

# Identification of the Characteristics of the Shopkeepers of the Northern Citadel of the Municipality of Ocaña to Establish Associativity Criteria

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## Abstract:

Consumption trends vary according to the social, cultural and economic characteristics of the people, in that sense there is a large group of citizens who, based on the availability of resources or inherited customs, prefer to purchase products or services in a place of trust and that from the daily life generates a link with the people who trade with them to acquire certain particular benefits. This is the case of neighborhood stores, which represent more than 75% of all sales of consumer products and groceries in Colombian society. This commercial model has persisted over the years, many times under informality and breaking the ideology that the existence of chain supermarkets would affect their sustainability. For this reason, this descriptive study, based on a dominant conclusions approach, took as a sample a total of 340 commercial establishments that operate under the neighborhood store modality, which were characterized with the support of a questionnaire and subsequently, the residual impact of their exercise on the economy of Ocaña, Norte de Santander was determined.

*Keywords* —Associativity, Commerce, Economy, Neighborhood store.

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## I. INTRODUCTION

The economic relevance of neighborhood stores lies in the type of service offered to the community, since they facilitate the possibility of acquiring products under the credit modality, at certain times, quantities and prices. This business model is focused on satisfying the budgetary needs of families with average incomes, so it is justifiable that these establishments are still present in Colombian cities. However, there are aspects that negatively impact and threaten the growth of neighborhood stores, more specifically in commune six of the city of Ocaña. Some of the aspects highlighted are the non-existence of a trade association, the arrival of new entrants that modify the characteristics of the market such as self-service stores or neighborhood supermarkets, and the concern of suppliers, which encourage consumers to prefer these places to buy better designed products at relatively lower prices, since they are

purchased by larger establishments in large volumes.

According to information provided by the Chamber of Commerce of Ocaña, there are about three thousand commercial establishments, most of which are characterized by operating under the neighborhood store modality and the largest number of them are located in the northern zone, which is composed of about 21 neighborhoods and has a fairly large commercial area. This is why supermarkets tend to offer consumers quality services and products at affordable costs, which ends up representing a problem for neighborhood stores.

Given the current trend, where globalization is booming, shopkeepers are unlikely to represent a significant competition for large suppliers of retail consumer goods. For this reason, it is important to establish the variables and characteristics that

influence the shopkeeper's decision to form a trade association that facilitates the reduction of production and commercial costs of the economic activity, while improving the quality of the goods offered and improving negotiation capabilities with customers and suppliers. In this way, profit margins are favored not only in the short term but also in the long term, taking this business model as a project that will improve the socioeconomic conditions of the communities.

## **II. THEORETICAL FRAMEWORK**

There is no denying the importance of the contribution of academic research on neighborhood stores, even though there are not many known efforts in this area, it has been possible to understand the dimension and nature of this economic model. On the other hand, cultural aspects are involved in the development of neighborhood stores, as they are a space where ties are strengthened and cultural identity is energized.

In this regard, a qualitative research conducted by the Marketing Research Group (GIM) of the Universidad del Norte stands out, which evaluated the commercial and social interactions of neighborhood stores, seeking to establish the theories related to their origin.

Taking ethnology as a reference, a comparison was made of the nuances and anthropological interpretation associated with the complexity of neighborhoods. As a result of the research conducted in the cities of Barranquilla, Valledupar, Manizales, Neiva, Medellín and Cali, it was determined that there is a specific typology originating from the mental characterization of consumers who frequent this type of establishment [1]

On the other hand, strategic direction takes on relevance since, as [2]state, there must be a transformation of the posture and the incorporation of planning into the strategy. From this point of view, Laines and Bellostas (1991)[3]establish as the main objective of management the formulation of strategies and organizational action plans, which

allow adapting and making decisions in advance in the face of possible changes in the environment.

[4]allude to the theory of shared value, in which the definition of policies and practices that increase competitiveness indexes can directly influence the significant improvement of the socioeconomic characteristics of a society, since it is recognized which are the needs that burden it beyond the purely economic.

However, another concept associated with the development of neighborhood stores is sustainability, explained by [5]as the ability of a process to sustain itself over a long stretch of time, i.e., to remain in operation.

## **III. METHODOLOGY**

This mixed descriptive research consisted of three phases: data collection, tabulation and analysis. According to [6], descriptive research is based on describing, analyzing and interpreting the reality of phenomena and in turn trying to "specify the properties, characteristics and important profiles of people, groups, communities or any other phenomenon that is subjected to analysis". On the other hand, the approach was based on the definition of dominant conclusions about elements of the present (groups, people or things). Likewise, a sample of 374 commercial establishments located in the northern sector of the city of Ocaña was used.

