

CHAPTER I

INTRODUCTION

This chapter will discuss the background of the study, statements of the problems within, questions for the research, the objectives the researchers want to achieve when conducting this research, and how this study can give insights for various parties.

1.1 Background of Research

According to Ko and Lee (2011), as the process of modernization was at first pushed from the west, westernization has been a great-leading influence across the world. Globalization was usually regarded as of westernization in the last few centuries. In conjunction with the rapid development of data and communication innovation, the term “globalization” is now not new to those who live in 21st century. Globalization led global corporations and brands competing fiercely against each other in marketplace. With the increasing number of global brand, the rivalry gets intensified that survival for a brand or company gets harder. Increasing threats amongst brand, the best offense to decrease brand infidelity is a firm brand identity or image and one of the key points to building brand strength is creating a unique brand image.

Fast fashion is a retail strategy where retailers embrace showcasing approaches to respond to the most recent fashion trends by regularly upgrading products with short renewal cycles and turning the stock at a quick rate (Gupta,

Gentry, 2018). In the fashion industry in this globalization era, the fast fashion industry is becoming a promising market. This trend arises due to the demand from consumers for increasingly dynamic clothing, thus encouraging the fashion industry to keep up with demand. As fashion-conscious customers were exposed to new designs and styles motivated from runways, they got to be more fashion-savvy and demanding for new designs. Retail businesses such as H&M and UNIQLO, are examples of companies working in the field of fast fashion to meet the demands of consumers. Fashion has become inseparable from human life today, Indonesian society is no exception. The growth of the fashion industry in Indonesia gives foreign and domestic business people a big opportunity for them to build or expand their products. That's why H&M (Hennes & Mauritz AB), which uses Swedish methods with good quality and affordable prices, with massive expansion of H&M to become one of the leading brands in Indonesia with the uniqueness of their products.

H&M, in the low end position with high quality, has a threat with the emergence of aggressive new rivals such as UNIQLO at the lower end of the price scale. Not only does H&M have to compete fiercely with other brands, it must also be able to maintain its position in the market share and the fast fashion industry, in the face of rising promotional costs and lower prices. In the fast fashion industry with the passage of time, more and more new competitors are emerging, the consumer has many choices that he can choose without spending more on changing the brand of choice. Therefore, it is difficult for H&M to build brand loyalty (Sustainability of H&M in Competitive Apparel Market, 2018).

H&M has the possibility to lose its brand image if they cannot improve product placement. The products displayed are too many and too narrow for each other, which makes it hard for customers to find the product they want and takes quite a lot of time. The majority of people are looking for good quality, especially when there is such a thing as 'discount', 'sale', 'bargain'. Among the factors that influence the consumer's behavior is the cost, which incorporates a huge impact on communication variables concerning the preferences of acquiring a item or contracting a service. Cost can be accompanied with a “discount”, which the perceived value of the product increased for the consumer (Isabella et. al., 2012). Some products sold by H&M are fragile and do not last long, so the product cannot be washed many times. They added products other than fashion such as shoes, bags, belts, wallets and other accessories that used up more space to display its products that the narrowing of the consumer's area could run to achieve the desired clothing.

H&M is in the top position in home-country and can be a trendsetter in its area, if it reaches a wide mass. H&M can grow and reach its target market by marketing products using available media such as social media, endorsements, and to the right target market. H&M must be vigilant and anticipate changes in consumer behavior and attitudes over time, especially seasonal changes that indicate changes in clothing trends to adapt to the weather, especially Asia, as well as cultural background, social dynamics, and complex cultural environments. Southeast Asia has a different dress culture than East Asia, as well as other parts

of Asia, H&M must be able to meet the diverse demands of all outlets located in its regions to maintain their reputation as a trendsetter.

In this research, the researcher believes that brand loyalty, image, and satisfaction may have an influence over consumer purchase behavior. To this day, brands play an increasing important role in our life. H&M brand is also included, and researcher is interested to see how consumers' purchase behavior over its brand. By conducting a one-on-one interview with 7 people of Generation Z and Millennial as a small pre-study, which received 2 questions from the researcher. 5 out of 7 respondents have heard and know of the brand, only 3 out of 7 have bought the products of H&M and are not considering to buy again in the near future, 2 out of 7 never considered to buy even after knowing it's name, indicating a bit of a weak brand image. We can conclude that the variables affect the consumer purchase behavior of the respondents.

1.2 Problem Statement

From the research conducted before by many researchers, it is concluded that with the rise of the fast fashion industry, many fashion businesses have dived into them such as UNIQLO, ZARA, and our main focus H&M. With many competitors within the industry, H&M must set a unique value to differentiate themselves from others. Many attempts have they done in the past till this day, but some may cause dissatisfaction amongst customers such as too many varieties of goods causing many people to waste their time to buy the desired clothing, lack of quality to keep up the demands, lack of brand loyalty. The researcher wants to

study if these methods may happen at Indonesia branch stores, specifically at Tangerang, and what are the effects may happen to consumer purchase behavior of Generation Z.

1.3 Research Questions

Based on the background of the previous problem, this study aims as follows:

1. Is there a positive effect of brand loyalty on consumer buying behavior?
2. Is there a positive effect of brand image on consumer buying behavior?
3. Is there a positive effect of brand reputation on consumer buying behavior?

1.4 Research Objectives

1. To know whether there is a positive effect of brand loyalty on consumer buying behavior.
2. To know whether there is a positive effect of brand image on consumer buying behavior.
3. To know whether there is a positive effect of brand reputation on consumer buying behavior.

1.5 Significance of the Study

1.5.1 For the Researcher

For researcher, this research is expected to help them in understanding how brand image, brand loyalty, and brand satisfaction can

affect be it positive or negative at consumer purchase behavior by Generation Z from buying H&M products.

1.5.2 Business School

For all Business Schools, it is hoped to open more insight into how Generation Z's consumer purchase behavior over H&M products.

1.5.3 Generation Z

For Generation Z with this research, it is hoped that all Generation Z whether in *Universitas Pelita Harapan* or not will be educated about their general consumer purchase behavior upon H&M products purchases.

1.5.4 Business Owners and Corporations

With this research conducted, business owners and corporations will learn more about potential consumer purchase behaviors by analyzing what they can improve for their company or business in the future.

1.6 Thesis Outline

Below is the outline of this thesis.

1.6.1 CHAPTER I INTRODUCTION

This chapter discusses about background of the research, problem statement, research questions, research objectives, significance of the study and thesis outline.

1.6.2 CHAPTER II LITERATURE REVIEW

Chapter two elaborates about theoretical basis, correlation of variables and research model.

1.6.3 CHAPTER III RESEARCH METHOD

The third chapter explains about research object, research paradigm, research type, data collection strategy, extent of researcher interference, study setting, unit of analysis, sample design, data collection method and ethics, time horizon, variable measures, and data analysis.

1.6.4 CHAPTER IV RESULTS AND DISCUSSION

The chapter here describes about pre-test study analysis, profile of the respondents, and actual study analysis.

1.6.5 CHAPTER V CONCLUSION AND RECOMMENDATION

The last chapter provides information about conclusion, managerial implications, limitations and recommendations for future research.

