TRADITIONAL RETAIL AND MODERN RETAIL COMPETITION STRATEGY IN ISLAMIC BUSINESS ETHICS PERSPECTIVE

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Abstract

This study aims to find out the level of traditional retail competition and strategies developed by traditional retail to remain resilient in modern business competition in an Islamic perspective. This study uses qualitative approach with phenomenological research type. The data is obtained from secondary data, namely data on the number of traditional retail and some modern retail in Wiradesa Subdistrict, Pekalongan Regency, Central Java. Research data obtained by interview techniques to business owners and consumers, observations and documentation. The population in this study was 8 modern retail (3 Alfamart, 5 Indomart), and 428 traditional retail (grocery stores and grocery stores) in Wiradesa Sub-district. Samples taken were 1 Alfamart in Gumawang Village, 1 Indomart in Gumawang Village, Adam's Shop in Gumawang Village, and Blue Shop in Kemplong Village, Pekalongan Regency. Data triangulation is used to maintain the validity of data. The study found that: (1) strategies developed by traditional retail are a) communication strategies as well as social relations with consumers as the implementation of Islamic values in the field of business services, b) cheaper pricing strategies, (2) modern retail applies a variety of promotions to attract consumers, (3) the business development system of both types of retail conducted does not deviate from Islamic business ethics.

Keywords: traditional retail, modern retail, competitive strategy, Islamic business ethics.
INTRODUCTION

A competition strategy is needed for retail managers in both traditional and modern retail. The modern retail paradigm is a view that emphasizes retail management using a modern approach. While the traditional retail paradigm is a view that emphasizes retail management using traditional approaches. The traditional retail paradigm is still widely understood by merchants or conventional retailers such as pre-planned stores (sellers of household needs) located in villages or suburban locations (Utami, 2008).

Alfamart and Indomart outlets in Indonesia are one form of modern retail. Alfamart and Indomart are franchise businesses that provide basic needs and daily needs. If noticed, this business actually already exists in the form of traditional retail in the form of grocery stores, which we are familiar with grocery stores or food stalls. In the context of society, traditional retail is known as small retail which is a place to sell food or grocery items such as groceries, while grocery is interpreted as a tool of flexibility that is always sounded by the hawker of merchandise to attract the attention of buyers and goods for daily needs (Yoga Tantular Rachman, 2013). The existence of traditional retail or grocery stores in the community of Wiradesa Subdistrict, Pekalongan, Central Java is shown in Table 1:

Table 1.
Number of Grocery Stores in Wiradesa Subdistrict, Pekalongan Regency, Central Java

| No. | Village | Type                | Amount |
|-----|---------|---------------------|--------|
| 1.  | Kauman  | Grocery Stores      | 21     |
| 2.  | Bondansari | Grocery Small Stores | 33      |
| 3.  | Bener   | Grocery Small       | 7      |
| 4.  | Gumawang | Grocery Stores      | 17     |
| 5.  | Mayangan | Grocery Stores      | 21     |
| 6.  | Kepatihan | Grocery Stores     | 15     |
| 7.  | Kemplong | Grocery Stores      | 32     |
| 8.  | Karangjati | Grocery Stores | 9      |
| 9.  | Pekuncen | Grocery Stores      | 54     |
| 10. | Kampil  | Grocery Stores      | 36     |
| 11. | Kadipaten | Grocery Stores    | 34     |
| 12. | Wiradesa | Grocery Stores      | 37     |
| 13. | Delegtukang | Grocery Stores   | 22     |
| 14. | Waru Kidul | Grocery Stores    | 11     |
| 15. | Waru Lor | Grocery Stores      | 13     |
| 16. | Petukangan | Grocery Stores  | 19     |

Source: Department of Industry, Trade and Cooperatives Pekalongan Regency, December 2020 (Data processed).

The existence of modern market chains in the field of retail business, such as hypermarkets, supermarkets, and minimarkets, becomes a serious competitor to the existence of traditional markets. The presence of a modern market that is currently developing into a franchise system has penetrated into the village. This has the potential to defeat the existence of traditional markets, even destroying the existence of traditional markets (Fahmi Radhi, 2008).

