



## SURVIVAL STRATEGIES OF TRADITIONAL MARKET TRADERS AGAINST DIGITAL ECONOMY MARKET COMPETITION IN MEDAN

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### ABSTRACT

*Pasar Petisah Medan, as one of the active traditional markets. This market has faced major challenges since the end of 2019 when the outbreak of covid 19 resulted in the emergence of online markets. Consumers have experienced changes in shopping patterns that have led to a decrease in the turnover of traders in this market. This research aims to analyze the survival strategies applied by traditional traders in Pasar Petisah, Medan, in the face of competition with digital markets. Using a descriptive qualitative approach, this research examines the challenges faced by merchants, including economic conditions, market policies, and environmental changes that affect the sustainability of their businesses. The research subjects consisted of grocery merchants who are still actively selling at the location, while the object of the research included the strategies they implemented to survive amidst the changing market dynamics. The results of the study are expected to provide insight into the effectiveness of the strategies used by traders, as well as a contribution in formulating policies that support the development of Usaha Mikro, Kecil dan Menengah (UMKM) in traditional markets. This research also aims to increase understanding of the importance of digital transformation for the sustainability of traditional markets.*

**Keywords:** *Survival Strategy, Traditional Market, Digital Market, Digital Transformation*

## 1. INTRODUCTION

Over the years, traditional markets have become an important part of Indonesian life, including in Medan City. Traditional markets are places of social and cultural interaction and a meeting place for sellers and buyers. The rapid development of information technology has led to the emergence of digital-based markets in recent years. This change significantly alters the dynamics of traditional markets and greatly affects how consumers behave and how they transact. Based on data collected by the Indonesian Internet Service Providers Association (APJII), internet usage in Indonesia continues to increase, with more than 70% of the population using the internet. This change has a direct impact on people's preference to shop online. (APJII, 2022)

One of the largest traditional and modern markets in Medan City is Pasar Petisah. Many people mistake this market for the oldest one. Pajak Ikan, established in 1886, was the first large market in Medan. Pasar Hongkong then emerged in 1905, both of which still exist today. Then the new round market opened in 1915. It was named because the main building was circular in shape at the present site of the Guru Patimpus monument. The location connecting Jalan Gatot Subroto, Jalan Kapten Maulana Lubis, and Jalan S. Parman became inadequate as Medan City developed. It then moved to the present place, Pasar Petisah in 1970. (Sabirin & Herfian, 2021)

It combines a traditional market with modern shops which makes it unique. It is always full of shoppers from outside Medan. Tourists also often buy merchandise to take home. This two-storey market sells a wide range of products, from vegetables and salted fish to electronics and clothing. The vegetable and fruit vendors are located downstairs, while the electronics, clothing and furniture vendors are located upstairs. In addition, there are many vendors selling North Sumatran handicraft products such as wooden statues, woven mats, rings, necklaces and bracelets. There are embroidery and kebaya shops on the first floor, and some outside the market near the parking lot which makes it easier to access. Shoppers looking to buy a kebaya can easily choose from the various styles and colors available. They also have tailors on site who are ready to design the kebaya according to the buyer's preference. (Bisnis et al., 2024)

The market also offers a variety of fruit sweets without preservatives, such as kedondong, rambutan, salak, mango and guava. For those who love sweets, this market is the perfect place. The honey bees around the sweet bottles are very interesting as it shows how sweet the sweets are. Being in the central area of Medan, this market is very easy to reach for visitors. In addition, although this market looks big like a mall after being renovated in 2000, the feel of a traditional market is still very much there. In this market too, we will see buyers and traders who are very adept at offering the goods they want to buy. This price haggling enhances the intimacy between sellers and buyers. Due to the large and organized parking area, this market has a comfortable environment for shoppers. Another advantage is the multicultural feel of the market. There are many sellers from various ethnic groups, such as Tamil-Indian, Chinese, Padang, Aceh, Batak, Javanese, Malay, and so on. They are usually friendly to shoppers, which allows them to quickly become familiar with new people. The cozy feel of the market will be an unforgettable memory, especially for visitors from outside Medan City. (Wikipedia, 2024)

