

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Manufacturers of motorcycle are under constant pressure to deliver performance to excite riders, develop powertrain innovations to improve vehicle range, and get new products to market faster. An efficient vehicle development process starts with tools that address the unique challenges of motorcycle wheeler design. The automotive industry not only provides motorized vehicles to meet transportation needs, but also makes a major contribution to the growth of investment, exports and employment. Apart from that, competition in the automotive business is also getting tighter and has many consequences for company competition in Indonesia. According to Kumar (2021), Companies are required to continuously improve their competitiveness. Companies must be able to change themselves to become stronger and faster and able to respond to market needs quickly. Currently, many motorbike brands have emerged with various models, designs, providing with good quality and quite competitive prices. For companies operating in the automotive sector to dominate share market.

Social media marketing is the use of social media websites and platforms to promote products and services and connect with audiences. Social media marketing (SMM) can help in building your company's brand, driving website traffic, and increasing sales. By getting more eyes on brand, company can build a larger following and a loyal customer base. Social media marketing can have a

positive impact on brand. It can help humanize company while building Purchase Decision, trust, loyalty, authority, and recognition (Damayanti, et al, 2021).

One of the most important reasons for building trust in a professional sales relationship is that it establishes credibility. When customers trust company , they are more likely to believe in the product or service company are selling. Trust is the foundation of any successful business relationship, particularly in the context of professional sales. Building trust is a vital component of creating a strong bond with customers, which can lead to long-term loyalty and repeat business from customers (Faddhilah, 2021).

Product quality refers to how well a product satisfies customer needs, serves its purpose and meets industry standards. According to Juliana (2021), When evaluating product quality, businesses consider several key factors, including whether a product solves a problem, works efficiently or suits customers' purposes. Product quality is important because it affects the success of the company and helps establish its reputation in customer markets. When companies can create high-quality products that continue to meet customer demands, it can lead to fewer production costs, higher investment returns and increases in purchase decision.

Purchase decision refers to the point in the consumer decision-making process where a potential buyer decides to move forward and complete the transaction for a specific product or service. This decision stems from a combination of factors, such as need recognition, information search, and evaluation of alternatives. Ultimately, a customer's purchase decision is the

culmination of the various stages of their buying journey and customers perception of the value offered by the chosen product or service.

PT. Indako Trading Coy - Pemuda Branch, Medan was established in 1966 until now. PT. Indako Trading Coy - Pemuda Branch, Medan as main dealer Honda motorcycle and sparepart dealer in Sumatera Utara since 1971.



Figure 1. 1 Logo of PT. Indako Trading Coy - Pemuda Branch, Medan
Sources: PT. Indako Trading Coy - Pemuda Branch, Medan (2024)

Honda has launched many types of motorcycle, but some of their motorcycle has defects on it which cause a problem in their sales. Enhanced Smart Architecture Frame which is called as eSAF receive a lot of negative comment. At GIIAS exhibition, eSAF Frame have a corrosion problem that cause the frame to break easily.



Figure 1. 2 Honda eSAF of PT. Indako Trading Co, Medan
Sources: PT. Indako Trading Coy - Pemuda Branch, Medan (2024)

The purchase decision of this PT. Indako Trading Coy - Pemuda Branch, Medan experienced a visible decline from the sales data obtained by the company.

Table 1. 1 Sales Data of at PT. Indako Trading Coy - Pemuda Branch, Medan (2023-July 2024)

Month	2023 (Rp)	2024 (Rp)
January	6.179.050.000	4.677.535.000
February	5.867.900.000	4.471.560.000
March	5.653.070.000	4.278.510.000
April	5.113.680.000	4.866.900.000
May	5.489.330.000	4.617.280.000
June	5.241.800.000	3.573.050.000
July	5.332.540.000	3.172.120.000
August	4.762.550.000	-
September	4.999.650.000	-
October	4.987.663.000	-
November	4.911.490.000	-
December	5.001.760.000	-

Sources: Prepared by the Writer (PT. Indako Trading Coy - Pemuda Branch, Medan, 2024)

