

# CHAPTER I

## INTRODUCTION

### 1.1. Background of the Study

Indonesia is an archipelago with biodiversity and maritime country in the fact of 2/3(two-third) region or 5.8 millions km<sup>2</sup> with 17.508 islands, 81.000 kilometer coastline which is rich in sea products and this drives Indonesian livelihood to fisherman business. The micro-to-small-to-middle business class is growing fast in Indonesia today, cold storage business takes important role in saving sea products that will be marketed in the future.

Globalization and technology are the main engines of shift for the location in the decision-making system. The company's management is recommended to ensure the customer's trust about the access of location so the company can grow well in local and also international market. Location strategy concerns most on time of delivering and on customer behavior, by choosing the strategic location in placing the business/ outlet in an area/ place that near the crowd society activity.

The client has a straightforward concept of what the client wants to buy. The customer's purchases are not highly subject to marketing influence. So, the right selection strategy, location strategy, and price strategy can help to get customer to choose the company for the customer's planned purchase rather than competing store (Hiam, 2014).

A company modifies its brand pricing strategy by customer segments, item shapes, brand picture, place strategy and moment (Rajagopal, 2013).

The strategic location influences the choice of the client to purchase product or services. Company can affect marketing mix (place, price, product (location), and promotion) describe management tools that affect the purchaser and develop the understanding on how the customer makes purchase decision, kind of purchase decision, and the ways on the process

of purchase. The company paradigm system drives to modern management need infrastructure and facility of location, especially an ease access of location.

PT Brengga Rowa Indonesia (Cold Storage) is a private business company that was established in 2015 and changed the location since 2017 to Letda Sujono Street (right beside the 'Bandar Selamat 3 (*tiga* / three)' highway entrance gate of Belmera Highway) Medan, North Sumatra, Indonesia work in the scope of providing cold storage management service to fulfil the need of Medan business of food material (vegetables, food, ice cream, spices, dried seafood, chicken) that needed to be refrigerated. According to Maluaia the operational manager of PT Brengga Rowa Indonesia, both the sales and regular customers have been declining around 3 to 5 percent each year since the company changed the location from Tirtosari street at Medan Tembung. The Manager suspects that the change of location might be the cause of this sales and regular customer downstream which he wished the writer of this research to help him and the company to find out.

In this writing, the writer wants to learn the marketing strategy, which is location/ place strategy in the company which is contradictive between first, this location chosen is easy access to highway but secondly the company takes time to transport to the dried seafood store. This is the explanation that writer uses as a base to do a research which entitled "**The Impact of Location Strategy towards the Customer Purchase Decision at PT Brengga Rowa Indonesia in Medan.**"

## **1.2. Problem Limitation**

In limitation of time, the writer limits the discussion of research that location strategy (part of marketing mix strategy) means the chosen location/ place/ area of the company.

The Location here means the location chosen by the company, concern on ease access of location and time of delivering to customer.

The number of dried seafood store customer of the company is 80(eighty) companies. The writer only chooses the loyal number of 60 customers in the period of six months from November 2018 to March 2019. This company have few international customer, so the writer will take local exporter which is dried seafood fish store as respondent.

The Independent variable (variable X) is location strategy with indicators are place, accessibility, visibility, infrastructure and parking. The Dependent variable (variable Y) is customer purchase decision with indicators are problem recognition, information, evaluation, purchase, post purchase.

### **1.3. Problem Formulation**

Problem Formulation includes the research questions that will be examined and can be investigated in accordance with the focus of research data.

Is there any impact of Location Strategy towards Customer Purchase Decision in PT Brengga Rowa Indonesia in Medan?

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

Objective in this research focus in generally about the scopes and main topic that should answer all of the question presented in the research problem formulation.

Analyze and explain on the impact of location strategy towards customer purchase decision in PT Brengga Rowa Indonesia in Medan.

### **1.5. Benefit of the Research**

#### **1.5.1. Theoretical Benefit**

This Research will contribute the expanding of knowledge in academic area, especially in the marketing mix strategy in specialize of location strategy and customer decision to purchase.

a. For the Writer.

This research will help the writer to expand the knowledge on the influences of location strategy towards customer purchase decision.

b. For the Readers.

This research study will be used as findings and knowledge in general marketing scope and understand customer behavior.

### **1.5.2. Practical Benefit**

a. For The Company.

This skripsi will benefit the management of PT Brengga Rowa Indonesia as customer will be able to know the importance, impact and relationship of having an effective marketing on location strategy and what role it will have on customer decide to purchase. The findings of the research may generate the action plan that will help the firms to increase the performance of marketing and sales to survive yet to keep improving at the global basis.

b. For The Researcher.

This research is used for the other researcher as preference research that doing the similar topic will be used as a reference point for further research on the same field. Customer can also use the findings and recommendation as a foundation of their literature reviews.

## **1.6. System of Writing**

This paper is based on the groupings of several main topics.

### **Chapter I. INTRODUCTION.**

This chapter includes Research Background, Problem Limitation, Problem Formulation, Objective of the Research, Benefit of the Research and System of Writing.

### **Chapter II. REVIEW OF LITERATURE and HYPOTHESIS DEVELOPMENT.**

This chapter includes Theoretical Background, Previous Research, Hypothesis Development, Research Model, and Framework of Thinking.

### Chapter III. RESEARCH METHODOLOGY.

This chapter includes Research Design, Population and Sample, Data Collection Method, Operational Variable Definition and Variable Measurement, and Data Analysis Method.

### Chapter IV. DATA ANALYSIS and DISCUSSION.

This chapter includes General View of “PT Brengga Rowa Indonesia”, Data Analysis, Descriptive Statistic, Result of Data Quality Testing, Result of Data Quality Testing, and Discussion.

### Chapter V. CONCLUSION.

This chapter includes Conclusion, Implication, and Recommendation.

