

Chapter 1. Introduction

1.1 Introduction

An introduction is a piece of writing that directs the reader from a general field of study to a particular field of research. It establishes the context of the research being conducted by summarizing current understanding and background information on the topic. Introduction is the first step in conducting research. This chapter explains the reasons for doing the research and discusses several things: background of the research, problem formulation, research questions, research objectives, importance of research, scope of research, research limitations, key terms, research structure, proposals, and also chapter conclusions.

1.2 Background Of The Research

Retail business in Indonesia can generally be classified into two, namely, modern retail and traditional retail. Modern retail is a development of traditional retail which in practice can apply modern concepts, use technology effectively and accommodate the development of lifestyles in society (consumers).

Mini Markets that exist today are one form of very rapid business development. Minimarkets provide various kinds of needs that are provided by the community through retail/retail businesses. The development of the retail business (retailing) is currently experiencing growth, giving rise to intense competition. The more shops/minimarket providers to serve the needs of the community, the easier it is for people to buy and the more alternatives to visiting minimarkets. Thus, business competition is very competitive.

According to (Perpres) RI NO. 112 of 2007 Article 1 paragraph 5 explains that modern retail is minimarkets, supermarkets, department stores, hypermarkets or wholesalers in the form of wholesalers. Minimarket which is a modern retail that also provides daily needs. According to Aryani (2011) minimarkets are currently in demand by the public where this is proven every year the public's desire to shop at minimarkets grows by 2%. According to Obsidian (2019), this happens because

minimarkets have various innovations in terms of marketing, service, facilities, clean places and comfortable shopping places.

There are so many minimarkets in Indonesia, therefore every minimarket must be able to compete by implementing a market strategy that can foster buying interest where this buying interest becomes a driving force or an intrinsic motive that is able to make someone to give reasonable attention, spontaneous, feel themselves without any coercion, and can be more selective towards products which can generate interest in buying them (Engel, et al., 2010).

The proliferation of minimarkets in Indonesia can be seen from the large number of minimarkets in Indonesia, so there is a very tight competition to win the hearts of consumers. There are many well-known minimarkets with many retail branches throughout Indonesia with a number of minimarket branches above 13,000 minimarket outlets, one of which is Alfamart where according to the official page of Alfamart, it was recorded that in 2019 Alfamart had a total of 14,300 outlets. Where Alfamart is competing with other minimarkets in Indonesia to win the hearts of consumers by using a good market strategy so that consumers continue to shop at these minimarkets.

Consumers buy goods at Alfamart due to several factors, one of which is the completeness of the goods they have. This is the same as in the relevant research conducted by (Ginting, 2018) which states that consumers prefer to shop at Alfamart because it is more complete, more attractive and the quality is guaranteed. The completeness of the goods in Alfamart is certainly related to the arrangement of existing goods, if the arrangement of goods at Alfamart looks neatly arranged and in accordance with the group, then the person who will become a consumer at Alfamart is easy to find the goods he needs and finally that person will shop at the Alfamart and become consumers of Alfamart. This is contained in relevant research conducted by (Vellina & Nugroho., 2020) which states that the layout of a product has an influence on the visual communication of a product to consumers. With so many Alfamarts scattered, it makes it easier for consumers to shop or make transactions. This is the same as that in the relevant research conducted by (Vellina & Nugroho.,

2020) which states that the distance between the minimarket and the place to live or work is the main factor for shopping. With a good service model, it can make consumers feel comfortable shopping at Alfamart, so that consumers will return to shopping at that place at different times. With regard to good service, it is the same as in the relevant research conducted by (Antari, et al., 2014) which states that good service factors have an influence on making people want to shop at that place. This is also proven in relevant research conducted by (Haryono & Octavia., 2014) which proves that as much as 71% of the satisfaction obtained by consumers has a fairly high impact on creating consumer loyalty for the company. Thus, the quality of service is indeed an important part of the company.

The service factor provided by Alfamart Situbondo employees in East Java must also be related to employee dexterity. Where the dexterity of employees is a factor that can be said to be very influential to make consumers want to shop again at that place. Where the dexterity factor is related to the catch or sensitivity factor and also the reliability possessed by Alfamart Situbondo employees, East Java. The dexterity factor is a factor that can provide an overview of the service quality at Alfamart Situbondo, East Java. This is proven by relevant research conducted by (Nasir, et al., 2018) which states that the reliability, capture and trustworthiness of Alfamart employees are better than their closest competitors.

