The Impact of Modern Markets on Traditional Market Traders' Income

Suyanto

Faculty of Economics and Business, Universitas Dr. Soetomo, Indonesia

Abstract

This research examines the influence of modern markets on the current state of traditional markets, which have experienced a declining trend due to the emergence of modern markets that possess the potential to disrupt the traditional market economy. The aim of this study is to analyze the effects of modern markets on the sustainability of traditional markets and their contribution to the economic growth of trade in these traditional marketplaces. The research employs purposive sampling, with a total of 67 respondents, and adopts a quantitative research method. The data analysis model includes simple linear regression, classic assumption tests, and hypothesis testing processed using SPSS. The primary data source consists of responses obtained from questionnaires that gauge the respondents' opinions and assessments of the impact of modern market presence. The results of hypothesis testing indicate a significant positive influence of the existence of modern markets on the sustainability of the traditional Setiabudi SB Group Market. The coefficient of determination reveals that 25% of the variance in the sustainability of the traditional market in Kabupaten Jeneponto is affected by the presence of modern markets.

Keywords: Continuity, Existence, Modern Market, Traditional Market

Introduction

Humans have been striving to meet their needs since the beginning of their existence. The activities undertaken by humans to fulfill their needs require the presence of markets as supporting facilities (Assor & Rusdianti, 2023; Vyas & Butakhieo, 2021). The general definition of a market implies that it is a specific location where transactions occur between sellers and buyers. Within the market, transactions take place involving the exchange of products, both goods and services (Rangaswamy et al., 2020; Kasmir, 2013). In the market, sellers and buyers engage in transactions, which refer to the exchange of goods and services between individuals, companies, and other organizations, events that have an economic impact on business (Skousen & Stice, 2007). The occurrence of a transaction requires several conditions: there must be items available for sale, sellers, buyers, an agreement on the price of the goods, and no coercion from any party. In conclusion, from the above definitions, we can infer that a market is a meeting point between sellers and buyers to offer goods and services, and it does not necessarily have to exist in a concrete form in everyday life. Markets are places where economic activities take place and are considered as one of the manifestations of human adaptation to their environment. They serve as the central hub for economic activities carried out by the community, playing a vital role in daily life. Economists describe markets as places where transactions of specific products or groups of products occur (Muzizah, 2023). Modern markets are those that possess well-constructed buildings, adequate facilities, comfort, and clearly stated prices (Bisello et al., 2020; Hakim & Kristiyanto, 2020).

Currently, modern markets are rapidly expanding not only in metropolitan areas but also in various cities throughout the country, including Kabupaten Jeneponto. Data from the Ministry of Trade (Kemendag) in 2014 showed that the number of modern markets across Indonesia was around 23,000 units, with over 14,000 of them belonging to the minimarket group. This figure experienced a 14 percent increase compared to three years prior. A modern market is a market characterized by its modern features, where goods are sold at fixed prices and with self-service. These markets typically take place in malls and other modern establishments. The goods sold in modern markets offer a

diverse range of products. In addition to providing local products, modern markets also offer imported goods. The items sold in these markets have relatively guaranteed quality as they undergo strict selection processes. Rejected or non-compliant goods are not accepted for sale (Erti et al., 2018).

It is undeniable that the existence of modern markets has become a demand driven by the evolving modern lifestyle in our society (Yatminiwati et al., 2021). As consumers, people demand different aspects in their shopping experiences due to the increased levels of knowledge, income, and the number of dual-income families (both husband and wife working) with limited shopping time. Modern markets are now designed with neat, bright, and comfortable spaces, breaking away from the traditional image of crowded, dirty, and hot marketplaces. With the advantages offered, modern markets easily attract the attention of the public (Hakim & Kristiyanto, 2020).

Despite the ease of obtaining modern lifestyles and the rapid development of modern markets, there are still communities that maintain the culture of shopping at traditional markets. The characteristics of traditional markets according to the Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 20 of 2012 concerning the Management and Empowerment of Traditional Markets are as follows: 1) Government Involvement: Traditional markets are often developed and managed with the intervention of the government or through collaborations between various parties, such as the central government, local government, state-owned enterprises, regional-owned enterprises, and private entities; 2) Bargaining Activities: In traditional markets, buyers and sellers engage in face-to-face bargaining activities. This direct interaction fosters closer social relationships between traders and consumers, promoting a sense of community and personal connection.

