



Comparison of modern retail and traditional retail reviewed from the perspective of consumers in urban and rural areas in pinrang regency

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ABSTRACT

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The competition between modern and traditional retail today does not only talk about price but the competition of all aspects found in stores. The presence of modern retail businesses has changed people's behavior patterns and shopping perceptions in shopping at retail stores. The presence of modern retail has an impact on decreasing the income of traditional retail business actors. To respond to this phenomenon, it is necessary to strengthen innovation and competitiveness from traditional retail business actors. This research aims to compare the public's perception of modern retail and traditional retail in Pinrang Regency, with the focus of this research being 7 aspects in the marketing mix including Product, Price, Promotion, Place, People, Process, and Physical Evidence. The subjects of this study are people in urban and rural areas who have shopped at both types of retail. The method of data collection is through a survey with a Likert scale. The results of data analysis conducted using SPSS show that there is a significant difference in public perception of the two types of retail entities, where modern retail is superior in terms of product, price, promotion, place, people, and physical evidence in both urban and rural area public perceptions. In terms of process variables, people in urban areas prefer modern retail, while in terms of people in rural areas, they prefer traditional retail. This research is expected to contribute to the development of retail modern and retail traditional in the future.

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1. INTRODUCTION

One of the concerns of the government in maintaining healthy competition between modern retail and traditional retail is related to zoning, but in reality, there are still many violations related to this (Hikmawati & Nuryakin, 2017). Adopted by traditional retailers. In addition, traditional retail entrepreneurs can also analyze the needs of their loyal

customers (Yoseph & AlMalaily, 2019). Pinrang Regency is one of the districts that implemented the zoning. The implementation of Zoning in Pinrang Regency is currently seen as less than optimal because there are still several modern retailers that stand not far from traditional retail (Latif, 2017).

It is undeniable that business competition at the end consumer level is no longer just talking about product competition but store competition. The presence of modern retail businesses has changed the behavior patterns and shopping perceptions of people who initially preferred to shop at traditional retail stores such as grocery stores and stalls, now switching to minimarkets and supermarkets due to convenience factors, and the services offered (Helmi et al., 2019), and can also be seen in the image of a retail entity (Nasution et al., 2022). This is because shopping is no longer considered an activity to obtain the desired product but as a means of recreation (Kesuma Sihombing et al., 2019). The presence of modern retail has an effect on the decline in income from traditional retail business actors such as grocery stores and stalls (Triyawan & Firmanda Jayanti, 2018), even though traditional retail still has a place in society because of the price and ease of reach by consumers (Suarantalla et al., 2020). In order to respond to this phenomenon, it is therefore necessary to strengthen and be more competitive for traditional retail business actors.

Pinrang Regency is an area affected by the entry of modern retail stores in cities and in every corner. As is known, the number of sub-districts and villages in Pinrang Regency is 109 with the number of sub-districts as many as 40 and villages as many as 69, and almost all sub-districts and villages have been touched by the existence of modern retail (Badan Pusat Statistik Kabupaten Pinrang, 2020). Therefore, research is needed to find out the reasons why people accept the existence of modern retail stores, in order to help traditional retail business actors in the Pinrang Regency area to compete well so that they can continue to exist in the midst of the onslaught of modern retail stores.

The problem in trade competition is not only talking about the quality of the product, but many other factors that encourage consumers to choose a retail business entity in carrying out shopping activities. Therefore, it is necessary to know what is the consumer perception of modern retail and traditional retail.

2. RESEARCH METHOD

The limitations of this study are that the selected research subjects are urban communities in three urban villages and rural communities in three villages in which there are modern retail and traditional retail and have shopped in modern retail and traditional retail. The indicators that will be measured in the two retail business entities include: Product, Price, Promotion, Place, People, Process, and Physical Evidence, all of these indicators are indicators of the marketing mix (Dwinanda & Nur, 2020) which will be compared based on public perception in the two regions, both urban and rural.

