

CHAPTER I

INTRODUCTION

1.1 Background of the Study

World fashion trends are growing rapidly in Indonesia. Various models and types of clothing continue to emerge which are warmly welcomed and enthusiastic by fashion lovers (<https://investor.id/lifestyle.com>, retrieved in 2022, July 15). Fashion is one of the important things that cannot be separated from the appearance and style of everyday life. Things like clothes and the accessories worn are not just body coverings and embellishments, more than that it also becomes a communication tool to convey personal identity. Fashion is not only about clothes and accessories a kind of jewelry such as necklaces and bracelets, but objects other functional combined with sophisticated design elements and unique into a tool that can show and boost the appearance of the users so as to form the values that want to be communicated from what is shown.

The Gross regional Domestic Product (GDP) of the apparel and textile industry at prevailing prices (ADHB) amounted to Rp180.22 trillion in 2021. If measured by GDP on a constant price basis (2010), the national apparel and textile industry contracted 4.08% last year compared to the previous year. The contraction was the second time in 2 years in a row. The contraction is in line with the community's consumption expenditure for clothing, footwear, and maintenance services which experienced growth of minus 0.06% last year. People's consumption last year was more aimed at meeting the needs of restaurants and hotels (grew

3.87%), then transportation and communication (grew 2.62%), as well as housing and household goods (grew 2.19%). The domestic apparel and textile industry is still slumped due to changes in people's consumption patterns during the after pandemic. However, the demand for Indonesian apparel and textile exports has increased. This is what makes the contraction experienced by the apparel and textile industry in 2021 not as deep as the previous year. For information, Indonesia's textile and apparel exports grew 17.74% to US\$6.9 billion in 2021 compared to the previous year which was only US\$5.85 billion. The United States is still the main market share of National Textile and apparel exports with a value of US\$3.87 billion, or about 56.13% of total exports. (<https://databoks.katadata.co.id> retrieved in 2022, September 5)

Various diverse and innovative retailing formats emerged as competitors for supermarkets (PWC, 2012). To compete with these new arrivals, supermarkets had to reconsider their offerings and implement strategies that are challenging and difficult for competitors to emulate. In this respect, Levy and Weitz (2012) found that traditional supermarkets use strategies to compete successfully by differentiating their products and services from other competitors. This they do by the freshness of perishables; focusing on the needs and wants of health-conscious and multi-cultural consumers; offering superior value with reduced cost private-label merchandise; and providing customers a shopping experience better than those of competitors.

A positive in-store customer shopping experience provides a competitive advantage that enhances the value that a customer gets from a visit to a supermarket.

Unfamiliar and complex competitive environments, and well-informed customers who continuously demand value are major forces that require the development and offering of a pleasant in-store customer shopping experiences to ensure that customers purchasing supermarket again in the future (Sánchez-Fernández et al., 2009). To provide a pleasant in-store customer shopping experience for their customers, supermarkets initially focused on offering more services to customers. The arrival of new food retailing formats later necessitated supermarkets to expand their services to compete successfully with these newcomers. Examples of newer competitors are convenience stores such as Kwikspar, PicknPay Express and Foodstops - located in neighborhoods and at service stations - and specialized shops such as Fruit and Veg City and Food Lovers' Market that offer a wide selection of food produce. Many established traditional supermarkets have lost business to these newer store formats. To summarize, the major new competitors for supermarkets can be grouped into three phenomena. Firstly, there are Makro and Game that sell food and groceries which benefit from Walmart's bargaining power that enable them to be more price competitive. Secondly there are shops specialising in food. The essence of the competition that the new food formats bring is that they do not carry as much stock keeping units (SKU's) as supermarkets and focus on fewer food SKU's with a higher turnover for profit. In the third instance, we find convenience stores that offer an extended merchandise mix of frequently consumed profitable items (Sánchez-Fernández et al., 2009).

Fashion is generally always associated with “fashion”, how to dress more new and up to date. Fashion is a lifestyle of someone who applied in the way a

person in wearing clothes, accessories, or even in the form of a hairstyle to make up (<https://Seniman.web.id> retrieved in 2022, September 5). Fashion industry is one of the largest contributors of 14 creative industries in Indonesia. With employment of 54.5% or about 4 million people, the country's fashion industry contributed foreign exchange earnings of Rp 50.3 trillion (<https://Tabloidbintang.com> retrieved in 2022, September 5).

