

CHAPTER I

INTRODUCTION

1.1 Background of the Study

COVID-19 is a virus that found and identified in 2019 as a fast-spreading type of virus. Some people exposed by this virus has slight symptom, but some has heavy symptom that leads them to death. The virus develops rapidly and turn the situation into pandemic around the world. Recently the virus has mutated itself into several variants – Alfa, Betta, Gamma, Delta, Lambda, Kappa, Eta, Iota, and Mu, with higher spreading level. Pandemic forced people to stay at home and have less activity outside. Indonesia is one of the countries that struggle from the pandemic. COVID-19 has caused many changes in several perspectives including business perspective.

The changes can be seen from the employee deduction (layoffs) that happen in the early pandemic, in which huge company reduce the quantity of their employees in order to decrease their expenses. The other policy that they do to decrease their expense and maintain the company to survive in the crisis is deduction on payroll and holiday allowance of its employees. There are companies that faced bankruptcy while undergo this pandemic situation. The more severe the pandemic, the higher the restriction policy made by government in order to decrease the spreading and maintain the financial of Indonesia at the same time.

Government has been practicing the policy of large-scale social restrictions in several regions in Indonesia with different period of each region depends on its situation. Joko Widodo, President of Indonesia, signed the policy called as PSBB (Pembatasan Sosial Berskala Besar) in Government Regulation Number 21 of 2020 on 31st March 2020. The policy more or less is limiting the social activities such as work from home, study from home, limiting the visitors in any public area – worship place, public transportation, mall, supermarket, etc.

Beside the policy of PSBB, Indonesia had started to practice another policy such as enforcement of restrictions on community activities. This policy called PPKM (Pemberlakuan Pembatasan Kegiatan Masyarakat), in which it limits the areas of social activities that may cause crowd. The crucial areas that are considered as the infection point is seven provinces in Java Island and Bali Island. Indonesia has been practicing this policy since 11th January of 2021. The policy of PPKM has several implementations that is adapted to the situation in each country. The higher the level of PPKM, the more limitation happen in the country with huge number of cases or deaths. Government is trying to block some areas so that there is less traffic that may cause hustle. Implementations of PPKM are based on the instruction of Minister of Home Affairs.

Table 1.1
Implementations of PPKM in Indonesia

Implementation	Period	Instruction Base
Volume I	11 January 2021 – 25 January 2021	Number 1 Year 2021
Volume II	26 January 2021 – 08 February 2021	Number 2 Year 2021
Micro I	09 February 2021 – 22 February 2021	Number 3 Year 2021
Micro II	23 February 2021 – 08 March 2021	Number 4 Year 2021
Micro III	09 March 2021 – 22 March 2021	Number 5 Year 2021
Micro IV	23 March 2021 – 05 April 2021	Number 6 Year 2021
Micro V	06 April 2021 – 19 April 2021	Number 7 Year 2021
Micro VI	20 April 2021 – 03 May 2021	Number 9 Year 2021
Micro VII	04 May 2021 – 17 May 2021	Number 10 Year 2021
Micro VIII	18 May 2021 – 31 May 2021	Number 11 Year 2021
Micro IX	01 June 2021 – 14 June 2021	Number 12 Year 2021
Micro X	15 June 2021 – 28 June 2021	Number 13 Year 2021
Micro XI	22 June 2021 – 05 July 2021	Number 14 Year 2021
Micro XII	06 July 2021 – 20 July 2021	Number 17 Year 2021
Micro XIII	21 July 2021 – 25 July 2021	Number 23 Year 2021
Emergency	03 July 2021 – 25 July 2021	Number 15, 16, & 18 Year 2021
Level 1 – 4	21 July 2021 – Now	Number 22 & 23 Year 2021

Source: Prepared by writer (2021)

In nowadays era, people often shop for daily use products in a modern retailer market. Modern retailer market has a more comfortable environment and effective purchasing process rather than traditional market. Brastagi Supermarket that is located in Jalan Gatot Subroto (Gatsu), which also known as Brastagi Gatsu is one of the examples of modern retailer market, in which they provide a huge space to place many kinds of product with facilities of free parking for every customer and other spaces for food and

beverages, furniture, etc. Brastagi Supermarket is known for their products variety that some of them are barely seen in other retailer and the freshness of their fruit and vegetable products. PT Jaya Anugrah Sukses Abadi is the company that run the retail business of Brastagi Supermarket Gatsu.

Brastagi Supermarket is one of the biggest retailers in Medan with tons of customers each day. Their customers' purchasing decision seems to be decreasing since the pandemic happen, in which can be seen by several customers of Brastagi that do not visiting Brastagi for quite some time during the pandemic of COVID-19. Customers' purchasing decision is one of the factors to analyse a company's stability and durability in the market, in which company able to be stable and durable in the market if they able to maintain the customers to keep on visiting their business and not willing to pay for any switching cost. The policy of PPKM do influence majority business cycle in Indonesia such as Brastagi Supermarket Gatsu, in which customers must struggle by the restriction along the way to the location. Factors that influence customers' purchasing decision based on Kotler (2020) are cultural, social, personality, and psychologic. Some people are highly aware of brand image, in which they are quite concern of the operational system – daily performance and problem solving. Some customers prefer effectiveness and comfortability, in which they visit a market with a purchase list for them to directly pick and make a payment.

Cited from Geosiar.com, Brastagi Supermarket Gatsu faced an issue related to COVID-19 that is directly influence on their brand image. As we

know that brand image helps a lot in company's operational performance, in which customers' purchasing decision increase if the company has a positive brand image in society and vice versa. Brastagi was forced to close their business operation due to the issue as an act of practicing the government law. After the closing period, Brastagi Supermarket Gatsu reopen their business by practicing health protocol to its customers and employees. The health protocol that they practice is body temperature check, hand sanitized/washed, face mask, face shield, and hand gloves.

