Existence and Revitalization of Traditional Markets against Modern Markets Development

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ABSTRACT

The existence of Indonesia modern markets developed very dramatically. Indonesia modern markets grew 31.4% per year, while traditional markets shrunk for 8% per year. This phenomenon raised a concern against the feasibility of traditional market for many small merchants put their life depending on this market. Therefore, this review was aimed (1) to understand the existence of traditional markets in coping with the aggressive attack of modern markets attempting to extend their market share; (2) to recognize the revitalization of traditional market; (3) to analyze the perception of merchants about the program of traditional market protection by the government; and (4) to acknowledge factors influencing merchants’ low perception about the protection for traditional markets. Result of review indicated several findings. (1) The existence of traditional markets in Malang was degrading due to dramatic growth of modern markets. (2) Revitalization of traditional markets in Malang involved some measures such as: (a) traditional merchants encouraged the Government and DPRD to validate local regulation about the restructuring of traditional markets; (b) traditional merchants persuaded their immediate village chief to set village regulation to protect traditional merchants in the village; (c) the government set minimum distance of 500 meters between traditional markets and semi-modern markets; (3) Merchants perceived that the government did not yet take strict action to protect traditional markets; (4) Some factors were influencing merchants’ low perception about the protection for traditional markets. (a) The government was not responsive to regulate the development of mini-markets and self-service retail stores; (b) There was no strong commitment for problem-solving; (c) Traditional merchants were only organized into “Unit”, and therefore, the discretion and authority of the Head of Unit as the decision-maker for market wellbeing were quite limited; (d) The resource for market management was not qualified and limited; (e) The unit as the manager of traditional markets did not have clear vision and mission; (f) The local government was less attentive to the importance of maintaining physical structure of the market; (g) The condition of market facility was not feasible; and (h) Traditional merchants were lacking of fostering.

KEYWORDS: Existence, Revitalization, Traditional Markets, Modern Markets

A. INTRODUCTION

Trade sector divided into large and small trades. Traditional markets belonged to small trade sector. Globalization made a competition between traditional markets and modern retails inevitable. Modern retails overwhelmed towns and cities without restraint. It would threaten the existence of traditional markets.

Local governments were required to make policies to keep the economic path balancing. They were also required to be sensitive to the importance of protecting traditional markets, especially for low and medium class of communities who lived in suburban and village.

The existence of traditional markets must be attended more seriously. The government must be benefiting because market asset was owned by the government, and merchants only exercised their right of usage. Government must protect existence of markets through the integrated efforts to develop the sustainability of markets and also empower the position of markets as the center of economic activities aimed toward the welfare of communities.

Globalization was marked by the mushrooming of modern markets in the middle of traditional markets. It led to various perceptions among communities. As we know, debates about traditional markets versus modern markets were too many. The reason was that many traditional merchants were forced to
“bankrupt” due to their loss from modern markets. Many views and opinions were given by experts. Presidential measure was taken. President Decree No.112/2007[1] about The Restructuring and Fostering of Traditional Markets, Shopping Malls, and Modern Retail Stores (or Modern Markets) was released and signed by President Susilo Bambang Yudhoyono dated on 27 December 2007. Local Regulation No.2/2002[2] about Private Markets was also validated to regulate the distance between traditional markets and modern markets to be 2.5 kilometers. In reality, however, almost every 500 meters in the suburb, we found easily modern markets and small supermarkets. Solving this problem was not easy. Through times, modernization had increased people welfare. Some of them preferred to shop into modern markets and were unwilling to walk into traditional markets, except for product that supermarkets did not provide. Buyers changed their purchase behavior. They shifted from traditional markets, made a trial into modern markets, and looked for alternatives (switching) to modern markets. It was reasonable because buyers always described traditional markets as muddy, less organized and inconvenient. Those were weaknesses of traditional markets and modern markets took advantages from it. Supermarkets deployed places with convenience, orderly, air-conditional, secure, and clean. Buyers freely chose the items. Consumer behavior was a process passed through by individuals when they were searching, buying, using, evaluating and acting after consuming products, services and ideas they considered as fulfilling their necessities.

