

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The Covid-19 pandemic has emerged since 2019 and entered Indonesia in 2020. Governments from different countries, including Indonesia, are encouraging their citizens to do social distancing in order to stop the virus keep on spreading. This means that the interactions between each other, including in terms of buying and selling are reducing a lot. This may eventually be very bad for a country's economic health. Fortunately, we are living in a digital world where online businesses were already invented way before the Covid-19 pandemic. Thus, online businesses will gain advantages from the pandemic as people are preferring to use e-commerce platform to buy things. From here, the same benefit goes to delivery service companies, since e-commerce businesses will require delivery services to deliver their products to the buyers.

A big delivery service company in Indonesia, J&T, recorded a 50% increase of delivery volume in 2020 compared to 2019 (Puspa, 2020). Indonesian citizen also becoming more selective in choosing the best delivery service company for them, in which Nadia Prasetyo (2020) said that the two main indicators that citizens used to select the delivery service company are the price and time (Fitri, 2020). Thus, delivery service companies need to make use of this opportunity and focus on some aspects, like price, location, and time in order to attract their customers, so that it won't go away to their competitors.

According to the article titled *Harga: Konsep, Tujuan, dan Metode Penetapannya*, which was written by Serafica Gischa (2020), price is the value of a product or service that is usually measured with an amount of money, in which it is given by customers to the seller in exchange for some products or services. In other words, it is the amount of money that a customer is willing to pay for the things or services they desire. This can also be related to the cost or effort that the customers need to give to get the product or service, and hence, location need to be considered.

Location is a place for a business or activity to perform their operational activity that includes activities like production or a place for customers to come and purchase products or services (Riadi, 2020). In this case, customers may put location as one of the main considerations to evaluate the effort they need to give in exchange for the products or services they desire.

Then, Anne Marie Helmenstine (2019) stated in her article titled *What is Time? A Simple Explanation* that scientifically, time is the process of an event that continuously progressing from the past to the present, and finally into the future. This can be related to the delivery service in terms of the process required to receive and deliver the products to the target location. The other thing would be the operational time of the service branch.

These three aspects will then influence the customer purchase decision, in which according to Rita (2018), a customer purchase decision is the process in which customers will choose one of the two or more available alternatives in order to decide whether to or not to purchase. Hence, with the price, location,

and time that were discussed above, a customer may then evaluate and make the purchase decision from them.

The research object in this paper is called as PT Tiki Jalur Nugraha Ekakurir or widely known as JNE Express. It is one of the famous delivery service companies in Indonesia that can provide delivery services for packets, documents, etc., in which it was established since 1990 and up until now, PT Tiki Jalur Nugraha Ekakurir already has over 6000 service points all across Indonesia with more than 40,000 employees working for them (JNE, 2022). Throughout the time, this company has opened more branches across Indonesia to widen their service reach.

PT Tiki Jalur Nugraha Ekakurir is actually one of the biggest delivery service companies in Indonesia. This company has a lot of competitors, which includes J&T, AnterAja, Lion Parcel, and many more. Table 1.1. shows the comparison of regular delivery price among them, in which these data were taken from each delivery services' official application (My JNE, J&T Express, Anteraja, and Lion Parcel), as can be seen in Appendix A.

Table 1.1. Delivery Price Comparison

Company	Medan - Cengkareng	Medan - Meureubo	Medan - Pekanbaru
JNE	27,000 / kg	33,000 / kg	21,000 / kg
J&T	22,000 / kg	27,000 / kg	17,000 / kg
AnterAja	26,000 / kg	27,000 / kg	19,000 / kg
Lion Parcel	20,000 / kg	24,500 / kg	15,500 / kg

Source: Prepared by the Writer (2022)

As we can see from table 1.1., PT Tiki Jalur Nugraha Ekakurir (JNE) offer slightly higher price compared to the other competitors, which may become one of the problems that JNE has that might influence the customer purchase decision on their company and thus, need to be considered by them.

In this case, the writer decided to do research on one of the branches of JNE Express in Medan. This branch is located at Jalan Metal Raya No. 117, Medan. It was first opened in 2017 and has been operating since then. According to the research that the writer did, the writer found out that there are still some rooms of improvement that this branch can have, for instance, the price (more expensive than some competitors, which can be seen from table 1.1.), location (less visible, as shown on figure 1.2.), and service time (can still be improved, as seen from some customer reviews). Which might then influence the customer purchase decision at this branch. In fact, according to JNE Express Metal Raya branch, their monthly number of packages from January 2021 to July 2022 are found to not really increasing and even sometimes decreasing, which can be seen in Table 1.2.:

Table 1.2. JNE Metal Raya Branch's Packages (2021-2022)