Although Brastagi seem to practice the health protocol quite well enough, but some customers might aware/realize that the health protocol is somehow lacking. Brastagi is a huge retailer that do need higher practice of health protocol for the safety of their customers and employees. The health protocol is considered as lacking, in which Brastagi do not strictly practice every single protocol stated by government. Government law of health protocol (5M) consists of avoiding crowd, social distancing minimum 1 metre, wash hands, wear mask, and restrict mobility.

The lacking protocol is a negative impact towards the brand image of Brastagi Supermarket. Brastagi do provide the facility of washing hands by faucet and hand soap at the entrance of the building, hand sanitizer at the entrance of the shopping area, and hand gloves distributed at the entrance of shopping area; but then they do not strictly lead their customers to conduct them step by step. The protocols that do not practiced by them are

visitor limitation and physical distancing. Physical distancing can be done by visitor limitation and the interior display of the supermarket itself.

Retail business always consider of their interior display, in which it is their strategy of product arrangement that allocate products into certain places in order to attract customers to purchase more of their products and it is important for company to consider rearrangement by the pandemic, in which customers are more and more aware of hygiene, sanitary, and health protocol by the situation. Hygiene and sanitary can only be done by the system rearrangement of Brastagi, in which they need to set certain time to sanitize the shopping area especially the interior display that is touched several times by more than one customers. The pandemic force people to increase effectiveness and efficiency of their activities in public area. Shopping area such as Brastagi Supermarket is one of the examples.

By its various products, Brastagi Supermarket Gatsu grouped their product based on the usage but then the compact product display may cause ineffectiveness for customers to search for their brand choice. Brastagi Supermarket Gatsu also do not provide some signs that leads customers into a certain area that display the product they search for, in which it must be very helpful for customers that do purchasing list. It is also often that customers hardly find the price signs that align with the products displayed, in which the more products to be displayed, the more time and effort that customers spent to search for the match description.

Brastagi Supermarket Gatsu has put some extra displays in between the end of racks to put some products. They provide two ways alleys for customers to pass through the racks, the two ways itself is measured by their trolleys. In other words, an alley can only fit in maximum by two trolleys in a row. Extra displays in between the racks takes up quite some spaces, in which some customers find it narrowing the alleys for them to walk through. It is the issue that cause Brastagi to not able to practice physical distancing for its customers.

Table 1.2

Branch of Brastagi Supermarket

Branch of Brastagi Supermarket	Qty Review	Grade Review
Jl. Gatot Subroto, Medan	10,991	4.6
Tiara Convention Centre, Medan	7,708	4.6
Cambridge City Square, Medan	355	4.6
Manhattan Times Square, Binjai	192	4.6
Jl. Jendral Ahmad Yani, Rantau Prapat	1.128	4.3

Source: Prepared by writer based on Google Review (2021)

From the table above, we can conclude that Brastagi Supermarket Gatsu has more customers than other branches. It also can be seen by the parking area that is larger and that it is the first branch of Brastagi in Medan that is also as a landlord that receive tenants from several business such as Fountain, A&W, ACE Hardware, Chatime, etc. Those are also the reason why writer is interested to make research of Brastagi Supermarket Gatsu.

This research aims to find out how is the influence of brand image and interior display of a retailer towards customers' purchasing decision during the COVID-19 pandemic has turned the issues into a title to be researched,

which is “The Influence of Brand Image and Interior Display Towards Customers’ Purchasing Decision on Brastagi Supermarket Gatsu during the pandemic of COVID-19”.

1.2 Problem Limitation

The research has limited sources in brand image and interior display as the independent variable and customers’ purchasing decision as the dependent variable at Brastagi Supermarket in Jalan Gatot Subroto No.288, Medan. The data that needed in the research process is a customer-based data, in which customers are given some questionnaires that related to the research for the brand image, interior display, and customers’ purchasing decision called convenient sampling or simple random sampling.

1.3 Problem Formulation

The problem formulation of the research:

1. Does the brand image and interior display influence on the customers’ purchasing decision of Brastagi Supermarket Gatsu?
2. Does the brand image influence on the customers’ purchasing decision of Brastagi Supermarket Gatsu?
3. Does the interior display influence on the customers’ purchasing decision of Brastagi Supermarket Gatsu?

1.4 Objective of the Research

The objective of the research:

1. To understand the influence of brand image and interior display towards customers' purchasing decision on Brastagi Supermarket Gatsu during the pandemic of COVID-19.
2. To understand the influence of brand image towards customers' purchasing decision on Brastagi Supermarket Gatsu during the pandemic of COVID-19.
3. To understand the influence of interior display towards customers' purchasing decision on Brastagi Supermarket Gatsu during the pandemic of COVID-19.

1.5 Benefit of the Research

There are two types of benefit of the research as follows:

1. Theoretical Benefit

The research is expected to give the company benefit of how their brand image and interior display influence their customers' purchasing decision and contribute to develop the theory of the influence of brand image and interior display towards customers' purchasing decision.

2. Practical Benefit

- For the company

The company will be more aware of how their customers see their brand and interior display; and how it can influence their customers' purchasing decision.

- For the customers

The customers will understand how society see this brand and its interior display; and the influence of it towards the customers' purchasing decision.

- For the researcher

The researcher will gain insights of how can brand image and interior display influence on customers' purchasing decision.

