

CHAPTER 1

INTRODUCTION

1.1 RESEARCH BACKGROUND

According to Anwar & Andrean, (2021), the global fashion industry continues to grow rapidly, shaped by technological advancements and changing consumer preferences. In 2022, the fashion market was valued at approximately \$1.7 trillion and is expected to surpass \$2.25 trillion by 2028 at the worldwide (Brown, 2023). Fast fashion brands like Zara, H&M, and Uniqlo are driving this growth through their ability to quickly adapt to trends and deliver affordable products to a mass audience. Additionally, e-commerce has revolutionized the fashion landscape, allowing consumers to shop from anywhere in the world (Anwar & Andrean, 2021).

According to Rivai & Zulfitri, (2021) Indonesia's fashion industry is one of the fastest-growing sectors in the country, contributing significantly to the economy. Indonesian consumers are increasingly drawn to global brands like Uniqlo and H&M, with a strong preference for affordable yet high-quality fashion (Rivai & Zulfitri, 2021a). The rise of digital platforms and online shopping has further accelerated the growth of the fashion sector in Indonesia.

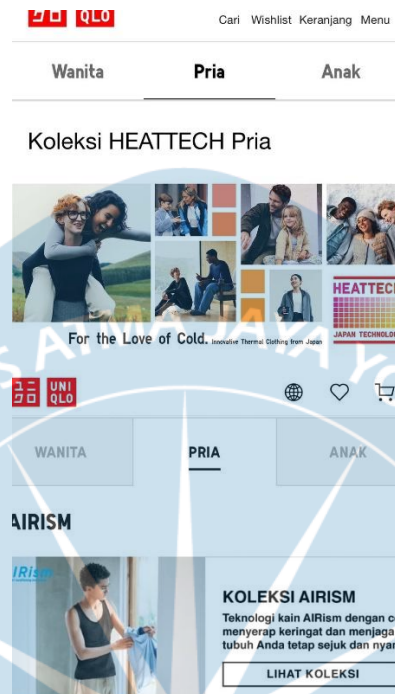
Table 1. 1.
Indonesia's Fashion Industry Contribution GDP (2020-2022)

Year	Contribution to GDP (in IDR Trillion)	Growth Rate (%)
2020	10.5	6.2
2021	11.2	6.7
2022	11.9	7.0

Source: Badan Pusat Statistik (BPS), 2023. Retrieved from <https://www.bps.go.id>.

According Wijayanti & Nainggolan, (2023) founded in 1984 by Tadashi Yanai, Uniqlo has grown into one of the world's largest apparel retailers. The company is part of Fast Retailing Co., Ltd. and operates more than 2,495 stores across 20 countries (<https://www.fastretailing.com>). Known for its Life Wear concept, Uniqlo offers everyday clothing that focuses on comfort, durability, and functionality. Uniqlo's use of innovative fabric technologies such as Heat Tech and AIRism has set it apart in the fast fashion industry

(Wijayanti & Nainggolan, 2023). These innovations have allowed Uniqlo to cater to a wide demographic of consumers seeking both quality and affordability.



Source: <https://www.uniqlo.com/>

Figure 1. 1
Innovative Fabric Technologies of Uniqlo

Since entering the Indonesian market in 2013, Uniqlo has grown to over 65 stores across major cities such as Jakarta, Surabaya, and Bandung. Uniqlo's product range, including casual wear, sportswear, and modest fashion options, has resonated with Indonesian consumers, particularly those seeking functional and stylish clothing. These elements build brand equity, adding perceived value that strengthens (Sihombing et al., 2023a). The brand's focus on high-quality products at reasonable prices has helped it build a loyal customer base in the country. Uniqlo's presence in Indonesia continues to expand as it taps into the growing middle-class market.

According to Lamasi & Santoso, (2022) despite its success, Uniqlo faces stiff competition from both international and local brands. Zara and H&M are its main competitors in Indonesia, with Zara holding an 18% market share, followed by H&M at 17%, and Uniqlo in third place with 16% (Euromonitor International, 2023). Local brands like Matahari and The Executive also pose a significant threat by offering affordable fashion tailored to local tastes. However,

Uniqlo's commitment to product quality and innovation, coupled with its efficient supply chain, allows it to maintain a competitive edge (Lamasi & Santoso, 2022).

