



# THE IMPACT OF HYPERMARKET OPERATION TO LOCAL RETAILING BUSINESS IN BUKIT GAMBIR, LEDANG DISTRICT, JOHOR DARUL TA'ZIM

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## ABSTRACT

This study about the impact of hypermarket operation to local retailing business in Bukit Gambir, Ledang District, Johor Darul Ta'zim. This study was conducted to analyze the regulatory framework existing with regard to the operation of hypermarkets in Malaysia and subsequently access the socio-economic impact of hypermarkets to local communities. The study area are in Bukit Gambir, Johor, where a radius within 3.5 km of the hypermarkets. To achieve this objective, the collection of data by interviewing local retailer, hypermarket employee, customer and expert sources which is Administrative Officer, Department of Licensing and Enforcement, Tangkak District Council as well as visiting the study area was conducted. For the result of this study has been identified in the data analysis.

## INTRODUCTION

This study use a qualitative analysis as an approach to the know the impact of hypermarket operation to local retailer. This study is applies phenomenography technique that are developed by Marton 1986.

### PURPOSE OF STUDY:

- Focus on retailers in which there is a hypermarket operation (Eonsave Cash & Carry) in Bukit Gambir.
- Position of hypermarkets (Eonsave) are not regulated by guidelines Ministry of Domestic Trade, Cooperatives and Consumerism Ministry (Ministry).
- Available job offers in Hypermarket can reduce the rate of unemployment among the local community.

## OBJECTIVES

- To analyze the existing regulatory framework with regard to hypermarket operation in Malaysia.
- To assess the socio-economic impact of hypermarket operation to local community.

