

Conference Paper

A Study of Factors Influencing Indonesian Consumers' Purchase Intention towards Its Local Fashion Brands

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Abstract

The rise of Indonesian local fashion brands could be seen from the phenomenon that is happening in the last few years. Kapferer and Schuiling (2016), mentioned that companies have the tendency to focus on the expansion of global brands that then affect to the disadvantage of local brands. While it is quite the contrary of what happens in Indonesia based on Deloitte (2016) findings that most Indonesians are still preferred to buy local fashion brands instead of global fashion brands, the only Indonesian category that prefers to buy global fashion brands are people with monthly income above IDR 10 millions. Thus, even that Indonesia is a compelling market potential for both international and local companies, it is an amusing phenomenon to be the subject of the study to find Indonesian purchasing behavior towards its local brands. This study aims to uncover the purchase behavior of Indonesian towards its local brands. Given several variables regarding to prior studies, The study will be conducted through online survey that is limited to people age 18 – 49 that domiciled in Jakarta, Bandung, and Surabaya. The survey outcome will be processed using multi linear regression (MLR) method to see which variables that most influence the purchase intention towards Indonesian local fashion brands. The output of this study will be used to recommend the right marketing strategy for Indonesian local fashion brands.

Keywords: Purchase intention, Local brands, Fashion, Purchase behavior

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Received: 7 February 2020

Accepted: 9 March 2020

Published: 23 March 2020

Publishing services provided by
Knowledge E

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Selection and Peer-review under
the responsibility of the
ICE-BEES 2019 Conference
Committee.

1. Introduction

1.1. Research Background

Market demand of clothing in Indonesia from 2011 to 2018 has continued to rise that reached up to USD 20 billions market volume in 2018 (Statista, 2019). The Indonesian consumer spending in Apparel is predicted to reach USD 57 billions by 2010 (Budiman, Chhor, & Radzan, 2013). Indonesian consumer market potential has been acknowledged by clothing companies since the cultural norms is changing and there is a strong demand for Western-style clothing influenced by the Western (Hassler, 2006). Many global retailers spread their business wings to developed countries, moreover Indonesia. In

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fashion industry matters it is proven by how easy it is to spot global fashion brands in shopping malls (e.g. Zara, H&M, Uniqlo, Bershka). Global brands are brands that use the same positioning, brand name, product and distribution strategy in all target markets (Levitt 1983; Jain 1989 in Kapferer; Schuling; 2016). Not only that, Indonesians themselves started to realize its country future opportunity, thus many local brands started to born and arise, especially in the creative industry. That could be seen from the huge number of local brands in Indonesia, there are 1,230,988 local fashion industry among the total of 8,203,826 local brands in creative economy (Munaf, 2018).

Kapferer and Schuling (2016), mentioned that companies have the tendency to focus on the expansion of global brands that then affect to the disadvantage of local brands. While it is quiet the contrary of what happens in Indonesia based on Deloitte (2016) findings that most Indonesians are still preferred to buy local fashion brands instead of global fashion brands, the only Indonesian category that prefers to buy global fashion brands are people with monthly income above IDR 10 millions. McKinsey (2015) also stated that the Indonesian urban consuming class more favor local brands instead of international brands. The immense level of awareness traditionally benefits strong local brands in their countries. Over the years, consumers have developed an adjacent relationship with local brands (Kapferer & Schuling, 2004). Thus, even that Indonesia is a compelling market potential for both international and local companies, it is an amusing phenomenon to be the subject of the study to find Indonesian purchasing behavior towards its local brands.

1.2. Research Objective

To analyze the relationship among factors behind the purchase behavior of local fashion brands among consumers.

2. Theoretical Foundation

2.1. Consumer Behavior

As quoted by Barmola & Srivastava (2010), Professor Theodore Levitt of the Harvard Business School mentioned that in business education, the study of consumer behaviour is one of the most important thing to carry because the objective of a business is to create and maintain customers. Furthermore, the theory of consumer behavior provides clear picture and a clarification of the consumers' actions in the business

environment (Noel, 2009 in Stenroos & Lerch, 2014). Studying consumer behavior is necessary for marketers because it allows them to comprehend and foresee the buying behavior of consumers in the marketplace; it does not only concern with what the consumers buy, but also why, when, where, how, how often they buy it and how they consume and waste it (Barmola & Srivastava, 2010).

