

CHAPTER I

INTRODUCTION

1.1. Background of Study

The purchase decision is a decision-making process that combines knowledge to select two or more available product alternatives which are influenced by several factors, including quality, price, location, promotion, convenience, service, and others. Purchasing a product or service begins with an awareness of fulfilling a need or desire and realizing that there is a further problem, the consumer will take several stages which eventually arrive at the post-purchase evaluation stage. The purchase decision is taken after going through several calculations and alternative considerations. Before the choice is made, there are several stages that the decision-maker may go through. The specific purchase decision process consists of the following sequence of events, namely: identification of problem needs, information retrieval, and evaluation of alternatives, purchase decisions, and post-purchase behavior.

The company as a marketer has to be aware that currently is not just developing quality products, affordable prices, and potential distribution channels, but the company has to communicate with current and future customers (potential customers). The company needs to create integrated marketing communication so that the marketing strategy that has been made is more effective.

Some of the reasons that cause IMC to influence on the way buyers decide to buy a product are because buyers are always influenced by experience in making decisions to buy a product. This experience comes from marketing

communications that have occurred with the company, for example, relationships with personal selling, SMS or E-mail and other forms of communication with other parties. All communication that occurs with the company will influence on the formation of thoughts in the customer. These will be consideration for customers to decide to buy the products or not. So, communication is the opportunity for company to influence customers' decision.

The research done above is under the theory by Luck, et.al (2021) that the rationale of Integrated Marketing Communication should build a profitable relationship between a company and its customers. The relationship between company and customer is that the customer makes purchase decisions to obtain the needs from the company's products and the company gets benefits from buying and selling transactions.

Integrated marketing communication is a process to create a marketing communication plan that combines elements of communication that aim to introduce the company and its products to the public such as public relations, advertising, direct selling, sales promotion, and interactive marketing, so that they can be known by the public. Integrated Marketing Communication, often referred to as IMC, is a business strategy related to the company's relationship with customers, intending to be a form of promotion and maintain good relations with customers. IMC can also assist companies in obtaining information about customers.

PT. Megah Pusaka Andalas is a company engaged in palm oil plantation and industry. The phenomenon in the company is a decrease in purchase decisions

which can be seen from a decrease in sales volume, where there are customers who no longer make purchases from the company. Although there are still companies that routinely make purchases from companies, the company is still unable to keep new customers to make purchases again. The data below shows the decrease in sales volume:

Table 1.1
Decrease in Sales Volume (Unit in Tons)

Year	Month	Sales Volume	Increase (Decrease)	Percentage
2020	January	35.240	-	0,00%
	February	37.251	2.011	5,71%
	March	35.110	(2.141)	-5,75%
	April	36.251	1.141	3,25%
	Mei	32.401	(3.850)	-10,62%
	June	31.686	(715)	-2,21%
	July	29.398	(2.288)	-7,22%
	August	28.182	(1.216)	-4,14%
	September	24.144	(4.038)	-14,33%
	October	21.096	(3.048)	-12,62%
	November	22.680	1.584	7,51%
	December	19.216	(3.464)	-15,27%
TOTAL		352.655		

Source: PT. Megah Pusaka Andalas, 2020

From the table above, the sales volume decreased month by month during 2020. The purchase decision includes needing recognition, problem recognition, and information search, evaluation of alternatives, making a decision, and post-purchase evaluation. The customer will make a purchase when the need arises that he must fulfill. Customers will identify the needs and then look for alternative options available. From these choices, the customer will decide which service to use. After the decision is made, then there is a behavior after purchase. Customers who are satisfied with the transaction they do with the company will make a repeat purchase to the company and recommended it to another party.

This table below showed the competitors of company:

Table 1.2
Competitors of PT.Megah Pusaka Andalas

No.	Company Name
1	PT.Bintang Nauli Pratama
2	PT.Agro Tumbuh Gemilang Abadi
3	PT.Sago Nauli
4	PT.Bina Karya
5	PT.Permata Hijau Group

Source: PT. Megah Pusaka Andalas, 2020

Some of the competitors above offered the same products as the company offered. They make some differences such as offering postage subsidies, customer care service as the after-sales service, and other facilities that the company doesn't have. The problem that occurred in the company is that the customer has no longer put the company on the first list in their evaluation of alternatives. This is because the company less attention in maintains a good relationship with customers although the transaction has finished. The company focuses more on making sales to customers who have become customers or often make purchases from the company so that they pay less attention to their relationship with other customers who rarely make purchases. As a result, when regular customers start switching to other sellers, the company finds it difficult to find replacements because of the company's lack of connections with other customers.

