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The Analysis of Modern Retail Growth toward Traditional Retail store in Berastagi as a Tourist City

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Abstracts—This research aims to reveal and overview the impact of modern retail business' growth toward the development of traditional retail store in Berastagi as a tourist city. The hypothesis of this research is The growth of modern retail business significantly impacts the growth of traditional retail store in Berastagi as a tourist city. The tool of collecting the data is by using questionnaire with the lickert scale. The population is the merchants of traditional retail store as many as 79 respondents. The data analysis utilized qualitative analysis with simple linear regression model. The result of this model is expected to be the source of evaluation for the local government in formulating policies of franchise and traditional business model. Moreover, it is expected as well that this research can be the additional information in the making of teaching materiao and be published in the journal.

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The Analysis of Modern Retail Growth toward Traditional Retail Store in Berastagi as a Tourist City

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Abstract- *This research aims to reveal and overview the impact of modern retail business' growth toward the development of traditional retail store in Berastagi as a tourist city. The hypothesis of this research is the growth of modern retail business significantly impacts the growth of traditional retail store in Berastagi as a tourist city. The tool of collecting the data is by using questionnaire with the likert scale. The population is the merchants of traditional retail store as many as 79 respondents. The data analysis utilized quantitative analysis with simple linear regression model. The result of this model is expected to be the source of evaluation for the local government in formulating policies of franchise and traditional business model. Moreover, it is expected as well that this research can be the additional information in the making of teaching material and be published in the journal.*

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I. INTRODUCTION

The need of traditional market has a positive impact toward the society surrounds it. This leads to the fact that traditional market has become the contributor of the growth of city's economy which equipped by the k- society and k- economy in order to success the government' program of information and knowledge-based society.

The emergence of modern market such as Indomaret, Alfamidi and Alfamart is thought to marginalize the traditional markets in urban area. Based on the result study of A.C. Nielsen (2005), modern market grows 31,4% per year meanwhile the traditional market shrinks to 8% per year. The result of the study of the ministry of small and medium enterprises with PT Solusi Dinamika shows that the emergence of modern market has threatened the existence of traditional market. The impact of modern market toward traditional market lies on the shrinking of sales turnover.

Berastagi city is a tourist destination with a potential to develop very fast for its growth in economy, trade and the establishment of universities and tourist spots has triggered the influx of local and international tourists to come to the city.

This growth triggers the complex need of life for urban people in berastagi city so that the emergence of modern retail market is really a promising business.

Before the establishment of a modern retail market, the physical consideration needs to be taken. Viewing from the service of traditional market and modern retail market, it is completely different, either from the price and the products offered. The service and the convenience of the modern market outperform the traditional market. Based on the background above, the authors were keen to do the research by the title "The Analysis of Modern Retail Development toward Traditional retail store in Berastagi as a Tourist City".

II. LITERATURE REVIEW

a. Modern and Traditional Market

Market is the place where a group of sellers meet their costumers in order to do the transaction or exchange service. There are 5 functions of market according to Wijayanti (2011): setting the value, distributing the goods, organizing productions, rationing, preserving and preparing Future need. According to Kuncoro (2008) the general problems faced by traditional market are: the crowd of the merchants that can't be accommodated, it has filthy image, fast food seems unhygienic, the growing modern retail market is a serious threat to traditional market, low awareness amongst the merchants to develop its enterprises and to locate its designated place, low awareness to pay the retribution, and the market which takes place only in one day.

b. The Impact of Modern Retail market toward traditional market.

Virtually, modern and traditional market has their own advantages where they have different segmentation in one and another. There is a bargaining process in traditional market which enables the creation of personal and emotional relationship between the seller and customer. This is not happening in modern market because the price is fixed labeled by the price tag. One of the advantages of modern market over traditional is the ability to establish a long term cooperation with major distributors that eventually enables the efficiency

in a large economy scale. There are also some strategies applied in modern market such as discounted price, price discrimination over time, non price strategy amongst advertised items, long operation hours, wholesale purchase and free parking.

The threats emerge from the existence of modern retail market are: first, shutting down the traditional market because there is a consumer shift. The very close location between traditional and modern market has caused the consumers shift from traditional to modern market due to the advantages possessed by modern market over traditional market. Second is related to local economy. Money circulation in the local is mostly derived from small and medium enterprises and with the decreasing of these small and medium enterprises and traditional market; eventually it has lead to little contribution.

