

## Rethinking Traditional Market Competitiveness: The Roles of Social Capital, Cultural Experience, and Digital Promotion

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### Abstract

Traditional markets face increasing competitive pressure as modern retail expands and reshapes consumer expectations regarding convenience, product availability, service quality, and digital accessibility. Nevertheless, traditional markets continue to possess distinctive resources, including interpersonal relationships, fresh and locally sourced products, bargaining practices, and community-based cultural experiences. This study aims to rethink traditional market competitiveness by examining the roles of social capital, cultural experience, and digital promotion as complementary competitive resources. The study adopts a quantitative, cross-sectional research design and focuses on traditional markets within the Indonesian retail context. Social capital is conceptualized through trust, social networks, interpersonal relationships, reciprocity, and customer loyalty; cultural experience encompasses cultural authenticity, local identity, bargaining experience, social interaction, and traditional products; digital promotion includes social-media promotion, digital communication, online product information, promotional reach, and customer engagement; while traditional market competitiveness is reflected in customer retention, market attractiveness, competitive differentiation, sales performance, and consumer preference. The documented findings indicate that traditional markets retain competitive advantages through affordable prices, fresh products, bargaining flexibility, and strong trader–customer relationships. The findings also identify dual-shopping behavior, whereby consumers utilize traditional and modern markets according to different purchasing needs, suggesting that modern retail does not necessarily eliminate traditional markets but may coexist with them through functional differentiation. Digital promotion emerges as an important mechanism for extending the visibility and reach of traditional-market resources without necessarily undermining their social and cultural identity. The study consequently proposes a hybrid perspective of competitiveness in which social capital strengthens trust and loyalty, cultural experience provides authenticity and differentiation, and digital promotion expands visibility and customer engagement. This perspective provides a basis for repositioning traditional markets as adaptive and culturally embedded retail institutions rather than merely vulnerable competitors of modern retail..

**Keywords:** Traditional Markets; Market Competitiveness; Social Capital; Cultural Experience; Digital Promotion; Modern Retail; Indonesia..

## INTRODUCTION

Retail markets in developing economies have undergone profound structural transformation as modern retail formats have expanded alongside rising incomes, urbanization, technological development, and changing consumer expectations. Supermarkets, hypermarkets, convenience stores, and other organized retail formats have progressively altered the competitive architecture of food and consumer-goods distribution. This transformation has been particularly visible across Asia, where the expansion of modern retail has extended beyond major metropolitan areas into smaller cities and rural or peri-urban locations. The Asian supermarket revolution has involved not only an increase in the market share of modern retailers but also changes in procurement systems, logistics, product standards, and the organization of retail transactions (Reardon et al., 2003; Reardon et al., 2012). In Indonesia, the development of modern retail has similarly reshaped the retail environment in which traditional markets operate. Evidence from Indonesian urban areas indicates that traditional retailers have experienced competitive pressure alongside changes in the organization and management of retail activities (Suryadarma et al., 2010).

The competitive appeal of modern retail is not limited to product availability or price. Modern retail formats have institutionalized a standardized shopping environment characterized by organized product displays, predictable pricing, service consistency, and greater integration of physical and technological infrastructures. These characteristics correspond closely with the changing expectations of consumers who increasingly value efficiency, convenience, and reduced transaction costs. The transformation of consumer shopping patterns, however, should not be interpreted as a complete displacement of traditional markets. Evidence from Indonesia demonstrates that consumer demand remains differentiated across retail formats. Urban households continue to purchase substantial proportions of fresh food through traditional channels, even as modern retail becomes increasingly important among particular consumer segments (McCulloch et al., 2017). This suggests that retail competition is more complex than a simple transition from traditional to modern markets. Consumer choice may instead reflect

differences in product categories, income, shopping purposes, convenience, and the perceived value of alternative retail environments.

This complexity is particularly important when examining the competitiveness of traditional markets. Much of the discussion surrounding traditional markets has been framed through decline, vulnerability, and displacement, with competitiveness frequently understood in terms of their capacity to respond to the superior infrastructure, operational efficiency, and standardized services of modern retailers. Such a framing risks reducing traditional markets to institutions attempting to imitate modern retail. Empirical evidence from Indonesia provides a more nuanced picture. Traditional food traders have experienced declines in business activity, but the presence of supermarkets alone does not fully explain those changes; internal weaknesses within traditional markets and competition from other informal retail actors also contribute to their difficulties (Suryadarma et al., 2010). Earlier Indonesian evidence similarly suggests that the relationship between modern and traditional retail is not uniformly negative and can vary according to the scale and location of modern retail expansion (Hikmawati & Nuryakin, 2017). Consequently, the competitiveness problem of traditional markets should be understood not simply as an external threat imposed by modern retail, but as a multidimensional challenge involving market management, customer relationships, value creation, adaptation, and differentiation.

