CHAPTER I

INTRODUCTION

1.1   Background Of Study

Due to the pandemic and globalization, the need for human health has grown over the past year. Because of this, people must be more creative to fulfill their needs. Water tanks are an essential household item that is used to store water for drinking, cooking, and other purposes. In recent years, there has been a growing trend of consumers using E-WOM to research and purchase water tanks. E-WOM refers to the positive or negative feedback that consumers share about products and services online, such as through social media, review websites, and forums. (Ramadhan, 2021).

The E-WOM or "electronic word of mouth" has a significant impact on consumer's efforts to find information and choose the best water tank decision. A water tank that has a strong reputation and receives good feedback from other users is usually a better option. On the other hand, negative feedback regarding a specific water tank brand or type may cause customers to consider other options. (Ramadhan, 2021).

Brand image also has a significant impact in influencing consumer interest in buying a water tank. Brand image includes the perceptions, associations and reputation associated with a particular water tank brand. In this context, consumers tend to be attracted to brands that have a positive image and are considered reliable. (Al Majid, 2022).

PT Tjokie Permata Lestari is a company engaged in the production of plastic water tanks made of polyethylene which has been established since 7 February 2012. This Company is located at Jalan Jala IV, No.38, Medan Marelan, Medan. The company manufactures a variety of plastic products, including water tanks, and other accessories. Based on the interviews I have conducted with the leader of PT Tjokie Permata Lestari, the writer found there is a problem related to customer purchasing decisions. It can be seen in the table below.

Table 1. 1 Purchase Decision on PT Tjokie Permata Lestari

Year	Number of targets	Number of customer purchases
2018	2.400	2317
2019	2.400	2243
2020	2.400	2103
2021	2.400	2361
2022	2.400	1956

Source : PT Tjokie Permata Lestari

Based on table 1, the number of purchases is unstable and falls short of the target. It can be seen that PT Tjokie Permata's target is sustainable, and the number of customer purchases is not reached. E-WOM and brand image can significantly contribute to the success and market performance of water tank manufacturers or suppliers. They can influence customer trust, brand preference, and the overall perception of a water tank brand in the marketplace.

Figure 1. 1 The E-WOM phenomenon in the review on Tokopedia
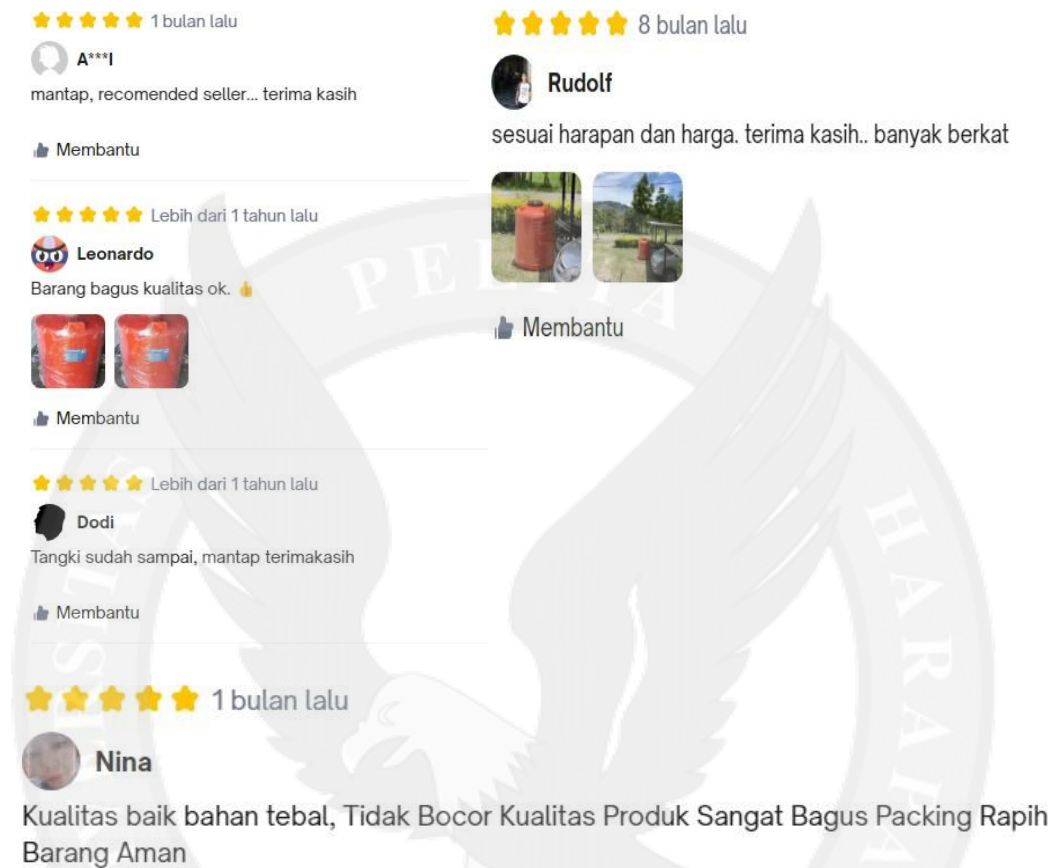
Source: Tokopedia Tandon Air Tjokie Permata Lestari

