

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

In business, the customer is king. This expression illustrates the importance of the purchaser or customers for the company. This makes companies vying to win customers to buy and use the products offered. Therefore, the company is exerting every effort to understand customers' behavior, to know what they need, what tastes, and how they took the decisions, as well as know the various changes in the business environment to compete with other companies, as well as producing goods and services according to the needs and desires customers (Herawati & Muslikah, 2019).

Purchase decisions have a close relationship with customers' purchasing decisions. The decision is used to predict consumer action whether or not to make a purchase. Before buying, customers usually find out in advance about product information based on personal experience or information from the surrounding environment. The information obtained will be used as an assessment of the product. Furthermore, what customers can do is compare products, evaluate and make decisions (Sayyid, 2020). The purchase decision becomes an important thing to note because this will certainly be a consideration of how a marketing strategy will be done by the next company. The company's success in influencing customers purchasing decisions is strongly supported by efforts to build communication with customers by building brands to customers with marketing

strategies and innovating for new variances in a product (Darado, Mangerongkonda, & Siahaan, 2023).

PT Nusantara Autopart Persada is a company engaged in spare parts. Jl. Cemara No.12A, Medan Estate. PT Nusantara Autopart Persada sells various types of spare parts in the brand of Daihatsu.



**Figure 1.1 Product at PT Nusantara Autopart Persada**

Sources: PT Nusantara Autopart Persada, (2024)

Based on the survey conducted that there is a decrease in repurchasing decisions at PT Nusantara Autopart Persada that can be seen from the decline in sales each year.

**Table 1.1 Sales Data at PT Nusantara Autopart Persada  
2021-2023**

Year	Total	%
2021	41.864.469.000	-
2022	36.953.415.000	-11,73%
2023	30.763.518.000	-16,75%

Sources: PT Nusantara Autopart Persada, (2024)

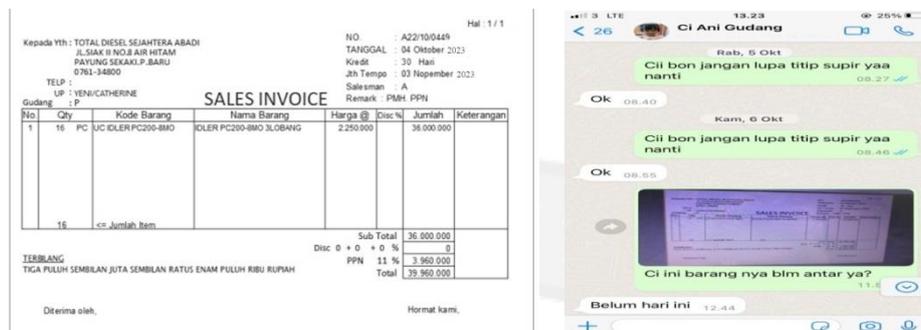
Table 1.1 shows that the rate of decline in sales each year indicates that the rate of repurchase decisions made by retail customers has decreased at PT Nusantara Autopart Persada. In 2021 the sales reached Rp 41.864.469.000, but later in 2022 it dropped to Rp 36.953.415.000 and continued declining to Rp 30.763.518.000 in 2023. In 2023, the company got lots of complaints about their

selling staff and some feedback about products and promotional that are arranged by the company. This is due to changes in the payment system that are getting shorter, and some products are often empty.

Distribution is a marketing activity that seeks to facilitate and simplify the delivery of goods and services from producers to consumers so that they can be used by the required. Distribution channels that are easily accessible to customers will encourage them to make repeat purchases (Darsono & Husda, 2020).

There are some constraints that must be faced in by PT Nusantara Autopart Persada in the distribution process, such as the amount of demand for goods that vary in each customer, but the stock of products can't be met so as to create disappointment, spare parts products for some types are less available so sometimes if customers want to order need to wait 3-4 days. Distribution coverage is also not too wide for areas outside the city that are too far away such as Rantau Prapat, Siantar, Kisaran and others cannot be sent directly but using freight to increase distribution costs for customers. In this company, efficiency is lacking in the distribution of products thus causing delayed delivery of products. In addition, the distribution of products in this company is less efficient so often the distribution cannot be distributed to the customer's location on the same day and not on time due to limited vehicle capacity and some vehicles are old enough, so they are often damaged. The number of company vehicles, as many as 7 trucks and 2 pick-ups, cannot meet the number of daily customer transactions, The company's vehicles are classified as over 4 years old and therefore often require

repairs. This triggered the cancellation of purchases from customers, resulting in a decrease in sales.



**Figure 1.1 Late Delivery Distribution at PT Nusantara Autopart Persada**  
Sources: PT Nusantara Autopart Persada, (2024)

Figure 1.1 shows the case of untimely distribution where the delivery was supposed to be on October 04th, 2023, but until the 06th, the warehouse had not made a delivery and there was no notification to the customer that there was a delay in distribution. This leaves customers disappointed resulting in a low repurchase rate.

Sales promotions activities experience various obstacles, meaning the company has marketing difficulties that are generated so that it will reduce sales volume (Setiadi, 2019). The role of promotion and sales in the marketing sector of the resulting product will support the task of the sales department to get to know and find customers or users and even try to get customers. So important is the marketing sector, it is natural for companies to know what, where, and how marketing strategies are used. The role of marketing of the company's ability to play a greater role in the market by utilizing and looking for opportunities market.

