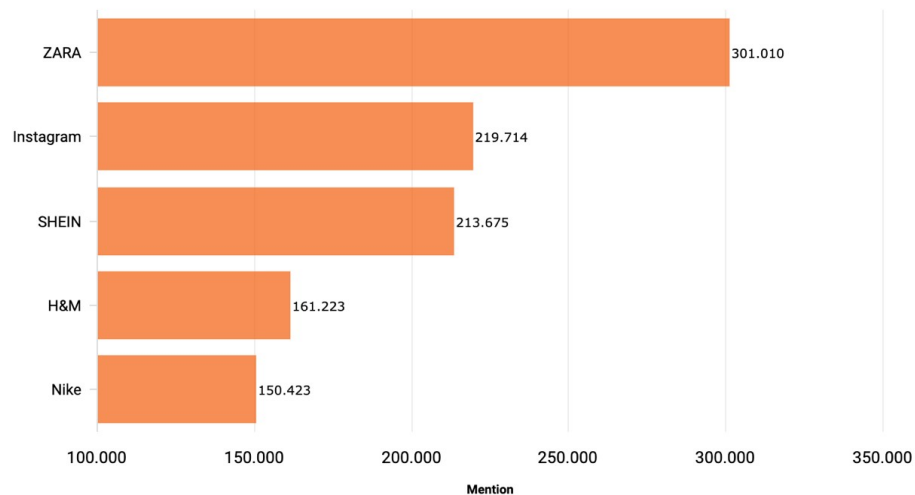


CHAPTER I

INTRODUCTION

1.1 Research Background

Those in Generation Z were born between 1997 and 2012. Many members of generation Z has begun actively shopping now that they are in the stage of age in earning and spending money. Generation Z is renowned for being innovative and having the confidence to express their thoughts. Generation Z, on the other hand, is recognized for its distinct fashion sense and has its own traits. There are many popular fast fashion brand such as Zara, UNIQLO, H&M, Pull & Bear. However in this research focus is Zara as a leading international fast fashion brand.

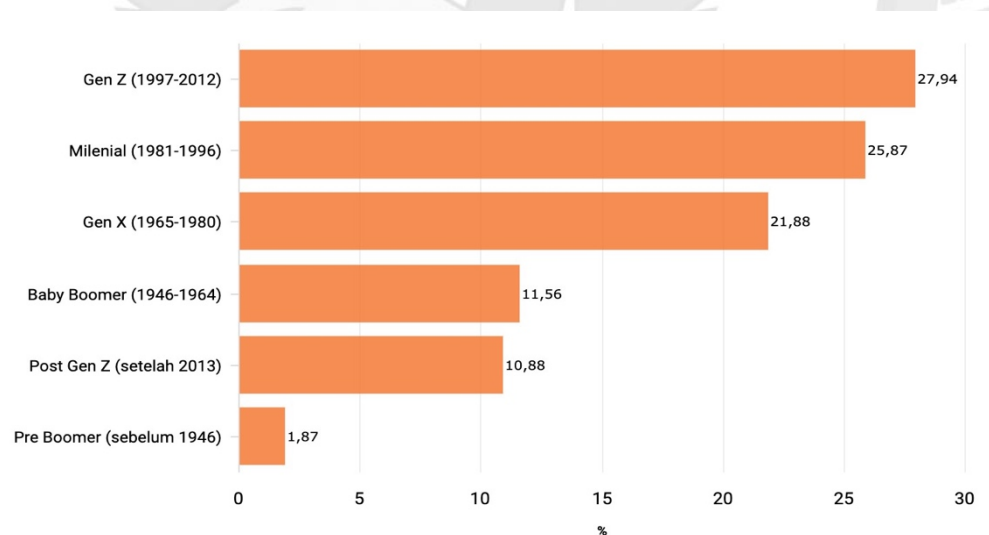


Picture 1 1 Most Mentioned Brand in Instagram (Azkiya, 2021)

Sources : Databoks

Based on figure above, Zara is the most mention brand in Instagram on 2021. Which means, Zara's brand awareness is high either on online and offline in nationwide. There are around 301.010 mention for Zara brand on Instagram for the whole year in 2021. Zara is leading way far from it's competitor which is Shein with 213.675 mentions and H&m with 161.233 mentions

Fast manufacturing processes, low-cost labour, and low-cost materials all benefit fast fashion businesses. These elements make Zara's cheap pricing strategy possible. Zara was known for its first-rate appearance, second-rate production, and third-rate cost. It has little design, advertising, and raw material expenses. Prices at Zara are less expensive than those of high-end clothing companies. In recent years, items from Gucci, Chanel, and Louis Vuitton have increased in price. One of Zara's true competitive advantages over these high-end fashion labels is affordability.



