

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Every human has their own needs and wants in their life. The theory of human needs originally stated by Abraham Maslow in 1943 in the theory of “Hierarchy of Needs” as mentioned in Masudjon & Zebo (2022) in their research.

The Maslow’s theory of needs is focusing and describing the whole person with several level of their needs can be fulfilled from priority level into self-exploration needs. The theory started with the physiological needs as human is a body that need to survive and this need refers to human efforts to maintain the consistent level in their body (Hopper, 2020). It often known as essential needs as oxygen, water, food, cloth, etc.

Safety needs refers to the needs of human to secure their way of life or avoid fears and anxiety. Human needs rules or systems and insurance to meet these needs and move away from being pessimistic as stated by Altymurat et al (2021) and added by Lin & Shi (2020) that safety needs are reflects the needs for stabilize every circumstance in their life.

The social and esteem needs of human refers to their existence in the social community or organization. As generally known, human is social individual that needs to interact with other people every day. Building more higher or bigger social connections or community can higher the esteem of human as they would

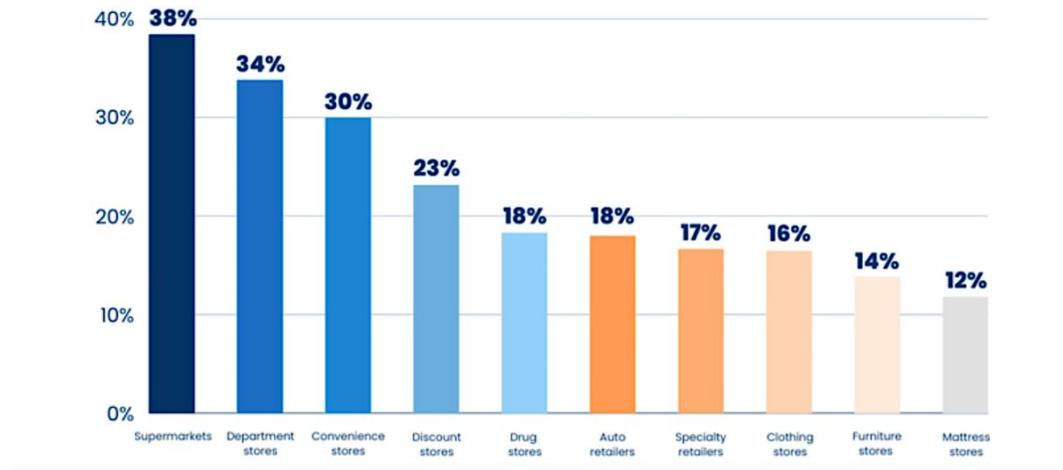
feel recognized by other and respected by other people. Connection or community also can help them to reach their purpose or goals in their life.

As the last level of human needs, the self-actualization is the complimentary things that human wants to fulfill their desire. (Acquah et al, 2021) Self-actualization is generally is the effort that human takes until the highest point of what they capable to becoming. It refers to the growth and achieving more and more accomplishment in their life.

To fulfill their needs, human need sources or places to get and gain the things they want. Mostly things have to be purchased, or in other words, human need to have transaction in order to get the things they wanted. As human have income from their works, human can start buying products or services from the other people.

Human can buy products and services from many sources. Store, supermarket, online shop, or traditional markets. It depends of their preferences and capability to choose whether they want to purchase things.

Based on the data of human preferences of where they prefer to purchase things as shown below, it shown that supermarket is the most favorable place for them to buying their needs.



**Figure 1.1 Where consumers were most likely to have a shopping experience.**  
Source: driveresearch.com (2023)

The reason why supermarket become one of the most convenience place to purchase things is because of their wide variety of product. Human can access many products in every category of thing they need and want. As mentioned by Dubra (2021), Supermarket is superior than other retail type of store because it has larger store formats, bigger variety of goods or services, orderly shelf space and product arrangement.

Most of people also prefer to purchase products from supermarket because the price that offered by supermarket usually lower than other retail. It happen because supermarket distributing bigger amount than other retail type and the supplier of the product tend to giving lower price for supermarket. Not only because the lower price of the product, supermarket also usually provide more discount or promo in the product they sell in the store.

Based on the circumstances described above, this paper will analyze the consumer buying decision of the product. As mentioned, supermarket with the wide variety of product that placed in the orderly shelf accompanied with different price offers might having impact in consumer buying decision.

The problem that might occurs is the impulsive buying as customers is provided by lot of variant of things or same type of product from competitor brand directly in front of them. Impulsive buying is the tendency of customers to buy products without planning in advance (Puspita, 2018) and it arises when a customer strongly have urge sentiments to buy the product after seeing a product in the shelf (Gooneratne, 2021). Impulsive buying happen at almost retail chain, but specifically supermarket is strategizing the display of products in order to aim the customers to have such manner when they get attracted towards them (Akshay et al., 2020).