No.	Month (2021)	Packages	Change Rate
1.	January	8309	-
2.	February	8423	+1.37%
3.	March	6893	-18.16%
4.	April	6277	-8.94%
5.	May	6510	+3.71%
6.	June	5693	-12.55%
7.	July	5923	+4.04%
8.	August	6460	+9.07%
9.	September	6123	-5.22%
10.	October	5453	-10.94%
11.	November	5841	+7.12%
12.	December	5348	-8.44%
No.	Month (2022)	Packages	Change Rate
1.	January	5098	-4.67%
2.	February	4925	-3.39%
3.	March	6320	+28.32%
4.	April	6319	-0.02%
5.	May	4625	-26.81%
6.	June	4913	+6.23%
7.	July	4938	+0.51%

Source: Prepared by the Writer (2022)

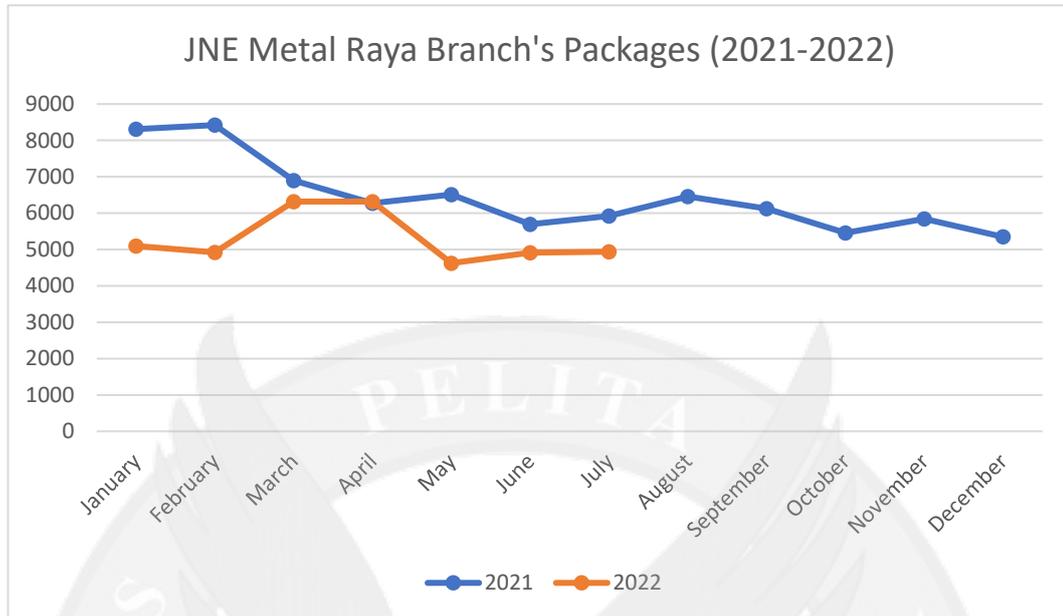


Figure 1.1. Graph of JNE Metal Raya Branch's Packages (2021-2022)

Source: Prepared by the Writer (2022)

Table 1.2. and Figure 1.1. show a significant decrease of monthly packages that JNE Metal Raya Branch has most of the times from January 2021 to July 2022, which may indicate that there may be some problems. To add more, those rooms for improvement that were mentioned above can be seen from some of the pictures and customer reviews towards JNE Express service that the writer found online as shown in Figure 1.2. and Figure 1.4.:



Figure 1.2. Less Visible JNE Metal Raya Branch's Location (2022)

Source: Prepared by the Writer (2022)

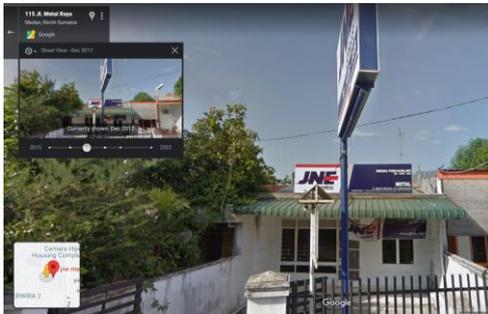


Figure 1.3. JNE Metal Raya Branch (2017)
Source: Google Map (2022)

Figure 1.3. shows the picture of JNE Metal Raya Branch in 2017 when they were just opened and it can be a comparison to be looked on towards the picture in figure 1.2. that shows how JNE Metal Raya looks like in 2022, in which we can see that this JNE branch visibility is not maintained well, making it to look much older and have a blur name board.

