The growth of modern food retail structures, including hypermarkets, supermarkets and mini-markets, has been taking place in Indonesia for more than two decades. Initially, modern food retailers focused mainly on servicing the needs of upper-income consumers and were typically centrally-located and managed. Modern food outlets have expanded their market to middle- and low-income households in suburban and rural areas (CABulty et al., 2007; Surjadi et al., 2010). The penetration and diversification strategies of modern food retailers in Indonesia have resulted in consumers that supermarket penetration may negatively impact the Indonesian food supply chain. For example, if traditional food retailers are crowded out of the market, smallholder farmers may lose market access (Ferton et al., 2011; Surjadi et al., 2010). Additionally, consumers’ access to fresh affordable produce could decrease if traditional retailers are forced out of the market. Consequently, diet quality may be adversely affected if fresh fruit and vegetable consumption decreases or consumption of highly processed food increases (Blok, 2008).

Previous studies investigating the impact of superstores on food prices have limitations due to small representative samples. This study explores differences in consumers’ shopping behavior with respect to multiple formats, including hypermarkets, supermarkets, mini-markets, wet markets, and public traditional Indonesian supermarkets. Preferences and frequency of use and expenditure shares at each modern and traditional food outlet are examined. A survey assessed respondents’ frequency of shopping for food at seven retail formats, distance and travel time to each outlet, perceptions of quality, safety, price, and trust of information provided by retailers, food expenditures and socio-demographics. Data is analyzed from household surveys conducted from November, 2010 to January, 2011. The sample consists of 1180 urban households from three cities: Surabaya, Bogor, and Surakarta. Surveys were completed via face-to-face interviews with the person responsible for purchasing food for the household. Cities and households were selected using systemic random sampling methods considering population, income, and distance to nearest hypermarket or supermarket. The survey assessed respondents’ frequency of shopping for food at seven retail formats, distance and travel time to each outlet, perceptions of quality, safety, price, and trust of information provided by retailers, food expenditures and socio-demographics.

Methods

Data is analyzed from household surveys conducted from November, 2010 to January, 2011. The sample consists of 1180 urban households from three cities: Surabaya, Bogor, and Surakarta. Surveys were completed via face-to-face interviews with the person responsible for purchasing food for the household. Cities and households were selected using systemic random sampling methods considering population, income, and distance to nearest hypermarket or supermarket. The survey assessed respondents’ frequency of shopping for food at seven retail formats, distance and travel time to each outlet, perceptions of quality, safety, price, and trust of information provided by retailers, food expenditures and socio-demographics. Ordered probit models were estimated to determine if socio-demographics, attitudes regarding nutrition, food quality and consumers’ perceptions of the retail format type help to explain higher shopping frequency. The dependent variables in the ordered probit models were the frequency of shopping at each retail outlet format.

Results

Ordered Probit Results: Frequency of Shopping at Food Retail Type

<table>
<thead>
<tr>
<th>Variable</th>
<th>Hypermarket</th>
<th>Supermarket</th>
<th>Minimarket</th>
<th>Traditional Market</th>
<th>Modern Market</th>
<th>Peddler</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coeff</td>
<td>-0.000</td>
<td>-0.017</td>
<td>0.000</td>
<td>0.012</td>
<td>0.009</td>
<td>0.046</td>
</tr>
<tr>
<td>Prob &gt; chi2</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Wald Chi2</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Conclusions & Take Home Messages

Traditional food retailers are still used most frequently by the majority of Indonesian consumers. Consumers perceive traditional retailers to be the ‘best’ type of outlet to buy fresh meat, fish, fruit and vegetables. Traditional retailers will need to be innovative to maintain market share because they are an important markets for smallholders. Thus, the government may have a role to play in helping develop innovative retailing strategies.

References & Acknowledgements


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