Christina (2006)[3] mentioned that factors determining the decision of individuals did not come only from external effect, including the effect of families, referent groups, and cultures, but it was also determined by internal factors of consumers such as personal effect and psychological effect. Personal effect concerned with age, life cycle stage, occupation, economical environment, life style, personality, and self-concept. Psychological effect involved motivation, perception, learning and belief. Beside these attributes, the stimulus factors existed constituting the retail mix strategy. The mix comprised of product, price, promotion, location, personnel and presentation. In general, market was defined as the activity of selling and buying in the sale-buy transaction. Market was a place and also a process of selling and buying commodities for daily necessities. These commodities can be staples, cloths, shoes and slippers, and also vegetables and fruits. Traditional markets were the place where sellers met buyers in the transaction of selling and buying commodities. The transfer of the property right of commodities only happened after sellers and buyers agreed on price. Such market was called concrete market (Andreas, 2006)[4].

The category of traditional markets and modern markets was new term after self-service retail stores, supermarkets, hypermarkets and others were built. Traditional markets existed as the place where sellers encountered buyers and they did transaction directly on the building called kiosks, outlets, and lots and even on street vending. Street vending was run by sellers themselves but the buildings were usually managed by market manager. Modern markets were where sellers and buyers did not meet directly because buyers relied on the price or label in the barcode, did shopping self-reliantly or served by the clerk.

Kotler and Armstrong defined retailing as the activities to sell commodities or services to the final consumers who consumed them for personal or non-business usages. Retail business was meant as a base activity to deliver satisfaction to user consumers and to retain customers through a program of sustainable quality improvement. Such dimensions underlined consumer behavior. This understanding must be held by the actors of traditional markets and modern markets because it helped them to understand what the consumers need and want. The marketers can also determine the proper strategy to obtain and to retain each market share. Personal effect was strongly influential to the decision-making of consumers. Every personality was different and every person has different purchase behavior. “Personality was a psychological characteristic that distinguished every person in giving response consistently and sustainable to the environment”. Personality was described through characteristics such as self-confidence, dominance, adaptability and aggressiveness. It was inseparable from purchase behavior of consumers, especially when their behavior was modified gradually or actively by retailers to ensure their retailing business. Customers would think about added-value to their convenience in shopping because they perceived that shopping was a recreation and also met their diversity of necessities only through one location (one stop shopping). The existence of traditional markets did not decline due to only modern markets. Traditional markets’ turnover reduced because consumers’ taste changed. One way suggested for traditional markets to maintain their existence was by redesigning or revitalizing few aspects such as structures, infrastructures, services and others.

In other sides, modern markets in Malang did new innovations to deliver primary service to the consumers. Modern markets in Malang Raya were represented by Hypermarkets, Supermarkets,
Mini-markets and Retail Stores. Traditional markets differed on service scale from modern markets, and it was classified by urban, regional and environmental.

The most developed type of modern markets in Malang was mini-markets. This sector was dominated by Indomart and Alfamart. It spread throughout many districts in Malang Raya with 570 mini-markets. The retail stores in Malang Raya counted for 1543. Total of modern markets were 592. A consequence of this development was that trading structures and infrastructures must change in terms of architectures, commodities, economics, socioeconomics, and technologies. It triggered many kinds of consumptions, purchase habits or shopping behaviors. The decision to choose or to determine market type was also varying. It was clear that consumers for traditional markets and modern markets were different.

In 2015, the Central Government through the Ministry of Trade had planned for revitalizing 120 traditional markets which would need total budget of 505 billions IDR from APBN. This program was aimed to develop traditional markets to prevent traditional markets from dying and losing its competing ability. Market revitalization was done by renovating market buildings to increase the attractiveness of traditional markets and also to develop their dynamic of competitiveness. Revitalization was also expected to improve the activities of traditional markets and to improve the living standard of the merchants.

Market had very important position in economic activities. Most economic activities happened in the market. Market concept, according to Leksono (2009)[5], saw market as an institution with certain paradigm, ideology, value, norm and organization. Economic actors in the market were sellers, buyers, goods suppliers and organizations. Buyers may have similar demand or desire to be satisfied through their exchange and relationship with sellers. Market was the place when sellers and buyers meet to conduct selling-buying transaction.

