

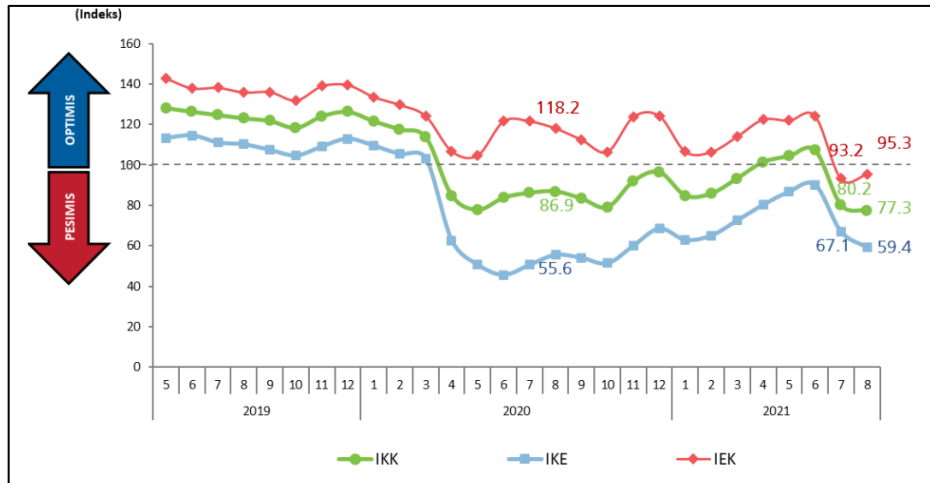
CHAPTER I

INTRODUCTION

1.1. Background

The rapid development of the industry has resulted in increasingly fierce industrial competition. This intense competition has resulted in companies vying to attract customers. One way that companies do this is by paying attention to consumer behavior. Consumer behavior describes what consumers want, need, and includes the reason why consumers make purchases and what factors encourage and influence purchasing decisions. This is very important to consider because it covers a lot of ground: it is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas, or experiences to satisfy needs and desires (Solomon et al, 2012).

The Covid-19 pandemic has had a very broad and massive effect on various dimensions of people's lives, both in the fields of social and economic relations, and business. In addition, the Covid-19 pandemic also affecting on consumer behavior, for example, providing a new phenomenon in terms of psychology and consumer decisions to make purchases of necessities which are very different from before (Hutauruk, 2020). During this pandemic, the consumer is considered more conservative and cautious in buying various products for survival (Nabila, 2020). The change in customer behavior can be seen in the decline in people's purchasing power through the CCI (Customer Confidence Index). The CCI value was analyzed from the index of economic conditions and the index of consumer expectations. CCI can be used as a measure of household consumer behavior in spending. Below is a graph of the decline in the CCI at the beginning of 2021.



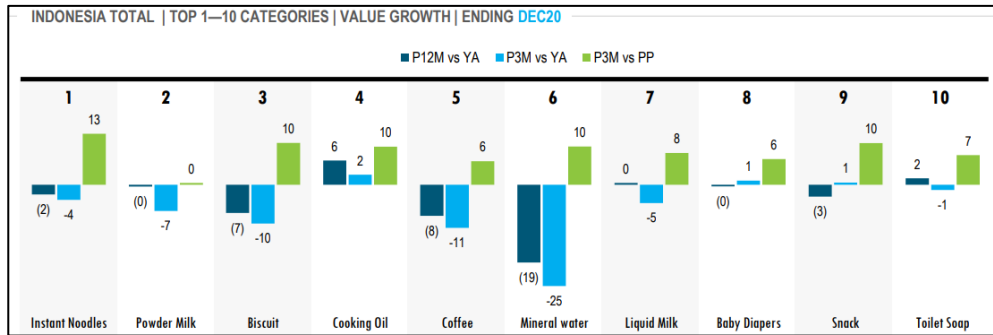


Figure 1. 2 Most Top 10 Categories Product
(Source: Nielsen Data, 2020)

On the other hand, bottled water appears to be a promising market based on the percentage of households that pick bottled water as their primary source of drinking water. According to the National Socio-Economic Survey of BPS-Statistics Indonesia from 2013 to 2020, about half of Indonesian households chose to consume bottled water. This is seen in **Figure 1.3** below.

