

A QUALITATIVE STUDY OF RETAIL BUSINESS WARFARE

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Abstract : *The current situation has created a state of disequilibrium between modern and traditional retail, which has been further exacerbated by the disruption of information and communication technology. The disruption of information and communication technology has resulted in an imbalanced trade war between modern and traditional retail. The objective of this study is to ascertain the circumstances surrounding the emergence of the trade war and its subsequent impact on consumer shopping behaviour in Jayapurag City. This study employs a qualitative methodology, utilising primary data obtained through in-depth interviews with retail leaders and proprietors. This study focuses on modern and traditional retailers in Jayapura City. The findings indicate that the business conflict between modern and traditional retailers presents both challenges and opportunities for both groups. Nevertheless, the extant circumstances preclude collaboration between the two, yet the possibility of collaboration is evident should the government succeed in establishing business regulations for both.*

Keywords: retail business, business war, modern and traditional retail.

INTRODUCTION

The retail industry is one of the sectors that has demonstrated consistent growth and innovation in the context of globalisation and intensifying competition. The retail sector plays a pivotal role in meeting consumer needs in an efficient and effective manner, given the diverse market demands and the dynamic changes in consumer patterns. In order to maintain and increase market share, it is imperative for retail businesses to remain abreast of technological advancements, optimise marketing strategies and enhance the quality of their service provision. This shows that the efforts made in the strategy digital marketing can help brands more recognized by potential consumers. In order to consolidate its position in the context of intensifying competition, the retail industry must adopt a strategy based on innovation, sustainability and the provision of high-quality services. The main contributors to the retail industry are sales and consumer spending on food and beverage products.

The growth of this industry has been clearly seen as a result of the entry of international retail stores and fast-food chains into developing countries, (Goworek, 2015). The future perspective of the retail industry, which is poised to explode and present significant opportunities or a new growth cycle to the global retail market, is based on

macroeconomic scenarios, analyzing consumer and consumption trends, understanding the structure of the retail industry, and analyzing the causes of the problem that progressive. For businesses in the retail industry the most important factor is growth primary, the flow of capital investment entering retail industry, and global growth retail industry, (Diamond Jay, 2013). Retail companies that are active in social media and conducting advertising campaigns the strong report a significant increase in brand awareness among consumers, (Ainurofiqin, 2021).

In the contemporary era, digital technology plays an instrumental role in facilitating interaction and collaboration with users at each stage of the innovation process. The principal objective of the innovation exploration phase is to identify novel approaches to innovation. The optimal innovation opportunities can be identified by discerning customer needs that are not currently satisfied by existing market offerings. It is incumbent upon innovation managers to adopt a user-centred approach and to proactively engage with users in order to ascertain their needs and the challenges they encounter. The rapid development of technology brings competition in the business world, including in the sales sector. This progress is evident from the increasing number of marketers trying to capture customer attention. The retail business is one of the popular ventures among the public because this business provides significant profits. It is also stated by Karwur that the retail market is a type of business and a place that sells consumer goods, especially selling goods directly to customers without reselling to others, (Karwur et al., 2016).

The importance of digital marketing strategies in taking advantage of interactions customers in the virtual world cannot be ignored. This is not just about creating broader brand awareness, but also about building engagement that deeper, increasing customer loyalty, and finally, stimulating business growth sustainable. The widespread dissemination of digital marketing strategies has demonstrated this paradigm shift. During this constantly evolving digital era, the industrial sector has seen significant changes in its approach to product sales and customer interactions, (Adha, 2020). The Indonesian retail industry is currently undergoing a period of substantial growth and development. In the Indonesian retail sector, modern businesses such as minimarkets, supermarkets, and department stores represent the primary choice for consumers. These establishments offer a diverse range of products, situated in convenient locations and providing a comfortable shopping environment.

