

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In recent years, the retail industry in Indonesia has grown quickly, taking on a variety of forms and sizes. Retail is a business that sells items or merchandise for domestic requirements, such as daily essentials, using a self-service system in which customers take the goods or products themselves. Retail encompasses any operations involving the direct selling of products or services to end customers for personal and non-commercial usage. (Singgih Sasongko, 2017)

Competition in the retail industry, which is becoming more intense, requires merchants or retailers to compete with one another in order to get the attention of consumers. Various operations are carried out, such as enhancing service quality, decreasing or lowering prices, or offering discounts. Products are fundamental concepts that everybody who works or studies in the retail industry must understand. You will be able to expand your retail business and serve a set target market by satisfying the wants and aspirations of consumers if you have strong product knowledge. With a rising number of retail enterprises opening in Indonesia, competition in the retail industry is heating up. To be able to compete and avoid being abandoned by customers, retail industry businesses must be able to comprehend and fulfil the requirements and wishes of consumers by always following the changes that occur and being able to know the demands of consumers. (A. Ardiansyah, 2019)

Most customers will do an evaluation if there is a bad experience even though it is only a minor problem. For example, they do not find the item they are looking for, without a sales assistant to help, even though they have tried to ask questions, they feel neglected. The events above are generally not disclosed. Another example is the case of a customer who can enter the shop smoothly, find the item you are looking for is easy to find, pay at the checkout without the need of wait or queue for a long time due to the lack of availability of the cashier booth. (E. Rosmand, 2022)

In marketing, service quality is also a significant factor. This is aligned with Tjiptono's (2018) definition of service quality, according to which service quality is the effort to satisfy customer requirements and wishes and the precision of its delivery to meet customer expectations.

Aside from service quality factors, pricing is a significant issue that might affect purchase decisions. Kotler and Armstrong (2017) define price as the amount of money exchanged for a product or service. However, pricing may also be a sign of quality since a high-grade product will dare to be priced high too. Prices can impact a consumer's choice to buy a product.

The purchase decision is a consumer's attempt to find all feasible options for resolving an issue, evaluate the options methodically and objectively, and determine the pros and disadvantages of each based on their goals. Product (brand, taste, packaging, quality), promotion (advertising, personal selling, publicity, and

sales promotion), distribution (accessibility), and service and price are all factors that impact purchase decisions in relation to marketing stimuli (Kotler, 2019)

PT. Karya Sukses Usaha Mandiri is supermarkets that located in Komplek MMTC, Medan with the name of Maju Bersama. They are one of the biggest supermarkets in Medan but not the best yet. The author chose PT. Karya Sukses Usaha Mandiri as research objects because according to the author, PT. Karya Sukses Usaha Mandiri are a supermarket that want to improve themselves to become a better shopping place compared to other supermarkets competitors in Medan.

Understanding the factors that influence purchasing decisions should also be carried out by PT. Karya Sukses Usaha Mandiri, because in their development these supermarkets experience problems with sharp fluctuations in the amount of sales turnover. The following is the total sales of PT. Karya Sukses Usaha Mandiri in the year of 2020 and 2021.

Table 1.1
Sales Data
PT. Karya Sukses Usaha Mandiri
Year 2020 - 2021

Month	Sales	Percentage Increase / Decrease (%)
JAN – MAR 2020	Rp 4.223.021.430	-
APR – JUNE 2020	Rp 5.435.450.883	+ 28.71
JULY – SEPT 2020	Rp 5.096.278.747	- 6.24

OCT – DEC 2020	Rp 4.107.600.670	- 19.40
JAN – MAR 2021	Rp 3.891.540.875	5.26
APR – JUNE 2021	Rp 4.225.824.236	+ 8.59
JULY – SEPT 2021	Rp 3.789.296.592	- 10.33
OCT – DEC 2021	Rp 3.496.005.036	- 7.74

Source: PT. Karya Sukses Usaha Mandiri

From the data above, it can be seen that sales fluctuated from first quarter (Jan-Mar) to second quarter (Apr-June) in 2020. There was an increase in sales from first quarter to second quarter by 28.71%. However, from third quarter (July-Sept) to fourth quarter (Oct-Dec) of 2020 there was always a decline in sales of 6.24% and 19.40%, respectively.

From the sales data of the year 2021 it can be seen that the sales keep on declining from the previous last quarter to the first quarter (Jan-Mar) of 2021 by 5.26%. Then, it can be seen that the sales fluctuated by 8.59% in the second quarter (Apr-June) but then it declined back in the third quarter by 10.33%. In the last quarter of 2021, it is shown that the sales keep on declining by 7.74% from the previous quarter.

