

ANALYSIS OF TRADITIONAL RETAIL STRATEGIES IN FACING MODERN RETAIL IN MALANG CITY

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ABSTRACT

This analysis aims to examine the strategies carried out by traditional retailers in Malang City in facing competition with modern retailers. This research uses qualitative methods with data collection techniques through interviews, observations, and literature studies. The results show that traditional retailers in Malang City face various challenges from modern retailers, such as lower prices, greater product variety, and better service. To face these challenges, traditional retailers implement various strategies, such as: Strengthening personal service and hospitality, Offering unique and distinctive products, Building local communities and networks, Improving management efficiency and effectiveness, Utilizing information and communication technology, The government also needs to play a role in helping traditional retailers to improve their competitiveness, such as by providing training, coaching, and access to capital.

Keywords: traditional retail, modern retail, strategy, competition

INTRODUCTION

The retail industry in Indonesia has experienced rapid development in the last few decades. This is marked by the emergence of various modern retailers, such as minimarkets, supermarkets and hypermarkets. The presence of modern retail has brought significant changes to the landscape of the retail industry, and put great pressure on traditional retail which has long existed in society. Traditional retail in Malang City, like in other cities in Indonesia, also feels the impact of the presence of modern retail. Traditional retail is faced with various challenges, such as:

Cheaper prices: Modern retail generally has greater economies of scale, so it can offer cheaper prices to consumers, More diverse product choices: Modern retail provides a wider selection of products, so consumers have more choices for shopping, Environment more comfortable shopping: Modern retail generally has a more comfortable shopping environment, with more complete and modern facilities. These challenges mean that traditional retail in Malang City must adapt and find the right strategy to survive and compete. This research aims

to analyze the strategies implemented by traditional retailers in Malang City in facing modern retail.

This research uses several theories that are relevant to the research topic, namely: 1. Competition Theory: Competition theory explains how companies compete with each other to get customers. In the context of this research, competition theory is used to analyze how traditional retail competes with modern retail. 2. Business Strategy Theory: Business strategy theory explains how companies formulate and implement strategies to achieve their goals. In the context of this research, business strategy theory is used to analyze the strategies implemented by traditional retail in Malang City. 3. Marketing Theory: Marketing theory explains how companies market their products or services to consumers. In the context of this research, marketing theory is used to analyze how traditional retailers market their products or services to consumers.

The aim of this research is to analyze traditional retail strategies in Malang City in facing modern retail. And also the results of this research can help traditional retailers in Malang City to understand the right strategy in dealing with modern retail.

LITERATURE REVIEW

Research on the analysis of traditional retail strategies in facing modern retail in Malang City is generally based on several relevant theories, including:

1. Competition Theory: explains how companies compete with each other for customers and market share. In a retail context, this theory helps understand how traditional retail and modern retail compete with each other to attract consumers. Modern retail with large capital and aggressive marketing strategies can put significant pressure on the survival of traditional retail.
2. Business Strategy Theory: discusses how companies formulate and implement strategies to achieve their goals. In this research, this theory is used to analyze the strategies implemented by traditional retail in Malang City to survive and compete with modern retail. The strategies analyzed can include product differentiation strategies, market focus strategies, cost leadership strategies, and strategic alliance strategies.
3. Marketing Theory: explains how companies market their products or services to consumers. In the context of traditional retail, this theory helps understand how traditional retail markets its products to consumers in order to compete with modern

retail. The marketing aspects analyzed can include the marketing mix (product, price, place, promotion) and segmentation, targeting and positioning strategies.

4. Porter's Theory of Competitiveness

Porter's competitiveness theory explains five forces that determine industry profitability, namely:

- Threat of new entrants: How easy it is for new companies to enter the industry.
- Bargaining power of suppliers: How much influence suppliers have in determining the price and quality of inputs.
- Bargaining power of buyers: How much influence buyers have in determining the price and quality of the product.
- Threat of substitute products: How easily substitute products are available and can replace existing products.
- Rivalry between existing competitors: How intense the competition is between existing companies in the industry.

