

# CHAPTER I

## INTRODUCTION

### 1.1 Overview of Research Objects

#### 1.1.1 Uniqlo Profile

Fans of casual wear products must be familiar with the Uniqlo brand, a brand from Sakura, Japan. Headquartered in Sayama, Yamaguchi City, Japan, Uniqlo has succeeded in becoming one of the most targeted clothing brands in the world, including Indonesia. The brand's fame is inseparable from the role of the founder of Uniqlo, namely Tadashi Yanai who is known to be the second richest person in Japan. Tadashi Yanai developed a retail clothing business with the trade name Uniqlo which stands for "Unique Clothing" since 1949. According to Uniqlo's history, the name Uniqlo was a name that was not coincidental. Initially, the company was called "Uniclo", which is short for "Unique Clothing". However, when the company was in the registration process, the letter "C" was misspelled and replaced with the letter "Q". Since then, Yanai decided to change the company name to "Uniqlo". According to him, this mistake made his company's brand cooler.

The idea originated from Yanai's visit to a cooperative university in the United States which is very crowded because it sells casual clothing products at prices as low as buying magazines. Carrying the concept of being a giant warehouse with constant choices, Yanai built its first wholesale shop in Hiroshima City on June 2, 1984. Uniqlo is a company that sells clothing retail under its own trademark. Unlike most grocery stores that sell various clothing brands, at the Uniqlo store, you will only find one brand. So that the entire process from manufacturing to marketing clothes is carried out by the company itself. Tadashi Yanai's clothing business talent was passed down from his father, Hithosi Yanai, who was the Managing Director of Fast Retailing at Ube City's Ogori Shoji menswear shop. In 1984, Tadashi Yanai took over the company and at the same time, he opened his Unique Clothing Warehouse. Until a few years later, the store branches continued to grow thanks to the listing of Fast Retailing's shares on the Hiroshima Stock Exchange in 1994.

The peak occurred in October 1998, when Uniqlo sweaters made from synthetic fleece were sold for 2 million pieces at a price of ¥ 1,900. What a great

accomplishment for a casual clothing company at that time. Yanai's luck seems to have continued, until 1999, he was able to sell more than 6 million pieces of Uniqlo brand sweaters. Uniqlo has proven to be successful in creating a sweater stigma, which was originally outdated and unfashionable, which Japanese teenagers love. Thus, a youth fashion center was established in Tokyo with colorful sweaters as its special product.

Only in the period 1998 to 1999, Yanai made a profit of 33.6% to 111 billion yen from 83 billion yen previously and doubled in 2000 to 229 billion yen. With these amazing profits, the company Uniqlo plans to expand by opening stores outside Japan. Just imagine, business in your own country is enough to make him rich, especially if he starts to expand by penetrating international markets. No wonder he has been named the number 2 richest person in Japan. Uniqlo's first store outside of Japan was located in Shanghai in April 1999. Other countries that have also become Uniqlo's target market include London (2007), Paris (2009), New York City (2011), Seoul (2011), Singapore (2009), Taiwan (2010), Malaysia (2010), Thailand (2011), Philippines (2012) and Indonesia (2013). The many branches of Uniqlo stores prove that this company is not playing games to compete with other well-known brands. To date, more than 1,900 total shops have opened in various countries. Uniqlo was even named the largest clothing company in Asia and the third largest in the world category. (Source: Hightlight Media, 2018)

### **1.1.2 History of Uniqlo in Indonesia**

The fans of Uniqlo in Indonesia can now smile widely. After busy promoting, finally Uniqlo opened its first store in Indonesia, namely Uniqlo Megastore which opened at Lotte Shopping Avenue, Jalan Prof. Dr. Satrio, Kuningan, Central Jakarta. It is called Megastore because the shop is made with a two-story concept. The launch of Uniqlo in Jakarta was not without reason. "We have been preparing since the last year," said Chief Operation Officer of PT Fast Retailing Indonesia Yasuhiro Hayashi. The new reason for bringing Uniqlo in Jakarta is because it has just got a wide location. Indonesia is a country with a large number of occupations. The people are considered to have high taste in dress. These considerations made Uniqlo feel the need to have a very large store in Jakarta. In the opening of the first store, singer Sherina Munaf was present as the brand ambassador for this Japanese label. She said, Sherina had known Uniqlo for a long time. Usually she has to fly at least to Singapore to shop for Uniqlo.

