

CHAPTER I

INTRODUCTION

1.1 Background of Study

Basically, each organization has the vision and mission that the organization will develop and progress in achieving its goals well. Therefore, every organization will try to improve and develop the organization by planning various marketing activities to increase sales of the products it offers. By implementing various strategies in carrying out marketing activities, the organization expects to be able to achieve the goals it has determined by attracting many consumers to decide to buy the products it offers. For every organization, maintaining its existence so that it can remain competitive in today's tight competition requires various appropriate strategies to attract consumers to purchase the products offered by the organization.

Purchasing decisions are a problem-solving exercise carried out by a person to choose an appropriate alternative behavior from two or more behavioral alternatives and are considered to be the most appropriate action in making a purchase by first going through a decision-making process (Firmansyah, 2018). Consumers make different evaluations to select products and purchase them based on that. The purchase decision from consumer regarding the products from a organization is important, so each organization pays attention to various factors that influence it, such as: Experiential marketing, Relationship marketing, Word of mouth.

Experiential marketing is a strategic concept which is an era of marketing change with a shift from the functional concept to the experience concept of a product or service (Harjadi and Arraniri, 2021). Relationship marketing is a process of identifying and building, maintaining, accelerating and whenever necessary breaking off relationships with consumers and other parties who have an interest in the organization to gain profits, so that it can achieve the goals of all parts involved with it (Rizal, 2020). Word of Mouth is communication about products and services between people who are considered independent from the organization providing the product or service, in a medium that would be considered independent from the organization (Firmansyah, 2020).

Currently, the online baby equipment business is increasingly in demand. This is because we see the large market potential for the mother and child product category. Seeing the huge potential in businesses in the Mother and Child category, many companies are competing to provide their needs, including PT Dodorindo Jaya Abadi. The products offered by PT Dodorindo Jaya Abadi consists of feeding bottles, cups, soothers, nipples, cotton buds, accessories and breast pads. Each product also has various variants or variations that consumers can choose freely so that consumers who want to make a purchase have many choices. Based on initial observations made, researchers found that the organization was experiencing a decline in purchasing decisions from customers, where customers who usually made frequent orders were increasingly making purchases less frequently. The following is the data about organization sales:

Table 1.1
Organization Sales Data Period 2019 - 2023

Years	Sales Data
2019	Rp. 19.987.571.000
2020	Rp. 18.619.257.000
2021	Rp. 17.833.567.000
2022	Rp. 17.629.601.000
2023	Rp. 17.102.719.000

Sources: PT Dodorindo Jaya Abadi, 2024

Based on the table above, it can be seen that the sales data in 2019 as much as Rp. 19.987.571.000, while in 2020 the sales data is Rp. 18.619.257.000 and in 2021, the sales data is Rp. 17.833.567.000. As for 2022, the sales data is Rp. 17.629.601.000 and in 2023 as much as Rp. 17.102.719.000. Based on the sales data in the table above, it can be observed that the decline is due to decreasing customer purchasing decisions for the offered products. With today's increasingly advanced economic conditions, the level of competition is getting tighter because various companies are establishing products that are similar to the organization, making customers have many alternative places to purchase.

The experiential marketing phenomenon is where companies are known to be unable to provide an experience that can touch the emotions of their consumers which can make consumers feel satisfied and moved to recommend them to other consumers. Some consumers who have purchased actually had a bad experience and were disappointed with the organization. Apart from that, there are also some consumers who feel that the organization is not able to respect consumers' feelings because some employees seem unable to provide good service and are seen to be more likely to choose consumers and prioritize appearance because some consumers with better appearances are given better service. and vice versa. This also of course creates a bad experience for consumers which hurts their feelings.

In terms of the phenomenon regarding customer relationship marketing, it is known that companies do not really implement relationship marketing to maintain relationships with their customers, which makes customers often look for alternative purchasing places and often move around looking for companies that can build a good relationship with them. Without having good relationship marketing, customers will have less confidence in the products offered. The lack of familiarity also makes it a little difficult for companies to offer their products to customers. Although the relationship marketing strategy has been implemented to build long-term relationships with customers, there are several significant issues that affect the effectiveness of this approach on consumer purchasing. One of the main problems is the lack of personalization in customer interactions. In addition, there is a lack of integration between the company's various communication channels, which often causes inconvenience for customers when they have to repeat information or encounter gaps in service. The company is also known to frequently fail to leverage the information they have to provide relevant offers or respond to the specific needs of each customer. As a result, customers feel that the communication they receive is generic and does not meet their expectations, which can reduce their interest in making repeat purchases.

