The key metrics of traditional market revitalisation from tenant's perspective

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Abstract: The revitalisation of traditional markets in the city of Bandung have long drawn the attention of the municipal government. Since the party defines the existence of traditional markets, the satisfaction of traditional market tenants should be a key performance metric that is used to guide the efforts and measure the success of revitalisation. Surprisingly, studies that investigate factors of tenant satisfaction are scarce; therefore, this study aims to contribute to closing that gap. An exploratory design is used as the method of this study.

The factors that contribute to tenant satisfaction are found to be traditional market governance, service and facilities quality and environmental management. Interestingly, market governance is found to contribute the most to tenant satisfaction. These findings show that evaluating current market governance practices must be the first step in improving the competitiveness of traditional markets in Bandung.

Keywords: tenant satisfaction; traditional market; traditional market revitalisation; exploratory factor analysis.

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1 Introduction

Traders in traditional markets in Indonesia are crucial because they are the main distributors of the agricultural products of Indonesians, who are currently unable to compete with traders in the modern market (Sahban and Perwira, 2018). Traders in traditional markets are small and medium traders. The small medium enterprise (SME) sector plays a role in economic growth and developing entrepreneurship (Kunasz, 2008), and entrepreneurship plays a key role in transformation and lays the foundation for the market economy (Korpysa, 2008). Unfortunately, the growth of share value of the modern market is higher than that of the traditional market (Najib and Sosianika, 2017). Consumers are less interested in the traditional market for such reasons as: muddy, dirty, smelly, too crowded, hot, pickpocket threat, difficulty finding a kiosk, uncertain prices, the lack of guarantee of product hygiene and requirement to bring own shopping bags (Ministry of Commerce of Republic of Indonesia, 2008). Tanuwidjaja and Wirawan (2015) state that 13,450 traditional markets in Indonesia face great competition from the entrance of modern markets. They fail to compete because of poor planning, inconvenient access, overcrowded trading activities, lack of air circulation and poor sanitation. This failure to compete affects 12,625 million vendors.

A wide array of the problems that plague the performance of traditional markets in Indonesia can be found in the study conducted by Prabowo et al. (2017). To improve the conditions of traditional markets, the municipal government of Bandung launched a plan to revitalise traditional markets. However, Prastyawan et al. (2015) claimed that revitalising traditional markets in Indonesia has not been optimally carried out, since the stakeholders are more likely to survive with their respective interests. During this time, research on traditional markets has mostly focused on customer (society) satisfaction, ignoring the wishes and expectations from the tenants' perspective. When properly designed and implemented, government policies can help improve productivity and thus lift market competitiveness (Keller, 2008). So far, market tenants are also customers of PPDB, a company owned by the municipal government of Bandung. This study aims to identify and analyse the factors that influence the satisfaction of traditional market tenants in Bandung concerning PPDB's performance.

2 Literature review

A tenant is someone who obtains the right to use an asset for a certain period of time in exchange for compensation to the asset's owner (Nasir et al., 2017). Satisfaction is the feelings of delight or disappointment that occur in one's mind as a result of comparing expected performance or result with actual performance/results (Atindanbila et al., 2014).

One study investigated the factors affecting tenant decision to renew a contract in a shopping mall (Sinchaloenman and Ngamyan, 2013). Two factors emerged as having a direct effect on the decision to renew: trust and management performance, although the former has a greater effect than the latter (Sinchaloenman and Ngamyan, 2013). 'Trust' refers to how tenants and management communicate, participate and coordinate with each other (Sinchaloenman and Ngamyan, 2013). Tenants tend to have more trust in management with better past performance, an interesting plan for the future and better synchronisation. 'Management performance' refers to the ability of management to select the right tenant to meet customers' needs and wants.

In another study, five factors were found to have a significant effect on tenant satisfaction: ambience, tenant mix, physical facilities, rental rate (price) and the quality of service provided by management (Nasir et al., 2017). Ambience was found to be the most important factor of all (Nasir et al., 2017). Muhyi et al. (2017) established that traditional markets could be differentiated based on their competitive advantage, such as warehousing and physical distribution of logistics or price in marketing. As Arifianti (2018) found, implementing a retail mix strategy of traditional market in Bandung is running well but is not optimal yet, and it is impacted by the consumer's decision to buy. Interestingly, this study is similar to that of Sujatha and Priya (2015), who found three factors that affect tenant satisfaction in a shopping mall: ambience, physical facilities and management support.

