

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Now a days the knowledge of science and technology in society has increased making people more selective in choosing the service facilities they wanted to use. This service facilities include medical facility. Health is the service facility that is a major concern in various countries because health plays a big role in maintaining and improving the health of the country people. Thus, health facility has become a very important need in society today.

Currently, health service industries have become one of the promising business opportunities with the fast growth and the big competition it has in the industry. One of the health facilities is clinic. As stated in the Regulation of the Minister of Health number 14 years 2021 concerning Standards for Business Activities and Product in the Implementation of Business Licensing Health Sector Risk Based, clinic is a health service facility that provides basic and/or specialist medical services on an ongoing basis comprehensively. In Indonesia, clinic is divided into two which are primary clinic (*klinik pratama*) and main clinic (*klinik utama*).

According to Johnson Sihombing et al (2019), the difference between primary clinic and main clinic are primary clinic only provides basic service medical, while main clinic provides basic and specialist medical services, primary clinic is led by a

doctor or a dentist, while main clinic should be led by specialist doctor or specialist dentist, primary clinic may serve inpatients, while main clinic can do inpatient service, and primary clinic should have at least two doctors or two dentists, while main clinic is required to have at least one specialist doctor for each type of poly disease that is provided in the clinic.

According to Ministry of Health in Indonesia (2021), Indonesia has 7,614 clinic which 6,572 is primary clinic and 1,042 is main clinic and is being owned by government, Indonesia national army, police, and public.

PT Atlantis Prima Indonesia known as *Klinik Atlantis* is a clinic that is located in Komplek MMTC, Jl. Williem Iskandar No 17-18, Kenangan Baru, Percut Sei Tuan, Deli Serdang, North Sumatra, 20223. PT Atlantis Prima Indonesia is a clinic that provide lots of service from laboratories, pharmacy, and specialist doctors. PT Atlantis Prima Indonesia has a complete set of medical property and provide lots of specialist – dermatologists and venereologists, cardiologists, internal medicine doctors, urologists, surgeons, ENT-KL doctors, clinical pathologists, psychiatrists, family doctors, and dentist.

Clinic has become people choice when wanted to have medical service. Increasing demand in medical sectors should have become PT Atlantis Prima Indonesia chance to grow bigger. But in realities the company sales have been contrary to the situation. This situation can be caused by several reasons and the writer concluded that location, institutional image, and service quality can be the main factors.

Tabel 1. 1 PT Atlantis Prima Indonesia Sales Growth from 2022-2023

Year	Number of Patient	Growth Percentage
2022 Jan – 2022 Sep	2937	-
2023 Jan – 2023 Sep	2764	-5.8%

Source: PT Atlantis Prima Indonesia (2023)

Clinic as a general public facility is often faced with lot of problems such as are the services provided by the clinic are appropriate to the patient expectation or not. Therefor the clinic is required to always maintain and improve the quality in order to maintain the trust between patient and the clinic.

According to Wu (2016); Yunida(2017) as cited in Puspita et al(2020), hospital image affects the patient's decision on enjoying the service health that is provided. Institutional image has the function as the communicator between customer and clinic. Institutional image is very impactful to the attitudes and behavior of customers towards the clinic.



Figure 1. 1 Logo PT Atlantis Prima Indonesia
Source: Official Website of Klinik Atlantis (2023)

Every company has its own uniqueness and certainly has competitors. Industry competitor includes company that offer similar services or products. This often leads to industry rivalry, where every company tries to push against each other and take the

lead. This can be price competition, battles for product introduction, and advertising battles. This rivalry will increase if the companies feel competitive pressure or see an opportunity for them to grow, but a intense competition can lead to reduced profit potential. As for Klinik Atlantis, there are several companies that work in the same line, Klinik Kimia Farma, Medan Medical Center Clinic, Klinik Siloam Medan, etc. Thus, Klinik Atlantis should know what the differences are with other competitor companies.

But in reality, Klinik Atlantis brand image is not strong and failed to highlight their advantages and characteristics, which result in Klinik Atlantis to be less recognized in the market. Customers did not see anything unique about Klinik Atlantis and is hard to distinguish it from the other brands.

