

Significance and Developing Conditions of *Pasar* for the Local Inhabitants

Case study of an *old pasar* established 300 years ago in Manado city, Indonesia

Willem JF. Alfa TUMBUAN* and Yoshiharu SHIRATAKE**

1. Background and Subject

The *pasar*¹ has existed in Indonesia even before the introduction of the monetary systems. It has occupied a prominent role in the lives of the local inhabitants as a place to sell and to buy a variety of goods such as food stuffs, clothes and other daily goods, medicines, handicrafts and producer's goods. It also has always been a place where farmers and urban dwellers meet to exchange diverse information; so, the local culture is nurtured through this meeting. Nowadays, the *pasar* also functions as a tourism resource as it exhibits the entire products specific to an area. Finally, many categories of people such as retailers, farmers, craftsmen, fishermen and traders earn their living mainly from the sales made in the *pasar*. According to the Indonesian *Pasar* Retailer Association, there are currently 13,450 *pasars* with more than 12.6 million retailers in Indonesia (Antara, 2007). However, in 2000, under the liberalization policy, the Indonesian government promulgated a presidential decree² to open the local retailing industry to the foreign modern markets³. This policy has led to a fierce competition in this industry all over the country. As a result, 15% of the total *pasars* in urban areas have closed down, totaling more than 2,000 *pasars* (Kompas, 2008). Following this, it was reported that about 1.9 million jobs were lost. The modern market is the result of the foreign direct investment; it only employs few people and handles more imported goods than local ones. Recently, the number of modern market is growing by 31.4% a year. Its market share⁴ in retail food and daily goods has also increased, reaching 35% in 2006, whereas the *pasar's* market share has decreased (ACNielsen, 2007).

This rapid development of modern market constitutes a real threat for the existence of *pasar* in Indonesia. Indrawan (2008) and Tambunan *et al.* (2004) argued that the convenience given by the modern market as well as the products guarantee system are the main reasons for the shift of consumers to the modern market. By analyzing statistical data, Suryadarma *et al.* (2007) and Poesoro (2007) also stated that modernism and cleanliness holds an appeal for the consumers at the disadvantage of the *pasar* which is not as clean and lacks infrastructures. In the face of the considerable job loss and its economic impact as well as a plausible loss of cultural identity due to the close-down of many *pasars*, Halim *et al.* (2007) and Kasali (2006) advocated the need for a revitalization of *pasar*, the improvement of their selling infrastructures (stalls, garbage shelters, drainage, water installation and parking area), and their management, rule and organization. To that effect, the central government promulgated a new law⁵ in 2007 in an attempt to regulate the competition in the retailing industry and protect the existence of *pasar*. The central government argues that even now many people in Indonesia use *pasar* as a place to get their food and daily goods, particularly for the low income groups. Moreover, the *pasar* provides a working opportunity for the local inhabitants; it serves as the main parameter in the measurement of the national food availability and a benchmark to

* The United Graduate School of Agricultural Science, Kagoshima University

** Saga University

Keyword: *Old Pasar*, Modern Market, Farmer, Retailer, Local Inhabitants

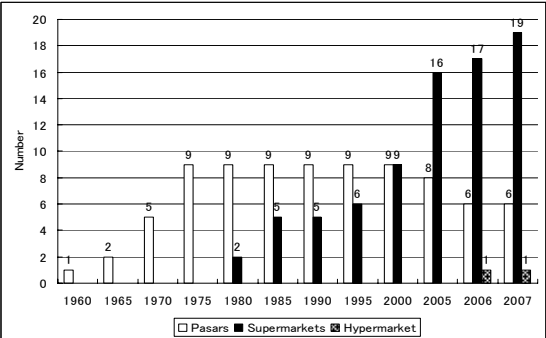
determine the retail selling price of food and daily needs. However, concerned with the tax income generated by the modern market, the local government was reluctant to apply the law (Launa, 2007). It also intends to create a modern city by introducing and supporting the modern market.

The literature review reveals that until now the current significance of *pasar* has not been studied yet. Launa (2007) mentioned the significance of modern market based on the local government’s point of view but overlooked the importance of *pasar*. Most of the researchers merely observed the *pasar*’s weaknesses such as infrastructure, rule and management. However, among those studies, few were based on field survey. In term of analysis method, no comparative study between *pasar* and modern market has been done until now. Therefore, this study attempts to substantiate the aforementioned *pasar*’s economic functions for the local farmers, retailers, and consumers; and to explore the developing conditions of *pasar* while competing with the advance of the modern market. The data used for the comparative analysis between *pasar* and modern market were derived from field surveys. This work is organized as follows: Section 2 describes the reasons for the selection of the survey area and the objects of the survey. Section 3 analyzes the significance and developing conditions of *pasar* for the local inhabitants. Finally, a consideration is drawn to discuss the main directions of *pasar* in order to face the competition with a hypermarket⁶.

