

CHAPTER I

INTRODUCTION

The introduction to the research paper is the initial part and the part that consists of the research background, problem formulation, research questions and research objectives, research benefits, and all of which are important information needed to understand research.

1.1 Background

Fashion is everyone's reference in expressing their style of dress with taste and beauty that they like. Fashion is very dynamic, fashion will not stop or settle at that time, fashion will still move even though every year it changes very quickly. Fashion has its own reference for providing information to fashionistas and what is currently developing in society. Fashion week is the answer, fashion week provides a reference for each of the latest fashion items.

In the world of fashion retail, where online shopping is fast-paced and shops are trying to keep their inventory active, even a small amount of unsold clothing can be a bad sign. The pile of shirts, dresses, and accessories That's the problem facing H&M, the Swedish fashion retailer, which is struggling with piles of unsold inventory. H&M outlines the improvements in its latest quarterly report, raising questions about whether the company is able to adapt to intense competition and changing consumer demand that is reshaping the global apparel market. Signs of growing unsold inventory began to emerge, as an unexpected drop in quarterly sales was reported. The decline is the first in two decades, a period in which H&M has grown from a single women's clothing store west of Stockholm to a giant network of 4,700 stores worldwide (Panton, 2017).

The scale of the issue reflects the size of H&M - as one of the largest clothing manufacturers in the world, it produces hundreds of millions of items every year. There are so many that the power plant in Vasteras, the city where H&M set up its first shop, relies in

part on burning defective products that retailers can't sell to create energy. Analysts have pressed Karl-Johan Persson, the company's chief executive, on this issue. Inventory levels are going up, Persson said, when H&M opens 220 new stores and expands its e-commerce operations, it needs to fill the shelves.

However, critics blame poor inventory management and disappointing product offerings, prompting once-loyal buyers to take their wallets elsewhere. H&M insisted it had a plan, saying it would cut prices to reduce inventory and slow expansion in stores. He hopes his online business will grow 25 percent this year. However, Mr. Persson, the grandson of the H&M founder, admits that the industry's rapid transformation is weighing on his company.

Analysing customer behaviour considers investigating customer buying, consumption, and usage patterns, at both the individual and organizational consumer levels. And understanding the factors behind consumer choice and behaviour has been at the core of developing marketing strategies and pricing policies since the inception of modern marketing (Serirt et al, 2000). To understand the main pricing elements that influence the purchase and consumption of a product it is necessary to do research.

Competition is the most burdensome thing for every brand, especially in fast fashion. This has been responded a lot by making their respective strategies, to be able to conduct brand competitions to conduct fashion marketing communications, where there are many discussions such as advertising editorial coverage, product placement, collaboration, events and sponsorship, guerrilla marketing and marketing vira, web presentations. Brands often use collaboration as their choice to advance sales by working with one of the most famous designers or individuals to become their brand ambassadors. Collaboration itself has various types such as celebrity endorsement, celebrity placement, co-branding. These three things are used in the world of fashion so that many big brands like ZARA and UNIQLO use this method to increase their prestige with the aim that people think the brand is good because collaboration has an impact on consumers that the brand they see is a brand that has good value.

People who have a strong interest in placing celebrity people are the most successful at providing collaborations because celebrities have the advantage of influencing people to have an interest in a brand. Each brand collaborates with the aim of increasing its sales. Each brand has its own idea of who they will choose to work with. They will definitely take a detailed look at the opposites of their collaboration with this brand and will know what brand they want to create. After working together, they must make a contract or agreement with the collaborating party so that each brand is made clear, usually each collaboration brand has a high profit because everyone's interest in the collaboration makes that person curious about the products produced by the collaboration.

Very good collaboration for each brand that they use as a weapon to get a wider market and also reduce marketing costs, expand business boundaries, and create new brands. Collaboration also has a limited nature both in the contract and in the goods to be contracted, this is when people have collaborative items, that person will feel more or proud of the collaboration because the goods issued are limited. Collaboration is also very much done in fast fashion like H&M. With this they also want the same thing, which is looking for a broad market and against its competitors.

Collaboration itself is two forms that combine a business form and a general strategic marketing form. The former includes symbiotic marketing and hybrid marketing and the latter includes branding, materials, and co-marketing. Symbiotic marketing is when the companies involved in the collaboration are actually competitors in the same industry. Each company can maintain its own brand when working together. Hybrid marketing is when the companies involved in the collaboration are in different industries and each company maintains its own brand while collaborating with each other. Co-branding launches a new product by combining existing corporate brands with affiliated company brands. Ingredient branding is creating a brand by implementing an important part of an existing brand product. The emergence of this collaboration supports fast fashion like H&M to make their retailers even better.