Location is also another factor that determines the success of the services because location has close relationship with potential market. According to Handoko in Eka Putra (2011) as cited in Puspita et al (2020), determining the exact location can minimize the cost (investment and operational) short term as well as long term. Location can also improve competitiveness of the companies in the service sector. A strategic location will be one of the reasons when choosing the medical services. According to Hidayat (2020), Location should be strategic and reachable for the customers. Location is an important factor in creating the potential purchase decision that will be made. For some people, when considering buying something, they will prefer somewhere that is not far and easy to reach.



Figure 1. 2 Location of PT Atlantis Prima Indonesia
Source: Google Maps (2023)

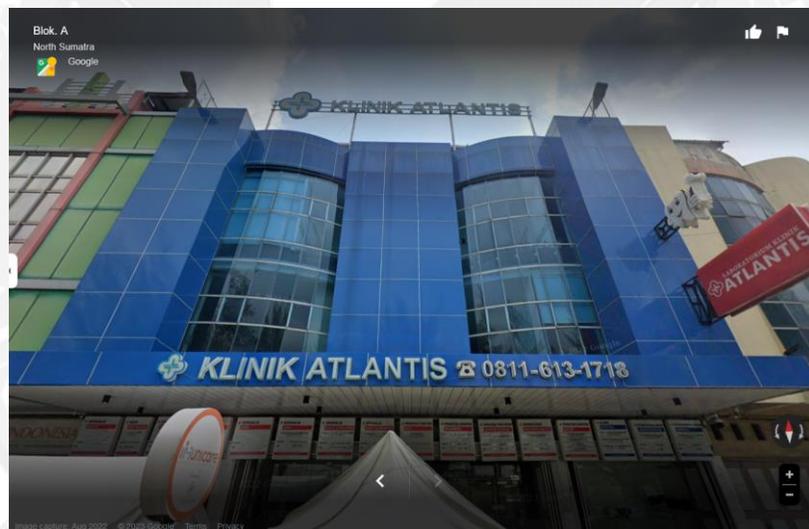


Figure 1. 3 Location of PT Atlantis Prima Indonesia
Source: Google Maps (2023)

Klinik Atlantis is located in Komplek MMTC, Jl. Williem Iskandar No 17-18, Kenangan Baru, Percut Sei Tuan, Deli Serdang, North Sumatra, 20223. The location is not that strategic, as Komplek MMTC is not in center of the city and Komplek MMTC is more well known for their market (selling daily products in the morning) and the night market. Their target market should be middle to low customers, but in real life

their target market is middle to high customers, which might result in, struggle to generate sales and revenue and customers would perceive Klinik Atlantis as the business that are out of their touch.

According to Kotler (2019) as cited in Nurfatwa et al (2022), service quality is a form of service that consumer rate from the level of service received and the expected service. If the service is appropriate to the expected service, it can be said that the service is well received and satisfying.

According to Arianto et al (2021), service quality is part of marketing management. Service quality has become one of the dominant factors in helping a company to be successful. Service quality development is strongly driven by the conditions of competitors between companies, technological advances, social and cultural economic stages of society.

