

## Revitalization Strategy of Traditional Markets: A Case Study in Malang

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### Abstract

Traditional markets have a crucial function in society, as a center for the distribution of goods and services. In connection with this vital function, the management of traditional markets is expected to increase the competitiveness of traditional markets. On the other hand, the increasing number of modern retail markets is also one of its own challenges. Today's modern markets appear with more sophisticated performance and attract people, ranging from physical conditions to services that take advantage of technological developments. Therefore, it is very important for traditional markets to revitalize the market. This study uses the Analytic Hierarchy Process (AHP) method by comparing the strategies and alternative strategies needed to achieve the objectives (market revitalization to increase public visits to traditional markets / markets. Strategies in market revitalization include: (i) Increasing Professionalism of Market Managers; (ii) Increasing the competence of market traders, and (iii) improving the quality and improvement of physical facilities and infrastructure of the market Based on data analysis, the results are obtained that improving the quality and improvement of market physical facilities and infrastructures is the main strategy that must be implemented in market revitalization, with alternatives the main strategy is to improve the waste management system.

**Keywords:** *traditional markets, revitalization, waste management*

### Introduction

Traditional markets are one of the places of interaction in trading economic activities. The market is a place for sellers to sell goods, services and information to provide for the needs of consumers' lives (Putra and Rudito, 2015). In other words, the market is a place to sell output produced by the public. Thus, the market has an important function as a center for the distribution of goods and services in society. Some other functions in the market include: (1) the knot of local economic strength; (2) contributing to the regional economy; (3) increase employment opportunities; (4) providing sales facilities, especially for micro, small and medium-sized businesses; (5) becomes a reference for the price of staple goods that underlies the calculation of the inflation rate and an indicator of price stability; (6) increase Regional Original Revenue (PAD); (7) as a means of local cultural sustainability; and (8) is both an upstream and estuary of the informal economy which is the backbone of the Indonesian economy (National Standardization Agency, 2015).

Some people, as consumers, have a preference for shopping at traditional markets. This is explained in the research results of Tambunan et al (2004) in 12 countries, where 45 percent of consumers still conduct transactions in traditional markets. The rest, 34 percent prefer to shop at modern markets and another 21 percent shop at traditional markets and modern markets. This condition is due to the location of the market close to the house and the interaction in the form of a bargain between the seller and buyer. Furthermore, the Bantul Regency Market Management Team (2010) also explained some of the advantages of traditional markets in addition to the process of bargaining between buyers and sellers including affordable prices and social interaction.

In Malang Regency, there are still traditional markets where the physical condition is still not organized based on commodity goods sold and has several problems such as garbage and unclean conditions. This causes consumers inconvenience to choose to shop at traditional markets. The same condition was also stated

by Giantari et al (2017), which mentioned several weaknesses of traditional markets in Bali including: (i) Price discount; (ii) Neat stuffs arrangement; and (iii) Traditional market cleanliness; (iv) Friendly service. Then, Webster (2004) also mentions some negative assumptions about traditional markets that are considered unhealthy, and can be a place for spreading disease. On the other hand, the modern market provides a more comfortable place and good service. Giantari et al (2017) also mentioned that some threats from traditional markets include: (i) Competitors; (ii) Bargaining power with buyers; and (iii) Information technology. Therefore, improvement is needed to increase community visits to public markets. People's markets under certain conditions can develop sustainably (sustainable market) Munoz (2001). That is, people's markets can also be improved, known as revitalization.

In the Big Indonesian Dictionary (KBBI) revitalization is the process, method, act of reviving or activating it. In market revitalization, Putra and Rudito (2015) stated that the purpose of revitalization is to develop traditional markets and local communities in better conditions. Better conditions can mean financial and social benefits. In line with Putra and Rudito (2015), Alfianita et al (2015) also mentioned that the revitalization of traditional markets aims to increase competitiveness, so that they can still compete with modern markets. One way to revitalize is to create traditional markets with various functions and uses. Some parameters that must be met for market revitalization or to achieve ideal market conditions should be in accordance with SNI set by the government. Standart of Traditional Market (SNI Pasar Rakyat) consists of 44 parameters that refer to aspects of physical revitalization, management revitalization, cultural and social revitalization. In accordance with SNI Pasar Rakyat covering aspects of trade space, accessibility and zoning, the availability of re-measuring posts and re-trial sessions, public facilities, building elements, building safety, lighting, air circulation, drainage systems, availability of clean water, waste water management, waste management and telecommunications facilities support. In addition, it also covers the fulfillment of aspects of market management principles, the main tasks and functions of market management, market management work procedures, market management human resources, empowering traders and market development or development (National Standardization Agency, 2015).