Celebrities have their own value when they do something, fashion is also one of the closest things to celebrities because they need it to play in the entertainment world with these celebrities giving a very high influence on the people they know and many people like them. It's also picked up by fast fads like H&M. They do very good collaborations with celebrities who are contracted by H&M and get paid according to the deals they have made. H&M has collaborated with well-known celebrities such as Justin Bieber, The Weekend, Beyonce, and many more. This collaboration has been responded to very positively by H&M customers, as evidenced by fast sales and enthusiastic buyers.

Research data consists of surveys aimed at specific customer groups. The ten respondents are all aged 15-25 years, women and men who all regularly shop at H&M. The survey results produce several things that must be considered by the company. 8 out of 10 respondents stated that the quality of service they received did not influence their decision to shop at H&M. However, when respondents were asked about their reactions to the poor quality of customer service at H&M, 8 out of 10 respondents also said that they likely did not continue the buying process at H&M but bought a similar product from a competitor.

The conclusion of this study is that because the quality of service to customers expected at H&M is not very high, the company must focus on the quality of its service to achieve a competitive advantage over its competitors. The quality of customer service can have a big impact on a company's sales.

1.2 Problem Formulation

The problem faced by H&M companies is that the increasing number of clothing brands on the market can lead to increasingly fierce competition between companies. The tighter competition in providing price and quality levels among clothing brand companies in the world, so that companies must compete on price and continue to carry out various promotions to increase company revenue.

Of all the explanations that the authors provide regarding the background of the problem, the authors want to explain whether there is still an influence between product prices, service quality, and brand promotion on purchasing decisions in a company, while the authors focus more on this study. at a fairly popular fashion retail store in the capital, H&M. So that the authors can formulate for research "ANALYSIS OF THE INFLUENCE OF PRICE, SERVICE QUALITY, AND BRAND PROMOTION ON PURCHASE DECISION AT H&M LIPPO KARAWACI FOR PELITA HARAPAN UNIVERSITY STUDENTS".

1.3 Research Questions

1. Is there a positive influence of H&M prices on purchasing decisions at Pelita Harapan University?
2. Is there a positive influence of H&M service quality on purchasing decisions at Pelita Harapan University?
3. Is there a positive influence of H&M brand promotion on purchasing decisions at Pelita Harapan University?

1.4 Research Objectives

1. To identify whether there is a positive effect of price on purchasing decisions.
2. To identify whether there is a positive effect of service quality on purchasing decisions.
3. To identify whether there is a positive effect of brand promotion on purchasing decisions.

1.5 Study Significance

With this research, the authors hope this research can contribute and benefit academically for the company. And also, can be useful for:

- 1. For theoretical:**

This research is expected to provide benefits for research and as a reference for further research on the effect of product prices, service quality, brand promotion on purchasing decisions at Pelita Harapan University.

2. For Practitioners:

This research is expected to be useful and beneficial for fashion business owners or companies to be able to determine the effect of product prices and product promotions on increasing sales of the products they sell. And can find out the reasons and criteria for products consumed by consumers

3. For respondents:

This research is expected that respondents can show the results of the effect of price, service quality, brand promotion on purchasing decisions

4. For higher educational intuition:

For All Business School, it is hoped that this research can become an insight for the faculty so that it discusses more topics regarding price, service quality, brand promotion, and purchasing decisions on the subject concerned.

5. For further researchers:

For future researchers who will discuss the subject "price, service quality, brand promotion and purchasing decisions", it is hoped that this research can help and add to be a reliable reference for the subject.

1.6 Research organization

1.6.1 Chapter 1 Introduction

This chapter will discuss the background, problem formulation, research questions and objectives, the significance of the research, and all the organizations involved in the research. In addition, this chapter will illustrate the discussion of this topic.

1.6.2 Chapter 2 Literature Review

This chapter will explain all the theories that researchers used by experts during the preparation of this report, all the variables during the preparation of this report, as well as explain the relationship between variables and the research model.

1.6.3 Chapter 3 Research Methodology

This chapter will describe this research paradigm, research objectives, research strategies, researcher intervention, study settings, unit analysis, time horizon, data collection, sampling, measurement, and finally data analysis. In addition, this chapter will discuss the methodology used in this study.

1.6.4 Chapter 4 Results and Discussion

This chapter will try to test the validity and reliability of this study and discuss the results of the sample data used by other researchers and process them to conclude the hypotheses formulated in the previous chapter.

1.6.5 Chapter 5 Conclusions and Suggestions

This chapter concludes this report and provides useful recommendations for any researcher who wishes to investigate this case further.