

CHAPTER 1 INTRODUCTION

1.1. Background

A business is required to have various strategies to compete with its competitors. The strategies are essential to increase their sales and survive even though there are many competitors. The Thrift Shop X, located in Yogyakarta, is a small and medium enterprise (UKM) selling second-hand clothes. The products sold in this store are crewnecks and local or imported t-shirts. Established in 2019, this store has no offline store since it only sells products online, primarily through the Instagram platform.



Figure 1.1. Products of Thrift Shop X

Based on an interview with the owner, this store typically receives its supply of goods in bulk, consisting of t-shirts or crewnecks, depending on the batches they purchase. These items, sourced randomly from various brands, amount to approximately 180 to 200 pieces per shipment. Out of this quantity, there are usually 20 to 30 pieces that are defective or unsuitable for sale. According to the tailor, defective goods that cannot be repaired will be discarded. Typically, items discarded include jackets with significant tears or holes that would lose their aesthetic appeal if repaired, making them unattractive for sale. However, smaller tears or loose threads on collars or sleeves will be attempted for repair before being

offered for sale. The items deemed suitable for sale are washed and then marketed through the store's Instagram account.

Nowadays, many similar thrift shops have appeared. The decline in sales of this store was unavoidable due to the large number of competitors, especially in Yogyakarta. This means customers are presented with an abundance of options, making it increasingly challenging for Thrift Shop X to stand out. This is also supported by sales data for the past six months from May to November 2022 which shows that this store has experienced a decline in sales. The Figure 1.1. below demonstrates the product quantity sales of Thrift Shop X.

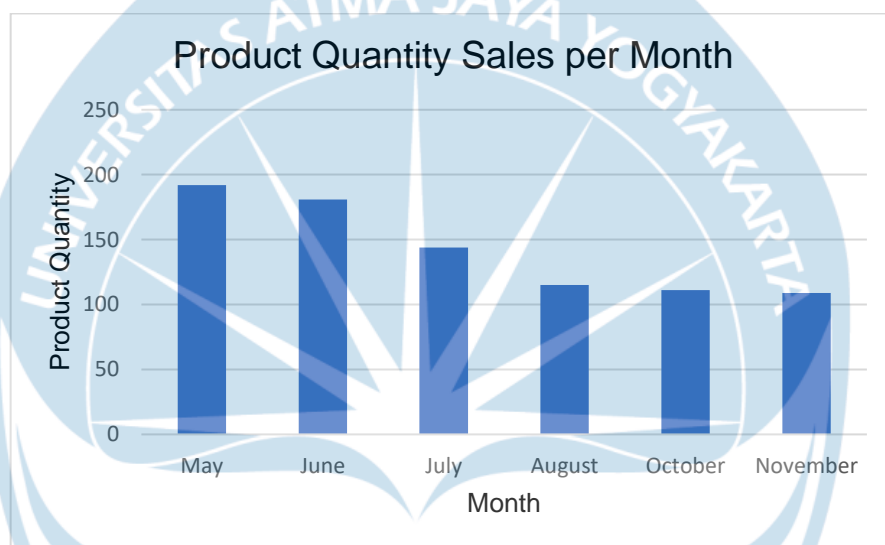


Figure 1.2. Product Quantity Sales per Month of Thrift Shop X

Thrift Shop X also encounters difficulties in finding reliable bulk of clothes suppliers. Bulk suppliers play a crucial role in providing a steady and diverse inventory of second-hand clothing. The growing number of thrift shops in the market means that suppliers may struggle to meet the increasing demand, resulting in inventory shortages. This condition will make the store unable to offer their customers a wide range of options. As a result, customers become disenchanted and less likely to visit the thrift shop, leading to a decline in sales.

Price or product competition is the primary key to survival amidst the fierce competition. This store cannot compete with its competitors because it sells a wider variety of products such as t-shirts, crewnecks, vests, blouses, and cargo pants. On the other hand, while competitors leverage various social media platforms and traditional shops to reach customers, Thrift Shop X relies solely on its Instagram

account to sell products. This limitation occurs because of a lack of staff to manage additional sales platforms that hinder the store's ability to compete effectively with its counterparts.

Besides, Thriftshop X is also facing a significant challenge due to its non-compliance with the regulations outlined in Minister of Trade Regulation No. 18 of 2021, specifically in Article 2, Paragraph 3. This regulation prohibits the import of certain items, including used bags, sacks, and clothing, leading to a serious issue for Thriftshop X as their usual supply, which comes in bulk from foreign imports, falls under the prohibited category. This restriction has prompted the need for a serious reconsideration of their business operations, as it does not only impacts their sales but is also tied to the adverse effects these imports have on the domestic economy and public health. Consequently, Thriftshop X is compelled to devise a strategy that addresses the decline in sales while maintaining a legal course of action to continue their business operations without violating the prevailing regulations.

1.2. Problem Formulation

Based on the background above, the problem formulation in this research is the decline in sales and the inability of Thrift Shop X to achieve sales growth.

1.3. Research Objectives

The objective of this research is to design a solution to increase sales of Thrift shop X that achieves a customer feedback rating of 4 out of 5 from over 80% of customers.

1.4. Research Limitations

The data collection for this research was conducted over different periods. The product quantity sales data was collected from May to November 2022, while the questionnaire data was gathered in 2024