

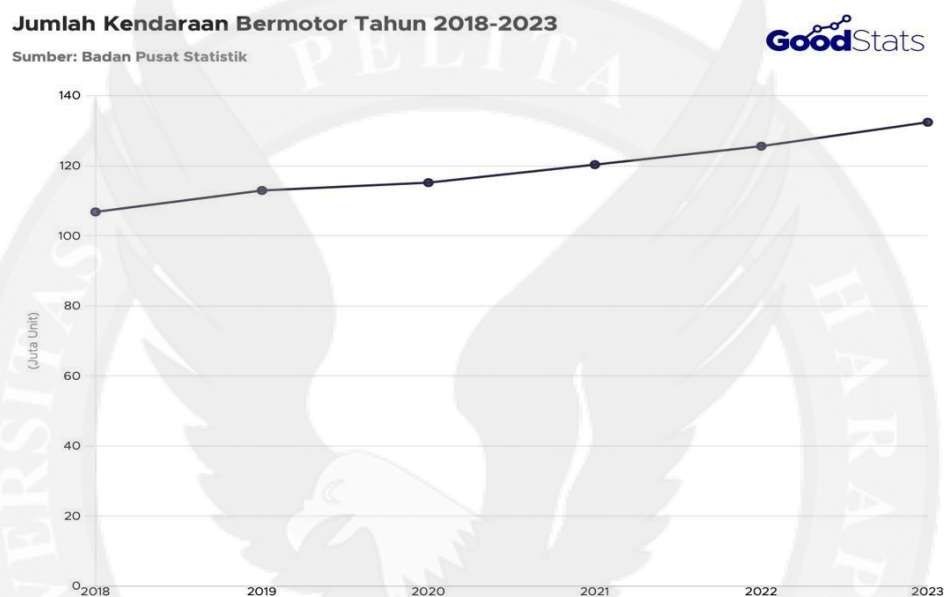
# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of Study**

In today's rapidly evolving and constantly changing world, transportation has become an essential part of daily life for everyone. Due to the increasing demand for rapid and effective movement, transportation has evolved into one of the most fundamental necessities for people. Whether through private vehicles or public transportation systems, the ability to travel over long distances in a relatively short amount of time has become a key factor in modern living. Transportation plays a crucial role in improving the overall quality of life by making it easier and faster to access important activities like work, education, and other daily tasks. In addition to helping individuals remain on top of the responsibilities, this improved accessibility offers greater chances for learning, professional development, and personal growth. Transportation is an essential component of modern life since transportation connect individuals to a variety of resources and opportunities, promoting both professional and personal achievement. In the midst of increasingly tight competition in the automotive industry, automatic motorcycles are increasingly numerous and diverse. The increasing number of automotive companies in the market has expanded the options available to customers, enabling customers to choose more intelligently when choosing product that meet customer requirements. With easier access to a variety of automotive products, customers can choose vehicles that meet customer personal preferences and needs, whether in

terms of price, features, or fuel efficiency. Despite frequent economic challenges, the industry has proven to be very resilient and able to continue to grow. Consistent demand for vehicles and continuous advancements in automotive technology help maintain the industry's stability, enabling the automotive sector to keep growing even in the face of shifting economic conditions.



**Figure 1. 1 The Data of Automotive Motorcycle in 2018 – 2023**

Source: Badan Pusat Statistik (2024)

Based on the data in the graph showing the number of motorized vehicles in Indonesia in the period 2018-2023, can be concluded that there is an increasing trend in the number of vehicles every year. This reflects the growth of the automotive market which continues to grow, along with the increasing public need for motorized vehicles. The increase in the number of motorized vehicles also shows that consumer purchasing decisions continue to increase, which can be influenced by various factors, including product quality, brand image, and promotions carried out by automotive companies.

Since product quality has a direct impact on customer happiness and enduring brand loyalty, it plays a significant role in influencing consumer purchasing decisions. This refers to a product's overall capacity to meet or exceed consumer expectations in several crucial areas, such as its usability, robustness, design, and other qualities that consumers consider crucial. Kotler & Keller (2019) define product quality as a product's capacity to fulfill consumers' expectations and deliver benefits as promised. A high-quality product not only performs its intended function effectively but also provides reliability over time, ensuring that customers receive good value for the money. The perception of quality is also influenced by elements like production, material selection, and technical innovation, which affects how consumers assess and contrast various products on the market. When a product consistently meets or exceeds consumer expectations, it enhances trust in the brand, encourages repeat purchases, and strengthens a company's competitive advantage. Therefore, maintaining and improving product quality is essential for businesses seeking to draw in and hold on to clients in a very competitive industry.