The advantages of one stop shopping and convenience in shopping
become one of the advantages of the modern market. In addition, the modern market is supported by technological advances and management, able to provide competing on price, so that the price of goods in the modern market is even cheaper than the price of products in traditional markets. This advantage can be a serious threat to the traditional market to be able to compete with the modern market (Fahmi Radhi, 2008). The reality of the competition is reflected in Table 2 which contains retail sales data for 2016-2020.

| Years | Minimarket | Traditional market |
|-------|------------|--------------------|
| 2016  | 18.4%      | 9.4%               |
| 2017  | 7%         | 2.9%               |
| 2018  | 7.4%       | 2.2%               |
| 2019  | 9%         | 0.6%               |
| 2020  | 16%        | 0.3%               |

*Data processed from various sources

The modern retail paradigm is a view that emphasizes retail management using a modern approach. Some of the characteristics of modern retail management paradigm are as follows (Utami, 2008):

1. Strategic location is an important factor in the retail business
2. Careful prediction of potential buyers
3. Management of directed merchandise types
4. Very strict brand selection of suppliers
5. Conducting sales recording carefully
6. Evaluate the profit per product
7. Planned cash flow
8. Planned business development

Modern retail such as department stores and supermarkets in Indonesia have not been clearly standardized, either according to business scale, orientation or business status. Nevertheless, it is clear that supermarkets are selling secondary necessities such as clothing, accessories, and other complementary items. Department stores and supermarkets can be classified according to the scale of their business, such as floor area, large turnover, and network. The minimum area for department stores and supermarkets is 600 m2 per outlet or chainstore with the same total area. The figure is based on the calculation of the average floor area of existing department stores and supermarkets associated with the facilities/ facilities available. The
The floor area for department stores is generally at least 5,000 m² while the supermarket is about 1,200 m². However, in Indonesia the limit does not always apply, such as matahari which some outlets have an area of less than 5,000 m² (Bob Foster, 2008).

The increasing network of modern markets engaged in retail businesses, such as hypermarkets, supermarkets, and minimarkets, is feared to be a serious threat to the existence of traditional markets. The modern market also offers a variety of competitive advantages that traditional markets do not have. In addition to offering the concept of one stop shopping and convenience in shopping, which is supported by technological and management excellence, the modern market also uses price instruments in competing on price. The price of various products sold in the modern market is actually cheaper than the selling price of the same products sold in traditional markets. With the various advantages possessed by the modern market, it is impossible if traditional market traders to be able to survive the disproportionate fanfare (Fahmi Radhi, 2008).

**Competition Strategy**

Business competition based on Law No. 5 of 1999 on the prohibition of monopoly practices and unfair competition. Monopoly in Law No. 5 of 1999 explained that monopoly practice is the concentration of economic power by one or more businesses resulting in the control of production and or marketing of certain goods and or services so as to cause unhealthy business competition and can harm the public interest (Presiden Republik Indonesia, 1997). In article 17, it is explained that businesses are prohibited from having control over the production and or marketing of goods and or services that may result in monopoly practices and unfair business competition.

Business actors should be suspected or considered to have mastery over the production and or marketing of goods and or services as referred to in paragraph (1) if:

a. The goods and or services concerned have no substitution,

b. Resulting in other businesses can not enter into the same business competition of goods and or services,

c. One business actor or one group of business actors control more than 50% (fifty percent) of the market share of one particular type of goods or services.

In the third part of the market mastery chapter 19 law No. 5 of 1999, it is explained that businesses are prohibited from conducting one or more activities, either alone or with other businesses, which may result in monopoly practices and or unfair business competition in the form of:

a. Refuse and or deter certain businesses from conducting the same business activities in the relevant market;

b. Turn off the business of its competitors in the market concerned so that it can lead to monopoly practices and or unfair business competition.

To face business competition, businesses need to take a strategy to be able to compete with other businesses. Business strategies are defined as actions, reactions and decisions to create and exploit a marketing mix and make the most of it by minimizing costs (Hisrich, et.al. 2008). The business strategy includes 2 strategies, namely:

a. A new business strategy is the creation of opportunities from new businesses, including resources as a competitive advantage and entrepreneurial resources;
b. Growth strategy is a strategy that focuses on where to look for opportunities to grow where companies may already have a foundation for a sustainable competitive advantage. These strategies include penetration strategies, market development strategies, product development strategies and diversification strategies.

