

## TRADITIONAL MARKET OR MODERN RETAIL

Hotniar Siringoringo<sup>1</sup>, E. S. Margianti,<sup>2</sup>Anacostia Kowanda<sup>3</sup> & Trini Saptariani<sup>4</sup>

**Abstract:** *The objective of this study is to evaluate consumer attitude toward traditional market and retail modern. Survey was deployed to gather data using self administered questionnaire. Respondents are Gunadarma University staffs. SEM was deployed to analyze data collected as we dealt with latent variables. Result shows on gender, the correlation between attitude towards the important of shopping location and products are different between sexes for fish and chicken. Meanwhile, there is no significant difference between male and female respondents on the importance of shopping location decision for meat and vegetable products. Without regards to gender moderation effect, respondents are more preferable to shop in Traditional market than in modern retail. On Education level, it was found differences among respondents on the important of shopping location-products relationship, except chicken product. Among education levels it shows that traditional market is more preferable than modern retail in buying chicken, fish, meat, and vegetables products.*

**Keywords:** traditional market, modern retail, consumer decision, shopping location, shopping attitude

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<sup>1</sup> Gunadarma University ,Jalan Margonda Raya No. 100,Depok 16424,West Java – Indonesia, hotniars@staff.gunadarma.ac.id

<sup>2</sup> Gunadarma University ,Jalan Margonda Raya No. 100,Depok 16424,West Java – Indonesia, siringoringoniar@gmail.com

<sup>3</sup> Gunadarma University ,Jalan Margonda Raya No. 100,Depok 16424,West Java – Indonesia, anacos@staff.gunadarma.ac.id

<sup>4</sup> Gunadarma University ,Jalan Margonda Raya No. 100,Depok 16424,West Java – Indonesia, trini@staff.gunadarma.ac.id

## **Introduction**

Aside of the rapid growth of modern retail in Indonesia, existence of traditional market is still attractive to consumers, especially for fresh products such as vegetables, fish, chicken, and meat. Traditional market mostly operates in short time period and at morning daily. However, modern retail is open during 09.00 am until 10.00 pm generally. More ever modern retail operated in a shopping mall which has greater variety of shops and creates a more pleasant environment for the shoppers, thus enticing shoppers to visit (Kang & Herr, 2002; Moschis, Curasi, & Bellenger, 2004; Ooi & Sim, 2007).

Others attractive features, some modern retail are opened in an accessible location, closer to home (Arnold & Tigert, 1982) such as “Alfamart, Indomaret,” and much more other chains. They are small in size and various products, but most of the chains do not provide fresh products such as vegetables, fruits, meat, fish, etc. It is contrary to traditional market which is situated outside housing and generally dirty and crowded. Modern retail is neat and clean, more ever equipped with child's play facilities and others, so that consumers enjoy shopping activity (Ooi & Sim, 2007; D’Andrea, Ring, Aleman & Stengel, 2006; Arnold & Tigert, 1982; Granbois, 1981). Not to mention the busyness of housewives today, because they also have to work in addition to their work at households. However, shifting from just a housewife to be a career woman and a housewife, of course, might imply that they do not have enough time for shopping. This phenomena leads to utilitarian shoppers which is seek utilitarian value in a task-oriented, rational manner (Batra & Ahtola, 1990), as shopping at work (Holbrook & Hirschman (1982).

But with many advantages and convenience offered by modern retail, it seems consumers still prefer to shop in traditional markets. Reason for this may stem from habit which was hereditary from parents. Traditional market has been existed since hundreds years ago, so that going to traditional market for fresh foods purchase is automatic action (Williams, 2003; Limayem & Hirt, 2003; Limayem, Hirt, & Cheung, 2003; Verplanken, Aarts, & Van Knippenberg, 1997; Trafimow 2000, Saba, Moneta, Nardo, & Sineso, 1998, Ouelette & Wood, 1998, Tyre & Orlikowski 1994). Another consideration is probably the product price or freshness (Darke & Chung, 2005; Williams, 2003; Alba, Mela, Shimp & Urbany, 1999).

As it is evident, economy principals in traditional markets are lower income community, but they are 12 millions actors with 13,450 unit physical markets (Kuncoro, 2008). Given the fact, government has an interest to preserve this economic activity (Presidential regulations in No. 112/2007 in Kuncoro, 2008). So that the objective of this research is to identify the moderating effect of gender and education level on shopping location decision and subsequently to identify factors which influence consumer in deciding shopping location.