Since it affects how customers view a company's goods and reputation, brand image has a big impact on prospective customers' decisions to buy. Customers are more inclined to prefer one brand over another when it has a strong and positive image since it helps foster credibility and trust. When company consistently delivers well-designed, reliable, and functional products, it strengthens the brand image, leading to increased customer confidence and loyalty. According to Keller (2020), brand image is the way

customers perceive a brand, based on the associations customer have in the memory. In other words, brand image represents customer overall understanding of a brand, which is influenced by the beliefs, experiences, and perceptions. This reflects how a brand is viewed in the minds of customers based on the interactions, expectations, and associations with its products or services. A well maintained brand image does not only attract new customers but also helps retain existing ones. Loyal customers who have had positive experiences with a brand tend to become brand advocates, sharing the experiences with others and influencing the purchasing decisions. Conversely, a bad or negative brand image may create doubt and hesitation among customers, which may cause customers to choose competitors who are more well-known and powerful in the marketplace.

One of the crucial elements of purchasing decision is promotion. Promotion is fundamental marketing strategy designed to enhance consumer awareness, generate interest, and ultimately drive purchasing decisions for a product or service. It entails a range of marketing initiatives and communication campaigns designed to educate, convince, and remind prospective clients of the advantages and worth of a specific product. Through promotional efforts, businesses seek to create a strong brand presence, differentiate themselves from competitors, and influence consumer perceptions in a way that encourages customers to make a purchase. According to Kotler & Keller (2020) promotion is a range of communication efforts undertaken by companies to convey the value of the products, enhance brand awareness, and influence customers to make purchasing decisions. These promotional activities can be implemented through various

strategies, including advertising, direct selling, digital marketing, discount offers, loyalty programs, and sponsorships. By utilizing these methods, businesses aim to engage with the target audience, strengthen brand recognition, and encourage potential customers to choose the products over competitors. A strong promotional strategy plays a crucial role in drawing customer attention and encouraging customer to consider purchasing a product. When applied effectively, promotion not only boosts brand visibility but also provides compelling reasons for customer to choose a particular product over others. However, if a promotion is lack appealing or does not resonate with the intended audience, it may fail to deliver the expected results. In a competitive market, even high-quality products can go unnoticed without proper promotion, limiting the ability to reach the full potential and achieve market success.

A purchase decision represents the final and most critical phase in the decision-making process for consumers, where individuals make selection based on the personal considerations, needs, and preferences. This stage occurs after customers have gathered information, compared available options, and assessed the benefits and drawbacks of different products or brands. The choice customer make is effected by a number of important elements, such as brand image, product quality promotional efforts, pricing strategies, and external influences such as recommendations from family, friends, or online reviews. According to Kotler & Keller (2020), a purchasing decision is the outcome of a customers thorough evaluation of the various alternatives available in the market before ultimately deciding on a specific product or service. Customers often weigh multiple aspects,

such as functionality, durability, reliability, and overall value for money, before committing to a purchase. In today's highly competitive market, businesses must understand the complexities of customer purchasing behaviour and confirm that the goods or services are in line with customer expectations. Companies that focus on delivering high-quality products, maintaining a strong brand reputation, offering attractive promotions, and providing excellent customer experiences are more likely to influence consumer decisions in the favour. By effectively addressing the factors that drive purchasing choices, businesses can not only draw in new clients but also cultivate enduring client loyalty. and repeat purchases.

In addition, product quality, brand image, and promotion are an essential factor that significantly influence purchasing decisions. Companies that strategically enhance these aspects are more likely to succeed as a firm over the long run and acquire a competitive edge.

PT. Capella Dinamika Nusantara is dedicated to providing superior products that meet industry standards and consumer expectations. The company continuously strives to enhance its offerings to ensure customer satisfaction and maintain a strong market presence. However, recent market evaluations and customer feedback suggest that certain products may not fully deliver the expected benefits or meet consumer needs as effectively as intended.

Several concerns have emerged regarding product durability, consistency in performance, and the effectiveness of after-sales service. Some customers have reported issues related to product longevity, variations in quality, and dissatisfaction with the support received post-purchase.

