

CHAPTER I

INTRODUCTION

1.1 Background of The Study

The real estate industry is highly dynamic and competitive, with property companies constantly striving to understand the factors that influence customer purchase intention. Among these factors, location, price, and service quality have emerged as crucial determinants that significantly impact customers' decision-making processes. The ability of a property company to effectively address and optimize these factors can have a profound influence on customer preferences and the ultimate purchase decision. In today's market, customers are increasingly informed and discerning, seeking properties that not only meet their functional requirements but also provide value and satisfaction. The real estate industry's inherent characteristics, such as its long-term nature, substantial financial implications, and the emotional attachment associated with property ownership, amplify the significance of product quality in influencing purchase intention. Buyers in this sector seek not just shelter but also a sense of security, status, and comfort, which makes the perceived quality of the product a critical aspect. A property's quality is not only a reflection of its physical attributes but also a manifestation of the developer's brand reputation, reliability, and commitment to customer satisfaction (<https://www.rumah.com>, retrieved in 2023, September 29).

Price, on the other hand, is a key factor that customers evaluate in relation to their budget and financial capabilities. Customers compare the prices of similar

properties in the market, assessing whether the price is commensurate with the perceived value, features, and location of the property. The affordability and competitiveness of the price can significantly influence customers' purchasing decisions.

In addition to location and price, service quality provided by property companies is a vital aspect influencing customer purchase intention. Customers expect professional and responsive service throughout the buying process. Factors such as transparent communication, reliability, trustworthiness, and personalized support contribute to customer satisfaction and influence their decision to purchase from a particular property company.

To thrive, outperform the competition, and accomplish their objectives, businesses need to be able to choose the right marketing plan. In general, customers have more options to select a product that meets their expectations when there are more rivals in the market. A high level of competition makes it harder for businesses to attract new customers. A company's ability to hold onto its market share will be indirectly impacted by intense competition, and businesses must put in a lot of effort to keep their consumers loyal. Effective management is essential for the organization while devising a strategy. A company's management should be able to highlight its benefits.

This research is conducted at PT Haus Development. The company is engaged in property company. The number of customers in year 2020-2022 can be seen as follows:

Table 1.1 Number of Customer

Year	Amount
2020	195
2021	187
2022	181

Source: PT Haus Development (2022)

The company's low degree of buy intention is indicated by the declining client base in 2020–2021. The low level of purchase intention indicates that some consumers are dissatisfied with the company's services and are prepared to switch to one that offers higher-quality services. The company's capacity to draw in new business and keep hold of its current clientele may also be reflected in the variations in the number of clients. Lower customer amounts might point to potential issues with customer satisfaction, post-purchase support, or the perceived value of the properties offered. The decrease in customer amounts could be attributed to various factors, such as increased competition from other real estate companies, economic uncertainties, or shifts in housing market trends. It's important for the company to assess its market positioning and competitive strategies to understand this drop. The company should determine the proper business strategy to maintain the customer.

The price in year 2020-2022 can be seen as follows:

Table 1.2 Price of Product

Year	Shophouse (Rp.)	Residential home	Town house	Building house
2020	700,000,000	500,000,000	400,000,000	2,000,000,000
2021	800,000,000	700,000,000	500,000,000	2,500,000,000
2022	1,000,000,000	800,000,000	700,000,000	2,700,000,000

Source: PT Haus Development (2023)

The consistent and substantial increase in property prices over these three years is a prominent phenomenon within PT Haus Development. This phenomenon is a reflection of broader economic dynamics, market demand and supply, and

