

CHAPTER 1

INTRODUCTION

1.1 Background

In this time, without our realization people have a lot of choices to purchase clothing. With that there are some fierce competition with the clothing brand in Indonesia. People really want to look good each day and they get really bored towards their clothing really fast, that is why the fashion or clothing market is always growing from time to time in Indonesia.

There is even a research that is done by yougov that said that Indonesian people especially the millennials are really consumptive towards clothing. 41% of the millennials have 50% or more of their clothes bought from the past 12 months. They throw away a lot of their older clothes, and these are the reasons.

Table 1.1

Reason to Throw Away Clothes

Reason Why Millennials Throw away Clothes	Percentage
No Longer Fits	60
Damaged	37
Has a Fault	30
Few Season Behind	27
Bored	21
Unfashionable	16
Buy Impulsive on Sale	5
Buy of one Occasion	5
A Friend is Wearing it	6
Remind of the Past	4
Other	3
Don't Know	1
Don't Throw Away	2

*Each person can choose more than 1 reasons

(<https://id.yougov.com/en-id/news/2017/12/06/fast-fashion/>)

While Indonesia have a huge amount of population, in fact the 4th largest in the world with 260 billion people as of July 2017. And the habit of the people are quite consumptive toward the clothing. That is why there are a lot of clothing store in Indonesia. And the stores are growing each year like Uniqlo as of now there are 15 stores already around Indonesia.

Uniqlo was first founded in 1984 in Japan, but it the brand name was Uni-Clo then after an input mistake by the employee, which is they put the c to q then it was changed until now. By 2001 they already have over 500 stores around Japan, but they don't have any stores across the world. Uniqlo first open their global stores in 2002 in China and then followed by United Kingdom which they open up directly 4 stores. After that they keep expanding to the whole world and keep getting bigger, until now they have more than 1400 stores in 18 countries. (Uniqlo.com) Uniqlo open their first stores in Indonesia in 2013 after they see a big opportunity to be able to sell their product in great number in Indonesia.

From the start Uniqlo already target their market towards the teenagers and young adults. That is why all of their product are following the current trends, which is good because a lot of their product can sold out even after they do a really huge production quantity. Unlike their competitor which are H & M and Zara, three of these brand are fast fashion and they sell affordable clothes. But they have their own characteristic. They have the same target segmentation which are the teenagers and young adults. Yet Uniqlo can have some of their product sold out really fast, but H & M and Zara can't do that. Uniqlo also have a lot more technology in their clothing rather then just the style like in Zara and H & M. Also according to Nikkei Asian Review Uniqlo have the highest growth rate in South East Asia, which will make them surpass their competitor in South East Asia which are Zara and H&M.

(<https://asia.nikkei.com/Business/Companies/Uniqlo-to-double-Southeast-Asia-footprint-by-2022>)

We can't deny that one of the main reasons that really matters to a lot of people is price. Uniqlo have such a low price in for their product, but that doesn't mean they cut the quality of their products. One of the reasons Uniqlo can put such a low price for their product because Uniqlo use cheap labour in China after Japan have recession in the 1990s. Price can also determine the quantity of the products people buys. Because if the clothes are expensive then people won't throw it away that easily. Uniqlo also updated their clothing each month, even with that update they don't up the price for their clothes. Uniqlo even discount the last season clothing. And that makes a lot more people willing to buy their product because the price become very low, and for people that don't really care for last season clothing will buy them impulsively because the price is very low but the quality is good. Sometimes the price are even cheaper than the clothes with no brand at all. And the price of Uniqlo products are really competitive with H&M, while Zara prices are always higher then the other two.

But not only the price people will look trough the product quality too. They will think if the quality is worth the price they are going to pay for. That makes product quality one of the factor for people to look after to purchase their products. Because most of the people will look and check the product thoroughly first then they will decide whether they will buy the product or not. People tend to see and feel the product first then decide if the quality is good enough for the price that have been tagged to the product. People usually consider the fabrics that the brand uses, and of course the style of the clothing.

Country of origin is also a main factor for the consumer to have intention to purchase or their mindset towards the brand image. "Country-of-origin affects consumers' ratings on only certain attributes of products, but not consumers' overall evaluations of the products, the majority of previous studies indicate the salience of country-of- origin in overall product evaluation" (Johansson, Douglas, and Nonaka, 1985). People are usually biased to some certain countries especially if they really like their country. Like now days people are

really obsessed about Japan, that is why there are a lot of opportunities for Uniqlo because it is from Japan. Just like denim brands, people who know and like denim, they will find brand denim which are made in Japan, because Japanese denim are really popular which makes people perception toward the country of origin is important. Same goes to high end fashion brand, people usually buy a lot more high end fashion brand that is from Europe. Cars too, some people want it from Asia, and some people want the European cars. People are usually biased toward some country, and that makes country of origin really is important. Country of origin can also have some impact on the style of the brand. In Uniqlo the product are more minimalistic yet still trendy in their sizing and cutting of the clothes, which is Japanese clothing style.

