

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Competition is so tight now that companies must be able to play a reliable marketing strategy and be able to attract customers so as to win the market. Products that have good quality with differentiation also either would be a product that most likely has customers loyal. By understanding how customers behavior will give contribute to the company to formulate marketing strategies will be implemented in introducing and promote their products to the market. This means that when a product about to be produced, long before it was known what became customer needs and desires (Adam, 2019).

Purchase decision becomes an important thing for note because this would be a consideration how a marketing strategy that will be done by the company next. The company's success in influencing customers in purchasing decisions is strongly supported through efforts to build communication to customers by building brands to customers with marketing strategies, as well as innovation for variances new to a product. Purchasing decision-making process complicated often involves several decisions. A decision involves a choice between two or more alternative actions (Warnadi and Triyono, 2019). Purchase intention has a close relationship with customers purchasing decisions. Intention is used to predict consumer action whether or not to make a purchase. Before buying, customers usually find out in advance about product information based on

personal experience or information from the surrounding environment. The information obtained will be used as an assessment of the product. Furthermore, what customers can do is compare products, evaluate and make decisions (Sayyid, 2020).

PT Wahana Jaya Raya is a company engaged in the field of electronic distributors of various brands such as LG, Samsung, Sony, Hitachi and others. Based on the survey show that the decrease in purchasing decisions marked by a decrease in sales at PT Wahana Jaya Raya. The following sales data of PT Wahana Jaya Raya are below:

**Table 1. 1 Sales Data at PT Wahana Jaya Raya
2020-2022**

Year	Total	%
2018	54.996.584.500	-
2019	51.263.515.000	-6,79%
2020	48.564.251.000	-5,27%
2021	42.653.604.000	-12,17%
2022	40.563.573.000	-4,90%

Sources: PT Wahana Jaya Raya, 2023

Table 1.1 Shows that sales data from 2018 to 2022 decreased. This is due to the high level of competition so that the decline in sales resulting in a decrease because there are many factors that could influence purchase decisions at PT Wahana Jaya Raya.

Personal selling compared to other promotional mix elements is fundamentally unique. While advertising and sales promotion focuses on creating awareness about a product's existence providing information on product features, availability and pricing in bulk, personal selling is an individualistic approach that deals with individual customers. Personal selling is a face-to-face meeting that causes communication between the seller and the buyer designed to cause a

purchase to the consumer. In general, if a product has a high unit value and requires demonstration of its benefits, then the product is suitable for personal selling. Conditions that favor personal selling can be grouped into four broad categories: market conditions, product conditions, consumer conditions and company conditions (Brahim, 2021).

Personal selling at PT Wahana Jaya Raya is a marketer or sales staff. This phenomenon causes many employees to be unable to achieve the sales targets set by the company.

Table 1. 2 Sales Target for Personal Selling Staff at PT Wahana Jaya Raya 2018-2022

Year	Sales Target	Sales Reliance	Percentage of achievement
2018	60.000.000.000	54.996.584.500	91,66%
2019	60.000.000.000	51.263.515.000	85,44%
2020	60.000.000.000	48.564.251.000	80,94%
2021	60.000.000.000	42.653.604.000	71,09%
2022	60.000.000.000	40.563.573.000	67,61%

Sources: PT Wahana Jaya Raya, 2023

Table 1.2 shows that the release of sales water from the personal selling staff can not reach the target. The realization of achieving the highest sales target was in 2018 at 91.66%. But in 2022, the lowest achievement was 67.61%. From these data, it can be concluded that the performance of personal selling staff is not optimal. In the company often recruit personal selling staff have minimal experience in working in the field of marketing. This resulted in staff lacking the ability to promote electronic products properly.

