

CHAPTER I

INTRODUCTION

1.1. Background of the Study

In today's business conditions, marketing concepts must be used to achieve success for the company. To achieve long-term profits, companies must be able to understand consumers and their desires. Companies must divide their market into segments, or consumer groups, and determine the desires of each segment. Marketing must be understood not only in the ancient sense but also in the modern sense of satisfying customer needs.

In a business competition situation, all companies compete to meet market needs. This situation gives rise to sharp competition between companies, both due to the increasing number of competitors, increasing product volumes, and increasing population development in other regions. This forces the company to pay more attention to the environment that can affect the company so that it knows what kind of marketing strategy and how it should be implemented within the company.

Purchase intention as one of the strategies owned by the company to retain customers. The company's business continuity will depend heavily on the purchase intention of consumers. According to Kotler and Keller (2009) in Ratnasari (2019) state that consumer buying interest is a consumer behavior where consumers have a desire to choose, use, and consume or even want a product offered.

One of the factors that determines consumer purchasing intentions is consumer experience. With consumer experience, it will become a reference for consumers when purchasing and using a product. According to Ratnasari (2019), if the customer experience is improved well, it will further increase interest in repurchasing.

Then the next factor is brand awareness. Having brand awareness will make it easier for consumers to remember products from a certain brand before buying. According to Yet (2011) and Arianty and Andira (2021), brand awareness is the number of customers who know and remember a company's product brand. The more customers who know and remember the company's products, the better the impact on the company.

In product marketing, the role of sales promotion cannot be separated. Sales promotion activities are carried out to provide product promotions to consumers so that they are interested in buying the products offered. According to Elpanso et al. (2022), sales promotion is another element of marketing communications that aims to communicate company messages to consumers to increase their interest in purchasing products and services.

PT Panen Budi Mandiri is a company operating in the furniture sector that sells products such as chairs and tables, wardrobes, decorative cabinets, chairs and dining tables, gazebos, and study tables. Company established in 2001 in Medan, as a private wood processing plant in Indonesia, which produces various wood processed products such as Furniture, S4S, Finger joint Stick, Finger joint Laminated Board.

The company produces all products according to consumer needs and demands. The company's customer base is in the city of Medan and its surroundings. Some displays of furniture products at PT Panen Budi Mandiri are as follows:



Figure 1.1 Products View at at PT Panen Budi Mandiri

Source: PT Panen Budi Mandiri (2023)

The purchase intention of PT Panen Budi Mandiri is currently experiencing a decline. This can be seen in the decline in the number of consumers experienced

by the company. The following is data on the number of consumers who made purchases at PT Panen Budi Mandiri from the period 2020–2022.

Table 1.1 Number of Customers at PT Panen Budi Mandiri, Medan

Year	Number of Customers	Percentage
2020	174	-17%
2021	139	-20%
2022	135	-3%

Source: PT Panen Budi Mandiri (2023)

From data on the number of customers at PT Panen Budi Mandiri, Medan, this is currently experiencing a decline from 2020 to 2022. This shows that purchase intentions at PT Panen Budi Mandiri, Medan, have decreased due to decreased transactions from consumers and a lack of consumer desire to make referrals to other colleagues to buy products at the company.

In terms of customer experience, PT Panen Budi Mandiri, Medan, is currently experiencing complaints from consumers. Complaints occur because the company does not provide services within the constraints faced by consumers. The following is data on consumer complaints.

Table 1.2 Complaints Data at PT Panen Budi Mandiri, Medan

Year	Number of Complaints	Complaints
2018	25	<ol style="list-style-type: none"> 1. There is damage to the product received by consumers 2. The product received is not as requested 3. Employees are slow to respond to customer complaints 4. The production process of the latest product model that is old is sent to consumers
2019	30	
2020	22	
2021	26	
2022	32	

Source: PT Panen Budi Mandiri (2023)

From data on consumer complaints regarding their experience purchasing furniture products at PT Panen Budi Mandiri shows that consumers have not had a good experience purchasing products at PT Panen Budi Mandiri. Consumers still

give poor ratings to companies regarding services and offers that are not responded to quickly when consumers need them.

In terms of brand awareness, PT Panen Budi Mandiri is currently experiencing quite tight competition with furniture brands from other companies. Meanwhile, several companies in similar fields have quite a large customer base compared to PT Panen Budi Mandiri. This can be seen in several similar companies in the furniture sector, as follows.

Table 1.3 List of Competitors Company at PT Panen Budi Mandiri, Medan

No	Name	Review Ratings
1	CELLINI	5.0
2	Siahaan Meubel	5.0
3	Duta Karya	5.0
4	Kayu Manis	5.0
5	PD Wira Utama	4.7
6	Grand Furniture	3.0

Source: Google Reviews (2023)

From the company's competitor data, it shows that business competition with competitors is very tight. To find out about brand awareness from PT Panen Budi Mandiri, the writer conducted a pre-liminary test on 30 customers of PT Panen Budi Mandiri with the following results.

