

Market Potential Research For The Revitalization Of Traditional Markets

Dwi Endah Kusri
Statistics Department
Sepuluh Nopember Institute of Technology
Surabaya, Indonesia
Email : dwi_endah@statistika.its.ac.id

Arie Kismanto
Statistics Department
Sepuluh Nopember Institute of Technology
Surabaya, Indonesia
Email : arie_k@statistika.its.ac.id

Abstract— Revitalization of traditional markets is one of the programs announced by the government primarily to encourage small and medium businesses can grow. PD Pasar Surya is a traditional market managers in Surabaya, which manages 81 traditional markets and only 20% are already revitalized, but during this process of revitalization is based only on observation and intuition, unsupported by the survey results and analysis of market potential. For that reason this study examines how the potential of traditional markets in the east branch, north branch and south branch so that it can be seen how consumer preferences and segmentation in an effort to obtain data on potential markets. Statistical analysis used was cluster analysis to see the segmentation of consumers based on preferences. The way to get the data in this study is to find secondary data and primary data in BPS by a survey carried out for two months. This research result is expected to be used in policymaking by PD Pasar Surya in determining the traditional markets which are worth to be revitalized and this result will be use to make Decission Support System for next program.

Keywords : *component Market Potensial Research, Traditional Market, Revitalization, Cluster Anaysis.*

I. INTRODUCTION

Revitalization of traditional markets are usually associated with physical improvements. Revitalization of traditional markets is actually a holistic concept in the market to fix, at least in terms of revitalization of vital words contain deep meaning, not just physical. Revitalization including how to make traditional markets as the icon of the nation's economy, local entrepreneurship symbol, an indicator of the economic pulse of an area, even a socio-economic identity and national culture. Revitalization to be viewed from various aspects of working in parallel and not partial.

The first aspect are issues of governance and institutional markets. Bad governance traditional market barriers to revitalization. PD Pasar Surya is one of the traditional market managers in Surabaya where 81 traditional markets in the north, east and south branch are under the responsibility of PD Pasar Surya. Based on data from PD Pasar Surya only about 20% of the entry categories of primary market is the market that has been revitalized. During this process revitalization traditional

markets under PD Pasar Surya based solely on observations about market conditions and the demands of the traders in the absence of prior studies that can provide accurate information about the market that may be eligible to be revitalized so that it can be imagined in advance the data that has been used PD Pasar Surya is the numbers are not accurate then used as the basis of policy decisions. Research on the condition of traditional markets in Surabaya by Kusri et.al (2010), where most traders expressed their dissatisfaction at the traditional markets, both in terms of management of the market, as well as physical aspects of buildings. These results are similar to research conducted by Kiik (2006) in Papua is in Atambua area where lack of effectiveness of the factors that led to the revitalization of traditional markets there is no strategic effect because the market is placed in areas far from people's reach, which is an indication of where market development without any information on whether or not a potential region.

Based on the description above, it is felt imperative to obtain information about the market potential of traditional markets in every area of management of PD Pasar Surya, so this study aims to determine the condition of demographic, social and economic impacts of population around the traditional markets that are the object of research, assess market potential and market needs in the areas of market development, assessing market revitalization form desired by the traders and buyers, assess the segmentation and positioning of consumers based on demographic, social, economic and consumer perceptions of the market he visited.

II. MARKET SEGMENTATION

Measurement of market demand in addition to using the research potential of market can be used well segmentation and potitioning research of products. Segmentation research on the classification of research into problem solving and research potitioning (or research image) into research on the classification identification of the problem however the second research generally be used simultaneously (Malhotra, 2004).

Modern marketing strategy generally consists of three phases: market segmentation (segmenting), determination of target markets (targeting) and the

determination of market positioning (positioning) (Kotler, 1997). After knowing the market segments, target markets and market position, it can be arranged marketing mix strategy (marketing mix) that consists of product strategy, pricing, distribution and promotion (Assauri, 1999).

Market segmentation is the separation effort to market to groups of buyers are distinguishable to the needs, characteristics, or their behavior (Kotler, 1997). Market segmentation needs to be done because in general the market for a product or service has a lot of difference, especially on the needs, wants and buying power. By segmenting the market, the company will be easier to serve the diverse needs and desires of that market. In segmenting the market, there are several ways. Segmentation can be based on geographic, demographic, psychographic, and behavior that can be used independently or combined. In outline, the basics of market segmentation is described as follows:

1. People with desire: segmentation can be performed according to geographic and demographic base.
2. The existence of money to spend: segmentation based on consumer purchasing power (income distribution).
3. Willingness to spend: segmentation done by looking at consumer buying behavior.

