

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Business competition in the world is getting tougher, it causes a lot of businesses that can provide products or services that are useful and by the needs of consumers. The Customer purchase decision is a decision of whether the customer wants to buy from the company or not based on information about the product. Therefore, companies must be able to provide good service to customers so that they can always remember advertisements and the quality of their services. Therefore, currently, there are many ways to promote businesses that are currently running, one of which is advertising to increase customer purchase decisions. Advertising has many roles in conveying messages to the company's target market. Therefore, advertising is one of the important needs for someone to run their business. In addition, there is a brand image that a company needs to maintain. If a company has a good and respected brand image, it will give a good perception to consumers. Currently, brand image is very important because it can define a perception to consumers when considering a brand of a particular product. Furthermore, advertising, service quality and brand image are very important toward customer purchase decision.

These three things must always be there and carried out by every company. One company that requires advertising, brand image, and service quality as an important factor in marketing its products for customers purchase decision in PT

Sumber Medika Indonesia. PT Sumber Medika Indonesia is a company that operates in the sale of medical aids (orthopedics) branded Dr care, Breastlight, Sensi Medical Mask and many more. PT Sumber Medika Indonesia usually sells medical equipment such as syringes, oxygen, medicines, foam, sewing kits, stethoscopes, masks, and others. The company is in Multatuli Blok B complex no 51-52 Medan, North Sumatra. The following is a table of PT Sumber Medika Indonesia customer purchase decision from 2019 until 2021.

Table 1. 1 The number of customers at PT Sumber Medika Indonesia

Months	2019	2020	2021
January	45	55	59
February	30	32	40
March	43	35	66
April	67	77	75
May	80	60	73
June	76	56	78
July	128	78	84
August	130	99	80
September	94	76	72
October	95	56	51
November	120	90	68
December	122	85	71
Total	1030	799	817

Sources: prepared by writer (2022)

Based on the table above, written that the number of customers at PT Sumber Medika Indonesia was the highest in 2019 and reached the lowest number in 2020. Therefore, the author is considering what factors affect the decline in customers buying products from 2020 to 2021. The company can only give the total number of customers that come to purchase products at their company every year. Whether it is based on advertising, brand image, or service quality in the company. The problems faced by PT Sumber Medika Indonesia for its advertising is only

doing it by installing banners and distributing brochures. The installation of banners is done only in the store itself, so it is difficult to increase awareness of new customers. For billboards, the advertising that is carried out only attracts the attention of local people or people who pass by the company, the company does not install billboards like in the city center. For the brochure, the company only distributes product brochures without including the company name or contact number from the company. This makes it difficult for companies to reach new customers. In addition, the company only offers new products by telephone to regular customers, which makes it difficult for the company to get new customers. Therefore, the company carried out a traditional way of advertising and only targets potential customers who buy products from the company. PT Sumber Medika Indonesia does not carry out advertising through newspapers, TV, or radio so of course, it has an impact on customer purchase decisions. Therefore, the advertising conducted by PT Sumber Medika Indonesia has an impact on their customer purchase decisions because of the lack of promotions that the company does for its advertising, so there are still quite a lot of customers who do not know information about the company's products.



PT Sumber Medika Indonesia sells products of high quality and stated that they sell a wide variety of products that can be purchased by the customer. However,

there are only a few variations of the products sold by this company. This makes customers prefer to buy goods from competing companies because they have more product variations. One of the competitor companies is PT Prima Jaya Alkes. These are some of the products sold by the two companies with different product variations.

Table 1. 2 Product comparison of PT Sumber Medika Indonesia

Product	PT Sumber Medika Indonesia	PT Prima Jaya Alkes
Surgical mask	Sensi, Alkindo, Evo 4D, Wingscare	Softies, GEA, Sensi, Solid+, Pokana, KN95 Onemed, Fivecare and We care
Tensimeter	Omron HEM-8712 and citizen	Omron HEM-8712, Omron MC-245, OneHealth KF-65A, Onehealth 3D and General care
Thermometer	Serenity, Microlife and Life resources	Infrared K3X, Omron MC-720, Alpa one, and Omron MC-245
Oximeter	Oximeter XY-010, Micro life and Choicemed	Spirit (kid and adults), Yuwell, CHOICEMed, Omron and Family Dr.

Sources: prepared by writer (2022)

PT Prima Jaya Alkes is one of the competitors of PT Sumber Medika Indonesia which sells quite a complete set of health equipment since 2000. This company has been known by a lot of customers because it sells variations of products of health equipment with a good quality product. Moreover, it has become a distributor of medical devices first and well known for customers. In addition, the products they have are quite complete, ranging from low-quality to high-quality products such as Omron, Infrared, Yuwell and several others. This makes the company's brand image increase because it has a complete variety of products starting from kids to adult products. Meanwhile, PT Sumber Medika Indonesia was opened in 2008 and stated that they have quite a lot of product variations but have fewer product variations compared to competitor companies. Therefore, the company should focus on increasing the variation of products that are more

complete, so that customers are willing to buy the product from PT Sumber Medika Indonesia. Thus, the complete variety of products in the company will help improve brand image and increase customer purchase decisions. So, the brand image is owned by PT Sumber Medika Indonesia still isn't that good so it could have an impact on customer purchase decisions at the company.