Such a perspective requires moving beyond price and physical convenience as the dominant measures of retail competitiveness. Traditional markets possess resources that are structurally different from those of modern retail. Their economic exchanges are frequently embedded within repeated social interactions, interpersonal familiarity, trust, flexible negotiation, and community relationships. These characteristics can constitute valuable competitive resources because consumers do not necessarily derive utility exclusively from the functional attributes of a product. Research on embedded markets demonstrates that purchasing decisions may also be influenced by social capital embedded in pre-existing buyer–seller relationships (Frenzen & Davis, 1990). From a broader strategic perspective, social capital can facilitate exchange, knowledge sharing, coordination, and value creation by providing resources that are difficult to reproduce through purely transactional mechanisms (Nahapiet & Ghoshal, 1998). Relationship marketing research likewise establishes trust and commitment as fundamental mechanisms underlying successful relational exchanges (Morgan & Hunt, 1994). Thus, the interpersonal relationships characteristic of traditional markets should not be regarded merely as informal remnants of an earlier retail system; they may represent an underutilized source of competitive advantage.

The relevance of social capital becomes particularly apparent in the context of customer loyalty and repeated purchasing. Traditional markets frequently facilitate direct interaction between sellers and buyers, allowing sellers to provide personal recommendations, negotiate prices, recognize regular customers, and develop relationships based on familiarity. These interactions can reduce perceived uncertainty and strengthen affective connections between market actors. Such relational resources are difficult for highly standardized retail systems to reproduce because they emerge from accumulated interaction rather than from formal service procedures. Recent research on traditional and small retailers further indicates that direct seller–customer relationships, store loyalty, and word-of-mouth communication remain important resources in the adaptation of traditional retail to digital environments (Cuesta-Valiño et al., 2022). Social capital therefore provides a basis for reconceptualizing traditional market competitiveness as a relational phenomenon in which customer loyalty and trust may function alongside conventional economic attributes such as price and product availability.

A second dimension that deserves greater attention is the cultural experience embedded in traditional markets. Markets are not merely locations where commodities are exchanged; they can also function as social and cultural spaces in which consumers encounter local products, social practices, traditions, identities, and forms of interaction. Consumer Culture Theory emphasizes that consumption is embedded within sociocultural, experiential, and symbolic systems, meaning that marketplace value can extend beyond the utilitarian attributes of products themselves (Arnould & Thompson, 2005). From this perspective, the experience of visiting a traditional market may include social interaction, bargaining, encounters with local food, familiarity with community practices, and perceptions of authenticity. These dimensions can differentiate traditional markets from standardized retail environments and provide consumers with forms of value that are not reducible to price or convenience.

Cultural experience is particularly relevant because authenticity has increasingly become a meaningful dimension of marketplace differentiation. Traditional retail can possess forms of authenticity derived from heritage, local identity, originality, social embeddedness, and continuity with established community practices. Empirical research on small retailers demonstrates that authenticity can add value to traditional retail and provide a basis for differentiation when competing with technologically and operationally stronger firms (Cuesta-Valiño et al., 2022). In this context, bargaining practices, interpersonal interaction, local products, traditional foods, and the social atmosphere of the market should not automatically be interpreted as evidence of backwardness. Instead, when appropriately managed, these features can become components of an experiential value proposition. The competitive question therefore shifts from whether traditional markets can replicate modern retail environments to whether they can transform their distinctive cultural characteristics into meaningful consumer experiences.

At the same time, cultural differentiation alone may be insufficient in an increasingly digital retail environment. Consumers now encounter products, retailers, and promotional messages through social media and other digital platforms before, during, and after physical shopping activities. Social media has expanded the capacity of businesses to communicate directly with consumers, generate engagement, facilitate information exchange, and stimulate electronic word-of-mouth (Appel et al., 2020). For traditional retailers, digital promotion can therefore function as a mechanism for extending the visibility of existing market resources rather than replacing them. A traditional market can use digital platforms to communicate the freshness of its products, introduce local traders, promote traditional foods, display market activities, and maintain relationships with customers beyond physical visits. Research on small retailers indicates that digitalization can coexist with traditional values such as authenticity, proximity, service, and personal relationships rather than necessarily eliminating them (Cuesta-Valiño et al., 2022).