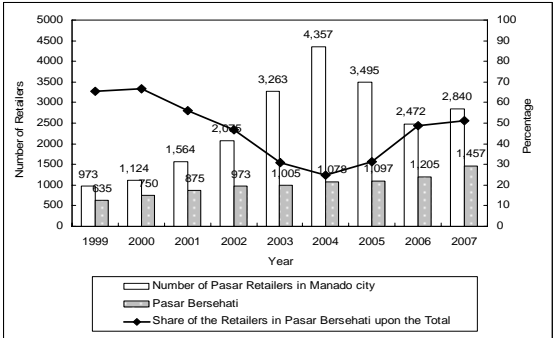
2. Methodology

(1) Reasons for the Selection of the Survey Area

The study was conducted in Manado city, the capital city of North Sulawesi Province, because the increasing trend of modern market followed by the decline of the *pasars* at the national level can also be found there. Indeed, Manado city is facing a rapid increase in the number of modern market. Graph 1 shows that from 9 supermarkets in 2000, the number increased to 19 supermarkets in 2007; and 1 hypermarket opened in 2006. Three *pasars* have closed down since 2000. The number of *pasar* retailers in Manado city increased sharply between 2001 and 2004 due to the government immigration policy after the political conflict occurring in 1998. Many immigrants from other region established as retailers. The number of retailers however decreased from 4,357 in 2004 to 2,472 in 2006 after 3 *pasars* closed down (Graph 2). Between 2006 and 2007, the number of retailers again increased because *Pasar Bersehati* (called “old *pasar*” for the rest of the document) provided selling places for more than 60% of the retailers who worked in the closed down *pasar*. A movement of *pasar* retailers also happened in other cities like Jakarta and Bandung city (Kompas, 2008).



Graph 1. Number of *Pasars* and Modern Markets in Manado city
Source: Field survey, 2008



Graph 2. Trend of *Pasar* Retailers in Manado city
Source: Field survey, 2008

(2) Objects of Survey

In order to reveal the *pasar*'s economic roles for the local inhabitants, we selected an *old pasar* which has existed for 300 years, since the forming of Manado city and before the introduction of the monetary systems in the area. The *old pasar* also plays a pivotal role in supplying the 5 other *pasars* in Manado city. Currently, the *old pasar* is the city's biggest in terms of area (5 ha) and number of retailers (1,457). Like all the *pasars* in Manado city, the *old pasar* is managed by one section of the Manado city government, the Dinas Pasar/PD Pasar Kota Manado. The *old pasar* is located between the mouth of the Tondano River and Manado harbor on the side of Manado bay, which was recorded as a trading place for the local inhabitants with foreign traders many years ago (Manado city office, 2008; Wahr, 2004; Graafland, 1991).

We conducted a comparative analysis of the consumers' behavior in the *old pasar* and the largest modern market in the city which is called Hypermart Mantos as an example of hypermarket (Hypermart Mantos is called "hypermarket" for the rest of the document). We surveyed 136 consumers in the *old pasar* and 152 consumers in the hypermarket; they were purchasing vegetables and fruits. The consumer surveys were scheduled during the peak shopping period on holidays: from 6:00 AM to 10:00 AM at the *old pasar*, and 4:00 PM to 8:00 PM at the hypermarket. In the *old pasar*, we also surveyed 60 retailers selling vegetables, selected randomly. We did not ask in advance specific information about the *old pasar* retailers from the *old pasar* manager. We did not appoint specific retailers to survey in a crowded and busy *pasar*. So, the data were provided by the retailers who were willing to cooperate with our listening survey. Finally, data on the significance of the *old pasar* for farmers were collected from the surveys of 120 vegetable producers in the 3 areas which are the main suppliers of vegetables to markets in Manado city. The other smaller production areas supply the rural *pasars*. Our 3 survey areas represented 83% of the total production vegetables in North Sulawesi Province (North Sulawesi Statistics Office, 2008). These production areas were selected because most of the farmers are market-oriented. The areas were divided into 3 types based on the distance from the *old pasar* and the shipping time: 1) a short distance shipping area which is about 9 km from the *pasar*, less than 30 minutes by truck; 2) a middle distance shipping area, about 30 km, less than 1 hour; and 3) a long distance shipping area of 150 km, about 4 hours. Based on official statistics reports⁷, the largest production villages among the 3 areas were selected to carry out the survey: Pandu village for the short distance shipping area, Rurukan village for the middle distance shipping area, and Pinasungkulan village for the long distance shipping area. Among each village, the largest vegetable producing hamlets were selected: Hamlet 2 in Pandu village, Hamlet 3 in Rurukan village, and Hamlet 6 in Pinasungkulan village. There are 73, 75 and 76 farmer in Hamlet 2, Pandu village, Hamlet 3 in Rurukan village and Hamlet 6 in Pinasungkulan village, respectively. Then, 40 farmers were randomly selected from each hamlet of those villages.

3. Analysis and Results

(1) The *Old Pasar*'s Functions: Main Marketing Place for the Local Inhabitants and the other Regions Neighboring Manado city

Figure 1 is an overall pattern of the marketing channel of vegetables from the agricultural production areas to the markets in Manado city. This channel reveals that the *old pasar* plays an important role for the supply of vegetables produced in Manado area to consumers, not only the *old pasar* users but also the

modern market users and the consumers in other islands and regions. The supply chain concerns many people: farmers, middlemen and retailers. Concerning the farmers' supply, the farmers in Pandu village who are living closely to the markets in Manado have the strongest relationship with the *old pasar* where 85 % of their products are sold directly. The *old pasar* is also the main shipping target even for the farmers living in the middle distance (Rurukan village), and long distance (Pinasungkulan village) production areas. Fifty-one percent and 36% of the total production in Rurukan village and Pinasungkulan village, respectively, are sold by the farmers directly to retailers in the *old pasar*. Middlemen also handle farmers' products to be sold at the *old pasar*.

A large area with many corners is available in the *old pasar* to trade various local agricultural products. The transaction is carried out through face-to-face negotiation which constitutes the local inhabitants' business custom.

