CHAPTER I
INTRODUCTION

1.1 Background

The fashion business is currently experiencing rapid development with a variety of fashion products. Nowadays, fashion is an inseparable part of everyday appearance. Such as clothes and accessories worn are not just body coverings, more than that they are also a means of communication to convey personal identity (Lestari, 2014) Manufacturers are also competing to make product that are no longer just functions, but also how the products they produce can reflect the personality of the person who wear it (Hendariningrum et al., 2008). The fashion business in selling its products currently does not only focus on clothing such as shirts and pants, but now fashion products are starting to develop in sales and are diverse, ranging from hats, watches and shoes. The shoes business in this modern era is produced by international and national companies. Shoes products are easy to find in shopping centers to roadside shops that trade international and local products. As we know, a lot of international brands have entered the Indonesian market such as Vans, Converse, Adidas, and others.

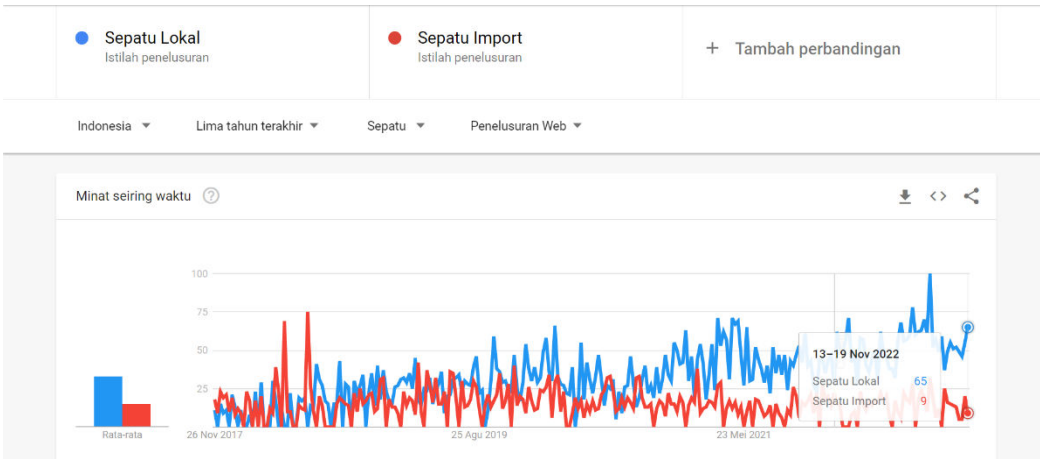


Figure 1. 1 Increasing trend for local shoes in Indonesia 2017 – 2022
Source: Google Trends

The brands mentioned are brands that have a large fan base in Indonesia, especially among young people. Brand is defined as a name, term, symbol, or design, or a combination thereof, that identifies the maker or seller of goods or services (Kotler & Keller, 2016). In recent years, local shoes have started to become a trend in Indonesian. This is due to the increasing trend of searches regarding Local Shoes from year to year. Based on data from Google Trends, there is an increasing over the past five years where import shoes that represent by the red lines and local shoes that represent by blue line showed a significant trend where most customer in Indonesia more preferable to use local brand. The data from Figure 1.1 strengthen that. the trend of increasing use of local shoes is due to the government's efforts to promote and support the development of local brands, among others, by holding several webinars on local businesses, supporting campaigns to encourage sales of local products and making a local product shopping day (Ministry of Foreign Affairs of the Republic of Indonesia Indonesia, 2020; Ministry of Communication and Informatics, 2020; Alaydrus, 2021).

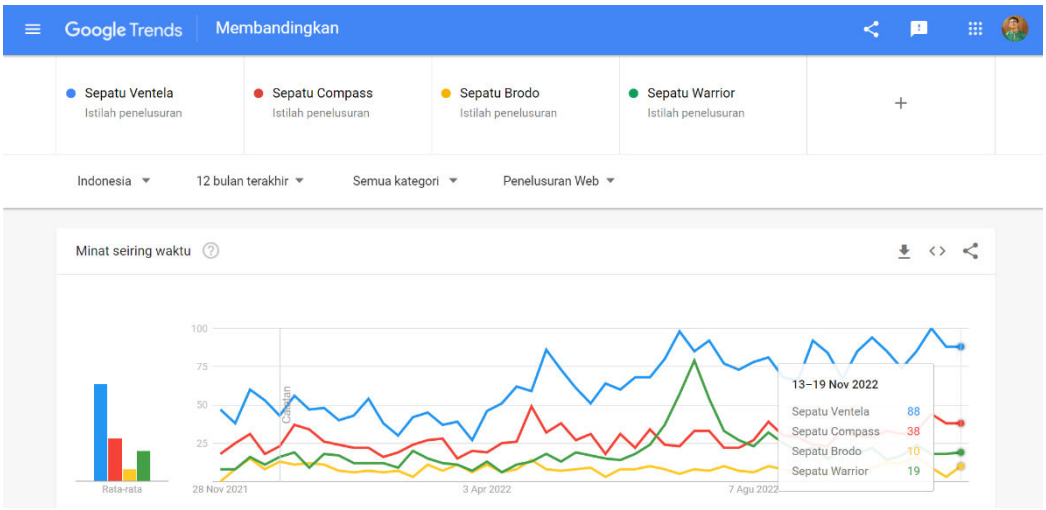


Figure 1. 2 Market Trend Competition of the Local Shoe Industry Nov 2021 - Nov 2022
Source: Google Trends