Digital promotion is nevertheless not an automatic solution to the competitive challenges faced by traditional markets. Digital adoption requires organizational readiness, perceived usefulness, learning capacity, and willingness to adapt. Research on small retail businesses demonstrates that external competitive pressures and internal organizational cultures influence the adoption of social media, indicating that technology adoption is shaped by both environmental and organizational conditions (Kwon et al., 2021). Moreover, empirical evidence on social media marketing suggests that digital activity may increase consumer traffic and attention without necessarily translating automatically into orders or sales, particularly when digital campaigns are not sufficiently integrated with broader business strategies (Dolega et al., 2021). These findings indicate that digital promotion should not be conceptualized simply as technological adoption. Its competitive value depends on how effectively digital channels connect existing market resources with changing consumer needs. For traditional markets, the strategic challenge is therefore to combine digital visibility with the authenticity, social interaction, and product advantages that already characterize their physical marketplace.

This integrated perspective leads to a different understanding of the relationship between tradition and modernization. Digital transformation does not necessarily require traditional markets to abandon their distinctive identity and become replicas of modern retail. Rather, digital channels can potentially extend the reach of social and cultural resources that already exist within traditional markets. The emerging literature on retail transformation suggests that the integration of physical and digital channels can expand customer reach while preserving elements of established offline retail capabilities (Cakir et al., 2021). Similarly, evidence concerning traditional retailers suggests that authenticity, customer loyalty, and word-of-mouth can remain valuable even as businesses adopt digital forms of engagement (Cuesta-Valiño et al., 2022). This implies that competitiveness may arise not from replacing traditional characteristics with modern ones, but from strategically combining complementary resources: social capital can generate trust and loyalty, cultural experience can generate differentiation and authenticity, while digital promotion can increase visibility and market reach.

Despite these insights, existing discussions remain fragmented across separate streams of research. Studies of modern retail have largely emphasized structural transformation, supermarket expansion, consumer switching, and competitive pressure on traditional retailers (Reardon et al., 2003; Reardon et al., 2012). Research on traditional markets has identified the importance of social relationships and market-specific characteristics, while consumer research has emphasized the experiential and cultural dimensions of consumption (Frenzen & Davis, 1990; Arnould & Thompson, 2005). Meanwhile, digital retail research has increasingly examined social media, digital transformation, and omnichannel development, but often focuses on formal retailers or small businesses without explicitly integrating the social and cultural resources embedded in traditional marketplaces (Appel et al., 2020; Kwon et al., 2021). The resulting fragmentation leaves insufficient understanding of how these three dimensions can operate together as complementary resources for traditional market competitiveness.

Against this background, this study proposes to rethink traditional market competitiveness as a multidimensional construct that extends beyond price, physical facilities, and operational efficiency. It specifically examines the roles of **social capital, cultural experience, and digital promotion** as interconnected resources through which traditional markets may create, communicate, and sustain distinctive value. Social capital represents the relational foundation through which trust, familiarity, reciprocity, and loyalty can be developed; cultural experience represents the experiential and symbolic dimension through which authenticity and local identity can differentiate the market; and digital promotion represents the communication mechanism through which these resources can reach broader and increasingly digitally connected consumer groups. The central research questions are therefore: **(1) How does social capital contribute to the competitiveness of traditional markets? (2) How does cultural experience strengthen consumers' attachment and competitive differentiation? (3) How does digital promotion enhance market reach and competitiveness? and (4) How do social capital, cultural experience, and digital promotion collectively reshape traditional market competitiveness?**

The study contributes to the literature in several respects. Conceptually, it reframes traditional market competitiveness from a deficit-oriented perspective toward a resource-oriented perspective that recognizes the distinctive assets embedded within traditional marketplaces. Theoretically, it brings together insights from social capital, consumer culture, relationship marketing, and digital retail transformation to explain how relational, cultural, and technological resources may interact in shaping competitiveness. Empirically, the study seeks to extend existing evidence on traditional markets by examining these dimensions within an integrated analytical framework rather than treating them as isolated characteristics. From a managerial perspective, the framework suggests that traditional retailers do not necessarily need to compete with modern retail by reproducing every element of the modern format; instead, they may strengthen competitiveness by leveraging their relational and cultural advantages while using digital promotion to expand their visibility and customer engagement. At the policy level, this perspective supports interventions that combine market revitalization and digital capability development with the preservation of the social and cultural functions that distinguish traditional markets from standardized retail environments.

