

# Analysis of the Impact of the Presence of Online Stores on the Development of Conventional Stores (Offline) in Pasar Petisah, Medan City

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## ABSTRACT

Pasar Petisah is one of the markets managed by the Regional Market Company, which is the Regional Market Company under the auspices of the Medan City Government. Pasar Petisah is a market that is the same age as Medan City. The separate market consists of two markets and two market heads. The number of conventional stores (offline) that are active in the stage I market (location on the 1st floor) is around 441 stores, and the number of conventional stores active in the stage II market (location on the 2nd floor) is around 601 stores. The phenomenon of this research is the decrease in the number of visitors to Pasar Petisah, the decrease in the amount of revenue from conventional stores since the existence of online shops. Many traders have closed due to drastically reduced turnover, and a reduction in employees by conventional stores owners. The research method is a research method based on the philosophy of postpositivism, used to examine the condition of a natural object (as opposed to an experiment) in which the researcher is the key instrument. The technique of collecting data is triangulation (combined). Data analysis is inductive/qualitative in nature, and the results of qualitative research emphasize meaning rather than generalization. The nature of this research is descriptive analysis in the form of written or spoken words from people. The approach to this research is that the researcher creates a complex picture, detailed reports, and conducts studies on the situation experienced. From the results of the research conducted, overall the presence of online stores has a negative impact on the development of conventional stores, where there were 384 conventional store closures or about 27% of the 1,425 stores owned by Pasar Petisah,

a decrease in income of about 40%, a decrease in labor around 37%, and decreased visitor numbers by 25%. It is hoped that the Regional Company Market of Medan City will pay special attention in overcoming the problems experienced by conventional stores owners, especially the impact of the pandemic of Coronavirus disease (COVID-19).

**Keywords:** Online Stores, Conventional Stores, Regional Market Company

## INTRODUCTION

Micro, Small and Medium Enterprises are able to survive well and are able to support the national economy, we can see this when there is a crisis in this country, namely the economic crisis in 1998 and 2008. Micro, Small and Medium Enterprises are able to create jobs for the community and are able to be a solution to problems. poverty.

Along with changes in the economy and globalization, making changes in shopping behavior in society. Changing behavior in terms of shopping in society is a logical consequence of the demands of life which are triggered by the development of communication and information technology. In the midst of the current digital era, the growth of online stores is increasingly mushrooming. So easy, and close to consumers that can be accessed at any time without time limit. Its existence is increasingly becoming a choice for consumers, and is starting to leave conventional stores. Initially, the sale of

goods was carried out conventionally (offline), that is, between sellers and buyers meeting directly to make buying and selling transactions. Along with advances in internet technology, sales can be made online (Sari, 2015).

Pasar Petisah is one of the traditional markets that is the same age as Medan City. This Pasar Petisah was always crowded with buyers, including tourists who came from outside Medan City. These travelers usually buy souvenirs to take home, visitors can find various kinds of merchandise, from vegetables, salted fish, to clothing and electronic equipment. Electronics, apparel and furniture are on the top floor, while the sellers of vegetables and fruit are on the lower floor. In this market there are also many that sell handicrafts typical of North Sumatra such as wooden statues, bracelets, necklaces, woven bags, rings and woven mats. For embroidery and kebaya handicrafts, they are located on the first floor and some are outside the market near the parking lot, so they are quite easy to reach. Visitors who want to buy kebaya, can immediately choose the various styles and colors that are widely available. And if you want to make kebaya that you design yourself, in this location there are also tailors who are ready to make kebaya according to the wishes of the buyer. In addition, this market also sells various candied fruit without preservatives, such as mango, kedondong, salak, rambutan, and guava, making it an ideal place for confectioners.

Online stores and conventional stores (offline) are businesses with the same scale as MSMEs, the difference is that with an online store, consumers do not need to go far to shop and bring groceries home, do not need to spend a lot of time and money, do not need to be hot - hot when shopping, etc.

