

CHAPTER I

INTRODUCTION

1.1 Background

In this modern era, fashion becomes a lifestyle. Developments in the world of fashion is important in among young and old people. A lot of people want to appear good and different from the others, especially in the Association, appearance is very important. Fashion also make yourself become comfortable and more confident with the use of appropriate clothing and being a trend. Even clothing can indicate a person's identity indirectly, so it's not surprising that some are willing to save money to buy new clothes.

Top 10 Apparel				
		Brand Value 2015 \$M	Brand Contribution	Brand Value % Change 2015 vs 2014
1	Nike	29,717	4	21%
2	Zara	22,036	3	-5%
3	H&M	13,827	2	-11%
4	Uniqlo	8,074	3	11%
5	Next	5,973	3	5%
6	Ralph Lauren	5,643	5	-11%
7	Adidas	4,615	4	-36%
8	Hugo Boss	4,320	4	-5%
9	Lululemon	2,898	5	-11%
10	Tommy Hilfiger	2,580	4	29%

Source: Millward Brown (including data from BrandZ™ and Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5, 5 highest.

Source: Millward Brown (Including data from BrandZ™ and Bloomberg 2015)

As we can see there are many competitors in fashion industries. In 2015 Zara got the second place for Brand value, Nike in the first place and H&M in the third place. In the world of fashion brand tends to become an attraction in the selection of products. Along with the large number of brands that have sprung up, making the competition in the world of fashion is getting tighter. Durianto (2004) States that some products with quality, models, and features that are relatively the same, can have different performance in the market because of the difference of perception in the minds of consumers. Durianto (2004) said that in building a strong quality of perception, it must be followed with real quality improvement of its products, because it would be difficult to convince customers that the quality of its products is high when the reality shows the opposite. If customers get the perception of quality is good then the customer will provide positive values towards the preferred product.

In the context of global marketing, a brand of the country available to consumers in other countries. Consumer response against the brand will be different for different countries (Schifman and Kanuk, 2007). This happens because of the cultural differences between the countries which is resulting in a difference in behavior of consumers in many countries, domestic consumers are likewise when assessing foreign brands. Recognition of consumers against certain brands in different countries is not always the same, similar to the Association of the brand, the quality brand that they feel and also loyalty towards the

brand. This means the brand equity of the consumer 's point of view will be discussed diversely different by consumers in other countries. Therefore, the international marketer must understand some of the factors that influence their brand equity in foreign markets. Empirical research suggests that efforts to achieve brand equity in foreign markets are influenced by the image of the country of origin (Yassin, 2007) this supports findings from research that States that the country of origin of the picture as extrinsic attributes often used when conducting evaluations of products and brands (Pecotish and Ward, 2007) and as a basis for assessment of the quality of the product (Essousi and Merunka, 2007). Consumers using the country of origin of the images as the basis for assessment to assess the brand as an attempt to minimize the risk of purchase especially on the conditions of ownership information on products and brands.

The effort to understand the perceptions of consumers about the origin of the image is the important thing to do for several reasons. First, the country of origin of the image are used most of the time by the domestic consumer to judge foreign products and brands, in addition to that in the current state where globalization and international business development activities broaden the product marketing and the brands, products and brands from specific countries widely available to consumers in other countries. In fact, many studies explain the impact that globalization is giving to the improvement of the perception of foreign consumer products based on the country of origin of the different product categories (Sanyal and Datta, 2011).

Information owned by consumers about the country of origin of the product will be used to create, strengthen and affect their perception of these products (Johanson, 1994). In various product categories, country of origin have a major role in decision making, the consumer has a stereotype about the various countries which could affect their judgment against the product (Kotabe and Helson, 2011).

Second, the country of origin of the picture is not static, it's always changing, keep in mind that there are many research results are explained about the important role of the country of origin of the image of a successful brand marketing, marketers must understand this relationship before diverting them production and sales to other countries. Therefore, efforts should be made to identify the factors that influence changes in consumer behavior in assessing the State of origin of the images as the basis of assessment of the brand and the product quality. Understand the relationship between the success of brand or marketing and country of origin of the picture will help in making decisions on country's marketing objectives. As stated by Kleppe, (2002) that the country of origin of the image can affect the choice of global marketing strategies in targeted markets in different countries. ZARA was able to grab the hearts of consumers, because it has a different way of working than most other brands. ZARA learn what desirable customers throughout its store network and produce a design to suit the customer needs in a relatively quick. ZARA treat the customers, with emphasis on the latest models of design and the products they create, follow the tastes of customers, and they pay

attention to what is current trends and use efficient design as well as production process that only needs 10 to 14 days from the time they design new clothes until arriving at the store. This is the concept of fast mode and operation which allows ZARA to always provide the most fashionable clothes to customers.

