Understanding the Perception of Millennial Generation toward Traditional Market (A Study In Yogyakarta)

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ABSTRACT
Over the past five years, the number of traditional markets in Indonesia has been decreasing. Ironically, the modern market in Indonesia was increasing fast. This study has identified the criteria of an ideal traditional market in millennial generation perception. In Indonesia, millennial generation consists of many potential customers with good purchasing ability. Based on statistic data, 44.9% of the workforce in Indonesia is the millenial generation. Since generation millennial becomes the biggest workforce in Indonesia, the influential motives which drive them to shop in Traditional markets need to be studied. Through in-depth interview with some of the participants, this study presents the important findings for sustainability of traditional markets.

Design/methodology/approach: A qualitative method has been employed in this research. A in-depth interview to the participants has been applied to identify their perception of traditional market. Location triangulation and member checking have been used to test the validation. Content analysis has been used to answer the research problem.

Practical implications: This study will give insightful information especially to government, policy maker, and management of traditional markets about their potential customers’ perception; therefore they could formulate effective marketing strategies to increase the future buyers in wet market.

Keywords: Traditional market, Millennial Generation, qualitative method, consumer behavior.

1. INTRODUCTION

The food retail system in Indonesia has changed. The evolution has been characterized by the replacement of traditional markets, small-scale family owned stores. The process labelled as modernization. The central modernization is replacement of traditional markets formats and methods with supermarket (The Ban, 1997 quoted by Goldman et al., 1999). Early in 1990, supermarket such as Giant, Carrefour, and Hero has been appeared in Indonesia’s big cities as shopping place for rich consumers. In addition, local markets (such as village markets with wholesale and retail functions) were evicted by supermarket. The rapid rise of supermarket presents challenges for small farm, and small processing and distribution firms (Reardon, et al., 2003). The modern markets were growing...
rapidly, threatened the traditional markets. Based on Ministry of Industry in 2007, the numbers of traditional markets were 13,750 markets. However, in 2011, the numbers of traditional markets had fallen into 9,950 (Neraca, 2014). Specifically, the declined traditional markets occurred more in animals and the general market (Nashihah, 2007).

Actually, traditional markets have particular characteristics that cannot be found in modern markets, namely bargaining system. Bargaining system gives a personal touch to both buyer and seller. In addition, there are some values of local wisdom contained when conducting transactions on the traditional markets, such as:

a. Thunasathak bati sanak, which means despite loss financially, but profit with new friend or family.
b. Saling silih, which means mutual borrowing. The seller borrowing something each other often occurs in wet market. (Sadhiarta, 2013).
c. Nganggeh, Balinese language, which means the buyer can get debt from the seller because they have good relationship (Sadhiarta, 2013).

In addition, traditional markets also support the economy of Indonesia. Traditional markets become places for small trader, and farmer to get together to sell their products. Traditional market which is included in informal activities, helps people with low or medium income meet their needs. Several traditional markets in Yogyakarta can compete with modern market, and survive. For example, Beringharjo still crowded and becomes one of the tourist destinations in Yogyakarta. For several people, going to traditional markets are interesting, therefore they keep visiting and shopping in traditional markets.

However, with the shifting lifestyles from offline shopping to online shopping and many interesting offers from modern market, the extinction of traditional markets will happen. There are no young people who are willing to shop at traditional markets. From customer behavior perspectives, the declined of traditional markets is because of the shift consumer behavior. Over nine years, since 2003, middle class population increase 63% (Setiawan, 2012). Middle class population are the largest consumers in Indonesia. They have shift buying behavior, demanding in quality and comfortably. Modern lifestyle also influences the place to shop. It becomes the opportunities for supermarket to supply retail business near their residence. Hence, consumers can buy their daily needs easily. Consumers also get many sales promotions from retailers to persuade them to buy something including instalments. Moreover, based on statistic data, at 2013 the biggest workforce in Indonesia is from millennial generation. While millennial generation are still young population, eventually they will grow up to become the next generation of mass affluent investors following the current baby boomers (Papini, 2007). Millennial generation has different characteristics than the previous generation. The shift of consumer behavior which has been described above is one of the millennial characteristics. They are practical, result oriented but more selective. Our research is focused in millennial generation as the subject research. Millennial generation are generation that were born from 1980 until 2000 (Kotler and Armstrong, 2014). Millennial generation becomes big generation consumers in Indonesia. Understanding their influential motives shop in traditional markets will present important insight for government that managed traditional markets.
2. LITERATURE REVIEW

2.1. Traditional Markets

Market is the place where the transaction between sellers and buyers happens. The market provides benefits for sellers as a source of income, and for the buyers as a fulfillment of needs and desires. There are two types of markets, modern markets and traditional or traditional markets (Sutami, 2012). According to Presidential Decree No. 112 of 2007, traditional or traditional markets are markets that are built and managed by the government, local government, private sector, state enterprises and private enterprises and also cooperate with private sector (PerpresRI, 2007). The Distribution chain in the traditional market consists of manufacturers, distributors, retailers, and consumers (Sinaga, 2008).

