Analysis of Competitiveness Traditional Retail To Modern Retails in Consumer Perspective

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ABSTRACT

Competition in the retail industry can be seen in many ways, there are competition between traditional retail and modern retail, competition between modern retailers fellow and competition among traditional retails. The large presence of modern retailers in the region forced traditional retail to compete with the modern retailers. This study discusses how traditional retail competitiveness with the modern retail focused on consumer preferences aspects. Variables used to measure consumer preferences are Human Resource with indicators Appearance of shopkeeper, Hospitality in service, Speed in service, Shop open time, while Merchandise variable with indicator, Appearance store, Merchandise display, Number of products available, Diversity of product type, Diversity Brands are sold. Method of analysis with descriptive analysis. The research results show that hospitality in service, speed in service and certainty of shop opening time of traditional retail stores need to be improved. As for the number of products available, the diversity of product types and the diversity of brands sold is a problem that stems from the limitations of traditional retail capital. The government already has a solution that with the opening of credit access to financial institutions with the issuance of OJK Regulation no. 76 / POJK.07 / 2016 on Increasing Literacy and Financial Inclusion in the community.

Keywords: Competitiveness, Traditional Retail, Consumer Preference

1. INTRODUCTION

The development of retail business in Indonesia is currently very rapid, especially modern retailers in all of variations type. Several factors supporting the development of modern retail business include the opening of market opportunities, the development of manufacturing business that will supply its products to the retailer, and one way government efforts to boost economic growth is to develop the retail business.

Based on data from the Association of Indonesian Retail Companies (Aprindo) from 2007-2012, average growth the number of modern retail outlets in Indonesia about 17.57% per year. In 2007, the number of retail business in Indonesia is still 10,365 outlets, then in 2011 reached 18,152 outlets almost spread in all cities in Indonesia. The growth of number outlets is followed by sales growth. The amount of retail business growth in Indonesia is between 10%

-15% per year. Retail sales in 2006 stood at Rp 49 trillion, and shot up to Rp120 trillion in 2011. While in 2012, retail growth is projected to remain the same, which is 10% -15%, or reach Rp.138 trillion. The number of players in the retail business makes the competition very tight. Major retailers, especially foreign companies, are intensifying their business expansion in Indonesia. Small modern retailers and traditional retailers become unfavorable parties.

Indonesia with a population of approximately 237 million people with a total consumption about Rp3,600 trillion is a potential market for modern retail business. This is supported by the shifting behavior of the Indonesian population, from shopping in traditional markets to modern retailers. After the opening of entrances for foreign retailers as Presidential Decree no. 118/2000 which has issued retail business from negative list for foreign investment (PMA), foreign retail began to bloom into Indonesia. The entry of foreign retailers in this business shows the business is very profitable. On the other side, foreign hypermarkets expanding become a threat to local retailers.

Traditional retail located in rural areas were affected by dealing directly with modern retailers. Competition between traditional retails and modern was not avoided. Not only that, due to the lack of zoning rules from the modern retail development, the traditional retailers in big cities are affected. Competition head to head due to the proliferation of modern retailers have a negative impact on the existence of traditional retail. One of the real impacts of modern retail presence in the midst of traditional retail is the decrease in the number of small traders and the decline omzet from the small traders, therefore traditional retailers need to be equipped with modern retail management science in order to have competitiveness.

The existence of traditional retailers is still quite necessary in the context of serving the lower economic segment. However, technological advancement and the increasing demands of consumer needs are the driving force behind business-oriented changes in retail business. Initially many retail businesses are fairly traditionally managed, without adequate technological support, without a modern management approach and without focusing on comfort and desire to meet customer needs. The shift in customer behavior patterns detected from a number of studies conducted shows that customer shopping activities not only in an effort to meet the needs of goods for life, but rather lead to the fulfillment of the need for recreation. This condition encourages the traditional retail business to begin to be sensitive to the needs of unmet customers if they are want to survive in a tight competitive retail business environment.

Competition in the retail industry can be seen in many ways, namely competition between traditional retail and modern retail, competition between modern retailers fellow and competition among traditional retailers, (Tambunan, 2004). The incessant presence of modern retailers in the region inevitably forced traditional retail to compete with modern retailers. The scope of traditional retail competition with modern retail includes internal and

external factors covering all attributes in performance aspect, regulation aspect and consumer preference aspects including human resource, merchandise, price and location.

In Blitar many modern retailers registered at the Department of Industry and Commerce, there are 52 modern retailers that use commercial trademarks (such as: Indomaret and Alfamart) or use their own trademark (Prasadamart, Supermarkets Lingga Jaya etc). Of the total modern retailers in Blitar, modern retail with commercial trademarks such as Indomaret (PT Indomarko Prismatama) and Alfamart has 41 outlets spread across at 10 districts in Blitar.

