

Analysis of the Kiosk Rental Pricing System in Increasing Revenue at the Regional Public Company of Ya'ahowu Market Gunungsitoli–Nias

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ABSTRACT

This study aims to analyze the kiosk rental pricing system as an effort to increase the revenue of the Regional Public Company (Perumda) Pasar Ya'ahowu Gunungsitoli – Nias, as well as to identify the influencing factors. The background of this research is based on the increasing number of vacant kiosks, indicating a low level of tenant interest, which is suspected to be caused by a suboptimal pricing system, including factors such as location and purchasing power. The research method used is descriptive qualitative, with data collection techniques through observation, in-depth interviews, and documentation. Research informants consisted of market management and kiosk tenants. The results of the study indicate that the pricing system remains administrative in nature and has not fully considered market aspects such as consumer segmentation, competitive conditions, and purchasing power. Internal factors such as operational costs and company revenue targets influence pricing policies, while external factors include kiosk location, local economic conditions, and competing businesses. The pricing strategy applied has not fully adapted to market dynamics, and although price evaluations are conducted periodically, they have not been responsive to changes in demand and kiosk conditions. The findings suggest that a fair, flexible, and market-oriented pricing system is necessary to increase kiosk occupancy and sustainably boost company revenue.

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1. INTRODUCTION

In the era of globalization and rapid economic development, the trade and service sectors play a pivotal role in regional economic growth. Traditional markets have long been considered essential components of local economic activity, acting as hubs for trade and the distribution of basic commodities (Fukuda, 2020). However, the emergence of modern markets and e-commerce platforms has posed significant challenges to their sustainability. To remain relevant and competitive, many traditional markets have transitioned into semi-modern markets, integrating modern facilities and services while preserving cultural and community-oriented values (Wood et al., 2021).

One of the most promising business activities in traditional and semi-modern market settings is kiosk rental. This type of business provides entrepreneurs with strategic locations to sell goods and services without the financial burden of owning or constructing physical premises. Kiosk rental is not only a source of income for market operators but also a valuable service for micro, small, and

medium enterprises (MSMEs), enabling them to operate flexibly according to their financial capacity and business needs (El Idrissi et al., 2023).

The Regional Public Company of Ya'ahowu Market (Perumda Pasar Ya'ahowu) is a government-owned enterprise established under Nias Regency Regulation No. 9 of 2019. Located in Gunungsitoli City, one of the main commercial centers in Nias Island, the market attracts traders from both urban and rural areas. This strategic position makes it an ideal location for kiosk rental services. However, the effectiveness of its rental pricing system has become a key determinant of occupancy rates and overall market competitiveness (Zhen et al., 2021).

Pricing decisions in kiosk rental businesses have a direct impact on revenue generation and tenant satisfaction. An effective pricing system must balance the interests of the market management and tenants, ensuring fairness, profitability, and sustainability. (Manurung & Kurniawan, 2022) emphasize that price is the amount of money charged for a product or service, reflecting not only the cost of production but also perceived value, market demand, and competitive conditions. A poorly designed pricing policy may result in high vacancy rates due to perceived unaffordability or low market appeal, as observed in the increasing number of unoccupied kiosks at Perumda Pasar Ya'ahowu from 2020 to 2024.

Several factors influence kiosk rental pricing, including internal factors such as operational costs, revenue targets, and strategic objectives, as well as external factors like location, market competition, and community purchasing power (Fukuda, 2020). Location, in particular, plays a crucial role; kiosks in high-traffic areas typically command higher rental prices than those in less strategic positions. Moreover, local economic conditions and tenants' financial capacity are critical in determining an acceptable and competitive price level.

The problem of rising vacancy rates in kiosks at Perumda Pasar Ya'ahowu underscores the urgency of implementing a more market-oriented and adaptive pricing strategy. According to Ramadhani and Prasetya (2020) in (Wood et al., 2021), mismatches between rental prices and tenant affordability can significantly reduce market occupancy and consequently lower overall revenue. Therefore, pricing systems must incorporate periodic evaluations and be responsive to shifts in demand, economic conditions, and competitive dynamics.

From a managerial perspective, the adoption of a fair, flexible, and segmented pricing strategy can optimize kiosk occupancy and enhance revenue streams. Market segmentation based on factors such as kiosk location, type of goods sold, and tenants' financial capacity enables targeted pricing policies, increasing both market competitiveness and tenant retention (Theodore et al., 2022). Such an approach not only addresses financial goals but also promotes the social and economic sustainability of the market.