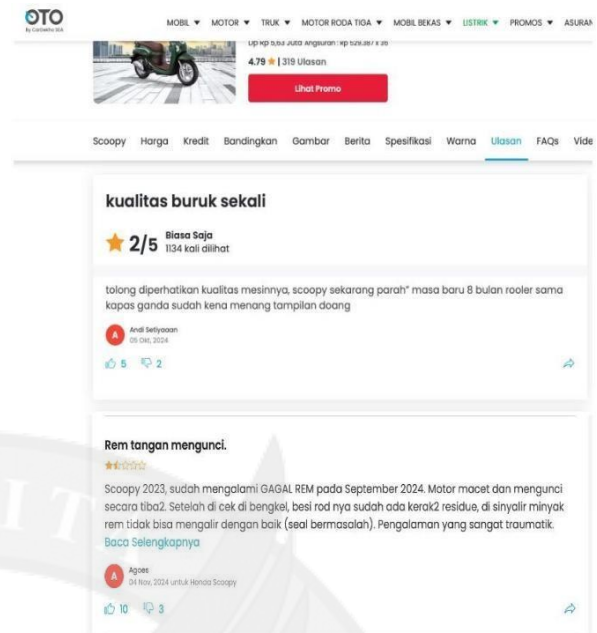


## Body Motor Honda Mudah Karatan

Sejumlah konsumen sepeda motor **Honda** mengeluhkan body kendaraan yang semakin ringkih hingga mudah pecah. Selain itu, tak sedikit pula konsumen yang mengakui bahwa kerangka sepeda motor **Honda** terbaru mudah karatan. Keluhan konsumen ini dapat dengan mudah ditemui di situs Oto.com. Oto.com merupakan situs portal otomotif yang berisi informasi otomotif, baik roda dua maupun roda empat.

"Belum genap 4 bulan memiliki Honda Vario 150 Keyless ini, impresi awal lumayan bagus, model yang kekinian dengan sudut body yang tajam dan tegas, tarikan pun gesit, diajak selap-selip di perkotaan sangat lincah. Belum lagi konsumsi bahan bakarnya yang irit untuk ukuran matic. Namun beberapa kekurangan yang baru disadari, material body yang ringkih dan kurang presisi, namun syukur isu speedometer blank tidak saya alami, mungkin belum, semoga tidak. Ditambah suara bagian CVT yang lumayan mengganggu kenyamanan, berisik. Sudah konsultasi dengan bengkel resmi, seperti tidak ada solusi. Semoga kedepan bagian kekurangan dari penerus motor ini diperbaiki, agar semakin sempurna dan menarik untuk dibeli," tulis salah satu akun bernama bagus.

**Figure 1. 2 Review of the Product Quality**  
Source: Merdeka.com (2023)



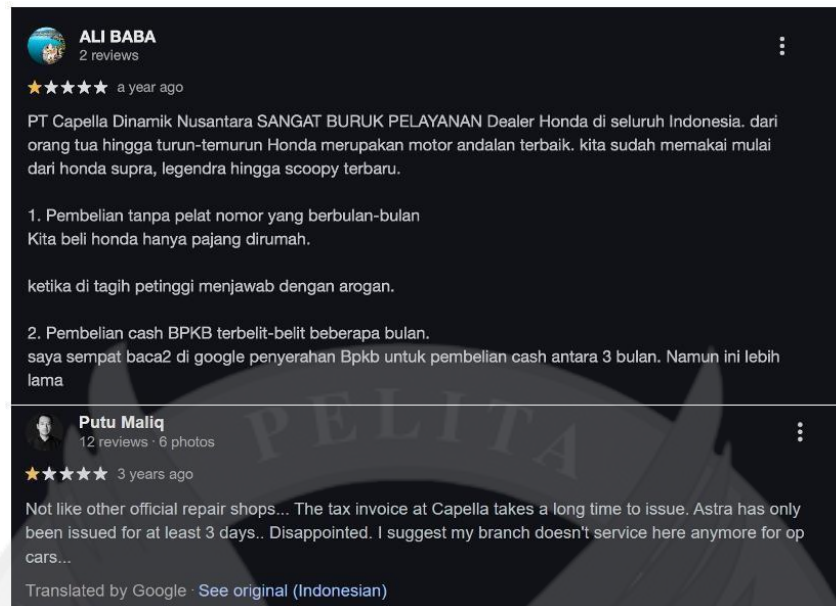
**Figure 1. 3 Review of the Product Quality**  
Source: Oto.com (2024)

