

## **The Effect Of Alfamart/Indomaret On Umkm Income (Case Study In Ternate City, North Maluku)**

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### **Abstract**

In the City of Ternate, with the presence of modern markets that have entered various corners of the region, it has provided many benefits, namely, it has saved a lot of transportation costs close to consumers such as housing complexes and residential areas. In addition, it also provides economic benefits because it provides many discount facilities so that it helps consumers get cheaper prices. In addition, by allowing modern market operations it will help increase regional economic growth in order to increase the standard of living and welfare of the community. On the other hand, the addition of the number of Indomart and Alfamidi causes intense competition between traditional traders and modern markets. On a street, for example, we can find a franchise shop just a few meters away, often even face to face with traditional traders. The recent growth of Indomaret and Alfamart in Ternate City is considered to have indirectly threatened and paralyzed traditional traders. Therefore, the government of Ternate City was asked to think about the fate of small traders who could lose their livelihoods due to being crushed by large companies.

Keywords: UMKM income.

### **A. INTRODUCTION**

In the last two months, in the city of Ternate, North Maluku Province, has grown quite rapidly warabala concept business namely indomart and alfamidi. While the licensing of Gray, Indomaret and Alfamidi in Ternate City is still a polemic. Small

and Medium Enterprises rejected the entry of Indomaret and Alfamidi, in several subdistricts in Ternate including west Ternate and Ternate Islands. It is believed that there are 25 Alfa midi units and 9 Indomaret units that have been built in a period of only 2 months. All of these outlets are spread in 4 subdistricts, including South Ternate, Central Ternate and North Ternate, and ternate island. These outlets are scattered in every corner of Ternate city which only has an area of about 65 square km. While the existence of Indomaret, and Alfamidi should have been analyzed based on compliance with the rules in establishing modern Stores. The establishment of Gray Indomaret and Alfamidi business must be based on Presidential Regulation No. 112 of 2007 concerning The Arrangement and Development of Traditional Markets, Shopping Centers and Modern Stores and Regulation of the Minister of Trade of the Republic of Indonesia No. 53 of 2012 concerning the implementation of warabala. The establishment must analyze the socioeconomic condition of the community, the existence of traditional markets, and UMKM located in the region..

Initially Indomaret and Alfamidi only reached major cities in Indonesia. However, as technology advances and economic needs increase, modern retail has reached consumers directly to the countryside. It is undeniable, that almost in every strategic place today has stood Indomaret and Alfamidi. Even the distance between one modern market and another modern market is only a few meters. Analysis in a region before the establishment of modern markets of course includes studies of population structure according to livelihoods and education; household economic income level, population density, population growth partnership with local UMKM, Labor absorption, Resilience and growth of traditional markets as a means for local UMKM, the existence of existing social facilities and public facilities; the positive and negative impacts caused by the distance between modern stores and traditional markets that have existed before; and Corporate Social).

Based on the above rules, the existence of modern markets such as Indomart and Alfamidi is not terlepas from the analysis of economic and social conditions of local communities. Therefore, the presence of this modern market is expected to be able to cooperate with local UMKM, namely, by partnering and fostering and paying attention to the principles of mutual need, mutual strengthening and mutual benefit. This means that if the profit generated from the existence of modern markets is greater than the negative effects, then the establishment of modern markets can be implemented. On the contrary, if the modern market is permitted, without documents with all public considerations, then if social and economic effects arise, the Government must be ready to take a firm policy to resolve the issue.

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In Ternate City, With the presence of modern markets that have entered in various corners of the region, many provide benefits that have saved a lot of transportation costs close to consumers such as housing complexes and residential areas. In addition, it also provides economic benefits because many provide discount facilities so as to help consumers get cheaper prices. In addition, with the permitted operation of modern markets, it will help increase regional economic growth in order to improve the standard of living and welfare of the community. On the other hand, the addition of Indomart and Alfamidi led to intense competition between traditional traders and the modern market. On a street for example, we can find a franchise shop with only a few meters away and it is not uncommon to face each other with traditional traders. The recent growth of Indomaret and Alfamart in Ternate city is considered to indirectly threaten and paralyze traditional traders. Therefore, the ternate city government was asked to think about the fate of small traders who could lose their livelihoods due to being hit by large companies.