The Indonesian retail industry is experiencing continued expansion, with new stores opening in a variety of locations, aided by stable economic growth and controlled inflation. Foreign retailers such as Makro, Carrefour, and Giant have established a presence in the Indonesian retail market, with the sector making a notable contribution to the country's Gross Domestic Product (GDP). Retail businesses play a pivotal role in facilitating individual purchases, offering a vast array of products, and enhancing product marketing.

The expansion of the retail sector has now reached the easternmost region of Indonesia, specifically Jayapura City. At present, the Jayapura City Council permits the establishment of up to 30 Alfamidi outlets and 30 Indomaret outlets within the city limits. Despite the considerable contribution of Alfamidi and Indomaret to the city's local revenue, the local government of Jayapura City persists in imposing restrictions on the entry of these major retailers. Furthermore, the policy is designed to safeguard the viability of micro-retail businesses while also maintaining price stability in Jayapura City. However, one of the most significant challenges facing the retail industry is the regulatory

environment, which hinders the growth of retail businesses in Indonesia. Additionally, the security and geographical conditions in Papua are distinct from those in more developed and accessible regions in western Indonesia. Nevertheless, the advent of major retail chains such as Alfamart, Alfamidi and Indomaret has posed a significant challenge to the viability of small-scale, independent retailers in Papua Province. These businesses undoubtedly encounter difficulties when competing with large retail corporations.

Furthermore, the advent of contemporary retail outlets has unquestionably resulted in intensified competition. This is due to the fact that modern stores place an emphasis on self-service and sell a variety of goods at the retail level, including items from supermarkets, minimarkets, and wholesalers, as well as other retailers. It is reasonable to conclude that, given the higher prices typically associated with modern retail outlets, customers are more inclined to patronise minimarkets. Consequently, a significant proportion of consumers are inclined to patronise modern retail outlets due to the prevalence of price reductions and the influence of contemporary lifestyles, (Juliana et al., 2024). The presence of contemporary retail is influenced by both the direct and indirect impact of small shops and kiosks.

Modern retail locations are strategically positioned, offer expansive store areas, provide convenient parking, feature temperature-controlled spaces, and offer a range of discounts or member discounts. This is in stark contrast to traditional retail, which is highly valued by consumers. The parking facilities provided by stores are often inadequate, with a wide range of sizes and types, from large stores to smaller or medium-sized ones. While some stores offer air conditioning, this is not a standard feature. The presentation of goods is often less polished, and conventional retailers tend to lack baskets for customers to carry their purchases. Those engaged in traditional retail activities have expressed concern that the advent of modern retailers will have a detrimental impact on the sustainability of their businesses. In particular, the advent of modern retailers is likely to result in a reduction in revenue, sales, shoppers, and visitors once these businesses are operational within the existing retail landscape. Conventional retail exerts an influence on businesses, as customers demonstrate loyalty to their preferred businesses, (Ian Alfian, 2022). Furthermore, the products and supplies offered by modern retail, such as the existence of small stores like Alfamart and Indomaret, are comprehensive and well-rounded.

Nevertheless, traditional retailers are unable to offer a comprehensive range of products, including a variety of quality levels, product specifications, and product packaging designs. In addition to the sale of goods, modern retail advertisements or banners on the roadside will attract customers due to the promotions they offer. Even promotions offering competitive pricing will attract customers. A number of variables have been identified as influencing the success of contemporary retail, including the use of business strategies, displays and physical images, among other factors. These factors collectively contribute to the success of contemporary retail, (Chaniago et al., 2019).

Empirical evidence indicates that contemporary retailers occasionally visit consumers' residences to conduct promotional activities. Even stores such as Alfamart and Indomaret now utilise digital systems for the delivery of their goods. On occasion, traditional retail practices evolve in a manner that alters the advantages associated with them. Modern retail services at Indomaret and Alfamart offer exemplary customer service, characterised by welcoming and polite interactions, and the prompt and satisfactory fulfilment of customer requests. However, due to the high volume of customers and the demands of the retail environment, traditional retail owners or

employees are occasionally unable to provide the level of service that they would otherwise be able to. Furthermore, modern retailers often offer more competitive pricing and discounts to their members, whereas traditional retailers are less able to do so due to the higher costs associated with purchasing goods from larger stores or wholesalers at prices that are not aligned with their costs of operation. In essence, price wars frequently arise as a consequence of the comparison of selling prices between disparate virtual stores, (Ong et al., 2020). Contemporary retail places emphasis on the fixed pricing of goods and services, whereas traditional retail is characterised by the offering of discounted prices, (Hikmawati & Nuryakin, 2017).

