
Dilemma of Traditional Market Traders in the Era of Digital Transformation: Case Study at Wlingi Blitar Market

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Abstract. *Traditional traders, especially clothing traders, have experienced a decline in sales amidst the development of modern markets and online sales. The research raised a case study in the Wlingi Blitar market, the largest market in the Blitar district, East Java. Research using a qualitative approach is presented descriptively, resources are obtained through in-depth interviews and also documenting, making observations, and using secondary data to obtain in-depth information so that a complete picture is obtained regarding the topic of traditional markets, modern markets, and digital transformation which has given rise to online sales. The research results stated that clothing traders experienced a decline in sales caused by the emergence of many modern shops in the Wlingi area and its surroundings and due to the rise of online sales. Some market sellers can transform sales digitally by selling their products online, but some traders need help to do this, so sales experience a decline.*

Keywords: *Traditional Market, Modern Market, Digital Transformation, Online shop.*

INTRODUCTION

The market is one of the driving forces of the economy, which brings together demand and supply with the aim of buying and selling transactions, which cannot be separated from modern markets or traditional markets, both in the form of direct transactions and those carried out indirectly using digital technology media (Nourbakhsh et al., 2012). Traditional markets are still the community's destination for meeting their daily needs, whether for food, clothing or equipment. This cannot be separated from the emergence of many modern outlets, such as supermarkets and minimarkets, which provide many needs with modern and attractive display concepts (Mardhiyah & Safrin, 2021) (Murdiyanto & Mukhlis, 2024). Traditional markets are still the choice of some people, and people still enjoy the bargaining process to get what they need. In contrast, in modern markets, they cannot carry out the bargaining process because the price is usually set based on the quality of the service provided (Andriansyah et al., 2021).

The development of minimarkets and hypermarkets is not only in big cities; now, it has spread to rural areas where initially it was dominated by grocery stores. Many minimarkets have emerged with the modern marketing concept (Andi et al., 2020). Moreover, the retail business concept is not only carried out through shops; with the emergence of digital technology nowadays, many purchases are made online (Olsson et al., 2024). Entrepreneurs face big challenges in digital transformation, where digital transformation has created a digital culture in society that covers the scope of social activities and digital transactions (Senadjki et al., 2023). Digital business transformation is a challenge for entrepreneurs because it requires digital learning and innovation to attract the market (Al Omoush et al., 2023).

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The demand to change traditional business behaviour patterns to create ideas with existing resources, where some have not been able to abandon traditional values so that not all business processes can be changed to digital processes, perhaps some should retain traditional business processes (Hauke-Lopes et al. ., 2023). Digital transformation covers all aspects of business activities, thus encouraging the reorganization and evaluation of businesses and production methods (Zang et al., 2024). Based on (Qi & Chu, 2022), research conducted in China found that digital transformation opens up supply opportunities, improves the quality and efficiency of offers and encourages reform of supply structures, encouraging increased consumption.

Traditional market traders are facing the challenge of declining sales, especially clothing traders in markets in Blitar Regency, East Java, Indonesia. Based on initial observations, several traders said that the lack of visitors impacted the lack of demand for clothes, which impacted the income earned by traders. This research aims to explore information about traders' readiness for digital transformation in the clothing trade to face the modern market and online shops.

LITERATURE REVIEW

This paper discusses research on the existence of traditional markets amidst digital transformation in all aspects, including the behaviour of consumers, producers and markets where economic activities have shifted to being based on internet use (Strader & Shaw, 1999). Modern consumers today dominate consumers, where consumer behaviour tends to imitate global consumer activities, but some consumers still maintain traditional behaviour (Rudawska, 2014). Some regions still maintain domestic entities where the human resource capabilities of traders and market managers could be improved. However, the government supports the development of traditional markets with market revitalization programs, whereas in Indonesia, it tries to empower micro businesses that grow in the market because they are still considered to have an important role in economic development (Giantari et al., 2018).

Traditional market

The importance of traditional market revitalization policies by the government to reduce unhealthy competition with modern markets (Mardhiyah & Safrin, 2021). Traditional markets are important for some of our society, but some people prefer traditional markets because there is a bargaining process to carry out transactions (Pahlevi et al., 2023)(Shabbir, 2020). The costs incurred by consumers in traditional markets tend to be unstable, where prices between traders tend to be different. Traditional markets need clear prices, creating trading opportunities compared to modern markets, where consumers cannot bargain (Strader & Shaw, 1999).

