



Transformation and Resilience of Traditional Markets Amid the Presence of E-commerce

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Abstract

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The rapid growth of e-commerce has changed the modern retail sector dramatically over the past few decades. The recent evolution of the physical retail market, driven by a shift in consumer shopping behavior to online shopping, has caused more and more traditional stores to close. This research aims to determine the transformation and resilience of traditional markets amidst the existence of *E-commerce*. This type of research uses a descriptive qualitative approach with analytical techniques in the form of content analysis. The research results show that in facing the challenges of this transformation, traditional markets need to adapt by entering the digital realm. Despite being faced with obstacles such as lack of digital literacy, limited resources, and infrastructure constraints, efforts to overcome these obstacles reflect the resilience of traditional markets in facing change. The resilience of traditional markets is reflected in their ability to adapt to new technology, collaborate between business players and government, increase digital literacy, innovate to maintain competitiveness, manage privacy and data security risks, and develop resources through an inclusive financial approach. The government's role is very important in encouraging transformation and facilitating the resilience of traditional markets through support policies, training programs and infrastructure facilitation. In this way, traditional markets can continue to develop, remain an integral element in the economic ecosystem, while maintaining and preserving their cultural and social identity.

Keywords: Transformation, Resilience, Traditional Market, E-Commerce.

Abstrak

Pertumbuhan pesat e-commerce telah mengubah sektor ritel modern secara dramatis selama beberapa dekade terakhir. Evolusi terbaru dari pasar ritel fisik, yang didorong oleh pergeseran perilaku belanja konsumen ke belanja online, telah menyebabkan semakin banyak toko tradisional tutup. Penelitian ini bertujuan untuk menentukan transformasi dan ketahanan pasar tradisional di tengah keberadaan e-commerce. Jenis penelitian ini menggunakan pendekatan kualitatif deskriptif dengan teknik analisis dalam bentuk analisis konten. Hasil penelitian menunjukkan bahwa dalam menghadapi tantangan transformasi ini, pasar tradisional perlu beradaptasi dengan memasuki ranah digital. Meskipun dihadapkan pada hambatan seperti kurangnya literasi digital, keterbatasan sumber daya, dan kendala infrastruktur, upaya untuk mengatasi hambatan-hambatan ini mencerminkan ketahanan pasar tradisional dalam menghadapi perubahan. Ketahanan pasar tradisional tercermin dalam kemampuan mereka untuk beradaptasi dengan teknologi baru, berkolaborasi antara pelaku bisnis dan pemerintah, meningkatkan literasi digital, berinovasi untuk mempertahankan daya saing, mengelola risiko privasi dan keamanan data, serta mengembangkan sumber daya melalui pendekatan keuangan inklusif. Peran pemerintah sangat penting dalam mendorong transformasi dan memfasilitasi ketahanan pasar tradisional melalui kebijakan dukungan, program pelatihan, dan fasilitasi infrastruktur. Dengan cara ini, pasar tradisional dapat terus berkembang, tetap menjadi elemen integral dalam ekosistem ekonomi, sambil menjaga dan melestarikan identitas budaya dan sosial mereka.

Kata Kunci: Transformasi, Ketahanan, Pasar Tradisional, E-Commerce.



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PENDAHULUAN

The rapid expansion of e-commerce has significantly transformed the modern retail sector over recent decades. The latest developments in the physical retail market, driven by a shift in consumer shopping habits towards online platforms, have led to the closure of numerous traditional stores. Notably, there has been a series of bankruptcies within the largest retail network in Southeast Asia, specifically the Tanah Abang market (Pasaribu 2023). These events, which have transpired not only in Indonesia but also in the United States (such as the closures of Sears in 2018 and Toys "R" Us in 2017), have raised media concerns about job losses in what is being referred to as the "Retail Apocalypse." The predicted decline of physical retail stores, according to some extreme perspectives, could have a disruptive effect on local markets with high concentrations of retail employment by eliminating local jobs and reducing the local tax base (Chun et al., 2023).

Apart from that, the emergence of the COVID-19 pandemic, which led to lockdowns across the country, has also contributed to changes in business dynamics, including the sale of goods and services (Ismail 2020). Companies engaged in online sales were able to withstand the crisis brought on by the pandemic, whereas other companies experienced a decline in market share and significant amounts of unsold inventory (Perdamaian, Puspita, and Frida 2020). In other words, during the COVID-19 pandemic, adopting online business (e-commerce) has proven to be a viable strategy for companies to navigate economic shock (Chundakkadan and Sasidharan 2023). However, without appropriate regulations, this shift could undermine retail trade in traditional markets.