Further, the channel shows that the modern market buys local products from the farmers (Rurukan farmers); however, the percentage is low (2%) and not frequently. Some retailers in the *old pasar* also ship products in a small quantity. It means that the modern market has no strong relationship with the local farmers. Most products sold in the modern market are supplied from other regions/islands in Indonesia and other countries through the Bitung Port, located about 50 km of Manado city.

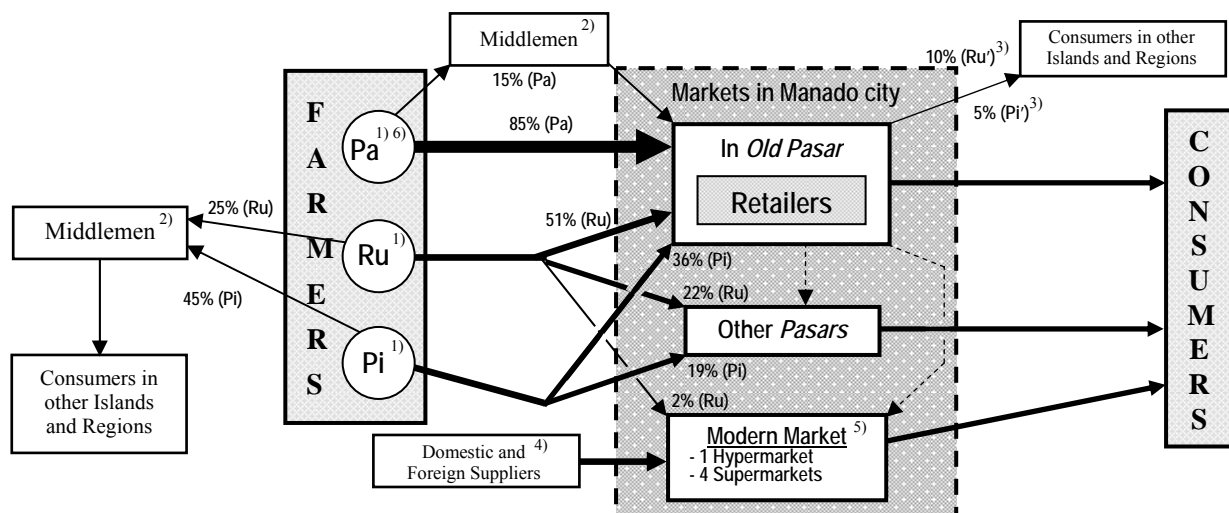


Figure 1. Marketing Channel of Vegetables from the Production Areas to markets in Manado City

Source: Based on data collected from 120 farmers surveyed in 3 hamlets (Hamlet 2 – Pandu village; Hamlet 3 – Rurukan village, Hamlet 6 – Pinasungkulan village); and 60 retailers (selected randomly) in the *old pasar* in Manado city (August, 2008).

Notes: 1) Pa = Pandu village; Ru = Rurukan village; Pi = Pinasungkulan village.

2) The middlemen of Pa sell the products to the *old pasar*, whereas the middlemen of Ru and Pi sell the products to other areas.

3) 10% (Ru') out of the total products from Rurukan village (Ru) and 5% (Pi') out of the total products from Pinasungkulan village (Pi) coming to the *old pasar* are shipped to other islands and regions by some specific retailers in the *old pasar*. The data were provided by Rurukan and Pinasungkulan farmers.

4) Agriculture products sold in modern markets are supplied by domestic and foreign suppliers for their quality and standard size.

5) Only 4 out of 19 supermarkets in Manado city sold vegetables and fruits.

6) Some Pandu farmers handle retailing function because they can sell the products directly to consumers in the *old pasar*.

(2) Stable and Profitable Selling Market Place for Farmers in all Production Areas

The farmer survey reveals that the selling frequency of the agricultural products to the *old pasar* is high. Table 1 shows that 71% of the farmers who live in the short distance production area sell their products everyday to the *old pasar*; so, they can get a daily cash income. Although they are small-scale farmers (0.4 ha), they are able to harvest agricultural products such as seasonings and leaves once a week on average. The

farmers from the middle and long distance production areas who manage bigger cultivation areas (1.3 ha) harvesting mainly carrots, spring onions, cabbage, chinese cabbage and cauliflower throughout the year also ship their products regularly to the *old pasar*. Seventy percent of the farmers in Rurukan village ship their products 3 times a week, and 59% of the farmers in Pinasungkulan village sell 2 times a week.

Table 1 . Supply Times and Harvesting Times of Farmers in each Production Area

Frequency of supply	Pandu Village (Short Distance)		Rurukan Village (Middle Distance)		Pinasungkulan Village (Long Distance)	
	Av. Farm Size 0.4 ha		Av. Farm Size 1.3 ha		Av. Farm Size 1.3 ha	
	<i>Old pasar</i>	Hypermarket	<i>Old pasar</i>	Hypermarket	<i>Old pasar</i>	Hypermarket
Average supply times of product to market in Manado city	Everyday	71%	-	-	-	-
	4-5 times a week	20%	-	-	-	-
	3 times a week	9%	-	70 %	-	41 %
	2 times a week	-	-	28 %	-	59 %
	Others ¹⁾	-	-	-	2%	-

