

Survival Strategies Of Small and Medium Enterprises Located Aroind Modern Minimarket In Sidikalang Distriect

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Article Info	Abstract
Received January 19, 2025 Revised January 25, 2025 Published February 17, 2025	<i>This study aims to identify the survival strategies of small and medium enterprises (SMEs), specifically traditional grocery stores, located near modern minimarkets in Sidikalang District, Dairi Regency. A qualitative descriptive method was used with 40 grocery store owners as respondents. The findings reveal that all stores (100%) sell staple goods such as rice, sugar, and cooking oil, while 55% offer 3 kg LPG gas, which is not available in minimarkets. Differentiation strategies include providing local products and meeting specific customer requests, such as fresh vegetables and single-item sales. All stores remain competitive by offering lower prices and discounts to loyal customers. About 67.5% of stores operate with monthly capital of IDR 4,000,000–6,000,000, and 77.5% experienced a decline in customers following the arrival of minimarkets. Most stores (80%) are strategically located, although 95% lack adequate parking facilities. Additionally, 75% offer home delivery services, and all apply personal approaches such as allowing purchases on credit and having flexible operating hours. Emotional connections with customers serve as the primary strength in sustaining these businesses.</i>
Keywords : <i>Survival Strategy, Small and Medium Enterprises, Minimarkets</i>	

INTRODUCTION

The growth of the retail business in Indonesia has shown a significant increase, ranging from minimarkets to hypermarkets, offering modern services and a wide variety of products to consumers (Purwadisastra, 2021). Minimarkets such as Indomaret and Alfamart are now not only found in major cities but have also expanded into sub-districts and rural areas (Pratama & Sanjaya, 2021). This development has had an impact on small and medium enterprises (SMEs), particularly traditional grocery stores (toko kelontong), which are increasingly

pressured by the dominance of modern retail (Nur & Hasang, 2019).

Consumers tend to prefer minimarkets due to their cleanliness, convenience, competitive pricing, and efficient self-service systems (Timbuleng et al., 2023). In fact, modern retail outlets are now targeting the lower-middle-income segment and have become an integral part of everyday life for many communities (Rusno, 2008). On the other hand, traditional grocery stores face significant challenges, such as declining income and a shrinking customer base, due to the presence of minimarkets located in very close proximity (Iffah et al., 2011; Muhzinat & Achiria, 2019). This situation contradicts Presidential Regulation No. 112 of 2007, which stipulates that the minimum distance between a minimarket and a small business should be one kilometer.

As a form of SME, traditional grocery stores play a crucial role in supporting household economies. They are often managed independently with limited capital and typically involve family members in their operations (Karimah et al., 2021). The presence of Indomaret and Alfamart in Sidikalang District since 2015 reflects rapid growth, with 10 outlets spread across various strategic locations. Their existence has shifted the role of traditional grocery stores, especially in terms of service, product variety, and payment systems (Yosefhine et al., 2022; Rozi, 2019).

Based on the author's preliminary observations, the people of Sidikalang now tend to prefer shopping at minimarkets rather than traditional grocery stores. This condition forms an important basis for studying the survival strategies of SMEs located near modern minimarkets in Sidikalang District, considering the vital role of SMEs in supporting the local economy.

METHODS

This research was conducted in Sidikalang District, Dairi Regency, North Sumatra. The location was selected due to the high number of modern minimarket outlets such as Indomaret and Alfamart, which have a direct impact on the sustainability of small and medium enterprises (SMEs), particularly traditional grocery stores (toko kelontong) in the area. The study

was carried out from February to March 2025.

This research adopts a descriptive qualitative approach, aiming to understand the survival strategies of SME-owned grocery stores located near modern minimarkets from the perspective of business owners. Data were collected through observation, in-depth interviews, and documentation. The main variable in this study is the survival strategy of SMEs, analyzed through the four key elements of the marketing mix: product, price, service, and place. The data collection techniques used include observation, documentation, and interviews. Data analysis was conducted using qualitative analysis techniques.

RESULTS AND DISCUSSION

Small and Medium Enterprise (SME) Strategies

The strategies implemented by SMEs located near Indomaret and Alfamart can be analyzed based on the elements of the marketing mix: product, price, place, and service.

a. Product

A product is a good or service that is offered for sale. Products are typically sold in the market to meet the needs and desires of consumers. The following table shows the main products sold by traditional grocery stores.

