Investigation of Factors Influencing Traditional Retail Success in Small Cities in Indonesia

Harmon CHANIAGO
Department of Business Administration
Politeknik Negeri Bandung[1], Indonesia
harmon@polban.ac.id

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Abstract:

This research investigates the key success of traditional retails in small cities in Indonesia and the dominant factors that attract people to become their consumers. The object of the research is traditional retails in a small city named Cimahi in Indonesia. The subject is the consumers of traditional retails with the criteria of: have already reached a mature age, have their own income, have already shopped in a traditional retail business with a minimum of ten times. To get the maximum results, a descriptive research method with a quantitative approach is used. The data is analyzed using factor analysis, rank test, and meaningful analysis. The result shows that most traditional retails are run by the owner and his/her family. The owner also doubles as an employee who serves the consumers. From the 38 factors that are analyzed, only six of them are proofed to be the determinant of the success of traditional retails. Those six factors attract consumers to shop in traditional retails. Those six factors will be the subject of discussion and debate on this journal. The research results contribute to entrepreneurs' behavior in operating their traditional retails.

Keywords: critical success factor of retail; dominant factor; entrepreneur; traditional retail behavior.

JEL Classification: M50; M51.

Introduction

The research is done in a small city in Indonesia called Cimahi with the characteristic of densely populated, small area, and directly adjacent to the capital of West Java province. In 2015, the total of residents in Cimahi is 586,580 lives (BPS Cimahi, 2015). The source of the resident's income comes from several business sectors such as processing industry, trade, construction, information and communication, transportation and warehousing. The trade sector is the most dominant sector of the people's livelihood. Cimahi is a small city in Indonesia that is densely populated and which the main activity of the people is trading. The trading business that is carried out mostly by the people is a retail business, both retail food products and other products.

Retail business is a business that is run by a group of people or by a single person that sells various goods to ultimate consumers. There are two kinds of retail: modern retail and traditional retail. Traditional retail is a small shop, stall, or outlet that sells people's daily needs. It is being operated by a single person based on his or her knowledge and desire.

This research focus is to investigate the factors that determine the success of independent retail or traditional retail. Stores, stalls and outlets in the form of independent retails are far more numerous than modern retail. They appear, close and develop naturally, without notifying to the city government. The establishment of a traditional retail business does not require complete licensing. Therefore, the government has difficulty in recording how many shops traditional retail/independent retails in their area, and the exact data are not yet available.

Data from Outlook_Ritel (2017) illustrates that the prospect of traditional offline and online retail businesses in Indonesia is predicted to grow around 10% to 30% each year. In 2008, modern retail grew to 24.8% and traditional retail grew to 16.9%. This means that business opportunities in the retail sector for people who are interested in becoming entrepreneurs are still wide open and have favorable prospects.

The results from the observation at the research sites in 2018 show that the number of retails owned by individuals and run directly by the owner is higher than the number of moderns retails. However, the definite data

[1] 40559, Gegerkalong Hilir Street

is not available. Interviews with several retail owners give information that in the past five years, traditional retailers have sprung up quite a lot but many have also closed.

Seeing the development of modern and traditional retail in research sites, there is a tendency that people prefer shopping at modern retail. Research by Walker (1996) has proven that traditional retails are threatened by modern retails and they are less competitive from modern retail. This means that the traditional retail market is getting smaller and their market is being taken over by modern retail. Researchers have proven that modern retail is superior and able to take over the traditional retail market share (Amine and Cadenat 2003, Walker 1996, Cadilhon *et al.* 2006). Modern retails have certain advantages that traditional retailers do not have, or they have superior values that are preferred by consumers in their area. Whereas Najib and Sosianika (2017) find that the existence of modern retail is increasing the competition in getting consumers and reducing traditional retail profits. The presence of modern retails threatens the life of traditional retails.

