

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In this current era of globalization, the development of the business world is getting rapid changes lately. Many local brands business that has already taken one steps ahead of going international or expand their business to attract more range of new customers from another country. Having a successful brand business that is recognized by all around the world and become the top market is the dream of all entrepreneurs that wanted to achieve it. This kind of things, become the common goal of any brand business to be able compete with the other competitors. Market competition is getting tighter, making companies increasingly required to move faster in terms of attracting customers.

The business world nowadays, marketing is one of the factors that is very important for the improvement of the business to achieve business success. The success of a business in achieving these goals is greatly influenced by the company ability to market its products. A product that has been produced, remains on how the business markets their product to the customers. Businesses that implement the marketing, need to pay close attention to the customer behavior and its factors that influence their buying decisions in the business of marketing product that is conducted.

The object that I as the writer will research on Skechers stores that more specific locate in Medan for better or easy in getting the data that will be useful for the research. The choosing Skechers as the research object is that with many kinds of competitors that Skechers have in the same sector of products selling like Nike, Adidas, Rebook, and many others that are also popular in that sector business, like how Skechers to compete with these many competitors in the same sector business that they already have big brand name in business.

Skechers is a company that sells shoes which offers two categories to wear, namely the lifestyle and sports divisions. Through the licensing agreement, the company also offers clothing, accessories, eyewear, surgical wear and others. Skechers has been already open more than 170 countries all around the world which one of them is Indonesia. In Indonesia, Skechers also scattered in various cities such as Jakarta, Surabaya, Medan and others. Skechers Medan is one of the part retails of PT. Mitra Adiperkasa that also leading many other retails store all around Indonesia like Zara, SOGO, Starbucks and many more that also open in Medan.

Customer buying decisions are important in terms of business progress, because the greater the desire of the customer to buy a product or service in a company, the greater the opportunity for the company to gain profits and regular customers to be successful. Buying decisions are not only an opportunity for companies to gain benefit from a business point of view, but also with the increasing number of customers buying a product, the company will be known by many people and customers will also be loyal to the company. According to Kotler and Keller (2012), customer buying decisions are a stage where customers can also form

intention to buy the most preferred product, where customer's decision to modify, postpone, or avoid influenced by perceived risk.

In taking decisions, customers more often tend to minimize the risks that will occur and become happy with the consequences that will be received based on the qualifications of the products or services. In sector of footwear, Skechers have many competitors from others brands like for example popular brands which are Adidas, Nike, Rebook, and also local brands in Indonesia. By having many competitors in business, they compete to gain the more customers by attract them with using many methods business to make the customers buying their products. There are many things that could influence customer buying decisions which including promotion, price, quality of the products, and location. Therefore, customer buying decisions are very important to be able to compete with other business.



Figure 1.1 Skechers at Centre Point Medan
Source: Internal sources (2022)

Sales promotion, price, quality products and the location for establish in business have always been a factor in forming value that influence customer buying decisions. According to Kotler (2000), sales promotion is a short-term strategy of the business to increase their sales product or service. Sales promotion can also be said as a form of marketing communication with the customers which to seeks or gain more information, influence or persuade the customers to willing to buy or accept the product that be offered by the company. Even though a business has produced a product that has a good quality, without effective promotion it will make the product hard to be sold. The sales promotion in Skechers have a lot of variant promotion like discount up to 70%, there is also a discount of Rp.200,000 by pay the highest price of the products and also for buying the second product will be cut by.



Figure 1.2 Skechers Promotion

Source: Internal sources (2022)

According to Tjiptono (2008: 147) cited (Supangkat & Supriyatin, 2017), prices have a major role in the customer buying decision, including the role of price allocation and the role of price information. Price is important, because each price that has been set by the company will result in a different level of demand for

products. The price set too high will cause business sales to fall or decline, on the contrary if the price is set too low it will decrease the benefits of business profits. The price for Skechers products in normal prices can be quite expensive for customers in Medan, but the standard for the price is quite same with the other top brands. Skechers with their strong brand image, it's normal with the price they charge into their products to able to compete with the other competitors.