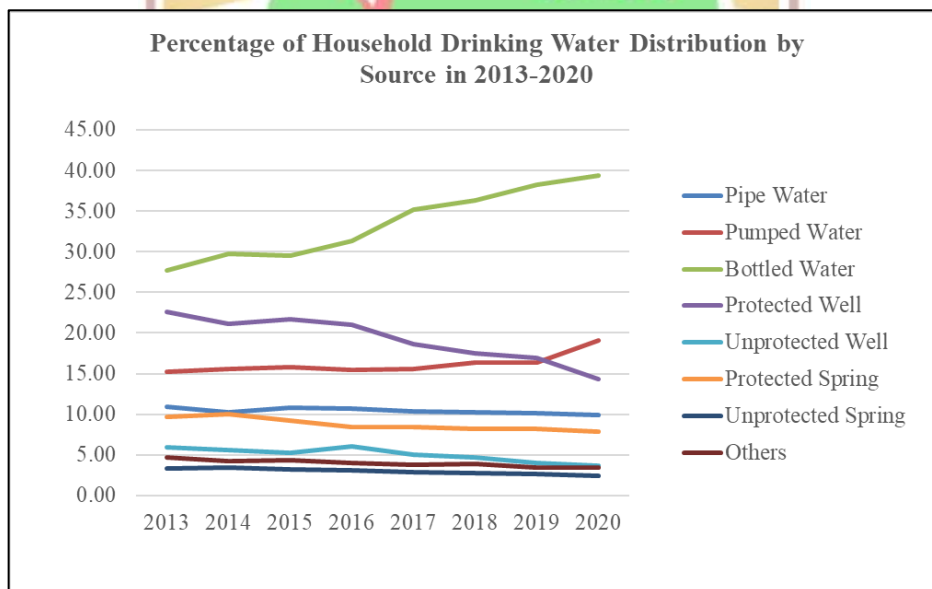


Figure 1. 3 Household Drinking Water Distribution by Source
(Sources: BPS-Statistics Indonesia, 2013-2020)

Competition in bottled water companies can be seen from the increasing number of bottled water companies emerging. Currently, there are around 1,023 bottled water companies registered with a range of 7,780 bottled water products (mediaindonesia.com, accessed on October 5, 2021). The number of companies with the same type of industry certainly makes increasing competitiveness very

important. Therefore, it is necessary to increase product competitiveness to be able to dominate the market and grow rapidly. There are several internal aspects to improve competitiveness, namely the quality aspect to maintain consumer trust.

Consumer trust includes consumer knowledge about the product, benefits, and attributes of the product. Product attributes are characteristics contained in an object. Factors that affect customer trust are very important to study because customers are the central point of marketing attention and the development of market trading shows that more products are offered than demand. This excess supply causes many products to be unsold or not consumed by consumers (Firmansyah, 2018). Moreover, today's customers have so many brand choices, they are more concerned than ever about knowing and trusting items before making a purchase.

Based on the explanation, it is necessary to analyze factors affecting consumer trust in the quality of bottled water. This study will discuss what are the crucial factors that affect consumer trust. These are the factors that hold the most weight and have the most impact on customer trust. These factors can be a reference for companies in improving customer trust and product quality. In addition, this study discusses the differences in crucial factors that affect consumer trust before and during the Covid-19 pandemic considering that there are differences in consumer behavior in pandemic based on the previously established phenomenon of seeing changes in consumer behavior.

1.2. Problem Formulation

Based on the background, the problem formulation of this research are:

1. What are the crucial factors affecting customer trust in the quality of bottled water products before and during the covid-19 pandemic?
2. What are the differences of crucial factors affecting customer trust in the quality of bottled water products before and during the covid-19 pandemic?

1.3. Research Objectives

The objectives of this research are:

1. To determine the crucial factors affecting customer trust in the quality of bottled water products before the covid-19 pandemic and during the covid-19 pandemic
2. To analyze the differences of crucial factors affecting customer trust in the quality of bottled water products before and during the covid-19 pandemic.

1.4. Research Scope

The scope of this research describes as follows:

1. The research was conducted on residents in Padang who met the criteria as respondents according to the topic
2. Respondents who will fill out the questionnaire are customers of bottled water for at least 1 year

1.5. Outline of the Report

The outline of this research consists of 3 (three) chapters:

CHAPTER I

INTRODUCTION

This chapter contains the background of the research, objectives of the research, scopes of the research, and outline of this research report

CHAPTER II

LITERATURE REVIEW

This chapter discussed the literature used to support the research.

CHAPTER III

RESEARCH METHODOLOGY



This chapter contains the research systematically. The stage of the research consists of a preliminary study, literature study, problem formulation, data collection, data processing, and discussion.

CHAPTER IV DATA COLLECTION AND DATA PROCESSING

This chapter contains data collection and data processing.

CHAPTER V DISCUSSION

This chapter contains the analysis and discussion about factors classified, crucial factors affecting customer trust before and during the Covid-19 pandemic, and the differences.

CHAPTER IV CONCLUSION

This chapter contains the conclusion and suggestions for the future research