Table 1. Main Products Sold by Grocery Stores in Sidikalang District

No.	Product	Number of Stores	Percentage (%)
1	Rice	39	97.5
2	Cooking Oil	40	100
3	Sugar	40	100
4	Snacks	40	100
5	Salt	38	95
6	Chicken Eggs	40	100
7	3 Kg LPG Gas	22	55
8	Cigarettes	40	100

Source: Primary Data Processed, 2025

Based on the table above, nearly all of the products are sold by the grocery stores that were the subjects of this study. However, there is one type of product—3 kg LPG gas—that is sold by only about half of the grocery stores. The limited number of stores selling LPG gas is due to government regulations, which allow

only registered agents and official distributors to sell subsidized LPG to ensure targeted distribution. Notably, 3 kg LPG gas is not available in modern

minimarkets, as they typically only sell non-subsidized gas. This was explained by one respondent, Mr. Nababan, as follows:

“Not all grocery stores are allowed to sell LPG, especially the 3 kg type subsidized by the government. Its sale is restricted to registered agents and official distributors to ensure it reaches the people who truly need it.”

The table also illustrates that grocery store owners implement product differentiation strategies to compete with modern minimarkets. These stores sell a variety of daily necessities such as rice, sugar, cooking oil, snacks, and household items. Additionally, they offer unique products that are not typically available at minimarkets, including subsidized LPG gas, local foods, loose crackers, repackaged oil in small quantities, and homemade snacks.

Following the emergence of minimarkets, many grocery stores have adjusted their product offerings. The addition of more unique or hard-to-find items is a differentiation effort aimed at attracting customers. Product selection is based on customer demand, local needs, and seasonal trends. Goods are sourced from local distributors, city wholesalers, or directly from local farmers and artisans. This was shared by another respondent, Mr. Siregar:

“That’s why now I try to sell unique items that aren’t found in minimarkets. I usually observe what customers need—like motorcycle oil, vegetables, and household supplies.”

To overcome stock limitations, grocery stores adopt a system of purchasing in small quantities with frequent restocking from nearby wholesalers. Some owners also accept special orders from customers. Moreover, they need to prepare monthly capital to purchase these products. The following table shows the amount of monthly capital used by grocery store owners for product procurement. In contrast, modern minimarkets such as Indomaret and Alfamart tend to offer a wider variety of branded products, which are more standardized and uniform. Products sold at modern minimarkets are typically... *(continues with data or explanation depending on your content):*

Table 2. Main Products Sold by Modern Minimarkets in Sidikalang District

No.	Product	Number of Minimarkets	Percentage (%)
1	Rice	10	100
2	Packaged Cooking Oil	10	100
3	Packaged Sugar	10	100
4	Packaged Snacks	10	100
5	Ready-to-eat Food & Drinks	10	100
6	Non-subsidized LPG	0	0
7	Soap & Detergents	10	100
8	Fresh Vegetables	1	1
9	Local Snacks	0	0

Source: Primary Data Processed, 2025

Modern minimarkets such as Indomaret and Alfamart in Sidikalang sell basic necessities, but these are typically offered in standardized packaging and larger quantities. There are no local specialty products available, such as loose crackers, homemade food, or subsidized LPG. Only one minimarket—a local franchise—was found to sell fresh vegetables.

Modern minimarkets also have advantages in terms of product arrangement, barcode systems, and large-scale promotional discounts. However, they lack flexibility in adjusting their product offerings based on specific customer demands.

Table 3. Amount of Retail Traders' Business Capital in Sidikalang District in One Month.

No.	Capital Amount (IDR)	Frequency (%)
1	4,000,000 – 6,000,000	67.5
2	6,100,000 – 8,000,000	17.5
3	8,100,000 – 10,000,000	10
4	>10,100,000	5

Source: Primary Data Processed, 2025

b. Price

The selling price is determined based on the purchase price from suppliers, with an added profit margin adjusted to local market rates. Grocery store owners generally follow the prices set by distributors, whether from large or small wholesalers. All respondents acknowledged that they did not change their pricing after the establishment of nearby minimarkets.

Although modern minimarkets often offer promotional prices and large

discounts, some grocery store owners stated that their prices are more flexible, especially for small or individual purchases. As explained by Mr. Sihombing:

“Prices in my grocery store are cheaper than in Indomaret because Indomaret still pays taxes to the government, whereas we don't include any additional charges.”

This statement illustrates how grocery stores utilize a simpler cost structure as an advantage in setting competitive prices. Additionally, all respondents (40 stores or 100%) stated that they offer discounts to loyal customers or those purchasing in bulk. This strategy aims to maintain customer loyalty and provides a personal touch not found in minimarkets.

