

## CHAPTER I

### INTRODUCTION

#### 1.1 Research Objective Overview

##### 1.1.1 Corporate Profile



Figure 1.1 Teh Botol Sosro Logo

Source: <https://twitter.com/tehbotolsosroid>

PT Sinar Sosro is the first ready-to-drink bottled tea company in Indonesia and the world. It is officially registered on July 17, 1974, by Soegiharto Sosrodjojo, located on Jalan Raya Sultan Agung KM. 28, Medan Satria, Bekasi.

In 1940, Sosro family started their business in Slawi City, Central Java. PT Sinar Sosro produced and marketed the products brewed tea with brand “The Cap Botol”. In 1960, Soegiharto Sosrodjojo and his relatives moved to Jakarta to establish the Business to Jakarta’s citizen.

In 1965, their effort to introduce Teh Cap Botol was done through tasting strategy, such as visiting the center of the crowd like a market. And then, they cook and brewed tea on the spot. But this way wasn’t very successful. Sosrodjojo tried new strategy marketing, the tea put in big pans to be brought to the market using

pickup car. Again, this way wasn't successful since most of the tea spilled on the way from the office to the market.

Finally, Sosrodjojo found an idea to carry the brewed tea in the office and packaged into ex-ketchup bottle or lemonade that already cleaned. In 1969, Sosrodjojo has an idea to sell tea that ready to drink, with the brand Teh Botol Sosro. The name was taken from the brewed tea "The Cap Botol" and the founder's family name, "Sosrodjojo".

The Botol Sosro uses real and natural raw materials only. The tea leaf is picked out of own farm and then processed into fragrant tea, a green tea mixed with jasmine tea and gambier flower. So Teh Botol Sosro's flavor is unique.

In running their business, PT Sinar Sosro held a noble philosophy: the goodwill. The goodwill is described into 3K and RL which have meanings:

- a) Care about the quality
- b) Care about the security
- c) Care about health of product
- d) And eco-friendly

Up to this day, PT Sinar Sosro has 14 factories in all over Indonesia: Medan, Palembang, Pandeglang, Jakarta, Tambun, Cibitung, Ungaran, Gresik, Mojokerto, and Gianyar. Not forget to mention the factory that produces Prim-A mineral water in Sentul, Sukabumi, Purbalingga, and Pandaan. (\*data from 2014)

Beside domestically, PT Sinar Sosro also spread their wings to the international market by exporting one-way packaging (non-glass bottles) products to several countries in Asia, America, Europe, Africa, Australia, and the Pacific Ocean. Today, PT Sinar Sosro produces The Botol Sosro, Fruit Tea Sosro, S-Tee, Tebs, Country Choice, and Prim-A Mineral Water.

### **1.1.2 Research Background**

Drinking tea is a community habit in some countries including in Indonesia since time immemorial until now. Indonesia is one of the countries that produce the best tea in the world. In 2015 the International Tea Committee noted Indonesia

produced 129 thousand tons of tea. This amount places Indonesia as the world's 7th largest tea producing country (berita10.com, 2017). The habit of drinking tea has covered all classes, from teenagers to elders, drinking tea is also suitable at all the times, at morning, afternoon, evening and also at night time. With the development of the era, the presence of tea in the packaging make customers enthusiasts because customers do not have to brew tea again. So, it makes great opportunities for producers to make and offer instant tea in the packaging.

Tea RTD (Ready To Drink) is one of the favorite soft drinks that Indonesian consumers enjoy besides mineral water and other fruit-flavored beverages. This type of beverage is usually served in cold conditions so it gives a fresh effect especially when the hot weather during the day, this type of drink is suitable for tropical climates such as in Indonesia. In addition, this ready-to-drink tea offers convenience to the consumer, so that consumers do not have to bother to wash the pack after drinking tea, consumers just need to throw off the packaging tea in into the trash.

Tirto.id said packaging beverage market in Indonesia is tempting. Based on data from British research company, Euromonitor International, packaging beverage market in Indonesia is very large. Reaching Rp 85 trillion in 2014, up about 15 percent from 2013, the figure is around Rp 73 trillion. Packaging tea has 30 percent of the market, or about Rp 25.5 trillion. Just beaten by the mineral water market.