Traditional markets are markets built and managed by the government, private sector, cooperatives or local community organizations with business premises such as shops, kiosks, tents or the like (Aliyah et al., 2017)(Wongleedee, 2015). Traditional markets have become a tradition of transactions where physical presence between sellers and buyers is required, where it is possible to bargain over the goods being bought and sold (Antún et al., 2016)(Tung et al., 2013). Traditional products sold in traditional markets make some consumers like them, especially food ingredient consumers, who consider food ingredients easier and fresher; some consumers choose traditional markets to get food ingredients, especially traditional food, which is usually sold in traditional markets (Rudawska, 2014). Traditional markets and modern markets in the city have the same role in the economy, as a place for buying and selling transactions and have several differences related to the management of traditional markets involving parties working in regional

government units united by regional governments who have the status of owning stalls (Zanvo et al., 2021).

Modern Market

Modernization where modern marketing principles were practised diligently from the 19th century onwards where it began to be less oriented towards products, sales and marketing, where modernization was described as a style or movement to break down the forms of modern marketing—classic and traditional forms (Stephen Brown, 2014). Marketing is the basic term of the market; if the market transforms, then the market will no longer be the same entity as in modern thinking, which is defined as the practice of buying and selling transforming into a service so that price determination becomes one way from the seller's side where consumers get product sales services (Dholakia & Firat, 2019). The modern market moves so many economic sectors; interestingly, some customers like something new, an attractive appearance with good service, and a more structured and clearer market structure (Blois, 2018)(Putra & Rudito, 2015). Market practices help subtract the practices that make up modern marketing; the aim is to create and expand a market economy where these modern ideas aim to develop markets (Bayer & Page, 2014).

Digital Transformation

Digitalization is currently one of the most fundamental strategic challenges for organizations, as a result business leaders face multiple challenges both internal and external factors so that they require focus in the formulation, implementation process, implementation, organizational decision making (Kringelum et al., 2024) Digital transformation as a process where the use of digital technology is combined with digital competence which creates opportunities to support business model innovation to achieve competitive advantage which triggers organizational responses in the form of changes in management value creation paths, structural changes, overcoming organizational obstacles (Schönherr et al., 2023). Technology is used and combined to deliver information, communication, connectivity to support transactions in business (Ghobakhloo & Iranmanesh, 2021). Digital transformation refers to many aspects of activities starting from technological modernization, for example computerization, digital optimization, to the discovery of new business models which refers to initiatives to adopt digital technology that can change traditional business models (Parra-Sánchez & Talero-Sarmiento, 2023). increasing innovation in many aspects including cost aspects, changes in business strategy and the ability to increase the use of technology, thereby forcing companies to transform in order to improve performance (Miao et al., 2024).

METHODS

This research uses a qualitative research approach presented descriptively to find and explore relevant information from research subjects in the phenomenon where clothing traders in traditional markets are facing modern market competition and also online shops with digital transformation (Soewardi & Ananda, 2015) and reveal the relevant information contained therein where the data is presented more briefly and (Andreas et al., 2022). Because this research aims to provide information about the preparedness response of traditional market traders to the rise of minimarkets and the digital transformation that is occurring, in determining research informants, a homogeneous purposive method was used to recruit suitable respondents to provide relevant information (Koukouvinou et al., 2022).

Data sources were obtained from in-depth interviews, documentation, observation, and secondary data to obtain in-depth information and obtain a complete picture of the topic under study (Soewardi & Ananda, 2015). This research examines the data using triangulation techniques to test its validity, and then the information is synchronized to seeking conclusions is necessary (Graaf et al., 2018).

RESULT AND DISCUSSION

Blitar Regency has 13 traditional markets, including Wlingi Market, Srengat Market, Kanigoro Market, Kesamben Market, Lodoyo Market, Kademangan Market, Talu Market, Ngembul Market, Doko Market, Gandusari Market, Kademangan Market, Sidorejo Patok Market and Garum Market. This research was conducted at the Wlingi Market located in Babadan Village, Wlingi District. Blitar Regency. Based on data from the Department of Industry, Blitar Regency is the largest market with the largest contribution to Original Regional Income (PAD) among other traditional markets in Blitar Regency.

