

# The Condition of Traditional Market and the Impact to Consumer Satisfaction

Rahmanto Kusendi Pratomo<sup>1</sup>, Moondore Madalina Ali<sup>1</sup>, Wing Ispurwanto<sup>1</sup>, Baydhowi<sup>1</sup>

<sup>1</sup>Psychology Department, Faculty of Humanities, Bina Nusantara University, Jakarta 11480 Indonesia

**Keyword:** Traditional market, physical condition, consumer satisfaction

**Abstract:** The aim of this research is to understand the overall condition and facilities of traditional market in DKI Jakarta Province and link it with the level of Consumer Satisfaction. This research also employs a method of descriptive statistics analysis through exploration and clarification of its data collection in the vicinity of traditional market located in five areas of DKI Jakarta Provinces. The total of research station amounted to 28 traditional markets with total participant of 259 respondents. This research also showed the physical condition of the traditional market. The result of the research indicated that work environment had a direct impact to the engagement level of employee with significance level of  $p=0.004$ , with an influence level between variables  $R^2=0.394$ .

## 1 INTRODUCTION

A market, according to the Peraturan Presiden Nomor 112 pasal 1 Tahun 2007, is an area of buying and selling goods comprising more than one seller that is often called shopping center, traditional market, shopping complex, shopping mall, plaza, trade center or other designated names. Traditional market is a type of activity of distributing goods from producer to consumer. This activity was created due to public demands for the need of goods. Zeithaml et al. (Zeithaml, Parasuraman and Berry, 1990) explained a concept of providing a detailed information about the customer perception of services that called *servqual*.

Trade Minister of Indonesia (Ekonomi Kompas, 2018) in the beginning of April 2018 revealed three components that rendered the traditional market lost its edge with the modern retail market. The first component was the physical condition of the market, i.e., the modern retail market has a cleaner environment compared to the traditional one, resulting in a better shopping experience (Setyawan, Samudro and Pratama, 2015). The second component was access to goods traded by merchants in traditional market was harder to acquire compared to merchants in modern market. The third component was limited capital managed by the administrator of traditional markets. Considering the

conditions, the government, through the ministry of trade, would conduct development program or revitalization of traditional market in that same year. This program was urgently needed in order to maintain the existence of traditional market amid changes in patterns of buying-selling transaction that is happening currently (Ekonomi Kompas, 2018).

On the other hand, the rapid growth of modern retail market in Jakarta has become profound in numbers. In 2014, the gap between the growth of traditional market and modern market was quite apparent, i.e., the growth of traditional market declined to -8.1% while modern market increased to 31.4% (Nasional Kompas, 2010). This condition showed that traditional market had a decline in its consumer base. This, of course, would lead to the downward trend of transaction which in turn, resulting in the decline of revenue for the merchants in traditional market, while in contrast, the consumers and the number of modern retail market would continue to rise (Ma'ruf, 2005). The trend happened due to the many advantages of modern market offer such as a good level of hygiene, better safety when shopping, haggling-free goods, small price difference in comparison between the traditional market and modern market, as well as the optimum service when serving the customer. The emergence of various type of modern market that offer more facilities than the traditional market resulted in many people switching from shopping in

traditional market to shopping in modern market (Andriani and Ali, 2013).

Based on observation and interview in the 28 research stations in five provinces of DKI Jakarta, the research found a similar phenomenon of market typology concerning the physical environment condition of traditional market. Consumers in traditional market tend to care less of the physical facilities of the market stalls and environmental hygiene, the unorganized order of block layout in traditional market, the many occurrences where sellers don't occupy in the designated place, and from both the seller and buyer sides, they are not really concerned with the market hygiene condition of prevailing garbage, especially the waste byproducts from the selling and buying transaction activities. This situation naturally made traditional marketplace becomes slum-like and disorderly.

