

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The Fashion industry in Indonesia is solidifying its status as one of the world's major and most rapidly expanding industries. During the inauguration of Indonesia Fashion Week 2024, Indonesia Minister of Tourism and Creative Economy, Minister Sandiaga Salahuddin Uno emphasized that in 2022 the fashion industry has contributed 17.6% of the total added value of the creative economy to Indonesia economy, which amounts to IDR 225 billion (Kemenparekraf/Baparekraf RI, 2024). This underscores the fashion industry's vital role in Indonesia's economic landscape.

Fashion is clothing worn on the human body to protect and enhance one's appearance. Fashion encompasses style, manner, and clothing. Fashion has gone beyond basic necessity, fashion has become a reflection of the wearer's identity and has evolved into a person's lifestyle that supports daily activities (Awdyfakhri & Ridanasti, 2024).

Leman et al. (2020) state that the development of the fashion industry can never be separated from trends, trends will always change from time to time, and it is not uncommon for trends to change rapidly. Faced with diverse needs of fashion in the market demand that constantly changing has led to rapid emergence of various models and types of fashion trends in every season known as fast fashion (Awdyfakhri & Ridanasti, 2024).

In today's fashion landscape, fast fashion is the most sought-after trend, spreading its influence globally, including in Indonesia (Juniarti & Rojuaniah, 2024). Leman et al. (2020) state that consumers often purchase fashion products that follow trends as a means of self-expression or to display social status in society. The purchase of fast fashion products makes the consumer feel trendy, up-to-date, and more in line with current fashion trends (Awdyfakhri & Ridanasti, 2024).

Juniarti & Rojuaniah (2024) assert that the impact of fast fashion in Indonesia is evidently seen from the way several fast fashion brands has entered the market, one of which is Zara, who has opened numerous outlets across Indonesia.

Zara is one of the world's largest fashion companies today, was founded by Amancio Ortega and Rosalia Mera in Spain in 1975. Zara is currently led by Marta Ortega as one of the international fashion brands with outlets all over the world. ZARA has become an international brand with a positive global reception, significantly influencing consumers, especially their lifestyle. In Indonesia, Zara operates under PT Mitra Adi Perkasa Tbk, which is one of the leading retail companies in Indonesia (Wardhani & Kusumahadi, 2021).

Zara in Indonesia is currently facing challenges related to the consumer purchasing intention towards the brand. Purchase Intention refers to an individual planned behavior or tendency to purchase a good in the future. Purchase Intention represents individual's willingness to convert interest into an actual purchase (Juniarti & Rojuaniah, 2024).

Zara is facing issues related to purchase intention towards its brand. In terms of transactional interest, the trend towards sustainable fashion creates societal

pressure to avoid fast fashion brands like Zara, which contributes to textile waste, harmful greenhouse gasses and microplastics (Wolff, 2023). Moreover, Zara's rapidly changing style, where Zara can launch new collections twice in a month to follow the fashion trend has served to create consumer anxiety about products quickly becoming outdated. This lowers consumers' confidence in Zara's offerings (Senjawati et al., 2023). Consequently, this would shift people's attitude towards Zara, people may begin to view Zara as unreliable and unvaluable for long-term fashion investments, favoring sustainable brands instead. This would lead to people's hesitance to make an immediate purchase from Zara, negatively affecting the purchase intention at Zara.

In terms of referential interest, referential interest is also affected by the societal support for boycotting Zara, driven by pro Palestine community in Indonesia due to Zara controversial advertisement that led Zara be associated with supporting Israel (Reditya, 2023). Moreover, the revelation of Zara's unethical practices such as forced labor of the Uyghur minority in China and the lack of transparency in the brand have caused skepticism regarding Zara's brand ethical commitment (Ryall, 2023). This causes negative shifts in people's attitude towards the brand, Zara would be viewed as untrustworthy brand with negative societal impacts, leading people to avoid purchasing from Zara and refrain from recommending Zara to others, significantly damaging Zara reputation and reducing people intention to purchase Zara.

In terms of preferential interest, the newfound awareness and appreciation for domestic products supported by several state-owned enterprises has further

impacted Zara's purchase intention (Widiastuti et al., 2022). Zara is slowly losing appreciation from consumers especially among millennials and generation z. As stated by Mayasari et al. (2023) there is a growing trend for millennials in Indonesia towards favoring local fashion brands over global ones. Azizi & Raharjo (2024) highlights that generation Z prefer brands with deeper engagement and relatable brand stories, which local brands provide, thus made up the Generation Z commitment to local brands. Moreover, the emergence of various local fashion brands that are more accessible than Zara added to the preference to shop for local brands. Consequently, this brings negative changes of attitude towards Zara, people will prefer and value more accessible alternatives local brands over Zara, diminishing the intention in purchasing from Zara.

In terms of explorative interest, the unavailability of desired products in the preferred color or size limits consumers' exploration of Zara's offerings, causing frustration for the consumers towards Zara's supply issues. This reduces consumer's desire to explore more products from Zara and forming bad impression of Zara as an unreliable brand for meeting the consumer's needs. Consequently, consumers are more likely to look elsewhere for better options, which would negatively impact the purchasing intention of Zara. These issues collectively show the negative changes of attitude towards Zara which also indicates the lack of purchasing intention towards the brand.

