

CHAPTER I

INTRODUCTION

1.1. Background of the Study

During this digital era, internet has become the tools that have expanded and effectively help people to operate their daily activities easier and more efficient. From receiving and sending information, communicate to one another, and support business operations, it has ultimately impacted the world very beneficially. Even to this day people are still relying on the usage, especially during the COVID-19 pandemic, which is a pandemic caused by Corona Virus that has been wildly spreading since the end of the year 2019. It also influences detrimentally to the world from the health, economy, and even changes the lifestyle of people. Due to this, people tend to not go out as it increases the chances of being infected, hence causing the decrease of transactions made for offline services especially accommodations businesses.

6,362,902

confirmed cases

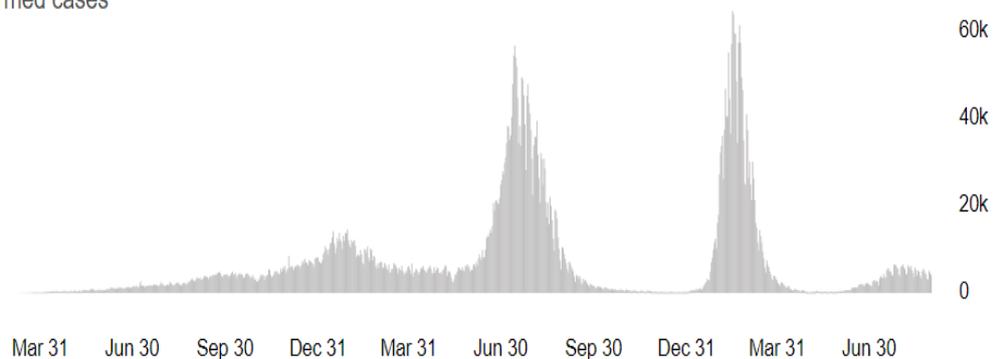


Figure 1.1 Covid-19 Case in Indonesia from 2020-August 2022

Source: Prepared by World Health Organization, <https://covid19.who.int/region/searo/country/id> (2022)

Fortunately, as of July 2022 as shown in Figure 1.1 above and attained from Website Resmi Penanganan COVID-19 (2022), the pandemic has shown drastic decrease. Moreover, with the governments' application of several health programs such as social distancing, PPKM (*Perberlakuan Pembatasan Kegiatan Masyarakat*) or community activities restriction, and COVID-19 vaccination has shown very high improvement in economic, and health as mentioned by Simanjuntak (2022). This is a huge opportunity for many offline businesses to rise back, even third-party ecommerce businesses that relies their market on offline accommodation businesses.

Some of the ways to benefit them is by focusing on the variables that may influence the decision of customers' desires. According to Twin (2021), price is the cost a consumer willing to pay for the product or services he/she will receive in return and the price will be set according to value it perceives. Company should identify their price ranges that are suitable to their consumers' willingness to purchase which is affected by the competitors and its costs that helps create the service or products.

Followed by the variable of promotion, which is a way how marketers promote their products through several promotion strategies, advertising, and public relation, in which its main goal is to reveal how their products are needed for the customers (Twin, 2021). This is essential because by making promotion to a business, customers can acknowledge the business better and also have the chances to perceive their products or services sold as they can see what the company provides in their business.

Then there's customers' trust as the crucial variable. Customers' trust according to Rabbani (2021), is a belief, trust, and knowledge possessed by a consumer regarding the purchases they would make. Besides that, it also affects the confidence of purchasing in the company. This factor will play a huge role as it decides whether consumers' will end up purchasing the products or not, even though all other factors have satisfied their decisions.

These variables will nonetheless influence the main variable of all, the customer purchase decision, which is a process in which consumers combine their knowledge regarding a product, identify them with the values to purchase and reach two alternatives either to buy or not to buy the product (Rita, 2018). This means that a company should make aware of their product or services, understands their target consumers and competitors well so they can attract them to purchase. Hence, the variables price, promotion, and customers' trust as stated above are very crucial to acknowledge as it influences the decision.