Table 1. 2
Competitors in Indonesia's Fashion Market

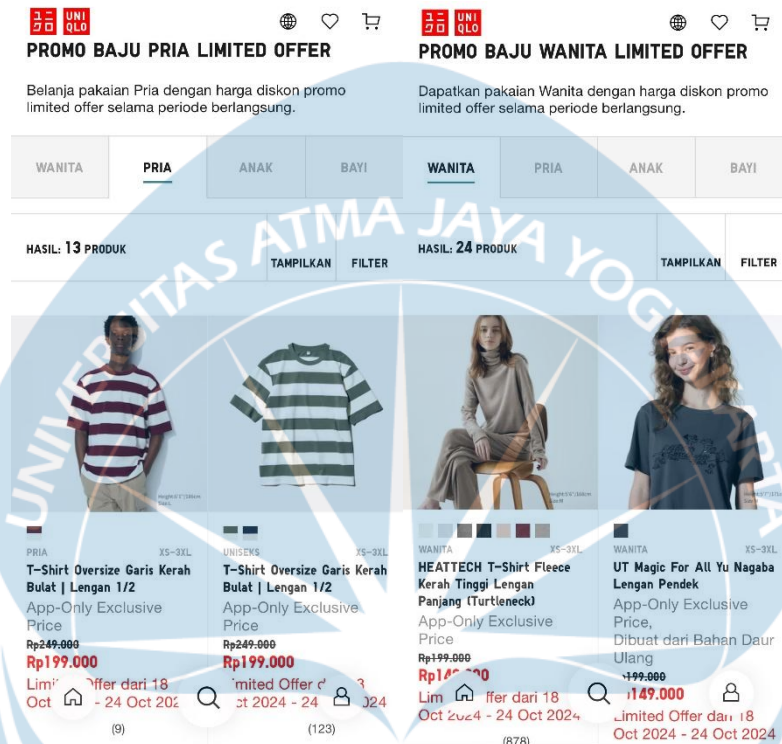
BRAND	MARKET SHARE (%)
Zara	18
H&M	17
Uniqlo	16
Matahari	10
The Executive	9
Other Brands	30

Source: <https://www.euromonitor.com/womenswear> (2022)

According Wijayanti & Nainggolan, (2023) product quality is a crucial factor in Uniqlo's success. The brand is known for its high-quality, durable, and comfortable clothing, which incorporates advanced fabric technologies like Heat Tech for warmth and AIRism for breathability (Fransiska, 2022a). These innovations ensure that Uniqlo's products meet the needs of a diverse customer base. A study by Wijayanti & Nainggolan, (2023) revealed that product quality has a significant impact on customer satisfaction, with the average Uniqlo customer citing quality as the main reason they purchased the brand. High product quality directly contributes to customer satisfaction by ensuring that the product meets or exceeds consumer expectations. Uniqlo's focus on creating durable and comfortable clothing through advanced technology has resulted in high levels of customer satisfaction (Purwanti & Patimah, 2023). In fact, research shows that product quality from the variance provided by Uniqlo in terms of customer satisfaction for Uniqlo products, making it a significant factor in customer loyalty and repeat purchases (Purwanti & Patimah, 2023).

According Lamasi & Santoso, (2022) price perception plays a key role in influencing consumer purchasing decisions. Uniqlo's pricing strategy strikes a balance between affordability and high-quality offerings, making it attractive to middle-income consumers (Lamasi & Santoso, 2022). Uniqlo's approach to pricing has allowed it to compete effectively with premium brands like Zara, while still being perceived as offering good value for money. The average Uniqlo customer in Indonesia feels that the brand offers a fair price-quality ratio, which influences their purchasing decisions. Positive price perceptions increase customer

satisfaction by providing a sense of value for money. Uniqlo's competitive pricing, combined with its emphasis on quality, ensures that customers feel like they are getting more than what they pay for (Lamasi & Santoso, 2022). Uniqlo's price perceptions positively influence customer satisfaction, with several customer reviews stating that the brand's pricing strategy meets their expectations.



Source: <https://www.uniqlo.com/id/> (2024)

Figure 1.2

Uniqlo's pricing strategy fosters positive consumer price perception

According Anwar & Andrean, (2021) Uniqlo has built a strong brand image based on simplicity, innovation, and sustainability. Its Life Wear philosophy emphasizes functional, stylish, and long-lasting clothing for everyday wear, which resonates well with consumers globally, including in Indonesia (Anwar & Andrean, 2021). Uniqlo's collaborations with renowned designers and its commitment to eco-friendly initiatives such as the Re.Uniqlo recycling program further enhance its brand (Fransiska, 2022a).



