

The Impact of Hypermarket Existence on The Traditional Market Trader

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ABSTRACT

Research aims at (1) acknowledging and explaining the perception of trader at traditional market against the location of *Hypermarket*, (2) examining and observing whether the relationship develops between *Hypermarket* and sale return, sale price of goods, and the number of trader at traditional market, and (3) understanding and confirming the variable with the dominant relationship with *Hypermarket*. Location of study was at Malang and Surabaya city with number of sample were 104 persons.

Results of research at Malang City and Surabaya City show that: the variable with the relationship with *hypermarket* refers to sale return. Therefore, none of those variables has dominant relationship with *hypermarket*. The variable without relationship with *hypermarket* will be sale price of goods and the number of workforce. The trader perception at traditional market of Malang City against the location of *Hypermarket Matos* and of Surabaya City against the location of *Hypermarket Carrefour Mall BG Junction* seem that the majority of traders at traditional market consider the location of *Hypermarket* recently as being favorably appropriate (remaining at strategic locations).

The governments of Malang City and Surabaya City gives immediate action by releasing Local Regulation to follow-up the President Decree No.112 of 2007 and The Minister of Trade's Decree No 52 of 2008 to protect the existence of traditional market. These results support the previous researches. The author may suggest that the government should protect any kinds of retail at Indonesia ranging from small trader at traditional market throughout *hypermarket*. The government can take necessary action by ensuring the survival of all retail forms without losing one form or others.

Keywords: impact, *hypermarket*, traditional market

INTRODUCTION

The retail market in Indonesia constitutes a large market with the population rate of 215 millions heads in the early of 2004. This great share produces the household shopping total for 600 quintillions annually. Almost all traditional markets in Indonesia still struggles with their internal problem of market such as poor market management, unpopular two-floor construction to the customer, unfavourable trash collection and cleanliness, lack of park lot, lack of market structure and infrastructure, and the poor air circulation. If the hypermarket replaces these traditional markets, definitely hundreds millions of people lose their subsistence and fall into the absolute poverty. In June of 2006, Indonesia has 13.650 traditional markets, involving 12.6 millions traders. The government must consider the experience in Bangkok, where the early 22 traditional markets reduce to only 2 markets due to the presence of 20 hypermarkets [1]. In December 27th of 2007, the government releases the Government Regulation No. 112 of 2007 on The Arrangement and Planning of Traditional Market, Shopping Centre, and Modern Shop, but few things seem not strictly underlined in this regulation. To follow up this weakness, in December 12th of 2008 [2], the Minister of Trade for Republic of Indonesia, Mr. Mari Elka Pangestu, publishes Order No. 53 [2] on The Guide for The Arrangement and Planning of Traditional Market, Shopping Centre, and Modern Shop.

Some regulations have been available for the arrangement of modern market, but the hypermarket appears so established before these regulations prevail. The problem will be how to apply these regulations seeing that the location of hypermarket may not comply with the Regulation No. 112 of 2007 [3]. It will also be impossible to relocate the location of hypermarket. Despite the effect of The Regulation No. 112 of 2007 [3], still, the traders of traditional market stay in marginal due to the hypermarket.

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Considering this phenomenon, the President Decree No. 112 of 2007 [3] still fails to improve the wellbeing of traditional markets. The competition between modern market and traditional market keeps ongoing stubbornly, and indeed, the hypermarket successfully claims its position. The author put interest to learn the impact of hypermarket presence on the traders of traditional market, in which the author aims at understanding the perception of traders of traditional market on the hypermarket presence in the context of Malang and Surabaya Cities. The author expects to give an input to the traditional market in dealing with the competition against hypermarket and in surviving its existence at the trade world.