Mix & Max Boutique, Medan is a fashion store that presents complete clothing for families, adults, men and women, at relatively good price and quality. Mix & Max Boutique, Medan also provides fine quality bags, shoes, and various accessories as well that match the market needs.



Figure 1. 1 Mix & Max Boutique Logo

Source: <https://www.kibrispdr.org/logo-mix&max-hd.html>, retrieved in 2022, July 16

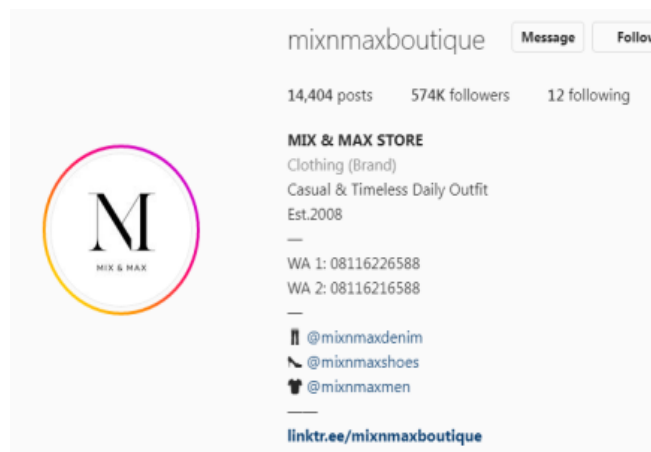


Figure 1. 2 Instagram Mix & Max Boutique

Source: <https://www.instagram.com/mixnmaxboutique/>, retrieved in 2022, July 8

Table 1. 1 Comparison between Fashion Competitors in Sun Plaza, Medan

Brand	Ratings	Year of Establishment	Main Product
Mix & Max Boutique	4.2	2008	Fashion
Meiji	3.3	2006	Fashion
Koko Boutique	3.0	2007	Fashion
Chocochips	3.3	2007	Fashion

Sources: https://g.page/Mix-Max_Boutique-medan <https://g.page/Meiji-medan>
<https://g.page/Koko-Boutique-medan> <https://g.page/Chohochips--medan> retrieved in 2022, October 15

From the table above, fashion Boutique rating is not much different, which is in the range of 3-4, namely Mix & Max Boutique, Medan with a rating of 4.2, Meiji, Medan with a rating of 3.3, Koko Boutique, Medan with a rating of 3.0 and Chocochips, Medan with a rating of 3.3. Besides, it also can be seen that Mix & Max Boutique, Medan is the oldest fashion Boutique that has been established, which is 14 years. It can be concluded that over time, the competition will increase and we must be prepared to face the competition.

According to Jones and Reynolds (2017), Repurchase intentions is the intention of the buyer to come back or the intention of the buyer to shop continuously. Repurchase intentions is a very important thing to note because repurchase intentions is used by the company to create a marketing strategy that

will be carried out. Purchasing decisions have a strategic role in order to encourage companies to have a growing and advanced business (Redda & Shezi, 2019). If the buyer has a pleasant shopping experience, then the buyer's intention to come back will appear.

Table 1. 2 Sales Data Mix & Max Boutique (2017-2021)

Years	Sales Data	% Sales
2017	11,467,581,000	
2018	12,854,658,000	12.10%
2019	14,654,251,000	14.00 %
2020	17,053,562,500	16.37 %
2021	20,135,165,000	18.07 %

Source: Mix & Max Boutique (2022)

Based on the table 1.2 above, it can be seen that the sales data of Mix & Max Boutique in 2018 amounted 12.10%, but in 2021, sales data of Mix & Max Boutique increased 18.07%. From the above data, it clearly shows that there is a shift in customer behavior that has positive growth from year to year. Importance of Repurchase intentions is to be able to organize and maintain relationships with customers through the process of adapting the offer and constantly providing value and improve customer satisfaction.