Many scientific studies about traditional markets had been done and it produced diversity of viewpoints about social sciences. Wijayanti (2009)[6] reviewed traditional markets from historical science perspective. Wijayanti’s research entitled with “The Existence of Traditional Markets in Semarang City in 1873-1914”. Research indicated that, firstly, market in colonial era (1873-1914) was unfamiliar with the label of traditional market, but terms like municipal market (pasar kotapraja) and private market (pasar partikelir) got more fame. Municipal market reflected the real socio-economical life of the community. Secondly, municipal government was dominated by European nationality and used municipal market to obtain sympathies from the native.

Sulistyo (2010) conducted a research entitled with “Model of Traditional Market Development toward Healthy Market in Semarang” and highlighted traditional markets in terms of organization, law, and stakeholder aspects. Result indicated that firstly, reviewed from physical condition and stocking availability, traditional markets still needed improvement. Secondly, market funding must be allocated separately in APBD, at least to facilitate its management by the Official of Market in Malang Raya. Thirdly, some markets were prepared to be managed under a Local Company (managed under Market Local Company such as Pasar Gayamsari, Pasar Peterongan, Pasar Karangayu, Pasar Bulu, Pasar Rejomulyo, and Pasar Johar). A research from Manek (2010)[7] entitled with “Factors Influencing the Less Optimum Function of Lolowa and Fatubeano Traditional Markets in Atambua City District, Belu Regency”. It found that there was a relationship between less optimum function of Lolowa and Fatubeano Markets and various aspects such as governmental policy aspect, spatial physicality aspect, and socio-economical aspect. These aspects were outlined into several factors such as accessibility (road infrastructure and transportation mode), agglomeration, distribution of socio-economical facilities, internal condition of market (physicality of market building, supporting structures and utilities), financial policy, community participation policy, social relationship between trader and consumer, and refugee existence factor.

The existence of modern markets in Indonesia was developing very dramatically. As previously stated in data of Euromonitor (2014), hypermarket was the retailer with the highest growth (25%), followed by cooperatives (14.2%), mini-markets/convenience stores (12.5%), independent groceries (8.5%), and supermarkets (3.5%). In Indonesia, there were 13,450 traditional markets with 12.6 millions small merchants (Daryanto, 2009)[9]. As shown by result of A.C. Nielsen’s study, Indonesia modern markets grew at 31.4% per year, whereas traditional markets declined for 8% per year (Devi, 2012)[10]. The mushrooming of modern markets was a threat for the existence of traditional markets.

Result from the use of qualitative method showed that the main causes of the losing competitiveness of traditional markets to supermarkets may include poor management and unreliable market infrastructures in traditional markets. Therefore, merely existence of supermarkets was not
determining. Supermarkets, however, still took benefits from the bad conditions of traditional markets (Daryanto, 2009)[9]. Spatial design of traditional markets differed from modern markets. Modern markets were arranged orderly to increase consumers’ shopping convenience without forcing them to bargain the price. Self-service system facilitated consumers to search items they wanted to buy.

Taking into account this phenomenon, there was worrisome for the feasibility of traditional markets because small merchants relied on their life to these markets. Questions were then emerging: (1) How can the existence of traditional markets cope with the aggressive attack of modern markets attempting to extend its market share? (2) How is the perception of merchants about the program of traditional market protection by the government? (3) What factors are influencing merchants to perceive that there is low protection for traditional markets? Therefore, review was conducted on the existence and revitalization of traditional markets against modern markets, and also on the perception of traditional merchants about the protection program by city government for traditional markets.

This review was aimed: (1) to understand the existence of traditional markets in coping with the aggressive attack of modern markets attempting to extend their market share; (2) to analyze the perception of merchants about the program of traditional market protection by city government; and (3) to find out factors influencing merchants to perceive there is low protection for traditional markets in Malang Raya.

B. THEORETICAL BASE

Traditional Markets and Modern Markets

Market was a structure where sellers met buyers to have a transaction for their expected commodities. In this context, the existence of market was concrete, and within it, there was an actual locus of review, and there were actors who involved within transaction. In general, the characteristics of the market were traditional markets and modern markets. Main considerations involved market management system, quality of interaction and transaction, and physical facility (Ayuningsari, 2012)[11].