Some regulations related to development and market management, for example Presidential Regulation (Perpres) No. 112 of 2007 concerning Management and Development of Traditional Markets, Shopping Centers and Modern Stores; Minister of Trade Regulation No. 48 of 2013 concerning Guidelines for the Development and Management of Trade Distribution Facilities; Regulation of the Minister of Trade of the Republic of Indonesia No. 70 of 2013 concerning Guidelines for Structuring and Guiding Traditional Markets, Shopping Centers and Modern Stores; Minister of Home Affairs Regulation No. 20 of 2012 concerning Management and Empowerment of Traditional Markets; Minister of Health Regulation No. 15 of 2013 concerning Special Facilities for Breastfeeding and Expressing Breastmilk; Decree of the Minister of Health of the Republic of Indonesia No. 519 of 2008 concerning Guidelines for Organizing a Healthy Market; Regulation of the Minister of Public Works of the Republic of Indonesia No. 29 of 2006 concerning Guidelines for Technical Requirements for Buildings; and Minister of Public Works Regulation No. 30 of 2006 concerning Technical Guidelines for Facilities and Accessibility in Buildings and Environments.

All regulations related to market development and management are integrated into a standard. The aim is to facilitate market players in managing and developing markets and empowering the market community. The standard is in the form of SNI Pasar Rakyat, which was discussed and approved at a national consensus meeting in Jakarta, on 20 November 2014. This consensus was attended by relevant stakeholders, namely representatives from producers, consumers, experts and the government. With the management of people's markets in accordance with SNI, it is expected that products circulating in the market in accordance with the provisions can ultimately increase consumer protection. Besides that, it is expected that the traditional market / traditional market can be managed more professionally and become a competitive trading facility for shopping centers, shops, malls, plazas, and other trading centers.

Paskarina in Mangeswuri et al (2010) states that the basis for considerations in conducting cooperation in revitalizing traditional markets is to change market perspectives, from where economic interactions become

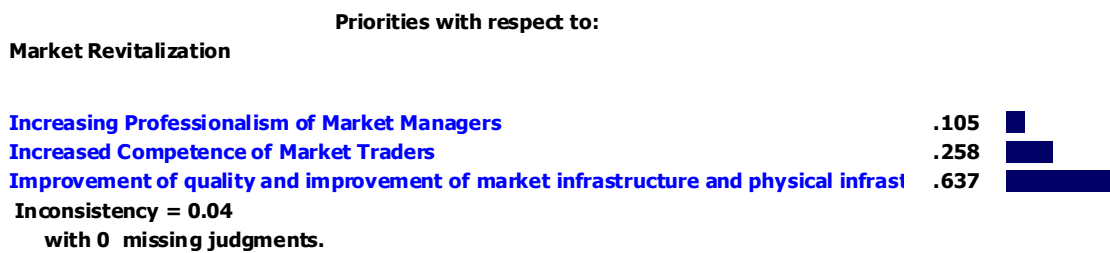
public spaces that are focused on efforts to improve the distribution channels of commodities traded. Like Putra and Rudito (2015), Mangeswuri et al (2010) also expect the market development function to not only seek financial gain. However, it is also a step to improve the small trade economy and needs to involve developers to be managed creatively. Therefore, revitalizing traditional markets is very important to do.