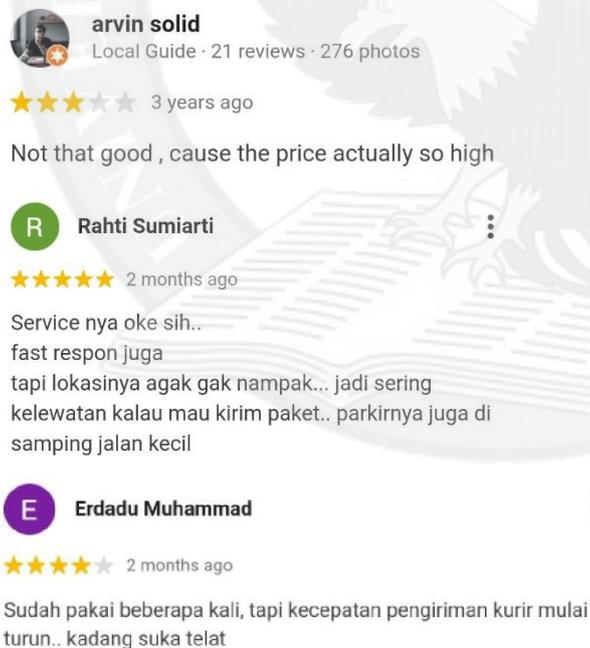


Figure 1.4. JNE Express Customer Review
Source: Google Review (2022)

As shown from the customers reviews of JNE Express and the less visible location of JNE Express' Metal Raya branch in Figure 1.2. and Figure 1.4., this company can be considered to be having some problems with their price, location, and time, that may eventually give influence to their customer purchase decision. Hence, the writer is interested to do research on the influence of price, location, and time on the customers' purchase decision at this JNE Express' branch. This research is written down by the writer in a form of a final paper with the title **“The Influence of Price, Location, and Time on Customer Purchase Decision at PT Tiki Jalur Nugraha Ekakurir, Metal Raya Branch, Medan”**.

1.2. Problem Limitation

Since the writer had a limitation of time and budget in doing this research, it is necessary to limit the focus of this research. Thus, the writer decided to focus only on some aspects, which are:

- a. The information for this research is collected from one of PT Tiki Jalur Nugraha Ekakurir branches, which is located at Jalan Metal Raya No. 117, Medan.
- b. The respondents used for this research were the customers of PT Tiki Jalur Nugraha Ekakurir's branch at Jalan Metal Raya No. 117, Medan.
- c. There are three independent variables that includes: Price, Location, and Time. While the dependent variable is the Customer Purchase Decision. In this report, the writer used several indicators to evaluate the variables.

- d. According to Mar'ari (2016) as cited in Nantigiri et al., (2021), the indicators of price are: (1) Affordability; (2) Price competitiveness; and (3) The price worthiness.
- e. As for the place, referring to Suhardi (2002) as cited in Rahayu and Alfian (2018), the indicators are: (1) Ease of reaching; (2) Visibility; and (3) Parking Area. There are actually other indicators, like traffic, expansion, competition, and government regulation, but the writer decided to use only the top 3 most relevant indicators among them, which are stated before.
- f. Then, Rahayu and Alfian (2018) also stated that the indicators of time are: (1) The service time of package admission and (2) The service time of package delivery.
- g. Lastly, according to Kotler and Keller (2014) as cited in Fairuz et al., (2020), customer purchase decision's indicators are: (1) Stability of a product; (2) Habit of buying products; (3) Giving recommendation to others; and (4) Re-Purchase.

1.3. Problem Formulation

The writer decided to formulate some questions to be answered through this research with the aim to know the influence of Price, Location, and Time on Customer Purchase Decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan. The questions include:

- a. Does price have partial influence on the customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan?

- b. Does location have partial influence on the customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan?
- c. Does time have partial influence on the customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan?
- d. Do price, location, and time have simultaneous influence on the customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan?

1.4. Objective of the Research

The objectives in answering the questions formulated before, includes:

- a. To discover whether price have partial influence on the customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan.
- b. To assess whether location have partial influence on the customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan.
- c. To investigate whether time have partial influence on the customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan.
- d. To analyze whether price, location, and time have simultaneous influence on the customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan.

1.5. Benefit of the Research

There are two kinds of benefits that can be taken from this research of the influence of price, location, and time on customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan, which includes:

1.5.1. Theoretical Benefit

The theoretical benefit from doing this research is to prove whether there is any crucial influence that price, location, and time can give towards the customer purchase decision at PT Tiki Jalur Nugraha Ekakurir's Metal Raya branch, Medan. To add more, this research can also give more understandings about the theories related to price, location, time, customer purchase decision, and the connections between each of those variables.

1.5.2. Practical Benefit

The other type of benefit from this research is the practical benefit, which includes:

- a. For the writer, this research can broaden up the writer's knowledge and provide a better understanding on the price, location, time, and customer purchase decision.
- b. For the company, they can use this research to help them understand better on how price, location, and time may influence the customer purchase decision. By this, it can give them an additional insight when discussing about their future decisions related to these variables.
- c. Other researchers can use this research as a source for their researches that are related to price, location, time, and customer purchase decision.