The existence of supermarkets is a demand for the lifestyle of people who live in major cities. This type of situation indicates a trend in which people are becoming pickier about where they purchase. These important traits include, among other things, consumers seeking a reasonable price and acceptable service quality, both of which may be found in a certain location, namely a supermarket.

Based on some of the descriptions above, research is carried out to determine the factors that influence a person to buy at supermarkets. In this study, the variables of service quality and price were selected as the focus of the study. The study is focused on these two variables because it is believed that these variables have a significant influence on consumer decisions to buy at PT. Karya Sukses Usaha Mandiri. With the information and problems received, the author will conduct research under the title **“The Influence of Service Quality and Price on Purchase Decisions at PT. Karya Sukses Usaha Mandiri, Maju Bersama MMTC, Medan”**

1.2 Problem Limitation

Based on the research that has been done by the author, this research has limited sources on service quality and price as independent variables and purchase decision as the dependent variable at one of the branches of Maju Bersama Supermarket, PT Karya Sukses Usaha Mandiri in Komplek MMTC. The data gathering approach will consist of administering a questionnaire to every customer who enters the store for shopping; this is referred to as the convenient sampling method. Multiple linear regression using SPSS will be used to analyze the collected data.

1.3 Problem Formulation

Based on the study, the formulation of the problem in this study are:

1. How is the condition of the service quality in PT. Karya Sukses Usaha Mandiri?
2. How is the condition of the product price in PT. Karya Sukses Usaha Mandiri?

3. How is the condition of consumer purchase decision at PT. Karya Sukses Usaha Mandiri?
4. Does service quality affect the consumer purchase decisions at PT. Karya Sukses Usaha Mandiri?
5. Does price affect the consumer purchase decisions at PT. Karya Sukses Usaha Mandiri?
6. Do service quality and price simultaneously affect the purchase decisions at PT. Karya Sukses Usaha Mandiri?

1.4 Research Objective

By focusing to the problems that have been described, the objectives of conducting research can be described as follow:

1. To investigate the condition of service quality in PT. Karya Sukses Usaha Mandiri.
2. To investigate the condition of product price in PT. Karya Sukses Usaha Mandiri.
3. To find out how is the condition purchase decisions in PT. Karya Sukses Usaha Mandiri.
4. To know how service quality can affect the purchase decisions in PT. Karya Sukses Usaha Mandiri.
5. To know how price can affect the purchase decisions in PT. Karya Sukses Usaha Mandiri.

6. To know how service quality and price can simultaneously affect the purchase decisions in PT. Karya Sukses Usaha Mandiri.

1.5 Benefit of the Research

The Benefits of conducting this research are as follows:

1.1 1.5.1 Theoretical Benefit

This research is expected to give a benefit to the company about how their customer purchase decision is decreased when quality of service is decreasing, and price is increasing, and this research will provide useful material for the development of research in the field of marketing management in relation to purchase decisions.

1.5.2 Practical Benefit

Beside theoretical benefit, there are also practical benefit in which the purpose of this research is to benefit the company and academics.

1. For the Company

This research is expected to contribute thoughts, considerations, and references for the company of PT. Karya Sukses Usaha Mandiri in increasing sales and consumer purchase decision.

2. For the Academics

This research is expected to provide additional information or knowledge for readers and can be used as references for further research with the same theme or title.

1.6 System of Writing

In the preparation of this thesis, it consists of 5 (five) chapters as follows:

CHAPTER I: INTRODUCTION

This chapter contains of background of study, problem limitation, problem formulation, objective of the research, benefit of the research that consists of theoretical benefit and practical benefit and lastly the system writing

CHAPTER II: LITERATIVE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter contains theories about marketing, service quality, price, and consumer purchase decisions. This chapter also contains research and the development of research hypothesis. It also describes how service quality and price can influence or effect the purchase decision.

CHAPTER III: RESEARCH METHODOLOGY

This chapter contains research methods and hypothesis testing techniques. The research method consists of the type of research, population, sample and type of variable relationship and operational definition. While the hypothesis testing techniques include validity and reliability tests, multiple linear regression analysis, test of the coefficient of determination, and partial test of multiple linear regression.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This chapter contains of general view of research object, data analysis during the study, result of hypothesis testing and discussion.

CHAPTER V: CONCLUSION

This chapter contains research conclusions, suggestions, and research limitations.