From the results of interviews conducted by researchers with several entrepreneurs in the Pasar Petisah prior to the presence of the online shop, the turnover of the clothing store is Rp1,500,000-Rp5,000,000/day, turnover of sandals and

shoes is Rp500,000-Rp3,000,000, shop turnover bag Rp500,000-Rp2,000,000/day, cosmetic shop Rp3,000,000-Rp7,000,000/day, clothing store Rp4,000,000-Rp7,000,000, etc. When the online shop appeared, the turnover of the merchants could decrease by 40%, even the traders had felt that there were no buyers in that one day, so that many merchants' stalls were not opened.

The summary of the problems faced by conventional shop players in the separator market are:

1. The reduced number of visitors to the separator market.
2. The decline in revenue since the online store existed.
3. Already many traders have closed due to reduced turnover.

The purpose of this research is to provide an analysis of the impact of existing problems, from a phenomenon due to the presence of online stores on the economic life and income of conventional stores, so that they do not go out of business due to the impact of the online store's presence. The importance of this research is done so that there is a solution and input to the Medan city market manager and Medan city government in managing conventional stores in the Pasar Petisah.

## **LITERATURE REVIEW**

According to wikipedia.com (2019) a shop or tavern is a closed place where trading activities occur with specific types of objects or goods, such as bookstores, fruit shops, and so on. In economic terms, the term "shop" is actually almost the same as "tavern" or "warung".

However, in the development of the term, stalls and stalls tend to be traditional and simple, and warungs are generally associated with places where food and drinks are sold. Physically, the shop seems more luxurious and modern in its architecture than the shop. Stores are also more modern in terms of the items sold and the transaction process.

In terms of language, online shops come from two syllables, Shop and Online. According to the Big Indonesian Dictionary, a shop means a permanent place or building to sell goods (food, drinks, etc.). Meanwhile, Online, whose Indonesian language translation is online or abbreviated as online, according to Wikipedia is a situation when someone is connected to a network or a larger system. So departing from these two language meanings we can interpret online stores as a place for trading activities or buying and selling of goods that are connected to a network, in this case the internet network. This activity is also known as Online Shopping (Anonimous, 2013).

The advantages of online shops:

- Save on operating costs because online shops do not have to provide funds to rent locations to sell.
- Online shop owners can operate anywhere and anytime as long as there is an internet connection.
- The market reach can be wider because online stores do not know the boundaries of places, and can even go abroad.
- You don't have to pay employees to maintain the shop because online shops can be handled relatively alone.
- The information displayed can be more and more interesting so that buyers can get a better picture of the product.
- Make it easy for customers to choose goods, can be done at the office at home or anywhere as long as it is connected to an internet connection.
- In general, prices at online stores are relatively cheaper because there are far more stocks available.

Disadvantages of online shops:

- Buyers are subject to shipping costs because sometimes the location of the online shop owner and the buyer is quite a distance apart.
- Because buyers can only see the product from the photo, there are often errors in selecting items, it may be that the item seen in the photo is not the same as the original item.

- Special personnel are required to form an online shop, not just ordinary people because knowledge is needed in the field of technology.
- The level of buyer confidence is low because the absence of an online store is not physically visible (Anonimous, 2012).

Conventional stores can be seen physically, where buyers can come directly to see, select and buy the goods or services they need. Payments can also be made on the spot without going through intermediaries. Advantages and disadvantages of conventional stores:

The advantages of conventional stores:

- The goods or services offered can be seen clearly so as to minimize errors in the selection of goods.
- Customers do not have to be charged extra for postage because they can pay directly on the spot.
- Because it can be seen in real terms, automatically the level of buyer confidence tends to be high.
- Conventional stores usually have a large and complete variety of products because there are fewer stocks of different types of products.
- Conventional stores are not hampered by things related to technology, for example, an internet connection is being lost.