**Methods**

This research was conducted in Malang Regency, East Java, Indonesia, in August-September 2019. The data collection method used questionnaires and in-depth interviews. Respondents in this study consisted of experts, market managers (industry and trade department of Malang Regency), and academics. The analytical method used in this study is the Analytic Hierarchy Process (AHP). Perçin (2006), Kumar and Singh (2012) states that in AHP there are objectives, alternative criteria and sub-criteria in a system. Sipahi and Timor (2010) stated that AHP is one of the techniques to make the best decision from various alternatives. In another sense, Badri, et.all (2016) and Subedi (2019) state that AHP is a measurement through pair-wise comparisons between elements in each level of the hierarchy, which are assessed by experts to determine policy priorities. Furthermore, AHP is also one of the favorite tools used in decision making, including in the field of government. Through this research method, strategies will be obtained in market revitalization to improve the competitiveness of traditional markets through weighting obtained from the questionnaire.

**Results and Discussion**

Basically, market revitalization has several benefits according to Febrianty (2013), including increasing the turnover of traders, the high role of the community, the greater enthusiasm for cooperatives and the increasing number of traders. However, the increase in traders also raises distrust between old players and new players who have decreased social existence in the market. Some of the problems faced by traditional markets basically involve 3 main components, namely the location (place) of trade, traders, and market managers. Determination of the strategy in revitalizing public markets / traditional markets in Malang Regency is based on the conditions and problems encountered related to these 3 components. Thus, the formulated strategy is also divided into three types, namely Improvement of Market Managers Professionalism, Increasing Market Traders' Competencies, and Improving the quality and improvement of market physical facilities and infrastructures. The weights of each priority strategy in developing and revitalizing traditional markets are as follows.



**Figure 1 Priority Strategy in Revitalizing Traditional Markets**

*Source: processed data, 2019*

Based on the results of data processing, it can be seen that the improvement in quality and improvement of market infrastructure and physical infrastructure is the main strategy that must be carried out, with a weight of 0.637. Until now, there are still many physical market facilities that require quality improvement. This condition is often found in markets 2, 3 and 4, both in the form of kiosks or booths. Improving the

quality of market facilities and infrastructure will make the market better, and is expected to provide comfort. Thus, many individuals come and shop at traditional markets.

The second priority is the Increased Competence of Market Traders with a weight of 0.258. Market traders' competencies are needed to compete with competitors, including the growing number of mini markets and supermarkets. Competitors are one of the threats to traditional markets in maintaining their existence (Giantari et al, 2017). In this case, one of the weaknesses of traditional markets is that traders' resources are still said to be limited (Lukman et al, 2012 in Giantari et al, 2017). In addition, fast and friendly service to buyers is basically crucial, but seldom realized by traders. The limited resources in question are caused by a lack of innovation in services, for example the use of debit or credit cards in shopping that makes buying and selling transactions easy. Furthermore, Febrianty (2013), states that the revitalization of traditional markets is based on four things, namely social capital, human capital, institutional capital and financial capital.

The last strategy with the lowest weight is in Increasing Professionalism of Market Managers with a weight of 0.105. The role of market managers (UPTD Markets and Circle of Friends) in market revitalization can be quite crucial. This condition is due to one of the problems of traditional markets is the weak market regulation (Yaningwati et al, 2012). Therefore, cooperation between traders, associations and Market UPTDs is needed as a representation of the local regional government in regulating the market. Thus, it is expected that traditional markets will become more orderly, clean, comfortable and attractive to the public. Furthermore, alternative strategies with weight in improving the quality and improvement of market infrastructure are as follows.



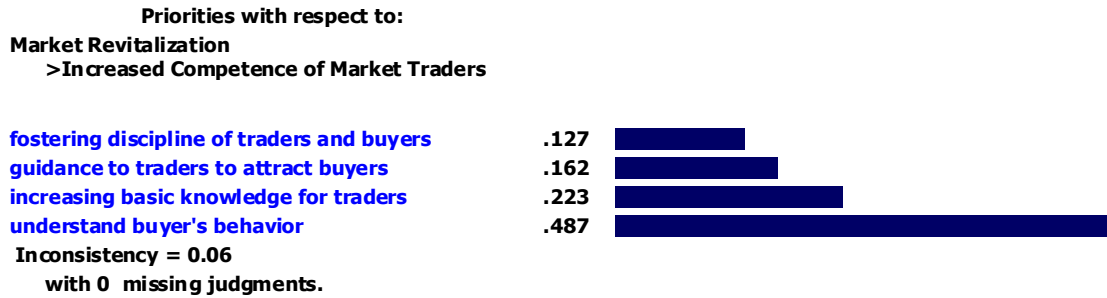
**Figure 2 Alternative Strategies of Improving the Quality and Improvement of Market Infrastructure and Physical Infrastructure**