In light of the recently initiated trade war between modern and traditional retailers in Jayapura City, it is imperative for traditional retailers to devise effective strategies to navigate this challenging economic landscape. What are the challenges and opportunities facing traditional retailers? Furthermore, how might they strategise their sales and marketing in the context of the intensifying competition from modern retail in Jayapura City? One disadvantage of traditional retailers is that they do not offer a comprehensive range of products. However, they possess certain advantages, including a personalised customer service approach and the potential for price negotiations. Furthermore, customers may be able to settle their debts within a specified timeframe. Individuals with a below-average monthly income are able to meet their daily necessities due to the affordable prices of goods sold in traditional stores. One of the principal factors contributing to the ability of a business to prevail in competition with modern retail enterprises is the level of customer satisfaction it is able to achieve. A comparative analysis of retail sales and marketing strategies between traditional and modern retailers, such as Alfamart and Indomaret. It is imperative that consumers feel secure when making purchases in a retail setting. Despite the current phenomenon of traditional retail customers in Jayapura City switching to modern businesses, which has resulted in revenue challenges for traditional retailers, Furthermore, traditional retailers encounter difficulties in maintaining business continuity due to a lack of effective supply chain management. This is attributable to the absence of competition in the industry and the practice of monopolising suppliers of essential goods in Jayapura City by a number of major retailers.

This phenomenon has an impact on competition with traditional retailers, even for those that have been in business for a considerable length of time. This does not imply that their involvement should be constrained. It is crucial to implement a government policy that oversees the relationship and regulations governing the interaction between modern and traditional retail, taking into account its impact on the real sector's movement while ensuring that the nation's socio-economic and cultural identity is not compromised. Indeed, the question of whether there is a place for both modern and traditional retail has been a topic of discussion for some time. However, traditional markets have previously encountered similar circumstances. According to the records of the Indonesian Market Traders Association (APPSI), from the 1970s to the early 1980s, the majority of consumers, from the lower to the upper class, shopped at traditional markets. In the mid-1980s to early 1990s, modern markets such as Ramayana, Matahari, Golden Trully, and Hero emerged, and the majority of consumers shifted from traditional markets to modern markets. The 1990s saw a surge in the popularity of modern markets. In the contemporary era, markets have become a popular attraction for the general public. During the 2000s, traditional markets experienced a decline in popularity. Furthermore, as hypermarkets, which are global retail giants, are increasingly appearing in various Asian countries,

especially Indonesia, and especially in Jayapura City, it is notable that supermarkets and mini markets existed prior to the advent of hypermarkets. For example, one may cite Saga Supermarket, Agro Freshmart and Gelael. Nevertheless, it appears that none of these alternatives can fully supplant traditional markets. In contrast to the introduction of Alfamart, Alfamidi and Indomaret, which selected locations in proximity to traditional retail outlets, This research primarily concerns itself with two key areas: firstly, the challenges faced by traditional retailers in the wake of the emergence of modern retailers such as Alfamidi and Indomaret in traditional retail business areas; and secondly, the potential opportunities for traditional retailers in the context of this new competitive landscape. Furthermore, what opportunities exist for traditional retailers in the context of the emergence of modern retailers in Jayapura City?

LITERATURE REVIEW

The field of study concerned with the management of retail businesses.