Sherina admits that she likes Uniqlo because her clothes match the tropical air of Indonesia. The element of comfort also covers this clothing label. A variety of clothing can be found in this shop covering an area of more than two thousand square meters. Starting from clothing for women, men, children, underwear, to accessories. The clothes offered also follow the growing trend (Hapsari, 2013). The author will show several Uniqlo outlets, as follows:



**Figure 1. 1 Uniqlo outlets located in Paris Van Java**

Source: gotomalls.com



**Figure 1. 2 Uniqlo outlets located at Paskal 23**

Source: gotomalls.com



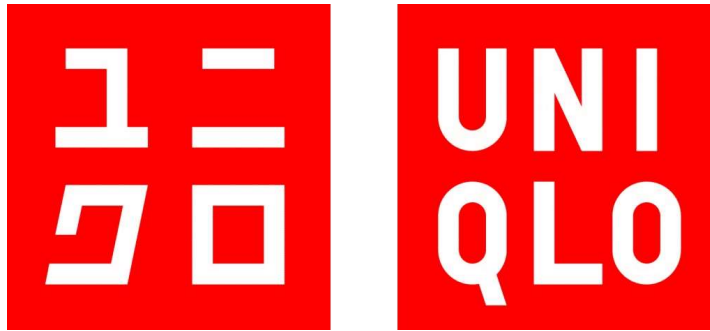
**Figure 1. 3 Uniqlo outlets located at Trans Studio Mall**

Source: mediaindonesia.com

### **1.1.3 Uniqlo Logo**

Every brand must have a logo as a personal identity, including the Uniqlo brand. Uniqlo has a logo that really represents its home country, Japan, with a red base color and white writing.

The Uniqlo logo design resembles a Japanese red seal showing (subliminally) an indispensable level of quality. The use of Katakana - one of the four sets of Japanese characters - is specific only because it is used for foreign words that have been entered into Japanese such as brands and vocabulary. Sato chose Katakana alongside the English logo to produce a unique bilingual logo and to give it a unique international flavor too. This Uniqlo logo was designed by Kawashi Sato (<https://tonimarinoco.uk/>). In Figure 1.4, this is the logo of the Uniqlo brand which is quite simple and easy to remember.



**Figure 1. 4 Uniqlo Logo**

Source: tonimarino.co.uk

#### **1.1.4 Vision and Mission of Uniqlo**

Following are the vision and mission carried by Uniqlo:

Vision : Unlocking the power of fashion. With a focus on products, supply chain, employees, shops and communities, we will change the world for the better through our business.

Mission : To continuously provide fashionable, high quality basic casual clothing at the lowest price on the market - casual wear that can be used by anyone anytime and anywhere. Focus on low-key operations and directly link production and marketing in the shortest and cheapest way. Provides an environment where global standard employees can happily work.

#### **1.1.5 Uniqlo Products**

Uniqlo offers various types of clothing products, for example, such as Airmism and Heattech materials, as well as collaborative products with world designers such as JW Anderson which came out on April 10, 2020. The following are the types of clothing products that Uniqlo offers:

a). Airmism Product

This product uses a special fabric that is very soft on the skin, and is also not intended to provide a comfortable feeling when used as innerwear. The ingredients of this Airmism product are also equipped with anti-stifling and anti-odor features.