One of the problems that caused a decrease in the purchase decision is integrated marketing communication. In marketing its products, the company uses personal selling personnel whose job is to introduce products to consumers and answer questions raised by buyers. The problem that occurs in the company is the ineffective marketing communication carried out by the company. Personal selling owned by the company does not fully understand the products offered by the

The company, causing buyers to be less satisfied with the services provided by the company. The marketing communication skills carried out by salespeople are still not able to provide persuasion to buyers to make purchases.

Integrated marketing communication is a planning process rather than a concept. It aims to achieve a coordinated execution of a marketing program. There are some types of integrated marketing communication which are personal selling, advertising, sales promotion, sponsorship marketing, publicity, and point of purchase communication. In marketing its services, the company focuses on personal selling personnel whose task is to introduce the service to consumers and answer the questions posed by the buyer. The problem that occurs in this strategy is the ineffectiveness of marketing communication carried out by the personnel. Personal selling owned by the company lacks control over the services offered by the company, causing buyers to be less satisfied with the services provided by the company.

Other types of marketing communication such as advertising are less effective and appropriate for use in the company because it is not suitable for the company's product. Therefore, the company is more focused on developing personal sales. The quality of service provided by personal selling as part of integrated marketing communication is good enough. However, this growth is not in line with the service felt by customers. There are still several complaints submitted by customers either directly or through other media. In addition to the lack of ability of officers in understanding products, there is also a problem in which marketing officers are less able to cooperate with company operational employees

so that what is promised to customers is not fully conveyed to operational employees so it cannot be executed properly. Customers also complained about the officers' lack of responsiveness to customer complaints.

In CPO marketing activities, problems often occur such as product shipments, shipping goods to ports to problems in ship demurrage. At the company, sales are made entirely with an ex-works system (*loco*), meaning that the company does the handover of goods at the factory location. The company is not responsible for goods sent to the buyer after the goods leave the factory. The problem that often occurs is the unpreparedness of the promised product to be transported at the specified time, resulting in complaints from customers because the company is late in notifying the buyer so that there is also a delay in the buyer's shipping process.

Therefore, this condition requires that every personal sale (Personal Selling) has the right strategy in serving and marketing its products to customers because modern marketing is not only oriented by developing good products, providing attractive rates or prices, and making it affordable to customers but a company must also establish communication with customers so that it can accommodate customer aspirations and desires aimed at meeting and satisfying their needs and customer desires through personal selling. Whether it is about a product, regarding price issues, or miss communication between the company's office and customers. Personal selling should always communicate and follow up with customers until the goods have been transported from the factory and should also continue to follow up until the goods arrive at the customers' warehouse, as a form of company concern so that it can increase buyer trust.

Based on the description above, the researcher wants to research with title **“The Effect of Integrated Marketing Communication Towards Purchase Decision at PT. Megah Pusaka Andalas.”**

1.2. Problem Limitation

Due to this research-on-research problems and the limitation of time and fund, this research focused on integrated marketing communication with indicators that influence behavior, prospect, make contact, create synergy, and establish a relationship (Wibowo and Priansa: 2017, p.176-177); and purchase decision with indicators that acquire information, assess options, make decisions and achieve satisfaction (Ward, 2016, p.20-21). The problem in this research will focus on the lack of the company’s marketing communications such as slow responses to customer problems and lack of employee knowledge of company products that have caused a decrease in a purchase decision.

1.3. Problem Formulation

The problem formulation is as follows:

1. How is integrated marketing communication at PT. Megah Pusaka Andalas?
2. How is purchase decision at PT. Megah Pusaka Andalas?
3. Does integrated marketing communication have influence towards purchase decisions at PT. Megah Pusaka Andalas?

1.4. Objective of Research

Objective of the research is as follow:

1. To know the integrated marketing communication at PT. Megah Pusaka Andalas.
2. To know the purchase decisions at PT. Megah Pusaka Andalas.
3. To know the influence of integrated marketing communication towards purchasedecisions at PT. Megah Pusaka Andalas.

1.5. Benefit of Research

1.5.1. Theoretical Benefit

The research can be used as input to study about integrated marketing communication, purchase decision and the effect of integrated marketing communication towards purchase decision.

1.5.2. Practical Benefit

The research can be used as input for company to make better integrated marketing communication strategy for better purchase decision.