CHAPTER ONE
INTRODUCTION

1.1 BACKGROUND

Nowadays, the number of convenience stores in Thailand has increased as a result of the Thai lifestyle changing over the last 20 years. Everyday people buy a variety of products such as sandwiches, frozen food, candy, ice-cream, soft drinks, cigarettes, and newspapers from convenience stores. Furthermore, convenience stores also provide other services, such as electronic prepaid mobile phone cards and bill payments. The rapid expansion of the number of convenience stores has penetrated the community in both the capital and provincial areas. As a result, the growth in convenience stores drives leading brands such as 7-Eleven, Familymart and Tesco Lotus Express to expand their outlets and try to offer products and services that differentiate them from others and satisfy their customers. Therefore, convenience stores have to identify and understand their customers' behavior in order to provide and develop new products and service to meet the customers' needs in a highly competitive situation.

A Convenience store, a type of retailer, is a small store that is located in a community area to which customers have easy access to buy a variety of products and this type of store has also been situated in petrol stations. Apart from the basic things that people require, the longer opening hours, around the clock, the stores have been made more attractive, which can be considered the greatest advantage of this type of services. The convenience store has become popular among city people who have a busy lifestyle (Pride, Elliot, Waller, Rundle-Thiele & Paladino, 2006). In Thailand, convenience stores have come to play a crucial role in the Thai lifestyle nationwide. The consumers need the stores which have long opening hours because of the busy lifestyle especially in Bangkok, where almost all of the time is spent on working and transportation (สันติธร ภูริภักดี, 2549).

In Bangkok, increasing incomes and shifting lifestyles have supported the development and modernization of retailing in the city. Furthermore, it has spread to the provinces. In several of the biggest towns, although shop-houses still remain, department stores and some have more than one. More than sixty of the country's 76 provinces now have 7-11 convenience stores; even though, only 10 per cent of Thailand's population are served by two thirds of the branches. Lotus Supercenter also has plans to open in every

province (Freeny, Theera Vongpatanasin, and Arphaporn Soonsatham, 1996). There are several brands of convenience stores such as 7-Eleven, which is the leading brand, Family Mart, Tesco Lotus Express, Top Daily, 108 shop and BigC mini. Consumers have changed their lifestyles and trend to buy products from retail stores near their home or workplace. Last year, the economic growth of Thailand was 3.5 – 4.5%, while convenience store business has increased 15% and this model has the most outlets in the retail business. The advantages of convenience stores are that customers can access them easily and they focus on selling consumer products which are important for daily life. The expansion of outlets will reach many communities, office buildings, gas stations and villages where many convenience store chains try to compete for the best locations ("จับตา ร้านสะดวกซื้อ 9 หมื่นล้าน",2550).

The expansion of these stores has been growing continuously. Thailand has more opportunity for expansion because there are only 64 convenience stores per one million of the Thai population (อรรถสิทธิ์ เหมือนมาตย์, 2548). Presently, there are almost 7,000 convenience stores in Thailand. It is expected that the growth in terms of the number of convenience stores will reach 8,000 stores by the end of 2008. The ratio of population with access to these stores is 9,000 people per store in Thailand while the ratio in Japan and Taiwan is 2,000 – 3,000 people per store ("คอนวีเนี่ยนสโตร์ปี'50: มูลค่า 90,000 ล้านบาท ...8,000 สาขา", 2550).

Table 1. The growth number of convenience stores in Top 3 brands

Brand	June 30, 2003	June 20, 2008
7-Eleven	2,189	4,460
Familymart	260	542
Tesco Lotus Express	-	322

Source: *http://kelive.kieng.co.th and http://www.managerweekly.com/*

According to Kasikorn Research Center (2008), the market value of wholesale and retail in the second half of 2008 will grow 2 – 5%. However, there are also both supporting and risk factors which will affect this industry. The supporting factors are the

relief of the inflation rate and that the agricultural commodities price is still high. On the other hand, the risk factors are high oil prices, instability in politics, high interest rates and a decline in the global economy. The situation in this industry will be highly competitive. For convenience stores, the trend of expansion in the number of stores is very rapid and convenience stores tend to be convenience food stores where various ready to eat meals are sold. This strategy will serve consumer behavior at present because customers want to decrease transportation expenditures due to the oil price crisis.

