



Analysis of Digital Transformation on Consumer Behavior for Shopping in Offline and Online Store (Case Study: UNIQLO Indonesia)

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ABSTRACT: Uniqlo is one of the world's largest Apparel Fashion firms. Uniqlo's business strategy integrates the entire clothing-making process, from planning and design to production, distribution, and retail. Uniqlo expanded its retail operations in Indonesia on February 13, 2013, and presently has 65 stores in 25 cities throughout the country. Uniqlo Indonesia must face obstacles in this digital era shift; during the COVID-19 pandemic, the rate of business owners creating e-commerce stores and customers purchasing online surged rapidly. Uniqlo has the lowest online sales contribution rate among its competitors, with 16% Online Sales Contribution and 84% Offline Sales Contribution. Uniqlo aspires to boost its online sales contribution to 20%. This study offers a maximized omnichannel integration approach between Uniqlo Indonesia's online store and Uniqlo Indonesia's offline stores to achieve Uniqlo's aim of becoming the number one global apparel company. This research includes an internal analysis that includes value chain analysis and resources analysis to evaluate Uniqlo Indonesia's internal condition and determine strengths and weaknesses, an external analysis that includes general environment analysis, industry analysis, and competitor analysis to evaluate Uniqlo Indonesia's external conditions and determine threats and opportunities, and a customer journey analysis that includes the five A's. Following the analytical phase, TOWS Matrix, Business Model Canvas, and Value Proposition Canvas were produced to help improve the formulation of the solution for Uniqlo Indonesia. Uniqlo Indonesia should improve every touchpoint across all integrated channels in the customer journey using Uniqlo Indonesia resources to improve the omnichannel integration strategy. This research's business strategy and solutions can be utilized by Uniqlo Indonesia to boost customer awareness, sales, and customer loyalty.

KEYWORDS: Customer Journey, Customer Loyalty, Integration, Omnichannel Strategy, Online Sales.

INTRODUCTION

Fashion retailers' market operations have been swiftly evolving as the intensity of competition in the worldwide market has increased. Customers' shift from offline to online markets has been so frightening that offline establishments are now severely threatened. Furthermore, because of the COVID-19 pandemic, current online businesses are concerned about an infusion of new competitors who have turned to e-commerce. Online and offline fashion retail organizations are worried about their consumer user experiences, including both online and offline encounters, because they will help them differentiate themselves in this competitive industry. Furthermore, customer buyers' intentions and behavior will change in their intention to buy/experience it between offline and online stores due to the digital transition related to the altering COVID-19 scenario.

Customers now anticipate a more richer and seamless shopping experience in terms of channel scope (the expanding number of channels and touchpoints) and emphasis (the total customer brand experience) because of the disruptive disruption brought about by smartphones and other mobile devices. (Picot-Coupey et al., 2016). Apparel retail establishments, on the other hand, have an edge over internet businesses in apparel categories where products may have key non-digital features because they allow for physical try on of such products. (Ratchford et al., 2022). Uniqlo Indonesia is one of the largest Clothing Retailers in Indonesia, with 65 stores in 25 cities. Uniqlo Indonesia must face challenges in this digital era transformation, as the rate of business owners opening e-commerce shops and consumers shopping online increased dramatically during the COVID-19 pandemic. Uniqlo must carefully guide customers across both retail and online channels due to the countless diverse combinations of touchpoints that customers may encounter on their approach to completing a purchase. Uniqlo must also be available wherever and whenever a customer wishes to purchase their path. This study intends to improve Uniqlo Indonesia's omnichannel integration strategy by improving every touchpoint across all integrated channels in the customer journey.



Digital disruption has had a huge impact on consumer behavior, including how people shop, pay for, use, and dispose of products. Consumer expectations for goods and services are always changing. Furthermore, technology, which has aided customers in obtaining information about goods and services, has surely accelerated the change in consumer behavior. Following the impact of the COVID-19 epidemic, individuals now prefer to acquire goods/products online, particularly in the fashion industry. This behavior evolved from offline to online shopping. Now there are omnichannel shopping behaviors (cross-channel behaviors from the consumer's perspective) that occur when customers weigh the costs and benefits of various channels at various stages of the decision-making process (Shankar & Jain, 2021) The three basic stages of the decision-making process are gathering information, assessing alternatives, and purchasing. Omnichannel services can help consumers use diverse combinations of both online and offline channels to maximize their experience. The goals of omnichannel are to leverage different channel advantages to optimize consumer shopping experiences such as integration, flexibility, connectivity, and sensory experience. It is critical for merchants who have implemented omnichannel to recognize the advantages of both online and offline channels to leverage each channel advantage to complement one another in omnichannel.

Consumer behavior is defined as the process of searching for, selecting, purchasing, using, and evaluating a product or service to suit one's wants and desires. However, the way individuals seek, purchase, use, and review items has changed. Consumers nowadays are more demanding and detail-oriented than ever before. (Yahya et al., 2013). It is significant in the digitalization era since the digital revolution has changed the way customers give and receive information. The most significant factor is technology, which is changing people's perceptions of information. Everyone may now converse and share information horizontally because of the efficiency of Internet social media. One of the most important duties of marketers is to transmit brand messages to clients via the path or channel that they prefer.