Until now, there have been many local shoe brands selling their products in Indonesia, such as Compass, Brodo, Warrior and Ventela, from Figure 1.2 showed a very specific data. Competition between local shoes is unavoidable, every company tries to keep up with the times and continue to innovate, Ventela is one of

the local shoe brands that can compete with local shoes from other big brands such as Compass & Brodo. Supporting local brands is not only important thing as a form of love for the country. Efforts to help develop domestic products and local wisdom are also carried out because local products have designs and qualities that are not inferior to foreign products (Maghfiroh & Setyo Iriani, 2021).

The fact of the competitive trend of the local shoe industry proves that Ventela shoes are able to compete. Based on Figure 1. 2 Market Trend Competition of the Local Shoe Industry, it shows that Ventela shoes with blue graphics are able to compete with other local shoes such as Compass shoes with red graphics, Brodo shoes with yellow graphics and Warrior shoes with green graphics. This can be seen from the results of data for the last 12 months starting from November 2021 to November 2022 based on Google Trends data. The products created by Ventela have various types and models suitable for various activities in accordance with their market segmentation which targets the productive age group with an age range of 15 - 64 years because this age group can be said to be independent. Ventela is able to produce shoes in large quantities and is able to monitor the quality of their shoe because they have their own factory, so they choose to focus on producing and using a sales system that is quite unique, they officially don't have offline or online stores, Ventela's strategy is to open opportunities for resellers to market their products. However, the weakness of this sales system is that it is difficult for consumers to distinguish genuine or fake products because Ventela does not have an official store like brands in general, Consumers are required to be observant in seeking information regarding the originality of ventela shoes before making a purchase, this is the reason why Ventela actively updates their products and official resellers on their instagram @ventelashoes.

Ventela has a lot of resellers in Indonesia, one of which is Pontianak City the capital of West Kalimantan Province. Several resellers in the city of Pontianak sell Ventela shoes massively such as Shoe Stalls & Shoe Stores. For now, Ventela is focusing on the quality of its shoe production while still maintaining sufficient production quantities to distribute to its resellers. For now, Ventela is focusing on using Social Media Instagram as a media for disseminating information related to

products, discounts, giveaways, and collaborations for their customers throughout Indonesia, including the people of Pontianak city. Until now, Ventela has 710 thousand followers on social media Instagram, not a small number. This proves that Instagram is one of the media to increase customer buying interest in a product, this statement is supported by the results of research conducted by Aji, Nadhila, and Sanny (Aji et al., 2020) which states that Social Media Marketing through Instagram has an positive effect on customers purchase intention.

Based on that statement we can capture how is it social media marketing through Instagram increasing customers purchase intention and awareness. But it is recorded that from the trend of Ventela shoes in the last 12 months (November 2021 - November 2022), Ventela shoes have experienced a significant decline in trend in Pontianak, West Kalimantan. The table below shows the following:

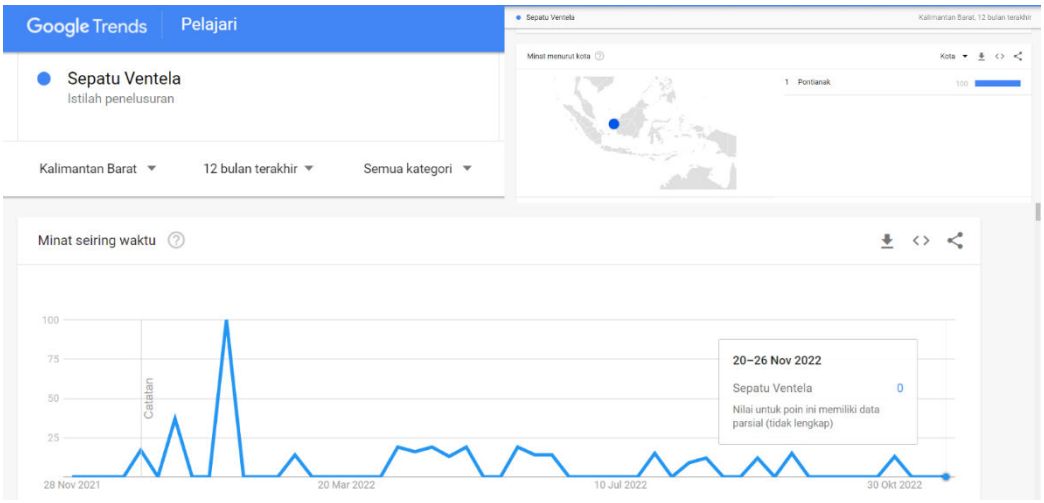


Figure 1. 3 The decline in the trend of Ventela shoes in Pontianak, West Kalimantan
Source: Google Trends

