

CHAPTER I

INTRODUCTION

1.1 Background

Indonesian society, both in city and rural areas, are currently spoiled with the aid of the presence of numerous purchasing centers, despite the fact that consumers are only in one place. The consumptive nature of society influences modern day lifestyle, this circumstance is an possibility for shops to open retail stores as community buying facilities, this also triggers opposition within the retail commercial enterprise in Indonesia. Retail business competition is currently very tight to gain the desires of each retail business. The retail business in Indonesia has advanced from conventional retail to trendy retail, such as mini-markets, supermarkets, hypermarkets, department stores, purchasing centers, distribution stores and plazas. this is what requires manufacturers to be important in following the adjustments that arise.

There are numerous modern retail agencies in Indonesia, one of which is PT Duta Intiguna Yasa with the call MR. D.I.Y it is one in all the largest retailers in Asia Pacific. MR. D.I.Y opened its first store on Jalan Tuanku Abdul Rahman in July 2 005 and has now grown to become the biggest home development store in Malaysia, Singapore, Thailand, Brunei, the Philippines and Cambodia. MR. D.I.Y was based with the concept of "Always Low Prices" that apply in each store. because of this each quality product supplied constantly has an affordable charge and there is no distinction in price among any shops across the archipelago.

Presently, consumers are interested by promotions that provide direct benefits, especially promotional activities that arise in stores which include price discounts for purchases. discount is a kind of pricing method by decreasing product expenses. reductions not handiest encourage customers to make purchases to businesses, consumers also assist businesses increase sales (Qiscus, 2022). aside from that, in purchasing activities, purchases made by means of consumers are

primarily based at the consideration of the benefits provided by means of the product or higher referred to as utilitarian value. based on Hanzae in Cahyono (2019) states that consumer conduct that is oriented toward utilitarian values is a price that consumers consider objectively and rationally. Utilitarian value is the value of how much someone wants to get the product based on the function, nature, and effectiveness of the product (Paramitha and Aulia in Cuandra, 2022).

In purchasing decisions, discount prices have an crucial position as well as utilitarian value. fulfillment in providing price discounts is an important element in advertising. This advertising and marketing approach will generate sales for the business enterprise. In other words, discounted prices for competitive advantage in addition to utilitarian value in product can also inspire consumer purchases. But consumers have a variety of various behaviors that often change in a short time while deciding to buy. based on Susmonowati and Royani (2022) in shopping, customers have a variety of various behaviors and regularly trade in figuring out a purchase. From a making plans perspective, consumer purchases can be categorized into planned purchasing and unplanned purchasing.

To make an unplanned purchase (impulse buying), usually consumers will try to enter and see the types of promotion provided. consumers have a tendency to compare products from one store to another in order that promotion is used as a method of fair opposition inside the business world. This advertising will exchange the mind-set of purchasers causing them to make purchases all of sudden without wondering that consumers have made purchases that had been planned in advance. Engel et al in Harahap and Amanah (2021) outline unplanned shopping for as an act of purchase made without previous making plans or a purchase decision made while in the store.

The new shopping center in Bengkalis Regency in the last five months is MR. D.I.Y that's located within the place of Jl Ahmad Yani. MR. D.I.Y comes with centers that can compete with different shopping centers, presenting ten income classes ranging from tools, accessories, glassware, stationery, sports device, children's toys, gifts and cellular telephone accessories, earrings to cosmetics. MR. D.I.Y is an opportunity for the people of Bengkalis to shop. Sales promotions which

are accomplished intensively have an impact on customers to make unplanned purchases.



Figure 1.1 MR. D.I.Y Bengkalis Store
Source: beritainhu.co, 2022

In this case the promotion strategy carried out by MR. D.I.Y in Bengkalis to influence consumers who trigger unplanned purchases to increase sales volume in business activities to generate business income. Therefore, this study was made to look at the effect of price discounts on impulsive buying decisions and the effect of price discounts with utilitarian value as a moderating variable on impulsive buying decisions. Based on the background above, this research will be further investigated in the form of a proposal entitled: **Influence of Price Discount on Impulse Buying Decision with Utilitarian Value as Moderating Variable at MR. D.I.Y Bengkalis Store.**

1.2 Formulations of the Problem

Based on the background of the problem above, it can be formulated the problem to be solved in this research, namely:

1. How to price discount affects impulse buying at MR. D.I.Y Bengkalis store?
2. How to price discount affects impulse buying with utilitarian value as moderating variable at MR. D.I.Y Bengkalis store?

1.3 Purposes of the Study

The purpose of this research is to find out the things to be achieved. The research objectives to be achieved in this study is to find out:

1. To determine the effect of the price discount factor on impulsive buying at MR. D.I.Y Bengkalis Store
2. To determine the effect of the price discount on impulse buying with utilitarian value as moderating variable at MR. D.I.Y Bengkalis store.

1.4 Significances of the Study

The benefits expected in conducting this study include the following:

1. For the author
This research is expected to be useful for training, applying, improving and adding insight and knowledge as well as better understanding the theories obtained during lectures. The author also wants to increase knowledge in the field of marketing strategy, especially regarding customer satisfaction and price.
2. For the business owners
This research can provide input or contribution of thoughts for retail business development to find out how customer satisfaction with products, price discounts on products, and make customers believe and repurchase products.
3. For the International business administration study program
This research can provide input for study programs and provide additional useful information for students in conducting research or similar problems and developing in the future or wishing to conduct more research.

1.5 Scope and Limitation of the Problem

To limit this research, this research only examines price discounts, utilitarian value and purchases. The object of research and the scope of this research includes two independent variables, namely price discounts and utilitarian value, and one dependent variable, namely impulse buying.

1.6 Writing System

The systematics of writing research with The Influence of price discount on impulse buying decision with utilitarian value as moderating variable at MR DIY Bengkalis Store are as follows:

CHAPTER I: PRELIMINARY

Chapter I explains the background of the problem, problem formulation, research objectives, research benefits, scope and limitations of the problem, as well as the systematics of writing research in the final project report.

CHAPTER 2: LITERATURE REVIEW

Chapter 2 describes the previous research, literature review and framework.

CHAPTER 3: RESEARCH METHODOLOGY

In chapter 3 explains the location and object of research, types and sources of data, population and samples, sampling techniques, data collection techniques, data processing techniques, scale measurement, validity and reliability testing, data analysis methods, hypotheses, models, and types of research, definitions concept and operational variables as well as research schedule and budget.

CHAPTER 4: RESULTS AND DISCUSSION

Chapter 3 describes the results of the study which contains a description of the research object, characteristics of the respondent, statistical descriptive testing, and hypothesis testing. Explain the discussion of the research and the limitations of the study.

CHAPTER 5: CONCLUSION AND RECOMMENDATION

Chapter 5 explains the conclusions and recommendations after the research has been carried out.

REFERENCES

APPENDICES