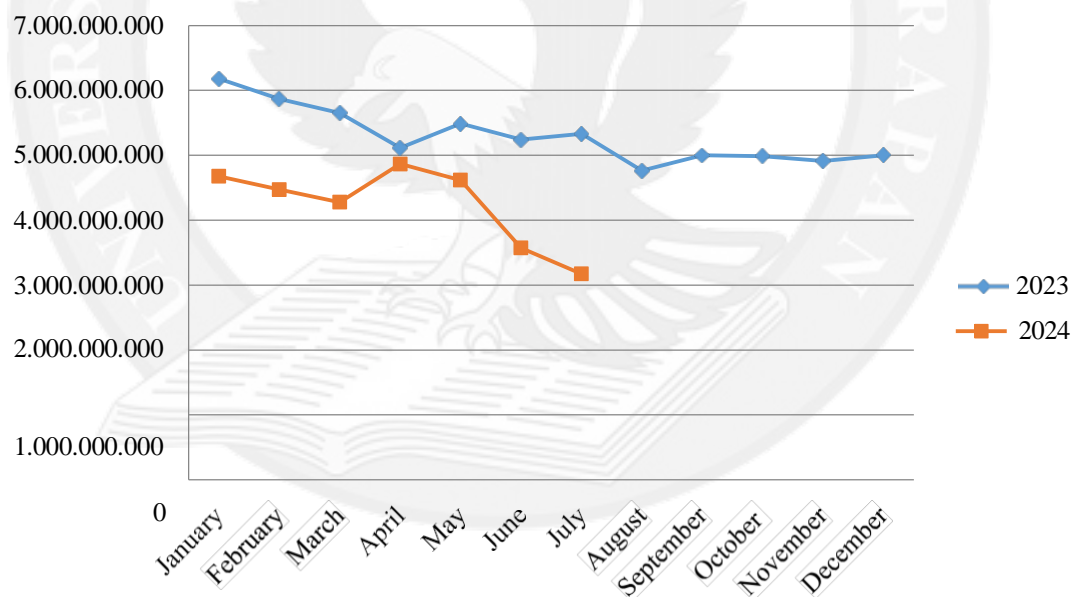


Figure 1. 3 Sales Data of at PT. Indako Trading Coy, Medan (2023-July 2024)

Sources: Prepared by the Writer (PT. Indako Trading Coy - Pemuda Branch, Medan, 2024)

Table 1.1 from the above data it can be concluded that the fluctuating in sales of Honda Genio, Honda Beat, Honda Scoopy, Honda Stylo 160 and Honda Vario 160 in PT. Indako Trading Coy - Pemuda Branch, Medan. The highest sales

occurred in January 2023 then the lowest occurred in July 2024. This shows the level of customers' purchase decision has been fluctuating.

PT. Indako Trading Coy - Pemuda Branch, Medan also uses social media to promote various products and programs that are being carried out, one of which is using Instagram. Instagram as one of the social media that is currently a new lifestyle in the midst of society, especially among young people who use social media in their daily lives. PT. Indako Trading Coy - Pemuda Branch, Medan also has instagram since January 2020. The following PT. Indako Trading Coy - Pemuda Branch, Medan instagram information can be seen from figure 1.3 below:



Figure 1.4. Instagram of PT. Indako Trading Coy - Pemuda Branch, Medan

Sources: Prepared by the Writer (Instagram, 2024)

From the image above that the company has only been active since 2020 and has only posted 1,009 which is relatively little compared to its competitors. Some phenomena obtained related to social media at the PT. Indako Trading Coy, Medan which can be seen in Table 1.2 are:

Table 1. 2 Data Phenomenon of Social Media Marketing

Indicator	Description
Interaction	Since the trending eSAF case, there has been minimal interaction between customers and the company as seen from comments and Direct Messages.. The likes from their Instagram, the highest number of likes on the instagram post per august 2024 is 29, while the lowest is 2. Which account for 0,06% to 0,9% of total followers (3.127). The company does not reply direct message quickly when customers make inquiries about prices and stock availability.
Sharing of Content	Seen on the company's Instagram, it does not regularly make posts or stories related to eSAF education or additional information about eSAF. In the sense that when a viral eSAF case emerges, the company reduces posts for promotion to avoid bad comments from customers. In addition, the content is done by other advertising companies, not from the company itself, so the content provided is limited. The video shot for the entire motorcycle using the eSAF frame was amateurish due to the lack of focus and stability, and the sound was often lost. In other words, the content shared is of low quality.
Accessibility	The company's Instagram can be accessed anywhere and anytime because the company does not do private, making it easier for customers to ask questions and make complaints regarding the performance of motorcycles with eSAF frames.
Credibility	For the content shared according to consumers, it is still of poor quality because the camera is often unstable and employee communication is not very smooth when discussing eSAF. In creating eSAF content, employees who convey less information about eSAF products needed by customers. In content creation, employees who convey less master the product information they want to promote so that the information conveyed is incomplete and does not match the advertisements that customers receive in other media.