Based on the figure above, there are a number of complaints from Honda motorcycle users regarding the quality of the products. Many customers have raised concerns about the fragility of the motorcycle body, its susceptibility to breakage, and the rapid rusting of the latest model frames. One notable testimonial comes from a Honda Vario 150 Keyless owner. Initially, the user was pleased with the motorcycle's modern design, responsive handling, and fuel efficiency. However, over time, the user noticed several drawbacks, including imprecise and fragile body materials, as well as unusual noises in the CVT section that disrupted riding comfort. Despite consulting an authorized service center, the user was unable to find a satisfactory solution and expressed hope for improvements in future Honda models. Additionally, one user rated the Honda Scoopy 2 out of 5 stars, expressing disappointment that several components, such as the rollers and double cotton, were damaged after just eight months of use. He felt that the overall quality of the current Scoopy had declined significantly, with its only advantage being its appearance.

Moreover, more serious review highlighted a handbrake failure in the 2023 Honda Scoopy, which caused the motorcycle to suddenly lock up while in use. A workshop inspection revealed that the iron rod in the braking system had rusted, likely due to a faulty brake fluid seal that obstructed fluid flow. The user described the incident as a traumatic experience, emphasizing its potential danger to rider safety.

In order to shape consumer impressions, influence purchasing decisions, and cultivate enduring loyalty, brand image is essential. PT. Capella Dinamika Nusantara, as a company engaged in the automotive sector, aims in establishing powerful and positive brand image to remain competitive inside market. However, recent customer feedback and market analysis indicate that the company's brand image may be facing challenges due to several issues, such as numerous customer reviews highlight dissatisfaction with various aspects of after- sales service, including the responsiveness of sales representatives and service that occasionally fall short of expectations. These factors can significantly impact consumer trust and long-term loyalty toward the PT. Capella Dinamik Nusantara brand.





**Figure 1. 4 Review of the Brand Image**

Source: Google Review(2024)

Based on the figure above, the first reviewer criticizes the company's poor service, stating that despite being a long-time Honda user, the customer experienced serious issues. The customer mentions delays in receiving the vehicle's license plate for several months, forcing customers to keep the motorcycle unused at home. When customer raised the issue with company representatives, customer claims that the company responded arrogantly. Additionally, customer also reports that obtaining the BPKB (vehicle ownership document) for a cash purchase took longer than expected, exceeding the usual three-month timeframe. Another reviewer also highlights inefficiencies in PT Capella Dinamik Nusantara's administrative services. Customer compares the company unfavourably to other official repair shops, particularly in issuing tax invoices, which customer claims take an unreasonably long time. These reviews suggest that PT Capella Dinamik Nusantara is facing significant customer dissatisfaction due to slow processing times, poor

communication, and unresponsive service, which could negatively impact the brand image.

Moreover, promotion plays a crucial role in marketing strategies, serving to enhance brand image, capture consumer interest, and drive purchasing decisions. As an authorized Honda motorcycle dealer in Indonesia, PT Capella Dinamik Nusantara faces significant challenges in optimizing its promotional tactics to stay competitive within the expanding automotive industry. The main challenges is ensuring that promotional efforts effectively capture customer attention. While the company has implemented various promotional initiatives, such as discounts, flexible instalment plans, and after-sales service incentives, there are still difficulties in expanding its reach to a broader target market. Another issue is the level of consumer awareness and engagement with these promotions. Many potential buyers may not be fully aware of or understand the promotional offers available, which can limit the effectiveness of marketing campaigns. This suggests that promotional communication may not be reaching its full potential, or that a more targeted and strategic marketing approach is needed to effectively connect with prospective customers. The intensifying competition from rival dealers, who employ increasingly aggressive marketing and promotional tactics, further adds to this challenge. Many competitors draw in customers by offering more attractive promotional programs, including significant discounts, flexible financing plans, and superior after-sales support, which may impact PT Capella Dinamik Nusantara's ability to maintain its market appeal.

