

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Human needs and wants to continue to grow and are unlimited along with the times. Humans are no longer able to fulfil their needs and needs and wants on their own, so there is a need for organizations that can meet these needs and wants. The process undertaken by organizations to fulfil the needs and wants of humans to achieve profit is known as with the term business (Ali, 2019).

Basically, human needs are based on three things, namely clothing, food, and shelter, because it is needed every for humans to continue his life. This research discusses one of the factors of individual needs that arguably large and indispensable namely about shelter or housing. The need for a house is needed because it is a human shelter. Home is needed by every level of society because it has become a primary need for shelter. Home is indispensable by humans so that everyone tries as much as possible to be able to get a house (Iskandar and Irawan, 2019).

Housing is one of the basic human needs. Along with the increasing population, consumer demand for housing products is also increasing. This phenomenon is an attractive business opportunity for businesspeople, especially for developers who offer housing products. for developers who offer housing products as their flagship product (Samosir et al, 2020).

Consumer purchasing decisions are an action taken by consumers to buy a product. Every manufacturer must carry out various strategies so that consumers decide to buy their products. The purchasing decision process begins when consumers realize a problem or need for a desired product (Samosir et al, 2020).

Pricing by companies can affect the success or failure of the company. Price is what consumers (buyers) must give to get a product. Price is often the most flexible among the four elements of the marketing mix (Ali, 2019). Pricing and price competition is the number one problem faced by marketing executives. However, many companies are not able to handle pricing well. Behavior consumer behavior in buying a house must compare prices with other housing (Ali, 2019).

In marketing a product, promotion is needed, promotion is communication between sellers and buyers or other parties in the channel to influence attitudes and behavior. (McCarthy and Perreault quoted (Tampubolon, 2018). Promotion is carried out to introduce the product to consumers, so that consumers can know the advantages of the product they are going to buy (Hastuti, 2020).

Facilities are everything that is deliberately provided by service providers for use and enjoyment by consumers which aims to provide the maximum level of satisfaction. Good facilities can lead to a high level of decision in consumers so that it can encourage consumers to make purchases (Sugianto dan Ginting, 2020).

CitraLand Gama City Medan is a property development project of Ciputra Group in collaboration with GamaLand in Medan City. Developed on a premium area of 211.57 hectares, it carries the concept of “The Singapore of Medan” through a clean, green and modern residential concept. Perfectly integrated between

beautiful residential and strategic business districts.

CitraLand Gama City is a housing estate that stands on an area of 211.57 hectares. In the decision to buy a house in CitraLand Gama City, not all housing clusters in CitraLand Gama City have full occupancy rates. To find out consumer purchasing decisions, the writer conducted a pre-liminary test on 30 respondents who live in CitraLand Gama City in the following table.

Table 1.1 Pre Liminary Test of Respondents from CitraLand Gama City

No	Questions	Yes	No
1	Does the price offered by CitraLand Gama City match the property you get?	18	12
2	Did you buy property at CitraLand Gama City because you were interested in the promotions offered?	10	20
3	Are you interested in buying property in CitraLand Gama City because you consider the facilities offered?	16	14

Source: Pretest Liminary of Respondents from CitraLand Gama City (2023)

In the pre-liminary test conducted to respondents who live in CitraLand Gama City, at this time dominant consumers stated that their purchasing decisions were based on housing prices that were in accordance with specifications, dominant consumers bought not based on promotions offered and consumers were interested in buying because of the facilities offered by CitraLand Gama City. Reporting from *Bisnis.com*, as of September 2023, the sales of CitraLand Gama City's latest cluster totalled 135 billion with 55 housing units sold. This shows the enthusiastic interest of consumers in buying housing in CitraLand Gama City.

At its price point, CitraLand Gama City offers premium housing. With the concept of "The Singapore of Medan" and exclusive housing design, the consumers of CitraLand Gama City are the upper class who have high income. The price of housing offered ranges from 2.8 billion to 8 billion in the highest type. Here is the data of some of the housing cluster prices that are still available at CitraLand Gama

City as follows.

Table 1.2 Price Data from CitraLand Gama City

No	Cluster	Price Range
1	Raffles Place	5.9 million - 6.9 million
2	Avelino (Town House)	2.1 million - 3.7 million
3	Dempsey Hill	2.8 million - 7.8 million
4	Clarke Quay	2.7 million - 4.5 million

Source: CitraLand Gama City Medan (2023)

Based on the housing data that is still available now, CitraLand Gama City offers available prices from 2.1 billion to 7.8 billion for the highest type. This shows that price is one of the considerations for consumers to buy housing in CitraLand Gama City.

Apart from price, promotion also has an important role in attracting potential buyers. In the promotion carried out by CitraLand Gama City Medan, consumers can directly visit the housing project and see the sample houses, conduct exhibitions in malls. In addition, promotions are offered in the form of mortgages in collaboration with well-known banks such as BCA Bank with an interest rate of 2.75% per 1 year and Bank Mandiri. The following is a display of promotional banners at CitraLand Gama City Medan.

