Sustainability and Advantages of *Old Pasars* for Local People Under International Free Competition:

Case Studies of *Old Pasars* Established 300 years ago in Manado and Pekanbaru Cities, Indonesia

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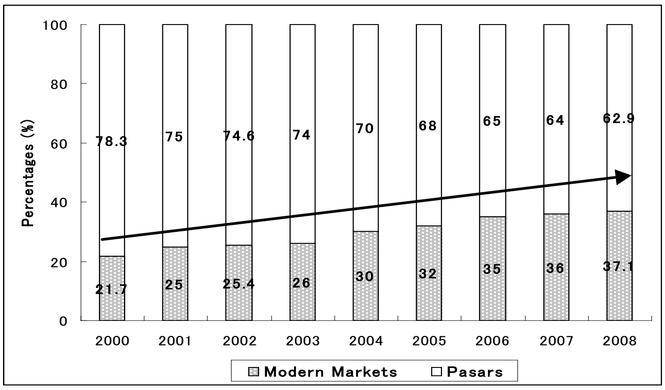
1. Background and Subject

As seen elsewhere in the world, the modern markets[1] are growing rapidly in Indonesia. The rapid growth of modern markets begun since the Indonesian government promulgated the presidential decree[2] in 1998 that removed the retail business from the foreign investment negative list (Pandin, 2009). Furthermore, in 2000, under the liberalization policy, the Indonesian government again promulgated another presidential decree[3] to open the local retailing industry to the modern markets run by foreign capitals. These policies have led to fierce competition in this industry all over the country. The modern markets are the result of the foreign direct investments; however, they employ only few people, and handle more imported goods than local ones. Indonesian *Pasars* Retailers Association reported that the number of hypermarkets had increased markedly during 2004 and 2008 almost 40% per year; supermarkets had increased 10.9% per year; and minimarket outlets had grown significantly by 16.4% per year (Pandin, 2009). Their market share[4] in retail food and daily goods had also increased, reaching 37.1% in 2008, whereas the *pasar's*[5] market share had decreased (Graph 1). As the result of the rapid growth and expansion of the modern markets, 15% of the total *pasars* in urban areas had been closed down (Kompas, 2008). It was reported that about 1.9 million jobs were lost. Moreover, the remaining 13,450 *pasars* in Indonesia with more than 12.6 million retailers and other jobbers have been threatened to vanish. In Indonesia, *pasars* have occupied a prominent role for a long time in the daily life times of the local people as the essential place to sell and buy a variety of goods such as food stuffs, clothes, daily goods, medicines, handcrafts and producer's goods since even before the introduction of the monetary system. They have always been place not only for exchanging products but also for farmers and urban dwellers to meet in order to exchange diverse information. The local culture has been nurtured by these meetings. The *pasars* functions also as a tourism destination as it exhibits the entire line of products collected from the related local areas. The rapid development of modern markets have constituted a real threat against the existence of *pasars* in Indonesia. Indrawan (2008) and Tambunan *et al.* (2004) argued that the conveniences provided by the modern markets as well as the product guarantee system was the main reason for the shift of consumers to the modern markets. By analyzing statistical data, Suryadarma *et al.* (2007) and Poesoro (2007) also stated that the modernism and the cleanliness of the modern markets hold appeals for the consumers at the disadvantage of the *pasars* are not as clean and not as enough of infrastructures as the modern markets. In the face of considerable decrease of jobs and its economic impact as well as a plausible loss of cultural identity due to the closing-down of the *pasars* in Indonesia, Halim *et al.* (2007) and Kasali (2006)



Graph 1. Market Share in Retail Value of *Pasars* and Modern Markets in Indonesia
Source: AC Nielsen Survey Group and Indonesia Economic Review, 2009

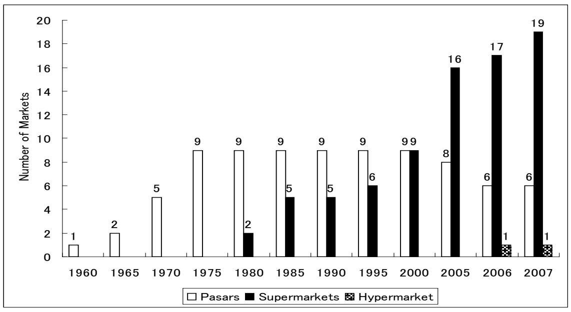
advocated the need for a revitalization of the *pasars*, the improvement of its selling infrastructures (stalls, garbage shelters, drainage, water installation and parking area), the management, rules of the *pasars* and organizations the stakeholders. The central government sympathized with this and promulgated a new law[6] in 2007 in an attempt to regulate the competition in the retail industry and to protect the existence of *pasars*. The central government argued that even now many people in Indonesia use *pasars* as a place to get their food and daily goods, particularly for low income groups. Moreover, the central government stated that *pasars* provide working opportunity for many local people and serve as the main parameter in the measurement of the national food availability and as a benchmark to determine the retail selling prices of foods and daily goods. However, concerned with losing the tax income generated by the modern markets, the local government was reluctant to apply the law (Launa, 2007). They intended to create a modern city by introducing and supporting the modern markets. The papers cited above are different from the content of this paper.

The literature review reveals that until now the advantages and conditions of sustainability of *pasars* have not been studied yet. Most of the researchers merely observed the *pasars*' weaknesses such as the disadvantages of their infrastructures, rules and managements. However, few of those studies were based on field surveys. In terms of analysis method, any studies of comparisons between *pasar* and the modern markets have not been done yet. Therefore, this study attempts to substantiate the economic advantages and the conditions of sustainability of *pasars* for the local people (farmers, retailers, and consumers) under international free competition. The data that is used for the comparative analysis between the *old pasars* and the modern markets were derived from field surveys. This work is organized as follows: Section 2 describes the reasons for the selection of the surveyed area and the objects of the survey. Section 3 analyzes the sustainability and advantages of the *old pasars* for local people. Finally, a consideration is drawn to discuss possible future directions of the *old pasars* in order to face competition with the hypermarkets[7].

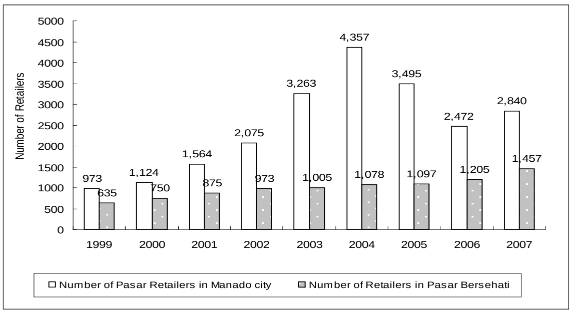
2. Methodology

(1) Reasons for the Selection of the Survey Area

The studies were conducted in Manado city, the capital city of North Sulawesi Province on Sulawesi Island, and Pekanbaru city, the capital city of Riau Province on Sumatera Island, because the fact can be found here as seen at the national level, that the trend of the decline of the *pasars* has been followed by the increase of modern markets. Indeed, Manado city is facing a rapid increase in the number of the modern markets. Graph 2 shows that the number of the modern markets increased from 9 in 2000 to 20 in 2007, and 1 of them was a hypermarket opened in 2006. Three *pasars* have been closed down since 2000 as the results of the rapid growth and expansion of the modern markets. The number of *pasar* retailers in Manado city increased sharply between 2001 and 2004 due to the government immigration policy after the political conflict in 1998. Many immigrants from other regions established themselves as retailers. The number of retailers however decreased from 4,357 in 2004 to