The fact retail industry development is very expansive and should be a special attention for the local government, especially in Blitar regulation related to retail as a whole. This means that the emergence of modern retail-retail in Blitar will threaten and kill very small industries and SMEs. If returned to the applicable regulations, fair business competition is regulated in Law no. 5 of 1999; Where in the next stage as a consequence of this law established the Business Competition Supervisory Commission (KPPU) regulated in Presidential Decree no. 75 of 1999. The main task of KPPU is to guard the implementation of Law no. 5 of 1999 concerning fair business competition. On the other side traditional retail is expected to also improve itself to meet the increasing demands of consumers.

Based on the above background, this study discusses how traditional retail competitiveness to modern retail which is focused on consumer preference aspects including human resource, merchandise, price and location.

2. LITERATURE REVIEW
2.1 The Retail Concept

Various terms of retail are as follows: Ma'ruf (2005: 7) defines retail is a business activity about selling goods or services to individuals for the purposes of self, family or household. According to Kotler (2016: 535) retail includes all activities involving the sale of goods or services directly to the end consumer for personal and non-business use. Meanwhile, according to Berman and Ervans (2007: 3) the definition of retail is the last level of the distribution process, in which there is business activity in the sale of goods or services to consumers. And according to Gilbert (2003: 6) retail is all business ventures that direct marketing ability to satisfy the final consumer based on the organization of sales goods and services as the core of the distribution. From the above the definition of retail is any activity of trading of goods or services to end consumers for their own use, not for trading anymore. Retail is one of the chain distribution channels that plays an important role in the delivery of goods and services to the end consumer.

Retail includes all activities that involve the sale of goods or services directly to the end consumer for personal and non-business use. Retail not only sells products in stores, but retail also involves delivery services to homes.

Activities undertaken in the retail business is to sell various products, services or both, to consumers for personal and joint consumption purposes. Manufacturers sell their products to retailers and wholesaler.

The retail industry is constantly changing along with technological changes, the business development, and of course the consumers needs. Retail is the entire business activity associated with the sale and delivery of services to consumers for the use of an individual nature as a person or family. In order to succeed in a competitive retail market, retailers must be able to offer the right product, at the right price, at the right place, and at the right time. Therefore, understanding of retailers target market characteristics or consumers to be served is very important. In its operations retailers perform several functions, among others, assist consumers in providing various products and services, perform bulk breaking function, or add product value. Overall, the management of retail business requires the implementation of integrated management functions of financial, marketing, human resources, and operational functions. The basic concept of retail management according to Thoyib (1998: 15) includes: 1) Orientation in Consumers, retailers must determine the attributes and needs of consumers and willing to meet the consumers needs, 2) Retailers must integrate all Plans and activities to maximize efficiency, and 3) Orientation In Purpose that retailers must set goals and determine strategies to achieve those goals.

2.2 The Scope of Traditional Retailing and Modern Retailing Competition

Indef (2007) in his study of the impact of hypermarket presence on traditional retail using internal factors consisting of performance aspects (assets, omset, merchandise turnover, and price margin) and external factors consisting of consumer regulation and consumer preferences which include 1) human resource Related to services, 2) merchandise related to the number of products available, the diversity of product types, the diversity of brands sold and 3) the price.

The results of Levy and Barton research (1995) show some of the things evaluated by consumers related to services are: (i) Aspects of Tangibles (Store appearance, Merchandise display and Appearance of shop employees). (ii) Understanding of the Customer (Give attention, and Understanding the subscription / regular customer). (iii) Security (Feelings secure in the parking area and Make of transaction secrets). (iv) Credibility (Reputation in commitments, Trusted employees, Warranty provided and Returns policy). (v) Reliability (Accurate purchase receipt, Serve quickly and Accuracy in sales transaction). (vi) Good Behavior (Friendly, Respected and Attentive Personnel). (vii) Access (Easy of transaction, certainty of shop opening and presence of manager to resolve issues). (viii) Competence / Skills (Knowledge and skills of employees and Answered every customer question). (ix) Responsiveness

(Fulfilling customer calls and Providing timely service). (x) Information Provided To Customer (Describes service and cost as well as problem solving guarantee).

The research results show that business conditions and traditional retail performance have declined after the operation of hypermarkets, which include assets, omset, merchandise turnover, and price margins.

3. RESEARCH METHODS

This research is a descriptive research in which to know the competitiveness of traditional retail seen from the external side especially from consumer preferences which refers to Indef result of research (2007) and Levy and Barton (1995). The variables used to measure consumer preferences are as follows: (i) Human Resource with indicators: shopkeeper appearance, hospitality in service, speed in service, shop opening time; (ii) Merchandise: shop appearance, merchandise display, number of products available, the diversity of product types, the diversity of brands sold; (iii) Price.

The population of this study is consumers from traditional retail. The sampling technique is incidental sampling. The number of samples is 66 people. Data analysis technique is descriptive.