The subject of business management is typically a topic of discussion within the business community. The business management process encompasses planning, working, and supervising. This is done in order to achieve the greatest possible results and to attain the goals that have been set. Even in the absence of business management, the likelihood of generating sufficient sales is low. In order to achieve business goals, business management prioritises the management of production and marketing, as well as the utilisation of financial resources, (Wahyuni & Wibawani, 2020). Retailing is defined as the direct marketing of goods and services to consumers, (Sunyoto, 2015). The retail sector is primarily focused on consumers, who are the primary purchasers of goods and services for their own consumption. Retailing can be defined as the process of selling goods and services directly to customers, both personal and business, (Kotler, 2016). The retail sector is primarily concerned with the sale of everyday consumer goods. Retailing can be divided into two categories: traditional and modern. Retailing can be defined as the sale of goods or services to individuals, families, and households. Retailing demonstrates the advancement of solutions to address issues and streamline the vast array of products from manufacturers, enabling companies to cater to the needs of end customers, (Utami & Nugraha, 2022).

The advancement of communication and information technology has been a significant driver of sustained growth in the retail industry, facilitating the emergence of new business opportunities within this sector. The retail industry is undergoing a period of growth, utilising the various conveniences available for business and product marketing in order to meet the needs of both the business market and end consumers. Furthermore, business and product marketing technologies facilitate closer interaction between retailers, enabling a deeper understanding of consumer needs and the fulfilment of those needs. The increasing interconnectivity between retail businesses and consumers provides a foundation for the delivery of tailored offerings and the creation of shared value. As posited by researchers, value co-creation represents the process of integrating the physical and non-physical resources owned by the actors involved in the network with the objective of generating significant and mutually beneficial value, (Chandler & Vargo, 2011), (Stephen L. Vargo, 2017).

Competition in the retail sector is not solely concerned with offering superior quality products at competitive prices, ensuring customer satisfaction and providing exemplary service to the public. It also entails fostering customer loyalty and cultivating

a sense of interest in shopping among the general public. The competitive landscape between traditional and modern retail has resulted in economic disparities and the decline of traditional retail. The traditional retail industry is facing intensifying pressure as modern retail continues to gain ground. Conversely, the competitive landscape of modern retail is also becoming increasingly intense. This is attributable to the presence of these modern retailers in locations that were previously occupied by traditional retailers, namely in residential areas. In the course of their development, traditional retailers do not compete with modern retailers, but rather with one another. The advent of modern retail (Indomaret, Alfamart and its affiliates) in the city of Jayapura has given rise to a number of both positive and negative consequences for the local community. The positive aspects experienced by the community include enhanced convenience in shopping, the ability to utilise ATM cards, thereby eliminating the necessity to carry substantial funds, and the provision of extended opening hours, with some marts operating 24 hours a day. Conversely, traditional retailers are facing increasing pressure, while the consumption culture within the community is becoming more pronounced. A range of infringements have been observed, including violations of zoning regulations, market monopolies, a lack of commitment to supporting small and medium-sized enterprises (SMEs) and street vendors, and an undue focus on suppliers. The government has issued several provisions governing harmonisation between modern markets and traditional retail in response to the increasing squeeze on traditional markets, as evidenced by the erosion of traditional retail turnover and the increasingly isolated position of traditional markets, (Suryadarma, 2007).

Nevertheless, the expansion of the retail sector, exemplified by the emergence of convenience stores such as Alfamart and Indomart, illustrates the evolution of contemporary market structures. A considerable number of small traders are encountering significant challenges in maintaining their operations. In other locations, residents are more content with their ability to fulfill all their daily needs without having to visit a supermarket or hypermarket. This is due to the advent of modern retail in the surrounding areas of these residents. In the contemporary era, the competitive landscape no longer revolves around the traditional retail sector and the advent of modern retail formats. In order to gain a competitive advantage, contemporary retail developments are already competing with each other. Presently, two contemporary retailers, namely Alfamart and Indomaret, have a presence in nearly every village and densely populated residential area in Jayapura City. Such competition no longer considers traditional retail. The intense competition between modern retailers, such as Alfamart and Indomart, has resulted in violations by modern retailers. Among the violations are those pertaining to zoning, which entails the segregation of traditional markets from modern retail outlets, the establishment of market monopolies, the allocation of space for micro, small, and medium enterprises and street vendors, and the prioritisation of discounts for small and medium suppliers, (Minarsih, 2022).