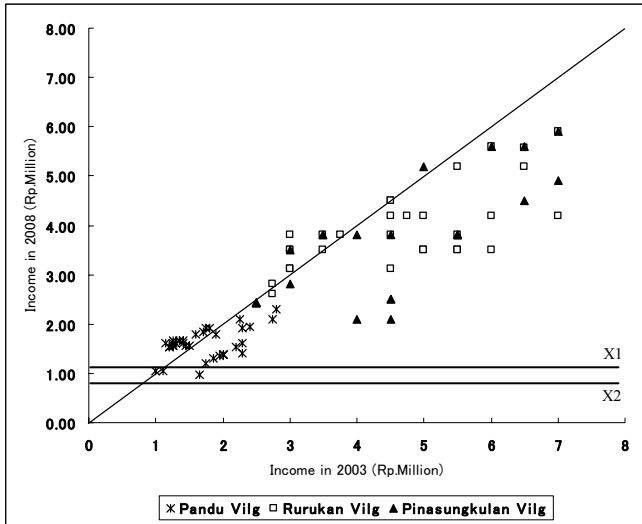
Harvesting times of main products in a year	Products	Times	Products	Times	Products	Times
		Seasonings	Every week	Carrot	3	Potato
	Spinach	Every month	Spring onion	4	Spring onion	4
	Cassava leaf	Every week	Cabbage	4	Carrot	3
	Sweet potato	2 – 3	Chinese cabbage	4	Cabbage	4
	Cassava, corn	3 – 4	Cauliflower	4	Chinese cabbage	4
	Chili, Gedi ²⁾	Every week			Tomato, Cauliflower	4

Source: Data collected from farmers who sold their products to the *old pasar* and hypermarket in Manado city; 34 farmers of Hamlet 2 – Pandu village; 30 farmers of Hamlet 3 – Rurukan village; 22 farmers of Hamlet 6 – Pinasungkulan village (August, 2008).

Notes: 1) The frequency of supply is not fixed.

2) Gedi is a local vegetable. The scientific name is *Abelmoschus manihot L.*

Moreover, in graph 3, based on the comparison of the farmers’ income in 2008 (deflated with 2003 prices) and 2003, it was found that income increased for 53%, 38% and 18% of the farmers who sold their agricultural products to the *old pasar* respectively from the short, middle and long distance production areas.



Graph 3. Farmers Monthly Net Income in 2008 and 2003 Deflated by Normal CPI

Source: Same as Table 1.

Notes: 1) Deflated by normal CPI (CPI 2008 = 144.12), based 100 (2003), The CPI was provided by the North Sulawesi Province Statistics Office.

2) X1: Average Provincial Income (Rp. 1,100,000 in a month).

3) X2: Provincial Minimum Income (Rp. 845,000 in a month). (North Sulawesi Provincial Office, 2008)

4) Rupiah (Rp) is the Indonesian official currency. 1JPY = Rp.85 (August, 2008)

Even though, the income of many farmers from the middle and long distance production areas decreased, it is still far beyond the provincial minimum income. Farmers are able to sustain their living and production activities because they can continuously ship their harvests to the *old pasar*. If the *old pasar* vanished, the farmers would not be able to secure minimum income. The modern market cannot replace the *old pasar* as an alternative channel for the small and individual farmers who do not have negotiation power. The modern market would not buy agricultural products from the local farmers because they do not have agricultural cooperative or shipping group (incapacity of the farmers to sell in bulk), collecting center for selection, grading, packing and so on.

(3) Business Opportunities for the Local Inhabitants

The *old pasar* plays a vital role in providing permanent jobs for the local inhabitants. Even though there

Table 2. Characteristics of Retailers at the *Old Pasar*

Category	Classification	Total responses of retailers	
		Number	%
Origin of the retailers	Manado area	60	100
	Other area	0	0
	T o t a l	60	100
Retailer selling status	Permanent	60	100
	Seasonal	0	0
	T o t a l	60	100
Established as a retailer *)	Less than 5 years	0	0
	5 – 10 years	7	12
	10 – 15 years	23	38
	15 – 20 years	25	42
	More than 20 years	5	8
T o t a l	60	100	
Trend of Retailers Income compare with 5 years ago	Increased	32	53
	Constant	7	12
	Decreased	21	35
	T o t a l	60	100
Worker of the business	Family only	60	100
	Family and employee	0	0
	Employee only	0	0
	Others	0	0
T o t a l	60	100	
Capital of the business	Own capital	60	100
	Credit from bank	0	0
	Cooperation	0	0
	Others	0	0
T o t a l	60	100	

Source: Random interview of 60 *pasar* retailers in *old pasar*, Manado city, 2008.

Note: *) There are 2 types of retailer in the *old pasar*: 1) those that are established from a long time, and 2) those that came recently. This second group is divided into 3 types: a) the retailers moving from the closed down *pasars*, b) the retailers who did not sell in *pasar* but whose stores closed down due to the competition with the modern market, c) new comers. The group 1 and group 2.a and 2.b are therefore established as retailer from a long time.

Table 3. Characteristics of the Hypermarket Employees

Category	Classification	Number	%
Trend of the total of employees compare with 3 years ago	Increased	0	0
	Constant	250	100
	Decreased	0	0
	T o t a l	250	100
Origin of the employees	Manado area	225	90
	Other area	25	10
	T o t a l	250	100
Employees status	Permanent	240	96
	Part time/Internship	10	4
	T o t a l	250	100

Source: Field survey in the hypermarket, Manado city (2008).