4. DISCUSSION
4.1 Research Results

The results showed that 57.5% of respondents came to traditional retail for reasons of near and cheap, 30.3% for cheap and 12.2% for near reasons. With these results it appears that where consumers buying goods is influenced by price and distance. For shopkeepers' performance 81.8% of respondents thought that the appearance of shopkeepers who visited was good enough, and 18.2% thought that the appearance of shopkeepers was good, meaning that generally respondents thought that the appearance of shopkeepers was feasible to serve the consumers.

Hospitality in service is 75.8% of the respondents thinks good, 15.2% is good enough and 9% is less good. For the indicator of service speed of 34.9% respondents answered good, 53% good enough and 12.1% answered less good. The last indicator of the human resource variable is the shop open time received response from consumers as follows, 94% said good enough, and 6% less good.

The first indicator of the merchandise variables is the appearance of shop by 16.7% of the respondents answered good, 78.8% answered good enough and by 4.5% less good. For display merchandise indicator of 48.5% respondents answered good enough and 51.5% answered less good. From the number of available products of 9.1% respondents answered good, 68.2% good enough and 22.7% responded less good. And for the indicator of the diversity of products type of 10.6% respondents answered good, 71.2% responded good enough and 18.2% responded less good. The last indicator of merchandise

variables is the diversity of brands sold, from 66 respondents about 13.6% respondents answered good, 63.7% responded good enough and 22.7% responded less good.

4.2 Analysis of Research Results

From the results of the research shows that most consumers from traditional retailers are residents who live in the vicinity of the shop, and if there is more than one shop that is the main thing that will be considered which store will be the price lower. For human resource variables that need to be noticed by traditional retailers are about hospitality in service, speed in service and shop open time.

As in general, shopkeepers from traditional retailers are the shopkeepers themselves and between sellers and consumers are well acquainted with each other, so if the seller is having a problem and must serve the consumer it will affect the hospitality of the services provided, such as those who are usually familiar with Just talking as necessary or even becoming unfriendly. Or the seller is finishing the household chores, it will serve the consumer in a hurry, so it can make consumers disappointed at the time.

Another thing to note in terms of speed of service is because merchandise display is not good, sometimes sellers difficulty or forget where the goods needed by consumers so that service becomes longer. The opening time of the store should also be a concern for the traditional retailers, because sometimes the shop closes at any time according to the owner's interest, thus making consumers disappointed to already come to a shop in the hope of getting the required goods but the shop is closed and this can cause consumers to switch To another shop. While the shopkeeper's performance indicator has got a decent assessment of the consumer, although the appearance here is not intended as the appearance of a modern shopkeeper because usually the appearance of shopkeepers is as usual when at home.

For all indicators of merchandise variables: shop appearance, merchandise dispaly, quantity of product available, diversity of product type and brand diversity need improvement. Shop appearance needs to be repaired for example from the cleanliness side, paint dull wall painted again so that the shop become better and consumer interested and comfortable to come to the shop, although this does not happen at all traditional retailer.

Merchandise dispaly is a weakness of traditional retailers, this is due to, among others, by the limitations of space owned and the placement of goods that are not in accordance with the type so that in addition to impressed store shambles also make it difficult for sellers to find items consumer needed that can lead to the speed of service becomes longer.

The scope of traditional retail competition with modern retail include internal and external factors, one indicator of internal factor is the amount of capital held by traditional retailers. Limitations of capital owned by traditional

retailers will affect the number of available products, diversity of products and the diversity of the brand. To overcome the limitations of capital owned by traditional retailers have the necessary access to credit to financial institutions.

The Government through the Financial Services Authority (OJK) continues to seek and find the best solution to help solve the problem of capital of traditional retailers that are part of MSMEs, one of them is the issuance of Regulation of the Financial Services Authority. 76 / POJK.07 / 2016 on Increasing Literacy and Financial Inclusion in the community. Increased literacy and financial inclusion is believed to be able to develop SMEs because SMEs actors can better understand the basic concepts of financial products, perform better financial planning and management.

5. CONCLUSIONS AND SUGGESTIONS
5.1 Conclusions

Human resource variables consisting of hospitality in service, speed in service and store opening times need to be upgraded by traditional retailers to compete with modern retailers, because even though prices are a major consideration for consumers to make choices, hospitality in service, speed in service and time Open shop can consumers always using traditional retail.

Variable merchandise consisting of the number of products available, the diversity of product types and the diversity of brands sold is a problem faced by traditional retailers sourced from limited capital owned. The solution of this problem is the granting of the widest possible access to credit to financial institutions in accordance with the Government's policy through the Financial Services Authority Regulation no. 76 / POJK.07 / 2016 on Increasing Literacy and Financial Inclusion in the community.

5.2 Suggestion

Traditional retailers should be able to improve human resources consisting of hospitality in service, speed in service and the certainty of open shop time to compete with modern retailers.

To increase the amount of capital held, traditional retailers can take advantage of Government policy through the Financial Services Authority Regulation no. 76 / POJK.07 / 2016.

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