

# CHAPTER I

## INTRODUCTION

### **A. Background of Study**

Globalizations era and free trade cause business competition growing competitively. Facing nowadays business condition, every company must use its best strategy and resource to survive and thrive in doing business. Businessmen compete to create creative and innovative products to meet the demand of customers. By doing so, the company's products will be purchased by the customer after the buying decision being made, the company expects most customers to frequently buy the company's product or to create loyal customers, in order to reach their sales target, and the company must keep its customers satisfaction. Because by fulfilling customers satisfaction, the customers will be loyal. The main goal of all companies is to win the market competition. Because by winning the competition, the company has customers to buy the product and eventually raise the profit.

According to Kotler (2002), the purchase decision is an act of consumers to buy or not toward a product. Of the various factors that influence consumers to purchase a product or service, the consumer always consider quality, price and product that are already known by the public.

The company must implement the right strategy to create excellent products compared to competitors product. Implementing a right strategy to grow demand is not an easy task. The Sales concept believe that consumer being left without companies sales strategy will buy the products less

regularly or frequently (Kotler, 2005). According to Kotler (2005) sales marketing is not about finding a right consumer but to find a product that fits to consumers needs.

Society as consumer nowadays are more selective and careful to choose a product. The customers view to a product have a strong connection with the quality of the product itself, quality is a main factor of the customers buying consideration before deciding to buy a product. Product quality is the key for some consumers in choosing a product to meet the needs and wants. Quality is the companies main base in marketing their products. A high quality product that meets a consumers expectation, wish, and needs could create a huge impact to a company, consumers will buy the products more frequently and regularly and loyal to the companies product.

Kotler and Armstrong (2008) stated that quality of a product is a strategic and potential tool to win the market competition. Therefore only company with high quality products that are more likely to grow steadily in long term compared to other companies.

Aside of product quality, brand image is also the main factor that influences buying decision. Setiadi (2003) stated that *brand image* is built based on personal impression, thought or an experience that is experienced by someone toward a product and subsequently will create a loyal customer based on satisfaction.

It means, the company must be able to create a brand that is attractive and easy to remember, and describe the benefit of the product in accordance

with the wishes and needs of consumers. Customers perception of a good brand image will be considered by consumers to make purchases.

In buying a product, consumers certainly conforms to economic circumstances. With a variety of considerations, the consumer decides to buy the goods according to the needs and the prices offered. Price is the amount of money required to get a combination of products and services (Private, 2008). Adjustment of prices in the market is not easy because it must conforms the ongoing economic situation.

Business competition is becoming very competitive in practice, both with similar businesses or other businesses. In the clothing business there is an unlimited and tight where there are lots of brands from a variety of manufacturers, product qualities and the variety of the offered prices, research development is chosen Rown Division as the focus of the research. Rown Division is a clothing company that was founded in 2007, and is the one of largest clothing company in Solo, Central Java, and has now started to spread to the rest of Indonesia.

Rown Division has now developed into different 3 brands. Rown Division, Pretty Rown, and Rown Junior. Rown Division itself, which is a special brand for men, teenagers and adults, with a dozens of types of categories are presented, has always been a demanded brand. The second one is Pretty Rown. Seeing the development of fashion for nowadays woman who are constantly growing, Pretty Rown use Hard & Beauty concept that makes it different from the others. The third brand is Rown Junior. The brand emerges

because of rapid development of fashion for kids nowadays, not to far behind to adult fashion. Rown Junior with the slogan “Draw Fantasy” is now available to meet the fashion needs of children, especially 2-7 years.

Form the background discussed earlier about brand image, product quality and price as the attributes that are related directly to the consumers purchase decision must be improved in order to achieve success in this business.

Therefore based on this background, it is needed to conduct a research with the title "THE EFFECT OF BRAND IMAGE, PRODUCT QUALITY, AND PRICE TOWARD PURCHASE DECISION (Empirical Study On Consumer CV Rown Division Surakarta).

## **B. Problems Formulation**

Based on the background described above, the formulations of the problem are :

1. Does the brand image of the product have effect toward purchasing decisions?
2. Does the quality of the product have effect toward purchase decision?
3. Does the price of the product have effect toward purchase decision?

**C. Research Objectives**

1. To analyze the effect of brand image of the product to purchase decision
2. To analyze the effect of the quality of the product to purchase decision
3. To analyze the effect of the price of the product to purchase decisions

**D. Research Contribution**

1. For Company

This research is expected to provide information that will be useful to evaluate the company's management, so it will be more effective and efficient to help increasing the sales volume.

2. For Researcher

This study is expected to provide information about the science of marketing management, especially regarding to consumer behavior.

3. For Further Researches

This research is expected to be a reference for further researches relating to consumer behavior.

## **E. Systematics of Writing**

Discussion of this paper is divided into five chapters that each chapter contains the following matters:

### **CHAPTER I : INTRODUCTION**

This chapter contains research background, problem formulations, objectives and benefits of the research, as well as the systematic writing thesis.

### **CHAPTER II : LITERATURE REVIEW**

This chapter contains the definition of purchase decisions, the factors that influence consumer purchase decisions, the relationship between variables, previous studies, and framework.

### **CHAPTER III : RESEARCH METHODS**

The research method contains the variables, operational definitions, sample and sampling techniques, data sources, and methods of data analysis.

### **CHAPTER IV : DATA ANALYSIS**

Data analysis and discussion, this chapter contains a general overview of the respondents, the description of perception (response) of respondents, the data analysis of the results of research and discussion.

## CHAPTER V : CONCLUSION AND RECOMMENDATION

This chapter contains the conclusions, limitations of the study, and suggestions.