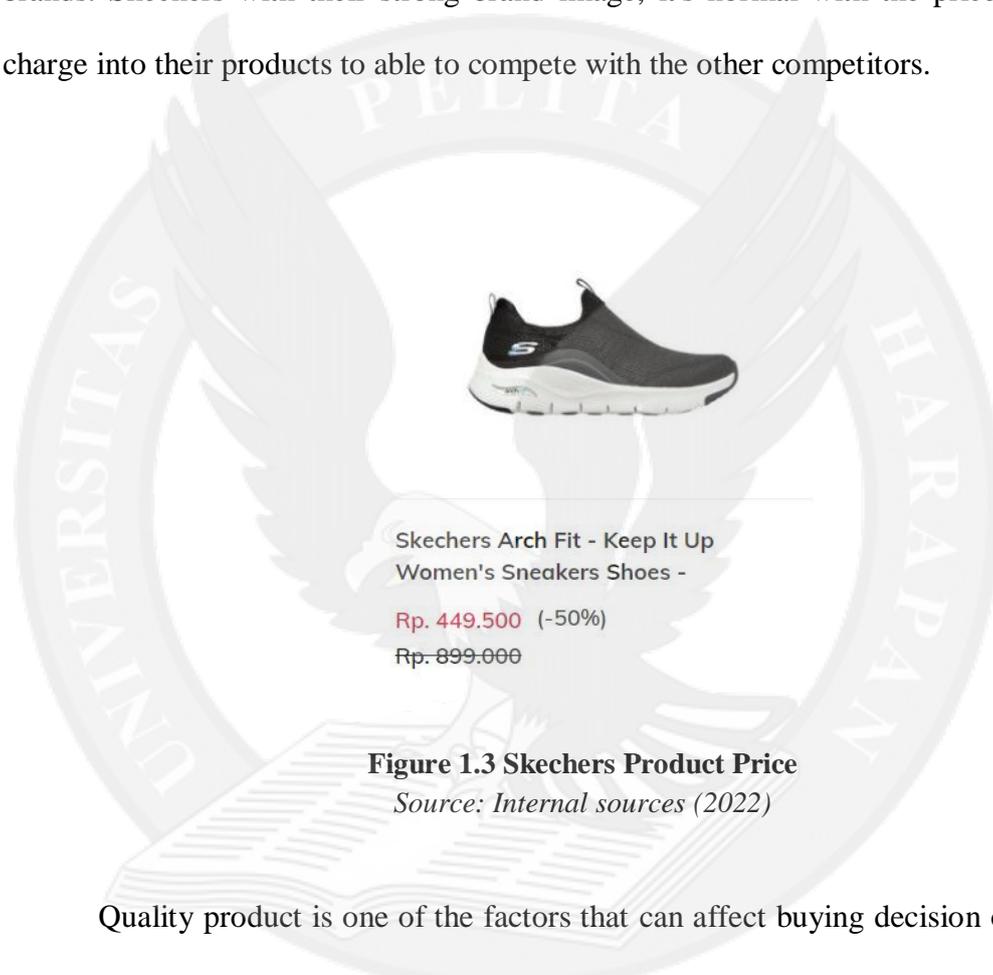


Figure 1.3 Skechers Product Price
Source: Internal sources (2022)

Quality product is one of the factors that can affect buying decision of the customers by increasing or offering product quality according to what consumers expect. If a product can run well according to its functions, then customers will be interested in buying the product. According to Kotler and Armstrong (2006), product quality is a feature of product or service which depends in their ability or function to fulfill or implied customer needs. Skechers products have many kinds of category for footwear which one of its is for performance. Each performance

series is equipped with a very lightweight flight foam midsole. This is what gives it a soft texture and makes the footsteps very smooth. This series is also equipped with a rubber material on the bottom which is able to grip the surface and increase the durability of the shoe.



Figure 1.4 Skechers Product Shoe

Source: Internal sources (2022)

The next factor that can influence the customers buying decisions is location. Opening on the right location, an outlet or store will be more successful than another store which is not strategically located. Even though both of them sell some of similar products. The choice of location has a strategic function because it can participate in determine the achievement of the objectives of the business. According to Elliott, Rundle-Thiele, and Waller (2012), location is an activity of a company for doing business to provide their product or service that available to customer at the right place and time. Skechers Medan store are all located in mall which is the strategy place for doing business as many customer will be easy to visit

and comfortable because it located in mall, also the product arrangement neatly structured according to categories that make it easier for customers to find.