Traditional markets are a form of the people's economy that significantly contribute to the economic pillars of Indonesia (Dewi 2018). They serve as interaction hubs for local traders and communities, facilitating the exchange of goods and services and promoting local economic development (Aliyah 2017). However, with technological advancements and shifts in consumer behavior, the e-commerce phenomenon has surged. E-commerce, or electronic commerce, has dramatically altered the business landscape by leveraging the internet for buying and selling transactions (Andriyanto 2019). This transformation raises important questions about how traditional markets can survive and adapt in this digital era.

The rapid development of e-commerce has influenced the dynamics of traditional markets (Chusumastuti et al. 2023). People now have easier and faster access to online shopping, shifting preferences away from physical (traditional) shopping (Damasus Ottis Widiandra 2013).

This shift has placed pressure on traditional markets, with some experiencing declining sales and even closure (Chun et al. 2023). While e-commerce offers convenience and comfort, traditional markets possess unique advantages such as direct shopping experiences, social interactions, and cultural elements that are difficult for e-commerce to replicate. Therefore, it is important to understand the impact of e-commerce on the resilience and survival of traditional markets.

One key aspect that needs to be considered is how traditional markets can increase their resilience amidst increasingly fierce competition with e-commerce. Traditional market resilience includes the ability to continue to exist, adapt, and maintain their market share in the digital era. According to research by Qurrata, Supratman, and Khuzaimah, maintaining the market in the COVID-19 era requires adjustments in market access, market renewal, positive thinking, building e-markets, utilizing electronic payments, and more (Qurrata, Supratman, and Khuzaimah 2022).

Apart from that, government policies, innovation, business management, and marketing strategies are crucial elements in achieving market resilience (Yulita and Gunawan 2019). By identifying key factors that influence the resilience of traditional markets in the face of e-commerce penetration, we can understand how e-commerce can provide new opportunities for traditional market players. The integration of e-commerce with traditional markets can be a strategic approach to accessing broader markets. This presents a challenge for traditional markets in incorporating technology investments to strengthen their position in the current era.

This research aims to provide in-depth insight into the complexity and dynamics between traditional markets and e-commerce. By understanding the factors that influence the resilience of traditional markets, we can identify effective strategies to help these markets survive and thrive in the digital age. The results of this analysis are expected to offer valuable insights for businesses, governments, academics, and other stakeholders to understand the role and evolution of traditional markets within the rapidly changing e-commerce ecosystem. This study is conducted as a literature review analysis, comprehensively examining the transformation and resilience of traditional markets amidst the rise of e-commerce.

RESEARCH METHODOLOGY

This research employs a qualitative approach with the primary goal of enhancing the understanding of the transformation of traditional markets into the digital realm and examining the role of government in fostering creative economic growth. It utilizes a descriptive research

methodology, focusing on providing a detailed description and analysis of the ongoing transformation phenomenon (Waruwu et al. 2023). The data sources for this research are exclusively secondary, concentrating on literature studies from a range of articles, journals, books, and related documents. This approach facilitates a comprehensive examination of the significant changes in traditional markets resulting from the shift towards digital platforms and enables an investigation into their economic impact.

The data collection process will involve a comprehensive literature study to identify key patterns, trends, and findings related to the transformation of traditional markets. Content analysis will be the primary method used to analyze the data gathered from the literature, focusing on a deep understanding of the challenges, opportunities, and shifts in traditional business paradigms resulting from digital transformation. Additionally, this research will include policy analysis to assess the extent of government support for creative economy actors in navigating digital transformation. This approach aims to provide detailed and contextual insights into the dynamics of transformation and resilience within traditional markets.

RESULT AND DISCUSSION

The Role of Traditional Markets in Buffering the Economy

In the socio-economic realm of society, both modern and traditional markets serve similar functions as venues for buying and selling transactions. However, there are notable differences in terms of investment management and ownership between the two types of markets. Traditional markets typically involve management by various local government work units, with ownership commonly structured around renting stalls or spaces to traders. In contrast, modern markets are predominantly managed by investors, with ownership structures that can include private ownership as well as partnerships or collaborations with government entities (Aliyah 2017).