Services quality is defined as a measure of meet customer needs and expectations by the service. Therefore, services quality can be defined difference between customers' expectations of service and services received. In addition,

services quality has been defined as an attitude or general judgment of customers in relation to supremacy of a service (Nejadjavad and Gilaninia, 2019). A company that offers high service quality has customers who prefer to do business with it, allowing the company to have repeat customers and boost its sales. When customers know that a company's customer service department is always willing to resolve their issues quickly, they are more likely to buy from that company again in the future.

Service quality at PT Wahana Jaya Raya is sometimes unsatisfactory for many customers. This resulted in an increase in the level of customer complaints to the company. The following data on company complaints during 2020-2022 can be seen in Table 1.3.

Table 1. 3 Customers Complaint at PT Wahana Jaya Raya (2022)

Month	Complaint Total	Description
January	2	<ol style="list-style-type: none"> 1. The complaint relates to the untimely distribution system of goods. 2. Incomplete product information 3. After sales information that is sometimes not served 4. Decreased level of employee friendliness to the management of customer problems 5. A long-awaited gift 6. Indent product information that is not provided reliably
February	1	
March	1	
April	-	
May	3	
June	-	
July	2	
August	1	
September	-	
October	3	
November	2	
December	1	

Sources: PT Wahana Jaya Raya, 2023

Table 1.3 shows that there is an increase in customer complaints to the company. In the year there were 16 complaints made by customers. The majority are related to courtesy services, product distribution services, information services. This decline in service quality triggers purchasing decisions made by customers, and ultimately have an impact on declining sales.

Promotion is an approach taken by advertisers to increase motivation, opportunities, and the ability of customers to process messages in a promotion. Moreover, the main function of sales promotion is to stimulate the buying behavior of a product or service. Sales promotions are very flexible which can be used both reactively to quickly respond to competitors' activities and proactively according to plans to integrate other marketing communication activities. Sales promotion can be said to be successful and great if it is innovative, creative, unique, and convincing. Besides, sales promotion must be relevant, related, and support brand image. Sales promotion must be developed so that customers can understand and can visualize (Melati, 2020)

Table 1. 4 Programs of Sales Promotion at PT Wahana Jaya Raya (2022)

Month	Programs
January	Promotional package with holiday gift purchase for 1 month with a total spend of 150 million for Beko, Sansui and Sharp packages
February	Discount Program for cash payments of 1% for all product.
March	Discount Program for cash payments of 1%
April	-
May	Rewards Program
June	Sales package with 1% discount for Sharp and LG brands
July	-
August	Promotional package with holiday gift purchase for 1 month with a total spend of 200 million
September	-
October	Rewards Program
November	Purchase 70 million by getting electronic gifts with limited edition.
December	Discount Program for cash payments of 2% for all product

Sources: PT Wahana Jaya Raya, 2023

Table 1.4 shows that the company's promotional program looks monotonous. In 2022 just do some programs related to holiday gifts, discount packages, electronic gifts with terms and conditions. From the sales promotion program, it is still not able to increase the company's sales during 2022.

In general, satisfaction is the feeling of being happy or disappointed someone who arises because it compares the perceived performance of the product (or result) to their expectations. Customer satisfaction has become an important concept in planning business and management of an enterprise. Customers generally expect products in the form of goods or services that he consumes acceptable and enjoy it with good service and satisfactory. Satisfaction can be form a perception and this can position the company's products in the eyes customers. This is important as a reference in improving various factors so that they can satisfy customers and then make repeat purchases (Kurniansih and Rozi, 2021).

Customer satisfaction in this company has decreased which is characterized by a decrease in the number of customers each year. The following data on the number of customers who transacted during 2018 to 2022 can be seen in the table below:

Table 1.5 Number of Customers at PT Wahana Jaya Raya (2018-2022)

Year	Number of Customers
2018	241
2019	213
2020	197
2021	174
2022	153

Sources: PT Wahana Jaya Raya, 2023

Table 1.5 at 2018 there were 241 customers and in 2022 there were 153 customers. The number of customers each year has decreased. It is proved that the level of customer dissatisfaction is increasing. A lot of customer dissatisfaction is related to unattractive promotional programs and low discounts, lack of staff

ability to quickly solve customer problems related to products and other problems and disappointing service quality.