MATERIALS AND METHODS

The target population of research has been the traders selling nine staples at traditional market. The research selects two locations, Malang City and Surabaya City. The objects at Malang City include *Hypermarket Matos* and nine traditional markets such as Dinoyo Market, Blimbing Market, Kasin Market, Mergan Market, Oro-oro Dowo Market, Bareng Market, Comboran Market, Besar Market, and Klojen Market. The objects at Surabaya City involve *Carrefour Mall BG Junction* and eighteen traditional markets such as Kepatihan Market, Tembok Dukuh Market, Blauran Baru Market, Genteng Baru Market, Pecindilan Market, Kembang Market, Pegirikan Market, Kapasari Baru Market, Ambengan Batu Market, Kapas Krampung Market, Keputran Utara Market, Keputran Selatan Market, Pacar Keling Market, Pucang Anom Market, Wonokromo Lama Market, Bendul Merisi Market, Keputih Market, and Kendang Sari Market. The sampling has been conducted by the *convenience sampling* method with 104 persons as sample in Malang City and 150 persons as sample in Surabaya City. The analysis tool employs *Chi-square* analysis (X^2) supported by SPSS. The greatest *contingency coefficient* facilitates the author in understanding which variable of the above variables has the dominant relationship with *hypermarket*. The summary of previous research was presented as in Table 1 below.

Table 1 the Summary of Previous Research

No.	Title	Particular	Result
1.	"The Research on Impact of Modern Market (Supermarket and Hypermarket) on Retail Enterprises of Cooperative/Convenience Store and Traditional Market (Deputy of Resource Review Division, UKMK, 2006)	The research aims at understanding the impact of the presence of modern market (supermarket and hypermarket) on the retail enterprises managed by cooperative/convenience store, traditional market.	The impact of modern market on traditional market involves the reduced sale return. The other variables, such as the number of trade workforce and sale price of goods, do not change.
2.	"Impact of Supermarkets on Traditional Markets and Retailers in Indonesia's Urban Centers" [4]	Research measures the impact of supermarket on traditional market at the urban area of Indonesia in manner of quantitative using <i>difference-in-difference</i> (DiD) method and econometric method.	The exploration through statistical quantitative method does not find the significant impact on the revenue and the benefit, but already observe the significant impact of supermarket on the number of trade workforce.

Research employs survey approach. The author chooses two locations, Malang and Surabaya. The research objects in Malang City include *Hypermarket Matos* and nine traditional markets such as Dinoyo Market, Blimbing Market, Kasin Market, Mergan Market, Oro-oro Dowo Market, Bareng Market, Comboran Market, Besar Market, and Klojen Market. The objects in Surabaya City involve *Carrefour Mall BG Junction* and eighteen traditional markets such as Kepatihan Market, Tembok Dukuh Market, Blauran Baru Market, Genteng Baru Market, Pecindilan Market, Kembang Market, Pegirikan Market, Kapasari Baru Market, Ambengan Batu Market, Kapas Krampung Market, Keputran Utara Market, Keputran Selatan Market, Pacar Keling Market, Pucang Anom Market, Wonokromo Lama Market, Bendul Merisi Market, Keputih Market, and Kendang Sari Market.

The target population will be the traders of traditional market either at Malang City and Surabaya City. The variables of research comprise to one independent variable and three dependent variables. The sample counts to 104 respondents at Malang City and 150 persons at Surabaya City.

Data Collection Method

Research does not prevail to all populations, but only part of target population (sample). Due to the precise number of population, the sampling only uses *convenience sampling*.

Data Analysis Method

Data analysis answers the problem whether hypermarket relates to the sale return, sale price of goods, and number of trade workforce at traditional market. The analysis tool considers *Chi-square* analysis (X^2) supported by SPSS. The greatest *contingency coefficient* will help the author in understanding which variable of the above variables has dominant relationship with *hypermarket*.

RESULTS AND DISCUSSION

Results of Research at Malang City

The Location of Hypermarket against Sale Return of Malang City

In Table 2, the traditional traders selling near the hypermarket experience the reduced sale return, as said by 22 traders (21.2 %), but 17 traders (16.3 %) admit no change or no reduced sale return. The traders with the certain distant from hypermarket (> 4 km) do not experience the reduced sale return (fixed) as admitted by 42 traders (40.4 %), but 23 traders (22.1 %) feel this reducing return. Therefore, the far or close distance of the location of these traders against hypermarket has significant relationship to the small or great return of their sale.