Soft drinks can be easily obtained in various places, ranging from roadside stalls, supermarkets to large malls. Soft drinks are consumed by all people from various educational, work background, age, also gender. With the consumption of soft drinks that are so broad, soft drink are not luxury goods but common goods that available anywhere so it can be easy to find. There are so many brand of tea packaging, Teh Botol Sosro, Teh Pucuk Harum, Teh Gelas, Freashtea, Nu Green Tea, Fruit Tea, MYTEA, Tebs, etc. But who is the market leader of Tea RTD? Until now, the market leader is Teh Botol Sosro. Here the market share chart of soft drinks Indonesian with existing brands can be explained in the chart below:

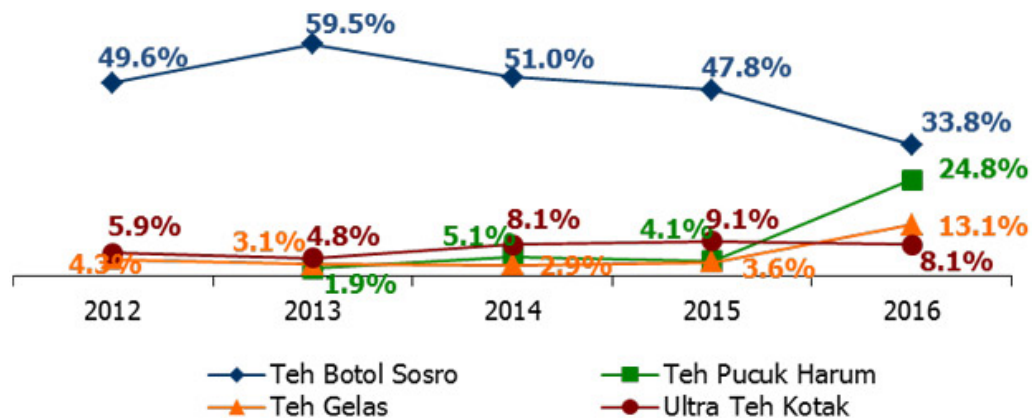


Figure 1.2 RTD Tea Market Leader

Source: topbrand-award.com, 2016

Based on the chart above, it can be known that Teh Botol Sosro is the market leader. Teh Botol Sosro became the top brand leader most purchased by consumers every year which already has an established brand image as the pioneer in ready-to-drink tea bottle. Teh Botol Sosro is the top the list of other competing brands of tea RTD that are Teh Pucuk Harum, Ultra Teh Kotak, and freshtea. Although Teh Botol Sosro always in the first position, it is not impossible that The Pucuk Harum can replace the top brand index, because it can be seen that Teh Pucuk Harum always increase every year, Teh Pucuk Harum is a brand new if compare with another brand, The Pucuk Harum just launched at 2013. But, Teh Pucuk Harum can occupies second position in market leader. Therefore, the marketing strategy always needs to be done by the company in order to influence consumers' purchasing decisions towards Teh Botol Sosro, so Teh Botol Sosro can maintain its existence as the biggest holder of the market and won't be overtake by other competitors.

According to Kotler and Armstrong (2012: 174) there are five stages in the consumer purchase decision process that is Problem Recognition, Information Search, Evaluation of Alternatives, Purchase Decision, Postpurchase Decision.

W&S digital marketing Indonesia also do a research to examine which one is the most RTD tea bottle Indonesian Popular Brand, and here are the results:

Table 1.1 popular tea RTD brand index

January, 2017							
Rank	Brand	Top of Mind	Expansive	Ever Used	Last Purchased	Intention	Popular Brand Index
1st	Teh Botol Sosro	23.7	35.3	26.4	23.7	80	26.7
2nd	Teh Pucuk Harum	12.4	21.4	22.3	18.8	70.8	18.3
3rd	Teh Kotak	19.3	9.6	10.3	9.5	64.6	12.7
4th	Teh Gelas	10	12.2	9.8	5.1	57	9.2
5th	Nu Green Tea	6.6	7.3	7.8	12.6	52.5	8.6

July, 2017							
Rank	Brand	Top of Mind	Expansive	Ever Used	Last Purchased	Intention	Popular Brand Index
1st	Teh Botol Sosro	28.8	36.8	24.9	22.9	78.4	27.9
2nd	Teh Pucuk Harum	11.6	22.7	22.5	17.7	66	18.1
3rd	Teh Kotak	16.6	8.3	10.6	10.5	61.9	11.9
4th	Teh Gelas	9.5	11.4	9.7	5.5	53	8.9
5th	Fretea	6	5.7	8.2	9	47.3	7.3