Besides referring to some of the basic segmentation marketers can make distinctions on the preference segmentation. Segmentation Preference will be applied in this study. Three different patterns can arise:

1. Homogeneous preferences, showing a market where all consumers have roughly the same preferences.
2. Preferences are scattered, indicating that consumers are very diverse in their preferences.
3. Preferences are grouped, the groups may show different preferences.

III. CLUSTER ANALYSIS

A. Definition of Clustering

Cluster analysis' is a statistical method that can be applied to the data showing grouping "natural". Cluster analysis to sort through the raw data and grouping them into clusters. A cluster is a group of cases or observations that are relatively homogeneous. Objects in a cluster are similar to each other. They also differ with objects outside the cluster, particularly objects in other clusters.

For example, for market vacation travel. its market segment can be formed three groups. They are: 1) the demander - they want great service and expect to be pampered; 2) The escapists - they want to go and just relax, 3) educator - they want to see new things, going to museums, go to the park safari, or experience a new

culture. Cluster analysis, like factor analysis and multi-dimensional scale, is the interdependence technique: that makes no distinction between dependent and independent variables. The whole set of interdependent relationships examined. It is similar to multi-dimensional scale that both the inter-object similarity test by examining the full set of interdependent relationships. The difference is that the multi-dimensional scale to identify underlying dimensions, while cluster analysis identifies clusters. Cluster analysis is the obverse of factor analysis. Whereas factor analysis reduces the number of variables by grouping them into a smaller set of factors, cluster analysis reduces the number of observations or cases by grouping them into a set of smaller clusters. We can use statistical software like Minitab and SPSS to perform Cluster Analysis. Excel software can also be used for cluster analysis, but with some additional programs that had been added, such as NCluster Analysis.

In marketing, cluster analysis is used to

- market segmentation and target market
- Product positioning and New Product Development
- Select test markets

B. Clustering Procedure

There are several types of clustering methods:

1. Non-Hierarchical clustering (also called K-means)

First determine the cluster center, then group all the objects within a certain distance

example:

 - a. Threshold Sequential method - first determine the cluster center, then group all the objects within a predetermined threshold from the center - a cluster was made at a time
 - b. Method of Parallel Threshold - simultaneously several cluster centers are determined, then the objects within a predetermined threshold of the center are grouped
 - c. Partition Optimization method - the first non-hierarchical procedure is executed, then the object is reassigned to optimize the overall criteria.
2. Hierarchical clustering: objects arranged in a hierarchical structure as part of the procedure

example:

 - a. Break clustering - start by treating all objects as if they were part of a single large cluster, then divide the group into smaller groups and smaller
 - b. Agglomerative clustering - start by treating each object as a separate cluster, then group them into larger groups and larger example:
 - Centroid Method - the group that produced that maximizes the distance between the

centers of groups (centroid is the average value for all objects in the cluster)

- Method Variance - a group that minimizes the resulting variance in-cluster example: Procedures Ward - the group is generated that minimizes the Euclidean distance to the central square of the average, Linkage method - cluster objects based on the distance between them example, method of Single Links - cluster objects based on the minimum distance between them (also called nearest neighbor rule), Complete Linkage method - cluster objects based on the maximum distance between them (also called furthest neighbor rule), Average Linkage method - cluster objects based on the average distance between all pairs of objects (one of the pair must be from different clusters)

IV. PREVIOUS RESEARCH RESULTS

Research on the potential market has already been done by Kusrini (2010) concerning Gayungsari Market, where 87% of consumers in the region agree if Gayungsari Market revitalized, and by using Biplot analysis showed that the consumer market position as the market perceived Gayungsari both on the access road in within and outside the market, the handling of street vendors, market officials friendliness, availability of latrines, specificity of merchandise, parking compliance, market security, waste handling capabilities.

Other research is the study of Kim (2011) where the most influential variable is the physical characteristics of the traditional markets; the government support most desired by the merchants in the traditional market, is a measure that seeks to improve the market environment and modernize the facilities within traditional markets in South Korea. The most urgent policy in revitalizing traditional markets is that which will improve the convenience of using those markets. There are several reasons as to why consumer use of traditional markets in South Korea has been in decline, and so, merchants and local consumers should establish self-rescue plans for revitalizing traditional markets; the government and the national and/or local level should support and promote such plans.

The research is a bit different that the research conducted by Paskarina, et.al (2007) which evaluates the traditional market management policies in Bandung where the result is a market in Bandung city management has not created a comprehensive regulatory system so the impact on the powerlessness of the traditional business market as a result of the growing development of modern markets. The study reveals how the evaluation of management policies in Bandung's market and how traditional market revitalization model that can enhance the competitiveness of the modern

market. The study used methods of policy analysis (policy analysis method) which directs the results of a comprehensive study of the key considerations for policy makers in policy formulation. The results of this study concluded that the necessary changes in market management paradigm, in which the market traditionally placed as a long term investment in urban property development framework that aims to enhance, capture, and redistribute capital to the welfare of society. In addition, regulations relating to the management of the market should be defined consistently.