Thus, in industries such as fashion, where customers have many choices, it is critical for fashion owners and managers to understand what makes customers want to come back. Therefore, it is important for Mix & Max Boutique , Medan to increase the intention for their customers to visit and repurchase items again in the future.

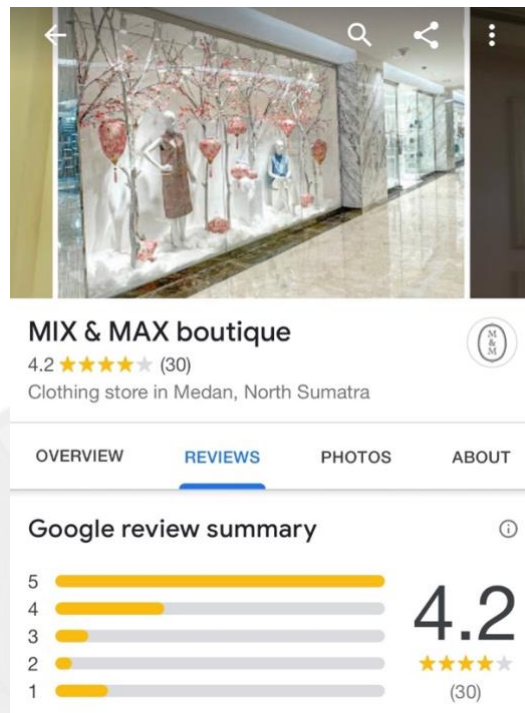


Figure 1. 3 Mix & Max Boutique , Medan Stars Rating

Source: <https://www.google.com>

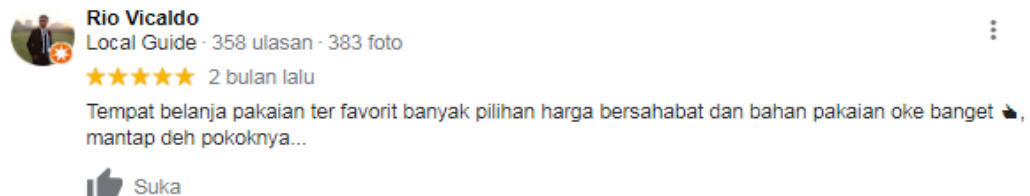


Figure 1. 4 Mix & Max Boutique , Medan Customer's Review on Repurchase Intentions

Source: <https://www.google.com> retrieved in 2022, October 15

Figure 1.4 show that positive review of the shopping experience at Mix & Max Boutique, Medan so this can be consider as my first choice store to shop fashion products and will continue to shop for more fashion products in the future.

The variable that can influence the repurchase intentions is customer satisfaction. Important aspect that should be considered is customer satisfaction, Redda & Shezi (2019) explained that customers' satisfaction is defined as a

response and evaluation of a product the users have consumed. If customers' expectations of the products are met, customers will then be identified as satisfied, and brands will be able to mark its success. Generally, a customer will feel a sense of satisfaction when the product or service of Mix & Max Boutique , Medan customers purchased has met the users' expectations. Customer satisfaction is an important aspect, especially for brands as it is a way to know whether customers are happy with the product or services that is being offered.

According to Terblanche (2018), in order to encourage customer satisfaction that impact on high repurchase intention, things that must be considered are merchandise, internal environment, interaction with staff and merchandise variety.

According Baker et al. (2017), merchandise is the result of the perceived merchandise price, merchandise quality and merchandise value that has a positive influence on repurchase intention. Merchandise as "what you get for what you pay", suggesting that merchandise value is a compromise between money spent and the benefits offered by a supermarket. The 'merchandise assortment' factor culminated in seven items from the original nine items that measured the factor 'merchandise value' (5 items) and the original factor 'merchandise variety' (4 items). Contrary to the findings of many earlier studies, this study has empirically found that consumers integrate their merchandise assortment price, quality and variety into a condensed evaluation of a category's attractiveness.