*Source: processed data, 2019*

The first priority in an alternative strategy to improve the quality and improvement of market infrastructure and physical infrastructure is to improve the waste handling system with a weight of 0.444. Not all markets have temporary landfills. Thus, market officials only do the cleaning once during the day and are immediately thrown into the landfill. As a result, garbage will accumulate from morning to afternoon. This certainly makes the market environment less comfortable for visitors. Ideally, the market has a temporary landfill, by separating organic and inorganic waste. Thus, the recycle process for waste included in agricultural commodities can be used as compost (organic fertilizer).

The second alternative strategy is to improve the clean water and waste system with a weight of 0.181. This alternative strategy is considered important because so far, there are still no toilets in several markets. Thus, the existing waste is discharged into the river, and causes water pollution. The next priority is the use of a fire prevention system with a weight of 0.142; improvement of construction quality with a weight of 0.092; revamping the layout with a weight of 0.052; revamping the electrical system with a weight of 0.048; and finally, the regulation of the traffic of people and goods in the market with a weight of 0.04. The use of

fire prevention systems is important to be implemented, with the aim of anticipating in the event of a fire disaster and avoiding losses to traders or local governments. Then, improving the layout is also important, because this problem often occurs in the market. One reason is when an individual sells his kiosk to other individuals. Furthermore, it is used to sell commodities that are different from previous sellers. These conditions cause the market order to be less neat. Improving the layout is important to facilitate visitors / buyers in shopping. Moreover, some traditional markets still use the shoulder of the road as a means of parking for market visitors. This will disrupt the flow of goods in and out of the market. In addition, the negative externalities that arise as a result of these actions are road user congestion. Furthermore, in increasing the competence of traders, the weight of each alternative strategy is as follows.

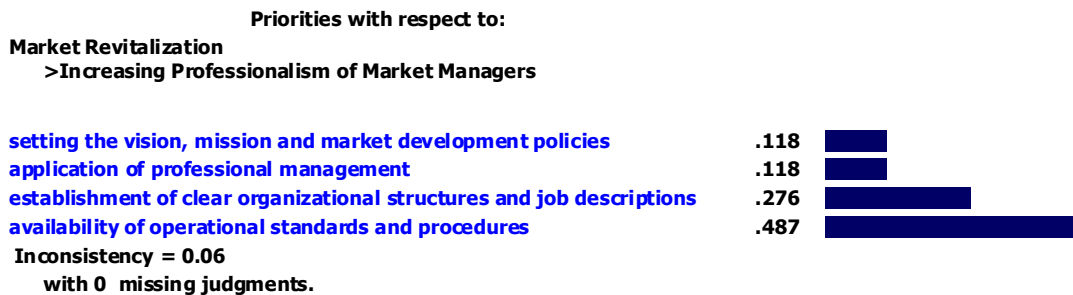


**Figure 3 Alternative Strategies of Increasing Competence of Traders**

*Source: processed data, 2019*

The main alternative strategy in increasing the competence of market traders is to understand buyer behavior with a weight of 0.487. Next, is an increase in basic knowledge for traders with a weight of 0.223; guidance for traders to attract buyers amounting to 0.162; and fostering discipline of traders and buyers weighing 0.127. Some alternative strategies are basically to increase the number of buyers in traditional markets.

