

CHAPTER I

INTRODUCTION

1.1. Background of Study

In conditions of increasingly fierce competition, to continue to survive in business, efforts are needed by the company to win the market. In the development of increasingly sophisticated times and technology in this modern era, there are new opportunities and challenges for all industrial fields operating in Indonesia, impacting market expansion, consumer behavior changes, and intense competition.

The company's ability to keep customers currently is increasingly important. Increasingly fierce competition makes companies must be able to maintain the trust of existing customers and continue to develop the potential reach of existing customers. The company's ability to develop business will be the key to growing in the future.

Consumers own purchase decisions in determining the products they will buy and use. According to Kotler (2009) in Syamsurizal and Ernawati (2020), purchasing decisions are consumer actions to form references among brands in the choice group and buy the most preferred product.

Service quality is important when buying a product. With good service quality, it will be an additional assessment for consumers when they will use and buy products again in the future. Successful companies that remain competitive and relevant in the market will gain insights from their customers. According to Parasuraman (1985) in Tiglao et al (2020), service quality is an abstract and elusive

construct due to three unique features for services: intangible, heterogeneity, and inseparable from production and consumption.

According to Kurnia and Martana (2017), personal selling activities which consist of approach, presentation skills, actions to overcome objections, close sales and follow up sales, are important things for salespeople to pay attention to in offering products. It is felt that it is easier for companies to explain various kinds of product variants and advantages so that they can directly influence prospective buyers in making purchasing decisions. Salespeople who were deployed in previous marketing activities were given training to know and understand the products being marketed, making it easier to influence prospective customers in making purchasing decisions.

PT Herta Sukses Gemilang is a company engaged in the distribution of cosmetics. The company distributes cosmetics under various brands. The company in 2017 to 2021 still experienced a fluctuating amount of revenue and tended to experience a decline. The following is the company's sales data.

Table 1.1
Revenue Data of PT Herta Sukses Gemilang

Years	Revenue Target	Revenue Realized	Percentage
2017	24,000,000,000	22,446,300,000	93.53%
2018	24,000,000,000	21,345,000,000	88.94%
2019	24,000,000,000	20,400,540,000	85.00%
2020	24,000,000,000	18,453,700,000	76.89%
2021	24,000,000,000	17,450,520,000	72.71%

Source: PT Herta Sukses Gemilang (2022)

In table I.1, the revenue table at PT Herta Sukses Gemilang, the current income has decreased from 2017 to 2021 which is not able to achieve the expected

revenue target. This shows that purchasing decisions by customers at this time are not in line with the expectations and revenue targets set by the company.

The quality of service received by customers at this time is still not in accordance with customer expectations. On the expectations of customers, want maximum service and be able to fulfill their wishes such as employees who are polite, and employees who understand the products being sold. This can be seen from the complaints from consumers related to the services provided by employees and not in accordance with the expectations of customers who want good service from the company. The following is complaint data returned by customers.

Table 1.2
Customer Complaint Data of PT Herta Sukses Gemilang

Month	Number of Complaints				Problem with customer complaints
	2018	2019	2020	2021	
January	2	4	9	8	1. Employees who are not friendly to customers 2. Employees are less responsive when providing services to customers. 3. Prints that are less consistent in colour 4. Durable mold quality 5. Orders that do not match the estimated time 6. Employees who are not able to explain the product well when offering it to customers 7. Employees who do not provide correct information when offering products
February	5	5	9	5	
March	6	5	5	6	
April	8	4	6	8	
May	9	5	8	9	
June	5	5	9	8	
July	2	8	5	5	
August	6	8	6	5	
September	5	8	3	6	
October	4	6	8	8	
November	5	6	4	5	
December	9	8	6	8	
Total	66	72	78	81	

Source: PT Herta Sukses Gemilang (2022)

From table 1.2 the data from 2017 to 2021 shows each month. The number of complaints shows an increase from the last few years. The number of returns that occur is quite routine every month. The number of returns that occur indicates that the quality of the products received by customers is still not up to their expectations.

In personal selling at PT Herta Sukses Gemilang at this time, it appears that the sales force has not been able to achieve the targets set personally by the company. The following is the number of salespeople who were able to achieve the following targets.