The research conducted by Lestari, A. A (2018) on the impact of the presence of modern markets on the existence of traditional markets in the city of Samarinda revealed that there are more modern markets compared to traditional markets. As a result, consumers tend to shift towards modern markets due to their proximity and the provided facilities, which offer greater convenience. The issues faced by traditional markets are not solely attributed to the presence of modern markets, but also stem from internal problems such as revenue-related challenges and a lack of awareness among traders. Nevertheless, the presence of modern retail outlets around traditional markets leads to a reduced number of consumers shopping in the traditional markets, causing market segmentation. Furthermore, the research conducted by Masyhuri and Utomo (2017) on the impact of the presence of modern markets on traditional markets indicates that there are effects on the sustainability of traditional markets. Vegetable and fruit vendors do not experience significant influences on their revenue and consumer base. However, vendors selling daily necessities experience a decline in revenue and a decrease in the number of consumers. Consequently, the existence of modern markets does not necessarily lead to a decline in trading activities within traditional markets.

According to several previous research findings, there are still differences in results regarding the presence or absence of the impact of modern markets on traditional markets. Changes in lifestyle can influence consumer preferences, particularly among middle to upper-class individuals, who tend to opt for shopping at modern markets due to the convenience they offer. Considering this situation, the government should continue to pay attention to the sustainability of traditional markets, ensuring they can remain competitive even as the number of modern markets surrounding them increases.

The influence of modern markets compared to traditional markets is essentially based on their distinct advantages, as each caters to different market segments. In traditional markets, the bargaining process still exists, allowing for the establishment of personal and emotional closeness between sellers and buyers, which is not possible when shopping in modern markets, where prices are fixed and indicated by price tags. A significant difference between modern markets and traditional markets is the bargaining process that still occurs in the latter, whereas modern markets feature fixed prices indicated by barcodes. Although the habit and cultural attachment to visiting traditional markets still persist among people, this does not necessarily translate into happiness for the traders in these traditional markets, as many consumers are shifting towards modern markets. This indicates that consumers are more attracted to the offers provided by modern markets (Erti et al., 2018). It is an intriguing subject of research that has garnered the attention of both the government and private sectors, aiming to maintain a balance for the sustainable growth of both modern and traditional markets without negatively impacting either, as observed in other regions. Due to the significance of the aforementioned issue, the researcher has decided to conduct a study on the impact of Modern Markets on the income of traders in Traditional Markets.

Methods

The main objective of the research is to analyze the influence of Modern Markets on the sustainability of Traditional Markets and assess the contribution of Modern Markets to the economic growth of trade in Traditional Markets. This research is an associative study with a quantitative approach. Associative research aims to determine the influence or relationship between two or more variables. With this associative research design, we can understand how the presence of Modern Markets affects the sustainability of Traditional Markets. The research will employ a quantitative approach to gather and analyze numerical data. The data will be collected through a structured questionnaire (Sugiyono, 2015).

The population for this study includes all active traders in traditional markets in Kabupaten Jeneponto. The total population in this study is 201 individuals, based on data from active traders in Kabupaten Jeneponto in the year 2021. The sampling technique chosen for this research is purposive sampling, where specific criteria will be used to select the respondents. When rounded, the sample size from the population of 201 individuals, with a margin of error of 10% (0.1), is 67 respondents. So, total number of respondents in this study will be 67.

The primary source of data for the research will be the responses obtained from the questionnaire, which will include the opinions and assessments of the respondents regarding the influence of Modern Markets. For data analysis, the research will utilize simple linear regression analysis, classic assumption tests, and hypothesis testing. The data will be processed using SPSS (Statistical Package for the Social Sciences) software.

The hypothesis testing results will provide insights into the impact of the presence of Modern Markets on the sustainability of Traditional Markets in Pasar Setiabudi SB Group, Kabupaten Jeneponto. The coefficient of determination (R^2) will be calculated to measure the extent to which the presence of Modern Markets in Kabupaten Jeneponto affects the sustainability of Traditional Markets, indicating the proportion of variance in the dependent variable that can be explained by the independent variable. The research method outlined above will allow for a systematic investigation into the influence of Modern Markets on Traditional Markets' income and overall economic growth in the study area.