In this study, researchers used the theory of reasoned action (TRA). The theory of reasoned action is the attitude of the behavior (or more accurately, the attitude of the expected results or the results of the behavior) and subjective norms (influence others have on the attitudes and behavior of a person) is the major Predictor of behavioural intentions. Because of behavior, there is also consumer behavior. Behavior intention used as ultimate variable that also effect consumer behavior. Consumer behavior is the process consumers experience when they make a purchase, and involve factors that influence their decisions. For many products and services, purchasing decisions are the result of a long, detailed process which may include extensive information Search, brand comparisons, and evaluation. There is also Perceived quality that make consumer want to buy a product.

Quality can be defined as the opinions of customers regarding the quality of the overall image or brand or product or service itself. Quality is the intangible, the overall feel of the brand. How-ever, this usually will be based on the underlying dimension that includes the characteristics of the product that installed the brand such as reliability and performance, after they buy the product and want to buy it again

from the same store it called repurchase intention. The intent of the Repurchase is the individual assessment of repeat purchase again in the same company (William & Auchil, 2002). The reason why the customers decided to choose the same product providers and buy the same products is based on previous experiences. Repurchase intentions involve individual assessment of same corporations meet their needs and the assessment of the current situation of service (McDougall & Levesque, 2002). Indeed, customer repurchase intention depends on the value of transactions they gained in the past (Kaynak, 2003) such as: according to criteria of performance (benefits), competition, and cost considerations (Kumar, 2002). Future purchase intentions also have a significant relationship with customer satisfaction (Durvasula, 2004). Overall, customer did purchase the future intention based on values obtained from the past episodes or contacts, with benefits relationship into the provider of hope the future benefits. The country of origin would create a particular perception of a brand's products, where perception can be positive or negative, to the next level of positive perceptions will encourage the creation of actual purchase (Lin and Kao, 2004). Increased economic globalization which resulted in a decrease in trade barriers between countries, so the availability of foreign products in the local market wider than ever before. In these circumstances, many products and services are evaluated by observing the COO as a potential competitive differentiator in the local market of each country (Czinkota, Ronkainen and 2011). COO conceived as effect that

appears in the perception of consumers are influenced by the location where the product is produced.

Aspect that is often used as a reference to buy a product beside country of origin is by looking at the brand image of the product. Brand image is a set of beliefs, ideas, impressions towards a brand (Simamora, 2004). If consumers assume that certain brands are physically different from the competitor's brand, the brand image will be attached continuously so it will create the consumer loyalty (Rangkuti, 2004). The consumer determines a final decision regarding the quality of products on the market. Based on Keller (1998) and Aaker (1991) at Magdalena (2004) stated that the perception about quality can be defined as the perception of the consumer with the overall quality or relative excellence of a product or service to appropriate relevant alternatives the intended purpose is achieved. Quality not set objectively because this quality is perceived the same perception involves important to customers. Therefore, the perception of quality is a global assessment based on the consumer's perception of what they think it could form the quality of the product and how well the brand level in dimension (Magdalena, 2004). In this study, the researchers wanted to know about "the impact of brand image Zara ", country of origin and quality of customer Repurchase intention against Perceived in Surabaya.

1.2 Research Questions

From the background stated above, the research questions for this study can be formulated as:

1. Does ZARA's brand image have effect on perceived quality in Surabaya?
2. Does ZARA's country of origin have effect on perceived quality in Surabaya?
3. Does perceived quality have effect on repurchase decisions in Surabaya?

1.3 Objective of the Study

1. Determine the impact of brand image on perceived quality.
2. Determine the impact of country of origin on perceived quality.
3. Determine the impact of perceived quality on repurchase decision.

1.4 Significance of the Study

From the elaborated objectives, this study is expected to provide significance theoretical and practical benefit.

1.4.1 Theoretical Benefit

This research is expected to improve understanding of "The Impact of Zara Brand Image, Country of Origin and Perceived Quality Towards Customers Repurchase Intention in Surabaya".

1.4.2 Practical Benefit

a. For the academic

The results of this study are expected to be learning materials and the application of science in the field of management, in particular field of marketing management.

b. For People

The results of this study are expected to give a practical contribution and useful for smartphone sellers in order to formulate their marketing strategy to maintain a competitive advantage and continue to develop the latest innovations.

c. For researchers

This research can increase the knowledge and understanding of the researcher regarding marketing management especially concerning Country of Origin, Brand Image, and the perception of quality towards repurchase intention.