

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Every country needs business to grow, because business makes an important part in contributing to GDP in all countries. It includes product business and service business. Business provides jobs, goods, and services for the economy. Every business faces some challenges in providing good quality products and maintaining and enhancing their brand image in order to achieve customer's interest in purchasing. They also must compete against other similar companies with good strategies, in order to achieve greater awareness with their potential customers. For these reasons, fashion industry must measure product quality and enhance their brand image in order to gain interest from their customers.

When it comes to selling things such as fashion items, knowing which attributes affect customer's purchase decision is very important. To get people to buy your products, one must understand how consumer makes their purchasing decisions. Knowing what makes customers buy or not buy your products will help not only improve the product but devise an appropriate marketing strategy. That is why it is important to conduct some research on customer's purchase decision. Millwood A (2020) stated that for businesses to maximize their profit, they have to pay attention to every stage in the buying process. Consumers don't buy things without a reason. Their behavior is determined by many factors. It is important to

understand every stage of the decision-making process, so that the company can implement a good strategy that can boost sales.

Product quality and brand image are important. As fashion changes every year, performing research to understand customer's decision making towards buying products is important. Therefore, it is important to study how to improve brand image, and product quality, and their influence on customer purchase decision.

The value of global footwear market was \$365.5 billion in 2020. It is estimated to reach \$530.3 billion by 2027 (Marketdataforecast, 2020). The industry has some well-established competitors, such as Toms and Vans. These companies compete using their brand image and making marketing campaigns that boost their brand images. The quality of shoes must meet the expectations of the customer as well.

Shoes are a major need for humans. Most of Indonesian citizens use shoes to support their activities. One of the shoes that have become a trend for Indonesians is Wakai. Wakai footwear is an original Indonesian brand. It has a unique design, good comfort, and it also suits for all ages. Wakai brand is one of Metrox group company brands. Metroxgroup is a company founded in 2004. It was founded by two people Ms.Charley Seliang and Mr.Freddie Beh. They recognize themselves as a lifestyle retail group. They sell fashion items by multiple different brands. One of them is Wakai. Wakai shoes were inspired by Japan's fashion, and it was established for the first time in 2012. Wakai is

fashionable and it is inspired by a special lifestyle, which is seen in their comfortable and casual shoes.

Wakai has made a brand that is associated with Japan. The name is Japanese, the logo has Japanese Katakana letters, and the logo looks like the Japanese flag. By creating this Japanese oriented brand image, it can attract consumers. Some people will be happy to purchase a non-Indonesian product just for that reason. They will feel proud to own something that seems to originate from Japan. Japanese products are also associated with good quality, which makes the consumers trust the brand from their first impression. One thing that breaks the Japanese illusion is that the store does not look or feel like a Japanese store. They also use western models instead of Japanese models. The company holds brand image in high regard, and therefore tries to emphasize on customers having good experience in the store by instructing their employees to treat the customers well and to be polite. They also try to make the experience more pleasant by using signature aromatherapy smells in the store. These can make the experience more pleasant to the consumer, which builds the brand image.

In Medan, there are two Wakai stores, which are in Sun Plaza Medan in KH. Zainul Arifin No.7 street, and Centre Point Medan in Jawa No.8 Street. The store design and specialities are the same with other Wakai stores in other cities. A special signature that they use is aromatherapy smells. The store looks like a vintage European style rather than a Japanese style. Ms. Nicole Seliang also stated that the Medan Wakai store theme is the same with the main store in Jakarta since it is a Wakai store standard.

Wakai uses carefully selected material to make the shoes feel light and comfortable. Their design is also made with easiness to wear in mind. One of the issues consumers have been experienced with Wakai shoes is that the size is inconsistent. They have also had trouble returning the product as the company didn't want to give a refund or to exchange the product. This can make the consumers look elsewhere when buying shoes.

Therefore, the goal is to determine how brand image and product quality can influence the customer's purchase decision.

The two independent variables chosen for the research are brand image and product quality. There are previous studies done that have found that brand image and product quality have influence on customer purchase decision.

We know that making a good first impression is important, especially in business. Brand image creates recognition in the minds of their potential customers. Customers might feel more satisfied and feel safer to purchase the brand that they already know. Customer who looks for good quality products often searches for a brand that is well known. A solid brand image has a direct influence on consumers' buying decisions.

