

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

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**Report submitted in partial fulfillment of the requirements for the award
of the degree of Bachelor of Industrial Technology Management with
Honours**

**Faculty of Industrial Management
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January 2016

SUPERVISOR'S DECLARATION

I hereby declare that I have checked this project and in my opinion, this project is adequate in terms of scope and quality for the award of the Degree of Bachelor of Industrial Technology Management with Honours.

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STUDENT'S DECLARATION

I hereby declare that the work in this project is my own except for quotations and summaries which have been duly acknowledged. The project has not been accepted for any degree and is not concurrently submitted for award of other degree.

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ABSTRACT

This research is the study about the impact of hypermarket operation to local retailing business in Bukit Gambir, Ledang District, Johor Darul Ta'zim. This study was also conducted to analyze the regulatory framework existing with regard to the operation of hypermarkets in Malaysia and subsequently assess 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 reference to a Euromonitor International Report, interviewing Officer of Tangkak District Council and retailers as well as visiting the study area was conducted. Data collected from the interviews will be analyzed using descriptive methods phenomenographic where the phenomenographic will determine how the regulatory framework hypermarket affect local businesses in Bukit Gambir than accessing the socio-economic impact on local communities.

Keywords: hypermarket, retailers, development, retail store, local community, shopping behavior, shopping center.

ABSTRAK

Kajian ini dijalankan untuk mengkaji kesan operasi pasaraya besar kepada peniaga tempatan di Bukit Gambir, Daerah Ledang, Johor Darul Ta'zim. Kajian ini juga dijalankan bagi menganalisis rangka kerja kawal selia yang sedia ada dengan mengambil kira operasi pasaraya besar di Malaysia dan seterusnya mengakses kesan sosio-ekonomi operasi pasaraya besar kepada masyarakat tempatan. Kawasan yang terlibat ialah Bukit Gambir, Johor dimana jarak persekitaran dalam lingkungan 3.5 km dari kawasan pasaraya besar. Bagi mencapai objektif ini, pengumpulan data melalui rujukan kepada Laporan Euromonitor International, menemubual pegawai Majlis Daerah Tangkak (MDT) dan peniaga serta melawat ke kawasan kajian telah dijalankan. Data yang telah dikumpul dari temubual akan dianalisis menggunakan phenomenographic dimana melalui kaedah deskriptif phenomenographic akan menentukan bagaimana rangka kerja kawal selia hypermarket memberi kesan kepada peniaga tempatan di Bukit Gambir selain mengakses kesan sosio-ekonomi kepada masyarakat tempatan.

Kata kunci: pasaraya besar, peruncit, pembangunan, kedai runcit, masyarakat tempatan, tingkah laku membeli belah, pusat beli belah.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The retailer is a one sector that has long been developing with the advance not only in Malaysia but all over the world doing this sector. Retailing is a one place for people to buy their daily needs. A decade ago, the retailing in Asia represents a local business there are mostly conducted by local people themselves. Now it is changing due to the presence of a form of international business, which is dominated by foreigners (The Economist, 01.07.2001). The shop revolution has been increased the facilities of shopping and selection of goods and services to consumers, and also develop opportunities for farmers to obtain the market of spectrum wider food market and can increase their revenues (Lim et al. 2003). However, it has been created the challenges for retailers and suppliers that there are not ready to facing the new competitor caused by moderns shop (Ahmad et al. 2006).

Many are probably mistaken about the retail or retailing which refers to the business in a retail store or mini market only and sundry. This condition may be caused meaning of the word itself, which means retail piecemeal, so retail business only involves small businesses only. Retail activity actually sell goods or services to end users for personal, family or household member or to be given to another individual such as a friend or neighbor. So all types businesses regardless of size, such as hypermarkets,

supermarkets, variety stores department stores, specialty stores, convenience stores, and direct sales business through mail order, telephone, catalog, internet and vending machines are included in the scope retail business.

If viewed in a channel of distribution of goods and services, retail dealer or retailer is the connecting between manufacturers and wholesalers with end users (See Figure 1.1). However, the scope of retail business not only involves the relationship between retailer and purchase and end users only. In contrast, any transaction directly between end users by manufacturers or wholesalers included in the scope retailing as long as the goods purchased are for personal, family, and household or to give to others. For example, the users buy vegetables from farmers or buy fish from fishermen or buy wholesale groceries from the store.

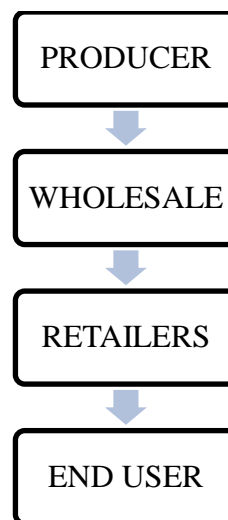


Figure 1.1: Distribution Channels Goods and Services

Retail environment in Malaysia currently has changed significantly compared before. These changes include many aspects such as the types and business methods, goods sold, business location, external structures (buildings) and decorative internal. The country's strong economic growth, political stability and income and purchasing power of a growing population have contributed to the development of retail activities in our country. Many foreign retailers interested to invest due to the

factors mentioned above including retailers who embodies the concept of hypermarket business.

Retail business is currently undergoing two major changes. The first change is the change of supermarkets and small shops to hypermarkets. The second change is the invasion companies from developing countries such as they use all the skills, expertise existing technologies, and their culture, to upset our retailers here and bring variations and how business between us and them. Briefly, mostly hypermarkets owned by foreign investors such as Jaya Jusco Stores, Giant, Tmc, Tops Retail Malaysia, Makro Cash and Carry Distribution and Tesco, and others. If it is not controlled wisely, small traders might experience significant losses and had to close their businesses because there is unfair competition to small traders that also depend on the same group of customers.

Supermarkets can be classified into three categories that are small supermarket, medium supermarket and large supermarket. Small supermarket is a supermarket which has an area in the range of 30,000 to 50,000 square feet. Medium supermarket is a supermarket which has an area of 50,000 to 80,000 square feet. While supermarket which has an area of over 80,000 square feet categorized as hypermarkets (hypermarket) (Zainal Abidin, 1992).

The retail industry is the last connectors in the flow of products from producers to consumers. So it is very important in the economy of a country. The economy will not work without retailing and effectiveness retailing of the institutions generally require monitoring of government every time. Retail business is the only business sector that is easiest venture in Malaysia and the type of retail business is the most popular business venture is the supply of food. It is not surprising to us, when we go through any path, we must find and look there some premises small retailers who do business based food preparation. This type of business is very easy to implement because the process is not complicated and capitalize moderate rate. When viewed from the angle of the type of business carried out by small traders mostly business-type food and beverage services (workshops, barber, sewing,