Note : Total number of employees since the beginning in 2006 until July 2008.

are many people working at the *old pasar*, the analysis in this section focused on the retailers. Table 2 shows that all the surveyed retailers are from Manado area. The retailers earn their living entirely from the retailing business in the *old pasar*. The business employs only family labor. In addition, these retailers have been established in their work for a long time. Now, in the *old pasar*, half of the retailers have experiences as retailer for more than 15 years. It was also found that the retailers' businesses have thrived as 53 % of the retailers got a higher income in 2008 compared with the income received 5 years ago. According to the retailers, their income raised due to the population growth (immigration policy) and the increase in number of tourists and consumers who recognized the availability of fresh and local products at the *old pasar*. Moreover, the number of retailers in the *old pasar* has increased from 625 in 1999 to 1,457 in 2007. The main reason is that many retailers who lost their marketing place in the defunct *pasars* set up their business in the *old pasar*. It can be said that the living of these retailers depends fully on the existence of the *old pasar*.

Table 3 shows that the hypermarket employs only a

(4) Primary Source of Food Purchases for the Low and Middle Income of Consumers: Products Marketed at the *Old Pasar* Matching the Consumers' Needs

In this study, respondents were asked their primary source of vegetables and fruits purchases. *Old pasar* users include consumers who only use the *old pasar* and those who mainly use *old pasar* for their vegetables

Table 4. Classification of Consumers Based on their Store Preference in Manado City

Consumer Surveyed in <i>Old pasar</i>	Nb	Consumer Surveyed Hypermarket	Nb
<i>Old Pasar</i> users	118	Hypermarket users	103
-Use only <i>old pasar</i>	87	-Use only hypermarket	54
-Mainly use <i>old pasar</i>	31	-Mainly use hypermarket	49
Not <i>old pasar</i> users	18	Not hypermarket users	49
Total	136	Total	152

Source: Interview of 136 consumers in the *old pasar* and 152 consumers in the Hypermarket in Manado city (2008).

Note: Nb = Number

and fruits purchases. One hundred-eighteen consumers surveyed in the *old pasar* are therefore classified *old pasar* users, and 18 consumers not *old pasar* users as they mainly shop at the modern market although they were met in the *old pasar*. Hypermarket users include consumers who only use hypermarket and those who mainly use hypermarket as their primary store for vegetable and fruits purchases. One hundred-three consumers surveyed at the hypermarket are therefore classified hypermarket users, and 49 consumers not hypermarket

users as they mainly shop at the *pasars* although they were met in the hypermarket. The groups of 18 not *old pasar* users and 49 not hypermarket users are excluded for the following analysis.

Table 5 explains the consumers' reasons for the selection of the marketplaces to buy vegetables and fruits. These reasons were classified based on three criteria regarding the marketed products such as 1. price, 2. type, and 3. origins; and two criteria regarding the marketplace itself: 4. importance of the marketplace as an information and interaction, 5. convenience.

Low and negotiated prices are the main reasons for shopping at the *old pasar* for respectively 58% and 42% of the *old pasar* users. The *old pasar* users can make negotiation for reasonable price based on quantity, quality and perishability of products under the natural condition. Forty-five percent of the mainly use hypermarket consumer also agree that vegetable and fruit prices are lower at the *old pasar*. However, 57% of the hypermarket users do not consider price as the main determinant for purchase. Concerning the type of the products, *old pasar* users cite their availability (30%), variety (25%), freshness (20%) and safety (18%) whereas hypermarket users appreciate their presentation (33%), packaging (21%) and the existence of guarantees (19%). Whereas *old pasar* users buy local products, 64% of the consumers using the hypermarket look for imported fruits. Despite this, 65% of the mainly use hypermarket consumer also report buying locally produced vegetables at the *old pasar*. Regarding the marketplaces, respectively 40% and 35% of the *old pasar* users need contacts with retailers and producers from which they can get information about the products and their cooking processes. Ninety-four percent of the mainly use hypermarket consumer also note the importance of this kind of information. Respectively 71% and 37% of the hypermarket users are mainly attracted by the entertainment programs offered by the hypermarket and the clean place.

Table 5. Consumers' Reasons for the Selection of the Marketplaces to Buy Vegetables and Fruits

Classification of the reasons	Reasons	Actual Behavior				Opinion of:			
		Old Pasar Users		Hypermarket User		Mainly Use Old Pasar ¹⁾ Consumer about the Hypermarket		Mainly Use Hyper- ²⁾ market Consumer about the Old Pasar	
		Nb	%	Nb	%	Nb	%	Nb	%
Price of Product	Low prices	69	58	25	24	0	0	22	45
	Negotiated prices	49	42	0	0	0	0	27	55
	Discounted prices	0	0	19	19	31	100	0	0
	Do not consider about price	0	0	59	57	0	0	0	0
	Total	118	100	103	100	31	100	49	100
Type of Product	Availability	35	30	4	4	7	23	7	14
	Variety and large choices	30	25	2	2	0	0	6	12
	Freshness	23	20	7	7	4	13	9	18
	Safety	21	18	15	14	7	23	11	23
	Presentation and cleanliness	0	0	34	33	4	13	5	10
	Packaging	0	0	22	21	4	13	0	0
	Guarantee system	0	0	19	19	5	16	0	0
	Others	9	7	0	0	0	0	11	23
Total	118	100	103	100	31	100	49	100	
Origin of Product	Imported vegetables	0	0	6	6	2	6	0	0
	- From foreign country	0	0	7	7	3	10	0	0
	Imported fruits	0	0	66	64	14	45	0	0
	- From foreign country	11	9	13	13	6	19	2	4
	Local vegetables	69	59	7	7	3	10	32	65
	Local fruits	38	32	4	4	3	10	15	31
Total	118	100	103	100	31	100	49	100	
Information and Interaction	Information of products cultivation	47	40	0	0	0	0	22	45
	Cooking information of products	41	35	0	0	0	0	24	49
	Relationship (Meeting place)	26	22	30	29	13	42	3	6
	Entertainment (Show performance)	4	3	73	71	18	58	0	0
	Total	118	100	103	100	31	100	49	100
Conveniences³⁾	Convenience corner, restaurant	8	7	15	14	5	16	3	6
	Clean place	0	0	38	37	9	29	0	0
	Good customer service	0	0	9	9	4	13	4	8
	Good parking area	8	7	11	11	3	10	3	6
	Safety place	5	4	23	22	6	19	2	4
	Comfortable place	0	0	7	7	4	13	0	0
	Need improvement	97	82	0	0	0	0	37	76
Total	118	100	103	100	31	100	49	100	