We can imagine, when people will go to the traditional market or the nearest warung, they will be more "fascinated" shopping in Indomart or Alfamidi that sells various needs, with relatively cheap prices and comfortable places" (Herman, 2011: 83). With such conditions the existence of grocery traders increasingly squeezed in increasingly tight competition the Government should strive in this case with the arrangement of modern markets Indomart and Alfamidi as stipulated in the Presidential Regulation (perpres), no. 112 of 2007 on the arrangement and development of traditional markets, shopping centers, and modern stores (commonly called modern market perpres), signed by president Susilo Bambang Yudoyono on December 27, 2007. And in Regional Regulation No. 2 of 2002 on private markets, it has been regulated that the distance between traditional and modern markets is at least 2.5 kilometers. (<http://ditjenpdn.kemendag.go.id> ) The arrangement is expected to be the role of the government to maintain the stability of traditional markets. However, this does not mean that after the release of the press has been in accordance with what is expected because there are still modern stores that are a problem for grocery traders.

Indomart and Alfamidi Indomart and Alfamidi are modern types of stores that are retail trade / retail with a self-service system, selling various types of goods in retail in the form of minimarkets, supermarkets, hypermarkets or wholesalers in the form of cults. The modern meaning itself is the arrangement of goods according to the same needs grouped in the same section that can be seen and taken directly by the buyer, the use of air conditioners, and the presence of professional sales people:

**Table 1 Characteristics of Modern Store Types**

Description	Minimart	Supermarket	Hypermarket
Traded Goods	A wide range of household needs including daily needs	A wide range of household needs including daily needs	A wide range of household needs including daily needs.
Number of items	<5000 item	5000-25000 item	>25000 item
Product type	- Packaged food - Basic hygienic items	- Packaged food - Household goods	- Food - Household goods - Electronics - Clothing/apparel - Sporting goods
Sales model	Done in retail, directly to the end consumer by way of self-service (shoppers take baran from the shelves of merchandise and pay	Done in retail, directly to the end consumer by self-service.	Done in retail, directly to the end consumer by means of self-service.
Business floor area (based on Presidential Regulation No. 112	Maximum 400 m <sup>2</sup>	400-5000 m <sup>2</sup>	>5000 m <sup>2</sup>
Parking area	Minimal	Standard	Very spacious
Capital (outside land and buildings)	s/d Rp 200 million	Rp.200 million Rp. 10 billion	Rp.10 billion and above

Source : Presidential Regulation No. 112 of 2007

Modern shops and shopping centers are regulated in Presidential Regulation of the Republic of Indonesia (Perpres) number 112 of 2007 concerning the Arrangement and Development of Traditional Markets, Shopping Centers and Modern Markets. Perpres 112 year 2007 is further described in Regulation of the Minister of Trade of the Republic of Indonesia No. 53 of 2008 concerning Guidelines for The Arrangement and Development of Traditional Markets, Shopping Centers, and Modern Stores. Modern store licensing and shopping centers are further regulated in a number of local

regulations. Modern shop is a retail industry has a very important role for the Indonesian economy, especially the people of Indonesia. The retail industry places itself as the second highest industry in the absorption of Indonesian labor after the agricultural industry. This indicates that many people are benefiting from this retail business.

Income Definition of income can also be referred to as turnover. In The Great Dictionary of Bahasa Indonesia income/turnover is the amount of money generated from the sale of merchandise. From the above definition, it can be stated that the meaning of turnover / sales income is the total amount of goods and services calculated based on the amount of net income from the company's profit-and-loss statement (operating statements) during a selling period. Whereas according to Annas Ahmad defines income is absorption from the Dutch language, which means the total number of sales of a company (organization, law) in a certain period and consists of two components, price and quantity sold. From the description above it can be concluded that the turnover is the overall result or total revenue obtained from the total amount of sales results. The sense of income needs and desires are not limited in number, it's just that the needs and desires are limited by the amount of income received by a person. The income received by the community is certainly different from each other, this is due to the different types of work it does. The difference in work is motivated by the level of education, skills and experience in work. Indicators of the level of well-being in society can be measured by the income it receives.

The improvement in people's standard of living can be described from the increase in real income results, while the standard of living is reflected in the level and pattern of consumption that includes elements of food, settlement, health, and education to maintain a reasonable human degree. Income is a result received by a person or household from trying or working. Various types of society, such as farming, fishermen, livestock, labor, and trade and also work in the government and private sectors. Income according to economics is defined as the maximum value that can be consumed by a person in a period as the original state. The definition focuses on total quantitative expenditures on consumption over a period. In other words, income is the sum of the initial wealth of the period plus the overall yield obtained during one period, not just those consumed. In general, income is defined as the amount of its initial assets plus valuation changes that are not due to changes in capital and debt. Income is the overall income received from both formal and non-formal sectors calculated within a certain period of time. BPS (2011), measuring people's income is not an easy job, therefore BPS does the calculation of income using public expenditure / consumption. This is based on the paradigm that if income increases, it will be followed by a variety of needs that are increasingly so that it demands high spending as well. Conclusion of

the sense of income is an acceptable result received by a person or household from trying or working in the form of, money or goods received or earned within a certain period of time.