CONCEPTUAL FRAMEWORKS

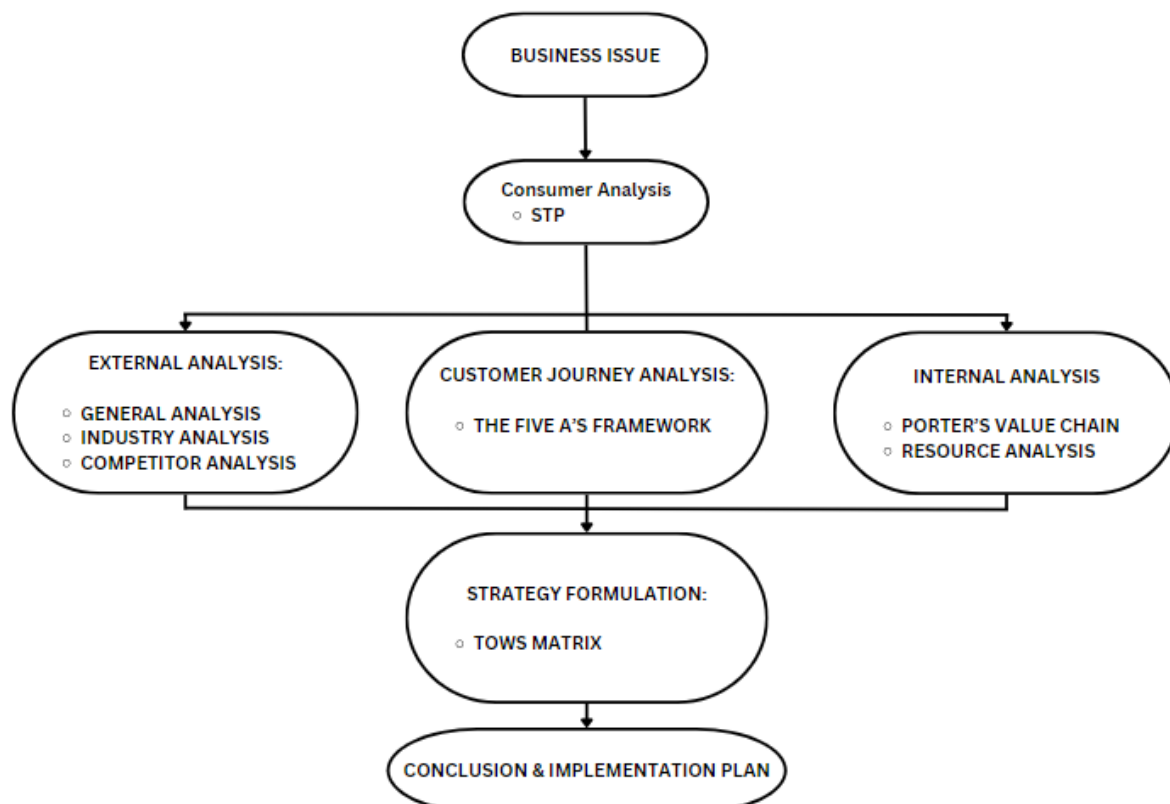


Figure I. Conceptual Framework



In this research, started with business issue of Uniqlo Indonesia in online channel and offline channel, and next phase of this research is consumer analysis, according to (Kotler & Keller, 2016). Consumer analysis use Segmenting, Targeting and Positioning, after analyzing consumer the next phase is analyze 3 aspects of the deepen analysis to formulate strategy for Uniqlo Indonesia, there are external analysis, customer journey analysis, and internal analysis. According to (Hitt et al., 2009) in External Analysis consists of general analysis, industry analysis, and competitor analysis. In Internal Analysis according to (Hitt et al., 2009) consists of Porter's value chain and resource analysis. In customer journey analysis according to (Kotler & Keller, 2016) consists of five A's framework and omnichannel customer experience analysis. After analyzing consumer with those 3 main aspects, according to (Hitt et al., 2009), the next phase is proposed strategy formulation using TOWS Matrix, Value Proposition Canvas, and Business Model Canvas for formulate strategy formulation. Conceptual frameworks help to organize thinking, observation, and interpretation related to a particular phenomenon and function as maps that enhance coherence of empirical inquiry (Hudon et al., 2015). Therefore, this framework is used as the guideline for organizing business issues with it vary observation and analysis and deliver strategy and planning based on the analysis.

METHODOLOGY

To collect the necessary data, this study employs both primary and secondary data sources. According (Sekaran & Bougie, 2017) Primary data is a sort of data gathered from the primary source of the topic under investigation about variables for a specific aim of the research-creation process. Typically, primary data is gathered through interviews, questionnaires, experiments, and other means. For this study, primary data will be obtained from customers via a questionnaire to gain an understanding of company difficulties., in accordance with (Fraenkel et al., 2012), A sample of at least 100 questionnaires is required for descriptive investigations. Secondary data is collected from collecting pre-existing information in order to obtain proper research results by doing a data search using secondary data. Secondary data sources are typically gathered from books, firm records or documents, government publications, and industry analysis supplied by the media, the web, and the internet. (Sugiyono, 2017). For this research, secondary data obtained comes from company records, and publication or research related to Uniqlo Indonesia. This study quantitative method used questionnaire from customer of Uniqlo Indonesia, in accordance with (Fraenkel et al., 2012), A sample of at least 100 questionnaires is required for descriptive investigations. The data for this study was collected using an online questionnaire administered using Google Forms and given to respondents who fit the preset criteria via numerous social media sites, including Instagram, WhatsApp, and LINE. Respondents must answer all question items using the Likert scale by picking one of five potential responses. The results of the survey were converted into research findings. Customers of Uniqlo Indonesia (both offline and online) are the study's target population, with a minimum of 100 samples drawn from the total number of customers. The questionnaire will be distributed to Uniqlo customers in Indonesia, focusing on Jakarta, Surabaya, Tangerang, and Bandung.

RESULTS

A. Consumer Analysis

Consumers may differ in their desires, resources, locations, purchasing attitudes, and purchasing patterns. Based on STP analysis of Uniqlo Indonesia, there three parts, those are Segmenting (Geographic, Demographic, Behavioral, Psychographic), Targeting, and Positioning:

- Segmenting

A well-crafted segmentation approach can be effective in analyzing Uniqlo Indonesia's success. The four categories of segmentation are geographic, demographic, behavioral, and psychographic. Uniqlo Indonesia segments on urban areas, particularly the five largest cities in Indonesia (Jakarta, Bandung, Surabaya, Semarang, and Tangerang), because this is very suitable for their segmentation that aims middle to high-class customers, and in urban areas, most people earn middle to high salaries. Uniqlo Indonesia should be concerned since Indonesia has just two weather seasons (dry season and rainy season), as opposed to countries that have four seasons, thus Uniqlo Indonesia should be concerned with their product being fit for the Indonesia weather season. Uniqlo Indonesia's demographic segmentation is age 17-55 (Generation X, Y, and Z), gender (Male and Female), fashion expense (Rp. 500.000 - Rp. 5.000.000), occupation (Student, private employees, workers), Uniqlo Indonesia offered products of daily lifewear B2C product apparel, to gain a large market share. Uniqlo Indonesia's behavioral segmentation is based on product, service, and price. In general, the client will determine these three factors based on the product as well as the needs and benefits that Uniqlo Indonesia can provide



to customers. Uniqlo Indonesia has two main products function benefits that suit with customer needs, which are Airism and Heattech. This product function suits with the Indonesia season, which has two seasons: dry and rainy. Uniqlo Indonesia provides clients with services such as an online store and an offline store that is friendly to both first-time and repeat customers of Uniqlo Indonesia products. Because Uniqlo Indonesia's product is fashion apparel, its prices are relatively competitive, and people buy it on a monthly basis. Psychographic segmentation characteristics include social class, customer perception, learning, personality, and lifestyle. Uniqlo Indonesia's customer base ranges from moderate to upper class. Customers believe that Uniqlo's product prices are reasonable, and that the product quality is excellent. Uniqlo Indonesia also recognizes that the consumers who buy their items are learning experiences; the customers learn about Uniqlo through word of mouth from their friends and relatives. Furthermore, they learn about Uniqlo through social media and promotional events. Uniqlo also offers their consumers things that are fashionable and popular in the market. Uniqlo Indonesia has more resources. Uniqlo Indonesia's customer psychographic segmentation is experiencers who are enthusiastic and impulsive to purchase Uniqlo Indonesia products and thinkers who are motivated to purchase Uniqlo Indonesia products because of functionality and value in products.

