

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Marketing in its finest, purest, and greatest form is more essential than ever before. Today's world is saturated in innovative goods, services, technology, business models, and solutions, to name a few. To generate sales and benefit, these new items must be pushed and advertised. Innovation cannot sustain a business on its own; it must be combined with marketing. One of the biological necessities is for refuge. House as a place to live, aside from clothes and food. Every human being requires a place to live and a place for family gatherings, as well as a means of investing. Housing, or so-called property, is a business sector that is very appealing to developers. This condition is characterized by an excessive number of companies supplying accommodation for citizens' households. The more housing companies, the higher the rate of competition for developers to sell their goods to customers. Company agents must compete with others to produce and sell their products to satisfy the needs and wants of customers (Silaban & Hikmah 2020).

According to Herlambang (2014:62), as referred to in Samosir et al. (2020), A purchase decision is an action that is immediately involved in acquiring, consuming, and spending services and products, such as predating and following decisions.

According to Alma (2012: 63), as stated in Menterek et al. (2017), A purchase decision is one made by a customer who is impacted by culture, social

class, family, and group references, which establish an attitude in the person and lead to a purchase. Companies must pay attention to essential factors such as purchase decisions in order to determine which marketing plan to apply. The appropriate strategy may assist businesses in identifying client needs and desires.

According to Martha et al. (2019), Promotion is an activity taken by a firm to complete the marketing plan by informing customers about the applications and qualities of the products offered. A successful and effective marketing plan will attract and retain more customers while also improving purchase decisions. Marketers must stay up with current developments in order to meet the needs of their customers.

Service quality is an important factor that businesses must address since it has a significant influence on sales and income. According to Peter and Oleson (2000: 142), cited in Yazid and Hidayat (2020), the quality of service influences consumers' decisions on whether or not to purchase a product. Good communication is also an important aspect of service quality that may earn clients' confidence. The quality of service defined the entire firm since customers assumed that the product would most likely be the same as the quality that the company provided to them. Customers who were dissatisfied with the service will not purchase the goods, causing the company's reputation to suffer.

Nowadays, the growth of the housing sector in the country is growing very rapidly due to public demand for suitable housing with the level of need Selawati & Rosa, (2017). According to data taken from the Central Agency on Statistics (BPS) of Serdang Bedagai Regency for 2020 the total population has reached

657,490 people. As the population of Serdang Bedagai Regency grows, so does the need for houses. On the other side, the availability of land to live on is becoming increasingly limited, resulting in higher land and housing costs. As a result, many people who cannot afford to buy a house may only afford to rent one. The necessity for housing for Serdang Bedagai population motivates housing (property) developers to produce more realistic and affordable housing alternatives.

Housing development is also part of a series of national development efforts, especially in the field of people's welfare which is directed to improve the quality of life of the community in general and families in particular (Rahmadani. 2015).

In today's advanced developments, the house is not only a place to live, but also as a sign of a person's social status. This is the rationale for business developers to meet consumer needs, desires, and expectations so that there is a consumer interest in owning a modern home and improving their social status, so many developer companies offer safe housing and have complete facilities to make it easier consumers to carry out their activities. Many companies engaged in the developer sector have sprung up, especially in North Sumatra Province

PT. Serdang Permai Mandiri is a subsidized housing company located in Desa Sei Rampah Kec. Sei Rampah, Kabupaten Serdang Bedagai, Sumatera Utara, that sells subsidized houses of type 36. Subsidized housing is a property with an affordable price where the buyer is given the option to apply for KPR, and this type of housing is aimed at individuals with lower incomes (or called as *MBR*) so that they may still buy a house without worrying about the price.