Furthermore, it is of the utmost importance for traditional businesses to gain a more profound comprehension of contemporary retail management concepts. It is becoming increasingly challenging for traditional retailers to maintain a sustainable competitive advantage in the face of growing competition from professionally managed modern retailers and evolving consumer shopping patterns. It is therefore imperative for traditional retailers to gain an understanding of modern retail management concepts and of the elements of good business ethics that inspire traditional retailing. It is beneficial for businesses to consider retail business ethics as a means of fostering positive

interactions with a range of stakeholders, including consumers, competitors, suppliers, government entities, and regulators. In the context of a growing number of professionally managed modern retailers and evolving consumer shopping patterns, it is becoming increasingly challenging for traditional retailers to maintain a sustainable competitive advantage if they rely solely on traditional retail management approaches.

The disruption to the retail business

The advent of digital technology has precipitated a significant transformation in the retail sector, namely the emergence of novel forms of disruption in retail management. This digital disruption has an impact on the entire retail organisation, extending beyond online sales to encompass head office operations and in-store customer experience. The advancement of technology, operations and logistics over the past five years has given rise to a number of concerns regarding the future of physical stores, given the increasing focus on the online marketplace. With a mere click of a button, customers are able to locate the item they require and await its convenient delivery to their domicile. As the quality of the commercial process improves, from the availability of desired merchandise and customer service to short-distance delivery around the world, it appears that the global market will gradually transition towards an online retail store model. Moreover, organisations should foster a culture of innovation throughout the entire company. This entails the creation of an environment wherein employees are encouraged to take risks, experiment with novel concepts, and learn from their mistakes, (Hadi et al., 2023).

Nevertheless, in the absence of robust cultural endorsement, endeavours to foster innovation are frequently unsuccessful, as employees may be dissuaded from embracing novel approaches or may lack the requisite motivation to innovate. It is incumbent upon management to ensure that innovation becomes an integral part of the company. Technological advancement plays a pivotal role in facilitating continuous innovation. In 2024, technologies such as artificial intelligence (AI), big data, and the Internet of Things (IoT) will constitute the primary pillars of corporate innovation strategies (Oktaviani et al., 2024). Technological disruption frequently gives rise to changes that extend beyond the boundaries of individual companies, influencing the wider industry ecosystem. It is imperative for retail companies to establish robust collaborative relationships with a diverse range of stakeholders to facilitate knowledge exchange, resource sharing, and technological advancement. Such collaboration not only assists retailers in accelerating the innovation process but also enables them to mitigate the risks associated with developing and implementing new technologies. Nevertheless, the pursuit of continuous innovation also presents a number of challenges. One of the principal challenges is maintaining equilibrium between exploitation and exploration, (Suryanti & Marsella, 2022). The concept of sustainable innovation extends beyond the mere adoption of novel technologies. It encompasses the capacity of companies to maintain a long-term commitment to innovation, (Zulkifli, 2021).

The retail sector has undergone significant transformations in the manner by which it interacts with customers and markets its products, as a consequence of the ongoing evolution of the digital era, (Chusumastuti et al., 2023). This transformation entails a significant shift in the fundamental tenets of the business paradigm. This is a consequence of the accelerated developments in information and communication technology. The advent of new technologies has created novel opportunities and facilitated the development of more flexible, dynamic, and scalable marketing strategies, (Adha, 2020). This paradigm shift is evident in the manner in which retailers are modifying their interactions and marketing strategies, (Restaty & Wuryanta, 2020).

