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Strategies of Traditional Retail Store in Dealing with Mini Market Competition in Sidoarjo Regency

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Abstract

This study aims to analyze the strategies adopted by traditional retail stores in Sidoarjo Regency to remain competitive amidst the rapid expansion of modern retail, particularly mini markets. Using a qualitative descriptive approach, data were collected through interviews, direct observations, and documentation involving five traditional store owners operating near mini market locations. The findings reveal that traditional retailers rely on several key strategies, including building strong social relationships with customers, offering flexible payment systems such as informal credit, adjusting product prices based on community purchasing power, and providing unique local products not found in mini markets. While these strategies help sustain competitiveness, challenges remain, especially regarding store management, layout, and limited use of digital technology. Therefore, collaborative support in managerial training, financial access, and technological empowerment is essential to enhance the competitiveness and sustainability of traditional retail businesses in the face of modern retail growth.

Keyword: Traditional Retail Stores, Mini Market Competition, Retail Strategy, Local Business Adaptation, Sidoarjo

1. Introduction

In a constantly changing and challenging business environment, having an effective competitive strategy is the main key for a company to achieve success. This strategy allows the company to thrive among competitors, attract customers, and maintain a stable business position. By designing and implementing planned actions, the company can strengthen its position in business competition and gain competitive advantage over competitors. (Wahyu Rizky et al., 2024)

In the era of industry 4.0, the use of technology is increasingly widespread in various aspects of life, which aims to facilitate human activities, both in terms of communication and access to accurate information. This development is also felt in the retail business sector which continues to progress in society. (Rahma, 2021)

Retail that is generally related to small-scale businesses or retail sales can be found almost throughout the Sidoarjo area. Along with the development of the modern era, advances in science and technology in the modern era have encouraged the birth of various innovations that facilitate human activities. Activities that used to be simple and traditional are now increasingly assisted by technology. All aspects of retail activities are also supported by facilities and access that are increasingly easy to reach. The difference in terms of reach and growth between modern and traditional retail creates a dynamic of competition between the two. (Jurnal et al., 2023)

Marketing strategy has a crucial role for managers in formulating and developing marketing steps appropriately and carefully, in order to avoid deviations from the plan. In addition to designing an effective marketing strategy, managers also need to take into account various market opportunities, such as the needs of potential consumers, environmental conditions, and potential threats from competitors before determining the direction of the marketing strategy. (Patresia Tulak et al., 2024)

One of the economic sectors included in the informal sector is retail. traditional. Traditional retail can be started with a small capital compared to modern retail, making it easier for business actors to start and has the potential to provide profits. Running a traditional retail business requires a relatively small investment, making it easy to enter the market industry. In terms of price, the determination depends entirely on the shop owner who can adjust the amount of profit margin according to his wishes. (Indah et al., 2019)

The growth of modern retail in the Sidoarjo area has a positive impact on the sustainability of the local economy, but also affects the existence of traditional retail. The presence of minimarkets is increasingly popular along with changes in lifestyle, orientation, and increasing income of the people in Sidoarjo. If in the past consumers were more focused on low prices, now with the improving economic conditions in the Sidoarjo area, the aspect of convenience when shopping has become the main factor considered by customers. This makes modern retail more popular than traditional retail. (Felycia & Genoveva, 2021)

Many types of modern retail stores have emerged to attract customers, especially the community around the Sidoarjo area, with several advantages such as a more comfortable and more neatly arranged shopping place compared to traditional retail. The location is also close to traditional retail, creating tight competition and threatening the existence of traditional retail. (Gede Putri Kusuma Pekerti, 2022)

Competition between the two types of retail encourages business owners to improve innovation and efficiency and product quality, making customers more satisfied. On the other hand, business competition also has a positive impact on growing human resource creativity as a way to encourage them to utilize existing assets. optimally, and produce products at more competitive prices. (Mardhiyah, 2021)

Competition between traditional and modern retail provides benefits to customers because they have more alternative places to shop. Customers who think rationally tend to choose shopping locations that can provide maximum satisfaction. In recent years, the presence of modern markets has become part of the needs and reflects the modern lifestyle that is increasingly developing in society. (setyariningsih & utami, 2021)

The impact felt by traditional retail is a slower economic cycle. In traditional markets, the flow of money is spread to many parties, and the transfer process is through a fairly long chain. This condition affects the economy in the Sidoarjo area, so that its economic movement is slower compared to modern retail, which has a shorter and more efficient economic circulation system. (Cahyono, 2023)

The concept of sales strategy is built on market share management, and the most effective strategies come from two main ideas. Marketing strategy practice should turn these ideas into concrete questions that need to be answered. Here are the two basic ideas: a) "Who" (who are the consumers we will serve?) Who will interact directly with our product or service - both at the checkout and during delivery? And who will actually spend the money to buy / target market? b) "Who" (who are the competitors we are facing?) Anyone involved in the competition in this business model needs to be identified, as

well as the right strategy that must be designed to face them. Market share management encourages us to appear superior in the competition. The successful party is those who are able to optimize the elements

in the retail mix efficiently, so that they can meet customer needs and expectations better than competitors. ((Teguh Heriawan, 2018)

2. Research Methods

The research method uses a descriptive qualitative approach, which aims to explain various phenomena that occur, both in the present and in the past, without making changes to the variables that have been observed. Thus, the data is presented in its original condition. (Widiyastuti, 2024)

This study involved five traditional retail store owners located around the minimarket area in Sidoarjo District, especially in Kwangsas, Pepe, and Alas Tipis Villages. The selection of research participants was carried out using purposive sampling techniques based on certain criteria:

- The store has been operating for at least two years, Located
- within a 400 meter radius of the nearest minimarket,
- The owner or principal manager is willing to be interviewed in person.