Disadvantages of conventional stores:

- Its market reach is limited, they can only market their products or services around their shop.
- Opening a conventional store requires renting strategic places, stocking up on goods, paying employees, and promoting the shop. And all of these definitely need a large enough capital to make a profit.
- Requires human resources to manage the store, so that it is a little troublesome to operate it.
- Development costs are high enough that it is difficult to attract market interest.

- High promotional costs advertise in newspapers and radio (Anonymous, 2012).

## RESEARCH METHODS

The data to be collected is an analysis of the impact of the online shop presence on the development of conventional (offline) stores in Pasar Petisah, Medan City. From the expression of the concept it is clear that what is desired is information in the form of a description. This type of research is a case study, according to Maxfield in Sinulingga (2011:27) that case research is a type of research on the status of research subjects with respect to a specific phrase from the whole personality. And the research method used is a qualitative method, according to Sugiyono (2010:8).

The qualitative method is a research method based on the philosophy of postpositivism, used to examine the condition of a natural object, (as opposed to an experiment) where the researcher is the key instrument, data collection techniques are triangulation (combined), data analysis is inductive/qualitative, and Qualitative research results emphasize meaning rather than generalization. The nature of the research is descriptive analysis in the form of written or spoken words from people. In this approach, the researcher creates a complex picture, detailed reports, and conducts studies on the situation experienced. Sedarmayanti and Syarifuddin (2011:33) explain that descriptive research aims at finding facts about the status of a human group, an object, a condition, or an event in the present with the right interpretation. According to Sinulingga (2011:165) Primary data is data obtained by searching/multiplying directly from the source by the researcher concerned. Secondary data is data that has been collected and processed by other parties so that it does not need to be explored/searched for by the researcher concerned.

The population of this study is the existing shops in the Pasar Petisah, which is

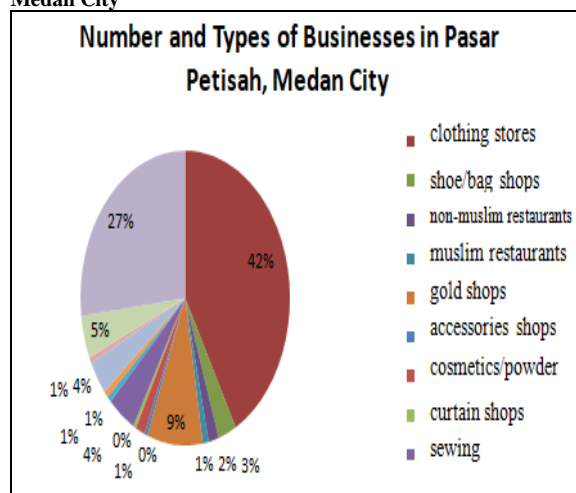
about 1,042 conventional shops in the Pasar Petisah with various types of businesses. The research sample was determined randomly or randomly, in which the number of samples taken was 100 respondents or 100 shops interviewed.

## RESULT AND DISCUSSION

### Result

Pasar Petisah is one of 53 traditional (conventional) markets managed by the Regional Market Company (BUMD) under the Medan City Government. The Pasar Petisah consists of two markets and two market heads, namely the Pasar Petisah Stage I with a total of 446 shops and the Pasar Petisah Phase II with a total of 980 stores. In the Pasar Petisah there are various types of businesses, while the types of businesses in the Pasar Petisah are as follows:

Figure 1. Number and Types of Businesses in Pasar Petisah, Medan City



According to Figure 1, there are 599 clothing stores (42.01%), 40 shoe/bag shops (2.81%), 13 muslim restaurants (0.91%), 23 non-muslim restaurants (1.61%), 122 gold shops (8.56%), 7 accessories shops (0.49%), 21 cosmetics/powder shops (1.47%), 6 curtain shops (0.42%), 62 sewing (4.35%), 10 bakeries (0.70%), 10 glassware shops (0.70%), 53 trash cans (3.72%), 10 grocery stores (0.70%), and others there were 66 (4.63%).





