

CHAPTER I

INTRODUCTION

1.1 Background of The Study

In the current era of globalization and the development of information technology, competition in the market is increasingly fierce for companies in the marketing industry. Dynamic changes in consumer behavior and digital transformation have changed the paradigm of traditional marketing strategies. Therefore, every company tries to provide the best in the marketing strategy it determines because marketing has a crucial role in the success of a company in this era of globalization. Rapid changes in information technology and consumer behavior have significantly changed the business landscape, pushing companies to continuously innovate their marketing strategies. In the midst of increasingly fierce competition and unpredictable market dynamics, adapting effective marketing strategies is the main key to maintaining and increasing market share.

Consumer purchasing decisions are one of the most important aspects in modern marketing studies. This process involves a complex series of steps that are influenced by various factors, including personal preferences, previous experiences, brand perceptions, and environmental factors. Understanding the factors that influence purchasing decisions is crucial for companies to formulate effective marketing strategies. Purchase decision is a mental and physical process in which a consumer selects a product or service from a variety of available options. This process is complex and influenced by various factors that can vary

from consumer to consumer. Understanding the purchasing decision process is key for companies in designing effective marketing strategies, to meet consumer needs and build strong relationships with them (Lotte, et al. 2023).

The Fast-Moving Consumer Goods (FMCG) industry plays an important role in the global economy by providing consumer products that are needed daily, such as food, beverages, personal care and household products. The FMCG market is characterized by intense competition and rapid changes in consumer behavior, thus encouraging companies in it to continue to adapt and innovate in their marketing strategies. This dynamic change is primarily driven by developments in information technology and social media which have changed the way consumers interact with brands and make purchasing decisions. In this context, this research aims to explore innovative marketing strategies that can be implemented by FMCG companies to maintain and increase their market share amidst increasingly complex challenges.

PT Sinarniaga Sejahtera (SNS) is one of the leading national scale FMCG (Fast Moving Consumer Goods) distributor companies in Indonesia. Established in 1994, SNS has more than 29 years of experience in the distribution sector. Fast-Moving Consumer Goods (FMCG) are products that are sold quickly and at relatively low cost. These items are typically non-durable goods with a short shelf life, including items like food, beverages, toiletries, and other household products. Due to their high demand and rapid turnover, FMCG companies focus on high-volume production and efficient distribution to ensure these products are readily available to consumers. The FMCG sector is highly competitive, often driven by

many factor affecting their purchase decision. This industry plays a crucial role in the economy, as it provides essential goods that meet the daily needs of consumers. The current tough competition means that customers have many alternative choices of places to purchase, resulting in the number of customer purchases from companies decreasing from year to year. The following is company sales data which can be see in the table below:

Table 1.1. Company Sales Data Period 2021 – 2023

Year	Sales Total
2021	Rp. 19.268.025.000
2022	Rp. 18.726.331.000
2023	Rp. 17.960.172.000

Sources: PT Sinarniaga Sejahtera (SNS), 2024

From the table above, it is evident that in 2021, the total sales as much as Rp. 19.268.025.000 while in 2022 the total sales as much as Rp. 18.726.331.000 and in 2023 the total sales as much as Rp. 17.960.172.000. The decreased known cause some customers who have been used to making purchases for some time are increasingly rarely returning to order from the company. Not a few customers also complain about various things that are the reason they increasingly rarely make repeat purchases from companies, such as relationship marketing, experiential marketing and personal selling.

Relationship marketing is a strategy that focuses on building long-term relationships with customers rather than treating each interaction as a separate transaction. It emphasizes the importance of customer loyalty and retention by creating personalized experiences and fostering strong connections between the brand and its customers (Rizal, 2020). The following are the results of a pre-survey conducted with 30 research respondents, which can be seen below:

Table 1.2. Relationship Marketing Pre Survey

Statement	Respondent Opinion		
	Agree	Disagree	Total
Relationship marketing activities have not been implemented optimally so that companies are less able to maintain good relationships with customers.	19	11	30
The company pays more attention to customers who order a lot of goods.	17	13	30
The lack of effectiveness of relationship marketing activities in the company reduces the level of customer trust in the company.	19	11	30
Customers feel doubtful and have to re-evaluate before ordering the product.	16	14	30

Sources: Pre Survei at PT Sinarniaga Sejahtera (SNS), 2024

From the table above, it is evident that relationship marketing activities have not been implemented optimally so that companies are less able to maintain good relationships with customers. Moreover, there are customers who complain that the company pays more attention to customers who order a lot of goods. The lack of effectiveness of relationship marketing activities in the company also reduces the level of customer trust in the company, so that when the company wants to offer the latest products to customers, customers feel doubtful and have to re-evaluate before ordering the product.

Personal selling refers to a promotional method where a sales representative interacts directly with potential buyers to persuade them to purchase products. It involves face-to-face communication between the seller and the prospective customer, allowing for personalized interactions tailored to the customer's needs and preferences. This approach is particularly effective in industries where complex or high-value products are sold, as it allows for detailed explanation and customization based on individual customer requirements (Prasetyo, 2023). While according to Handini et al. (2020), personal selling involves sales personnel interacting directly with potential consumers by

explaining the benefits of the company's products. Compared to other elements of the promotional mix, personal selling is the most appropriate communication method because it is directed specifically at prospective consumers.

