

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Competition is a thing that cannot be separated from human life. Competition happens to create a better life for people by competing each other. So as what happens in business, every movement that happens in business is a competition. Nowadays, especially in this covid-19 pandemic era, business competition has become tighter and tougher, as also happened in Indonesia. Moreover, business competition in Indonesia has made a big change for business people. There are many factors that affect the competition such as target of achievement, innovations in human life, the ever-growing human creativity, human needs and lifestyles that are constantly changes every time.

The rapid growth of competitive business development such as now seen from many competitors makes a lot of businessman need to boost, innovate and increase their marketing strategy level in order to win the market. According to Kotler and Armstrong (2016), marketing as a social process whereby people and groups achieve what they want and need by creating, offering and freely exchanging valuable products and services. The marketing method is a continuous method to detect and translate customer requirements and needs into goods and services, to create demand for these goods and services, to meet customer demand via a network of marketing

channels and to broaden the business base in the face of competition. By implementing a good market strategy may influence the customer purchase decisions and the factors that affect customer purchase decision are price and product quality.

According to Widyastuti & Said (2017), price influences the decision on purchase. The higher the rate, the lower the option of purchase, the opposite. A flexible price makes easy change. Price is adjustable. The price is the easiest component to adjust and adapt with market trends from the four components of a conventional marketing mix. The fight for profit (discount war) can be seen mainly in the retail market. Settling low prices will increase fair prices, reduce financial risk and reinforce increased demand strategic buying intentions. Product Quality is an important consideration in influencing purchase decision (Alamsyah and Angliawati, 2015). Consumers assess a product based on the result performance comparisons or perceived results in accordance with customer expectations. According to Gusniar (2012), product quality is the ability of a product to perform its functions such as endurance, as well as other valuable attributes.

The rapid growth of business in Indonesia starts from product and services that fulfill the customer needs, especially in Medan. Product offer by the company starts from fashion products, services, foods, handcrafts and others. Different price variants between each product and different product quality may influence the customer purchase decisions. One of the companies that supplies the customer need are PT. ANEKA KARYA

DUUTA. PT Aneka Karya Duta which is located on Jl. Sendok No. 30-A (Komplek Ayahanda Regency), Kel. Sei Putih Timur, Kec. Medan Petisah 20118, Medan, Sumatera Utara was established in June 2018, is a family company/ family business operates as a distributor of chemical trading which vision is becoming of the biggest distributor in Sumatra Utara especially Medan. Some products offered by the company are food dyes, non-food dyes, MSG, Chemical food powder, flavorings food ingredients, and etc. PT Aneka Karya Duta provides different types of product quality with variance price depends on customer. One of the competitor of this company is PT. Halim Sakti which has become the biggest competitor in this chemical field. Moreover, this company has been around for more than 35 years. Below is the financial statement of PT. Aneka Karya Duta.

TABLE 1.1
FINANCIAL STATEMENT PT ANEKA KARYA DUTA 2019

FINANCIAL REPORT	
MONTH	TOTAL
JANUARY	RP 256.681.812,50
FEBRUARY	RP 252.009.076,20
MARCH	RP 160.772.725,00
APRIL	RP 226.718.177,40
MAY	RP 220.172.723,00
JULY	RP 172.482.953,85
JULY	RP 387.389.769,70
AUGUST	RP 291.609.931,05
SEPTEMBER	RP 274.174.816,85
OCTOBER	RP 320.020.135,75
NOVEMBER	RP 280.318.177,35
DECEMBER	RP 337.517.724,95

Source: Prepared by Writer (2021)

From above table 1.1, writer concluded that the financial report from PT Aneka Karya Duta from January to December 2019 shows the unstable income that affected by the increasing and decreasing of customer purchase decision of 1 years. From table above, we can see that the revenue of each month in PT Aneka Karya Duta is quite unstable. Based on the owners complains, this happened because of unstable costs of production from the producers as PT Aneka Karya Duta received supply from china. The cost might be different every purchasing time that makes PT Aneka Karya Duta need to adjust the price every time. Moreover, the owners also said that always received complaints from customers that there was unstable product result affected by the product quality from PT Aneka Karya Duta. Based on the owner's explanations and the table above, there are unstable price and unstable product quality that affect the customer purchase decision in this company and if the company does not solve this problem instantly, it might affect to the decreasing of customer purchase decision.

Therefore, based on the background, the researcher wants to analyze the price and product quality on PT Aneka Karya Duta to find out the effect of those variable toward customer purchase decision with the title **“THE INFLUENCE OF PRICE AND PRODUCT QUALITY TOWARD CUSTOMER PURCHASE DECISION ON PT ANEKA KARYA DUTA”**.

1.2 Problem Limitation

Due to the limited of time, ability and knowledge, the writer will focus on price as independent variable (X1), product quality as independent variable (X2). The writer will also focus on customer purchase decision as dependent variable (Y). The research will focus on the effect of price and product quality toward customer purchase decision at PT. Aneka Karya Duta customer based in Medan.

1.3 Problem Formulation

Based on the background of the study above, the problem formulation in this research are as follows:

1. How is the price influence customer purchase decision at PT. Aneka Karya Duta?
2. How is the product quality influence customer purchase decision at PT. Aneka Karya Duta?
3. Do price and product quality influence customer purchase decision at PT. Aneka Karya Duta?

1.4 Objective of The Research

The objective of the research are as follows:

1. To evaluate the influence of price toward customer purchase decision at PT. Aneka Karya Duta
2. To evaluate the influence of product quality toward customer purchase decision at PT. Aneka Karya Duta

3. To discover the influence of price and product quality toward customer purchase decision at PT. Aneka Karya Duta

1.5 Benefit of The Research

1.5.1 THEORITICAL BENEFIT

Theoretically, the results of this study are expected to be useful to strengthen the theory in management and marketing, especially about the influence of price and product quality towards customer purchase decision in a company.

1.5.2 Practical Benefit

The practical benefits expected from this research are as follows:

1. For the writer

This research can provide an overview and knowledge about management and marketing, especially about the influence of price and product quality towards customer purchase decision in a company.

2. For the company

This research is expected to be used as a suggestion to give more attention about the factors of price and product quality in order to increase the level of customer purchase decision.

3. For the future researcher

The result of this research is expected to be used as a source of references who concerned in conducting related research in the future.