## METHODOLOGY

This study is designed as a quantitative, cross-sectional survey to empirically examine how social capital, cultural experience, and digital promotion contribute to the competitiveness of traditional markets within the context of competition with modern retail. The quantitative approach is appropriate because the proposed framework involves latent constructs that require systematic measurement through multiple indicators and the estimation of relationships among constructs. The study focuses on traditional markets in Indonesia as localized retail environments in which traders and consumers interact directly and where traditional retail practices coexist with increasingly modernized forms of retailing. Because the source document provides the conceptual context of traditional-market competition but does not report an actual sampling frame, fieldwork period, respondent count, or specific

market location, these empirical details should be inserted only after the field survey has been completed rather than inferred or fabricated from the existing material. The target population comprises consumers who have experience purchasing products from traditional markets and, where the research design permits, traditional-market traders who are directly involved in market transactions; a purposive sampling procedure is appropriate because respondents should possess direct and relevant experience with the phenomenon under investigation, while the final sample size should be established through an a priori statistical-power assessment rather than relying solely on a conventional rule of thumb. Contemporary methodological guidance emphasizes that sample adequacy in PLS-SEM should consider model complexity, expected effect sizes, statistical power, and the number of structural relationships rather than being determined only by a fixed minimum number of observations (Kock & Hadaya, 2018; Hair et al., 2019). Data should be collected using a structured questionnaire administered through direct and/or electronic distribution, with respondent eligibility established before participation; the instrument should first be subjected to expert assessment and a pilot test to ensure that the wording, relevance, and comprehensibility of the items are appropriate for the characteristics of traditional-market consumers and traders. Expert evaluation is particularly important when established measures are adapted to a new cultural or market context because content and face validity provide an initial basis for determining whether questionnaire items adequately represent the intended constructs (Zamanzadeh et al., 2015).

All substantive constructs should be operationalized through multiple indicators measured on a consistent Likert-type scale, with **social capital** represented by trust, interpersonal relationships, social networks, reciprocity, and customer loyalty; **cultural experience** represented by perceived cultural authenticity, local identity, bargaining experience, social interaction, and exposure to traditional products; **digital promotion** represented by social-media promotion, digital communication, online product information, promotional reach, and customer engagement; and **traditional market competitiveness** represented by customer retention, market attractiveness, competitive differentiation, sales performance, and consumer preference. The measurement items should be adapted from established literature where suitable and refined through expert review rather than constructed solely from the conceptual descriptions in the source document, because sound measurement requires alignment between theoretical definitions and observable indicators (MacKenzie et al., 2011). To minimize potential common method bias, the questionnaire should separate predictor and outcome constructs conceptually, use clear and neutral wording, assure respondents of confidentiality, and avoid identifying responses with desirable or undesirable outcomes; procedural safeguards are important because reliance on a single self-administered instrument can introduce systematic variance unrelated to the substantive relationships being examined (Podsakoff et al., 2003). Following data collection, the analysis should proceed through descriptive statistics, assessment of the measurement model, and evaluation of the structural model. Partial least squares structural equation modeling (PLS-SEM) is proposed because the research seeks to estimate a multidimensional competitiveness framework involving several latent constructs and is oriented toward explaining and predicting relationships among social capital, cultural experience, digital promotion, and traditional market competitiveness; PLS-SEM is particularly useful when models involve multiple constructs, prediction-oriented objectives, and potentially non-normal data distributions (Hair et al., 2019). The measurement model should initially be evaluated through indicator reliability, internal consistency reliability, convergent validity, and discriminant validity, while the specification of each construct as reflective or formative should be determined from its theoretical measurement logic rather than statistical convenience; methodological research emphasizes that inappropriate measurement-model specification can produce biased or misleading structural estimates (Sarstedt et al., 2016).

After satisfactory measurement properties have been established, the structural model should be evaluated through collinearity diagnostics, path coefficients, bootstrapped confidence intervals, significance testing, explained variance, effect sizes, and predictive relevance. The analysis should also consider out-of-sample predictive performance through PLSpredict, because predictive assessment provides information beyond explanatory measures and allows the empirical usefulness of the proposed competitiveness model to be examined more rigorously (Shmueli et al., 2019). Hypothesis testing should subsequently determine whether social capital, cultural experience, and digital promotion have statistically meaningful relationships with traditional market competitiveness and whether their combined contribution provides a more comprehensive explanation than a model focused solely on conventional competitive attributes. The final methodological reporting should explicitly state the actual study location, fieldwork dates, population definition, sampling procedure, number of valid respondents, questionnaire administration process, measurement sources, software used, and statistical results once the empirical investigation has been completed; these elements should not be populated with assumed values because the currently available source material establishes the research problem and conceptual variables but does not contain the empirical information required to substantiate them.

## RESULTS AND DISCUSSION

### Results

**Important note on the empirical status of the results.** The attached research document provides substantive field-oriented findings regarding the condition of traditional markets, trader activities, consumer behavior, social relationships, product advantages, and emerging digital practices, but it does **not** provide a respondent-level dataset, descriptive statistics, measurement-model outputs, path coefficients, *p*-values, confidence intervals, or other inferential statistics. Therefore, the Results section below reports the findings that are actually supported by the research document as **documented empirical/descriptive findings** and does not fabricate numerical statistical results. The relationships between the documented findings and the international literature are developed further in the Discussion section.

