

CHAPTER I

INTRODUCTION

1.1. Background of The Study

COVID-19 pandemic has made a great change in the consumer behaviour while making purchase decision, there are lot of sectors that encounter these changes, such as retail sector. According to Reza, the pandemic resulted in reduced retail shopping activities. In addition, online shopping, which is increasingly popular, has also changed people's shopping behaviour in making a purchase. This can be proven from the data that shows the change of the retail sales from last 5 years.

Table 1. 1 Wholesale Retail Sales Value in Indonesia (2017-2021)

No	Name	Value / US\$ Billion
1	2017	109,15
2	2018	108,71
3	2019	115,01
4	2020	81,82
5	2021	71,64

Sources: <https://databoks.katadata.co.id/datapublish/2022/07/08/penjualan-grosir-ritel-di-indonesia-turun-dalam-3-tahun-terakhir>

From the Table 1.1, it shows that in the last three years, retail sales have continued to decline after the pandemic. In 2021, retail sales have drop to US\$71,64 billion from US\$81,82, this shows that the sales have been decline 12,4% from 2020.

Digital technology has opened up a whole range of industries, including the fashion industry. The influence of the Digital Marketing has had a considerable impact on purchase decision in Apparel Fashion, especially in terms of its marketing strategy and consumer behaviour. By providing a platform for brands to engage with their customers and influence their purchasing decisions, the rise of digital marketing platforms such as social media has further stimulated growth in this sector. However, the dynamics of consumer behaviour in relation to digital marketing and Apparel fashion are complex and multifaceted. Moreover, critical aspects to be considered are the role of trust in digital platforms and the impact on consumer purchasing decisions due to marketing communications via online channels (Akter, 2020).

Consumers' purchasing behaviour can be significantly influenced by factors such as demographic factors, price, motivation, cultural importance and even religious orientation (Auf, 2018). the consumer purchase behaviour has changed a lot since the pandemic, this can be seen from this Figure 1.1.

From the data below we can conclude that the consumer behaviour in purchasing product has changed to online shopping, 60,5% transaction is done by online shopping,

There are also some reasons why people are preferring online shopping since the pandemic, which is faster and more efficient, more promotion/discounts, saving money and 24/7 shopping time.

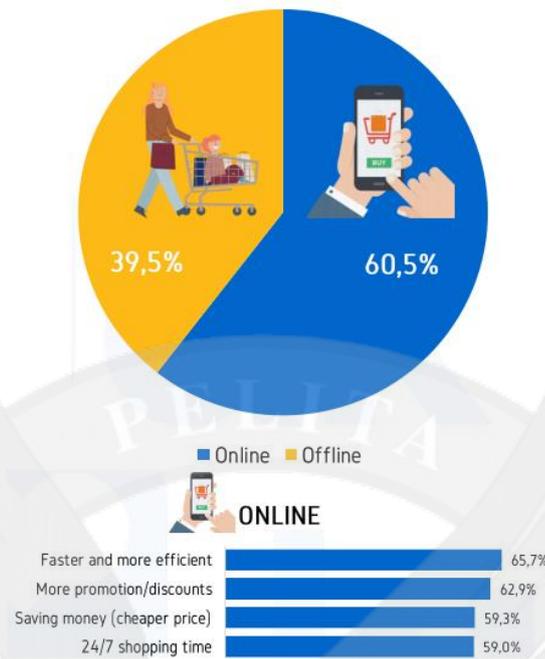


Figure 1. 1 Shopping behavior in Indonesia

Source: <https://binus.ac.id/bandung/2019/08/perilaku-belanja-online-di-indonesia>

In addition, there are some other factors that influence the consumer purchase decision, one of them is Brand Image, it refers to the overall impression that customers have of a company, including its products, services, and reputation. There are different factors such as social responsibility, competence, information quality and trust which can influence a consumer's perception of the brand (Muda & Aslami, 2022). Brand image also plays a significant role in influencing customer purchasing decisions. The perception and beliefs held by customers about a specific product are embedded in their memory and reflected in their buying behaviour (Nuswantoro, 2018).

PT Ramayana Lestari Sentosa Tbk is a retail company headquartered in Jakarta. Until the end of 2021, the company operates 104 Ramayana department store outlets and 82 Robinson supermarket outlets throughout Indonesia, primarily

targeting the lower middle class. PT Ramayana Lestari Sentosa is one of the retail sectors that have encounter difficulties during the pandemic and after the pandemic this can be seen from the company annual report from 2017 – 2022 (Table 1.2).

Table 1. 2 PT. Ramayana Lestari Sentosa Tbk Annual Report

In billions of IDR	12M 2022	12M 2021	12M 2020	12M 2019	12M 2018	12M 2017
Total Income	2,997 B	2,593 B	2,528 B	5,596 B	5,470 B	5,623 B
Total Cost of Goods Sold	(1,485) B	(1,383) B	(1,450) B	(3,102) B	(3,233) B	(3,410) B
Gross profit	1,512 B	1,210 B	1,078 B	2,494 B	2,507 B	2,212 B
Total Operating Expenses	(1,117) B	(1,055) B	(1,332) B	(1,913) B	(1,900) B	(1,836) B
Operating profit	394 B	155 B	(254) B	582 B	607 B	377 B

