

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Over the recent years, the development in Indonesia in terms of economy and technology is on rapid advancement. More and more businesses are growing as the result of this development and this phenomenon indirectly drives forces to these companies to compete in promoting their business in order to achieve a desired target to be able to win the competition and gain profits at an optimum level. In order to be able to win the competition, a company is required to conduct marketing activities to further introduce the products to the particular market segments set according to specific research done at each company. There are many steps required in ensuring products of a company are successfully marketed, starting from the initial idea of the product itself, whether it fits customer needs, determining whether the price and the quality match, and to the suitable marketing mix used to promote and distribute the products.

Companies are expected to have their own attractiveness and distinctive features in their products. Many misunderstandings assume that differentiation is assumed to be all about the “product”, however, in fact, differentiation should not only be consistently applied to the product and service, but also the brand itself. As an example, the company Apple, is known for the distinctive product, service, and branded experience. When buyers walk into Apple stores, they do not only focus on one range of product, but almost all of their products put out to the market are

always on best selling, customer services offered by Apple are always known to be top notch. All these experience create a sense of valuation and able to differentiate one's brand to another.

Conceptually, a product is an understanding that any product or service that can be offered to market by producer as to achieve the goals as an organization to satisfy or fulfill customer needs (Syafran, 2017). Product quality and reputation are the two customer's attention when it comes to choosing a product, which also points out that brand awareness bear a very crucial role. There are many things that customers will consider before deciding to purchase a product, and one of the most influential factors is the brand of the product. Brand represents the identity of the business itself. The broader the image of the company the market is aware of, the easier the brand will be able to target particular customer segment. Besides representing the name of the company, the roles of brand have evolved to also be a promotion tool. Brand also acts as a crucial part in attracting customers to the products of a company, which will encourage customers to make purchases. Before customer settle to purchase a product, they will search for information on which brand is good and also the reputation that is embedded to the brand.

Based on Keller (1993, p. 57) as cited in Mudzakkir & Nurfarida (2015), brand awareness is the ability of customers to remember and recognize product brands in customers' memory. Customers usually go for a familiar brand rather than unfamiliar ones because the market has already established a sense of trust towards the brand. A successful branding awareness is not just getting the market to know about the surface of the company, but also the information and the experience of

the product or service. As an example, when a customer bought a product from Jumbo, they will start assessing the brand from the moment they make the transaction up to when they used the product, and until they can conclude the after thoughts of the product performance and the whole experience when using the product.

Before the trust between the company and the customers can be made, the company leader must first have the required entrepreneurial skills to lead the company into the targeted vision and mission ahead. In order to gain customers trust, the product must be accessible, reliable, and also the service following the product must be valuable to the customers, which can be obtained by honesty between both parties and that the company is able to bring value to the customer, a simple example to make sure that the customers feel valued could be from a detailed confirmation email and so on. Value can also be obtained by ensuring the excellence of the products quality at all times, so that when the customers are using the product, they will be assured by the quality that the brand offered, which will also automatically boost their brand awareness. These ways are believed to be able to create long-term trust to the company and encourage repetition on sales in the future.

PT Jumbo Power International was first established in 1980 by the founder, an entrepreneur, Surya Lestari in Central Jakarta. The company is now passed on to the son of the founder, Keith Ta, whom now holds complete control of the company, which makes the company a family business. The focus of the research object is the company branch in Medan, North Sumatra, opened in 2009. Mr. Meda

Winardi, is put to lead and run the daily work and business progress at the branch company.

PT Jumbo Power International started out as importer and distributing industrial and automotive products, such as spare-parts. As time goes by, demand rise through the popularity of their brand and raise them enough fund to build their very own factory that produce their own products in the 90s, which is the hydraulic brake fluid, usually known as Jumbo Brake Fluid, is one of their own brand's most best-selling products. Some other products that are also well-known are, Jumbo Oil Treatment, Jumbo Shock Absorber Oil and Jumbo Radiator Oil. To maximize the brand awareness of the company to the market, many factors must be put into consideration, starting from which platform to use as a branding tool, how to make the advertisement catchy to what is needed for the audience to be able to capture and understand the purpose and information contained in the advertisement easily. For now, the approaches to brand awareness are mostly via billboards and television advertisements.

The problem that arises in the company regarding the brand awareness is that there are still a lot of people who do not know the existence of the brand "Jumbo" and its products, because the brand is marketed less prominent when compared to the other brands. Due to this problem, it affects the customer buying decision on Jumbo products.

Jumbo sales data throughout the first six months of the year 2019 presented in table 1.1 as follows:

Table 1.1

Sales data at PT Jumbo Power International, Medan

Month	Total sales (units)
January 2019	18,864
February 2019	19,032
March 2019	16,944
April 2019	12,072
May 2019	11,640
June 2019	9,168

Source: PT Jumbo Power International, Medan (2019)

Based on the table above, the writer can conclude that the sales at PT Jumbo Power International, Medan points out to a significant decline throughout the first six months of 2019. Although the increase recorded on the sales in February, the overall sales are decreasing, which can be seen where it gradually decrease in number of customers from February to June. The total number of units sold in June declined by half from the number in the beginning of the year.