Subjective Norms play a crucial role in making up the intention to purchase for a consumer. Subjective Norms refer to the perceived societal expectation to engage or abstain from specific actions. The social influence extends beyond

familial ties to encompass respected peers, including friends and social media influencers like celebrities, and others (Budiman & Andriani, 2021).

In terms of Subjective Norms, Zara faces several problems in retrospect to appreciation, support, and trends for the brand. Nowadays, local fashion brands have been gaining traction and increasing in demand, as shown by the growing number of local brands entering Indonesia's market.

The 100% Cinta Indonesia movement, which is supported by several state-owned enterprises had served to promote the love for domestic products over foreign ones. This movement in the fashion sector is further evidenced through numerous fashion events such as Indonesia Fashion Week, Jakarta Fashion Week, Trademark, Lookats Market, Pop Up Market, and Brightspot Market which encourage the development of local fashion and provide more opportunities for local brands to be recognized by the wider community. This event is expected to help promote love and interest in buying local brands for Indonesian people (Widiastuti et al., 2022).

Moreover, research done by Hypefast in 2024 revealed that 90% of the respondents had purchased local brand within the last three months, where 70% claimed to actively seek local brands, with fashion being the most sought-after category with 90% of votes (Vritimes, 2024). The shift in consumers preferences towards homegrown fashion brands diminishes the appreciation for Zara as an international brand, which leads to changes in consumers' attitude and reduces the purchase intention towards Zara.

Zara has faced problems due to lack of support for Zara products following the establishment of the boycott movement towards Zara. According to (Reditya, 2023), the boycott movement was initiated after Zara was perceived to be supporting Israel. This was further reinforced after the Zara campaign “Zara atelier collection 04_the jacket” which featured mannequins with missing body parts and statues wrapped in white, leading pro Palestine groups in Indonesia to associate Zara with controversial political actions or conflicts, that is supporting the genocide committed by Israel. The boycott movement at Zara by the pro Palestine community across Indonesia indicates worsened attitude towards the brand, people view Zara as insensitive and inhumane. Consumers prefer to support other brands that were not on the boycott list. Thus, affect negatively towards Zara’s purchase intention.

Moreover, Zara seems to be having problems with the 2024 fashion trends of sustainable clothing (Pabuntang, 2024). As a fast fashion brand, Zara quick responses to changing trends foster an environment of short lived and throwaway fashion, which lead to an environmental problem such as textile waste. Zara is known for producing a tremendous amount of fashion products and heavily relying on cheap and environmentally harmful material such as polyester. This leads to the production of harmful greenhouse gasses and microplastics (Wolff, 2023). Consequently, Zara is viewed as the opposite of the sustainable clothing trend that encourages uses of sustainable material for the purposes of preserving environment. This causes a shift in consumer’s attitude towards Zara, as consumers deem Zara as unsustainable, consumers would come to prefer other more sustainable brands which reduces the purchase intention towards Zara.

Perceived Behavioral Control is another significant factor that makes up the intention to purchase for a consumer. Perceived Behavioral Control is referred as behavioral control that represent consumers' perceptions towards the resources that might be needed to achieve or perform a behavior (Budiman & Andriani, 2021).

In terms of Perceived Behavioral Control, there are several problems in retrospect to the ability, confidence, trust, opportunity, and perceived control of buyers towards Zara fashion brand. As seen from several reviews from buyers of Zara, one of the highlights is the need for a certain level of purchasing power to shop in Zara. In Medan, Zara is seen as a premium option for a fashion brand. This is further supported with the data that most of Medan people are with limited disposable income, with an average income of Rp 3,769,082 (Idris, 2024), making brands like Zara whose shirt cost Rp 800.000 per pieces become less accessible. This in turn influenced people's attitude to choose a much more affordable brand which causes less intention to purchase Zara.

Zara fast paced trend cycles cause consumers to experience a lack of confidence in their fashion choices when shopping at Zara. The constant introduction of Zara new styles creates an overwhelming environment that makes shoppers feel pressured to keep up with the latest fashions. Zara can bring fashion to consumers in just one month. Sometimes launching its collections twice in one month (Senjawati et al., 2023). This can lead to indecision to make the right purchases, as consumers may worry that their choices won't stay trendy. Thus, changing consumers' attitude to prefer shopping from retailer where they feel more assured in their style's choices, deterring the purchase intention towards Zara.

Brand trust has also been a constant problem in Zara. Trust in Zara has been significantly impacted by concerns regarding Zara transparency and its ethical practices. Consumers are becoming more conscious of the consequences of fast fashion in regard to ethical practices in the fashion industry. Even though Zara had announced commitment to uphold ethical practices in people and sustainability initiatives, Zara is found to be lacking transparency in their supplier and even in their initiatives. Fashion revolution, the world's largest fashion activist movement scored 11% for Zara transparency (Frankly, 2024). Moreover, Zara has been facing complaints after its unethical practices of inhuman labor were revealed. Zara was filed with complaint from group of NGOs due to its involvement in the forced labor crime of the Uyghur minority in China (Ryall, 2023). These reports have led to skepticism about the brand's commitment to uphold ethical standards causing shift in consumers' attitude towards brands that align more closely with their values regarding ethical practices of workers and environmental responsibility. This shift can significantly lessen the intention to purchase Zara.