The stall location of merchants that is situated tightly-adjacent to each other radiates an uncomfortable atmosphere hindering prospective buyers to do a series of buying and selling activities, the rackety noise from the activities of sellers, as well as unpleasant odors also added the inconvenience of consumers when making transactions (Andriani and Ali, 2013). The indoor air conditioner facilities that only partly functioning add to the inconvenience of consumers inside the traditional market site. The governance of OHS (Occupational Health and Safety/K3) that has not complied with the standard also became a natural phenomenon in the existing traditional markets, for example, the SNI 03-1735-2000 containing the Fire Hazard Prevention in a Building and SNI-04-0255-2000 containing the General Requirement of Electrical Installation and other safety standard and amenities.

The satisfaction of customers and the users of traditional market facilities evidently play an important role in making profits and that became a determinant in creating customer loyalty (Shergill and Chen, 2007; Parasuraman, Zeithaml and Berry, 1985). The satisfaction of consumer and the user of traditional market facilities, in the event of making decision to buy something, can be influenced by cultural, social, individual and psychological factor of buyers, (Kotler, 1997; Kotler and Armstrong, 1997). The image of the site and facilities provided are the attributes that can become the reason why consumers choose the place for shopping (Widjoyo, Rumambi and Kunto, 2013), i.e.: the availability of commodities, the availability of all the colors, sizes and types of the merchandise, the easy accessibility to the shop location, the safety of the site, and the

vicinity of the site must be inside a shopping center or adjacent to other outlets inside a shopping center.

In addition, the reasons include prioritizing customer service into a specific segment such as: teenagers, families, housewives; service choices, including: various options to payment methods, food corner availability, delivery service, hospitality in servicing the consumer, image of interesting and sincere shop personality, supporting facilities for food court such as toilet availability, parking lot, atmosphere of exterior and interior decoration (Zeithaml, 1988), promotion such as goods prize, discount, special event, coupon program, and lucky draw prize program (Shergill and Chen, 2007). One approach to create a positive image to the existing image of traditional market is by attracting the attention of market users, both buyers and sellers. In this case, the administrator of the traditional market which is managed by PD Pasar Jaya in DKI Jakarta province, must be able to improve the physical facilities both the infrastructure and the supporting facilities as an effort to bring satisfaction to the users of traditional market.

## 2 RESEARCH OBJECTIVES

The objective of this research is to examine the impact of the facilities condition of traditional market in relation to the level of consumer satisfaction, by mapping the typology of traditional markets in DKI Jakarta Provinces and to describe the factors that influence the consumer satisfaction of the traditional market user.

## 3 RESEARCH VARIABLES

### 3.1 Market Typology

Regarding to reorganizing and fostering the traditional market, shopping center and modern shop, the definition of traditional market is a physical market that is built and managed by government, local government, private companies, state-owned enterprise, and local-owned enterprise in cooperation with private companies that take form as plotted working places such as outlets, shops, kiosks, stalls or tents owned or managed by small trader, medium trader, self-supported community, or cooperative along with small-scale business, small capital and the process of buying and selling

commodities through bargaining process (Peraturan Presiden Nomor 112 pasal 1 Tahun 2007).

### 3.2 Consumer Satisfaction

A standard of expectation established by the customers is determined by level of performance as perceived by the customers, comments and suggestion from consumers, and impression from employees in relation with customer expectation and satisfaction. There are five most dominant factors for service quality determinants from *servqual* concept (Zeithaml, Bitner and Gremler, 2009), i.e.:

- Reliability is an ability to perform the promised service dependably and accurately. This dimension means company give its promises about providing and finishing the work responsibility.
- Responsiveness is consciousness and willingness to help customer and provide the service promptly. This dimension puts an emphasis on the attention and precision when dealing with the demand, questions, and complaints from customers.
- Assurance is the knowledge, courtesy, and ability of employee to generate confidence and trust. This dimension probably will be very crucial in services that require a sufficiently high level of confidence in which customers will feel safe and secure.
- Empathy is an individualized care and attention which are given to the customers. The essence of this empathy dimension is to show customers through provided service that they are special, and their needs can be fulfilled.
- Tangible is represented in a form of physical facilities, equipment, staff appearance, and installed materials. This dimension describes the physical appearance and services that will be given to consumer. This includes physical environment such as exterior and interior of buildings, the neat and attractive appearance of staffs when providing the service.