Business competition requires innovation and strategy of various aspects, both product quality, price, service and marketing strategy. In a business strategy, it is also necessary to make the most of the marketing mix. Marketing mix is a controlled marketing tool such as product, price, promotions, place, which can be combined by the company to produce the desired response in the target market (Al Arif, 2012):

a. Products.
In marketing mix, the step to be done is product strategy. This is important because the product becomes a selling point for a company. Product strategies that need to be developed include determining logos and mottos, creating brands, creating packaging, and label decisions.

b. Price
Price is a number of values (in currency) that consumers must pay to buy or enjoy the goods or services offered. Pricing is very important to note considering that price is one of the causes of the practice or whether a product and service is offered. Wrong in determining the price will be fatal to the product offered and fatal to the product offered and result in the non-sale of the product in the market.

c. Distribution
Distribution is the way the company distributes its goods, ranging from the company to the information of the end consumer. Distribution strategies are important in the company's efforts to serve consumers on time and on target. Delays in distribution resulted in the company losing time and quality of goods as well as the taking of opportunities by competitors.

d. Promotion
Promotion is the last marketing mix activity. Promotion is the most powerful means to attract and retain its consumers. One of the purposes of the company's promotion is to inform all kinds of products offered and try to attract new potential customers. There are four kinds of promotional tools that can be used by each company in promoting its products, both goods and services, including advertising, sales promotion, publicity, personal sales.

Islamic Business Ethics
Amidst the strong current offer of various integration paradigms, Islamization of science including the mainstream approach and still considered relevant to compose and develop islamic scientific integrase (Waluyo, 2021). Islamic business is a series of business activities in various forms that are not limited to the amount of ownership (goods / services) including profit, but limited in how to obtain it and the utilization of its property because of halal and haram rules (Veithzal Rivai, 2013). Allah explains it in Surah Al-Baqarah (2) verse 188:

ولا تأكلوا أمولكم ببطش وتدعوا بها إلى الخكم لئن كلا فريقا من أمول الناس بالأنام وأنتم تعلمون 188
And do not consume one another's property by falsehood, and do not bring it to the judge, that you may consume some of it with sin while you know.

Allah SWT forbids not to eat the property of others in a false way. What is meant by "eating" here is "using" or "utilizing" as can be used in Arabic and other languages. But what is meant by falsehood is in a way that is not according to the law that Allah has decreed. Islamic business ethics has actually been taught by the Prophet SAW. when conducting trade. Characteristics of the Prophet Muhammad saw., as a trader is in addition to his dedication and tenacity also has the nature of shiddiq, fathanah, amanah, dan tabligh (Wirausaha berbasis syariah c/ H.B. Ma ruf Abdullah ; editor, Budi Rahmat Hakim | Dinas Perpustakaan dan Arsip Daerah DIY, no date). The characteristics are still added Istiqomah, namely:

a. Shiddiq, means to have honesty and always based on speech, belief and deeds on the basis of values yag taught Islam. Istiqomah or consistent in faith and good values, despite facing temptations and challenges. Istiqomah in goodness is displayed in firmness, patience and tenacity so as to produce something optimal.

b. Fathanah, means to understand, understand, and deeply internalize all that is his duty and obligation. This trait will give rise to creativity and the ability to do a variety of useful innovations.

c. Amanah, responsibilities in carrying out each task and obligation. Trust is displayed in openness, honesty, optimal service, and ihsan (virtue) in all things.

d. Tabligh, invite and give examples to other parties to implement the provisions of Islamic teachings in daily life (various sources).

Business actors/ companies must have a mandate by displaying an attitude of openness, honesty, optimal service, and ihsan (doing the best) in everything, let alone related to community service. With the nature of trust, businesses have a responsibility to practice their obligations. The nature of tabligh can be conveyed by businesses wisely (wisdom), patient, argumentative, and persuasive will foster a solid and strong humanitarian relationship.

Islamic business ethics uphold the spirit of mutual trust, honesty, and justice, while between company owners and employees develop a family spirit (brotherhood). For example in a company that Islamic employee salaries can be lowered if the company is really losing money and employees also get bonuses if the company's profits increase.

**RESEARCH MODEL**

Figure 1. Research Model

![Research Model Diagram]

- Traditional Retail
- Modern Retail
- Government Intervention
- Strategies Developed
- Business Competition
- Reviewed from Islamic business

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The existence of traditional retail and modern retail resulted in a relationship between the two. The relationship between the two gave rise to government intervention as well as their respective strategies. Then came the business competition. Then, the relationship in its business competition is reviewed from the Islamic business.

Research Methods
Types and Approaches of Research
This research is a field study using qualitative approach, which is a research procedure that produces descriptive data in the form of written or spoken words from people and observed behaviors (Moleong, 2006). This type of research is phenomenological research. Phenomenology is the science of symptoms or what things appear (Metode Penelitian Kuantitatif, Kualitatif & Penelitian Gabungan - Prof. Dr. A. Muri Yusuf, M.Pd. - Google Buku, no date).