The decline in traditional markets has led to a reduction in Original Regional Income (PAD), while Gross Regional Domestic Product (GRDP) has increased due to the presence of modern markets. This potential decrease in PAD is linked to the loss of various regional taxes and levies, given that traditional markets often utilize regional assets. From a social and cultural standpoint, traditional and modern markets serve distinct functions and roles, as evidenced by empirical data. However, there is currently a lack of theoretical frameworks or research findings that detail these differences comprehensively. Consequently, a thorough understanding of the

social and cultural values associated with traditional versus modern markets remains an unresolved aspect.

In their early stages of development, traditional markets were typically held in open fields without permanent structures. These markets served as gathering places where buying and selling activities took place (Korlefura and Tupamahu 2021). As trade by land expanded in 1830, a network of extensive and permanent regional markets began to emerge, playing a crucial role in cross-regional trade. These markets evolved into key nodes for the exchange of goods and services, which subsequently stimulated various activities within urban areas. In these markets, transactions involve not only the exchange of goods and services but also the sharing of information and knowledge (Aliyah 2017).

the market aligns with Geertz's theory, which posits that the "market" serves as a space accommodating the "bazaar economy." Geertz suggests that the term 'market' is essentially a local variant of the word 'bazaar' (Ramin 2021). In this context, the market is synonymous with the traditional market, serving as both an economic institution and a way of life. It represents a general style of economic activity that encompasses various aspects of society, including its complete socio-cultural life. Traditional markets handle the buying and selling of various products such as food, clothing, and other easily transportable goods. In Javanese society, economic activity is heavily concentrated in traditional markets, which are not merely transactional spaces but integral to concepts of life and socio-cultural interactions. Traditional markets go beyond accommodating economic activities; they also facilitate other objectives.

In line with this, Reardon emphasizes that traditional markets are central to commercial activities. They play a social role by providing daily necessities, other essential goods, and services within the local area. Economically, traditional markets support community or regional economic activities, generating financial benefits for traders and income for the local area. Beyond their primary functions, traditional markets also serve as shopping facilities, venues for social and recreational activities, and important community hubs (Jatiningsih 2021).

Based on BPS data in 2019 there were 15. 657 traditional markets spread across several provinces in Indonesia, as shown in the image table below.

Table 1.1 Top 10 Distribution of Markets and Trade Centers According to Classification

Province	Distribution of Markets and Trade Centers According to Classification			
	Traditional market	Shopping center	Supermarkets	Amount
	2019	2019	2019	2019
North Sumatra	858	23	18	899
West Sumatra	491	12	30	533
Riau	690	17	36	743
South Sumatra	833	13	17	863
Lampung	639	11	37	687
West Java	817	121	173	1111
Central Java	1910	56	193	2159
East Java	2249	79	119	2447
East Nusa Tenggara	528	4	37	569
South Sulawesi	768	20	23	811
Indonesia	15657	650	1279	17586

Source: Bps RI 2021 data processed, 2023

Table 1.1 presents data on the distribution of markets and trade centers based on classification in several provinces in Indonesia in 2019. The analysis includes three main categories: traditional markets, shopping centers, and supermarkets. North Sumatra Province shows a distribution of 858 traditional markets, 23 shopping centers, and 18 supermarkets, with a total of 899 units. West Sumatra has a distribution of 491 traditional markets, 12 shopping centers, and 30 supermarkets, with a total of 533 units. Riau displays a distribution of 690 traditional markets, 17 shopping centers, and 36 supermarkets, with a total of 743 units. Meanwhile, South Sumatra has a distribution of 833 traditional markets, 13 shopping centers, and 17 supermarkets, with a total of 863 units. Lampung shows a distribution of 639 traditional markets, 11 shopping centers, and 37 supermarkets, with a total of 687 units.

A shift to Java shows higher numbers. West Java displays a distribution of 817 traditional markets, 121 shopping centers, and 173 supermarkets, with a total of 1111 units. Central Java showed the highest figure with a distribution of 1910 traditional markets, 56 shopping centers, and 193 supermarkets, with a total of 2159 units. East Java displays a distribution of 2249 traditional markets, 79 shopping centers, and 119 supermarkets, with a total of 2447 units. Apart from that, data from other provinces is also presented in this table, such as East Nusa Tenggara with a distribution of 528 traditional markets, 4 shopping centers, and 37 supermarkets, a total of 569 units. South Sulawesi shows a distribution of 768 traditional markets, 20 shopping centers, and 23 supermarkets, with a total of 811 units. Overall, national data shows that in 2019,

Indonesia had a total of 15,657 traditional markets, 650 shopping centers and 1,279 supermarkets, with a total of 17,586 units.