This research paper will be focusing on one of Indonesia's first third-party ecommerce businesses that allows customers to purchase best price of vouchers from various offline services and accommodation business, which is PT Digital Media Group's Dealjava. Throughout the 9 years of operating their business since 2013, this company has expanded widely through 3 parts of Indonesia. Before expanding, this company is known as Dealmedan, and like its name, it is originated from Medan and eventually expanded their operations to 2 parts of Jawa, Surabaya and Jakarta, which is why they changed its name to Dealjava.

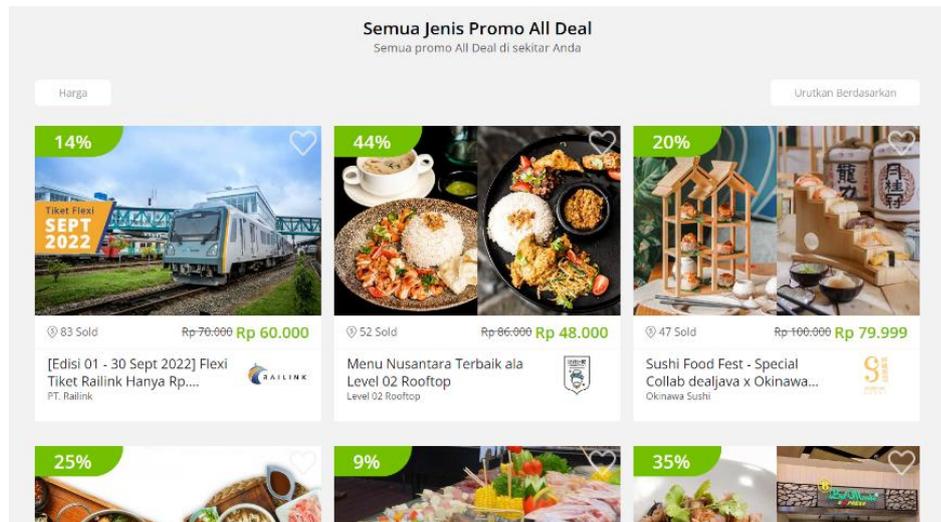


Figure 1.2. Dealjava Website and Logo

Source: Prepared by the Writer, Medan, 2022

With the branches available in three different regions of Indonesia the writer will do research on its originated branch in Medan located at Jalan. Surabaya No.4, Kota Medan, Sumatera Utara, as there are some issues that can be analysed based on the variables as explained earlier. Before explaining further, the following Table 1.1 and Figure 1.3 are the research made by the writer regarding the amount of voucher sold at Dealjava Medan from 2019 to September 2022.

Table 1.1. Dealjava (Medan) Vouchers Sold (2019-2022)

NO	Year	Target Sold	Vouchers Sold	Change Rate
1	2019	650,000	698,689	-
2	2020	500,000	370,159	-47.02%
3	2021	580,000	525,647	42.01%
4	2022 (Sept)	620,000	342,733	-34.80%

