

# **CHAPTER I**

## **INTRODUCTION**

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

According to Investopedia (2021), A marketing mix includes multiple areas of focus as part of a comprehensive marketing plan. The term often refers to a common classification that began as the four Ps: product, price, placement, and promotion. Effective marketing touches on a broad range of areas as opposed to fixating on one message. Doing so helps reach a wider audience, and by keeping the four Ps in mind, marketing professionals are better able to maintain focus on the things that really matter. Focusing on a marketing mix helps organizations make strategic decisions when launching new products or revising existing products.

According to Investopedia (2021), Marketing refers to activities a company undertakes to promote the buying or selling of a product or service. Marketing includes advertising, selling, and delivering products to consumers or other businesses. Some marketing is done by affiliates on behalf of a company. Professionals who work in a corporation's marketing and promotion departments seek to get the attention of key potential audiences through advertising. Promotions are targeted to certain audiences and may involve celebrity endorsements, catchy phrases or slogans, memorable packaging or graphic designs and overall media exposure.

According to Mothersbaugh (2019), the marketing mix is used to design a marketing plan, which includes identifying the features, prices, communications, distribution, and services that will give customers with the best overall value for their money. It's common to refer to the full set of qualities as the total product. Individuals and households are constantly processing information and making decisions to preserve or improve their quality of life or performance, thus the entire product is presented to the target market (businesses and other organizations).

Purchasing choices are actions performed by customers to pick and acquire items offered by the business after through many procedures, such as the need identification process, information search, and option evaluation. According to Zaldman and Melanie Wallendorf (1979) as cited in Shinta (2018), consumer behavior refers to the actions, processes, and social relationships exhibited by individuals, groups, and organizations in the acquisition, utilization, and subsequent experience with products, services, and other resources.

Promotion is a marketing activity used by businesses to expose prospective clients to their goods. According to Firmansyah and Fattudin (2017), promotion is the act of announcing a product or service that will be supplied to prospective customers who represent the target market. Promotional activities should ideally be conducted continuously via many media that are deemed successful and can reach the market, including both print and electronic media, although the decision depends on the target market.

Service quality is the degree of service that satisfies the needs and expectations of consumers. According to Kotler (2008) as cited in Ilhamalimy and

Mahaputra (2020), a service is any action or activity that may be performed by one party to another and that is primarily intangible and does not result in ownership. While Moenir (2008) and Mahaputra (2020) in Ilhamalimy and Mahaputra (2020) define service as a sequence of acts that occur routinely and constantly, service encompasses the lives of all members of society. This indicates that service is associated with the recipient's inner pleasure..

PT. Jaya Sukses Abadi Kramika Medan is a company engaged in the sale of ceramics under the Milan, Habitat and Hercules brands, having its address at Jalan Krakatau Simpang Bukit Barisan No 88 D-E Medan. The company in the last few months had unstable sales and showed a decline. The condition of the company's sales that experienced a decline showed a decrease in consumer purchasing decisions that occurred at this time.

**Table 1.1 Sales Data of PT Jaya Sukses Abadi Kramika Medan**

| No | Months    | Sales Target   | Year           |                |                |
|----|-----------|----------------|----------------|----------------|----------------|
|    |           |                | 2019           | 2020           | 2021           |
| 1  | January   | 1,250,000,000  | 1,132,500,000  | 1,036,500,000  | 932,500,000    |
| 2  | February  | 1,250,000,000  | 1,122,000,000  | 1,020,000,000  | 920,000,000    |
| 3  | March     | 1,250,000,000  | 1,150,000,000  | 1,032,000,000  | 980,000,000    |
| 4  | April     | 1,250,000,000  | 1,145,450,000  | 1,025,470,000  | 1,201,250,000  |
| 5  | May       | 1,250,000,000  | 1,135,650,000  | 1,221,550,000  | 1,201,565,000  |
| 6  | June      | 1,250,000,000  | 1,123,500,000  | 1,120,500,000  | 1,021,500,000  |
| 7  | July      | 1,250,000,000  | 1,005,000,000  | 1,005,000,000  | 950,000,000    |
| 8  | August    | 1,250,000,000  | 941,200,000    | 941,200,000    | 941,200,000    |
| 9  | September | 1,250,000,000  | 943,400,000    | 943,400,000    | 904,340,000    |
| 10 | October   | 1,250,000,000  | 1,102,500,000  | 907,500,000    | 906,900,000    |
| 11 | November  | 1,250,000,000  | 1,036,250,000  | 936,960,000    | 936,250,000    |
| 12 | December  | 1,250,000,000  | 902,350,000    | 902,850,000    | -              |
|    | Total     | 15,000,000,000 | 12,739,800,000 | 12,092,930,000 | 10,895,505,000 |

Source: PT. Jaya Sukses Abadi Kramika Medan, 2019-2021

From table 1.1, sales in the company are unstable and show a decline in sales from the set targets. The decline in sales occurred from 2019 to 2021 and

shows the decline in customer purchasing decisions that occur in the company at this time.

In the current promotion, PT. Jaya Sukses Abadi Kramika Medan does not do a good promotion to introduce the product to consumers. Promotional activities that are not routinely carried out make customers less interested in the ceramic products sold by the company. The following is data on promotional activities in the company.