### **Micro Small and Medium Enterprises (UMKM)**

UMKM have a broader understanding from a business point of view, UMKM can be described as businesses run by individuals, households, or small business entities. However, some economists use different terms to define them. Prof. Ina Primiana from the Faculty of Economics and Business, University of Padjajaran described MSMEs as small business activities that support the movement of development and the Indonesian economy. Meanwhile, M. Kwartono Adi uses a more specific definition, namely a business entity with a profit of less than 200 million Rupiah, calculated from the annual profit. According to Rudjito, the understanding of UMKM is a business that has an important role in the Indonesian economy, both in terms of jobs created and in terms of the number of businesses. According to Ina Primiana, the understanding of UMKM is the development of four main economic activities that are the driving force of Indonesia's development, namely; Agribusiness manufacturing industry Marine Business Human resources. In addition, Ina Primiana also said that UMKM can be interpreted as the development of flagship areas to accelerate economic recovery to accommodate priority programs and development of various sectors and potentials. While small businesses are increasing various community empowerment efforts. According to M. Kwartono, the understanding of UMKMis the economic activities of people who have a maximum net worth of Rp 200,000,000, - where land and buildings where businesses are not taken into account. Or those who have an annual sales turnover of at most Rp1,000,000,000,- and belong to Indonesian citizens. From the above opinion, it can be concluded that MSMEs are businesses or economic activities of the people whose income is not more than 200 million rupiah a month.

### **Previous research**

There are several similar studies that according to the authors relefan used as a reference to do this research, including research conducted by Much. Nashiruddin with the title " Impact of Indomaret Existence on The Income of Grocery Traders In Cuplik Market Sukoharjo Subdistrict " this research conducted in 2012 concluded the existence of Indomaret with close proximity to cuplik market in Sukoharjo sub-district violated government regulations, because the regulation aims as a benefit to protect small traders. The existence of Indomaret in the viewpoint of Islamic business ethics caused unfair and detrimental competition that caused the majority of grocery traders to

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experience the impact of declining revenues. The object of this research is the same but what distinguishes is that this research has an impact on cuplik market while what researchers do is the impact of competition with UMKM around Indomart and Alfamart.

The two studies conducted oelh Saraswati SH with the title ANALYSIS IMPACT of The Existence of Minimarket Indomaret And Alfamart On SmEs In Relation to Presidential Regulation No. 112 Year 2007 on The Arrangement and Development of Traditional Markets, Shopping Centers And Modern Stores (Study In Pontianak City). The results of this study showed that the existence of this minimarket has had a huge impact for grocery traders, its presence has brought misery for traders. The object of this research is the same about the existence of Indomaret and Alfa midi but what is different is that this research links the existence of idomart and Alfa midi with PP no.112 Tahjun 2007 while researchers discuss the impact of Alfamidi and Indomart in the middle of UMKM. The third research conducted by Rahmat Kurniawan in 2019 with the title Analysis of The Impact of Modern Stores on the Existence of Micro, Small, Medium Enterprises in the City of Padangsidempuan". This study concluded that the perception of UMKM towards modern stores is having a negative and positive impact. The negative impact, UMKM income decreased. The positive impact, the presence of modern stores provides motivation to UMKM to be able to improve and evaluate themselves from modern stores. The partnership established by MSMEs with modern stores is the use of business locations provided by modern stores, with the "Tenan" program and the "Rent Terrace" program. But in terms of partnership in terms of marketing local products UMKM Padang Sidempuan city does not exist yet. This study is similar to what the researchers did but the difference is the location or area of the sample; where nkota padang sidenpuan relatively large while the city of Ternate is very small so the impact of Indomart and Alfamidi is very felt for UMKM.

## **B. METHOD**

The type of research carried out in this research is field research, where descriptive research can be interpreted as a problem solving procedure that is investigated by describing or describing the current state of the subject or object of research based on facts that appear or as is. While the research approach that the author uses is by descriptive qualitative method. Qualitative descriptive research is a research that is intended to collect information about the status of existing symptoms, namely the state of symptoms according to what they were at the time of the study. Researchers described based on the situation and events that are happening in ternate city with

descriptive Qualitative research, it can be known the impact of ekonimi from the establishment of Alfamidi and Indomart.

