

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nowadays business in Indonesia keeps developing especially in this Medan city. This development causes competition to get tighter and tighter. This tendency results that business or the company has to keep innovating and provide a better strategy to win their customers' attention. Recently, company or business is not only about profit oriented. It also focuses on image, creating its own uniqueness and price positioning. With many products sold with the same characteristic and customer behavior that can easily tend to change their preference, every company needs to apply its own good strategy to be able to fulfill the customer's need.

The need for food is one of the most important need for every customer. Customers nowadays are given choices of what food to consume that is according to their preference. With many varieties of choice for food consumption, customers tend to be very careful and choose the product according to their need and also their preference. For the company that works its business activity in food industry, price, image of the company or brand and quality of the product provided play an important role in the business activity.

To attract the customers, it is undeniable that company need to be unique and also provide a product that has its own characteristic. The uniqueness that can

be offered by the company will result in brand image. Brand image provides a company its own characteristic that is accepted by the customers so it can switch or attract customers before making its own purchase decision. With many varieties and another product with the same characteristics offered by the competitors, customers tend to be selective in their preference.

On the other side, with the varieties of price that is offered by the companies has also become the reasons why customers decide or not to decide to purchase the products offered. When the price is reasonable and is according to majority of the purchase power, the product tends to be easily sold in the marketplace, especially when the product is very demanded by the customers. Providing price can be one of the strategies to attract the customers.

Customer purchase decision is a decision that is made by the customers after considering quality, value and price. Customers nowadays do not only see product based on the price but also from the value and benefit that can be provided or offered by that product too. With many products that nowadays sold with the same characteristics, customers will definitely be more selective to choose their preference.

PT. Sari Laut Nelayan is a company that conducts its business activity by providing food and beverages for the customers to dine in or take out. This company is located at Putri Merak Jingga street number 8 C-D, Medan. this company provides variety kinds of food and beverages for customers along Medan city. Other than Medan people, there are also some tourists from other

cities or even foreign tourists that have tried or experience the food and beverage in the restaurant opened by the company.

The writer decided to do a pre survey done to 30 random customers to fill the statement regarding brand image of this company. The result of the pre survey is summarized in the table 1.1 below.

Table 1.1 Comparison of Brand Image

No	Statement	Nelayan	Babura	Mamatjoe	Others
1	When it comes to dim sum, what is the name of the restaurant you can directly think of?	7	7	5	11
2	Which service of the restaurant do you prefer?	8	9	3	10
3	When you are craving for dim sum, which restaurant do you prefer to go to?	11	10	3	6

Source: customers dining at the restaurant, 2022

Based on the table 1.1 above, PT. Sari Laut Nelayan has a good brand image among the customers. However, the brand image is not strong enough as the competitors of the company has a score that is almost the same with the company itself. Brand image is about the customers impression to the company. According to Kotler (2019), "Brand image is one of the necessary component in a product or service. In one business, brand image has a potential influence to the purchasing behaviour." Based on google review, PT. Sari Laut Nelayan, Medan has got a quite high rating which is around 4.3 to 4.4 over 5. PT. Sari Laut Nelayan has a good brand image but there are still some bad review about the company such as the delay of food order, quality of the food and many others.

The writer also compares the price of certain food that is sold in the restaurants. The writer compares food that is sold for each restaurants so an apple

to apple comparison can be done and will be equally fair. Comparison of the product is further explained to table 1.2 below

Table 1.2 Food Price Comparison

No	Food name	Nelayan	Babura	Mamatjoe	Others
1	Prawn sausage	IDR 35.000	IDR 27.000	IDR 30.000	IDR 20.000-40.000
2	Chicken dim sum	IDR 31.000	IDR 27.000	IDR 30.000	IDR 20.000 - 45.000
3	Seaweed wrap dim sum	IDR 36.000	IDR 30.000	IDR 30.000	IDR 20.000 – 45.000
4	Fried shrimp ball	IDR 36.000	IDR 32.000	IDR 30.000	IDR 25.000 – 50.000

Source: prepared by writer, 2022

The data from table 1.2 explains that the price offered by PT. Sari Laut Nelayan, Medan is considered higher than any other competitors. Higher price tends to discourage the customers to come and experience the product of the company. It is obvious that customers will be attracted to the price offered. According to Stanton (2019) “Price helps the customers to determine purchase decision whether he or she will buy the product or service.”

Regarding the customer purchase decision, table 1.1 also explains that customer purchase decision is still low, it can be seen from the statement number 3 mentioning which restaurant they prefer to go when they are craving for dim sum, there are only 11 out of 30 respondents in the pre survey who would choose the company as their dining destination. According to manager of PT. Sari Laut Nelayan, Medan, Mr Herman, nowadays customers have got choice of which Chinese restaurant they could go, that is one of the factors why customers tend to be picky and prefer to go to more attractive places rather than go the PT. Sari Laut Nelayan, Medan. based on some reviews taken from google, there are still some

bad reviews the delay of food order, quality of the food and many others might cause potential customers might think twice to come to PT. Sari Laut Nelayan, Medan.

Based on these problems, the writer is interested to conduct a study of how brand image and price has the influence of customer purchase decision. The research is given with the title “The Influence of Brand Image and Price towards Customer Purchase Decision at PT. Sari Laut Nelayan, Medan.”

1.2 Problem Limitation

Due to the limited of time and fund, this research is conducted by focusing only to three variables. Those variables are brand image and price as independent variables and purchase decision as dependent variable. Indicators of brand image are image of the company, image of the product and image of the customers. Indicators of price are price affordability, price suitability with quality, price competitiveness and price suitability with benefit. Indicators of purchase decision are product stability, habitual in purchase, recommendation and repeat order. Location of the research conducted is at PT. Sari Laut Nelayan, Medan which is located at Putri Merak Jingga street number 8 C-D, Medan. respondents are focused on the customers counted per table who dine in from the period of august 2022.

1.3 Problem Formulation

The problem formulations on this research are:

1. Does brand image partially influence purchase decision at PT. Sari Laut Nelayan, Medan?
2. Does price partially influence purchase decision at PT. Sari Laut Nelayan, Medan?
3. Do brand image and price simultaneously influence purchase decision at PT. Sari Laut Nelayan, Medan?

1.4 Objective of the Research

This research has the objectives to:

1. To analyze how brand image partially influence purchase decision at PT. Sari Laut Nelayan, Medan.
2. To analyze how price partially influence purchase decision at PT. Sari Laut Nelayan, Medan.
3. To analyze how brand image and price simultaneously influence purchase decision at PT. Sari Laut Nelayan, Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

1. This research will provide advantage for the writer to have deeper understanding in the subject of brand image, price and purchase decision.
2. This research provides an advantage for the reader to be a reference in the studies of brand image, price and purchase decision.

1.5.2 Practical Benefit

1. This research brings advantage to PT. Sari Laut Nelayan, Medan to know and find out about its brand image, price and purchase decision.
2. This research provides the advantage for PT. Sari Laut Nelayan, Medan in form of suggestions so the company could form a better strategy in term of the variable of brand image, price and purchase decision.