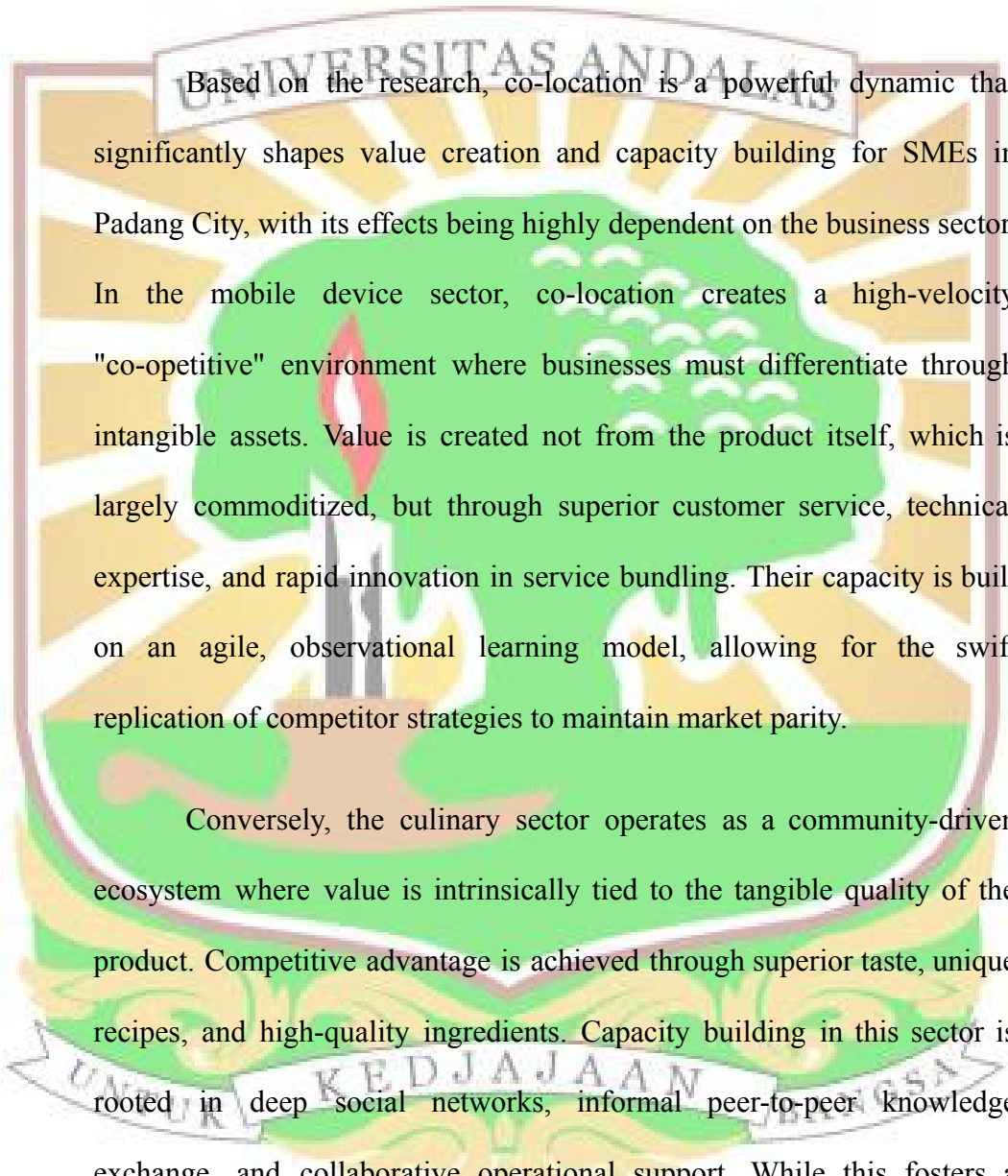


## CHAPTER V

### CONCLUSION

#### 5.1 Conclusion



Based on the research, co-location is a powerful dynamic that significantly shapes value creation and capacity building for SMEs in Padang City, with its effects being highly dependent on the business sector. In the mobile device sector, co-location creates a high-velocity "co-opetitive" environment where businesses must differentiate through intangible assets. Value is created not from the product itself, which is largely commoditized, but through superior customer service, technical expertise, and rapid innovation in service bundling. Their capacity is built on an agile, observational learning model, allowing for the swift replication of competitor strategies to maintain market parity.