Figure 1.3 shows that Ventela shoes have experienced a significant and relatively low decline in trend and interest in the last 12 months in Pontianak. January 30 to February 5 was the highest trend for ventella shoes in Pontianak with 100 points, then experienced a drastic decline on February 6 to 12 with 0 points. In the following month, this decline remained stable and only experienced a slight increase in the range of 0 - 19 points. It can be interpreted that consumer interest in Ventela shoes in Pontianak has decreased, especially interest in repurchasing which

is expected to be carried out by consumers who have made purchases or have used ventella shoes. The use of Google Trends as a medium for tracking data accurately, this is supported by research conducted by Chumnumpan and Shi (2019), Google Trends is a data tool that reports how often a particular term has been searched, relative to the overall number of searches during the time of interest. It shows that Google Trends data can be applied directly to explain and forecast certain trends of interest. To overcome this, Ventela are expected to be able to improve the quality of information and content on social media Instagram and maximize product quality to increase Pontianak consumer satisfaction as the consumer's repurchase intention to Ventela Products.

The emergence of various kinds of competitors requires the company to be able to maintain its existence for the products it has with other companies by retaining its customers. According to Musaddad (in Kusdyah, 2012) this can be done by instilling subjective perceptions of customers when consuming goods or services so that customers are interested in repurchase. Customer Satisfactions can foster a sense of consumer repurchase intention. According to Cronin, et al. (1992) Repurchase intention is basically customer behavior in which customers respond positively to the quality of products or services from a company and intend to repurchase the company's products. Customers who have a positive attitude towards a brand, have a commitment to the brand. They will show a feeling of pleasure with the product, and intend to continue purchasing in the future. One of the factors that customers have the intention to repurchase a product is the sense of satisfaction they get. According to Kotler and Keller (Kotler & Keller, 2016), satisfaction is a person's feelings of pleasure and happy to use a products or disappointment that result from comparing a product or service's perceived performance (or outcome) to expectations. If the performance or experience falls short of expectations, the customer is dissatisfied. If it matches expectations, the customer is satisfied. If it exceeds expectations, the customer is highly satisfied or delighted.

Customer satisfaction is extremely important for maintaining a long-term customer relationship, which is often essential for a brand success. Customer satisfaction is defined as a customer's response to a brand fulfillment of their

expectations. The expectancy disconfirmation approach suggests that customer satisfaction develops when a product or service meets or exceeds the customer's expectations (Zhang et al., 2020). Understanding in product quality maximizing and Instagram marketing as a media information is a couple of factors that can influence customer satisfaction. So that with the development of the times, the human need for information causes the development of technology to fulfill the need for information.

With advances in the field of information and communication technology, the world no longer recognizes boundaries and distance. The use of social media for selling known to be fast and easy to reach potential consumers because social media has a large user base. Social media marketing is how companies can manage their social media well, providing content such as photos and videos that are interesting, informative, and entertaining so that the customer is satisfied with the information provided regarding the product. Digital marketing is the marketing of products or services using digital technologies also including mobile phones and others digital media to share an information about product (Desai, 2019). Instagram is one of the most commonly used social media by the community, Instagram marketing is a form of promotion that is widely and used at this time which aims to convey information to customers, due to current customer behavior which tends to look for information online before deciding to buy a product. This is considered a more practical way than go to offline store to see the price, discount, detail of quality, and shape of a product. Because the company's communication media to customers is an important point in making it easier for customers to know the specifics of a product being offered. The factors that affect the satisfaction of social media users consist of obtaining the information they are looking for (Arianti, 2017).

On the other hand, another factor that can influence customer satisfaction is product quality. To stand out from competition, companies must offer high-quality items. According to Kotler and Keller (2016), product quality is the ability of a product to carry out its functions to provide an appropriate result that can even exceed what the customer wants. Products that have good quality will be needed by consumers so that their needs can be met. Customers will repurchase products if

they are of high quality. Customers typically anticipate purchasing a shoe item that is both comfortable and durable. The fact that Ventela has its own shoe factory makes it easier for the company to check the quality of its shoe production, allowing it to provide durable, high-quality footwear.