The company also faces challenges in organically encouraging positive word of mouth. Although they strive to improve their products and services, they often lack effective strategies to motivate satisfied customers to actively recommend their products to others. The inability to leverage satisfied customers as brand advocates can hinder the growth potential that could be gained from positive word of mouth. Additionally, the company presence of aggressive and

innovative competitors in the market can divert customers' attention away from PT Dodorindo Jaya Abadi's products, making them more likely to talk about competitors' products rather than recommending the company's products. These issues illustrate that, although word of mouth has the potential to be a powerful marketing tool, the company still needs to address challenges in managing product and service quality and develop better strategies to capitalize on positive customer recommendations.

Based on the research conducted by (Arif and Siregar, 2023) entitled Purchasing decisions influence price, product quality, and reviews. Based on the results of the data analysis, it can be concluded that the product quality variables partially influence the purchasing decision because they are important. Second, price is so important that we can conclude that price variables have a partial influence on purchasing decisions. Moreover, the variable "word of mouth" is also important, so we can conclude that the variable "word of mouth" has a positive and significant influence on the purchase decision. In addition, an important conclusion can be drawn at the same time that the variables (product quality), (price), and (word of mouth) have a large influence on the variable (purchase decision) at the same time.

Another research conducted by (Mranani and Lastianti, 2019) entitled Analysis of The Effect of Experiential Marketing And Community Reference on Purchase Decisions (Study In Surabaya Brain Coffee). The results showed that partially experiential marketing and community reference had a positive and significant influence on purchasing decisions, as well as simultaneously (simultaneous) indicating that experiential marketing and community reference

had a positive and significant influence on purchasing decisions. Thus research conducted by (Purba, et. al. 2023) entitled Promotion, Brand Image, and Customer Relationship Management on Aluminum Purchase Decisions at PT Global Alumindo Perkasa. The results of the study explain that promotion and customer relationship management have a positive and significant influence, while the brand image has a positive and insignificant effect on purchasing decisions.

Based on the background study, the writer is interested to conduct research with the title: **“The Effect of Experiential Marketing, Relationship Marketing and Word of Mouth toward Customer Purchase Decision at PT Dodorindo Jaya Abadi.”**

1.2 Problem Limitation

For the problem limitation, writer will focus on four variables which are experiential marketing, relationship marketing, word of mouth and purchase decision. This thesis aims to investigate how experiential marketing, relationship marketing, and word of mouth can affect purchase decision. This research will focus on PT Dodorindo Jaya Abadi.

1.3 Problem Formulation

Based on the description of the background of the problem above, there are identification problem in this study can be identified:

1. Does experiential marketing have partial effect toward customer purchase decision at PT Dodorindo Jaya Abadi?

2. Does relationship marketing have partial effect toward customer purchase decision at PT Dodorindo Jaya Abadi?
3. Does word of mouth have partial effect toward customer purchase decision at PT Dodorindo Jaya Abadi?
4. Do experiential marketing, relationship marketing and word of mouth have simultaneous effect toward customer purchase decision at PT Dodorindo Jaya Abadi?

1.4 Objective of the Research

The objective of the research as follow:

1. To analyze whether experiential marketing has partial effect toward customer purchase decision at PT Dodorindo Jaya Abadi.
2. To analyze whether relationship marketing has partial effect toward customer purchase decision at PT Dodorindo Jaya Abadi.
3. To analyze whether word of mouth has partial effect toward customer purchase decision at PT Dodorindo Jaya Abadi.
4. To analyze whether experiential marketing, relationship marketing and word of mouth have simultaneous effect toward customer purchase decision at PT Dodorindo Jaya Abadi.

1.5 Benefit of the Research

1. Theoretical Benefit
 - a. For Readers

The result from this study can be proof for readers to know that experiential marketing, relationship marketing and word of mouth have effect towards customer purchase decision.

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 Dodorindo Jaya Abadi

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 experiential marketing, relationship marketing and word of mouth towards purchase decision.

b. For Writer

The result from this study makes the writer gain new experience and more knowledge about the importance of experiential marketing, relationship marketing and word of mouth towards purchase decision.

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 experiential marketing, relationship marketing and word of mouth towards purchase decision.