Picture 1 2 Generation Z Population in Indonesia (Jayani, 2021)

Sources : Databoks

Based from data above, generation Z dominates the population in Indonesia with total 74,93 millions people or 27,94% from the total citizen in Indonesia. This data is taken on 2020 by the Indonesian population census. Which means these days our market is dominated by generation Z.

Fast fashion blends two usually at parts marketing stances—fashionable and reasonably priced—into a single market position to let young people follow their individual tastes and meet their requirements for involvement in the fashion industry stated by Muzinich written on (Liu et al., 2021). Fast fashion's fair-priced marketing strategy encourages customers with strong impulsive buying impulses to act right away and make in-person purchases.

Numerous studies have revealed that brand-COO influences consumer behaviour in a favourable way (Abdellah-Kilani & Zorai, 2019) The sensory experience they offer is yet another aspect that might affect consumers' preference for global brands over local enterprises. (Veale & Quester, 2008). Sensory experiences include viewing and touching the products. These are one of the benefits of having offline store. Additionally, Zara has this competitive advantage because to their 13 locations in Indonesia. Information about consumer opinions can be found through sensory imagery (bodily experience) (Barsalou, 2008).

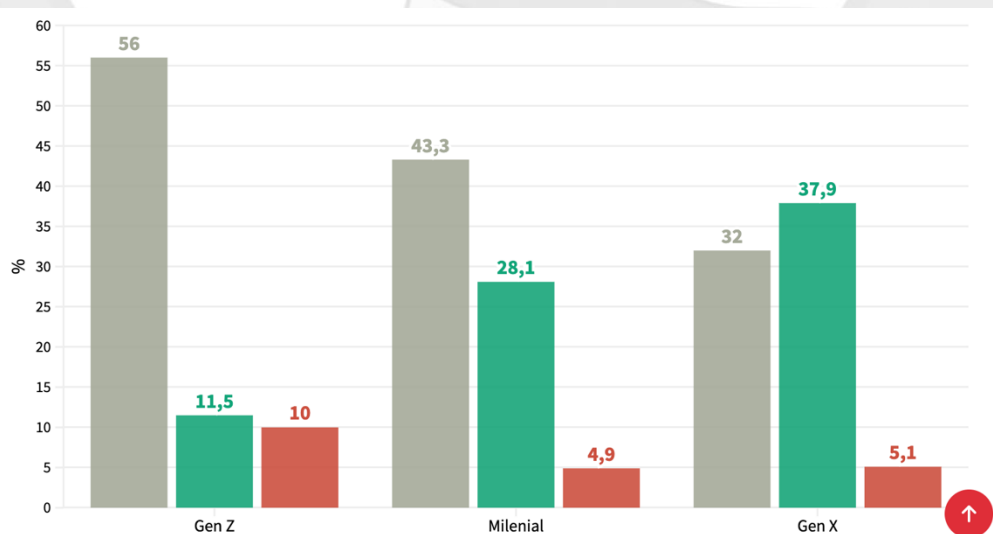
In addition, haptic perception makes it easier for customers to perceive things visually and increases their willingness to buy them (Streicher & Estes, 2016). In

keeping with this line of reasoning, the authors suggest that sensory perception is a key factor in why fast fashion customers favour foreign brands.

Numerous studies have looked into how brand-COO affects consumer behaviour (Abdellah-Kilani & Zorai, 2019; Winit et al., 2014). However, there is little literature on brand COO and sensory marketing. Little study has looked at how brand-COO and sensory perceptions interact in a rapid fashion setting. It is still unclear how sensory perceptions' moderating influence on judgements works. To determine whether the ability to physically touch a product overcomes the brand-COO effect in product evaluations, the current study investigates the interaction of sensory perceptions and brand-COO. It also explores the moderated mediation effect of perceived quality on product evaluations. In addition, nowadays we live in digital era where we get our things done by online including online shopping. This phenomenon can also be included in this research about where Gen Z prefer to buy their clothes it's online or offline store. Previous studies looked into how consumer personality traits affected how people bought clothes (Valaei & Nikhashemi, 2017).

(Muralidhar et al., 2019) studied resulted that generation Z is characterized by a heightened intelligence and a tendency to conduct thorough online research to secure the most advantageous deals among the myriad shopping options. Positioned at the cusp of entering the workforce, generation Z has already exerted a notable influence on brands, capturing the attention of teenage audiences. This demographic proves to be discerning and demanding in terms of their shopping preferences, clearly articulating

their tastes and expectations. From (Asshidin et al., 2016) research about factors that influence consumers in purchasing American and local products both show that perceived quality showed significant positive impact towards purchase intention. (Asshidin et al., 2016) research about purchase intention used two variables which are perceived quality and emotional value. Also (Bong, 2011) conducted study about the in-store stimuli to impulsive buying behaviour of consumers in Hypermarket. This study concluded that in-store stimuli affects impulsive buying. Based on (Miwa, 2023) effective marketing plays a pivotal role in boosting sales and ensuring customer satisfaction, prompting companies to adapt their strategies accordingly. The logic behind a marketing strategy lies in the company's ability to generate value for customers, fostering a mutually beneficial relationship. The study focused on influence of fashion innovativeness to behavioural intention. Behavioural attentions refers to repurchase intentions / purchase intentions to products based by their level of satisfactions for that products.



