

## Competitiveness Strategy of Traditional Market: Case Study in Panorama Lembang, West Bandung, Indonesia

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### Abstract

This research aims to describe the strategy that can be formulated as physical improvement and improving the function and attractiveness of the Panorama Lembang Bandung traditional market. The main consideration in this qualitative study is to highlight the capability of the traditional market to create something distinctive and unique but a level of comfort, security, and cleanliness. This research was conducted in West Bandung Regency. The location selection was purposively made because Bandung is one of the regions of West Java. The data used in this study are primary and secondary in qualitative technique. The results highlight the encouragement for central and regional governments to synergize and support the empowerment of the Panorama traditional market. The strategies are by enforcing and complying with the regulations that have been made. The suggestion that can be put forward is that the traditional market should be able to create and cultivate a clean, safe, orderly, and more attractive market atmosphere. With a focus on consumers, through efforts to understand consumer needs, wants, and expectations, the best service to consumers is the key to winning an increasingly fierce competition.

### Keywords

Competitiveness strategy, Traditional market, Marketing management, Small and medium enterprises

## 1. Introduction

The existence of traditional markets in Indonesia is not only an economic matter but a culture, norm, realm, and long-standing civilization in various parts of Indonesia (Ginting, 2018; Hermawan & Kistiani, 2018). Traditional markets are centers of people's socio-economic activities; the pattern of economic relations that occurs in traditional markets results in the establishment of close social interactions between traders-buyers, traders, and traders-suppliers which is a social heritage that represents the need to socialize between individuals (Adhuri et al.,

2016; Kurniawan & Kusriyah, 2019). The function of the traditional market is to become a meeting center, a center for information exchange and folk art activities, and even become a tourist package offered (Aliyah et al., 2020). In this view, traditional markets are regional economic assets and the glue of social relations in society. The traditional market is not just a space but a social institution formed due to social interaction and the community's needs (Aliyah et al., 2016). Traditional markets have functions and roles not only as places of trade but also as cultural relics that have existed since ancient times (Aliyah et al., 2016). Traditional markets have natural competitive advantages not owned directly by the swift modern markets (Sipahutar, 2016; Purnamawati & Landrawan, 2018). In the traditional market, the community's economic cycle occurs. In traditional markets, money circulates in many hands, is focused on, and stored in many pockets; the supply chain moves longer so that the multiples of the long cycle impact the economic movement of cities and regions.

Meanwhile, in the modern market, all the money spent is sucked into only a handful of recipients called cashiers. The effect on the economic cycle is shorter because it does not impact the rotation of other sectors outside of itself. In contrast to traditional markets, there are many small and medium enterprises (SMEs), where MSMEs are the main pillars of the Indonesian economy compared to macro-scale businesses. Apart from that, traditional markets have a family side, mutual cooperation between sellers and buyers is one of the beautiful sights when in the market and there is even a direct name and it can be a good relationship and cannot be separated like a very close brotherhood (Iskandar et al., 2021). However, this will be crushed if the traditional market does not have a competitive strategy in the face of the proliferation of modern markets made possible by the decreasing number of traditional markets (Sipahutar, 2016). Thus, imported products will flood traditional markets and compete with local products.

According to the Indonesian Franchise Association, more than 500 foreign franchises or franchises with more than 14,500 outlets have been and will soon be operating in Indonesia<sup>24</sup>. If the problem is left unchecked over time, the traditional market, which is the nation's cultural heritage, will disappear "swallowed by time." Therefore, the role of the government is very necessary for formulating a competitive strategy so that traditional markets can be highly competitive.

Responding to the competition between Traditional Markets and Modern Markets that is currently happening in Indonesia, researchers conducted research on the traditional market's competitive strategy, Panorama Lembang, Bandung, facing the modern market. This research was conducted in Panorama Lembang Traditional Market, West Bandung Regency; this is because the growth of traditional markets with Modern Markets in West Bandung Regency is not balanced. If the Traditional Market does not immediately strengthen its position to increase its competitiveness, slowly but surely, the shift in people's interest in shopping will tend to shift from the Panorama Lembang Bandung Traditional Market to the Modern Market. However, this may not happen 100% because the Panorama Lembang Traditional Market in Bandung still has customers, especially the lower class. If the Panorama Lembang Bandung Traditional Market can take advantage of these opportunities and opportunities to try to be more creative in increasing its competitiveness, the shift in consumer spending from Traditional Markets to Modern Markets can be minimized. The results of this research are certainly very useful for the development of the traditional market of Panorama Lembang Bandung in order to increase its competitiveness.

Based on the research background above, the problem in this research is how is the competitive strategy of the traditional market of Panorama Lembang Bandung. The purpose of this study is to formulate a competitive strategy for the traditional market of Panorama Lembang Bandung to increase its competitiveness.