Results and Discussion

Respondent's Identity

The characteristics of respondents are essential variables considered in a research study. This information helps explain the responses provided in the questionnaires given to the respondents. The characteristics of the respondents in this study include gender, age, and the type of goods sold by the market traders in Kabupaten Jeneponto. The description of the respondents is presented as follows:

Gender

The identity of the respondents based on gender is presented in the following table:

Table 1. Respondents' Identity Based on Gender

No	Gender	Frequency	Percentage (%)
1	Male	6	9%
2	Female	61	91%
	Total	67	100%

Source: Data Processed (2022)

Based on table 1, it can be concluded that the majority of market traders in Kabupaten Jeneponto are female, with a total of 61 individuals, while male traders amount to only 6 individuals.

Age

The identity of the respondents based on age is presented in the following table:

Table 2. Respondents' Identity Based on Age

No	Age	Frequency	Percentage (%)
1	17 – 21 years	2	3%
2	22 – 26 years	3	4%
3	27 – 31 years	9	13%
4	32 – 36 years	4	6%
5	> 36 years	49	73%
	Total	67	100%

Source: Data Processed (2022)

Based on Table 2, it can be concluded that the majority of market traders in Kabupaten Jeneponto fall into the age group of >36 years, accounting for 73%.

Type of Goods Sold

The identity of the respondents based on the type of goods sold is presented in the following table:

Table 3. Respondents' Identity Based on The Type of Goods Sold

No	Type of Goods Sold	Frequency	Percentage (%)
1	Food	23	34%
2	Apparel	44	66%
	Total	67	100%

Source: Data Processed (2022)

Based on Table 3, it can be concluded that the majority of market traders in Kabupaten Jeneponto sell apparel, accounting for 66%. This is because there are few traders in the vicinity of the market selling apparel, creating an opportunity for apparel traders in the market.

Research Findings

The normality test in this research was conducted through regression calculation using SPSS 22.0 for Windows, detected through two approaches: graphical approach and Kolmogorov-Smirnov test approach, which compare two observations with a distribution to detect normality. Below are the results of the normality test using the Kolmogorov-Smirnov approach and graphical plot approach:

Kolmogorov-Smirnov

The criteria for assessing normality in the Kolmogorov-Smirnov test approach are that if the Asymp. Sig (2-tailed) value is greater than 5% at the 5% significance level, it indicates that the residual variable follows a normal distribution.

Table 4. Kolmogorov-Smirnov Normality Test Results

		Unstandardized Residual
N		67
Normal Parameters[a,b]		0,0000000
	Mean	2,69351566
	Std. Deviation	0,081
Most Extreme Differences	Absolute	0,081
	Positive	
	Negative	-0,075 ,081
Test Statistic		
Asymp. Sig. (2-tailed)		0,200[c,d]

Source: Data Processed (2022)

Based on the Kolmogorov-Smirnov normality test, it is found that the Asymp. Sig. (2-tailed) value is 0.200 > 0.05, indicating that the residual values are normally distributed.

Normal Probability Plot

The normality test was performed using regression calculation with SPSS 22.0 (for windows). The normality test with a graphical plot approach, specifically the Normal P-P Plot of Regression Standardized Residuals, determines if the data is scattered around the line and follows the diagonal line, indicating normal distribution.
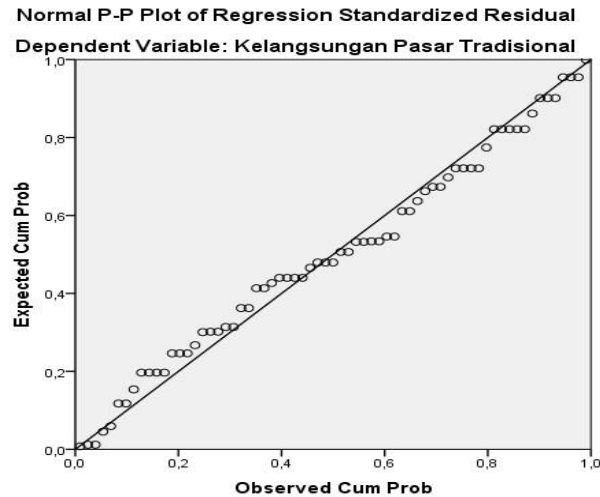

