CHAPTER I

INTRODUCTION

1.1   Background of the Study

More and more businesses are entering the market nowadays, each differentiating themselves with different products, services and brands. As the competition becomes fiercer than ever before, companies are finding it hard to find their own feet in the market. Some new established businesses fail to progress competitively to other big and well-known brands, as customers have certain preferences in choosing the brands that they have recognized and familiar with (Purnama, 2018). Given that customers are provided with wide selections of brands in the market, this gives companies less chance to stand out in the market, and even gain loyal customers from it.

According to Hutajulu (2015), one of the most important factors that become the main drive for customers in choosing a certain preferred brand is the level of brand awareness customers have on certain products, therefore this also becomes the main strategy in increasing sales. As a result, more and more companies are willing to spend a noticeable amount of budget to build their brand from scratch, constantly announcing and showing their brand identity to the market to get people to know more about their brand and the value they are selling.

When customers come to aware of a certain brand, their overall experience and interaction with the brand will gradually form a brand image. Azmy et al

(2020) stated that brand image is a set of brand associations that are formed in the minds of consumers. Prasetya et al (2018) explained that a good brand image can be easily formed in the mind of customers if the real benefits and usage exceeds the customers' initial expectation. Azmy et al (2020) also inferred in his research that the process of consideration and selection between different brands by comparing their attributes and benefits highly contribute to the formation of brand image. These factors heavily decide whether a certain brand will leave a good or bad image on customers' perception of the brand.

For these reasons, a company's main objective usually includes increasing the level of brand awareness and image, as these two main points are two of the many triggers that drive customers to make purchase decision. Purchase decision, according to Gunawan et al (2019), is a process of encouraging customers to define their needs, making choices, and select particular goods from a particular brand. It is often referred as a number of options prior to making a purchase.

Table 1. 1 National Consumption of Poultry Products

Year	Consumption of Poultry Products (kg/capita/year)
2017	5.67
2018	5.55
2019	5.80
2020	6.03

Source: Pusdatin (2020)

As shown on the table above, the consumption of poultry products in Indonesia is climbing in the last two years, indicating that there are more upcoming potential prospects in the frozen food industry, especially in poultry products. Additionally, the Ministry of Agriculture in Indonesia has implemented the new digitalized program named "GEMAYA (Gerakan Makan Ayam Indonesia)", in which the main purpose is to educate the people of Indonesia

about the importance of obtaining sufficient nutrition in consuming poultry products and encourage them to consume more poultry products to improve the nutritional condition of the people and also to improve the welfare of national poultry farmers. This explains the main reason behind the climbing demand of poultry products, referring to Table 1.1.

PT Expravet Nasuba is a Medan-based fish and poultry processing company that manufactures and sells frozen fish and chicken products located at Jl. K. L. Yos Sudarso, Km. 8,8, No. 88, Mabar, Medan Deli, North Sumatra, Indonesia. This company produces wide selections of frozen and processed food, starting from fish fillet and chicken nugget, which were later branded consecutively as Nasuba, Yamku, MB44 and MaxiKing. For more than a decade since their first operation, the company has been aiming to become the number one food processing company in Indonesia, and in the recent years, the company has been prepping themselves to face the international market, committed to serve the best quality for their customer satisfaction. With these beliefs, the company is able to grow rapidly in the recent years and had managed to sell their products not only to end customers, but also to a great number of suppliers, supermarkets, restaurants and cafes. As the demand for chicken and fish fillet food increases each year, the company decided to response to the climbing demand by opening Yamku Mart, a company-owned supermarket that exclusively sell their own products, including Yamku, to reach more end customers. Additionally, the opening of Yamku Mart is also one of the strategies the company took to create

more exposure of the brand to the market, introducing the products they manufactured and also creating more awareness of the brand.

Compared to other brands produced by PT Expravet Nasuba, the brand of Yamku seems to have the most recognition from customers, in which it has the most sales compared to Nasuba, MB44 and MaxiKing. As a result, the company managed to generate more product lines from the brand of Yamku, which then result to more sales, therefore explains how the brand of Yamku has the most product lines compared to others.

