

# CHAPTER I

## INTRODUCTION

### **1.1 Background of the Study**

As a result of globalization and free trade, business competitiveness is expanding and becoming more intense. To survive and grow in today's business world, every company must apply the most effective strategy and resources. The competition that occurs encourages each entrepreneur to optimize the company's performance in order to generate a satisfied customer. To fulfill customers demand, businesses compete by inventing creative, inventive, and new goods.

After the customers has made a buying choice, the company's product will be purchased. In order to fulfill sales demand, the company anticipates that most customers would purchase the company's goods on a regular basis and become loyal customers. Maintaining customers happiness is critical since satisfied customers are loyal. During this age of economic growth, every company will find a way to develop the company and ensure that the company can compete in the market for a long length of time in order to accomplish and realize the company's vision and goal.

Customers are the key of every business. As a marketer, a company should be able to serve customer requirements that are always changing and going in diverse directions. This is due to the fact that each age has distinct demands, and each country will continue to grow. This includes the advancement of technology and knowledge.

The company must be able to understand and respond quickly to this situation, as well as be attentive to any changes in customer demands from time to time. Using the correct marketing plan will assist a company in maintaining stability and developing a brighter future for a company. Every business is working hard to earn huge profit and is competing with each other to get a positive image and customer loyalty in purchasing the products.

To generate an excellent product in comparison to competitors, the company must employ the proper strategy. It is difficult to come up with an effective plan for boosting demand and earning a profit. According to Kotler (2005), as cited in Henry Susanto (2016), if a customer is unaware of a company's sales strategy, the purchase decision will be made less frequently. The purpose of sales marketing is to identify a product that satisfies the customer's wants. By meeting the demands of the customer, the company may approach the buying decision that the customer will make.

A company with a successful marketing plan can benefit from a variety of advantages, including increased sales, the development of strong and positive relationships between the company and its customers, and the assistance in branding and promoting the product.

Customers in today's culture are more discerning and cautious when it comes to purchasing a product. The quality of a product is significantly related to the customer's opinion of it. Quality is a major factor in customer purchase decisions.

The most crucial factor in picking a product that fits the demands and wants of clients is product quality. Customers desire to buy high-quality things, thus superior product quality will undoubtedly entice them to buy. According to Suri Amilia and M Oloan Asmara NSt, having a good brand image would entice people to make purchases of a product since a high brand image will generate a favorable impression in the thoughts of buyers of a product (2017).

Aside from product quality, customer purchase decisions are influenced by brand image. A brand image is developed based on an individual's perception, thinking, or experience with a product, which leads to the creation of a loyal customer based on satisfaction. According to Supriyadi, Wahyu Wiyani, and Ginanjar Indra K.N (2017), a product's brand image is a reflection of the overall perception of the brand that is built through knowledge and prior experience with the brand.

According to Supriyadi, Wiyani, and Indra (2017), both brand image and high-quality products influence customer purchase decisions, causing customers to remain loyal to the company's products.

PT. Cahaya Kreasi Utama, Medan was established in 2012 and located Jalan Karya No 5 Kelurahan Karang Berombak Medan 20117 North Sumatra. PT.Cahaya Kreasi Utama, Medan is a company that distributes printing material for printing business, printing machine and engaged in the field of distributing the best Ink for printing.

Besides distributing Inks, PT. Cahaya Kreasi Utama, Medan also distributing printing material such as Chemical, Blanket, Printing Plate, Machine, and Accessories and Sparepart to maximize the usage of the machine. Items that are included as a Chemical is such as Wash, Plate Cleaner, Fountain, Developer, Gum and many else. As for Blanket and Plate for printing, it is depended on what type of machine and size. PT. Cahaya Kreasi Utama, Medan also provide a newsprint for several customer such as companies that distribute newspaper in North Sumatra.

PT. Cahaya Kreasi Utama, Medan is an official distributor of Huber Ink in North Sumatra which provide offset Ink to fulfill customer's needs by providing Inks that compatible with application, machinery and characteristics of the customers. PT. Cahaya Kreasi Utama, Medan is not only distributing Web Inks, Sheet Fed Inks, but also have own modern and massive facilities to produce inks such as special color Ink.

