

# CHAPTER I

## INTRODUCTION

### 1.1. BACKGROUND OF THE STUDY

PT. Soman Indonesia was established for obtain the profit and achieve the financial goals. The company profit is strongly influenced by the results of the operations such as from sales. Sales is an activity to sell products to consumers to get the profit. High and low sales ability can influence by the product and the sales promotion carried out by the company.

Company currently cannot be run only on intuition but must go through good management and appropriate marketing. The right marketing cannot work without good communication from the company that is conveyed to consumers because communication and marketing are inseparable. Talking about communication in marketing means discussing how the influence of communication in marketing and how relevant they are, with the good communication it will facilitate the implementation of marketing.

Business in this field is very rapidly developing in Indonesia, especially in Medan. Herbal medicine is a primary need to support all the needs of the human body. Therefore, companies engaged in selling herbal medicine are very developed. Business in the field of herbal medicine is also able to absorb a lot of labor so that it can reduce unemployment.

PT. Soman Indonesia is a family business which was founded in 2009 by Mr Riyanto and now managed by Mr Riyanto and his son. PT. Soman Indonesia is provider of quality herbal medicine. PT. Soman Indonesia is located on Jalan Labu II, No 20, Medan Petisah, North Sumatra. PT. Soman Indonesia is a company that care about consumers health, cooperates with several shops and companies, making the soman company more targeted by consumers. Through this research, the writer

will analyze the brand image that influence the purchasing decisions of Soman herbal medicine. In order to support its operational activities, the company established several product sales points to reach customers directly. The sales point is called “Soman House.”

The interest in brand selection on the company's products is also because the company produces herbal medicine more of the Soman brand. At an affordable price, consumers can get the herbal medicine with good quality. The phenomenon that occurs at this time is the herbal medicine at PT. Soman Indonesia has always been a mainstay of sales. It can be seen from the sales volume on 2014- 2018 in Medan. This can be seen in the following table:

**Table 1.1**  
**Company Sales Data for 2014- 2018**

Tahun	Penjualan/Botol (15 ml)
2014	9782
2015	14580
2016	19850
2017	19897
2018	19578

Sumber : Rumah Soman Medan, 2019

From the table, it can be seen that sales in 2014 - 2016 increased significantly, but in 2017-2018 the sales is not significant. When the writer interviewed the branch manager of PT Soman Indonesia in Medan, the problem is that the advertising activity had been increasing year to year but the sales in last two years nor increasing or decreasing; and the sales did not reach the specified target because there are many competitor, who promote similar product in the market.

One of the factors that is thought to be the cause of purchasing decisions is the perceived value. Value in a product is important in a sale. Value reflects a number of benefits, both tangible and intangible. Consumers will buy a product that is offered if the product provides value or usability in accordance with the wishes of consumers. Sozo Formula

Manggata 1 (Soman) Contains 39 natural ingredients consisting of selected vegetables, fruits and spices such as: Pineapple, mango, avocado, mangosteen, noni, papaya, kidney beans, chicory, spinach, black cumin, cinnamon, pasak bumi, garlic, manggata (grass puzzle) juice from Gorontalo plants, and many others that can help fulfill the reader nutrition every day.

The result of the combination of traditional ingredients produces various essential substances that are very beneficial for the health of the human body so that every drop of Soman contains multivitamins (A, C, E, K), essential and non-essential amino acids, EPA, DHA, and Omega (3.6 , 9) and minerals that are good for your body. Soman's phytonutrients also function as antioxidants, antibacterial, anti-inflammatory, anti-inflammatory, and antiviral, and Soman has a pH 9+ level that is able to ward off disease, expedite the circulatory system, optimize the digestive system, improve the body's metabolic system and maintain endurance and health. The workings of Soman are divided into three stages, namely helping to regenerate diseased, healthy cells, nourishing cells for optimal function. Strong endurance can help ward off various diseases such as degenerative or chronic.

One of the factor that influence the sales is brand image. Brand image is formed from perceived value then provides brand memory that is important to consumers. Brand image can increase value, and as an important basis for differentiating, and able to influence purchasing decisions. In the aspect of brand image, Soman has provided many user testimonials that have improved from the illness or complaint the suffered. Therefore Soman product is a promising and convincing for the consumers. Soman product is increasingly endemic and increasingly known to many people. This can be seen from the increasing sales data per year.

Based on the description that already exists, the authors are interested in conducting research with the title "**The Influence of Brand Image on Customer Purchase Decision at PT. Soman Indonesia**".

## **1.2. PROBLEM LIMITATION**

In this research paper, the writer will focus on brand image and customer purchase decision at PT. Soman Indonesia. Due to the limitation of time, the writer will only focus on brand image as the independent variable (X) which contain recognition, reputation, affinity, and domain as the indicator, and customer purchase decision as the dependent variable (Y) which contain problem information, search information, alternatives evaluation, purchasing decision, and consumers post-purchasing behavior as the indicator. This research will be conducted on consumers at PT. Soman Indonesia.

## **1.3. PROBLEM FORMULATION**

Does the brand image influence the customer purchase decision at PT. Soman Indonesia ?

## **1.4. OBJECTIVE OF THE RESEARCH**

To find out whether brand image influences the customer purchase decision at PT. Soman Indonesia

## **1.5. BENEFIT OF THE RESEARCH**

### **1.5.1. Theoretical Benefit**

The result of this research can be used to expand knowledge, it can be used as a reference to make an essay, and to contribute to the academic, especially regarding brand image and customer purchase decision. And also help the reader to understand more about the influence of brand image on customer purchase decision.

### **1.5.2. Practical Benefit**

- a. For the writer, it helps the writer to understand to make an essay, and also understand the problem research and got the solution, and the

writer can improve knowledge about brand image and customer purchase decision.

- b. For the company , the company will more understand the customers, because from the research tell what company should do to make the customers stay loyal to the company brand, company know better about their performance to the customers, it is already good or still need improve, company know better what customers want, what should they do to improve their quality, what should they do and do not do to the customers, how to make customers satisfaction and also to maintain the customers to stay loyal and the company also will know about how important that customers to the company.
- c. For other research will help the research he is doing, will increase his insight about brand image and customer purchase decision, and as reference for future research on similar areas.

## **1.6. SYSTEM OF WRITING**

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| Chapter I   | Introduction<br>This chapter elaborates background of study, problem limitation, problem formulation, objective of research, and system of writing.   |
| Chapter II  | Literature Review & Hypothesis Development<br>This chapter describes the theories of entrepreneurship, family business, brand image , Customer purchase decision, relationship between brand image and Customers purchase decision, previous research , hypothesis development, research model, framework of thinking |
| Chapter III | Research Methodology<br>This chapter explains research design, population and sample of the research, research object, data collection method and data analysis method.   |

Chapter IV Data Analysis and Discussion

This chapters shows general view of company data analysis and discussion.

Chapter V Conclusion

This chapter presents the conclusion of this research, implication and the recommendation for the company.