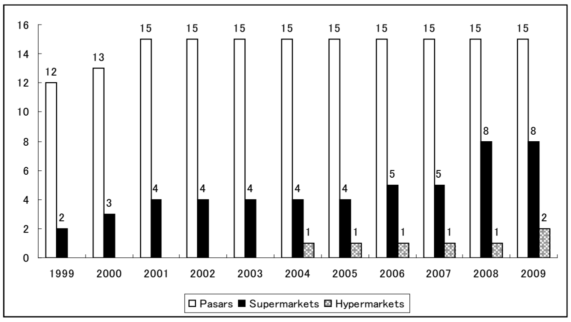


Graph 2. Number of *Pasars* and Modern Markets in Manado city
Source: Field Survey, August, 2008

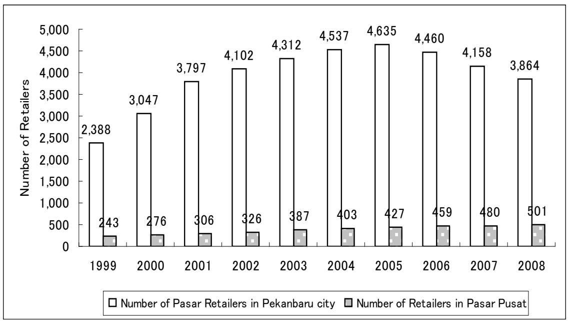


Graph 3. Trend of *Pasar* Retailers in Manado city
Source: Field Survey, August, 2008

2,472 in 2006 after 3 *pasars* had been closed down (Graph 3). During 2006 and 2007, the number of retailers again increased because *Pasar* Bersehati (the old pasar in Manado city) provided selling places for more than 60% of the retailers who had been working in the closed down *pasar*. Like in Manado city, the trend of increasing modern markets occurred also in Pekanbaru city. Graph 4 shows that the number of the modern markets increased from 2 in 1999 to 10 in 2009; and 2 of them were hypermarkets (Hypermart SKA and Giant) which were opened in 2004 and in 2006 respectively. The number of *pasar* retailers in Pekanbaru city increased from 2,388 in 1999 to 4,635 in 2005 because many employees established themselves as retailers after the economic crisis and political conflict occurring in 1998. The number of retailers however decreased from 4,635 in 2005 to 3,864 in 2008 as a result of the fierce competition in retailing foods and daily goods between the modern markets and other *pasars* (Graph 5). Taking the decrease in the number of *pasar* retailers from 2005 to 2008 into consideration, *Pasar* Pusat (the *old pasar* in Pekanbaru city) also provided selling places for the local people to establish themselves as retailers even though the places were few in number. The trends like the aforementioned occurred in other cities such as Jakarta and Bandung city (Kompas, 2008). *Pasar* Bersehati and *Pasar* Pusat are called "*old pasar*" in the rest of the document.



Graph 4. Number of *Pasars* and Modern Markets in Pekanbaru city
Source: Field Survey, March, 2009



Graph 5. Trend of *Pasar* Retailers in Pekanbaru city
Source: Field Survey, March, 2009

(2) Objects of Survey

In order to reveal a sustainable economic role of *pasars* for the local people, we selected the *oldest pasars* (*Pasar* Bersehati in Manado city and *Pasar* Pusat in Pekanbaru city) which have existed for 300 years, since even before the introduction of the monetary systems in both cities. The *old pasars* play a pivotal role for other *pasars* around them, the former supplies goods for the 5 other *pasars* found in Manado city and the latter for the 14 other *pasars* in Pekanbaru city. Currently, the *old pasars* are both the biggest *pasars* in respective cities in terms of area (about 5 ha in Manado; 1.2 ha in Pekanbaru) and number of retailers (1,457 in Manado; 501 in Pekanbaru). Like all the *pasars*, each *old pasar* is managed by one section of the local government, called the Perusahaan Daerah (PD) / Dinas *Pasar*. The *old pasar* in Manado city is located beside Manado bay, whereas the *old pasar* in Pekanbaru city is located in the middle of mainland in Riau Province. Both *old pasars* were recorded many years ago as trading places for the local people and foreign traders (Manado city office, 2008; Wahr, 2004; Graafland, 1991; Pekanbaru city office, 2009).

The data on the advantages of the *old pasars* for farmers were collected from surveying 240 vegetables producers (120 vegetable producers in the respective areas) who are the main suppliers of vegetables to markets in both cities. The other smaller production areas supply vegetables to the rural *pasars*. We surveyed 6 areas, 3 of which are in North Sulawesi Province and the rest is in Riau Province. The amount of the production of vegetables in the former 3 areas represented 83% of the total production of vegetables in North Sulawesi Province and the amount in the latter 3 areas represented 45% of the total production of vegetables in Riau

Province (North Sulawesi Statistics Office, 2007; Riau Statistics Office, 2008). These production areas were selected because most of the farmers are market-oriented. In both areas, each of the survey area 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 less than 9 km from the *old pasar*, less than 30 minutes by truck in both areas; 2) a middle distance shipping area, about 30 km, less than 1 hour in both areas; and 3) a long distance shipping area of 150 km, up to 4 hours in Manado area and 60 km, about 1.5 hours in Pekanbaru area. Based on official statistics reports[8], in Manado 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 (the name of hamlet) in Pandu village, Hamlet ③ in Rurukan village, and Hamlet ⑥ in Pinasungkulan village. There are 73, 75 and 76 farmers in Hamlet ②, Hamlet ③ and Hamlet ⑥, respectively. While, in Pekanbaru, the largest production villages: Maha Ratu village was selected for the short distance shipping area, Muara Fajar village for the middle distance shipping area, and Pulau Birandang village for the long distance shipping area. Among each village, the largest vegetable producing hamlets were selected: Hamlet ⑧ in Maha Ratu village, Hamlet ⑤ in Muara Fajar village, and Hamlet ③ in Pulau Birandang village. There are 73, 79 and 76 farmers in Hamlet ⑧, Hamlet ⑤ and Hamlet ③, respectively. Then 40 farmers were randomly selected from each hamlet of those villages in Manado area and Pekanbaru area.

Finally, we conducted a comparative analysis between the consumers' behavior in the *old pasars* and in the largest modern markets in the respective cities. We selected Hypermart Mantos in Manado city and Hypermart SKA in Pekanbaru city as an example of hypermarket (Hypermart Mantos and Hypermart SKA are called "hypermarket" in the rest of the document). We surveyed 529 consumers, consisting of: 288 consumers (136 consumers in the *old pasar* and 152 consumers in the hypermarket) in Manado city and 241 consumers (129 consumers in the *old pasar* and 112 consumers in the hypermarket) in Pekanbaru city, both groups which were purchasing vegetables. The consumer surveys were scheduled during the peak shopping period on holidays: from 6:00 AM to 10:00 AM at the *old pasars*, and 4:00 PM to 8:00 PM at the hypermarkets. In the *old pasars*, we also surveyed 120 retailers (60 retailers in each *old pasar*) selling vegetables that were selected randomly. We did not ask in advance specific information about the *old pasar* retailers from the *old pasar* managers in both cities. We did not selected specific retailers for the survey in crowded and busy *pasars*. So, the data was provided by the retailers who were willing to take part in our listening survey.