Sales promotions designed by the company at PT Nusantara Autopart Persada are still relatively monotonous because based on discounts and discount percentages have almost no development from the previous year, namely 1% -2% depending on the number of products purchasing decisions. Many customers said that each year's sales promotion program has similarities with the previous year's program. However, the company feels that it is not a problem because the company considers the promotional program to be following the wishes of customers, namely related to discounts and gifts. The problem here is the big discount given that ranges from 1-2% with cash payment criteria, but other similar companies provide 4-5% with the same payment criteria. This triggers many customers who prefer purchase transactions in similar companies. In this company, the current promotion program that is designed and liked by customers is related to purchase packages that get many prizes, such as antam gold prizes ranging from 3 grams to 10 grams, and holidays to Vietnam, Singapore, and Malaysia. However, this has not been able to increase product sales. Some of the promotional programs that the company is designing in 2023 are:

**Table 1.2 Programs of Sales Promotion at PT Nusantara Autopart Persada (2023)**

<b>Month</b>	<b>Programs</b>
January	Promotional package with holiday gift purchase for 1 month with a total spend of 120 million packages.
February	Discount Program for cash payments of 1% for all products.
March	Discount Program for cash payments of 1%.
April	Rewards Program
May	Rewards Program
June	Sales package with 1% discount
July	Rewards Program
August	Promotional package with holiday gift purchase for 1 month with a total spend of 200 million.
September	Rewards Program
October	Rewards Program

November	Purchase 70 million by getting electronic gifts with limited edition.
December	Discount Program for cash payments of 2% for all product

Sources: PT Nusantara Autopart Persada, (2024)

Table 1.2 shows that the company's promotional program looks monotonous. In 2023 just do some programs related to holiday gifts, discount packages, and electronic gifts with terms and conditions. From the sales promotion program, it is still not able to increase the company's sales during 2023. Promotions are less attractive to customers because it is considered monotony. This attracts many customers who are experts to other companies, thus creating a decrease in sales.

**Table 1.3 Personal Selling Data for PT Nusantara Autopart Persada 2023**

Month	Complaints
January	2
February	-
March	1
April	6
May	5
June	3
July	5
August	2
September	-
October	4
November	8
December	7

Sources: PT Nusantara Autopart Persada, (2024)

Table 1.3 indicates that personal selling staff are less competent in providing satisfactory service resulting in customer complaints. In 2023, quite a lot of customers submitted complaints to the marketing manager, regarding their personal selling performance. This is because the company recruits personal selling staff who do not have work experience in the field of marketing. This resulted in the personnel selling staff being unable to create a good relation with

the customers and automatically decreasing in the sales too. In addition, the lack of skills because they are still fresh graduates so less able to explain the product in detail due to lack of knowledge of product information. This is due to the products offered to so many that the personal staff is less than optimal when prospecting to customers. The knowledge of personal selling staff in the amount of product stock so that sometimes the stock is empty but still invited by customers to disappoint customers. So less able to communicate well in inviting customers to make repeat purchases. The lack of empathy of the personal selling staff can be seen from customer complaints that are not handled quickly and appropriately, such as product exchange requests because there are delivery errors, but in practice the personal selling staff does not take care of the day, but 2-3 days later the personal selling staff gives direction to customers.

From the above explanation, the writer decides to conduct research entitled **“The Influence of Distribution, Sales Promotion and Personal Selling towards Repurchasing Decisions at PT Nusantara Autopart Persada”**.

## **1.2 Problem Limitation**

Due to the limitation of time and budget, this research focused to PT Nusantara Autopart Persada on Distribution ( $X_1$ ), Sales Promotion ( $X_2$ ), Personal Selling ( $X_3$ ), and Repurchasing Decisions ( $Y$ ). Respondents in this study were business (B2B) who made a purchase in 2023 at PT Nusantara Autopart Persada that are spread across Sumatera Utara.

### **1.3 Problem Formulation**

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

1. Does Distribution have a partial influence towards Repurchasing Decisions at PT Nusantara Autopart Persada?
2. Does Sales Promotion have partial influence towards Repurchasing Decisions at PT Nusantara Autopart Persada?
3. Does Personal Selling have a partial influence towards Repurchasing Decisions at PT Nusantara Autopart Persada?
4. Do Distribution, Sales Promotion and Personal Selling have simultaneous influence towards Repurchasing Decisions at PT Nusantara Autopart Persada?

### **1.4 Objective of the Research**

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

1. To analyze whether Distribution has partial influence towards Repurchasing Decisions at PT Nusantara Autopart Persada.
2. To analyze whether Sales Promotion has partial influence towards Repurchasing Decisions at PT Nusantara Autopart Persada.
3. To analyze whether Personal Selling has partial influence towards Repurchasing Decisions at PT Nusantara Autopart Persada.
4. To analyze whether Distribution, Sales Promotion and Personal Selling have simultaneous influence towards Repurchasing Decisions at PT Nusantara Autopart Persada.

## **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 Distribution, Sales Promotion and Personal Selling and its influence towards Repurchasing Decisions.

### **1.5.2 Practical Benefit**

The practical benefits of this research are:

1. For the PT Nusantara Autopart Persada.

To provide useful suggestions for the company in increasing Repurchasing Decisions, especially improving Distribution, Sales Promotion, and Personal Selling.

2. For the writer

The writer as the researcher gets more experience in doing the research and as an addition to knowledge about Distribution, Sales Promotion Personal Selling, and Repurchasing Decisions.

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.