Picture 1 3 Generation Z, Millennial, and Generation X Most Buying Items on Internet (Ayu Rizati, 2022)

Sources : Data Indonesia

Based from the data above, 56% of generation Z shopped fashion while they do online shopping. This is the highest generation that did fashion online shopping compared to millennial with 43.3% and generation X with only 32%.

A survey was conducted in 2023 randomly among 30 generation Z in Indonesia. The results show that only 12 out of 30 people have ever shopped at Zara. Then, 60% has never bought from Zara before. When asked about "what factors make you shop online local brand?" 36% said that it's because of online cheaper price and 36% because of their impulsive buying habit and the rest 28% because online local brand has more innovation. Also asked the factors about "What makes you shop from Zara?" 33.3% said that because they believe of Zara quality, another 33.3% because of other factors, 16.7% because Zara has prestige for their brand, and other 16.7% because they like to touch the products first before buying. The results of these initial observations indicate that purchase intention towards Zara is still low that caused by price, fashion innovativeness, impulsive buying, and other factors.

Based on the problems, survey results and phenomena that have been presented, this research is aimed at finding factors that directly or indirectly influence consumers' purchase intention for Zara. This study employs how the country of origin, consumer personality characteristic involving fashion innovativeness and impulsive buying, alongside sensory perceptions, impact purchase intentions mediated by perceived

quality when buying from Zara. This research was conducted with the aim of increasing sales in the fashion business for Zara or other fashion company in Indonesia by knowing what consumers consider and behaviour before having any purchase intention.

1.2 Research Questions

The research queries that follow were developed to encourage discussion on the subject at topic during evaluations.

- Does country of origin affect perceived quality ?
- Does fashion innovativeness affect purchase intention ?
- Does fashion innovativeness affect perceived quality ?
- Does impulsive buying affect purchase intention ?
- Does impulsive buying affect perceived quality ?
- Does perceived quality affect purchase intention ?
- Does Sensory perception affect perceived quality ?
- Does country of origin moderates the effect of sensory perception to perceived quality ?
- Does country of origin moderates the effect of fashion innovativeness to perceived quality ?
- Does country of origin moderates the effect of impulsive buying to perceived quality?

1.3 Research Objectives

In light of the aforementioned research challenges, it is evident that this study's goals and objectives encompass :

1. To determine the effect of country of origin to perceived quality.
2. To determine the effect of fashion innovativeness to purchase intention.
3. To determine the effect of fashion innovativeness to perceived quality.
4. To determine the effect of impulsive buying to purchase intention.
5. To determine the effect of impulsive buying to perceived quality
6. To determine the effect of perceived quality to purchase intention.
7. To determine the effect of sensory perception to perceived quality.
8. To determine the effect of country of origin that moderates the effect of sensory perception to perceived quality.
9. To determine the effect of country of origin that moderates the effect of fashion innovativeness to perceived quality.
10. To determine the effect of country of origin that moderates the effect of impulsive buying to perceived quality.

1.4 Research Benefit

The following research benefits can be obtained by conducting this study:

1.4.1 Theoretical Benefit

This research is anticipated to enhance existing research and offer a variety of new data that was not previously available. In addition, it provides understanding and insight into all research variables originating from this research such as country of origin, sensory perception, fashion innovativeness, and impulsive buying. Also, it

is hoped that the research findings can provide suggestions or guidance for improving fashion business owner insight.

1.4.2 Practical Benefits

It is intended that this study will help guide future research efforts and offer valuable perspectives to the author about the steps that need be taken to enhance Zara's performance in the fashion industry.

1.5 Systematic Framework

CHAPTER I: INTRODUCTION

This chapter describes the background, research questions, benefits of research, and systematic research.

BAB II: LITERATURE REVIEW

This chapter defines the terms "country of origin," "sensory perception," "impulsive buying," "fashion innovativeness," "perceived quality," and "purchase intention," and it also describes the hypotheses derived from the assembled research and explanation of conceptual and operational definition. In addition to elucidating the correlation between variables, the study model and the hypotheses derived from a literature review.

BAB III: RESEARCH METHODOLOGY

This chapter explains the research methodology used in research such as research paradigms, types of research, research objects and subjects, design and sample size, data collection techniques, measurement scales and data analysis.

BAB IV: RESULTS AND DISCUSSION

This chapter provides results and discussion of research that has been analysed based on the answers to questionnaires given to research subjects.

BAB V: CONCLUSIONS AND RECOMMENDATIONS

This chapter provides conclusions on the results and discussions obtained previously and also provides suggestions that can be used in subsequent research

