

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The competition requires businesses to develop marketing strategies with care and consideration. A well-designed marketing strategy will be able to attract and engage consumers with the products being offered. Additionally, a well-packaged and planned strategy can boost profits and serve as a competitive advantage for a business. Business actors must develop strategic breakthroughs and innovations to maintain quantitative and qualitative growth in company revenues and profits. In this case, understanding the factors that influence customers is critical when designing value creation for customers (Kholis and Ma'rifa, 2021).

Marketers can help develop the industry by gaining a better understanding of customers preferences when it comes to making purchasing decisions at a particular outlet, by examining the brand image, promotional pricing, and product quality. As a result, hopefully, repeated purchases will occur. In general, consumer behavior patterns are influenced by two factors, namely internal and external factors. Another factor to consider is the popularity of social media, where customers use the virtual world as the primary reference point for purchasing decisions (Soewanto and Andreani, 2019).

The purchase decision is a very important thing to note because the purchase decision is used by the company to create a marketing strategy that will

be done. In a company needs to pay attention to various marketing strategies for products to be sold is to understand customer needs, know customer desires and tastes of the customer.

PT. Prima Hitech Sempurna, Medan is a company engaged in the field of industrial equipment and electrical components. PT. Prima Hitech Sempurna, Medan was established in 1978 founded by Mr. Amirsan, Mr Ridwan and Mrs. Marijani. PT. Prima Hitech Sempurna, Medan is also a family business.

PT. Prima Hitech Sempurna, Medan distributes several brands such as Hitachi, Switches, CHINT, NITCHI, Shark and SDP. And yet the most popular among customers are switches, Hitachi and CHINT. Switches have a more expensive price and come from Germany while Hitachi comes from Japan and has a standard price. Then CHINT comes from China which offers a cheaper price.

Based on the data obtained that this company that there are problems in the purchase decision marked by fluctuations in the company's sales for three years, which can be seen in Table 1.1, namely:

Table 1.1 Sales Data for Product at PT. Prima Hitech Sempurna, Medan (2020-2022)

Year	Sales Data	%
2020	46.568.652.050	-
2021	79.314.653.510	70.32%
2022	72.547.658.500	-8.53%

Sources: PT. Prima Hitech Sempurna, Medan, (2023)

Table 1.1 shows that for 3 years sales of all brands namely Hitachi, Switches, CHINT, NITCHI, Shark and SDP. In 2020, sales were the lowest due to COVID, so the company's operations did not run optimally. However, in 2021 the company carried out various promotions so that it experienced a drastic increase of 70.32%. In 2022, the company again experienced declining sales conditions

compared to 2021, which was 8.53%. From this sales data it can be concluded that the purchase decision on this company has decreased.

An attitude toward a brand's image is a mental statement that evaluates a product as positive or negative, good or bad, liked or disliked, eliciting interest from customers to purchase or consume goods or services presented by producers. According to Peter & Olson (2019) established that businesses must be able to convey an impression through their product brands for customers to comprehend the meaning of the benefits and values reflected in the product brand. Additionally, the brand becomes a competitive advantage for the business being offered. The term "brand image" refers to the names, terms, symbols, signs, and designs used by businesses to convey information about the quality of their products and how customers differentiate themselves from competitors.

According to Sawiani (2021), brand image is an important factor that can make customers make purchasing decisions even to the loyalty stage, because brand image affects the emotional relationship between customers and a brand, so that brands that offer according to their needs will be selected for customers to become product attraction.

Hitachi's brand image has declined. Many of the benefits of Hitachi become one of the negative things. Hitachi products are famous for having an expensive image compared to their competitors, products that must be produced long enough, product quality for some products so as to achieve customer satisfaction. The following ranking results of Hitachi products can be seen in Table 1.2 below

Table 1. 2 Ranking Brand Hitachi, Switches and CHINT

Year	Hitachi	Switches	CHINT
2020	29	10	152
2021	33	5	155
2022	39	8	159

Sources: Hitachi, Switches and CHINT (2023)

Table 1.2 shows that Hitachi brand ranking decline. In 2020 it was ranked 29 to be ranked 39 at the end of 2022. As for Switches, fluctuate from 2020 to 2022. In 2020 it had a ranking of 10 while in 2022 it had a ranking of 8. For CHINT has a rank of 152. Then in 2022 there was a decrease in branches to 159.

