

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

In entering the globalization era, there will be many industries in one country that produce, distribute, and even sell the product or service. As there are many businesses owner runs in the same industry which automatically makes the competition harder as many competitors will compete in the same industries. In as much as ventures in an industry, there must be many people who are attracted in getting in the industries. In order to have a higher advantage in the competition, business's owner must have a plan or strategy to maintain the sustainability of their business (Hakim, 2019)

The competitiveness in business industry makes the company require to meet the needs and creating a product with a highly competitive advantages, or different products that never been marketed before so the customers will achieve their satisfaction of the product or services. The economy's growth in globalization era requires for the company who works in product or services industry (Hakim, 2019)

Brand image is According Ratri (2017), brand image is an association of all information that are available regarding products, services, and companies of the brand. In addition, this information can be gained in two ways; the first is through direct experiences of the customer, which include the functional satisfaction and emotional satisfaction. Beside the brand will work optimally, they

also delivers the promised performance to understand the needs of customers, offering values that is wanted by the customers and for the customers who might engage with the brand in the future.

According to Kotler and Keler (2017), brand image is the customer's respond on the overall offer that is given by the company. Brand image is also understood as a trust, and impression of the customer to the company. If the customer has a positive respond to the brand image, it means that the company has bigger competitive advantage than their competitor.

The issue that is happening in PT Hijau Surya Biotechindo related to their brand image is that the review on their online sales. There are some reviews that affects their brand image where the customer complains that there is plant that are damaged, does not match the picture on the post, also there are reviews because of the packaging that is not secure enough.

**Table 1.1 Issues regarding brand image and product quality at PT Hijau Surya Biotechindo**

<b>Reasons</b>	<b>Total Complaints</b>
Damaged Plant	15
Different from picture	6
Packaging	9

Source: Tokopedia

**Figure 1.1 Reviews on Tokopedia**



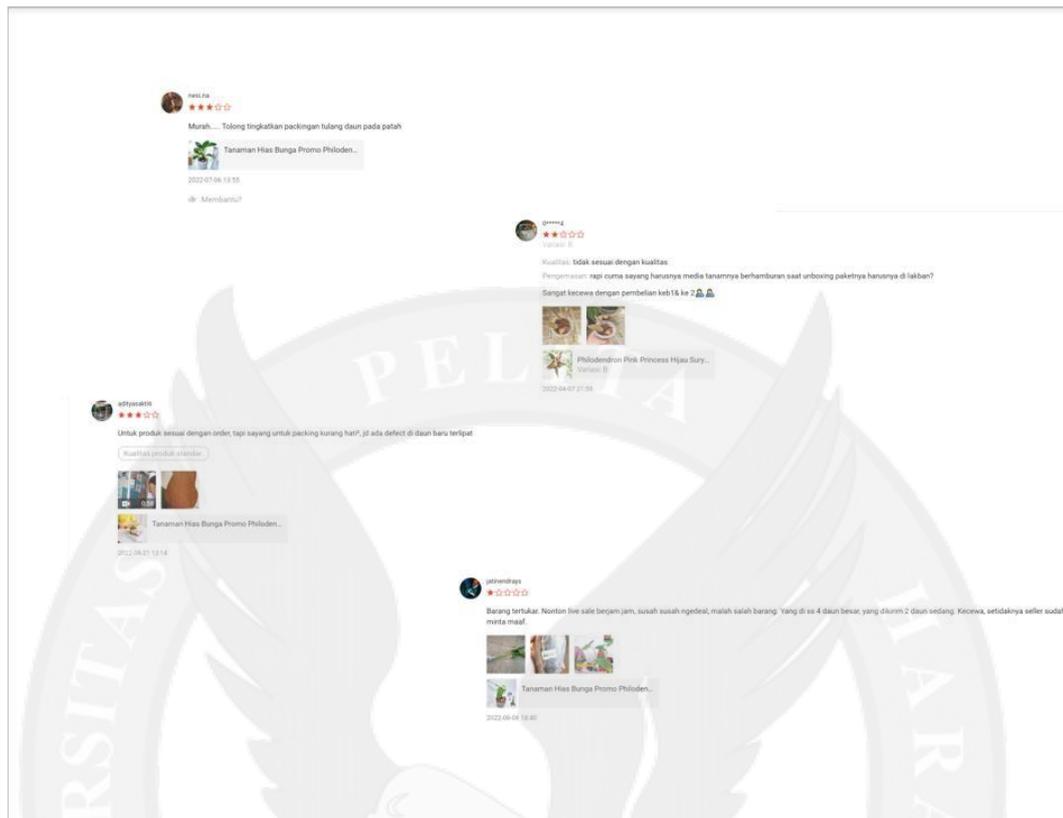
Source: Tokopedia (Medan, 2022)

**Table 1.2 Issues regarding brand image and product quality at PT Hijau Surya Biotechindo**

Reasons	Total Complaints
Damaged Plant	8
Different from picture	6
Packaging	10

Source: Shopee (Medan, 2022)

**Figure 1.2 Reviews on Shopee**



Source: Shopee (Medan, 2022)

According to Warren and Keegan (2017), price can be used as a strategical variable in completing certain financial objectives, including investment's profit and product development's cost recovery. Price is one of the indicators to the success of the company because price indicate how much the profit that will be gain by the company in selling their product. Price also becomes an indicator that influence the customer's purchase decision, with using the strategic of discount, or promotion is needed to increase the sales and profit of the organization.