Despite less product variety compared to other companies. PT Sumber Medika Indonesia also received a warning regarding product defects, product quantity, and insufficient product delivery. This has often happened since the increase in number of Covid-19 transmissions has increased in recent years. New customers are indeed increasing along with the development of covid-19 that has occurred in recent years, but the company has difficulty in arranging product delivery and does not double-check before the product is sent. The company also received complaints against sending the wrong product, resulting in quite some customers protesting it. This of course has an impact on the company's brand image because it sends the wrong product, there are product defects, and the product quantity is lacking in delivery. Customers will of course feel that there is no professionalism in managing product management that will be given to customers so that it can have an impact on the company's brand image. Besides that, the company store isn't flashy enough to attract customers to buy product at their company.

Table 1. 3 The number of service complaints at PT Sumber Medika Indonesia

Service complaint	Number of customers (complaint)
Product delivery takes too long	75
lack of communication platform	43
Slow Response to Customer Complaints	89
Total customer who complains	207

Sources: Prepared by writer (2022)

Apart from advertising and brand image, there is also service quality run by the company to improve customer purchase decisions and increase company value. The company also always improves service quality for the convenience of its customers. However, of course, there are some complaints given by the customer due to the lack of service quality provided, the delivery of the product is too long so that there are complaints made by the customer. The matter has been reviewed and the company can only wait to hear from the delivery company. In addition, the lack of a communication platform from the customer to the company makes it difficult for customers to communicate. The last one is the slow response from the company's sales. The complaint was reported by 207 customers who had purchased products at PT Sumber Medika Indonesia in 2021. Previously, complaints such as lack of communication and slow response had been obtained from 2019 so this had quite an impact on the company. This results in the service quality of the company having an impact on the customer purchase decisions that exist in the company.

Based on the phenomenon of the problems found, the researchers conducted a study entitled **"Effect of Advertising, Brand image and Service Quality on the Customer Purchase Decision of Medical Equipment at PT Sumber Medika Indonesia Medan (Distributor of Medical Devices)."**

1.2 Problem Limitation

Based on the background research, the problem limitation in this research is: There are several factors causing a problem in a company which cause the company to face a failure in selling their product or service such as price, social

media, promotion, brand awareness and so on. So, the problems faced by PT Sumber Medika Indonesia in achieving customer purchase decision. Due to time constraints and a limited budget, the author will concentrate on advertising (X_1), brand image (X_2), and service quality (X_3) toward the customer purchase decision (Y) in this study.

1.3 Problem Formulation

Based on the background research, the problem formulation in this research is:

- a. Does advertising have a partial effect on the customer purchase decision of medical equipment at PT Sumber Medika Indonesia?
- b. Does brand image have a partial effect on the customer purchase decision of medical equipment at PT Sumber Medika Indonesia?
- c. Does Service quality have a partial effect on the customer purchase decision of medical equipment at PT Sumber Medika Indonesia?
- d. Do advertising, brand image, and service quality have a simultaneous effect on the customer purchase decision of medical equipment at PT Sumber Medika Indonesia?

1.4 Objective of the Research

Based on the background research, the objective of the research in this research is:

- a. To discover whether advertising has a partial effect on the customer purchase

decision of medical equipment at PT Sumber Medika Indonesia

- b. To evaluate whether the brand image has a partial effect on the customer purchase decision of medical equipment at PT Sumber Medika Indonesia
- c. To investigate whether service quality has a partial effect on the customer purchase decision of medical equipment at PT Sumber Medika Indonesia
- d. To analyze whether advertising, brand image, and service quality have a simultaneous effect on the customer purchase decision of medical equipment at PT Sumber Medika Indonesia.

1.5 Benefit of the research

1.5.1 Theoretical Benefit

The theoretical benefit is to strengthen the writer's understanding and provide insight into the effect of advertising, Brand image, and Service Quality on the customer Purchase Decision. Furthermore, the author hopes that the research will serve as a reference for future research and for anyone who is experiencing the same issue.

1.5.2 Practical Benefit

Based on the background research, the practical benefit of this research is:

- a. For the writer, the study result becomes a stock of knowledge in the field of marketing management
- b. For University Pelita Harapan, the study result is expected to be useful for the library study and learning material, particularly in the field of marketing management.

- c. For PT Sumber Medika Indonesia, this study is expected to be considered for the company in improve the management system which is currently suboptimal.
- d. For future researchers, the study result is expected to use as a source of information, additional reference, and insights.