Source: Data supplied by 118 *old pasar* users and 103 hypermarket users in Manado city (2008).

Notes:1) 31 out of 118 consumers mainly shop at the *old pasar* and sometime at modern market,

2) 49 out of 103 consumers shop mainly at the hypermarket and sometimes at the *old pasar*.

3) Regarding to the classification of the reasons "Convenience"; the *old pasar* manager collected money from retailers to improve the condition of *pasar* (organization, cleanliness, safety). However, the money collected is not used for that purpose. There is no systematic control in the uses of the collected money.

In order to reveal the most suitable marketplace for the local inhabitants, it is necessary to analyze the household income distribution in Manado city. According to the City Statistics Office, the breakdown of the overall households based on income in 2007 is as follows: low income, middle down, upper-middle and high income households represent respectively 27%, 40%, 23% and 10% of the total households. So, in Manado, the majority of the population is low and middle down income. Table 6 reveals the characteristics of the users (income level, occupation) in each type of market. The low and middle down income households which constitute the majority of the population in Manado mainly uses the *old pasar* as their primary source of vegetables and fruits purchases. Low and middle down income households represent respectively 41% and 47% of the *old pasar* users. On the contrary, hypermarket users are comprised mainly of high income households representing 86% of the total sample surveyed. Concerning the occupation, whereas the majority of the *old pasar* users occupy less-qualified positions (29% are laborers and 26% are house helpers, housewives), hypermarket users are mainly entrepreneurs and private employees representing respectively 39% and 35% of the surveyed sample. The distance traveled by the *old pasar* users averages less than 5 km, whereas it is more than 5 km for 61% of the hypermarket users to join their respective most used marketplaces. As far as the transportation means to go to markets is concerned, due to the location of the *old pasar* which is isolated from the residential areas by a river, 73% of the *old pasar* consumers use the public transportation whereas 49% of hypermarket users travel with their own car. In sum, the existence of the *old pasar* is more than necessary for the majority of the population in Manado; hypermarket is only frequented by a fraction of high income households.

Table 6. Characteristics of the *Old Pasar* Users and Hypermarket Users by Income Level, Occupation, and Mobility

Category	Classification	Old Pasar Users		Hypermarket Users		
		Number	%	Number	%	
Family income ¹⁾ (Rp/Month)	Low	Less than 1.5 millions	49	41	0	0
	Middle down	1.5 – 2.5 millions	55	47	3	3
	Upper-middle	2.5 – 3.5 millions	12	10	11	11
	High	More than 3.5 millions	2	2	89	86
	T o t a l		118	100	103	100
Occupation of the household head	Labor		34	29	2	2
	Civil Servant		27	23	14	14
	Farmer		10	8	0	0
	Private Employee		9	8	37	35
	Entrepreneur		7	6	40	39
	Others (House Helper, Housewife)		31	26	10	10
T o t a l		118	100	103	100	
Distance traveled to markets	Less than 1 Km		14	12	2	2
	1 – 2.5 Km		42	36	9	9
	2.5 – 5 Km		39	33	29	28
	5 – 10 Km		19	16	43	42
	More than 10 km		4	3	20	19
T o t a l		118	100	103	100	
Transportation means to go to markets	On Foot		6	5	0	0
	Motor Bike		18	15	36	35
	Own Car		8	7	51	49
	Public Transportation (Small Bus)		86	73	16	16
	T o t a l		118	100	103	100

Source: Same as Table 5.

Note: 1) Rupiah (Rp) is the Indonesian currency. 1JPY = Rp. 85 (August, 2008).

4. Summary and Consideration

Through the comparison of a 300 year *old pasar* and a hypermarket, our study showed the valuable economical merits of the *old pasar* for the local inhabitants. This study also revealed that the *old pasar* is facing a problem of infrastructure (building and parking), cleanliness, rule and organization as mentioned in table 5 (Convenience). However, the hypermarket is not an alternative market for the local economy at a

certain stage of economic development in special areas. Indeed, for the majority of the low and middle down income consumers, which form the majority of the population in Manado, the *old pasar* constitutes the primary source of food purchases because the products marketed at the *old pasar* match their various needs. The *old pasar* is also proven an important marketplace for farmers to channel their products. The frequency of the harvest shipment to the *old pasar* is high for all types of farmers regardless of the distance of the production areas from the market. The farmers are able to sell their products all throughout the year and get a stable income. The farmers do not ship products to the modern market for two reasons. First, they cannot fulfill the trading conditions (grading, shipment in bulk) required by the modern market. Small and individual farmers do not have the subsequent financial resource necessary to acquire modern collecting and shipping facility. Second, they do not have negotiation power and therefore would not get any benefit. The *old pasar* also provides job opportunity such as retailer. On the contrary, the hypermarket is not able to carry out the functions handled by the *old pasar*. The hypermarket has only a little degree of relationship with the local farmers, it does not create a labor market nor does it function as tourism resource. Finally, it is a threat for the local culture and customs.