Personal selling is one form of promotion mix. Personal selling or personal selling is direct communication (face-to-face) between the seller and potential customers to introduce a product to potential customers and form customer understanding of the product so that customers will then try and buy it. (Hermawan, 2020). Face-to-face sales are the only promotional tool used to communicate with potential consumers directly. This means that face-to-face sales are communication activities between producers represented by salespeople and potential consumers that involve thoughts and emotions, and of course face to face. Personal selling emphasizes dyadic communication (reciprocal communication between two people or groups) allowing more specific and customized message design, more personalized communication, and direct feedback collection from customers (Harikedua, et al, 2018).

According to Arfah and Nasution (2022), the purpose of personal selling is to ensure that customers have knowledge of the products offered so that ultimately customers make purchasing decisions. Personal selling in this company is less competent.

Table 1. 3 Personal Selling Data for Hitachi Brand

Year	Total Employees Reach the Target	Total Employees not Reaching Target
2020	4	6
2021	3	7
2022	2	8

Sources: PT. Prima Hitech Sempurna, Medan, (2023)

Sales Target for hitachi brand of 25 billion set by the company annually.

This is because the company recruits personal selling staff do not have work experience in the field of marketing. This resulted in personal selling staff were unable to achieve Hitachi's sales targets. The personal selling staff should be able to achieve at least 30% more than the previous year. However, in practice every year from 2020-2022, personal selling staff cannot achieve the targets given. In addition, the lack of skills and knowledge of personal selling staff on Hitachi products so as not to provide valid information to customers. Complaints from customers related to the company's personal selling are also in the handling of complaints and problem resolution are less handled quickly and appropriately.

From the above explanation, the writer decides to conduct a research entitled **“Influence of Brand Image and Personal Selling on Purchase Decisions at PT Prima Hitech Sempurna, Medan”**.

1.2 Problem Limitation

Based on the background of the study, the writer formulates several questions, follows:

1. This research was conducted in PT Prima Hitech Sempurna, Medan
2. As for Hitachi products are Switches, chain hoist, piston compressor, power tools.

3. In this study the independent variable used is Brand Image and Personal Selling while the dependent variable is Purchase Decisions.
4. The criteria respondents were from 20-60 years old, wholesalers and made a purchase in 2022.
5. According to Kotler & Keller (2018), brand image indicators include brand identity, brand personality, brand association, brand attitudes and behaviors. According to Gunasekharan, et al (2020), personal selling indicators include communication ability, product knowledge, creativity and empathy. According to Sudaryono (2020), purchase decisions indicators include decisions about product's form, decision on the number of products and decision about the seller.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions, follows:

- a. Does Brand Image have partial influence on Purchase Decisions at PT Prima Hitech Sempurna, Medan?
- b. Does Personal Selling have partial influence on Purchase Decisions at PT Prima Hitech Sempurna, Medan?
- c. Do Brand Image and Personal Selling have simultaneous influence on Purchase Decisions at PT Prima Hitech Sempurna, Medan?

1.4 Objective of the Research

Based on the problem formulation the objectives of this research are:

1. To analyze whether Brand Image have partial influence on Purchase Decisions at PT Prima Hitech Sempurna, Medan.
2. To analyze whether Personal Selling have partial influence on Purchase Decisions at PT Prima Hitech Sempurna, Medan.
3. To analyze whether Brand Image and Personal Selling have simultaneous influence on Purchase Decisions at PT Prima Hitech Sempurna, Medan.

1.5 Benefit of the Research

The writer expects that this research can give benefits both theoretically and practically.

1.5.1 Theoretical Benefit

The research result can be used to expand, improve and develop the relevant theories especially in the Brand Image and Personal Selling and its influence towards Purchase Decision.

1.5.2 Practical Benefit

The practical benefits on this research are:

1. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge with regard to Brand Image and Personal Selling and Purchase Decision.

2. For the PT Prima Hitech Sempurna, Medan.

To provide useful suggestion for the company in increasing Purchase Decision especially improve the Brand Image and Personal Selling.

3. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.