There are some differences between traditional markets and modern markets. In terms of physical condition, modern market has a permanent building, with adequate facilities, comfortable and supports consumers in shopping, while traditional market has a temporary, semi-permanent, or permanent building. Based on the method aspects of the service, in traditional markets, sellers serve buyers, while in the modern market, customers serve themselves (self-concept). Based on transaction, in traditional markets, buyers and sellers bargain each other to get deal price, in modern market, buyers get the certain price. Based on the management aspects, traditional markets sometimes are not professionally managed, less convenience to shop, while modern markets are managed more professionally so that consumers enjoy to do shopping (Poesoro, 2007). Based on the payment aspect, modern market accept payment in cash or noncash (Debit or credit cards), while the traditional markets accept payment only in cash.

The problem of traditional markets in Asia countries are small, family operated, and employ marginal labor. Retailers are passive and have weak methods and technologies; they lack financial, management, and marketing skills. The stores are cluttered, dirty and unorganized (Goldman et al., 1999). Traditional markets also suffer from major economic disadvantages such as high cost, shrinkage, inefficiencies, lack of scale economies; provide low output levels to consumers (low product quality, limited variety, frequent stock outs, high prices, unpleasant shopping environment) and lack of abilities such as financial, managerial, entrepreneurial (Goldman et al., 1999). Some of the problems experienced by most of the traditional markets in Indonesia are an internal problem such as: poor management, bad infrastructure, high retribution for sellers, increasing illegal sellers near wet market, and lack of capital assistance available to sellers (Poesoro, 2007). The examples of poor infrastructure in traditional markets including the uncomfortable building for customers, cleanliness and garbage places are poorly maintained, muddy conditions, the lack of parking space, and poor air circulation (Poesoro, 2007). On the other hand, these issues became the opportunities for modern market to give good situation and environment for shopping. In addition, because of shifting lifestyles of consumers, modern markets are more preferable than traditional markets. However, traditional markets become residual in big cities but essential for many low income citizens that rely on their affordability.

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2.2. Shifting Consumer Behavior

The evolution of market in Indonesia has been characterized by the replacement of traditional markets, small-scale family owned stores by supermarkets. The process is labelled as modernization. As development proceeded in the currently developed world, markets shift from fragmented, local markets (such as village markets with wholesale and retail functions) to larger, centralized wholesale markets. This “defragmentation” tends to occur first in dry goods such as grains and later in “fresh products”—fruits and vegetables, meat, fish, eggs, and milk (Reardon, et al., 2003).

According to Goldman (1999), one of the failure factor modernizations (traditional market changed with supermarket) in less developed country is because of the consumers abilities and preferences. When the research was held, the customers were from baby boomers generation and x generation. Consumer’s ability that is not suitable with supermarket such as low income, limited mobility, small homes, and lack of storage facilities. The values are indifference to variety, emphasis on price) and shopping habits such as purchasing small amounts. Now, with millennial generation as consumers, the reluctance of supermarket is disappearing.

The shifting traditional markets to wholesale markets or supermarkets are driven by the demand of consumers for supermarket services and supply of supermarket services (Reardon, et al., 2003). On demand side, the consequent entry of women into the workforce outside the home, increased the opportunity cost of women’s time and their incentive to seek shopping convenience and processed foods to save cooking time. Not all processed foods can be found in traditional markets (Reardon, et al., 2003). The explosive growth in digital technology also changed the way consumers live including how customers shop (Kotler and Armstrong, 2014). The customers are surrounded by many information and option to meet their needs and wants. Customers can evaluate the benefits and the cost of product offering, hence becomes more demanding and raised their expectation. In the developed countries, consumers give more attention to the service behind the product when evaluating the product (David, 2012).