Figure 1. 5 Customer Review of Merchandise

Source: <https://www.mixnmaxstore.com>, retrieved in 2022, July 8

Figure 1.5. quality merchandise have products that are free from defects and deficiencies and the quality of fashion in accordance with the price offered. Products fashion at Mix & Max Boutique, Medan with guaranteed quality, free from damage because when the customer makes a payment transaction, the cashier staff makes the check first for the entire customer item. Mix & Max Boutique, Medan prices represent good product value. Mix & Max Boutique, Medan has quality products at various prices to suit. Mix & Max Boutique, Medan offers a variety of products ranging from women, Man and unisex so that customers have many choices according to taste and are also available from S to 3XL sizes.

According to Peter and Olson (2017), Internal shop environment is a relatively closed environment that can have a significant impact on affection (mood or sense of involvement), cognition and consumer behavior. The internal shop environment represents both the décor and instore physical facilities and amenities such as check-out counters, display shelves and promotional displays. The floor layout of the shop, product and service groupings, shelf space allocation, product

locations and their role to encourage buying, also form part of the internal shop environment factor.



Figure 1. 6 Internal Shop Environment

Source: <https://www.mixmaxstore.com>, retrieved in 2022, October 15

In Mix & Max Boutique, Medan for the internal store can be seen in Figure 1.6 shows that the display is very clean, neatly arranged and spacious. Mix & Max Boutique, Medan uses promotional posters to make it easier for customers to find out information about certain brands or certain types of clothing that are being held discounts. Women's and men's clothing is neatly arranged in Mix & Max Boutique, Medan and not combined and arranged very attractive that can attract customers to buy. Based on interviews conducted to customers of Mix & Max Boutique, Medan, the store has appearance of products such as neatness and decoration of the classic and expensive impression. The items that measured internal shop environment and customer in-shop comprised items from the internal shop environment and customer factors. It was the three items of the customer in-shop emotions in particular that made the store layout and atmospheric factors different from earlier

studies on the internal store environment. The three items of the customer factor loaded together with a number of the internal store environment items.

According Bitner (2019), Interaction with staff is communication between staff and customers who are kind and polite. The interaction between customers and employees has been found to affect a customer's in-store shopping experience. Customer satisfaction is often influenced by the quality of the interpersonal interaction between the customer and contact employees. Relationships between employees and customers that increase rapport and employee responsiveness have led to greater customer satisfaction (Menon et al., 2017). The factor 'presence of and interaction with other customers' did not emerge as a factor of the in-store customer shopping experience construct. This could possibly be ascribed to the manner in which many customers still shop in a supermarket, namely to "get it over with" as soon as possible. It implies that shopping for groceries in a supermarket rarely needs input from other customers and when the need for assistance or advice is necessary, staff will most likely be approached.



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Local Guide · 353 ulasan · 275 foto

★★★★★ 3 tahun lalu

Helpful staff, lovely collection of clothes

(Diterjemahkan oleh Google)

Staf yang membantu, koleksi pakaian yang indah



Suka

Figure 1. 7 Interaction with staff on Mix & Max Boutique

Source: <https://www.mixmaxstore.com>, retrieved in 2022, October 15



Figure 1. 8 Interaction with staff on Mix & Max Boutique

Source: <https://www.mixnmaxstore.com>, retrieved in 2022, October 15

Staff mix and max boutique, Medan provide satisfactory service as seen from Figure 1.7 and Figure 1.8. The staff has friendliness in communicating, helping customers in finding size and color, helping customers resolve complaints to the cashier. In addition, the staff explained about the detailed materials of these clothes easily so it was very helpful for customers.

Merchandise Variety is any form of product that displays a company or brand name, logo and other profiles, given to consumers. Not only large companies that provide merchandise to customers, small and medium businesses can also use it for business promotion activities (Donovan, 2018). It is challenging for supermarkets to offer merchandise that are in balance with the variety, quality and level of service that customers expect. The ‘merchandise assortment’ factor can thus be perceived as a “Gestalt” outcome. It presents a challenge to retailers to combine merchandise elements in such a way that it portrays a harmonious entity. Customers look forward to choose from a variety of merchandise that offer value to them and it is therefore important that a supermarket ascertain that its

merchandise assortment meet all the requirements of its customers. Analyses of the contents of baskets and trolleys could be helpful in this regard. It is a well-known fact that the trade-off between quality and price is accepted to effect customer satisfaction as the latter is an important outcome of a customer's perception of how the value they received correspond with the price they paid. Regular comparisons with competitors' prices are therefore indispensable.