The data highlights the significant role of traditional markets in Indonesia's economic and cultural life. The distribution of traditional markets in 2019 reveals considerable variation across provinces, indicating their continued dominance in local trade. Provinces like West Java, East Java, and Central Java are particularly notable for their high number of traditional markets, presenting substantial opportunities for further development. Strategically, enhancing traditional markets can positively impact local economic growth. Collaboration between the government, business leaders, and local communities is crucial for advancing infrastructure and services within these markets. By improving facilities, empowering local traders, and optimizing logistics management, traditional markets can bolster their competitiveness in the modern era.

In the context of sustainability, the development of traditional markets offers a valuable opportunity to preserve cultural heritage. By maintaining local products and supporting micro, small, and medium enterprises (MSMEs), traditional markets can help secure regional cultural identities and promote economic inclusivity. The integration of information technology in managing traditional markets can enhance operational efficiency and enable local businesses to compete in the global market.

However, as Indonesia experiences rapid growth in the e-commerce sector, shopping trends and consumer needs are increasingly shifting towards digital connectivity. Provinces with strong traditional markets can leverage the e-commerce trend as a strategic opportunity for enterprise and business development, combining traditional market strengths with modern digital capabilities to foster economic growth and resilience.

E-commerce has the potential to significantly expand market access for local businesses, offering MSMEs the opportunity to reach a broader audience and diversify their income streams. To fully harness this potential, a comprehensive approach is necessary, including training, mentoring, and technical support for local businesses. Government involvement in crafting supportive regulations for e-commerce growth is also crucial. The integration of e-commerce as a trade development tool is evident in its ability to enhance supply chain efficiency, provide access to global markets, and stimulate innovation. Developing robust information technology infrastructure and ensuring cyber security are vital for supporting sustainable e-commerce growth. These measures will foster a favorable business environment, protect consumers, and ensure the longevity of the e-commerce sector.

Nevertheless, the expansion of e-commerce also brings ethical challenges. Issues such as consumer data protection, tax fairness, and the social impact of changing shopping behaviors need to be addressed thoughtfully. Balancing technological innovation with the need for economic and social sustainability is essential for the responsible development of e-commerce in Indonesia. The importance of harmonizing the development of traditional markets and e-commerce lies in acknowledging their distinct yet complementary roles. Enhancing technological infrastructure in traditional markets—such as implementing digital payments and providing technological training for traders—can boost their competitiveness in a digital trading environment.

Overall, the advancement of both traditional trade and e-commerce in Indonesia requires an integrated strategy. The government, as a regulatory body, should implement policies that support the growth of both sectors. Meanwhile, business actors and local communities need to collaborate to foster a balanced, inclusive, and sustainable trade ecosystem. Harmonizing these two aspects can drive comprehensive economic growth and strengthen Indonesia's position in the increasingly interconnected global market.

The E-Commerce Phenomenon and Its Impact on Traditional Markets

It is important to understand the concrete impact that the existence of e-commerce has on traditional markets. data changing shopping patterns, and consumer trends can provide insight into how much e-commerce is affecting the performance of traditional markets.

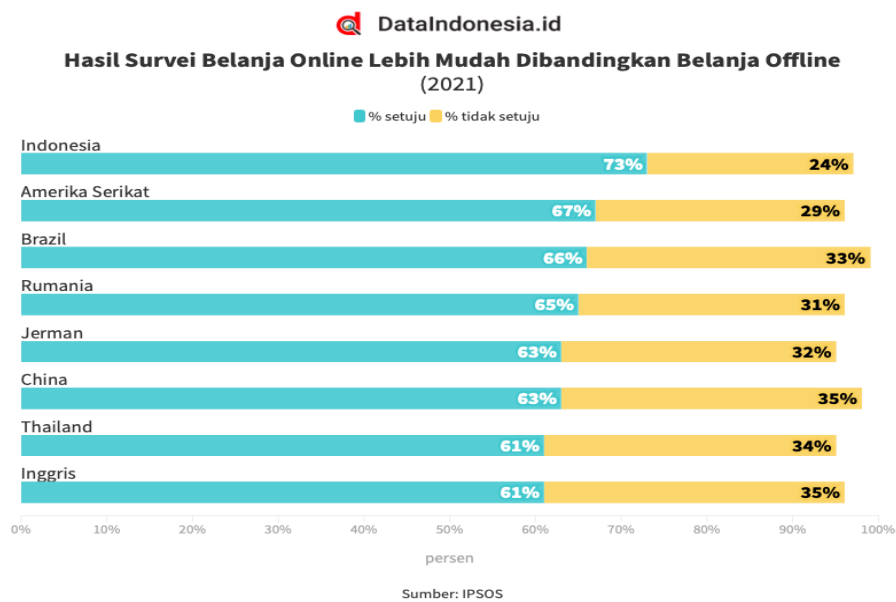


Figure 1. Survey Results: Online Shopping is Easier Compared to Offline Shopping
 Source: DataIndonesia, 2021

