

# Effect of modern shop of traditional stores in Malang

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## **EFFECT OF MODERN SHOP OF TRADITIONAL STORES IN MALANG**

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### *ABSTRACT*

The growth of modern stores in Indonesia has grown up to the city of Malang. Even the distance between the modern shops with traditional stores closer. So that the range of services will determine the choice of consumers to shop. The research objective is 1. To know the characteristics of modern shops and traditional stores. 2. The public perception of modern shops and traditional stores. 3. Range of services modern stores and traditional stores. This research was qualitative, research locations in the city of Malang. Implemented in June to August 2015. Respondents consumer of modern stores and shops traditional. The results of this study showed that the facilities provided services modern stores and traditional stores have their positive and negative. The tendency to shop in modern stores and traditional stores adapted to a consumer's interest. Based on the range of services if the further away from the traditional store modern store the effect is smaller for traditional stores. on the contrary closer to the traditional store modern store effect is greater, because consumers feel comfortable shopping at modern stores, usually available goods at discounted prices, however people are more comfortable shopping at modern stores because the service is better and always available discounts

**Keywords:** Modern shops, Traditional shops

### **I. INTRODUCTION**

Modern stores growth have been escalating and reach Malang city. A modern store is an independent service system store that sells almost every kind of customer goods in a form of minimarket, supermarket, department store, hypermarket or wholesaler/distributor (reseller). To the end of 2015, amount of modern stores in Malang city are 257 stores according to the Head of Integrated Licence Service (*Badan Pelayanan Perijinan Terpadu / BP2T*) which some of them, 131 stores did not have permission letter/licence (*Surat Ijin Usaha Perdagangan/SIUP*) to open a store. Distance between modern stores to traditional stores is getting closer, therefore service range (or service quality) is the factor that will determine consumer selection of store when buying products. Presence of modern store will affect traditional store that located surround it. Lots of costumers refer to buy things in

modern store because not only local groceries are available, lots of imported products also available with higher guaranteed quality. Customer goods selection that implemented by these modern stores are strict. A product that not passed classification requirement will be rejected.

In this globalization era show us many revolutions that happened in many subjects including in store business. This reason is leading to logical consequence in the changing behaviour of consumption pattern and culture in Indonesian' daily economic order. Traditional store is one element of our socio economic strenght that reflect and can be broaden as Indonesia's competitive skill. It can accomodate second largest labour workers after agricultural area. Usually traditional stores are put inside the owner's house with simple service from the business owner. Population of society that live and leaning on income that earned from these stores are quite large.

The purpose from this research are: 1) Ffinding the modern store and traditional store characteristics, 2) explaining people perception about modern store and traditional store, and 3) Sservice range between modern store and traditional store.

## **II. REVIEW OF RELATED THEORIES**

In this present day there are some significant differences which we must see and understand between modern store and traditional store. From physical appearance, the modern store has luxurious impressions from its building architecture compare to traditional store as its opponent. Characteristics of modern store [1] are: first, from cleanliness aspect, this store is a shop that has and implementing a good management system. It is run with certain system that fits on the store condition with employees that stationed in specific positions, wearing a tidy uniform and always ready in greeting any costumer in their stores. Other important employee is janitor employees. A modern store always has enough janitor employees who work every day to mob the floor and wipe out dirt inside the store. This is a must procedure since this is an important indicator of modern store and plays as their basic service for their customers. The second characteristic for modern store is about the price of product. In modern store, costumers have no confusion in guessing price of the product they want to buy because it is labeled on every product they offered. This is major change from marketing strategy done by modern store. Third characteristic is security aspect which also an influential indicator and supporter of service line from modern store. Inside this store we can see security guard who watches over this store from opening hour until it closed. It will make customer feel safe while shopping, then in next days they will keep interested to shop in this

store. The last characteristic is financial capital. Modern store is one of business where its player has big and strong capital that influence product price when they offer to the customers. Modern store has large distribution network to ensure supply of products will not stop and having a guarantee from distributors of those products.

Traditional store has similar economic function with modern store. However, by looking at the term, traditional store tends to be simple and humble store which generally linked to a place that sells food and drinks. This store can be found inside housing neighborhood, suburb of city or close to roads. It has attractive side for people who live near traditional store. One of its attractive sides is cheaper price from prices in modern store, fresh products or in new condition compare to product from modern store. This makes traditional store has target market of middle to low class of society although today there is a tendency for middle class society to shop in nearest modern store from their homes. The second attractive side is commodity. Till these days, commodities in the traditional store are varied, many products that needed from customers from middle to low class society are available in so many different brand of products. Then, the customer will not experience difficulty in finding certain products in traditional stores. The third attractive side is bargain methods when purchase product. In traditional store, price of product is not written in the packaging to allow seller and buyer conduct a bargain interaction for the product until they reach one fix price. The last attractive side is location. Their location that near housing neighborhood is a crucial element because it determine time effectiveness and efficiency. Traditional store usually pick a strategic location whether near or inside housing neighborhood. It also not too far from the owner house, even there are few stores that located far from its owner's house. Traditional store is frontier guard in serving people necessities, one step ahead from modern store. Many traditional stores play as main income for some people to support their families and educate their children up to university.

### **III. RESEARCH METHODS**

This research was using qualitative method with location site in Malang City. It held on the month of June to August 2015. The selected respondents were modern store and traditional store customers.