Figure 1. 9 Merchandise Variety For Women on Mix & Max Boutique

Source: <https://www.mixnmaxstore.com>, retrieved in 2022, November 02



Figure 1. 10 Merchandise Variety For Men on Mix & Max Boutique

Source: <https://www.mixnmaxstore.com>, retrieved in 2022, November 02

Figure 1.9 and Figure 1.10 show that Mix & Max boutique, Medan various fashion products for women and men by using comfortable materials and good quality fabrics so as to satisfy customers when using clothes from Mix & Max boutique, Medan. Manly and girly colors are available at Mix & Max boutique, Medan. Customers are satisfied with the complete and quality fashion products as seen from figure 1.5.

The phenomenon and explanation above show that the competitors of fashion industries keep increasing over time. As a result, Mix & Max Boutique, Medan must continue to improve their customer customers satisfaction identifying variables that influence repurchase intention. Based on the explanation above, the writer decides to conduct a research focusing on identifying the Influence of Merchandise, Internal Environment, Interaction With Staff and Merchandise Variety has significant influence towards Customers Satisfaction in will eventually increase Repurchase Intention at Mix & Max Boutique, Medan”.

1.2 Problem Limitation

Based on the background described above, the authors need to limit the problem with the aim that the discussion of the problem is not too broad.

This research will focus on:

1. Merchandise, internal environment, interaction with staff, merchandise variety, customers satisfaction and repurchase intention.
2. The Data of this research is gathered from Mix & Max Boutique, Medan located at Jl. KH.Zainul Arifin no.7 Sun Plaza Level 2 Blok A40-43.

3. The data that is going to be used in further analyzing the research model is going to be collected in a form of questionnaires that are designed based on the research object.
4. The sample that will be further analyzed in this study is narrowed to a set of criteria; both males and females, the age range of 18 to 60 years old, currently living in Medan, have visited Mix & Max Boutique, Medan at least twice in 1 year.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions, as follows:

1. Does merchandise significantly influence customer satisfaction at Mix & Max Boutique, Medan?
2. Does internal environment significantly influence customer satisfaction at Mix & Max Boutique, Medan?
3. Does interaction with staff significantly influence customer satisfaction at Mix & Max Boutique, Medan?
4. Does merchandise variety significantly influence customer satisfaction at Mix & Max Boutique, Medan?
5. Does customer satisfaction significantly influence repurchase intention at Mix & Max Boutique, Medan?

1.4 Objective of the Research

Based on the problem formulation the objectives of this research are:

- a. To determine whether merchandise has a significant influence on customer satisfaction at Mix & Max Boutique, Medan.
- b. To determine whether internal environment has a significant influence on customer satisfaction at Mix & Max Boutique, Medan.
- c. To determine whether interaction with staff has a significant influence on customer satisfaction at Mix & Max Boutique, Medan.
- d. To determine whether merchandise variety has a significant influence on customer satisfaction at Mix & Max Boutique, Medan.
- e. To determine whether customer satisfaction has a significant influence on repurchase intention at Mix & Max Boutique, Medan.

1.5 Benefit of the Research

The writer expects that this research can give benefits both theoretically and practically.

1.5.1 Theoretical Benefit

In terms of theoretical benefit, this report is expected to provide appropriate information and investigation regarding the influence of factors consists of Merchandise, internal environment, interaction with staff, merchandise variety toward customer satisfaction through repurchase intention. Moreover, the researcher expects that this study will be utilized as a future reference for both general and academic research.

1.5.2 Practical Benefit

The practical benefits on this research are:

a. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge with regard to merchandise, internal environment, interaction with staff, merchandise variety, customer satisfaction and repurchase intention .

b. For the Mix & Max Boutique, Medan

To provide useful suggestions for the company in increasing customer satisfaction and repurchase intention especially by improving the merchandise, internal environment, interaction with staff and merchandise variety.

c. For other researchers

The findings of this study ought to provide important insights and foundation regarding how merchandise, internal environment, interaction with staff and merchandise variety are influencing customer satisfaction through repurchase intention .