

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Beside food and shelters, clothing is human's basic needs. Nowadays, clothing is important because it is one kind of a lifestyle. Redma Gita in the article "Clothes: From Basic Need to Lifestyle" says that, "fashion is now still being considered as primary need...A consumer is not only wearing clothes as a tool to cover body but also make the clothes as lifestyle or fashion for pleasure." (1-4) People care about how they look and want to be proud of their image, and they have fun in the process of choosing the clothes. According to freedictionary website, a lifestyle is a way of living that reflects a person's values; for example, someone who likes wearing a t-shirt will prefer to buy t-shirts because it is possible that he or she values t-shirts more than other clothes.

From time to time fashions grow fast. Today, variations in fashion offered by fashion designers and garments are more appreciated. Melissa Schweiger says in the article “Why Fashion Trends Will Never Die” that “in today's culture we are fortunate enough to not have to follow one singular trend to be fashionable...people now dress the way they see themselves, choosing looks that flatter their bodies and fit their lifestyles” (4). This fact is good for garment industries to grow, because people appreciate more variations in fashions more and have wider choices.

Indonesian garment industries are still considered to be important by many local and foreign buyers as one of the good quality garment producers. In the article “Trade and Trade Policy: The World's Leading Clothing Exporters and Key Markets”, it is said that in 2008, Indonesia was the 8th largest clothing exporter after China, Hong Kong, Turkey, India, Bangladesh and Vietnam (1). The article also says that “However, there were falls in exports from Hong Kong, Mexico and Turkey. Moreover, it is likely that the global economic downturn will have negatively affected the prospects of these industries further in 2009. As a result, there is a pressure on policy makers to create growth opportunities in 2010” (1). The falls in exports from Hong Kong, Mexico and Turkey create an opportunity for Indonesian factories to export more, and there will be opportunities to grow in 2010. My research in PT. Busana Cemerlang, one of Indonesian garment industries, proves that Indonesian products can survive in the global market condition of garment export.

Therefore, I am interested in the garment industry, I will name the company PT. Busana Terus Jaya (henceforth, PT. BTJ). The meaning of PT. BTJ is “Busana” means clothes, and “Terus Jaya” means keep successful. I choose the name because I want PT. BTJ to always succeed in every situation and condition. PT. BTJ is a garment business that produces various ladies and men’s clothing such as; sweatshirts, jackets, pants, shorts, blouses using knitted and woven materials. PT. BTJ concentrates in clothing industry because it has the largest market of all fashion industries.

PT. BTJ will be located in the district of Majalengka, West Java. I choose district of Majalengka, West Java because the labor cost there is 30% lower than in Bandung. The current basic salary in this district is approximately Rp. 790,000,- while in Bandung we have to pay Rp. 1,118,000,- per month. The production capacity of the factory is reaching 80,000 to 100,000 pieces per month. The size of this location is estimated to be approximately 1 hectare = 10.000m².

1.2 SWOT Analysis

The company’s strength is that PT. BTJ is capable to produce quite complicated styles (please read “Product” on 6 page and “Production Process” on page 13). Not only that PT. BTJ is willing to learn everything about clothing but also to keep updating models, including new pattern, fabric and accessories used. PT. BTJ is emphasizing on total quality control

of fabrics and sewing such as control of dimensional stability, colour accuracy, size measurement, accessories and packaging. Moreover, PT. BTJ has applied for “Kawasan Berikat” to The Minister of Finance. “Kawasan Berikat” is a licence from the government to load and seal the goods containers by the company itself, hence it is unnecessary to supervise the goods until it is shipped from Jakarta. The shipment will be more efficient for the company when PT. BTJ has been certified with “Kawasan Berikat”, then the company does not need to pay import taxes for all imported materials.

The weakness of my business is the high selling prices, it happens when a buyer order clothing with specific design in a small quantity. It means, the production system must be carefully planned and organized. In addition, the company also wants to maximize efficiency and production output by carefully setting production schedules to avoid high cost. The style which is ready to be produced goes into sewing line first.

However, it can also provide an opportunity if we market the products well, it is because of growth of domestic garment industry is approximately 6-8% per annum. It is a large potentiality for the domestic garment industries to produce the goods to cater the needs of international market. Thus, the company keeps its image by keeping the quality of our products and services, for example: on time delivery order to buyers, good quality.

As the current global financial crisis still occurs, the recession is a threat for PT. BTJ. Beside that, PT. BTJ has competitors from other garment industries worldwide such as China, Bangladesh, India or

Vietnam. In addition, the competitor comes from Indonesia itself, such as other garment factories in some cities in Indonesia. For example: competitor which is from Bandung area, such as PT. Busana Cemerlang located in Soekarno-Hatta. The company offers offer more and more competitive price to the buyers. Besides, there is also an internal problem in the country itself concerning the salary cost of the worker increases 10% every year. Thus, sometimes it is difficult to balance the price and quality, and the demand and supply of garment products.