Population, Sample and Sampling Techniques
The population in this study was 8 modern retail consisting of 3 alfamart and 5 Indomart in Wiradesa Sub-district, as well as 428 traditional retail in the form of grocery stores and food stalls scattered in Wiradesa Subdistrict. Purposive sampling techniques are used to determine samples. The samples in this study are traditional retail and modern retail traders in Wiradesa Subdistrict, Pekalongan, namely 2 modern retail consisting of 1 Alfamart and 1 Indomart in Gumawang village where in Wiradesa sub-district there is only 1 Franchise-based Indomart and 1 Franchise-based Alfamart in Gumawang village.

Measurement, Data, Data Collection Techniques, and Analysis
Traditional retail taken is a grocery store with criteria: it has been established more than 5 years, and the type of products that have varied, the building of a fixed store, closest to Alfamart or Indomart. In this case consists of 1 grocery store in Gumawang Village located around Alfamart and Indomart and Biru Store located in Kemplong Village, Wiradesa District. Sampling techniques in this study using purposive sampling. Researchers conducted observations on several modern retail and traditional retail in Wiradesa Sub-district, then took some samples that were considered good. Data retrieval techniques in this study are a) observations that are non-participant observers. Researchers looked at how business strategies and competition are applied by traditional retail businesses and modern retail. This observation was conducted in Alfamart and Indomart Gumawang village, Adam's Shop Gumawang village, and Kemplong Village Blue Shop, Wiradesa Subdistrict, b) unstructured interview to the head of modern retail, traditional retail owner, and 5 consumers from each retail store, c) documents obtained in the form of data on the number of traditional and modern retail in Pekalongan. Data obtained from interviews, observations, books, journals, and previous research collected by authors related to problems in this study.

Primary data obtained from traditional retail and modern retail owners as well as interviews to consumers include strategies applied and understanding Islamic business concepts, from modern retail and traditional retail. Secondary data obtained from the Department of Industry, Trade, and Cooperatives, especially in the field of trade pekalongan in the form of data on the number of minimarkets and the number of grocery stores and food stalls. In addition, data is also obtained from literature on Islamic business and business competition. In testing the validity of the data, researchers used data triangulation techniques. Data
triangulation can be done by testing the researcher's understanding with the informant's understanding of what the informant informs the researcher. Triangulation is done in four ways: 1) Source triangulation, which is to compare and check back the degree of trust of information obtained through different times and tools in qualitative methods (M.A, 1998). Data analysis is done by comparing the correctness of data from various sources of information, namely from interview sources to traders, observations, and data from the Department of Industry, Trade, and Cooperatives pekalongan. 2) Triangulation Method is with two method strategies, namely: (a) checking the degree of trust discovery of research results of several data collection techniques and (b) checking the degree of trust of several data sources with the same method (M.A, 1998). Researchers check the veracity of the data through different informants, where researchers retrieve data from several informants not just one informant. The data analysis technique used is economic phenomenology. In this study, researchers tried to get as close as possible to the object of the study. Researchers become consumers of each store, conduct interviews to owners or consumers, and observe from the phenomenon of retail business competition that occurs.

DISCUSSION

1. Business Competition between Traditional Retail and Modern Retail in Wiradesa Subdistrict, Pekalongan.
   a. Price

   In pricing products sold, modern retailers such as Alfamart and Indomart set an average profit of 10-20% of the purchase price. The selling price set by grocery stores is cheaper compared to modern retail. This is also strengthened by the results of interviews with consumers, from 5 Alfamart consumers and 5 Indomart consumers said if not in the promotion period, the selling price in Alfamart and Indomart is more expensive than the market price (Asih, 2018) and (Interview Latifah, 2018). While Store Biru and Store Adam, it is said to be cheaper selling price by 5 consumers Adam Store and 5 Consumers Blue Store (Mufidah, 2018) and (Alfauzan, 2018). Here are some price comparisons of products sold in both retailers:

   **Table 3**
   **Product Price Comparison**

   | Product name       | Modern retail | Traditional retail |
   |--------------------|---------------|--------------------|
   |                    | Alfamart      | Indomart           | Blue Store | Adam Store |
   | Rice rojo lele 5 kg| Rp. 61.300    | Rp. 61.300         | Rp. 60.000 | Rp. 60.000 |
   | White sugar 1 kg   | Rp. 12.500    | Rp. 12.500         | Rp. 11.200 | Rp. 11.200 |
   | Aqua bottle 600 ml | Rp. 3.600     | Rp. 3.600          | Rp. 2.300  | Rp. 2.500  |
   | Delicious fried noodles | Rp. 2.400    | Rp. 2.400          | Rp. 2.200  | 2.200      |

   Source: Data processed from various interviews with Alfamart, Indomart, Biru Store, and Adam Store in February 2018.