The price range that PT Hijau Surya Biotechindo offers is around Rp 25.000 to Rp 1.500.000, where customers can choose according to their desire and budget.

**Table 1.3 Product price at PT Hijau Surya Biotechindo**

<b>Product</b>	<b>Price</b>
<i>Syngonium Pink Hiastropical</i>	Rp 25.000
<i>Musa Sumatera Beauty Variegated Hiastropical - Grade B</i>	Rp 800.000
<i>Syngonium Confetti Hiastropical - Varian B</i>	Rp 125.000
<i>Alocasia Stingray Kuljar Baby ekonomis Hijau Surya</i>	Rp 30.000
<i>Philodendron Florida Beauty Variegated</i>	Rp 1.500.000
<i>Tanaman Hias Philodendron Birkin Kuljar Ekonomis - S</i>	Rp 60.000
<i>Alocasia Ekor Pari (Stingray) Hijau Surya - M</i>	Rp 150.000
<i>Tanaman Hias Raksasa Philodendron Gigas Hijau Surya</i>	Rp 99.000
<i>Tanaman Hias Trend Philodendron Prince of Orange Hijau Surya</i>	Rp 45.000
<i>Bibit Pisang Barangan Merah Bersertifikat</i>	Rp 180.000

Source: Tokopedia (Medan, 2022)

**Table 1.4 Product price at PT Hijau Surya Biotechindo's Competitor**

<b>Product</b>	<b>Year's Established</b>
<i>Tanaman Hias Syingonium Pink = Rp 85.000</i>	2020
<i>Tanaman Hias Calathea Orbifolia = Rp 400.000</i>	2020
<i>Tanaman Hias Syingonium Batik = Rp 30.000</i>	2020
<i>Tanaman Hias Aglonema Srikrit = Rp 35.000</i>	2020
<i>Tanaman Hias Philodendron Kabel Busl Stang Orange= Rp 2.000.000</i>	2020
<i>Tanaman Hias Philodendron Melanochrysum = Rp 250.000</i>	2020
<i>Tanaman Hias Aglonema Kochin Tembaga = Rp 185.000</i>	2020
<i>Tanaman Hias Philodendron Mewah – Philo Golok = Rp 455.000</i>	2020
<i>Tanaman Hias Philodendron Orange-Phloo Chery = Rp 125.000</i>	2020
<i>Tanaman Hias Syingonium Varigata = Rp 140.000</i>	2020

Source: Tokopedia (Medan, 2022)

The competition in decorative plant industry based on the price product's between PT Hijau Surya Biotechindo and their competitor which is Rama Garden (BIG RAMA), as they sell a similar product with a similar price. It makes the competition harder, competitive advantageous of an product needs to be created in order to attract the customer.

According to Kotler and Keller (2017), quality is defined as the overall characteristics of a products and services that have the influence on their ability in fulfilling the needs. Product is something that can be traded to the market in order

to gain attention, bought, used, or even consumed which have value that can give satisfaction for the customer's needs or desire. The ability of a product is use to execute the function, such as endurance, operational efficiency, reparation, and another valuable attribute.

According to Kotler and Keller (2020), the purchase decision process includes five stages which is carried out by a customer before their purchase decision and post purchase behavior. Purchase decisions made by customers might take place when customers have received services from the stipulation of services and after the customers felt satisfied or dissatisfied, therefore the concepts of purchasing decisions cannot be separated from the concept of customer satisfaction.

The importance to research the dependent variable, which is customer purchase decision, is because by doing this dependent variable research it allows the company to anticipate the needs of customers which it will help the company to plan a sales strategy for the customer and by doing this the company can increase their sales, and the brand image of the company will also increase (Rosadi, 2022)

In 2012, PT Hijau Surya Biotechindo is established to help increase the local farmer's productivity and sustainability in producing good quality banana. PT Hijau Surya Biotechindo is a plant tissue culture company that specialized in producing young banana plants. They grow the young plants in the state-of-art laboratory and greenhouse under strict hygienic conditions. They have been

awarded with the Certificate of Competent Producer and Distributor of Horticultural In Vitro Young Plants by the Agriculture Department of North Sumatera Province. PT Hijau Surya Biotechindo is located in Kisaran, North Sumatera, Indonesia. They are located through logistic hubs like Singapore, Kuala Lumpur, and Jakarta, so that they are able to deliver their products efficiently to any airport worldwide.

