

CHAPTER I

INTRODUCTION

1.1 Background of the Study

If we discuss a business, the word "business" will relate to "profit" where everyone is competing to find "profit" with the aim of surviving in the market, so it's no wonder that in the business world, we compete to survive. This reflects that the competition between businesses is getting more and more competitive. In business competition, we can compete in several ways, ranging from price, promotion, product quality, and so on, but, as technology develops, there are several branches that allow the business to be unique, such as people being creative in creating content.

In today's era, marketing is one of the most important roles to be applied by companies where the purpose of this marketing is communication that aims to introduce the company's products to consumers. In this way, customers can find out the characteristics of the product where they can also assess whether the product is very useful for their needs or also whether the product can provide a solution to their problem? after going through some of these, then consumers can make decisions in purchasing from these products.

Table 1.1: PT Nusa Sarana Indonesia's Competitors

Name of the Company	Product(s) that offered by the company	The range price of the product(s)
PT Tirtakencana Tatawarna Cabang Medan	Industrial business and trading of paints and printing inks, varnishes, lacquers, adhesives or glues, and mortar or concrete	Rp. 180.000/ 1 US Gallon
PT. Nipsea Paint and Chemicals, Medan	Paint Manufacture and Distribution	Rp. 800.000 – Rp. 2.025.000/ 5 US Gallon
PT. Akzo Nobel Car Refinishes Indonesia	Dulux premium paint manufacturer and distribution	Rp. 1.046.000 – Rp. 1.765.000 / 5 US Gallon

Source: Prepared by writer (2022)

Based on the table above, the table explains that there are 3 large competitor companies competing in Indonesia, where each company has an adjacent price range, especially when compared to the price range offered by PT Nusa Sarana Indonesia, Medan, they also have a price range (IDR 900,000 - 1,200,000). Compared to the 3 companies in the table above, they are in the midrange price where the paints they offer are paints that already have good quality guarantees, however, what makes them different is the branding of the four companies.

For Example, PT Nipsea Paint and Chemicals, based on a survey conducted by the writer, the writer observes that every year, PT Nipsea Paint and Chemicals often take big days as their opportunities to do advertisements, such as on Eid al-Fitr, they promote or advertise paint them by offering pandan green color as their mainstay in attracting the attention of customers.

According to Kotler and Armstrong (2013) as cited in Sjukun, Supardin, & Taufik (2022), The definition of price is the amount of money

or the value of money exchanged by consumers for the advantage of owning or using the product or services. Price is one of the most important elements in customer purchase decisions where price can have a huge impact because customers will judge whether the product or service offered is worth it or not. The "value" that will be given by the customer that is the purpose of the price.

Table 1.2 SCI's product Demand Fulfilment Year 2019 - 2021

Year	Distribution in Total (in Gallon)	Demand in Total (In Gallon)	Fulfilment (%)
2019	2500	872.5	34,9%
2020	2100	588	28%
2021	1800	252	14%

Source: PT Nusa Sarana Indonesia, Medan (2022)

Based on the data above, it is reported that the fulfilment of demand for SCI products distributed by PT Nusa Sarana Indonesia has decreased drastically, especially in 2021, this shows that PT Nusa Sarana Indonesia's operations have gone wrong because they should have realized the decline from 2019 to 2020, they must update the company's system so that in 2021, they will not experience a drastic decline. However, the table shows that during those 2 years, PT Nusa Sarana Indonesia was not aware of and did not manage the company properly.

According to Simanora (2003) as cited in Sjukun, Supardin, & Taufik (2022), Promotion is Promotion is a tool in the form of communication that is used to inform, persuade or remind people about products produced by individuals, organizations or companies. Promotion is a very important marketing activity carried out by companies in marketing their products, where the purpose of this marketing is to introduce the

presence of the product and provide information about the advantages of these products with the aim of attracting the attention of customers.

Table 1.3 B2B customer satisfaction at PT Nusa Sarana Indonesia

Satisfaction Level	Dissatisfied	Moderate	Satisfied
Sales Bonus	11,9%	12,8%	75,3%
Paint mixer System	13%	63,9%	23,1%
Sales Promotion Man	4,3%	10%	85,7%
Target achievement reward	17%	59,8%	23,2%

Source: PT Nusa Sarana Indonesia, Medan (2022)

According to the table above, customers of PT Nusa Sarana Indonesia are not end users where they distribute their products to retail stores, and they conduct a survey of retail stores where the table shows that retail stores are very satisfied with the facilities and bonuses they get. But on the paint mixer system, some retail stores have several complaints so that they prefer neutral rather than satisfied in filling out the survey.