investor sentiment. The escalating prices might lead to reduced affordability for potential buyers, especially first-time homebuyers or those with limited budgets. This could lead to difficulties in entering the property market and fulfilling the aspiration of property ownership. The escalating prices might attract speculative behavior, where investors buy properties solely for the purpose of capital gains rather than for their intrinsic value or utility. Buyers often compare multiple properties before making a decision. If a house is priced much higher than similar properties in the same area, it can lead to the perception that the house is overpriced, causing potential buyers to opt for more reasonably priced alternatives. Higher prices can result in higher down payment requirements, monthly mortgage payments, and property taxes. Buyers might face difficulties in securing financing for a house with a significantly higher price, which could discourage them from pursuing the purchase. If a real estate company consistently prices properties too high, it can lead to reduced demand from potential buyers. High prices can discourage buyers from even considering the properties, leading to slower sales and a longer time on the market. The decrease in customer numbers might prompt the company to review and adjust its marketing and outreach efforts. Strategies such as price, product quality, and service quality activities could be crucial to attracting and retaining customers.

The product quality for year 2020-2022 can be seen as follows:

Table 1.3. Product Quality for Year 2020-2022.

Year.	Product Quality Aspects.
2020	<ul style="list-style-type: none"> • Supply chain disruptions due to the COVID-19 pandemic. • Challenges in maintaining construction quality during lockdowns. • Transition to remote work impacts quality control. • Shortages of skilled labor affect construction quality. • Emphasis on safety measures while maintaining quality
2021	<ul style="list-style-type: none"> • Variation in the quality of construction materials and workmanship leads to differing property quality. • Lack of regular maintenance and repairs on properties results in deterioration over time. • Advertising properties with exaggerated features or amenities that do not match the actual offering. • Balancing between cost-cutting measures and maintaining high-quality standards in construction. • Absence of clear and standardized quality benchmarks for construction and property development.
2022	<ul style="list-style-type: none"> • Buyers discovering defects or discrepancies after purchasing, leading to dissatisfaction and disputes. • Buyers discover defects or discrepancies after purchasing, leading to dissatisfaction and disputes. • Insufficient property inspections before sale lead to the oversight of hidden issues. • Buyers perceive a mismatch between the property price and the quality of construction and amenities. • Delays in property construction due to poor project management and quality control. • Managing and meeting customer expectations regarding property quality and amenities.

Source: PT Haus Development (2023)

In 2020, the pandemic disrupted global supply chains, causing delays in obtaining construction materials. This led to challenges in maintaining consistent

quality as projects faced uncertainties in material availability. Lockdowns and restrictions imposed to curb the pandemic's spread limited on-site work. This presented difficulties in maintaining construction quality as a limited workforce and resources were available. Lockdowns and restrictions imposed to curb the pandemic's spread limited on-site work. This presented difficulties in maintaining construction quality as a limited workforce and resources were available. Skilled labor shortages, partly due to safety concerns, impacted construction quality. Reduced workforce availability could lead to rushed work and potential quality compromises. Maintaining safety protocols became crucial. Balancing safety measures and maintaining construction quality required adjustments in work practices and resource allocation. In 2021, differences in construction materials and workmanship quality resulted in variations in property quality. Inconsistent quality could lead to buyer dissatisfaction. Differences in construction materials and workmanship quality resulted in variations in property quality. Inconsistent quality could lead to buyer dissatisfaction. Exaggerated property features in marketing materials that did not align with the actual offering could mislead buyers about the quality of the properties. The challenge is maintaining high-quality standards while managing costs and staying competitive in the market. Balancing these factors could impact construction quality. The absence of standardized benchmarks for construction quality made it difficult to establish consistent quality standards across projects.

In 2022, buyers finding defects or discrepancies after purchasing properties can lead to dissatisfaction and disputes. Poor quality could undermine buyer trust.

Inadequate property inspections before sale could result in the oversight of hidden issues, impacting the overall quality of the properties. If buyers perceive a mismatch between the price they pay and the quality of construction and amenities they receive, it can lead to negative perceptions and hesitations. Delays in construction due to poor project management and inadequate quality control processes can impact overall project quality and delivery timelines. Ensuring that properties meet or exceed customer expectations in terms of quality and amenities is essential for customer satisfaction and long-term success.

The service quality at the company can be seen as follows:

Table 1.4. Service Quality Before and After Sales.