- Targeting

Uniqlo Indonesia's target market is full-market coverage with their motto local is global and global is local, with the majority of customer locations in urban areas, because the company market is product fashion apparel with a target market of social class middle to high social class, and Uniqlo Indonesia targeting two main customers, teenagers (age 17-25) with the majority of occupation being student and adults (age 26-55) with the majority of occupation being private employees and workers.

- Positioning

Uniqlo Indonesia's positioning goal aims to provide customers with high-quality apparel goods by using technological breakthroughs. Uniqlo Indonesia separated itself from competitors by using technological improvements in research and development into their manufacture. Uniqlo's aim is to change clothes, alter conventional knowledge, and change the world. With this vision, Uniqlo Indonesia aspires to make amazing apparel with new and distinctive value that Uniqlo Indonesia can provide its customers.

B. External Analysis

External Analysis of Uniqlo Indonesia consists of General Environmental Analysis using PESTEL analysis, Industry Analysis using Porter 5th forces, and Competitor analysis. This External Analysis of Uniqlo Indonesia needs to be analyzed to identify opportunities to threats faced by the company so that company management can conclude strategies to take advantage of various opportunities and avoid and reduce the impact of emerging threats.

- General Analysis (PESTEL Analysis)

PESTEL Analysis was used to conduct a general environmental analysis of Uniqlo Indonesia since it is a beneficial technique for understanding the company's operating environment. PESTEL research is also used to detect environmental opportunities and dangers/hazards, allowing Uniqlo Indonesia to capitalize on existing opportunities while limiting possible threats. PESTEL analysis includes Political, Economic, Social Cultural, Technological, Environmental, and Legal considerations. The government has agreed to alter Minister of Trade Regulation PERMENDAG No. 50 of 2020 concerning Business Licensing, Advertising, Development, and Supervision of Business Actors in Electronic Trading in accordance with Indonesia Trade Ministry standards. This political element presented potential for Uniqlo Indonesia, because Uniqlo Indonesia had previously created their supply chain in Indonesia, from manufacturing items to marketing to clients, and Uniqlo Indonesia did not need to import it from Japan. Uniqlo Indonesia has also separated their social media and online stores, thus this situation will be an opportunity for Uniqlo Indonesia, as the Indonesian government has already taken down TikTok Shop. Indonesia's economic status improved following the pandemic covid-19. It may be seen from GDP growth in Indonesia; according to World Bank data, GDP growth in Indonesia was 5.72% from 2021. IDR exchange rates in market currency remain constant at roughly IDR 15.000/ 1 US\$. This circumstance determined the stability of Indonesia's economy and the recovery situation from the Covid-19 Pandemic. Uniqlo Indonesia could take this condition as an opportunity to expand Uniqlo Indonesia sales and develop additional stores, since Indonesia GDP increased. Because Uniqlo Indonesia's target market is the Middle to Upper Social Class, there will be more prospective clients. According to the Indonesian Central Statistics Agency (BPS), the country's population will reach 275.77 million by 2022. Of this total, 190.98 million (69.25%) are of productive age (aged 15-64 years), while 84.8 million (30.75%) are of non-productive age. This is categorized as an opportunity for Uniqlo Indonesia, because their potential customers are in the productive age category, which has a psychographic of Thinkers and Experiencers that are appropriate with the apparel products that Uniqlo Indonesia provides to their customers, giving

them advantages of Indonesian customer preferences. In terms of technological factors, 202.6 million Indonesians (75%) already have internet access, while 170 million Indonesians (61.8%) have active social media accounts. This issue is regarded as an opportunity for Uniqlo Indonesia to develop an online store/application that will make it easier for clients to access their products and services. Customers will feel more sophisticated and have easier access to Uniqlo Stores with the Uniqlo Apps and current features. Consumers are especially worried about the environmental impact of the fashion sector because of climate change and sustainability. Indonesia has signed the Paris pact on Climate Change, which is a historic pact addressing climate change. The Indonesian government has pledged to reducing emissions to Net-Zero Emissions by 2060. This scenario was classified as a hazard to Uniqlo Indonesia because fashion product waste was one of the world's largest wastes. Uniqlo Indonesia should employ sustainable techniques and eco-friendly materials to reduce waste, and Uniqlo Indonesia should promote circular industry activities in their manufacturing. Legal factors are one of the most important elements that have a direct impact on labor. According to Indonesia regulations, each employee's working time is regulated in Article 77 of the Manpower Law, namely "the provisions for working time are seven hours a day or 40 hours a week" and according to Indonesia regulations UU Article 88 paragraph (4) that the government has set minimum wage standards based on the region. This circumstance is classified as a hazard for Uniqlo Indonesia; therefore, compliance with labor rules, particularly in factories, is critical for Uniqlo to preserve a strong brand image.

