

## **Exploring Night Market as a New Business Opportunities for Local Traders**

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### **ABSTRACT**

Night markets are one of the most exciting trends in Malaysia's food system and act as an alternative for small-time traders to sell their goods in the evenings. This paper examines the potential of the night market as new business opportunities for local traders. This research could help to encourage the local traders to use this as a platform to be successful in business. It is also able to create chances for the traders to develop their business into a higher level. The research methodology adapted is by using a descriptive case study from a three (3) night markets in Shah Alam, in a state of Selangor, Malaysia. There were six traders interviewed, four (4) were selling cooked food, one (1) is selling vegetables and one (1) is selling fish and shellfish. The instruments used in this study are demographic, selling activities, traders income and revenues, products, suppliers and transportation, customers, challenges and suggestions for night market improvement and traders weekly routine.

Keywords: Night market, Traders, Entrepreneurs

### **INTRODUCTION**

The night markets have its potential to become the next popular entrepreneurs, since a very small amount of investment is required to start a business and maybe or not the traders are able to gain a huge income from the night market business (Grice, 1989). The night markets provide a career opportunity for those who have low income or unemployed locals to supplement their monthly income (Jade, 2009).

Night markets have been existed for long enough to blend-in with the community activity, popular for their variety of food, convenient to access and offering affordable price. The night market business operated at a specific place or lots which are near to the residential area. Night markets are often set-up by rows of stalls selling various types of products. For the food and the beverage stalls the products are mainly produced by the seller themselves. Khalilah (2010) stated that the business typology of the suburban night market consists of food and beverages, house-hold product, grocery needs like vegetables, fruits, fish and meat, clothes, and other range of everyday merchandise sold at affordable price.

In the Tenth Malaysia Plan (2011-2015), economic growth sustainable, higher incomes and new entrepreneurial opportunities will contribute to the development of a more robust commercial sector. Population size, the urbanization, changing lifestyles and consumption patterns are expected to affect the next wave of change in domestic wholesale and retail activities. As well as a generate investment and employment opportunities that many in the various sectors, trade will provides internal network and the wider sector. In other words, a country's economic growth relies heavily on the efforts that business carried on.

The government support is also important to encourage the local traders to be involved in business in the night market. One policy set by Town & Country Planning Department of Malaysia for the night market sector is “Bumiputera participation in the urban economy, improved business sites planned for the informal sector such as night markets, farmers markets and bazaars of Ramadan”.

## **PURPOSE OF STUDY**

The main purpose of this study is to identify a new business opportunities for local traders in the night market business. This study is to observe the characteristic of the night market’s traders. This study is also to identify the potential of the traders towards bigger achievement. It is also to create some opinion so the night market could be develops for the traders and local economy’s benefit. As the most involvement of small businesses activity in the night market business, the study identifies the factors to be impetus for traders to trade at a night market.

This paper is focusing on the night market traders and their development to establish a solid footing in the competitive environment of the night markets. This case study examined the potential traders who have bunch of experience and knowledge about the retail business, the variables that contributed to their achievement, also the obstacles and the challenges which impede their business expansion plan. The importance of this study is to understand more about night market traders and their potential in becoming an entrepreneur.

## **RESEARCH METHODOLOGY**

The research methodology adapted was a combination of exploratory and descriptive design. The research design was adapted to identify the night market trader’s characteristics and to identify the traders in starting the business and sustaining their business in the night market. The study areas covered three (3) night markets in Shah Alam, Selangor: Section 25, Section 7, and Section 27. There were six traders interviewed, four (4) were selling cooked food, one (1) is selling vegetables and, one (1) is selling fish and shellfish. The data collections were carried out twice for each night market with the total time spent of about 8 hours for each period at each night market. Secondary data was derived from published information in reports, newspaper archives and journal articles.

There are seven instruments that were used for collecting the primary data. They were: (i) demographic: the trader's age, ethnic background, education level, trader's home distance from the night market, character of the trader, attended courses, rating skills and trader's ambition, (ii) selling activities: the trader's business duration, the business planning and the trader's colleague or workers, (iii) income and revenues : the trader's other work(current or previous), source of income, business capital and estimate earning, (iv) products, suppliers and transportation : the product, trader's vehicle, supplier's location or base, trader's problem and average supplier's payment, (v) customers: about average customers, estimated percent of regular customers, reasons customer buy the product and discount, (vi) challenges and suggestion for improvement: the trader's opinion and, (vii) weekly routines: the trader's daily life.

