

CHAPTER I

INTRODUCTION

1.1 Background of Study

In line with the development of today's business world, competition between companies in the business world is getting tougher. Therefore, companies must be able to optimally utilize their capabilities by paying attention to the marketing sector because marketing is a very important field for a organization, whether it is a trading organization, an industrial organization, or a organization engaged in offering services. In addition, the marketing sector is also considered to be the spearhead of the organization in maintaining its existence which can be seen from sales, strength in capturing market or from the profits it can achieve.

Every organization tries to maintain its business continuity. Companies must be able to carry out appropriate policies by using opportunities and opportunities that exist in marketing so that companies can compete and seize market share from similar companies and maintain the position or position of the organization in the market and continue to try to improve it. Marketing within the organization must be able to know the tastes of customers and what customers want and need so that the organization will be able to provide what they need. The importance of marketing is not surprising that many companies use various methods and strategies to find the most appropriate way to market their products.

Marketing has an important role in society because marketing involves various aspects of life, including the economic and social fields. Marketing means

flowing products from producers to consumers, then marketing will create important jobs for society. It should be noted that marketing costs in several companies have a portion that is almost the same as production costs. Why is that, this relates to the introduction of products that have been produced to consumers/public. Marketing is not always interpreted by selling products directly to consumers but in the current era there are many ways to do it (Rasam and Sari, 2020).

According to Firmansyah (2020), buying decisions are problem-solving activities carried out by individuals in selecting appropriate behavioral alternatives from two or more alternative behaviors and are considered the most appropriate action in buying by first going through the stages of the decision-making process. According to Rossanty, et al (2020), in a purchase case, consumers can make several sub-decisions, including brand, supplier, quantity, time of execution and method of payment. For complex products, it will require long consideration before deciding to purchase, whereas for simple products, such as daily needs, consumers tend to make the decision to purchase more easily. The importance of consumer purchases certainly gets the main attention for every organization and of course every organization will also compete in implementing the best marketing strategies to attract consumers' desire to buy products such as price perception and brand image.

According to Ramdhani, et al. (2020), Price is a component that has a direct effect on organization profits and becomes a value for an item or service that has a major role in the buyer's decision-making process. According to

Dharmawati (2019), price is the amount of money needed to get the maximum number of combinations of products and services and is the only element of the product mix which is the highest contributor to income or income for the organization and is a flexible marketing mix element that can be changed- change according to need. Whereas according to Firmansyah (2019), brand image can be defined as a perception that arises in the minds of consumers when remembering a brand of a particular product. According to Sudarso, et al (2020), brand image is formed from consumer perceptions or beliefs about information and consumer experience of products or services received by consumers in the past. Brand image is an idea, belief, brand impression that exists in the minds of consumers arising from experience with using the organization's products or services.

PT. Jampalan Baru, Tanjung Balai is a organization engaged in the production of rice, soap and cooking oil. The organization is located at Jalan Perintis, KM.10 , Simpang Empat District, Simpang Empat, Kisaran. This organization was founded late in 1978. Based on the observations that researchers carry out, researchers find that the organization's sales performance continues to decline where every target given by the organization every year is not achieved.

The following is the data:

**Table 1.1. PT. Jampalan Baru Sales
Period 2018 - 2022**

Year	Sales Target	Sales Realization
2018	Rp. 15.000.000.000	Rp. 14.823.618.000
2019	Rp. 15.000.000.000	Rp. 14.194.724.000
2020	Rp. 15.000.000.000	Rp. 13.458.031.000
2021	Rp. 15.000.000.000	Rp. 13.304.455.000
2022	Rp. 15.000.000.000	Rp. 12.192.741.000

Sumber: PT. Jampalan Baru Tanjung Balai, 2023

It can be seen that in 2018, actual sales reached Rp. 14.823.618.000, whereas in 2022 actual sales can only reach Rp. 12.192.741.000. This decrease is known to be due to a lack of consumer desire to try to repurchase the products offered by the organization. This is caused by the price offered by the organization which is known to be higher than other companies and also for the brand image offered to consumers which is still not good where every product brand issued by the organization gets a bad response because consumers rarely know about the brand from the organization. The lack of strength of the organization's brand image makes consumers hesitate to try to make a purchase. What's more for the behavior of consumers who currently prefer to buy well-known products that have trusted quality.

There are several studies that can be used as a basis for reference to phenomena that occur in companies such as in research conducted by Kustianti (2019). The results of his research found that brand image and price had a significant influence on Telkomsel cellular card repurchase decisions. Furthermore, research from Suparwo and Hadi (2021) where the results of his research show that brand image and price perception have a significant influence on Honda motorcycle purchase decisions. As for research from Nisa (2022) where the results of his research show that perceived price, brand image, and word of mouth have a significant effect on purchasing decisions. Based on the background study, the writer is interested to conduct research with the title: **“The Influence of Perceived Price and Brand Image on Intention to Buy Kereta Api Cooking Oil at PT Jampalan Baru Tanjung Balai.”**

1.2 Problem Limitation

The goal of problem solving is to create boundaries to focus on the main issue being discussed. Therefore, the discussion was not long and effective, to limit the problem, the author will focus on three variables: perceived price, brand image and purchase intention to limit the problem. This thesis aims to study the extent to which price perception and brand image can influence purchase intention. This study will focus on PT. Jambalan Baru Tanjung Balai.

1.3 Problem Formulation

The problem formulation are:

1. Does perceived price has a partial influence toward customer intention to buy at PT. Jampalan Baru Tanjung Balai?
2. Does brand image have a partial influence toward customer intention to buyat PT. Jampalan Baru Tanjung Balai?
3. Do perceived price and brand image have simultaneous influence toward customer intention to buy at PT. Jampalan Baru Tanjung Balai?

1.4 Objective of the Research

The objective of the research as follow:

1. To analyze whether the perceived price has influence toward customer intention to buy at PT. Jampalan Baru Tanjung Balai.
2. To analyze whether the brand image has influence toward customer intention to buy at PT. Jampalan Baru Tanjung Balai.

3. To analyze whether the perceived price and brand image has influence toward customer intention to buy at PT. Jampalan Baru Tanjung Balai.

1.5 Benefit of the Research

The benefit of the researches as follow:

1. Theoretical Benefit

- a. For Readers

The result from this study can be proof for readers to know that perceived price and brand image having effect towards intention to buy in PT. Jampalan Baru Tanjung Balai.

- b. For Writer

The result from this study provides insight and experience as well as observations in a real life situation which is very useful for the writer in the future.

- c. For Other Researches

The result from this study can be used for reference for those who are interested in studying the same problem in the future.

2. Practical Benefit

- a. For PT. Jampalan Baru Tanjung Balai

The researcher expects the result from this study could benefit the business to evaluate, and take the result as suggestion to know the effect of perceived price and brand image towards intention to buy.

b. For Writer

The result from this study makes the writer gain new experience and more knowledge about the importance of perceived price and brand image towards intention to buy.

c. For Future Research

The researcher expects the result from this study could become a comparison for the future researchers who are interested of studying the same topic which is the influence perceived price and brand image towards intention to buy.