Although those involved in the retail industry are aware of the necessity to adapt to the constantly evolving business environment, the implementation of digital marketing strategies has become a predominant trend in the contemporary business landscape. It is evident that digital marketing strategies are of significant importance in capitalising on customer interactions on the internet, (Luh Wayan Yasmianti, 2022). This not only facilitates enhanced brand awareness, but also fosters greater engagement, increased customer loyalty, and sustainable business growth. In the contemporary business environment, digital marketing strategies are of paramount importance for the continued competitiveness and success of retail companies. They are a crucial means of addressing the challenges and opportunities presented by the increasingly digitised business landscape. The role of the retail customer has evolved from that of a passive consumer to one of active participation in the buying and decision-making process. This is occurring in an era in which digitisation and technology have permeated all aspects of life. They dedicate a greater proportion of their time to online activities, seeking information about products, reading reviews, and engaging with brands through a variety of channels. Accordingly, traditional marketing methodologies are inadequate to address the evolving consumer behaviour patterns observed in the contemporary era, (Dewi Suma, 2023).

In conclusion, in the contemporary era, characterised by rapid technological change, this strategy represents a pivotal factor in driving sustainable business growth, (Raharjo, 2021). Digital marketing strategies are a crucial element in the growth of any business, (Susanti et al., 2022). It is evident that developing a robust online brand presence and fostering customer engagement can lead to a notable surge in sales.

RESEARCH METHODS

Furthermore, in order to gain a deeper understanding of the phenomenon of business wars in the retail industry, this research employs a qualitative methodology. This method allows researchers to gain deeper insight into the perceptions, understandings, and experiences of business actors, (Lexy J. Moleong, 2000), (Sugiyono, 2017). The qualitative research methodology employs the following stages: In-depth interviews were conducted with ten executives and marketing staff from modern retail companies (Alfamidi, Indomaret, Hypermart, Saga Supermarket and AgroFreshmart) and ten traditional retail stores with business types including traditional market traders, grocery stores, and more personalised and locally based stalls, who were selected as research informants. The objective of the interviews was to gain insight into the marketing strategies employed, sales strategies utilised, the role of information technology, and the rationale behind these decisions, as well as their impact on business growth.

The participants were encouraged to engage in detailed discourse through the utilisation of open-ended questions. Furthermore, an analysis was conducted on internal company documents, including marketing plans, financial statements, and performance reports. These documents provided an overview of the strategies employed, as well as relevant business performance data. Additionally, data analysis was conducted using the NVivo 12 Plus tool. The results of the analysis were interpreted to identify key conclusions and potential future consequences. To reach these conclusions, it is essential to have a comprehensive understanding of how retail business wars affect business growth in the retail sector in Jayapura city.

RESULTS AND DISCUSSION

An investigation into the potential business opportunities for modern retailers in comparison to their traditional counterparts.

The ongoing trade war between modern and traditional retail in Jayapura City can be observed from a number of perspectives, including technological factors, consumer behaviour, the role of government, and innovation. The expansion of market opportunities, the growth of manufacturing businesses, and the government's initiatives to foster the growth of the retail sector are all factors that have contributed to the accelerated growth of the retail industry. These developments have resulted in heightened competition among market participants. The retail sector is characterised by a high degree of diversity, with businesses falling into a multitude of categories based on their shape, size, and level of modernisation.

Table 1. Matrix of Opportunities and Challenges for Modern Versus Traditional Retail Businesses

Modern Retail		Traditional Retail	
Opportunities	Challenge	Opportunities	Challenge
Technology Utilization	Product prices are difficult to reach	Government Favourability	Lack of Innovation and Utilisation of Information Technology
Effectiveness and Efficiency	Government Regulations	Community Support	Capital Limitations
Convenience	High tax liabilities	Market Revitalisation	Changes in Consumer Shopping Patterns
Capital Power	Limited Interaction with customers	Personalised Relationships with Customers	Capital Limitations and Land Expansion
Product Diversification		Pricing Flexibility	

The contemporary retail sector presents a plethora of opportunities for technological integration. Modern retailers can utilise technology to enhance operational efficiency, encompassing aspects such as stock management and expedient delivery services. Furthermore, the utilisation of technology facilitates the aggregation of customer data, thereby enabling the identification of purchasing trends and preferences, and the subsequent development of more targeted marketing strategies. Furthermore, the ability to operate rapidly and effectively is of significant benefit. The capacity to offer expedient and effective services through centralised stock management and digital payment applications provides consumers with an additional degree of convenience. This may be an attractive proposition for consumers in Jayapura city who are seeking a more practical solution. Subsequently, the focus shifts to market expansion and product

diversification. Modern retailers typically possess the financial resources necessary for market expansion and the capacity to offer a diverse range of products, encompassing both daily necessities and specialty or imported items.