Figure 1 above shows the survey results that most respondents were from participating countries, such as Indonesia (73%), the United States (67%), Brazil (66%), Romania (65%), Germany (63%), China (63%), Thailand (61%), and the UK (61%), agreed with the statement that online shopping is considered easier compared to offline shopping. This phenomenon can be linked to the development of e-commerce, where shifts in consumer behavior are reflected in the dominant preference for electronic or digital trading platforms. The advantages of accessibility, convenience of shopping from home, time savings, ease of payment and delivery of goods, and availability of complete and clear product information are the main factors that support a positive view of the ease of online shopping (Rachmawati, Kurniawati, and Arif 2023). Thus, this survey illustrates the significant influence of the e-commerce phenomenon in shaping consumer preferences for more practical and efficient shopping methods globally.

Then in Indonesia, shopping preferences have also changed along with the rise of online-based sales (*e-commerce*), where the presence of e-commerce has influenced the market landscape in Indonesia, the majority of which are still traditional markets. To make it easier to understand changes in people's shopping preferences, below is a picture of shopping method preferences as published by DataIndonesia.id.

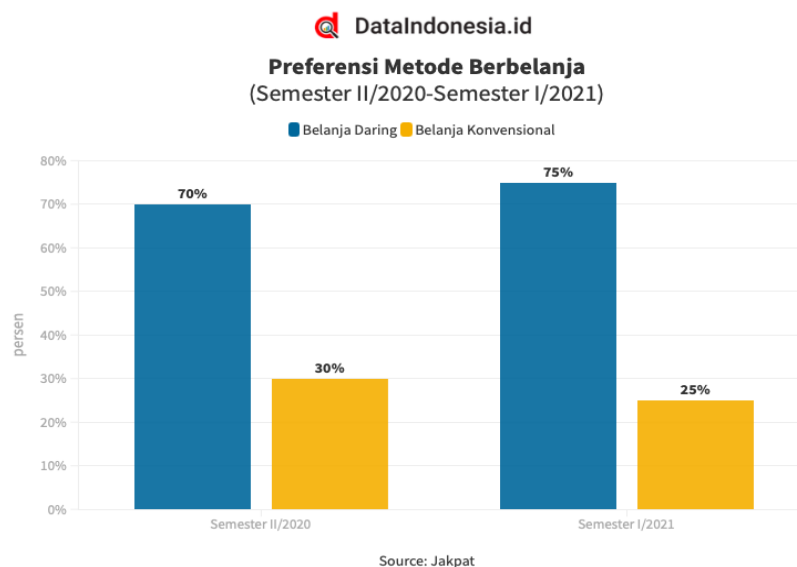


Figure 2. Shopping Method Preferences

Source: DataIndonesia.id, 2021

In the period between 2020 and 2021, there has been a paradigm shift in consumer preferences regarding shopping methods. The overall analysis shows prominent trends, illustrating the evolution of consumer behavior influenced by factors such as technological developments and social conditions. In 2020, the global pandemic triggered a surge in the use of

online shopping, reaching 70% of total consumer spending. This situation is in line with social distancing measures which present online platforms as the safest solution. In contrast, conventional shopping maintained a share of 30%, reflecting consumer uncertainty and adaptation to urgent changes.

Moving into 2021, this shifting trend is increasingly consolidated. Online shopping continues to increase and reaches a proportion of 75%, while conventional shopping decreases to 25%. This increase reflects a deep transformation in the way consumers interact with the marketplace, where digital literacy and transaction security play a key role in increasing consumer confidence in online purchases.