PT Jumbo Power International, Medan distributes ranges of oils, mostly automotive purposes. The top competitors of Jumbo are STP, Wagner, and Combo. The top best-selling product of Jumbo is the Jumbo Brake Oil. The writer went to an auto repairshop to do preliminary interview at Perdana Motor, located in Jl Soekarno-Hatta, Binjai, North Sumatra.

According to Mr. Frankie (2019), as the owner of Perdana Motor, Jumbo is quite the favorite among the other brand when it comes to the brake oil because the consistency of the Jumbo Brake Oil is much thicker than the others, which makes the brakes overall performance of a vehicle much smoother. From this first interview, the writer can conclude that the car repair shop owner chose the Jumbo brake oil because he has proven the quality of the product performance from the experience of using the product and he also stated that there are very few brake oil

that are clear in color, which he always recommends Jumbo to his customers because there are customers who will not want to mix the oil that they are using with another oil that has a different color, in many products, usually the oil is yellow or red in color, this, according to the car repair shop owner, is a very common talk that the machine will be quickly damaged when different oil colors are mixed and use to the vehicle. For this reason, the owner of the car repair shop recommends Jumbo brake oil because the color of the oil is clear and that it can be mixed with other oil of any different color.

According to Mr. Devin (2019), the customer at the auto workshop stated that he is not that aware of the brand 'Jumbo', and usually will go for the brand 'STP' because he sees the brand advertisements everywhere and formed a conclusion that the brand is famous and the product is seemingly reliable. From this second interview, the writer can conclude that the interviewee chose 'STP' because he simply is aware of the brand and directly jump straight into the mind-set that because the brand is well-known, the product must also be reliable.

The last person that the writer did interview with is the repairman at the shop. According to Mr. Nius (2019), he stated that not many customers are aware to Jumbo's products, however, he admitted that from all the oils that Jumbo produced, the brake oil has the best performance when compared to those of other brands of each types of products. From these interviews, it can be concluded that brand awareness is very influential, especially to the people who do not have many experience with other brands. With the quality of existing products, it will create a positive image of the brand in the minds of the market.

The reason to why the writer chose to do the research at PT Jumbo Power International, Medan is that first of all, the company was very welcoming and the writer found that the problem existing in the company is very fitting with the writer major scope. As stated above, there are problems surfacing, such as the lack of brand awareness and the company also admit that they are struggling with their sales decreasing overtime.

Based on the problems stated above, the writer decided to do a research at PT Jumbo Power International Medan, which is located in Jl. Williem Iskandar 128 GG, Medan to figure the level of influence that brand awareness have on customer buying decision. Considering the potential, the writer will be conducting a research with the title **“The Influence of Brand Awareness towards Customer Buying Decision at PT Jumbo Power International, Medan”**.

1.2 Problem Limitation

This research is limited by the scope between the Brand Awareness (X), and Customer Buying Decision (Y) at PT Jumbo Power International, Medan. The indicators of brand awareness according to Torelli (2013) as cited in Switala et. al (2018) are supported awareness, top of mind knowledge, and spontaneous awareness. The indicator of customers buying decision according to Peter & Olson (2010) as cited in Paren (2015) are problem recognition, information search, evaluation of alternate, purchase, and post-purchase behavior.

The target population required for this research includes all of the customers that purchase the products of PT Jumbo Power International, Medan.

1.3 Problem Formulation

As the focus of this research is to study the level of influence that brand awareness have on customer buying decision, this research is focused on answering the questions below:

- a. How does PT Jumbo Power International, Medan able to increase their brand awareness to the market effectively and efficiently?
- b. How is the customer buying decision in PT Jumbo Power International, Medan?
- c. Does brand awareness have an influence on customer buying decision at PT Jumbo Power International, Medan?

1.4 Objective of the Research

In completing this research, hopefully, the objectives of this research are able to be answered and achieved. The objectives of this research are as below:

- a. To figure out the effective and efficient way to increase brand awareness at PT Jumbo Power International, Medan.
- b. To examine the customer buying decision at PT Jumbo Power International, Medan.

- c. To measure the level of influence brand awareness has on customer buying decision at PT Jumbo Power International, Medan.

1.5 Benefit of the Research

The writer expect that this research is able to provide benefits to the writer herself, to the company where this research is conducted, and or other companies that might face the same problem, to the readers, including other researchers who happen to be looking for information regarding brand awareness and customer buying decision. The benefits provided namely are theoretical benefit and practical benefit.

1.5.1 Theoretical Benefit

To provide knowledge and more in-depth detailed research on the influence of brand awareness towards customer buying decision.

1.5.2 Practical Benefit

Practical benefits include:

- a. For the writer, this research is hoped to be able to provide in-depth understanding and knowledge which could come conveniently at times needed.

- b. For the company, this research can be considered as possible input on the decision making in terms of brand awareness and customer buying decision at PT Jumbo Power International, Medan.
- c. For the researchers, this research can be used as a source of information and reference that can be put to good use for another research.