The need for revitalization of the market is a very urgent need because of the research Kusrini (2009) of 15 of the 81 markets surveyed in the market which is managed by PD Pasar Surya, the majority of traders in 15 markets are complaining about the physical condition of buildings and lonely customers become their main problem.

V. RESEARCH METHODOLOGY

Sources of data for this study is the primary data and secondary data. Secondary data used is the BPS data on household population districts in Surabaya where the purchaser resides. Secondary data was used to calculate the number of samples in this research that buyers to the traditional markets, other secondary data obtained from PD Pasar Surya management of the population of traders in the market.

This data is used to calculate the number of samples merchants. The primary data used were obtained by conducting surveys through interviews using a questionnaire on the market stakeholders. Survey carried out two stages of preliminary surveys and recent surveys conducted on 25 April 2011 until May 17, 2011.

This study took a sample by simple random sampling technique in all three branches. Total samples are drawn as many as 530 samples, comprising:

- a. North branch of 102 buyers, and 75 traders
- b. East branch of 96 buyers and 79 traders
- c. Southern branch consists of 104 buyers and 74 traders.

Traditional markets are chosen as samples in each branch are:

- a. North Branch Market: Balongsari Market, Pegirian Market and Simo Market.
- b. East Branch Market: North Keputran Market, Gubeng Masjid Market and Pucang anom Market.
- c. South Branch Market: Pakis Market, Dukuh Kupang Market, and Karangpilang Market.

Variables used in this study there are four variables: demographic variables, the variable rate market needs, psychographic variables, and variable interest of the community. Demographic variables explain the characteristics of the stakeholders based on the attributes of gender, age, marital status, number of children, education level, employment (especially buyers), the type of

merchandise (especially traders), the number of booths (especially traders), a long trade (especially traders), expenditure and monthly income, as well as vehicles owned.

Variable Rate Revitalization Needs explaining perceptions stakeholder interests against the revitalization of the market. Attributes in this variable is the frequency of going to the market (especially buyers), adequate perception of what the market conditions, market conditions that need to be considered on a priority basis, if done revitalization, form the desired market, operating hours an ideal market, and special events in market.

Psychographic variables provide information about the habits of stakeholders including leisure activities, media information used, a place to shop, reasons for choosing where to shop, and a reason to shop at traditional markets.

Variable importance of stakeholders to describe aspects of the market that are considered important or unimportant by the respondents as shown in Table 1. Grading scale in this variable using a Likert scale with values 1-5 with a description is not very important - very important.

The method of analysis used in the study according to the research are as follows:

1. Stakeholder characteristics are known by descriptive statistical analysis by searching the largest percentage of each attribute in each particular variable for demographic and psychographic variables, and variable opinion market revitalization
2. Stakeholder segmentation performed using cluster analysis for variables stakeholder importance of against the market. The method used is the k-means clusters with many groups of k is determined by two groups based on variables importance of to the market.

TABLE I. VARIABLE IMPORTANCE ON MARKET

Code	Atribut
D1	Grouping booths
D2	Neatness booths
D3	Quality of roads inside and outside the market
D4	Traders management
D5	Operatisation of the market
D6	Physical form of buildings
D7	Facilities and infrastructure of public facilities (toilets, etc.)
D8	Number of floors of buildings
D9	Variation of goods sold
D10	Availability and suitability of the parking facility
D11	Electrical / lighting Infrastructure facilities
D12	Water infrastructure facilities
D13	Entertainment activities to enliven the market
D14	Demo and market promotion activities
D15	Availability of market information center

VI. RESEARCH RESULT

1. North Branch Markets

Characteristics of stakeholders (buyers and traders) are generally known to come from lower middle class with a good education, a majority of respondents aged and elderly adults, the majority of respondents had watched television activity during leisure and television are also used as a medium of information of interest, the majority of respondents shopped in traditional markets and shops / stalls with the main consideration of the relatively affordable price factor, the revitalization of traditional markets the majority of respondents believe there is need for revitalization of the traditional market which, according to their traditional markets in the form of improvements are not a form of modern markets, according to respondents that need more attention from traditional markets is the cleanliness, neatness booths arrangement, facilities and infrastructure that support the traditional markets in order to attract customers to shop at traditional markets. Traditional market segmentation for each of these traditional markets is based on the largest group in that market segment. The largest segment from Simo market concerned with organizing factor traders and physical improvement of the market, activities enliven the market, and operational hours of the traditional markets. The largest segment from Balongsari market concerned with the improvement factors, the operational market and the service market. The largest segment market's Pegirian concerned with improvement factors and activities to enliven the market. In general, the stakeholders are divided into two segments each market concerned with the improvement factor and activities to enliven the market for existing traditional markets.