Wlingi Market was founded in 1887 and occupies an area of 16,454 m² and has a total of 1,500 traders consisting of 181 stall units, 939 stall units and 380 courtyard units where the goods traded are necessities, stalls, accessories, kitchen spices, chicken, meat, fish, clothing traders and others, with market operating hours divided into three market operating hours, where 00.00 WIB to 06.00 is for traders of vegetables, chicken, meat and other kitchen needs. Meanwhile, morning operating hours are from 07.00 WIB to 16.00 WIB, during which kiosks sell clothes, household necessities, gold shop kiosks and many other items. Meanwhile, afternoon operating hours start from 17.00 WIB to 21.00 WIB, which food traders and coffee shops dominate.

Twenty-seven vendor kiosks specifically sell ready-made clothing, but not all are open daily during morning operating hours. Based on a survey conducted, there are clothing traders who do not have kiosks, so many sell at a loss in the market. This research examines traders who sell permanently at the Wling market, consisting of 27 kiosks. Based on information from several informants, the wlingi market will be busy on special days such as before Idul Fitri, Idul Adha, before the new year, and before the new school year for school children. However, as the years go by, the market conditions are getting quieter because more and more special shops are popping up to sell clothes in the Wlingi area and surrounding areas, which offer a diverse and complete choice of clothing. Moreover, online stores make it easy for buyers to place orders.

Based on information from several informants whose names were not mentioned, some traders had been selling at the Wlingi market for more than 16 years, some had been selling for around 10 years, and there were also those for less than 5 years selling clothes at the Wlingi market. Most traders stated that their shops experienced a decrease in sales turnover over the years; only on certain days was there usually an increase in sales when approaching the Eid al-Fitr holiday, and even then, it was not as high as before COVID-19. During Covid, the trader said that his shop was able to survive, which was extraordinary, and after Covid, it started to be busy but was less busy than before Covid-19.

Based on information from several traders in the Wlingi area, more and more clothing shops are being established, such as Mira Shop, Fina Fashion, Family Fashion, Azizah Muslim Fashion Shop, Diamond Fashion, Wlingi Fashion Trend, Hijaz Collection, Mergo Seneng Clothing Shop and many clothing shops in the Wlingi area and also shops in areas outside Wlingi and in the city of Blitar. For example, researchers' observations show that consumers are interested in visiting and purchasing. As proven by observations, there are Mira shops with diverse, complete collections and competitive prices, which are one of the choices for residents

of the Wlingi sub-district, Kesamben, and several surrounding sub-districts who choose to visit the shop. A similar shop with a modern concept based on research results has become an alternative choice for consumers besides traditional markets. With so many competitors outside the Wlingi market, several traders have started selling through online shops such as Shopee, Tokopedia, Instagram, Facebook, TikTok. However, based on traders' recognition, only a few traders can carry out sales and promotions online. Based on research results, some traders still sell conventionally in the market.

CONCLUSION

The research results show that the majority of traders still sell conventionally, waiting for buyers to go to the Wlingi market, where the market on weekdays does not have many visitors or buyers, where there is an increase in visitors and buyers on certain days, such as before Eid al-Fitr. Based on research. Traditional markets are important for some of our society, but some people prefer traditional markets because there is a bargaining process to carry out transactions (Pahlevi et al., 2023)(Shabbir, 2020). From the research results and also journals that are references, some people still like to make purchases at traditional markets because there is a bargaining process in carrying out buying and selling transactions, especially for clothing products.

There are many clothing stores with a modern shop concept in the Wlingi area, areas around Wlingi and in the city of Blitar. Based on modern market research that moves so many economic sectors, it is very interesting that some customers tend to like something new, an attractive appearance with good service with a more structured and clearer market structure (Blois, 2018)(Putra & Rudito, 2015). Based on the research results, it turns out that the concept of a modern shop with good facilities, a good environment, a variety of goods, a wide choice of goods and also an attractive arrangement attracts consumers to make sales because some consumers tend to like attractive arrangements with good service rather than price considerations.

Online shops such as Tokopedia, Shopee, Bukalapak, and even TikTok are consumers' choices in line with research that technology is used and combined to deliver information, communication, and connectivity to support transactions in business (Ghobakhloo & Iranmanesh, 2021). So, with the ease of technology, it is easy for consumers to get information via cellphones, which have features for getting product information and are easy to use to make transactions and pay for products.

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