### 3.1 Descriptive Results: The Competitive Condition of Traditional Markets



Gambar 3. 1 Field documentation of the research setting in an Indonesian traditional market.

The documented evidence indicates that traditional markets operate within a retail environment that has become substantially more competitive following the expansion of modern retail. Modern retail formats have expanded beyond major urban centers into peripheral areas, changing the competitive environment in which traditional traders operate. The research document identifies modern retail as offering a more comfortable, clean, organized, and standardized shopping environment, supported by transparent pricing, wider product availability, longer operating hours, and non-cash payment facilities. These attributes have contributed to changes in consumer preferences and have placed traditional traders under increasing pressure. The findings further indicate that competitive pressure is reflected in declining visitor numbers, reduced transaction frequency, and declining turnover among some traditional traders, particularly those selling packaged goods and non-fresh household necessities. Differences in distribution systems also disadvantage traditional traders because modern retailers benefit from more integrated supply chains and more stable procurement arrangements.

The evidence, however, does not support a characterization of traditional markets as uniformly declining or being completely displaced. Rather, the findings reveal a differentiated competitive position. Traditional markets continue to retain several attributes valued by consumers, particularly relatively low prices, bargaining flexibility, fresh products, and direct interpersonal relationships between traders and buyers. Fresh vegetables, fish, and other locally sourced food products remain important reasons for consumers to continue visiting traditional markets. This pattern is consistent with evidence from retail research showing that traditional and modern retail formats may serve different consumer needs rather than competing for exactly the same demand. In the context of developing-country food retailing, product freshness, accessibility, and bargaining opportunities have been identified as important determinants of consumers' choices between traditional and modern retail formats.

The documented findings also reveal a pattern of **dual shopping behavior**, in which consumers do not necessarily select either traditional or modern markets exclusively. Consumers may purchase packaged or monthly household necessities from modern retailers because of convenience and standardized service, while relying on traditional markets for fresh daily necessities because of price, freshness, and bargaining opportunities. This finding is important because it changes the interpretation of competition from a binary replacement process into a process of functional differentiation. Traditional markets and modern retailers may coexist when they provide different combinations of value. Recent evidence from Indonesia similarly indicates that traditional markets continue to perform an important role as places for fresh-food purchasing and that consumers' decisions are shaped by the specific function of the market rather than simply by the perceived modernity of the retail format.

**Suggested Table 1. Competitive Attributes of Traditional and Modern Retail Formats**

| Competitive dimension | Traditional market                 | Modern retail                        |
|-----------------------|------------------------------------|--------------------------------------|
| Price                 | Relatively flexible and negotiable | Generally displayed and standardized |
| Fresh products        | Strong competitive advantage       | Available but more standardized      |
| Bargaining            | Directly available                 | Generally absent                     |
| Social interaction    | Personal and frequent              | More standardized                    |
| Shopping environment  | Variable                           | More standardized and organized      |
| Operating hours       | More limited                       | Generally longer                     |
| Digital facilities    | Emerging/adopted unevenly          | More systematically integrated       |
| Local products        | Strong presence                    | More selective                       |
| Customer relationship | Personal and relational            | More formalized                      |

*Note.* The table synthesizes competitive characteristics documented in the research material rather than reporting survey statistics. The underlying evidence identifies convenience, cleanliness, transparent pricing, product completeness, operating hours, and digital payment as modern-retail advantages, while identifying price flexibility, fresh products, social interaction, bargaining, and personal relationships as continuing traditional-market advantages.

### 3.2 Social Capital and Traditional Market Competitiveness

The findings provide clear qualitative evidence that social relationships constitute an important mechanism through which traditional markets retain customers. Personal interaction between traders and buyers is identified as one of the characteristics that distinguishes traditional markets from modern retail. Repeated interaction can create familiarity, emotional closeness, and trust, which in turn contribute to customer loyalty. The research document also indicates that some traders respond to competitive pressure by strengthening personal service to existing customers, suggesting that interpersonal relationships are not merely incidental characteristics of traditional markets but can become part of traders' adaptive strategies.

This finding is consistent with the broader retail literature on social capital. Social capital can generate access to information, referrals, influence, and relational resources that improve performance within retail networks (Seever et al., 2010). Although the social capital examined in that study concerns retail purchasing networks rather than consumer-trader relationships, the underlying mechanism is relevant: economic value can emerge from social connections that facilitate information exchange and coordinated action. In traditional markets, the relevant network is more immediate and interpersonal, involving repeated encounters between traders and consumers. Trust may reduce uncertainty concerning product quality, price fairness, and seller reliability, while familiarity may reduce the perceived risk associated with purchasing from an individual trader.

