Customer Shopping Preferences Between Modern Retail Store and Traditional Retail Store in Palangkaraya City

by I Made Dirgantara 03

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ABSTRACT

This study aims to demonstrate the advantages of modern and traditional retailers available to Indonesian consumers especially in the city of Palangkaraya. The research method used is a qualitative method with a phenomenological approach. The reason researchers make phenomenological research more flexible is because they can know more about what factors can influence consumers in choosing retail stores. Data analysis in this study is a qualitative research. The focus of analysis is to elicit the tacit meanings people attach to their actions and responses in relation to a phenomenon. The results showed that the factors that influence consumer buying behavior are: (1) Location factors, (2) Merchandise factors, (3) Price factors, (4) Promotion factors,

1. Introduction

The retail business has dynamic characteristics where there is a mutually supportive relationship between humans and goods whose use is individual as a person or family[1]. Its existence is very necessary for final consumers to be able to consume the products they need. Based on the Global Retail Development Index report, the ranking of the Indonesian retail sector in 2019 was in fifth position out of 30 developing countries. This is as quoted from an online news site (http://properti.kompas.com) which states that Indonesia is under China which occupies the first position and is followed by India, Malaysia and Ghana respectively.

Countries in the Asia Pacific region dominate in the top five rankings because they are supported by a large population. Indonesia has a large population. According to data submitted by the Head of the BKKBN, Surya Chandra Surapaty, quoted from the online news page (www.jateng.tribunnews.com), the population growth rate is currently at 1.49 percent. This means that in July 2017 the total population of Indonesia was above 262 million people. Referring to the data submitted, Indonesia still has excellent potential for the development of the retail business sector. In its development, the retail sector is generally divided into two types of retail, namely traditional retail and modern retail. According to articles one and two of Presidential Regulation No. 112 of 2007:

The general products that become commodities in the retail business are nine basic ingredients or what we usually call them basic necessities, namely rice, corn, soybeans, sugar, cooking oil, shallots, frozen meat, broiler meat, and eggs. These commodities are products that are needed by people on a daily basis. Therefore, it is not surprising that both traditional and modern markets experience competition because they both sell basic commodities. Based on sources (https://www.ceicdata.com) currently the growth of modern retail is extraordinary with the growth of the average retail sales sector in January 2011 to January 2021 reaching 8.5%. The same thing happened in Palangka Raya City as the provincial capital in Central Kalimantan which has an area of 2,679km2. Palangkaraya city itself is one of the largest cities in Indonesia. Currently, the existence of traditional markets in Palangka Raya City is increasingly being squeezed by modern markets. In accordance with what was conveyed by Subandi, a member of Commission C of the Palangka Raya DPRD, Thursday 16/06/2016 (borneonews.co.id) currently in Palangka Raya City, there are 56 modern retail stores operating. There are even more that will follow which will operate and not to mention the addition of modern shops managed by local residents and non-network. jw.org en) Currently, there are 56 modern retail stores operating in Palangka Raya City. There are even more that will follow which will operate and not to mention the addition of modern shops managed by local residents and non-network. jw.org en) Currently, there are 56 modern retail stores operating in Palangka Raya City. There are even more that will follow which will operate and not to mention the addition of modern shops managed by local residents and non-network.

By taking into account the situation regarding the competition between traditional markets and modern markets, the government of Palangka Raya City, through the Department of Industry and Trade in 2017 will immediately revitalize two traditional markets, namely Kahayan Market and Datah Manuah Market. This condition shows that retail business players in Palangka Raya City which are traditional with independent management need the right strategies in order to be able to survive in the competition. In previous research, studies that talk about consumer perceptions reveal that consumers prefer traditional markets due to several factors such as price, convenience, fresher products, or for family reasons, while supermarkets or modern retail stores make purchases such as processed foods, beverages, and non-food items[2]. Among the additional reasons for customers to prefer traditional stores is the perceived value of a relationship with a retailer or seller[3]. While consumer preferences for choosing modern retail stores are in the modern retail format everyday low price (EDLP) and high and low price (Hi-lo) are the two most commonly applied pricing strategies that have to do with the type of customer that can attract consumers[4].

The purpose of this study is to demonstrate the advantages of modern and traditional retailers available to Indonesian consumers particularly in the city of Palangkaraya and to investigate what determines consumers' shopping preferences for their preferred retail format.

2. Method

The research method in this research is a qualitative method. Qualitative methods are valuable tools in research because qualitative research helps answer complex questions such as how and why, and attempts to apply a theory may or may not work, and how participants and researchers experience decision-making in answering these questions[5]. The type of research or research approach used in this study is a phenomenological approach. The focus of phenomenology is to discuss the life experiences of individuals who all experience the same phenomenon[6]. In this case, the researcher will make phenomenological research that is more flexible.