Modern retails become superior because of several factors such as strategic location, large capital, goods logistics, etc. Koo (2003) finds that the store's atmosphere and locations of modern retail become an appeal to the consumers and influence consumer satisfaction. Whereas Cornelius, Natter, and Faure (2010) and Nordfält *et al.* (2014) prove that in modern retails, attractive interior displays influence consumers to buy products that were not planned beforehand. This means that there are certain values that are liked by consumers and become a special attraction that makes consumers prefer to be modern retail consumers. Although many researchers find traditional retails are threatened to close because of modern retail, in fact at the research sites, some traditional retail still exists. This shows that traditional retail also has certain superior values that have not been revealed by researchers. This phenomenon becomes something interesting to be studied and analyzed by researchers in countries that have modern retail and traditional retail.

This research focuses on examining the keys to traditional retails' success; why they can survive and even thrive despite the existence of modern retails. The ability of some traditional retails to adapt to modern retails becomes something interesting to be analyzed academically. Based on the description above, it is important that this research and analysis be carried out by researchers in developing countries. The results of the research will be able to uncover the key factors that determine the success of traditional retails according to the characteristics of each small city in developing countries.

1. Literature review

1.1. Retail

Retail is a mean of selling goods in small quantities that is done by a singular person or a group of people in the traditional and modern way, and they distribute the goods directly to ultimate consumers (Ayers and Odegaard 2018, Chaniago *et al.* 2019, Davies 1993, Perpres RI No. 112 2007). The examples of traditional retail are small shops and stalls. Meanwhile, examples of modern retail are minimarket, supermarket, and hypermarket.

Retails have several functions. Generally, retail functions consist of analyzing market demand and supply, being buyers and various merchandise formation, providing goods needed by a community, storing goods for inventory, dividing goods into smaller quantities, providing services, increasing goods value and price controller (Grewal, Motyka and Levy 2018; Mghebrishvili and Urotadze 2016). Moreover, retails can also control the distribution of goods in a community. Below functions of traditional retail:

- *Providing goods needed by a community*: Retail shops provide various goods and services needed by the community in which the retail shops operate. The owners of retail shops register the needs and the taste of their consumers;
- *Storing goods as stocks*: Most retail shops are able to fulfill the consumers' needs for several days. Retail shops have a number of stocks in their storeroom. Retail shops store certain goods as stocks for them to sell when their consumers need it;
- *Dividing goods into smaller quantities*: Retail shops divide the goods they sell into smaller quantities so their consumers do not have to buy goods in bulk and they can shop appropriately based on their funds;
- *Providing services*: Some of the retails are selling goods as well as giving services. There are even retail shops that only give services. The form of the services that retail shops give is credit sales, delivery service, and insurance on the goods that they sell;
- *Increasing goods value*: Creative retail shops combine some goods together to get some added value to the goods. For example, they give goods wrapping with a brand and the name of the retail shop on it, and they combine one piece of goods with another to make a new product;
- *Controller of inventory and price:* In general, retail has enough inventories of goods in the long run, has operational standards (in traditional retail it is rarely written and this has become a habit), and the selling

price is determined by the retail owner. The determination of the selling price refers to market conditions. Each retail set prices and supplies according to the owner's wishes, and there are times when a price war occurs. However, in the modern retail price is determined by central management. Each store is not allowed to set prices with fluctuation (free without rules). Consequently, modern retail also acts as a controller of the selling price, and it is the opposite of traditional retail;

- *An independent distributor*: Traditional retail shops sometimes act as a distributor as well as selling goods in small quantities. As distributors, traditional retails are not bound to any company policies. They work independently. The local people can be suppliers to traditional retail shops. Negotiation with suppliers comes naturally, without the needs of a third party. The agreement between suppliers and retail owners is built solely on trust. Their agreement is usually only written on a small note as a reminder.

1.2 The defining factors in the success of retail

As this research is written in 2018, there are many researchers who have explained that modern retails take up traditional retail markets, and they even shut down traditional retail markets. The reason is that traditional retail is weak in the capital, supply chain, high operating costs, expertise, knowledge and professionalism (Najib and Sosianika 2017, Paddison and Calderwood 2007). Though many researchers have already warned people about the negative effects of modern retails, people still like being consumers of modern retails. This is proofed by the growing number of modern retails in research sites (Dinas Perindag Kota Cimahi 2017). Observation from the field also shows that there are a lot of modern retails that are still operating, and they take over some of its market shares.