Activities undertaken to increase the number of buyers are through promotions. One of the methods used by Horiuchi (2017), in introducing their products is through local media such as newspapers, television programs, magazines, or social service networks. In this case, cooperation carried out by traditional markets can take the form of coverage of market activities on online or print media, as well as cooperation with relevant governments in the distribution of public service advertisements for shopping at traditional markets. Thus, people's enthusiasm in consuming commodities / products from traditional markets will increase. In addition, the role of social media is also important in updating commodity prices in the market. This serves to attract buyers, because all online shopping services currently contain clear information related to product specifications and prices in detail. Thus, it is very important for traditional markets to catch up, through updating market prices through online media. The next alternative strategy, if increasing the professionalism of market managers is the main strategy, the alternative strategies are as follows.



**Figure 4 Alternative Strategies of Increasing the Professionalism of Market Managers**

*Source: processed data, 2019*

The biggest priority in Increasing Professionalism of Market Managers is the availability of standard operating procedures (SOP) with a weight of 0.487. The SOP document is an important key in operational activities in the market. So, when there is a certain activity, then whoever the officer is, can handle it according to standardized procedures. Thus, all activities in the market such as product promotion through sales promotion girls, music events sponsored by certain products have clear and standardized provisions and steps. The second alternative strategy is the formation of an organizational structure and clear job descriptions with a weight of 0.276. The importance of a clear division of tasks is to avoid overlapping in the implementation of work. Finally, the determination of the vision and mission and the policy of market development and professional management have the same weight of 0.118. This alternative strategy, implicitly owned by the market manager, is just not formally written.

## **Conclusions**

Traditional markets have several important functions in society, ranging from trade transaction facilities resulting from production output to increasing local government revenue. Traditional markets have several advantages, including affordable prices, the bargaining process, and social interaction. However, the shortcomings of traditional markets include less neat arrangement, a dirty impression, and an ineffective waste management system. On the other hand, the traditional market also has competitors, namely modern markets whose scope is increasingly broad. Therefore, the roles and functions of traditional markets need to be revived through market revitalization to increase the number of visitors (buyers). To achieve these objectives, of course, several strategies are needed related to stakeholders in traditional markets. These strategies include: (i) Increasing Professionalism of Market Managers; (ii) Increasing the competence of market traders; and (iii) improving the quality and improvement of market infrastructure and physical infrastructure.

Of the three proposed strategies, the priority strategy (having the highest weight) is to improve the quality and improvement of market infrastructure and physical infrastructure. The strategy has seven alternative strategies including: (i) improving the layout; (ii) regulation of traffic of people and goods in the market; (iii) improvement in construction quality; (iv) improvement of clean water and waste systems; (v) revamping the electrical system; (vi) use of fire suppression systems; (vii) improving waste management systems. Of the several alternative strategies, alternative priority strategies are improving waste management systems. Cleaning the market on average is done once a day, because there are no temporary landfills in the market. The presence of a pile of rubbish makes visitors uncomfortable. Therefore, a better waste management system is needed, by separating organic and inorganic waste. One of its functions is that inorganic waste can be used as compost. In addition, some suggestions related to alternative strategies are to provide crucial infrastructure facilities, such as MCK to prevent environmental pollution, as well as layout improvement. Improved functional layout to facilitate buyers in making choices / shopping at traditional markets.

Furthermore, increasing the competence of market traders has four alternative strategies, including: (i) fostering discipline of traders and buyers; (ii) guidance to traders to attract buyers; (iii) increasing basic knowledge for traders; and (iv) understand buyer behavior. If increasing the competence of market traders is a top priority, then the main alternative strategy is to understand buyer behavior. The alternative strategy is basically to increase the number of buyers in traditional markets. Activities undertaken to increase the number of buyers are through promotions, one of which is through the distribution of public service announcements to shop at traditional markets. Thus, people's enthusiasm in consuming commodities / products from traditional markets will increase. In addition, another important thing is updating commodity prices in the market through social media. Then, the Professional Development of Market Managers also has four alternative strategies, including: (i) setting the vision, mission and market development policies; (ii) the application of professional management; (iii) establishment of an organizational structure and clear job descriptions; and (iv) availability of operational standards and procedures. The biggest priority in Increasing Professionalism of Market Managers is the availability of standard operating procedures (SOP). The

availability of SOP documents will facilitate activities in traditional markets in accordance with standardized procedures.

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