The increasing personal income encourages consumers to fulfill their needs and wants based on their lifestyle. Shopping at the supermarket located in the mall becomes one of the activities to spend the time with others. Shopping is more than the simple, dutiful acquisition of whatever is absolutely necessary to one’s life. It is more than grab and go (Zafar et al, 2007). Consumers need place not only for buying their daily needs but also for recreation, pleasure in a convenient atmosphere. Mall remains a destination of choices for many, and teenagers, in particular. Moreover, supermarkets relatively provide more complete goods rather than traditional markets. It becomes more efficient and customers do not need to waste their time to fulfill their needs. The materialism value also encouraged consumers to be more consumptive (Richins, 2004). Consumption is not for fulfilling their needs but consumption becomes their needs. The higher the materialism, the higher the tendency to satisfy all their needs becomes stronger (David, 2012). Mall becomes environments resources to attract consumers’ wants and induce them to spend.
2.3. Millennial Generation

There are basically four different generations: matures born before 1946, age 69 and older, Baby boomers, born between 1946 and 1964, age 50 to 68, Generation X, born between 1965 and 1979, age 35 to 49, and Millennials, born between 1980 and 2000, age 14 to 34 (Kendy, 2014). According to Marston, quoted by Kendy (2014), Matures are conformists, patriotic, quality oriented, and like the “tried and true” products and brands. Baby boomers are ethic, nostalgic, and like to be rewarded. Generation X are the toughest customers because they are sceptical, well informed, and tech savvy. Then, millennials are known for a sense of entitlement, they are high tech and continuously connected. Millennials grew up in a relatively peaceful and prosperous time, and close ties with their parents, so they delayed such adult decisions as marriage and childbearing (Timmermann, 2007).

While millennial generation are still a young population, eventually they will grow up to become the next generation of mass affluent investors, following the current baby boomers (Papini, 2007). Millennial generation were called as generation Y or echo boomers. This group comprised of individuals born between 1980 and 2000, came of age in the new millennium and is considered the second largest age group behind baby boomers, born between 1946 and 1964 (Nickell, 2012). More than half of the Millennials are already voting age adults.

The Millennial behaviors and preferences are different in kind or degree from previous generations at the same age and which are likely to become part of their lifelong culture. Millennials love internet. In a survey conducted by Ipsos Mendolsohn, they reported spending an average of almost 40 hours per week on the Internet, and 81 percent of them access social media on daily basis (Nickell, 2012). Millennials are characterized by Strauss and Howe (1991) as cited by Keeling (2003), as being protected by both their parents and society, and because they are driven to improve the world around them by their virtue. This generation is “possessed of rational minds, a positive attitude, and selfless team virtue”. Howe and Strauss used the following words to describe Millennials: optimistic, cooperative team players, rule followers, and racially and ethnically diverse Keeling (2003). The Millennial generation has seven distinguishing traits: special, sheltered, confident, team oriented, achieving, pressured, and conventional. These traits make this generation unique and particularly different from Generation X Keeling (2003).

According to Sweeney (2006), the behavior of millennial:

a. More Choices; More Selectivity: Millennials expect a much greater array of product and service selectivity. They have grown up with a huge array of choices and they believe that such abundance is their birth right. This is a drive changes in consumer behavior. Millennials also feel less need to conform in their consumer choices to everyone else in their generation or to other generations. They desire ultimate consumer control: what they want, how and when they want it.

b. Flexibility / Convenience: Millennials prefer to keep their time and commitments flexible longer in order to take advantage of better options. They expect other people and institutions to give them more flexibility. They want
more granularity in the services so they can be interrupted and finish when they are ready without any loss or productivity.

c. Personalization and Customization: Millennials expect their choices in products and services to have as much personalization and customization features as possible to meet their changing needs, interests and tastes.

d. Impatience: Millennials have no tolerance for delays. They expect their services instantly when they are ready. They require almost constant feedback to know how they are progressing. The need for speedy satisfaction, or as some believe instant gratification, permeates virtually all of their service expectations.

e. Practical, Results Oriented: Millennials are interested in processes and services that work and speed their interactions. Millennials want to learn what they have to learn quickly and move on. Millennials have no tolerance for services that do not continuously and reliably work.

f. Multitaskers: Millennials excel at juggling several tasks at once since this an efficient, practical use of their time and, as already noted, they are very impatient. Multitasking can enable them to accelerate their learning by permitting them to accomplish more than one task at the same time.

g. Digital Natives: Millennials clearly adapt faster to computer and internet services because they have always had them. They expect the speed, convenience, flexibility and power provided by digitally provided services and resources.

h. Gamers: Millennials have spent thousands of hours playing electronic, computer and video games. They love the constant interactivity, full motion multimedia, colorful graphics, the ability to learn and progress to higher levels, and the ability to collaborate with friends in their learning and competitions.

i. Nomadic Communication Style: Millennials have more friends and communicate with them more frequently using IM (instant messaging), text messaging, cell phones as well as more traditional communication channels.

j. Media/ Format Agnostic: Millennials most enjoy interactive full motion multimedia, color images, and audio although they can use any media, even text.

k. Collaboration & Intelligence: Millennials know how and when to work with other people more effectively.

l. Balanced Lives: Millennials loves to balance their work time with their health and their leisure time.

m. Less Reading: Millennials, disturbingly, are not reading literature or newspapers as much as previous generations of the same age. In fact, reading is down for most age groups but the decline has been greatest among the youngest adult population.

