

CHAPTER I

INTRODUCTION

I.I Background of the study

Satisfying various needs and desires of humans are the reason why someone makes a purchase behavior. People do not only want to fulfill their needs but also to fulfill their desires as well. This increment, is basically in line with current technological developments so people can easily get the information and also have many choices in term of buying a product. These needs and desires are the basis reason to push someone purchase some products. However for some people, they have their own perception which is "needs are more based on psychological survival factors and desire emphasizes more psychological comfort factor "(Kippenberger, 2000). One example of psychological survival factor is clothing which is one of the basic needs besides house and food. This has also been felt by humans since ancient time long time ago and as a time goes by the development of culture and the development of human culture (<http://www.dahlanforum.com>).

In fashion era where it pushed the society to look attractive at all times, will affect the personal behavior to dressed up well. As the number of social media slowly emerges and become worldwide, it forces people to be stand out through the cloth that they wear, however, there is not an exception for men to look attractive too in the eyes of others. The thing that can provide someone to look more attractive through the cloth they wear. Based on this phenomenon of this lifestyle, it will trigger people to buy specific product from specific brand only to increase their social status towards their friends or relatives. They basically will be judged based on the brand of shoes, bags, or cloth they used. Competition cannot be separated from the role of today's fashion industry. The fashion world at this time indirectly encouraging consumers to dress more fashionable to support their appearance, and it also provides a way to increase personal's prestige (Safiera, 2019).

Within a proper fashion, it can become a platform to communicate among the society (Page, 2019). So, people can determine their social class, social value, and also

their identity from the apparel they used. According to Vigneron and Johnson (2004) Cloth can be determined as a role which include cultural displays, and carries a message of one's lifestyle or a particular community. Basically clothing is an actual expression of personal identity.

The development of the fashion industry in Indonesia is highly influenced by European and Asian cultures. Many of Indonesian fashion developments are imitating the western style both from the fabrics they used and also the design. And as the age progresses, the old folks in Indonesia are generally more comfortable with traditional costumes such as kebaya, especially to attend the special events, in contrast with the youngsters who often appear in western style or Korean fashion style. Since now traditional clothing has harmoniously developed as well as Western-style designs (Weinans, 2012).

The clothing retail business has grown in Indonesia since 2002. The era of globalization along with technological advancements has enabled the clothing industry to fulfil the market needs. The fast change of mode is also a form of threat from the apparel retail business. Zara is one of the examples of the largest clothing retail business in the world. With more than 1000 stores in various countries, Zara which is from Spain, strives to meet the needs of its customers changing preferences of mode and style. Zara introduces the concept of "fast fashion" at affordable prices to run its business (Lopez and Fan, 2009).

In Indonesia, Zara is under the distributor PT Mitra Adiperkasa, Tbk, which managed to record 26% profit with a growth of 22% per year after getting Zara (SWA, 2006). Zara's purpose, according to the founder of Inditex, as the company that houses Zara is to democratize fashion, by offering the latest fashion with good quality with an affordable price. The things that make Zara is being distinguished from its competitors is because its fast turnover of its product, and Zara stores as their source of information to be spreaded (Lopez dan Fan, 2009).

ZARA

Figure 1
Zara Logo

Source: www.Zara.com (Retrieved 17 May 2019)

Zara is actually quite different from its fashion competitor companies, Zara design its clothes based on the demands of its customers throughout its store worldwide. Zara assigned 200 designers from Spain to travel around the world to see the development of fashion trends in some specific countries. Thus, Zara can move quickly and become the first mover to capture the market changes. Not surprisingly, Zara is a trend setter for the fashion industry. Besides that, Zara readiness to captures the market and willingness to provide extra services proven to have succeeded in bringing Zara to success. Amancio Ortega as Zara's founder now, not just having the prestige of Zara looming worldwide. He also owned brands such as Massimo Dutti, Oysho, Zara Home, Uterque, Stradivarius, Pull and Bear, and Bershka under Inditex (Pranata, 2012).

