Economic Management Challenges and Opportunities for Traditional Market Clothing Traders

Nuzuliati
Universitas Tjut Nyak Dien; Medan, Indonesia
E-Mail: nuzuliati@utnd.ac.id

Awaludin
Universitas Tjut Nyak Dien; Medan, Indonesia
E-Mail: awaludin@utnd.ac.id

Submitted:
JANUARY 2025

Accepted:
APRIL 2025

ABSTRACT

The era of digitalization has brought significant changes in various sectors of the economy, including traditional markets that are an important part of the local economy. This research aims to analyze the challenges and opportunities of economic management faced by clothing traders in traditional markets in the face of the digital era. Drawing on secondary data analysis from market reports, media articles, and academic studies, the study identified major barriers to merchant competitiveness, including e-commerce competition, low digital literacy, shifting consumer preferences towards online shopping, unstable local supply chains, and inadequate market infrastructure. The results of the study show that the main challenges faced by merchants include low digital literacy, fierce competition with e-commerce platforms, and limited capital to adapt to technology. This research provides strategic recommendations for traders to increase competitiveness, such as digital literacy training, social media optimization for marketing, and the development of partnerships with digital economy players.

Keywords*: Clothing Traders, Digitalization, E-Commerce, Economic Management, Traditional Markets.*

ABSTRAK

Era digitalisasi telah membawa perubahan yang signifikan di berbagai sektor ekonomi, termasuk pasar tradisional yang menjadi bagian penting dari ekonomi lokal. Penelitian ini bertujuan untuk menganalisis tantangan dan peluang pengelolaan ekonomi yang dihadapi oleh pedagang sandang di pasar tradisional dalam menghadapi era digital. Dengan memanfaatkan analisis data sekunder dari laporan pasar, artikel media, dan studi akademis, penelitian ini mengidentifikasi hambatan utama terhadap daya saing pedagang, termasuk persaingan e-commerce, literasi digital yang rendah, pergeseran preferensi konsumen ke arah belanja online, rantai pasokan lokal yang tidak stabil, dan infrastruktur pasar yang tidak memadai. Hasil penelitian menunjukkan bahwa tantangan utama yang dihadapi oleh pedagang antara lain rendahnya literasi digital, persaingan yang ketat dengan platform e-commerce, dan terbatasnya modal untuk beradaptasi dengan teknologi. Penelitian ini memberikan rekomendasi strategis bagi pedagang untuk meningkatkan daya saing, seperti pelatihan literasi digital, optimalisasi media sosial untuk pemasaran, dan pengembangan kemitraan dengan pelaku ekonomi digital.

Kata Kunci: *Pedagang Pakaian, Digitalisasi, E-Commerce, Manajemen Ekonomi, Pasar Tradisional****.***

JIMKES

Jurnal Ilmiah Manajemen Kesatuan
Vol. 13 No. 3, 2025
pp. 1571-1584
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X
DOI: 10.37641/jimkes.v13i3.3268

INTRODUCTION

Traditional markets play an important role in the local economy. These markets are not only places for buying and selling transactions but also deeply rooted in the community's social life, fostering cultural and economic interactions (Eger et al., 2021). However, technological developments have brought significant changes to consumption patterns and shopping behavior, driven by the rise of e-commerce platforms and social media (Sheth, 2020; Sima et al., 2020). Clothing traders in traditional markets, in particular, face pressures to adapt to these shifts to maintain their relevance in an increasingly digital economy (Dewi & Lusikooy, 2024). This study explores how these traders navigate the challenges and opportunities of digitalization to sustain their businesses.

Traditional markets are pivotal to local economies, serving as dynamic centers for economic transactions and social cohesion. In Medan City, markets like Petisah and Sukaramai provide employment for diverse groups, including traders, porters, and stall renters, while offering smallholder farmers direct access to urban consumers (Verner et al., 2020; Davies et al., 2022). Their low operational costs and flexible hours support micro and small enterprises, enabling resilience against modern retail competition (Purnomo et al., 2018). This economic function is particularly vital for low-income communities in Medan, where traditional markets ensure affordable access to goods, such as clothing and textiles, fostering local economic stability.

The emergence of e-commerce platforms and social media has posed major challenges for clothing traders in traditional markets. One of the main challenges is competition with digital platforms that offer convenience in transactions, such as online payments, fast delivery, and attractive promotions, which are often difficult for conventional traders to match (Amit & Zott, 2017). Additionally, low digital literacy among traders hinders their ability to utilize technology for economic activities, such as creating online stores or marketing through social media (Ariansyah et al., 2021; Al-shami et al., 2024). Limited capital to adopt technology and restricted access to the latest information further exacerbate these barriers, making it difficult for traders to compete with e-commerce giants (Novita et al., 2024). Moreover, e-commerce platforms often provide more competitive prices due to economies of scale and direct supply chains, putting pressure on traders reliant on local, volatile supplies (Buccirossi, 2015).