Regardless of the fact above, both modern retail and traditional retail still have factors that make them excel. The factors that make modern retails excel are clean and comfortable area, competitive price, complete goods, and strategic location (Chaniago *et al.* 2019; Farhangmehr, Marques, and Silva 2000; Goldman and Hino 2005). However, factors that make traditional retail excel haven't been found. Most researchers only analyze modern retails and hypermarkets. Therefore, the investigation about the key factors of traditional retails' success is needed to be done.

Ayers and Odegaard (2018) say that the success of a retail business (both modern and traditional) is determined by the management of money, goods, pricing, supply chains, inventory, and innovation of goods that are being sold. Colla and Lapoule (2012), in their research, reminds all entrepreneurs that strategy marketing, relationship marketing, purchasing, e-marketing (ergonomics, assortment and price policy), logistic, strategy, and service are the key factors to the success of a retail business. Quite similarly, McKenzie (2006) proofs that key factors to the success of a retail business are the quality of the service, price, physical aspect (the display and the layout of the shop), information media, and professional employees. Another researcher finds that the success of a retail business is determined by strategy, supplier, innovation, technology, quality of the service, and professional human resources (McKenzie 2006; Megicks 2007; Reynolds *et al.* 2007; Sorescu *et al.* 2011; Swoboda *et al.* 2007; Tsironis, Gotzamani, and Mastos 2017). Innovation, strategy, and quality of the service are strongly depended on the human resources availability and the manager of the retail.

From the literature study and the description above, it can be conclude that theoretically, there are 11 keys to retail success, which are: *Strategy*, *Innovation*, *Physical* (appearance, layout, and location), *Product* (Completeness of goods), *Supplier and Inventory*, *Price*, *Technology used*, *Promotion*, *People* (quality of the services), *Finance*, and *Marketing mix* (place, product, price, promotion, people, physical, process). Some of those keys are parts of the marketing mix, such as completeness of goods (product), price of goods (price), location (place), service quality, media information (promotion), strategy and innovation (people), inventory (physical evidence), and financial. Only *supplier* and *technology* that are not included in the marketing mix. Academically, the key to retail success can also be seen from the combination of marketing mix concepts.

The explanation of the eleven key factors that determine the success of a retail business can be seen as follows:

- *Strategy*: strategy is an activity carried out by the owner together with the supervisor or his/her employees to determine their business tactics such as carrying out business principles that are honest, open, friendly and do not turn off surrounding retailers. This strategy will improve the performance and reputation of the store (Megicks 2007). Nguyen and Pham (2018) as proof that a reputable business will maintain customer trust;
- *Innovation*: innovation is the activities undertaken to attract consumers to shop, such as giving discounts, prizes, providing new products and new services, or other activities that attract consumers. Bacik, Gburova, and Mikula (2018) find that consumers like discounts and payment at the lowest prices;