**Figure 1. 5 Airmism product from Uniqlo**

Source: uniqlo.com

b). Heattech Product

This product is specially designed to withstand body heat. Although made of thin material, this Heattech product can provide warmth without wearing layers of clothes in winter.



**Figure 1. 6 Heattech product from Uniqlo**

Source: uniqlo.com

c). JW Anderson collaboration Product

JW Anderson is one of London's most renowned designers. This collaboration product between Uniqlo and JW Anderson is inspired by classic British styles, such as traditional motifs and patterns, square motifs, embroidery motifs and stripes.



**Figure 1. 7 Collaboration Product between Uniqlo x JW Anderson**

Source: [uniqlo.com](http://uniqlo.com)

## 1.2 Research Background

The fashion industry in Indonesia is currently growing rapidly. This condition is in line with the growing public awareness that the need for fashion is not just about dressing, but also as fulfilling the necessities of life in dressing. Therefore, fashion trends in Indonesia are changing rapidly. Indonesian people as the market share are getting smarter and have a better taste in choosing fashion. The fashion trends that have developed in Indonesia are very much influenced by European and Asian culture, especially South Korea, which has occurred in recent years. Fashion trends in Indonesia have developed quite well in history. (Finandy, 2020). The clothing industry is a large segment and is recording the highest production growth among other sectors during the first quarter of 2019. Based on data from the Central Statistics Agency (BPS), in the first 3 months of 2019, the apparel industry production grew by 29.19% on an annual basis. Meanwhile, in qtq terms, the apparel industry sector grew by 8.79%, the second highest after the furniture industry (Kementrian Perindustrian, 2019).

At this time there are so many companies engaged in clothing retail, ranging from clothing retail companies that originate from abroad to domestic. The fashion industry in Indonesia can be categorized into 2 types, fast fashion and slow fashion. Fast fashion is a type of fashion that presents the latest fashion trends where ideas are taken from fashion shows or styles of celebrities, by being produced on a large scale, such as H&M, Zara, Stradivarius and Uniqlo. Meanwhile slow fashion or sustainable fashion is a kind of fashion that presents clothes longer with better endurance, as Everlane, Allbirds, and Patagonia. From several existing fast fashion brands, the

author chose Uniqlo as the object of this research. Because that Uniqlo design is simpler than its competitors and not really following trend, even though Uniqlo included in the fast fashion category. And then in Bandung there has never been any research with Uniqlo as an object, using brand image and product quality as variables in determining purchasing decision.

Uniqlo is one of the largest fashion companies originating from Japan, Uniqlo is under the Fast Retailing Co. Ltd to distribute its products globally. Uniqlo is known as a fast fashion company that runs its business as a SPA (Specialty store retailer of Private label Apparel) or a specialized retail store for its own brand clothing (Arman, 2020). The superiority of Uniqlo product quality can be seen from the simplicity of the model, but they carry materials that can be combined with this simplicity model so that it becomes Uniqlo's hallmark. Uniqlo, with its LifeWear concept of extraordinary everyday comfort, distinguishes itself by offering unique products such as sweaters made of superior quality cashmere, supima cotton t-shirts and a range that combines original Heattech and Ultra Light Down technology. Heattech is the basic material for Uniqlo cold weather shirts. It has been in development for 10 years until it finally achieves the advantages it has today. Although simple, maintaining the concept is much more difficult when compared to following the current fashion trends. Thus Uniqlo must strive so that it can compete with its competitors. Uniqlo is the only Asian brand that is able to compete globally, following the data released by Brand Finance in 2019:



Figure 1. 8 Top 10 Best Selling Labels in the World in 2019

Source: Brand Finance (2019)



In figure 1.8 based on data released by Brand Finance in “Apparel 50 2019”, it shows that Uniqlo managed to increase by 48% and was in seventh position, previously in 2018 it was in ninth position. However, Uniqlo is still unable to compete with big brands such as Nike, Zara, Adidas, H&M, Cartier, and Louis Vitton.