## 4 RESEARCH FRAMEWORK

The purpose of the research is to prove that the analysis of early phenomenon about the condition of traditional market on Jakarta provinces has an

impact on the customer satisfaction (Figure 1). The result was the facilities of traditional market will have a standard anticipation in addressing the impact that will be generated from the phenomenon.



Figure 1: Research framework.

## 5 HYPOTHESIS

The hypotheses of this research are:

- Ho: The perception of traditional market does not predict customer satisfaction in DKI Jakarta
- Ha: The perception of traditional market predicts customer satisfaction in DKI Jakarta

## 6 THE CHARACTERISTICS OF RESEARCH PARTICIPANTS

The participants in the study were regular customers of the traditional market around DKI Jakarta. There were 259 participants with the age ranged from 18 to 68 years olds. There were 135 (52,1%) females and 124 (47.9%) males in this study. Participants were asked to share the link and information to their network, with the following criteria: Customer of traditional market, living in greater Jakarta area and frequent user of traditional market.

## 7 METHODS

### 7.1 The Sampling Technique

The sampling technique used in this research is a non-probability sampling where not all member of participants have the same opportunity to be included in the research. The approach used in the research is convenience sampling (Gravetter and Forzano, 2012; Gravetter and Wallnau, 2013).

### 7.2 Research Design

This study is a quantitative research. The design of this research is a predictive correlation. Predictive correlation design does not show cause-effect

relationship. The predictive variables predict the criteria variable analyzed using regression model (Gravetter and Forzano, 2012; Gravetter and Wallnau, 2013)

### 7.3 Measuring Instrument

The perception of traditional market questionnaires were adapted from the (Peraturan Presiden Nomor 112 pasal 1 Tahun 2007). There were 14 question items. The second questionnaire was about customer satisfaction which was adapted from (Zeithaml, Parasuraman and Berry, 1990). There were 11 items in the questionnaire. Both questionnaire are using Likert Scale

## 8 RESULT

Based on the result of linear regression analysis, the R value shows a simple correlation and equals

to 0.873, indicating a high degree of correlation. The R<sup>2</sup> value indicates how much of the total variation in the dependent variable that can be explained by the independent variable. In this case, the figure 0.394 (39,4%) can be explained as very large. Next result is the Anova, which reports how well the regression equation fits the data (i.e., predicts the dependent variable).  $F_{observed}$  167.270 with  $p < 0.0005$ , which is less than 0.05, indicates that the regression model predicts the dependent variable significantly well. Overall, this indicates that the regression model statistically and significantly predicts the outcome variable (i.e., it is a good fit for the data). The last is the Coefficients regression that provides the necessary information to predict dependent variable from independent variable, as well as to determine whether independent variable contributes statistically and significantly to the model and the regression equation with total dependent variable  $6.653+0.888$  (independent variable).

Table 1: Variables in the equation.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.628 <sup>(a)</sup>	0.394	0.392	4.34727

a. Predictors: (Constant), Traditional Market Facilities Conditions

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.653	2.293		2.901	0.004
Work Environment Conditions	0.888	0.069	0.628	12.933	0.000

Dependent Variable: Consumer Satisfaction

## 9 CONCLUSION AND DISCUSSION

In this study we examined the perception of traditional market and the impact to the consumer behavior. Data from 28 traditional markets and with 259 participants in DKI Jakarta, we found the reason of stunted growth of traditional market currently is due to its physical condition, for example: it was foul-smelling, stifling, disorganized, muddy and filthy. Such physical condition made the customer of traditional market shift by choosing modern market that offers more complete and convenient shopping experience (Shergill and Chen, 2007; Sadino and Syahbana, 2014). The traditional market, which is

often viewed only as a provider of cheap and complete products /provider of cheap price, was not popular. Traditional market, often identified as (a place to conduct) bargaining and haggling prices was viewed irrelevant to market players in Jakarta, this is due to the modern retail markets presently are growing more aggressively in offering complete products with lower prices even giving discount (Widjoyo, Rumambi and Kunto, 2013). The future research should consider comparing consumer's satisfaction between traditional and modern markets.