Despite these challenges, digitalization also opens opportunities for traditional market traders to expand their market reach. Social media platforms like Instagram, Facebook, and WhatsApp allow traders to promote products and connect with consumers beyond their physical market locations (Song et al., 2022). For example, many clothing traders are now starting to use these platforms to sell to customers who cannot visit the market directly. Technology can also improve operational efficiency, such as through inventory management apps or digital payment systems like QRIS (Sarfo & Song, 2021). With the right strategy, digitalization offers a chance for traders to strengthen their position in an increasingly competitive market, blending traditional practices with modern tools to meet evolving consumer demands.

This study aims to analyze the challenges and opportunities for economic management faced by clothing traders in Medan City's traditional markets in the digital era. By exploring these dynamics through in-depth interviews, observations, and documentation, the research seeks to provide strategic recommendations to help traders adapt and thrive. The findings are expected to contribute to both traders and policymakers by offering insights into sustaining traditional markets' economic and cultural roles amidst technological advancements.

LITERATURE REVIEW

The Role of Traditional Markets in Local Economies

Beyond economics, traditional markets act as conduits for cultural preservation and social interaction. They trade culturally significant goods, such as traditional North Sumatran textiles, reinforcing community identity and values (Alalouch et al., 2024). In

Medan, clothing traders contribute to this cultural role by offering locally crafted garments, which attract both residents and tourists. However, scholars note that the informal nature of these markets, while a strength, can hinder formalization efforts needed to compete with modern retail (Purnomo et al., 2018). This tension between informality and modernization is a critical area of debate, particularly in urban centers like Medan, where market vibrancy depends on balancing tradition with innovation.

Strategically, traditional markets bridge rural and urban economies, functioning as wholesale hubs for small vendors and supporting food security through direct supply chains (Iskandar et al., 2018; Proctor & Berdegué, 2020). In Medan, markets serve as intermediaries for clothing suppliers, connecting local artisans to broader markets. Yet, their strategic role is challenged by infrastructural deficiencies, such as inadequate parking and poor waste management, which deter customers in favor of modern shopping centers (Davies et al., 2022). These issues are pronounced in Medan's crowded markets, where limited facilities undermine competitiveness. To sustain their relevance, scholars advocate for institutional support, such as government-led revitalization programs or market committees, to enhance infrastructure and formalize operations. However, others argue that excessive formalization risks eroding the social and cultural essence of traditional markets (Auliyah, 2024; Saensouk et al., 2025). For Medan's clothing traders, this debate underscores the need for adaptive strategies that leverage digital tools to enhance economic contributions while preserving cultural heritage.

Challenges of Digitalization for Traditional Market Traders

Digitalization has reshaped global commerce, but traditional market traders, particularly Medan's clothing vendors, face significant barriers to adaptation. Low digital literacy is a primary obstacle, with many traders lacking the skills to operate digital tools like e-commerce platforms or social media for marketing (Musyaffi et al., 2022; Özbek et al., 2024). In Medan, where most traders rely on cash-based transactions, this literacy gap limits their ability to engage with tech-savvy consumers, who increasingly prefer online shopping (Al-shami et al., 2024). The complexity of digital tools and resistance to change further exacerbate this challenge, particularly among older traders (Alfarizi & Widiastuti, 2024).

Limited capital poses another critical constraint. The costs of purchasing devices, accessing training, or launching digital marketing campaigns often exceed the budgets of small-scale traders in markets like Sambu and Melati (Özbek et al., 2024). Unlike e-commerce giants, which benefit from economies of scale, traditional traders struggle to justify digital investments without immediate returns (Faridi & Malik, 2020). In Medan, this financial barrier is compounded by reliance on volatile local supplies, which makes it difficult to offer competitive prices against online retailers (Buccirossi, 2015).

Technological infrastructure gaps further hinder digital adoption. Poor internet connectivity in Medan's traditional markets, coupled with limited access to digital payment systems, restricts traders' ability to integrate modern tools into their operations (Musyaffi et al., 2022). For instance, while Quick Response Code Indonesian Standard (QRIS) payments are gaining traction, their adoption remains low due to unreliable networks. Additionally, concerns about data security and privacy in digital transactions deter both traders and customers, who fear fraud or breaches (Musyaffi et al., 2022). Scholars debate the feasibility of overcoming these barriers. Some argue that rapid digital integration is essential to compete with e-commerce platforms (Rivza et al., 2020), while others caution that forcing adoption without addressing literacy and infrastructure gaps risks alienating traders (Olsson & Bernhard, 2021). For Medan's clothing traders, these challenges highlight the need for targeted interventions, such as subsidized training and improved market connectivity, to bridge the digital divide and sustain competitiveness.

