

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The development of increasingly modern era makes the increasing human needs. The growing human needs along with the variety of changes that are occurring now, especially the socio-economic conditions of society. For a company to achieve long-term goals, emotional management should first determine the means to be achieved through various marketing strategies (Barrett, 2019).

The purchase decision is a concept in behavior purchase where the customer decides to act or do something and, in this case, make a purchase or utilizing certain products or services. Decision-making the customer is basically a process of problem solving. Researchers using the decision variables of this purchase because still worth to be researched given the number of outstanding products resulted in the need for different consideration for the community in making purchasing decisions. Most customer s, both individual customer and organizational buyers through almost the same mental process in deciding the product and what brand to buy (Yulindo 2019). Customer purchasing decisions can be done if the product is in accordance with what is desired and customer s need.

PT Sumber Waja Abadi established in 1976, is a national leading supplier of industrial pumps and supporting technologies in Medan. PT Sumber Waja Abadi strives to meet our customer's fluid transfer application needs by providing

solutions to some of the world's toughest application challenges that customer face today. PT Sumber Waja Abadi provides the best pumping solutions that will positively impact our customers. PT Sumber Waja Abadi features some of the world-class pump brands that deliver a positive impact within our customer's fluid transfer space. Some of these premier brands include SIHI (Europe), which specialises in Centrifugal Pumps, Liquid Ring Vacuum Pumps, Dry Vacuum Pumps and Systems. Wilden (USA), Which is the leader in air operated double-diaphragm pumps. Tsurumi (Japan), which is one of the Japan's leading manufacturer of submersible pumps, Garlock (USA) which is multinational manufacturer of high-performance fluid sealing and pipeline solutions with an emphasis on safety, longevity, and productivity.

PT Sumber Waja Abadi is a family company led by two generations. In this company, placing several good family members in several vital divisions that play an important role in the company's operations. Since its establishment the first time with a focus on vision & mission has always been committed to providing the best quality with a focus on developing construction raw materials.

PT Sumber Waja Abadi experienced a decrease in purchasing decisions which resulted in a decrease in sales every year. The following is sales data of PT Sumber Waja Abadi.

**Table 1. 1 Sales Data of Niagara Pompa PT Sumber Waja Abadi
2019-2021**

Year	Total Sales
2017	511.784.000
2018	469.653.000
2019	347.851.000
2020	401.845.000
2021	397.000.500

Sources: PT Sumber Waja Abadi (2022)

Table 1.1. show that the level of sales from 2017 until 2020 has decreased every year while in 2021 an increase. This reflects the decline in purchasing decisions at PT Sumber Waja Abadi.

Michaelis (2018) define brand image as customer perceptions formed in their memory as reflected by brand association. The association of brand image that customer s have in their mind about a brand includes symbolic meaning and function, which are either tangible or intangible quality aspects of the attributes of goods or services. As such, brand image can affect how a brand is perceived by customer s in terms of quality and determine their attitudes and affection toward a brand and becomes more critical when customer s must choose a brand over other competing brands.

Niagara Pompa began to decline a positive image. This is due to many complaints from customer s related to the pump products *Niagara* associated with the constraints of the pump Falls can quickly be known as submerged in water entirely, the cost of the purchase of the *Niagara Pompa* is higher than the pump is non-submersible pump, *Niagara* is not able to be used for all purposes, the sound of the pump which is sometimes noisy. In addition, brand image, which decreases also due to the distribution of a poorly applied with optimal by the company. This is due to many delays in delivery to the customer that lead to disappointment.

Personal selling is an integral part of promotion mix. It involves face to face interaction with prospective buyers for presenting goods and services and convincing them to make a purchase. Personal selling efforts comprises connecting, engaging and persuading buyers to satisfy their needs or problems in most effective way. It is direct and personal communication to influence prospective buyers to make a purchase decision.

Personal selling pump products Niagara on the company PT Sumber Waja Abadi that is less than optimal, it is reflected in the achievement of sales target given by the company. This is due to the staff of personal selling are less able to communicate well to the customer and provide superior service and optimal when the customer makes a complaint. The number of Personal selling products for Niagara less experienced so that less able to attract and encourage customer s to make purchases in large quantities.

Customer satisfaction is defined as a measurement that determines how happy customers are with a company's products, services, and capabilities. Customer satisfaction information, including surveys and ratings, can help a company determine how to best improve or changes its products and services.

The level of customer satisfaction at PT Sumber Waja Abadi has decreased, causing a decrease in re-purchases. This decrease in customer satisfaction is related to the service system that is still not fast, the management of long returns, the information provided is less valid, often causing customer disappointment related to promotional programs that have not attracted customer interest and then about the quality of products that have decreased.

Based on the above explanation, the writer decides to conduct a research entitled **“The Effect of Brand Image, Personal Selling and Customer Satisfaction on Purchase Decision at PT Sumber Waja Abadi”**.

1.2 Problem Limitation

Due to limitation of time and budget this research focuss to Coffeenatics that brand image (X_1), personal selling (X_2), customer satisfaction (X_3) and purchase decision (Y). PT Sumber Waja Abadi located in Jl. Jl. Pandu No.20/41, Ps. Baru, Kec. Medan Kota, Kota Medan, Sumatera Utara 20212. The population in this study were all *Niagara Pompa* cos who made purchase transactions in 2020, which amounted to 148 customers. Population customers are customers who have made repeat purchases for > 1 year.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions, follows:

1. Does brand image have effect on purchase decision at PT Sumber Waja Abadi?
2. Does personal selling have effect on purchase decision at PT Sumber Waja Abadi?
3. Does customer satisfaction have effect on purchase decision at PT Sumber Waja Abadi?
4. Do brand image, personal selling and customer satisfaction have effect on

purchase decision at PT Sumber Waja Abadi?

1.4 Objective of the Research

Based on the problem formulation the objectives of this research are:

1. To analyze whether brand image has partial effect on purchase decision at PT Sumber Waja Abadi.
2. To discover whether personal selling marketing has effect on purchase decision at PT Sumber Waja Abadi.
3. To analyze whether customer satisfaction has partial effect on purchase decision at PT Sumber Waja Abadi.
4. To investigate whether brand image, personal selling and customer satisfaction have effect on purchase decision at PT Sumber Waja Abadi.

1.5 Benefit of the Research

The writer expects that this research can give benefits both theoretically and practically.

1.5.1 Theoretical Benefit

The research result can be used to expand, improve and develop the relevant theories especially in the brand image, personal selling and customer satisfaction and its effect towards purchase decision.

1.5.2 Practical Benefit

The practical benefits on this research are:

1. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge about brand image, personal selling and customer satisfaction and purchase decision.

2. For the company

To provide useful suggestion for the company in increasing purchase decision especially improving the brand image, personal selling and customer satisfaction.

3. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.