This phenomenon in technology growth also has an impact on relationships and communication. Beginning with the introduction of the internet as proof of technological improvements, human interaction is now not only carried out in real time but can also be carried out in cyberspace without the need to meet and be face to face. This phenomenon shifts marketing communication strategies from word-of- mouth to electronic word-of-mouth, which can help businesses sell their products. Electronic word of mouth contributes to the formation of a brand image, which

ultimately draws consumer purchasing interest. Taking into consideration the supporting variables will benefit the organization.

Based on the background study above, the writer is interested to conduct research with the title **"The Influence of E-WOM and Brand Image on Customer Purchase Intention at PT Tjokie Permata Lestari"**

1.2 Problem Limitation

Due to limitation of time, budget and processing easier, the writer will focus on three variables which are E-WOM (X_1), brand image (X_2), and customer purchase intention (Y). This paper focuses on how E-WOM and brand image on customer purchase intention. In addition, this research will focus on customers of PT Tjokie Permata Lestari.

1.3 Problem Formulation

Based on to the background of this study, the writer can formulate some research questions as follows:

a. Does E-WOM have partial influence on customer purchase intention at PT Tjokie Permata Lestari?

b. Does Brand Image have partial influence on customer purchase intention at PT Tjokie Permata Lestari?

c. Do E-WOM and Brand Image have a simultaneous influence on customer purchase intention at PT Tjokie Permata Lestari?

1.4   Objective of the Research

The objective of the research as follow:

a. To analyze whether the E-WOM has partial influence on customer purchase intention at PT Tjokie Permata Lestari.

b. To examine whether the Brand Image has partial influence on customer purchase intention at PT Tjokie Permata Lestari.

c. To investigate whether E-WOM and brand image have a simultaneous influence on customer purchase intention at PT Tjokie Permata Lestari.

1.5   Benefit of the Research

The benefit of this research will be divided into two, which are:

1.5.1   Theoretical Benefit

The results of this study are expected to provide a better understanding of how E-WOM and brand image will influence customer purchase intention. They are expected to contribute to existing theories, especially those relevant to E-WOM, brand image, and the influence on customer purchase intention.

1.5.2 Practical Benefit

The following are the practical benefit:

a. For the writer

This research is expected to make the writer gain more knowledge and new experience about the importance of E-WOM and brand image on customer purchase intention.

b. For PT Tjokie Permata Lestari

This research is expected to be able to contribute to helping the research object company to increase the number of customer purchase intention, and the results will be used as a guide to understand the influence of brand image and E-WOM on customer purchase intention.

c. For other references

This research is supposed to bring new information and references about E-WOM, brand image, and how they influence customer purchase intention.