

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The development of a dynamic and competitive business in this world requires companies to handle competitors and product issues. In the competition, every company are trying to achieve the goal of creating and retaining customers. So that these goals can be achieved, each company must try to produce and deliver goods and services that consumers want at a reasonable price. Thus, every company must be able to produce and deliver goods and services desired by consumers according to the needs and desires of consumers.

Consumer behavior is the process of a consumer to make a purchase decision, also to use and dispose of goods and services purchased, including factors that influence the purchase and use decisions of the product. Consumer behavior needs to be understood by producers or marketers in order to gain profits. Consumers with their behavior (especially buying behavior) is one of the competitive forces that determine the intensity of competition and the profitability of the company. Understanding of their behavior is very important because it can be an important capital for the company to achieve its goals. Because achieving organizational goals depends on how well the organization understands the needs and desires of customers and fulfills them more efficiently and effectively than its competitors. Consumer behavior is an important factor that can influence consumer decision processes to buy or consume products and services.

Price is a factor that is considered the most attractive in determining purchasing decisions to buy a product. Price is a value expressed in currency units or a medium of exchange for a particular product.

According to Natemeyer in Marketing Classics (2017) price is a complex stimulus and some consumers perceive prices more broadly than fixate on their negative

role as spending on economic resources. Many studies have proven that some consumers use price signals as a sign to show product quality. At the price level perceived in this positive role, higher prices positively influence the likelihood of purchase decision. CV Mitra Usaha is a company engaged in the pharmacy which is located in Medan, Indonesia. CV Mitra Usaha which is built by founder Rudy Kustio at 1987. In the past, CV Mitra Usaha is known as “*Toko Obat Mitra*” because they are focus on retail selling traditional Chinese medicine and herbs. But since 2007 *Toko Obat Mitra* change its name into “CV Mitra Usaha” and until now CV Mitra Usaha are focusing on wholesale distribute it medicine to another drug store (*apotek* and *toko obat*). The writer has worked for approximately 1 years in this company. In carrying out in business, of course CV Mitra Usaha has a lot of problems internal nor external. But there is a problem that attracted the attention of the writer was, there is a decrease in turnover in June 2018 to November 2018 of one product which is known as “Tan Poi Sua” rubbing oil from CV Mitra Usaha, Medan. This matter has also been considered by the writer and the writer concludes that due to a fairly high price increase, the rubbing oil becomes relatively expensive compared to other brands and causes a reduction in the number of sales of the product.

Table 1.1. Turnover list of Tan Poi Sua rubbing oil sales at CV Mitra Usaha, Medan

Time and Price	Unit and Turnover sales per month (Rupiah)
June 2018 (Rp. 16.500)	1464unit Rp.24.156.000
July 2018 (Rp. 19.800)	973 unit Rp. 19.265.400
August 2018 (Rp. 19.800)	940 unit Rp. 18.612.000
September 2018 (Rp. 19.800)	896 unit Rp. 17.740.800
October 2018 (Rp. 19.800)	874 unit Rp. 17.305.200
November 2018 (Rp. 19.800)	902 unit Rp. 17.859.600

December 2018 (Rp. 19.800)	1055 unit Rp. 20.889.000
January 2019 (Rp. 19.800)	720 unit Rp. 14.256.000
February 2019 (Rp. 19.800)	664 unit Rp. 13.147.200
March 2019 (Rp. 19.800)	652 unit Rp. 12.909.600

Source : CV Mitra Usaha, Medan

From the table 1.1. above it can be seen that there is a decrease in volume of sales which means that the purchase decision on this Tan Poi Sua rubbing oil is decreasing. Tan Poi Sua price on June 2018 is Rp. 16.500 and had increase 20 percent in July 2018 into Rp.19.800. It can be concluded that in those 10 month since the price has increased, they are dominant decrease in sales volume.

Based on the data above, in this research, the writer will be taken the title “The Influence of Price on Customer Purchase Decision at CV Mitra Usaha, Medan.”

1.2. Problem Limitation

Consumer behavior is a very wide subject to be discussed in detail. Due to limited time, ability and knowledge, the researcher limited this research. Object of this research is Price as variable X (independent variable) and Customer Purchase Decision as variable Y (dependent variable) the subject of this study are 30 customers from CV Mitra Usaha, Medan by focusing on the rubbing oil of “Tan Poi Sua”. The researcher limited the sample scope only to customers who reside in Medan and who has known Tan Poi Sua rubbing oil. To measure the importance of the role of Price, certain indicators are needed, while indicators for Price (x) are a statement of value, visible, demand determinant, price are related to profit, price are flexible and positioning strategy (Tjiptono, 2014). Meanwhile for Purchase Decision (Y) are nominal decision making, limited decision making, and extended decision making. (Tjiptono, 2015)

1.3. Problem Formulation

Every company certainly wants to develop their company into success, one of the factors of the success of a company is having loyal and satisfied customers and of course providing large profits for the continuity of a company.

According to the background of the study above, the researcher wants to formulate the problem as "Is there any influence between price and customer purchase decision at CV Mitra Usaha, Medan?"

1.4. Objective of the Research

After formulating the background of the problem, the researcher determines the purpose of this research is to determine whether the Price (X) influences the Customer Purchase Decision (Y) at CV Mitra Usaha, Medan

1.5. Benefit of Research

The results of this study are expected to provide the following benefits:

1.5.1. Theoretical Benefit

1. Increase knowledge in the scope of consumer behavior, especially in the area of purchasing decisions.
2. Add information in the scope of consumer behavior, especially in the area of purchasing decision.

1.5.2. Practical Benefit

As suggestion to CV Mitra Usaha, Medan to optimize price aspects in order to improve profitable purchasing decisions.

1.6. Systems of Writing

CHAPTER I

This chapter explain about the background of the study, problem limitation, problem formulation, objective of research, benefit of research and systems of writing.

CHAPTER II

This chapter elaborate the theories of entrepreneurship, family business, price, customer purchase decision, relationship between price and customers purchase decision, previous research, hypothesis development, research model, and framework of thinking.

CHAPTER III

In this chapter, the writer will discuss about the research design, population and sample, data collection method, operational variable definition and variable measurement and data analysis method.

CHAPTER IV

This chapter show the general view of research object, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing and discussions.

CHAPTER V

This chapter contains the conclusion as the results of the whole study and the implication in this research, it also includes recommendations of overcome problem.