Data collection through two main methods, namely interviews with participants & direct documentation.

- Interviews aim to dig up information related to the respondents' businesses, views, and experiences directly. Referring to Koentjaraningrat (1990), interviews are a method of collecting data through face-to-face conversations between researchers and respondents.
- Documentation is done by collecting data from various written documents or relevant archives.

Data collection using SWOT analysis (Strengths, Weaknesses, Opportunities, Threats). This analysis is used to obtain the right strategy to develop traditional retail businesses in the Sidoarjo area.

SWOT Analysis

Strengths (Strengths):

- Building emotional closeness and close social relationships with customers.
- Flexible payment systems such as short-term debt.
- The ability to adjust prices according to the purchasing power of consumers.

Weaknesses:

- Simple store facilities that make the arrangement of goods less than optimal.
- Limitations in promotion and use of technology for business development.
- Vulnerable to bad debts if not managed carefully.

Opportunities:

- Government support through regulations that benefit MSMEs.
- Consumer enthusiasm to buy local products.
- The need for a more personal delivery service.

Threats (Threats):

- Minimarket expansion using a massive promotion system. Shifting
- consumer preferences that tend to buy from modern retail.
- Minimarket operating hours that have longer hours

With this approach, researchers try to identify existing opportunities and challenges that will be faced by traditional retail stores in Sidoarjo Regency. From there, relevant solutions and strategies will be formulated to increase their competitiveness, especially in facing competition with modern retail in the Sidoarjo area.

3. Results and Discussion

3.1. Results

Based on the results of interviews with five traditional retail business actors in Sidoarjo District, several main strategies were obtained that were used to maintain the continuity of their business amidst competition with modern retail. These strategies include:

a) Building Social Relationships with Consumers

Shop owners establish close social relationships with customers in an effort to create loyalty and increase trust in the store. In addition, they also utilize community organization networks to obtain information about certain activities, which are then used as opportunities to get involved as suppliers of goods.

b) Providing convenience in payments.

Payment flexibility such as informal credit systems or debt is one of the advantages of traditional retail in helping consumers who are experiencing economic limitations. However, this system can be a risk if not accompanied by careful credit selection and management.

c) Price adjustments according to purchasing power.

The price adjustment strategy is carried out by considering the economic capabilities of the surrounding community. Some stores also implement a bundling system or product packages with discounts as an effort to attract consumer interest, especially for products that have high demand.

d) Selling Local Products.

Traditional retail stores tend to provide regional specialty goods that are not found in mini markets, thus providing added value and becoming a strong differentiator in the competition.

3.2. Discussion

Various strategies implemented by traditional retail business actors in Sidoarjo show that they are able to adapt to the challenges posed by the presence of modern retail. An approach that focuses on social relationships has proven effective in maintaining customer loyalty. This strengthens the view that personal interaction in a local context not only facilitates the buying and selling process, but also strengthens the role of the store as part of the social life of the community.

Another key strategy is the ease of payment systems, such as informal credit. Although this strategy is very helpful for customers who are experiencing financial constraints, the system can be a barrier if not managed properly. Risks such as late payments or bad debts can be detrimental to the store, especially if the business owner does not have an adequate control system.

On the other hand, traditional retail stores are also able to compete through price adjustments and the application of product package discounts. This shows an understanding of consumer behavior, especially regarding price sensitivity. This strategy is an added value that 5 keeping traditional stores in demand, especially by customers looking for affordable prices and flexible service.

In addition, traditional retail stores have the advantage of providing local products that are not sold in mini markets. The uniqueness of these products can be a special attraction for consumers who want to support domestic products or look for regional specialties.

However, these stores still face major challenges, especially in spatial management, product arrangement, and the use of technology. The lack of digitalization and online promotion implementation is an obstacle to increasing competitiveness. Therefore, support in the form of managerial training and strengthening access to technology is an important step to help traditional retail stores survive amidst the onslaught of the modern market

4. Conclusion

This study reveals that traditional retail stores in Sidoarjo Regency still have resilience in facing increasingly strong competition from modern retailers such as minimarkets. This resilience is built through adaptive strategies that are oriented towards a social approach, service flexibility, and a deep understanding of the characteristics and needs of local consumers. One of the main strengths of traditional retail lies in the close social relationship between shop owners and customers. This relationship not only creates loyalty, but also builds a strong sense of trust, which is often lacking in modern retail. In addition, the implementation of flexible payment systems, such as informal credit, is a solution for consumers with financial limitations, although this strategy still requires careful management so as not to cause business losses. Adjusting prices to the purchasing power of the surrounding community is also an important strategy in maintaining competitiveness. Some stores even implement a product bundling system with promotional prices to attract consumer interest. These stores also highlight uniqueness by providing local products or regional specialties that are not available in minimarkets, making them have their own differentiation value. Despite its many advantages, traditional retail stores still face a number of challenges, especially in terms of business governance, physical store layout, and low adoption of digital technology. These limitations risk reducing the attractiveness of stores in the eyes of a generation of modern consumers who are more accustomed to the convenience and efficiency of technology-based services. Therefore, the sustainability and development of traditional retail stores require cross sector support, including the active role of local governments, financial institutions, and local communities. The forms of support needed include business management training, capital assistance, and facilitation in the application of information technology to support marketing and store operations. With good collaboration, traditional retail stores will not only be able to survive, but also have a great opportunity to grow and compete healthily with modern retail amidst increasingly competitive market dynamics.

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