

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The development of industrial world is increasingly rapid. Many inventions and machines for manufacturing are being invented. One of the industries that being invented is now making huge profits by making a good use of plastic pellets to produce plastic products.

In Indonesia there are a lot of companies that open this industry as their business. Because they seek opportunities from this industry and as we all know that plastic products (such as chairs, jerry cans, and many more household items) are often used in Indonesia. They are easily bought due to cheap prices and also easy to find near houses or even shops nearby. Knowing this, plastic products industries have high competition that could make customers have the chance to get those products to what they desire most, so the concentration of marketing is no longer only how the product can get into the hands of consumers but more focused whether the product has been able to meet the demand in accordance with consumer needs and wants. Now, companies are required to be able to compete and set strategies in global competition which needs to use a good marketing strategy.

PT Putra Berlian Plastiktama is a company that manufacture plastic products that is located in Medan who seeks opportunity in this industry and the company has been operated for few decades. The plastic products that are sold by them are getting more profitable year by year with good strategies. They used marketing strategies in order

for them to gain recognition from customers such as by using Advertising, Sales Promotion, and Personal Selling basic technique that seems made an effect towards purchase decision of customers. Because it is known that, decisions about purchases, which may be a role in making large profits. Numerous factors can impact consumers' purchasing decisions, ultimately determining whether or not they choose to purchase a product. There are numerous reasons why customers decide not to purchase a product, and there are also several reasons why they do so that may have a long-term impact on the company's ability to continue operating.

Table 1.1. PT Putra Berlian Plastiktama Sales

Year	Sales
2018	29.982.981.000
2019	30.512.753.000
2020	24.145.216.000
2021	26.269.111.000
2022	27.256.897.000

Sources: PT Putra Berlian Plastiktama (2023)

But it seems that for these 5 years, the company profits are not stable due to lack of advertising and promotions. It's because it can be seen from the advertising variable that the company didn't really give much effort on it. It can be seen from other plastic company in Medan that does give efforts on their advertising in order to reach many customers out there.

For the sales promotion variable, PT Putra Berlian Plastiktama didn't give promotions or even discounts consistently and not to mention, the offers, discounts and also gifts are not that worth for customers. It is known from PT Putra Berlian Plastiktama's marketing department and manager's promotion plannings. Here are some examples for the sales promotion that the company have made:

Table 1.2. Promotion Plannings of PT Putra Berlian Plastiktama

Types of Sales Promotion	How many times in a year	Duration of the Promotion
Coupons (Coupons for next purchase (value of Rp 25.000) for buying every 150 pcs of any plastic products of PT Putra Berlian Plastiktama)	2-3 times a year	1-2 months
Promotion/Discounts (Free 10 pcs of random plastic products for every 250 pcs any plastic products)	3-4 times a year (sometimes only once or twice a year)	3 months
Gifts (Every shop that purchase on January gets small parcels)	Once a year	January to February

Source: Prepared by the writer (2023)

From the table above, the sales promotion of the company really did something to increase their sales and wants to attract customers with those sales promotions. But the company even sometimes neglect to do the sales promotion. Like last year, the company neglect to make coupons for customers. Because of this, customers would just buy little and not many enough. They would only buy the desired amount of the product and just leave the company. This makes the customer's purchase decision decrease and not optimal for the company.

Personal Selling of the company seems to be normal. But it also has the effect on the company as well. The affect that can be seen is in 2020, where the pandemic strikes Indonesia and making their company stop operating making some of the salespeople been laid-off and the rest of the salespeople try to work from home. This has made the company lose some customers that has made a big significant gap of sales.

Because of these three variables, the profit of the company keeps decreasing and start rising with small steps year by year. So, if the company still wants to survive, they need to win customers back by keep maintaining and keep upgrading their advertisement, promotions and even their personal selling to improve customer's purchase decision.

The researcher identified the necessity to do research on the efficiency of some marketing variables in optimizing profit. The purpose is to understand marketing methods that can impact customer behavior toward purchasing decisions and increase plastic products business profitability. Therefore, based on the explanation and background above, researcher intends to conduct research with the title: **“The Influence of Advertising, Sales Promotion, and Personal Selling on Customer's Purchase Decision at PT Putra Berlian Plastiktama”**.

1.2. Problem Limitation

This research will examine about advertising, sales promotion, and personal selling. Since the related topics of advertising, sales promotion, and personal selling are comprehensive, the researcher will do some limitations towards the studied problem that directly affect advertising, sales promotion, and personal selling at PT Putra Berlian Plastiktama on customer's purchase decision.

1.3. Problem Formulation

The problem formulation of the research are the following:

1. Does Advertising have the influence on customer's purchasing decision at PT Putra Berlian Plastiktama?

2. Does Sales Promotion have the influence on customer's purchasing decision at PT Putra Berlian Plastiktama?
3. Does Personal Selling have the influence on customer's purchasing decision at PT Putra Berlian Plastiktama?
4. Do Advertising, Sales Promotion, and Personal Selling simultaneously have the influence on customer's purchase decision at PT Putra Berlian Plastiktama?

1.4. Objective of the Research

The objectives of this research are:

1. To analyze the Advertising influence on customer purchase decision at PT Putra Berlian Plastiktama.
2. To analyze the Sales Promotion influence on customer purchase decision at PT Putra Berlian Plastiktama.
3. To analyze the Personal Selling influence on customer purchase decision at PT Putra Berlian Plastiktama.
4. To analyze the Advertising, Sales Promotion, and Personal Selling simultaneous influence on customer purchase decision at PT Putra Berlian Plastiktama.

1.5. Benefit of the Research

There are 2 (two) types of benefits in this research:

1.5.1. Theoretical Benefit

By doing this research, development of knowledge is definitely gained throughout the whole process especially towards marketing. Benefits of doing this is to provide knowledge about the influence of advertising, sales promotion, and personal selling on customer's purchase decision. And this research will have the contribution in

developing theories of customer's purchase decision. Not to mention this will also benefit to the company because it's also to help them understand better again and gain insights about how the variables will influence each other.

1.5.2. Practical Benefit

There are also some practical benefits by doing this research as the following:

1. For writer

The writer/researcher is expected to gain or enriched their insights especially towards the influence of advertising, sales promotion, and personal selling. Besides, as a means to apply the theories what has been studied in university to the problems that are faced in the company.

2. For company

This research is hoped that it can be used as evaluation material and to add some ideas for the company for the marketing department. Especially with respect to policies that will be taken in the field of marketing.

3. For other researches

This study is anticipated to enrich the theoretical inquiry into the influence of advertising, sales promotion, and personal selling on customer purchase decisions and serve as an outline for future studies in the same area.