Concept	2018	2017	Change % 17/18
Zara	10,541	8,938	18
Pull & Bear	1,086	957	13
Massimo Dutti	1,134	1,013	12
Bershka	1,485	1,316	13
Stradivarius	961	871	10
Oysho	314	313	1
Uterque	74	68	9

Table 1
Inditex FY2018 Net Sales (Million Euros)

Source: www.Inditex.com (Retrieved on 16 May 2019)

Based on the table above, it showed Zara performance is relatively high compared with the other Inditex brand in 2018. Zara succeeded to earned €10,541 million and earned 66% of Inditex net sales. Compared with other brands under Inditex group, Zara performed well and earned the highest net sales for Inditex group. Compared to its competitors like GAP and H&M, and other brands under Inditex group, Zara has been able to achieve several competitive advantages in global apparel market (Inditex, 2012).



Z A R A SHOPPING HAUL

Figure 2

Zara Product

Source: www.Zara.com (Retrieved 20 May 2019)

Zara succeeded in applying changes from push from the factory to pulling from market driven. Zara knows that the turnover speed of fashion products can make consumers come back to buy Zara products. The products are limited but the quick change of models is only about four weeks away will make Zara quite well known as its fast fashion. This is related to the logistic system including the information system applied by Zara's management (Santhika, 2012).

In the early era of Zara Internationalization, they adopted an ethnocentric orientation where subsidiary companies must sell the replicas of Zara Spain. However it became an obstacle when Zara entered the global market. Due to the difference in terms of size between Asians and Europeans, the geographical location that affects the seasons and cultural differences, for example in Arab countries that should not be too open. Information is collected by all Zara representative stores and used as a reference

by the design department. In terms of price, Zara Spain offers the affordable product with a medium level of quality. This is related to market oriented strategy. Prices in other countries are higher with regard to longer distribution channels (Santhika, 2012).

Zara places factory plants close to destination countries besides the main factories in Spain. This is to avoid prices that are too high for countries like Asia that are geographically far from Spain. For the market entry strategy, in Indonesia Zara uses a franchise system with distributors who are entitled to the Zara brand. Because Indonesia is also the same as the Philippines, Malaysia and Arab countries, Zara is still seen as a country that has a high threat, in a cultural and location sense that is far different from the center and smaller markets and predictions of small sales (Santhika, 2012).

According to Zeithaml, et al. (2008) Product quality is the customer's perception of the overall quality or superiority of the product or service, with respect to its intended purpose, relative to alternatives. Product quality is the characteristic of a product or service that bear on its ability to satisfy stated or implied customer needs.

Staff behavior refers to the way in which employees respond to specific circumstances or situations in the workplace. While many elements determine an individual's behavior in the workplace, employees are shaped by their culture and by the organization's culture. Personal and corporate culture affect the way employees communicate and interact with one another and with management. Additionally, an employee's beliefs affect his or her ethics and sense of ethical responsibility (Isenhour et al, 2012).

Ideal self-congruence means the extent brand personality and self-concept are compatible. It is the match between the product's value-expressive attributes (product-user image) and the audience's self-concept. The influences consumer behavior in a way that results in the purchase of a product (Sirgy, 1982). Good company's image is essential because the consumers are more satisfied when the brand which is considered

to reflect himself having a good view. Zara consumers feel that Zara product has a good product identity which created from its Self-Congruence.

Brand identification refers to the extent to which consumers' categorize themselves in terms of a particular brand and label themselves as an exemplar of that category. A measure of Brand Identification should consider the consumers' cognitive connection to the brand to reflect their social identity and social categorization. Purchase and consumption of brands enable consumers to construct their identities. When consumers perceive that brands possess characteristics that they consider as central to their own identities, they incorporate the brand's characteristics into their self-identity and self-definition, and communicate such self-definition to others (Underwood et al, 2001).