- *Physical (appearance, layout, and location*): The appearance of retail must be made comfortable, clean, and safe and is located in a strategic location or near a settlement. Comfort, cleanness, and safety are things that are difficult to achieve by traditional retailers (Goldman and Hino 2005). A clean building, comfortable air, and security around the location of the store should be a concern to the retail manager. The installation of CCTV is needed to improve the safety and comfort of all parties. The building of traditional retail is usually not too large, the goods being sold are incomplete, not all goods are being displayed, the place is less comfortable, and consumers can still bargain about the price;
- *Product/completeness of goods*: the completeness of goods is a magnet that can invite consumers to come shopping. Consumers will like shopping at stores that have complete and various items *(Dahab et al*. 1997);
- *Supplier and inventory*: the owner together with the supervisor (if there is a supervisor) needs to choose who is worthy of being a supplier because the supplier will determine the quality and completeness of the items to be sold and stored as inventory;
- *Price*: in determining selling price, there are several factors that should be considered: other retail conditions, acquisition cost, and profits. Price is the determining factor for the success of a business (Bacik, Gburova, and Mikula 2018). If the selling price is too high, the consumers will switch to other retails, therefore pricing needs to be done carefully. In traditional retailers, buyers and sellers communicate directly, so the price can either be stated directly on the goods or not. In traditional retails, the sellers and the buyers are allowed to bargain;
- *Technology*: the using of modern technology (computers, internet, cash registers, CCTV, payment via debit/credit cards, transfer of funds) also becomes a consideration for someone to become a consumer. Many traditional retailers are managed without adequate technological support, which reduces consumers' comfort and trust (Hardiani and Sisharini 2017);
- *Promotion/information media*: Retailers owners should give the right information in the right way about new products, prices and other information that is needed to be conveyed to consumers. Consumers can see whether the information given is honest, trapping or not. Retail owners and their employees need to design information honestly and transparently. The information conveyed should be informative, impressive, intelligent, original and visually stunning (Birknerová *et al.* 2017). (Morimura and Sakagawa 2018) say a promotion had a positive impact on business performance.
- *Quality of service*: human resources really determine the quality of customer service, therefore the existing human resources (supervisors and employees) are always trained and reminded to serve the consumers professionally. Fongkam (2015) states that one of the traditional retail competitiveness is determined by the employees.
- *Finance*: Finances and funds to buy goods and pay suppliers to need to be regulated by a controlled system. The use of financial and accounting systems that are integrated with inventory and suppliers helps the owner & supervisor to make decisions. To get high-quality goods at reasonable prices, shop owners need to maximize negotiations with suppliers (Knežević, Naletina, and Damić 2016).
- *Marketing mix:* marketing mix is a strategy used by sellers to attract potential customers to become real and loyal consumers. Retailers use a combination of marketing mix elements in attracting customers, such as: providing discounts, placing certain products in strategic places, arranging shopping spaces to be comfortable and safe. Some elements of the marketing mix are listed in point one to ten above.

From the explanation above and the findings from researchers in various countries, which are varying in determining the key factors for retail success, it is important to conduct this research holistically to uncover the key factors for traditional retail success that can apply for small cities in developing countries.