Source: <https://kumparan.com/kumparanwoman/> (2019)

Figure 1.3

Re.Uniqlo Recycling Program (The Art and Science of LifeWear: New Forms Follows Function)

According Wijayanti & Nainggolan, (2023) Uniqlo's brand image, built on innovation, sustainability, and quality, plays a key role in shaping customer satisfaction and purchasing decisions. A positive brand image fosters trust, loyalty, and emotional attachment, encouraging consumers to choose Uniqlo over competitors. Research by Fransiska (2022) shows that brand image significantly influences both customer satisfaction and purchasing decisions. In addition, purchasing decisions mediate the relationship between product quality, price perception, and brand image. Consumers who perceive Uniqlo as offering high-quality products at affordable prices are more likely to make purchases and feel satisfied, as demonstrated by (Wijayanti & Nainggolan, 2023), where 78% of Uniqlo's Indonesian customers cited product quality as the main factor in their decisions.



Source: <https://faq-id.uniqlo.com/> (2024)

Figure 1.4

Customer reviews on Uniqlo highlight delivery efficiency and stock availability, key factors influencing overall brand satisfaction and purchasing decisions

In conclusion, Uniqlo's success in Indonesia's fashion market is driven by its focus on product quality, competitive pricing, and a strong brand image. These factors play a critical role in influencing purchasing decisions and customer satisfaction. By continuously innovating and delivering high-quality products at affordable prices, Uniqlo has positioned itself as a leading player in Indonesia's fast fashion market. Although many previous studies have

examined the effects of product quality, price perception, and brand image on purchasing decisions and customer satisfaction, their findings remain inconsistent. For instance, Wijayanti & Nainggolan (2023) found that product quality significantly influences purchase decisions, while Rivai & Zulfitri, (2021) reported no such effect. Moreover, Rivai & Zulfitri, (2021) found that price perception did not significantly affect purchase decisions, but brand image did. In contrast, Sihombing et al. (2023) concluded that price had a significant positive influence on purchase decisions, while Praja & Haryono (2022) found that brand image had an insignificant effect. Additionally, Permatasari & Rubiyanti (2021) suggested that product quality, brand image, price, and promotion simultaneously influenced purchase decisions for Uniqlo products. These contradictory results also extend to customer satisfaction, Rivai & Zulfitri (2021) showed that purchase decisions did not significantly influence satisfaction, while other studies found otherwise. Wijayanti & Nainggolan (2023) further emphasized that brand image mediates the influence of product quality and price perception on purchasing decisions. Given these inconsistencies, this research aims to clarify the relationships among these variables within the context of the fast fashion industry, particularly Uniqlo. The study highlights the importance of purchasing decisions as a mediator in the relationship between product quality, price perception, and brand image, offering valuable insights for future research and marketing strategies.

Furthermore, this study extends previous research by Putra (2021). While their research focuses on the coffee industry, specifically Kopi Janji Jiwa, this research examines the fashion industry through the case of Uniqlo. Their study highlights how purchasing decisions mediate product quality, price perception, and brand image on customer satisfaction, finding that brand image significantly influences purchasing decisions but not directly customer satisfaction. In contrast, this thesis investigates whether brand image in the fast fashion industry has a stronger direct impact on customer satisfaction. Furthermore, their research uses a localized sample of coffee consumers at Jakarta, whereas this study covers a broader demographic in the local fashion market especially at Yogyakarta. Additionally, their findings show that purchasing decisions mediate brand image but do not fully influence satisfaction through all variables, while this thesis explores whether purchasing decisions mediate product quality, price, and brand image more comprehensively within the fashion retail sector. This gap highlights the contribution of this research in addressing different industry dynamics and examining a more inclusive mediation model.