3. Analysis and Results

(1) The Pivotal Marketing Role of *Old Pasars* for All Local People

Figures 1 and 2 show the overall patterns of the marketing channels of vegetables from the agricultural production areas to the markets in Manado city and in Pekanbaru city. Generally, those channels reveal that the *old pasars* play an indispensable role for the supply of vegetables produced in both cities to consumers, who are not only *old pasar* users but also modern market users. Moreover, in Manado city the *old pasar* also serves the consumers in other islands and regions. And it is also remarkable that the supply chain includes many people: farmers, middlemen and retailers in both areas. Concerning the farmers' supply, the farmers who live close to the markets in the city have the strongest relationship with the *old pasars*. The farmers in Maha Ratu village, Muara Fajar village (Pekanbaru area) and the farmers in Pandu village (Manado area), respectively sell 95%, 85% and 85% of their products to the *old pasars* directly. The *old pasars* are also the main shipping target even for the farmers living in the middle distance (Rurukan village – Manado area), and long distance (Pinasungkulan village – Manado area and Pulau Birandang village – Pekanbaru area) production areas. Fifty-two percent of the total production in Pulau Birandang village, 51% in Rurukan village and 36% in Pinasungkulan village are respectively sold by the farmers directly to retailers in the *old pasars*. In Manado area, some middlemen handle farmers' products to be sold at the *old pasar*, while in Pekanbaru area, some farmers also handle middlemen activity as village collectors to ship products to the *old pasar*.

The *old pasars* in both cities provide a large area with many corners to trade various local agricultural products. The transactions at the *old pasars* in both cities are carried out through face-to-face negotiations which constitute the local people's business customs.

Though the channel (Figure 1) shows that the modern markets buy local products from the farmers (Rurukan farmers – Manado area), the percentage is very small (2%) and not frequent. This means that the modern markets do not have a strong relationship with the local farmers. Meanwhile in Pekanbaru area, the farmers can not sell their products to the modern markets at all. Most products sold in the modern markets are supplied from other regions/islands in Indonesia and other countries. In Manado city, the products are supplied through the large Bitung Port around 50 km from Manado city, while in Pekanbaru city the products are shipped in big truck containers.

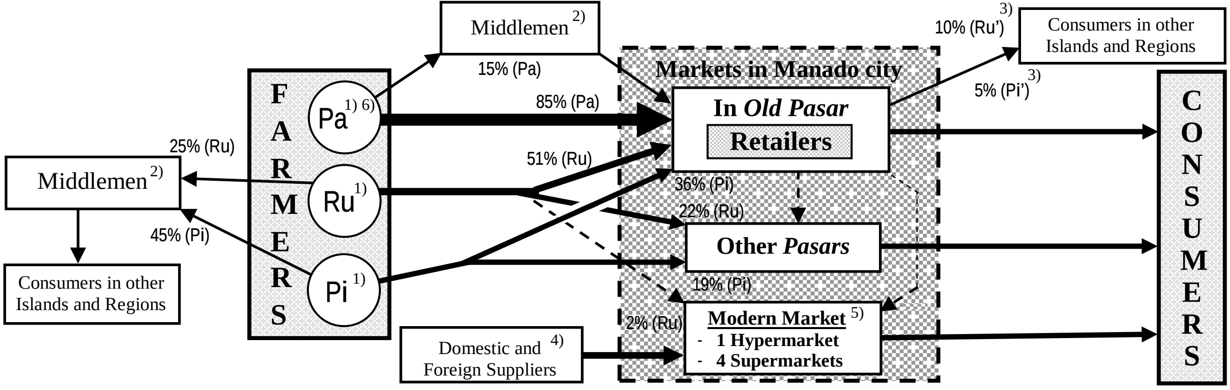


Figure 1. Marketing Channel of Vegetables from the Production Areas to the Markets in Manado City

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 has sold the products to the *old pasar*, while the middlemen of Ru and Pi has sold the products to others area.

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 1 hypermarket and 4 out of 19 supermarkets in Manado city sold vegetables.

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

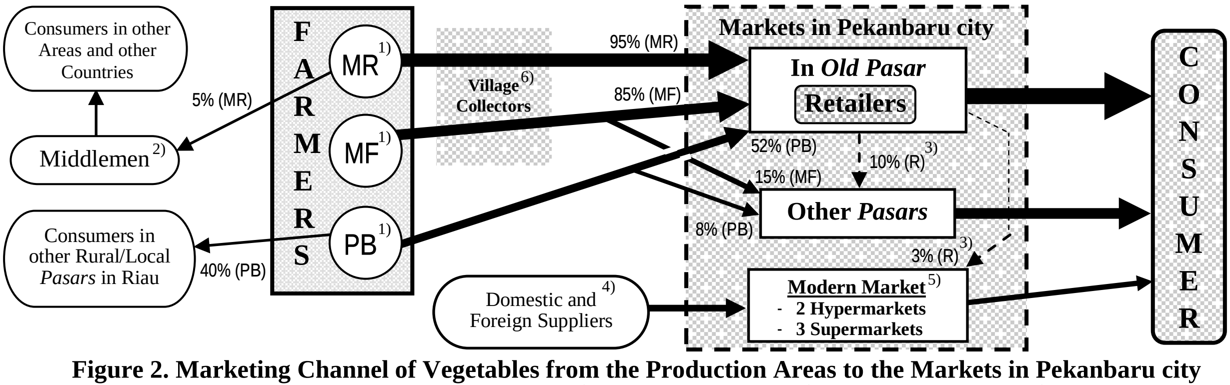


Figure 2. Marketing Channel of Vegetables from the Production Areas to the Markets in Pekanbaru city

Source: Based on data collected from 120 farmers' surveyed in 3 villages (Hamlet ⑧ - Maha Ratu village; Hamlet ⑤ - Muara Fajar village, Hamlet ③ - Pulau Birandang village); and 60 retailers (selected randomly)in the *old pasar* in Pekanbaru city (March, 2009).

Notes: 1) MR = Maha Ratu village; MF = Muara Fajar village; PB = Pulau Birandang; R = Retailers .

2) The middlemen of MR has sold the products to others area and other countries.

3) 10% and 3% out of the total number of surveyed retailers in the *old pasar* are shipped to modern markets but in small quantity and not frequently.

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

5) Only 2 hypermarkets and 3 out of 8 supermarkets in Pekanbaru city sold vegetables.

6) Some Maha Ratu and Muara Fajar farmers handle retailing function (village collectors) because they can sell the products directly to consumers in the *old pasar*.

(2) High Shipping Frequency and Profitable Selling Place for Many Farmers in the Local Areas

The surveys of farmers in both areas reveal that the selling frequency of the agricultural products to the *old pasars* is generally high. Table 1 shows that the selling frequency of the farm products from all production areas in Pekanbaru is higher than in the Manado area. Only the farmers (71%) who live in the short distance production area in Manado mostly sell their products everyday to the *old pasar*, while in Pekanbaru area the farmers who live in the short distance (50%) and in the middle distance (15%) mostly ship their products everyday to the *old pasar*. In Pekanbaru area, 32% of the farmers in the short distance, 70% in the middle distance and 42% in the long distance market their products 4 to 5 times a week to the *old pasar.* Indeed, the habitual selling frequency of the farmers in both areas has guaranteed that they get daily cash income. In Manado, the small-scale farmers (0.4 ha) are able to harvest agricultural products such as seasonings and leaves on average once a week. The farmers from the middle and long distance production areas manage bigger cultivations in highland areas (1.3 ha) by harvesting mainly carrots, spring onions, cabbage, chinese cabbage and cauliflower throughout the year. While in Pekanbaru, most of the farmers in all production areas manage small-middle scale cultivation in plain areas (0.85 ha) and they are also able to harvest agricultural products such as water-spinach, yardlong bean, chili and spinach on average almost once a week throughout the year. Moreover, the farmers in both areas also ship their products to the *old pasars* regularly. In addition, 70% of the farmers in Rurukan village ship their products 3 times a week, and 59% of the farmers in Pinasungkulan village sell in the *old pasar* 2 times a week in Manado. But, 58% of farmers in Pulau Birandang village in Pekanbaru area ship their products on average 3 times a week.