Table 2 the Sale Return of Malang City

			Sale Return		Total
			Reduced	Fixed	
Hypermarket Location	< 4 km (close)	Count	22	17	39
		% of Total	21.2 %	16.3 %	37.5 %
	> 4 km (far)	Count	23	42	65
		% of Total	22.1 %	40.4 %	62.5 %
Total		Count	45	59	104
		% of Total	43.3 %	56.7 %	100.0 %

Considering the result in Table 3, Chi-square rate shows the relationship between hypermarket location and sale return of the traders of traditional market, reaching 4.390, greater from X^2_{table} with $df = 1$, precisely to 3.841. The significance rate (p) of 0.036 seems smaller than alpha of 0.05. Therefore, the crossed table will be the form 2×2 . This stimulates the use of *Fisher's Exact Test* showing smaller significance rate (p) from alpha of 0.05, concluding that the hypermarket location and sale return of the traders of traditional market have significant (meaningful) relationship.

Table 3 Chi-square Test on Hypermarket Location against Sale Return of Malang City

	Value	df	Asymp. Sig (2-sided)	Exact Sig (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.390 ^b	1	.036		
Continuity Correction ^a	3.575	1	.059		
Likelihood Ratio	4.388	1	.036		
Fisher's Exact Test				.043	.029
Linear-by-Linear Association	4.348	1	.037		
N of Valid Cases	104	1			

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 16

The close relationship between hypermarket location and sale return of the traders of traditional market can be described through histogram. Figure 1 shows that the far and the close distance of the trade location from hypermarket have significant relationship with the small and great return of the sale.

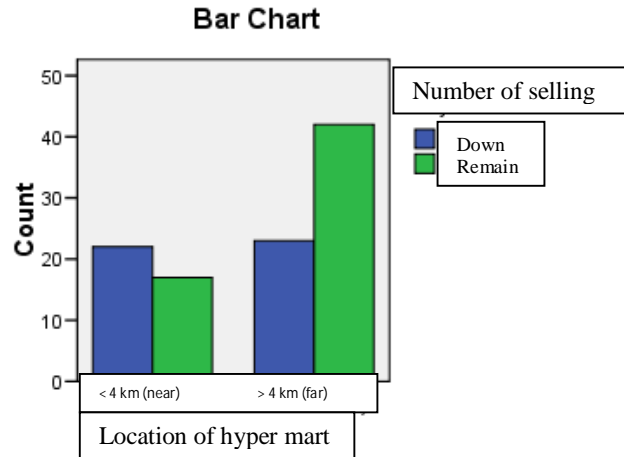


Figure1 the Histogram of Hypermarket location against Sale Return of Malang City

Results of Research at Surabaya City

The Location of Hypermarket against Sale Return of Malang City

In Table 4, the traditional traders selling close the hypermarket experience the reduced sale return, as determined by 42 traders (31.3 %), but other 24 traders (16.00 %) feel no change or no reduced sale return. The traders with the far distance from hypermarket (> 4 km) do not suspect the reduced sale return (fixed) as confirmed by 40 traders (26.7 %), but 39 traders (26.0 %) find their sale return reduced.

Table 4 the Sale Return of Surabaya City

			Sale Return		Total
			Reduced	Fixed	
Hypermarket Location	< 4 km (close)	Count	47	24	71
		% of Total	31.3 %	16.0 %	47.3 %
	> 4 km (far)	Count	39	40	79
		% of Total	26.0 %	26.7 %	52.7 %
Total		Count	86	64	150
		% of Total	57.3 %	42.7 %	100.0 %

Table 5. Chi-square Test on Hypermarket Location against Sale Return of Surabaya City

	Value	df	Asymp. Sig (2-sided)	Exact Sig (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.330 ^b	1	.037		
Continuity Correction ^a	3.669	1	.055		
Likelihood Ratio	4.361	1	.037		
Fisher's Exact Test				0.47	0.27
Linear-by-Linear Association	4.301	1	.038		
N of Valid Cases	150	1			

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 30.29

Taking account the result in Table 5, Chi-square rate shows the relationship between hypermarket location and sale return of the traders of traditional market, standing for 4.330, greater from X^2_{table} with $df = 1$, definitely to 3.841. The significance rate (p) of 0.037 should be smaller than alpha of 0.05. Therefore, the crossed table will be the form 2 x 2, and will force the use of *Fisher's Exact Test* showing smaller significance rate (p) from alpha of 0.05. Thus, it can be concluded that the hypermarket location and sale return of the traders of traditional market may have significant (meaningful) relationship.