## **IV. RESULTS**

The data were obtained through the use of the Questionnaire as a tool for collecting information, whose objective was to characterize the businesses in the northern citadel of the city of Ocaña, Santander, in order to identify those characteristics that would give rise to a system of association among the businesses. In the following section a quantitative and qualitative analysis of this information is made.

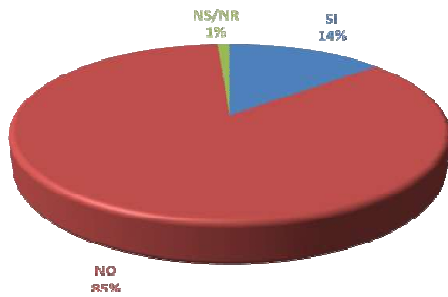


Fig. 1 It is legally constituted

Source: Shopkeepers in the northern area of the city of Ocaña.

According to the information collected in the surveys, informality is the most frequent reason, since 85% of the participants stated that their businesses operate informally. However, according to the regulations, 15% of the businesses comply with the legal requirements for operation. Consequently, it is essential to develop actions that encourage suppliers to become legally formalized in order to take advantage of the benefits offered by the formalization of business units.

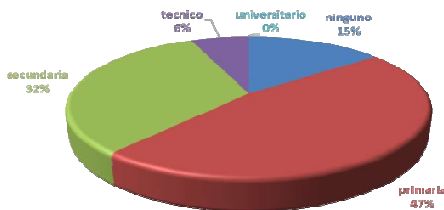


Fig.2 Level of Schooling

Source: Shopkeepers in the northern area of the city of Ocaña.

It is vital to remember that the contestants have little or no academic preparation; 79% of the shopkeepers surveyed have primary and secondary education, respectively, and a significant proportion (15%) have no preparation at all; what determines the administrative management of these companies is only experience.

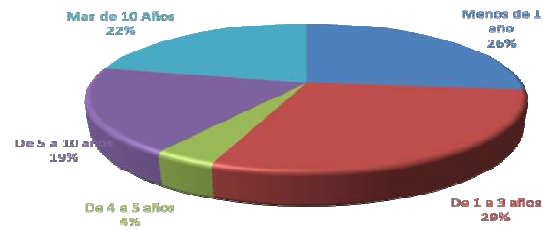


Fig. 3 Age of Business

Source: Shopkeepers in the northern area of the city of Ocaña.

The perceptions with respect to this question are varied, since 55% of the cases had less than 3 years since incorporation and the remaining 41% had more than 6 years of experience in the sector. This responds to the fact that, according to the population trend, new establishments have been created as the main option for the subsistence of the families.



Fig.4 Average customers

Source: Shopkeepers in the northern area of the city of Ocaña.

The graph shows that 51% of the businesses have an average of less than ten, 24% have between 11 and 20 customers frequenting them daily, indicating that this economic movement takes place on a small scale in the study area, which is characterized by neighborhood stores.

The study showed that the biggest problem associated with neighborhood stores is informality, while in general this type of establishment is of family origin and is managed by people over 42 years of age. On the other hand, 90% of the stores are open every day of the week and are supplied weekly with supplies for sales. Another aspect to highlight is the fact that 72% of the cases do not have available credit and 28% of them that do, give

a term of between 8 days to 1 month to pay off debts, limiting the frequency in which products can be purchased and keeping only the indispensable merchandise.

Some of the key aspects for granting this type of credit is that for 59% of commercial establishments, it seems appropriate to offer credit to any person or family who has sufficient monthly income to meet this obligation, compared to 41% who do not find it profitable to "trust" their customers. However, the most characteristic fact is based on the inefficiency of the management of economic resources within the establishments, since they have little or no accounting knowledge to organize the finances of the store.

## V. CONCLUSIONS

According to the analysis, the majority of respondents agree with an association, but during the survey it became clear that there is a lack of understanding of the issue and that the personal opinions of the survey participants reflect aversion, as they perceive that they must spend part of their income to belong to an association or legalize their establishments.

Likewise, it is possible to appreciate how the segment of the stores makes it possible to supply the needs of society that other types of establishments cannot, such as the level of efficiency, cultural aspects such as proximity, availability, the existence of goods for all types of consumers and needs, as well as the possibility of buying goods at a certain time. As a consequence of the commercial activities of the neighborhood stores in the northern part of the city of Ocaña, it is possible to highlight the generation of employment and the easy accessibility to the goods of the family basket that are of primary need, which benefits the households located in this area of the city, despite the fact that they have limited economic resources to pay immediate monetary retribution. From this perspective, this relationship is based on the creation of bonds of trust between the supplier and the consumer, which has a positive impact on the

living conditions of the inhabitants according to their availability of economic resources.

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