## RESEARCH METHOD

The study was in survey format in which questionnaire used as a research instrument. The questionnaire was developed to measure respondent shopping attitude toward fresh product as well as toward traditional market and modern retail. Questionnaire was developed in closed question form with five (5) choices in Likert scale, as can be seen in Table 1. In addition it was also collected respondent sex and education level.

**Table 1. Research Questionnaire**

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Please mark with  $\surd$  in the appropriate columns. 1: strongly disagree; 2 : disagree; 3 : no opinion; 4 : agree; 5 : strongly agree

| Question | 1 | 2 | 3 | 4 | 5 |
|----------|---|---|---|---|---|
|----------|---|---|---|---|---|

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It is important to consider the place of buying fresh vegetables

It is important to consider the place of buying fresh fish

It is important to consider the place of buying fresh chicken

It is important to consider the place of buying fresh meat

*Traditional market more appropriate than modern retail in buying fresh vegetables based on:*

1. Price
  2. Distant
  3. Strategic location
  4. Product freshness
  5. Completeness choices
-

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*Traditional market more appropriate than modern retail in*

*buying fresh fish based on:*

1. Price
2. Distant
3. Strategic location
4. Product freshness
5. Completeness choices

*Traditional market more appropriate than modern retail in*

*buying fresh chicken based on:*

1. Price
2. Distant
3. Strategic location
4. Product freshness
5. Completeness choices

*Traditional market more appropriate than modern retail in*

*buying fresh meat based on:*

1. Price
  2. Distant
  3. Strategic location
  4. Product freshness
  5. Completeness choices
- 

It is interested to evaluate the correlation between shopping attitude toward product and place of shopping and also to measure the moderation of respondent sex and education, as shown on Fig. 1. In order to analyses of data, statistical method such as hypothesis test was deployed. Correlation was used to analyze the relationship between gender and attitude towards the important shopping location as well as between education level and attitude towards the important shopping location. In order to analyze the different between gender in perceiving traditional market and modern retail based on product price, distant to location, access to location, product freshness, & product completeness, SEM was deployed. Similar technique was also used in analyzing the different among education level in perceiving traditional market and modern retail based on product price, distant to location, access to location, product freshness, & product completeness, SEM was deployed.

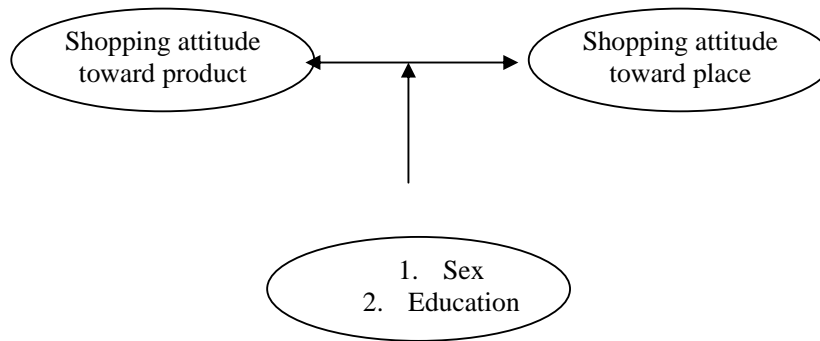


Figure 1. Research model

## RESULT AND DISCUSSION

It was succeeded to recruit 103 respondents, in which 2 data were excluded due to invalidity. Among them, 79 respondents are females and 23 are males. From the point of view of education, 8 respondents were graduated from college, 19 respondents are bachelors, 53 are master degrees, and 22 are doctorate graduate. Respondents dominantly are postgraduate level as questionnaires were distributed among Gunadarma University staffs.

It was explored first the important of shopping location decision to respondents in the sense whether they consider important to decide where they should buy vegetables, fish, chicken, and meat individually. For this purpose it was used correlation from non parametric statistics considering data was measured using ordinal scale. It was correlated respondent gender and education level bivariately with the attitude towards the important of shopping location. The result associated is shown on Table 2 and Table 3. Null and alternative hypotheses developed for this case are:

1.  $H_{01}$  : There is no different between male and female in perceiving the important of shopping location decision of vegetables, fish, meat, and chicken products.
2.  $H_{A1}$  : Male and female perceived the important of shopping location decision of vegetables, fish, meat, and chicken products differently.
3.  $H_{01}$  : There is no different among education level in perceiving the important of shopping location decision of vegetables, fish, meat, and chicken products.
4.  $H_{A1}$  : Male and female perceived the important of shopping location decision of vegetables, fish, meat, and chicken products differently.