Zara problem also shows up in the opportunity to purchase the product, consumers often faced restricted opportunities to purchase desired items due to unavailability of the product in the buyer preferred color or sizes which lead to frustration and changing consumers' attitude to better opt for other brands' product, which dampen the purchase intention towards Zara.

Consumers of Zara might also find a problem in the control the consumers have over the shopping experience, as Zara products are only available for a short period of time. According to Senjawati et al. (2023), Zara is known for never

displaying one model of clothing for long, this forces consumers to compete for the latest model, making it hard for consumers to plan their purchases. If consumers delay their purchase, they risk not finding the product they desire the next time they visit Zara store. This lack of control on the consumers' side would shift the consumers attitude to view other brands more favorably, which diminishes consumer purchase intention towards Zara.

As a result concluded from those reasons that has been provided above, the writer is interested and choose to conduct research to address Zara's consumer purchasing intention issues related to the variable of Subjective Norms, Perceived Behavioral Control, and Attitude, under the title of "The Influence of Subjective Norms and Perceived Behavioral Control Towards Purchase Intention with Attitude as the Intervening Variable: A Case Study of Zara Medan".

1.2 Problem Limitation

The following are the research boundaries on the issues that will be assessed:

1. This research focuses on the influence of Subjective Norms and Perceived Behavioral Control towards Purchase Intention at Zara Sun Plaza Medan with Attitude as the intervening variable. As such, the scope of this research object is limited to the Zara store which resides at Sun Plaza Medan that is located at 07 Zainul Arifin street.
2. The scope of this research is limited to the discussion of four variables, which are Subjective Norms (X_1) and Perceived Behavioral Control (X_2) as

the independent variables, Attitude (Z) as the mediating/intervening variable, and Purchase Intention (Y) as the dependent variable.

1.3 Problem Formulation

Here are the problems formulation based on the research conducted for this thesis:

- a. Does Subjective Norms significantly influence Attitude at Zara Sun Plaza, Medan?
- b. Does Perceived Behavioral Control significantly influence Attitude at Zara Sun Plaza, Medan?
- c. Does Attitude significantly influence Purchase Intention at Zara Sun Plaza, Medan?
- d. Does Subjective Norms significantly influence Purchase Intention at Zara Sun Plaza, Medan?
- e. Does Perceived Behavioral Control significantly influence Purchase Intention at Zara Sun Plaza, Medan?
- f. Does Subjective Norms significantly influence Purchase Intention through Attitude at Zara Sun Plaza, Medan?
- g. Does Perceived Behavioral Control significantly influence Purchase Intention through Attitude at Zara Sun Plaza, Medan?

1.4 Objective of the Research

Below are the objectives for this research:

- a. To investigate whether Subjective Norms significantly influences Attitude at Zara Sun Plaza, Medan?
- b. To investigate whether Perceived Behavioral Control significantly influences Attitude at Zara Sun Plaza, Medan?
- c. To investigate whether Attitude significantly influences Purchase Intention at Zara Sun Plaza, Medan?
- d. To investigate whether Subjective Norms significantly influences Purchase Intention at Zara Sun Plaza, Medan?
- e. To investigate whether Perceived Behavioral Control significantly influences Purchase Intention at Zara Sun Plaza, Medan?
- f. To investigate whether Subjective Norms significantly influence Purchase Intention through Attitude at Zara Sun Plaza, Medan?
- g. To investigate whether Perceived Behavioral Control significantly influences Purchase Intention through Attitude at Zara Sun Plaza, Medan?

1.5 Benefit of the Research

This research is done to achieve two types of benefits, which are theoretical benefit and practical benefit. The following are benefits that are aimed to be achieved through this research.

1.5.1 Theoretical Benefit

This research is expected to provide leverage for the company and the writer in understanding whether the independent variable of Subjective Norms and Perceived Behavioral Control along with the mediating variable of Attitude have

an impact on Purchase Intention. This research will contribute to providing beneficial information regarding the theory and correlations between the variables.

1.5.2 Practical Benefit

This research will be useful for the following purposes:

- a. For the writer, this research opens a way for the writer to gain broader and deeper understanding about the influence Subjective Norms, Perceived Behavioral Control, and the intervening of Attitude have on Purchase Intention.
- b. For the company, this research can help Zara Sun Plaza Medan understand how Purchase Intention towards the brand is affected by the influence of Subjective Norms, Perceived Behavioral Control, and the mediating of Attitude towards Zara Sun Plaza Medan. This research can be used by Zara Sun Plaza Medan to consider developing the right strategies for years to come.
- c. For other researchers, this research content can be utilized as a resource or considerations for fellow researchers who undertake similar research with aspects that have not been covered in this research.