

# CHAPTER I

## INTRODUCTION

### 1.1. Research Background

Business development is currently experiencing changes from the previous year; many factors of product selection by consumers can prove this (Rundh, 2022). One of the factors that has changed is lifestyle, which has had a significant impact on the fashion industry. Many factors, including technological changes, social media, and cultural trends, can drive lifestyle changes (Suraweera & Jayathilake, 2021). Cultural trends can also influence fashion, as trend analysis of any given era will reveal society's values and aspirations (Jacobs Bel, 2020). These changes can influence consumer behavior and preferences, leading to shifts in demand for different products and services.

The phenomenon of changes in business development due to lifestyle changes is also happening globally in Indonesia. Data states that the textile industry in Indonesia experienced a growth of 13.74% in the second quarter of 2022, reaching Rp30.92 trillion (Badan Pusat Statistik (BPS), 2022). Such growth reflects global trends in the fashion industry, with Indonesian consumers increasing interest in fashion and lifestyle products. The fashion industry has great potential to continue its growth and significantly contribute to the Indonesian economy. Data from (CNBC Indonesia, 2019) supports this, stating that the development of the fashion industry contributed around 18.01% or Rp 116 trillion. The growth of the textile industry and its contribution to the Indonesian economy demonstrate the potential

for further development and success in this sector (Intelligence, 2022). With significant growth in the textile industry and its contribution to the Indonesian economy, companies in this sector must ensure that they offer a positive brand experience to their customers.

Based on previous research, the variables used for this phenomenon are brand experience, brand love, brand loyalty, self-esteem, and susceptibility to normative influence. Brand experience is the result of stimuli that arouse the excitement and interest of customers; therefore, they can be encouraged to repeat these experiences often over time (Mostafa & Kasamani, 2021). Brand experience is essential because companies can create beautiful moments that are immediately acceptable to consumers so that consumers will feel valued and capture a good impression of the company after making a purchase. A positive brand experience can lead to increased brand loyalty, as customers are more likely to return to a brand that has provided them with a memorable and enjoyable experience (Hwang et al., 2021).

Building and maintaining brand loyalty is crucial for a fashion brand to establish a sustainable and profitable business. Brand loyalty is a profound commitment to continually repurchase or patronize a brand in the future, regardless of situational influences and marketing efforts that may induce behavioral change (Kim et al., 2021). This means loyal customers will continue to choose a particular brand over its competitors, even when faced with changes in price, availability, or other factors (Le, 2020). This underscores the resilience of brand loyalty more than a mere consumer choice; it embodies a robust connection that endures the test of market dynamics. Thus, cultivating and preserving brand loyalty becomes a

strategic necessity for navigating the fiercely competitive landscape of the fashion industry.

Brand love, one of the factors that plays a role in creating loyalty to a brand, refers to the emotional attachment consumers have toward a particular brand (Huang, 2017). Understanding the mediating relationship between brand love and brand loyalty is paramount for fashion brands in Indonesia. It is helpful for every company to design a more appropriate strategy for attracting consumers to survive amid business competition. By fostering strong emotional connections with their customers, fashion brands can increase customer retention and drive long-term profitability (Ghorbanzadeh & Rahehagh, 2021). This underlines the power of emotional bonds in securing brand allegiance and fortifying a brand's position in the market.

As time passes, clothing no longer serves just a biological function. Still, it now has a socio-cultural function, which is more about indicating social strata and lifestyle, including self-image and taste (Jacobs Bel, 2020). Another mediating variable used is self-esteem and susceptibility to normative influence. Self-esteem leads to a strong consumer self-image and brand identification and shows an individual's emotional connection to the brand (Raizha, 2022). Self-esteem is a form of an individual's evaluation of themselves, which can influence their behavior and decisions (Le, 2020). Exploring the interplay between self-esteem and brand perception sheds light on how personal confidence can sway consumer choices and brand preferences.

Susceptibility to normative influence can also influence an individual's clothing choices, as they may choose clothing that conforms to accepted social norms in their environment (Khare, Parveen, & Mishra, 2016). Susceptibility to normative influence (SNI) is a construct that refers to the extent to which a consumer's product choice decisions are influenced by others who are significant to them (Bearden W.O. et al., 1989). Consumers tend to buy products if they believe that their friends, colleagues, or family will approve or buy the same products, as affected by a reference group's influence. Therefore, in a previous study by Le (2020) self-esteem and SNI also can play an essential role in the relationship between clothing and social status.