Table 2. Correlation between gender and attitude towards the important of shopping location decision

| Test Statistics <sup>a</sup> |   |   |   |  |
|------------------------------|---|---|---|--|
|                              | the importance of shopping for vegetables product | the importance of shopping for fish product | the importance of shopping for meat product | the importance of shopping for chicken product |
| Mann-Whitney U               | 793.500   | 844.000                                     | 812.500                                     | 841.000  |
| Wilcoxon W                   | 1069.500  | 1120.000                                    | 1088.500                                    | 1117.000                                       |
| Z                            | -1.032  | -.581                                       | -.868                                       | -.608  |
| Asymp. Sig. (2-tailed)       | .302  | .561  | .386  | .543   |

a. Grouping Variable: respondent gender

Table 3. Correlation between education level and attitude towards the important of shopping location decision

| Test Statistics <sup>a,b</sup> |   |   |   |  |
|--------------------------------|---|---|---|--|
|                                | the importance of shopping for vegetables product | the importance of shopping for fish product | the importance of shopping for meat product | the importance of shopping for chicken product |
| Chi-Square                     | 1.563   | 2.212                                       | 2.343                                       | 2.411  |
| df                             | 3   | 3   | 3   | 3  |
| Asymp. Sig.                    | .668  | .530  | .504  | .492   |

a. Kruskal Wallis Test

b. Grouping Variable: respondent education level

Based on Table 2, it shows that there's no different between male and female respondents in perceiving the important of shopping place decision either for vegetables, fish, meat, or chicken products. Asymptotic significance value for vegetables, fish, meat, or chicken products respectively are 0.302, 0.561, 0.386, and 0.543. All values are much bigger than 0.05 so that it can be conclude the receiving of null hypothesis. However this result is contrary to previous research results which were shown the impact of gender on various shopping behaviors such as information processing (Maldonado, Tansuhaj, & Muehling, 2003; Meyers-Levy & Maheswaran, 1991; Richins, 1991), product adoption (Kempf, Laczniak, & Smith, 2006), product preference (Moss & Colman, 2001), personality fit and brand image fit (Phau, 2009).

Generally male is efficient shopper in terms of time and efforts. Male customers are used to avoid bargaining so that it supposed that they prefer to perform shopping on modern retail which offers fixed price. More ever male customers are more likely utilitarian shoppers which are task-oriented and in rational manner (Batra & Ahtola, 1990). In contrary female shoppers generally is believed seeking hedonic value. Hedonic value refers to the value derived from pleasurable experience which reflects emotional or psychological worth of the experience (Holbrook & Hirschman, 1982).

Similar result is also shown on respondent education level (see Table 3). Asymptotic significance values for vegetables, fish, meat, and chicken respectively are 0.668, 0.530, 0.504, and 0.492. Again all values are above 0.05 which means the receiving of  $H_0$  if five percent level of significance value is used. There's no different among respondents with different education level in perceiving the important of shopping place decision either for vegetables, fish, meat, or chicken products.

### **Attitude Based on Gender**

The research idea was triggered with the evidence of fast growing of shopping malls in Indonesia. Fresh products which are traditionally trading in traditional market is shifting to shopping malls with various entertainments (Kang & Herr, 2002; Moschis et all, 2004; Ooi & Sim, 2007). As a matter of fact, traditional market is dirty, crowded, smelt not good, etc. However until these days, traditionally market is still existed and visited to buy various households need especially for fresh products. The existence of traditional market is hereditary since decades back.

The difference of shopping attitude on gender was analyzed using SEM multiple group. There are 2 groups in this case i.e. male and female respondents. Using SEM null hypothesis ( $H_0$ ) was formulated such that the factor loadings are identical across male and female respondents against the alternative hypothesis ( $H_1$ ) that the factors are not identical across male and female respondents. A Chi-square difference test is used to test the hypotheses. The test statistic value for the Chi-square difference test is merely the difference between the goodness-of-fit Chi-square test statistic values of the multiple group measurement models under the null and the alternative hypotheses. The associated result is shown on Table 4.