- Industry Analysis

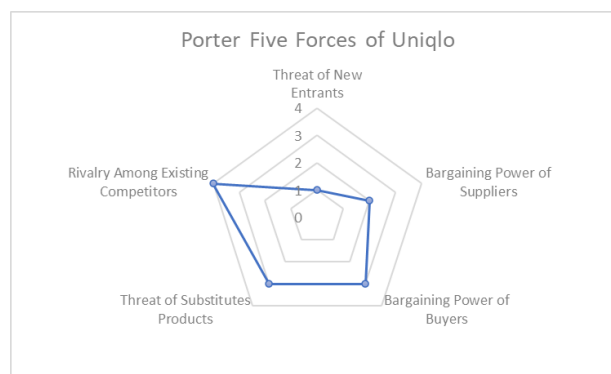


Figure II. Porter Five Forces of Uniqlo Indonesia

Uniqlo Indonesia Industry Analysis was required to assess the external environment that affects the industry. Uniqlo Indonesia industry study using Porter's five forces, the Porter's five forces model is a method for assessing how the external competitive environment will effect a product's marketing. This method is used to identify the advantages of the company's current and future competitive position, allowing it to increase its opportunity, minimize threat, and avoid making bad judgments. Porter divides into five competing forces, those are threats of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitute products, and rivalry among existing competitors. Uniqlo Indonesia already has a considerable market presence in the country. New entrants, particularly local or regional competitors, remain a source of anxiety. Developing a supply network, getting outstanding Uniqlo Store locations, and creating a well-known brand are all entry obstacles. Government restrictions and licensing may also provide difficulties for newcomers. The threat of new entrants is categorized as low for Uniqlo Indonesia because, in the fashion industry, building a known brand and developing high-technology products are extremely difficult and have high barriers to entry, because new entrants require a large sum of money/ capital, cutting-edge technology, and customer loyalty. Uniqlo's global presence and scale provide them with significant negotiating power with suppliers. They could negotiate better terms and prices with suppliers, especially for common materials and manufacturing processes. Furthermore, Uniqlo's long-term relationships with suppliers bolster their position. Uniqlo Indonesia has minimal supplier bargaining power because Uniqlo has a technical patent for their items and has already constructed shops and factories around the world. Uniqlo Indonesia offers economical, high-quality, and attractive clothing, and shoppers in Indonesia have a variety of retail apparel options. They have minimal bargaining power since they can switch to other brands if Uniqlo Indonesia prices or product offers fall short of their expectations. Uniqlo Indonesia's brand loyalty and consumer experience, on the other hand, may offset some of its advantages. Buyer bargaining power for Uniqlo Indonesia is characterized as moderate, despite the fact that Uniqlo Indonesia provides low rates, excellent quality, and stylish clothing, consumers have the right



to pick whatever brand they want to buy. Uniqlo Indonesia should improve consumer brand loyalty and experience because, as a B2C company, customers play an essential part in Uniqlo Indonesia sales. Customers in Indonesia can choose from a variety of clothing brands and styles, as the fashion business has numerous substitute items between one brand and another. There is no cost for customers to switch brands, and the introduction of fast fashion and other multinational companies increases the competitive landscape. Imitate items are the most harmful Uniqlo Indonesia substitutes since they are less expensive and of worse quality. Substitutes are a moderate concern, however Uniqlo Indonesia's distinctive product quality, design, and pricing help to reduce this threat. The Indonesian clothing/fashion market is extremely competitive. Uniqlo Indonesia has fierce competition from both domestic and foreign businesses, including quick fashion labels, premium brands, and local apparel producers. The ongoing competition for market share results in pricing wars and significant marketing efforts to differentiate their products. As a result, the industry faces fierce competition. According to Porter's Five Forces analysis of Uniqlo Indonesia, while the company has established a significant presence in Indonesia, it still faces problems due to high competitiveness among competitors and buyers' moderate bargaining power. Because of the difficulties to establishing a strong brand and retail network, the threat of new competitors is relatively minimal. Supplier bargaining strength is modest, and the danger of substitutes is mild. The capacity of Uniqlo Indonesia to sustain brand appeal, customer loyalty, and differentiate its products will be critical in navigating the Indonesian competitive landscape.

- Competitor Analysis

Based on the competitor analysis, it can be concluded that Zara Indonesia was the first global apparel industry to enter the Indonesia market in 2005, and Uniqlo Indonesia was the second global apparel industry to enter Indonesia on June 22, 2013. H&M was the third global apparel industry to enter Indonesia on October 5, 2013. Uniqlo Indonesia and H&M Indonesia were not the first global apparel companies to enter Indonesia, but they already have 65 Uniqlo Indonesia stores and 64 H&M Indonesia stores. Zara, H&M, and Uniqlo all have online stores and mobile apps in order to reach a broader market in Indonesia. In terms of offline retail, Uniqlo and H&M have more outlets than Zara, but in terms of social media, Zara has more followers than Uniqlo and H&M, hence Zara's online sales are higher than Uniqlo and H&M's. Zara is one of the world's most well-known fashion businesses, founded in 1975 in La Coruna, Spain by Amancio Ortega. Zara was founded out of boredom and worry by its founder, who felt that the fashion goods industry at the time was only driven by manufacturers' offerings. As a result, consumers who utilize fashion products have little options for wearing what they want, and they are not being themselves, despite having to pay exorbitant amounts. Following that, Amancio launched his garment production company, specialized in designing fashionable evening wear and lingerie, with the first store opening in 1975. Amancio then built his first international location in New York in 1989. Zara's fashion approach and business model are slowly gaining momentum with Spanish consumers. This resulted in the creation of nine new outlets in Spain's major cities. Zara continued actively expanding into global markets in the following decade, including Portugal, New York (US), Paris (France), Mexico, Greece, Belgium, Sweden, Malta, Cyprus, Norway, and Israel. Zara stores can now be found in practically every developed country. Zara now has 1,885 stores strategically situated in major cities across 96 countries. Zara entered Indonesia market for the first time on August 18, 2005, under the auspices of PT. Mitra Adi Perkasa. There are 16 stores of Zara Indonesia, located in urban areas: Jakarta, Surabaya, Medan, Semarang, Yogyakarta, Makassar, Bali. H&M is the second-largest international clothing retailer, H&M was established in 1947 by Erling Persson, when he opened his first store in Vasters, Sweden. Hennes (Swedish for 'hers') was a boutique that only offered women's apparel. In 1964, another store opened in Norway. Persson purchased the hunting gear retailer Mauritz Widforss in Stockholm in 1968, which resulted in the addition of a menswear collection to the product line and the name change to Hennes & Mauritz. In 1974, the company was listed on the Stockholm Stock Exchange. In 1976, the first store outside of Scandinavia opened in London. H&M continued to develop in Europe and began selling online in 1998 under the domain hm.com, which was registered in 1997, according to WHOIS data. The inauguration of its first US store on Fifth Avenue in New York City on March 31, 2000, marked the beginning of its development outside of Europe. first US store on Fifth Avenue in New York City on March 31, 2000, marked the beginning of its development outside of Europe. H&M Group operated in 62 countries with 4,801 outlets as of June 23, 2022. H&M entered in Indonesia market on October 5, 2013, with the opening of their first store in Gandaria City, South Jakarta.