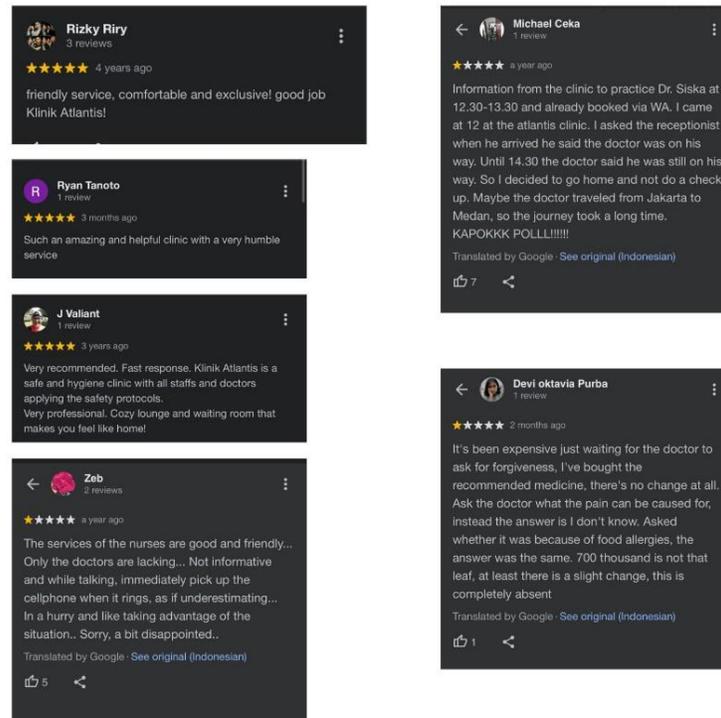


Figure 1. 4 Customer's review of PT Atlantis Prima Indonesia
Source: Google Review (2023)

Being one of the biggest clinics in Medan, PT Atlantis Prima Indonesia should already have built good image to the customer. But according to the google review (figure 1.3), PT Atlantis Prima Indonesia received mixed reviews. Most of them are concerned about the service quality and the time management of the company. According to Nurfatwa et al (2022), the higher the level of consumer education, the more aware the consumer will be about the importance of service quality. As technology advances, all information can be found quickly and easily. The review on the internet may have a significant effect on the company in both ways. The positive reviews will boost potential customers to go to the clinic, while on the other hand the negative reviews may affect the consumer purchase decision if it is not handled

properly. As society tends to demand a better health service making the health industries more competitive and have a tougher competition.

In today world, where everything changes quickly from one to another, companies should be able to support and grow their market share. It is important to know what kind of variable can affect the company sales. Having said that, writer is eager to learn more about the reason behind the declining purchase decision at PT Atlantis Prima Indonesia.

Thus, the background of the study has convinced writer that location, institutional image, and service quality have influence on customer purchase decision, so writer is compelled to do research with the title **“The Influence of Location, Institutional Image, and Service Quality on Customer Purchase Decision at PT Atlantis Prima Indonesia”**

1.2 Problem Limitation

Due to the lack of budget and time, writer will not consider other variable that can affect the customer purchase decision such as product knowledge, promotion, price, etc. It will be limited to location (X_1), institutional image (X_2), service quality (X_3) and customer purchase decision (Y). In addition, the writer would also like to limit the research object to PT Atlantis Prima Indonesia that is located in Komplek MMTC, Jl. Williem Iskandar No 17-18, Kenangan Baru, Percut Sei Tuan, Deli Serdang, North

Sumatra, 20223. Data will be conducted through survey questionnaire to consumers who are consumer of the clinic.

1.3 Problem of Formulation

Based on this paper, several research questions can be formulated, including:

- a. Does location have a significant influence on customer purchase decision at PT Atlantis Prima Indonesia?
- b. Does institutional image have a significant influence on customer purchase decision at PT Atlantis Prima Indonesia?
- c. Does service quality have a significant influence on customer purchase decision at PT Atlantis Prima Indonesia?

1.4 Objective of the Research

The aims of this research are:

- a. To determine whether location has a significant influence in customer purchase decision at PT Atlantis Prima Indonesia.
- b. To determine whether institutional image has a significant influence in customer purchase decision at PT Atlantis Prima Indonesia.
- c. To determine whether service quality has a significant influence in customer purchase decision at PT Atlantis Prima Indonesia.

1.5 Benefit of the Research

The research is expected to give some following benefit:

1.5.1. Theoretical Benefit

This research outcomes are expected to support past research and existing theories concerning the effect of location, institutional image, and service quality on customer purchase decision.

1.5.2. Practical Benefit

a. For the Writer

This research is expected to give writer extra knowledge and information about the influence of location, institutional image, and service quality at PT Atlantis Prima Indonesia.

a. For the Company

The result of this paper will help the company to know more about how location, institutional image, and service quality can affect the customer purchase decision.

The suggestion that is given is expected to be form of contribution to helping the company to stimulate greater sales.

b. For other Researchers

This paper can be the guide for other researchers to conduct their research that is relevant to the tittle.