Figure 1.5 Skechers Sun Plaza
Source: Internal sources (2022)

Every business or company must have their competitors to compete in the market. Each company will try their hard to win the market with the other competitors by using any kinds of strategies to compete. Skechers have many competitors outside that have similar categories products to sell which among them are Nike. Nike also have their store open in Medan, Indonesia that become one of the many competitors for Skechers which Nike also very popular that most people already know the name brand. Making Nike as one of the biggest competitors towards Skechers to compare is because there much information from the internet to get the info of the Nike. Here are the comparison data between Skechers and Nike according to variable of sales promotion, price, quality product, location, customer buying decision:

	Skechers	Nike
Sales Promotion	Discount holiday that can up to 70%, also a discount of Rp.200,000 by pay the highest price of the products	Using promo code that give discount up to 50%
Price	In normal prices can be quite expensive as the standard are Rp.600,000 above	In normal price for the new product coming up usually will have high price which can exceed 1 million rupiah
Quality product	Have many kinds of category for footwear which one of its is for performance. Each performance series is equipped with a very lightweight flight foam midsole that gives it a soft texture and makes the footsteps very smooth.	The products nike are using a high technology that makes the shoes are comfortable to wear by the user. One of the technology they use to their products is Nike Flyleather. Flyleather uses recycled cowhide material which is 40% lighter and five times stronger.
Location	Skechers Medan are all located in the mall which in Centre point, Sun Plaza, Deli	Nike Medan are all located in the mall which in Centre point and Sun Plaza.

	Park, Thamrin Plaza, and Manhattan Times Square.	
Customer Buying Decision	With the price with in standard normal price, there the usual customers are middle-class and high-class level.	With a fairly high price, the usual customers who buy are at the high-class level

Source: <https://440industries.com/skechers-vs-nike-a-detailed-comparison/>

Skechers store in Medan have total 5 stores that all located in mall. The research object conducted will be more focused on one location store which in Sun Plaza Medan that located in 3rd Floor at Jl.KH.Zainul Arifin no 7, Medan. The reason for choosing Skechers stores in Sun Plaza to be conducted for research than the other places is that Sun Plaza is well known or one of the famous malls in Medan that most people have ever been there or already known about it.

The customers that decided to not want to buy the product because of the sales promotion, price, quality product, and location that are not suitable for them that giving big impact to the company of the sales performance. It could decrease the income or sales of the company and hard to survive in this current era business modern. Based on this situation, I as the writer wants to start research, analysis, and explain how sales promotion, price, quality product, and location can influence the customer buying decision. The expectation of this research can provide a solution for the situation regarding the sales promotion, price, quality product, and location that influence buying decisions in the company. This research will be in the form

of a thesis entitled "**The Influence of Sales Promotion, Price, Quality Products and Location towards Customer Buying Decision in Skechers Medan.**"

1.2 Problem Limitation

The research that conducted by me as the writer will research the influence sales promotion, price, quality products, and location as independent variable and customers buying decision as dependent variable in Skechers Medan. Skechers Medan have 5 stores that all open inside mall. The 5 locations are in Centre point, Sun Plaza, Deli Park, Thamrin Plaza, and Manhattan Times Square. The research will be conduct more focused on the Skechers store at Sun Plaza as the one with the crowded compared to other places. The data collection process was carried out by giving a survey to customer who buy the product from Skecher Medan with the method used nonprobability sampling and purposive sampling technique. The data analysis tool that will be used the writer is using Amos version 22.

1.3 Problem Formulation

Based on the background of the study, the problem formulation that can be done by the writer are:

1. Does the sales promotion significant effect on the customer buying decision at Skechers Medan?
2. Does the price significant effect on the customer buying decision at Skechers Medan?

3. Do the quality products significant effect on the customer buying decision at Skechers Medan?
4. Does the location significant effect on the customer buying decision at Skechers Medan?

1.4 Objective of the Research

The objective of the research which are:

1. To know the research or analyze condition of how the customer buying decision can affected by the sales promotion in Skechers Medan.
2. To know the research or analyze condition of how the customer buying decision can affected by price in Skechers Medan.
3. To know the research or analyze condition of how the customer buying decision can affected by quality products in Skecher Medan.
4. To know the research or analyze condition of how the customer buying decision can affected by location in Skechers Medan.

1.5 Benefit of the Research

The benefits of conducting this research are:

1.5.1 Theoretical Benefit

The expectation of this research is to provide the benefit for the company on how the customer buying decision can decrease when the sales promotion, price, quality products, and location are not suitable to the customer expectation. This

research will contribute on developing the theory of the sales promotion, price, quality products, and location towards customer buying decision.

1.5.2 Practical Benefit

1. For the company

This research will help the company on providing the information about how the sales promotion, price, quality products, and location can affect the customer buying decision.

2. For the customer

The result of this research show customer to know about how the sales promotion, price, quality products, and location affect their buying decision.

3. For the researchers

From this research, it is hoped will help in adding a new information for all the researchers about the influence of sales promotion, price, quality products, and location towards customer buying decision.