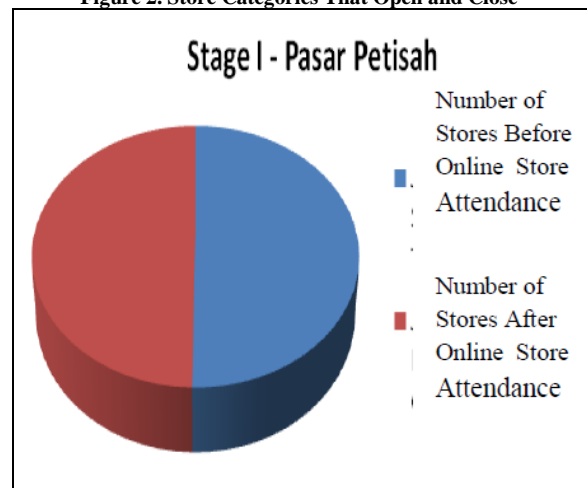
### Negative Impact

The emergence of online shops is an indicator of technological advancement in a country. With applications and technology, people do not bother to get their needs and wants. You don't need to waste time and money when you want to get something. Online shop entrepreneurs also don't need to spend a lot of money to rent a shop and don't need to waste a lot of time in running their business, just at home. The emergence of an online shop suddenly had a negative impact. The absence of preparations made by the government, especially Regional Market Company of Medan City Government in facing the arrival of this online shop, made many conventional store entrepreneurs unable to compete both in terms of price and service, so that many conventional store sales fell, even many conventional stores closed someone switched the function.

### Store Categories That Open and Close

In this study, sampling was carried out randomly. There were about 100 respondents who were interviewed, of which they are shop owners in the Pasar Petisah. From the observations and according to data obtained from Regional Company of Pasar Petisah there are several closed shops, we can see in the following figure:

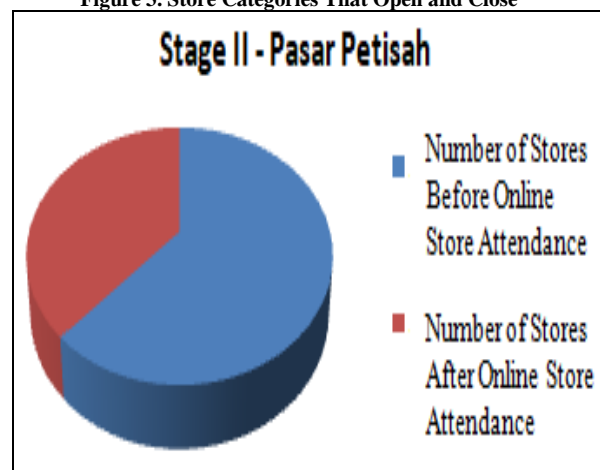
Figure 2. Store Categories That Open and Close