The development of digital markets has become a challenge for traditional markets in Pajak Petisah. Many merchants find it difficult to compete with the price and convenience offered by e-commerce platforms. Traditional markets are not only a place for transactions, but also a place where people can interact with each other. People also often use traditional markets as a place to exchange information and build social relationships among each other. (Juliana et al., 2024). In the midst of digital competition, this is an important aspect that must be maintained. Local cultural values often influence people's shopping habits in traditional markets. When digital markets offer more practical alternatives, maintaining this culture becomes a challenge. Some merchants in traditional markets are starting to adapt to technology. Although they do not fully understand how to use online platforms, they have started to utilize social media to promote their products and attract buyers. (Riani & Syafruddin, 2024)

This research aims to see first-hand how traders in traditional markets survive amidst the threat of the digital market. This includes how to develop new products, improve services, and enhance the quality of interactions with customers. According to the Badan Pusat Statistik (BPS), e-commerce's contribution to Indonesia's Produk Domestik Bruto (GDP) is increasing. However, this impact is not always positive for traditional markets, which may lose market share. There are various factors that influence the success of traditional markets in competing, including the education level of merchants, access to technology, and support from the local government. This research is crucial to understanding how traditional markets can survive and adapt in the digital era. We can make better plans by understanding the process of social, cultural, and economic interactions. (BPS, 2022).

As one of the traditional markets in Medan City, Pasar Petisah has its own characteristics that reflect the local community. This provides an interesting context to analyze how the interaction between traditional and digital markets works. This research will use a qualitative approach with interview and observation methods to obtain in-depth data on the survival strategies of traditional market traders. (Agnesia & Saputra, 2022). According to (Silfi Qotrun Nahda et al., 2024) by maintaining traditional markets, we also maintain the values of traditional markets. Maintaining traditional markets, we also maintain existing social and cultural values. Traditional markets function as public spaces that support social cohesion. Policies that support traditional markets should be supported by the government. This includes training for traders and promotion of local markets. In addition, this research will also compare between traditional and digital markets. This will provide a better understanding of how everyone in the economic ecosystem (Nur'aeni et al., 2024). Traditional markets are essential for social and economic sustainability. They create jobs and support the local economy. In the face of digital market challenges, it is important for traditional markets to survive and innovate. This will be the focus of this research. To support the proposed conclusions, this research will refer to various sources, including journal articles, books, and statistical data from BPS and APJII. It is hoped that this research can help in understanding the dynamics of traditional markets in the midst of rapid change, as well as assist traders in formulating effective strategies. (Pipit Mulyah, Dyah Aminatun, Sukma Septian Nasution, Tommy Hastomo, Setiana Sri Wahyuni Sitepu, 2020)

## 2. RESEARCH METHOD

This research uses a descriptive qualitative approach. This method was chosen because it focuses on an in-depth understanding of social phenomena, behavior, or human experience, especially to understand the survival strategies used by traditional traders in Petisah market in the face of current digital market competition. With this method, researchers can also gain richer and more contextualized insights, which often cannot be obtained through quantitative method approaches.

The subjects in this study were grocery traders who were still actively selling in Petisah market. Certain criteria were used to select traders for the study. In other words, having a shop that still has the potential to operate in that location. This research discusses the strategies used by traders in the petisah market to survive amid digital market

competition. As well as covering how the challenges they face in running a business in the midst of changing market dynamics at this time.

### 3. RESULT AND DISCUSSION

#### **Description of Research Location**

Petisah market is one of the main markets in Medan city and the second largest market after the central market, which is managed by PD Pasar. Pasar petisah is referred to as class IA or contemporary traditional market. The class IA designation of Pasar Petisah allows it to offer facilities that are not common in other markets, such as air conditioning, escalators, and spacious parking lots. The market is comparable to Medan's other two large markets, Pasar Center and Pasar Aksara. Pasar Petisah Medan is located at Jl. Kota Baru 3, Petisah Tengah, Medan Petisah, Medan City, North Sumatra. Pasar Petisah is a blend of traditional and contemporary markets.

The market is divided into several floors, which offer visitors the opportunity to purchase a variety of products, including food and apparel. On the first floor, there are vendors selling clothes, shoes, bags, accessories, and prepared foods. On the second floor, there are vendors selling second-hand clothes, curtain tailors, as well as ready-made and dirty clothes. On the third floor, there is the office of the head of phase I of the market, as well as a large mosque. Outside the petisah market or around it, there are shops and electronic goods. Many traders in this petisah market sell North Sumatran handicrafts, such as wooden statues, bracelets, necklaces, woven bags, rings, and woven mats. In addition, some traders in the petisah market also sell various candied fruits and pastries.