Source: Prepared by the Writer, Medan, 2022

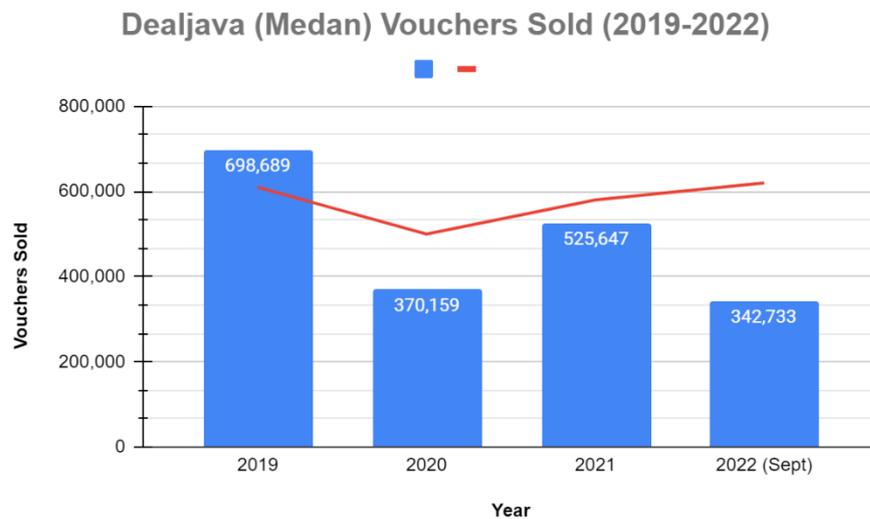


Figure 1.3. Graph of Voucher Sold at Dealjava (Medan) (2019-2022)

Source: Prepared by the Writer, Medan, 2022

From the data, we can see that the voucher sold decreased during 2020 (peak pandemic) from 2019, increased during 2021, and attained quite an improvement during the third quarter of 2022. The orange line is the targeted voucher sold every year, and from the table shown there 650,000 is the normal targeted sold before the pandemic. 2020 reaches 500,000 as the operational costs is cut down and slowly going back to the normal target as shown in 2022. Unfortunately, the vouchers sold aren't able to fulfil Dealjava's target voucher ever since the pandemic occurred, making it one of the issues to be focus on.

Some of the reasons why the voucher sales were dropping is due to the pandemic happening. But beside this issue, one of the main crucial issues is due to the competitiveness of this industry market as well. As stated by Ryza (2018), the industry business that Dealjava enters can be considered as unique in a way that customers can easily be influenced towards the purchases. It is also stated that the vouchers industry has shown a lot of demand and increase over the past

decade even until today, hence why the demand of vouchers for accommodation companies can be very high. The other reason this market is very interesting and competitive is due to the fact that many accommodation companies will only select the platform that is more reliable, therefore, having the best platform in the market and able to influence the customers can increase their chance in surviving this business industry. Lastly, the competitiveness can be seen in as the business model is quite easy to replicate and also can be replaced by other purchasing methods of start-ups companies, as stated by Ryza (2018). Therefore, Dealjava will need to adapt quicker in order to overcome them. Below is the elaboration of the competitors:

Table 1.2 Competitors Comparison

Company	Country Rank	Avg Visit per Month	Avg Visit Duration
Tokopedia	#7	87M	06.69
Traveloka	#138	8.2M	04.21
Dealjava	#29,208	119k	01.70

Source: www. Similarweb.com (2022)

According to the website information attained from similarweb.com the average data found within the data from the year 2022 starting from January until September. This dataset shows a lot of differentiation of the competitors of Dealjava, mainly Tokopedia and Traveloka. The comparison points out the average users in Dealjava is very little compared, where there are 119 thousand of users' average visit, while Tokopedia and Traveloka reaches millions of users, 8.2 million and 87 million. The data comparison shows that the ecommerce industry has rising very significant and the ability to attract users through the platform by creating luring value can increase their sales as well.

Although the competitiveness of the industry can affect the sales, the price ranges that Dealjava charge to all vouchers are quite high compared to their competitors. The price comparison of Dealjava's price and its competitors can be seen from table 1.2 below.

Table 1.3. Dealjava Price Oppose Competitors

NO	Company	Prices from Third-party E-commerce		
		Dealjava	Tokopedia	Traveloka
1	Vizta Karaoke	98,000	88,000	93,600
2	Bel Mondo	79,000	69,000	79,000
3	Steppingstone	45,000	42,000	-

