

CHAPTER I

INTRODUCTION

1.1 Background of Study

Consumer behavior in the purchasing process can be said to be unique and diverse depending on the individual consumer, with various considerations and evaluations, because consumers come from different segments. Therefore, what each consumer wants and needs varies from one to another. Consequently, every company needs to understand the consumers regarding the products or services offered.

The unlimited nature of consumer satisfaction compels every company to be more innovative and creative in determining various concepts and strategies for marketing their products and services. With good marketing concepts and strategies, companies can attract consumers to purchase the products they produce. Purchasing decisions are a decision-making process that begins with problem recognition, then evaluation, and finally deciding on the product that best suits their needs (Hartini, 2021). Purchasing decisions are a concept in purchasing behavior where consumers decide to act or do something and in this case make a purchase or utilize a particular product or service. Consumer decision making is basically a problem solving process (Lotte, et al. 2023). Researchers use this purchasing decision variable because the study of purchasing decisions is still worthy of research considering that the increasing number of products in

circulation results in the need for various considerations for the public in making purchasing decisions.

Every buyer experiences multiple phases in the product purchasing decision process, beginning with the recognition of a need and continuing through to actions taken after the purchase. This decision-making process is not merely a solitary choice by the consumer. Comprehending the full sequence is vital since marketers can impact each stage with different marketing tactics and anticipate consumer reactions. Furthermore, businesses can effectively compete in the marketplace if their concepts and strategies align with consumer desires and requirements. By meeting these needs and wants, consumers will be drawn to and interested in purchasing the company's products (Firmansyah, 2023).

PT. Selamat Sukses Abadi is a marketing office that operates independently and is the sixth Panin Dai-ichi Life marketing point in the North Sumatra region whose address is Jalan Mayjend. Sutoyo Siswomiharjo No. 101-A Medan. With the current tight competition in the insurance sector and the number of agents who are increasingly skilled when making offers to consumers, the company's sales level is less than its target or expectations. The following is a description of the company's sales data:

Table 1.1. Company Sales Data Period 2021 – 2023

Year	Sales Target	Sales Realization
2021	Rp. 60.000.000.000,-	Rp. 57.161.382.000
2022	Rp. 62.000.000.000,-	Rp. 55.372.179.000
2023	Rp. 65.000.000.000,-	Rp. 54.588.403.000

Sources: PT. Selamat Sukses Abadi, 2024

Based on the table above, it can be seen that in 2021, the total sales as much as Rp. 57.161.382.000 with total target as much as Rp. 60.000.000.000

while in 2022 the total sales as much as Rp. 55.372.179.000 with total target as much as Rp. 62.000.000.000 and in 2023 the total sales as much as Rp. 54.588.403.000 with total consumer as much as Rp. 65.000.000.000. This phenomenon is known due to the decreasing number of consumers making purchases and the increasingly tight competition in the insurance sector. Apart from that, not all people have the desire to purchase insurance products because for some people, insurance is only a tertiary need, where many people assume that they can fulfill other needs first rather than spending their money on uncertain needs. Some customers who like to compare insurance products also feel that the products offered by the company are still less than other insurance companies, which makes them no less interested. Apart from that, there are also potential customers who are used to purchasing other companies' insurance products so they don't want to switch to the company's insurance products. Based on initial observations, the decrease in consumer purchasing decisions for the company's products and services is attributed to several factors such as personal selling, trust, and brand equity.

Personal selling entails direct interaction between salespeople and potential customers to highlight the advantages of the company's products. Compared to other promotional mix elements, personal selling is the most effective communication method because it targets prospective customers directly (Sawlani, 2021). Trust is the willingness to rely on the abilities, integrity, and motivation of others to act in order to satisfy someone's needs and interests as agreed upon implicitly or explicitly (Rizal, 2020). Brand equity refers to the value

a brand holds, both tangible and intangible, derived from consumers' awareness, perceptions, and experiences with the brand (Tjiptono, 2022).

The phenomenon of personal selling occurring within a company where some agent are known to lack the skills to attract consumers to make purchases, thus every prospect result provided by agent to the company is considered below the company's expectations. Additionally, personal selling activities also fail to maintain or foster relationships between agent and consumers, making consumers less interested in making purchases.

