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Research paper

Traditional Retail Business Marketing Strategy in Dealing Business Competition

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Abstract

This study was conducted based on the traditional retail business phenomenon in Jember in dealing the competition of modern retail business. The rapid growth of modern retail business led to increasing levels of competition faced by traditional retailers. Traditional retailers must have a marketing strategy in order to survive in retail business competition. The purpose of this study are: (1) to identify the strengths, weaknesses, opportunities and threats on traditional retail; (2) to formulate the appropriate marketing strategy for traditional retailers in dealing modern retail competition. The research method used is descriptive qualitative method. The analysis technique used in this study is TOWS analysis. The informants are: business owners, employees, consumers and stakeholders. The results showed: (1) the strengths of traditional retailers are : strategic location, communications, word of mouth, uniqueness; traditional retail weaknesses are: the layout of items, homogeneity of products, quality of service; traditional retail opportunities are : culture, government regulations, needs and desires of the community; traditional retail threats are : a shift in culture, growth and development of modern retail; (2) the formulation of a marketing strategy that should be implemented to deal with the modern retail competition are : diversity and innovation of the products offered, improving the quality of services, an increase in information and technology.

Keywords: *Strategy, marketing, business, traditional retail, modern retail, TOWS analysis.*

1. Introduction

Nowadays, the competition of business is higher, including the competition of retail business. The higher competition of business led to more alternative product (goods and services) offered. The innovation of product developing rapidly, both product differentiation and product diversification (Ma'ruf, 2005 : 23).

Based on the viewpoint of customer, the effect of nowadays business condition is very pleasing. Consumers are free to choose products according to their individual tastes. So many products offered, make consumers choose based on priorities. Consumers satisfied because the needs and desires are met.

Based on the viewpoint of manufacturers, due to the conditions of business competition is perceived as a challenge. Increasing number of alternative products offered, then encourage manufacturers to actively carry out product innovation. The products compete with one another as well as offering the advantages of each. Customer satisfaction surveys are also carried out to analyze the level of customer satisfaction with the products offered as well as to determine the tastes of consumers (Grewal et al., 2011).

This competition not only in the variety of products offered, but also in the form of retail business. In Indonesia, the last few years, there are many developed retail business. Initially, the existing retail business traditionally managed. Followed the desire of consumers, the retail business is also moving from traditional retail into a modern retail. This retail business phenomenon is very attractive to researched (Utami, 2006 : 7).

The increase growth of modern retail led to position of traditional retail is threatened. Indomaret and alfamart are the most fast growing modern retail. Both of this retail are market leader in the retail business sector. The growth of modern retail is not only in big cities but also in a relatively small city, even in the countryside. Not only in terms of the quantity of stores increased, but modern retail also have their own products. This is indicated by the presence of goods using modern retail brands such as Indomaret and Alfamart. payment of electricity, telephone, water (Regional Water Company / PDAM) and the booking of train tickets. Modern retailers also provide wifi and comfortable seating for customers. Even, in some modern retail lend a place for a certain event at their building. Nowadays, modern retail is also working with the people who have small businesses as trained partners. For small business owners who are already partnering, they have opportunity to open a business and obtain guidance in the form of training such as business management and financial management. These trained partners use the facility around the store of modern retail. The location used is usually at the store yard or parking area. Prices of products in modern retail also varies, when the promo offer prices much lower with the price offered in traditional retail. Moreover, the price promo imposed on basic goods (groceries such as sugar, rice, cooking oil and milk).
The rapid growth and development of modern retailing, significantly bring a considerable impact on the growth of traditional retail. The number of consumers who shop at traditional retailers reduced. And continued with the lid of traditional retail business.

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Based on the phenomenon that occurs in traditional and modern retail business competition, this study aims to:
(1) to identify the strengths, weaknesses, opportunities and threats on traditional retail;
(2) to formulate the appropriate marketing strategy for traditional retailers in dealing modern retail competition.