## **2. Literature Review**

The strategy has many definitions in its development as a concept. In its development, the concept of strategy is increasing and always growing from year to year. The strategy combines competitive movements and business approaches that managers use to satisfy customers, succeed in competition, and achieve organizational goals (Tapera, 2016). Strategy is a careful search for action plans that will develop the firm's competitive advantage and unite it, where competitive advantage is an advantage over competitors that are obtained by offering greater consumer value, either at lower prices or by providing greater profits and services that provide higher prices (Jamaludin, 2021). For every company, the search is an iterative process that begins with acknowledging where you are and what you have now. Strategy is a series of competitive movements and business approaches to move the company in the desired direction, stake a position in the market, attract consumers, and achieve financial targets and market performance (Mahdi et al., 2015). Strategy is a company's long-term goal, as well as the utilization and allocation of all resources that are important to achieve these goals (Mainardes et al., 2014). A good understanding of strategy and other related concepts will determine the success of what strategy will be developed (Casadesus-Masanell & Ricart, 2010).

Furthermore, the definition of competitiveness is the ability of companies, industries, regions, countries, or regions to produce relatively higher and sustainable income and employment factors to face international competition (Kharlamova & Vertelieva, 2013; Laeeq, 2021). Therefore, in the context of a district/city as an organization, competitiveness is defined as the ability of a district/city to develop the socio-economic capabilities of its territory in order to improve the welfare of the people in its territory. Competitiveness is comparing the ability and performance of companies, sub-sectors, or countries to sell and supply goods and/or services provided in the market. The competitiveness of a country can be achieved from the accumulation of the strategic competitiveness of each company. The value-added creation process is within the company's scope (Adiguzel, 2020). The Minister of National Education defines competitiveness as showing better, faster, or more meaningful results. The capabilities in question are the ability to strengthen its market share, the ability to connect with the environment, the ability to improve performance continuously, and the ability to enforce a favorable position.

Competitiveness is productivity which is defined as the output produced by labor. According to the World Economic Forum, national competitiveness is the ability of the national economy to achieve high and sustainable economic growth (Schwab, 2018; Rachmawati et al., 2022). Competitiveness is determined by a company's competitive advantage and is very dependent on the level of relative resources it has or what we can call competitive advantage (Ma, 2000). The importance of competitiveness is due to the following three things: (1) Encouraging productivity and increasing self-reliance; (2) Can increase economic capacity, both in the context of regional economics and the number of economic actors, so that economic growth increases; (3) The belief that the market mechanism creates more efficiency (Urbancova, 2013).

### **3. Methods**

This research was conducted in West Bandung Regency. The location selection was purposively made because Bandung is one of the regions of West Java. West Java is one area that has experienced a significant decline in the number of traditional markets. At least more than 100 markets from around 800 traditional markets spread across West Java collapsed (Rusham, 2017). In addition, the location is affordable to researchers and efficient in terms of time, cost and effort. The time of this research starts from August 2021 to December 2021.

The data used in this study are primary and secondary data in qualitative technique. Primary data was obtained through in-depth interviewing with informants such as the branch head of PT. Bangun Bina Persada (private market manager), Chair of the Panorama Market Association, head of the West Bandung Regency Industry and Trade Office division, Lembang sub-district head, traders in the Panorama market. Secondary data in the form of literature studies and other data related to this research topic were obtained from various available documents, including magazines, books, newspapers, and articles both nationally and internationally, data from the industry and trade department of West Bandung Regency, and other relevant agencies.

### **4. Results**

The strategy that is still owned by the Panorama Lembang Bandung traditional market is the brand image that the Panorama traditional market sells goods at low prices. The brand image that this traditional market sells goods at low prices in the eyes of the public is formed from the purchase of goods in flexible and negotiable quantities. The reason for consumers to keep visiting the Panorama Lembang traditional market in Bandung is that this traditional market still offers lower prices. This price strategy should be maintained so that consumers can still exist and not abandon this traditional market.

Traditional concepts such as bargaining are one of the strategies that are also owned by traditional markets. The existence of interactions and dialogical relationships between buyers and sellers will create intimacy and satisfaction for consumers who like the concept of bargaining so that the term “subscription” is formed. These market participants do not only communicate on the matter of goods being traded but also regarding other matters. It can have a positive influence on encouraging consumers to return to shopping at the traditional market of Panorama. The strategy of the traditional market traders of Panorama still ignores a good service system for its buyers. Sometimes some traders are not friendly and do not pay attention to ethics or manners in their interactions with buyers. In fact, if a good service strategy is given to consumers, this will give a good impression and image. A good impression will encourage consumers to shop back in traditional markets.

