

# CHAPTER I

## INTRODUCTION

### 1.1 Background

The development of the hijab industry in the current era is very rapid. Indonesian people are increasingly interested in hijab which is part of Muslim women's fashion and this interest continues to increase day by day. Hijab has become a symbol of identity and trust for many Muslim women. This makes hijab fashion increasingly in demand by customers. The hijab fashion industry has grown rapidly in recent years and has given birth to many well-known brands in the fashion world. The market offers everything from simple hijab to intricate and beautiful designs.

Nowadays, the habit of wearing hijab continues to develop following the prevailing fashion trends in society. The emergence of a hijab style trend in recent years has become a phenomenon in the world of Muslim women's fashion and has a major influence on the development of the hijab fashion industry in Indonesia. Where the initial function of the hijab is the obligation of a Muslim woman, but now it has turned into a fashion style in Indonesia. As we know, Indonesia is a country whose majority population is Muslim, where Islam requires women to wear hijab which is used to cover the private parts. This situation makes business people seize the great opportunity for the hijab industry in Indonesia. Therefore, it is important for business actors to understand the fashion that consumers need to determine strategies and competitive advantages.

In Indonesia's current economic conditions that are increasingly advanced, people's needs are starting to increase. With this, competition in the hijab business is getting tighter in promoting and marketing its products. In responding to conditions like this, companies must have a strategy that can create customer loyalty. Loyalty is the main key for companies to succeed, not only in the short term, but also in the long term. Customer loyalty is one of the things that is very

important in facing the very tight competitive conditions of the business industry. Getting loyal customers is one of the goals of every entrepreneur, because loyalty can ensure the survival of the company in the long run. This is the main reason for companies to attract and retain their customers. Customer loyalty means that customers are willing to invest in loyalty to businesses that can provide advantages over competitors (Ismanto, 2020).

Product quality is a very important factor that affects consumer loyalty to a particular brand or company. Producing high-quality products helps companies build a good reputation and win consumer trust. One of the main values that customers expect from manufacturers is the highest product quality. Product quality is how to describe the product can provide something that can satisfy consumers. Kotler and Keller (2017) state that product quality is the ability of a product to carry out its functions, including durability, reliability, accuracy, ease of operation and repair and other valuable attributes.

Another factor that can affect customer loyalty is customer bonding. Customer bonding encompasses all the interactions and relationships built between a company and a customer over the life cycle of a product or service. When companies can build strong bonds with customers, they tend to remain loyal and even recommend the company's products or services to others. According to Hasan (2014: 96), Customer bonding is a strategy to create customer loyalty to products and companies by building or maintaining customer trust. From the customer's point of view, Customer Bonding is a consideration in the process of choosing a company or product to buy. Meanwhile, from the marketer's point of view, Customer Bonding is a long-term strategy in strengthening and inspiring every element of the marketing mix.

The next factor that affects customer loyalty is customer satisfaction. Customer satisfaction can be a key factor in influencing customer loyalty. According to Peter and Olson (2016) customer satisfaction is the most decisive concept in marketing thinking and customer research. In theory, customers who are satisfied with a product, service, or brand are likely to continue to buy it and

tell others about it. If dissatisfied, costumers are likely to change products or brands and complain to goods manufacturers, retailers, and other costumers.

Bengkalis City is one of the cities where the majority of the population is Muslim. To be able to meet consumer needs for hijab, a number of hijab businesses have sprung up in the Bengkalis area, one of which is Vira Hijab. Sales made by Vira Hijab are carried out online and offline. Online sales are carried out using the WhatsApp and Instagram applications. To sell offline, this company does it by opening a shop located on Jl. Teuku Umar, No.72, Bengkalis, Riau. Vira Hijab's sales activities are supported by continuous promotion through the Instagram application so that it is widely known and in demand by consumers ranging from teenagers to mothers. The following products are sold at Vira Hijab:

**Tabel 1.1 Vira Hijab Products**

No.	Products	Description
1.	Rectangle Hijab	Plain, Pattern, Rawis, Embroidery
2.	Pashmina	Chiffon, Diamond, Satin, Cotton, Ceruty, Plisket, Silk
3.	Bergo	Jersey, Plisket, Bergo Jumbo Shar'I, Bergo kids, Crinckle, Bergo ayyara, Bergo T-shirt
4.	Khimar	Plain Khimar, Khimar Layering, Khimar Pet, Khimar Rempel
5.	Hijab Accessories	Brooch hijab, needles, inner hijab
6.	Cosmetics	Lipstick, Concealer, Eyebrow Pencil, Blush on, Lip Brush, Brush Set, Eye shadow, Softlens, Perfume

