

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

The business world is becoming more competitive. As a businessperson, an entrepreneur must exercise greater caution in formulating and developing a marketing strategy that is consistent with the flow of his business. This is critical because the more diverse the alternatives offered, the better. This condition will result in an increase in the level of competition between businesses.

The entrepreneur must pay attention to critical aspects of business development, one of which is the customer. The company's ability to survive and continue operating is contingent upon customers purchasing and utilizing the company's products. The future development of the business is also contingent upon their ability to attract and retain loyal customers.

According to Mappesona (2020), purchase decisions are decisions that are owned by consumers in buying products and services from the company. Companies must be able to analyse consumer behaviour before making a purchase decision so that the company is able to increase sales. Because before buying, consumers not only consider the quality of the product but also influenced by other factors, one of them is a promotion.

Promotion as part of the company's desire to introduce products to customers. In the promotion, the company will provide offers to customers in various product advantages related to the price and benefits of the products they

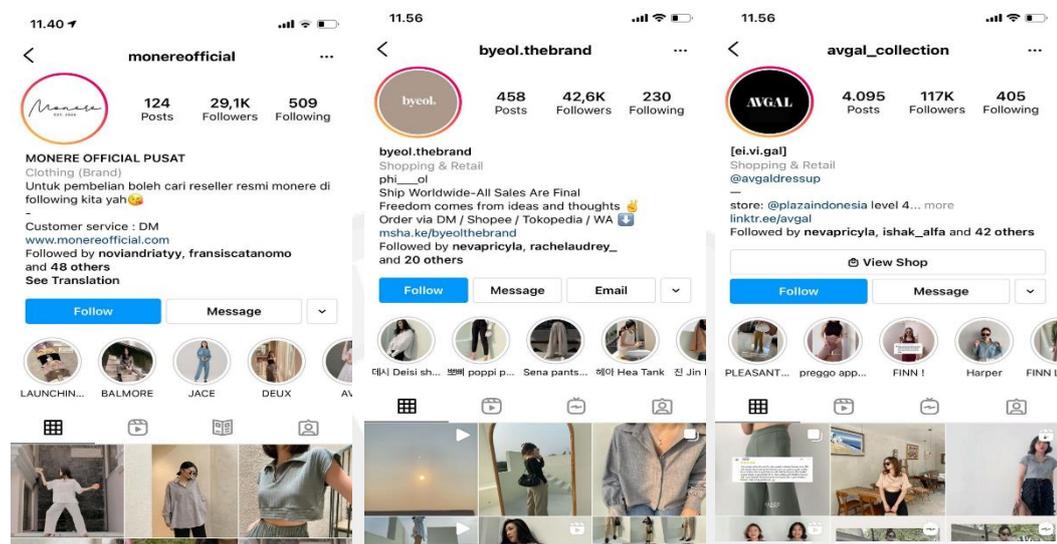
have. According to Suryana and Haryadi (2019), promotion refreshes practices that articulate the product's merits and encourage the consumer to purchase it. Promotion is an operation carried out by the organization to convey the advantages of the product and to influence customers according to their preferences in the purchase or use of services.

Product quality as one of the product characteristics in meeting the expectations and desires of customers. The existence of product quality shows that a product can show the personal characteristics they have to offer to customers. According to Kotler (1999) in Devi and Sugiono (2017), product quality refers to the sum of a product's or service's features and characteristics that affect its ability to meet stated or implied needs.

Competition in the world of trade is getting tougher, including trade in the clothing industry. The demand for clothing will also continue to increase. As a result, consumers will continue to demand better quality for a clothing brand. So to win the existing competition in order to increase consumer intention to buy the product is a non-negotiable thing. Therefore, in addition to providing good quality products, it is also important for companies to provide qualified promotions so that customers know and know the products they buy.

PT Muliawan Jaya Abadi is a company engaged in tailoring services and is also engaged in promotion, endorsement, ads and collaboration. Founded by Mr. Samuel Muliawan in 2019 and run as a family business. At this time the company also has one of its own brands, namely on the Instagram account @monereofficial,

@byeol.thebrand and @avgal.collection and also provides sewing services for several other brands.



**Figure 1.1 Social Media Brand from PT Muliawan Jaya Abadi**  
Source: PT Muliawan Jaya Abadi (2021)

In looking at the purchase decisions that have been successfully achieved by the company, at this time the writer looks at the company's income in the period 2019 to 2020. The following is the data on revenue for the company.

**Table 1.1**  
**Revenue of PT Muliawan Jaya Abadi**

Month	Year	
	2019	2020
January	850,350,000	912,050,000
February	810,310,000	850,000,000
March	923,500,000	620,000,000
April	914,300,000	502,250,000
May	921,550,000	502,500,000
June	922,350,000	800,500,000
July	941,500,000	865,500,000
August	891,350,000	900,500,000
September	975,350,000	800,500,000
October	800,500,000	1,000,050,000
November	800,350,000	800,500,000
December	814,120,000	900,500,000
Total	10,565,530,000	9,454,850,000

Source: PT Muliawan Jaya Abadi (2021)

From the company's current income, the company's income tends to decrease from year to year and the decline is thought to be due to product quality and promotion problems in the company. However, in several months it shows a decline in 2020 and 2021. This shows that the company is still not able to maintain stability in their income.

On the quality of the products owned by the company at this time, they still get several complaints from customers regarding the sewing services provided by the company. The following is the complaint data from customers.

