

CHAPTER ONE

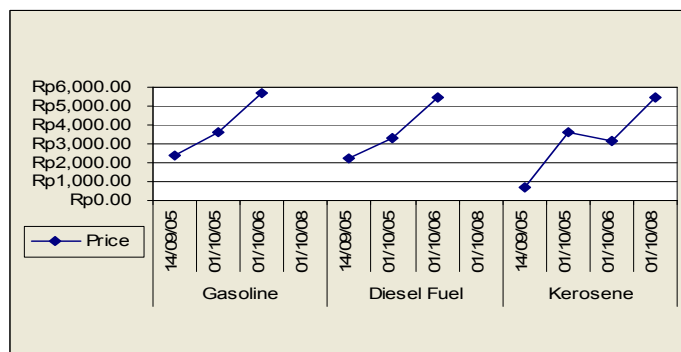
INTRODUCTION

I.I. Background of The Study

Monetary crisis has caused the growth of Indonesian National Income to decline year by year. This condition is worsened by the problems which arose in August 2005. The problems which affected most are the increase of world gasoline price which reached US\$ 70 per barrel and the rupiah exchange rate to the US\$ weakened to Rp 10.000,00 per US\$ 1. The graphic below shows the estimation of the rise of fuel price in Indonesia: (Sources translated from: Tempo, September 2005)

Picture 1.1

The Estimation of Fuel Price in Indonesia



The increase of gasoline price has a bad effect on the economy in Indonesia because it influences the inflation to be worse and automatically resulting economic problems because most of the costs in economy increase such as the price of food, the loan of bank rates increases. This condition demands the companies to adjust this unstable condition in order to be able to survive.

In contrast to this bad condition the property business in the secondary market increases. The dominant sectors in the secondary market are housing, shops, kiosks, and apartments. Based on the newest data from Pusat Studi Properti Indonesia (PSPI), period 2000 – 2007 the capitulation value reaches Rp 320 quintillions. It is three times bigger than before the crisis (approximately Rp 120 quintillions).

The increase of property business has caused strict competition among property companies. There are many property developers in Indonesia which are doing expansion in this business such as: Ciputra Group, Lippo Group, PT. Fajar Surya Perkasa, PT. Jakarta Kemayoran, Pakuwon Group, Lyman Group, etc. Based on the research and market analysis by Pusat Studi Properti Indonesia (PSPI), the increase of capitulation value of business property which includes housing, apartments, malls and trade centers, hotels, offices, and shops in 2005 reached 11%. In 2004 it was Rp 63 quintillions and in 2005 it increased to Rp 70 quintillions.

In this thesis I choose the property business in Bandung city for my case analysis because the property business in Bandung is growing up and

developing well after it has been buried for a long time, and the big development is in the sub sector of housing as stated by the Head of DPD REI (15 March 2006, www.panagian.com)

Lyman Group is one of the biggest property developers in Indonesia. Kota Baru Parahyangan, which is the first self-contained city in Padalarang, Bandung, is one of their big scale projects. This project was owned by Lyman group, which started in the mid 1998. It is the first city scale project in Bandung which includes all municipal facilities and functions. With a projection of more than 100.000 residents, it is expected to be a self-contained city that provides welfare to its residents and the people in the neighboring areas both spiritually and materially. This self-contained city is aimed to form a new and pleasant community. There are so many people from Bandung or other cities come to visit Kota Baru Parahyangan and they are interested to buy the housings there. The consumers buy the housings for many reasons such as to fulfill their need of housing, for investment, etc. Usually the consumers' buying motives are influenced by some factors such as the marketing stimuli (product, price, place and promotion) as one of the consumers' buying motives. Because of that reason I choose consumers' buying motives at Kota Baru Parahyangan as the topic of my analysis. I observe that the price of houses at Kota Baru Parahyangan is higher than the other housings especially in Bandung. However, the higher price and the location of Kota Baru Parahyangan in Padalarang (in the suburb of Bandung city) do not make the demand decrease. In contrast, the sales always increase year by year. This fact makes me curious about this phenomenon and I decide to

choose “The Case Study of Consumers’ Buying Motives at Kota Baru Parahyangan” for the title of my thesis.

I.2. Identification of The Case

1. What are the consumers’ buying motives at Kota Baru Parahyangan?
2. How does Kota Baru Parahyangan improve the marketing stimuli in order to fulfill the consumers’ buying motives?

I.3. Objectives of The Study :

1. To investigate what the consumers’ buying motives at Kota Baru Parahyangan are.
2. To suggest improvement for the marketing stimuli in order to fulfill the consumers’ buying motives at Kota Baru Parahyangan.

I.4. Limitation of The Study :

I would like to focus on the consumers’ buying motives at Kota Baru Parahyangan which is located in Padalarang, in the suburb of Bandung city. In this thesis I would like to analyse the consumers’ buying motives through three factors which can influence the consumers in the buying process. The three factors are external factor, internal factor, and marketing stimuli. In this case, for the marketing stimuli, I do not analyse “place” as one of the marketing stimuli elements because Kota Baru Parahyangan does not have the distribution characteristic. Because of that reason, I would like to focus on the other

elements; they are product, price, and promotion. I have done an observation, conducted an interview and distributed questionnaire to some marketing staff and Kota Baru Parahyangan consumers to obtain some important data to support my analysis.

I.5. Layout of the Thesis

This Thesis starts with an Abstract, and a concise summary of the entire paper in Indonesian. The Abstract is followed by the Preface, in which acknowledgements are given to those who have contributed and involved in the writing of the thesis. After that are the Table of Contents and the Appendices, followed by its four chapters:

Chapter I Introduction to the study

Chapter II Theoretical review of the basic theories or concepts related to the case study

Chapter III Case analysis of the study, including ways of collecting data, information, and discussion of important findings.

Chapter IV Conclusion, in which major statements are made along with some suggestions or implication for further study.

Following the Conclusion is the Bibliography, in which I present alphabetically the references used for the case study.