Table 1. Supply, Planting and Harvest Times of Farmers in each Production Area in both Cities

	Frequency of supply	Manado city						Pekanbaru city					
		Pandu Village (Short Distance) Av. Farm Size 0.4 ha		Rurukan Village (Middle Distance) Av. Farm Size 1.3 ha		Pinasungkulan Village (Long Distance) Av. Farm Size 1.3 ha		Maha Ratu Village (Short Distance) Av. Farm Size 0.85 ha		Muara Fajar Village (Middle Distance) Av. Farm Size 0.85 ha		Pulau Birandang Village (Long Distance) Av. Farm Size 0.85 ha	
		Old pasar	Hypermarket	*Old pasar*	Hypermarket	*Old pasar*	Hypermarket	*Old pasar*	Hypermarket	*Old pasar*	Hypermarket	*Old pasar*	Hypermarket
Average supply times of products to the markets in both cities	Everyday	71%	-	-		-	-	50%	-	15%	-	-	-
	4-5 times a week	20%	-	-		-	-	32%	-	70%	-	42%	-
	3 times a week	9%	-	70%		41%	-	18%	-	15%	-	58%	-
	2 times a week	-	-	28%		59%	-	-	-	-	-	-	-
	Others 1)	-	-		2%	-	-	-	-	-	-	-	-

		Pandu Village			Rurukan Village			Pinasungkulan Village			Maha Ratu Village			Muara Fajar Village			Pulau Birandang Village		
		Products	PT	HT	Products	PT	HT	Products	PT	HT	Products	PT	HT	Products	PT	HT	Products	PT	HT
Planting and harvest time of the main products in a year		Seasonings	2-3	EW	Carrot	3	E2W	Potato	2-3	E2W	Water-spinach	4-5	EW	Yardlong bean	2-3	E2W	Yardlong bean	2-3	E2W
		Spinach	4-5	EM	Spring onion	4	E2W	Spring onion	4	E2W	Spinach	5-6	E2W	Chili	2-3	EW	Chili	2-3	EW
		Cassavaleaf	3-4	EW	Cabbage	4	E2W	Carrot	3	E2W	China cabbage	3-4	E2W	China cabbage	3-4	E2W	Water-spinach	4-5	EW
		Sweet potato	2-3	4-5	China cabbage	4	E2W	Cabbage	4	E2W	Lettuce	3-4	E2W	Cucumber	2-3	E2W	Cucumber	2-3	E2W
		Cassava, corn	3-4	5-6	Cauliflower	4	E2W	China cabbage	4	E2W	Yardlong bean	2-3	E2W	Egg plant	2-3	EW	Spinach	5-6	E2W
		Chili, Gedi 2)	2-3	EW				Tomato	4	EW	Cucumber	2-3	E2W				Egg plant	2-3	EW
								Cauliflower	4	E2W	Basil	2-3	3TW						

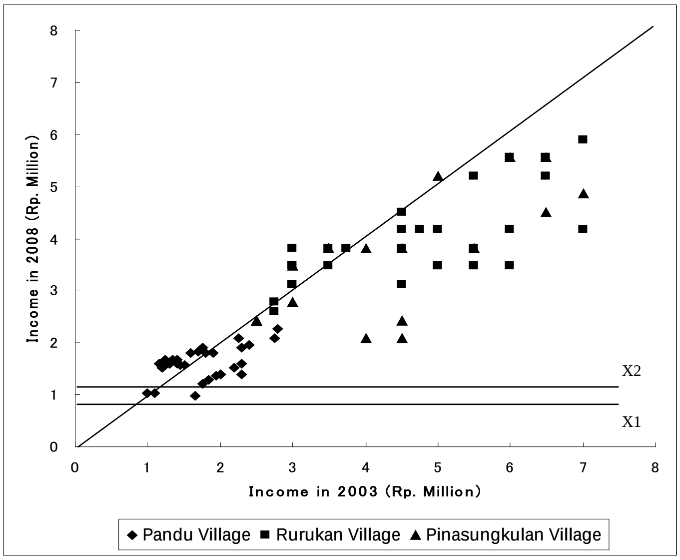
Source: Data collected from farmers who sold their products to the *old pasars* and hypermarkets in both cities respectively 34 farmers of Pandu village, 30 farmers of Rurukan village, 22 farmers of Pinasungkulan village (Manado city, August, 2008) and 38 farmers of Maha Ratu village, 34 farmers of Muara Fajar village, 24 farmers in Pulau Birandang village (Pekanbaru city, March, 2009)

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

2) Gedi is a local vegetable. The scientific name is Hibiscus Manihot L.

3) PT = Planting times; HT = Harvest times; EW = Every week; E2W = Every 2 weeks; 3TW = 3 times a week; EM = Every month

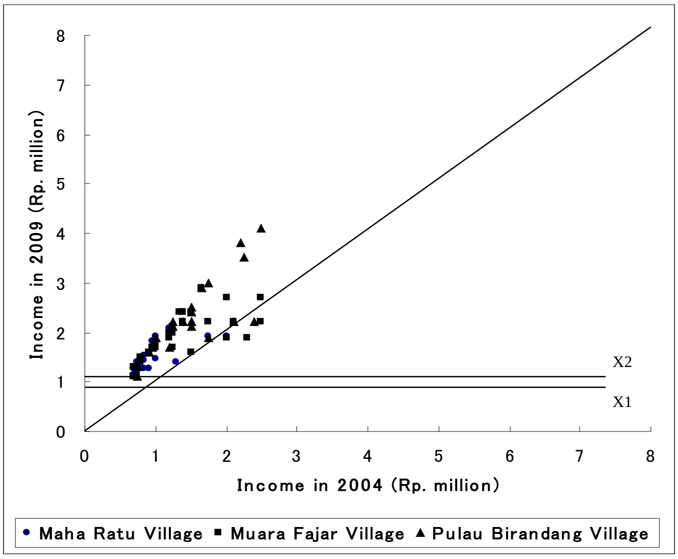
Graph 6 and 7 show that the real income levels of farmers who sell their agricultural products to the *old pasars* in Manado and in Pekanbaru are compared to their income levels of 5 years ago respectively. Based on this comparison, it was found that the incomes of most of the farmers (95% on average) of all the production areas in Pekanbaru city had increased more than the minimum incomes in the province during 5 years between 2004 and 2009 (the data of 2004 is deflated to match 2004 prices). While in Manado, the comparison of the farmers' incomes between 2003 (deflated to match 2003 prices) and 2008 revealed that the incomes of 53% of the total farmers from the short distance production areas, 38% of those from the middle distance production areas, and 18% of those from the long distance production areas increased respectively. Though the incomes of many farmers in Manado from the middle and long distance production areas decreased it was still far beyond the minimum incomes in the province. Based on the income levels, the farmers in both cities are able to sustain their living and production activities because they can continuously ship their harvests to the *old pasars*. If the *old pasars* vanish, the farmers in both cities would not be able to secure even the minimum income. The modern markets cannot replace the *old pasars* as an alternative channel for the small and individual farmers because these farmers do not have negotiation power against the modern markets. The modern markets would not buy agricultural products from the local farmers because they do not have capacities to sell in bulk without agricultural cooperatives, shipping groups and collecting center for selection, grading, packing and so on.