The main driving factors behind this shift are increasing digital literacy and the security of online transactions (Tangguh, Sianipar, and Djamaluddin 2023). Consumers who are increasingly familiar with technology and feel safer in online transactions tend to switch to online shopping. The existence of exclusive promotions and online discounts also provides additional encouragement for consumers to choose digital platforms (Santoso 2018). The impact on business and trade is very high. Digital transformation is a necessity to remain competitive in an ever-growing market. Businesses that successfully adapt online marketing strategies, improve e-commerce infrastructure, and provide superior digital customer service will gain a competitive advantage and compete in the digital era. Apart from that, there are several factors that influence people to choose online shopping rather than shopping conventionally at traditional markets as mentioned in the statistical data below (Aris Ariyanto 2021)

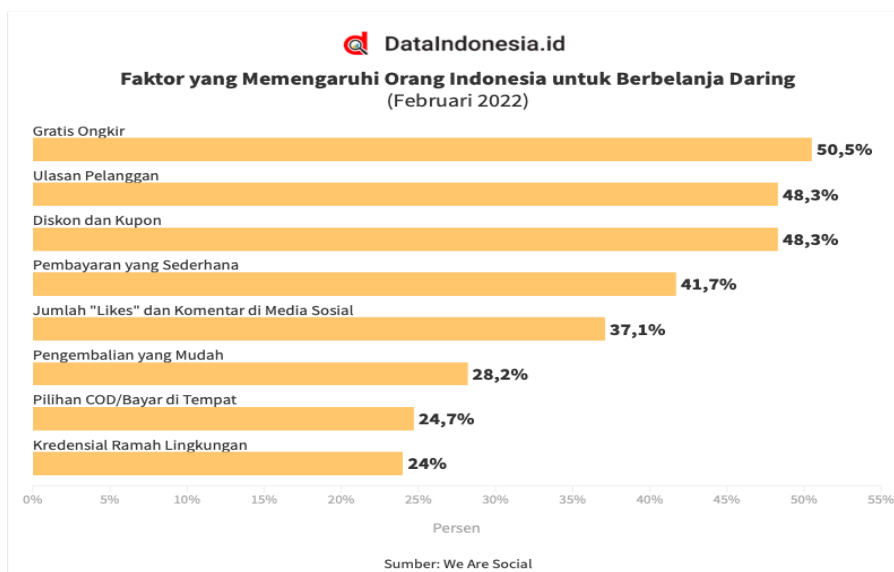


Figure 3. Factors that influence Indonesians to shop online

Source: DataIndonesia.id, 2022

In the context of online shopping preferences among Indonesians, several key factors significantly influence consumer decisions. According to social data published on DataIndonesia.id, free shipping emerges as the most crucial factor, with 50.5% of respondents considering it the primary aspect in their online shopping decisions. This finding aligns with consumer behavior theory, which highlights the impact of additional costs on shaping consumer preferences (Razak 2016). Furthermore, customer reviews also play an important role, identified by 48.3% of respondents as a determining factor in shopping decisions. The concept of social resources suggests that information from fellow consumers has a major impact in building trust and reducing consumer uncertainty about products or online shopping platforms.

In addition, discounts and coupons play a significant role in influencing consumer decisions, with 48.3% of respondents indicating a preference for online shopping when such offers are available. These economic factors align with the principles of economic value and profit within consumer behavior economics, demonstrating how promotional incentives can drive consumer choices (Razak 2016). The number of likes and comments on social media also significantly impacts the decision-making process. This reflects the influence of social media presence in shaping consumer perceptions of products or shopping platforms.

Then, ease of returning goods was a consideration for around 28.2% of respondents. Consumer behavior theory shows that guaranteeing consumer satisfaction through an easy returns process can increase positive perceptions of online shopping platforms. The payment upon receipt (COD) option was also an important factor for 24.7% of respondents, indicating that transaction security is still a concern for consumers, and this payment model is in line with consumer preferences for trustworthy payment options. Finally, eco-friendly credentials also emerged as a consideration for around 24% of respondents, reflecting a shift in consumer awareness towards environmental factors in shopping decisions.

After identifying the factors influencing online shopping preferences in Indonesia, the following data presents the number of visitors to five leading e-commerce sites in Indonesia. This information provides a concrete illustration of how consumer preferences are reflected in online shopping activities.



Figure 4. Number of visits to the 5 largest e-commerce sites in Indonesia (January-October 2023)
Source: Katadata.co.id, 2023

Between January and October 2023, significant fluctuations were observed in the number of visits to the five largest e-commerce sites in Indonesia. This data highlights dynamic shifts in consumer preferences and underscores the intense competition within the online shopping industry. The following analysis reviews the performance of each platform during this period.