Source: Stockbit

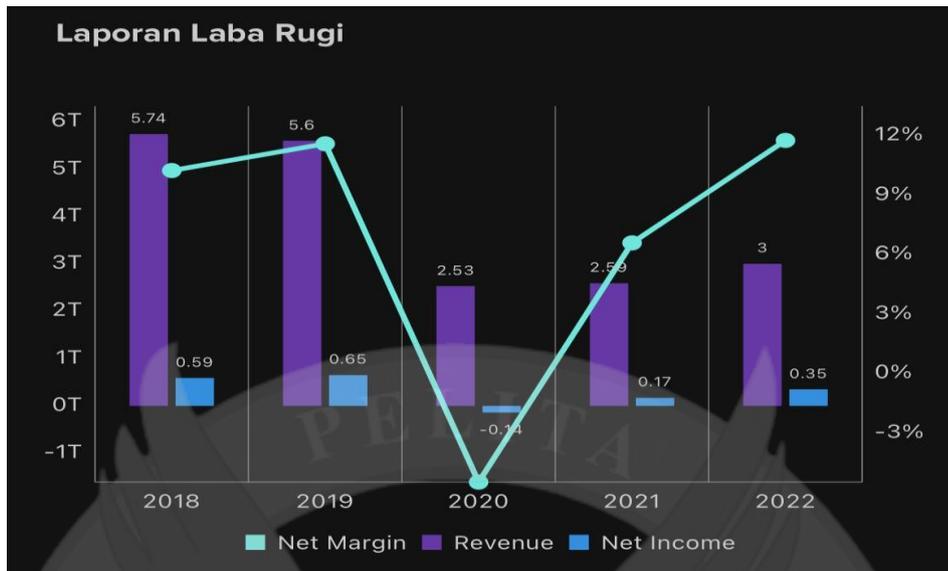


Figure 1. 2 PT. Ramayana Lestari Sentosa Tbk Profit and Loss Report

Source: Stockbit

From The data above, it shows that since the pandemic, the revenue of PT. Ramayana Lestari Sentosa Tbk has decline from 5 billion Rupiah to around 2,5 Billion Rupiah, this strongly shows that after the pandemic the company encounter challenges to faced the changed in the customer purchase decision. The data can be supported by the field situation that PT. Ramayana Lestari Sentosa Tbk faced.

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MARKET - Emir Yanwardhana, CNBC Indonesia
10 September 2021 19:03

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Foto: Ilustrasi Ramayana (CNBC Indonesia TV)

Figure 1. 3 News about PT Ramayana Lestari Sentosa Tbk

Source: CNBC Indonesia

According to their corporate secretary, Setyadi Surya, in 2021, there are 19 stores that have been closed due to pandemic conditions, one of the reasons was the purchase power which has fallen due to the decline in many industrial sectors and increase in unemployment.

Therefore, this research “**The Influence of Consumer Behaviour, Brand Image, and Digital Marketing on Customer Purchase Decision at Apparel Fashion in PT Ramayana Lestari Sentosa Tbk**” focuses on exploring these dynamics so as to gain a clearer understanding of how consumers' behaviour, brand image and their use of electronic media affect customers' purchasing decisions in PT. Ramayana Lestari Sentosa Tbk. This study could contribute to the current knowledge base on digital marketing and consumer behaviour, which may serve as an excellent reference for brands within the clothing retail sector.

1.2. Problem Limitation

Based on the background of the study and identification of the problem, the problems to be discussed in this research are:

1. The Object of this research is limited to a single geographical area which is PT. Ramayana Lestari Sentosa Tbk Medan, which is the Ramaya Teladan Medan.
2. This study only uses three independent variables and one dependent variable, which are, Consumer Behaviour, Brand Image and Digital Marketing as the independent variable and Customer Purchase Decision as dependent variable.

3. This research will be using questionnaire that sent to people that interest in Apparel fashion with the characteristics of men and women, ages of 18 until 46+ years.
4. All of the respondent's identity will be confidential.

1.3. Problem Formulation

Based on the background of the study above, there are some problem formulations of this research, which are:

1. Does digital marketing influence customer purchase decision in PT. Ramayana Lestari Sentosa Tbk?
2. Does brand image influence customer purchase decision in PT. Ramayana Lestari Sentosa Tbk?
3. Does consumer behaviour influence customer purchase decision in PT. Ramayana Lestari Sentosa Tbk?
4. Do consumer behaviour, brand image and digital marketing influence customer purchase decision in PT. Ramayana Lestari Sentosa Tbk?

1.4. Objective of the Research

Based on the Problem Formulation, the objectives of the research are:

1. To analyse the influence of digital marketing strategies on customer purchase decision in PT. Ramayana Lestari Sentosa Tbk.
2. To analyse the influence of brand image on customer purchase decision in PT. Ramayana Lestari Sentosa Tbk.

3. To analyse the influence between customer behaviour in customer purchase decision in PT. Ramayana Lestari Sentosa Tbk.
4. To analyse the influence between consumer behaviour, brand image and digital marketing in customer purchase decision in PT. Ramayana Lestari Sentosa Tbk.

1.5. Benefit of the Research

1.5.1. Theoretical Benefit

The theoretical benefits for the research are:

1. This research is expected to give insight, or knowledge that can be used as a reference's material for further research, and discussion material to readers about the influence of consumer behaviour, brand image, and digital marketing in purchase decision.
2. This research is expected to give contribution in knowledge and scientific research at Universitas Pelita Harapan Medan Campus for Undergraduate Management Studies Program, in the field of marketing program.

1.5.2. Practical Benefit

This research aims to give benefits to several parties, which are:

a. Company

This research is expected to help company that wants to understand factors that influence customer purchase decision in this sector, they can use this research to improve more efficient of their marketing strategy and optimize the influence of digital marketing towards customer purchase decision.

b. Writer

To develop skills such as data collection, critical thinking and academic writing and also, to gain more knowledge and expertise in consumer behaviour, brand image, digital marketing and customer purchase decision in the Apparel fashion.

c. Other Writer

To give inspire to other writers to explore related topics, especially in the consumer behaviour, brand image, digital marketing and purchase decision topics and also as references for other writers to support their own research that have relation with this.