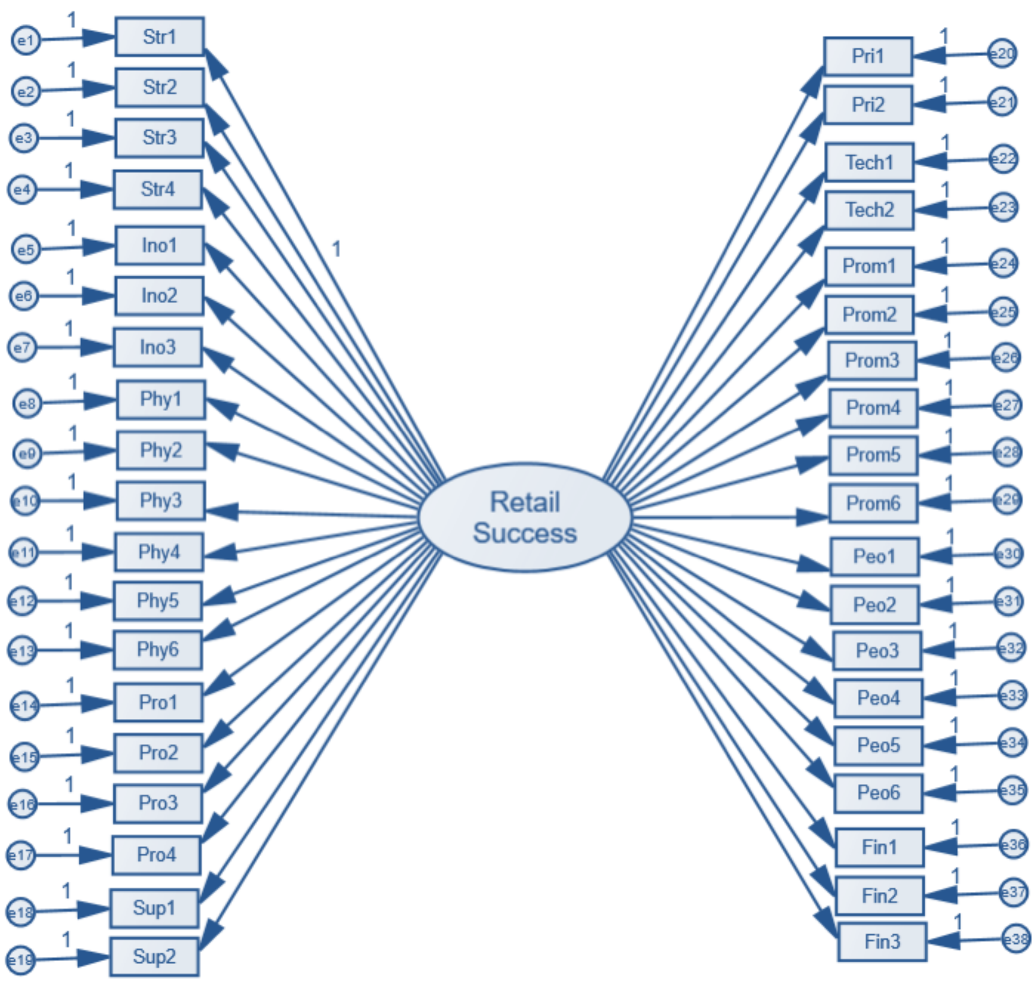
1.3. Research concept

Modern retails and traditional retail are a business activity that sells goods and services directly to ultimate consumers. Traditional retail is different from modern retail. Modern retailers have a standard set by the holding company. The modern retail standards cover the land area, room area, display forms and shelves of goods, standards for goods that are being sold, price standards, service standards, payment standards, use of technology, standards for the employee, and retail management standards. It is different from traditional retail which does not have any established standards. The standards of traditional retail are largely determined by the wishes and knowledge of the owner. For retailers whose owners and/or managers are knowledgeable, some standards in modern retail will be easily adopted. However, if the owner's and/or manager's knowledge is limited, it is difficult to adopt and implement standards that can satisfy consumers. The statement above is based on the observation from researchers in the research sites. The standards applied by traditional retailers vary greatly. Standards run by a retailer determine the success of the retail.

Experts conclude there are some standards that determine the success of retail. The standards referred to in this study are called critical success factors, such as innovation, strategy, technology, suppliers, quality of service and professional human resources (McKenzie 2006, Megicks 2007, Reynolds *et al*. 2007, Sorescu *et al.* 2011, Swoboda *et al.* 2007, Tsironis, Gotzamani, and Mastos 2017). While Kotler (2007) suggests that the success of a retail business is determined by the marketing mix factor such as place, product, price, promotion, people, physical, and process. Based on those theories, a retail's success is determined by a combination of various factors above such as strategy (honest business, openness, protecting the environment, marketing strategy), innovation (giving prize, giving discounts, providing new products), physic (appearance, layout, location, store facilities, store atmosphere, store area), products (quantity of goods, quality of goods, completeness of goods, daily necessities), price (selling price, negotiable price), technology (surveillance technology, payment technology), promotion (advertising, personal selling, precise information, honest information (the use of information media, sales relations with consumers), quality of service (professional human resource, polite human resource, speed of service, human resource hospitality, human resource communication, direct serving), finance (using financial system, using systems accurately, financial management).

The factors above are suspected to be interrelated and reinforcing each other, forming a holistic unity. So are the factors that determine the success of traditional retail. In the study of each of these factors, they are graphically depicted in the following form:

Figure 1. Design of the determinants of traditional retail success



Source: Literature study, 2018

Explanation:

Str1 = honest business	Ino1 = giving prize	Pro1 = goods quantity
Str2 = openness	Ino2 = giving discounts	Pro2 = goods quality
Str3 = protecting the environment	Ino3 = providing new products	Pro3 = completeness of goods

Str4 = marketing strategy		Pro4 = daily necessities
Phy1= appearance	Phy4= store facilities	Fin1 = using a financial system
Phy2= layout	Phy5= store atmosphere	Fin2 = using systems accurately
Phy3= location	Phy6= store area	Fin3 = financial management
Sup1 = supplier	Pri1 = price	Tech1 = surveillance technology
Sup2 = inventory	Pri2 = negotiable price	Tech2 = payment technology
Prom1 = advertising	Prom3 = precise information	Prom5 = the use of information media
Prom2 = personal selling	Prom4 = honest information	Prom6 = sales relations with consumers
Peo1 = professional human resources	Peo3 = speed of service	Peo4 = human resources communication
Peo2 = polite human resources	Peo4 = human resource's hospitality	Peo6 = direct serving

Based on Figure 1, these factors need to be analyzed and tested for their validity by using factor analysis.

