

# Traditional Versus modern markets in Indonesia: a case study for horticultural produce marketing in Kota Batu traditional market, East Java province

B. Irianto

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## Abstract

The rapid development of modern retail markets in Indonesia has been observed after the dissemination of Presidential Decree No. 96/2000 on foreign investment. Although traditional markets outnumber the modern markets and the majority of consumers in Indonesia still prefer traditional markets, the number of modern markets is increasing in rural areas. Based on previous studies and the literature, this paper discusses the impact of modern markets on traditional markets, especially for fresh fruit and vegetables, and what measures are necessary to benefit the majority of consumers. With more than 238 million people, Indonesia is a good market for both national and international retailers. Along with the development of modern markets, such as minimarkets, supermarkets and hypermarkets, many problems have arisen which are putting small traditional retailers in a difficult position. The solution is in the hands of government through regulation of market allocation or placement; determining how many modern markets are permitted in a certain area; the distance from existing traditional markets; market rehabilitation. Despite the competition, the traditional markets have several advantages which enable them to compete. There is also a belief that the quality of the fresh produce in traditional markets is safer than that in modern markets. This paper looks at the case of a well-known traditional market which offers fresh and good quality horticultural commodities in the tourist city of Kota Batu in East Java.