Table 1.3
Number of Salesperson Achievement on PT Herta Sukses Gemilang

Year	Number of Salesperson	Salesperson Achievement	Total Revenue Realized
2017	15	9	22,446,300,000
2018	15	8	21,345,000,000
2019	15	7	20,400,540,000
2020	15	7	18,453,700,000
2021	15	8	17,450,520,000

Source: PT Herta Sukses Gemilang (2022)

From table I.3 shows that with a total of 15 salespeople from the sales team, not all salespeople are able to achieve the set sales targets. Only 7 sales out of 15 sales were able to achieve sales targets cumulatively in 2019 to 2020 which shows that the salesperson's ability to conduct direct sales has not been able to help the company achieve the expected target.

In the data on visits from employees, employees in the sales department also did not reach the target of active visits in the company. Here is the number of visits to consumers by sales employees in the company.

Table 1.4
Data on the Number of Visits on PT Herta Sukses Gemilang

Year	Target Visits	Number of Realization visits	Number of Sales
2017	3600 visits	2985 visits	15
2018	3600 visits	3325 visits	15
2019	3600 visits	3256 visits	15
2020	3600 visits	3123 visits	15
2021	3600 visits	3023 visits	15

Source: PT Herta Sukses Gemilang (2022)

From the table of the number of target visits in 2017 to 2021, it shows that the number of visits made by sales employees did not reach the target of visits expected by the company. This shows that in personal selling activities carried out employees have not made regular visits, and this has not been able to meet aspects in personal selling, namely in prospecting consumers, not presenting well to customers, lack of ability to handle customers, and resulting in a lack of achievement in terms of not being able to achieve sales targets.

Based on this discussion, the writer decides to conduct research entitled **“Service Quality and Personal Selling of Business-to-Business towards Purchase Decision (A Case on PT Herta Sukses Gemilang)”**

1.2. Problem Limitation

In this study, the writer will limit problems for service quality and personal selling towards customer purchase decision at PT Herta Sukses Gemilang as a convection company as the main problem of this study. Problem limitations are service quality (X1) with indicators: tangible, reliability, responsiveness, guarantees and assurances, empathy (Tjiptono, 2018). Personal selling (X2) with indicators: prospecting and qualifying, approach, presentation, and demonstration, handling objections, closing, follow up (Kotler and Armstrong in Wahyuningtyas, 2020) as the independent variable and customer purchase decision (Y) with indicators: introduction of needs, information search, alternative evaluation, buying decision, behavior after purchase product quality (Kotler in Anggita and Ali,2017) as the dependent variable.

Since this is still covid pandemic it is not possible to meet face to face with the respondent, so it is needed to use a Google Form for the questionnaire.

1.3. Problem Formulation

Based on the background of the study, the question to be answered in this research are as follows:

- a. Does service quality have partial effect on customer purchase decision at PT Herta Sukses Gemilang?
- b. Does personal selling have partial on customer purchase decision at PT Herta Sukses Gemilang?
- c. Do service quality and personal selling have simultaneous effect on customer purchase decision at PT Herta Sukses Gemilang?

1.4. Objectives of The Research

The objectives in doing this research are as follows:

- a. To find out the effect the service quality partially at PT Herta Sukses Gemilang.
- b. To find out the effect the personal selling partially at PT Herta Sukses Gemilang.
- c. To find out the effect of service quality and personal selling simultaneously towards customer purchase decision at PT Herta Sukses Gemilang.

1.5. Benefit of The Research

Benefits of this research can be listed as follow:

1.5.1 Theoretical Benefit

The theoretical benefit of this research as follow:

The results of this research are expected to contribute to the existing theories relevant with service quality, personal selling on customer purchase decision.

1.5.2 Practical Benefit

The practical benefit of this research as follow:

- a. For writer, the result of this research is expected to contribute to the exciting theories relevant with service quality, personal selling on customer purchase decision.
- b. For PT Herta Sukses Gemilang, this research as information about whether the survey that has been made will be useful to improve the company's performance.
- c. For other researcher, to be a guide in leading the researcher to do another research