Traditional markets were identified with dirty, sloppy and crowded. Merchants usually manipulated quantity and quality of their goods. It reduced consumers’ trust and attractiveness in choosing traditional markets as the place where their necessities were fulfilled. It was supported by Ika Dian P through an article in Business Watch Indonesia (BWI). Traditional markets were caused by several factors such as the lack of good structures and infrastructures, less convenience, limited capital, and expensive product (Leksono, 2009)[5].

Pursuant to President Decree No.112/2007[1], traditional markets were built and managed by local government, private, State-Owned Enterprises, and Local-Owned Enterprises. They also fostered the cooperation with privates and local entrepreneurs. Shops, kiosks, lots and tents were provided to be owned by small merchants, middle merchants, self-reliant communities, or cooperatives, from which they would manage it for profits. Small-scale works, small-capital enterprises, and commodities sale-buy processes with bargaining system, must also be beneficial from such facilities. Differed from modern markets, traditional markets had natural competitiveness that modern markets did not have. Traditional markets were located at strategic sites, operated at wide sale area, had complete diversity of commodities, provided low cheap price, and implemented a bargaining system that developed an intimacy between sellers and buyers.

In traditional markets, the transaction was not only done by the dichotomy “maximum profit with minimum loss”. It was not only about merchants who received money while others receiving products.

C. METHODOLOGY

The location of research was the markets in Malang Raya. It was chosen by a recall that Malang Raya experienced an escalation in its traditional economic. This escalation was marked by the relatively crowded transactions and the great number of merchants who come from various districts in Malang Raya.

Sample of this paper was merchants who opened their business at traditional markets in Malang Raya. Sampling technique was clustering sampling that assigned merchants into categories. Sugiyono. (2009)[12]. The sample resulted in 100 merchants. Data collection technique involved observation, documentation, and questionnaire. Data analysis was conducted by measuring the frequency of occurrence and by examining the symptom of the observed objects. Data were reviewed to take a conclusion, and it was the answer of the observation.
The Existence of Traditional Market Merchants in Competing with Modern Stores and The Role of Government To Regulate The Establishment of Modern Stores

Traditional markets accommodated the economical activities. Sellers did marketing their products and buyers looked for these products to fulfill necessities. However, traditional markets were forced to deal with modern retail stores. The presence of such stores had sent the existence of traditional markets into marginal status.

Dramatic development of modern markets truly impacted adversely the existence of traditional markets. In one side, modern markets were managed professionally with various attractive facilities. In the other side, traditional markets were still busy to cope with their internal problems, such as less professional management and less convenience in shopping. If traditional markets prepared themselves to deal with business competition at modern retail markets, then thousands or millions of small merchants may loss their livelihood. Traditional markets would sink and be enclosed by a sharp competition from retail worlds dominated by modern markets.

Modern retail markets influenced quite significantly the feasibility of traditional markets. Several arguments had said that the presence of modern retail markets was the main cause why traditional markets subsided. However, these arguments were put into question. Almost all traditional markets in Indonesia were still grappled with internal problems such as incompetent market management, limited market structures and infrastructures, a status of “cash cow” for retribution-based revenue, an excess of street vendors (PKL) that reduced the incoming customers, and limited capital aids for traditional merchants. Indirectly, such position benefited modern markets.

Traditional merchants were searching for ways to protect their existence from the attack of semi-modern mini-markets. As shown by the cases in Malang Regency, after successfully urging Malang Regency Government and Local House of Representatives into validating Local Regulation Draft for traditional market restructuring, traditional merchants also suggested the village chief to take similar action. They persuaded village chief to validate Rural Regulation to protect traditional merchants in the village area. This persuasive action was set due to the incapacity of Malang Regency Government to release regulations about number delimitation and zone of semi-modern markets. Malang Regency Government only decided that the minimal distance between traditional merchants and semi-modern markets was 500 meters. As noted within a legal review few times ago, the stricter measure had been taken already to delimit the number of semi-modern markets but it was then considered as putting into a danger the position of Malang Regency Government. The accusation of hampering the business or impeding the investment climate was flown into Malang Regency Government. Although the government may have authority to set regulations, it seemed that the government only regulated the distance of the building, precisely that semi-modern markets must be located at minimally 500 meters from traditional merchants.