The Indonesian traditional-market context provides additional support for the importance of trust and loyalty. Research involving shoppers in traditional markets found that satisfaction and trust are positively associated with loyalty, demonstrating that relational mechanisms can influence the continuation of consumer relationships in traditional retail settings (Najib & Sosianika, 2019). The present findings extend this logic by positioning interpersonal relationships as part of the competitive resource base of traditional markets. What might appear externally as an informal or less standardized mode of retailing can provide relational value that standardized retail formats may find difficult to reproduce.

### 3.3 Cultural Experience and Competitive Differentiation

The findings further indicate that traditional markets possess a form of experiential value derived from the combination of local products, bargaining practices, interpersonal interaction, and the cultural atmosphere of the marketplace. The research document identifies bargaining, social interaction, fresh local products, traditional culinary products, and local small-business products as potential sources of differentiation. These characteristics indicate that the value proposition of a traditional market extends beyond the functional exchange of goods. Consumers encounter a marketplace in which purchasing can simultaneously involve social interaction, negotiation, local identity, and exposure to products associated with the surrounding community.

The experiential dimension is theoretically significant because retail value cannot be reduced to price and functional utility. Experiential value research demonstrates that consumers evaluate retail environments through multiple dimensions, including aesthetics, playfulness, service excellence, and perceived value beyond simple economic exchange (Mathwick et al., 2001). Similarly, experiential consumption research demonstrates that consumer satisfaction can emerge from the meaning and narrative of an experience rather than only from the relationship between expected and actual functional outcomes (Arnould & Price, 1993). Within traditional markets, bargaining, personal interaction, local foods, and community atmosphere can therefore be interpreted as elements of an experiential marketplace rather than as remnants of an outdated retail system.

The findings suggest that cultural experience may create a basis for differentiation precisely because it is difficult to standardize. A supermarket can replicate cleanliness, product displays, operating hours, or payment technology across multiple locations, whereas the social atmosphere and culturally embedded interactions of a traditional market emerge from the specific community in which the market operates. Recent retail research provides further support for this proposition by demonstrating that perceived authenticity can be associated with customer-company identification and subsequent sales growth, although the relationship operates partly through consumers' identification with the organization (Donavan et al., 2026). For traditional markets, this suggests that cultural authenticity has competitive value when it produces meaningful identification rather than being treated merely as decorative cultural symbolism.

### 3.4 Digital Promotion and Market Reach

The findings show that digital adoption among traditional traders remains an emerging but increasingly important component of competitive adaptation. The research document identifies social-media promotion, non-cash payment, and online ordering as forms of digitalization that can help traditional traders reach broader consumer groups and improve transaction efficiency. The evidence also indicates that some traders have already begun using social-media promotion and non-cash payment as responses to competitive pressure. At the same time, digital adoption is uneven, and limited technological integration remains a challenge for traditional markets attempting to maintain relevance among consumers who increasingly encounter retail services through digital channels.

The competitive relevance of digital promotion lies primarily in its capacity to extend market visibility rather than in its ability to replace the physical marketplace. Evidence from small retailers demonstrates that social-media content characteristics can influence consumer engagement, with the type of content, format, timing, and platform affecting audience responses (Devereux et al., 2020). This suggests that digital promotion can provide traditional traders with a communication channel through which existing product and cultural advantages become visible to consumers who may not routinely visit the physical market. Fresh products, local foods, individual traders, and market activities can be communicated through visual and interactive content, potentially extending the relationship between trader and consumer beyond the physical transaction.

Digital promotion therefore appears most meaningful when it is integrated with the existing value proposition of the traditional market. It should not be treated simply as an attempt to imitate modern retailers' technological infrastructure. Instead, social media can communicate the very characteristics that differentiate traditional markets: freshness, local identity, personal service, community interaction, and culturally distinctive products. Contemporary research on small-scale retailing similarly

identifies social media as a mechanism through which small retailers can connect with consumers and integrate digital communication into everyday retail activities. The documented findings consequently position digital promotion as an enabling resource that can increase visibility and reach while preserving the physical and social character of traditional markets.

### 3.5 Integrated Results: Toward a Hybrid Competitiveness Model

Taken together, the documented findings indicate that traditional-market competitiveness is not adequately represented by a single attribute. The evidence points toward three complementary resource domains. First, **social capital** supports trust, familiarity, interpersonal relationships, and loyalty. Second, **cultural experience** provides authenticity, local identity, bargaining, social interaction, and access to locally embedded products. Third, **digital promotion** provides visibility, communication, customer engagement, and broader market reach. The three resources perform different strategic functions and therefore should not be conceptualized as substitutes.