Graph 6. Monthly Net Income of Farmers in Manado Area in 2003 and 2008 Deflated by Normal CPI

Source: Based on data collection from farmers who sold the products to the *old pasar* in Manado city, North Sulawesi Province surveyed in 3 villages: 34 farmers of Pandu village; 30 farmers of Rurukan village; 22 farmers of Pinasungkulan village (August, 2008).

Notes: 1) Deflated by normal CPI (CPI 2008 = 144.12) based 100 (2003), CPI was provided by the North Sulawesi Province Statistics Office.
2) Net income = Gross income – (production cost + transportation cost).
3) X1: Provincial Minimum Income (Rp. 845,000 in a month); X2: Average Provincial Income (Rp. 1,100,000 in a month) in 2008.
4) Rupiah (Rp) is the Indonesian official currency. 1JPY = Rp. 85 (August, 2008).



Graph 7. Monthly Net Income of Farmers in Pekanbaru Area in 2004 and 2009 Deflated by Normal CPI

Source: Based on data collection from farmers who sold the products to the *old pasar* in Pekanbaru city, Riau Province surveyed in 3 villages: 38 farmers of Maha Ratu village; 34 farmers of Muara Fajar village; 24 farmers of Pulau Birandang village (March, 2009).

Notes: 1) Deflated by normal CPI (CPI 2009 = 157.15) based 100 (2004), CPI was provided by the Riau Province Statistics Office.
2) Net income = Gross income – (production cost + transportation cost).
3) X1: Provincial Minimum Income (Rp. 901,000 in a month) in 2009; X2: Average Provincial Income (Rp. 1,100,000 in a month) in 2009.
4) Rupiah (Rp) is the Indonesian official currency. 1JPY = Rp. 110 (March, 2009).

(3) Permanent Jobs and Business Opportunity Places for the Local Retailers and Jobbers

The *old pasars* in both cities play a vital role in providing permanent jobs for local people. Though there are many local people working at the *old pasars,* the analysis in this section focused on retailers. Table 2 shows that all the surveyed retailers in both *old pasars* are local people. The retailers earn their living entirely from their retailing businesses in the *old pasars.* Regarding the businesses' employees, retailers in the *old pasar* in Manado city only use family labor, while the *old pasar* retailers in Pekanbaru also employ other local labor (7%). The retailers in Pekanbaru have run their businesses for longer than retailers in Manado. Sixty-seven percent of Pekanbaru retailers have been working in the *old pasar* for more than 15 years, while in Manado only 50% have. The *old pasar* retailers in Manado city only use their own capital to conduct their business work. Respectively, 82%, 12% and 5% of Pekanbaru retailers use only their own capital, in addition to cooperation funds and loans from banks to conduct their business work.

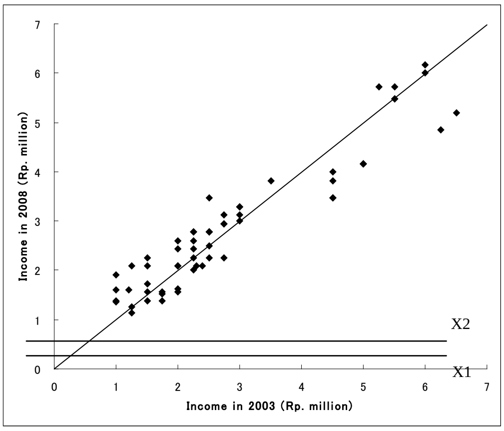
Table 2. Characteristics of Retailers at the *Old Pasar*

Category	Classification	Total responses of retailers			
		Manado city		Pekanbaru city	
		Number	%	Number	%
Origin of the retailers	City area	60	100	39	65
	Other regions	0	0	15	25
	Other provinces	0	0	6	10
	Total	60	100	60	100
Retailer *) selling status	Permanent	60	100	60	100
	Seasonal	0	0	0	0
	Total	60	100	60	100
Established as a retailer	Less than 5 years	0	0	4	7
	5 – 10 years	7	12	6	10
	10 – 15 years	23	38	10	16
	15 – 20 years	25	42	25	42
	More than 20 years	5	8	15	25
	Total	60	100	60	100
Worker of the business	Family only	60	100	56	93
	Family and employee	0	0	4	7
	Employee only	0	0	0	0
	Others	0	0	0	0
	Total	60	100	60	100
Capital of the business	Own capital	60	100	49	82
	Cooperation	0	0	7	12
	Bank loan	0	0	3	5
	Others	0	0	1	1
	Total	60	100	60	100

Source: Interview in random of 120 *old pasar* retailers (60 *pasar* retailers in the *old pasar* in each city) in Manado city (August, 2008) and Pekanbaru city (March, 2009).

Note: *) There are 2 types of retailer in the *old pasars*: 1) those that are established from a long time, and 2) those that came recently. Particularly for the *old pasar* retailers in Manado city, the second group of retailer type is divided into 3 types: a) the retailers moving from the closed down *pasars*, b) the retailers who did not sell in *pasars* 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.

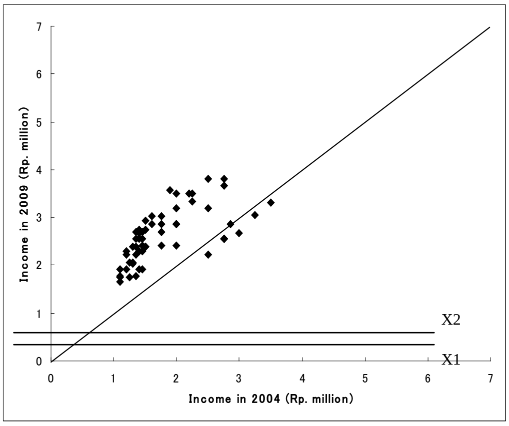
Graph 8 and 9 shows the real income levels of the retailers in the *old pasars* in Manado city and in Pekanbaru city compared with the income levels of 5 years ago. It was found that the retailers' businesses in both cities have thrived as is seen in the comparison of the income they received with that of 5 years ago. In Manado, 53% of the *old pasar* retailers have increased their real income, even though their income did not increase as much as in Pekanbaru (85%). However, according to the retailers in both cities, their income raised due to the population growth caused by the immigration policy and due to the increase in number of tourists and consumers who recognized the availability of fresh and local products at the *old pasars*. In addition, the number of retailers in the *old pasars* has increased. In Manado city, the number of retailers in the *old pasar* increased from 625 in 1999 to 1,457 in 2007. The main reason is that many retailers who lost their market places in the now defunct *pasars* set up their business in the *old pasar.* In Pekanbaru city, the number of retailers in the *old pasar* increased from 243 in 1999 to 501 in 2008. The main reason is that many local employees established themselves as *pasar* retailers after the economic crisis and political conflict that occurred in 1998. All things considered, it can be said that the retailers in both cities totally depend on the *old pasars* for their existence.



Graph 8. Monthly Net Income of Manado City Retailers in 2003 and 2008

Source: Based on data from 60 retailers who sold the vegetables in the *old pasar*, Manado city, August, 2008.

Notes:1) Deflated by normal CPI (CPI 2008 = 144.12) based on 100 (2003), CPI was provided by North Sulawesi Province Statistics Office.
2) Net income = Gross income – (Purchased products from farmers + *pasar* fees).
3) The trend of retailers income compared to 5 years ago represented: 53% increased; 12% constant; and 35% decreased.
4) X1 = Provincial Minimum Income (Rp. 845,000 in a month) in 2008.
5) X2 = Average Provincial Income (Rp. 1,100,000 in a month) in 2008.
6) Rupiah (Rp) in the Indonesian official currency. 1JPY = Rp. 85 (August, 2008).