   According from Table 3, the price of products between modern retail and traditional retail has a difference of Rp.1000–Rp. 1,300. The price of products in modern retail is more expensive because modern retail provides better facilities compared to traditional retail in the form of a comfortable
place to shop, better service, and so on. This is as stated by the head of Alfamart stores, Muji Asih in a past interview. "In setting the price, Alfamart in addition to following the market price also provides a price to the existing facilities, so that the price of products in Alfamart is more expensive than grocery stores" (Interview Asih, 2018).

b. Product

The products sold by modern retail are more varied compared to traditional retail. Alfamart sells a variety of products that number 3000 items, Indomart as many as 2000 items, while Store Adam as many as 500 items, and Biru Store as many as 1000 items. The types of products sold are almost the same, namely in the form of groceries, detergents, snacks, soft drinks, soaps, shampoo, mineral water, and sabegainya. However, there are some types of products in Alfamart and Indomart that are not sold in grocery stores, as well as children's toys, etc.

Indomart and Alfamart also issue house brands or products labeled Indomart or Alfamart, as well as mineral water, rice, cooking oil, tissue, snacks labeled Alfamart or Indomart. Usually house brand products issued by Alfamart or Indomart are cheaper than other similar branded products. Thus, this becomes one of the attractiveness of consumers to buy similar products at a cheaper price.

In providing products, modern retail or traditional retail equally pay attention to MUI halal label, as well as the packaging and quality of the products to be sold. Goods sold in the market will be sold more than less sold goods in the market. Brands are also one of the considerations in selling products, both traditional retail and modern retail equally pay attention to the brand of the product to be sold, namely by deciding to sell products with a trusted brand. Consumers get a guarantee in the form of return of damaged or expired goods as long as there is a label, can be exchanged for the same goods. The following data is presented in Table 4 below:

| Indicator                | Alfamart | Indomart | Biru Store | Adam Store |
|--------------------------|----------|----------|------------|------------|
| Number of items sold     | 3000 items | 2000 items | 1000 items | 500 items  |
| House brand              | There is | There is | There is not | There is not |
| MUI halal label          | All products | All products | All products | All products |
| Packaging                | Must be good | Must be good | Must be good | Must be good |
| Merk                     | Trusted | Trusted | Trusted | Trusted |
| Product guarantee        | Receive a return of damaged goods | Receive a return of damaged goods | Receive a return of damaged goods | Receive a return of damaged goods |

Source: Results of interview with Head of Alfamart, Indomart, Biru Store and Adam Store in February 2018

c. Service

There are differences in terms of service to consumers between traditional retail and modern retail. In modern retail, service is done in two ways, namely direct and indirect interaction to consumers. Broadly speaking, Indomart and Alfamart provide
services through direct interaction through 3S, namely greetings, smiles, greetings. In addition, it also offers baskets to consumers, assists consumers in finding the goods they need, and emphasizes friendliness to consumers. Employee friendliness to consumers is also recognized by consumers, 5 Alfamart consumers and 5 Indomart consumers say that in terms of service, they serve with a friendly, polite, and smile (Interview Asih, 2018 & Interview Latifah, 2018).

In the form of indirect services, Indomart and Alfamart pay attention to the facilities provided to consumers, such as lighting, air conditioning, clean rooms, product arrangements, clean toilets, seating, and so on. In addition, Indomart and Alfamart also apply SOP that must be adhered to by every employee to maintain the credibility of the store. In addition to the above services, Alfamart and Indomart also apply integrity and high commitment to employees in working. The work culture applied by Alfamart is high integrity, innovation for better progress, highest quality and productivity, teamwork, and customer satisfaction through the best standards of service. While at Indomart, the work culture applied is summarized in "Ten steps Towards Prima Store" as described.