Regarding the trust phenomenon, some consumers may lack trust in the products offered by the company because consumer feel that company is not professional in offering products and fail to enhance their trust and confidence in the company, leading consumers to decide to buy from companies they trust. Company also known to respond very quickly at the start of their product offers, however, when they want to submit a claim, company is slow in working and often ignores the customer's calls, which makes the customer disappointed and starts to trust the others company.

In terms of relationship marketing, the company struggles to foster long-term, meaningful connections with its clients. The company's marketing efforts often focus on acquiring new customers rather than nurturing existing ones. This results in a lack of personalized communication and follow-up, leaving clients feeling undervalued and disconnected. Additionally, there is insufficient use of data analytics to understand customer needs and preferences, which hinders the development of targeted marketing campaigns. The company's marketing fails to

shift its focus from purely transactional interactions, neglecting the development of lasting relationships. It lacks efforts to enhance customer service, does not leverage data insights for personalized outreach, and does not implement loyalty programs to reward and recognize long-term clients.

In the insurance industry, brand equity plays an important role because insurance services often involve long-term relationships. Strong brand equity can increase customer preference, enable premium pricing, and facilitate market expansion. In this case, although the company has a number of advantages, it also faces various disadvantages that can affect its brand equity. One of them is that Panin Dai-ichi Life brand awareness is still less than other large insurance brands in Indonesia such as Allianz, Sequis or Manulife. Compared to some of its larger competitors, Panin Dai-ichi Life may be less aggressive in launching innovative insurance products and adapting to evolving market needs. The Panin Dai-ichi Life brand association does not highlight its competitors, which may be better known for certain values or associations such as innovation, safety or quality of service. Moreover, negative customer perceptions which possibly due to poor service or unfavorable publicity, can significantly damage brand equity. Thus the lack of emotional connection with customers means that Panin Dai Ichi might not be fostering strong, loyal relationships. Ineffective brand positioning also plays a role, as unclear or unconvincing messaging fails to distinguish the brand in the marketplace.

Based on the background study, the writer conduct research: **“The Effect of Personal Selling, Trust, Relationship Marketing, and Brand Equity toward**

Consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan.”

1.2 Problem Limitation

For the problem limitation, writer will focus on four variable which are personal selling, trust, relationship marketing, and brand equity as independent variable and purchase decision as dependent variable. This thesis aims to investigate on how personal selling, trust, relationship marketing, and brand equity can affect purchase decision. This research will focus on PT. Selamat Sukses Abadi CBD Polonia Medan.

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 Personal Selling have partial effect toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan?
2. Does Trust have partial effect toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan?
3. Does Relationship Marketing have partial effect toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan?
4. Does Brand Equity have partial effect toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan?

5. Do Personal Selling, Trust, Relationship Marketing, and Brand Equity have simultaneous effect toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan?

1.4 Objective of the Research

The objective of the research as follow:

1. To analyze whether the Personal Selling has influence toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan.
2. To analyze whether the Trust has influence toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan.
3. To analyze whether the Relationship Marketing has influence toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan.
4. To analyze whether the Brand Equity has influence toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan.
5. To analyze whether the Personal Selling, Trust, Relationship Marketing, and Brand Equity has influence toward consumer Purchase Decision at PT. Selamat Sukses Abadi CBD Polonia Medan.

1.5 Benefit of the Research

The benefit of the researches as follow:

1. Theoretical Benefit

The result from this study can be proof for readers to know that Personal Selling, Trust, Relationship Marketing, and Brand Equity having effect

towards purchase decision in PT. Selamat Sukses Abadi CBD Polonia Medan. From this study provide insight and experience as well as observations in a real life situation which is very useful for the writer in the future. This study can be used for reference for studying the same problem in the future.

2. Practical Benefit

a. For PT. Selamat Sukses Abadi CBD Polonia Medan

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 Personal Selling, Trust, Relationship Marketing, and Brand Equity towards purchase decision at company.

b. For Writer

The result from this study make the writer gain new experience and more knowledge about the importance of Personal Selling, Trust, Relationship Marketing, and Brand Equity 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 Personal Selling, Trust, Relationship Marketing, and Brand Equity towards purchase decision.