

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Nowadays, in the Covid-19 Pandemic situation and post Covid-19 situation had made all the business around the world to become affected and bring in the decreasing sales that affected many businesses. Especially about the car purchasing decision today after the economic recovery, some of the customers are still choose the previous famous car product type of specific brand they loyal to or even some of the customer will switch to another type of product of another brand.

This is mainly because of the product quality that shift over time between the rivalry and competition the brands, also how the company promote its product, another thing to consider is regarding the customer preferences over a particular brand, the brand image power and on how customer perceived the branding of one product. And this research will discuss about the Wuling car brand, and despite the pandemic hit our world, the car of Wuling brand still being the one brand that is being chosen by the customer, but interestingly there is a change happened in the sales despite for this case we will look at the Wuling car product, There is some data provided to see that the Pandemic situation that created the differences in sales in 2020:

Table 1.1 Year to date Brand Sales in 2020

YTD Brand Sales			
Brand	Jan-Dec 19	Jan-Dec 20	YoY (%)
TOYOTA	331,797	161,271	-51.4%
DAIHATSU	177,284	90,724	-48.8%
HONDA	137,339	70,726	-48.5%
SUZUKI	100,383	68,719	-31.5%
MITSUBISHI MOTORS	119,011	57,906	-51.3%
MITSUBISHI FUSO	42,754	21,359	-50.0%
ISUZU	25,270	14,825	-41.3%
HINO	31,068	12,631	-59.3%
NISSAN	12,302	12,446	1.2%
WULING	22,343	6,581	-70.5%
MAZDA	4,884	2,663	-45.5%
B M W	2,500	2,045	-18.2%
DFSK	3,857	1,885	-51.1%
MERCEDES BENZ PC	517	1,706	230.0%
LEXUS	1,425	947	-33.5%
K I A	256	769	200.4%
MERCEDES BENZ CV	2,695	719	-73.3%
HYUNDAI	1,365	544	-60.1%
VOLKSWAGEN	350	516	47.4%
UD TRUCKS	2,271	474	-79.1%
Others	10,611	2,621	-75.3%
GRAND TOTAL	1,030,282	532,077	-48.4%

Source: Prepared by the writer (2022)

Below are the Sales report of year 2021 to 2022 as the post pandemic situation:

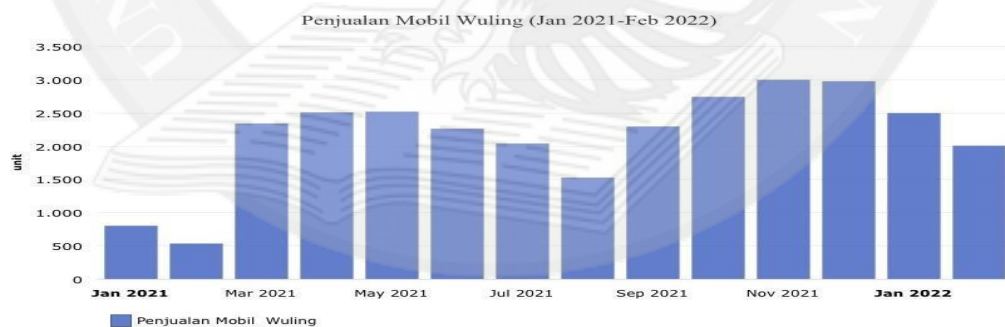
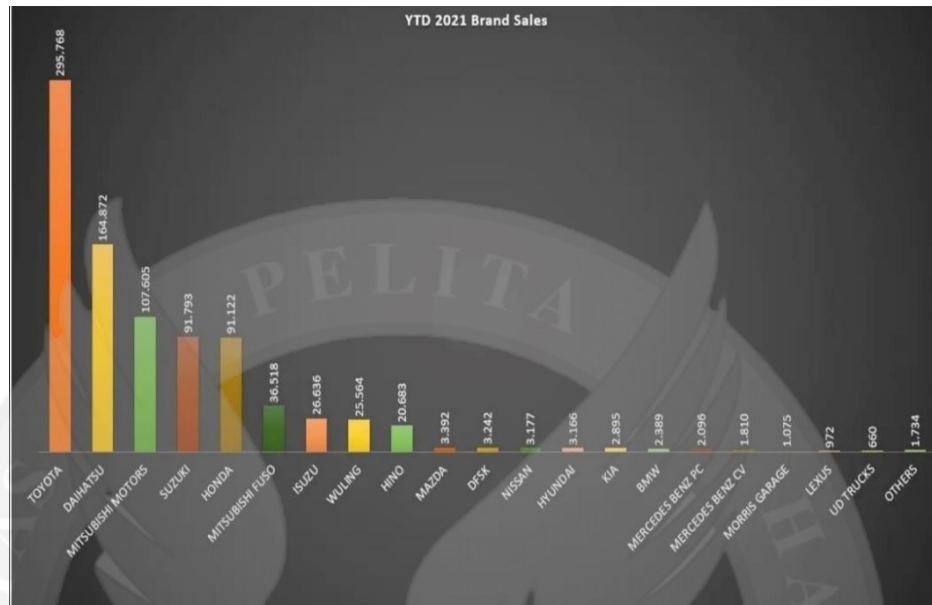