Conversely, traditional retailers may benefit from favourable government policies and local community support. The government frequently offers assistance to traditional retailers through market revitalisation programmes or digitalisation programmes for MSMEs. Furthermore, consumers who wish to demonstrate support for local businesses often prefer to make purchases at traditional markets due to the social proximity and negotiable prices that they offer. Nevertheless, excellence in personal relationships has the potential to foster personal relationships and trust with customers. This approach remains highly pertinent, particularly in communities that espouse values pertaining to community, ethnicity, or culture, as evidenced by the case of Jayapura city. Furthermore, traditional retailers often demonstrate greater flexibility in adjusting prices according to consumer affordability. Furthermore, they are able to sell products in small quantities, which is a practice that is challenging for modern retailers to implement.

A comparative analysis of the challenges faced by modern retail businesses and those operating within the traditional retail sector.

The next challenge faced by modern retailers is price competition and the availability of products that are difficult to afford for all market segments. Despite the numerous advantages they offer, products in modern retail are typically priced at a premium relative to those in traditional retail. This renders modern retail less competitive for consumers with limited purchasing power. Moreover, modern retailers are subject to disparate tax obligations than their traditional counterparts. Additionally, modern retailers are confronted with the challenge of restricted opportunities for personal interaction. The personal connection, which is often a strength of traditional retail, cannot be provided on the same scale by modern retail, particularly on e-commerce platforms. For some consumers, the shopping experience provided by modern retail outlets can be perceived as more impersonal.

Concurrently, conventional retailers in Jayapura City also encounter obstacles in the execution of their commercial operations. One of the most frequently cited issues by those engaged in traditional retail is the lack of understanding and utilisation of technology in business innovation. In comparison to their modern counterparts, traditional retailers frequently demonstrate a deficiency in the utilisation of technology to support operational and marketing activities. This renders them less competitive with modern retailers, who are more efficient and rapid in providing consumer services. Moreover, restricted access to capital represents a considerable obstacle for traditional retailers striving to sustain or expand their businesses. Traditional retailers frequently encounter financial limitations that impede their ability to expand their business operations or modernise existing facilities. Such limitations may result in consumers feeling uneasy or disinclined to patronise traditional markets, particularly given the lack of comprehensive product ranges and the less than optimal facilities, including rooms without air conditioning and limited parking. Conversely, shifts in consumer behaviour due to the advent of the technological disruption era also influence the way consumers engage with retailers, with a growing expectation of convenience in meeting their needs. In the present era, contemporary retailers have also innovated in transaction systems, such as the utilisation of application-based or third-party instalment payments, which were previously a competitive advantage for traditional retailers with a debt system. Similarly,

consumer shopping patterns have also undergone a transformation. At the present time, there are a number of application-based transportation companies operating in Jayapura city, including Go-Jek, Maxi and Grab. These facilitate consumer access to a wider range of products and services through applications that are connected to modern retailers.

