

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Marketing is one of the core activities that must be carried out by companies to sustain their business and achieve continuous growth, aiming primarily to attain profits or earnings. Marketing activities encompass the company's efforts starting from identifying consumer needs that need to be satisfied, determining the products to be produced, deciding on appropriate promotional strategies, and establishing distribution or sales systems for these products. Therefore, marketing provides a planning framework for companies to produce products that truly meet consumer desires and needs.

Marketing a product, whether goods or services, essentially creates high expectations for consumers as buyers or users of the product, serving as a determinant of whether a company will grow and thrive or otherwise. In a competitive market environment, a dissatisfied consumer with a company's product can quickly shift attention to another company's product. Thus, companies need to understand that marketing is a crucial factor in achieving business success; hence, understanding the concept and philosophy known as the marketing concept is essential for companies.

Generally, every company aims for maximum profitability by influencing consumer purchasing decisions. According to Sawlani (2021), purchasing decisions are one stage of the overall mental and physical activities that occur

during the purchasing process within a specific period, aiming to fulfill specific needs. In other words, it is a series of steps taken by a consumer. Paying attention to purchasing decisions is crucial so that businesses can create marketing strategies to attract consumer interest.

The diesel engine industry in Indonesia is currently showing strong growth trends, driven by the expansion of infrastructure and rapid development. The Indonesian government continues to invest in large infrastructure projects, such as the construction of roads, bridges, and buildings, which require heavy machinery and diesel engines for construction work. Additionally, the agriculture sector is also modernizing, with increased use of diesel-powered tractors and agricultural equipment to enhance productivity. The demand for diesel generators remains high, especially in areas that are not yet covered by the national electricity grid, supporting energy needs across various sectors. Diesel engine technology is also becoming more advanced, with innovations focusing on fuel efficiency and emission reduction to meet stricter environmental standards. Overall, economic growth and investment in various sectors in Indonesia continue to drive demand for diesel engines, making them a crucial component in the country's development.

In Indonesia, several well-known diesel brands dominate the market with their reputation and superior products. Yanmar is recognized for its high-quality diesel engines used in heavy machinery, tractors, and generators, and is frequently employed in infrastructure and agricultural projects. Kubota is another highly respected brand, particularly known for its durable and efficient agricultural tractors and construction machinery. Caterpillar or Cat also has a strong presence

with diesel engines used in various heavy machinery and construction applications, renowned for their power and reliability. Komatsu is another Japanese brand that is widely chosen for construction machinery and heavy equipment due to its technological innovations. Lastly, Perkins, known for producing diesel engines for various industries, also holds a market share in Indonesia, offering efficient and reliable engine solutions. These brands play a crucial role in meeting the needs of the construction, agricultural, and energy industries across Indonesia.

In Indonesia, Yanmar diesel engines hold a very strong and respected position in the market. Yanmar is known for its high-quality diesel products, widely used across various sectors including construction, agriculture, and energy generation. Its reputation as a provider of reliable and durable diesel engines makes it a top choice among professionals and companies. Yanmar diesel engines are commonly found in major infrastructure projects such as road and bridge construction, as well as in agriculture for tractors and soil tilling equipment. Additionally, Yanmar diesel generators are extensively used to meet energy needs in areas not yet connected to the national electricity grid. With technological innovation and a commitment to efficiency and performance, Yanmar continues to maintain its position as one of the leading brands in the diesel engine industry in Indonesia.

PT Jati Waja Pratama, also known as JW, is a company specializing in distributing Yanmar diesel engines and their spare parts. They also provide services and solutions across various sectors including maritime, agriculture, industry, and power products. Recently, the company has been experiencing a

decline in sales since 2019. The following is the sales data of company can be seen below:

Table 1.1. Company Sales Data Period 2019 – 2023

Period	Sales Total
2019	Rp. 17.465.619.000
2020	Rp. 16.212.378.000
2021	Rp. 16.390.156.000
2022	Rp. 16.204.669.000
2023	Rp. 16.183.704.000

Sources: PT Jati Waja Pratama, 2024

Based on the data presented, the total sales for 2019 amounted to Rp. 17.465.619.000. In 2020, the total sales decreased to Rp. 16.212.378.000. The following year, in 2021, sales slightly increased to Rp. 16.390.156.000. However, in 2022, there was another decline in sales, totaling Rp. 16.204.669.000. This downward trend continued in 2023, with total sales reaching Rp. 16.183.704.000.