The facilities offered at Alfamart are related to places to hang out, places to charge mobile phones or other electronic devices, cold rooms, bill payment services or top up electronic money balances, and others. With the availability of these facilities, people who want or who have shopped or made transactions at Alfamart will feel satisfied. This is proven in relevant research conducted by (Srijani, & Hidayat., 2017) which states that facilities are a very influential factor in attracting customers. Facilities have a significant influence to make people want to become consumers at Alfamart. Where it relates to the sustainability of the business in the future. If in terms of facilities, business owners are not paying attention, while currently many consumers take into account the connection with these facilities, it is possible that later consumers will move to become consumers in other minimarkets,

the relevant research conducted by (Nasir, et al., 2018) states that in terms of Physical evidence in the form of facilities and equipment, Alfamart feels is still lacking compared to its closest competitors.

Based on the above background, the authors are compelled to make a study entitled "Identification of Important Factors Affecting Consumer Buying Interest at Alfamart Situbondo, East Java".

1.3 Problem Statement

Based on the background above, it can be described several identification problems as follows:

In Hidayat's research, et al (2020) stated that the prices of some products sold at Alfamart are still more expensive than competitors, making many consumers choose to shop at competitors. Retail stores compete with each other in terms of price to attract consumers to buy their products. Therefore they are very concerned with the pricing strategy. One of the prices that is often used is odd prices or so-called odd or odd prices. This price is also often referred to as the psychological price because it can affect the psychology of consumers. The use of odd prices is usually carried out by businesses engaged in retail such as supermarkets, hypermarkets or minimarkers.

In Hidayat's research, et al (2020) stated that the quality of service at Alfamart was complained about by customers. According to customers, the cashier is less friendly in informing ignorant customers. This happens when the customer is making a Go-pay payment. Customers feel disadvantaged because they cannot make payments using Go-pay and the service is not friendly.

Fiki (2018) argued that Alfamart has not been able to create a comfortable store atmosphere for consumers, namely the store arrangement which still seems messy, the shelves are not neat and the room looks cramped so this makes consumers uncomfortable when shopping. Store atmosphere as an effective marketing communication tool in attracting consumers to make purchases while meeting the

needs and desires for a comfortable shopping atmosphere. The atmosphere of the store is stimulated so as not to be boring, customers stay loyal, and overcome competition. If consumers are bored with the atmosphere of the store, they will most likely switch to another store.

The completeness of the products offered by Alfamart has not fully met the needs and desires of consumers so that consumers decide to make purchases from more complete competitors. Consumers tend to choose places that offer varied and complete products regarding the depth, breadth, and quality of the variety of goods offered by sellers. The more complete the goods of a store, the more it meets the needs and desires of consumers, so consumers will decide to purchase their products at the store or repurchase them.

1.4 Research Question

Based on the background that has been described previously, the formulation of the problem in this study is:

- 1) Does price have a positive effect on consumer buying interest at Alfamart Situbondo, East Java?
- 2) Does service quality have a positive effect on consumer buying interest at Alfamart Situbondo, East Java?
- 3) Does the store atmosphere have a positive effect on consumer buying interest at Alfamart Situbondo, East Java?
- 4) Does the completeness of the product have a positive effect on consumer buying interest at Alfamart Situbondo, East Java?
- 5) Do prices, service quality, store atmosphere, and product completeness together have a positive effect on consumer buying interest at Alfamart Situbondo, East Java?
- 6) Does service quality have the most dominant influence on consumer buying interest at Alfamart Situbondo, East Java?

1.5 Research Objectives

Based on the formulation of the problem above, the objectives of this study are as follows:

- 1) To find out whether price has a positive effect on consumer buying interest at Alfamart Situbondo, East Java.
- 2) To find out whether service quality has a positive effect on consumer buying interest at Alfamart Situbondo, East Java
- 3) To find out whether the store atmosphere has a positive effect on consumer buying interest at Alfamart Situbondo, East Java
- 4) To find out whether the completeness of the product has a positive effect on consumer buying interest at Alfamart Situbondo, East Java
- 5) To find out whether price, service quality, store atmosphere, and product completeness together have a positive effect on consumer buying interest at Alfamart Situbondo, East Java.
- 6) To find out whether service quality has the most dominant effect on consumer buying interest at Alfamart Situbondo, East Java