1. **Shopee.** Shopee demonstrated very strong performance throughout the period, with the number of visits continuing to increase from 171.3 million in January to 243.4 million in October 2023. This increase confirms Shopee's dominance in the Indonesian e-commerce market and shows its continued appeal among consumers.
2. **Tokopedia.** Tokopedia, despite experiencing its fair share of monthly fluctuations, remains one of the key players in the industry. Despite a decline from 128.1 million in January to 95.5 million in October, Tokopedia still maintains its position as a strong competitor with a significant number of visits.
3. **Lazada.** Lazada, while showing an overall decline from 91.2 million in January to 40.6 million in October, remains one of the big platforms. These fluctuations indicate dynamic changes in consumer preferences and competition in the e-commerce market.
4. **Blibli.** Blibli, with a trend that tends to be stable, showed several visits of around 28.6 million in October. This relatively consistent performance shows that Blibli has succeeded in maintaining its visitor base during this period.

5. Bukalapak. Bukalapak, while experiencing monthly fluctuations, saw the number of visits around 11.2 million in October. Although the numbers are lower compared to some of its main competitors, Bukalapak remains an important player in the e-commerce ecosystem.

The significant number of visitors and the shift in consumer shopping preferences towards online platforms highlight the necessity for traditional markets to embrace digital transformation to survive and compete in the increasingly dominant e-commerce era. Changes in consumer behavior, where individuals increasingly turn to online platforms for their shopping needs, underscore the urgency for traditional markets to adapt their business models to the digital realm. By doing so, traditional markets can remain relevant and accessible to consumers who favor digital shopping experiences.

In addition, digital transformation enhances operational efficiency in traditional markets. Implementing digital inventory management systems allows for more precise stock control, helping to prevent both excess inventory and shortages. The adoption of digital payments accelerates transaction processes, reduces wait times, and enhances the overall customer experience. Furthermore, digital transformation offers significant business growth opportunities. Traditional markets that integrate with digital platforms can access broader, even global, markets, thereby unlocking substantial growth potential. By swiftly accessing market trend information, traditional markets can innovate their products and services and diversify their offerings to better align with evolving consumer needs.

Equally important, digital transformation enables traditional markets to compete with e-commerce by attracting and retaining customers. Examples include online delivery services, shopping apps, and digital loyalty programs, which can help draw consumers back to traditional markets. Additionally, enhancing security and building consumer trust are crucial. Digital transformation allows traditional markets to strengthen transaction security through secure digital payment methods and advanced security systems, boosting consumer confidence and alleviating concerns about transaction safety. By embracing digital transformation, traditional markets can ensure the continuity and resilience of their business in an increasingly digitalized environment (Bangsawan 2023).

Benefits of Transforming Traditional Markets to E-Marketing (Digital)

Transforming to e-marketing offers numerous advantages for companies in the modern business world. One significant benefit is enhanced global market access. Leveraging digital technology and the internet allows companies to reach consumers worldwide without being

constrained by geographic boundaries, thereby opening up new opportunities for international expansion and a broader market share. E-marketing also offers substantial cost savings. Unlike traditional marketing methods, which can be costly, digital marketing is often more efficient and budget-friendly. Platforms such as social media and email marketing enable companies to target specific audiences at a lower cost compared to print or outdoor advertising. Furthermore, e-marketing enhances consumer engagement. Through interactive and personalized digital channels, companies can better connect with their audience, fostering increased customer interaction and loyalty.

Direct interaction through social media, chatbots, or interactive websites enables companies to engage more personally with consumers. This fosters stronger emotional connections and enhances customer relationships, leading to increased loyalty and satisfaction. Additionally, the transformation to e-marketing offers significant advantages in measuring marketing campaign results (Suginam, 2022). Companies can leverage analytics and big data tools to monitor and evaluate the effectiveness of their marketing efforts. This capability provides deep insights into campaign performance, allowing companies to identify successful strategies, recognize areas needing improvement, and adjust their approaches swiftly and effectively.

However, companies also encounter several challenges in navigating the shift to e-marketing. One major issue is the increasing competition in the digital landscape. As more companies adopt e-marketing strategies, the competition becomes more intense. To stay ahead, companies must continually innovate and create distinct competitive advantages. Another challenge is the difficulty of adopting new technologies. Implementing digital tools requires significant investment in time and resources. Companies need to manage internal changes and overcome barriers related to technology integration and employee training. Furthermore, consumer data privacy and security are critical concerns. With extensive data collection for marketing purposes, companies must ensure that this data is processed securely and in compliance with privacy regulations. Breaches or leaks of consumer data can severely damage a company's reputation and erode consumer trust.