These findings suggest that the *old pasar* should be preserved in order to sustain the living of thousands of people and to upkeep the local economy. As conditions to preserve the existence of the *old pasar*, it would be necessary for the local government, as owner of the *old pasar*, to reinforce rules and appoint a skillful and honest managerial staff and push for a systematic control of the management including the use of retribution and service fees. The concrete actions that should be undertaken by the manager to improve the *old pasar*'s conditions are as follows: replacement and reorganization of the selling stalls; the setting up of garbage cans, a drainage system, sanitary toilets, and safety equipment; ensuring better hygiene, lighting and air circulation. Finally, not only the local government, but each agent, including consumers, retailers and farmers, should contribute to the upkeep of the hygiene and the comfort of the consumer at the *pasar*. Promotion of the role of the *pasar* through events such as fair displaying original products as well as the local art and culture might also be useful. To better understand the improvements needed to develop the *old pasar*, further research study must be conducted.

This study contributes to make up the lack of research study on the significance of *pasar* in Indonesia. The data and method use in this study evidenced that the *old pasar* handles the following functions: 1) main marketing place for the local inhabitants and the other regions neighboring Manado city, 2) stable and profitable selling market place for farmers, 3) business opportunity source for the local inhabitants, 4) primary source of food purchases for the low and middle income consumers. Such evidence has not yet been revealed by previous research works on the retailing industry in Indonesia. This study is also expected to bring good information in order to solve the divergence of opinions between the central and local governments on the importance of protecting the existence of *pasar* or not.

Notes

- 1) *Pasar* is one kind of traditional market. According to the Presidential Decree No 112/2007 (*Perpres*), a traditional market means a market that is built and managed by the government, the regional government, private entities, State-owned entities, including through cooperation with such places of business as stores,

kiosks, stalls and tents owned/managed by small or medium traders, community self-reliance or cooperative with small scale enterprises, small capital and dealing in commodities through bargaining. The main characteristic of a *pasar* is an open market. Although, a renovated *pasar* also consists of buildings, and a collection of stalls that sell many kinds of goods. The existence of the *pasar* has also often a cultural and philosophical meaning as this type of market has historically been the central area of economic activity.

- 2) The onset of the liberalization of the retail sector in 1998 compelled the Indonesian government to promulgate the Presidential Decree No. 118/2000 (*Keppres*). The Chapter 1 of this decree stipulates that foreign investors are invited to conduct their trade activities in retailing businesses, such as; minimarkets, supermarkets, hypermarkets, department stores, malls and shopping centers.
- 3) According to the *perpres*, the modern market means an independent self-service store that retails a large variety of goods. Modern market comprises minimarkets, supermarkets, hypermarkets, department stores, malls and shopping centers.
- 4) Not only in Indonesia but also in some countries such as South Korea, Thailand, Mexico, Poland and Hungary, modern markets are taking over the market share in food retail. The market share in food retail of modern markets in 2003 reached 50%; about 60% in Argentine and Brazil (Readon et al, 2003).
- 5) The *perpres* promulgated in December 2007 concerning the organization and direction of the traditional markets and modern market aims to direct the development of the domestic industry, the smooth flow of the distribution of goods and set values of justice.
- 6) A hypermarket is one type of modern market.
- 7) According to the North Sulawesi Statistics Office (2008), the villages of Pandu, Rurukan and Pinasungkulan represent the largest percentage of farmer households out of the total households and the largest agricultural production in their respective districts: Mapanget (short distance area), East Tomohon (middle distance area) and Modoinding (long distance area). The percentage of farmer households and the total agricultural production per year in the villages of Pandu, Rurukan and Pinasungkulan are respectively: 60% and 153 tons, 85% and 730 tons, 95% and 14,289 tons.

References

- [1] ACNielsen, the Annual Report of Asia Pacific Retail and Shopper Trends, Country Highlights – Indonesia, 2007, p.31-32, [online at http://www.acnielsen.pt/documents/tr_0708_AsiaPacificShopperTrends2007.pdf].
- [2] Antara, Indonesian National News Agency, “Danamon Concurring for Revitalization of Indonesian *Pasar*”, an Article on September 7th, 2007, Indonesian Version. [online at: <http://www.antara.co.id/arc/2007/9/7/>].
- [3] Graafland. N., “De Minahasa: Haar Verleden en Haar Tegenwoordige Toestand”. Rotterdam: M. Wyt & Zonen, 1869. Indonesian Version, 1991.
- [4] Halim. R. E. and Ismaeni. F., “Analisa Pembentukan Ketertarikan Terhadap Ritel: Agenda Riset Bagi Revitalisasi *Pasar* Tradisional di Indonesia (Analysis of the Establishing of Attention to Retail: Research Agenda to Revitalization the Traditional Market in Indonesia)”, Indonesian Version, Manajemen Usahawan Indonesia Issue Vol 36, LM FEUI, Jakarta, 2007.
- [5] Indrawan. R., “Kebijakan Publik yang Mengatur Sinergitas *Pasar* Modern dan Tradisional” (Public Policy to Arrange the Synergy of Modern Market and *Pasar*). Indonesian Version, Wordpress, 2008 [online at: <http://rullyindrawan.wordpress.com/2008/12/02/kebijakan-publik-yang-mengatur-sinergitas-pasar-modern-dan-tradisional/>].