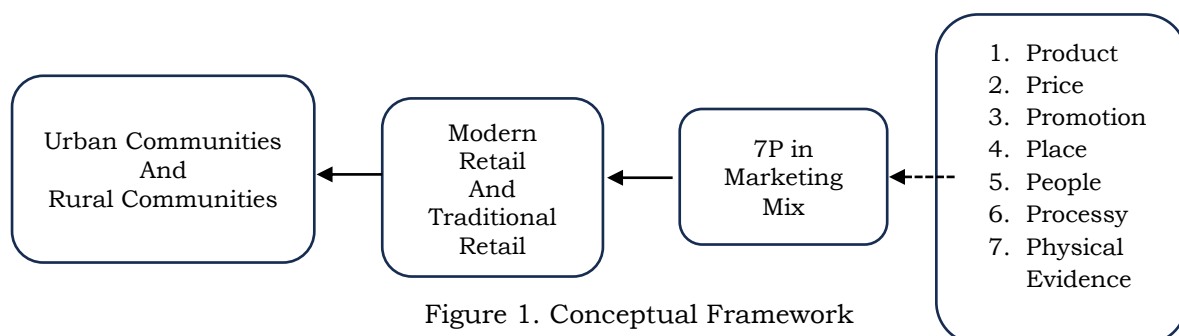


Figure 1. Conceptual Framework

This research was conducted in Pinrang Regency in 2024, The sampling and determination of samples in this study used a purposive sampling technique which will be divided by urban area (kelurahan) and village. The number of samples was determined using the slovin formula with an error rate of 10%. After making calculations, a total of 100 samples from urban areas and 100 samples from rural areas were obtained. The measurement scale used is a likert scale with five alternative answer choices: 1. Strongly Disapprove; 2. Disagree; 3. Neutral; 4. Agree; and 5. Strongly Agree. No in-depth measurement was carried out related to the perception of the conjunction outside of the questions asked in the questionnaire.

The tool used in conducting the analysis is SPSS. The first step in data analysis is to test the validity level of Pearson product-moment by comparing the r calculation with the r table with a sig value of < 0.05 (Sugiyono, 2022) then testing data reliability by looking at Cronbach's Alpha value with the provision of > 0.61 to be said to be reliable, and the last step is to conduct a comparative test using a non-parametric-Wilcoxon statistical test, This test was chosen because it does not require a classical assumption test such as the data normality test (Djarwanto, 2003)

3. RESULTS AND DISCUSSIONS

At this stage, a comparative test using Wilcoxon was carried out to answer the hypothesis of this research, namely whether there is a significant difference in the aspects of the 7P marketing mix (Product, Price, Promotion, Place, People, Process, and Physical Evidence) in modern retail and traditional retail from the perspective of urban and rural communities. The basis for decision-making in the results of this study is that if the sig value < 0.05 , there is a significant difference between public perception of modern retail and traditional retail in each aspect tested (Corder & Foreman, 2014). The results of the Wilcoxon test are shown as follows:

a. Comparison of consumer perception in urban and rural areas towards Product variables in modern retail and traditional retail

The results of this study show that there is a significant difference related to modern retail products compared to traditional retail products, both seen in the perception of people in urban areas and people in rural areas. This is evidenced by the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of urban communities towards modern and traditional retail product variables, as well as the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on rural people's perception of modern retail and traditional retail product variables.

The advantages of modern retail, both from the perception of people in urban and rural areas, certainly need to be a concern for traditional retail entrepreneurs in order to compete with the existence of modern retail, especially in terms of products. Talking about products is of course not only related to product quality, but more than that, namely product variance and product condition. The challenge of traditional retail today is to provide a variety of products so that customers have many choices in shopping, this will be able to realize customer loyalty in the future (Capriati, 2023) In addition, if you look more intensely, the condition of products in traditional retail is sometimes not considered, sometimes there are products that have been damaged and defective but are still on display or sold. Unconsidered product conditions will have an impact on purchasing decisions and shopping experiences (Putra et al., 2017)

- b. Comparison of consumer perception in urban and rural areas towards the Price variable in modern retail and traditional retail

The results of this study show that there is a significant difference in modern retail prices compared to traditional retail prices, both seen in the perception of people in urban areas and people in rural areas. This is evidenced by the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of urban communities towards modern retail and traditional retail price variables, as well as the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on rural people's perception of modern retail and traditional retail price variables.