People always do some research first about the brand that they want to buy. That is why country of origin have some impact on the brand image and their purchase intention. Because if the country that the product come from is a more prestige then the people would trust the brand more and have a bigger purchase intention. Like for example if there is a thing from China and a thing from Japan then the people usually would think that the one that is from Japan have better quality and higher price while the Chinese one have lower quality. That is why the competitors are H&M and Zara which the country of origin are Sweden and Spain, which are Europe country. But that makes Uniqlo even more unique because, it is from Asia and the other two are from Europe which makes them a bit similar to each other.

But Uniqlo still really need to build up their reputation in Indonesia so that they don't lose to the other competitor. Because Uniqlo is the latest to come in to Indonesia, they really need to build is their Brand Image towards the citizen towards their clothing harder then the other. So that people will percieve Uniqlo brand image is good, then after that the people will trust the brand and they will start buying the products.

So the first thing that a company need to do, so that they can have people want to buy their product is that they need to build their brand image. "A Brand is defined as a name, sign symbol or even combination of these two that identify

the maker or seller of the product” (Kotler, 2002). Then Brand images “is the sum of total of impressions the consumer receives from many sources: from actual experience and hearsay about the brand itself as well as its packaging, its name, the company making it, the types of people the individual has been using the brand, what was said in its advertising, as well as from the tone, format, type of advertising vehicle in which the product story was told”.

With a good brand image people will see the company more trust worthy and they will have more intention to buy the products. As of now Uniqlo in Indonesia keep growing each year they have some new stores, that means they are doing a good job on building their good brand image in Indonesia because people keep coming in and buy their products. Uniqlo have the brand image as good quality goods with reasonable price, with updated fashion sense that is why a lot of people love to buy clothes from Uniqlo. While in the world Uniqlo already in the top 100 most valuable brand according to Forbes.com, which makes Uniqlo brand image really good.

Usually after they see and do some research from the product, which makes them know the prices, quality, the country of origin, and the brand image of the product. Then they will have intention of purchasing the product or not. If they think that the requirements are met with their standard then they will have the intention to purchase the product that they have been researching about.

1.2 Research Question

Based on background above, the research question is as follows:

1. Does Product Quality have influence towards Purchase Intention of Uniqlo in Surabaya?
2. Does Perceived Price have influence toward Brand Image of Uniqlo in Surabaya?
3. Does Country of Origin have influence toward Brand Image of Uniqlo in Surabaya?
4. Does Country of Origin have influence toward Purchase Intention of Uniqlo in Surabaya?

5. Does Perceived Price have influence toward Purchase Intention of Uniqlo in Surabaya?
6. Does Brand Image have influence toward Purchase Intention of Uniqlo in Surabaya?

1.3 Objective Study

The objective of the study is as follows:

1. To analyse the influence of Product Quality on Purchase Intention of Uniqlo in Surabaya
2. To analyse the influence of Perceived Price on Brand Image of Uniqlo in Surabaya
3. To analyse the influence of Country of Origin on Brand Image of Uniqlo in Surabaya
4. To analyse the influence of Country of Origin on Purchase Intention of Uniqlo in Surabaya
5. To analyse the influence of Perceived Price on Purchase Intention of Uniqlo in Surabaya
6. To analyse the influence of Brand Image on Purchase Intention of Uniqlo in Surabaya

1.4 Research Purpose

In this study, Expected the results of research can be input for some parties that is:

1.4.1 Academic

Expected to be able to inform the reader to understand the effect of Country of origin, price, collaboration, brand image towards buying intention of people in Indonesia for Uniqlo.

1.4.2 Practical

It is expected that this research can be input to Uniqlo future plan in Indonesia on their regarding their price, collaboration, brand image towards buying intention of people in Indonesia

1.5 Systematic of Writing

This research is divided into five chapters. The details of each chapter are shown below:

CHAPTER 1: INTRODUCTION

This chapter describes the research topic and the aim of this research. This includes the background, research question, objective, scope of research, significance of research, and finally the chapter outline.

CHAPTER 2: LITERATURE REVIEW

This chapter provides the brief description of previous study that is used and the theoretical framework that has been used throughout the study. Some concepts are used to analyze the results and findings of the study.

CHAPTER 3: RESEARCH METHOD

This chapter provides a brief explanation of how the data was collected and how these data will be analyzed to achieve the objective of this research.

CHAPTER 4: ANALYSIS AND DISCUSSION

This Chapter contains data description, data analysis, and discussion. It is also discussing respondent description, research variable statistic description, and hypothesis testing

CHAPTER 5: CONCLUSION, LIMITATION AND SUGGESTION

This chapter is the closing of this study and gives conclusion and suggestion for the research object and for the consumer or researcher to do a further research