Figure 1. Normal Probability Plot
Source: Data Processed (2022)

In figure 1, the points are observed to follow and closely align with the diagonal line, confirming that the regression model used fulfills the assumption of normality.
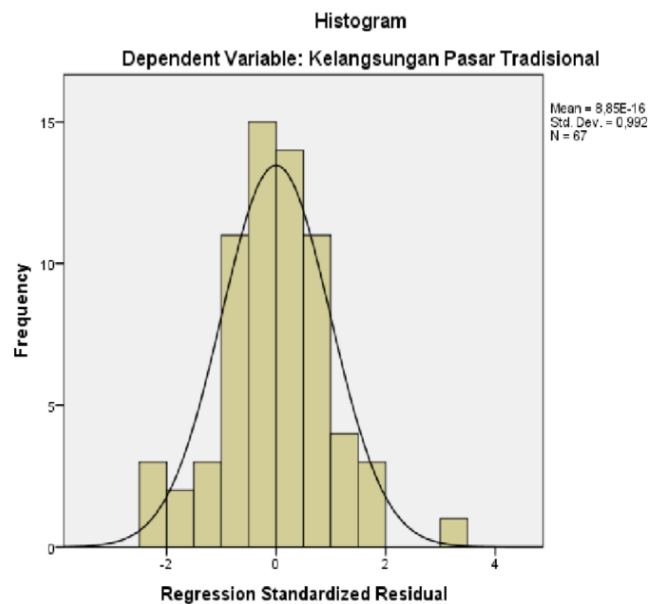
Histogram for Normality Test

Figure 2. Histogram for Normality Test
Source: Data Processed (2022)

In figure 2, it is evident that the residual data has a normal distribution, showing no skewness and aligning well with the curve.

Regression Analysis

Table 5. Simple Linear Regression Analysis Results

Model	B	t	Sig	R
Constant	13,439	4,419	0,000	
Market Presence -> Traditional Market	0,454	4,659	0,000	0,250

Source: Data Processed (2022)

Based on table 5, the simple linear regression equation can be formulated as follows:
$$Y = 13.439 + 0.454X$$
The simple linear regression equation can be interpreted as follows:
1. The constant value of 13.439 represents the consistent value of the variable Continuity of Traditional Markets
2. The regression coefficient of the variable Existence of Modern Market is 0.454. This means that for every 1% increase in the value of Existence of Modern Market, the value of Continuity of Traditional Markets will increase by 0.454. Since the regression coefficient is positive, it indicates a positive direction of influence of the variable Existence of Modern Market on Continuity of Traditional Markets

Hypothesis Testing
Partial Test (t-test)
The partial significance test or t-test is conducted to examine whether the variable Existence of Modern Market has a significant influence on the variable Continuity of Traditional Markets. The t-test will be as follows:
Ha: There is an influence between the existence of modern markets on the sustainability of traditional markets.
H0: There is no influence between the existence of modern markets on the sustainability of traditional markets.
Decision criteria with a significance level of 0.05 (5%):
1. If t calculated > t table, then H0 is rejected, and Ha is accepted at α = 5%.
2. If t calculated < t table, then H0 is accepted, and Ha is rejected at α = 5%.

Based on table 5, it can be observed that the t calculated value for the variable Existence of Modern Market is 4.659, with a significance level of 0.000. The t table value (df=67-2) is 1.997, thus t calculated > t table (4.659 > 1.997), and the significance level is 0.000 < 0.050. Therefore, it can be concluded that the variable Existence of Modern Market significantly influences the sustainability of traditional markets.

Coefficient of Determination Test (R²)
The coefficient of determination (R^2) reflects the ability of the independent variable to explain the dependent variable. The purpose of this analysis is to calculate the extent of the influence of the independent variable on the dependent variable. The higher the R2 value, the greater the proportion of the total variation in the dependent variable that can be explained by the independent variable.