Table 1. Competitor analysis of Uniqlo Indonesia

Criteria	Uniqlo	H&M	Zara
Year founded	1974	1947	1975
Country Origins	Japan	Sweden	Spain
Year entered Indonesia market	2013	2013	2005
Product	Men’s, women’s and kids clothing, accessories, swimwear (women)	Men’s and women’s clothing, accessories, kids, and baby clothing	Men’s, women’s, kids clothing, accessories, shoes, swimwear, beauty
Price Range	Rp. 99.000 – 1.199.000	Rp. 199.000 – 1.499.000	Rp. 199.000 – 3.499.000
Total Stores in WorldWide	2.434 Stores	4,801 Stores	1,885 Stores
Total Stores in Indonesia	65 Stores	64 Stores	16 Stores
Online Stores	Website and Mobile Apps	Website and Mobile Apps	Website and Mobile Apps
Promotion (Social Media)	Instagram (2 million followers) Facebook (1.1 million followers) Twitter (1.6 million followers)	Instagram (38.4 million followers) Facebook (40 million followers) Twitter (7.7 million followers)	Instagram (61.5 million followers) Facebook (31 million followers) Twitter (1.3 million followers)
Target Market	Business to Customers Middle to High Social Class	Business to Customers Middle to High Social Class	Business to Customers Middle to High Social Class

C. Customer Journey Analysis

Uniqlo Indonesia's Five A's framework study aimed to discover the customer journey and customer path from each of the Five A's frameworks starting with Aware-Appeal-Ask-Act-Advocate. For this Uniqlo Indonesia Customer Journey Five A's framework analysis, a customer survey/questionnaire was already conducted in five major Indonesian cities: Jakarta, Surabaya, Bandung, Tangerang, and Medan. There are 201 respondents in this Uniqlo Indonesia consumer survey.

Table 2. Demographic of Respondent

Variables	Options	Percentage
Gender	Male	58.7%
	Female	41.3%
Age	17-25 years	29.9%
	26-35 years	14.9%
	36-45 years	14.4%
	46-55 years	36.8%
	>55 years	4.0%
Occupation	Private/ State Employee	45.3%
	Student	18.9%
	Entrepreneur	13.4%
	Housewife	10.4%
	Other	11.9%

Area of Living	Surabaya	48.5%
	Bandung	18.8%
	DKI Jakarta	17.3%
	Tangerang	12.9%
	Medan	2.5%
Monthly Spending for Fashion	>Rp. 500.000	36.8%
	Rp. 500.000 – Rp. 1.000.000	40.3%
	Rp. 1.000.000 – Rp. 3.000.000	14.9%
	Rp. 3.000.000 – Rp. 5.000.000	4.0%
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• Five A’s Framework (Aware)

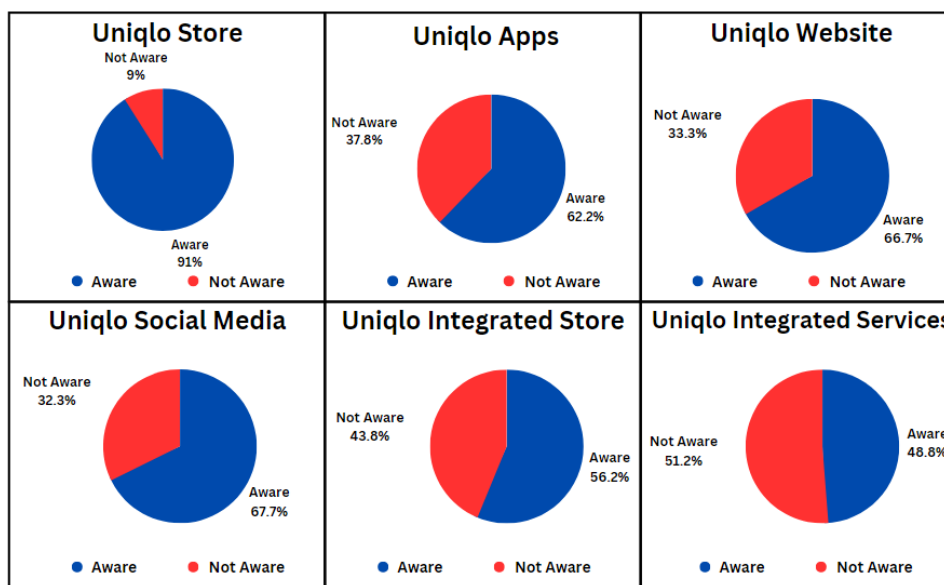


Figure III. Uniqlo Indonesia Customer Awareness Survey

According to the Uniqlo Indonesia Customer Awareness survey, the highest awareness of Uniqlo Indonesia is on Uniqlo Store awareness at 91% (183 Person), followed by Uniqlo Indonesia applications awareness at 62.2% (125 Person) and Uniqlo Indonesia online awareness at 66.7% (134 Person). This condition causes Uniqlo Indonesia Integrated Store awareness to be 56.2% (113 people) and Uniqlo Indonesia Integrated Services awareness to be 48.8% (98 people). Uniqlo Indonesia social media awareness is 67.7% (136 people). The outcome of a customer survey communication channel for brand awareness can be seen on the figure below to evaluate the preference of communication channel that customers get to know Uniqlo Indonesia. According to a customer survey, the communication channels that effectively influence customer Uniqlo Indonesia brand awareness are Uniqlo Indonesia offline store 77.1% (155 Person), Recommendations (Influencer, Family, Friends) 43.3% (87 Person), and social media (Instagram, Facebook, Twitter) 39.3% (79 Person). Uniqlo Indonesia's online advertising also contributed 30.8% (62 people) to increased brand recognition, while email advertising contributed 2% (4 people). Furthermore, on Online Advertising Uniqlo Indonesia can optimize their advertising through Google Ads or search engine optimization ads to increase their online advertising. In conclusion, Uniqlo Indonesia has a strong presence in their offline stores and high consumer awareness, but their online stores and social media still require improvement to successfully influence customer awareness and increase sales.



- Five A's Framework (Appeal)

Most Interesting Factors to Shop at Uniqlo Indonesia

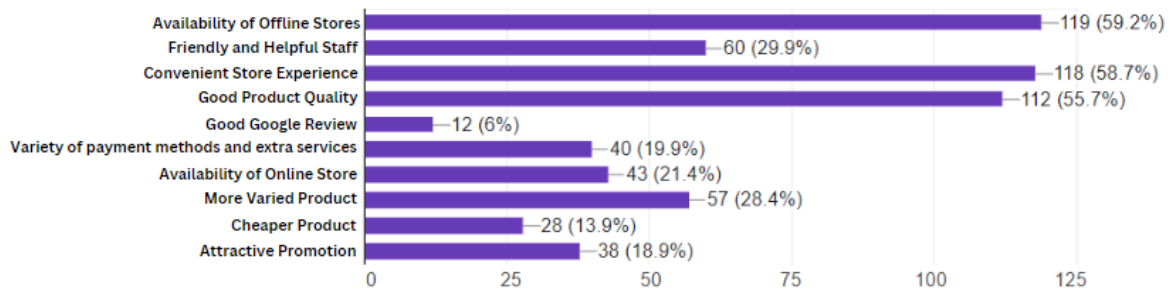


Figure IV. Most Interesting Factors to Shop at Uniqlo Indonesia

According to the graph above, the top three compelling reasons to shop at Uniqlo Indonesia are the availability of Uniqlo Indonesia offline stores (59.2% (119 People), a convenient Store shopping experience (58.7% (118 People), and good product quality (55.7% (112 People). Uniqlo Indonesia has a positive image in terms of location and product, but it makes the least contribution in terms of advertising and price.