Given these considerations, this study aims to analyze the kiosk rental pricing system at Perumda Pasar Ya'ahowu and its role in increasing company revenue. It also seeks to identify the internal and external factors affecting pricing decisions and evaluate the extent to which the current strategy aligns with market conditions. The findings are expected to contribute to both academic literature and practical market management strategies, providing a framework for designing rental pricing systems that are profitable, equitable, and adaptable to changing market realities.

2. RESEARCH METHOD

This study employed a descriptive qualitative research method to provide an in-depth understanding of the kiosk rental pricing system implemented at the Regional Public Company of Ya'ahowu Market (Perumda Pasar Ya'ahowu). The qualitative approach was selected because it enables the researcher to explore phenomena from the perspective of participants, capturing the complexity of social, economic, and managerial contexts (Narvaez Rojas et al., 2021). Data collection involved multiple techniques, including direct observation of market conditions, semi-structured in-depth interviews with key stakeholders, and documentation review of company records and relevant regulations. The use of semi-structured interviews allowed flexibility in probing informants' responses while maintaining a consistent framework for data collection (Polat & Erkollar, 2021). Research informants were selected purposively, comprising market management personnel (including the director, division heads, and operational staff) as well as kiosk tenants, ensuring that the data represented both managerial and tenant perspectives (El Nsour, 2021).

The study utilized both primary and secondary data sources. Primary data were gathered directly from field observations and interviews, while secondary data were obtained from company archives, market occupancy reports from 2020–2024, relevant literature, and online resources related to kiosk rental pricing systems. The researcher acted as the main research instrument, supported by field notes, an interview guide, and an audio recorder to ensure data accuracy (Maulida, 2020). Data analysis followed the Miles and Huberman (1994) in (Wicaksana & Isfania, 2022) interactive model, which includes data collection, data reduction, data display, and conclusion drawing or verification. Triangulation of sources and methods was conducted to enhance data validity and reliability, ensuring that findings accurately reflected the realities of the pricing system and its impact on revenue generation at Perumda Pasar Ya'ahowu.

3. RESULTS AND DISCUSSIONS

Results

The findings indicate that the kiosk rental pricing system at Perumda Pasar Ya'ahowu remains largely administrative, relying on fixed rates determined by internal policies rather than dynamic market analysis. Rental prices range from IDR 2,875,000 to IDR 12,100,000 per year, excluding maintenance service charges (JP) and the one-time business usage permit fee (SIPTU). JP fees differ based on the type of business, with food-related tenants paying IDR 1,200,000 per year and other businesses paying IDR 600,000 per year. This fixed-pricing approach does not fully consider variables such as tenant purchasing power, market demand fluctuations, or competitive pressures, resulting in a gradual increase in vacant kiosks (Katz et al., 2022).

Analysis of internal factors revealed that operational costs and the company's annual revenue targets significantly influence the pricing policy. Management sets prices to cover operating expenses, maintain facilities, and achieve predetermined income goals. However, the lack of integration between cost considerations and market demand has limited the policy's effectiveness. Interviews with management highlighted that while periodic price evaluations are conducted, adjustments are infrequent and often not responsive to sudden changes in tenant occupancy or economic conditions (Solheim et al., 2023).

External factors were also found to play a crucial role in influencing occupancy rates. Location emerged as the most significant determinant, with kiosks in high-traffic areas (e.g., near entrances or main corridors) maintaining higher demand compared to those in less visible sections of the market. Additionally, broader economic challenges, such as reduced consumer purchasing power and competition from other markets or retail centers, further impacted occupancy. Tenants reported that in some cases, rental rates were perceived as disproportionate to sales potential, especially for kiosks located on upper floors or in less accessible areas (ERBAŞI, 2022).

The study also found that current pricing strategies lack segmentation and adaptability. All kiosks within the same category are priced similarly, regardless of differences in strategic value, facilities, or potential foot traffic. This uniform approach has hindered management's ability to attract a diverse range of tenants and has limited opportunities for targeted promotions or flexible pricing schemes to fill vacant spaces. As a result, the overall occupancy rate has declined from 96% in 2020 to approximately 85% in 2024, reflecting the urgency of implementing a more market-oriented pricing model (Sheng et al., 2022).