Based on table 5, it is observed that the R2 value is 0.250. This means that the variation in the independent variable Existence of Modern Market can explain 25% of the variation in the dependent variable Continuity of Traditional Markets, while the remaining 75% is explained by other variables not examined in this study. The value of R = 0.500 indicates a strong relationship between the variable Existence of Modern Market and the variable Continuity of Traditional Markets. This implies a strong correlation between the two variables.

Discussion on the Influence of Existence of Modern Market on Continuity of Traditional Markets
Based on the results of the previous tests, it is evident that the data instruments used to measure the variables Existence of Modern Market and Continuity of Traditional Markets are valid and reliable. Consequently, the indicators and statements in this study can be used for future purposes. The findings further indicate that the variable Continuity of Traditional Markets significantly and positively influences the variable Continuity of Traditional Markets. The results of the partial test reveal that the variable Existence of Modern Market has a positive and significant impact on Continuity of Traditional Markets. This can be inferred from the fact that t calculated > t table (4.659 >

1.997) and the significance level is 0.000 < 0.050. Based on these partial test results, it can be concluded that the presence of the modern market has an impact on the sustainability of the traditional market, specifically in Pasar Setiabudi SB Group.

Furthermore, based on the results of the coefficient of determination (R^2) test, it is determined that the influence of variable X (Existence of Modern Market) on variable Y (Continuity of Traditional Markets) is 25%, while the remaining 75% is explained by other variables not examined in this study. These findings are in line with a previous study conducted by Nst and Jamal (2018), which also indicated that the establishment of modern markets poses a threat to traditional market traders. Thus, it emphasizes the need for traditional market traders to change their strategies and provide better facilities to compete with modern markets. The government should also pay attention to traditional markets to improve the quality of goods sold and maintain price stability. Market traders should improve their efforts and ensure cleanliness and comfort to retain customers and prevent them from switching to modern markets.

Conclusion

Based on the research findings and discussions regarding the influence of the existence of modern markets on the sustainability of traditional markets, the following conclusions are drawn: The presence of modern markets has a negative impact on the sustainability of traditional markets, leading to a decrease in the number of buyers by up to 25%. This is evidenced by the regression coefficient value of 0.454, and the hypothesis testing shows that the t-value is 4.659 with a significance level of 0.000 < 0.050. This indicates that the variable Existence of Modern Market has a positive and significant partial effect on the sustainability of traditional markets. Furthermore, the simple linear regression analysis shows that the coefficient of regression for the variable Existence of Modern Market is 0.250, meaning that the constant coefficient value is 25% with a positive sign. This indicates a strong relationship between the variable Existence of Modern Market and the variable Continuity of Traditional Markets accounting for 25% of the relationship.

Moreover, the coefficient of determination (R^2) test reveals that the value of R^2 is 0.250, meaning that the variation in the variable Existence of Modern Market can affect the sustainability of traditional markets, resulting in a negative impact caused by the presence of modern markets on the traditional market traders' economy. The emergence of modern markets, such as Pondok Indah Pasar Buah, located not far from the traditional market, has caused a decrease in the number of consumers by up to 25%, leading to a reduction in traders' income. This is due to consumers being more attracted to shop at modern markets like Pondok Indah Pasar Buah due to the better service and facilities, making them feel more comfortable.

Recommendations After conducting the research, the researcher provides recommendations related to the study, which can be used as input or consideration for relevant parties: For Market Management: The research findings show that the presence of modern markets has a 25% influence on the sustainability of traditional markets. Therefore, the market management should not overlook the existence of modern markets that are starting to emerge. Management needs to make changes related to facilities, such as maintaining cleanliness to ensure that both traders and consumers feel comfortable during transactions. Developing strategies to enable the market to maintain its existence despite the increasing number of modern markets nearby is also essential. This can help the market management to ensure the sustainability of traditional markets and enable them to thrive. For Traders in the Market: It is suggested that traders in the market should be friendly towards consumers and consistently maintain the cleanliness of their products to ensure that locally sold products can compete effectively with products offered at modern markets. For Future Research, it is recommended for future researchers to include additional supporting variables other than the existence of modern markets. This will make the information gathered more comprehensive and cater to the needs of subsequent researchers while providing more valuable insights.