CLARKE QUAY

CITRALAND GAMA CITY
The Singapore of Medan

HUT GRUP CIPUTRA ke 40

KPR DP Mulai Dari **4%**

BUNGA KPR Fixed 3 Tahun **4.40%**

BIAYA KPR Admin & Provisi **FREE**

Harga mulai **1M^{an}**

VOUCHER 50 **JT** Furniture

Program **PROMO RUKO** Siap Huni

Dapatkan **FREE** DIGITAL DOOR LOCK, CCTV, WATER HEATER

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CIPUTRA 40
Digital Transformation for Sustainable Development

Figure 1.1 Promotion Banner at CitraLand Gama City Medan

Source: CitraLand Gama City Medan (2023)

In the promotional banner carried out by CitraLand Gama City Medan on the latest Clarke Quay cluster, it offers a down payment for mortgages of only 4%, 4.40% fixed 3-year mortgage interest, free mortgage, and provision fees with 50 million furniture vouchers, ready-to-occupy shophouses, and free supporting facilities such as digital door locks, CCTV and water heaters.



Figure 1.2 Promotion Banner at CitraLand Gama City Medan
Source: CitraLand Gama City Medan (2023)

Various promotional offers are provided such as the provision of 100% VAT Free, Smart Home facilities, free 3-unit air conditioners and housing canopy for consumers who buy housing. With various attractive promotions, consumer interest in making purchases will increase.

Apart from price and promotion, the facilities offered by housing are also a factor that influences purchasing decisions. Facilities are one of the company's main concerns because they are directly related to what customers receive and feel (Sugianto dan Ginting, 2020). Various facilities are provided by CitraLand Gama City Medan with a pedestrian area, 24-hour security, swimming pool, business

centre, artificial lakes that support the residents of CitraLand Gama City Medan. Here are some views of the facilities provided at CitraLand Gama City Medan.



Figure 1.3 Facilities of Swimming Pool, Pedestrian Area, Artificial Lake and Business Activity Centre at CitraLand Gama City Medan

Source: CitraLand Gama City Medan (2023)

Some previous research by Samosir (2020), with the results of research on price, promotion and service quality partially and simultaneously affecting home purchasing decisions. Research by Iskandar and Irawan (2019) with the results of research on price, location and facilities have a positive and significant partial and simultaneous effect on purchasing decisions. Therefore, the writer would like to examine thoroughly about **“The Effect of Price, Promotion and Facilities on Purchase Decision of Citraland Gama City Housing Medan”**.

1.2. Problem Limitation

The research object is limited solely in analyzing the effect of price,

promotion, facilities (as independent variables) toward purchasing decision (as dependent variable) at Citraland Gama City Housing as this research specifying on the housing as a whole within the duration of August until October 2023. This research is targeted to customers who have purchase housing at Citraland Gama City Housing.

Price (X_1) indicators are price compatibility with product quality, price compatibility with the benefits obtained, price competitiveness with similar products and price affordability (Kurnain and Marlina, 2021). Promotion (X_2) indicators are advertising, personal selling, sales promotion, public relation, dan direct marketing (Sugianto and Ginting, 2020). Facilities (X_3) indicators are completeness, cleanliness, and tidiness facilities, Condition and function of facilities and Ease of using the facilities offered (Sumayang, 2003 in Siregar, 2021). Purchasing decision (Y) indicators are decisions about decisions about product type, decision about the seller, decision about the quantity of the product, decision about the time of purchase, decision about payment method (Sunyoto (2015) in Imalia and Aprileny (2020)).

1.3. Problem Formulation

The following is the questions needed to be answered in this research are as follows:

- a. Does price have partial influence on purchasing decision of Citraland Gama City Housing Medan?
- b. Does promotion have partial influence on purchasing decision of Citraland

Gama City Housing Medan?

- c. Do facilities have partial influence on purchasing decision of Citraland Gama City Housing Medan?
- d. Do price, promotion, facilities have simultaneous influence on purchasing decision of Citraland Gama City Housing Medan?

1.4. Objective of the Research

According to the problem formulation above, the objectives of this research are as follows:

- a. To describe whether price have partial effect on purchasing decision of Citraland Gama City Housing Medan.
- b. To explain whether promotion have partial effect on purchasing decision of Citraland Gama City Housing Medan.
- c. To discover whether facilities have partial effect on purchasing decision of Citraland Gama City Housing Medan.
- d. To analyze whether price, promotion, facilities have simultaneous effect on purchasing decision of Citraland Gama City Housing Medan.

1.5. Benefit of the Research

Benefits of this research can be listed as follow:

1.5.1 Theoretical Benefit

Theoretically, this research aims to be informative and provide an understanding of how price, promotion and facilities can effect customer

purchase decision at Citraland Gama City Housing. And is also expected to be able to provide references to those in need of conducting another research in similar topic.

1.5.2 Practical Benefit

The practical benefits gathered and obtained from this research will be:

- a. For researchers, this research is expected to be references and providing information for the future researchers as parameter regarding price, promotion and facilities of a housing and how can they impact the purchase decision
- b. For Citraland Gama City Housing, this research is expected to be able to assist the development process of Citraland Gama City, especially regarding price, promotion, facilities and customer purchase decision in addition to helping develop in-depth analysis from existing performance in the housing as reference to formulate business development policies for better decision making.
- c. For other researchers, to be a guide and reference in leading the researcher to do other research that is compatible with this research.