The concept of a modern and traditional retail synergy strategy

However, the trade war between modern and traditional retail is not solely responsible for the emergence of new opportunities and challenges. In order to address the technological disruptions caused by businesses, particularly within affected industries, it is imperative that companies implement digital business innovation, strategy, and transformation. The implementation of digital technology and business models facilitates organisational change, which in turn improves performance. This is achieved by effecting changes to processes, people and strategies, (Jeff Loucks, 2016). The advent of digital platforms has also influenced the type of retail business conducted online, including the sale of fresh produce for daily needs, (Utami & Nugraha, 2022). Furthermore, retail businesses frequently employ a range of strategic terminology, including merchandising strategies, location strategies, promotional strategies, and branding strategies, which are devised by retailers themselves. In particular, strategic retail decisions are informed by these strategies. The overarching objective of retail strategy is to provide a comprehensive framework that guides the actions of retailers. Conversely, there are opportunities to foster collaboration and mutual support in business growth, particularly through digital collaboration. This involves traditional micro-scale retailers, such as stalls, partnering with modern retailers to sell or entrust products to be sold by the latter. Furthermore, digital collaboration through e-commerce represents an additional avenue for the sale of diverse products between modern and traditional retailers. The digitalisation of knowledge is of great consequence in enabling MSMEs to adopt and optimise such e-commerce services. It provides a profound understanding of integration, data analysis and online marketing strategies, (Yudas Tadius Andi Candra, 2024).

Moreover, this synergy can be fostered through government regulations that facilitate collaboration between these two types of retail. For instance, modern retailers may provide training in modern retail management for traditional retail business actors and offer business space to traditional retailers in their premises, such as parking lots or tenants prepared by modern retailers with a profit-sharing system. Conversely, traditional retailers can impart their expertise in personalised customer engagement to modern retailers and serve as marketing agents for such retailers. By leveraging the business ecosystem, businesses can foster greater connectivity, collaborate on joint projects, and connect with related service providers, thereby enhancing efficiency and value, (Mohammad Annas, 2024). The retail business is a promising sector in Indonesia, supported by the growing consumer demand and evolving shopping habits, (Ditra Krahara & Ali, 2020). The advent of the modern retail industry has largely been driven by the shopping patterns of people, particularly the upper middle class, who have demonstrated a preference for avoiding the congestion and disorganisation that are characteristic of traditional markets. Despite the assertion that modern retail will supplant traditional markets due to its numerous advantages, the growth of this sector is unquestionable, (Ihwanudin & Nafisa Beladiena, 2020).

CONCLUSIONS AND SUGGESTIONS

The ongoing trade conflict between modern and traditional retailers presents a unique set of challenges for each party. Modern retailers demonstrate superior efficiency, technological proficiency, and convenience, whereas traditional retailers exhibit a distinctive expertise in pricing and personalised relationships. The most promising avenues for growth emerge when these two types of retail collaborate, leveraging each other's strengths to navigate the complexities of an evolving market landscape. The retail industry is one of the sectors that has demonstrated consistent growth and innovation in the context of globalisation and intensifying competition. The retail sector plays a pivotal role in meeting consumer needs in an efficient and effective manner, given the diverse market demands and the dynamic changes in consumer patterns. In order to maintain and increase market share, it is imperative for retail businesses to remain abreast of technological advancements, optimise marketing strategies and enhance the quality of their services. In order to consolidate its position in the context of intensifying competition, the retail industry must adopt a strategy based on innovation, sustainability and the provision of a high-quality service.

In recent years, there has been a notable transition in marketing concepts, with a shift from a conventional approach to a customer-centric one. Prior to the advent of the internet, the concept of the 'Moment of Truth' was a prominent feature of marketing theory, alongside the nascent concept of the 'Customer Experience'. The subsequent adoption of social media has brought about significant changes and developments in these areas. The concept of the New Customer Experience encompasses new technologies, including artificial intelligence, the Internet of Things (IoT), blockchain, and additive manufacturing, which have begun to be widely used in various industries (David Tjahjana, 2021). The coexistence of five generations, each with a distinct approach to purchasing, presents both an opportunity and a challenge for modern and traditional retail businesses alike in the development and implementation of a customer experience concept. It is similarly crucial to invest in IT infrastructure and data analytics technology in order to enhance operational efficiency and data-driven decision-making. Furthermore, the efficacy of social media content can be improved by the creation of educational and interactive content, such as video tutorials, product reviews, and live Q&A sessions, which can in turn increase brand visibility and consumer trust.

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