Based on researchs conducted by Marphy and Prabandari (2021), Simbolon and Law (2022), Bawono and Subagio (2020), as well as Fabiola and Rachmawati (2022) there is a relationship between Instagram Marketing in order to increase Customer Repurchase Intention for Fashion products. The author sees that previous research has not included the effect of Product Quality on Repurchase Intention based on Customer Satisfaction experience in purchasing Fashion products especially Shoes. According to the author, satisfaction in using shoes is important because shoes are used as footwear for carrying out daily activities, therefore product quality through the mediation of customer satisfaction is very important to determine repurchase intention. Based on the explanation and research gap, the researcher is interested in conducting research with title "The Influence of Instagram Marketing and Product Quality toward Repurchase Intention through The Customer Satisfaction as Mediation (Study Case of Ventela Shoes in Pontianak)".

1.2 Problem Formulation

1.2.1 Problem Statement

Based on the explanation above, Ventela is a local shoe brand that is quite popular in Indonesia based on trend data. However, Ventela experienced a significant decline in interest and trend in Pontianak, West Kalimantan from November 2021 to November 2022. Based on that, researchers wanted to know the influence of Instagram Marketing and Product Quality toward Repurchase Intention through Customer Satisfaction so as to increase interest and trend for Ventela shoes particularly in Pontianak city.

1.2.2 Research Question

Based on the research background above, the author could identify the research question as follows:

1. Does Instagram Marketing have a significant influence on Customer Satisfaction?
2. Does Product Quality have a significant influence on Customer Satisfaction?
3. Does Instagram Marketing have a significant influence on Customer Repurchase Intention?
4. Does Product Quality have a significant influence on Customer Repurchase Intention?
5. Does Customer Satisfaction have a significant influence on Customer Repurchase Intention?
6. Does Customer Satisfaction mediate the significant influence between Instagram Marketing and Customer Repurchase Intention?
7. Does Customer Satisfaction mediate the significant influence between Product Quality and Customer Repurchase Intention?

1.3 Research Purpose

Based on the research question above, the purpose of this research are as follows:

1. To analyze the influence of Instagram Marketing toward Customer Satisfaction.
2. To analyze the influence of Product Quality toward Customer Satisfaction.
3. To analyze the influence of Instagram Marketing toward Customer Repurchase Intention.
4. To analyze the influence of Product Quality toward Customer Repurchase Intention.
5. To analyze the influence of Customer Satisfaction toward Customer Repurchase Intention.
6. To analyze the mediating of Customer Satisfaction between Instagram Marketing and Customer Repurchase Intention.
7. To analyze the mediating of Customer Satisfaction between Product Quality and Customer Repurchase Intention.

1.4 Research Contribution

1.4.1 Theoretical Contribution

This research is expected to make a positive contribution to management science, especially in marketing concentration related to Instagram Marketing, Product Quality, Customer Satisfaction, and Customer Repurchase Intention. This research also expected to provide a contribution that can be used as a reference for further research.

1.4.2 Practical Contribution

This research provides contribution for some parties, including:

A. For the Company

The result of this study is expected to provide a useful contribution to understanding Instagram Marketing, Product Quality, Customer Satisfaction, and Customer Repurchase Intention. So, the company can use it in implementing the marketing strategies that will affect customer repurchase intention.

B. For the Other Parties

The result of this study can be used as additional references or for the development of new ideas for further research, and consideration of companies or other institutions that face similar problems. This study also can be used as information and insight for the community regarding the marketing strategy to increase the customer repurchase intention.

1.5 Research Contextual Overview

This study intends to examine how Instagram Marketing and Product Quality influence Customer Repurchase Intention in the Shoe Industry using Customer Satisfaction as a mediator. The researcher will involve Ventela shoes Customer or User in Pontianak, West Kalimantan. The reason Ventela Shoes are object of research is because Ventela is one of the indigenous shoe brands in Indonesia that is popular and can compete with international and local brands such as Compass, Brodo, and Warrior. Then Ventela has a reasonable price while preserving product quality. Although there has been a declining trend of Ventela in Pontianak.

Ventela shoes are under the auspices of PT Sinar Runnerindo which was established in 2017, as a vulcanized shoe factory in Bandung since 1989. Ventela have various types and models suitable for various activities in accordance with their market segmentation which targets the productive age group with an age range of 15 - 64 years because this age group can be said to be independent. Ventela is able to produce shoes in large quantities and is able to monitor the quality of their shoe because they have their own factory, so they choose to focus on producing and using a sales system that is quite unique, they officially don't have offline or online stores, they choose to give opportunities for resellers to market their products. Prices for Ventela shoe products range from IDR 179,000 to IDR 499,000.



Figure 1. 4 Ventela's Logo and Shoes
Source: Google