Despite the great responses from customers, however, Yamku is also facing a great competition among other existing brands, especially those who have been ruling the market for years. The main competitors of Yamku can be seen as follow.

Table 1. 2 Main Competitors of Yamku

Brand	Price
Champ (500 gram)	IDR 31.000 – IDR 34.000
So Good (400 gram)	IDR 35.000 – IDR 38.000
Belfoods Royal (500 gram)	IDR 41.000 – IDR 44.500
Fiesta (500 gram)	IDR 41.000 – IDR 45.000

Source: Tokopedia (2021)

In terms of pricing, the competitors are basically setting their price in an almost similar level compared to Yamku, which is around the price range of IDR 38.000 – 43.000, with the price varied according to the different product lines, starting from basic Chicken Nugget to Chicken Karrage and Chicken Popcorn. Hence, from this information, it can be concluded that these main competitors are basically targeting the same market segment with Yamku.

Top Brand Award also released the list of brands that manage to sit on the top of market in frozen chicken product lines in 2020. The research is done by an

independent institution called Frontier Group, in which the winners are selected

based on the survey carried out to 12.000 respondents simultaneously all across

15 major cities in Indonesia. The cities include Jakarta, Bandung, Semarang,

Yogyakarta, Surabaya, Malang, Medan, Palembang, Pekanbaru, Samarinda,

Balikpapan, Banjarmasin, Makassar, Manado and Denpasar.

Table 1.3 Top Brand Index 2020

No	Brand	Top Brand Index 2020
1	Champ	36.4%
2	Fiesta	28.7%
3	So Good	18.8%
4	Belfoods	5.7%

Source: Top Brand Award (2020)

This table above shows that the brands that rule over the nationwide

market are Champ, holding more than 35% of the overall market; Fiesta, holding

almost 30% of the market; So Good with as much as 18.8% and lastly placed by

Belfoods, holding only 5.7% of the market. This shows that Yamku is still

competitively losing compared to these top brands, meaning that the level of

brand awareness people have on Yamku is relatively small compared to these

winners of Top Brand, which is around less than 10.4% of the national market.

While this means there is only approximately less than 10.4% of the

market left for Yamku products to compete in the market, the company decided to

open a supermarket that sells only the products of Yamku and Nasuba, which

shows that there is high demand on Yamku brands that drives the company to

open a separated unit to sell their products, even though the brand itself is still not

really prominent compared to other brands such as Champ and Fiesta that

managed to win Top Brand Awards and rule over more than half of the national

market. It is obvious that the competing brands has better brand image that managed to push their market share up to that noticeable percentage, and this certainly shows that the market will have better knowledge and awareness of the winning brands.
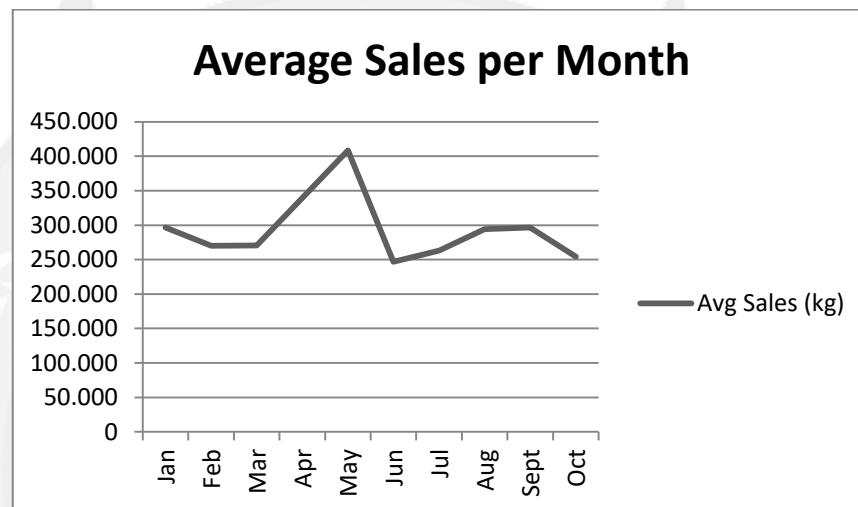
Figure 1.1 Monthly Average Sales of Yamku Products in 2020
Source: Sales Admin Staff at PT. Expravet Nasuba (2020)