Challenges and Obstacles in Transforming Traditional Markets Towards Digital

According to Nur Lailu Rahmahnia's research, there are several things that can strengthen the existence of traditional markets, including diverse products, quality products, friendly service, affordable prices 5. The emergence of a sense of authenticity. Meanwhile, the weaknesses include limited use of social media, and the emergence of various market

competitors. limited facilities and infrastructure. cleanliness and security management are simple, kiosk areas are limited while opportunities from traditional markets are opportunities (opportunities), there is support from the government, friendly service, good consumer purchasing power, bargaining, affordable locations, threats and challenges in the form of high competitiveness between traders market, modern market, and e-commerce, stability of products sold, technological developments, cultural shifts, and societal behavior (Magister 2023). In Djoko's research, the advantages of traditional markets include lower prices, fresher goods, and the ability to negotiate prices. Additionally, these markets play a crucial role in maintaining the socio-cultural aspects of the local area (Djoko 2020). According to Gema Aristocrat's research, the government must address the impacts and risks associated with digital transformation by providing appropriate support for creative business actors. Key challenges identified include cybersecurity risks, limited access and digital literacy in certain regions, and regulatory issues. (Bangsawan 2023).

In general, from the references above, it can be concluded that there are several challenges and obstacles in the transformation of traditional markets to digitalization, including:

1. **Lack of Digital Literacy.** Digital literacy challenges in traditional markets highlight the urgent need to address the technology literacy gap. Most traders may not be familiar with the use of digital tools and online platforms. Therefore, a comprehensive training program is needed that includes an introduction to basic technology concepts, digital-based business management, and online marketing strategies. These steps not only increase digital literacy but also open new opportunities to reach a wider market.
2. **Lack of Resources.** The challenge of limited resources is a major obstacle to the growth and adaptation of traditional markets. To overcome this, business assistance is needed which involves mentorship from business experts, financial training, and easy access to external resources. Innovations in financial inclusion approaches can also provide a boost to traders with limited capital, enabling them to invest in increased capacity and services.
3. **Infrastructure Barriers.** Infrastructure constraints, including damaged roads and inadequate internet connections, require close attention. Investments in improving physical infrastructure and technology around traditional markets can speed up the distribution of goods, reduce logistics costs and improve business connectivity. Collaboration between government, the private sector and financial institutions can form a holistic strategy to overcome these obstacles.

The Role of Government and Support Policies

The Digital Transformation Acceleration Policy in Indonesia has great potential to increase creative economic growth in Indonesia. Digital transformation that can open up new opportunities to increase efficiency, innovation and market access in industry can be supported by proactive and responsive government policies. The government has an important role in facilitating digital transformation and helping creative business actors face challenges and take advantage of existing opportunities (Bangsawan 2023).

1. Facilitate access to adequate digital technology and infrastructure. The government can play a role in providing financial and regulatory support that enables creative businesses to obtain the technology and digital infrastructure needed to increase efficiency and innovation.
2. Strengthen collaboration between creative business actors and educational or research institutions to facilitate collaboration in creating more innovative creative products and services. This can be done through support programs such as business incubation and acceleration, which provide financial support and mentorship to creative entrepreneurs in developing their businesses.
3. Facilitating creative business actors to expand their market reach through promotion and digital marketing support. The government can help creative businesses to utilize digital platforms to promote their products and services to the global market, by organizing digital exhibitions and festivals or through promotional campaigns that are integrated with digital platforms. Thus, government policies that support digital transformation can provide positive encouragement for creative business actors in increasing efficiency, innovation and market access.

CONCLUSION

The shopping preferences of people have undergone a significant shift from offline to online, necessitating traditional markets to undergo an adaptation process and enhance their resilience in the face of the growing e-commerce industry. To address this transformation challenge, traditional markets must transition into the digital realm. Despite encountering obstacles such as limited digital literacy, constrained resources, and infrastructure limitations, their efforts to overcome these challenges demonstrate the resilience of traditional markets in the face of change. The resilience of traditional markets is evident in their ability to adapt to new technologies, collaborate with business players and government, increase digital literacy,

innovate to maintain competitiveness, manage privacy and data security risks, and develop resources through an inclusive financial approach. Despite competing with digital markets, traditional markets continue to show resilience by preserving their local uniqueness and appeal. The government plays a crucial role in encouraging transformation and facilitating the resilience of traditional markets through supportive policies, training programs, and infrastructure facilitation. By doing so, traditional markets can continue to evolve, and remain an integral part of the economic ecosystem, while maintaining and preserving their cultural and social identity.

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