## METHODS

INTERVIEW

OBSERVATION

SECONDARY DATA

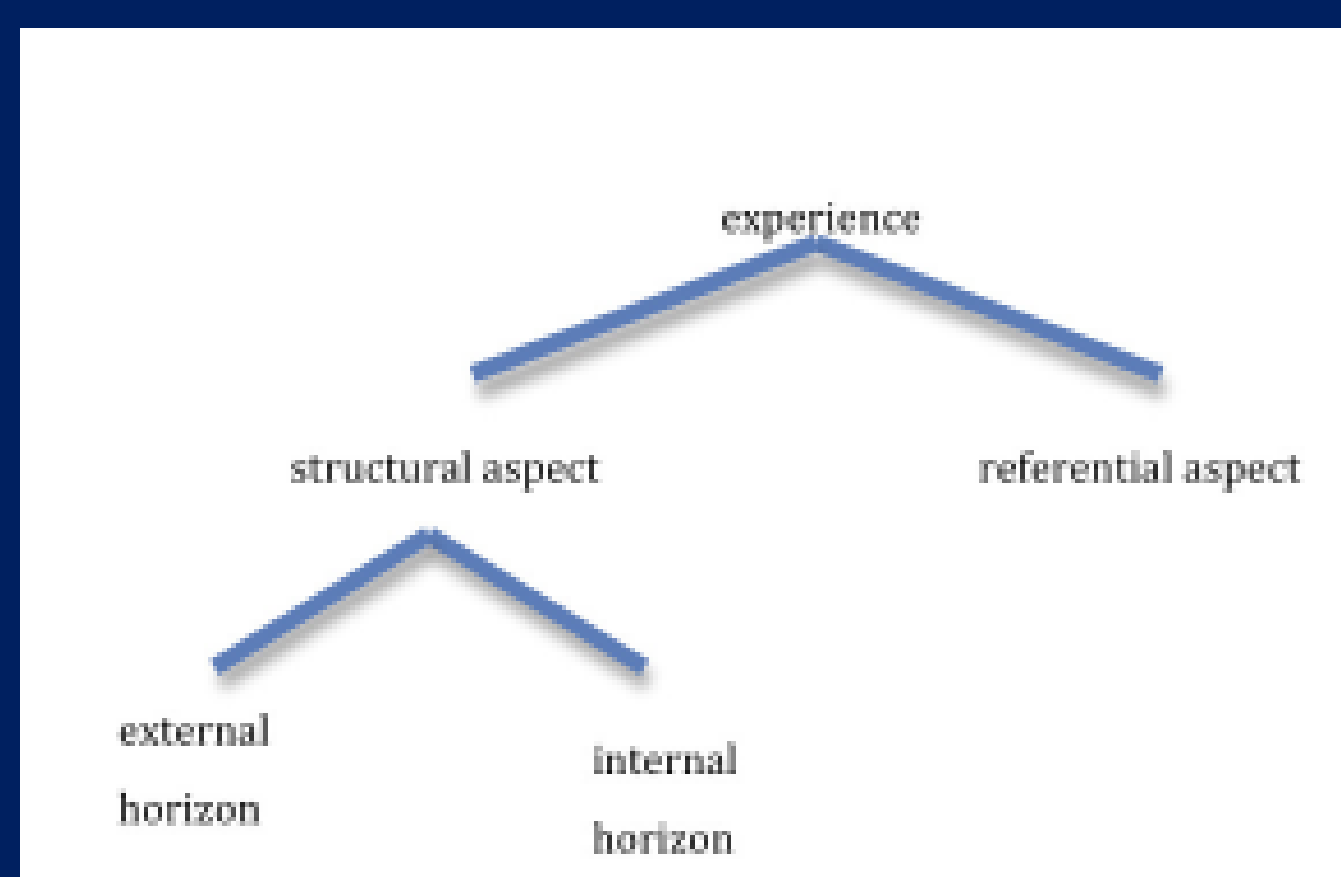


Figure 1: The anatomy of experience (Marton & Booth, 1997)

## RESULTS

RO 1

### 1) Concept of Prices in Hypermarket

- Pricing strategies such as cost-based pricing, competitive pricing, and market- penetration pricing.
- Price Control and Anti-Profitteering Act 2011 (PCAP 2011). This Act is used to ensure that traders do not take the opportunity to raise the price of goods on a whim.
- Regulations Trade Descriptions (Cheap Sale Price) 1997 the act under the supervision of the ministry (MDTCC). Under these regulations, any expression indicating that the price of an item is lower than the price offered in advance including the expression "sale", "discount", "reduction", "best buy", "best price", "special price", "price collapse", "everyday low price" or "half-price deal" is one of the strategies used by Eonsave.

### 2) Strategic Location

- According to Tangkak District Council, Eonsave business premises suitable for placement in these areas.
- Supported from the source Planning Standards and Guidelines Trade Area with the Town and Country Planning Act 1976 (Act 172) that in order to establish a hypermarket need at least 250,000 people are needed.
- Factors that influence the decision in establishes the Eonsave:
  - i. Labor
  - ii. Market

### 3) Safety and Health

- 4 design principles considered to develop Eonsave:
  - i. Safety and compatibility
  - ii. Mental and physical health
  - iii. Adequate social facilities that can ensure the integrity and improve the moral sciences
  - iv. Clean and beautiful

### RETAIL BUSINESS

Distance	Retail business	
	Frequency	%
< 1 km	5	55.6
1 – 2 km	2	22.2
3 – 3.5 km	2	22.2
Total	9	100

Table 1: Distances of Retail Business from Hypermarkets

### BUSINESS PERFORMANCE OF TRADERS IN LOCAL RETAILING BUSINESS, 2010 – 2015

- Both profits and earnings have declined in the past five years.
- Particularly those selling basic foodstuffs and vegetables, admit that their income has dropped significantly in the last five years. One trader even claims that his income and profits have dropped by 60% compared to 2010.
- According to one dealer, the situation in Bukit Gambir totally different in 2010, when there were fewer vendors around the market and the competition among traders healthy. However, after the existence Eonsave around this has led to a significant decline in revenue and profit in Bukit Gambir dealer. Another vegetable seller and daily food diary reveals that revenues and profits have fallen by 50%.

### IMPORTANT OF HYPERMARKET OPERATION TO LOCAL COMMUNITY

#### 1) Improving Living Standards/Incomes of Local Community

Types of Job	No. of Workers
Main Job	5
Side Job	20

Table 2: The Number of Employed in the Hypermarket

#### 2) Provide Employment Opportunities

- Hypermarket provides and offers many of job openings to the residents of Bukit Gambir and nearby.
- Providing opportunities and allow the residents to find the jobs.
- The productivity and work will be better and there are encouraging because more employees work in the business sector.

#### 3) Facilitate the Local Community to Purchase Goods

- Hypermarket provides a variety of goods and the buyer does not need to go Tangkak town as well as to save time and cost.
- This can be seen from the results of the interviews that researcher did with three customers there who said that "there is a hypermarket, facilitate buyers to buy things here, and no time to get to the grocery store furthermore all items are available in one place".

RO 2

## CONCLUSIONS AND RECOMMENDATION

- The hypermarket are not regulated according to MDTCC guidelines but there are other factors which were taken into consideration in creating the hypermarket in Bukit Gambir. Besides that, even a business premises located near or far apart from the hypermarket, the hypermarket presence still affect the business situation of the respondents whether they receive the effect of is positive or negative.
- These studies recommend the MDTCC in cooperation with local authorities to produce a general guideline to control the operation of hypermarkets in a local authority area. Other than that, this study recommended to make future research into these topics.
- Therefore future research should expand the scope of the study so that not only focusing on the retailers only, but can be expanded to study the business deal same level as retailers, in order to identify the impact of hypermarket operations to the dealer.