

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Nowadays there are several ways to sell products or services. It can be a special discount, a set of packages, interesting product design, and so on. All companies keep compete each other to attract their customers in order to up selling and end with purchase. A company also willing to use a sales promotion girl and positioned their human resources to several outlets for doing promotion, do a product introduction to the market, all actions above is actually to make sure that the market will not forget with the company's product and attract people to buy that product.

Customer purchasing decision is the fundamental think that all companies want to achieve. All companies in every sector need customer to buy their product. With no customer purchase, all produced product will endure in the warehouse which can hamper the company's cashflow and even suffer losses if too many damage products occur because of too long get endured in the warehouse. Deals from the customer is the fundamental way for a company in order to create an economic growth. By stimulating the customer purchasing decision, a company can keep sustain the company and compete with the other company with the same sector to become a market leader.

Figure 1.1 Yearly Accumulation Number of Sales

Year	Total sales
2016	Rp.375.000.000
2017	Rp.520.000.000
2018	Rp.465.000.000
2019	Rp.545.000.000
2020	Rp.435.000.000

Source: CV. Damai Indah, Medan (2021)

Figure 1.2 product design of Ngetop Bakery's bread since 2018

Source: CV. Damai Indah, Medan (2021)

From the data above it shows that the number of sales for each year is not stable and keep fluctuate. As shown in 2016 until 2017 it shows growth but get decline in 2018 and get increase in 2019 even a little bit better than 2017 and decline back around 20.18% from 2019 which even the accumulated number of sales is lower than in 2018. This unstable number of sales can really hamper the company's growth that create an economic uncertainty.

A lot of factors can influence the customer while they want to determine their purchasing decision. It can be from friend's recommendation, existing promo deals, and also personal preferences. These factors that actually a company need to pay more attention and considerate on how to enhance the product value and trust by the customer. Customer purchasing decision somehow can change if they convince that there is a product better than the other product with affordable price offered.

Nice packaging design also play a very big role to the customers whether they will decide by that particular product or not. An interesting design can affect the human psychological to build a feeling of interested feeling, feel want to try the new taste, feeling of glamour design and so on. Human mind itself will remember everything in the scene of picture. This point which forces people to keep in mind on how the product design is. By that situation, when someone come to the market and willing to buy a product "A" they will seek for the design of product which similar like product "A". Maybe the design of product "A" is a bottle with yellow package, also has a big letter with "A" as the product's name in red color, and well package with blue bottle cap. By that situation when someone want to buy two bottles of product "A", they will keep focus on the yellow bottle with the A letter and blue bottle cap. That signal will really help the customer to seek for that product in the market place. That's point that a company need to considerate while they willing to change their product design. Failure to redesign the product can actually create the market loss because customers hard to identify the new product design which looks unsimilar from the previous product design.

Besides that, the power of an interesting product design can really help the company to faster the company's growth, for example food product, as we can see there are a lot of snacks which is displayed in the store's rack and waiting for the customers to take the product based on their needs. If we pay more attention, all products especially for food and beverage product will design their product design as striking eyes as they can, make a unique design to attract potential customer's attention, and win the market.

Ngetop Bakery which operated in processed bread sector has a unique product design with the logo of Winnie the pooh and yellow packaging design. This product design really attracts the writer's attention and it makes the writer feel curious on whether a product design can really affect the customer purchasing decision. In order to explore in depth research and finding about the correlation between the product design and the purchasing decision, the writer is interested to do a further research at CV Damai Indah, Medan which established in 2011. This company is focus in bread, brownies cake, and jam production. In 2011, this company was found by Mr. Johan with its own brand called Ngetop Bakery. This company keep develop each year until today, for these ten years development, the company has distributed their product through North Sumatra and focus on the quality of the product. Mr. Johan has a willing to give this company to his son called Mr. Vincent to become the next successor. In this company, Mr. Vincent's involvement in production and human resource management keeps tighten since these three years. Mr. Vincent's idea to change some product design to attract more customers also contributes positive effect to the company's sales. With that tight

correlation, it really attracts the writer to conduct deeper research on how a product design can affect the potential of customers whether they decide to buy or not.

Therefore, the research's title will be named as **“The Effect of Product Design on customer Purchasing Decision at CV Damai Indah, Medan”**.

1.2 Problem Limitation

In order to create a focus research and depth information based on the topic research, therefore the writer has set several limitations as guidance: this study will focus on the packaging design of CV. Damai Indah, medan's bread and to know either product design has an effect on customer purchasing decision at CV. Damai Indah, Medan. The independent variable or variable X is Product design and the dependent variable or variable Y is customer purchasing decision. The data obtained is gathered from the head office of CV Damai Indah which located at Damai Indah Street, Sub. Medan Johor, North Sumatra, Indonesia. Questioner which will use convenience random sampling and distributed to the customers about CV Damai Indah, Medan product design will be distributed randomly to customer that purchase CV. Damai Indah, Medan's product in the market. The chosen variable will be related to the effect of product design on purchasing decision at CV Damai Indah, Medan and it is limited with two variables. The indicators of product design are design variance, newest design, and trendy design(Ariella, 2018). The indicators of customer purchasing decision are: needs, brand, place, amount, and routine product (Satya , Kusumawati , & M. Kholid, 2016)

1.3 Problem Formulation

By this research, writer would like to make a deep research and answer the following questions:

1. How is the product design at CV Damai Indah, Medan?
2. How is customer purchasing decision at CV Damai Indah, Medan?
3. Does product design affect customer purchases decision at CV Damai Indah, Medan?

1.4 Objective of the Research

The following are the objective formulated in this research:

1. To investigate the design of products sold by CV Damai Indah, Medan.
2. To find out the customer purchasing decision at CV Damai Indah, Medan.
3. To know the effect of product design on customer purchasing decision at CV Damai Indah, Medan.

1.5 Benefit of the Research

The research is expected to bring benefit for both theoretically and practically.

1.5.1 Theoretical Benefit

The completion of this research can add more information for the academic purpose which can be used by all people who needed and also enrich the writer knowledge by do a deep research between the product design and purchasing decision of a product especially food. This study provides a scientific knowledge and serve a well-surveyed information in the market.

1.5.2 Practical benefit

The writer expects this study not only give a theoretical benefit, but also practical benefits as below:

1. For the writer, it can enrich more knowledge and information which also this knowledge can be used in the future as the guidance to create an interesting product design.
2. For the company, it can also give a comment and positive critic for the company to know on how the market expect about the

product through the product design. By this research company can use this study and guidance and create a better product design to attract more customer's interest.

3. For other researchers, it will really help the researches to seek for more reliable and well trusted information regarding the effect of product design on purchasing decision. Besides, also can become a reference and material for academic and non – academic purpose.

