

CHAPTER I

INTRODUCTION

1.1 Background

Current technological developments greatly affect the economic development of society. With the development of technology such as social media, it can help people to be more creative by utilizing social media as a means of finding information. This is evidenced by the existence of an online shopping system. According to the KBBI, Social Media is a page or application that allows users to create various content or engage in social networks. Kotler and Keller in Irwansyah et al (2021) define social media as a tool or method used by consumers to share information in the form of text, images, audio and video to other people and companies or vice versa. Social media has led to an increase in online sales. With online shopping currently causing many companies to promote their products on their social media, one of the products that use social media as a place of promotion is health and beauty products PT. Mahkota Sukses Indonesia (MSI).



Figure 1.1 : Logo PT. Mahkota Sukses Indonesia
Source : profil PT. Mahkota Sukses Indonesia

PT. Mahkota Sukses Indonesia (MSI) is a company engaged in Health and Beauty sector. Business Multi-Level Marketing PT. Mahkota Sukses Indonesia (MSI) is conducted through social media (Facebook, Instagram, Whatsapp and other online platforms), although they sell online, buyers can receive the goods by meeting directly with the seller or can be sent if they are blocked by a long distance. MSI's multi-level marketing business is widely spread among the

community, starting from housewives, students or even all people who want to get additional income. Everyone wants a perfect appearance, someones effort to look perfect for himself by looking for or finding various products or services to make themselves perfect by paying attention to whether or not consumers are compatible with these products. PT. Mahkota Sukses Indonesia provides various products ranging from facial, hair, body care products and medicines for health that can be used for various ages. PT. Mahkota Sukses (MSI) offers products that consumers are looking for, introducing MSI products through social media by displaying several product choices that have many functions for consumers. Beauty and health products from MSI can be found in several cosmetic shops or shopping center or can be purchased at MSI product members in various regions, especially in Bengkalis City, Riau, Indonesia.



Figure 1.2 : Product of PT. Mahkota Sukses Indonesia
Source : Mitra MSI Medan

Bengkalis City is one part of the distribution of MSI products, with the distribution of sales of MSI products, the strategy used to determine consumer purchase intention in purchasing decisions is through testimonial promotion. Purchase Intention is part of the behavioural component in the attitude of consuming. Consumer purchase intention is the stage where consumers form their choices among several products that are incorporated in the choice set, then in the end make a purchase on an alternative that they like each other or the process that

consumers go through to buy an item or service based on various considerations. (Annafik in Gama et al, 2020).

The purchase decision is influenced by basic psychology which plays an important role in understanding how consumers make their purchasing decisions (Kolter and Keller in Irwansyah et al, 2021). The purchase decision is also an integration process that evaluates two or more alternative behaviours and chooses one of them (Peter and Olson in Indrasari, 2019). Purchase decisions arise when consumers have an interest in a product offered by the manufacturer. Consumer purchase intention can be influenced by the promotions offered or through Testimonial Promotions displayed on social media.

Testimonials are a way to assist consumers in determining a decision to use or buy the products or services offered that are obtained from third parties. Testimonials are a method used to build trust, where information published on social media must reach out and take sides with many people, not just personal interests (Andrew Griffith in Rostianto et al, 2019). In a business, many consumers are willing to give their criticisms and suggestions for the products or services they buy and many businesses display some testimonials from their customers in the form of images, messages or videos of the results of using these products. The Testimonial variable was chosen for the reason of wanting to know how much influence Testimonial Promotion has on consumer purchase intention in purchasing decisions product PT. Mahkota Sukses Indonesia (MSI) in Bengkalis City.

