

# CHAPTER I

## INTRODUCTION

### 1.1 Background

The rapid development of internet technology has made human activities now no longer limited by space and time. All forms of information conveyed via the internet can be accessed anywhere, anytime, and by anyone (Cecep Abdul Cholik 2021). More than that, internet technology is also free from bureaucracy or barriers. With these advantages, the internet has finally been transformed into a very effective medium in supporting the formation of an online-based community. In other words, the development of the internet is gradually no longer just a trend, but has turned into a necessity for its users. The development of internet technology is also accompanied by the use of this technology as a resource that cannot be separated from the development of its use in the world of business and trade. The internet is not only used as a mere communication tool but also empowered by capitalists. In accordance with the development of the times, very sophisticated information technology was created by humans which is useful to make it easier to carry out any activity, as seen from the marketing sector, which used to not use online sales or purchases, but according to this technological development, online transactions can also be carried out. So that now this is what is called an online market. The market is a place that brings together sellers and buyers to make purchases of goods and services. The market has an important role to drive the wheels of the economy.

Market economic activity is the place where the price determination transaction process takes place and the place where supplies of necessities are obtained. The market does not only have an economic function but also a social function. Geoffrey Hodgson defines the market as a set of social intuitions in which a large number of commodities of various types and sizes are exchanged on a regular basis, and sometimes it is facilitated by these institutions so that the notion of the market does not merely include the exchange of commodities which

are transferred in the form of money and property rights. The market in a broader sense is an expression of exchange patterns in a particular social order that link various social categories, such as social relations, networks, values and ways, ethics and culture. The exchange of goods, services, information and other social forms will shape one's social culture. The online market is a place to buy and sell goods or services remotely or not face to face, online transactions made between buyers and sellers use technology such as mobile phones.

According to Syihabuddin (2021) that the existence of traders through online markets is increasing in contrast to conventional traders. E-commerce as a new market that offers new types of commodities, namely digital products through digital processes and part of a business development approach that involves the application of information and communication technology at the level of production and distribution of goods and services on a global scale. The phenomenon that occurs regarding the existence of online markets is growing, one of which is in the Bengkalis area, Riau from 2018 until now. Most people really like shopping online. They consider shopping through online markets to be very easy and practical, only use a cellphone and open social media such as Facebook, Instagram and also other online market media, all you have to do is select the items you want to buy. The goods sold in the online market are numerous and of various types, ranging from clothing, make-up tools, bags, shoes and so on. Therefore, in order not to get rid of the previous habit of making face-to-face transactions, a strategy is needed so that sellers in conventional markets can survive buying and selling their goods or services.

Conventional traders who are not familiar with the online world are in the midst of developing an online market. Various traders in West Sumatra, especially conventional traders at the Bengkalis Suka Ramai Market, experienced a decrease in income from 2018-2020, while online market traders experienced an increase in income. The uniqueness of this study is that conventional traders usually survive amid the rise of online market traders at this time. The comparison seen in buying and selling interactions between conventional traders and online shops is that buyers don't have to leave the house or don't move much, sellers easily send their

goods via delivery services (courier), on the other hand, conventional traders have to leave the house and spend money on shopping required materials. Thus, conventional traders must be able to adapt to today's era which prioritizes digital (online) so that they are not displaced by e-commerce which has become the prima donna for the surrounding community, especially conventional traders in the Suka Ramai Bengkalis market. From the background of this problem, researchers are interested in examining how much adaptation of conventional traders to the development of online shops.

This is done so that later the results of this research can be taken into consideration for the qualifications of traders, especially in the Suka Ramai Bengkalis market, in developing the adaptation of traders, so that later it will further support the achievement of a balance between conventional traders and online shop traders. Based on the background of the problems described above, the researcher is interested in conducting research with the title, "**The Survival Strategy of Conventional Traders Admist the Development of Online Shop (Case Study on Conventional Traders in Bengkalis Suka Ramai Market)**".

## **1.2 Formulation of the Problem**

Observing the conditions described above, the researcher formulated several problem formulation that became of the basis for problem in this research, namely :

1. What is the impact of online shopping on the business of conventional traders in Bengkalis Suka Ramai Market?
2. How the strategy for conventional traders to survive in Bengkalis Suka Ramai Market in the midst of online shopping?

## **1.3 Purpose of the Study**

Based on the formulation of the problem above, the researcher wants to do this researcher with the aim of :

1. To find out the impact of online shopping on the business of conventional traders in Bengkalis Suka Ramai Market.

2. To find out the survival strategies of conventional traders in the Bengkalis Suka Ramai Market amidst the rise of online shopping.