Discussion

The results suggest that the pricing system at Perumda Pasar Ya'ahowu requires substantial reform to align with contemporary market practices. Kotler and Keller (2016) in (Tran et al., 2021) emphasize that an effective pricing policy must integrate both cost-based and market-based considerations. While the company's current approach covers operational expenses, its limited responsiveness to market signals has contributed to declining occupancy rates. This aligns with findings from Siti Almira Erian (2020) in (Nolte et al., 2020), who noted that rigid government-controlled kiosk pricing often fails to reflect local economic realities, leading to tenant dissatisfaction.

Location-based pricing emerges as a critical strategy for improving occupancy. (Davis et al., 2020) states that location value is a primary determinant of rental pricing, as it directly influences sales potential. A tiered pricing model based on location, visibility, and accessibility could attract

more tenants to prime spots while making less strategic areas more affordable. This approach is consistent with market segmentation theory, which advocates differentiated pricing to match varying consumer needs and purchasing capabilities (Malsha et al., 2020).

The lack of price segmentation at Perumda Pasar Ya'ahowu contrasts with best practices observed in similar markets. Setiyawan and Rofifudin (2024) in (The Government of Japan, 2016) demonstrate that segmenting prices based on type of merchandise, kiosk size, and location improves both occupancy and revenue stability. In the case of Ya'ahowu Market, implementing differentiated pricing for food vendors, non-food retailers, and service-based tenants could better align rental rates with sales potential and tenant profitability.

Periodic evaluation of rental rates should also be made more adaptive. According to (Theodore et al., 2022), flexible pricing models that adjust to economic conditions help maintain tenant loyalty during downturns while optimizing income during periods of high demand. At present, price reviews at Perumda Pasar Ya'ahowu occur but rarely result in meaningful changes, reducing the market's competitiveness against alternative retail spaces.

From a competitive standpoint, benchmarking against similar markets could provide valuable insights. As noted by (Nolte et al., 2020), competitive-based pricing ensures that rental rates remain attractive compared to alternative locations, reducing the likelihood of vacancy migration. Competitor analysis could also reveal opportunities for value-added services that justify higher rents, such as enhanced security, improved sanitation, and promotional support for tenants.

Furthermore, integrating tenant feedback into pricing decisions can improve satisfaction and retention. Research by Ai Netty Sumidartiny and Witya (2023) in (The Government of Japan, 2016) shows that participatory pricing strategies, where tenants are consulted on proposed changes, foster trust and long-term commitment. At Ya'ahowu Market, incorporating regular tenant satisfaction surveys into the price review process could create a more collaborative business environment.

In the long term, adopting a hybrid pricing strategy combining cost-based, market-based, and value-based approaches could ensure financial sustainability while enhancing market competitiveness. As suggested by (Joiner, 2019), value-based pricing considers the perceived benefits to tenants, enabling management to justify higher rates in exchange for superior facilities or services. This would encourage investment in market infrastructure, further supporting tenant success and market reputation.

Ultimately, the sustainability of Perumda Pasar Ya'ahowu depends on its ability to balance revenue generation with tenant affordability. By implementing location-based segmentation, enhancing competitive analysis, and adopting flexible, participatory pricing policies, the market could significantly improve occupancy rates and financial performance. These adjustments would align with global best practices in public market management and contribute to the long-term viability of this important regional economic hub (Uddin et al., 2020).

4. CONCLUSION

The study concludes that the kiosk rental pricing system at Perumda Pasar Ya'ahowu is still predominantly administrative, lacking adequate market-based considerations such as location value, purchasing power, and competitive dynamics. Internal factors—such as operational costs and revenue targets along with external factors like strategic location, economic conditions, and competition significantly influence occupancy rates. The uniform pricing approach, without segmentation or adaptive adjustments, has contributed to a steady increase in vacant kiosks from 2020 to 2024. To improve both occupancy and revenue, a shift towards a fair, flexible, and market-oriented pricing system is necessary, incorporating location-based segmentation, periodic responsive evaluations, and tenant engagement in decision-making processes. This research is limited by its focus on a single case study in Perumda Pasar Ya'ahowu, which may limit the generalizability of findings to other markets with different economic and regulatory environments. The qualitative approach, while providing in-depth insights, relies heavily on informant perspectives, which may be subject to bias. Future studies should consider a comparative multi-site analysis, integrating quantitative methods to measure the direct financial impact of different pricing strategies. It is recommended that Perumda Pasar Ya'ahowu adopt a hybrid pricing model combining cost-based, market-based, and value-based approaches, implement a tiered pricing scheme based on

location and tenant type, conduct regular competitive benchmarking, and establish a participatory review process to align rental rates with both market realities and tenant capabilities.

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