

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the current era of globalization, the economic sector may play a significant role in the development of commercial procedures between quickly developing countries. The information contained in the items we get and use is occasionally advantageous to the manufacturer, but it does not rule out the possibility that it is advantageous to competitors. Competition between companies isn't confined to just one country; it can also occur between multiple companies in different countries. The economic world should be prepared to produce high-quality items at competitive pricing. The increasingly tough competition drives management to keep internal corporate processes running as smoothly as possible and to prevent disruptions in their company processes.

According to current business trends, a corporation might expect a variety of promising business prospects and obstacles. Companies compete with one another to suit the wants of customers. A firm must be able to compete with other changes in order to exist; on the other hand, a company must also understand what customers want in order to satisfy them. To establish a presence in the hearts of consumers, the company must stretch its wings and grow the market.

Consumers are a barometer of a company's performance, because a marketer must be able to meet consumer wants, which will change dynamically with the times, necessitating marketers' sensitivity to every shift in consumer preferences.

Each business must be able to satisfy its clients in order to get a competitive advantage. Every business should try to produce and deliver high-quality goods and services at a reasonable cost. The ability to understand consumer behavior in the target market is important since the company's survival as an entity that attempts to address the needs and wishes of consumers is highly reliant on consumer behavior.

Aloe Vera is a plant species in the *genus Aloe* with thick meaty leaves. This plant is a chronic that originated in the *Arabian Peninsula*, and its wild plants have spread over the world to tropical, semi-tropical, and dry areas. Aloe vera is widely used in agriculture, medicine, and as a decorative plant, and it may even be grown in containers. Aloe vera can be found in a variety of goods, including beverages, skin rubs, cosmetics, and burn treatments. Despite its widespread use, both traditionally and commercially, clinical investigations on aloe vera extract for therapy or beauty have yet to confirm its efficacy or safety.

Wong Coco Group began operations in 1986 with the formation of PT. Keong Nusantara Abadi, which makes escargot (snail meat), the majority of which is shipped internationally. In *Natar, Lampung*, the first escargot processing plant was established. Snail meat, which was once unappealing to the Indonesian, became a beloved and luxurious delicacy for the international community.

Aside from escargot, which is well-known throughout the world, particularly in France and Canada, PT. Keong Nusantara Abadi is trying to expand other food and beverage lines, such as *Nata de Coco, Aloe Vera, Palm Fruits, Jelly, Ice Bon-Bon, Grass Jelly, Soursop Juice, Ice Coffee, Baby Corn, Sweet Corn, Fermented Bean Curds, Pudding*, etc.

Table 1.1 Data Award Top Brand Award of the Year (2018 – 2021).

<i>TOP BRAND INDEX</i>				
Brand	Year			
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Inaco	45.50%	57.90%	59.60%	60.10%
Wong Coco	29.60%	27.60%	24.50%	23.60%
Kara	13%	9.10%	10.10%	11.50%
Cocona	6.20%	5%	5.50%	4.80%

Source : <https://www.topbrand-award.com>

Based on Top Brand Index data for the 2018-2021 period, Wong Coco's products are in second place with a number of percentage points that are quite far from the company's competitors *Inaco* every year. Where every year the number owned by Wong Coco is quite decreasing, while *Inaco* is increasing the number of percent that it has every year. As for the market competition within the company, Wong Coco is also no less competitive by releasing their newest products with varied variants to make them attractive to be purchased by consumers.

Brand image must be based on excellent planning and marketing, not recklessly, because there is an indirect responsibility to consumers. This is for branding purposes so that it is remembered by the general audience. The most crucial aspect of branding is that it is carried out consistently. This is also reinforced by the product's quality, which has an overall advantage based on the customer's subjective assessment. Not only can the brand impact a customer's contentment, but the product's quality is also a role in consumers' purchasing decisions. One of the most significant marketing tactics is quality.

Table 1.2 Data Result on Sales of Wong Coco Products in Medan

Product	Year			
	2018	2019	2020	2021
Nata de Coco	195,000,000	205,000,000	216,000,000	208,000,000
Jelly Ice Bon Bon	202,000,000	215,000,000	207,000,000	218,000,000
Palm Fruits	198,000,000	202,000,000	211,000,000	207,000,000
Aloe Vera	205,000,000	219,000,000	208,000,000	212,000,000
Grass Jelly	191,000,000	208,000,000	220,000,000	215,000,000

Source : Sales Report Wong Coco Medan.

The percentage results of Wong Coco sales in Medan show that sales for the last 4 years took from 2018 to 2021, sales of these products experienced ups and downs, this certainly greatly determines consumer satisfaction, because it is suspected that product quality is very important in determining consumer satisfaction. Consumer satisfaction is needed by companies to remain ahead in long-term competition.

Product quality refers to the belief that the seller's product has a higher selling value than rival products. As a result, the company tries to focus on product quality and compare it to competitor companies' products. Consumers will enjoy and be delighted with things that are of sufficient quality. In customer purchase decisions, quality is extremely essential. When a product's quality is good, customers are more likely to buy it again. Meanwhile, if the quality of the product is not as expected, consumers will divert their purchases to other similar products.