Data analysis in qualitative research is an iterative and complex process. The focus of analysis is to elicit the tacit meanings people attach to their actions and responses in relation to a phenomenon. The researcher is the main instrument trying to reveal this meaning by deep engagement with the data and the individuals who share their stories.

3. Results and Discussion

This study found several factors that influence consumer buying behavior in choosing their retail store format. As explained by Vedemani in [7], among others, these factors are location, merchandise, price, promotion, service and store presentation. However, these are all factors that can be controlled and considered by business actors, according to the theory of consumer buying behavior, there are also factors that cannot be controlled by business actors including those mentioned.[8]

3.1 Location Factor

The main problem in retail location selection problems is estimating the market potential or attractiveness of the location and it is difficult to calculate the true value of them. The following are responses from informants interviewed by researchers regarding location factors as factors that influence them in choosing retail store formats.

Table 1
Location Factor

No	Category/Theme	coding	Data	Data Number
1	Traditional Retail Store	Location factor has no significant effect	If it's distance, well, it depends on whether we are close or not. Well, if for example there is time to modern retail.	RPH.40
2	Traditional retail shop	Location factor has no effect	It's not really that close, it's actually far away, it's just that you've been close for a long time, so besides shopping, it's also for friendship	BK.38
3	Modern retail store	Location factor has no effect	According to needs, usually, if you need anything else, go to the traditional too, just cross, for example, if you are really close, when you shop, you usually go to the modern one, even if it's far away.	VK.28
4	Traditional retail shop	Influential location factor	Influential, because sometimes I walk or sometimes use a motorbike to get there	DR.22
5	Traditional retail shop	Location factor has no effect	Does that mean distance isn't a problem for you? (P.25) "Not"	VDS.26
6	Traditional retail shop	Location factor has no effect	If for example the distance factor, for example, in front of the house there is a shop next door between a modern retail store and a traditional retail store, do you still choose a traditional retail store? (P.31) "It's still traditional"	MF.32
7	Traditional retail shop	Influential location factor	I prefer the traditional one, because the first one is close to the house and the second one is cheaper	ARS.12
8	Traditional retail shop	Influential location factor	The first one is closer, then the price is pretty good than modern, if you are with the owner, you usually don't know too much huh	HD.22
9	Modern retail store	Location factor has no effect	It's not really a shop next to my house, I just prefer to go to Alfamart or Indomart, the distance is further from home	RP.24

Based on the results of the interviews above, six of the nine informants gave their statement that the location factor

had no effect on the desire to choose the retail store format they wanted, whether it was shopping in a modern retail store or shopping in a traditional retail store in Palangkaraya.

3.2 Merchandise Factor

Study conducted by Schaupp through a conjoint analysis of consumer preferences based on data collected from 188 young consumers revealed that the three most important attributes for consumers to satisfaction are privacy (technology factor), merchandising (product factor), and convenience (shopping factor). Offering a wide variety of products is often the key for merchants to keep customers coming back for more. The following are responses from informants interviewed by researchers regarding location factors as factors that influence them in choosing retail store formats[9].

Table 2

Merchandise Factor

No	Category/Theme	coding		Data	Data Number
1	Modern retail store	Influential factors	product	More complete. If it's traditional retail, you know, that's all.	RPH.44
2	Modern retail store	Influential factors	product	If I can't find the item in the traditional one, I'll switch to the modern one to look for the item first	DR.44
3	Modern retail store	Influential factors	product	If I prefer what I need, for example, for vegetable kitchen ingredients I choose to go to the traditional market because of course it's much more plentiful and cheaper if I buy it, that's a consideration, then for example if I go to a (modern) retail store, it's just what I need That's what I'm looking for, if I'm looking for it, for example, sometimes it's more hygienic and cleaner, if that's the case.	VDS.12
4	Traditional retail shop	Influential factors	product	For example, in this modern one, there aren't any spices, which are not yet manufactured, are they not in powder form, are there still?	ARS.20
5	Modern retail store	Influential factors	product	It's easier, because, for example, for traditional riches in stores, we have to ask first, eee... do we have stock or not. Usually there are shops or stalls that do not provide what we are looking for. So you have to look for the shop next door, but the modern ones are all there on average	RP.18

3.3 Price Factor

In this study the price-consumer relationship is also considered. The price factor is a support from several previous studies, one of which states that the demand from the market for an item is due to its lower cost[10]. Price has an important role in purchasing decisions, especially for products that are purchased frequently and which at the same time influences the choice of which stores, products and brands to treat poorly. The following are responses from informants interviewed by researchers regarding the price factor as a factor that influences them in choosing a retail store format.