The first factors that might influence customers' impulsive buying decision is product servicescape. Servicescape is related to physical environment when the product is displayed in front of the customers; it includes the layout, ambient conditions, and arrangement of the product.

The servicescape of product is related to the product diversity that defined by Nabeela et al (2022) as the variety of product that offered by retailer that related to the depth, breadth, quality, size, also product availability. The variation option that provided by supermarket in the shelf will expected to meet the desires and need of customers and can increase the intensity of buying intention towards

the product. Product diversity can be a solution when the customers immediately have changed their opinion or having uncertainty with their option before.

One of the most considerations that affect the customer purchase decision is price. In the shelf, the product is already labeled with price information but offers in price product is one of the way to attract customers' attention. The basis of price is the price must be reasonable and must accordance with customers demand and expectation (Pandu et al ., 2022). The customers is intend to purchase products that they deserve with the amount of price they willing to purchase. The customers can impulsively changes or move their decision to another product when they perceive as more beneficial compare to other product.

Customers of Brastagi Supermarket Gatot Subroto Medan also experiencing impulsive buying. Brastagi Supermarket has operating in Medan city since 1992 as fruit store. It specializing in selling fruits and vegetables back then until they grow to be supermarket that sells more kind of product as groceries and household product. They operating under license of PT. Jaya Anugerah Sukses Abadi with several branches as Brastagi Supermarket, as Brastagi Manhattan, Brastagi Tiara, and Brastagi Cambridge.

As this research is analyzing the influence of product servicecape, product diversity, and product price offers toward impulsive buying decision, this paper would examine the problem in Brastagi Supermarket Gatot Subroto Medan. This research will take place in the store with the answer from respondents will be collected online.

Brastagi supermarket has a wide arrangement of product, separated from categories as fruit and vegetables, meat and dairy products, frozen foods, snacks, household and cleaning supplies, personal care and beauty, kitchen and living tools and equipment, etc. The arrangement of product is considered as product servicescape and it would influence the decision-making by consumers.



**Figure 1.2 Product Arrangement & Placement in Brastagi Gatot Subroto Medan**

Source: Documentation by writer (2023)

There are few types of arrangements in store, the first one is on the aisle selves for same categories of product. It divided into several hallways with two shelves displayed facing each other. Next one is the arrangement of product in the corner of the shelves with smaller racks that containing only from the displayed brands, usually for smaller size of products that can be reachable for everyone. There is also an arrangement of products in the middle of the store that usually contain promotional items.

The first type of arrangement, with products placed on aisle shelves for the same categories, is organized to facilitate easy navigation and comparison for customers looking for specific items. This layout encourages customers to explore

the aisle, possibly leading to more spontaneous purchases as they encounter related products.

The second arrangement, placing products in the corner of the shelves with smaller racks featuring specific brands, is designed for convenience and visibility. This setup allows customers to quickly locate and access products from their preferred brands, especially when dealing with smaller-sized items. It caters to customer preferences and helps in creating a more personalized shopping experience.

The arrangement of products in the middle of the store, often containing promotional items, serves as a focal point to attract attention and generate interest. Placing promotional items in this high-traffic area can increase their visibility, potentially leading to increased sales. It also provides an opportunity for the store to highlight special offers and create a sense of excitement, encouraging customers to explore and discover new products.

Product displayed and sold by Brastagi Supermarket also has wide range. They provide different types of products, for example variation of size and flavor from one brand, different brand from same types of products, and they also giving option from lower quality into higher quality product.



**Figure 1.3 Product Variation Displayed in Brastagi Gatot Subroto Medan**

Source: Documentation by writer (2023)

Brastagi Supermarket Gatot Subroto in Medan strategically leverages product diversity to meet the diverse needs and preferences of its customers. The supermarket excels in offering a comprehensive range of products that vary not only in size and flavor within brands but also by featuring different brands within the same product category. This approach enhances customer choice, allowing them to select products based on factors such as brand loyalty, pricing, quality, or specific features.

The supermarket providing options from lower to higher quality further caters to a wide range of customer budgets, ensuring accessibility for various segments of the population.

Moreover, Brastagi Supermarket adds excitement to the shopping experience by introducing seasonal and exclusive items. This dynamic approach keeps the inventory fresh, aligns with seasonal trends, and entices customers to explore and experiment with new and unique products.

The supermarket's product diversity not only serves functional needs but also contributes to creating a vibrant and novel shopping environment. By continuously introducing seasonal and exclusive items, Brastagi Supermarket Gatot Subroto enhances customer engagement, fostering a sense of curiosity and exploration among its clientele.