As showing on Table 4, the difference of  $H_0$  and  $H_1$  P-value on vegetables and meat product is bigger than 0.05. It means there is insufficient evidence to reject  $H_0$  which is subsequently confirms there is no different between male and female respondents when deciding either on modern retail or traditional market in buying vegetables and meat product. Relationship between shopping attitude towards product and shopping attitude towards place is not moderated by respondents' gender.

Table 4. Chi-square result

|           | Product    | $H_0$   |    | $H_1$   |    | differences |    |
|-----------|------------|---------|----|---------|----|-------------|----|
|           |            | P-value | df | P-value | df | P-value     | df |
| Sex       | Vegetables | 0.43623 | 27 | 0.90568 | 21 | 0.46945     | 4  |
|           | Fish       | 0.01576 | 27 | 0.03072 | 23 | 0.01496     | 4  |
|           | Meat       | 0.08643 | 28 | 0.03638 | 24 | 0.05005     | 4  |
|           | Chicken    | 0.18886 | 27 | 0.14169 | 23 | 0.04717     | 4  |
| Education | Vegetables | 0.77282 | 70 | 0.76253 | 55 | 0.01029     | 15 |
|           | Fish       | 0.53845 | 70 | 0.54295 | 57 | 0.0045      | 13 |
|           | Meat       | 0.13683 | 70 | 0.13523 | 52 | 0.0016      | 18 |
|           | Chicken    | 0.39724 | 69 | 0.19843 | 54 | 0.19881     | 15 |

Conversely the small P-value on fish and chicken products suggests that there is sufficient evidence to reject the null hypothesis if a five percent level of significance is used. In other words, there is sufficient evidence that the factor loadings for the male and female respondents are different. Relationship between shopping attitude towards product and shopping attitude towards place is moderated by respondents' gender. It is not surprisingly since many previous researches gave evidence the different between male and female on shopping attitude (such as Maldonado et al., 2003; Meyers-Levy & Maheswaran, 1991; Richins, 1991; Kempf et al., 2006; Moss & Colman, 2001; Phau, 2009).

Further it shows, without regards to differences between male and female respondents, attitude toward modern retail and traditional market are based on product price, distant, strategic location, product freshness, and product completeness. All path score from product price, distant, strategic location, product freshness and completeness are positive (see Fig. 2-5 for reference) both on female and male either with vegetables, fish, meat, or chicken product.