Least Interesting Factors to Shop at Uniqlo Indonesia

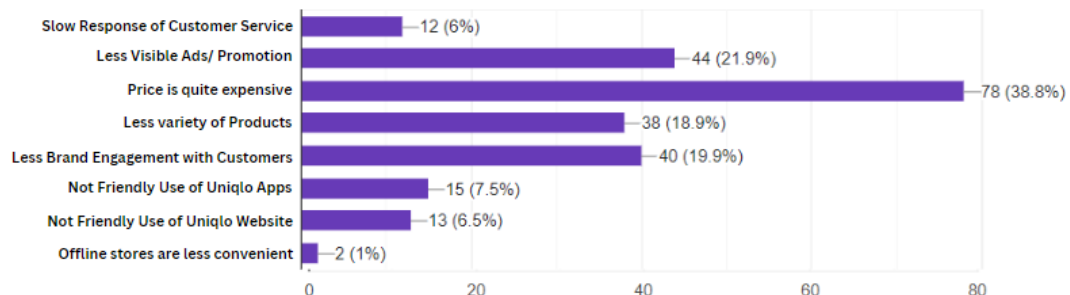


Figure V. Least Interesting Factors to Shop at Uniqlo Indonesia

According to the figure above, the top three least interesting factors to shop at Uniqlo Indonesia are price categorized as quite expensive 38.8% (78 Person), Uniqlo Indonesia's less visible advertisement/ promotion 21.9% (44 Person), and Uniqlo Indonesia's less brand engagement with customers 18.9% (38 Person). Uniqlo Indonesia has to strengthen their promotion approach in order to raise customer awareness and entice customers to shop at Uniqlo Indonesia. According to Uniqlo Indonesia customer survey results, 48.3% (97 Person) of Uniqlo Indonesia customers prefer to visit offline stores to find out information about Uniqlo Indonesia, followed by social media 21.9% (44 Person), recommendation (Family, Influencer, Friends) 11.4%, and the least option for customers in finding out information about Uniqlo Indonesia are Uniqlo Online Stores, Uniqlo Apps 10% (20 Person), and Uniqlo Website 8.5% (17 Person). Customers may have had previous sales experience at the Appeal stage, and they may have begun to learn more about Uniqlo Indonesia. It appears from Uniqlo Indonesia's sales channel, which includes Uniqlo Indonesia offline stores, online stores (Uniqlo Website and Uniqlo Apps), social media, and recommendations from influencers, family, and friends. According to the results of the Uniqlo Indonesia customer survey, 48.3% of respondents prefer to learn more about Uniqlo Indonesia at an offline store.

- Five A's Framework (Ask)

After the appeal stage, the potential customers try to find out more about Uniqlo Indonesia products such as color and size, promotion information, searching for Uniqlo Indonesia store location, and finding out Uniqlo Indonesia online delivery service and fee. In this question phase, there are three key channels that customers utilize to find out information in their customer journey experience: Uniqlo Indonesia offline stores, Uniqlo Indonesia online stores (apps and websites), and requesting recommendations from friends, family, and influencers. According to a Uniqlo Indonesia customer study, 58.2% (117 people) prefer to ask for information via asking for

opinions. According to a Uniqlo Indonesia customer study, 86.2% (173 people) prefer to ask/find out information by visiting a Uniqlo Indonesia offline store. According to a Uniqlo Indonesia customer survey, 41.8% (84 people) prefer to ask/find out information via visiting the Uniqlo Indonesia online store (website and apps). Uniqlo Indonesia needs to develop its online store (Uniqlo Website and Uniqlo Apps) to engage customers in this digital era because the presence of Uniqlo Indonesia online stores allows it to reach a broader market.

- Five A's Framework (Act)

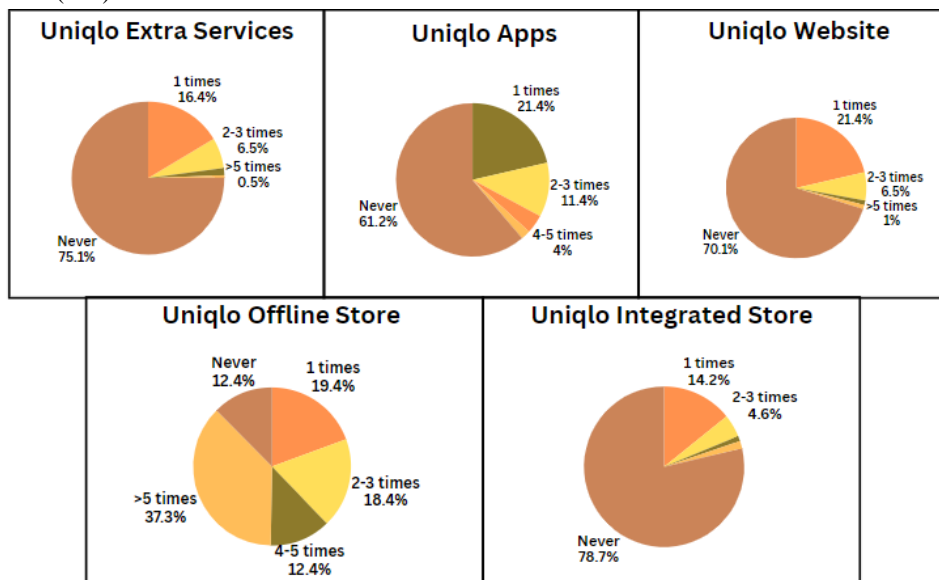


Figure VI. Customer Frequency in Buying Uniqlo Indonesia Products based on channel.

The potential customer purchases from Uniqlo Indonesia during the Act stage. In this stage of the act, customers make an order, pay for the products, and then use the products. Uniqlo Indonesia has several sales channels and extra services which can be seen in Figure VI. There are Uniqlo offline stores, Uniqlo Apps, Uniqlo Website, Uniqlo Integrated Store, and Uniqlo extra services. Customers prefer Uniqlo Indonesia offline stores to purchase Uniqlo Indonesia products 65.7% of the time, followed by Uniqlo Indonesia integrated stores 17.9% of the time, and Uniqlo Indonesia Apps/ Website 16.4% of the time. Uniqlo Indonesia offline stores are the most preferred channel to purchase Uniqlo Indonesia products, according to this customer survey. Uniqlo Indonesia can take advantage of this situation by holding promotional events/ promotional campaigns to promote Uniqlo Apps/ Website to increase sales from Uniqlo Apps/ Website.