The strategy used by traditional market competitors, Panorama, such as modern markets, is more active, creative, and integrated to attract consumers’ attention. Starting from promotions in advertisements, electronic media, banners, and brochures, to price discounts/discounts have been carried out by the modern market. The funds spent on marketing are not small to be able to produce something more in this case so that more consumers are interested in shopping in modern markets (Aziz, 2020).

The government's strategy in dealing with the competition between traditional and modern markets has not been enough to help the development of the traditional market of Panorama. Until now, there are no clear and firm rules, such as presidential regulations regarding locations, commodities and operating hours, and the distance between the modern and traditional markets. The existing regulations are only limited to the level of ministerial decisions, which are not yet effective enough to be obeyed, especially by the Regional Government. It is because the Regional Government of West Bandung Regency considers that the regulatory power of existing ministerial decisions is equivalent to regional regulations, which are often ignored in the interests of regional development. The existing regulations are only limited to the level of ministerial decisions, which are not yet effective enough to be obeyed, especially by the Regional Government. It is because the Regional Government of West Bandung Regency considers that the regulatory power of existing ministerial decisions is equivalent to regional regulations, which are often ignored in the interests of regional development.

Policies that are not synergistic and coordinative between the central and local governments in terms of licensing modern shops so that they seem overlapping have also pushed the position of traditional markets to be increasingly squeezed. In addition, the lack of socialization of credit assistance for small traders, both from the government and other financial institutions, contributed to the stagnation of traders in developing their businesses.

The structure of this retail business is closer to a perfectly competitive market. It can be demonstrated by the ease with which companies/traders enter the retail business market, the goods traded are homogeneous in both traditional and modern markets, and the number of sellers and buyers (there is no limit on how many traders there should be in this business and buyers are actors who really need goods sold in traditional and modern markets), and so on.

Competition in this business is felt between traditional and modern markets. Currently, modern markets such as hypermarkets provide a very different nuance and concept, namely the one-stop shopping, which has recently attracted consumers from various circles. Competitors from this modern market are increasingly expansive in developing their business and are increasingly creative in attracting consumers to shop at the market. The competition occurs mainly in terms of prices and commodities traded.

The positive side is that each market will provide the best service to its consumers and offer low prices for consumers. It certainly can trigger the traditional Panorama market to increase its competitiveness if you want to survive in the competition in this retail business. Another advantage for consumers from this competition is that consumers can choose various alternative places to shop according to their wishes. Meanwhile, the negative side of the Panorama traditional market is that if this traditional market is unresponsive and remains silent without making changes to improve its competitiveness, then this traditional market can get out of the competition. It means that this traditional market cannot exist in this competition.

In terms of suppliers and related industries, their roles are highly important in the traditional market. Suppliers are one of the important supporting parties for the retail business in supplying goods sold in traditional markets. This traditional market's supply chain/distribution is still long for several types of goods, causing inefficiency. It, of course, impacts the high selling price of some goods, and sometimes the quality of the goods is not maintained properly. Meanwhile, in modern markets, the supply/distribution chain only goes through two stages from the producer

directly to the distribution center of each modern market so that transportation costs, labor, and time can be more efficient and the selling price is relatively lower. However, generally, the suppliers of goods at the Panorama traditional market provide goods in a daily cycle so that the goods sold can be fresher.

Two factors influencing the interaction between these four factors are opportunity and government factors. First, in terms of government roles, the West Bandung Regency Government has specifically regulated the arrangement of traditional and modern markets. However, the government has not been firm enough in enforcing the regulations it has made, as evidenced by the existence of several minimarkets located close to traditional markets. Second, regarding the opportunity factor, consumers are starting to be selective in choosing where to shop. Not only the price factor, but consumers also consider the convenience factor and the completeness of the product. This factor can certainly be an opportunity and a threat to the traditional market.

## 5. Conclusion

The results highlighted that the strategy that can be formulated is physical improvement and improving the function and attractiveness of the Panorama Lembang Bandung traditional market in other forms that create something distinctive and unique, but the level of comfort, security, cleanliness, and order is well maintained. The central and regional governments must synergize and support the empowerment of traditional markets. The central and regional governments must synergize and support the empowerment of traditional markets by enforcing and complying with the regulations that have been made.

The suggestion that can be put forward is that the Panorama traditional market should be able to create and cultivate a clean, safe, orderly, and more attractive market atmosphere. With a focus on consumers, through efforts to understand consumer needs, wants, and expectations, the best service to consumers is the key to winning an increasingly fierce competition. Support from the Central and Regional Governments, both in the form of grant allocations and fair and non-overlapping policies, is expected to help improve the competitiveness of traditional markets.

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