### **C. RESULTS**

Educational The existence of modern stores such as Alfamart does have an impact on the small shops around it, which have previously operated in meeting the needs of the daily community. The more consumers who are interested in modern stores such as Alfamart, it will affect the number of consumers who previously shopped in small shops, this will also affect the economic condition of the merchants who own these small shops. Alfamart as a modern store has shown its potential in providing benefits and services to the community. So it is undeniable that modern stores such as Alfamart has become a formidable competitor for small shop traders. The merchants who own these small shops can only give in to the situation. This does not mean to keep them quiet and street where they are, but they also try to improve the quality of their business even though there are many shops owned by small merchants who look lethargic even until someone has gone out of business.

So, if this phenomenon continues to be ignored and silenced, of course the direct influence and derivative effects will feel very significant and influential for all levels of society of small shop owners in general. The proliferation of Alfamart Palangka Raya Kota has injured small shops in the vicinity. The income of the people around Alfamart, directly or indirectly will fall dramatically and result in losses for the owners of small shops around Alfamart. With the establishment of Alfamart adjacent to small shops makes small shop owners feel harmed because of the declining sales turnover that is due to reduced consumers. Because with Alfamart adjacent to small shops, the people of Palangka Raya City prefer to shop to Alfamart compared to small shops because in Alfamart it is in addition to providing basic necessities that are guaranteed quality, as well as a clean place, air-conditioned and the price is not much different and can even be cheaper than in small shops as a result of which the shop owners feel loss. Not only traders who feel the impact of the establishment of Alfamrt, but also the community as consumers who feel a positive impact on the establishment of Alfamart. During this time Alfamart is known as a minimarket that installs affordable prices and competes with small shops in the vicinity. Surely that benefits citizens as consumers who will enjoy a varied and competitive price comparison, providing many choices to consumers either in the form of products or prices, Alfamart also prioritizes customer service. This is what makes customer satisfaction as a benchmark of Alfamart's success.

That is a series of reasons why consumers prefer to shop in mini markets, when compared to shopping in stalls or at grocery stores, where the place where the



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order of goods is irregular, items that are sometimes dusty because they are rarely cleaned (but not expired), as well as other reasons why consumers prefer to shop in mini markets Cheaper prices are certainly one of the reasons why consumers prefer to shop in minimarkets rather than having to shop at UMKM (Stores / grocery stores), as well as reasons for convenience and clean places as well. The table below shows the price comparison of some items in the grocery store and those in the minimarket. But it turns out that not all the goods in the minimarket are cheaper that grocery merchants sell, there are also some prices that are more expensive but it turns out that with the reason that a comfortable place makes consumers prefer to shop at the minimarket.

## **D. DISCUSSION**

On the one hand, the existence of modern markets among UMKM (grocery stores/ stalls) then the tendency of consumers will also arise to choose a place to shop. Consumers view the modern market as an interesting place to shop compared to the small shops around it, because consumers prefer the services provided by the store. That caused many consumers to switch to Minimarkets. The negative impact of Indomart and Alfamarti in the middle of UMKM is Affecting the Number of Consumers Who Shop at Traditional Traders.. With Alfamart and Indomart among Traditional Traders, the tendency of consumers will arise to choose a place to shop. Consumers view Alfamart and Indomart as interesting places to shop compared to the small shops around them, because consumers prefer the services provided by the store. That caused many consumers to switch to Alfamart and Indomart. Affects The Income Level of Traditional Traders. Basically Traditional Traders have enough income to develop their business. However, after alfamart and Indomart slowly began to decrease in line with the decreasing consumers who shop at Traditional Merchants. This resulted in the quiet of customers even this ako does not fully open its stores if the buyer is quiet. So this affects the income of Traditional Traders (Andriawan, 2010). And It Creates Increasingly Narrow opportunities for Traditional Traders in Making a Profit. Initially Traditional Merchants were small stores that developed well, but after the presence of Alfamart and Indomart slowly began to displaced because of losing competition with Alfamart and Indomart. Consumers who initially became their customers, now switch to Alfamart and Indomart.

## **E. CONCLUSION**

With Alfamarti and Indomart in the middle of UMKM bring a huge impact on the existence of UMKM. These impacts include reduced MSME income because the facilities and services of both modern markets are much better than UMKM. The

change has an impact on the economic death of small communities because the distribution area of both modern markets is located almost every UMKM. On the other hand, the existence of Indomart and Alfamidi, people in shopping feel served with satisfaction because the modern market facilities are very good and the availability of sought-after goods is very complete in addition to the cheaper price.

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