Service Quality	Description.
Before sales	<ul style="list-style-type: none"> • Incomplete property information. • Misleading marketing • Poor customer education. • Inadequate property tours.
After sales	<ul style="list-style-type: none"> • Delayed issue resolution. • Inadequate maintenance support • Lack of communication. • Unclear warranty policies • Resale support. • Dispute resolution.

Source: PT Haus Development (2023)

Before sales, the company sometimes provides incomplete or inaccurate information about properties during the sales process. This can result in confusion for potential buyers who might not have a clear understanding of what they are purchasing. It can lead to dissatisfaction if the actual property doesn't match their expectations. Exaggerated descriptions and images in marketing materials can create unrealistic expectations among buyers. When the actual property doesn't live up to these inflated claims, it can lead to disappointment and a sense of mistrust towards the company. The company doesn't adequately educate potential buyers

about the intricacies of the purchasing process, with the result that buyers may become frustrated and overwhelmed. Lack of understanding can result in misunderstandings, delays, and even potential buyers' remorse. When property tours are not comprehensive, buyers may miss important details about the property's condition, layout, and features. This can lead to uninformed decisions and dissatisfaction post-purchase.

After sales, slow responses and resolutions to issues that arise after the sale can lead to buyer frustration. If buyers encounter problems with their property and the company is unresponsive, it can damage the company's reputation and lead to dissatisfaction. Providing insufficient guidance on property maintenance and repairs can result in properties deteriorating over time. Without proper instructions, buyers might not know how to care for their property effectively, leading to potential dissatisfaction. The company cannot maintain clear and consistent communication with buyers after the sale, which can create misunderstandings and concerns. Buyers might feel neglected or ignored, impacting their overall satisfaction with the purchase. Warranty coverage on property defects is unclear or not transparently communicated, with the result that buyers might be unsure about their rights in case of issues. This lack of clarity can lead to disputes and frustration. The company cannot offer assistance or guidance to buyers looking to resell their property, which can impact resale value. Lack of support can result in challenges when navigating the resale market. Difficulty in resolving disputes between buyers and the company, whether related to property defects or service quality, can escalate into legal conflicts and damage the company's reputation.

Based on the background, the writer is interested in conducting research with the title “The **Influence of Price, Product Quality, and Service Quality on Purchase Intention at PT Haus Development.**”

1.2 Problem Limitation

The writer determines the problem limitation on price, product quality, and service quality as independent variables and purchase intention as a dependent variable. Indicators Price (X1) in this research is based on affordability, quality, competitiveness, and benefit. Indicators of product quality (X2) in this research are performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. Indicators of service quality (X3) in this research are reliability, responsiveness, tangibleness, empathy, and assurance. Indicators Purchase intention (Y) in this research is transactional, reference, preference, and exploratory. The characteristics of these respondents consist of age, length of time as customers, and gender.

1.3 Problem Formulation

Based on the background study above, the writer can take problem identification as follows:

1. Does the price have a partial influence on purchase intention at PT Haus Development?
2. Does the product quality have a partial influence on purchase intention at PT Haus Development?

3. Does the service quality have a partial influence on purchase intention PT Haus Development?
4. Do price, product quality and service quality have simultaneously influence on purchase intention at PT Haus Development?

1.4 Objective of the Research

The objectives of the research are as follows:

1. To know whether price have influences purchase intention at PT Haus Development
2. To know whether product quality have influences purchase intention at PT Haus Development
3. To know whether service quality have influences on purchase intention at PT Haus Development
4. To know whether price, product quality and service quality have influences purchase intention at PT Haus Development.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

This research can provide theories about price, product quality, service quality, and purchase intention that can provide theoretical benefits for marketing.

1.5.2 Practical Benefit

1. For the company

For the company, this research can provide suggestions on how to conduct pricing, product quality, and service quality to maintain purchase intention.

2. For the writer.

For writers, this study can give them knowledge about marketing, especially price, product quality, and service quality.

3. For the other researcher

This research can be used as a reference for other researchers' research on the same topic.

