

# CHAPTER 1

## THE BACKGROUND

### 1.1 Background of the Study

In this modern age, many forms of communications and transactions take place on the Internet. The rapid development of many social sites provide people with a new and exciting way to interact with others. Not only for daily business interactions, businesses have evolved from conventional markets where sellers and buyers meet, to online markets, where the transactions between buyers and sellers are done just in one click by using the Internet. According to Leo Development, nowadays, Internet has become an inseparable part of human life, including in business (“Pentingnya Website/Toko Online di Era Global Tahun 2010” par.2). Considering this, I am interested in opening an online business, which is an online boutique that sells clothes and bags for women.

There are four main reasons that I take into considerations on elaborating the positive aspects of online boutiques. The first reason why I am interested in opening an online boutique is because there has been a change in the way of people buying clothes, besides the development of fashion business in the society. From my observation

of the people living in big cities, such as Jakarta and Bandung, their lifestyles are affected by the lifestyle of people in other countries, such as USA and Japan; therefore, they try to keep up with the latest fashion as fast as they can. For them, the Internet would be the best media to fulfill their need of knowing the latest fashion.

The second reason is one kind of the online businesses that start growing in Indonesia is online boutiques, which inform and provide people with the latest clothes, bags, shoes, and accessories, and give them the opportunity to have a more efficient transaction. There are many boutiques that sell and promote their products online, for example at network communities like Facebook and Friendster. It makes the rapid development in fashion in Indonesia, which can be a potential business to run because many people can see the products of the boutiques online.

The next reason is found from a survey I did by sending out questionnaires to 197 of my female friends around Indonesia using Facebook, and 110 persons (56%) of them replied. I found out that many of the respondents like and often buy clothes, bags, shoes, and accessories, through the Internet. Some additional data from the Internet state that there is a rapid development of online shops all over Indonesia. In 2010, it is noted that there are more than 450 online shops we could find. ("Pentingnya Website/Toko Online di Era Tahun 2010" par. 3).

The fourth reason is that the online boutique's initial investment is only less than Rp 15,000,000, which is another factor as to why this is an ideal business to run. The prospect for this business is great, because It uses the Internet as its marketing media. it can market its products with low cost. Other than that, this business does not need a place like conventional boutiques. The transactions can be done everywhere as long as there is an Internet connection.

By having the above considerations, I plan to open an online boutique, which sells clothes and bags for women. The reason I choose to sell clothes and bags for women is that, comparing to men, women are more spendthrift on buying clothes and bags. Therefore, because there are many clothes and bags suppliers in Bandung, for example: Butik Tas, Caramel, Terminal Tas etc. It is easy to get the newest model of clothes and bags. By using the Internet, I can market my products with low price. To make this business different from other online boutiques, I plan to add "customer designed models" as my unique selling proposition.

The name for my boutique is Ryu-San Shop (henceforth, RSS). This name is taken from the owner's nickname, which is "San", and the name of one of the characters in the game "Ninja Gaiden", Ryu Hayabusa. The reason why I choose this character is because he is my favorite character in the game. Therefore, I use his first name as my nickname, and also as my online boutique's name.

Due to the fact this is an online boutique, it does not need a fixed location as the center for its activities. All transactions are done online. For the shipment, RSS uses delivery service by providers such as TIKI, JNF, and DHL. Ryu-San Shop's main target market is women between 15 to 26 years old, because in that range of age, women usually want to show themselves off to their community, and one of the ways to do it is to wear clothes and bags that are up to date.

## 1.2 SWOT Analysis

The strengths of RSS are its high quality materials and finished goods, and its uniqueness in the customer-designed clothing option. Customer-designed clothing option means that the customers can order RSS to make clothes with the customers' own design. The customers can use one of RSS models, or they can use their own new model. RSS uses high quality materials for its clothes, such as chiffon, silk, and cotton, and with selling prices varies for each cloth. RSS does its activities online 24-hour a day; the customers can order anytime they want.

The weakness of RSS is that because the customers can only see the pictures of the models online, they might be disappointed with the actual product if it does not meet their expectation. Because RSS uses delivery service for sending its customers' order, there is a probability that the shipment is delayed or having delivery problems. Therefore, RSS needs to always confirm the shipments with the delivery service and the customers.

If there were any complaint regarding the quality, RSS would exchange the products with the ones that could meet customer's expectations.

The opportunity for RSS is that some people are sometimes reluctant to go to the conventional boutiques to buy clothes and bags. It is often caused by their busy schedules which sometimes make it impossible for them to actually find a spare time cruising the mall, surveying stores after stores. By using the Internet as a media, RSS offers the convenience for these people to buy the products without even going outside their home. RSS also offers the convenience for working people, especially women, who want to buy clothes, bags, shoes, accessories, etc, but do not have enough time to go to the conventional boutiques because they are occupied with their works.

The threats for RSS are that some people like to hang out to enjoy their free times. Most of them use their free times by gathering to talk or to eat, or by shopping. Thus, it can reduce the chances of them buying clothes and bags online. Other than that, people who are familiar with online business are the ones who live in big cities where Internet network is available. People who live in cities with no Internet network, therefore, are still not familiar with online business. The other threat of this business is the competitors in this business, which are conventional boutiques and other online boutiques.

Based on the facts discussed above, I decided to start my online boutique business. I believe that this business is a very profitable business because it only needs small amount of money to invest.