## **FINDINGS**

### **Overview of the Night Market in Shah Alam**

Shah Alam is the state capital of Selangor. It located at 25 km southwest of Kuala Lumpur and can be easily accessed via Federal Highway. A well-planned and modern city, Shah Alam is the state administrative centre which encompasses residential suburbs and industrial areas. Shah Alam was opened in 1963 with the purpose of making it the administrative centre of Selangor once Kuala Lumpur was made a Federal District on February 1, 1974. Shah Alam, which had been administered by the Shah Alam Municipal Council Authoritative Party since 1978, was automatically given the status of Shah Alam City Council. The population of Shah Alam on January 1, 2011 is approximately 667,740. To meet the demand of the community, there is a total of 27 night markets which can be found in different towns in Shah Alam, Selangor. The biggest night market in Shah Alam is located in Section 25 with 295 bays and 132 traders.

### **Overview of the Traders in Section 25 (Taman Sri Muda), Shah Alam**

The first trader interviewed was Mrs Rosnah who was 42 years old. She was born in 1970 and a second child from five siblings. She lives in Taman Medan Petaling Jaya, Selangor. She has four children and all of them are still studying in primary and secondary school. She graduated from secondary school in 1987 and after she received her Malaysian Certificate of Education (MCE) she decided to become an entrepreneur by selling Yong Tau Foo (Chinese local cuisine) at a night market. From her house, it takes about one hour to reach the night market. Mrs Rosnah never attended any business courses before starting her night market business but she did learned the customer's relation and selling techniques from her mother. She has been interested in trading at the night market since she was a teenager as her mother was a night market trader. Her business selling Yong Tau Foo is well known among her customers and this influenced Mrs Rosnah to take her business into another level.

Mrs Rosnah has run her business selling Yong Tau Foo at the night market for 25 years since 1987. She started her night market business in 1987 with a capital of US\$10,000 lent from her mother. Later, in 2001 she moved her business to night market Section 25. She chose to do

business at a night market Section 25 because this night market is the biggest in Shah Alam and she realised that there is an opportunity for her to promote her product and gain more profit. Her mission is to become a successful night market trader and bring her business into another level which is to make her Yong Tau Foo as a franchise business. Her eldest son and her son's friend is helping him selling the Yon Tau Foo at the night market. Besides selling Yong Tau Foo at the night market Taman Sri Muda, she also sells Yong Tau Foo at five other night markets in Shah Alam.

Mrs Rosnah gets her Yong Tau Foo raw material supply from a supplier at Petaling Jaya old town market, where her regular supplier located. She never had any problem with her supplier from the first time they do business together until now. Her 50% of food sales from each night will be paid to the supplier for the cost of the raw material. She used a car or a van to bring all the goods and stuff to the night market. In one night market, she earned about US\$150-250 by selling Yong Tau Foo.

Mrs Rosnah express in the interview, during all these years trading in the night market have thought her to be more strong-minded and never gives up if the business is slow. In fact it makes her stronger and excited because she takes it as a challenge in becoming successful. She tries to think of an idea and find a solution on how to make her business back on track again.

The second trader interviewed was Mrs Siti Hajar who was 52 years old trader. She was born in 1960 and she is the third child from seven siblings. Mrs Siti Hajar got married at the age of 19 years old and has six children, four of them are her biological children and two of them are her adopted children. She started her business by selling cooked food in 1985. Her main product is spicy fried chicken and her side products are fried noodle and fried rice. She has never attended any business courses but she knows slightly about the selling technique. She is willing to take the risk by becoming a night market trader. Her friendly and ambitious trait makes her interested to open business at a night market. Even though she is now 52 year old, she still has a strong spirit to do a business at the night market.

Mrs Siti Hajar becomes a night market trader for twenty seven years, since 1985. Her reasons for trading at Section 25 night market are because there is a bigger opportunity for her to achieve her business target. She decided to do her business here until she succeeded in pursuing her target to make her spicy fried chicken becoming Malaysia's well known product. She also does her business in five other night markets in Shah Alam. Five of her workers are her son and daughters.