Graph 9. Monthly Net Income of Pekanbaru City Retailers in 2004 and 2009

Source: Based on data from 60 retailers who sold the vegetables in the *old pasar*, Pekanbaru city, March, 2009.

Notes:1) Deflated by normal CPI (CPI 2009 = 157.15) based on 100 (2004), CPI was provided by Riau Province Statistics Office.
2) Net income = Gross income – (Purchased products from farmers + *pasar* fees).
3) The trend of retailers income compared to 5 years ago represented: 85% increased; 2% constant; and 13% decreased.
4) X1 = Provincial Minimum Income (Rp. 901,600 in a month) in 2009.
5) X2 = Average Provincial Income (Rp. 1,100,000 in a month) in 2009.
6) Rupiah (Rp) in the Indonesian official currency. 1JPY = Rp. 110 (March, 2009).

Table 3 shows that the hypermarkets in both cities employs only a small number of local people. Since their opening in 2006 (in Manado city) and 2004 (in Pekanbaru city), the hypermarkets have provided only 250 and 300 jobs respectively. Particularly in Pekanbaru city, in recent years, the number of employees has decreased. Moreover, the hypermarkets also employs 10 % of people out of Manado area, and 15 % of people out of Pekanbaru area.

Table 3. Characteristics of the Hypermarkets Employees

Category	Classification	Manado city		Pekanbaru city	
		Currently	Previously	Currently	Previously
Trend number of the employees compared with 4 years ago	Increased	0	0	0	0
	Constant	250	250	130	300
	Decreased	0	0	170	0
		Number	%	Number	%
Work status of the employees in currently	Permanent	240	96	153	90
	Part time/internship	10	4	17	10
	Total	250	100	170	100
Origin of the employees in currently	City area	225	90	144	85
	Other area	25	10	26	15
	Total	250	100	170	100

Source: Field survey in the hypermarkets in Manado city (August, 2008) and Pekanbaru city (March, 2009).

(4) The Economic Convenience and Primary Food Purchase Place for the Low and Middle Income Consumers.

In the study in Manado city and Pekanbaru city, respondents were asked where their primary source of vegetables was. In this study, the respondents are divided into two groups: *Old pasar* users and hypermarket users (Table 4). *Old pasar* users include consumers who use *old pasars* exclusively and those who use *old pasars* mainly for their vegetable purchases. Hypermarket users include consumers who use the hypermarkets exclusively and those who use the hypermarkets mainly as their primary store for vegetable purchases.

In Manado city, 118 consumers surveyed in the *old pasar* are therefore classified as *old pasar* users, and 18 consumers rarely use *old pasar* because they mainly shop at the modern markets, although they were surveyed in the *old pasar*. One hundred-three consumers surveyed at the hypermarket are classified as hypermarket users and the survey found 49 consumers who rarely use the hypermarket as they mainly shop at the *pasars* although they were surveyed in the hypermarket. The group of 18 consumers who rarely use *old pasar* and 49 consumers who rarely use the hypermarket are excluded from the following analysis.

In Pekanbaru city, 106 consumers surveyed in the *old pasar* are therefore classified as *old pasar* users, and 23 consumers were found to rarely use *old pasar* as they mainly shop at the modern markets although they were surveyed in the *old pasar*. Eighty-six consumers surveyed at the hypermarket are therefore classified as hypermarket users and the survey found 26 consumers who rarely use hypermarket as they mainly shop at the *pasars* although they were surveyed in the hypermarket. The groups of 23 consumers who rarely use *old pasar* and 26 consumers who rarely use hypermarket are excluded from the following analysis.

Table 4. Classification of Consumers Based on Their Store Preference in Manado city and Pekanbaru city

Manado City						**Pekanbaru City**					
Consumer Surveyed in *Old Pasar*		**Nbr**	**Consumer Surveyed in Hypermarket**		**Nbr**	**Consumer Surveyed in *Old Pasar***		**Nbr**	**Consumer Surveyed in Hypermarket**		**Nb**
Old Pasar users		118	Hypermarket users		103	*Old Pasar* users		106	Hypermarket users		86
-Exclusive use *old pasar*	87		- Exclusive use hypermarket	54		-Exclusive use *old pasar*	83		- Exclusive use hypermarket	42	
-Mainly use *old pasar*	31		-Mainly use hypermarket	49		-Mainly use *old pasar*	23		-Mainly use hypermarket	44	
Rarely use *old pasar*		18	Rarely use hypermarket		49	Rarely use *old pasar*		23	Rarely use hypermarket		26
Total		**136**			**152**			**129**			**112**

Source: Interview of 529 consumers: 288 consumers (136 consumers of *old pasar* and 152 consumers of hypermarket) in Manado city (August, 2008) and 241 consumers (129 consumers of *old pasar* and112 consumers of hypermarket) in Pekanbaru city (March, 2009).

Notes: 1) Mainly use *old pasars* means the consumers who mainly shop at *old pasars* and sometimes at modern markets.
2) Mainly use hypermarkets means the consumers who mainly shop at hypermarkets and sometimes at *old pasars*.
3) Nbr = Number

Table 5 explains the consumers' reasons for their selection of the marketplaces in which to buy vegetables in both cities. These reasons were classified based on three criteria regarding the marketed products those are 1) price, 2) type, and 3) origin; and two criteria regarding the marketplace itself: 4) importance of the marketplace as an information and interaction location, 5) convenience.

Low prices and negotiated prices are the main reason why consumers in both cities shop at the *old pasars* for respectively 58% and 42% of the consumers who "exclusive use the *old pasar*" in Manado city and 67% and 33% of the consumers who "exclusive use the *old pasar*" in Pekanbaru city. The *old pasar* users can make negotiation over reasonable price based on quantity, quality and perishability of products under the natural condition. The "mainly use hypermarket" consumers in both cities also agree that vegetable prices are lower at the *old pasars*, 45% (Manado) and 84% (Pekanbaru). However, 59% and 79% of the "exclusive use hypermarket" consumers in Manado city and Pekanbaru city do not consider price as their main determinant when making a purchase. Concerning the type of the products, available the "exclusive use *old pasar*" consumers in both cities cited respectively; availability (30% and 33%), variety (25% and 25%), freshness (20% and 22%) and safety (18% and 14%) of vegetables in the *old pasars* influenced where they shop, whereas the "exclusive use hypermarket" consumers appreciated their presentation (33% and 26 %), packaging (21% and 19%) and the existence of guarantees (19% and 26%). Regarding the origin of the products available, the "exclusive use *old pasar*" consumers (84%) in Manado city compared with the "exclusive use *old pasar*" consumers (67%) in Pekanbaru city answered that they are using *old pasar* to look for local vegetables products. Furthermore, the consumers in both cities reported that the hypermarkets mostly sell imported products. Even though they mainly use hypermarkets, 96% (Manado) and 65% (Pekanbaru) of the "mainly use hypermarket" consumers also said that they are able to buy local vegetables at the *old pasars*. About the criteria regarding the marketplaces, respectively 37% and 33% of the "exclusive use *old pasar*" consumers in Manado city and Pekanbaru city, either 40% and 59% of the "exclusive use *old pasar*" consumers in both cities needed contacts with retailers and producers from which they can get information about the products and how to cook them. Indeed, 94% (in Manado) and 86% (in Pekanbaru) of the "mainly use hypermarket" consumers also noted the importance of this kind of information. Respectively 77% and 35% of the "exclusive use hypermarket" consumers in Manado city and 74% and 36% for the "exclusive use hypermarket" consumers in Pekanbaru city were 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 in both cities