According to Kotler and Keller (2012) as cited in Sjukun, Supardin, & Taufik (2022), Purchase decision are actions that perform by the consumers whether they want to purchase or no to the product. This purchase decision is an action that will be taken by customers where this is a determinant of whether the company will operate smoothly or not because if the company cannot make customers make decisions in purchasing products, then the company is declared unsuccessful. As we know that the main purpose of the company's operations is to make consumers buy the products or services provided by the company and this is very crucial.

PT Nusa Sarana Indonesia is a company engaged in distributing paints and protective coatings with 14 branches offices in Indonesia. The product brands distributed by PT Nusa Sarana Indonesia come from PT. San

Central Indah where the company is engaged in the production of paint. One of the products they produce is "Spectrum" paint with hundreds of different colour variations, the company even guarantees the quality of their paint is very good. PT San Central Indah was founded by Edy Darmawan which is located in Bandung where this company has been established since 1983.

Table 1.4 Sales Growth Percentage of PT Nusa Sarana Indonesia year 2019 to 2021

Year	Sales growth (%) from Previous year	Expected Sales Growth (%)	Achieved/ Unachieved
2019	16%	15%	Achieved
2020	12,5%	15%	Unachieved
2021	9%	15%	Unachieved

Source: PT Nusa Sarana Indonesia, Medan (2022)

According to the table above, from 2019 to 2022, PT Nusa Sarana Indonesia's sales growth experienced a decline where in 2019, they could achieve sales growth expectations of 15% and even exceed 15% but in 2020 and 2021, PT Nusa Sarana Indonesia's sales growth began decreased and even worsened.

The origin of PT Nusa Sarana Indonesia started from a paint shop or retail store called "PD. Terus Jaya" where the advantage of PD Terus Jaya is that this shop has succeeded in becoming the sole agent that markets PT San Central Indah's products in the West Java area. In 2015, PD Continues Jaya changed its name to PT Nusa Sarana Indonesia and has 14 branches until now in Indonesia. PT Nusa Sarana Indonesia is also officially the sole distributor of PT San Central Indah. However, there was an oddity, it was reported that due to the current covid-19 pandemic, product sales from PT Nusa Sarana Indonesia, began to decline. So, the writer decided to conduct research on what possible variables have an impact on product sales from

PT Nusa Sarana Indonesia. The writer chooses price, promotions, and facilities as the independent variable and consumer purchasing decisions as dependent variables, which of the four variables, these variables have an impact on one another. Therefore, the writer decided to choose research entitled "The Influence of Prices, Promotions, and Facilities on The Customer Purchase Decision Of Paint at PT Nusa Sarana Indonesia."

1.2 Problem Limitation

At the limit of this problem, prices, promotions, and facilities from PT Nusa Sarana Indonesia can affect consumer purchasing decisions where all these variables are very important to note because, with this, the company will survive from existing competitors. For the existing product, PT Nusa Sarana Indonesia distributes several products which are KemTone, Spectrum, Colortone, and so on, the writer will focus on one product that distributed by PT Nusa Sarana Indonesia which is Spectrum Paint. For the customers, the customers who will be surveyed are retailers selling PT Nusa Sarana Indonesia products for 2 years and above. However, please note that the writer cannot summarize much about the data that PT Nusa

Sarana Indonesia has because it is internal privacy information, which the writer cannot obtain personally, therefore, the writer will focus on writing the thesis.

1.3 Problem Formulation

The problems formulation are as follows:

- a. Does the price of Spectrum paint partially influence customer purchase decision at PT Nusa Sarana Indonesia?
- b. Do the promotions of Spectrum paint partially influence consumers purchase decision at PT Nusa Sarana Indonesia?
- c. Do facilities partially affect consumers purchase decision at PT Nusa Sarana Indonesia?
- d. Do price, promotions, and facilities simultaneously affect consumers purchase decisions for paint at PT Nusa Sarana Indonesia?

1.4 Objective of the Research

The objectives of this research are as follows:

- a. To find out that the price, promotion and facilities have a partial impact on consumer decisions in purchasing paint at PT Nusa Sarana Indonesia.
- b. To analyse that prices, promotions, and facilities partially have an impact on consumer decisions in purchasing paint at PT Nusa Sarana Indonesia.
- c. To evaluate that prices, promotions, and facilities partially have an impact on consumer decisions in purchasing paint at PT Nusa Sarana Indonesia.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

The theoretical benefit of this research is to prove that the independent variables listed in this paper will have an impact on the dependent variable in the PT Nusa Sarana Indonesia company. That way, the writer will complete the paper with the aim of getting additional insight, especially on insights about distribution companies.

1.5.2 Practical Benefit

The practical benefit from doing this research are as follows:

- a. This research was conducted with the aim of educating readers who need information about the importance of price, promotion and facilities in distributing a product.
- b. This research was carried out with the aim of providing insight or input for PT Nusa Sarana Indonesia in order to correct several variables that were not adequate with consumers
- c. This research was carried out with the aim of providing insight to readers who want to create the same company engaged in product distribution.