References

Assor, A. R., & Rusdianti, I. S. (2023). How The Accounting Implementation In "Abon Ikan Tuna Lely Bintang" Ternate City? *Innovation Business Management and Accounting Journal*, 2(2), 63-70. https://doi.org/10.56070/ibmaj.v2i2.36

Bisello, A., Antoniucci, V., & Marella, G. (2020). Measuring the price premium of energy efficiency: A two-step analysis in the Italian housing market. *Energy and Buildings*, *208*, 109670. https://doi.org/10.1016/j.enbuild.2019.109670

Erti, L., Fithrie, S., & Waldelmi, I. (2018). Pengaruh Keberadaan Perusahaan Ritel Modern Terhadap Pendapatan Pedagang Harian Di Pasar Syariah Ulul Albab Desa Tanah Merah Dan Pandau Jaya Kecamatan Siak Hulu Kabupaten Kampar. *Jurnal Ilmiah Ekonomi dan Bisnis*, *15*(1), 25-33. https://doi.org/10.31849/jieb.v15i1.798

Hakim, E. A., & Kristiyanto, S. (2020). Menguak Eksistensi Pasar Tradisional dengan Keberadaan Pasar Modern di Kecamatan Krian Kabupaten Sidoarjo. *ECONOMIE*, *2*(1), 48-57. https://doi.org/10.30742/economie.v2i1.1154

Kasmir. (2013). *Analisis Laporan Keuangan*. Jakarta: Rajawali Pers.

Lestari, A. A. (2018). Dampak Keberadaan Pasar Modern Terhadap Eksistensi Pasar Tradisional Di Kota Samarinda. *Fakultas Ilmu Sosial dan Ilmu Poltik*.

Masyhuri, M., & Utomo, S. W. (2017). Analisis Dampak Keberadaan Pasar Modern Terhadap Pasar Tradisional Sleko di Kota Madiun. *Assets Jurnal Akuntansi dan Pendidikan*, *6*(1). https://doi.org/10.25273/jap.v6i1.1293

Muzizah, A. A. L. (2023). Eksistensi Perilaku Pelaku Usaha Di Pasar Kawasan Wisata Religi Makam Gus Dur Perspektif Pasal 1 Angka 3 Undang-Undang Perlindungan Konsumen Nomor 8 Tahun 1999 Dan Etika Bisnis Islam. *Irtifaq : Jurnal Ilmu-Ilmu Syari'ah*, *10*(1), 18-26. http://ejournal.unhasy.ac.id/index.php/irtifaq/article/view/3886

Nst, A. H., & Jamal, A. (2018). Dampak Pasar Modern (Alfamart) Terhadap Usaha Pasar Tradisional Di Kabupaten Aceh Besar. *Jurnal Ilmiah Mahasiswa Ekonomi Pembangunan*, *3*(1).

Rangaswamy, A., Moch, N., Felten, C., Van Bruggen, G., Wieringa, J. E., & Wirtz, J. (2020). The role of marketing in digital business platforms. *Journal of Interactive Marketing*, *51*(1), 72-90. https://doi.org/10.1016/j.intmar.2020.04.006

Stice & Skousen (2007). *Akuntansi Keuangan*. Edisi Enam Belas. Salemba Empat.

Sugiyono. (2015). *Metode Penelitian & Pengembangan (Research and Development/R&D)*. Alfabeta.

Syarifuddin, D. (2018). Pasar Tradisional Dalam Perspektif Nilai Daya Tarik Wisata (Studi Tentang Pasar Pagi Monju Kota Bandung). *Jurnal Manajemen Resort dan Leisure*, *15*(1), 19-32. https://doi.org/10.17509/jurel.v15i1.11266

Vyas, L., & Butakhieo, N. (2021). The impact of working from home during COVID-19 on work and life domains: an exploratory study on Hong Kong. *Policy design and practice*, *4*(1), 59-76. https://doi.org/10.1080/25741292.2020.1863560

Yatminiwati, M., Setyobakti, M. H., Sulistyan, R. B., & Ermawati, E. (2021). Social Entrepreneurship in MSME Development. *International Journal of Environmental, Sustainability, and Social Sciences*, *2*(3), 239-243. https://doi.org/10.38142/ijesss.v2i3.111