Classification of the reasons	Reasons	Manado City								Pekanbaru City							
		Actual Behavior				Opinion of:				Actual Behavior				Opinion of:			
		Exclusive [1] Use *Old Pasar*		Exclusive [1] Use Hypermarket		Mainly Use [2] *Old Pasar* Consumer about the Hypermarket		Mainly Use [2] Hypermarket Consumer about the *old pasar*		Exclusive [1] Use *Old Pasar*		Exclusive [1] Use Hypermarket		Mainly Use [2] *Old Pasar* Consumer about the Hypermarket		Mainly Use [2] Hypermarket Consumer about the *old pasar*	
		Nb	%	Nb	%	Nb	%	Nb	%	Nb	%	Nb	%	Nb	%	Nb	%
Price of Product	Low prices	50	58	12	22	0	0	22	45	56	67	3	7	0	0	37	84
	Negotiated prices	37	42	0	0	0	0	27	55	27	33	0	0	0	0	7	16
	Discounted prices	0	0	10	19	31	100	0	0	0	0	6	14	23	100	0	0
	Do not consider about price	0	0	32	59	0	0	0	0	0	0	33	79	0	0	0	0
	Total	87	100	54	100	31	100	49	100	83	100	42	100	23	100	44	100
Type of Product	Availability	26	30	2	4	7	23	7	14	27	33	2	5	0	0	13	29
	Variety and large choices	22	25	1	2	0	0	6	12	21	25	2	5	0	0	11	25
	Freshness	17	20	4	7	4	13	9	19	18	22	5	12	2	9	12	27
	Safety	16	18	8	14	7	23	11	22	12	14	3	7	5	22	6	14
	Presentation and cleanliness	0	0	18	33	4	13	5	10	5	6	11	26	7	30	2	5
	Packaging	0	0	11	21	4	13	0	0	0	0	8	19	2	10	0	0
	Guarantee system	0	0	10	19	5	16	0	0	0	0	11	26	7	29	0	0
	Others	6	7	0	0	0	0	11	22	0	0	0	0	0	0	0	0
	Total	87	100	54	100	31	100	49	100	83	100	42	100	23	100	44	100
Origin of Product	Imported	0	0	27	50	16	52	0	0	0	0	26	62	13	57	0	0
	Domestic	14	16	18	33	9	29	2	4	27	33	12	28	8	33	15	35
	Local	73	84	9	17	6	19	47	96	56	67	4	10	2	10	29	65
	Total	87	100	54	100	31	100	49	100	83	100	42	100	23	100	44	100
Information and Interaction	Information of products cultivation	32	37	0	0	0	0	22	45	27	33	0	0	0	0	21	48
	Cooking information of products	35	40	0	0	0	0	24	49	49	59	0	0	0	0	17	38
	Relationship (meeting place)	17	20	12	23	13	42	3	6	7	8	11	26	4	17	6	14
	Entertainment (show performance)	3	3	42	77	18	58	0	0	0	0	31	74	19	83	0	0
	Total	87	100	54	100	31	100	49	100	83	100	42	100	23	100	44	100
Convenience[3]	Convenience corner, restaurant	6	7	7	13	5	16	3	6	11	13	0	0	0	0	7	16
	Clean place	0	0	19	35	9	29	0	0	0	0	15	36	9	39	0	0
	Good customer service	0	0	6	11	4	13	4	8	0	0	2	5	1	5	0	0
	Good parking area	6	7	6	11	3	10	3	6	5	6	4	10	4	17	0	0
	Safety place	3	3	12	22	6	19	2	4	5	6	8	19	4	17	4	9
	Comfortable place	0	0	4	7	4	13	0	0	13	16	9	21	4	17	0	0
	Need improvement	72	83	0	0	0	0	37	76	49	59	4	9	1	5	33	75
	Total	87	100	54	100	31	100	49	100	83	100	42	100	23	100	44	100

Source: Data supplied by 118 *old pasar* users and 103 hypermarket users in Manado city (August, 2008) and 106 *old pasar* users and 86 hypermarket users in Pekanbaru city (March, 2009).

Notes:1) 87 out of 118 *old pasar* users in Manado city and 83 out of 106 *old pasar* users in Pekanbaru city are shopping exclusively to the *old pasars*, and 54 out of 103 hypermarket users in Manado city and 42 out of 86 hypermarket users in Pekanbaru city are shopping exclusively to the hypermarkets.

2) 31 out of 118 *old pasar* users in Manado city and 23 out of 106 *old pasar* users in Pekanbaru city are shopping mainly to the *old pasars* and sometimes to the modern markets, and 49 out of 103 hypermarket users in Manado city and 44 out of 86 hypermarket users in Pekanbaru city are shopping mainly to the hypermarkets and sometimes shopping to *the old pasars.*

3) Regarding to the classification of the reasons "Convenience"; the *old pasar* managers in both cities collected money from retailers to improve the condition of the *old pasars* (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.

4) Nb = Number

In order to reveal the most suitable marketplace for the local people, it is necessary to analyze the household income distribution in Manado city and Pekanbaru city. According to the City Statistics Office in both cities, the classification of the overall households based on income is as follows: low income, middle-down, upper-middle and high income. Furthermore, households income represent respectively 27%, 40%, 23% and 10% of the total households in 2007 of Manado city and 17%, 36%, 32% and 15% in 2008 of Pekanbaru city. The low and middle-down income households in Manado are higher than Pekanbaru; however, the majority of the population in both cities is low and middle-down income. Table 6 reveals the characteristics of the users (income level, occupation) in each type of markets in both cities. The low and middle down income households which constitute the majority of the population in Manado and Pekanbaru mainly uses the *old pasars* as their primary source of vegetables. Low and middle down income households of the *old pasar users* represent respectively 41% and 47% in Manado city, and 52% and 40% in Pekanbaru city. On the contrary, hypermarket users in both cities are comprised mainly of high income households representing 86% and 90% of the sample surveyed in each city (Table 6). Concerning occupations, the majority of the *old pasar* users in Manado city occupy less-qualified positions (29% are laborers and 26% are house helpers, housewives) while in Pekanbaru city most are laborers (59%) and civil servants (25%). Like in Manado city, the hypermarket users in Pekanbaru city are also mainly private employees and businessmen, and they are in groups which have high income level. The distance which the *old pasar* users in both cities travel is on averages less than 5 km, whereas it is more than 5 km for 61% and 50% of the hypermarket users respectively in Manado city and in Pekanbaru city to go to their most used marketplaces. In Manado city, the transportation means by which consumers go to markets is inconvenient, because the location of the *old pasar* is isolated from the residential areas by a river, therefore 73% of the *old pasar* users who do not own vehicles use public transportation while 25% of the *old pasar* users in Pekanbaru city travel to the *old pasar* by foot. Furthermore, in both cities, the hypermarket users travel by their own car. In summary, the existence of the *old pasars* is the primary economic convenience source for the majority of the population in Manado and in Pekanbaru; whereas hypermarkets are only frequented by a fraction of high income households.