3. RESEARCH METHOD

The objective of this study is to provide an understanding of customer perspective about traditional market. Qualitative method with case study approach has been used to explore the millennial perspective. This research needs to elaboration the participants related to the research problems. Participants were asked to describe their experience of the problems associated with the study.
(Cresswell, 2010). This research used variety of cases (multiple - case studies), each case was examined independently, and the results were compared based on the characteristics of the study (Yin, 2009). This research was conducted on traditional markets in rural and urban areas. The participants of millennial generation aged between 20 and 35 years. A semi structured interviews were conducted for each participant. Interviews were conducted until the information was obtained from the participants saturated. Data saturation occurred when there was no new information obtained from participants. Indicator of saturation appeared when a replication or repetition of information obtained from the different participants (Cresswell, 2010). The triangulation was used for validation. As triangulation, researchers made use of multiple location and multiple participants to provide corroborating evidence (Cresswell, 2010). Member checking from participants were also used to establish the credibility of data.

The researchers used content analysis to analyze participant’s essays. This method summarizes and classifies large amounts of data into categories that represent a similar meaning (Weber, 1990, in Wahyuni, 2012). Follow to Ji et al., (2013) analysis data process, each essay was read by two researchers to find participant’s responses relative to each of our questions. Although the essay response format encouraged participants to structure their experiences and opinions, participants’ responses were found throughout their essay, often as supplemental description to other ideas. Once the responses were identified, the participants’ answers were compiled into categories according to common ideas. Each individual response that was grouped into a category was similar to other responses within that category and dissimilar to responses within other categories. As analysis progressed, categories were grouped into distinct themes.

4. FINDING

4.1 Profiles Participants

Participants (n=16), as shown in table one, were female (n=7) and male (n=9) with ages between 21 and 33 years old. Most participants were employee (31%) the others were student (25%), entrepreneur (25%) and housewife (18.75%). The living locations were balanced between rural and urban. All participants have experienced shopping in traditional markets with different frequency. However most of them infrequently went to traditional market. There were three favorite places to buy daily needs: supermarket, traditional market and shop. Most participants prefer to shop near their house because of practical reason.

<table>
<thead>
<tr>
<th>No</th>
<th>Sex</th>
<th>Profession</th>
<th>Location</th>
<th>Age</th>
<th>Frequency went to Traditional Market</th>
<th>Favorite Place to buy daily needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>Entrepreneur</td>
<td>Urban</td>
<td>33</td>
<td>Infrequent</td>
<td>Shop</td>
</tr>
<tr>
<td>2</td>
<td>Male</td>
<td>Student</td>
<td>Urban</td>
<td>23</td>
<td>Infrequent</td>
<td>Shop</td>
</tr>
</tbody>
</table>

Table 1. Profiles Participants
4.2. Motivation for shopping in Traditional Market

A total of 16 participants emerged from responses capturing motives that driven the participants went to traditional markets. These themes were classified into four broad categories:

a. Getting Fresh Food

Almost all participants said that they went to traditional market to buy fresh products such as vegetables, meat, and spices. The following quotations were from several participants:

"I went to traditional market only to buy vegetables, onions, seasoning"

"Product in traditional market is identical with fresh food like fruits and vegetables"

“I only bought vegetables and meat in traditional markets.”

“Traditional market has better quality in fresh ingredient food than supermarket.”

"In traditional markets, I could find any ingredients such as tempe, vegetables, fish, meat, fruits, and spices."

“The product in traditional market is directly from farmer so it’s still fresh.”

The response of participants indicated that traditional markets are the place to buy fresh ingredients, because they think the product on traditional markets were supplied by the producers or farmers. This was consistent with the results of empirical testing (Purwanti et al., (2013)) which shows most people who shop at
traditional markets were buying vegetables, seasoning, and ingredients dishes (fish, meat, eggs, tofu, and tempe).

The additional information, the frequency of going to the traditional market is not every day. Some participants only shopped when necessary to buy a large amount of purchase. Some participants bought a lot of purchase for three days or for a week to save their time. They chose to shop near their house or itinerant vegetables sellers that passed their house to fulfill their daily needs.