The price is certainly not always related to the price and cheapness of an item, but also talks about the suitability of the price with the quality of the goods sold, the existence of a price list that makes it easier for buyers to know the price of an item, the existence of the Dyson program, and the flexibility of payment methods and these things are the weaknesses of traditional retail today both in urban and rural areas. Discount programs certainly have a role in influencing someone's buying interest (Arubusman, 2024) In addition to discount programs that need to be considered by entrepreneurs, especially traditional retail entrepreneurs, namely related to payment digitization, where consumers currently feel facilitated if payment methods can be done in a variety of ways, both cash and non-cash. The implementation of both cash and non-cash payments must of course prioritize aspects of convenience, security, and reliability of payment methods so that it will have an impact on customer buying interest and loyalty (Dinh, 2024).

- c. Comparison of consumer perception in urban and rural areas towards the Promotion variable in modern retail and traditional retail

The results of this study show that there is a significant difference related to modern retail promotion compared to traditional retail promotion, both seen in the perception of people in urban areas and people in rural areas. This is evidenced by the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of urban people towards the modern retail and traditional retail promotion variables, as well as the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of rural people towards the modern retail and traditional retail promotion variables.

With the existence of respondents who prefer traditional retail promotion programs over modern retail, it can be concluded that some traditional retail business actors do not go unnoticed that it is important in making promotional programs. Although the traditional retail promotion aspect is not as significant as the modern retail promotion aspect, this must certainly be the concern of traditional retail business actors to continue to introduce store brands, the products they sell, and a good communication style with customers either directly or by utilizing social media platforms to be able to improve purchase decisions (Ningrum et al., 2023).

- d. Comparison of consumer perception in urban and rural areas on the Place variable in modern retail and traditional retail

The results of this study show that there is a significant difference related to modern retail places compared to traditional retail places, both seen in the perception of people in urban areas and people in rural areas. This is evidenced by the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of urban communities towards the modern

retail and traditional retail place variables, as well as the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of rural communities towards the modern retail and traditional retail place variables.

Overall, the results show that modern retail has a better perception of place than traditional retail in both regions, and although there is a slight difference in the number of respondents in favor, modern retail is consistently seen as superior in terms of place. However, modern retail needs to pay attention to the needs of consumers in rural areas because the number of respondents who responded negatively to the aspect of modern retail place was quite high, namely 15 out of 100 when compared to respondents who responded negatively to modern retail in urban areas, which was 5 out of 100. Apart from that, because modern retail is still significantly superior to traditional retail in the two regions, it is necessary for traditional retailers to improve their services in terms of place because this will get a purchase decision (Chotimah et al., 2021). In choosing a location, it is important for prospective business actors to conduct a study related to the characteristics of their area, not only the strategic location but also the demographic factor (Formánek & Sokol, 2022).

e. Comparison of consumer perception in urban and rural areas towards the People variable in modern retail and traditional retail

The results of this study show that there is a significant difference related to modern retail people compared to traditional retail people, both seen in the perception of people in urban areas and people in rural areas. This is evidenced by the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of urban people towards the modern retail and traditional retail people variables, as well as the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of rural people towards the modern retail and traditional retail people variables.