Lifestyle, in its widest form, covers not only demographic characteristics, but also attitudes towards life, beliefs and aspirations. Lifestyle congruence refers to a person's unique patterns of living as expressed by activities, interests, and opinions, all of which display differences among individuals. How a consumer chooses a brand that reflects his lifestyle including in how consumers use their money, allocate time and so on (Foxall et al, 1998).

According to Hirata (2019), Customer satisfaction is the psychological reaction of the customer with respect to his or her prior experience with the comparison between expected and perceived performance. Satisfaction has been measured through either a single transaction, or a series of interactions with a product over time.

Oliver (1999) points out that a customer goes through a process of becoming loyal to a brand. First, he is loyal in a cognitive sense when there is good information and positive previous experiences with the brand. Next, there is loyalty in an affective sense, which is achieved when a consumer is emotionally involved with the brand. Intentional loyalty is reflected in a customer's willingness to purchase, repurchase, or recommend the brand. Finally, action loyalty refers to the observed and actual repurchasing of the brand.

1.2 Research Problem

1. Does product quality has a significant effect on customer satisfaction of Zara in Surabaya?
2. Does staff behavior has a significant effect on customer satisfaction of Zara in Surabaya?
3. Does self-congruence has a significant effect on customer satisfaction of Zara in Surabaya?
4. Does brand identification has a significant effect on customer satisfaction of Zara in Surabaya?
5. Does lifestyle-congruence has a significant effect on customer satisfaction of Zara in Surabaya?
6. Does consumer satisfaction has a significant effect on brand loyalty of Zara in Surabaya?

1.3 Research Objective

1. To examine the effect of product quality on customer satisfaction of Zara in Surabaya
2. To examine the effect of staff behavior on customer satisfaction of Zara in Surabaya
3. To examine the effect of self congruence on customer satisfaction of Zara in Surabaya
4. To examine the effect of brand identification on customer satisfaction of Zara in Surabaya
5. To examine the effect of lifestyle congruence on customer satisfaction of Zara in Surabaya
6. To examine the effect of customer satisfaction on brand loyalty of Zara in Surabaya

1.4 Research Contribution

The result of this project expecting can giving more information about product advantage, brand awareness, product homogeneity, purchase intention, and purchase commitment based on theory and also practice. Especially the research will beneficial for:

1. Current and future research:

This research can help the future research by giving them more understanding and information about the relation between product quality, staff behavior, self congruence, brand identification, lifestyle congruence, consumer satisfaction towards brand loyalty.

2. The author

This research bring benefit and opportunity to author to learn more though textbook, lecturer, research, people experiences, And increase the analytical skill to write and analysis some cases.

3. Zara

The result of this research can be used as the comparison, references to improve the quality of product and services that Zara offers.

1.5 Research Limitation

Although the findings are encouraging and useful, the present study has certain limitations. This research only examine some variable which are about product quality, staff behavior, self congruence, brand identification, lifestyle congruence, consumer satisfaction towards brand loyalty. The research is limited in terms of location because the research will be done in Surabaya, Indonesia. The respondent will be limited only for male and female who concern about the current style that know and bought Zara product in Surabaya.

1.6 Research Outline

This research outline will describe the overview about the systematic of the writing:

Chapter 1

This chapter provide the research problem and it also provide the background information defining the issue and important terms. It specifies the research objective explored in greater detail to contribute to understanding the research problem.

Chapter 2

This chapter summarizes the major studies and findings that have been published on the research topic and how this study contributes or adds to what has already been studied. This chapter also states a clear description of theories that apply to the research problem, an explanation of why it is relevant, and how the modelling efforts address the hypothesis to be tested.

Chapter 3

This chapter explains the detailed technical and scientific activities which include the research design, sampling plan, instrumentation, statistical tools, and treatment of data.

Chapter 4

This chapter organizes the logical presentation of all findings in the research questions, and focus on how these key findings relate back to the theory and prior researches presented in the beginning of the study.

Chapter 5

This chapter outlines the implications, conclusions, and recommendation supposed to advance the study of the research topics by its theoretical, methodological, or substantive contributions that may be necessary to overcome the limitations of existing empirical facts.