2. Methods

This research uses a descriptive method with qualitative approach. The data is gathered through questionnaires and observations. The secondary data is taken from the government of Cimahi city, Indonesia. As the exact number of buyers in traditional retail shops is unknown, the number of the sample is determined by multiplying the indicators by five or seven (Gursida and Harmon 2017, Hair *et al.* 2006). For this research, there are 38 indicators, so the number of samples is 38x7=280 respondents. The respondents that are taken as samples have the criteria of: live in a place where a traditional retail shop is located, live within 200 meters from a traditional retail shop, have their own income, and have already shopped in a traditional retail business with the minimum of ten times.

The measuring components and the indicators of the success of traditional retail are shown in Table 1.

Table 1. Measuring components and indicators

Variable	Factors/dimensions	Indicators & Symbols
Determining factors of the success of traditional retail	Strategy	Honest business, openness, protecting the environment, marketing strategy;
	Retailer's Innovation	Giving a prize, giving a discount, providing new products;
	Physical	Appearance, layout, location, store/retail facilities, store/retail atmosphere, store area;
	Merchandise & Assortment	Quantity of goods, quality of goods, completeness of goods, daily necessities;
	Supplier & Inventory	Suppliers, inventory;
	Price	Selling price, negotiable price;
	Technology	Surveillance technology, payment technology;
	Information media	Advertising, personal selling, precise information, honest information, the use of information media, sales relations with consumers;
	Service quality	Professional human resources, polite human resources, speed of service, human recourses' hospitality, human resources' communication, direct serving;
	Finance	Using the financial system, using systems accurately, financial management.

Source: literature study, 2018

3. Results

After the 38 factors are tested using factor analysis and Amos software, it is found that the reliability of research data that is still below 0.7. Data reliability is good if alpha Cronbach >= 0.7 (Gozali 2008, Gursida and Harmon 2017, Hair *et al.* 2006). This shows that there are still factors (variables that are being studied) whose alpha Cronbach is still below 0.7 or the data are not distributed evenly, and there are indications that the data are not fit, as shown in Table 2.

Table 2 shows 0 probability, the data is not distributed evenly with Cr 27,086, and the model criteria give information that the model is not fit. Furthermore, the model is modified using the modification index in Amos software. The significant factors are removed from the research model. There are quite a lot of factors that are removed from the model.

Table 2. Goodness of fit indices (first processing)

Criteria	Cut off value*	Model results	Explanation
X^2 Chi-Square		4.066,025	A small value is expected
Relative X2 (Cmin/DF)	≤ 2,00	6,114	Bad
Probability (P)	≥ 0,05	0	There is a difference between data and model
Cr	≤ 2,58	27,086	Data are not distributed evenly
RMSEA	≤ 0,08	0,135	Bad
GFI	≥ 0,90	0,486	Bad
AGFI	≥ 0,90	0,427	Bad
TLI	≥ 0,95	0,235	Bad
CFI	≥ 0,94	0,277	Bad

Note: *According to Ghozali, 2008.

From 38 factors, only six factors that play a role in the success of traditional retails. The six factors can be seen in Figure 2. The data processing is done for the second time and the result can be seen in Table 3.