*Source : Vira Hijab, 2023*

Table 1.1 shows that Vira Hijab sells various kinds of products. Vira Hijab not only sells hijab products but also sells several hijab accessories and cosmetics. This aims to meet the diverse needs of customers. Some customers may also be looking for hijab accessories and some are interested in cosmetic products that are suitable for use with the hijab such as lipstick and perfume that do not interfere with the smell of the hijab. This allows customers to get everything they want and feel satisfied.

Like other businesses, Vira Hijab also experiences intense competition both in physical stores and online. Due to the tight competition, Vira Hijab must continue to innovate in terms of products and customer service in order to compete. In addition, Vira Hijab must also pay attention to product quality, competitive pricing, and effective marketing to remain relevant in an increasingly competitive market. In facing this competition, Vira Hijab not only focuses on

developing quality products, but also pays attention to the needs and desires to retain old customers and attract new customers.

Based on the background above, the author are interested in conducting research with the title **“The Influence of Product quality, Customer Bonding and Customer Satisfaction on Customer Loyalty (Case Study on Customers of Vira Hijab Bengkalis)”**.

## **1.2 Formulation of the Problem**

Based on the background of the problems above, the problem formulation taken from this research is how the influence of product quality, customer bonding, customer satisfaction on customer loyalty on Vira Hijab Bengkalis customers.

## **1.3 Purpose of the Study**

Based on the background and problem formulation above, the purposes of this study are:

1. To determine the influence of Product Quality on Customer Loyalty at Vira Hijab Bengkalis.
2. To determine the influence of Customer Bonding on Customer Loyalty at Vira Hijab Bengkalis.
3. To determine the influence of Customer Satisfaction on Customer Loyalty at Vira Hijab Bengkalis.
4. To determine the influence of Product Quality, Customer Bonding and Customer Satisfaction on Customer Loyalty at Vira Hijab Bengkalis.

## **1.4 Significance of the Study**

The benefits that are expected by the author in conducting this research include the following:

1. For Author

This research is expected to train the author's knowledge so that the author can continue to explore knowledge and information about things that the

author has never known, both theoretically to be studied and in good writing and through this research can also be a graduation requirement to graduate and get a bachelor's degree.

2. For International Business Administration Study Program

The research that the author has done is expected to be a useful library in the study program which one day will be achieved for academic purposes.

3. For Stores

The results of this study are expected to be reference material and documentation at the Vira Hijab Bengkalis regarding things that make consumers interested in visiting the Vira Hijab Bengkalis which later the results of the author's research can be a reference for companies to make future policies that this can be a lesson for companies to improve product quality, customer bonding and customer satisfaction on customer loyalty.

### **1.5 Scope and Limitation of the Problem**

Based on the background of the problems described, the author can identify the scope of the study, which focuses on product quality, customer bonding, and customer satisfaction on customer loyalty. And this research is only aimed at Vira Hijab Bengkalis customers.

### **1.6 Writing System**

The preparation of this report follows the following systematic writing:

#### **CHAPTER I : INTRODUCTION**

This chapter describes the background, formulation of the problem, purpose of the study, significance of the study, scope and limitations of the problem, and writing system.

#### **CHAPTER II : LITERATURE REVIEW**

This chapter describes the related theory, literature review, and Framework.

### **CHAPTER III : RESEARCH METHODOLOGY**

This chapter describes the location, time and object of the research, types and sources of data, populations and samples, data collection techniques, data processing techniques, scale measurement, validity and reliability testing, data analysis methods, research hypotheses, research models, research types, conceptual and operational definitions of variables, as well as research schedules and budgets.

### **CHAPTER IV: RESULT AND DISCUSSION**

This chapter describes the result, discussion, and limitation of the study.

### **CHAPTER V: CONCLUSION AND SUGGESTION**

This chapter describes the conclusions and suggestion from the research conducted have been done.

### **REFERENCES**

### **APPENDIX**

### **WRITER BIOGRAPHY**