In accordance with Ibrahim, the establishment of modern retails at Malang Regency was developing very fast. Number and distribution of modern stores were quite excessive and underweighting traditional stores nearby. It brought positive economic in Malang Regency by increasing the economic growth of the Regency, but in other side, it gave negative impact because it reduced traditional merchants’ turnover and increased anxiety among traditional stores’ owners. Traditional merchants were in position of facing unhealthy competition. Until now, Malang Regency Government still allowed the establishment of modern retails at rural area by a reason that the government did not want to hamper the investment climate.

Revitalization of Traditional Markets

Indonesia Language Dictionary (KBBI) defined revitalization as a process, method, and action of making something into a vital thing. The word “vital” itself was meant as important or highly needed (either for necessities or others). Main focus of revitalization in this matter was that how can managerial structure be managed properly by competent actors with its managerial pattern always keeping up with the change. It was indeed true that revitalization would be oriented toward a developmental change.

One way to make revitalization was to create traditional markets with various functions and utilizations, including the sites for leisure or recreation with family. Revitalization of traditional markets was aimed to improve the competitiveness of traditional markets against modern markets. According to Paskarina in Mangeswuri et al (2010; 320)[14], the cooperation to ensure the revitalization of traditional markets was based on the consideration that market could be changed from being the place of a merely economical interaction into a public space. It was meant that the distribution channel of commodities would be improved. The function of market development was not only for financial profit but also represented steps to improve the economic of small trade. Private developers can be involved to ensure...
that markets would be managed creatively. The estuary of the revitalization of traditional markets was that how traditional markets would improve their quality of service to consumers and public.

Quality can be defined in various contexts and individual perceptions. There were different criteria and standard for the quality. It varied and always changed. Quality was perceived differently by different individuals. In general, quality was related with customer satisfaction (Adisasmita, 2011)[15]. Customer satisfaction was a post-sale evaluation where the selected alternatives must at least give similar outcome or beyond customers’ expectation.

Kotler defined customer satisfaction as the feeling rate where someone compared between the performance of products (services) they actually accepted and that they expected. The satisfaction of customers through service quality can be improved through some approaches (Munandar, 2010)[16], such as:
1. To facilitate the existed gap between management and customer.
2. To develop a collective commitment to create a vision to improve the service process.
3. To improve the opportunity among customers to convey claims through suggestions, critics, and structures provided by the company.
4. To develop and to apply accountable, proactive and partnership marketing based on the situation of marketing.

There was gap between hope and reality, and it caused satisfaction or dissatisfaction. Customer satisfaction was measurable through dimensions of service quality. There were dimensions of service quality (Setiono, 2011).
1. **Tangibles**: It concerns with physical facilities, equipments, employees and communication devices.
2. **Reliability**: It means providing immediate and satisfying services on promises.
3. **Responsiveness**: Staffs help customers willingly.
4. **Assurance**: It covers capacity, politeness, and trustworthiness of staffs, or the free from danger, risk, or hesitation.
5. **Empathy**: It is related with easiness to develop interpersonal contact, good communication, and sincere attention to customer demand.

Of these five variables of *Service Quality* (*Reliability, Responsiveness, Assurance, Empathy, Tangible*), only two variables influenced consumer satisfaction, both were *assurance* and *empathy* (Cornelis, 2009)[17]. Bloemer and Ruyter (1998)[18] in Rivai (2005)[19] and also in Elita Mieke (2011)[20] explained that satisfaction was often viewed as the base of the emerging loyalty. Satisfaction was positively influential to consumer loyalty. The more satisfying was the quality of service given by producers or service providers, the more loyal was the consumers and the more possibility that they would repurchase products or services.

In this review, the revitalization of traditional markets in Malang City was conducted in several ways. (a) Traditional markets encouraged the government and DPRD to make local regulations about the restructuring of traditional markets; (b) Traditional markets persuaded the head of village to develop local regulations to protect traditional markets; and (c) the government decided a minimum distance of 500 meters between traditional markets and semi-modern markets.