“I rarely went to traditional market. I went there maybe once a month to buy many ingredients when I want to cook for party.”

“I prefer to buy in shop near my house for daily cooking, because it could save my time and the price is almost same as in traditional market.”

“I have itinerant vegetables sellers that passed my house every day. So I didn’t need to go to traditional market except I need ingredients more than the daily needs”

b. Bargaining Activities

According to Gonzalez dan Waley (2013), traditional markets should be a flexible public space, place where product and price can be changed based on season, demand, and bargain activity. Bargaining was one of the interesting factors to shop in the traditional market for some people. The face to face interaction between buyers and sellers in bargaining cannot be found in modern market. Consumers with economic shopper type will maximize the value of their money to meet their needs in the shop (Solomon 1994, in Ahmed et al., 2007). The following quotations from several participants:

“People still choose traditional markets because they still can bargain.”

“Except the vegetables are still fresh, I like to bargain to get cheap price, where I cannot find it in the shop”

“The price in traditional markets are negotiable, there is no fixed price. I always bargain when shop in traditional market.”

“Definitely, I always bid the price in traditional market to get best price.”

However, some of the participants did not like to bargain the price. It is in line with Sweeney (2006), one of the millennial characteristics is practical and result oriented. They felt unable to bid, so they worried buying goods more expensive than the others. They did not worry when buying in shop or supermarket because the price is fixed. Besides, they could buy faster without doing interaction with others.

“I did not like to bargain, for me the different price between supermarket and traditional market is a price for convenience.”
“I think bargaining wasted my time. When I go to supermarket, I only take and pay the products. Sometimes, prices in traditional markets are more expensive than in supermarket.”

“I seldom bid a price, even when I shopped at traditional market. So I often got fooled by the seller.”

c. Affordable Price

Research result (Purwanti et al., 2013) showed the highest reason for someone to shop in traditional markets was for thrift money. It was supported by the results of research (Goswani & Mishra, 2009), consumers who shop at traditional markets were consumers who were concerned with low prices. They were included in consumers with an economical shopper types. Consumers who were included in that category would maximize the value of their money to meet the needs. It became their motivation when shop something (Solomon, 1994, in Ahmed et al., 2007). The following quotations from several participants:

“I went to traditional market to get cheap price, because I am still a student and still receive money from my parents.”

“Traditional market means cheap price.”

“For me, traditional market was affordable.”

“Traditional markets tend to have cheap price.”

“The price in traditional markets is cheap and affordable.”

d. The Near Location

The strategic location, close from residence was one of the most reasons mentioned by the participants whom still went to traditional market to shop. It is in line with Sweeney (2006), one of the millennial characteristics is practical and result oriented. Millennial generation tend to think practical and oriented on the results. They were interested with process and services that can accelerate them (Sweeney, 2006). Therefore, they prefer shopping place that is close to their residence to accelerate their homework.

"I chose the traditional markets because they are located close to my home.”

"I chose the traditional markets due to the consideration of the close distance and the price.

The charts below present the summary of interview with participants about the motives shop in traditional markets. Based on the participants’ answers, all of them agreed to go to traditional markets to get fresh food (n=16), most of them agreed with affordable price when shopping in traditional market (n=12). The interesting finding were that only little of participants still like the bargaining activities (n=4), and all of them are from rural. Close location became the motivation for little participants (n=3) who are frequently going to traditional markets.
5. CONCLUSION

This study has presented that qualitative studies is useful to understand the consumer behavior. Qualitative analysis has substantial benefits to contemporary organizational research problems and issues that cannot be achieved entirely through pure statistics. The richness of qualitative data could provide a more interesting slice of experience that depicts social phenomena more accurately than perhaps quantitative data (Glass et al., 2012).

The result of this study highlighted the motives of millennial shop in traditional market. The main reason was to get fresh food or fresh ingredients foods. The second reason was to get affordable price. The advantages of traditional market which is face to face interaction through bargaining activity was less favoured with millennial that live in urban location. The reason for participants that frequently went to traditional market was only because it is near to their residence. Based on the characteristics of millennial, if traditional markets unchanged, they could become extinct. Although government is issuing regulation to protect traditional market, the demand is decreased especially in rural area. It becomes concern and challenges for management of traditional markets to make traditional markets more practical for consumers, such as link traditional markets with digital technology, organized the traditional markets not only for shopping but also for recreation place.
6. LIMITATION

This study is a preliminary study of a series of process stages of research on traditional markets. This study is still exploratory research, where the analysis based on interviews. The narrow research objects become one of the limitations. Because of qualitative research, this study cannot be generalized. Further research is needed to support government and management of traditional market.

REFERENCES