PT Hijau Surya Biotechindo tissue culture plants are propagated in the lab under the highest sterile conditions. They are monitored in strict quality control by our experienced teams in order to ensure our customers obtain the highest quality young plants. They are specialized in large-scale micro-propagation of banana plants. They receive order in two forms, secondary hardened plant and tertiary hardened plant. The variety of their banana is Barangan Merah, Kepok Kuning Tanjung (budless) and Ameh Pasaman. Beside banana, they also offer to contract micro-propagation for other horticultural plants such as alocasia, pineapple, philodendron, spathiphyllum, aloe vera, macodes, phalaenopsis, and potato. Beside plant, in order to help in the efficiency of the planting process they also provided growing media to plant their young plant inside the media and also they provided black tray to put the growing media. PT Hijau Surya Biotechindo also offer lab and nursery supplies, because they wanted to contribute to the development of plant tissue culture industry in Indonesia through PT Hijau Surya Supplies who brings premium quality products and technologies in oil palm plantation, forestry, horticulture, universities, etc.

The marketing strategy that is suitable either in a just established company or mature company is to create a powerful brand image combine with a high- quality product or services. Brand is a name, term, sign, symbol, design or eventhe mixture of them, indicate the identity of the product or services producer. As famous as the brand, it will affect the perception and customer belief in that certain product or services where it will automatically create brand image. With the statement above, the writer is motivated to do the observation of the agricultural product that is marketed in PT Hijau Surya Biotechindo.

Based on the description above, the writer is interested in doing the observation with the title: **“The Influence of Brand Image, Price Perception , and Product Quality on Customers Purchase Decision – PT Hijau Surya Biotechindo, Kisaran.”**

## **1.2 Problem Limitation**

The writer realizes that the research that is done still far from perfection due to limitation of time and budget, in this research paper, writer will focus on Brand Image, Price Perception, and Product Quality of PT Hijau Surya Biotechindo, Kisaran as the independent variables and its influence on Customer Purchase Decision as the dependent variable. According to Kotler (2008) as cited Tingkir (2018) says that brand image can be measured with three indicators such as favorability of brand association, strength of brand association, and uniqueness of brand association. According to Tjiptono (2008) as citedin Imam Febri Cahyadi (2017), the indicators of price perception such as price suitability with product

quality, price suitability with benefits, and competitive price. According to Tjiptono (2018), the indicators of product quality such as performance, durability, conformance, features, reliability, aesthetics, perceived quality, and serviceability. According to Swastha and Irawan (2020), the indicators of customer purchase decision are decisions in types of products, shape of the products, brand, sales, number of products, purchase time, and payment methods.

### **1.3 Problem Formulation**

Based on the observations that is done by the writer during the preliminary research in PT Hijau Surya Biotechindo, the writer has formulated the questions that need to be asked in order to gain the answered that is written in this research paper.

- a. Does brand image have partial influence on customer purchase decision at PT Hijau Surya Biotechindo, Kisaran?
- b. Does price have partial influence on customer purchase decision at PT Hijau Surya Biotechindo, Kisaran?
- c. Does product quality have partial influence on customer purchase decision at PT Hijau Surya Biotechindo, Kisaran?
- d. Does brand image, price perception, product quality simultaneously have influence on customer purchase decision at PT Hijau Surya Biotechindo, Kisaran?

### **1.4 Objective of the Research**

The objective of the research paper that is written by the writer are as follows:

- a. To assess whether brand image have partial influence on customer purchase decision at PT Hijau Surya Biotechindo, Kisaran.
- b. To evaluate whether price perception have partial influence on customer purchase decision at PT Hijau Surya Biotechindo, Kisaran.
- c. To analyze whether product quality have partial influence on customer purchase decision at PT Hijau Surya Biotechindo, Kisaran.
- d. To discover whether brand image, price perception, product quality simultaneously has influence on customer purchase decision at PT Hijau Surya Biotechindo, Kisaran.

## **1.5 Benefit of the Research**

### **1.5.1 Theoretical Benefit**

The theoretical benefit that is gained from this research is to testify whether Brand Image, Price Perception, and Product Quality will affect the Customer's Purchase Decision. Moreover, the other benefit that can be gain of this research is more knowledge related to the theories about brand image, price perception, product quality, customer's purchase decision and the relationship of the variables.

### **1.5.2 Practical Benefit**

The practical benefits that can be gain from doing this research are as follows:

- a. For the writer, the research will give the writer wider insight and gaining more knowledge about the brand image, price perception, product quality and customer's purchase decision.
- b. For the company, the research results are expected to be used as a guide in finding out how their brand image, price perception, and product quality on customer purchase decision.
- c. For other researchers, the research can be a basic and reference for other researchers, when they are doing the research regarding brand image, price perception, product quality, and customer purchase decision.