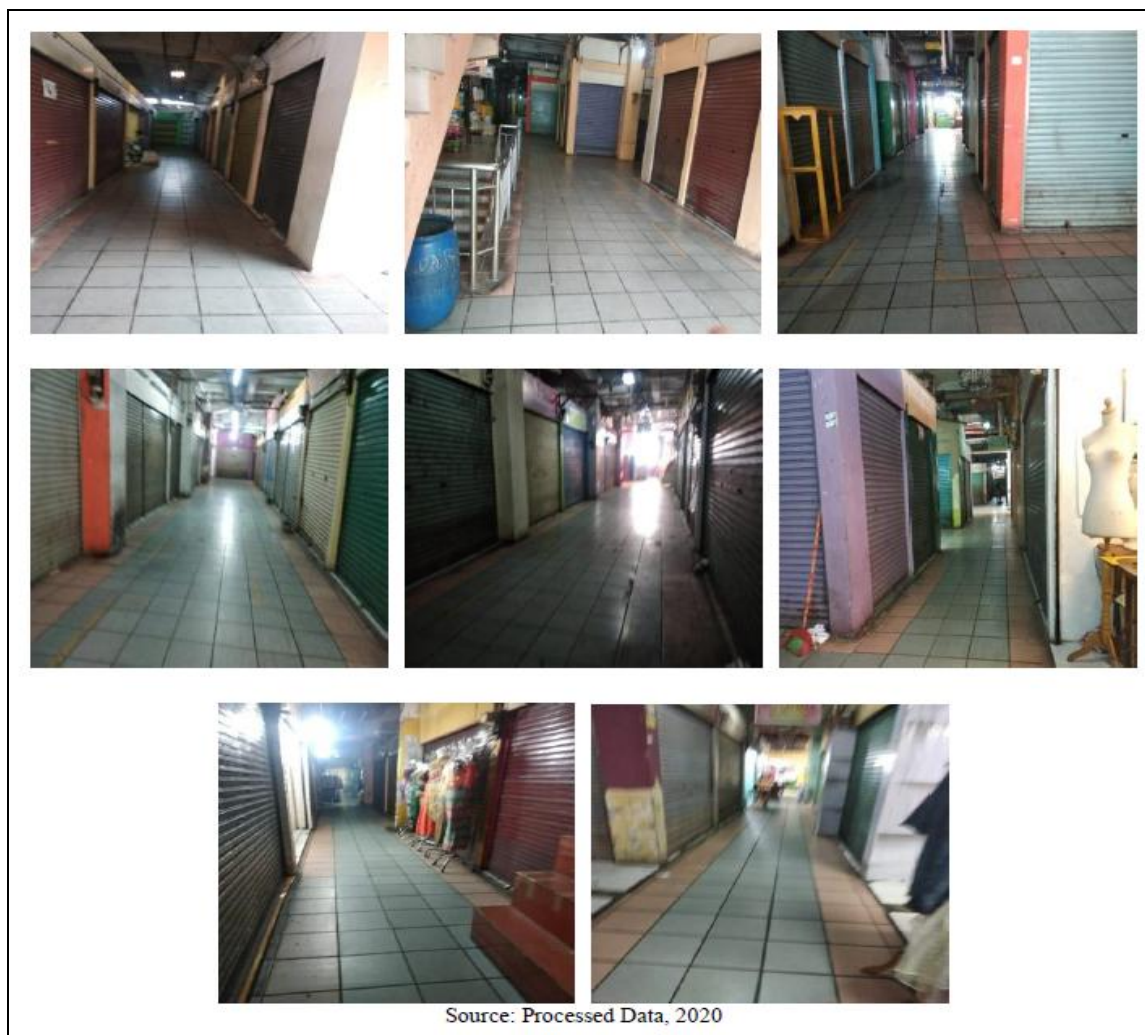


Source: Processed Data, 2020

According to Figure 2, the impact of the presence of an online shop on Pasar Petisah Phase I, there are 5 closed shops or 0.99% of the 446 Stores.

Figure 3. Store Categories That Open and Close





According to Figure 3, it can be seen that the impact of the presence of online stores on Pasar Petisah Phase II is that there are 379 shops that are closed or about 6.33% of the 980 stores.

### Income Category

The assessment is made based on the total income of the shop owners in the Pasar Petisah. The assessment is based on 5 categories:

1. Category I Opinion is above Rp125.0000.0000/month
2. Category II Income Rp86,000,000-Rp125,000,000/month
3. Category III Income Rp46,000,000-Rp85,000,000/month
4. Category IV Income Rp16,000,000-Rp45,000,000/month
5. Category V The income is Rp0-Rp15,000,000/month