The market's location in the center of Medan City, making it more accessible to people from outside the city, is one of its characteristics. The position of the market in Medan is between the intersections of many major highways, especially Jalan Gatot Subroto, Jalan S. Parman, Jalan Mojopahit, Jalan Iskandar Muda, and other roads.

#### **Interview Result Description**

Interview with Informant 1 (Mrs. Rida, clothes seller at Petisah Market)

"I have been selling at Petisah market for more than 10 years, but now customers prefer online shopping. Even though I also sell the same goods at the same price as what they buy on shopee. We need support to compete with digital merchants."

Informant Interview 2 (kak sarah, toy seller in Pasar Petisah)

"I've been selling toys here for a long time, for years I think, but now I never see people who want to buy toys in my shop, it's better for them to buy online than to buy from my shop. In fact, usually people here can see the shape directly or try it on. Honestly, we feel depressed here because sales have dropped dramatically, and we need help so that our sales can compete with those sold online."

Based on the interviews that have been conducted, the main challenge faced by traders in Pasar Petisah is that consumers prefer to buy goods online instead of coming to the market, which has an impact on the average turnover of traders which has decreased dramatically and made it difficult for them to maintain their income in recent years. In

addition, traders in Pasar Petisah are also faced with the need to adapt to the times in order to compete both in terms of sales and income with digital traders.

There were many different perspectives on the problems faced by traders in Pasar Petisah, when we conducted interviews with them. These opinions provide an overview of how the digital market is affecting conventional stores and the strategies that merchants are taking to deal with these conditions.



Figure 1. The process of collecting information and research data using the interview method

## Discussion

### Challenges of Traders in Pasar Petisah in the Face of Digital Marketplace

The sale of goods in digital markets has expanded the sale of digital goods. Digital goods are goods that can be sent through digital networks, such as music, videos, movies, software, newspapers, magazines, books, and physical goods that are traded digitally. The current digital market includes e-commerce, which has many models at the moment.

E-commerce has grown consistently and is now one of the components that support economic growth in Indonesia. From industrial revolution 1.0 to industrial revolution 4.0, technology has evolved to Society 5.0 which provides major changes to human life. One significant example is the increase in internet usage. With the development of the modern era, the internet is also increasingly sophisticated with its various features. The industrial revolution 4.0 itself has had a very significant impact on various fields, including economics and trade. The rapid use of the internet affects economic growth. Through communication devices connected to the internet, people can do various things, including buying and selling transactions.

As such, digital marketplaces allow merchants to reach consumers further without borders, but the impact is that price competition is more difficult for traditional stores to match. In addition, the habit of consumers preferring to shop from home is increasing, forcing market traders to adapt to survive in today's digital economy.

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of how the digital market is affecting conventional stores and the strategies merchants are taking to deal with these conditions.

### **Traders' Strategies in Petisah Market in Facing the Digital Market**

Based on the results of observations and interviews conducted with traders in Petisah market, it can be concluded that the development of the current era is the biggest challenge that must be faced together.

Strategies that can be carried out by traders in Petisah Market in order to keep up with the current times include several important steps. First, merchants should start utilizing social media and other online platforms to promote their products and reach a wider audience. Second, they need to develop products and services to meet the ever-changing needs of consumers. In addition, merchants can create digital-based campaigns that are relevant to the products being sold to attract consumers' attention. Cooperation with other merchants is also important to increase profits and build better trust between merchants in the market. Lastly, merchants should be more sensitive to changes and be able to adjust to market trends and technological advancements to remain competitive.

## **4. CONCLUSION**

The study highlights the significant role of traditional markets, such as Pasar Petisah in Medan, in driving the local economy and creating employment opportunities for the community. Traditional traders can survive and innovate with the right strategies despite the challenges posed by the digital market. Moreover, the sustainability of traditional markets depends not only on economic factors but also on social support and favorable policies. By gaining a deeper understanding of consumer behavior and conducting competitor analysis, traders can develop strategies to remain competitive in the digital era.

Traditional market traders must continuously innovate and adapt to technological advancements by leveraging digital platforms to market their products. Training and education programs on digital marketing and business management are essential to enhance their competitiveness against digital traders. Furthermore, government and relevant institutions are expected to provide stronger policy support for the development of traditional markets, including adequate infrastructure and access to technology.

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