1.2 RESEARCH QUESTION

This research was conducted to find out the point of view of consumers of a product or brand of that product regarding customer satisfaction from what consumers buy. After knowing about the point of view, this research aims to find out whether purchasing decisions can be influenced by product quality, price perception and image. brand, after knowing these factors influence purchasing decisions, then we can find out customer satisfaction with products from that brand. Then, from several factors, the research questions that were asked emerged, namely:

1. Does product quality has a significant and positive influence on purchasing decisions of Uniqlo fashion brand?
2. Does price perception influence purchasing decisions of Uniqlo fashion brand?
3. Does brand image influence on purchasing decisions of Uniqlo fashion brand?
4. Does product quality affect customer satisfaction of Uniqlo fashion brand?
5. Does price perception influence customer satisfaction of Uniqlo fashion brand?
6. Does brand image influence customer satisfaction of Uniqlo fashion brand?
7. Does purchasing decisions influence customer satisfaction of Uniqlo fashion brand?
8. Do purchasing decisions mediate the effect of product quality on customer satisfaction of Uniqlo fashion brand?
9. Do purchasing decisions mediate the influence of price perceptions on customer satisfaction at of Uniqlo fashion brand?
10. Do purchasing decisions mediate the influence of brand image on customer satisfaction of Uniqlo fashion brand?

1.3 RESEARCH OBJECTIVE

Based on the problem formulation that has been described, the research objectives are:

1. To analyze the influence of product quality on purchasing decisions of Uniqlo Fashion brand.
2. To analyze the influence of price perceptions on purchasing decisions of Uniqlo Fashion brand.
3. To analyze the influence of brand image on purchasing decisions of Uniqlo Fashion brand.
4. To analyze the effect of product quality on customer satisfaction of Uniqlo Fashion brand.

5. To analyze the effect of price perception on consumer satisfaction of Uniqlo Fashion brand.
6. To analyze the influence of brand image on customer satisfaction of Uniqlo Fashion brand.
7. To analyze the influence of purchasing decisions on customer satisfaction of Uniqlo Fashion brand.
8. To analyze the role of purchasing decisions mediate the influence of product quality on customer satisfaction of Uniqlo Fashion brand.
9. To analyze the role of purchasing decisions mediate the influence of price perceptions on customer satisfaction of Uniqlo Fashion brand.
10. To analyze the role of purchasing decisions mediate the influence on brand image and customer satisfaction of Uniqlo Fashion brand.

1.4 RESEARCH BENEFIT

Conducting research into the role of purchasing decisions mediated by product quality, price perception, and brand image on customer satisfaction of Uniqlo offers several significant benefits both academically and practically. This research is particularly timely given the rapid growth of the fashion industry in Indonesia, where consumer preferences are evolving alongside global trends. By focusing on Uniqlo, a brand that has successfully established itself in various markets, this study aims to provide insight into how specific factors influence customer satisfaction in a competitive retail environment.

1.4.1 Academic Benefit

Academically, this research will enhance our comprehension of consumer decision-making processes by exploring how product quality, price perception, and brand image collectively impact customer satisfaction. The findings will contribute to theoretical frameworks related to consumer behavior, providing a nuanced understanding of how these variables interact within a competitive retail environment.

1.4.2 Practical Benefit

From a practical standpoint, the findings from this research will offer actionable insights into marketers and business strategists at Uniqlo and similar retailers. By identifying key drivers of customer satisfaction—such as product quality and price perception, companies can tailor their marketing strategies to better align with consumer

expectations. This targeted approach ensures that products are designed and marketed effectively to meet the needs of diverse customer segments.

1.5 RESEARCH SYSTEMATICS

The structure of this research is organized into five chapters, each with a specific focus:

CHAPTER I INTRODUCTION

This introductory chapter outlines the research plan in line with the study title. It introduces the five-chapter format, summarizing the primary content of each chapter, which includes the background of the problem, research questions, objectives, contributions, and systematic structure.

CHAPTER II LITERATURE REVIEW

This chapter provides an in-depth discussion of the theories and frameworks that underpin the research. It also includes a thorough review of relevant literature, highlighting foundational concepts and theoretical analyses related to the study.

CHAPTER III RESEARCH METHODOLOGY

This chapter details the chosen research methodology, specifying the research design, such as a survey, experiment, or case study. It also outlines the research plan, explaining the methods, procedures, and data collection techniques employed.

CHAPTER IV DATA ANALYSIS

This chapter presents the results from the analyses conducted and interprets them within the context of prior studies. It also discusses the limitations and implications of the findings, integrating them with existing literature.

CHAPTER V CONCLUSION

This concluding chapter summarizes the research findings and their practical implications, along with recommendations for future research. It also highlights managerial implications that can be applied in real-world practice.