Brand image is an idea, belief, or impression that someone holds about a brand. Cahyani (2017) wrote that brand image as a set of impressions, beliefs, and attitudes that consumers have in their minds.

Product quality could be defined as characteristics or features that fulfill the customer's needs, and maintain the industry standards, so that there are no

deficiencies in the product. In case of shoes, this could be characteristics such as comfort, durability, material, and aesthetics.

Product quality is also an important property that consumers consider when making purchase decisions. Product quality could be defined as characteristics or features that fulfill the customer's needs, and maintain the industry standards, so that there are no deficiencies in the product according to Bhasin (2020).

Wakai is not in a monopoly market. They have many different competitors who have been a strong brand far before Wakai was launched for the first time in 2012. For that reason Wakai should understand customer purchase decision and how their customers perceive the brand image and product quality of Wakai to improve their strategy and increase their sales in the future. Some of competitors that Wakai is competing with are listed in the table below. The price range for Wakai shoes is Rp 250.000,- – Rp.1.500.000,-.

Table 1.1 Wakai competitors

Competitor	Attributes	Price
Toms	Similar material. Very similar design.	Rp. 500.000,- to Rp. 2.500.000,-
Vans	More material options. More design options. Some similar design but higher price	Rp. 699.000,- to Rp. 2.599.000,-
Converse	Similar material, Shoe shape is pretty much fixed, but there are many design options. higher price	Rp. 700.000,- ~ Rp. 1.600.00,-

Source: Prepared by the writer (2021).

The main competitor of Wakai is Toms. They have a very similar shape of shoes, with the same material used, but compared to Wakai Toms has a higher price. This can be competitive advantage for Wakai. The similarity of the shoes can be seen in the table below.

Table 1.2 Wakai and Toms shoes example

Source: Prepared by the writer (2021).

As it can be seen from the table 1.2, Wakai product design is very similar to Toms product design. They also mostly use the same material, which is canvas. But, Toms has been building their brand image since 2006, while Wakai only started in 2012. This makes Toms much more well-known to most youngsters compared to Wakai.

The total quantities sold is an company asset that may not be posted, thus Ms. Nicole Seliang can only give the total yearly sales in percentages from the last 5 years. The percentages sales from the last 5 years are as follows:

Table 1.3 Wakai Sales 2016-2020

% Sales in Indonesia		% Sales in Medan	
Year	Percentages	Year	Percentages
2016	29%	2016	25%
2017	20%	2017	29%
2018	23%	2018	19%
2019	17%	2019	18%
2020	11%	2020	9%
TOTAL	100%	TOTAL	100%

Source: Prepare by Metrox Group company (2021)

As we can see from the table above, the sales in Medan in 2016 was 25% and it increased to 29% in 2017, but it went down by 10% in 2018, and by 20% in 2020 compared to 2017.

1.2 Problem limitation

The research subjects will be customers who bought Wakai shoes either offline or online. Random customers who have purchased Wakai shoes will be asked to fill a questionnaire. As Indonesia is too large scope, the location will be limited by using customers only from Medan. There will be no gender or age limitations.

1.3 Problem Formulation

The questions that must be answered based on the description of the background of the study are:

1. Do brand image and product quality affect customer's purchase decision of Wakai products?
2. Does brand image influence customer purchase decision of Wakai products?
3. Does product quality influence customer purchase decision of Wakai products?

1.4 Objective of The Research

The research objective is defined as:

1. To analyze if brand image and product quality influence customer's purchase decision of Wakai products.

2. Find out does brand image influence customer purchase decision of Wakai products.
3. Find out does product quality influence customer purchase decision of wakai products.

1.5 Benefit of The Research

1.5.1 Theoretical Benefit

Theoretical benefit of this research is expected to be useful in strengthening the theory of marketing management, especially in determining how brand image and product quality influence the customer's purchase decision.

1.5.2 Practical Benefit

The practical benefits can be split into three parts: the benefit for the writer, the benefit for the company, and the benefit for other researchers.

1.5.2.1 The Benefit For The Company

To give information how the brand is perceived, how the product quality is perceived and how it is affecting the customer's purchase decision.

1.5.2.2 The Benefit For The Writer

To provide information about marketing management, stressing out how brand image and product quality influence customer's purchase decision.

1.5.2.3 The Benefit For Other Research

To give some source data for future research about similar subjects. and to provide relevant data.