

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the globalization era, many companies are developing and expanding their business overseas. This can be seen by the number of companies that open branches abroad. Various reasons have caused companies to sell their products throughout the world. Many companies have learned that when the domestic market is mature, the most important opportunity for the future survival of the company is represented by foreign markets. This fact has encouraged them to expand their boundaries and to look for consumers spread throughout the world.

But a new challenge for these companies arises when competition is getting tougher. In this case, companies will compete in getting customers who will buy their products, therefore marketers in this company must be able to develop marketing strategies that can attract customers. But to form an effective strategy, marketers must first understand the buying behavior of customers in each country. The consumer buying behavior of each country is different and one of the aspects that influences is the culture of the country.

Culture is something that needs to be learned, because every person is not born by knowing the values or norms of their social life, but they must learn about what is received from the environment. Culture develops because we live with other people in the community. Living with others raises the need to determine what behaviors are acceptable to all group members. Cultural norms are based on the values, beliefs and attitudes held by members of certain community groups. Culture is a determinant of one's desires and behavior, especially in the behavior of decision making and buying behavior. The value system in culture has an impact on buying behavior.

Products have functions, shapes and meanings. When consumers buy a product, they expect the product to function according to their expectations, and consumers continue to buy it only if their expectations can be met properly. However, it is not only a function that determines the success of the product. Products must also meet expectations about norms, for example the form of a product emphasizes certain function symbols according to each country. The expectations of consumer in various countries are also influenced by cultural values that are trusted. Consumer buying behavior and needs are driven by cultural norms. Cultural background affects consumers in processing information and factors that motivate consumers to make purchases

According to Kotler and Amstrong (2012) in Priansa (2017, p. 82), “faktor-faktor yang mempengaruhi perilaku konsumen terdiri dari budaya, sosial, pribadi, dan psikologi”. It can be explained as factors influence consumer behaviour consists of culture, social, personal and psychology.

This research is done at *PT. Toba Surimi Industries*. The company is engaged in processed products such as frozen seafood and pasteurized crabmeat. The company actively exports its products to various parts of the world such as United States, European Union, Canada, Japan, Hong Kong, Taiwan, Singapore, Malaysia, Australia, South Africa and others. Some famous buyers become loyal customers of *PT. Toba Surimi Industries*, such as Bumble Bee and Chicken of the Sea from the US.

Each country has different cultures and different cultures influence consumer purchasing behaviour. The problem in *PT. Toba Surimi Industries* in doing business overseas is the company does a lot of business with customers from various countries, and each customer has diverse product demand so it is difficult for *PT. Toba Surimi Industries Medan* to meet every customers' product demand. *PT. Toba Surimi Industries Medan* has customers from United States and United Kingdom where both customers have different culture. People in the United States prefer fillets (boneless fish) while people in the United Kingdom prefer whole fish with bones. This makes it difficult for companies to meet the product's demand of the

customers because the raw materials used are different for fillet products and whole fish products and also the amount of raw materials used are different.

Based on the description above, the writer is interested in doing research with the *skripsi* title: “**The Impact of Culture on Consumer Buying Behaviour at PT. Toba Surimi Industries Medan**”

1.2 Problem Limitation

Due to the limitation of time, ability and knowledge, the writer would like to limit the research to culture as the independent variable which has indicators that are values, customs and traditions, knowledge and skills, language and material possessions and its relation to consumer buying behaviour as the dependent variable at *PT. Toba Surimi Industries Medan* which has indicators that are problem recognition, information research, evaluations of alternatives, product purchase and after purchase evaluation. The writer would also like to limit the research only in management and staff in *PT. Toba Surimi Industries Medan*.

1.3 Problem Formulation

Based on background study above, the writer identifies the problem is “Does culture have impact on consumer buying behaviour at *PT. Toba Surimi Industries Medan*?”

1.4 Objective Of The Research

The objective of this study is to know the impact of culture on consumer buying behaviour at *PT. Toba Surimi Industries Medan*.

1.5 Benefit Of The Research

1.5.1 Theoretical Benefit

- a. For the writer

From the research, the writer can gain more knowledge about the theories that relate to culture and its relation on consumer buying behaviour.

b. For other readers

From the research, the other reader can gain knowledge about culture and how it impacts on consumer buying behaviour.

1.5.2 Practical Benefit

The following practical benefits are:

a. For the writer

From the research, the writer can gain more knowledge and experience in the actual working environment. The writer can learn from what she observes in the field and compare the real life's working situation with the theories that are learned in the university.

b. For the company

From the research, the company can understand about the culture differences that will impact the consumer buying behaviour and from the research, the company can understand different behaviour in different country.

c. For the researchers

From the research, the report of the research can be used as a reference for other researchers that do research in the same area.

1.6 Systems Of Writing

The following is the systems of writing in the *skripsi*:

CHAPTER 1: INTRODUCTION

This chapter explains about the background of study, problem limitation, problem formulation, objective of the research, benefits of the research, theoretical benefit, practical benefit and systems of writing.

CHAPTER 2: LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter explains about theoretical background, such as definition of international business, definition of culture, definition of marketing and the impact of culture on

consumer buying behavior. This chapter also explains previous research, hypothesis development, research model and framework of thinking.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter explains about research design, population and sample, data collection method, operational variable definition and variable measurement and data analysis method.

CHAPTER 4: DATA ANALYSIS AND DISCUSSION

This chapter explains about general view of “Research Object”, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing and discussion.

CHAPTER 5: CONCLUSION

This chapter explains about conclusion, implication and recommendation