Conversely, the culinary sector operates as a community-driven ecosystem where value is intrinsically tied to the tangible quality of the product. Competitive advantage is achieved through superior taste, unique recipes, and high-quality ingredients. Capacity building in this sector is rooted in deep social networks, informal peer-to-peer knowledge exchange, and collaborative operational support. While this fosters a resilient and supportive community, it also reveals a significant gap and desire for formal training, particularly in digital business practices. In summary, while co-location provides the foundational benefit of customer

traffic to both sectors, the pathway to sustainable success is dictated by the nature of their core offerings service-based differentiation for mobile devices versus product-based excellence for culinary businesses.

## 5.2 Research Implications

The findings of this study, which present a comparative analysis of the co-location dynamics within the mobile device and culinary SME sectors in Padang, offer several significant implications for theory, practice, and policy.

### 5.2.1 Theoretical implications

1. **Co-location Success is Sector-Dependent, Not Uniform:** The research findings strongly imply that the benefits of co-location are not universal but are heavily moderated by the industry sector and the maturity of the business cluster. It challenges a simplistic "location" view, suggesting that success is less about mere physical proximity and more about the specific nature of collaborative and competitive dynamics that emerge. The contrast between the formal, adaptive ecosystem of the mobile sector and the informal, survival-oriented environment of the culinary sector provides a crucial nuance to existing agglomeration and cluster theories.

2. **Duality of Collaborative Models in SME Clusters:** This study implies that collaboration among co-located SMEs can manifest in two distinct forms: (1) structured, resource-based collaboration (e.g., stock sharing among mobile vendors) and (2) informal, social capital-based networking

(e.g., information sharing among culinary vendors). This suggests that theoretical models of SME ecosystems should account for this duality, recognizing that informal networks can serve as a critical survival mechanism, especially in hyper-competitive environments where formal collaboration has not yet developed.

- 3. Co-location as an Accelerator for Digital Transformation:** The universal adoption of digital payments and online marketing by the mobile device vendors implies that co-located business environments can function as potent, self-contained accelerators for digital transformation among SMEs. The combination of intense peer competition and constant knowledge spillovers within the cluster appears to significantly speed up the adoption of modern technologies, a finding that has important implications for theories of technology diffusion and adoption in small business contexts.

## **5.2.2 Practical and Managerial Implications**

### **5.2.2.1 For Mobile Device Businesses**

The findings imply that for a mature business cluster like the mobile device sector at Plaza Andalas, the foundation of their continued success and resilience is no longer just the physical location but the sophisticated, collaborative ecosystem they have built. This means their strategic imperative has shifted from competing with each other to collectively competing against external threats like large retail chains and

e-commerce platforms. The implication is that any stagnation in their collaborative practices or technological adoption poses a direct threat to their collective market leadership, regardless of their prime location.

#### **5.2.2.2 For Culinary Businesses**

The "double-edged sword" dynamic at GOR Haji Agus Salim implies that the current business model, which relies heavily on informal social networks and low operational costs for survival, may be inherently vulnerable in the long run. While effective for maintaining current operations in a hyper-competitive environment, this reliance implies a potential cap on growth and profitability. The key implication is that without an evolution toward more durable forms of competitive advantage such as unique branding, product innovation, or more structured collaborations the businesses remain at constant risk from market saturation and external pressures like rising ingredient costs.

#### **5.2.2.3 For Co-location Area Managers**

The significant contrast between the two clusters implies that the role of an area manager is not merely administrative but profoundly strategic. The findings position the manager as a critical "ecosystem architect" rather than a passive landlord. This means that a manager's decisions regarding tenant curation, the development of shared infrastructure, and the facilitation of community networks have direct and significant consequences on the health, competitiveness, and evolutionary

path of the entire business cluster. The implication is that the success or failure of a co-located area is not just a product of its tenants, but is deeply intertwined with the quality and foresight of its management.