While in traditional retail, the service is applied only to the work culture that occurs in the general public. Biru Store or Adam Store do not apply the rules of work in writing as applied by Indomart and alfamart. However, Biru Store and Adam Store only emphasize hospitality to consumers, such as giving smiles, and serving well. This is done with the aim of retaining customers. In terms of facilities provided, Biru Store and Adam Store do not provide many facilities as provided by Alfamart and Indomart. The service of the place is provided roughly, there is no air conditioning, cctv, adequate lighting, and toilet. Blue Store that already has employees also does not have written rules that must be done by employees. The principle of work carried out is gotong royong, where in work is done together and help each other. While at Adam Store, the owner who acts as a waiter and cashier also just runs as it is. The comparison of services of both types of retail is reflected in Table 5 below.

Table 5. Comparison of Services in fourth Retail

| Indicator                     | Alfamart | Indomart | Biru Store | Adam Store |
|------------------------------|----------|----------|------------|------------|
| Direct service               | 3S (Greetings, Smiles, Regards) | 3S (Greetings, Smiles, Regards) | Friendly | Friendly |
| Indirect service             | Complete facilities | Complete facilities | Not Complete facilities | Not Complete facilities |
| Operational Procedure Standard of work | There is | There is | There is not | There is not |

Source: Results of interview with Head of Alfamart, Indomart, Biru Store and Adam Store in February 2018

d. Promotion

In modern retail, promotions are widely done, ranging from product promotions, promotions given to members, and monthly promotions. Product promotion is done by issuing a catalog / newspaper promo once a week that is distributed to the public or
consumers. So that consumers can know what products are in the promotion period. This product promo can also be seen through alfamart or Indomart official website. Catalog / Newspaper promo provided is always updated and alternated, so consumers must also update information issued by Alfamart and Indomart.

Another promotion given by Alfamart and Indomart is a discount on the price of the product after making a purchase with a certain nominal limit. In Alfamart, it is known as JSM Alfamart promo while in Indomart it is known as cheap redeem. This promotion is usually consumers who spend more than Rp. 50,000 can buy certain items at a cheaper price. Member promos are also applied in Alfamart and Indomart. Consumers who have registered as Alfamart or Indomart members, can have a member card, with the member card, consumers get a discounted price in each purchase by showing the member card to the cashier. In addition, there are also bonuses or sweepstakes offered by certain products with lucky lottery winners will get prizes such as bonus dinning sets, sightseeing, and so on.

While in Adam Store and Blue Store, do not do promotions as done by Alfamart and Indomart. In running its business, Biru Store and Adam Store only do promotions in the form of sales of certain products at cheaper prices. It is also done because supplier provides price promotions to stores. Supplier gives a price promotion to the store, and the store will sell the product at a low price. In addition, the store does not provide promotions of any kind. Both stores rely solely on the trust of consumers or customers who have been formed for a long time, as well as maintaining good relationships with consumers and supplier. This is reinforced by the results of interviews with consumers Alfamart, Indomart, Biru Store, and Adam Store, that they say Alfamart and Indomart often do promotions 2-4 times a month, while Biru Store and Adam Store rarely do promotions. The following data is presented in Table 6 follows:

| Indicator       | Alfamart          | Indomart          | Biru Store       | Adam Store       |
|-----------------|-------------------|-------------------|------------------|------------------|
| Weekly deals    | Newspapers/ promo catalogues | Newspapers/ promo catalogues | Don't do promotions | Don't do promotions |
| Monthly promo   | JSM               | Cheap redeem      |                  |                  |
| Member promo    | Discount          | Discount          |                  |                  |

Source: Results of interview with Head of Alfamart, Indomart, Biru Store and Adam Store in February 2018

e. Place

Alfamart and Indomart in determining the location of the business choose a strategic place, usually on the side of the highway, or the center of the crowd. Its easy-to-reach location can be an attraction for consumers to buy. Then for the arrangement of the place, lay out the store is arranged in such a way with the arrangement of products in the shelves grouped by type of goods. Similar items will be placed in one shelf so as to make it easier for consumers to find the desired product.

In the arrangement of the place, Alfamart and Indomart also prioritize the cleanliness and neatness of the store, as well as operational facilities that are
maintained and maintained should also be considered. In terms of distance with similar stores, Alfamart and Indomart do not pay attention to this. In the rules of Pekalongan Regent Regulation No. 23 of 2016 concerning Guidelines for Implementation of Pekalongan District Regulation No. 1 of 2014 concerning The Arrangement, Construction and Supervision of Traditional Markets, Shopping Centers and Modern Stores as amended by Pekalongan District Regulation No. 10 of 2015 concerning Amendments to Pekalongan District Regulation No. 1 of 2014 concerning The Arrangement, Development and Supervision of Traditional Markets, Shopping Centers and Modern Stores, in Chapter II on The Arrangement of People's Markets, Shopping Centers and Convenience Stores article 3 explained that the establishment of networked minimarkets are not allowed to be less than 1,000 (one thousand) meters from the people's market. From these rules, there are no rules regarding distance with similar businesses. So Alfamart and Indomart do not pay attention to the distance of its stores with similar businesses around it.