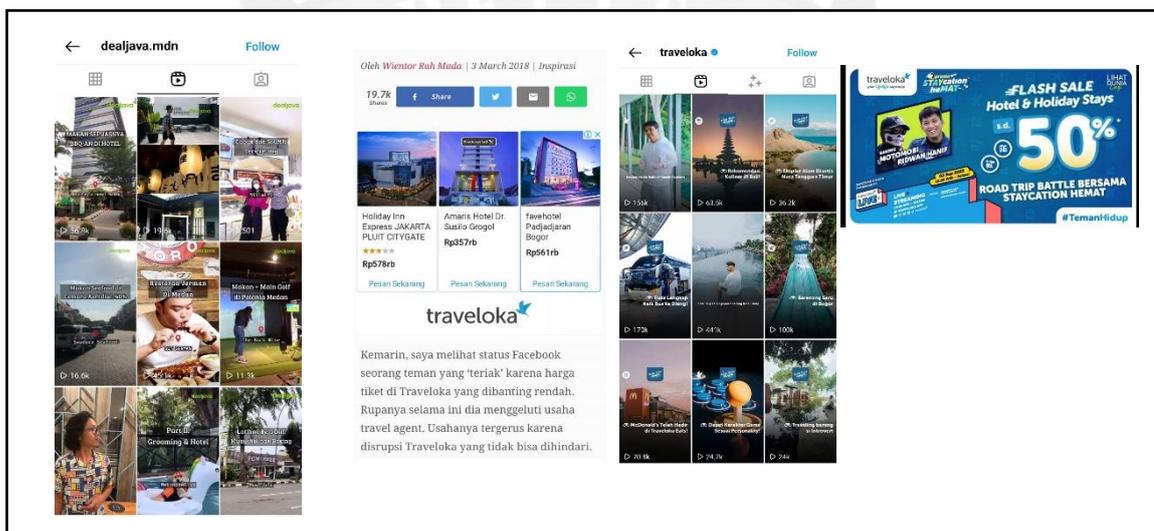
Source: Prepared by the Writer, Medan, 2022

As shown in the comparison of the prices above, it can be concluded that Dealjava actually provides more expensive prices for the accommodation companies over their competitors, which are Tokopedia and Traveloka. It is stated that for the accommodation company of Vizta Karaoke, Dealjava provides 11% higher over Tokopedia and 4.7% more expensive in Traveloka platform. As for the company Bel Mondo, Dealjava charges 14.5% higher than Tokopedia, but has the same price as Traveloka's. Lastly for the company Steppingstone, there are 7.14% of higher price charged by Dealjava compared to Tokopedia, but for this company, Traveloka doesn't provide the vouchers.

From this data it shows how Dealjava charges their prices on the accommodation companies, and in this case, they are very expensive compared to their competitors. This can be one of the issues to be considered whether the prices range that Dealjava provides can show influences on the customers purchase decision or not. It can also show whether the more expensive the price the more reluctant a customer is willing to purchase the products or not.

According to Milano (2022) doing varieties of advertising is crucial in promotion as it influences many customers to acknowledge their products, increases sales, and branding their company. Based on the research made by the writer, Dealjava provides very little promotions in their operation as shown in the figure 1.4. below.