No	Brand's Name	Presentage
1	Adidas	40%
2	H&M	39%
3	Converse	34%
4	Uniqlo	31%
5	Nike	30%
6	Eiger	26%

**Figure 1.1. Most Favorite Fashion Brand in Indonesia**

**Source:**(Databoks, 2022)

In Indonesia, several well-known fashion brands such as Zara, Mango, H&M, and Uniqlo have a strong presence in the market. H&M, short for Hennes & Mauritz, is a fashion brand famous worldwide and known for keeping up with the latest fashion trends and offering products with up-to-date designs (Databoks, 2022). The brand has a wide range of clothing items for men, women, and children, accessories, and home decor. H&M engages with customers through other creative platforms to provide a seamless and enjoyable shopping experience. As a result,

H&M occupies the second position as the most preferred fashion brand in Indonesia, with a percentage of 39%. The research setting for this study is H&M Indonesia, which is a suitable choice because of the brand's popularity and strong presence in the market. H&M's focus on keeping up with the latest fashion trends and offering products with up-to-date designs makes it an ideal subject for research into the fashion industry in Indonesia. Additionally, H&M's engagement with customers through creative platforms allows one to study how the brand interacts with its target audience (H&M, 2022).

Based on the description above and previous research by Le (2020), which discusses the effect of self-esteem and susceptibility to normative influences on brand love and brand loyalty relationships, this research will conduct a replication study by modifying the variables studied. However, researchers added brand experience variables that previous studies still needed to examine. Based on other research, brand experience is a variable that significantly influences brand loyalty; in this study, Bıçakcıoğlu et al. (2018) stated that brand experience has a significant effect. Therefore, the researcher added this variable.

## **1.2. Research Question**

Based on the above background, the research question is formulated as follows:

1. Does brand experience influence brand love?
2. Does a brand love affect self-esteem?
3. Does brand love affect susceptibility to normative influence?
4. Does brand love influence brand loyalty?

5. Does self-esteem affect susceptibility to normative influence?
6. Does self-esteem influence brand loyalty?
7. Does susceptibility to normative influence affect brand loyalty?
8. Does brand love mediate the relationship between brand experience and brand loyalty?
9. Does brand love mediate the relationship between brand experience and self-esteem?
10. Does brand love mediate the relationship between brand experience and susceptibility to normative influence?
11. Does self-esteem mediate the relationship between brand love and brand loyalty?
12. Does susceptibility normative influence mediate the relationship between brand love and brand loyalty?

### **1.3. Research Objective**

Based on the formulation of the problems outlined above, there are various purposes, such as:

1. To test the effect of brand experience on brand love in H&M Indonesia.
2. To determine the effect of brand love on self-esteem in H&M Indonesia.
3. To analyze the effect of brand love on susceptibility to normative influence in H&M Indonesia.
4. To identify the effect of brand love on brand loyalty in H&M Indonesia.
5. To test the effect of self-esteem on susceptibility normative influence in H&M Indonesia.

6. To investigate the impact of self-esteem on brand loyalty in H&M Indonesia.
7. To analyze the effect of susceptibility to normative influence in brand loyalty on H&M Indonesia.
8. To explore the effect of brand love mediating the relationship between brand experience and brand loyalty in H&M Indonesia.
9. To investigate the effect of brand love mediating the relationship between brand experience and self-esteem in H&M Indonesia.
10. To identify the effect of brand love, which mediates the relationship between brand experience and susceptibility to normative influence in H&M Indonesia.
11. To understand how self-esteem mediates the relationship between brand love and brand loyalty in H&M Indonesia.
12. To determine the effect of susceptibility normative influence mediating the relationship between brand love and brand loyalty in H&M Indonesia.

#### **1.4. Research Benefit**

The insights gained from this study will assist fashion retailers in developing and implementing customized marketing approaches that capitalize on brand love while considering the individual factors of self-esteem and social influences. This knowledge will empower retailers to create stronger connections and emotional bonds with their customers, ultimately increasing brand loyalty. Moreover, this research will contribute to the academic literature by expanding our understanding of the dynamics within the fashion industry in Indonesia.