To meet and satisfy customer needs better than competitors is the objective of marketing. Thus understanding the buying behavior and reasons, which are how customers choose, spend, use, eat, drink and dispose of products and services, are the guide lines for further developing existing and new product of beverages and implementing other marketing tools that can meet customer expectations (Kotler and Keller, 2006). The purpose of this study is to explore the buying behavior and influencing factors for buying cold beverages which were sold from drink dispensers and where customer can serve themselves, such as fountain drinks and non-carbonated drinks with ice in convenience stores. Moreover, this study will find out any new beverages that customer expect from convenience stores.

1.2   STATEMENT OF THE PROBLEM

This study aims to find out the following questions:

1.2.1   What are the buying behaviors of customers for cold beverages from drink dispensers in convenience stores?

1.2.2   What are the influencing factors for customers that buy cold beverages from drink dispensers in convenience stores?

1.2.3   What are the new beverages that customer expect from drink dispensers in convenience stores?

1.3   OBJECTIVES OF THE STUDY

The objectives of this study are as follows:

Main Objectives:

-    To describe and explore the buying behavior and influencing factors for buying cold beverages from drink dispensers in convenience store.

Sub Objectives:

- To find out the new beverages that customers expect from drink dispensers in convenience store.

1.4 DEFINITIONS OF TERMS

Definitions of the terms of this study are the following:

1. Convenience store refers to a small retail store located in various areas where customers can easily access products and services.

2. Purchasing behavior refers to the purchasing behavior of customers in inner Bangkok in terms of frequency of purchase, product, time, place for cold beverages from drink dispensers.

3. Cold beverages from drink dispensers refers to beverages customers can serve themselves by putting ice in a cup and then selecting the beverages from drink dispensers which are already prepared for immediate consumption.

1.5 SCOPE OF THE STUDY

This research focuses on studying the purchasing behavior of customers for cold beverages from drink dispensers and finds out the factors that influence customers to buy these beverages for convenience stores in inner Bangkok.

The samples in this study were customers who live, work and study in four districts of inner Bangkok area. The sample size was 166 respondents. The period of this study was 4 months, beginning in November 2008 until the end of February 2009. The time frame was divided in 4 phases: planning, implementation, analysis and reporting.

1.6 SIGNIFICANCE OF THE STUDY

This research is beneficial for several parties:

1.6.1 This study describes purchasing behavior of customers for cold beverages from drink dispensers in convenience stores in inner Bangkok. The result will give a better understanding of customer behavior. The findings can be used as guidelines to develop products and services and to implement marketing tool to meet their needs.

1.6.2   The findings show the influencing factors of buying beverages from convenience stores in order to know the attributes that are the most important for them. The result will help any convenience store company to retain strong influential factors and improve any weak points to satisfy customers.

1.6.3   The findings will give new beverages that customers expect to purchase from drink dispensers, thus the result will be useful for convenience store companies to provide new products which meet customer expectations.

1.7   ORGANIZATION OF THE STUDY

This study of purchasing behavior of customers and the factors influencing the choice of beverages from drink dispensers in convenience stores in inner Bangkok in this paper is divided into five chapters. The first chapter introduces the background, the statement of the problem, objectives, scope of the study, definition of the terms, and significance of the study. Chapter two is designed to review the related literature. Chapter three provides the methodology, consisting of subjects, materials, procedures, and data analysis. Chapter four shows the results of this study. The final chapter is composed of a summary of the study, a summary of the findings, discussions of the results, conclusions, recommendations for further research.