1.6 Significance Of The Research

Based on the explanation above, the benefits of this research are as follows:

- 1) For Researchers

The benefits of research for authors are:

- a) This research is to fulfill the task of the researcher's thesis as a graduation requirement
- b) Adding knowledge for the author himself in applying the knowledge and theory that has been obtained during lectures

- 2) For Readers

The benefits of research for readers are:

- a) As a reference for further research in conducting research and is expected to add insight
 - b) Can be used as material to increase knowledge regarding the effect of price, service quality, store atmosphere and product completeness on consumer buying interest at the Alfamart Situbondo Minimarket, East Java
- 3) For Companies
- The benefits of research for companies are:
- a) With this research, the writer is able to help PT. Sumber Alfaria Trijaya Tbk in dealing with various kinds of problems related to price, service quality, store atmosphere and product completeness towards consumer buying interest and assisting in solving these problems.

1.7 Scope Of The Research

The research to be carried out is a field research that is carried out by conducting a survey at Alfamart Situbondo, East Java. This study focuses on describing how the influence of price, service quality, store atmosphere and product completeness on consumer buying interest at Alfamart Situbondo, East Java.

1.8 Limitations of The Research

The limitations of the research describe things or variables that are actually included in the broad scope of the research but because of certain methodological or procedural difficulties so that they cannot be included in the research and are beyond the control of the researcher. In line with the identification of the problem, the focus of the research is on the impact that affects consumer buying interest at Alfamart Situbondo East Java, there are several factors, namely price, service quality, store atmosphere and product completeness on consumer buying interest at Alfamart Situbondo East Java.

1.9 Key Terms

To clarify the terms used in this study, several definitions are put forward:

1) Price

Price is an element in the marketing mix which is flexible at any time and can change according to time and place. Price is not only about the numbers listed on the label of a package, but the price has many forms. According to Kotler & Armstrong in Reminta (2016: 324) Price is the amount of money charged for a product or service, or the amount of value that customers exchange for benefits or having or using the product or service.

2) Service Quality

Services take place regularly and in a balanced manner that covers all people's lives in society. According to (Kotler & Armstrong, 2017) Service quality will have an impact on consumer satisfaction, where every consumer wants the product or service produced by the producer to provide satisfaction to its consumers.

3) *Store atmosfer*

Store atmosphere is the design of a store environment through visuals, lighting, colors, music, and fragrances to create an emotional response from customers to influence customers in buying goods (Gunawan Kwan, 2016)

4) Product Accessories

According to Kotler and Armstong (2018: 358), product diversity is a collection of all products and goods offered by business actors to consumers. Therefore, business actors must make the right decisions regarding the completeness of the products offered, because with the completeness of the products it will make it easier for consumers to choose

and make purchasing decisions according to the needs and desires of consumers.

5) Consumer Buying Interest

Kotler and Keller (2016: 181) buying interest is how likely consumers are to buy a brand and service or how likely consumers are to switch from one brand to another. If the benefits are greater than the sacrifice to get it, the urge to buy is higher.

1.10 Structure Of The Proposal

The structure of the thesis has been demonstrated in this section. There are six chapters in this research. In chapter one, problems related to the topic are discussed and begin by introducing the chapter and then introducing the background of the topic followed by the formulation of the problem, research questions, research objectives, research significance, research scope, research limitations, key terms, proposal structure, and chapter conclusions. .

Chapter two reviews the literature related to the topics of price, service quality, store atmosphere, product completeness and consumer buying interest followed by the underlying theory, research framework and hypotheses, and conclusions from this chapter.

Chapter three shows the methodology section which includes an introduction chapter, elements of research design, population and sampling, variable measurement, instruments and data collection, data analysis, and chapter conclusions.

Chapter four shows the conclusions of the study and the researcher expects the contribution of the research. Chapter five shows research references. And chapter six shows the research attachment covering the research period and questionnaire

1.11 Conclusion Chapter

Conclusion is a part that is in the last position on something, or becomes the last part of a result. Each thing can be categorized into certain sections, and to get a

deeper understanding. Usually one can get it from the end of a thing. Overall, this chapter discusses the beginning of the research, which includes: introduction and background to the problem to be studied. Explain the problem formula that is clearly explained to facilitate the research process, explain the object of study, and know the objectives of future research.