### 5.2.3 Practical Policy Implications

1. **The Ineffectiveness of "One-Size-Fits-All" SME Policies:** The starkly different dynamics between the two clusters imply that government support policies for SMEs in co-located areas must be highly tailored and sector-specific. A policy designed to foster formal business cooperatives might be effective for a mature cluster like the mobile device sector, but it could prove ineffective for the culinary sector without first addressing more fundamental needs like branding, product differentiation, and managing intense internal competition.
2. **Public Spaces as Vital Economic Incubators:** The finding that the culinary cluster's sustainability is heavily dependent on the low-cost structure afforded by a public space like GOR Haji Agus Salim has a significant policy implication. It signifies that the management and rental policies of public spaces are not just administrative decisions but are, in fact, crucial economic tools for supporting grassroots entrepreneurship. This implies that maintaining affordable access to such spaces is a vital economic strategy for nurturing a vibrant and resilient local SME sector.



#### 5.2.4 For Further Researchers

This study contributes to the literature on co-location by providing a comparative, qualitative perspective on SME strategies. Some implications for further research are:

1. Using a quantitative approach to measure the direct impact of co-location on business performance metrics, such as revenue growth, customer retention rates, and profitability, comparing clustered firms with isolated ones.
2. Expanding the scope of research to other sectors (e.g., fashion, crafts) or different types of co-located environments (e.g., formal industrial parks vs. informal street clusters) to build a more comprehensive and generalizable theory of co-location.
3. Identifying the role of external factors, such as local government policies, tourism trends, or digital infrastructure development, in influencing the success and capacity building of SMEs within these clusters.

#### 5.3 Research Limitations

This study has several limitations that need to be considered. First, the study was conducted on two specific case studies in Padang City, so the findings may not fully represent the dynamics of all co-located SME environments. Second, the qualitative approach used produced deep, descriptive findings but lacks quantitative measurement of the impact of co-location on business performance. Third, this study provides a

cross-sectional snapshot and has not explored in depth how the strategies and capacities of these businesses evolve over a longer period.

## 5.4 Suggestions

Based on the findings and analysis presented in the previous chapters, this section outlines a series of recommendations for key stakeholders. These suggestions are designed to be practical and actionable, aiming to leverage the strengths and address the challenges identified within the co-located business clusters.

### 5.4.1 Suggestions For Mobile Device Sector

The research indicates a mature and collaborative ecosystem in the mobile device sector. To further enhance their competitive edge, business owners are recommended to:

1. **Focus on Service Differentiation and Customer Experience:** Given that product offerings and prices are highly similar, the most significant opportunity for differentiation lies in service excellence. Businesses should invest in creating a superior customer experience, including professional after-sales support, reliable repair services, and personalized customer consultations, to build lasting customer loyalty.
2. **Strengthen and Utilize Digital Marketing Systems:** Business owners should fully leverage digital platforms to expand their consumer reach beyond physical walk-in customers. This includes maintaining an active

and engaging presence on social media (like Instagram and TikTok), utilizing e-commerce platforms, and implementing targeted digital advertising to attract new market segments.

3. **Initiate Collective Digital Marketing Campaigns:** To amplify their marketing impact, all vendors within the cluster should collaborate on joint digital campaigns. By pooling resources, they can promote the entire location (e.g., "Plaza Andalas 2nd Floor") as the primary and most reliable gadget center in Padang, creating a stronger collective brand that benefits everyone.

