will focus only in promotion and its effect on purchasing decision at CV Mandiri Success Jaya. The writer chooses promotion as the main

problem of this study.

Problem limitations are promotion as the independent variable (x) and purchasing decision as the dependent variable (y). Indicators of promotion as the independent variables include frequency of promotion, quality of promotion, quantity of promotion, time of promotion, accuracy or appropriateness of promotions (Fandi, 2018) and indicators of purchasing decision as the dependent variables include problem recognition, information retrieval, evaluation of alternatives, decision to purchase, post-purchase behavior (Wicara and Indra, 2018).

1.3 Problem Formulation

Referring to the background of the study, the writer formulated some questions for the research to be conducted:

1. How is the promotion at CV Mandiri Success Jaya?
2. How is the purchasing decision at CV Mandiri Success Jaya?
3. Does promotion have effect towards purchasing decision at CV Mandiri Success Jaya?

1.4 Objective of the Research

The objective of the research is created to answer the question formulated above, hence the objectives of the research should be:

1. To identify about the promotion at CV Mandiri Success Jaya.
2. To identify about the purchasing decision at CV Mandiri Success Jaya.

3. To analyze the effect of promotion towards purchasing decision at CV Mandiri Success Jaya.

1.5 Benefit of the Research

Benefits of this research can be listed as follow:

1.5.1 Theoretical Benefit

The theoretical benefit of this research is as follow:

1. Enrich the knowledge of the writer by doing the research also increase the experience of the writer in doing research.
2. Reading material for all students at Universitas Pelita Harapan, Medan

1.5.2 Practical Benefit

Aside from theoretical benefit, there are also some practical benefits which can be taken from this research:

1. For the writer, the research will expand and broaden the writer's knowledge in terms of entrepreneurship especially regarding promotion and purchasing decision
2. For the company, this research can give recommendation and solution for the promotion and purchasing decision at CV Mandiri Success Jaya.
3. For other researchers, this research can be reviewed and taken as reference for further research in the future which related to the topic that is evaluated in this research.