“Customers generally understand the price difference and still prefer to shop at grocery stores due to proximity, convenience in buying small quantities, and the personal relationships built over time.”

c. Place

Based on interviews with 40 grocery store owners in Sidikalang District, the majority of respondents reported a decline in customer numbers following the opening of modern minimarkets near their business locations. A total of 31 respondents (77.5%) stated that the presence of minimarkets caused some of their customers to shift, particularly in the early stages, due to the appeal of cleaner, more modern facilities and promotional offers. This was conveyed by Mrs. Sianturi:

“Yes, when the minimarket first opened, I was quite surprised because the number of customers dropped. Many people were curious and switched to shopping there, especially since the place was new and tidy.”

However, 9 respondents (22.5%) stated that they did not experience a significant decline in customers, as their stores already had a loyal customer base and were located in strategic areas near densely populated neighborhoods. These respondents emphasized that personal relationships, flexible pricing, and the ability to buy in small quantities were key reasons why customers remained loyal.

Business location turns out to be a crucial factor in maintaining customer numbers. According to the findings, 32 grocery store owners

(80%) had store locations that were clearly visible from normal eye level, making it easy for consumers to find and access their shops. Meanwhile, 8 store owners (20%) had locations obscured by walls or other buildings, which likely impacted the number of visitors, especially with the added competition from highly visible and accessible minimarkets. This shows that store visibility plays a vital role in attracting and retaining customers in a highly competitive market.

Additionally, the study revealed that all grocery stores in Sidikalang were located in high-traffic areas, which presents a good opportunity for attracting buyers. However, in terms of supporting facilities—particularly parking—most stores were lacking. A total of 38 grocery stores (95%) did not have adequate parking spaces for either motorcycles or cars. Only 2 stores (5%) had sufficient parking for both types of vehicles.

All respondents (100%) agreed that business location greatly influences the competitiveness of grocery stores, especially when facing the presence of modern minimarkets. They emphasized that strategic locations—such as those near main roads, densely populated housing areas, schools, or community centers—contribute significantly to customer retention. This was expressed by Mrs. Simbolon:

“Oh, it definitely has a big impact. If the store is visible from the road and easy to access, more people will come. Especially if it’s near housing complexes or schools, loyal customers tend to be more numerous. But if the store is hidden, people are less likely to stop by.”

d. Service

Service strategy is an important aspect that distinguishes grocery stores from minimarkets. According to the study, all grocery stores provide their best service, such as being friendly and serving customers quickly. They also offer credit or installment options, but only to trusted individuals such as neighbors or family members.

A total of 30 grocery stores (75%) offer home delivery services, especially for elderly customers or those who are unable to visit the store. Good relationships with customers are maintained through a personal approach—such as

remembering customers' names, offering flexible payments, and stocking items based on specific needs.

The strength of grocery store service compared to minimarkets lies in emotional closeness, flexibility in transactions, and the convenience of buying small quantities (retail items).

Most stores operate from 6:00 AM to 9:00 PM, and some are even more flexible depending on customer needs. The following table presents the business hours of grocery stores located near modern minimarkets in Sidikalang District.

Table 4. Opening Hours of Retail Traders in Sidikalang District

No.	Business Hours	Number of Stores (%)
1	06:00 – 22:00	37.5
2	07:00 – 21:00	35
3	07:30 – 22:00	27.5

Source: Primary Data Processed, 2025

Based on the table above, it shows that the opening hours of grocery stores are mostly at 06.00 – 22.00 WIB, which is 15 traders (37.5%). While the opening hours of the fewest traders are at 07.30 – 22.00, which is 11 traders (27.5%).

CONCLUSION

The Based on the research results, Small and Medium Enterprises (SMEs) grocery stores around modern minimarkets in Sidikalang District implement various survival strategies that focus on the following marketing mix, grocery stores implement product differentiation strategies by selling basic necessities such as rice, sugar, oil, to home-made snacks and local products that are not available in minimarkets. Some stores also sell LPG gas which is only sold by authorized agents, thus becoming an added value. Product adjustments are made based on customer demand and local trends, with a small but routine restock system from the nearest wholesaler. Although not lowering prices directly after the presence of minimarkets, grocery stores maintain competitive prices with a simpler cost structure. All traders provide discounts to regular customers or large purchases as a form of personal service that differentiates them from minimarkets. The location of grocery stores is mostly strategic, visible from the roadside and located in busy traffic areas. However, limited facilities such as parking lots are still an

obstacle for most stores. Even so, the location that is close to residential areas and easily accessible is a distinct advantage. Service is the main strength of grocery stores. All shop owners provide friendly, flexible, and personal service. Additional services such as installments for trusted customers and home delivery (especially for the elderly) are an added value. Long and flexible operating hours show a commitment to serving customer needs to the maximum.

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