Table 3

Price Factor

No	Category/Theme	coding	Data	Data number
1	Modern retail store	Influential price factor	For the reason itself, because we were given a clear price,	BK.14
2	Traditional retail shop	Influential price factor	For wholesalers, the first reason is because of the price, the price is definitely more affordable and cheaper than the traditional, hmm modern, that means the price difference is also far but we can also get more like that	VBS.32
3	Traditional retail shop	Influential price factor	Maybe in terms of the price is cheaper, or the interaction, bargain right	VK.34
4	Traditional retail shop	Influential price factor	Oh I see, it means that the price is assumed to be cheaper than traditional retail stores, right? (p.19) "Yes" (VDS.20)	VDS.20
5	Traditional retail shop	Influential price factor	Especially for why it is often clear that the price is, yes, the price is cheaper, right than a modern store	MF.30
6	Traditional retail shop	Price factor affects	There's no other reason. Because it's close to home and it's also cheaper,	ARS.18

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No	Category/Theme	coding	Data	Data number
			and sometimes it's like looking for a more complete one	
7	Traditional retail shop	Price factor affects	The first one is closer, then the price is pretty good than modern, if you are with the owner, you usually don't know too much huh	HD.22
8	Modern retail store	Price factor affects	Eee... there's nothing. The price may be yes, for example, the automatic shop is a bit more expensive than the modern one. In my experience, the side stalls are automatically more expensive than the modern ones.	RP.20

3.4 Promotion Factor

Promotion can be defined as a form of marketing communication, marketing communication is a marketing activity that seeks to disseminate information, influence/persuade and/or remind the target market so that the company and its products are willing to accept, buy, and be loyal to the products offered by the company concerned. This also applies to discounts or rebates. Discounts have a great influence on high-priced products, and affect consumers, and increase product value (Chen et al., 2012). Price discounts have a significant positive effect on consumers' purchase intentions (Rizwan et al., 2013). The following are responses from informants interviewed by researchers regarding promotion as a factor that influences them in choosing a retail store format.

Table 4
Promotion Factor

No	Category/Theme	coding	Data	Data number
1	Modern retail store	Influential promotional factors	It's more trending, when it comes to alpha, go to alpha, but if you're getting gossip, what are the cheap discounts to Indomaret, go to Indomaret	VK.18
2	Modern retail store	Influential promotional factors	For example, if I buy a lot, I'm more modern, sometimes because there are discounts and so on because the items are complete too	DR.30

3.5 Service Factor

Consumer needs depend on the quality of service. Service quality is an assessment of consumer attitudes. Service quality is an important factor in influencing the decision-making process. Service quality is an assessment of the provision of services in accordance with customer expectations. Service quality and purchase intention have a positive relationship. Good service quality has a positive relationship with purchase intention and consumers increase the number of visits to the store. When a store provides better service quality, consumer satisfaction increases with the store, and product purchase intentions also increase (Arslan and Zaman 2015). The following are responses from informants interviewed by researchers regarding service as a factor that influences them in choosing a retail store format.

Table 5
Service Factor

No	Category/Theme	coding		Data	Data number
1	Traditional retail shop	Influential factor	service	Call the guard right away, he'll pick it up and give it right away. If at IndomaretAlfamart, for example, we have to look for it ourselves, you know, not later at the cashier queuing up a lot of people to buy.	RPH.24
2	Modern retail store	Influential factor	service	For the reason itself, yes, because we are given a clear price, the price is right, then the second one is guaranteed, then the next place is clean	BK.14
3	Traditional retail shop	Influential factor	service	But if, for example, in a traditional retail store, which is rich in wholesale, we can be rich, for example, if we want to ask for Aqua, sometimes the person or the person who works there or the employees help us is more like helping us lift it, so it's more like that	VB.36
4	Traditional retail shop	Influential factor	service	If it's traditional, it's closer to the same, eh, the name is still unclear, so sometimes if it's less than a thousand or two thousand you can still borrow	DR.14

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3.6 Family Factor

Personal or familial factors are characteristics that are specific to a person and may not relate to others in the same group. These characteristics can include how a person makes decisions, their habits, unique interests, and opinions. When considering personal factors, decisions are also influenced by age, gender, background, culture and other personal issues. For example, older people are likely to exhibit different consumer behavior than younger people, which means they will choose products differently and spend their money on items that the younger generation may not be interested in (Khuong and Duyen, 2016).