2.2. Clothing Interest

The definition of clothing interest is attitudes and faiths about clothing, knowing and attention paid to clothing, the thoughtfulness, the curiosity a person has about clothing and that of others. This interest may be manifested by an individual's practices in regard to clothing the amount of time, energy, and money one is willing to spend on clothing; the degree to which one uses clothing in an experimental manner; and awareness of fashion and what is new (Gurel, 1974 as cited in Gurel and Gurel, 1979). According to the findings of Raunio (1982) as quoted in Moody, Kinderman, & Sinha (2010), we choose our daily clothing to cope with social condition and one's feeling.

2.3. Perceived Attribute

2.3.1. Quality

According to Zeithaml (1988), perceived quality can be explained as the judgment of consumer regarding a product's excellence on the whole. Consumers assess the quality of goods based on several informational signs and then build a set of belief against the product (Cham, Cheng, & Lim, 2018). Perceived quality is a higher extent abstraction than a specific attribute of a product and different from objective or actual quality. Objective quality can be described as the actual technical excellence of the products as used in the literature (for instance, Hjorth Anderson 1984; Monroe and Krishnan 1985).

2.3.2. Price

Price has been assumed as a key attribute determining customer purchasing decision for long, as a form of monetary sacrifice and the quality sign of a product. (Zeithaml, 1998 as quoted in Setiawan & Achyar, 2012). Price can be an indicator for both the number of sacrifices needed to buy a product and also the level of quality of the product. Higher prices cause higher perceived quality and therefore to a bigger willingness to

purchase. Simultaneously, the higher price indicates a monetary gauge of what shall be sacrificed to buy the product, leading to a diminished willingness to buy (Dodds, Monroe, & Grewal, 1991).

2.4. Emotional Value

Emotional value can be defined as the advantage originated from the feeling or affective circumstances (e.g. enjoyment or pleasure) that created from a product (Sweeney & Soutar, 2001 in Kumar, Kim, & Pelton, 2009). The emotional aspect is associated with consumption is more observable in purchasing clothes because it is a publicly consumed product (Rodríguez, 2016). According to Raunio (1982) cited in Moody, Kinderman, and Sinha (2009), our daily choosings on clothes is to cope with social states and one's feelings. Regarding Raunio's observation, the expressive features of one's favorite clothes assisted to evoke a feeling of togetherness with another human being, to predominate, generate an impression and control feelings, pictures and impressions of others.

2.5. Brand Image

Image is a set of emotional or rational representations emerging from the zeal of the public to the awakening of an enterprise/brand as an outcome of experiences, beliefs, attitudes, feelings, and information (Rodríguez, 2016). Herzog (1963) as cited in Tyrimai (2008) defined brand image as the amount of general impression admitted from many origins, all the impressions build a common evaluation of brand identity that is alike in a wide range of consumers, though evaluations of distinct groups of consumers can differ. According to Keller (1993), the perceptions about a brand as mirrored by the brand associations owned in consumer memory is defined as a brand image.

2.6. Purchase Intention

Intentions are believed to catch the motivational factors that affect behavior; they are indications of how hard people are willing to try, of how much of an effort they are planning to take, in order to undertake the behavior. As a common rule, the more potent the intention to participate in behavior, the more likely should be its performance. Shah et al., (2012) mentioned in Mirabi, Akbariyeh, and Tahmasebifard (2015) that purchase intention is decision-making courses about the reason why consumer purchase a

particular brand. In the same paper, it is cited that purchase intention is a condition where consumer tends to purchase a specific product in a specific condition. (Morinez et al., 2007).

2.7. Conceptual Framework

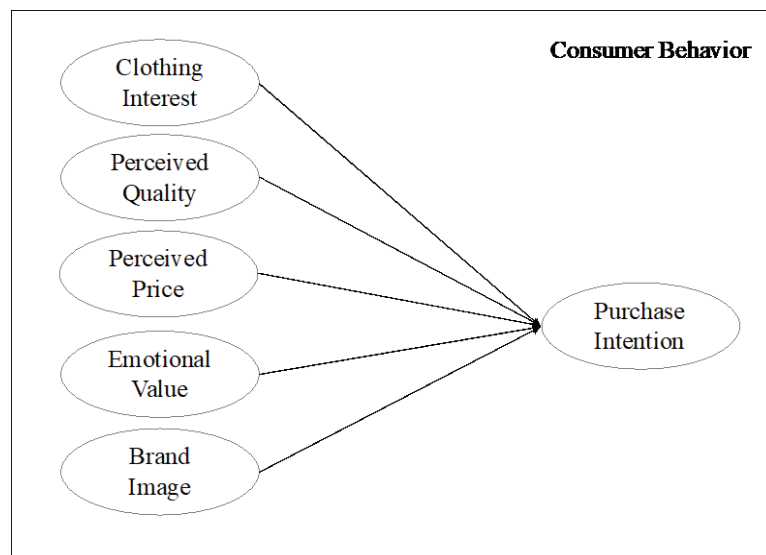


Figure 1: Conceptual Framework

H0. Clothing interest, perceived quality, perceived price, emotional value, and brand image no significant influence toward purchase intention of Indonesian local fashion brands