Based on the observation, personal selling activities that take place in the company have not been in accordance with the expectations or targets set by their superiors. The following is a list of prospecting results carried out by marketing employees in the company during their personal selling activities which can be seen in the table as follow:

Table 1.3. Company Prospect Data Period January 2023 – December 2023

Month	Prospect Target	Prospect Total	New Customer
January	1.300	937	716
February	1.300	922	694
March	1.300	941	718
April	1.300	1.186	953
May	1.300	972	743
June	1.300	858	629
July	1.300	936	708
August	1.300	819	586
September	1.300	844	611
October	1.300	872	644
November	1.300	906	678
December	1.300	892	664
Total	15.600	11.085	8.344

Sources: PT Sinarniaga Sejahtera (SNS), 2024

From the table above, it is evident that out of the total prospect target set for 2023, which was 15,600, only about 11,085 prospects were realized, and 8,344 new customers made purchases from the company. The following are the results of a pre-survey conducted with 30 research respondents, which can be seen below:

Table 1.4. Personal Selling Pre Survey

Statement	Respondent Opinion		
	Agree	Disagree	Total
Company sales lack good skills in offering products to customers	18	12	30

Statement	Respondent Opinion		
	Agree	Disagree	Total
Sales often focus on customer orders alone without exploring customer needs and desires	18	12	30
Sales were sometimes less responsive in listening to complaints given by customers regarding the products they had ordered	19	11	30
Sales activity make customers less interested in purchasing company products.	17	13	30

Sources: Pre Survei at PT Sinarniaga Sejahtera (SNS), 2024

Based on the table above it can be seen that another phenomenon related to personal selling in companies where customers often complain that company sales lack good skills in offering products to customers, especially when there are offers on new company products. Apart from that, sales also more often focus on customer orders alone without exploring customer needs and desires. Some customers stated that sales were sometimes less responsive in listening to complaints given by customers regarding the products they had ordered, such as trying to make returns for damaged goods and so on. This makes customers less interested in purchasing company products.

Experiential marketing is a strategy that engages consumers directly through experiences that evoke emotions, connect with their senses, and create memorable interactions with a brand or product. Rather than simply conveying information or promoting features, experiential marketing focuses on immersing consumers in a physical or virtual experience that allows them to connect with the brand in a tangible and meaningful way (Margerie, 2023). The following are the results of a pre-survey conducted with 30 research respondents, which can be seen below:

Table 1.5. Experiential Marketing Pre Survey

Statement	Respondent Opinion		
	Agree	Disagree	Total
The experience customer get while subscribing to a company is not good.	18	12	30
Customer get poor experiences regarding the quality of the service or the quality of the products they get.	19	11	30
The experience makes customers hesitate when they want to place orders again in company product.	17	13	30
Customer often search for information to try buying from other companies that can provide more benefits to them.	19	11	30

Sources: Pre Survei at PT Sinarniaga Sejahtera (SNS), 2024

For the experiential marketing phenomenon, some customers complain that the experience they get while subscribing to a company is not good, where this experience involves many things, such as poor experiences regarding the quality of the service or the quality of the products they get. This experience ultimately makes customers hesitate when they want to place orders again with customers and also makes them often search for information to try buying from other companies that can provide more benefits to them.

Based on the background study, the writer is interested to conduct research with the title: **“The Effect of Relationship Marketing, Personal Selling and Experiential Marketing toward Purchase Decision at PT Sinarniaga Sejahtera (SNS) Medan.”**

1.2 Problem Limitation

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: relationship marketing,

personal selling and experiential marketing as independent variable while purchase decision as dependent variable to limit the problem. For relationship marketing, the indicator consist of consumer confidence, commitment, communication, and customer orientation (Nurbakti and Beddu, 2022). The indicator will be used for personal selling consist of conversation, cultivation and response (Firmansyah, 2023) while the indicator will be used for experiential marketing consist of sense, feel, think, act, and relate (Yusup, 2021) and purchase decision indicator consist of confidence in a product, habits of buying a product, and speed in buying a product (Lotte, et al. 2023). This thesis aims to study the extent to which relationship marketing, personal selling and experiential marketing can effect purchase decision. This study will focus on PT Sinarniaga Sejahtera (SNS) Medan.

1.3 Problem Formulation

The problem formulation are:

- a. Does relationship marketing have a partial effect toward purchase decision at PT Sinarniaga Sejahtera (SNS) Medan?
- b. Does personal selling have a partial effect toward purchase decision at PT Sinarniaga Sejahtera (SNS) Medan?
- c. Does experiential marketing have a partial effect toward purchase decision at PT Sinarniaga Sejahtera (SNS) Medan?
- d. Do Relationship marketing, personal selling, and experiential marketing have simultaneous effect toward purchase decision at PT Sinarniaga Sejahtera (SNS) Medan?

1.4 Objective of the Research

The objective of the research as follow:

- a. To analyze whether the relationship marketing has partial effect toward purchase decision at PT Sinarniaga Sejahtera (SNS) Medan.
- b. To analyze whether the personal selling has partial effect toward purchase decision at PT Sinarniaga Sejahtera (SNS) Medan.
- c. To analyze whether the experiential marketing has partial effect toward purchase decision at PT Sinarniaga Sejahtera (SNS) Medan.
- d. To analyze whether the Relationship marketing, personal selling, and experiential marketing has simultaneous effect toward purchase decision at PT Sinarniaga Sejahtera (SNS) Medan.

1.5 Benefit of the Research

The benefit of the researches as follow:

1.5.1 Theoretical Benefit

For Readers, the result from this study can be proof for readers to know that relationship marketing, personal selling, and experiential marketing having effect towards purchase decision at PT Sinarniaga Sejahtera (SNS) Medan. For Writer, the result 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

a. For PT Sinarniaga Sejahtera (SNS) 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 relationship marketing, personal selling, and experiential marketing towards purchase decision.

b. For Writer

The result from this study can make the writer gain new experience and more knowledge about the importance of relationship marketing, personal selling, and experiential marketing 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 effect relationship marketing, personal selling, and experiential marketing towards purchase decision.