Source: nusaresearch.com, 2017

From the table, it can be seen that the first rank is Teh Botol Sosro, second is Teh Pucuk Harum and the third is Teh Kotak. Nevertheless, under that circumstances The Pucuk did not stand still. Mayora is brave enough to spend a quite high budget on mass media in order to plant the word 'Pucuk'. According to Adquest Nielsen, on 2011, The Sosro spent expenditure on ads of Rp 49,97 billion. Meanwhile, Mayora spent twice as much of Sosro which is Rp 94,55 billion. On the next year, January-October 2012, The Sosro accept Teh Pucuk Harum's challenge to increase ads spend up to Rp 129,26 billion. As if won't to be outdone, Teh Pucuk Harum added their ads spend to Rp 131,84 billion. This thing is one of the reasons why Teh Pucuk, even though it's a quite new brand, but still can beat its competitors.

On the other side, Teh pucuk harum also differentiate their packaging. It can be said that Teh pucuk harum is a pioneer in tea with bottle size of 350ml. This smaller packaging open up opportunities for Mayora to suppress highest retail price offered to the market. Teh Pucuk Harum sold in the market with Rp 2000-3500. It is an affordable price compare to others in range of Rp 3000-6000. In the end, this economic packaging creates a pricing point that's suitable for target market of RTD

Tea which has high bargaining position, sensitive to price changes, and low switching cost. A low price creates eagerness for consumers to try.



Figure 1.3 Customer Loyalty

Source: tirdo.id, 2016

Based on figure above, explain that consumer of Teh Botol Sosro decreased by as much as 13%, the digit 13% is not exactly a small number, but a fairly large number to draw all the declines. In this case, Teh Botol Sosro should be careful and think about its consumer loyalty.

Every brand has their own price for each bottle, here are the comparison for the price:

Table 1.2 Price of Soft Drink

Beverage	Price
Teh Pucuk Harum Less Sugar 350ml	Rp 2,530
Teh Pucuk Harum Botol 350ml	Rp 2,560
Teh Pucuk Harum 480ml	Rp 5,040
Teh Gelas Original	Rp 2,730
Javana Teh Melati 350ml	Rp 2,500
S-tee Jasmine Tea 500ml	Rp 4,900
Sosro Teh Botol Reg Pet 450ml	Rp 6,200
Sosro Teh Tawar 450ml	Rp 6,050
Sosro Teh Botol Less Sugar 450ml	Rp 6,200
Sosro Teh Botol Greentea Pet 450ml	Rp 6,200

Source: Data Process, 2017

From the table, it can be seen that Teh Botol Sosro is more expensive if compare with the other brand

Kotler & Armstrong, 2014:76) Marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the large market. The marketing mix consist of everything the firm can do to influence the demand for its product. The many possibilities can be collected into four groups of variable, 4ps: The 4 Ps are Product, Place, Price Promotion.