Sources: Prepared by the Writer (2024)

Table 1.2. it can be concluded that the company does not really utilize instagram in terms of promotions and various information that can help consumers regarding products from Honda that use eSAF .

Customer trust in products has declined. Some phenomena related to trust can be seen in Table 1.3 below.

Table 1.3 Data Phenomenon of Customer Trust

Indicator	Description
Integrity	Since the problematic eSAF case, many customers have switched to other motorcycle brands because they believe that the company does not have high integrity in creating safe and quality motorcycles.
Competence	When handling complaints about rust in Honda eSAF which is still relatively new to be purchased by consumers, staff only deal with repainting and confirming that it is caused by frequent flooding during use. This really disappoints consumers.
Consistency	The consistency of the company is still well maintained, when consumers file complaints or service is still handled properly, but the resolution of complaints about eSAF is not handled quickly and appropriately.
Openness	According to consumers, the company is open in serving consumers, but information about problems in eSAF that do not correspond to reality in the field.

Sources: Prepared by the Writer (2024)

Based on customer trust and the writer's interview with the company's sales personnel, and as shown in Table 1.3. PT. Indako Trading Coy - Pemuda Branch, Medan experienced low confidence since the viral and trending ESAF case, but was not dealt with quickly, such as providing warranty repairs and others.

The customer reviews based on the use of motorcycles with eSAF frames (Otomotif TV, 2024) explained that AHM clarification video mentions silicate islands on the welding surface that is not what is seen from the coating on his weldingan is not perfect. AHM has been misleading the public about Welding & Coating

Product quality of eSAF is experiencing problems that have an impact on the high complaints from consumers. Some phenomena related to product quality can be seen in Table 1.4 below.

Table 1.4 Data Phenomenon of Product Quality

Indicator	Description
Performance	Honda has a good performance, but when using eSAF requires regular maintenance in cleaning and periodic checks to ensure the motor is in good condition.
Features	According to consumers, the eSAF frame also provides more space in the fuel tank and trunk. However, the use of this frame cannot make the vehicle more fuel efficient.
Durability	eSAF durability is low due to the use of rust material resulting in susceptible to rust so easily damaged which in turn can trigger accidents for consumers.
Conformance	According to consumers, eSAF frame raw material in the form of High Strength Steel (HSS) which is processed into a frame and then coated with CED (Cathodic Electro Deposition) method by dipping. The process was confirmed when the team went and saw firsthand the eSAF frame production process at the Honda motorcycle factory. However, in practice many Honda motorcycles are broken frame when Use and many eSAF consumers who experience corrosion despite the use of only a few months.

Sources: Prepared by the Writer (2024)

Table 1.4 shows that the low eSAF quality caused many complaints of damage from users of Honda Genio, Honda Scoopy, Honda Stylo 160 and Honda

Vario 160 motorcycles and many customers suggested a recall for all honda products using eSAF because it could endanger the safety of users.

Based on preliminary survey data, it was found that some negative reviews related to the quality of eSAF were disappointing which can be seen in Table 1.5 are:

Table 1. 5 Review eSAF About Product Quality (2023)

Review	
a.	<p><i>“Rangka eSAF termasuk tipis. Cat pada rangka eSAF yang diberikan sangat tipis (Dibuktikan sendiri oleh bengkel pengecatan. Waktu diampelas halus, besinya sudah kelihatan) Bagian dalam rangka tidak dicat”</i></p> <p>eSAF frame considered thin. The paint on the given eSAF frame is very thin (as evidenced by the painting workshop itself. When sanded fine, iron is already visible). The inside of the frame is not painted.</p>
b.	<p><i>“Penyebabnya : bahan plat rangka tipis, banyak las lasan nya karena numpuk2 plat tipis yg digabung, cat + anti karat nya cuma disemprot harusnya dicat celup.. intinya NGIRIT biaya produksi biar CUAN.”</i></p> <p>The cause : thin frame plate material, a lot of welding so that there is a buildup of thin plates that are combined, the rust paint is only sprayed should be painted with dye.. the point is to save production costs in order to get more profit.</p>
c.	<p><i>“Dibuat dari bahan yg cukup tipis/ringan, tdk tersentuh cat pd bgian dlm frame, & sistem drainase nya tdk di titik trbawah dr frame. (sehingga air yg menggenang di dalam akan memicu keropos lbih cepat).”</i></p> <p>Made from a material that is quite thin/light, not touched by paint on the inside of the frame, and the drainage system is not at the bottom point of the frame (so that the water swimming inside will trigger porous faster).</p>
d.	<p><i>“Penyebab keropos dan patahnya rangka eSAF , (1) silika yang tidak dibersihkan sebelum pengecatan, (2), Kedua pengecatan tidak merata, (3) lokasi lubang pembuangan air lokasinya kurang tepat. Desainnya yang tipis sehingga ketika keropos langsung patah.”</i></p> <p>The cause of porous and broken eSAF frame, (1) silica that is not cleaned before painting, (2), the second painting is uneven, (3) the location of the drain hole is less precise location. The design is thin so that when porous directly broken</p>
e.	<p><i>“Menurut saya, ESAF hanyalah istilah keren dari sebuah pengurangan biaya produksi. Honda lari dari tanggung jawab, harusnya mereka melakukan recall. Rangka eSAF Honda memantik viral beberapa waktu lalu usai dituding keropos dan karatan namun tidak adanya tanggapan mengenai hal ini dengan cepat dari pihak Honda.”</i></p> <p>In my opinion, eSAF is just a cool term for a reduction in production costs. Honda runs away from responsibility, they should do a recall. Honda's eSAF frame went viral some time ago after it was accused of being porous and rusty but there was no response to this quickly from Honda.</p>