#### 5.4.2 Suggestions For Culinary Business Sector

The culinary cluster faces a "double-edged sword" of high traffic and intense competition. To navigate this environment successfully, business owners are advised to:

1. **Prioritize Non-Price Differentiation to Escape the Competitive Trap:**  
To break free from intense price-based competition, business owners must focus on building a unique identity. This involves creating signature menu items (*menu andalan*), developing attractive branding and packaging, and offering exceptional customer service that makes their stall a destination in itself, not just another option in a crowded field.
2. **Enhance Product Innovation and Market Responsiveness:** Businesses should be more proactive in product innovation and staying updated with culinary trends. Regularly introducing new or seasonal menu items,



improving existing recipes based on customer feedback, and adapting to popular tastes can capture customer interest and create reasons for repeat visits.

3. **Evolve from Informal Networks to Structured Collaboration:** While informal communication is vital, businesses should adopt more formal collaborative practices. For instance, vendors selling similar products (e.g., multiple juice vendors) could form a small cooperative for bulk purchasing raw materials directly from distributors. This would significantly lower operational costs for everyone and increase overall profitability.

#### 5.4.3 Suggestions For Co-location Area Managers / Owner

Area managers / Owner's play a critical role in shaping the business ecosystem. The following actions are recommended:

1. **Implement Strategic Tenant Curation:** Managers, particularly in the culinary area, should proactively manage the tenant mix to reduce extreme product overlap and foster a healthier competitive environment. By strategically placing tenants and ensuring a diverse range of offerings, managers can transform the area into a more attractive and varied destination for consumers.

2. **Develop Shared Infrastructure and Promote a Collective Brand:**

Managers should invest in shared infrastructure that enhances the overall customer experience, such as comfortable seating areas, an integrated waste management system, or centralized digital payment facilities.

Furthermore, managers should actively promote the location as a single, collective brand (e.g., "GOR Agus Salim Culinary Center").

3. **Facilitate Knowledge Sharing Across Business Clusters:** Observing the different levels of technological adoption, managers can organize forums or workshops. In these sessions, the more tech-savvy mobile device vendors could share practical knowledge on digital marketing and stock management with the culinary vendors, thereby fostering a more uniform increase in capacity.

#### 5.4.4 Suggestions for the Government

The government can play a crucial role in supporting and replicating the success of these SME clusters. It is recommended that:

1. **Promote Co-location as an Effective SME Development Model:** These findings demonstrate that co-location clusters are effective incubators for SME growth. The government, through its relevant agencies, should actively identify potential locations and support the development of similar co-located zones for other industries as a strategy to strengthen the local economy.
2. **Provide Targeted Capacity-Building Programs:** The government (e.g., the Office for Cooperatives and SMEs) should design training programs that are specific and relevant to the unique needs of each cluster. For the culinary sector, the focus could be on branding, hygiene, and financial

literacy, while for the mobile device sector, it could be on cybersecurity and the latest technology trends.

3. **Maintain Policies that Support Low Operational Costs:** Given that a low-cost structure is key to the survival of culinary SMEs at the GOR, the government, as the owner or regulator of public spaces, should maintain affordable rental policies. This is crucial for protecting SMEs from operational cost inflation and ensuring their long-term business sustainability.

#### 5.4.5 Suggestions For Further Researchers

This study opens several avenues for future scholarly inquiry. The following areas are recommended for further investigation:

1. **Conduct a Comparative Study of Co-located vs. Standalone Businesses:** Future research could conduct an in-depth comparative study between businesses operating within a co-located cluster and similar businesses operating in standalone locations. This would provide deeper, more definitive insights into the specific advantages and disadvantages conferred by the co-location model.
2. **Employ a Mixed-Methods Approach with Methodological Triangulation:** To build upon this qualitative study, a mixed-methods approach is recommended. Future researchers could use methodological triangulation by combining in-depth interviews with quantitative surveys (to measure financial performance and customer satisfaction) and direct

observation (to analyze customer flow and vendor interaction), providing a more comprehensive and robust understanding of the cluster dynamics.

3. **Conduct a Longitudinal Analysis of Cluster Dynamics:** A longitudinal study that tracks these business clusters over several years would be highly valuable. Such research could reveal how collaborative and competitive strategies evolve over time, identify critical factors for long-term sustainability, and analyze the life cycle of SME clusters from emergence to maturity.