While Adam Store and Biru Store, in determining the location of the business does not consider some things as alfamart and Indomart do. The location of the shop is in that place because the land that the owner has is in that place, and the shop land is also part of the house land. Not because of a certain strategy set, but only a coincidence if the store owned is in the center of the crowd. Determination of the distance between similar businesses around it is also not a consideration of the owner, most importantly they compete healthily. Then for the arrangement of products, Biru Store and Adam Store have implemented the arrangement of goods based on the type of product, so that this can facilitate consumers in finding the desired product. However, in terms of structuring, cleanliness, neatness is still not noticed. Like Adam Store and Blue Store, although the arrangement of goods has been grouped by type, but the arrangement of shelves still looks less neat and there are still some products that look dusty on the shelves. The price listed on the shelf also sometimes does not match the price recorded in the room. The following data is presented in the form of a table 7:

**Table 7.**

| Components | Alfamart | Indomart | Biru Store | Adam Store |
|------------|----------|----------|------------|------------|
| Venue selection | Strategic | Strategic | Not paying attention | Not paying attention |
| Store Layout | Grouped by item type | Grouped by item type | Grouped by item type | Groupe d by item type |
| Hygiene | Highly noticed | Highly noticed | Highly noticed | Highly noticed |
| Neatness | Highly noticed | Highly noticed | Under-noticed | Under-noticed |
| Facilities | Complete | Complete | Incomplete | Incomplete |

Source: Results of interview with Head of Alfamart, Indomart, Biru Store and Adam Store in February 2018

From the discussion, it can be concluded that there is a difference in business competition strategy between traditional retail and modern retail. Competition will be sharper if certain industry
conditions encourage companies to undertake price-cutting strategies or other strategies to boost sales volume, as well as make aggressive strategic moves to improve their position by exploiting competitors’ weaknesses (Hariadi, 2005). This is also done by Adam Store and Biru Store where these two stores set cheaper rices than Indomart and alfamart, thus becoming a strength in their business. Meanwhile, Alfamart and Indomart, with their more expensive products, use promotional strategies that are not carried out by Adam Store and Biru Store, so this is the strength of Alfamart and Indomart. Business competition is happening, making each store look for a strategy to maintain its business.

2. Business Development System between Traditional Retail and Modern Retail Reviewed from Islamic Business Concept and Business Competition

a. Business Development System reviewed from Islamic Business Concept. Analysis of business development system seen from the legal basis in Islamic economy in the letter An-nisa' [4] : 29 which reads:

“Believers, do not consume each other's property in vain, except in the manner of mutual business. And do not kill yourselves; Indeed, Allah is Most Merciful to you.” (An-nisa' [4] : 29)

In sura An Nisa' verse 29 it is explained that the prohibition of Allah SWT consumes wealth in a false way. The word bathil is referred to as Maghrib (Maysir, gharar, and riba). Business development that includes price aspects, modern retail and traditional retail does not do Maghrib elements (Maysir, gharar, and usury). Alfamart, Indomart, Adam Store, and Biru Store do not maysir against the set price. This can be seen from the price set against the product in accordance with the facilities provided. Alfamart and Indomart take profits as much as 20-40% can be considered reasonable because it is balanced with the facilities provided to consumers so as to provide convenience in shopping. Unlike Adam Store and Blue Store, where they take profit as much as 10-20% of the purchase price, but they do not provide more facilities like Indomart and Alfamart do. So the price set by Adam Store and Biru Store is cheaper compared to Alfamart and Indomart. This becomes reasonable because the set price is offset by the facilities provided.