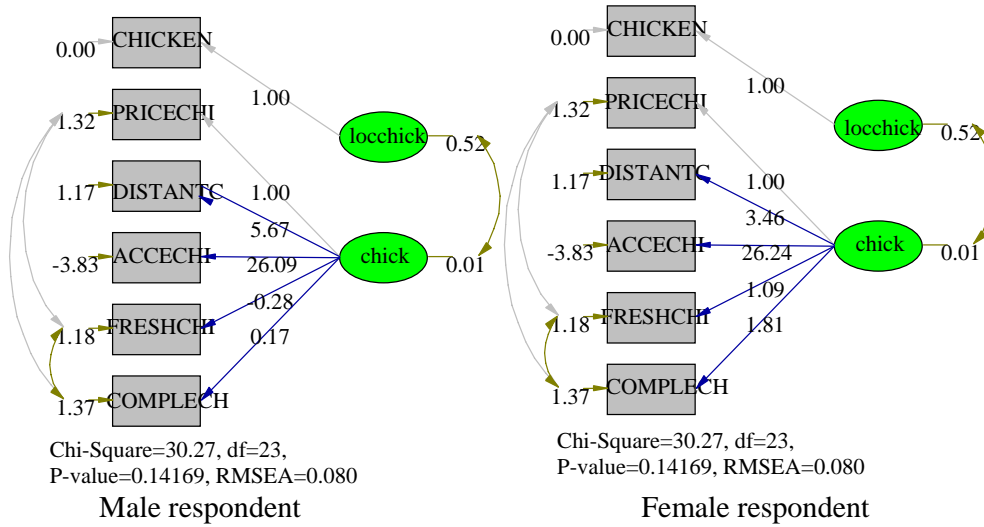


Figure 2. Path diagram of chicken product with gender

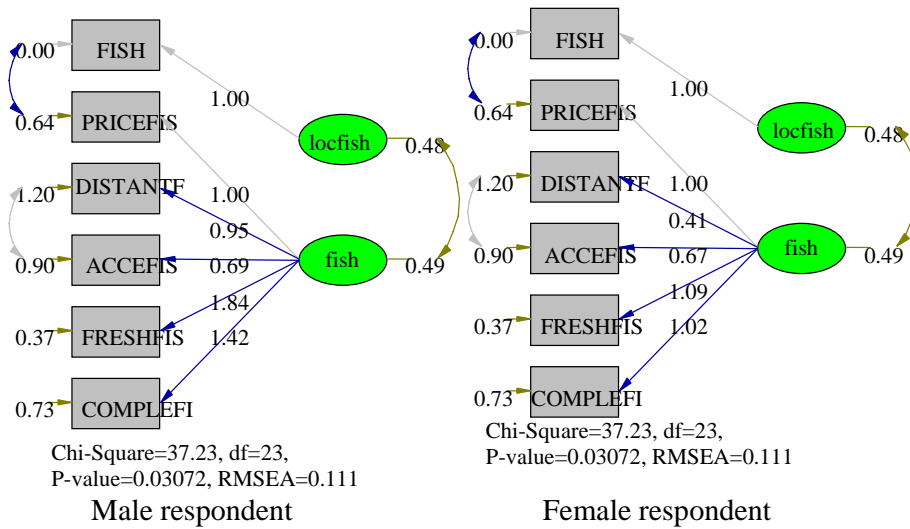
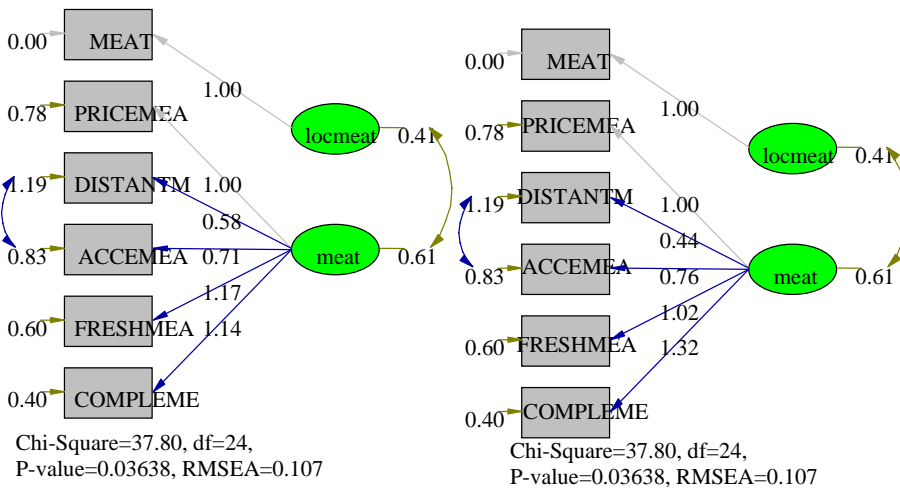


Figure 3. Path diagram of fish product with gender



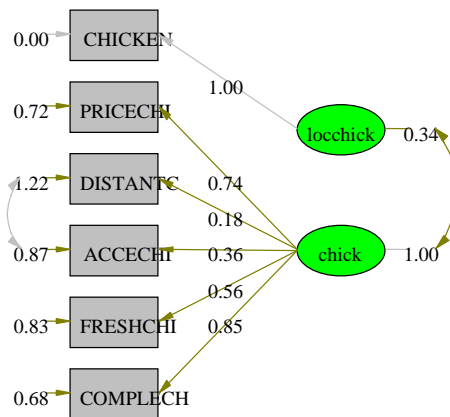


market. Generally farm products are distributed to traditional market the day after harvesting or even sometime on the same day. Conversely with modern retail, farm product generally is keeping in frozen condition. From the point of view of product completeness, traditional market is more complete than modern retail for fresh products.

This fact is a strong evidence for government in maintaining the existence of traditional market and as well as in developing. It shows that traditional market still preferable to buy fresh product than modern retail. Maintaining and developing traditional market became high concern to government (Presidential Regulation No. 112/2007 in Kuncoro 2008). Even though still preferable, traditional market growth is decreasing year by year (AC Nielsen, 2005 in Kuncoro, 2008). More ever, traditional market accommodates 12 millions merchants in 13,450 units (Kuncoro, 2008). Almost all the merchants are small traders from low income citizens.