With the increasing level of competition in the market today, companies need to consider various important factors to enhance consumer purchasing decisions for the products they offer. This decline is attributed to consumers frequently comparing JW's products with those of competitors, leading to a perception of lower quality for JW's products. Additionally, returning customers have become less frequent, and some consumers are more inclined to recommend products from other companies over JW's current offerings. When purchasing a product, consumers have various reasons why they buy a product, such as customer experience, product specification and company reputation.

In terms of customer experience, some consumers often have less pleasant experiences during the purchasing or post-purchase process with the company's

products. The following is the condition of the company which can be seen in the image below:



Figure 1.1. Condition of PT Jati Waja Pratama

Sources: PT Jati Waja Pratama, 2024

Based on the figure above about company condition makes customers reluctant or less interested in making repeat purchases. Even if customers have only one or two negative experiences, they may already feel disappointed and begin seeking alternative places to make their purchases. These experiences can also be linked to the perceived poor quality of products received after purchase or unpleasant service quality during the purchasing process.

In terms of product specifications, there are several phenomena such as products offered by the company not fully meeting or aligning with consumer expectations or needs. Additionally, there are instances where there is a discrepancy between what the company promises to consumers regarding product specifications and what is actually delivered after purchase. Furthermore, misunderstandings or misinterpretations due to lack of clear communication

among departments within the company involved in determining product specifications, such as design, production, and marketing teams, also occur. These factors contribute to consumers switching their purchases to other companies.

In terms of company reputation, some consumers often receive negative information about the company that makes them reconsider before making a purchase. Apart from that, the company is also not very well known even though it has been established for a long time, as can be seen from the number of reviews from consumers who have made purchases at the company:



Figure 1.2. Condition of PT Jati Waja Pratama
Sources: PT Jati Waja Pratama, 2024

This can be related to poor service reputation, lengthy administrative processes, or discrepancies in delivering products ordered by consumers from the company. Some consumers are also known to be less inclined to recommend the company to others and opt to try out other companies that have not disappointed them and have a better reputation. While the company may not have an overall bad reputation, negative information tends to spread quickly. Conversely, positive information about a company with a good reputation is often less widely disseminated or discussed among consumers.

Based on the background study, the writer is interested to conduct research with the title: **“The Effect of Customer Experience, Product Specification and Company Reputation Toward Purchase Decision at PT Jati Waja Pratama.”**

1.2 Problem Limitation

Due to limitations in the abilities and time, the goal of problem solving is to create boundaries to focus on the main issue being discussed. Therefore, the discussion was not long and effective, to limit the problem, the author will focus on three variables: customer experience, product specification and company reputation as independent variable while purchase decision as dependent variable. This thesis aims to study the extent to which customer experience, product specification and company reputation can effect purchase decision. This study will focus on PT Jati Waja Pratama.

1.3 Problem Formulation

The problem formulation that will be used in this research can be described as follow:

- a. Does customer experience have a partial effect on purchase decision at PT Jati Waja Pratama?
- b. Does product specification have a partial effect on purchase decision at PT Jati Waja Pratama?
- c. Does company reputation have a partial effect on purchase decision at PT Jati Waja Pratama?

- d. Do customer experience, product specification, and company reputation have simultaneous effect on purchase decision at PT Jati Waja Pratama?

1.4 Objective of the Research

The objective of the research that will be used in this research can be described as follow:

- a. To analyze whether the customer experience has partial effect on purchase decision at PT Jati Waja Pratama.
- b. To analyze whether the product specification has partial effect on purchase decision at PT Jati Waja Pratama.
- c. To analyze whether the company reputation has partial effect on purchase decision at PT Jati Waja Pratama.
- d. To analyze whether the customer experience, product specification, and company reputation has partial effect on purchase decision at PT Jati Waja Pratama.

1.5 Benefit of the Research

The benefit of the research can be described as follow:

1.5.1 Theoretical Benefit

For Readers, the result of this study can be proof for readers to know that customer experience, product specification, and company reputation having effect towards purchase decision at PT Jati Waja Pratama. For Writer, the of from this study can provide insight and experience as well as observations in a real life situation which is very useful for the writer in

the future. 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.

1.5.2 Practical Benefit

The practical benefits of this research consist of :

a. For PT Jati Waja Pratama

The researcher expects the result of this study could benefit the business to evaluate, and take the result as suggestion to know the effect of customer experience, product specification, and company reputation towards purchase decision.

b. For Writer

The result of this study can make the writer gain new experience and more knowledge about the importance of customer experience, product specification, and company reputation towards purchase decision.

c. For Future Research

The researcher expects the result of this study could become a comparison for the future researchers who are interested of studying the same topic which is the effect customer experience, product specification, and company reputation towards purchase decision.