Sources: Prepared by the Writer (Otomotif TV, 2024)

Some evidence that the eSAF frame in HONda motorcycles is problematic can be seen in the picture below:



Figure 1.5. Problem on eSAF
Sources: Otomotif.Tempo (2024)

Based on the explanation of the problem above the writer wish to examine more deeply this research paper is entitled: **“The Influence of Social Media Marketing, Trust, and Product Quality on Customer Purchase Decision For Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan”**.

1.2. Problem Limitation

From the background of the problem above, there are problem limitations set as follow:

- a. This study uses 4 variables consisting of 3 independent variable and 1 dependent variable. Which is social media marketing, trust, product quality, and customer purchase decision.

- b. This research of Honda brand is only researched in Medan City which is located at Jl. Pemuda No 18 D-H, Medan. Research is only for customer who have ever used eSAF motorcycle based on their experience, such as Honda Genio, Honda BeAt, Honda Scoopy, Honda Stylo 160 and Honda Vario 160.
- c. The social media that is focused in this study is instagram with account of Indako_cab.pemuda.
- d. According to Novitasari et al (2021), There are four indicators of social media marketing are interaction, sharing of content, accessibility and credibility. According to Eric and Nainggolan (2023), Indicators of customer trust are integrity, competence, consistency and openness. According to Pahmi (2024), that can conclude that there are several quality indicators products are performance, features, durability, conformance and aesthetics. According to Satdiah et al (2023), there are several indicators in purchasing decisions are Buying habit, Recommendations and Repurchase.

1.3. Problem Formulation

The problems formulation are as follows:

- a. Does social media marketing have partial influence on customer purchase decision for Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan?
- b. Does trust have partial influence on customer purchase decision for Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan?

- c. Does product quality have partial influence on customer purchase decision for Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan?
- d. Do social media marketing, trust, and product quality have simultaneous influence on customer purchase decision for Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan?

1.4. Objective of the Research

The objectives of this research are as follows:

- a. To identify whether the social media marketing has partial influence on customer purchase decision for Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan.
- b. To explain whether the trust has partial influence on customer purchase decision for Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan.
- c. To analyze whether the product quality has partial influence on customer purchase decision for Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan.
- d. To investigate whether the social media marketing, trust, and product quality have simultaneous influence on customer purchase decision for Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan.

1.5. Benefits of the Research

1.5.1. Theoretical Benefit

The result of this research are expected to contribute on development of existing theories that are relevant with the social media marketing, trust, product quality and the influence on the customer purchase decision.

1.5.2. Practical Benefit

The practical benefit from doing this research are as follows:

a. For the Writer

This research will contribute to the expansion of knowledge by enhancing the understanding of the interrelationships among the variables examined, specifically in the context of social media marketing, trust, and product quality on customer purchase decision for Honda eSAF at PT. Indako Trading Coy - Pemuda Branch, Medan. It will provide valuable insights into the application and implications of these variables.

b. For Company

The findings of this research will serve as recommendations for PT. Indako Trading Coy - Pemuda Branch, Medan on how to effectively manage social media marketing, establish a strong social media marketing, trust, and product quality and influence on customer purchase decisions for eSAF motorcycle. The insights gained from the research can inform strategic decision-making within the organization.

c. For other researchers

This research is to conduct in the field of management to enrich scientific research at Universitas Pelita Harapan in Medan. This research is be able to help readers to add insight information about social media marketing, trust, product quality, so they can gain knowledge.