The tiered options in quality and the inclusion of diverse brands within categories establish a competitive landscape within the store, ensuring that customers have ample choices to consider. Overall, the supermarket's commitment to product diversity reflects a strategic approach to meet customer demands while fostering an exciting and dynamic shopping experience.



**Figure 1.4 New Item Tag in Brastagi Gatot Subroto Medan**

Source: Documentation by writer (2023)

Brastagi Supermarket Gatot Subroto also always giving price offers towards customers, there is several types of price offers as shown in the figure:



**Figure 1.5 Price promotion in Brastagi Gatot Subroto Medan**

Source: Documentation by writer (2023)

Special price for the product, it usually presents as discount percentage in the product from original price into promotional price for the selected product. Brastagi Supermarket Gatot Subroto employs various price offers to provide customers with attractive incentives and value for their purchases. One common type of offer is the "Special Price," where selected products are presented with a discounted percentage from their original price, promoting a temporary promotional price. This strategy encourages customers to take advantage of the discounted rate, creating a sense of urgency and enhancing the perceived value of the purchase.



**Figure 1.6 Bundling Product in Brastagi Gatot Subroto Medan**

Source: Documentation by writer (2023)

Bundling promo is the promotional price when it combining one product with another product, for instance as shown in the figure, buying two products from same brand with different size will cost lower than only buying one size of the products. Brastagi Gatot Subroto also applied this promo where customers receive a promotional price by combining the purchase of two related products. For example, buying two products from the same brand but with different sizes may cost less than purchasing each size individually. This bundling strategy not only incentivizes customers to buy more but also promotes product combinations that complement each other.



**Figure 1.7 Free Product Promotion in Brastagi Gatot Subroto Medan**  
Source: Documentation by writer (2023)

Furthermore, Brastagi Supermarket Gatot Subroto incorporates the concept of "Extra or Free Items" as part of certain purchase deals. Customers receive additional products or smaller versions for free when purchasing specific items. This approach aims to enhance customer satisfaction by offering added value to their shopping experience. Typically, the free items are either smaller versions of the purchased product or products from the same brand, encouraging customers to explore and try related items.

Based on the information, for this paper, the arrangement of product, the diversity of product, and the price offers that will be analyzed is Brastagi Gatot Subroto Supermarket that. The customers impulsive buying decision in Brastagi Gatot Subroto along with the servicescape of product display in Brastagi shelf, the variety of product that sells in Brastagi with the product price offered in store, this paper titled **“The Influence of Servicescape, Product Diversity, and Product Price Offers Towards Customer Impulsive Buying Decision in Brastagi Supermarket Gatot Subroto Medan”**

## **1.2 Problem Limitation**

There are some limitation to this research, there will be one dependent and three independent variables in conjunction with their indicators:

X1: *Product Servicescape*: Spatial Layout, Sensory Experience, Product Display (Sign & Symbol), Product Accessibility

X2: *Product Diversity*: Diversity of Brand, Diversity of Size and Variation, Seasonal Product, Product Quality Variation

X3: *Product Price Offers*: Discount Percentage, Price Bundling, Limited/ Seasonal Product, Extra Product

Y: *Customer Impulsive Buying Decision*: Unplanned Purchase , Exaggerate Budget, Emotion-Driven Purchase

### **1.3 Problem Formulation**

Based on the problem limitation above, the problem formulation are:

1. Does product servicescape have influence of on customer impulsive buying decision?
2. Does product diversity have influence of on customer impulsive buying decision?
3. Does product price offer have influence of on customer impulsive buying decision?
4. Do product servicescape, product diversity, product price offers have influence of on customer impulsive buying decision?

### **1.4 Objective of the Research**

A research has several objectives that aim to:

1. To examine whether product servicescape has a significant influence on Brastagi Gatot Subroto's customer impulsive buying
2. To examine whether product diversity has a significant influence on Brastagi Gatot Subroto's customer impulsive buying
3. To examine whether product price offers has a significant influence on Brastagi Gatot Subroto's customer impulsive buying.
4. To examine whether product servicescape, product diversity, and product price offers has a significant influence on Brastagi Gatot Subroto's customer impulsive buying.

## **1.5 Benefit of the Research**

The benefit of the research according to the objective and problems found during the research for this paper, can be separated into two kinds of benefit, which are:

### **1.5.1 Theoretical Benefit**

The theoretical benefit of this research for the writer is the knowledge that obtained during the information searching and theory research that can be applied in life actual case. The knowledge provided can improve the better understanding of writer for the future case research. There is also the benefit for the readers, this will benefit them to learn the knowledge alongside the writer. This paper also can be used for their reference or guide in their research.

### **1.5.2 Practical Benefit**

The practical benefits can be used for Brastagi Supermarket Gatot Subroto Medan and their branch or other supermarket as a reference for which factors that they would need to evaluate and examine for improvement and changes related to customer buying decision in their product and price.