Table 6. Characteristics of the Consumer Surveyed at the *Old Pasars* and Hypermarkets in both cities by Income Level, Occupation, and Mobility

Category	Classification		Manado City				Pekanbaru City			
			Old Pasar Users		Hypermarket Users		*Old Pasar* Users		Hypermarket Users	
			Number	%	Number	%	Number	%	Number	%
Family income (Rp/Month) 1)	Low	Less than 1.5 million	49	41	0	0	55	52	0	0
	Middle-down	1.5 – 2.5 Million	55	47	3	3	43	40	1	1
	Upper-middle	2.5 – 3.5 Million	12	10	11	11	5	5	8	9
	High	More than 3.5 million	2	2	89	86	3	3	77	90
	Total		118	100	103	100	106	100	86	100
Occupation of the household head	Labor		34	29	2	2	63	59	0	0
	Civil servant		27	23	14	14	26	25	9	10
	Farmer		10	8	0	0	0	0	4	5
	Private employee		9	8	37	35	11	10	47	55
	Entrepreneur/businessman		7	6	40	39	3	3	26	30
	Others 2)		31	26	10	10	3	3	0	0
	Total		118	100	103	100	106	100	86	100
Distance traveled to markets	Less than 1 Km		14	12	2	2	26	25	0	0
	1 – 2.5 Km		42	36	9	9	44	41	3	3
	2.5 – 5 Km		39	33	29	28	32	30	40	47
	5 – 10 Km		19	16	43	42	4	4	31	36
	More than 10 km		4	3	20	19	0	0	12	14
	Total		118	100	103	100	106	100	86	100
Transportation means to go to markets	On foot		6	5	0	0	26	25	0	0
	Motor bike		18	15	36	35	10	9	20	23
	Own car		8	7	51	49	2	2	58	68
	Public transportation (small bus)		86	73	16	16	68	64	8	9
	Total		118	100	103	100	106	100	86	100
Start to use the markets	From long time (continues family habitual)		118	100	0	0	101	95	0	0
	A few years ago		0	0	63	61	5	5	56	65
	Recently		0	0	40	39	0	0	30	35
	Total		118	100	103	100	106	100	86	100

Source: Same as Table 5.

Notes: 1) Rp is the Indonesian currency. 1JPY = Rp. 85 in August, 2008 and Rp. 110 in March, 2009.

2) The mainly occupation are house helpers.

4. Summary and Consideration

This study has analyzed the valuable economical merits of the *old pasars* which exist in Manado city and Pekanbaru city, Indonesia. Through the comparison of the 300 year *old pasars* and hypermarkets in both cities, this study has revealed the sustainability and advantages of the *old pasars* for the local people under international free competition. This study also revealed that the *old pasars* are facing a problem of infrastructure (building and parking), cleanliness, rule and organization as mentioned in table 5 (Convenience). However, the hypermarkets are not an alternative market for the local economy at a certain stage of economic development in special areas. The *old pasars* in both cities are an indispensable marketplace for the farmers who occupy the majority of small-scale cultivation land (0.85 ha) in local areas to channel their products. Because they harvest almost everyday and frequently ship their products from all distance production areas to the *old pasars* in both cities, the farmers are able to regularly sell their products throughout the entire year and earn a stable income. Indeed, the existence of the *old pasars* in both cities has motivated and guaranteed the local farmers who only earn their household income by the cultivation of vegetables to keep working on their farm business activities as a means to sustain their livelihood. The farmers do not ship products to the modern markets for two reasons. First, they cannot fulfill the trading conditions (grading, shipment in bulk) required by the modern markets. Small and individual farmers do not have the subsequent financial resources necessary to acquire modern collecting and shipping facilities. Second, they do not have negotiation power and therefore would not get any benefit. The *old pasars* also provide permanent jobs and business opportunity for the local people in both cities, in addition to providing jobs for other retailers from now defunct *pasars* (Manado) and employees who have lost their jobs during the economic crisis (Pekanbaru). Furthermore, most of the retailers are entirely dependent on their business activities within the *old pasars*. Based on that, the retailers and other jobbers in both cities have been established in their work for a long time. For the consumers, the *old pasars* have proved and convinced them that the *old pasars* constitute the primary place of food purchases. The majority low and middle-down incomes of the consumers (representing 88% of the total consumers in Manado and 92% of the total consumers in Pekanbaru) are dependent on the existence of *old pasars* because the products which are sold in the *old pasars* match their needs and their purchasing ability. On the contrary, the hypermarkets are not able to carry out the main functions handled by the *old pasars.* The hypermarkets have only a minimal relationship with local farmers, as most of the products sold in hypermarkets are supplied from other islands/areas, and even from other countries. Also, the hypermarkets do not create a labor market nor does it function as tourism resource. Moreover, it is a threat to the local culture and customs in both cities. If *old pasars* vanish; local farmers will not be able to continue their farm business activities, and may lose their livelihood. In addition, many retailers and workers will lose their jobs and livelihoods, and the majority of low income consumers will not be able to buy their food and daily goods.

Therefore, these findings suggest that the *old pasars* 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 pasars*, it would also be necessary for the local governments, as the owners of the *old pasars*, to reinforce rules, to appoint skillful and honest managerial staff and push for a systematic control of the management including the use of retribution and service fees. To solve these problems, concrete actions should be undertaken by the *old pasar* managers, as follows: replacement and reorganization of selling stalls; setting up of garbage cans, drainage systems, sanitary toilets, more safety equipment; and 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 hygiene and the comfort of the consumers at the *old pasars.* Promotion of the role of the *old pasars* through events such as fairs displaying original products, as well as local art and culture might also be useful. For better understanding of the improvements which are needed to develop the *old pasars*, further research study must be conducted.

This study contributes to unveil the lack of research study on the advantages and conditions of sustainability of *old pasars* in Indonesia. The data and method used in this study evidenced that the *old pasars* handle the following functions: 1) the pivotal marketing role for the local people, 2) high shipping frequency and profitable selling place for farmers, 3) permanent jobs and business opportunity source for the local retailers and jobbers, 4) the economic convenience and 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 *old pasars* or not.

Notes

1) According to the Presidential Decree (*Perpres*) No. 112/2007, the modern markets are independent self-service stores that retail a large variety of goods such as mini-markets, supermarkets, hypermarkets, department stores, malls and shopping centers.

2) The onset of the liberalization of the retail sector in 1998 compelled the Indonesian government to promulgate the Presidential Decree (*Keppres*) No. 99/1998. By this decree the Indonesian Government has removed the retail business from the foreign investment negative list. Before the decree was issued, there were very few foreign retailers operating in Indonesia.
3) Under the liberalization policy in the retail sector the Indonesian government again promulgated the Presidential Decree (*Keputusan Presiden*) No. 118/2000. Chapter 1 of this decree stipulates that foreign investors are invited to conduct their trade activities in the retailing businesses, for example malls, supermarkets, department stores and shopping centers.
4) Not only in Indonesia but also in countries such as South Korea, Thailand, Mexico, Poland and Hungary, modern markets are taking over the majority of market share in food retail. The market share in food retail of modern markets in 2003 reached 50%, and about 60% in Argentine and Brazil respectively (Readon *et al,* 2003).
5) *Pasar* is one kind of traditional market. According to the *Perpres*, a *pasar* 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* often has also a cultural and philosophical meaning as this type of market has historically been the central area of economic activity.
6) The *Perpres* promulgated in December 2007 concerning the organization and directions of traditional markets, shopping centers and modern stores aims to direct the development of the domestic industry, the smooth flow of the distribution of goods and set values of justice.
7) A hypermarket is one type of modern market.
8) According to the North Sulawesi Statistics Office (2007), the villages of Pandu, Rurukan and Pinasungkulan represent the largest percentage of farm 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. While, according to the Riau Statistics Office (2008), the villages of Maha Ratu, Muara Fajar and Pulau Birandang represent the largest percentage of farm households out of the total households and the largest agricultural production in their respective districts: Merpoyan Damai (short distance area), Rumbai (middle distance area) and Kampar Timur (long distance area). The percentage of farm households and the total agricultural production per year in the villages of Maha Ratu, Muara Fajar and Pulau Birandang are respectively: 35% and 621 tons, 55% and 705 tons, 60% and 1,573 tons.

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