#### **1.4 Significance of the Study**

##### 1.4.1 Theoretically

Significance of the study “The Survival Strategy of Conventional Traders Admist the Development of Online Shop (Case Study on Conventional Traders in Bengkalis Suka Ramai Market)” theoretically have two, include:

1. This research is expected to provide an overview of the strategies used by traditional market traders in facing competition with online shops or online shops which are currently in great demand by many groups.
2. This research can be used as material for discussion and add insight into the knowledge of the academic community.

##### 1.4.2 Practically

Significance of the study “The Survival Strategy of Conventional Traders Admist the Development of Online Shop (Case Study on Conventional Traders in Bengkalis Suka Ramai Market)” study practically have three, include:

1. This research can add insight into knowledge and thoughts regarding the strategy of surviving conventional traders in the midst of rampant online shopping and can see its application in the market, especially Pasar Suka Ramai Bengkalis.
2. The results of this study can be used as input for market managers to find out and maximize the strategies carried out by conventional traders in competing with online markets, for example, such as improving market development, cleaning the market environment, and other market physical conditions in order to attract buyers to shop safely and comfortably at the market traditional.
3. This research can be a contribution to thought and add to the literature to be used as reading material for the community, especially Bengkalis State Polytechnic students.

## **1.5 Scope and Limitation of the Problem**

### **1.5.1 Scope of Problem**

Scope of Problem “The Survival Strategy of Conventional Traders Admist the Development of Online Shop (Case Study on Conventional Traders in Bengkalis Suka Ramai Market)”, these are as follows:

1. Market analysis: this research can study consumer buying trends and patterns in traditional and online markets, as well as consumer buying behavior that may differ in the two markets.
2. Competitor analysis: this research can study conventional and online competitors who may compete with conventional merchants, as well as identify the strategies that online competitors use to attract their customers.
3. Product and service analysis: this research can study the products and services offered by conventional merchants and look for ways to differentiate them from online competitors.
4. Customer experience analysis: this research can study how conventional merchants can improve their customer experience through better service, shopping convenience, and more efficient payment processes.
5. Marketing and advertising strategy analysis: this research can study the most effective marketing and advertising strategies to reach conventional customers, as well as online marketing strategies that can help increase their competitiveness.
6. Pricing strategy analysis: this research can study the most effective pricing strategies to attract conventional customers, as well as compare prices with online competitors to ensure conventional merchants remain competitive.

### **1.5.2 Limitation of the Problem**

Limitation of Problem “The Survival Strategy of Conventional Traders Admist the Development of Online Shop (Case Study on Conventional Traders in Bengkalis Suka Ramai Market)”, these are as follows:

1. Focus on conventional traders in certain industries, for example the retail or culinary industry, and does not cover all types of conventional traders.

2. Does not consider the difference between conventional traders who have entered the online market and conventional traders who only operate offline.
3. Limited to local or regional market analysis, and does not cover national or global markets.
4. Does not consider the difference between officially registered and unregistered or illegal online shops.

## **1.6 Writing System**

In writing system this research is divided into five chapters where each chapter has different content and description but chapters that are different from one another chapter are still related and support each other. To facilitate the understanding of this study, the author systematically compiled as follows:

### **CHAPTER I : INTRODUCTION**

Chapter 1 consist of the background of the problem, formulation of the problem, purpose of the study, significance of the study, scope and limitations of the problem and writing system.

### **CHAPTER II : LITERATUR REVIEW**

Chapter two contain the framework or foundation used by the author as a testing ground and the theoretical basis used is the result of the development of literature studies.

### **CHAPTER III : RESEARCH METHODOLOGY**

The third chapter aims to understand the target object. In this chapter will be described the location, time and object of the study, types and sources of data, population and sampel, sampling techniques, data collection techniques, data processing technique, types of the study, schedule and budget of the study.

### **CHAPTER IV : RESULT AND DISCUSSION**

In this chapter will discuss of the result of research that the author conducted the for Surviving Conventional Traders in the Middle

of Online Shop Development (Case Study on Conventional Traders in the Suka Ramai Market of Bengkalis).

#### **CHAPTER V : CONCLUSION AND SUGGESTIONS**

The fifth chapter contains the conclusion put forward by the author as well as suggestions that will be given to companies that are expected to be useful to anyone.