

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background**

Modern convenience store or often called the c-store is a small store that provides daily needs with safe and comfortable store facilities. This kind of the store starts to be popular in Indonesia especially among adolescents. This is caused by the increasing number of the needs that follows the improved number of modern convenience store. Although the products and services in a modern convenience store are not as complete as in the supermarket or hypermarket, its existence cannot just be underestimated. Modern convenience store has become a part of the communities when they need daily goods especially when their time is limited.

One of the benefits from this industry is the industry can be described as the tough industry indeed. Even though the economic situation looks difficult for recent years, it does not affect the purchasing power of this sector. Furthermore, the adolescents in Indonesia are likely to have a practical shopping pattern and they emphasize on convenience facilities. On the other side of this localized experiences are convenience store incorporating other elements to transcend their own brand. That means the new world of convenience often requires a quick service of transportation and electricity payment inside the store along with a branded banking ATM. It leads to the shopping habits at the modern convenience store where this type of

store clearly provides a range of items used in daily necessities with a good level of facilities.

Some adolescents mention that they are willing to pay more for goods in a modern convenience store instead of buying in a regular convenience store. This is caused by their higher level of trust towards the reputation of modern convenience store rather than trust-worthy towards regular convenience store. Moreover, it is safer and more comfortable. Convenience stores have to localize and adapt to the unique characteristics of their communities, they will also have to attach themselves to national and global brands that people from every neighborhood have come to expect as part of their dining and shopping experience. The major reason for modern convenience store is needed by people because the time consumption pattern changes. It means there are more people needs everything in a quick ways now. Moreover, it becomes an important issue for modern convenience store to serve their customer nicely. The customer's loyalty is extremely necessary and need to be fulfilled in case of long term existence for a modern convenience store itself.

In addition, the reason for adolescents that made them do repetition to come to modern convenience stores is that they can sit there for a long time because the c-store provides seats and tables like in cafes. Automatically, it makes adolescents buy some goods or using the services in the modern convenience store while hanging out with their friends by means to just relax on that spot which has been provided with complete facilities as well as the

Wi-Fi connection. It is realized to be the force for the new lifestyle of adolescents. In Indonesia, some modern convenience stores operate for 24 hours. To name some are Indomaret Point and Circle K. Some convenience stores also impose a 24-hour service, so that the customer can reach them whenever they need. Of course, this will be very different from the services at the regular convenience stores.

From year to year, the growth of modern convenience store seems higher than regular one. The problem is that they provide promising investment; flexible location and the franchise growth can be developed by everyone. However, there are few people perceived that modern convenience store brings negative impacts. Some owners of regular convenience stores that sell daily needs also feel threatened for the existence of modern convenience store. Most of them have a fear that their goods could not sell well because customer tend to move to modern convenience store. Based on that issue, the government must have discourse to limit the number of modern convenience stores in Indonesia. Nevertheless it does not discourage customer especially for the adolescents to stop buying the daily needs at a modern convenience store.

Based on the explanation above, the researcher interested to do a research. It is about how customer especially adolescents will perceive the existence of modern convenience store. The research set with the title of: **“The Effects of Modern Convenience Store Attributes to Buy towards Customer’s Loyalty (Case of Indomaret).”**

## **1.2 Research Problem**

Based on the background, the writer tries to identify some problems that may rise up as follows:

- a. What factors are formed by the attributes from Indomaret based on customers' perception?
- b. Do the factors of attributes from Indomaret positively affect the customer's loyalty?
- c. Do male and female will perceive the attributes from Indomaret differently?
- d. Do male and female will purchasing the products from Indomaret differently?
- e. Do male and female will using the services from Indomaret differently?
- f. Do male and female will perceived the customer's loyalty of Indomaret differently?

## **1.3 Research Objectives**

Based on the problem formulation above, the objectives that need to be reached are:

- a. To know what are the factors that can be formed by the attributes from Indomaret based on customers' perception.
- b. To know how variables on attributes from Indomaret positively affect the customer's loyalty.

- c. To find out that the male and female will perceive the attributes from Indomaret differently.
- d. To find out that the male and female will purchasing the products from Indomaret differently.
- e. To find out that the male and female will using the services from Indomaret differently.
- f. To find out that the male and female will perceived the customer's loyalty of Indomaret differently.

#### **1.4 Research Benefits**

##### **1.4.1 Benefit for readers**

This reserach is done to know the reasons and effects on consumer while they perceive the modern convenience store phenomenon which usually happen among adolescents who stay in a boarding house.

##### **1.4.2 Benefit for researcher**

This research can be a media to add some knowledge in the theory applied which are already received from some lectures. Another benefit is to reveal how far the appropriateness between existing theory and the reality is.

### **1.4.3 Benefit for further researcher**

This research is expected to be used as the material for further researchers who want to do a research related to the attributes from convenience store that may affect adolescents' willingness and loyalty to purchase products and using services in a modern convenience store.

## **1.5 Systematic of Writing**

### **1.5.1 Chapter 1: Introduction**

In this chapter, the researcher tries to describe the reason of choosing the topics, research problem, objectives and benefits of the research, also systematics of writing.

### **1.5.2 Chapter 2: Literature Review**

In this chapter, the researcher tries to describe the framework and theories based on the problem that can be used in this research related to the topics.

### **1.5.3 Chapter 3: Research Methodology**

In this chapter, the researcher tries to describe about the research methodology, measuring the instrument testing, and analysis tools to be used in the data collection.

#### **1.5.4 Chapter 4: Data Analysis**

This chapter provides some analyses of the calculation and construction of major components and their support. Later, the calculation results will be interpreted and adjusted to the topic.

#### **1.5.5 Chapter 5: Conclusions and Recommendations**

This chapter is a last chapter for the whole chapters contained in this final writing. In this chapter, there are also the conclusions and suggestions from the topic which will be referred for further developments.