Figure 2. Determinants of traditional retail success

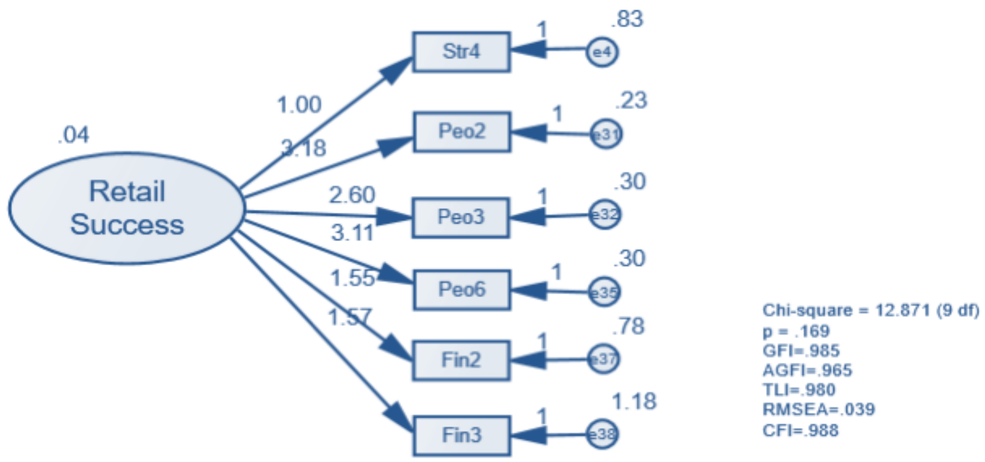


Table 3. The goodness of fit indices (second processing)

Criteria	Cut off value*	Model results	Explanation
X^2 Chi-Square	-	12,871	A small value is expected
Relative X2 (Cmin/DF)	≤ 2,00	1,430	Good
Probability (P)	≥ 0,05	0,169	No difference between the data and the model
Cr	≤ 2,58	4,378	Data is not distributed evenly
RMSEA	≤ 0,08	0,039	Good
GFI	≥ 0,90	0,985	Good
AGFI	≥ 0,90	0,965	Good
TLI	≥ 0,95	0,980	Good
CFI	≥ 0,94	0,988	Good
IFI	≥ 0,95	0,988	Good

Note: *According to Ghozali, 2008.

The results gained from the second data processing is that the data is fit. However, the data normality is still not normal (Cr = 4.378). To overcome this problem, data bootstrapping at 500 is done. The comparison between before and after bootstrapping shows that the original value < critical value after bootstrapping. This means that there is no difference between model and data from the field, or the model is fit at bootstrapping 500.

From the data processing above, it can be concluded that there are only six factors that determine the success of a traditional retail business. The six factors are polite employees, quick services, being served directly and personally, accuracy in calculating the payment and having transactions being done directly by the owner. These six factors can attract consumers to shopping in traditional retail shops.

The ranking of the six factors can be seen in Table 4 below:

Table 4. Ranking of respondents' answers

Factors	Score from respondents	Rank:
Being served directly and personally	3,700	1
Polite employees	3,546	2
Having transaction being done directly by the owner	3,418	3
Quick services	3,414	4
Direct marketing	3,182	5
Accuracy in calculating the payment	2,789	6

Source: Research result, 2018

From the data displayed in Table 4, this research found that respondents like to shop in traditional retail because of being served directly and personally, polite employees, having transactions being done directly by the owner, quick services, direct marketing, accuracy in calculating the payment.

4. Discussion

Researchers have found that the superior values of each retail are different (Swoboda, Weindel, and Hälsig 2016). The same thing is also applied to traditional retails. From ten dimensions which consist of 38 factors, only six factors are proofed to be the superior values of traditional retails. These six factors attract consumers to shop in traditional retails.

This research has found and proofed that there are six factors that determine the success of a retail business. Those six factors are direct marketing, polite employees, quick services, being served directly and personally, accuracy in calculating the payment and having transactions being done directly by the owner. The factor 'being served directly and personally' is similar to the research done by Goldman and Hino (2005) who have proofed that traditional retails will excel with a personal relationship and being served by a person from the same ethnic. However, it is very different with research done by Fongkam (2015) in Chiang Mai, Thailand who has proofed that the competitiveness of traditional retails is determined by employees, products, value, location, store layout and arrangement of goods, various products and services, corporate social responsibility, relationships with business competitors, price and profitability, store decoration, inventory, promotion, and distribution. For traditional retailers in Indonesia, there is no evidence to show that this is true. The factors that Fongkam (2015) has mentioned are the weakness factors of traditional retails in Indonesia, and these weaknesses have been tolerated by the consumers.