**Table 1.2 Promotion Activity of PT. Jaya Sukses Abadi Kramika Medan**

| Type of activity                                     | Promotion media                             | Quantity                              | Promotion Time                      | Promotion Goal |
|--|---|---------------------------------------|-------------------------------------|----------------|
| Ceramic price discount promotion                     | Whatsapp Direct, Brochure                   | Only for new ceramic products         | Every beginning and end of the year | Ceramic user   |
| Ceramic Exhibition in building materials supermarket | Live exhibition at Mitra 10, Building Depot | Only for the highest selling products | Every 6 months                      | Ceramic user   |
| Annual Calendar Award                                | Sending calendars to customers              | For purchases above 50 million rupiah | Every beginning and end of the year | Ceramic user   |

Source: PT. Jaya Sukses Abadi Kramika Medan, 2019-2021

In table 1.2, the promotions carried out are only for price cuts, ceramic exhibitions and calendar distributions with a duration of 6 months for exhibitions and at the beginning and end of the year. Promotions that are carried out are only targeted at direct users and only for certain new types. Promotions that are not consistently executed are unsuccessful, and only promotions that are typical for new items and promotions from direct messaging and brochures are prioritized.

In addition, the service quality of PT. Jaya Sukses Abadi Kramika Medan impacts the purchasing choices of customers. The degree of service delivered to clients who purchase a company's goods is the service quality. As a type of

corporate assistance, these services are offered to consumers to assist them in resolving complaints and other issues. Service issues are not tough nor complex, but if they are ignored, they might lead to things that are susceptible due to their sensitivity.

Service quality at PT. Jaya Sukses Abadi Kramika Medan, which is still unsatisfactory, is evident from the amount of Habitat ceramic product complaints the firm has received in the previous few months. Service quality has always been an indicator of the company's capacity to serve its clients when they purchase things. With inadequate treatment, it is inevitable that complaints would persist. The corporation has not yet offered a remedy for the recurring issue that is the source of customer complaints. With continued complaints, it will create a bad image in the Habitat brand to gain customer trust. To clarify this problem, customer complaint data will be displayed.

**Table 1.3 Complaint Data of PT Jaya Sukses Abadi Kramika Medan**

| Month/Year | Total Complaints |      |      | Complaints Problems   |
|------------|------------------|------|------|---|
|            | 2019             | 2020 | 2021 |   |
| January    | 5                | 5    | 1    | 1. Error in billing<br>2. The delivery car is damaged<br>3. There is a bottleneck in the distribution process<br>4. The number of items ordered is different from what was received<br>5. Ordering ceramics that are not on schedule<br>6. Invoicing error<br>7. Long processed returns<br>8. Delivery car damage<br>9. The employee did not provide the correct amount of the bill<br>10. Employees speak impolite |
| February   | 6                | 4    | 1    |   |
| March      | 2                | 2    | 4    |   |
| April      | 2                | 3    | 6    |   |
| May        | 4                | 2    | 4    |   |
| June       | 2                | 4    | 4    |   |
| July       | 3                | 2    | 5    |   |
| August     | 2                | 3    | 4    |   |
| September  | 3                | 4    | 4    |   |
| October    | 2                | 2    | 4    |   |
| November   | 4                | 1    | 2    |   |
| December   | 2                | 1    |      |   |
| Total      | 37               | 33   | 39   |   |

Source: PT. Jaya Sukses Abadi Kramika Medan, 2019-2021

From Table 1.3 the service quality of PT. Jaya Sukses Abadi Kramika Medan is still not good so that customer complaints every month cannot be handled properly and are increasing. The highest number of complaints occurred in 2019 as many as 37 complaints until 2021 as many as 39 complaints from customers with long processing returns, damage to delivery cars, employees not providing the correct amount of invoices, employees speaking impolite.

Based on this discussion, the writer decides to conduct research entitled **“The Effect of Promotion and Service Quality towards Customer Purchase Decision at PT Jaya Sukses Abadi Kramika”**

## **1.2 Problem Limitation**

In this research, the writer will focus on the service quality and promotion on customer purchase decision at PT Jaya Sukses Abadi Kramika as the main problem of this study. In this case promotion and service quality and as the independent variable (x) and customer purchase decision as the dependent variable (y).

Indicator for promotion is 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 service quality are from Parasuraman et al in Fahtia Virdha (2017), which include reliability, responsiveness, assurance, empathy, tangible. 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 about the promotion at PT Jaya Sukses Abadi Kramika?
- b. How is service quality at PT Jaya Sukses Abadi Kramika?
- c. How is the customer purchase decision at PT Jaya Sukses Abadi Kramika?
- d. Does promotion have effect on customer purchase decision at PT Jaya Sukses Abadi Kramika?
- e. Does service quality have effect on customer purchase decision at PT Jaya Sukses Abadi Kramika?
- f. Do promotion and service quality have effect on customer purchase decision at PT Jaya Sukses Abadi Kramika?

### 1.4 Objectives of the Research

The objectives in doing this research are as follows:

- a. To describe about promotion at PT Jaya Sukses Abadi Kramika.
- b. To explain service quality at PT Jaya Sukses Abadi Kramika.
- c. To evaluate customer purchase decision at PT Jaya Sukses Abadi Kramika.
- d. To analyze whether promotion on customer purchase decision at PT Jaya Sukses Abadi Kramika.
- e. To determine whether service quality on customer purchase decision at PT Jaya Sukses Abadi Kramika.
- f. To investigate promotion and service quality effect on customer purchase

decision at PT Jaya Sukses Abadi Kramika.

## **1.5 Benefit of the Research**

Benefits of this research can be listed as follows:

### **1.5.1 Theoretical Benefit**

The findings of this study are anticipated to add to the revision of current theories relevant to the factor promotion, service quality, and customer purchase decision.

### **1.5.2 Practical Benefit**

The practical benefit of this research is as follows:

- a. For the writer, the findings of this study will add to intriguing hypotheses about promotion and service quality, as well as their effect on customer purchase decision.
- b. For PT Jaya Sukses Abadi Kramika, 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.