- Five A's Framework (Advocate)

The last phase of the five A's framework is an advocate; in this stage, customers have two options: re-order and recommend the Uniqlo Indonesia brand and product to others, or do not re-order and recommend. Customers use social media platforms and word-of-mouth through inner-circle communities such as friends and family to give or not give recommendations. Based on the results of a Uniqlo Indonesia customer survey depicts the advocacy stage that customers of Uniqlo Indonesia have happy experiences purchasing at Uniqlo Indonesia. Based on the customer survey of Uniqlo Indonesia, most customers will recommend purchasing Uniqlo Indonesia products, it indicated with Strongly Agree respondents 37.3% (75 Person), followed by Agree respondents 36.8% (74 Person). And the rest of the respondents are neutral 22.4% (45 Person), disagree 2% (4 Person), and strongly disagree 1.5% (3 Person). It can be concluded that customers of Uniqlo Indonesia have a pleasant shopping experience, Customers will be repurchased on Uniqlo Indonesia, and give recommendations to their friends, and family to purchase Uniqlo Indonesia products. This situation will be advantageous for Uniqlo Indonesia because their customers have high positive advocacy and Uniqlo Indonesia should take these advantages to promote their online stores (Uniqlo Apps and Uniqlo Website) so Uniqlo Indonesia can broaden their market and increase customer retention utilizing their online stores and coordinated with their offline stores.



D. Internal Analysis

Uniqlo Indonesia's internal analysis consists of Value Chain Analysis by Porter and Resource Based Analysis. This Internal Analysis of Uniqlo Indonesia must be evaluated in order to discover internal company strengths and weaknesses so that company management may develop plans to capitalize on diverse strengths and mitigate the impact of growing weaknesses.

- Value Chain Analysis

Value chain analysis has 2 main components to examine the value chain of internal Uniqlo Indonesia, there are primary activities and support activities. Primary activities consist of inbound logistics, operations, outbound logistics, marketing and sales, and service. Support activities consist of procurement, technological development, human resource management, and firm infrastructure.

- Primary Activities

Material Handling, Quality Control, and Inventory Control are all part of Uniqlo Indonesia's inbound logistics. Uniqlo Indonesia Material Handling provides high-quality materials at a reasonable price. Uniqlo has directly partnered with superior materials global producers such as Supima cotton, merino wool, and premium linen. To ensure the quality of Uniqlo Indonesia products in Inbound Logistics, Uniqlo has a quality control team known as Uniqlo Takumi Teams that visits the factory and provides technical guidance to each partner factory/production network. Uniqlo Indonesia's inventory control analyzes weekly sales and stock at each store and delivers inventory to meet requests and maintain appropriate inventory levels; at the end of each season, merchandisers and the marketing department coordinate sales promotions and assist in reducing residual inventory. Uniqlo Indonesia product operations include planning and production. Uniqlo Indonesia product planning began with Research & Development (Designers/ Pattern Makers); an important component of R&D at Uniqlo is producing items in response to client requests/voices, as well as detecting emerging needs. Following R&D, the next phase is merchandising (Product Planning). Merchandisers cooperate with R&D, the production department, and other departments to establish the designs and materials needed for each season's products. The next phase in merchandising was the development and acquisition of materials. After product planning, Uniqlo creates and procures materials required to develop the items, allowing Uniqlo to secure consistent, high-volume sources of high-quality materials. After finalizing design, development, and material procurement, Uniqlo Indonesia will determine production levels and begin manufacturing. Uniqlo Indonesia does not own any factories, but it does have a production network/partner factory, with 17 Uniqlo partner factories in Indonesia. Uniqlo Indonesia has 65 stores, and its inventory control team aims to increase management efficiency by supplying inventory that represents the sales capacity and product sales of each store. Uniqlo Indonesia's outbound logistics were not only on their offline store but also on their online store/E-commerce. For E-commerce, there are two types of delivery: standard delivery, which uses external courier services to deliver into customer addresses, and click and collect, which allows customers to purchase their product through online apps/website and collect it at a nearby Uniqlo store. Each season, Uniqlo Indonesia runs promotional campaigns for key items such as Heattech, Ultra-Light Down, and AIRism. During the promotional campaign, Uniqlo Indonesia offers the goods' unique traits and features on social media, Uniqlo Apps, Email, and flyers to alert customers to limited-time discounts, typically 20-30%, on new seasonal ranges. Uniqlo Indonesia features customer care centers to help customers find information, solve problems, and improve services. Uniqlo Indonesia customer service can be reached by phone, email, chat on the Uniqlo website, and in-store. If customers have problems or questions about their products, the Customer Center will always be friendly and supportive. There are also return and exchange policies for Uniqlo products that return/exchange period of the product through online purchase is valid for a maximum of 30 days from the date of purchase and if not used/ washed and still has the price tag and purchased receipt/ invoice.

- Support Activity

Uniqlo has built internal control mechanisms in Firm Infrastructure that allow Uniqlo to function by promoting full compliance, improving management frameworks, preserving secret information, and pursuing thorough internal auditing. Uniqlo has also strengthened the independence and supervision powers of the Board of Directors and the Board of Auditors by appointing an external majority of directors and auditors. Tadashi Yanai, CEO of Uniqlo, has a visionary ambition of driving Uniqlo growth through LifeWear. According to the Uniqlo Financial Report 2022, Uniqlo's revenue increased by 7.9% year on year from 2021 to 2022. Uniqlo Indonesia has produced highly innovative and functional products, which must be supported by extensive procurement in order to provide Uniqlo Indonesia with high-quality materials. Uniqlo Indonesia has long-term procurement contracts with worldwide producers for superior materials such as Supima cotton, merino wool, and quality linen. Uniqlo Indonesia benefits from economies of scale, allowing it to get a more favorable supply of materials than its competitors, resulting in lower costs. The high quality of



Uniqlo Indonesia products is also supported by the strong trust established with numerous production networks. Respect for human resources (individuals) and the promotion of company and person growth are essential values at Uniqlo Indonesia. Uniqlo Indonesia has an in-house human resource training company that creates programs for every employee, from retail staff and store managers to management prospects, on a worldwide scale. Uniqlo Indonesia has developed direct sessions in which individual employees may learn directly from managers about Uniqlo principles such as commerce, management, and work philosophy, allowing them to completely embrace and implement Uniqlo business standards. Uniqlo Indonesia is pioneering technological innovations to improve the customer experience in-store and online. Uniqlo Self-Checkout utilizing RFID technology is the most recent technology development that Uniqlo Indonesia has implemented in their offline stores, and in their online stores, Uniqlo Indonesia has technology development on inventing Uniqlo Apps and ChatBot on Uniqlo Website.