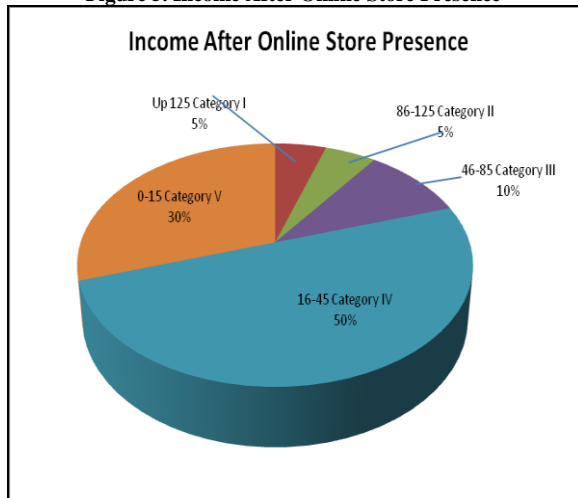
**Figure 4. Income Before Online Store Presence**



From Figure 4, it can be seen that the total income from 100 stores in the Medan Pasar Petisah, namely category I as much as 25% or 25 stores, category II as much as 40% or 40 stores, category III as much as 25% or 25 stores, category IV as

much as 5% or 5 stores, and category V as much as 5% or 5 stores.

Figure 5. Income After Online Store Presence



Source: Processed Data, 2020

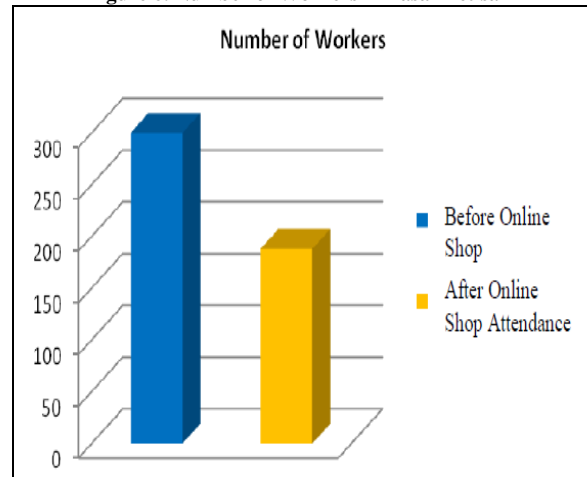
From Figure 5, it can be seen that the total income from 100 stores in the Medan Pasar Petisah, namely category I as much as 5% or 5 stores, category II as much as 5% or 5 stores, category III as much as 10% or 10 stores, category IV as much as 50% or 50 stores, and category V as much as 30% or 30 stores.

### Labor Category

Manpower is one of the elements that really helps entrepreneurs in developing their business. The creation of jobs and absorption of labor, will help the government in reducing the number of unemployed. From the results of a survey conducted on the number of workers in the Pasar Petisah store, before and after the presence of the online store are as follows: Figure 6. Number of Workers in Pasar Petisah

From Figure 6, it can be seen that the survey data obtained on 100 shops in the Pasar Petisah Medan, before the presence of the online shop, there were about 300 workers, after the presence of the online shop, the number of workers decreased to 188 workers or decreased by around 37%.

Figure 6. Number of Workers in Pasar Petisah

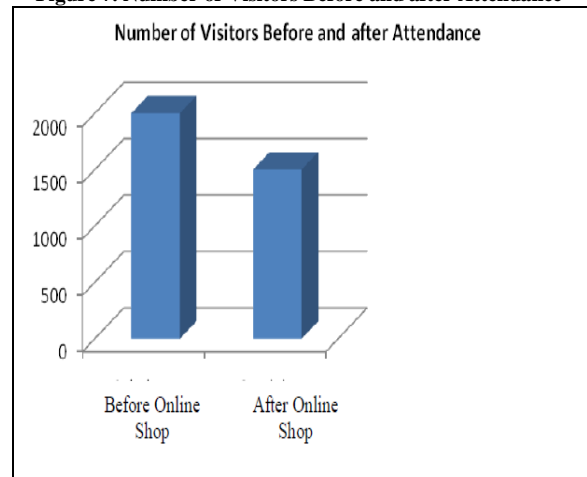


Source: Processed Data, 2020

### Category Number of Visitors at Pasar Petisah

Visitors are everyone who comes to a place usually with a specific purpose. The number of visitors who come to these places will greatly affect the economic situation of the location. According to a survey conducted on 100 stores in the Pasar Petisah, the number of visitors before and after the presence of the online store is as follows:

Figure 7. Number of Visitors Before and after Attendance



Source: Processed Data, 2020

According to Figure 7, the number of visitors before the presence of the online store, there were around 2,000 visitors, and after the presence of the online store, there were around 1,500 visitors. There was a decrease in the number of visitors due to the presence of online stores towards



conventional stores, there was a decrease in the number of visitors by 25%

### **Positive Impact**

From the interviews conducted, it was also found that the positive impact of the presence of an online shop in the separator market was:

1. Less competition,
2. Reduced selling prices and shop rental prices
3. The crime rate is reduced

### **DISCUSSION**

The negative impact of the presence of online stores has a big influence on the growth of conventional stores in stage 2 separating markets, namely there are around 379 closed stores or around 39% of 980 stores, this occurs because the location of the stage 2 market is on the 2nd floor, which is from the results of observations It was found that many visitors were lazy to go up to the second floor, which resulted in the number of visitors being reduced, the amount of income was reduced, until the closing of the shop. In addition, what made store owners suffer so much was the COVID-19 pandemic. As a result of the COVID-19 pandemic, for several months the Pasar Petisah was forced to close and some were forced to close because after being opened for several days, very few visitors came.

Judging from the total store revenue in the Petisah Medan market, there are several categories, namely category I as much as 5% or 5 stores, category II as much as 5% or 5 stores, category III as much as 10% or 10 stores, category IV as much as 50% or 50 stores, and category V as much as 30% or 30 stores. The negative impact of the presence of online stores on the development of conventional stores, it is estimated that the turnover of conventional store sellers is reduced by 40%. Even the biggest impact is the emergence of the COVID-19 pandemic, where conventional stores have felt they have no income, because they were forced to close for

several months, until now the impact of the COVID-19 pandemic was 1-2 days, there were no buyers or 2 days turnover of Rp0.

Judging from the number of workers, the negative impact of the presence of online stores on the development of conventional stores is the reduction/dismissal of workers by up to 37%. The impact of a very large workforce reduction experienced by conventional shops is due to the COVID-19 pandemic, where as a result of the COVID-19 pandemic, there has been a reduction in the workforce of up to 70%, some have even fired all of their workforce, because they are unable to pay their salaries.

Judging from the number of visitors, the negative impact of the presence of online stores on conventional stores is that there is a decrease in the number of visitors, which is around 25%, this happens because many people have shopped from online stores, people are lazy to go to conventional stores because they are lazy, lazy because a lot of time-consuming, lazy because a lot of pickpockets, etc. The biggest impact felt by conventional stores is the emergence of the COVID-19 pandemic, where as a result of the COVID-19 pandemic there has been a 75% decrease in users, this is because many people do not dare to go shopping to the Pasar Petisah, people are afraid of contracting the COVID-19, so that people decide to shop through an online shop, there is no need for a crowd, there is no physical contact, after that their shopping is delivered home.

### **CONCLUSION AND SUGGESTION**

From the results of the research conducted, overall the presence of online stores has a negative impact on the development of conventional stores, where there were 384 conventional store closures or about 27% of the 1,425 stores owned by Pasar Petisah, a decrease in income of about 40%, a decrease in labor around 37%, and decreased visitor numbers by 25%.

It is hoped that the Regional Company Market of Medan City will pay



special attention in overcoming the problems experienced by conventional stores owners, especially the impact of the pandemic of Coronavirus disease (COVID-19).

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