- [6] Kasali. R., “Mungkinkah *Pasar* Tradisional Hidup Kembali dan Bersaing dengan Retailer Modern? Implikasi Kebijakan dari Perspektif Konsumen Indonesia” (Is the Traditional Market Can Getting up and Make Competition with the Modern Retailer? Policy Implication of Indonesia Consumers Prespective), Indonesian Version, MM-FEUI, Jakarta, 2006.
- [7] Kompas, Indonesia Daily News, “Mati, 15 % *Pasar* Tradisional di Perkotaan” (Closed Down, 15 % of *Pasars* in Urban Area of Indonesia), An Article on March 29th, 2008, Indonesian Version [online at: <http://www.kompas.com/read/xml/2008/03/29/1625085>].
- [8] Kompas, Indonesia Daily News, “Digusur Hipermarket, 8 *Pasar* Tradisional Mati” (Removed by the Hypermarket, 8 *Pasars* Closed Down), An Article on Februari 21th, 2008, Indonesian Version [online at: <http://www.kompas.com/read/xml/2008/02/21/04464975/digusur.hipermarket.8.pasar.tradisional.mati>].
- [9] Launa., “Menggusur *Pasar* Tradisional” (The Eviction of *Pasars*), Indonesian Version, GP-Ansor, Indonesia, 2007. [online at <http://gp-ansor.org/?p=1748>].
- [10] Manado City Office, “Profile of Manado City in 2008”, Manado City office – Indonesia, 2008.
- [11] Ministry of Trade of the Republic of Indonesia, “Keppres RI No. 118 Tahun 2000”, (The Presidential Decree No. 118 in 2000).
- [12] Ministry of Trade of the Republic of Indonesia, “Perpres RI No. 112 Tahun 2007”, (The Presidential Decree No. 112 in 2007).
- [13] Perusahaan Daerah/PD. *Pasar* Manado. ”Profile of *Pasar* in Manado city”, 2007.
- [14] Poesoro. A., “Traditional Markets in the Era of Global Competition”, The SMERU Research Institute, Jakarta, 2007.
- [15] Readon, Thomas, C. Peter Timmer, Christopher B. Barrett, and Julio Berdegue, “The Rise of Supermarket in Africa, Asia, and Latin America. ”American Journal of Agricultural Economics, 85 (5), 2003.
- [16] Statistics Office of North Sulawesi, “North Sulawesi in Table, 2008”, BPS Sulawesi Utara, 2008.
- [17] Suryadarma, *et al.*, “The Impact of Supermarkets on Traditional Markets and Retailers in Indonesia’s Urban Centers”, The SMERU Research Institute, Jakarta, 2007.
- [18] Tambunan. T., Nirmalawati. D., Silondae. A., “Kajian Persaingan Dalam Industri Retail” (Study in the Retail Industry Competition), Indonesian Version, Komisi Pengawas Persaingan Usaha (KPPU), 2004.
- [19] Wahr, R. C., “History Timeline of Minahasa”, The Minahasa, 2004. [online at: <http://www.theminahasa.net>].

和文要約

地域住民のためのパサールの意義と展開条件

—インドネシア、マナドー市の 300 年前に設立されたオールド・パサールを事例に—
ウィラム アルファ トウンプアン・白武義治

インドネシアのパサールは貨幣経済導入以前から在る。パサールは食材、衣類、日用品、薬品、工芸品等の多様な商品を売買する場所として地域住民の生活に重要な役割を果たしてきた。パサールは地域の農民と都市住民が多様な情報を交わす場所でもあり、地域の食文化等はこの交流を通して培われてきた。しかし、2000 年、自由化政策の下、インドネシア政府は外国のモダンマーケットに対し小売市場への参入を開放する大統領令を發布した。この政策はインドネシアの小売業界に激しい競争原理を導入した。その結果、近年、モダンマーケット数の平均年間増減率は 31.4% となり、食料品や日用品市場でのモダンマーケットシェアは増えて 2006 年 35% に達した。一方、都市地域の総パサールの 15% が閉鎖に追い込まれ、パサールのマーケットシェアは減少した。インドネシアの 1,260 万以上の小売業者を抱える 13,450 のパサールの存在は確実に脅かされている。

本研究は地域の農家、小売業、消費者に対するパサールの経済的機能を明らかにし、また、モダンマーケットが進展する中でのパサールの展開条件を分析した。パサールとモダンマーケットの比較分析に使ったデータは実態調査から得た。北スラヴェシ州マナドー市の 300 年存続するパサールと当該地域最大のモダンマーケットにおいて、合計 60 小売業者と 288 消費者を対象に無作為に聞き取り調査を行った。さらに農産物をマナドー市に供給する 120 農家を当該地域の主要 3 産地、マナドー市のパンゾー村、トモホン市のルルカン村、南ミナホサ県ピナス克蘭村で無作為に選別し調査を行った。

本研究はインドネシアの地域住民にとって、オールドパサールの価値ある経済的メリットを明らかにした。オールドパサールが施設や器具の不整備問題等を有しているとはいえ、(1) マナドー市や近隣地域の住民に不可欠な市場であり、(2) 農民達が安定収益を確保できる市場であり、(3) 地域住民にビジネス機会が与えられる場所であり、(4) 特に、多数の低・中所得層消費者が食料購入を可能とする市場であること等を明らかにした。