E. Strategy Formulation

In strategy formulation, the solution was developed based on consumer analysis, external analysis, customer journey analysis, and internal analysis to address a business challenge. The Uniqlo Indonesia strategy was developed using the TOWS Matrix. Developing a business strategy for Uniqlo Indonesia was the goal of the TOWS Matrix. Before creating the TOWS Matrix SWOT Analysis, Uniqlo Indonesia needed to be able to properly analyze to maximize its strengths and minimize its weaknesses. This allowed Uniqlo Indonesia to minimize external threats, foresee all unfavorable events, and maximize its opportunities.

- SWOT Analysis

SWOT Analysis was created to monitor the external and internal environments of an organization by evaluating its strengths, weaknesses, opportunities, and threats. This Uniqlo Indonesia SWOT Analysis was created using consumer analysis, external analysis, customer journey analysis, and internal analysis. Uniqlo Indonesia's SWOT Analysis is shown in the table below.

Table 3. SWOT Analysis of Uniqlo Indonesia

Code	Strength	Code	Weaknesses
S1	Product Innovation (AIRism, Heattech)	W1	Inventory Day is high compared to the competitors.
S2	Innovative Technologies Product	W2	Limited Product Style variety.
S3	Reliable Suppliers	W3	Lack of promotional and socialization programs
S4	Strong Distribution Network	W4	Lack of Retail Stores Customer Services.
S5	Have a Large Retail Store Network	W5	High Prices Products
S6	Have Online Stores	W6	Lack of Awareness of Online Stores
S7	Adequate Financial Resources	W7	Lack of Brand Engagement
Code	Opportunities	Code	Threats
O1	The New Technology provides an opportunity to differentiated pricing	T1	Increasing Online Store (E-commerce) Competitor
O2	Have Omni-Channel (Offline and Online Store)	T2	Imitation of the counterfeit and low-quality product
O3	Economic Growth after Pandemic COVID-19	T3	Rising price of Raw Materials
O4	Digitalization era in technology advances of society.	T4	Intense Rivalry among Competitor.
O5	Population with a productive age is more than the population with an unproductive age.	T5	The low-level understanding of the customers to Uniqlo Indonesia online store
O6	High barriers to entry for new entrants	T6	Not friendly used of Online Store for customers
O7	Big data analysis to track customer behavior.	T7	Environmental issues (Global Warming caused by fast fashion)



• TOWS Matrix

According to Uniqlo Indonesia's SWOT Analysis, Uniqlo Indonesia needs a strategy to promote awareness of their online stores and enhance their integrated services (online store and offline store) to increase customers and sales. The TOWS Matrix designed by Uniqlo Indonesia to run its business plan is shown in the table below.

Table 4. TOWS Matrix of Uniqlo Indonesia

TOWS	Strategy
SO Strategies	1 The new technology provides more innovation and collaboration on Uniqlo Indonesia Product for differentiating with Competitor. (S1 S2 O1 O7)
	2 Strong economic Growth can be used for Uniqlo to utilize and expand their strong distribution network. (S3 S4 S5 S7 O3 O5 O7)
	3 Uniqlo Indonesia has a large retail store networks and it can be collaborating with their online store being omni-channel Retail for efficiency cost and store maximization. (S5 S6 S7 O2 O6)
	4 Improve Uniqlo Indonesia online stores promotional on offline stores. (S1 S6 O2 O4 O7)
WO Strategies	1 The Omni-Channel Combining Online Store and Offline Stores will decrease Inventory Day of Product with promoting on Online Store and maximizing utility of the Offline Store. (W1 W3 O2 O3)
	2 Limited Product Variety can be supported with the new technology for innovates new product style variety of Uniqlo. (W2 W6 O1 O4)
	3 Uniqlo Retail Stores' Customer Service must be improved to increase Customer Experience and Loyalty. (W4 W7 O5 O6)
	4 Digitalization and automation of work processes (W1 W5 O6 O7)
ST Strategies	1 Product Differentiation of Uniqlo Product can be selling point to anticipate Intense Competition with Competitors (S1 S2 T1 T4)
	2 Uniqlo must increase their Services and Experience in their offline and online Stores to anticipate new entrants from E-Commerce. (S5 S6 T5 T6)
	3 Utilizing Reliable Supplier and Connection with Supplier for anticipate rising price of raw material. (S3 S4 S7 T2 T3 T7)
WT Strategies	1 Uniqlo Indonesia must reduce their Inventory Day due to threat of Low-Quality Product because it can be threat for Uniqlo. (W1 W3 W5 T1 T2 T3)
	2 Strengthening after sales services due to intense competition, so customers don't switch to competitors. (W2 W6 W7 T5 T6 T7)
	3 Develop member loyalty program and customer relationship program (W7 T1)
	4 Develop innovative window-shopping technology (W3 W6 W7 T1 T2 T5)

CONCLUSION

In this digitalization era, recent research and practitioner retail studies have stressed the importance of omnichannel services from the consumer's perspective and improving the omnichannel customer buying experience. (Berman & Thelen, 2018; Iguacel Melero et al., 2016; Shi et al., 2020). In terms of theory, this study contributes to three areas. First, in this study, the three key stages of the customer journey, searching for product information, selecting the product, and purchasing the product, were used to discover the online and offline channel advantages that improve omnichannel consumer experience. The findings of this study contribute to a better omnichannel consumer experience in this digitalization era. Second, while customer experience has long been studied in marketing disciplines, this study offers new techniques to integrating online and offline channels to provide effective and efficient service to customers. This study consists of unique omnichannel retailing qualities and delivers the benefit of each channel complementing each other to deliver an enhanced customer experience. Third, adopting a larger view of omnichannel customer experiences, this study reveals a favorable relationship between omnichannel customer experience and customer perceived value



and retention. This discovery provides insight on how to build omnichannel services to improve the integration, flexibility, personalization, and consistency of online and offline channel offerings.

Uniqlo Indonesia has a stronger presence in their offline stores than in their online stores. Uniqlo Indonesia should adopt the omnichannel strategy that has already been announced to increase integration and customer engagement, which will lead to improved customer satisfaction and customer retention.

This study has various shortcomings that point to future research options. For starters, this study mainly relied on a survey approach utilizing self-reported data. Because participants answered the survey questions based on their memories of omnichannel purchase experiences at Uniqlo Indonesia, customer recall bias may contain inaccuracies due to respondents' low memory capacity. Second, this study only looked at one culture; a future study might include Hofstede's national culture to look at the omnichannel consumer experience.

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