Theoretically, these six factors are grouped into service quality. Colla and Lapoule (2012), Koistinen and Järvinen (2016) prove that service quality and customer service activities are factors that attract people to shop. Stoner (1987) and Knežević, Naletina, and Damić (2016) propose that maintaining goods quality, goods uniqueness, service quality, strategic location, and competitive price are the superior values that can be established by traditional retail's owners. Almost all traditional retail in densely populated small cities in Indonesia are located in strategic locations that are accessible to the consumer. The hard part is selling goods with a price that can compete with the price in modern retails. However, traditional retail consumers have tolerated the conditions of traditional retailers, such as those related to deficiencies: cleanliness, variety of items, price, store order, and store atmosphere (Goldman and Hino 2005). The cause of this obstacle is the small capital that traditional retails have. To overcome this, the use of strategic alliances and strategic cooperation (Farhangmehr, Marques, and Silva 2000; Knežević, Naletina, and Damić 2016) or making an alliance with other traditional retails and applying product differentiation (selling different product from modern retails) could streamline traditional retail capital (Knežević, Naletina, and Damić 2016). Traditional retail entrepreneurs in groups will be more empowered to negotiate when buying goods in large quantities and can reduce the price of transportation. The use of this strategy in a committed manner will increase traditional retail competitiveness and they will be able to sell goods a the same price as modern retail.

Traditional retail in Indonesia has a custom where the owners, who also act as the retail manager, run the business together with their families. This fact is similar to the research finding of Boulaksil *et al.* (2014) in Morocco. In the observation result from the research site, the majority of traditional retail owners run their businesses and serve their consumers directly. It is very rare for a traditional retail shop to not have transactions being done directly by its owner. Consumers can directly communicate with the owner whether they want to pay in cash or credit. Consumers usually only buy goods for daily needs (Sunanto 2012), such as milk, soap, cooking oil, etc., and they can directly make a bargain about the price of goods that they are going to purchase. It is different from modern retails, where the owners do not have direct contact with the consumers, and the cashier is usually an employee not have any family relationship with the owner. The direct service from the owner attracts consumers to shop in traditional retails. Psychologycally, when a consumer is being served directly by the owner, they can communicate freely, and they feel more valued.

Polite employees and quick service are also the factors that are liked by traditional retail consumers (deft, very attentive to every consumer). Traditional retails owners know their consumers personally. Therefore, they show good manners to consumers. They are afraid of social law in society. In quick service, they personally know which consumers they should give quick service to and which consumers do not require it. Quite similarly, Hardiani and Sisharini (2017) find that hospitality, speed, and certainty of opening time for traditional retail stores are the desired factors by consumers.

Other factors that are liked by consumers are direct marketing and the accuracy in calculating the payment. When serving consumers, retail owners often give them information about new products or substitute products. For traditional retail, direct marketing is very effective in introducing unique and new products. However, there should be no mistake in the information provided; for example, misinformation in pricing, specifications, etc. The consumers do not like miscalculation in payment because of the wrong information that the seller give. The information provided must be accurate and smart. This informal communication is more effective in marketing new products and other goods.

Another finding and factor that attract consumers to shop in traditional retail is the accuracy in calculating the payment. As the number of consumers is not that much, traditional retail owners simply use simple technology such as calculators and digital scales. The accuracy in counting the number of goods, the weight of goods, and the payment transaction will increase the consumers' trust in traditional retail.

Conclusion and Recommendation

Conclusion

There are several factors that determine the success of a traditional retail business. From 38 factors that are investigated using factor analysis, only six factors that are proofed to be the determinant of a traditional retail business's success. Those six factors are direct marketing, polite employees, quick services, being served directly and personally, accuracy in calculating the payment and having transactions being done directly by the owner. Those factors can be used by traditional retails to compete with modern retails and can be an appeal to consumers to shop in traditional retail.

Recommendation

In this study, the key factors to the success of traditional retails are seen from the consumers' point of view. In the future, the success of traditional retails should be viewed and analyzed from the consumers' and the owners of traditional retails' point of view.

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