Wong Coco Group takes pride in the high quality of its products. Consumers of Wong Coco's products and packaging have a high level of trust in this. Customers

are more likely to have a deep link with a firm if the quality is high. In the long run, such a link allows a corporation to fully comprehend a customer's expectations and demands. As a result, the company can improve customer satisfaction by maximizing the negative customer experience.

One of the company's techniques for grabbing customers' attention is to improve the quality of its products. Consumer satisfaction is influenced by brand image and product quality, both of which have an impact on customer loyalty. According to the findings of earlier studies, loyalty does not simply exist. Because a consumer management plan is required in order for the company to compete with its competitors.

According to Hestanto (2015), brand image is composed of two main elements:

1. *Physical factors*, which are the brand's physical characteristics, such as design, packaging, logo, brand name, function, and product usability, and
2. *Psychological factors*, which are formed by consumers' emotions, beliefs, values, and personality when describing the brand's product.

What people think and feel about a brand is intimately tied to its image. As a result, psychological variables affecting brand image are more essential than physical aspects affecting certain brands.

The increasingly fierce business competition has an impact on a company in maintaining market share. The success of the company can be seen from the

number of consumers who come to buy and enjoy its products. Marketers really expect to be able to retain their customers for a long time. Because if the company has a loyal customer, then it can be a very valuable asset for a company. Customer interest in buying a product can be influenced by several factors. These factors will be used as a consideration for someone to decide to make a purchase. The stage of a person's inclination or consideration to take an action before the person actually decides to make a purchase is called buying interest. With so many various products in the market share, consumers are increasingly spoiled for a wide choice of existing products, this is one of the reasons why every company must have a brand image in building its products, brand image is a perception and belief made by consumers, such as reflected in associations that occur in consumer memory. Meanwhile, according to Hamidah and Anita (2013) said that brand image is a very important thing to be considered by the company, through a good brand image, it can lead to emotional value in consumers, where positive feelings will arise when buying or use a brand. On the other hand, if a brand has a bad image in the eyes of consumers, it is unlikely that consumers will buy the product.

Product quality, according to Prasetyo (2017), is a viable strategy weapon for beating competitors. Quality products' capacity to perform a variety of duties, such as durability, reliability, precision, and ease of use.

According to Ananda Dwithar Yuniar et al in (*Book Chapter of Digital Literacy: Trends, Challenges and Opportunities*) (2021), purchase decision is Consumers make a series of decisions before buying products or using services

given by a firm. Internal elements from within and external factors from the environment around consumers impact a sequence of choices.

A person's attitude toward buying or using a product in the form of products or services that are considered to please him or her, as well as the readiness to accept the dangers that may ensue, is referred to as a purchase decision. Every day, consumers make purchase decisions. Marketers must understand what factors consumers evaluate while making purchasing decisions. A method of evaluating and selecting from various possibilities in line with certain interests, with the goal of determining the most profitable option.

Due to several factors such as high competition in the market, and also the company must further improve product quality and internal matters within the company and create more varied products to attract interest from consumers so that consumers feel satisfied and generous with Wong Coco's products. As for the influencing factors in this study, the author will focus on two main variables in the research, which are brand image and product quality. The author realizes that brand image and product quality affect the dependent variable which known as customer purchase decision. In this research, we will focus on the products issued by Wong Coco. Based on the background of the problems described above, the authors are interested in conducting research with the title “ **The Influence of Brand Image and Product Quality on Customer Purchase Decision at Wong Coco.** ”

1.2 Problem Limitation

Based on the background and identification of the problems to be discussed in this research are as follows:

1. The research objects are limited to Wong Coco
2. This research uses two (2) independent variables, which are; Brand Image and Product Quality, along with one (1) dependent variable is Customer Purchase Decision.
3. The first independent variabel X1 is Brand Image, whose the indicators are; Advantages of Brand Associations, Strength of Brand Associations and Uniqueness of Brand Associations.
4. The second independent variabel X2 is Product Quality, whose the indicators are; Performance, Features, Realibility, Compliance with Specifications, Durability, Serviceability, Esthetics and Perceived Quality.
5. The dependent variable Y is Customer Purchase Decision, whose indicators are; Product Selection, Brand Selection, Selection of the Distribution, Time of Purchase, Purchase Amount and Methods of Payment.

1.3 Problem Formulation

Based on the background of the research, the formulation of the problems in this research is as follows:

1. Does brand image influence the customer purchase decision at Wong Coco?
2. Does product quality influence the customer purchase decision at Wong Coco?
3. Do brand image and product quality simultaneously influence the customer purchase decision at Wong Coco?

1.4 Objective of the Research

1. To evaluate the brand image at Wong Coco.
2. To evaluate the product quality at Wong Coco.
3. To find out the influence of brand image and product quality on customer purchase decision at Wong Coco.

1.5 Benefit of the Research

The benefit of this research are as follows:

1.5.1 Theoretical Benefit

This report's are given a new information and contribution of the knowledge about the marketing theory in terms of the influence of brand image and product quality of consumer purchase decision.

1.5.2 Partical Benefit

1. For the writer, this research hopefully could be useful and give deeper understanding of knowledge and experience about the variable of brand image and product quality on consumer purchase decision.
2. For Wong Coco, this research can be used by companies to improve their internal and external factors about the brand image and product quality of consumer purchase decision.
3. For other researchers, this research can be useful to became a reference for academic and future research that in the similar topic.