From the above explanation, the writer decides to conduct a research entitled **“Sales Promotion, Personal Selling and Service Quality towards Purchase Decision Using Customer Satisfaction as Intervening Variable at PT Wahana Jaya Raya.”**.

1.2 Problem Limitation

Due to limitation of time and budget this research focused to PT Wahana Jaya Raya that Sales Promotion (X_1), Personal Selling (X_2), Service Quality (X_3), Purchase Decision (Y) and Customer Satisfaction (Z). PT Wahana Jaya Raya is located at Jalan Krakatau Ujung Komp. Pergudangan KMC No. A8 Medan.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions, follows:

1. Does Sales Promotion has positive influence towards Purchase Decision at PT Wahana Jaya Raya?
2. Does Personal Selling has positive influence towards Purchase Decision at PT Wahana Jaya Raya?
3. Does Service Quality has positive influence towards Purchase Decision at PT Wahana Jaya Raya?
4. Does Sales Promotion has positive influence towards Customer Satisfaction at

PT Wahana Jaya Raya?

5. Does Personal Selling has positive influence towards Customer Satisfaction at PT Wahana Jaya Raya?
6. Does Service Quality has positive influence towards Customer Satisfaction at PT Wahana Jaya Raya?
7. Does Customer Satisfaction has positive influence towards Purchase Decision at PT Wahana Jaya Raya?
8. Does Customer Satisfaction mediates the influence of Sales Promotion on Purchase Decision at PT Wahana Jaya Raya?
9. Does Customer Satisfaction mediates the influence of Personal Selling on Purchase Decision at PT Wahana Jaya Raya?
10. Does Customer Satisfaction mediates the influence of Service Quality on Purchase Decision at PT Wahana Jaya Raya?

1.4 Objective of the Research

Based on the problem formulation the objectives of this research are:

1. To analyze whether Sales Promotion has positive influence towards Purchase Decision at PT Wahana Jaya Raya.
2. To analyze whether Personal Selling has positive influence towards Purchase Decision at PT Wahana Jaya Raya.
3. To analyze whether Service Quality has positive influence towards Purchase Decision at PT Wahana Jaya Raya.
4. To analyze whether Sales Promotion has positive influence towards Customer

Satisfaction at PT Wahana Jaya Raya.

5. To analyze whether Personal Selling has positive influence towards Customer Satisfaction at PT Wahana Jaya Raya
6. To analyze whether Service Quality has positive influence towards Customer Satisfaction at PT Wahana Jaya Raya
7. To analyze whether Customer Satisfaction has positive influence towards Purchase Decision at PT Wahana Jaya Raya
8. To analyze whether Customer Satisfaction mediates the influence of Sales Promotion on Purchase Decision at PT Wahana Jaya Raya
9. To analyze whether Customer Satisfaction mediates the influence of Personal Selling on Purchase Decision at PT Wahana Jaya Raya
10. To analyze whether Customer Satisfaction mediates the influence of Service Quality on Purchase Decision at PT Wahana Jaya Raya

1.5 Benefit of the Research

The writer expects that this research can give benefits both theoretically and practically.

1.5.1 Theoretical Benefit

The research result can be used to expand, improve and develop the relevant theories especially in the Sales Promotion, Personal Selling and Service Quality influence towards Purchase Decision and Customer Satisfaction.

1.5.2 Practical Benefit

The practical benefits on this research are:

1. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge with regard to Sales Promotion, Personal Selling, Service Quality, Purchase Decision and Customer Satisfaction.

2. For the PT Wahana Jaya Raya.

To provide useful suggestion for the company in increasing Purchase Decision and Customer Satisfaction especially improving the Sales Promotion, Personal Selling and Service Quality.

3. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.