### Attitude Based on Education

There are four groups in this case, i.e. diploma, bachelor, master, and doctorate groups. From the point of view of education level, there is insufficient evidence to reject  $H_0$  for chicken product (see for reference Table 4). Factor loadings for diploma, bachelor, master, and doctorate level of education are not different for chicken product significantly. Although there is no different among education level, attitude toward modern retail and traditional market are based on product price, distant, strategic location, product freshness, and product completeness significantly (see Fig. 6). Similar to respondent gender previously stated, traditional market is more prefer than modern retail in buying fresh product of chicken.

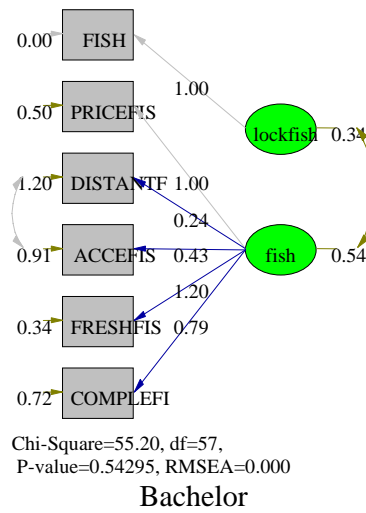
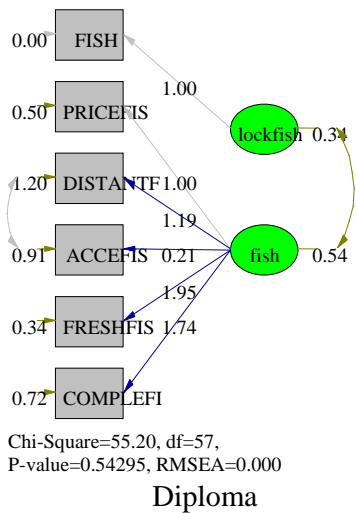


Chi-Square=71.42, df=69, P-value=0.39724, RMSEA=0.036

Figure 6. Path diagram of chicken product with education level

The biggest contributor in building preference to traditional market is product completeness. Various fresh chicken products are available in traditional market compare to frozen product in modern retail. Product price comes as a second contributor, and the third, fourth, and last respectively are product freshness, access to the location, and distance. Fresh product of chicken is a daily need which is used to buy on time consumed. Common practice in Indonesian family is buying daily needs on daily basis. People still look for freshness of product. Although some customers perhaps apply stock policy for their daily needs, they prefer to buy from traditional markets due to freshness products perceived in traditional market so that more resistant to be stored for a week ahead.

Different result is shown on vegetables, fish, and meat products. There is sufficient evidence to reject  $H_0$  for vegetables if five percents is used, and fish and meat if one percent is used. It shows there is a significant moderation of education level in perceiving traditional market and modern retail as the place to buy vegetables, fish, and meat (see Fig. 7-9 for reference).