Uniqlo is of the largest retail fast fashion in Indonesia, but has not been able to beat its famous competitors, H&M and Zara. However Uniqlo sales continue to increase every year. In 2018 uniqlo revenue was US \$ 19.48 billion, and for 2019 Uniqlo increase their revenue to US \$ 21,3 billion. Uniqlo in Indonesia has a total of 39 outlets in 15 cities throughout Indonesia. In October 2020, Uniqlo in Bandung opened its third outlet located at Trans Studio Mall (TSM). Naoki Kamogawa as President Director of PT. Fast Retailing Indonesia (Uniqlo Indonesia) stated, "Opening a third outlet in Bandung will further expand Uniqlo's reach in providing LifeWear products and services in these cities" (Yuniar, 2020). With the continued development of Uniqlo outlets in Bandung, it shows that Uniqlo wants to compete with competitors who have the same business field. In addition, Bandung is also known as the center of fashion in Java.

Reporting from the Japan Times, Uniqlo's sales in April 2020 slumped by 56.5%, this is the biggest decline in sales since the company was released, namely in 1996. This was followed by an 18% decline in May 2020. However, sales per customer increased by 10.4 % in June and also rose 26% over the previous year (including online purchases), due to strong demand for spring and summer products. It can be concluded that although there was a decline in sales due to the Covid-19 outbreak, this did not stop consumers from purchasing Uniqlo products (cnbcindonesia, 2020).

The author conducted a survey in the form of a questionnaire distributed to 75 respondents determine the opinion of Uniqlo consumers who are in Bandung on the brand image and product quality of Uniqlo. The results of the survey are as follows:

TABLE 1.1 PRA SURVEY

No.	Statement	Yes	No
1.	Uniqlo product is good	73 or 97,3%	2 or 2,7%
2.	Uniqlo product superior than the other brands	42 or 56%	33 or 44%
3.	Love Uniqlo product	68 or 90,7%	7 or 9,3%

4.	Uniqlo provides good value/quality in accordance with money spent	67 or 89,3%	8 or 10,7%
5.	Have reason to buy Uniqlo product	60 or 80%	15 or 20%
6.	Uniqlo product different with the other brands	54 or 72%	21 or 28%
7.	Uniqlo is developing innovations	61 or 81,3%	14 or 18,7%
8.	Product quality of Uniqlo is good	72 or 96%	3 or 4%

Source: Processed by author

Based on the results of the pre-survey conducted by the author to 75 Uniqlo consumers in Bandung, it can be seen that 56% or 42 respondents agreed that Uniqlo products were superior to products from other brands it means that most consumers think that Uniqlo is superior to its competitors in the retail fashion world and some others think that Uniqlo is still less superior than its competitors although the percentages differ only slightly and 96% or 72 respondents agreed with the quality statement and then just three respondents that not agreed if Uniqlo products is good, it means proven that Uniqlo has good product quality.

The author also want to know which brand is the choice of people in Bandung based from 75 respondent. The selection of the Uniqlo brand in purchasing decisions made by the Bandung people was 25%, this percentage was still below the H&M brand which was above Uniqlo with a percentage of 29%, followed by Pull & Bear at 11%, then Zara who had a percentage of 10%, Stradivarius at 6%, and the last one from other brands such as Berskha, Cotton On, Berrybenka, 3 Second, Colorbox, This is April, Et Cetera with a percentage of 19%.

The relationship between brand image variables and product quality on purchasing decisions is supported by previous research conducted by Tamimi, Nugraha, and Widiartanto (2015). The results show that the variable brand image and product quality variables have a positive effect on purchasing decisions. It is also supported by research conducted by Pratama and Nurbaya (2018) which states that partially and simultaneously the variable brand image and product quality have a positive and significant effect on purchasing decisions.