**Merchants’ Perception About Traditional Market Protection Program Made by The Government of Malang Raya**

1) **Determination of Market Location**

Figure 1. Frequency Distribution of Respondents’ Answer about Determination of Market Location

Majority of respondents (73 %) answered that their existing location was not strategic and less benefiting to them. Traditional merchants insisted that their current location was not strategic
anymore and overwhelmed by the existence of modern markets that reduced their income.

2) **The Income Rate of Traditional Merchants**

Figure 2. Frequency Distribution of Respondents’ Answer about Income Rate

Majority of respondents (73%) answered that they was less satisfying to their current income. Indeed, income rate among traditional merchants at traditional markets was not very satisfying because it tended to decline. The development of traditional markets was not effective because it was incapable to survive against the growth of modern markets that always increased. It impacted on reducing the income rate of traditional merchants at traditional markets because buyers shifted to modern markets, including hypermarkets, supermarkets, and mini-markets.

3) **Assurance for Business Feasibility of Modern Markets**

Figure 3. Frequency Distribution of Respondents’ Answer about the Assurance for Business Feasibility

Most respondents or 57% answered that their business feasibility was not given assurance. Merchants did not feel assured to obtain business feasibility because Local Regulation that was designated to provide a protection and fostering for merchants at traditional markets was not finished. The regulation was still discussed on the House of Local Representatives. Umbrella law that must protect merchants was still boiled.

**Development Rate of Modern Markets**

Figure 4. Frequency Distribution of Respondents’ Answer about Development Rate of Modern Markets
Majority of respondents, or 70%, answered that the development of modern markets nearby their location was quite fast. It impacted badly on traditional markets by reducing the income of traditional merchants. The proper policy for marketing development was impacting better on community, and particularly, merchants. If marketing development policies were not made in proper ways or methods for their culture, it would impact on merchants and consumers. The growth rate of modern markets, if compared with traditional markets, in period 2015-2016, had shown quite advancing growth. It could be seen in the following table and figure:

<table>
<thead>
<tr>
<th>Type of Modern Markets</th>
<th>Year 2015</th>
<th>Year 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypermarket</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Supermarket</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Minimarket</td>
<td>250</td>
<td>570</td>
</tr>
<tr>
<td>Modern Stores</td>
<td>1566</td>
<td>1543</td>
</tr>
<tr>
<td>Total</td>
<td>1823</td>
<td>2135</td>
</tr>
</tbody>
</table>

Figure 5. Development Rate of Modern Markets in Period 2015 and 2016

Location of Modern Markets

Figure 6. Frequency Distribution of Respondents’ Answer about the Location of Modern Markets

Majority of respondents, or 48%, answered that the location of modern markets was nearby. The restructuring of modern markets did not comply with regulations that disturbed traditional markets. The restructuring of modern markets was initiated through the Regulation of Trade Minister for Indonesia Republic, No:53/M-DAG/PER/12/ 2008 About The Manual of The Restructuring and Fostering of Traditional Markets, Shopping Malls, and Modern Stores. It was expected that this regulation brought good impact on the feasibility of traditional markets.
The development rate of modern markets showed quite fast growth and these stood nearby traditional markets. In 2015, the domination of Alfamart and Indomart began from 250 marts, and this number increased to 570 marts. The growth of hypermarket was also increasing counted from 3 marts in 2015 to 7 marts in 2016.

Table 2. Development Rate of Modern Markets in 2015 and 2016

<table>
<thead>
<tr>
<th>Type of Market</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypermart</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Supermarket</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Indomart</td>
<td>150</td>
<td>345</td>
</tr>
<tr>
<td>Alfamart</td>
<td>100</td>
<td>225</td>
</tr>
<tr>
<td>Total</td>
<td>257</td>
<td>592</td>
</tr>
</tbody>
</table>

Shown by the table above, number of modern markets in 2015-2016 increased from 257 to 592 marts. The increase involved the dominance of Alfamart, Indomart and Hypermart. Based on the competitive map, the management of traditional markets had perceived that the highest threat to the competitiveness of traditional markets came from Alfamart, Indomart and Hypermart at least in the last two years. Respondents put Indomart in the highest position as the main competitor of traditional markets. Number of Indomart’ stores greatly increased. It was perceived that Indomart represented a main threat of traditional markets.