The figure above shows the number of average sales per month reached by Yamku products. As shown in graph, the average sales per month are very fluctuated and relatively unpredictable from month to month. It can be seen that the sales climb drastically from March and reaching its peak on May, however it was soon followed by drastic drop on June. The following month is hinted with some increases, but it dropped back to only around 250 tons per month, which compared to the first months of 2020, is still comparatively low.

For these reasons, the writer would like to know how the brand awareness and brand image impact on Yamku products, and how it influences customers to make purchase.

Therefore, the title for this thesis will be "**The Influence of Brand Awareness and Brand Image towards Customer Purchase Decision of Yamku Products at PT Expravet Nasuba**".

1.2   Problem Limitation

Since the writer is faced with limited resources and time, the scope of the research only covers the brand of Yamku, since it is the first brand that the company produced since its initial operation in 2007 and has more product lines compared to other brands such as Nasuba, MB44 and MaxiKing. Moreover, this research will only analyze the Brand Awareness and Brand Image as the independent variables, and Customer Purchase Decision as the dependent variable. It is to find out specifically how brand awareness and brand image from a single brand, in this case the Yamku, can influence customer purchase decision. For that reason, the writer finds it more effective to conduct the research to this particular brand, with brand awareness and image as the independent variables, while customer purchase decision becomes the dependent variables.

Moreover, as the dependent variable for the research is about customer purchase decision, it would be more appropriate to collect data from respondents who have ever bought the products of Yamku at PT Expravet Nasuba in the last year at least once, in order to measure more accurately on how customers come to decide to purchase the product of Yamku, and how the brand awareness and brand image will influence the dependent variable.

Additionally, the government has encouraged social distancing due to Covid-19, therefore all the research procedures are done online, including the process of distributing questionnaires and interviewing relevant employees to collect necessary data from the company.

Another limitation includes how the situation of Covid-19 has affected the data of monthly sales, especially in March and April. These two months may be heavily influenced by the government regulation of high scale social distancing nationally, in which this action encouraged massive purchase on consumer goods, especially on frozen and ready to cook food.

1.3 Problem Formulation

Referring to how important brand awareness and brand image are to a business, as explained in the background of the research, there are several problems formulated, which are:

1. Does brand awareness have significant influence on customer purchase decision of Yamku products at PT Expravet Nasuba?

2. Does brand image have significant influence on customer purchase decision of Yamku products at PT Expravet Nasuba?

3. Does brand awareness and brand image simultaneously have influence on customer purchase decision of Yamku products at PT Expravet Nasuba?

1.4   Objective of Research

There are several objectives needed to be reached in this research:

1. To analyze the influence of brand awareness towards customer purchase decision of Yamku products at PT Expravet Nasuba

2. To analyze the influence of brand image towards customer purchase decision of Yamku products at PT Expravet Nasuba

3. To analyze the simultaneous influence of brand awareness and brand image towards customer purchase decision of Yamku products at PT Expravet Nasuba

1.5   Benefit of Research

1.5.1 Theoretical Benefit

The expected result of the research is to give more insights of why monthly sales for products at PT Expravet Nasuba are unstable each month, and how the level of brand awareness and brand image may affect customer purchasing decision.

1.5.2 Practical Benefit

There are several practical benefits that can be derived from the research:

1. For company

   This research can be used for company as a benchmark to determine how the level of brand awareness and brand image impact the brand of Yamku in PT Expravet Nasuba and how it can affect customer purchase decision.

2. For other researchers

This research can give more knowledge and information about how the level of brand awareness and brand image can affect customer purchasing decision on products or services.

3. For writer

This research can give more knowledge to writer on how to conduct a marketing research, and how the level of brand awareness and brand image can affect sales in real businesses.