In addition to internal challenges, PT. Capella Dinamik Nusantara also faces intense competition from various automotive dealers operating in the same market segment. One of the main competitors is PT Alfa Scorpii, the official Yamaha motorcycle dealer in North Sumatra, which is known for its aggressive promotion strategies, flexible financing schemes, and responsive after-sales service. These factors make it a strong alternative for customers considering motorcycle purchases. Moreover, the presence of multibrand showrooms and digital marketplaces such as Tokopedia and OLX has further intensified the competition by providing consumers with easier access to a wide range of motorcycle brands and pricing options. This increasingly competitive landscape requires PT Capella Dinamik Nusantara to continuously improve product quality, strengthen brand image, and develop more innovative and targeted promotional strategies in order to maintain customer loyalty and enhance its market share.

Through conducting this study, the researcher gains a more thorough understanding of how critical product quality, brand image and promotion influence the purchasing decision. Research's primary objective is to highlight the significance of these aspects play in influencing customer actions and choices, offering meaningful insights into how businesses can better align the strategies to meet customer expectations and strengthen customer loyalty.

Based on the study above, the researcher decided to examine how product quality, brand image, and promotion influence the purchase decision at PT Capella Dinamik Nusantara. Moreover, this study was carried out under the title **“The Influence of Product Quality, Brand Image, and Promotion on Purchasing Decision in PT Capella Dinamik Nusantara.”**

## **1.2 Problem Limitation**

Considering the problem of the variables, the writer limits the research with the independent variables and indicators: product quality (X1) indicators: durability, features and reliability ;brand image (X2) indicators: reputation, affinity and loyalty; and promotion (X3) indicators: advertising, sales promotion and public relation. This study is carried out. at PT. Capella Dinamik Nusantara, an industry operating in the automotive sector, specifically as an authorized Honda motorcycle dealer. The study takes place at the company's location on Jalan Sekip Baru No. 1- 3-5, Petisah Tengah, Kec. Medan Petisah, Kota Medan, Sumatera Utara20111.

## **1.3 Problem Formulation**

Based on the company background and the areas of focus researched in this study, the writer has developed questions that will be addressed through this research, namely:

- a. Does product quality has partial influence on purchasing decision at PT Capella Dinamik Nusantara?
- b. Does brand image has partial influence on purchasing decision at PT Capella Dinamik Nusantara?
- c. Does promotion has partial influence on purchasing decision at PT Capella Dinamik Nusantara?
- d. Do product quality, brand image and promotion have simultaneous influence on purchasing decision at PT Capella Dinamik Nusantara?

#### 1.4 Objective of the Research

Based from the background and identified research problems, this study aims to achieve the following objectives:

- a. To analyze whether product quality has partial influence on purchasing decision at PT Capella Dinamik Nusantara.
- b. To describe whether brand image has partial influence on purchasing decision at PT Capella Dinamik Nusantara.
- c. To explain whether promotion has partial influence on purchasing decision at PT Capella Dinamik Nusantara.
- d. To investigate whether product quality, brand image and promotion have simultaneous influence on purchasing decision at PT Capella Dinamik Nusantara.

#### 1.5 Benefit of the Research

Writer hopes that the research on —**The Influence of Product Quality, Brand Image, and Promotion on Purchasing Decision in PT Capella Dinamik Nusantara** will not only contribute to theoretical knowledge but also offer practical benefits to various parties in line with the research objectives. The intended benefits of this research are as follow:

### **1.5.1 Theoretical Benefit**

From a theoretical perspective, the researcher aims for this study to serve as a helpful resource for academics and researchers who are eager to carry out additional research on consumer purchasing decisions. By providing relevant insights and analysis, this research can contribute to the corpus of knowledge already available in consumer behavior and marketing. Furthermore, the writer hopes that the findings will help expand understanding of the relationship between product quality, brand image, and promotion in influencing consumer purchase decisions.

### **1.5.2 Practical Benefit**

From a practical perspective, the researcher hopes that this study can be utilized in the following ways:

a. For the writer

This research can provide a valuable reference for future studies, providing insights into the influence of product quality, brand image, and promotion on purchasing decisions. It aims to contribute to a deeper understanding of these factors and support further academic exploration in this aspect.

b. For PT Capella Dinamik Nusantara

The result of this study are aim to be useful guidance and helping the company evaluate the influence of product quality, brand image, and promotion on purchasing decision. This research can provide practical insights that aid in decision making and strategic planning to enhance customer engagement and drive sales.



c. For other researchers

The findings of this research can serve as a useful resource or foundation for future studies exploring similar topics, specifically in relation to product quality, brand image, promotion and the influence on purchasing decisions. Additionally, this study offers new perspectives and insights that may not have been covered in previous research, contributing to a broader understanding of these factors.