Protection for Merchants

Merchant’ Chance to Obtain Strategic Site (Location)

Figure 7. Frequency Distribution of Respondents’ Answer about Merchants’ Chance to Obtain Business Site (Location)

Figure 7 showed that the majority of respondents, or 60%, had chances to obtain location for their business.

Facilities Available in The Market

Figure 8. Frequency Distribution of Respondents’ Answer about Facility Available in the Market
The majority of respondents, or 57%, answered that the analysis on feasibility of market renovation did not comply with the managerial aspects of marketing business. It still viewed market as a self-reliant entity that would take a great benefit after the renovation. It became homework for the Government of Malang Raya.

Public structures and facilities to provide involved one unit public toilet with 6 booth, a parking lot at width of 100 m², small lanes and roads, PLN-based lightings at 7700 watts (felt as less inadequate by merchants or not enough for public lightings), and Garbage Collection Site (TPS).

*Facility for Trading*

Figure 9. Frequency Distribution of Respondents’ Answer about Facilities such as Kiosks, Partitions, or Sites for Business

Majority of respondents, or 55%, answered that almost all merchants did not received facilities for their business, including kiosks, partitions, or spots. Many merchants were not accommodated, and market activities became overflowed onto the streets. It was ironic recalling that trading facilities provided by the government were increasing in number. The reason was that government was less maximizing in restructuring the merchants and regulating the markets. It may be due to the minimum socialization and it lacked of warranties from the government about the feasibility of the business at new place.

Facilities available for trading were increased in number, either for kiosks, partitions and spots. It would be seen on the following table.

*The Usability of Business Location*

Figure 10. Frequency Distribution of Respondents’ Answer about the Usability of Business Location

The majority of respondents, or 70%, answered that their location was not giving them better usability. The restructuring of business location conducted by market managing board was not quite optimum for producing consumers for merchants.
The Increase of Income

Figure 11. Frequency Distribution of Respondents’ Answer about the Increase of Income

The majority of respondents, or 48%, answered that their income was not increasing.

The Ability to Deal With Problem

Figure 12. Frequency Distribution of Respondents’ Answer about the Ability to Deal With Problem

The condition of trading at traditional markets was influenced by the mushrooming of mini-markets, and merchants could not deal with it. The majority of respondents, or 60%, agreed with this statement.

Restructuring or Layout of Business Site

Figure 13. Frequency Distribution of Respondents’ Answer about the Restructuring or Layout of Business Site

The majority of respondents or 80% answered that they did not satisfy with the restructuring or layout of their business site.
Prabowo et al., 2017

The Speed of Policymaking to Deal With Problem

Figure 14. Frequency Distribution of Respondents’ Answer about the Speed of Policymaking

The majority of respondents, or 65%, answered that relevant regulation was late. If it was made on time, it still failed to administer the growth of mini-markets. Starting from 2015, all allowances about mini-markets and modern markets would be revoked. It should be done by the government to protect the interest of traditional markets.

Merchants Who Benefited from Relocation

Figure 15. Frequency Distribution of Respondents’ Answer about Relocation

The majority of respondents, or 36%, answered that they did not receive yet the benefit of the relocation.

The Creation of Favorable Business Environment

Figure 16. Frequency Distribution of Respondents’ Answer about the Restructuring and Government Policy about Traditional Markets.

Majority of respondents answered that their business environment was not favorable or not conducive to business.
Protection for Consumers

Easiness to Access Business Location

Figure 17. Frequency Distribution of Respondents’ Answer about Easiness to Access Business Location

The majority of respondents, or 76%, answered that they were not easy to access business location. The relocation and renovation done in the end of 2014 were not increasing the access of merchants or visitors to the expected business location.