This is reinforced by Ibn Taymiyah's opinion on fair prices. Ibn Taymiyah used two terms in referring to the price of equal compensation ('iwadh al-mitsl) and the equivalent price (tsaman al-mitsl). He stated, "An equivalent price is the standard price that applies when a society sells its wares and is generally acceptable as an equivalent to such goods or similar items at a special time and place"(Adiwarman Azwar Karim,
In this case, Alfamart and Indomart there is a tight competition, where there is Indomart must be next to Alfamart. These two modern retailers compete with similar businesses. The intense competition between Alfamart and Indomart can be seen from the strategy of each store that always issues new innovations to attract consumers shopping. Such as ease of shopping, convenience in shopping, as well as a variety of promotions that can attract consumers. This situation, indirectly can turn off similar businesses around it, such as grocery stores. In this case, Alfamart and Indomart do not consider other similar businesses around it. Thus, grocery stores that have less capital can not keep up with the existing competition, and can finally be eliminated by Alfamart and Indomart which have quite a lot of capital and issue many new innovations. As in point two article 1 of Law No. 5 of 1999 concerning the prohibition of monopoly practices and unfair competition that in control of production resulting in other businesses can not enter into the same business competition goods and or services. The study found that small-capitalized businesses would be eliminated by large-capital businesses, as was the case between traditional retail and modern retail.

Alfamart and indomart issue house brand products where the product is not available in other stores, only sold in Alfamart and Indomart itself. In this case, Alfamart and Indomart try to create their own products at a cheaper price and there are no substitutions

b. Business Development System reviewed from Business Competition

2012). It is understood that an equivalent price is a price that is acceptable to society in general. The price set by Alfamart and Indomart is also still fair, and the public still accepts the price set by this modern retail.

Products sold by Alfamart, Indomart, Biru Store, and Adam Store are also clearly displayed on shelves. So that consumers can see directly the goods they will buy. In addition, products are also obtained from suppliers that have been trusted. Thus, there is no element of gharar (obscurity) in the sale of products. Like Adam Store and Biru Store, although both are still classified as traditional retail, but these two stores have arranged products sold on shelves according to the type of products, in addition some products located in the storefront can also be seen by consumers, so there is no element of obscurity in these four businesses.

In terms of service, promotion, and place, these four businesses also do not do things that violate Islamic law. Alfamart and Indomart provide the best service to consumers such as giving smiles, offering baskets, and providing a friendly attitude to consumers, this does not violate Islamic rules. The promotion is also fair, where in doing promotion to these four businesses do not drop similar businesses around it. However, in the selection of places, these four businesses do not pay attention to similar efforts around it.
in other stores. This is, as point one, where one indication of mastery over production can occur. The existence of Indomart and Alfamart indicates monopoly practices, where Alfamart and Indomart are already spread throughout Indonesia, as well as controlling market share in Indonesia.

In the phenomenon being researched by the authors, there is unhealthy competition between modern retail and traditional retail. This unhealthy competition occurs because traditional retail with a small capital must face modern retail with a large capital. This is certainly detrimental to traditional retail, because with its capital limitations it cannot balance itself with the innovations made by modern retail. Monopoly practices and unfair competition can shut down the business of its competitors in the market concerned. This can also happen in traditional retail where the business can be turned off by the existence of modern retail. Modern retail with all its innovations can attract consumers to shop more in modern retail than traditional retail with all its limitations. Thus, traditional retail businesses will be marginalized if they cannot innovate better than modern retail.

CONCLUSION

Business competition between modern retail and traditional retail in Wiradesa Subdistrict, Pekalongan, Central Java is very tight. Business competition that occurs between the two retails occurs from each retail to maintain (resilience) business and develop its business in the midst of business competition that occurs. The low price strategy carried out by Adam Store and Biru Store is a strength in its business. Meanwhile, Alfamart and Indomart, with their more expensive products, use promotional strategies that are not carried out by Adam Store and Biru Store, so this is a strength for Alfamart and Indomart.

The business development system is reviewed from the Islamic business concept, judging from the foundation of Islamic law, both modern retail such as Alfamart, Indomart, and traditional retail such as Biru Store, and Adam Store, all of which do not do MAGRIB in running their business. Both types of retail do not perpetuate Islamic values. The strategy applied there is also an element of honesty, professional, friendship. However, for the element of sincerity and sacred intentions because worship is only found in Adam Store and Blue Store. From Islamic business ethics, both types of retail apply the nature of shiddiq and trust. On the nature of fathonah, which in terms of business is associated with creativity, only Alfamart and Indomart apply, while Adam Store and Blue Store are not. On the nature of Tabligh, this is attributed to giving examples to others found only in the Blue Store and Adam Store.

When viewed from its business competition, business competition between modern retail and traditional retail contains elements of monopoly and unfair competition. Where, Adam Store and Biru Store, small capital businesses must face competition Alfamart and Indomart businesses with large capital. Alfamart and Indomart also monopolize the market whose existence can turn off the traditional retail around it, one of which is with the production of house brands.

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