This research was conducted on Malang City. Location of this research was determined by consideration of distance between modern store with traditional store. Several factors that influence this research activity were: socio culture factor, human resources

availability, surveillance, supporting facilities that available, modern and traditional stores support for this research and opportunity to expand.

Population, Sample and Sampling.

The population in this research was modern stores and traditional stores with specific criteria of operating for one year in minimum. Sample collected by random sampling methods. Primary data were gathered by using several methods such as interview, documentation and questionnaire. Secondary data also being used in this research. Data analysis was conducted by using qualitative method to explain the image of modern store and traditional store.

#### **IV. RESULT OF RESEARCH**

Result of the research is showing the characteristics of modern and traditional stores, some facilities those available, services from modern and traditional stores that have their own advantages and disadvantages.

Advantages and Disadvantages of Modern Store, the advantages and disadvantages of Traditional Store.

Advantages and Disadvantages of Modern Store:

The characteristic of modern store customer is showing that majority customers were female from 7 to 70 years old, domicile near modern store. Their reason to shop in modern store because it is serve lots of products that they need, the price is fix, product selection is vary with so many costumer goods and services that this store offer, from transportation ticket (train, bus, and airplane) to cellular credit provider. While characteristic from traditional store customer is showing that majority customers are female from 5 to 65 years old, domicile near traditional store. Their reason to shop is it offer hospitality to their customers. Although product offerings are limited and there is no alternate choice from product that they need, the price can be bargain and this store is receiving credit (installment) in payment.

The advantages of modern store are having attractive building in strategic location, having a clean and comfortable shopping space, delivering a good service for its customers, always creating new promotion of products with interesting discount, making strict selection to the product that will sell to ensure the highest quality of products.

Disadvantages of modern store are price is fix (no bargain), no retailing (buy in small amount), products oftentimes being move around to other shelves so costumer having

difficulty in searching product they needed. There also some shopkeeper who lacks of hospitality to their customers.

The advantages and disadvantages of Traditional Store:

Store owner usually friendly and establish a good acquaintance with their customers because many customer houses are close to the store, price of the product is negotiable, and costumer can buy in retail (only in small amount), asking installment or credit even sometimes asking for a debt to be paid later.

Disadvantage of traditional store are lie on store building which mostly unattractive with simple display of products. Sometimes the store looks shabby and uncomforted, products display inside the store is dull and lack of variety of products, less lighting and lack of financial capital.

People Perception about Modern Store and Traditional Store

The existence of modern store has impact on serving hours of traditional store. This impact can be seen on different opening hour of many traditional stores, which some of them reduce their working hours due to less customers that come to their stores or other traditional store that adding their working hours to be operating longer than modern store in purpose to attract more customers.

The declining amount of customer force traditional stores to close earlier while some of them choose to compete by adding longer working hour because it always slack at normal working hours of modern store. Operation time of modern store is 14 hours per a day. Changes in longer working hour at traditional store showing that they can not compete with minimarket because customer prefers to buy products in modern store in normal working hours.

Service range of <sup>2</sup>Modern Store and Traditional Store:

Tendency to shop in modern store and traditional store is adjusted to customer needs. In service range, when the location of traditional store is located far from modern store then the effect will be smaller for this store. On the contrary, when traditional store is located near from modern store then the impact will be bigger because customers are more comfort to shop in modern store, moreover there are some discounts of products in that place. This is one of business strategy to attract customer, making promotion by giving away discount price in every purchase of product, giving coupons for certain products. Route to modern store can be reach by car, motorbike, bicycle, or on foot. While traditional store route are on motorbike or on foot because the distance is not very far.

Distance between modern stores with traditional store that relatively close in Malang city is a violation of zonal regulation. According to state regulation [2] article 23 section 2 states that modern store establishment by minimarket chain store has distance of 500 m from other minimarket, store and traditional market or any other micro businesses. While Indomart and Alfa mart have closer distance that less than 500 m [3]. So far local government in Malang has not utilized this regulation mechanism for arranging modern stores and use their authority to protect traditional store. According to state regulation about working hour, these modern stores can <sup>1</sup> open daily from 10 A.M to 10 P.M while in reality there are some modern stores that open for 24 hours.

Nevertheless modern and traditional stores have same purpose in finding big profit with different selling concepts. Their existence is to support each other and filling the slack from both stores. The rest is depend to their customers who can select to shop in which store that they think comfortable and meet with customer taste.

## **V. CONCLUSION**

Customers feel more comfort to shop in modern store because it has better service and always offering discount for their customers.

1. The characteristics of modern and traditional stores, facilities that available, service delivery from modern and traditional stores have their own advantages and disadvantages. In the future it is expected some changes in store appearance, customer goods that they offer, better display of product in traditional store through collaboration with sponsorship.
2. The existence of modern store has a significant impact on the working hour of traditional store. This condition can be seen from many changes in their working hours, which some of these stores are choosing to reduce their working hours due to less customers and some other keep competing by adding their working hours to attract customers after modern store's working hour over.
3. According to service range of these stores, the farther traditional store location from modern store the smaller the effect to these stores. On the contrary, when modern store located closer to traditional store, the effect for traditional store is bigger because customer prefer to shop in modern store that comfortable with discount price available for the customers.

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