Table 6
Family Factor

No	Category/Theme	coding		Data	Data number
1	Traditional retail shop	Family influence	factors	It doesn't matter, because on the other hand, this is also to help small SMEs.	RPH.30
2	Traditional retail shop	Family influence	factors	Maybe it's because he's my parents are already familiar with those who have grocery	BK.36
3	Traditional retail shop	Family influence	factors	That's right, maybe because I know you too (p.35) Yes. VK.36	VK36
4	Traditional retail shop	Family influence	factors	Yes, old acquaintances are the same as those who sell	DR.16
5	Traditional retail shop	Family influence	factors	Okay, so there is an intention to help umkm, right? (p.36) Yeah right. VDS.37	VDS.37
6	Traditional retail shop	Family influence	factors	There is a possibility, maybe the name is old people, why do they prefer traditional shops, maybe there is a reason (already know the owner)	MF.46

3.7 Traditional Retail Store

Based on the statements of the informants interviewed by the researcher, it turns out that most of them prefer traditional retail stores to modern retail stores, as the statements of the informants below.

Table 7
Traditional Retail Store

No	Category/Theme	coding		Data	Data number
1	Traditional retail shop	Informant preferences		It's traditional.	RPH.28
2	Traditional retail shop	Informant's Preference	Relative	For parents, the choice is different from mine, they really prefer to go to the grocery store like that	BK.30
3	Traditional retail shop	Informant preferences		Stick to the traditional one, it's like going to a wholesaler, so it's better	VB.30
4	Traditional retail shop	Informant's preferences	relative	For friends, it depends, but from my friends, it's more traditional	VB.46
5	Traditional retail shop	Informant preferences		My habits are more traditional, mas	DR.12
6	Traditional retail shop	Informant's preferences	relative	Parents prefer to go to traditional retail stores, because maybe they already know the shop owner very well	DR.32
7	Traditional retail shop	Informant preferences		Traditional	VDS.12
8	Traditional retail shop	Informant preferences		To prefer traditional, yes, rather than modern	MF.20
9	Traditional retail shop	Informant's preferences	relative	Ehh, for parents, they definitely prefer traditional retail stores over modern ones	MF.40
10	Traditional retail shop	Informant preferences		I prefer the traditional one, because the first one is close to the house and the second one is cheaper	ARS.12
11	Traditional retail shop	Informant's preferences	relative	He'eh (traditional), it's rare, right, the modern one is quite far from home	ARS.26
12	Traditional retail shop	Informant preferences		If you prefer, it's usually in a traditional retail store	HD.16
13	Traditional retail shop	Informant's preferences	relative	If you are at home with your family, it's usually a traditional store, it's always been a habit because you shop at traditional retail stores toko	HD.32
14	Traditional retail shop	Informant's preferences	relative	It's different with my sister, basically she is more traditional, prefers to go to the market. If not, for example, he likes to cook,	RP.26

No	Category/Theme	coding	Data	Data number
			if the goods run out, he prefers to go to the shop next door rather than to Alfamrt	

3.8 Modern Retail Store

Based on the statements of research informants, only a small percentage of them stated that they prefer modern retail stores to traditional retail stores, such as retail stores.the statements below.

Table 8

Modern Retail Store

No	Category/Theme	coding	Data	Data number
1	Modern retail store	Informant's relative preferences	It's okay, bro, it seems that a lot of my friends are going to modern retail. For example, if you are already in the office, there are a lot of plastics, that's modern retail, there are all kinds of things.	RPH.48
2	Modern retail store	Informant preferences	If you like it more, go to Indomaret	BK.10
3	Modern retail store	Informant preferences	Actually, I prefer modern	VK.8
4	Modern retail store	Informant's relative preferences	For example, most of them are the same, more modern, I think it's more practical, if you're my age, yes, but if you're above me, maybe I prefer to go to the market.	VK.30
5	Modern retail store	Informant preferences	It's more modern	RP.14

4. Conclusion

The results of this study indicate that the informants were chosen to provide their statements regarding their reasons for choosing the retail store format in shopping for daily necessities. The choice of consumer retail format is determined by the age and environment of relatives and family, and dimensions of shopping preferences such as store atmosphere factors, prices, products, promotions, services and services, family and location factors. Of the several factors that influence consumer buying behavior, namely: (1) Location factor, six of the nine informants stated that the location factor had no effect, while three of them stated that it had an effect on choosing the retail store format. (2) Merchandise factor, five out of ten informants stated that the merchandise factor influenced their choice in choosing the retail store format. (3) Price factor, eight out of ten informants stated that the price factor influenced them in choosing the retail store format. (4) Promotional factors, two out of ten informants stated that promotional factors influence in determining the choice of retail store format. (5) Service factors, four out of ten informants stated that service factors influence in determining the retail store format. (6) Store presentation factor or store atmosphere, there is no statement that this factor influences or does not affect the informants to determine their choice. (7) family factors,

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Customer Shopping Preferences Between Modern Retail Store and Traditional Retail Store in Palangkaraya City

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