Figure 1.1 Wuling Sales Report of year 2021 to 2022

Source: Prepared by the writer (2022)

Below are the table of Wuling competitor's data and their sales data, to better understanding on the competition that happen in the automotive industry:



**Figure 1.2 Wuling competitor's data**

Source: Prepared by the writer (2022)

We can see that in the figure above that the competition that happens in the Indonesian automotive industry are very interesting, as year by year more and more people or customers are purchasing new car to fulfill their needs on the transportation aspect. And here the Wuling brand is indeed an interesting brand that can thrive in the Indonesian automotive market despite emerging as new brand relatively compared to its competitors for such as Toyota and Honda brand. The Wuling brand sales in 2021 rank as number eight for overall competition for car sales, meanwhile the Toyota as the rank one in term of its car sales, and Honda as number five in term of its car sales. So that's why it was very interesting on studying on the Wuling brand in the tight competition of the Indonesian automotive market.

The importance of the research of the customer purchase decision for the Wuling car is to study on what is really influencing the customer purchase decision on the Wuling car itself. And the information that is researched is also can be beneficial for the Wuling company itself, for knowing better on what influencing the customer purchase decision of Wuling car and to improve after knowing the information from the research to be able to become more better in the future in generating Wuling car sales. In this research the independent variables are the product quality, promotion, and brand image, as before customer purchase a car, usually they see whether the product quality of a car is good or not, and for the promotion it attracts the potential customers from the promotional activities given and to see whether the brand image is good or not.

In the Purchase decision of the customer, the customer usually start to find problems when they want to purchase a car, and after they know their car requirements and search for information regarding a car products, here is Wuling car especially, in the evaluation of alternatives according to purchase decision variables, there are many good cars from another brand such as Toyota and Honda car brand, in comparison for example the Wuling Almaz to Honda HRV since the price range and usability range quite similar, this will create a skepticism for the customer who are evaluating the alternatives for the car products available in the market. And then after the step of customer decision of purchasing of Wuling car products, the customer will conduct post purchase, means that to evaluate the car products that will determine the plus and minus of the car usage, if its satisfying or not, this will further create problems for the existing users of Wuling car in the

future if they want to purchase another product from Wuling brand especially. We can look also at the data of when there is a drop in the sales numbers and the sales that is not stable of the year 2020 to 2022, which must be researched.

Below is the car product that is offered by Wuling company towards the market:



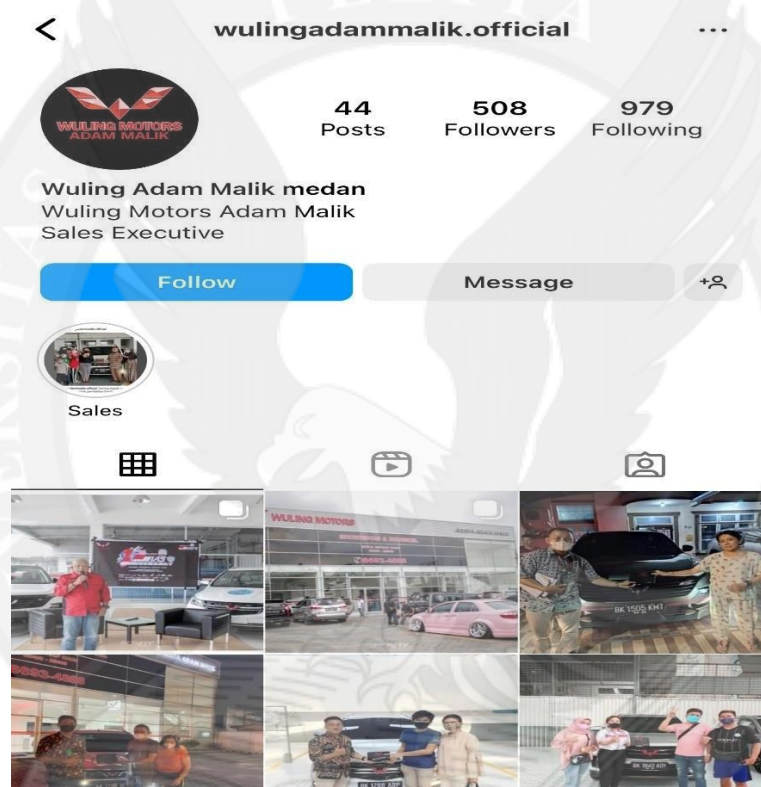
**Figure 1.3 Wuling Car Products**

Source: Prepared by the writer (2022)

Then the Product quality, the Wuling car usability is considered good but some of customers complained about the usage of fuel are not very efficient. Then in the terms of aesthetic, Wuling car looks okay but another popular car looks from another brand are competing enough for the car looks which can made customers change their mind such as Wuling Cortez to Toyota Avanza in comparison, in the terms of compliance Wuling is according to government regulations already. And then the reliability aspect, we can see for example the

customer complained about when they are driving to a mountain is not reliable, the car power is not strong enough to drive efficiently. and then in the terms of durability, most of the problems is found in the electricity aspect such as the fuse problems and air conditioner problems in the usage in long run.

Below are the Promotional activities conducted by Wuling company, for the Instagram platform, Facebook platform, and promotional brochures:



**Figure 1.4 Wuling Instagram Promotions**

Source: Prepared by the writer (2022)



Figure 1.5 Wuling Facebook Promotions

Source: Prepared by the writer (2022)

WULING MOTORS		HARGA WULING MEDAN	
Drive For A Better Life		Arista Group	
<b>FORMO</b>			
Formo Blind Van MT		Rp. 150.800.000	
<ul style="list-style-type: none"> <li>• P: 4493 mm</li> <li>• L: 1.691 mm</li> <li>• T: 1.715 mm</li> </ul>			
<b>CONFERO</b>			
<ul style="list-style-type: none"> <li>• P: 4.493 mm</li> <li>• L: 1.691 mm</li> <li>• T: 1.715 mm</li> </ul>			
• Confero Standard DB	Manual	Rp. 166.800.000	
• Confero C Lux (NEW)	Manual	Rp. 181.800.000	
• Confero L Lux	Manual	Rp. 192.800.000	
• Confero L Lux+	Manual	Rp. 194.800.000	
• Confero L Lux+ (NEW)	Manual	Rp. 196.800.000	
• Confero ACT (NEW)	ACT	Rp. 205.300.000	
<b>CORTEZ</b>			
THE NEW CHOICE OF MPV			
• Cortez S T MT	Manual	Rp. 219.800.000	
• Cortez S Lux	CVT	Rp. 239.800.000	
• Cortez S Lux+ (7 Seat)	CVT	Rp. 243.800.000	
• Cortez C Lux MT	Manual	Rp. 248.800.000	
• Cortez C Lux+ (7 Seat)	CVT	Rp. 265.800.000	
• Cortez L Lux+ (7 Seat)	CVT	Rp. 300.800.000	
<ul style="list-style-type: none"> <li>• P: 4.493 mm</li> <li>• L: 1.691 mm</li> <li>• T: 1.715 mm</li> </ul>		<ul style="list-style-type: none"> <li>• P: 4780 mm</li> <li>• L: 1.816 mm</li> <li>• T: 1.755 mm</li> </ul>	
<b>ALMAZ</b>			
DRIVE UNLIMITED HOPE			
• Almaz Smart Enjoy (7 Seat)	Manual	Rp. 279.800.000	
• Almaz Smart Enjoy (7 Seat)	CVT	Rp. 295.800.000	
• Almaz Exclusive (5 Seat)	CVT	Rp. 345.800.000	
• Almaz Exclusive (7 Seat)	CVT	Rp. 355.800.000	
• Almaz RS EX (5 Seat)	CVT	Rp. 370.800.000	
• Almaz RS EX (7 Seat)	CVT	Rp. 380.800.000	
• Almaz RS PRO (VELG 17")	CVT	Rp. 390.800.000	
<ul style="list-style-type: none"> <li>• P: 4655 mm</li> <li>• L: 1.835 mm</li> <li>• T: 1.760 mm</li> </ul>		<ul style="list-style-type: none"> <li>• P: 4655 mm</li> <li>• L: 1.835 mm</li> <li>• T: 1.760 mm</li> </ul>	