Special color Ink is made based on the color that is requested from the customer. Basically, the process of making this special color Ink is first customer will send the wet sample to the company then the company team will start to find the most matching to the color that the customer wants.

After met the closest to the color that the customer wants, then company will send the proofing to the customer for the confirmation.

After the customer confirm on the color and it suits the wet sample, then the formulation of the color will be given to the admin team and the matching will be done by the kitchen team based on the formulation.

PT. Cahaya Kreasi Utama, Medan have several types of Ink such as Web Inks and Sheet Fed Inks. Web Inks and Sheet Fed Ink is basically a base Ink that is ready to be used. The color that Web Inks and Sheet Fed Ink provide only 4 such as Black, Cyan, Magenta and Yellow.

There are also Base Color Ink called as “Crsmax” which is have more choice of color such as blue, green, violet, red, yellow, magenta, warm red and many more. This “Crsmax” is needed in the process of matching the Special Color.

PT. Cahaya Kreasi Utama, Medan also provide color matching team and kitchen that is specialized for matching and mix color. As we know, in printing industries, Ink plays an important role because when printing something, the first thing you will see is the color which come from Ink.

The product will be seen as an attractive product if the Ink color is matching with the printing or packaging and also people can know the quality of product start from the connection from the packaging, colors of the logo and colors of the designs.

The following is a photo of the product of Huber Ink:



Figure 1- Special Color req by Customer



Figure 2- Special Color req by Customer



Figure 3- Process Color



Figure 4- Process Color



Figure 5- Process Color



Figure 6- Process Color



Figure 7- Web Inks



Figure 8- Web Inks



Figure 9- Web Inks



Figure 10- Base Color for mixing

Ink is the most sensitive material in printing because in general, the sensitivity of Ink is very high. PT. Cahaya Kreasi Utama, Medan will provide a customer with the data proofing and COA which it is a proof that the Ink has been already checked by a machine and the percentage of the similarity is already closest to the wet sample.

Knowing Ink is the sensitive thing in printing, PT. Cahaya Kreasi Utama, Medan start to realize and provide customer a special color that can be requested

by the customer. The reason is because the process color only have several colors that sometimes cannot meet what customer needs.

Providing customer with special color and even proofing from the modern technologies that shows a percentage of the color, PT. Cahaya Kreasi Utama, Medan will meet the needs of customer because Ink needs a very high accuracy of the texture and shade and so the pigmented of the color.

The reason why PT. Cahaya Kreasi Utama is appropriate as the object in this research is because I work in the company and I am more aware of the problems and obstacles that PT. Cahaya Kreasi Utama has at the moment. Second reason is that because of there are several competitors of Huber Ink in North Sumatra and making the competition become more fiercer, it is important for PT. Cahaya Kreasi Utama to be able to further urge the customer purchase decision.

The research model that is used in this research is more suite to PT. Cahaya Kreasi Utama is because customer purchase decision is highly crucial for every business to generate their sales and variables that highly influence them. By limiting this research into brand image and product quality as I personally think that these two variables are more suitable and can be implemented in this research such as brand image and product quality as independent variables and customer purchase decision as dependent variables.

PT. Cahaya Kreasi Utama, Medan often distributed Huber Ink to customers that are doing printing in Jl. Mesjid area. However, there are still some customers that reject Huber Ink. This is supported by the sales data of Huber Ink as below:

**Tabel 1.1**  
**Sales Data of Huber Ink at PT. Cahaya Kreasi Utama**

<b>Year</b>	<b>Number of Sales</b>	<b>Percentage</b>
2018	3.265.020.225	5%
2019	3.101.769.214	10%
2020	2.791.592.292	5%
2021	2.652.012.678	-

Source: Company's Internal Data

**Tabel 1.2**  
**Reasons of Customer Complaint**

<b>Reasons</b>	<b>Total</b>
Price of Ink	25
Consistency of Color	18
Texture of the Ink	11
The sharpness of the color during printing	15
The drying session during printing	30