Table 1.1 Comparison between PT. Serdang Permai Mandiri and Its Competitor (PT. Suluh Pembangunan Sejahtera)

	PT. Serdang Permai Mandiri	PT> Suluh Pembangunan Sejahtera
Type of house	36 (6x6M ²)	36 (6x6M ²)
Land area/house	72M ²	78M ²
Design		
Price	Rp. 150.500.000,- Include : 1. Insurance 2. Purchase Deed (AJB) 3. Contract fee 4. Duty on the Acquisition of Land and Building Rights (BPHTB) 5. Ownership Title Fee (BBN)	Rp. 150.500.000,- Include : 1. Insurance 2. Purchase Deed (AJB) 3. Ownership Title Fee (BBN)
DP	Rp. 1.500.000	Rp. 7.500.000
Facility	1. Kitchen 2. Hall 3. Spacious yard 4. Two lanes on the housing main road	1. Spacious yard 2. Strategic location

Source : Prepared by the Writer (2022)

Table 1.2 Data of Purchasing Decision in PT Serdang Permai Mandiri

	Total House Sold (2019)	Total House Sold (2020)	Total House Sold (2021)
Term 1 (Jan-March)	10	12	3
Term 2 (Apr-June)	15	5	9
Term 3 (July-Sept)	9	2	6
Term 4 (Oct-Dec)	11	2	4
Total	45	21	22

Source : Data Processed by The Writer (2022)

According to the data above, the total house sold in 2019 remained stable, with term 2 having the greatest sales (15 units sold). In early 2020 (term 1), their

sales were remained stable, but from term 2 to term 4, there was a huge fall as a result of the COVID-19 epidemic, during which the Indonesian economy sank and people were more concerned with how to live in this era of economic disaster. In 2021, term 2 sales increased as a result of Indonesia's economic recovery, but term 3 and term 4 sales declined again.. A decrease in the range of houses sold indicates a lower in purchasing decisions. Some factors that would influence this problem consist of promotion and service quality. These factors play an important component in attracting customer interest until they decide whether or not to purchase the product.

Based on the following explanation above, the writer aims to perform a study titled "**The Influence of Promotion and Service Quality Towards Purchasing Decisions at PT Serdang Permai Mandiri, Serdang Bedagai**"

1.2 Problem Limitation

According to the writer's research, this study has limited sources in promotion and service quality as independent variables and purchasing decision as dependent variables at PT. Serdang Permai Mandiri in Desa Sei Rampah, Kec. Sei Rampah, Kabupaten Serdang Bedagai, Sumatera Utara. The data will be retrieved by administering a survey to each existing customers and potential customer who occurs to come into the office with some characteristic applied; this approach is known as purposive sampling, and the data analysis tool will be multiple linear regression using SPSS. The time distribution is from 1st March 2022 until 1st May 2022.

1.3 Problem Formulation

Based on the study's background, the writer may have a problem formulation such as:

1. Does Promotion Partially have influence towards Purchasing Decision at PT Serdang Permai Mandiri, Serdang Bedagai?
2. Does Service Quality Partially have influence towards Purchasing Decision at PT Serdang Permai Mandiri, Serdang Bedagai?
3. Do Promotion and Service Quality simultaneously have influence towards Purchasing Decision at PT Serdang Permai Mandiri, Serdang Bedagai?

1.4 Objective Of Research

Understanding the important role of promotion and service quality impacts the purchasing decision at PT Serdang Permai Mandiri is the main goal of this research. It is hoped that the conclusion of this research will result in a better understanding of how promotion and service quality influence purchase decisions.

Hence, the purposes of this study are :

1. To know how promotion partially can influence purchasing decision at PT Serdang Permai Mandiri, Serdang Bedagai
2. To investigate how service quality partially influences purchase decisions at PT Serdang Permai Mandiri in Serdang Bedagai.
3. To analyze whether promotion and service quality simultaneously has influence Purchasing decision at PT Serdang Permai Mandiri, Serdang Bedagai.

1.5 Benefits of The Research

The benefits of conducting this research are as follows:

1.5.1 Theoretical Benefits

The research is expected to benefit the company by revealing how their promotion and service quality influence purchasing decisions, how ineffective promotion and poor service quality can reduce sales and vice versa, and how this research will contribute to the development of the hypothesis of the influence of promotion and service quality on purchasing decisions. As a consequence, it can broaden the writer's comprehension and improve future educational discussions on related issues.

1.5.2 Practical Benefits

1. This research will offer information to the company about how customer purchase decisions might be influenced by promotion service quality, especially in the marketing department.
2. Employees need to understand from this research how their promotion and service quality can influence purchasing decisions in order to provide the best promotion and service to the client.
3. For researchers, this study might serve as a reference for doing a study on related issues.