Figure 1.4. Dealjava's Advertisement and Competitor's Variety Advertisement

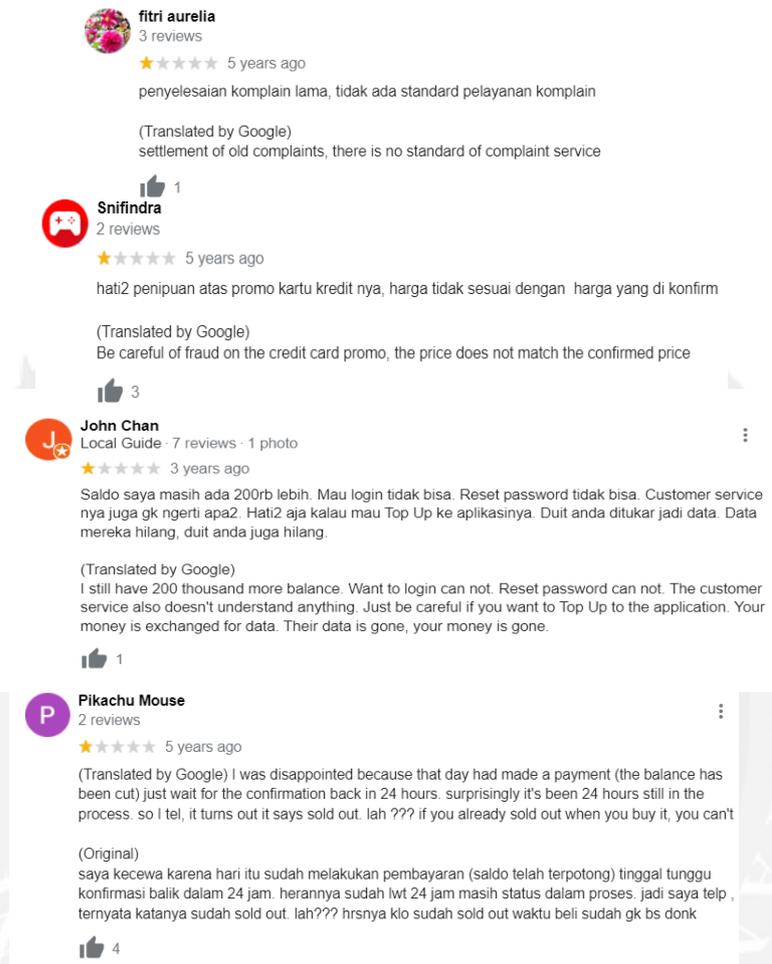


Source: Prepared by the Writer, Medan, 2022

From the figure shown above it shows how Dealjava do promotions in their company. It shows that Dealjava's operations in the promotion sector only focuses on a small amount of advertising in the digital market, particularly Instagram. The way they do is only by posting reels and promote to several influencers and also creates posts only on their account, hence people who do not follow their account will never notice the promotion offered. Compared to their competitors, they provide various advertising platforms on social media (Instagram, YouTube ads, etc.), websites pop-ups, and many more, hence may influence their company's acknowledgement better for their customers.

Below are some of the reviews from several customers at Dealjava.

Figure 1.5. Dealjava's Customers Reviews



Source: Prepared by the Writer, Medan, 2022

The customers' trust in Dealjava is seen from the reviews from the customers themselves. The issues are affected as customers' complaints tend to be towards the failure of receiving the booked accommodation of the vouchers. Also, some customers encountered failure in purchasing them as the transaction process is not clear. Then, the customers service wasn't fast hence customers relation are very low in this company. Lastly, there are a lot system malfunction in the platform, making the purchases for customers having doubts as having trust means able to believe the sellers will give what are expected.

All these problems stated above may lead to several aspects, but in this research, it is focusing on the customer purchase decision. The customer purchase decision is crucial in this research as stated by Wakhidah (2018), it can define the attitudes of the consumers that benefit the company for choosing their product. As mentioned in Tanjung et. al (2018), the ecommerce business model that provides voucher for accommodation companies will require quite a lot of sales made as the operational budgets to improve, mainly on the fees for online usages and updates for future approaches, hence having great purchasing decision from customers are beneficial. With the rise of ecommerce and technology advancements, the perception of customers towards the decision purchase has also been altered, as mentioned in Simangunsong (2021), where the vast ecommerce platforms available creates new decisions from doubts to trustworthy during the purchasing process, hence the decision of customers to purchase should also be analyse as many things are involving.

Based on the research made, the writer feels that there are potential improvements for Dealjava to deal with. Particularly the prices, where the charge of the vouchers may be considered higher than its competitors. Moreover, the promotion of introducing their product/voucher and their company is very low, hence creating less acknowledgement. Lastly, the trust customers can perceive towards future purchases can be optimized and rebuild as some may complain to its transactions and failures as shown from the review.

Through the brief explanation of the current problems happening, company's profile and its factors influenced by, the writer is fascinated and interested in writing this thesis on those factors towards Dealjava under the title **“The Influence of Price, Promotion, and Customers’ Trust towards Customer Purchase Decision at PT Digital Media Group (Dealjava), Medan”**.