From those studies, two factors consistently emerge as having an effect on tenant satisfaction: management performance and ambience. If the same findings also emerge from this study, revitalisation plans should involve in an attempt not only to remodel traditional markets' physical appearance but also to change the governance model of the traditional market.

3   Methodology

The research method used in this study was quantitative and exploratory in nature. In the first stage, interviews were conducted. This study recruited 18 traditional market tenants as informants, with inclusion criteria based on the type of merchandise, trading experience, time of trading (morning or afternoon) and the number of traditional markets in Bandung that they have ever visited. The selected informants came from three traditional markets in Bandung: Pasar Kosambi, Pasar Cihapit and Pasar Cikaso (*pasar* means 'market'). Each market or *pasar* was represented by six informants. These traditional markets were randomly selected from the 37 in the city, to represent three different groups of traditional markets in Indonesia (as explained previously). Pasar Kosambi represents Class I traditional market, Pasar Cihapit represents Class II traditional market, and Pasar Cikaso represents Class III traditional market.

In the second stage, the variables found in the first stage were further refined with exploratory factor analysis (EFA). The sample size used in the second stage was 270 respondents, reflecting a 95% confidence level. The sample was divided based on the type of merchandise, namely food products (staple goods, meat, fish and produce) and dry goods (non-food items such as cookware). The profile of the respondents is shown in Figure 1.

4 Result and discussion

On the basis of the SPSS outputs, the Kaiser-Meyer-Olkin value measuring sampling adequacy is 0.860 (>0.800), and the measure of sampling adequacy (MSA) score for each variable is >0.5. This indicates that the correlation between variables cannot be explained by other variables, thus establishing these variables as suitable to be analysed with factor analysis. On the basis of the factoring process, three new factors emerged, and each factor can be labelled based on its constituent variables. The label given to component 1 is 'traditional market governance', the label given to component 2 is 'service quality and facilities', and the label given to component 3 is 'environment management'. Each emerging factor is discussed in the following subsections.

Figure 1 Distribution of respondents based on type of merchandise
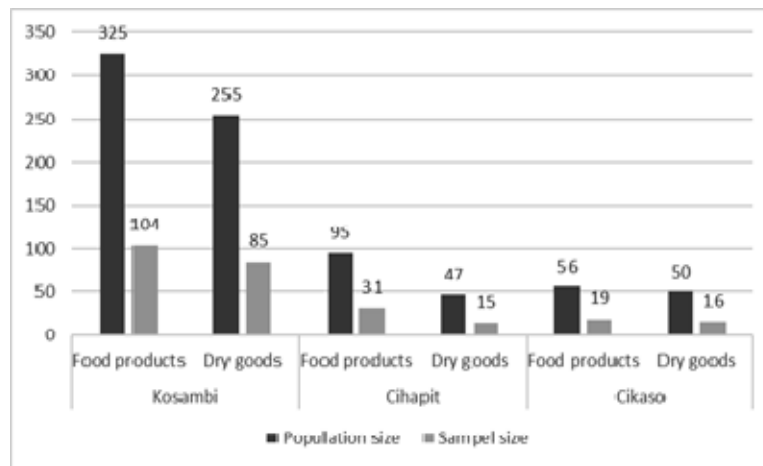
To further clarify the position of a variable within a factor, a rotated component matrix was created as shown in Table 1. Component 1 is formed by management attention (0.808), complaint handling (0.863), control over street vendors (0.807), facilities maintenance (0.786), market treatment (0.745), renovation (0.718) and marketing promotion (0.698). Component 2 is formed by cleanliness (0.811), trading space arrangement (0.648), convenience (0.631), security (0.603), interior decoration (0.586) and parking space (0.570). Component 3 is formed by flood prevention (0.770), drainage (0.744) and waste management (0.682).