The theories related to this research include consumer purchase intentions, purchase decisions and testimonial promotions. According to Hermanda et al (2019), the research resulted in a significant negative effect, both social media influencers and self-concept on purchase intention, in contrast to brand image which had a significant positive effect. According to Rostianto et al (2019), the results show that testimonials have a significant effect on purchasing decisions, brand image has a significant effect on purchasing decisions. Based on the F test, Testimonials and Brand image have a significant effect on purchasing decisions. According to Nursyirwan and Ardaninggar (2020), promotion has a positive and

significant effect on purchase intention, promotion has a positive and significant effect on consumer confidence between variables there is no significant influence between consumer trust and purchase intention, Website quality has a positive and significant influence purchase intention and consumer trust. However, promotion and website quality have no significant effect on purchase intention with consumer trust as an intervention. Putri and Niowardono (2021), the variables Brand Image, Service Quality, and Social Media Marketing simultaneously and partially have a significant effect on purchasing decisions. Putri and Soliha (2022), product quality and promotion have a positive and significant effect on purchasing decisions. Satrio and Pudjoprastyono (2022), Testimony has a significant effect on Buying Interest while Endorsement has a significant effect on Buying Interest.

Based on the background, this research will focus on discussing “**The Influence Of Consumer Purchase Intention On Purchase Decisions with Testimonials Promotion as moderating variable Of Product PT. Mahkota Sukses Indonesia (MSI) In Bengkalis City**”.

1.2 Formulation of the problem

Based on the background of the problem described above, what will be discussed in this study are: How is the Influence Of Consumer Purchase Intention On Purchase Decisions with Testimonials Promotion as moderating variable Of Product PT. Mahkota Sukses Indonesia (MSI) In Bengkalis City.

1.3 Purpose of the study

Based on the formulation of the problem, the objectives of this research are to find out and analyze :

1. The effect of Purchase Intention on Purchase decisions for Products PT. Mahkota Sukses Indonesia (MSI).
2. The effect of Purchase Intention on Purchase Decisions with Testimonial promotion as a moderating variable of products PT. Mahkota Sukses Indonesia (MSI).

1.4 Significance of the study

Each research is carried out to obtain useful benefit for all parties concerned. The benefit expected by the author in conducting this research include the following :

1. Benefits for author

This research is expected to increase knowledge in matters relating to the theory of consumer purchase intention in purchase decisions with testimonial promotion as a moderating variable.

2. Benefits for the Faculty

This research is expected to be an additional reference for science or reading resources for other readers to find out how the influence of consumer purchase intention on purchase decisions with testimonial promotion as a moderating variable.

3. Benefits for Reader or Society

This research is expected to add insight related to the influence of consumer purchase intention on purchase decisions with testimonial promotion as a moderating variable on company product sales.

1.5 Scope and Limitation of the problem

Based on the background of the problem that has been described, the authors can identify the scope of this research, namely about consumer purchase intention in purchase decisions for MSI products with testimonial promotion as a moderating variable in Bengkalis City. The author limits the problems to be discussed to be more focused, conceptualized and not out of topic.

1.6 Writing System

In order for the writing of this thesis report to be systematic and neat, it is necessary to write a systematic report. The following is a systematic thesis report writing :

CHAPTER 1 : INTRODUCTION

In Chapter 1, explains the background of the problem, problem formulation, research objectives, research

benefits, scope and limitations of the problem as well as writing a systematic report.

CHAPTER 2 : LITERATURE REVIEW

In Chapter 2, explains the previous theories and previous research that will be used in completing the research.

CHAPTER 3 : RESEARCH METHODOLOGY

In Chapter 3, the implementation plan will be explained, starting from the location, object of research, types and sources of data, population and sample, sampling technique, data collection technique, data processing technique, measurement scale, test of validity and reliability, data analysis methods, research hypothesis, research model, types of research, concept definition and operational variable.

CHAPTER 4 : RESULT AND DISCUSSION

In Chapter 4, it explains the results of the research, discusses the research results obtained and the limitations of the research.

CHAPTER 5 : CONCLUSION AND SUGGESTION

In Chapter 5, the author will explain the conclusions and suggestions of the research conducted.