

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1. Background**

As emerging nation, Indonesia is one of emerging nation that has a consumptive behavior. Consumptive behavior not only understood as food, example of excessive use of electricity because of the vast amount of home electronic furniture, use of water, use of pulses and purchase expensive brands (Kompasiana, 2015). The retail store or clothe store in Surabaya mall has a new retail comer that has a good brand image and has been waited by many Indonesia people. The newcomer such as Uniqlo, H&M, ZARA and Pull and Bear has been waited by Indonesian people because, each store has to compete each other in terms of good price, quality and brand image itself in Indonesia market specially in shopping mall.

In this research the researcher will chose H&M as the object of the research. The reason that the researcher chose H&M because there are many researcher friends use and recommend the H&M product to the researcher as an affordable fashion retailer which has a product discount, a good Brand Image and good quality product, like the ZARA, Uniqlo and Pull and Bear that has already get in to the Indonesia fashion market before H&M itself.

Brand image has important role for corporate marketing and for consumers it became for a type of information that they need, this is the reason for this researcher use the variable in this research. The information that came from consumer can impacts the enterprise for overall image and decide for consumers purchase intention. Henderson, Cote, Leong and Schmitt (2003) brand image must involve communicating to consumers, this must be done for gain significant external features about the product or service. Not only build a better brand image for the customer, brand of fashion retail must consider the price and any promotion that they will use to make consumer has willing to buy their product.

Consumers will stimulates their own purchase decision and behavior if the brand association and awareness for inferring the product have a good quality, which stimulates their purchase behavior when they wish to purchase products

(Sierra, Heiser, Williams and Taute, 2010). According to present researcher for this study consumer attitude and purchase intention is a variable that can have huge impact to the fashion retailer H&M sales, and according to previous researcher for brand image, the main important thing is building consumer mind for gaining competitive factor and features of retailer or outlet mall so the retailer can get the customer highlight.

Retail that has a product or services that sell branded goods and has Discounted Price can be called as outlet malls (Reynolds, Ganesh and Luckett, 2002; Whyatt, 2008). Mall outlets actually place where the manufacturers will sell the product that has too much product inventory or products with small visual defects (Coughlan and Soberman, 2005). As individual behavior people try to get their own certain goals or needs. It also refers to whether, while consumer will make the decision about buying the product, consumers can decide to adopt certain behaviors.

A stronger intention toward a particular behavior can be find in consumers behavior and consumer wanted more probability for carrying out their behavior in the future. The best way to get prediction about consumer behavior in the future by use consumer motivation (Molinari, Abratt and Dion, 2008). Consumers' purchase intention will help to gain information and understanding the reasons for the purchase decisions. When the information that influencing consumers purchase intention have been get, the next step are corresponding adjustments and improvements to marketing strategy. From there firm or retailer have their own list about the producing some beneficial solutions that can attract consumers and strengthening the business growth (Cretu and Brodie, 2007). Better brands image can impact the consumers loyalty and brand image will have trust in its products and strengthening consumers for purchase intention (Aaker and Keller 1990; Lee, Shin, Park and Kwon, 2010)

Indonesia has the largest population number 4 in the world at 265 billion people according to (economy.okezone.com, 2018) and this make a good brand such as Zara, H&M and Uniqlo enter Indonesia market. H&M has a good brand image this make H&M has competitive price. But the fact that H&M has declaining in the

sales factor. So this make the H&M hold back the declining sales by using discount method to attract the customers to buy H&M product.

**Table 1.1.**

**Consumer growth of shopping mall in Tunjungan Plaza in 2018**

Pakuwon Group Mall ( Tunjungan Plaza)	2017	2018
Weekday	7.000	7.500 - 8000
Weekend	12.000	14.000

\* End year 2017 data compared 2018.

Source : [surabaya.bisnis.com](http://surabaya.bisnis.com),2018.

Based on Table 1.1. can be seen that the result of consumer growth in 2018 has increase, compare in 2017. It means the consumer has already growth and this data make the retailer in mall such as H&M, Uniqlo and Zara has their income increase too. Specially when it weekend and in end of year the consumer growth increase to 10% weekdays and 20% in weekend at 2018 ([surabaya.bisnis.com](http://surabaya.bisnis.com),2018). Sierra and Hyman (2011) tell about main factor that can attract consumer, an it is the discounted prices. Primarily reason is due to the euphoric feelings that they produce. Although the past researcher that studies also has show the attitude of the consumer also affect on the decision make for purchase intention (Hartmann and Apaolaza-Ibanez, 2012; Priester, Nayakankuppam, Fleming and Godek, 2004; Zhang and Kim, 2013).

After looking few factor, location of the mall can affect the mall environment and development. Because the object is Tunjungan Plaza that located in the middle or center of Surabaya city, then the location can support the growth of mall development and environment. Consumer attitude can be another part that very important in this research.

## 1.2. Research Question

This research paper will give the outline of impact of brand image and discounted price on purchase intention in Surabaya shopping mall. Therefore the research question will include:

1. Does brand image have an influence on customer purchase intention?
2. Does discounted price have an influence on customer buying intention?
3. Does discounted price affect on customer purchase intention?

## 1.3. The Purpose of The Study

The objective of the study is to investigate :

1. Effect of discounted price on purchase intention
2. Effect of brand image on purchase intention
3. Effect of brand image on purchase intention

## 1.4. Significance of Study

For this research or study, the writer expected that the result for this study or research can be input for some parties that can be used in the future research of how to know about impact of Brand Image and Discounted Price on Purchase Intention in Tunjungan Plaza Mall. And in this study the benefit that will be provide academic and practical study, that are :

1. **Academic significance** : As in the future, this research can be use as resume or even as a help of any researcher that want to make their own study about how the impact of brand image and discounted price on purchase intention and it is expected for the readers of this research can understand how the Brand Image and Discounted Price can affect the consumer Purchase Intention.
2. **Practical significance** : In the end or result of thhis research will give any information about impact of brand image and discounted price on purchase intention in Tunjungan Plaza Mall of the

consumer while doing a shopping. So consumer or retailer that sell their goods in shopping mall market can manage and provide their best strategy and service.

### **1.5. Writing systematic**

In this study the systematic that will be used to arrange the study will be divided into five chapters as follows:

#### **CHAPTER 1: INTRODUCTION**

This chapter will contain the background of the study, research question, research objective, practical significance and research systematic writing.

#### **CHAPTER 2: LITERATURE REVIEW**

In this chapter the researcher will give the information of present and previous study, relevant journal, theoretical background, grand theory and hypothesis. For the theoretical background will explain about perceived risk, perceived enjoyment, perceived usefulness, perceived ease of use and online shopping.

#### **CHAPTER 3: RESEARCH METHODOLOGY**

This chapter the researcher will explain start from the process of analyzing the data, research design, variable, type of data will use, data collection, sample and sampling technique, validity and reliability, etc.

#### **CHAPTER 4: ANALYSIS AND DISCUSSION**

This chapter has contain about analysis and discussion of all data that already collected, that the purpose is to help this research.

#### **CHAPTER 5: CONCLUSION AND SUGGESTION**

This chapter is the closing of the study about Brand Image and Discounted price Towards Consumer Attitude on Purchase Intention. And this study can be used as data or even can be used as resume to help another researcher in the future.