Figure 1.6 Wuling Brochure Promotions

Source: Prepared by the writer (2022)

Then the Promotion, the frequency of the promotion of Wuling car is conducted not frequent enough in the terms of media, because we can see from the social media like Instagram platforms the promotional conduct is less there, and brochures are only spread in the showroom and exhibition only. The brochure design is less attractive. And the suitability of promotional goals, we can see that problems here is mainly caused by competitor promotions of their products, like on how the suitability of Wuling brands promotions in the promoting activity is conducted are being shadowed by another powerful brands such as Toyota, Honda, and Mitsubishi.

Below is the figure of showing Wuling brand originated from China:



**Figure 1.7 Wuling Originated from China**

Source: Prepared by the writer (2022)

For brand images, the strength of brand association of Wuling car products is a new brand that enter the market in Indonesian automotive market since 2017, meanwhile for example famous brand like Toyota enter the market since year 1961 and Mitsubishi since year 1970. In which customer are evaluating their decision for



purchasing a car product based on brand image are more likely to choose the older and persist a brand in the market. In the favorability of the brand association, here the customers are not very preferable on Chinese products as Wuling originated from China, the images in the market minds in Indonesia that the products from China such are bad quality, imitation and superficial.

All those issues can lead into the customer purchase decision of customers who want to purchase a car from Wuling brand, that's why the research must be conducted, and therefore for this research the writer will choose the title "The influence of Product Quality, Promotion and Brand Image on Customer Purchase Decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan.

## **1.2 Problem Limitation**

For the factors we may discuss about can be vary of course that are contributes on the customer purchase decisions, like the brand awareness, price, word of mouth factors, motivations, and so on. But due to the limitation of budget and time, the writer will just focus on the product quality, promotion, and brand image on customer purchase decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan; As the independent variables, and customer purchase decision will be the dependent variable.

## **1.3 Problem Formulation**

Because of the research done by the writer on the company are still on the preliminary research, therefore the writer had formulated several questions to be answered throughout this research, in which are:

- a. Does product quality have partial influence on the customer purchasing decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan, North Sumatra?
- b. Does promotion have partial influence on the customer purchasing decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan, North Sumatra?
- c. Does the brand Image have partial influence on the customer purchasing decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan, North Sumatra?
- d. Does product quality, promotion, and brand Image have simultaneous influence on the customer purchasing decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan, North Sumatra?

#### **1.4 Objective of the Research**

The objectives of this research are:

- a. To discover if the product quality has influence on the customer purchase decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan, North Sumatra.
- b. To analyze if the promotion has influence on the customer purchase decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan, North Sumatra.
- c. To examine if the brand image has influence on the customer purchase decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan, North Sumatra.

- d. To investigate if product quality, promotion, and brand image have simultaneous influence on the customer purchasing decision at PT Arista Jaya Lestari - Wuling Arista Adam Malik Branch, Medan, North Sumatra.

## **1.5 Benefit of the Research**

This research regarding the influence of product quality, promotion, and brand image towards the customer purchase decision on purchasing Wuling cars will have benefits in which will be explained in the theoretical and practical side.

### **1.5.1 Theoretical Benefit**

The theoretical benefit of this research is to prove if the product quality, promotion, and brand image will impact the purchasing decision of the customers on purchasing Wuling cars for their car purchase decision and this research will be able to gain more knowledge about on the influence of product quality, promotion and brand image and the relationship between the variables.

### **1.5.2 Practical Benefit**

The practical benefits of this research are:

- a. For the company, the result of this research will be expected to give information on how the product quality, promotion and brand image of the company will influence the customer purchase decision on purchasing Wuling Car product.
- b. For the writer, this research will give more knowledge about the product quality, promotion, and brand image.
- c. For other researcher, this research can become a reference for them in which the topic is related to product quality, promotion and brand image and customer purchase decision on purchasing a car.