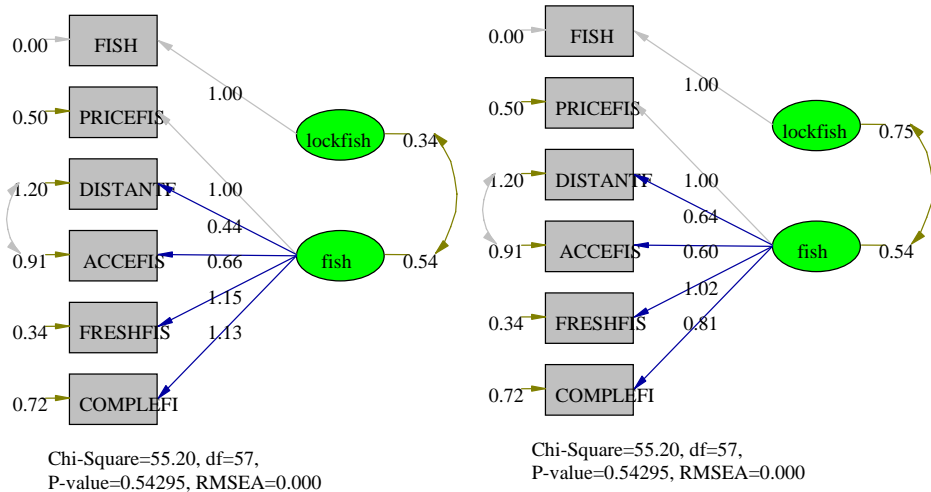


Figure 7. Path diagram of fish product with education level

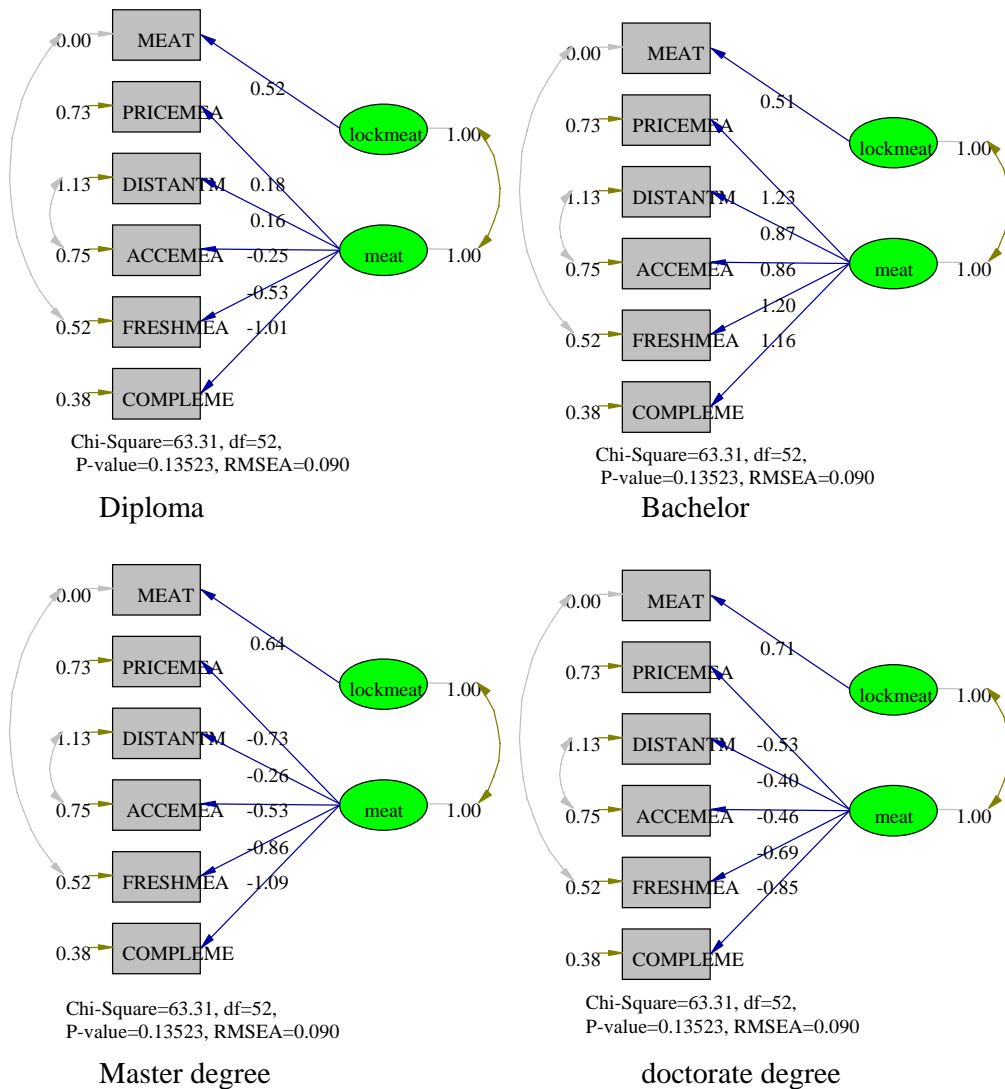


Figure 8. Path diagram of meat product with education level

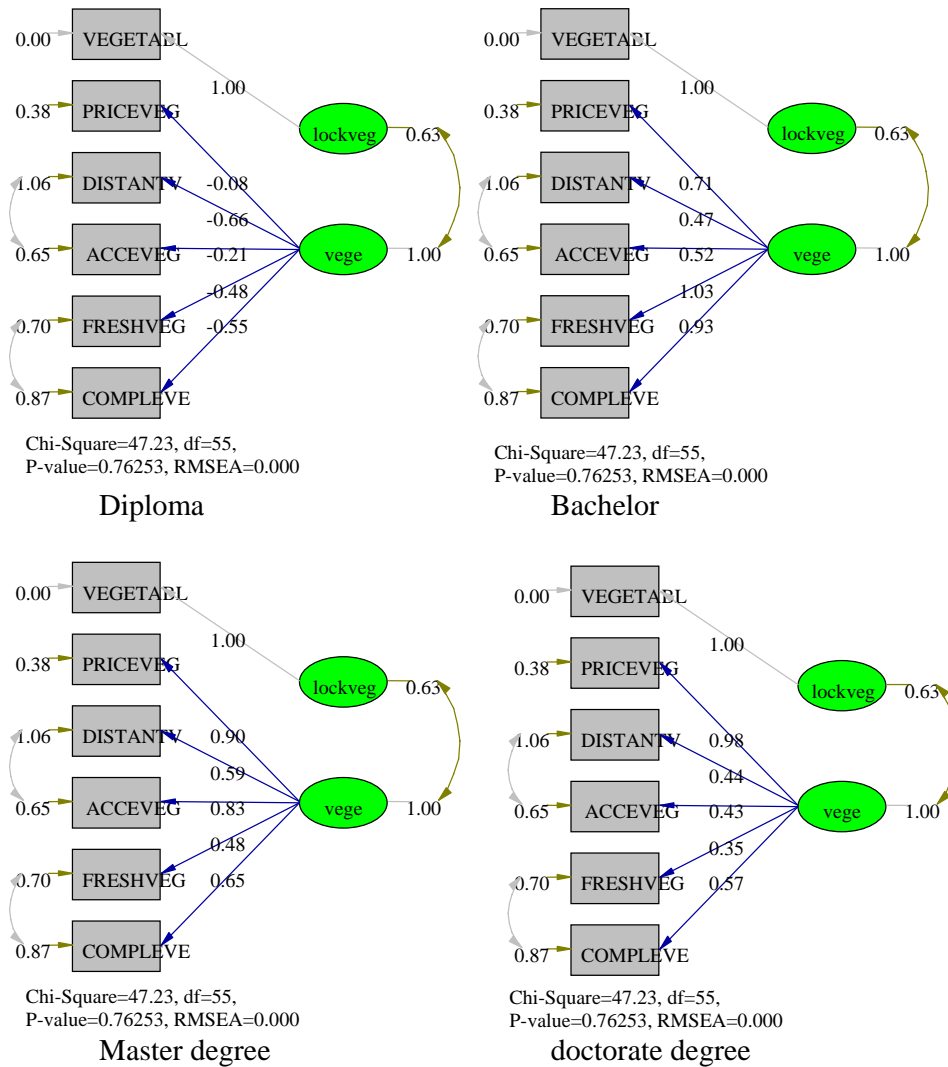


Figure 9. Path diagram of vegetables product with education level

Nevertheless product price, distant, strategic location, product freshness, and product completeness are manifest variables in measuring attitude toward modern retail and traditional market. Product freshness is the highest contribution in building attitude towards traditional market. Following in the second, third, fourth, and the last are product completeness, distant to housing, price, and access to location.

## CONCLUSION AND SUGGESTION

It was found the moderating effect of respondent gender on attitude towards shopping location in buying chicken and fish products. Instead of differences, both male and female

respondents are more prefer to shop those products in traditional market than in modern retail. Conversely, moderating effect of respondent gender is not found on shopping location decision for meat and vegetables products. Similar to chicken and fish products, traditional market is more prefer than modern retail in buying meat and vegetables products.

From the point of view of respondent education, attitude towards shopping location in buying fish, meat, and vegetables products are different among education level. The same evidence is not found on chicken product. Education level doesn't moderate the attitude towards shopping location in buying chicken product. Without regards to moderation effect, traditional market is more preferable than modern retail in buying those fresh products.

As education level is divided into four levels (diploma, bachelor, master, and doctorate degrees), it is important to investigate further the different among education level in perceiving traditional market and modern retail in buying vegetables, fish, and meat products.

Further researches are also important to elaborate more factors which influence preference to shopping location for fresh products. The existence of traditional market is important in enabler community economy. Identifying factors influencing preference to shopping location could be useful to maintain the existence of traditional market. In regards with analysis technique, more respondents are needed to elaborate more accurate data.

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