## Discussion

### 4.1 Rethinking Competitiveness beyond Price and Convenience

The findings challenge a narrow interpretation of competitiveness in which traditional markets are evaluated primarily according to their ability to reproduce the price transparency, physical comfort, standardized service, and technological infrastructure of modern retail. Such an approach overlooks the fact that consumers use different retail formats for different purposes. The documented dual-shopping behavior demonstrates that consumers may simultaneously value the convenience of modern retail and the freshness, price flexibility, and social interaction offered by traditional markets. This pattern is consistent with research showing that modern and traditional retail formats can occupy differentiated market positions rather than being perfect substitutes. In developing-country retail systems, differences in product attributes and consumer needs can sustain demand for traditional outlets even when modern retailers expand (Suryadarma et al., 2010; the present interpretation is also consistent with the comparative evidence reported in developing-country retail research). More importantly, the findings indicate that competitiveness should be understood as the capacity to create a distinctive value proposition rather than simply matching the operational characteristics of competitors.

### 4.2 Social Capital as an Embedded Competitive Advantage

The social dimension of traditional markets provides an important explanation for their continued relevance. The personal relationship between trader and buyer can produce trust and loyalty, particularly where transactions are repeated over time. This is consistent with retail research demonstrating that social-capital resources embedded in interpersonal networks can contribute to performance (SeEVERS et al., 2010). In the traditional-market context, social capital is not necessarily formalized or strategically articulated by traders, but it can nevertheless function as an embedded resource. The competitive implication is important: a characteristic that might be interpreted as informality can become an advantage when it creates trust, customer familiarity, and repeat purchasing.

This finding also suggests that modernization should not eliminate relational retailing. Improving service quality, cleanliness, transaction efficiency, and digital capability should occur alongside preservation of personal interaction. The evidence from Indonesian traditional markets that satisfaction and trust contribute to loyalty reinforces the importance of retaining the relational dimension while improving operational performance (Najib & Sosianika, 2019). The strategic objective should therefore be **relational modernization**, rather than the replacement of relational retail with standardized retail.

### 4.3 Cultural Experience as Strategic Differentiation

The cultural dimension offers another mechanism through which traditional markets can differentiate themselves. The documented findings indicate that bargaining, local products, social interaction, and traditional culinary offerings provide experiences that differ from standardized retail environments. Such experiences generate value because consumers may evaluate a marketplace according to experiential as well as functional criteria. Mathwick et al. (2001) demonstrate that experiential value encompasses dimensions extending beyond price and product utility, while Arnould and Price (1993) illustrate how consumption experiences acquire meaning through social interaction and lived experience.

The implication is not that traditional markets should deliberately preserve every existing physical or managerial deficiency in the name of authenticity. Rather, authenticity should be separated from poor service, inadequate sanitation, or ineffective management. A competitive traditional market can improve cleanliness, organization, security, and transaction efficiency while preserving the distinctive social and cultural practices that give the market meaning. This distinction is particularly important because the research document explicitly identifies physical revitalization and improved management as necessary components of market adaptation.

### 4.4 Digital Promotion Does Not Necessarily Mean De-traditionalization

The findings support a view of digitalization as an extension of traditional-market capabilities rather than a process of de-traditionalization. Digital promotion can increase visibility, facilitate communication, and attract consumers who are accustomed to digital interaction, while the physical market continues to provide the experiential and social value that distinguishes it. Evidence from small retailers shows that social-media engagement depends partly on how content is designed and presented, indicating that digital communication can be strategically managed rather than treated as a simple technological add-on (Devereux et al., 2020).

This produces the possibility of **hybrid competitiveness**: digital technology can strengthen traditional identity rather than erase it. A photograph or short video of fresh local produce, a trader's personal story, traditional food preparation, or market activity can communicate aspects of authenticity to potential customers before they physically visit the market. The digital channel therefore functions as a bridge between market visibility and physical experience. The research document's

recommendation to combine social-media promotion, non-cash payment, and online ordering with improvements in market management supports this interpretation.

#### 4.5 Complementarity of Social, Cultural, and Digital Resources

The central theoretical implication emerging from the findings is that the three resources should be treated as **complementary rather than competing sources of advantage**. Social capital answers the question of *why customers remain connected* to the market; cultural experience addresses *why the market is distinctive*; and digital promotion addresses *how that distinctive value can become more visible and accessible*. This integrated configuration provides a stronger explanation of competitiveness than any single factor considered independently.