2. East Branch Markets

Gubeng Masjid market stakeholders from all ages with education up to lower secondary education, and has various types of work with middle to lower economic level. This segment has a high attention to some aspects of the infrastructure for improved electrical / lighting, activities enliven the market, the physical form of buildings and road quality. Besides aspects that need greater attention to hygiene and the handling is improved street vendors. The largest segment from Pucang Anom market are stakeholders who are at all age ranges with sufficient education and from all economic levels. Stakeholders strongly agreed the revitalization of market with flexible operating hours and no need for special events. In addition to the price aspect and the completeness of goods, Pucang Anom market should also improve in terms of convenience in shopping. Pucang Anom market has been perceived by stakeholders as a market that has a good quality in the aspect of hygiene, and availability

of parking facilities, however, although aspects of hygiene has been pretty good, have not been able to fully meet the expectations of stakeholders that must still be increased quality. In accordance with expectations of stakeholders on the existing market conditions, there are aspects that should really get more attention for repair of aspects of a more orderly arrangement of booths as well as the handling of street vendors. Segment of the market North Keputran are stakeholders who are at all age ranges and all status with sufficient education tends to be high and has a medium economic level and above. North Keputran market is actually considered to have sufficient market but it still needs to be done to improve some aspects of the revitalization that is not satisfactory. North Keputran market should pay more attention to aspects of the completeness of the goods to meet the expectations of stakeholders who tend to assume that North Keputran market still lacking in terms of variety of goods sold. To increase the interest of stakeholders then North Keputran market should improve in terms of appearance in the market include grouping booths, booths neatness, quality of roads and promotion. Although the market is considered adequate but the North Keputran market conditions are still very unsatisfactory. North Keputran market is considered only to have the advantage on the aspects of land suitability and appropriateness of goods where the price of these attributes is a fundamental aspect. While aspects of facilities, infrastructure, and hygiene still requires a greater proportion of attention again.

3. South Branch Markets

In general, traders and buyers of traditional The market of stakeholders PD Pasar Surya agreed to do the revitalization of The market. Pakis market is a critical The market to do the revitalization of which the majority of stakeholders considers The market conditions around their homes have not been adequate while Dukuh market and market Kupang Karang Pilang tend not to be critical for the revitalization. Form the desired of stakeholders for the market after revitalization is current form. The main aspects are considered priority of stakeholders Pakis market is in terms of the arrangement of booths, facilities and infrastructure, and cleanliness. Priority aspects that are considered the most attention by the traders market is in terms of Dukuh Kupang facilities and infrastructure, and cleanliness. While the priority of the main aspects to consider of stakeholders Karang Pilang market is in terms of completeness of the goods and the handling of street vendors. In order to win customers from The market competitors, then the market Pakis should improve aspects of the availability of public toilets, land suitability, and appropriateness of goods prices. The Dukuh Kupang market should improve aspects of

completeness and suitability merchandise parking, as well as Karang Pilang market should improve aspects of suitability the parking lot and grouping of booths.

VII. CONCLUSIONS AND SUGGESTIONS

Perceptions and interests of consumers in the form of after revitalization for the market is strongly influenced by socio-economic backgrounds. For markets that are on the main class groups such as Pucang Anom market, and Keputran Utara market more demanding improvements in terms of good infrastructure facilities and parking lots, electricity and water, but no longer require improvements in the quality of goods and price. As for markets that are demanding improvements in the group below it in all aspects of infrastructure, particularly in the cleanliness for the market and quality as well price of goods. Opinions traders on the revitalization of traditional for the market is largely similar demand improvements in for the market infrastructure, improvements in the management and activities of refineries in the market such as the holding of entertainment within the market. Almost all the stakeholders wanted the after revitalization of traditional market in the form of reform and the market improvements without changing the form of the market into a form like the modern market, so the advice for PD Pasar Surya is to improve the existing facilities and infrastructure, to fix the management of traders and booths as well as actively trying to enliven the market in order traditional market are not left behind with modern markets are increasingly popping up. Beside that PD Pasar Surya must create database for every market that under supervision, such as count of traders, count of booths, traders omzet, average income of traders, etc. That informations are very usefull for the next researchs. For the future, PD Pasar Surya can built Decision Support System for the all market in Surabaya.

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