III. RESEARCH METHODOLOGY

a. *Research Material*

This research aims to focus on the material of the impact of the growth in modern retail business toward the development of traditional retail store in Berastagi as a Tourist city.

b. *Types and the Scope of the Research*

This research has been conducted by using case study approach which is supported by *survey*. S*urvey* is a research which obtains the sample from one population by using questionnaire as the tool to collect the main data and generally has utilized quantities method. This research was being analyzed by using simple linear regression, which is by taking purposive sample of 79 merchants of traditional market from the total population spread in 10 villages in Berastagi city. The name of the villages are: Doulu Village, Gundaling I Village, Gundaling II Village, Gurusinga Village, Raya Village, Rumah Brastagi/Berastagi Village, Sempajaya Village, Tambak Lau Mulgap I Village and Tambak Lau Mulgap II Village.

IV. RESULT AND DISCUSSION

From the calculation result of output SPSS , it can be seen that the correlation in respective sectors toward the total of construct score shows a significant result. Hence, it can be concluded that each question for the growth of modern business retail is valid.

Tabel 5.4. Validity test of the questions
Correlations

		x1	x2	X
x1	Pearson Correlation	1	.541**	.884**
	Sig. (2-tailed)		.000	.000
	N	79	79	79
x2	Pearson Correlation	.541**	1	.871**

	Sig. (2-tailed)	.000		.000
	N	79	79	79
X	Pearson Correlation	.884**	.871**	1
	Sig. (2-tailed)	.000	.000	
	N	79	79	79

**. Correlation is significant at the 0.01 level (2-tailed).

The result of validity test for the questions of growth in modern business retail toward the development of traditional market can be seen in the table below:

Tabel 5.5. Validity test of questions on the development of traditional retail store

Correlations

		y1	y2	Y
y1	Pearson Correlation	1	.658**	.886**
	Sig. (2-tailed)		.000	.000
	N	79	79	79
y2	Pearson Correlation	.658**	1	.900**
	Sig. (2-tailed)	.000		.000
	N	79	79	79
Y	Pearson Correlation	.886**	.900**	1
	Sig. (2-tailed)	.000	.000	
	N	79	79	79

**. Correlation is significant at the 0.01 level (2-tailed).

a. The Result of Hypothesis

Hypothesis states that the growth of modern retail store (X) has significantly impacted the traditional retail store (Y) in Berastagi as a Tourist city.

Tabel 5.6. The Result of Regression Coefficient Test
Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	1.566	.834		1.878	.064
	X	.771	.115	.607	6.696	.000

a. Dependent Variable: Y

Source: Result of the research, 2017 (Data is processed)

Based on Table 5.6, then the equation of simple regression analysis is:

$$\hat{Y} = 1.566 + 0.771X_1 + \varepsilon$$

From the equation above it can be seen the growth of modern retail (X), and to influence the development of traditional retail (Y) in Berastagi as tourist city.

The value of determination coefficient of (R^2) was used to measure the sheer impact of free variable in modern retail growth (X) toward the development of traditional retail store (Y) in Berastagi as a Tourist City.

Tabel 5.7. test result of hypothesis determination Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.607[a]	.368	.360	1.39119

a. Predictors: (Constant), X

b. Dependent Variable: Y

Source: the result of the research, 2017 (Data Processed)

Based on the table 5.7, it can be seen that coefficient determination scores as 0,360. This shows that the ability of modern retail growth variable (X) to explain its influence on the development of traditional retail store in Berastagi as a Tourist city as much as 36,0%. While the rest of 64.0% is the influence of other free variables which is not studied (Variabel Dummy = e), for examples: price, customs, types of products and etc.

As a follow up of this research, the researcher plan to do research related factors that become the traditional retail able to face the competition from modern retail which currently has many operating in Berastagi city. Traditional retail capability to survive in the face the rush of modern retail in the small cities is an interesting thing to be a research object. The result of the research formulation is expected to be one of the considerations for the government of city to formulate and take policy related to licensing of retailer in region / city.

V. CONCLUSION

From the result of SPSS calculation, it shows that the growth of modern retail business has positively impacted the development of traditional retail store in berastagi as a tourist city. From the direct observation in the field, generally, it can be concluded that the existence of franchise business minimarket surrounds traditional retail store has impacted toward the development of traditional retail store. Even they no longer have costumers. But from the observation, there are also traditional retail stores that have been very resilient amidst the growth of modern retail market such as alfa mart and indomaret. Product diversification offers many choices to consumers and this also significantly impacts to the development of traditional retail store. The consumers feel more served and satisfied with the variety of the products they want to purchase.

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