

CHAPTER I

INTRODUCTION

1.1 Background of the Study

With operations in Medan, Samsung is a major participant in the market and the electronics industry is increasing substantially. With heightened competition, it is imperative for businesses to comprehend the elements influencing consumer behavior. Consumer behavior refers to the study of individuals and groups' actions and decisions when acquiring, using, and disposing of goods and services, often influenced by psychological, social, and economic factors (Solomon, 2019).

Due to the electronics industry's rapid expansion and technological advancements, customers today have several options. Samsung, the dominant global brand in this sector, has boosted its market penetration in a number of places, including Medan. But given the fierce competition and evolving customer preferences, understanding what influences consumer decisions is increasingly crucial for long-term success. Customers make selections based on their impression of prices, which includes perceived value and relative cost. Service excellence, which includes customer help, might have a further direct influence on consumer pleasure and brand loyalty.

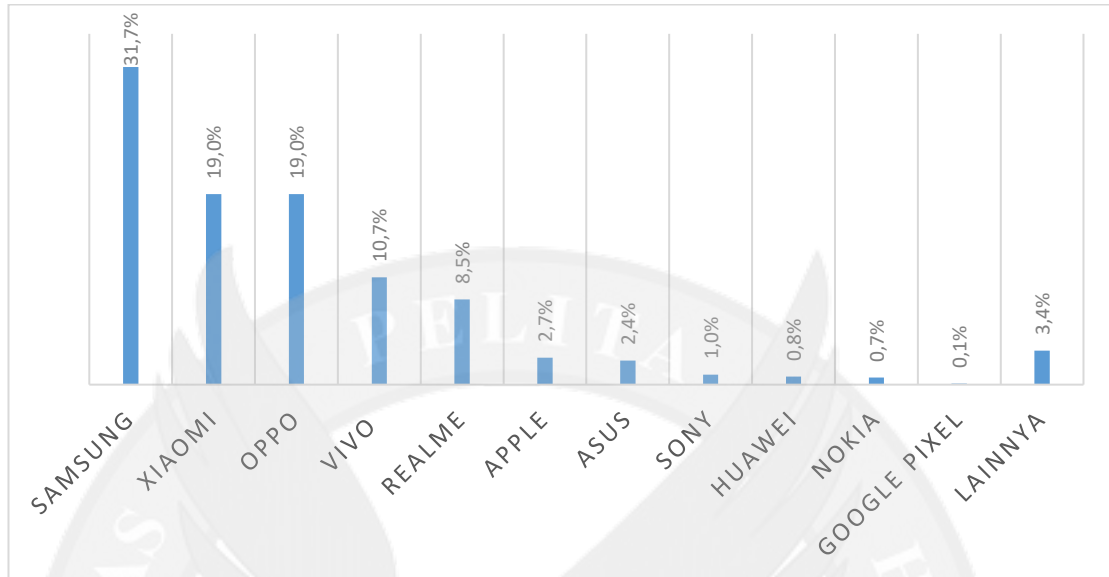


Figure 1. Most Frequently Used Mobile/Cellphone Brands in the Last Year (2023)

Source: Katadata Insight Center (KIC)

As The Katadata Insight Center (KIC) research institute Kurious identified a number of cellphone brands or mobile phones that Indonesians most commonly utilized throughout the previous year, 2022-2023. Samsung is the top brand among the several options, according to 31.7% of the respondents. 875 of the 885 respondents took part in this study about the brands of mobile phones. On February 28, 2022 to March 9, 2023, data were gathered utilizing the Computer Assisted Web Interviewing (CAWI) technique. CAWI is a method of conducting surveys or interviews through a web browser or mobile application (Elliott, 2021). Because Samsung is one of the most popular mobile brands in Indonesia, it was decided to select Samsung as the research topic so that Samsung could represent the data.

Customers' inclination to purchase can be affected by a number of factors, such as perceived value, pricing equity, price in relation to competitors, etc. However, there is a lack of comprehensive research on how pricing perception and service quality interact to influence consumer purchase decisions in the context of Samsung Medan. This study aims to fill that informational vacuum by providing meaningful data to Samsung and the consumer electronics industry, enabling them to develop effective marketing strategies and increase customer satisfaction in the competitive Medan market.

For Samsung Medan as well as the larger consumer electronics sector, it is crucial to investigate how users' perceptions of pricing and service quality affect their buying decisions. Understanding customer perceptions of product costs and level of service may help Samsung develop pricing plans and service improvements that will boost client happiness, brand loyalty, and revenue. Samsung may acquire a competitive edge by setting itself apart from rivals and encouraging consumer loyalty. The study's conclusions can help other companies in the field, academic researchers, and marketers by offering evidence-based recommendations for enhancing client happiness and guiding successful marketing tactics. Overall, the study might improve Samsung's ability to compete, keep customers, and experience long-term growth while also bringing important insights to the consumer electronics industry.

1.2 Problem Limitation

The issues that will be covered in this research are as follows, based on the background information and identification of the issues that have been described:

1. This study examines only the three variables consisting of two independent variables, namely Price Perception (PP) and Service Quality (SQ) along with one dependent variable which are Purchase Decision (PD)
2. The object of this research is limited to Samsung Medan (Sun Plaza, Centre Point and Delipark Medan outlets).
3. This research will be conducted using a questionnaire sent to customers in Medan as a reference with the characteristics of men and women between the ages of 18 and 65 years who domiciled in Medan, who have made purchases and using Samsung in the last 2 years.
4. The questionnaires are limited to 100 responders who are Samsung Medan customers.
5. The respondent's name, phone number, and any other personally identifiable information were treated with confidentiality.
6. The research was conducted online during the period of October 2023

1.3 Problem Formulation

In the highly competitive business environment of today, businesses struggle to attract and retain customers. The inquiry will be guided by the list of research topics that follows:

1. Does Price Perception has influence partially on Purchase Decision of Samsung customer at Medan?
2. Does Service Quality has influence partially on Purchase Decision of Samsung customer at Medan ?
3. Does Price Perception and Service Quality has influence simultaneously on Purchase Decision of Samsung customer at Medan?

1.4 Objective of The Research

The following are the research's goals, which are based on how the problem has been defined.

1. To identify if Price Perception has influence on Purchase Decision of Samsung's customer at Medan
2. To identify if Service Quality has influence on Purchase Decision of Samsung's customer at Medan.
3. To Identify if Price Perception and Service Quality has influence simultaneously on Purchase Decision of Samsung's customer at Medan.

1.5 Benefit of The Research

1.5.1 Theoretical Benefit

Enhanced Understanding of customer Behavior: The study adds to the amount of knowledge already available about customer behavior. The study advances

theoretical understanding of consumer decision-making processes by examining the connections between pricing perception, service quality, and purchase decisions.

Academic Contribution: The study may add to the body of knowledge in the fields of price theory, service management, and marketing analysis. It may stimulate more study and scholarly debate in these fields.

1.5.2 Practical Benefit

Development of Marketing plans: Samsung Medan can create efficient marketing plans using the research's findings. The corporation can optimize pricing and enhance service offerings to draw in more consumers and keep them coming back by having a clear understanding of how price perception and service quality affect purchasing decisions.

Advice for Industry Participants: Other consumer electronics firms can gain from the research's conclusions. Competitors can use Samsung Medan's techniques and enhance their own success by modifying their price and service policies.