**Table 1.2**  
**Complaints PT Muliawan Jaya Abadi**

Month	Number of Complaints		Problems
	2019	2020	
January	3	6	<ol style="list-style-type: none"> <li>1. Untidy stitches</li> <li>2. Fitting size that doesn't fit the size</li> <li>3. Defective seams</li> <li>4. Inconsistent stitching results</li> <li>5. Fabrics that are considered hot by some slow</li> <li>6. There are stains on the fabric that can't be removed</li> </ol>
February	4	5	
March	2	2	
April	3	1	
May	4	1	
June	3	6	
July	4	4	
August	4	5	
September	6	4	
October	2	3	
November	3	4	
December	4	4	
Total	42	45	

Source: PT Muliawan Jaya Abadi (2021)

From the complaint data received by the company at this time, in general, complaints from customers are accepted because the sewing results ordered are not in line with customer expectations. In the problems that are complained about in general regarding products that have defects in terms of stitching, size, fabric and the presence of stains on the ordered stitching production. The highest number of complaints occurred in November as many as 6 complaints in 2019 and June 2020 as many as 6 complaints and the total number of complaints also increased from 42

to 45 complaints in 2020. The increase in the number of consumer complaints shows a decrease in product quality.

In the current promotion, the company distributes products to resellers spread throughout Indonesia. Currently there are 500 resellers who sell products from the company but not all existing resellers are able to show good sales performance and most of resellers not active in selling products. In addition, to see the problems of promotion, the following writers attach various types of promotional activities carried out by PT Muliawan Jaya Abadi.

**Table 1.3**  
**Promotion Activity of PT Muliawan Jaya Abadi**

<b>Type of activity</b>	<b>Promotion media</b>	<b>Promotion Quantity</b>	<b>Promotion Time</b>	<b>Promotion Goal</b>
Endorsement Celebrities or Influencer	Instagram	Every time there is a new product	1 week for each product	Instagram users
Event online shop 9.9, 10.10	Marketplace	Promotion by giving free shipping	In accordance with the provisions of the marketplace	Marketplace users

Source: PT Muliawan Jaya Abadi (2021)

It can be seen from the promotional activities carried out only using the media, namely marketplace and Instagram and not using other media. In addition to the quantity of promotions that are carried out only when there are new products and collaborations with influencers and only 1 week is carried out. Meanwhile, the promotion target is carried out to Instagram and marketplace users. Promotions that are not routinely carried out make promotions run ineffective and only prioritize promotions that are common for new products and promotions from the marketplace. Promotional activities carried out at this time are still lacking in terms

of the number of promotions carried out and have not been effective in increasing customer interest in the products being sold.

Based on this discussion, the writer decides to conduct research entitled **“The Influence of Product Quality and Promotion on Customers' Purchase Decision at PT Muliawan Jaya Abadi, Jakarta”**

## **1.2 Problem Limitation**

In this study, the writer will limit problems for product quality and promotion on customer purchase decision at PT Muliawan Jaya Abadi, Jakarta as the main problem of this study. In this case product quality and promotion and as the independent variable (x) and customer purchase decision as the dependent variable (y).

Indicator for product quality are from Lupioyadi (2013) in Almirah and Sutanto (2018), which is performance, features, reliability, durability, and aesthetics. Indicator for promotion are from Kotler and Keller (2012) in Kartini et al (2021), which is about: promotion frequency, promotion quality, promotion quantity, promotion time and promotion target. Indicator for customer purchase decision are from Tjiptono (2008) in Wicara and Indra (2018), which is about: problem identification. Information search, alternative evaluation, purchase decision and post purchase behaviour.

## **1.3 Problem Formulation**

Based on the background of the study, the question to be answered in this

research are as follows:

- a. How is the product quality of PT Muliawan Jaya Abadi, Jakarta?
- b. How is the promotion at PT Muliawan Jaya Abadi, Jakarta?
- c. How is the customer purchase decision at PT Muliawan Jaya Abadi, Jakarta?
- d. Does product quality have partial influence on customer purchase decision at PT Muliawan Jaya Abadi, Jakarta?
- e. Does promotion have partial influence on customer purchase decision at PT Muliawan Jaya Abadi, Jakarta?
- f. Do product quality and promotion have simultaneous influence on customer purchase decision at PT Muliawan Jaya Abadi, Jakarta?

#### **1.4 Objectives of The Research**

The objectives in doing this research are as follows:

- a. To describe about product quality of PT Muliawan Jaya Abadi, Jakarta.
- b. To explain promotion at PT Muliawan Jaya Abadi, Jakarta.
- c. To evaluate customer purchase decision at PT Muliawan Jaya Abadi, Jakarta.
- d. To analyze whether product quality on customer purchase decision PT Muliawan Jaya Abadi, Jakarta.
- e. To determine whether product quality on customer purchase decision at PT Muliawan Jaya Abadi, Jakarta.
- f. To investigate product quality and promotion influence on customer

purchase decision at PT Muliawan Jaya Abadi, Jakarta

## **1.5 Benefit of The Research**

Benefits of this research can be listed as follow:

### **1.5.1 Theoretical Benefit**

The result of this research are expected to contribute on updating the existing theories relevant with the variables namely product quality, promotion and customer purchase decision.

### **1.5.2 Practical Benefit**

The practical benefit of this research is as follow:

- a. For the writer, the findings of this study will add to intriguing hypotheses about product quality and promotion, as well as their impact on consumer satisfaction.
- b. For PT Muliawan Jaya Abadi, Jakarta, to determine whether the survey that was conducted would be beneficial in improving the company's performance.
- c. For other researcher, to serve as a guide in directing them to conduct additional research that is congruent with this study