Each consumer will always experience the purchase decision in determining the brand that is in accordance with consumers' expectations and needs. When we need a product to meet our needs, we will purchase the item. In the purchasing decision-

making process according to Kotler & Armstrong (2016: 183) there are five stages that consumers must go through in making the purchase decision-making process, which is as shown in Figure 1.9.



**Figure 1. 9 Decision Making Process**

Source: Kotler and Armstrong (2016: 183)

According to Kotler and Keller (2016: 195), "Explaining that a smart company will try to fully understand the customer decision-making process, all their experiences in learning, selecting, using, and even in positioning the product." For this reason, company managers are required to be more creative and innovative and to have differentiation and even uniqueness and superiority from its competitors in advertising products.

Previous research conducted by Salatun and Layoo (2017) stated that brand image is one of the factors that influence purchase decisions. This research states that a strong brand image can provide several main advantages for the company and even for its consumers. With a wide variety of products offered in the market to consumers, consumers will also see which brands can fulfill their needs and desires. Quite a number of factors are considered before we decide which product to choose, for example it can be seen from the quality of the product, how the brand image of the product, the price offered. For this reason, company managers must work hard to be able to win the hearts of consumers so that they can determine their choice of products from these companies.

Research conducted by Fatmawati and Suryoko (2018) states that product quality has a positive effect on purchasing decisions. The quality of a product is very important for companies in launching a product, and is also very attractive to consumers who will buy the product. That's because the quality of the product is the first criterion that consumers will consider before deciding to buy a product. This is something that must be known by company managers in order to fulfill the wants and needs of its consumers. By knowing what they want and what consumers need,

company managers can make it a strategy to attract the hearts of consumers and be able to win the competition with other competitors.

Uniqlo is one of the famous clothing retail businesses in Bandung. Apart from Uniqlo, there are several big brands such as H&M, Zara, Stradivarius. Uniqlo is one of largest fast fashion brands originating from Japan. Uniqlo known as for its simple products designs and large selection colors. And then Uniqlo famous for its comfortable material when used and good at durability its products. Uniqlo known for collaborating frequently with other brands or designers. However, it is not known yet what factors can make people in Bandung make purchasing decision on Uniqlo products. The above problem is interesting for further review, therefore the author chose the title "The Influence of Brand Image and Product Quality on Purchasing Decisions of Uniqlo Products in Bandung".

### **1.3 Research Focus**

In order to be more focused in conducting this research, the focus of this study is as follows:

1. This study only uses respondents who have shopped at Uniqlo and reside in the city of Bandung.
2. From various factors that can influence purchasing decisions, the authors only choose the variable brand image and product quality.
3. The object of this research is Uniqlo in Bandung.

### **1.4 Problem Identification**

Based on the background described, the problem identification is as follows:

1. How is the brand image on Uniqlo products in Bandung?
2. How is product quality on Uniqlo products in Bandung?
3. How is purchase decision on Uniqlo products in Bandung?
4. Do brand image and product quality partially influence on purchasing decision for Uniqlo products in Bandung?
5. Do brand image and product quality simultaneously influence on purchasing decision for Uniqlo products in Bandung?

## **1.5 Objective Research**

The author's objectives for conducting this research are:

1. To find out brand image Uniqlo in Bandung.
2. To find out product quality Uniqlo in Bandung.
3. To find out purchase decision Uniqlo in Bandung.
4. To determine the effect of brand image and product quality partially on purchasing decision for Uniqlo product in Bandung.
5. To determine the effect of brand image and product quality simultaneously on purchasing decisions for Uniqlo products in Bandung.

## **1.6 Research Usefulness**

In accordance with the research objectives to be achieved, it is hoped that this research can provide useful both theoretically and practically, as follows:

### **a. Theoretical Aspects**

results of this study are expected to help and complement the science in marketing related to consumer behavior, especially on the influence of brand image and product quality on purchasing decisions.

### **b. Practical Aspects**

results of this study are also expected to provide information and input to Uniqlo companies to develop business strategies, especially marketing strategies for the future.