Table 1.4 Pre Liminary-Test about Brand Awareness

No	Questions	Yes	No
1	Do you receive a promotion from PT Panen Budi Mandiri?	20	10
2	Do you know the products sold by PT Panen Budi Mandiri?	13	17
3	Do you use furniture products from PT Panen Budi Mandiri?	10	20
4	Are you actively buying furniture at PT Panen Budi Mandiri?	5	25

Source: Pre Liminary (2023)

The results of the preliminary tests submitted to respondents indicated that PT Panen Budi Mandiri did not yet have good brand awareness. This can be seen

from the dominant consumers, who do not recognize the products sold by the company, do not use the products, and do not actively buy products sold by consumers.

In sales promotion activities at PT Panen Budi Mandiri, the company currently has several activities such as discounts, advertising, and loyalty programs for customers. The details of PT Panen Budi Mandiri's promotional activities are as follows.

Table 1.5 Sales Promotion Activity at PT Panen Budi Mandiri

Promotion Programs	Duration	Description
Discount	January-March November-December	Discount of 15% for a minimum purchase of Rp 100,000,000 and discount 18% for cash payments with terms and conditions.
Cashback Programs	January, December	10% Cashback on Every Purchase of Sofa Chair
Loyalty	April-June	Giving clothes with logo and furniture brand and free pamphlet installation then accessories.

Source: PT Panen Budi Mandiri (2023)

Data on sales promotion activities shows that the promotional activities carried out are still not interesting and varied. The company relies more on giving discounts with a large enough number of purchases and cash payments in certain months, cashback programs for every purchase of sofa, and only provides clothes and accessories to maintain customer loyalty.

Based on an explanation of the background phenomenon, the authors decided to conduct research based on the title **“The Influence of Customer Experience, Brand Awareness, And Sales Promotion on Purchase Intention at PT Panen Budi Mandiri, Medan”**

1.2. Problem Limitation

Due to the limited time and budget, this research will be conducted at PT Panen Budi Mandiri from August 2023 to October 2023 about those relevant problems including customer experience, Brand Awareness, and sales promotion and purchase intention. For the problem limitation already chooses by writer where there are some independent variables (Variable X) consist of customer experience, Brand Awareness, and sales promotion and the dependent variable (Variable Y) will consist of purchase intention.

The indicator of customer experience according to Nilson and Wall (2017) in Ayaumi and Komariah (2021) are: customer review, customization, security, customer service and store offering.

The indicator of Brand Awareness, according to Kriyantoro (2006) in Thejaya (2019) are: recall, recognition, purchase, consumption.

The indicator of sales promotion according to according to Kotler (2007) in Thejaya (2019) are: frequency of promotions, promotional quality, promotion quantity, promotion time, accuracy or suitability of promotional targets.

The indicator of purchase intention according to Febrina (2021) are: transactional interest, referential interest, preferential interest, exploratory interest.

1.3. Problem Formulation

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

- a. Does customer experience have partial influence on purchase intention at

PT Panen Budi Mandiri, Medan?

- b. Does brand awareness have partial influence on customer purchase decision at PT Panen Budi Mandiri, Medan?
- c. Does sales promotion have partial influence on customer purchase decision at PT Panen Budi Mandiri, Medan?
- d. Do customer experience, Brand Awareness, and sales promotion have simultaneous influence on purchase intention at PT Panen Budi Mandiri, 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 customer experience have partial effect on purchase intention at PT Panen Budi Mandiri, Medan.
- b. To explain whether brand awareness have partial effect on purchase intention at PT Panen Budi Mandiri, Medan.
- c. To discover whether sales promotion have partial effect on purchase intention at PT Panen Budi Mandiri, Medan.
- d. To analyze whether customer experience, Brand Awareness, and sales promotion have simultaneous effect on purchase intention at PT Panen Budi Mandiri, Medan.

1.5. Benefit of the Research

Benefits of this research can be listed as follow:

1.5.1 Theoretical Benefit

The results of this research are expected to contribute to the existing theories relevant with customer experience, Brand Awareness, and sales promotion on purchase intention at PT Panen Budi Mandiri, Medan.

1.5.2 Practical Benefit

The practical benefit of this research as follow:

- a. For the writer, the result of this research is expected to explain the effect of customer experience, brand awareness, and sales promotion on purchase intention at PT Panen Budi Mandiri, Medan.
- b. For PT Panen Budi Mandiri, Medan, this research as information about whether the survey that has been made will be useful to improve business performance and revenue from company.
- c. For other researchers, to be a guide and reference in leading the researcher to do other research that is compatible with this research.