2. Materials and Methods

The method used in this research is descriptive qualitative method. Analisys technique used is TOWS analysis. The use of TOWS analysis is intended to formulate the marketing strategies for traditional retail businesses for dealing modern retail competition. Aspects that will be reviewed is the internal environment and the external environment of traditional retail (Amir, 2005 : 11). The internal environment includes the strengths and weaknesses that are owned by traditional retailers. The external environment includes the opportunities and threats faced by traditional retailers.

The collection of data through informants specified and selected in accordance with the informant role in giving information about traditional retail. Informants in this study include:
1. Business owners are people who has a traditional retail business.
2. Employees are people who work in traditional retail business owners.
3. Consumers are people who ever make transactions at the traditional retail business.
4. Stakeholders (department of industry and trade) are people who make the policies and rules related to traditional retail business.

3. Results and Discussion

The results of this research is based on information collected from the informant who was elected to the identification of several factors into strengths, weaknesses, opportunities and threats faced by traditional retail business. Interactive analysis conducted through the stages of data collection, data reduction, data presentation and verification of data. Information on the identification of these factors then be a basis for preparing the formulation of marketing strategies traditional retail business in the face of competition with modern retail business.

Strengths that owned traditional retailers are:
1. Human resources (people) because the owners and employees are local community so that more familiar with the surrounding culture/environment.
2. The strategic location because the traditional retail business is close to its customers.
3. Communication because the owners or employees can communicate more intensive and personal.
4. Promotion (Word of Mouth / WOM) because the powerful empathy exists can be used as a promotional tool.
5. Uniqueness because the traditional retail business is very attached to the culture of the people that have special characteristics.
The weaknesses at traditional retailers are:
1. The layout of the goods because of the layout of the goods is less organized and less attractive.
2. The homogeneity of the diversity of goods because goods offered less varied.
3. The homogeneity of the diversity of services because services offered less inovatif.
4. Service quality because service offered less satisfied.
Opportunities facing traditional retailers are:
1. Cultural society due to changes in culture cause traditional retail business as a major focus.
2. Government regulation because of the government protect the existence of the traditional retail business.
3. The community needs because the community needs increase.
4. People's desire because the community desire more varied.
Threats faced by traditional retailers are:
1. The cultural shift because people prefer to shop in modern retail business than traditional retail business.
2. The growth of modern retail because of the increasing competition in business retail.
3. The development of modern retail because of the increasing diversity of products offered by modern retail business.
Based on TOWS analysis can be formulated marketing strategies that can be implemented by a traditional retail business, namely:
1. Diversity and innovation of the goods offered. Traditional retail business owners should improve the type of goods offered.
2. Diversity and innovation services offered. Offer more innovative services in accordance with the needs and desires of consumers.
3. Improved quality of service. Faster and friendly service to costumer.
4. Changes layout the goods and stores. Make interesting arrangement of items and improve the lighting and cleanliness of the store.
5. Improved information and technology. Availability of more sophisticated information and technology.

4. Conclusions

The phenomenon of business competition between traditional retail and modern retail can not be avoided. The government has already set the arrangement and development of traditional and modern retail business. These regulations should be implemented properly. Evaluation toward the implementation of the regulations have to conducted to review the rules toward today existing conditions and the implementation of these rules in society. And the need of sanctions for retail owners who do not comply with the government regulations

The strengths and opportunities of traditional retailer should be the initial power to support the growth and development of the business. The weaknesses and threats of traditional business should be the motivation for traditional retailer to trigger and stimulate the creativity and innovation in marketing their products to consumers.

Quality of service, diversity of products (goods and services) offered and layout the store becomes the main focus in the marketing strategy that have to implemented immediately on the traditional retail business. Improved information and technology to the traditional retail business should also be done through the use of more advanced technology to satisfy consumers. This helps in the speed and accuracy of

customer service. Search the latest information about the changes in consumer behavior should always be conducted to determine the changing needs and desires of consumers. Businesses that will survive are the businesses that are able to adapt to the ever-changing environment.

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