Assurance of Cleanliness, Security and Orderliness

Figure 18. Frequency Distribution of Respondents’ Answer about Assurance of Cleanliness, Security and Orderliness

The majority of respondents, or 59%, answered that it was very hard to assure cleanliness, security and orderliness. The existing condition of market was still far away from being feasible. Public structures and facilities comprised of public toilet (MCK) and garbage collection site (TPS). This unfeasible condition did not match with the advancing development of the market.

The Condition of Parking Lot, Bus Halt and Road Access

Figure 19. Frequency Distribution of Respondents’ Answer about the Condition of Parking Lot, Bus Halt, and Road Access
The majority of respondents, or 51%, answered that public facilities were not reliable.

**Empowerment**  
*Participation of Merchants into Organization or Association*

Figure 20. Frequency Distribution of Respondents’ Answer about the Participation of Merchants into Organization or Association

The majority of respondents, or 59%, answered that merchants were not involved into the association of market merchants.

**Partnership and Capitalization**

Figure 21. Frequency Distribution of Respondents’ Answer about Partnership and Capitalization

The majority of respondents, or 61%, answered that they were not facilitated when they attempted to build a partnership or to increase their capitalization.

**Fostering the Merchants**

Figure 22. Frequency Distribution of Respondents’ Answer about Fostering the Merchants
The majority of respondents, or 49%, answered that fostering the merchants were very difficult. It indicated that the managing board of the market played minor role in fostering the merchants, and therefore, this role should be improved.

In assessing the perception of merchants about the program made by Malang Raya Government to protect traditional markets, in this case, interval measurement rate was used to keep the perception of merchants about this program in consistent with the collected data.

Figure 23. Frequency Distribution of Respondents’ Answer about the Program made by Malang Raya Government to Protect Traditional Markets

Data showed that 56 respondents (56.0%) perceived that the program to protect traditional markets was not good, and 28 respondents (33.0%) assessed that the program to protect traditional markets was less functional. Therefore, most respondents perceived or assessed that Malang Raya Government’s program to protect traditional markets was not good or less functional.

CONCLUSION

The conclusions were made as following.
1. The existence of traditional markets in Malang had been degraded due to the dramatic growth of modern markets.
2. The revitalization of traditional markets in Malang was done through several ways: (a) traditional merchants should encourage the Government and DPRD to validate local regulation about the restructuring of traditional markets; (b) traditional merchants may persuade their immediate village chief to set village regulation to protect traditional merchants in the village; (c) the government must set minimum distance of 500 meters between traditional markets and semi-modern markets.
3. Merchants perceived that the program made by Malang Raya Government to protect traditional markets was not good. Merchants still felt that the protection for traditional markets by Malang Raya Government in pursuance of the Regulation of Trade Minister for Indonesia Republic, No:53/M-DAG/PER/12/ 2008 About The Manual of The Restructuring and Fostering of Traditional Markets, Shopping Malls, and Modern Stores, in Malang Raya, was not well implemented.
4. The factors influencing merchants’ low perception about the protection for traditional markets were explained as following:
   a. The government was not responsive to regulate the development of mini-markets and self-service retail stores around traditional markets.
   b. There was no strong commitment among relevant parties for problem-solving, or there was a lack of understandings about the importance of restructuring and fostering for traditional markets.
   c. Traditional merchants were only organized into “Unit”, and therefore, the discretion and authority of the Head of Unit as the decision-maker for market wellbeing were quite limited.
   d. The resource for market management was not qualified and limited.
   e. The unit as the manager of traditional markets did not have clear vision and mission.
   f. The local government was less attentive to the importance of maintaining physical structure of the market.
   g. The condition of market facility was not feasible.
h. Traditional merchants were lacking of fostering. The local government and the managing board of traditional markets, especially the local governments in Malang Raya and its managing board of traditional markets in Malang Raya, should change their mindset to not merely see traditional markets as the source of income. Merchants must invest their resource for improving traditional markets and determining the minimum standard of service. It may give better implication. Proper persons would be appointed as the manager and be given with adequate discretion to take necessary action. These people would not act merely as the collector of retribution. The performance of market manager must be improved either through training or periodic evaluation. Moreover, market managers must be consistently coordinating merchants to obtain better management of the market. Cooperative work (through work agreement) between local government and private sector may be the best solution to improve the competitiveness of traditional markets.

REFERENCES

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