4.1 The traditional market governance factor

The dominant variables that constitute 'traditional market governance' are management attention, complaint handling and control over street vendors, among others. These results show that market tenants demand a higher degree of caring from traditional market management (PPDB). Despite the reluctance of Indonesian youth to visit and shop in traditional markets (Prabowo and Rahadi, 2015), the importance of management caring seems to surpass the importance of physical facilities and the ability to attract new customers. One important issue that must be settled is the conflict between traditional market tenants and street vendors (Suryadarma, 2010). 'Control over street vendors'

means that traditional market tenants demand that market management officials and municipal government enforce the law and prohibit street vendors to trade in public locations, including traditional markets.

4.2   The service and facilities quality factor

Service and facilities quality is one factor that affects the satisfaction of traditional market customers in Indonesia (Ariyanti, 2013). This finding is consistent with those from Nasir et al. (2017) and Sujatha and Priya (2015). Furthermore, and unsurprisingly, cleanliness is the most dominant variable that constitutes this factor. Cleanliness has long been the most enduring problem of traditional markets in Indonesia, even though it has been found to be a factor that could improve the sustainability of traditional markets in Indonesia (Suryadarma, 2010).

Table 1   Rotated component matrix

Variable	Component		
	1	*2*	*3*
Cleanliness	0.173	0.811	–0.190
Convenience	0.276	0.631	0.119
Security	0.100	0.603	0.245
Parking space	0.284	0.570	0.200
Flood prevention	0.236		0.770
Marketing promotion	0.698	0.226	0.203
Trading space arrangement	0.494	0.648	
Management attention	0.808	0.157	0.243
Facilities maintenance	0.786	0.242	0.298
Renovation	0.718	0.461	0.149
Drainage	0.289	0.154	0.744
Complaint handling	0.863	0.267	0.100
Interior decoration	–0.127	0.586	0.568
Waste management	0.261	0.120	0.682
Market treatment	0.745	0.127	0.157
Control over street vendors	0.807		0.182

The responsibility to maintain the cleanliness of Indonesian traditional markets cannot be launched solely by the sanitation department. To raise awareness and instil the correct mindset about cleanliness and hygiene in the minds of tenants, educational efforts require the involvement of external parties, such as the municipal government, universities and interest group (Maulidya, 2018).

4.3   The environmental management factor

In this study, many traditional market tenants also expressed their concerns about environmental issues. This concern is triggered by the rising threat of flood, which can

damage their goods and decrease their revenues. One concept that can be directly tied to this matter is environmental management system (EMS). EMS can be defined as a management system and process that aims to reduce the negative impact of an organisation on the natural environment (Darnall and Edwards, 2006). Implementing EMS requires commitment from all the stakeholders of the traditional market (Zailani and Wahid, 2006); therefore, this initiative needs the support of traditional market management. However, with the degree of caring (or lack thereof) displayed by market management officials, this initiative will struggle to be adopted in Indonesian traditional markets. EMS can be implemented under the supervision of the municipal government of Bandung through the Department of Environmental Service.

5 Conclusion and recommendation

5.1 Conclusion

This study has found three new factors that influence the satisfaction of traditional market tenants in Bandung. These factors are traditional market governance, service and facilities quality and environmental management. On the basis of a review of past studies, it seems that traditional market governance is the key to improving other factors; at the same time, traditional market governance is also suspected as the toughest issue to be tackled. Direct intervention of Bandung's municipal government is suggested owing to the legitimate power it possesses.

5.2 Recommendations

First, in future studies, the relationship between the factors mentioned earlier should be investigated. Second, since the number of traditional markets in Indonesia is high, future studies should use model building – such as agent-based modelling – to generalise and better describe the results. This research is needed to provide further insights for the municipal government, to design a transformation plan for traditional markets. Hopefully, the grim fate of traditional markets could be effectively and quickly alleviated.

Besides customer satisfaction, other factors should also be identified that possibly contribute to the competitiveness of traditional markets. Several past studies provide some clues as to factors that contribute to organisational competitiveness. Tourism, physiography and climate, accessibility, branding, quality of service and safety and security are among the variables that most contribute to competitiveness (Crouch, 2010). Furthermore, the role of information technology has also become a central topic of discussion in determining competitiveness (Salehi-Sangari, 1997). However, this study does not intend to investigate the suitability of each of these factors to the context of traditional markets. The relationship among these factors must be determined to develop the key metrics that would guide and measure the performance of traditional markets' revitalisation. As an ultimate goal, future studies must be able to produce strategies that create and preserve competitiveness of the transformed traditional market.

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