All the raw materials are bought from the same supplier since she first started her business. She got her raw supply at Meru wet market. Every day she will go to the market to get supplies form her supplier. She had a very good rapport with her supplier and never had any problem in dealing business and now they become good friends. According to Mrs Siti Hajar, her cost of sales is about 60% of her night market sales. She used two vans to bring all the night market equipment and tools to the night market.

Before she began engaging in business at the night market, she worked as an operator in F & N factory after she finished her Malaysian Certificate of Education (MCE) in 1977. To raise-up her five children, she decided to stop working and begin trading in the night markets in 1985. With a capital of US\$10,300 she started her business at the night market selling spicy fried

chicken. Now, she obtained a total of US\$300 to US\$500 for each sale at night market. According to her, the sale at the night market is accordance to weeks. The most visitors come to night market is during first and fifth week on the month especially when people get their salary. There was a time that her business did not go as plan. What was worrying her is sometimes the uncertain prices of chicken could cause the ups and downs of her revenue.

### **Overview of the Night Market Section 7 Shah Alam**

The third trader interviewed was Mr. Noor Ridzwan who is selling “nasi lemak kukus” or fat steamed rice at a night market in Section 7. He had a diploma in Electrical Engineering from UiTM, Malaysia. Fat steamed rice is one of the famous Malay dishes. From my observation, his stall is among the most frequently visited stalls among night market visitors. In one night market he could sell more than 500 packets and the profit that he will earned from this is more than US\$350 and the most famous dishes in his stall are the fried chicken and the sambal squid. With only US\$500 capital for each outlet he manages to sell nasi lemak in other night markets. What was worrying Mr. Noor Ridzwan is the less number of customers who came to night market when there is heavy downpour.

The forth trader interviewed was Mr. Ismail who was 50 years old. He started selling steam bun in night market for four years. Before he concentrates to be as a full time entrepreneur, he did have an experience working as a car jokey at Hilton Hotel, Petaling Jaya, Selangor. He said during his work at Hilton he also doing a small business such as selling tropical fruits. According to Mr. Ismail, steam bun or “pau” is a savoury snack that is light and delicious. He name his stall “pau power” because it easy for people to remember. Combination of both the name and quality make the customer come again and again. He sells six (6) different pau filling: coconut jam, red bean, sweet coconut, savoury chicken, sardine and anchovy. Each pau cost around MYR 1.50 – 2.00. The best-seller pau at the night market is the chicken pau because it is spicy and tasty. According to Mr. Ismail, he gets supplies of all the fillings from Balakong, Selangor and for the dough he prepared them with his two helpers using a machine. In a day, he produces 500 buns to sell in the night market and supplies them at the other restaurants. His vision is to expand his business in supplying frozen pau at the hypermarket in a three-year’s time.

### **Overview of the Traders in Night Market Section 27 Shah Alam**

The fifth trader interviewed was Mr. Rahim who was 50 years old. He is a vegetable trader who had been in the business of night market for almost 25 years. He does not have higher education and finished his school when he was 15 years old. He is selling variety of leafy vegetable and seeded vegetable. When he was 15, he started his business with the capital of US\$12 per day selling vegetable using his motorcycle around Padang Jawa, Klang. He had learned to do business selling vegetables from Chinese traders in his home town in Jalan Kapar. According to him, it is not easy to gain the trust from his boss, where he need to work hard for three years and slowly his boss teach him the selling techniques and the correct vegetable storage. Now he had a strong business operation and loyal customers. He started his business

with US\$2000 selling vegetable. He started his day by going to the wholesale market in Selayang to get a vegetable supplies. Besides selling vegetables at night market in Section 27, he is also selling in Section 7 and Section 24 night markets. According to him, normally a vegetable could last for almost three days depending on type, for example the leafy vegetable could last three days and the dry vegetable such as onion and garlic can be store almost two weeks. In a day he could earn more than US\$400 where he has more than 150 loyal customers that had come to his stall in each day. He is currently waiting for purchasing three shop lots in Klang area with the total capital of US\$150,000 with his own money.