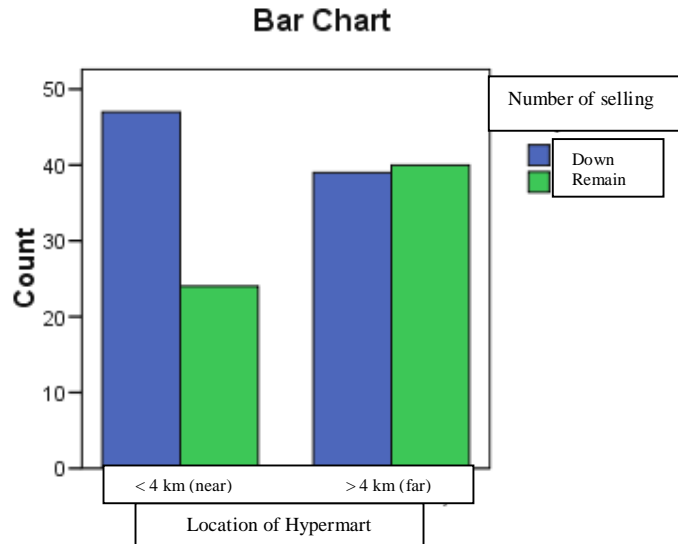


Figure 2 the Histogram of Hypermarket location against Sale Return of Surabaya City

The close relationship between hypermarket location and sale return of the traders of traditional market can be illustrated through histogram. Figure 2 determines that the far and the close distance of the trade location from hypermarket have significant relationship with the small and great return of the sale.

CONCLUSION

Regarding to the results of analysis and discussion in the previous chapter, the author may conclude that:

1. The perception of the traders of traditional market in Malang City on the hypermarket location (Hypermarket Matos) may be that the majority of traders at traditional market will consider the location of *Hypermarket* recently as being favourably appropriate (remaining at strategic location).
2. The hypermarket location (Hypermarket Matos) may have meaningful or significant relationship with sale return of the traders of traditional market. It can be evident through greater X^2 count than X^2 table ($4.390 > 3.841$).
3. The hypermarket location (Hypermarket Matos) must not have meaningful or significant relationship with sale price of goods sold by the traders of traditional market. It can be obvious through smaller X^2 count than X^2 table ($0.448 < 3.841$).
4. The hypermarket location (Hypermarket Matos) will not have meaningful or significant relationship with the number of trade workforce. It can be apparent through smaller X^2 count than X^2 table ($0.588 < 3.841$).
5. The hypermarket location (Hypermarket Matos) may only have meaningful or significant relationship with sale return of the traders of traditional market, excluding the others.
6. The perception of the traders of traditional market in Surabaya City on the hypermarket location (Hypermarket Carrefour Mall BG Junction) may be that the majority of traders at traditional market will consider the location of *Hypermarket* recently as being favourably appropriate (remaining at strategic location).
7. The hypermarket location (Hypermarket Carrefour Mall BG Junction) may have meaningful or significant relationship with sale return of the traders of traditional market. It can be evident through greater X^2 count than X^2 table ($4.330 > 3.841$).
8. The hypermarket location (Hypermarket Carrefour Mall BG Junction) must not have meaningful or significant relationship with sale price of goods sold by the traders of traditional market. It can be obvious through smaller X^2 count than X^2 table ($0.2841 < 3.841$).
9. The hypermarket location (Hypermarket Carrefour Mall BG Junction) will not have meaningful or significant relationship with the number of trade workforce. It can be apparent through smaller X^2 count than X^2 table ($0.2977 < 3.841$).
10. The hypermarket location (Hypermarket Carrefour Mall BG Junction) may only have

meaningful or significant relationship with sale return of the traders of traditional market, excluding the others.

SUGGESTION

1. The trade world already becomes the main place of subsistence for most people of Indonesia. The government should protect any kinds of retail at Indonesia ranging from small trader at traditional market throughout *hypermarket*. The government can take necessary action by ensuring the survival of all retail forms without losing one form or others.
2. The arrangement and planning of traditional markets must be conducted by the government of Malang City and Surabaya City by ensuring the equal and appropriate wellbeing of traders not favouring one interest.
3. *The governments of Malang City and Surabaya City have to review the permission of hypermarket location by considering the social and cultural aspects where the hypermarket locates at such that no one feels disadvantaged.*

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