1.2. Problem Limitation

Since the writer has time limitation in creating this research and in order to achieve more accurate paper, the writer will do limitation towards the thesis discussion, such as:

- a. The data information for this research is attained from PT Digital Media Group or Dealjava in its Medan branch located at Jalan. Surabaya No.4, Kota Medan, Sumatera Utara.
- b. Data respondents are customers who have purchase Dealjava's vouchers in Medan, which is located at Jalan. Surabaya No.4, Kota Medan, Sumatera Utara.
- c. The research uses three independent variables (X) which are Price, Promotion, and Customers' Trust and one dependent variable (Y) which is Customer Purchase Decision.
- d. According to Fitri et. al (2017) as cited by Simangunsong et. Al (2021), the indicators for price in this research are Affordability (1), Price Worthiness (2), and Price Competitiveness (3).

- e. According to Algrina (2013) as cited by Darmawan (2022), the indicators for promotion in this research are Promotion Frequency (1), Promotion Quality (2), Accuracy or Suitability on Promotion Targets (3).
- f. According to of this Masoud (2013), as cited by Baharuddin et al. (2022), the indicators for customers' trust are Safety (1), Customers Relation (2), and Product Information (3).
- g. Lasty, according to Kotler and Armstrong (2009) as stated by Larika et al. (2020), the indicators for customer purchase decision are Stability on a Product (1), Recommending Others (2), Making Repeat Purchases (3), and Habit of Buying Products (4).

1.3. Problem Formulation

The aim of this thesis is to do research of the customer purchase decision at PT Digital Media Group's Dealjava at Medan on its influences of Price, Promotion, and Customers' Trust. With this, the writer formulated several questions, which are:

- a. Does price have partial influence on the customer purchase decision at PT Digital Media Group (Dealjava), Medan?
- b. Does promotion have partial influence on the customer purchase decision at PT Digital Media Group (Dealjava), Medan?
- c. Does customers' trust have partial influence on the customer purchase decision at PT Digital Media Group (Dealjava), Medan?

- d. Do price, promotion, and customers' trust have simultaneous influence on the customer purchase decision at PT Digital Media Group (Dealjava), Medan?

1.4. Objective of the Research

The objectives to answer the formulated questions are as follows:

- a. To discover whether price have partial influence on the customer purchase decision at PT Digital Media Group (Dealjava), Medan.
- b. To look over whether promotion have partial influence on the customer purchase decision at PT Digital Media Group (Dealjava), Medan.
- c. To investigate whether customers' trust have partial influence on the customer purchase decision at PT Digital Media Group (Dealjava), Medan.
- d. To discover whether price, promotion, and customers' trust have simultaneous influence on the customer purchase decision at PT Digital Media Group (Dealjava), Medan.

1.5. Benefit of the Research

In this research of the influence of price, promotion, and customers' trust on customer purchase decision at PT Digital Media Group (Dealjava), Medan, there are two benefits that are attainable, and they are:

1.5.1. Theoretical Benefit

The theoretical benefit from doing this research is to prove whether the variables X (price, promotion, customers' trust) are influencing the variable Y (customer purchase decision) at PT Digital Media Group, Dealjava Medan. Moreover, by having the theories explanation regarding price, promotion, customers' trust, and customer purchase decision in this thesis, readers can attain more understanding regarding the variables.

1.5.2. Practical Benefit

This thesis also has practical benefits, and they are:

- a. For the writer, this research can broaden up the writer's knowledge and provide better understanding on the price, promotion, customers' trust, and customer purchase decision.
- b. For the company, this research can help them understand better on how price, promotion, and customers' trust influence the customer purchase decision. Through this thesis, the company are also able to improve their operations in their business.
- c. For other researchers, this research can be used as a reference or source for their research that are related price, promotion, customers' trust, and customer purchase decision.