H1a. Clothing interest has significant influence toward purchase intention of Indonesian local fashion brands

H1b. Perceived attributes has significant influence toward purchase intention of Indonesian local fashion brands

H1c. Perceived attributes has significant influence toward purchase intention of Indonesian local fashion brands

H1d. Emotional value has significant influence toward purchase intention of Indonesian local fashion brands

H1e. Brand image has significant influence toward purchase intention of Indonesian local fashion brands

3. Research Method

3.1. Types of Research

This research used a quantitative approach that later could be processed through statistic using SPSS.

3.2. Places & Time of Research

The research is conducted in Bandung, from January – July 2019.

3.3. Population & Sample

The sampling technique is using convenience/simple random sampling. The data is obtained from 372 respondents people who are domiciled in Jakarta, Bandung and Surabaya aged 20 - 49 regarding the limitation of this research.

3.4. Data Analysis Method

3.4.1. Multiple Linear Regression

Regression analysis is used to determine the correlations between two or more variables having cause-effect relations and to make prediction using the relation. Multivariate regression analysis is known as the regression models with one dependent variable and more than one independent variable (Uyanik & Güler, 2013). To be able to use the multiple linear regression model, the data that will be analyzed shall pass the five classical assumptions that consists of; normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, and linearity test. Multivariate regression analysis model is formulated as in the following:

$$Y = \beta_0 + \beta_1 x_1 + \dots + \beta_n x_n + \varepsilon$$

y = dependent variable

x_1 = independent variable

β_1 = parameter

ε = error

4. Results & Discussion

4.1. Five Classical Assumptions

Before analyzing the data using multiple linear regression model, the data shall pass the five classical assumptions; normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, and linearity test. The normality test is used to see whether or not the data is normally distributed.

- Using the Kolmogorov-Smirnov test, the Asymp. Sig.(2-tailed) value shows 0.2 which is higher than 0.05. By that, the data passed the normality test.
- The data should be free from multicollinearity. A data can be categorized to be free from multicollinearity if the variable Inflation Factor (VIF) is less than 10 (VIF < 10). From the collinearity test in the SPSS statistics, the data showed that all the variables have VIF value less than 10. That means, the data is free from multicollinearity.
- Heteroscedasticity should not be appeared in a good regression model. To test the heteroscedasticity, this data used the Glesjer method, which the Sig. value should be greater than 0.05 to be free from the heteroscedasticity. The Sig. values from the variables showed values greater than 0.05 in each of the variables. That means, this data passed the heteroscedasticity test.
- The autocorrelation test is used to see whether or not the independent variables have correlation in the regression model. Using the Durbin-Watson test, the data showed a value of 2.958. The data can be categorized as free from autocorrelation if the Durbin-Watson value is between 2-3. This data passed the autocorrelation test.
- Generally, the linearity test is aimed to see whether the variables have a significant linear correlation or not. The linearity test can be indicated through the Deviation from Linearity Sig. should be greater than 0.05. This data Deviation from Linearity Sig. value is .553 which is greater than 0.05. Thus, this data passed the linearity test.

4.2. Multi Linear Regression

The analysis written below is the result of the processed data using multiple linear regression (MLR) model using SPSS statistics.

4.2.1. Analysis of Variance

TABLE 1: MLR: ANOVA Result

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	55.942	5	11.188	33.492	.000 ^b
Residual	122.601	367	.334		
Total	178.544	172			

As shown on the table, the F-value is 6.228 while the F-table is 2.21. The F-table is calculated based on $\alpha = 5\%$ (0.05) and $df = n - k$ ($n=373, k=5$). In this case, the F-table that is used is the value for the infinite n. When F-value is bigger than F-table ($F\text{-value} > F\text{-table}$) that means the survey is significant. And the P-value (i.e Sig.) is 0.000 in which smaller than 0.05. That also means the hypotheses are accepted.