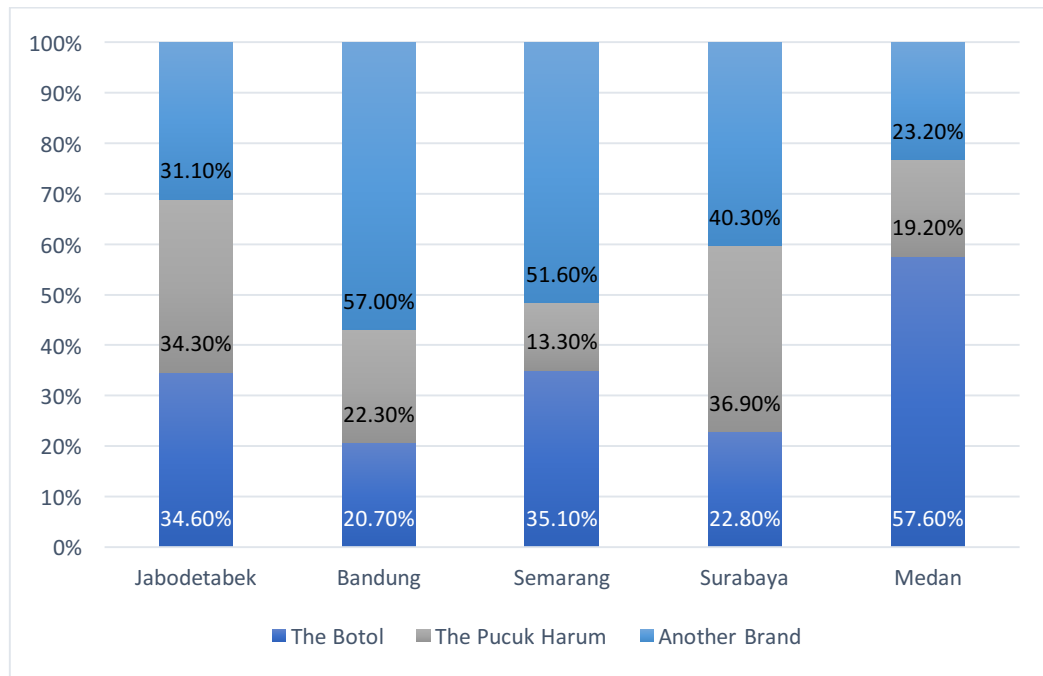


Figure 1.4 Chart of tea RTD brand in each city

Source: [www.topbrand-award.com](http://www.topbrand-award.com), 2016

The statistic above explains that Teh Botol Sosro dominates sales almost throughout the city. This proves that Teh Botol sosro is the most purchase brand by consumers in every city but in Bandung. Bandung is the city with the least Teh Botol market share among five biggest cities mentioned above.

Based on the description to find out how effective the price on Teh Botol Sosro soft drink decision, it is necessary to conduct research entitled "**THE INFLUENCE OF BRAND IMAGE AND PRODUCT PRICE IN PURCHASE DECISION ON SOFT DRINK**" (CASE STUDY: TEH BOTOL SOSRO CUSTOMER IN BANDUNG)"

## **1.2 Problem Statements**

The importance of brand image to the company is undeniable, because brand image can impact to the purchase decision. To pursue the needs of the company, company should make their brand has a good brand image around the consumer.

One of the way to enhance the purchase decision, also to increase the demand from the consumer, price is one of the factor from marketing mix. To learn whether there is any influence of product price to purchase decision, then this research is done

## **1.3 Research Questions**

As for the formulation of problems in this study are:

1. How much factors that affect brand image positively and significantly towards purchase decision in Bandung?
2. How much factors that affect product price positively and significantly towards purchase decision in Bandung?
3. How much factors that affect brand image and product price simultaneously and significantly

## **1.4 Research Objectives**

The purpose of this study are:

1. To know how much factors affect brand image positively and significantly towards purchase decision in Bandung
2. To know how much factors affect product price positively and significantly towards purchase decision in Bandung
4. To know how much factors that affect brand image and product price simultaneously and significantly

## **1.5 Significance of the Study**

This research is expected to be used by the parties in need. Benefit of this research are:



### **1.5.1 Academic Uses**

Add insight and Knowledge for Authors about the influence of price on purchase decision process soft drinks (Case Study: Teh Botol Sosro Customer in Bandung).

### **1.5.2 Practical Uses**

Providing information and knowledge about the influence of price on purchase decision process soft drinks (Case Study: Teh Botol Sosro Customer in Bandung).

### **1.5.3 General Uses**

The results of this study are expected to be a reference for further research or similar research.

## **1.6 Systematic of Writing**

### **A. CHAPTER I INTRODUCTION**

This chapter is describing the review of the research object, research background, problem statement, research objective, and scope of research

### **B. CHAPTER II LITERATURE REVIEW**

This chapter contains a description of literature review, theories related to research and solution of the problem, theoretical framework and scope of the study.

### **C. CHAPTER III RESEARCH METHODOLOGY**

This chapter contains the type of research used, the operationalization of variables and measurement scales, phases of the research, population and sample, data collection validity, and reliability test, and data analysis techniques.

### **D. CHAPTER IV RESEARCH ANALYSIS AND RESULT**

This chapter describes the characteristic respondent, result of research and discussion about the result of research itself.

### **E. CHAPTER V CONCLUSION AND SUGGESTION**

In this chapter will be described on the conclusions of the results of the study, and also given good suggestions for PT. Sinar Sosro current or for further research.