Overall, the results of the study show that modern retail has a better perception of people than traditional retail in both regions. While there is a slight difference in the number of respondents supporting, modern retail is consistently seen as superior in terms of service and interaction with customers, as well as appearance. This is a challenge for traditional retail to be able to compete with modern retail, especially in terms of the appearance of sellers/staff and service. However, traditional retail has a competitive advantage over modern retail, namely in the aspect of interpersonal relationships that can maintain the sustainability of traditional retail (Tuyet & Hara, 2017).

f. Comparison of consumer perception in urban and rural areas on Process variables in modern retail and traditional retail

The results of this study show that there is a significant difference related to modern retail processes compared to traditional retail processes in urban areas, this is evidenced by the Asymp Sig (2-tailed) value of $0.001 < 0.05$ on the perception of urban people towards the variables of modern retail and traditional retail processes. As well as the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of rural communities towards the variables of modern retail and traditional retail processes which means that there is no significant difference in the variables of modern retail processes compared to traditional retail reviewed from the perception of rural communities, this indicates that

consumers in rural areas have a more balanced view of the process between the two types of retail.

The advantages of traditional retail processes in rural areas compared to modern retail can be indicated because rural people do not like complicated processes, both in terms of finding goods that want to be served directly by buyers like the process that occurs in traditional retail. In addition, the lack of trust by the public, especially rural communities, regarding digital payments (Daroch et al., 2021) results in the perception that the traditional retail process is superior to modern retail. Modern retail needs to consider ways to improve the efficiency and ease of the buying process to be more competitive, especially in rural markets where traditional retail has the upper hand.

g. Comparison of Consumer Perception in Urban and Rural Areas on Physical Evidence Variables in Modern Retail and Traditional Retail

The results of this study show that there is a significant difference related to modern retail Physical Evidence compared to traditional retail Physical Evidence, both seen in the perception of people in urban areas and people in rural areas. This is evidenced by the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of urban communities on the physical evidence variables of modern retail and traditional retail, as well as the Asymp Sig (2-tailed) value of $0.000 < 0.05$ on the perception of rural communities towards the physical evidence variables of modern retail and traditional retail.

From the results of this study, it is also concluded that both people in urban and rural areas agree that the physical evidence of modern retail is very far superior to traditional retail, this is because modern retail offers a comfortable shopping experience with a clean, orderly environment, and additional facilities (toilets, waiting rooms), and consumers may prefer modern retail because of the faster lifestyle and the need for product variety (Anggraini & Saino, 2021).

Several studies on the comparison of modern retail and traditional retail have been conducted before, including (Putri et al., 2018) in the study focused on consumer perceptions regarding the marketing mix to service quality. Other research, namely (Lidiawati & Suyanto, 2019) and (Fatah & Saputra, 2022) this study analyzes the impact of the establishment of modern retail businesses on traditional retail. The novelty of this study is in the subject and time of the research, namely comparing the perception of urban and rural communities towards modern and traditional retail businesses as the basis for carrying out purchasing activities after obtaining information on the impact of the establishment of modern retail on traditional retail.

It is hoped that with this study, traditional retail business actors have information related to the advantages of modern retail, so that traditional retail business actors can improve what is lacking in the management of traditional retail business actors' stores. In addition, modern retail can improve what is lacking in several aspects according to consumer perceptions both in urban and rural areas.

4. CONCLUSION

This study shows that there is a significant difference in the perception of people in urban and rural areas towards modern retail and traditional retail in Pinrang Regency.

The results of the analysis of the 7P marketing mix variables, modern retail in general is superior to traditional retail in terms of product, price, promotion, place, people, and physical evidence in both urban and rural area public perceptions. In terms of process variables, people in urban areas prefer modern retail, while in terms of people in rural areas, they prefer traditional retail. Thus, this research not only provides insight into market dynamics, and business actors, both modern and traditional retail, can find out what is the perception of consumers in making purchases in the retail market. In addition, the results of this study offer practical recommendations for grocery store entrepreneurs to survive and thrive in the midst of increasingly fierce competition, and for the government, this research can be the basis for compiling regional regulations to maintain healthy competition between modern and traditional retail. The limitation of this study is that regression analysis is not carried out to determine the influence of 7P in the marketing mix on buying interest, and expand the coverage of the sampling area.

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