The daily routine of Mr. Rahim, he will wake up at 3:00 am to go to Selayang market to get his supplies. Then he would do his Subuh prayer at the local mosque in the area. He will returns home at 9.00 am, then his workers will pack the item that had been purchased. He will depart to the night market at 2.00 pm after his Zuhur prayer. When he arrived at the night market, it took him and his worker more than an hour to unload and arrange the vegetable and at 9.30pm he and his workers will start to pack the vegetable and returned to his home. During his weekend, he will woke up at 1.00 am to purchase his product at the Selayang market and will start his business at the morning market at the Shah Alam Stadium until 11.00 am and then he will go straight to the other night market.

The last trader interviewed was Mr. Othman who was 42 year-old. He is an old fish trader who had been an entrepreneur in the night market for the past 15 years. He travelled more than 20 kilometres every day to reach to the night market in Section 27, Shah Alam. The reason why he chose to do business in the night market is because he followed his friends previously and he had some experienced in selling seafood items. According to him, the main reason why he was involved in the night market business is because seafood is one of Malaysians favourite dishes. Other than that, most of his customers choosing for the fresh fish and shellfish as well as he could obtain high revenue by selling fish and shellfish. Mr. Othman earned US\$700 per night market which also proved that this business is the main income to him. With the capital of US\$4000, he bought 3-ton lorry, 10 fish compartments and a canopy for his night market stall.

Mr. Othman got his fish and shellfish supplies in Perak state. He also has his regular supplier for his product supply. As early as 4.00 am he will woke up and drove to Perak to purchase his fish and shellfish supplies where it takes three hours to drive from Klang to Perak. He usually arrived in a night market at 12.00 pm to set up his night market stall. He will store his fish in an ice container which is filled with ice fish and sea water to ensure the freshness of the product. He will transport his product using his 3-ton lorry.

## **RECOMMENDATION**

Entrepreneurship is more than simply “starting a business”. There are a many people who dream about going into business. Entrepreneurial success is based on the ability of an entrepreneur to see these opportunities in the marketplace, initiate change and create value through solutions.

Night market business is a business that could start with less capital. For example, an average rate of working capital to start a business of soya bean drinks in the night markets

requires only around US\$100 to US\$300. Profit rate depends on the type of goods or products you sell. Food and beverage products can often achieved profit rate of 100% to 200% of capital spent. Apparel products are likely to provide lower profit rate which is around 30% to 60%. Despite the lower profit rate, the risk is more minimal wastage as clothing products will not rot and need to be discarded if not sold like food products. From my survey, the local traders could start their business at the night market with a capital of US\$3,000.

If traders want to be successful entrepreneur, they should make the proper preparation. They should be absolutely sure that it is a well-known sector. Therefore, the selection of appropriate products is important before starting the night market business. However, the traders are advised to make an extensive review before deciding to choose a product. It is better for the trader to have the knowledge of selling their product choice.

If the traders want to sustain their business, they have to work hard to achieve their business. Some traders are willing to drive far just to get a good quality of their supplies. From the interviews with Mr Othman and Mr. Rahim, both of the traders willing to travel more than 300 kilometres just to get cheap and good quality product and fresh fish supplies. Based on this two traders, even though the night market business does not requires high capital to begin, but some amount is needed to start the business, however the profit that each traders earn for one week can cause a fortune whereas Mr. Rahim himself can earned more than US\$3000 in a week and Mr. Othman could earn as much as US\$4000. Mr. Rahim and Mr. Othman normally can obtain more than 200 customers in one night market and almost 100% of their customers are regular customer. Their regular customers will always come early to their stall because they know sometime the fish and shellfish were fully sold.

The main challenges that they had to encounter is the weather, if it's raining, their product could not been sell attributed to the difficulties for the customers to buy when it is raining heavily. He also mentioned about the other normal challenges such as the competition between traders especially competitor that are selling the same item as they are.

Business strategy is usually developed beforehand. To be a successful trader of any business it is advised to study every single aspect far and wide. When starting a new business, people often do not know how long the results will keep them waiting for. That is why it is often advised to invest less money on the first stage. Even if a business idea fails in the nearest future the losses will be significantly minimized. Traders should also get familiar with the most innovative solutions and implement them into a business strategy. It is very important to go ahead and improve business all the time. As it is known, innovations can play a key role in business development strategy. They also must study competitors on a regular basis. Performing this work, businessmen can make the necessary corrections to their business plans. No doubts that this activity is extremely helpful and should always be done. By analyzing competitors and the market it is possible to receive new business.