Based on the conducted analysis, the reason of stunted growth of traditional market currently is due to its physical condition, for example: it was foul-smelling, stifling, disorganized, muddy and filthy.

Such physical condition made the customer of traditional market shift by choosing modern market that offers more complete and convenient shopping experience (Widjoyo, Rumambi and Kunto, 2013; Sadino and Syahbana, 2014). The traditional market, which is often viewed only as a provider of cheap and complete products/provider of cheap price, was not popular. Traditional market, often identified as (a place to conduct) bargaining and haggling prices was viewed irrelevant to market players in Jakarta, this is due to the modern retail markets presently are growing more aggressively in offering complete products with lower prices even giving discount.

Widjoyo IO, Rumambi LJ, Kunto YS, 2013, *Analisa Pengaruh Kualitas Layanan terhadap Kepuasan Konsumen pada Layanan Drive Thru McDonald's Basuki Rahmat di Surabaya*, *jurnal manajemen pemasaran*. **1**, no. 1, 2013.1-12

Zeithaml, VA., Bitner MJ, Gremler DD. (2009). *ServicesMarketing – Integrating Customer Focus Across The Firm 5th Edition*. McGraw-Hill: New York

Zeithaml, VA., Parasuraman A, Berry LL 1990 *Delivering Quality Service*. McGraw-Hill : New York

Zeithaml VA. 1988, "Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence," *Journal of Marketing*, **52** (July), 2–22.

## REFERENCES

- Andriani M N, Ali M M 2013 *Kajian Eksistensi Pasar Tradisional Kota Surakarta*. Teknik PWK
- Ekonomi Kompas (2018) *Tiga Hal yang Buat Pasar Tradisional Kalah Bersaing Ritel Modern*. [Online]. Available at: <https://ekonomi.kompas.com/read/2018/01/04/171606626/tiga-hal-yang-buat-pasar-%20tradisional-kalah-bersaing-ritel-modern>
- Gravetter, FJ, Forzano, L.-A.B. 2012. *Research Methods for the Behavioral Sciences*. Canada: Wadsworth.
- Gravetter, FJ, Wallnau, LB. 2013. *Statistics for the Behavioral Science*. Canada: Wadsworth.
- Kotler P, Armstrong G. 1997. *Dasar-dasar Pemasaran*. Jilid 1. Edisi Bahasa Indonesia. Terjemahan Alexander Sindoro. Jakarta: Prenhalindo.
- Kotler, P. 1997. *Manajemen Pemasaran*. Jilid 1. Edisi Bahasa Indonesia. Jakarta: Salemba Empat
- Ma'ruf H. 2005. *Pemasaran Ritel*. PT. Gramedia Pustaka Utama, Jakarta.
- Nasional Kompas (2010) *Kisah Malang Pasar Tradisional*. [Online]. Available at: <https://nasional.kompas.com/read/2010/04/14/00374618/kisah.malang.pasar.tradisional>.
- Parasuraman A., Zeithaml VA, Berry LL. 1985. *Conceptual Model of Service Quality and Its Implications for Future Research*. **49**. 41-50.
- Peraturan Presiden Nomor 112 pasal 1 Tahun 2007 *tentang penataan dan pembinaan pasar tradisional, pusat perbelanjaan dan toko modern*.
- Sadino, Syahbana JA, 2014. *Pasar Tradisional Versus Pasar Modern di Daerah Perkotaan* (Studi Kasus: Kecamatan Gondokusuman Kota Yogyakarta), **10**(2): 205-217
- Setyawan EI, Samudro BR, Pratama YP, 2015. *Analisis kebijakan pemerintah kota surakarta mengenai pasar tradisional dan pasar modern*. **15**, No 1 Maret 2015.
- Shergill, GS, Chen Y. 2007. *Customer Perception of Factory Outlet Stores vs. Traditional Department Stores*, Massey University