Source: Company's Internal Data

As we can see from the table that each year the sales of Huber Ink is going down. There are several reasons that some customer still chooses to use the competitor product such as Cemani, Toka rather than Huber Ink. Based on the questionnaire that is taken from the internal data of PT. Cahaya Kreasi Utama Medan, mostly customers are complaining regarding the product quality and there is no attention such as services or any checkup routines that customers get from PT. Cahaya Kreasi Utama. This caused the brand image of PT. Cahaya Kreasi Utama is not come first to the customers when discussing Ink.

Ink is not a product that can be evaluate by only seeing the product, customer mostly should try a product to know whether the Ink is good or bad. This is often called a trial session. During a trial session, mostly customer got no problem with the Ink. After several months using Huber Ink, problems start to come which mostly is about the quality. This implies that there might be a problem in not focusing on branding a brand image and the product quality that actually need to be improved.

Based on the issues that arise in the company, the writer will do research to find out how brand image and product quality can influence customer purchase decision. The research will be in the form of a thesis entitled **“The Influence of Brand Image and Product Quality towards Customer Purchase Decision of Huber Ink in PT. Cahaya Kreasi Utama, Medan.”**

## **1.2 Problem Limitation**

Due to the limitation of the ability, time and budget, the writer will set up several limitations to avoid wider discussion, such as:

1. The data of this research is gathered from PT. Cahaya Kreasi Utama which located in Jalan Karya No 5 Kelurahan Karang Berombak Medan 20117.
2. The respondents were taken from the customers of PT. Cahaya Kreasi Utama, Medan.
3. The research only uses three (3) variables, such as Brand Image as  $X_1$  (independent variables), Product Quality as  $X_2$  (independent variables) and Customer Purchasing Decision as  $Y$  (dependent variables)

4. Questionnaires are limited to only 50 respondents who are part of customers of PT. Cahaya Kreasi Utama, Medan.
5. Questionnaire respondents are limited to 21-70 years old.

### **1.3 Problem Formulation**

Based on the background of the study, the question that need to be answered in this research are as follow:

1. Does Brand Image have significant influence towards Customer Purchasing Decision at PT. Cahaya Kreasi Utama, Medan?
2. Does Product Quality have significant influence towards Customer Purchasing Decision at PT. Cahaya Kreasi Utama, Medan?
3. Does Brand Image and Product Quality have simultaneously significant influence towards Customer Purchasing Decision at PT. Cahaya Kreasi Utama, Medan?

### **1.4 Objective of the Research**

The objective that the writer aims to achieve in this research are as follow:

1. To find out whether Brand Image has influence towards Customer Purchasing Decision at PT. Cahaya Kreasi Utama, Medan.
2. To find out whether Product Quality has influence towards Customer Purchasing Decision at PT. Cahaya Kreasi Utama, Medan.
3. To find out whether brand image and product quality have simultaneously influence towards customer purchasing decision at PT. Cahaya Kreasi Utama, Medan.

## **1.5 Benefit of the Research**

The benefits of conducting this research are as follows:

### **1.5.1 Theoretical Benefit**

Based on the theoretical benefit, this research is expected to give a benefit to the company about how brand image and product quality can influence customer purchasing decision. This research will also deliver knowledge to the readers on how to improve these two variables in the future.

### **1.5.2 Practical Benefit**

The results of this study are expected to provide benefits for various groups, including:

1. For the company

This research will bring a benefit to the company such as the company will know and understand what is need to do and maintain in order to get customer to purchase the product.

2. For the customers

This research will bring a benefit to the customers such as this research will give them a knowledge on how brand image and product quality can influence customer purchasing decision.

3. For the researchers

This research can be used as a references and additional knowledge for the future researchers particularly in terms of the influence of brand image and product quality towards customer purchasing decision.\

#### 4. For the writer

This research will provide an expanding knowledge about the influence of brand image and product quality towards customer purchasing decision.