Business depends on people and activities. As long as there is activity, there is business opportunity. But the opportunity is there for someone who has the entrepreneurial qualities. However, if the night market traders have no expertise, no knowledge about a product, they can still do business at the night market. This is because many products supplied by the supplier are

for sale for example drinks, western fried chicken, fries, fruit, vegetables, frozen food products, seafood products and more.

Beside the main product the traders sell, the other basic need is the support items such as tools and equipment for cooking if their product is foods, tools and clothing product to display if their products are clothing, table, tent, lighting, electrical power generating machine (generator) and plastic or paper for packaging and others. The traders also need to think about what kind of appropriate vehicle that they want to use to transport their products from home to the night market location. However, most traders prefer to use van to transport their product to night market location. The attitude of night market traders will also be one major factor. When they want to deal directly with customers, they must have a warm and pleasing personality. Their clothes also must be neat, clean and comfortable. Their stall also must be clean and neat.

Any night market traders who want to sell foods or beverages in the night market, they are compulsory to attend training sessions provided by the local authority, one of the training session is called "Food Handle Course". In this training session, traders will be trained on how to serve foods and beverages in a hygiene way, how to set up their stove in a proper layout to avoid any injury or accident, moreover, traders also been trained on how to store their foods and others.

There are rules and regulation set by the Shah Alam City Council for the traders who wishes to do a business in the night market. The rules and regulation are: (i) they must be Malaysian citizen, (ii) 18 years and above, (iii) permanent resident passport holder or any other citizenship is not allowed to operate a stall at the night market, (iv) the license is not transferable, license holder who lease out their license will result to the license being revoked, (v) the license must be displayed at all times during operating hours to be checked by the council officer, (vii) license fee must be paid at least once for every 6 to 12 months and renewal must be made before expiry date, (viii) The Town/City Council may revoke the license holder is not present at the stall four times in a row without valid reasons, (ix) the operating hour is from 4 pm to 10pm, (x) must sell only products that are approved / or stated in the license, (xi) must not allocate tables or chairs for customers, for products that are only for cash and carry, (xii) they must not leave the products at the stall after operating hours, and (xiii) License holder must comply with all rules and regulations imposed by the City Council or set by the License Officer or any enforcement officer, either written or oral.

The local authority has done a good job by arranging the stall into different category of product. This creates a convenience for the customers to search for the desired product. The local authority plays an important role to improve the public facilities at the night market. Although some of the public facilities such as public telephones, trashcans and bus stations were provided on the site, but most of these facilities were either broken or stayed in old condition. Instead, the local authority should take action to repair and refurbish all these broken or old facilities because it will affect the image of that particular area. Besides, there must also be some new public facilities to be add-in in order to provide more convenience and quality service to the traders and customers such as restroom, proper car park, parking for motorcycle, mobile prayer room, and others.



## **CONCLUSION**

This research study aim is to obtain and to get a better understanding and relevant information about the business opportunities at the night market and to develop as a successful entrepreneur. The opportunity to conduct the five days fieldwork study at the site with set of instrument has given researcher a broad view of the resources available and also in depth understanding about night market and the trader's routine activities. Based on the ethnography study, observation and structured interview with the traders, visitors, customers and local communities, the findings of this study offer important implication for the development of the night market and the traders. In addition, findings from the study also reveal positive and negative aspects that may translate into strengths and weaknesses of traders at night market that should be focus on. Committed, hard work, determination, risk taking and courage are the keys for the traders to be success and achieve their aim, goal or business target. The involvement and the commitment of the government, local authority and the local communities in the night market are also as important for the traders' development in becoming a successful entrepreneur.

## **Discussion Questions**

1. What are the key night market trader issues?
2. What plan do the local traders need to do if they want to start a business in a night market?
3. What are the challenges that might be faced by the night market traders and how to overcome this challenges?
4. Discuss the potential of the traders if they want to success in their night market business.

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Shah Alam City Council

Tenth Malaysian Plan (2011-2015)