4.2.2. Overall Model Fit

TABLE 2: MLR: R-Square Test Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.560 ^a	.313	.304	.57798

The overall model fit explains of how good the model fits the data provided. The R value (0.560) shows the association of the given independent variables (clothing interest, perceived quality, perceived price, emotional value, and brand image) to the purchase intention of Indonesian local fashion brands. While the R Square value exhibits 0.313 that means 31.3% of Indonesian consumers' purchase intention is explained by the given dependent variables (clothing interest, perceived quality, perceived price, emotional value, and brand image). The rest of Indonesian consumers' purchase intention towards its local fashion brands can be explained through other variables besides the variables analyzed in this research.

4.2.3. Coefficient Regression

From the table above, we can check whether or not the independent variables (clothing interest, perceived quality, perceived price, emotional value, and brand image) have significant influence towards Indonesian consumers' purchase intention towards its local fashion brands. We can check from the Sig. values exhibited in the table. If

TABLE 3: MLR: Regression Coefficient F-Sig. Test Result

Model	Unstandardized Coefficients		Unstandardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.240	.575		2.155	.032
SQRT_CI	.293	.043	.309	6.869	.000
SQRT_PAQ	.297	.115	.146	2.576	.010
SQRT_PAP	.164	.134	.068	1.226	.221
SQRT_EV	.462	.116	.224	3.973	.000
SQRT_BI	.097	.088	.055	1.096	.274

the Sig. value is below 0.05, then the variable has significant influence towards the purchase intention. If not, then the variable does not have significant influence towards the purchase intention.

From the table, we can see that the Sig. values of perceived price and brand image variables are above 0.05, then those variables do not have significant influence towards the purchase intention. By that, we accept H0 for those variables. The variables that have the Sig. values below 0.05 are clothing interest, perceived quality, and emotional value. Thus, those variables have significant influence towards purchase intention. And for these variables, we reject H0.

According to the formula of multiple linear regression, it can be stated from the coefficient regression that the formula of the regression of Indonesian consumers' purchase intention towards its local fashion brands is as follows:

$$Y = 1.240 + 0.293X_1 + 0.297X_2 + 0.426X_3$$

Y = Purchase intention

X₁ = Clothing interest

X₂ = Perceived quality

X₃ = Emotional value

4.3. Discussions

The data obtained from the quantitative survey has been analysed with SPSS statistics to see whether or not the given independent variables (clothing interest, perceived quality, perceived price, emotional value, and brand image) have significant influence toward the purchase intention of Indonesian consumers'. From the multiple linear regression, we can see that from the analyzed dependent variables, there are two variables that do

not significantly influence the purchase intention of Indonesian consumers'; perceived price and brand image. The other three dependent variables tested (clothing interest, perceived quality and emotional value) exhibits that they do influence Indonesian consumers' purchase intention towards its local fashion brands.

5. Conclusions

From this research we can conclude that there is enthusiasm between Indonesian consumers to purchase Indonesian local fashion brands. That can be seen from the formulation result derived from the multiple linear regression model. The constant value of the formulation ($Y = 1.240 + 0.293X_1 + 0.297X_2 + 0.426X_3$) shows the Indonesian consumers' purchase intention towards its local fashion brands if the value of clothing interest, perceived quality, and emotional value are 0. From five independent variables tested in this research, only three variables have significant influence towards the purchase intention towards local fashion brands; clothing interest, perceived quality, and emotional. This research proved that perceived price and brand image do not influence the purchase intention towards local fashion brands. According to the R-value of this research, this model only explained 31.3% of Indonesian consumers' purchase Indonesian local fashion brands. That indicates that there are still many variables that left undiscovered through this research to explain Indonesian consumers to purchase Indonesian local fashion brands that may be held in the future research.

The output of this research can be as an input for marketing or business development strategy for Indonesian local fashion brands in running the business. Indonesian local fashion brands may focus on embracing the clothing interest of their target market through further research in the future. Improving their research & development towards their product quality may also be important as the perceived quality have the influence on the consumers' purchase intention. The variable that most influencing the Indonesian consumers' purchase intention in this research is the emotional value variable. That can be used in the marketing strategy for Indonesian local fashion brands. They may develop a strong emotional connection in their advertisements and promotions to capture their targeted market.

Acknowledgement

In this section, I would like to thank people that have helped me in preparing and involved so that I can finish writing this paper:

1. School of Business and Management ITB for providing the study, facilities and experience so that I can finish this paper.
2. My parents, for always providing me the best support and prayer that I could ask for.
3. Mrs. Lidia Mayangsari, for helping me from the very start. For giving the best advices and knowledges for me to develop it in this paper and many things.
4. All the respondents that have voluntarily filled the survey. Without their time and willingness, I would have never been able to write this paper.

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