The proposition also provides a basis for developing the subsequent empirical model. If the study proceeds to quantitative hypothesis testing, social capital, cultural experience, and digital promotion can be modeled as separate antecedents of traditional-market competitiveness, while trust, customer loyalty, or customer value may subsequently be examined as potential mediating mechanisms. However, the present research document does not contain sufficient statistical evidence to establish any mediation effect. Such relationships should therefore remain propositions for empirical testing rather than being presented as established findings.

#### 4.6 Traditional Markets and the Dual-Shopping Consumer

The evidence of dual shopping is particularly important because it challenges the assumption that modern retail necessarily replaces traditional retail. Consumers may choose modern retailers for packaged goods, longer operating hours, standardized environments, and convenience, while choosing traditional markets for fresh food, bargaining, price flexibility, and social interaction. This pattern suggests that traditional-market competitiveness can be strengthened through **strategic specialization** rather than universal imitation.

From this perspective, traditional markets do not necessarily need to become smaller versions of supermarkets. Their strategic position can instead be constructed around fresh products, local products, interpersonal service, cultural experience, and community embeddedness, while selective modernization addresses weaknesses that directly reduce customer attractiveness. The result is a differentiated competitive position in which modernization improves functional performance while social and cultural characteristics preserve distinctiveness.

#### 4.7 Theoretical, Managerial, and Policy Implications

The findings contribute theoretically by connecting three perspectives that are often considered separately: social capital, experiential consumption, and digital retailing. Social capital explains the relational foundations of customer retention; experiential value explains how cultural and social characteristics can create differentiated consumer value; and digital promotion explains how such value can be communicated beyond the immediate physical marketplace. The resulting perspective conceptualizes competitiveness as a process of **resource combination and strategic adaptation**, rather than as simple imitation of modern retail.

For managers and traders, the implication is that competitive adaptation should combine operational improvements with relational and cultural preservation. Traders can strengthen service quality, product presentation, cleanliness, and digital communication while continuing to cultivate personal relationships with customers. Market managers can develop social-media channels that promote local products, market activities, and individual traders rather than communicating only generic promotional messages. The research document similarly emphasizes improved cleanliness, security, product arrangement, service quality, social-media utilization, and digital payment as mutually reinforcing components of adaptation.

At the policy level, revitalization should therefore extend beyond physical renovation. Infrastructure improvements remain necessary, but they should be accompanied by trader training, digital capability development, market governance, access to financing, and protection of local market identity. The document identifies infrastructure, management, entrepreneurship training, capital assistance, digitalization, and regulatory support as interconnected requirements for sustaining traditional markets. Such an approach would position traditional markets not simply as vulnerable recipients of protection but as active economic institutions capable of adapting their distinctive resources to a changing retail environment.

## CONCLUSION

This study rethinks traditional market competitiveness by moving beyond a narrow emphasis on price, convenience, physical facilities, and operational efficiency. The findings indicate that traditional markets continue to possess distinctive competitive resources that remain relevant amid the expansion of modern retail, particularly relatively affordable prices, fresh and locally sourced products, bargaining flexibility, interpersonal interaction, and community-based relationships. The emergence of dual-shopping behavior further demonstrates that consumers do not necessarily regard traditional and modern markets as mutually exclusive alternatives; instead, they select each format according to particular needs and perceived benefits. Within this context, **social capital, cultural experience, and digital promotion** represent three complementary dimensions of competitiveness. Social capital provides a relational foundation through trust, familiarity, reciprocity, and customer loyalty; cultural experience creates differentiation through authenticity, local identity, bargaining practices, social interaction, and traditional products; while digital promotion extends market visibility, communication, customer engagement, and access to consumers beyond the immediate physical marketplace.

The study also demonstrates that strengthening traditional markets does not require them to reproduce the entire operating model of modern retail. A more appropriate approach is to combine selective modernization with the preservation and strategic development of the social and cultural resources that distinguish traditional markets. Improvements in cleanliness, organization, service quality, digital communication, non-cash payment, and online promotion can be implemented without eliminating personal relationships, local products, bargaining practices, and community identity. This perspective positions traditional markets as adaptive retail institutions capable of developing a **hybrid form of competitiveness**, in which digital capabilities reinforce rather than replace traditional market identity. For traders, market managers, and policymakers, the implication is that revitalization should integrate physical and managerial improvements with social-capital development, cultural preservation, trader capacity building, and digital capability. The competitiveness of traditional markets therefore depends not only on how effectively they respond to modern retail competition, but also on how successfully they transform their embedded social and cultural resources into distinctive value while using digital technologies to make that value more visible and accessible.

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