METHODS

This research uses qualitative methodology. In general, the methodology seeks to understand a phenomenon or social problem by providing a complete picture of the phenomenon or problem, reporting the experiences, views, attitudes and behavior of informants as well as their meanings in detail based on the natural context and situation (Sajjad Kabir 2018). This research places more emphasis on collecting qualitative data which is described in verbal form, not in the form of numbers. Data collection in this research used several sources and methods. The data sources that researchers collect are primary data sources and secondary data sources. Meanwhile, data collection techniques are carried out by means of interviews and observations. In conducting the interview, the researcher asked an interview guide with 7 questions. In making observations, researchers did so directly by visiting several Madura stalls in Malang City. After the data has been collected, the researcher will carry out data analysis using data analysis techniques, namely data reduction, data presentation, and drawing conclusions.

DISCUSSION

According to data from the Malang City Cooperatives and Micro Enterprises Service in 2023, there are 1,430 registered traditional markets in this city. Meanwhile, the number of modern retailers, such as minimarkets, supermarkets and hypermarts, is estimated to only be around 500. Even though the number is smaller, modern retail continues to grow rapidly in Malang City. This can be seen from the increasing number of new minimarkets and supermarkets appearing, especially in residential and urban areas.

From this data, the business expansion carried out by modern retailers continues to expand, not only reaching city and sub-district areas, it has also penetrated areas in remote sub-districts, rural areas and even into hamlets. The entry of modern retailers into remote rural areas will certainly have an impact on economic activity in these areas. The general public will change their shopping habits, which previously were always in shops or kiosks that still use very simple business management, as well as economic actors who are in traditional markets. This shift in shopping patterns will have an impact on people's business activities in traditional markets.

The existence of modern markets or retailers with all their advantages has had an impact on the development of sales turnover of traders in traditional markets. Traders in traditional markets with conventional appearances will not be able to compete with modern retailers, even though the prices of some commodities sold are lower than prices in modern retailers. The presence of this minimarket is certainly profitable for many parties but not for traditional retail traders. After the proliferation of minimarkets, traditional retailers have had many complaints, one of which is reduced income so that many of the goods they sell are now unsold.

There are several things that explain that there are many traditional shops or retailers that are affected by minimarkets:

1. Price, where many minimarkets provide discounts which make the price of the goods relatively cheaper.
2. Facilities, where minimarkets have more facilities such as air conditioning and music which make consumers feel at home shopping at that place.
3. Service to consumers where minimarkets provide very good service, for example: providing full 24 hour service, politeness, welcoming, and even finding goods that consumers want.

Strategy Formulation to Increase Traditional Retail Competitiveness

To face the pressures of modern retail competition. Traditional retail can carry out the following strategies:

1. Maintain and establish good relationships with customers. Customers are a big asset for every retail store. By maintaining and establishing good relationships with customers, of course, it becomes a large capital for grocery stores to survive in the competitive retail business.
2. Maintaining Store Image: Grocery stores are synonymous with relatively cheap prices for their merchandise. The title of a cheap grocery store is important, because if customers have given the title of a cheap grocery store it will really help sales success.
3. The problem that grocery store business people often face is customer debt. Buyers' debts that accumulate can disrupt the circulation of money for the business. So to avoid this threat, shop owners must standardize services such as debt prohibitions and debt limits.
4. Improving Service Quality as an Effort to Retain Customers. Service quality is a marketing strategy that does not require costs. Improving service quality will influence customers' decisions to continue shopping at traditional retail or switch to modern retail. Consistent service quality will keep customers loyal.
5. Expand your network and look for supplies of goods in cheap places.

CONCLUSION

Competition between traditional retail and modern retail in Malang City is getting tighter. Modern retail offers various advantages such as lower prices, comfortable places and better service. This makes many consumers switch from traditional retail to modern retail,

To face this competition, traditional retail needs to carry out various strategies. Several strategies that can be carried out by traditional retail in Malang City include: maintaining relationships with customers, improving service quality, expanding the network and looking for supplies of goods in cheap places, etc.

By implementing the strategies above, it is hoped that traditional retail in Malang City can increase its competitiveness and continue to exist amidst the onslaught of modern retail. Apart from the strategies above, traditional retail also needs to understand consumer needs and desires. Traditional retail needs to adapt to changing times and follow developing trends. In

this way, traditional retail can continue to develop and become a choice for consumers in Malang City.

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