Opportunities of Digitalization in Strengthening the Competitiveness of MSMEs in Traditional Markets

Digitalization offers transformative opportunities for MSMEs in traditional markets, enabling Medan's clothing traders to enhance competitiveness. Social media platforms, such as Instagram and WhatsApp, serve as cost-effective marketing tools, allowing traders to reach broader audiences and engage directly with consumers (Huynh et al., 2024; Malhotra & Mishra, 2024). In Medan, traders using these platforms report increased visibility, particularly among younger consumers, though many lack skills to optimize their online presence (Marnoto et al., 2024). Social media also provides real-time consumer feedback, aiding data-driven business decisions (Wahyuni et al., 2020).

Local e-commerce platforms enable MSMEs to overcome geographical limitations, expanding market reach beyond physical markets (Alasbool et al., 2024). These platforms reduce operational costs and streamline transactions, enhancing efficiency for traders who adopt them (Rivza et al., 2020). Early adopters among clothing traders have seen sales growth, but widespread adoption is hindered by low digital literacy and infrastructure gaps (Al-shami et al., 2024). Successful case studies, such as Beringharjo Market's integration with e-commerce, suggest that collaboration with digital platforms can amplify market presence (Song et al., 2022).

Digital payment systems, including QRIS and e-wallets, transform transaction processes by reducing cash reliance and minimizing errors (Sarfo & Song, 2021). Where cash transactions dominate, these systems improve customer convenience and transaction speed, though adoption remains limited by technological readiness (Alhudaib & Al-Shammari, 2022). Scholars emphasize that gradual adoption, starting with payments and social media, can ease traders into digitalization without overwhelming them (Mocanu et al., 2024; Romadhon & Suyono, 2024; Sitorus et al., 2024). Despite these opportunities, challenges persist, including skepticism about e-commerce's benefits and uneven access to technology (Mittal & Soriya, 2025). Training programs and partnerships with digital service providers, such as logistics firms, are critical to overcoming these barriers (Liu, 2024). For clothing traders, a balanced strategy—leveraging digital tools while preserving traditional market strengths like personalized service—can enhance competitiveness in the digital economy.

RESEARCH METHOD

This study utilizes a secondary data analysis approach to explore the challenges and opportunities of economic management for clothing traders in Medan City's traditional markets within the context of digitalization. By synthesizing existing market reports, media articles, and academic studies, the research constructs a comprehensive analysis of how digital technologies impact traditional trading practices. The study focuses on four prominent clothing trade markets such as Petisah, Sukaramai, Sambu, and Melati were chosen for their economic significance and relevance to digitalization trends. Data were collected through document analysis of secondary sources pertinent to Medan's traditional markets and digitalization. The sources encompassed market reports, media articles, academic studies, and case studies of other traditional markets. Market reports provided data on consumer behavior and e-commerce trends, while media articles reported on policy interventions affecting traditional traders. Academic studies analyzed e-commerce impacts and consumer preferences in Indonesia, and case studies of markets like Beringharjo, Santa, and Badung offered insights into digital adoption strategies. These documents were systematically reviewed to ensure comprehensive coverage of market trends, policy contexts, and traders' challenges and opportunities, such as e-commerce competition and social media marketing. Secondary data were processed using content analysis to identify patterns and themes related to digitalization's impact on traditional market traders. Documents were coded for key concepts, including e-commerce competition, digital adoption, and infrastructure barriers, derived from the literature. When numerical data were available in secondary sources, descriptive summaries contextualized the findings.

RESULTS

Challenges to Economic Management in the Digital Era

Traditional markets in Medan City serve as vital hubs for local economic activity and cultural exchange, fostering direct interactions between clothing traders and consumers (Davies et al., 2022). However, the rapid advancement of digitalization has introduced significant challenges that threaten the sustainability of these traders' businesses. Shifts in consumer behavior, intensified competition from e-commerce platforms, and resource constraints have collectively diminished the competitiveness of traditional market traders, necessitating strategic adaptations to maintain their economic viability. The rise of e-commerce platforms, has transformed apparel purchasing patterns, drawing consumers away from traditional markets (Nofrizal et al., 2023; Arifianti & Fauzan, 2024). These platforms offer extensive product selections, transparent pricing, and frequent discounts, enabling consumers to shop conveniently from anywhere. Social media platforms further amplify e-commerce advantages by providing dynamic marketing and sales channels that reach national and international audiences ((Hwang et al., 2020; Tarigan, 2025). In contrast, clothing traders are geographically constrained to local customers, limiting their market reach and ability to compete with the pricing and convenience of online retailers.

Low digital literacy among traditional market traders exacerbates their competitive disadvantage. Many traders lack the skills to leverage digital tools, such as creating online storefronts, utilizing social media for promotion, or implementing inventory management software (Musyaffi et al., 2022). This barrier is particularly pronounced, as traders in markets like Sukaramai often rely on cash-based transactions and face unreliable internet access, hindering their integration into digital markets (Al-shami et al., 2024). This technological gap leaves traders ill-equipped to capitalize on digital opportunities, widening the divide between traditional and online commerce. Changing consumer preferences further challenge traditional traders. Modern consumers, particularly younger demographics, prioritize convenience, speed, and practicality, favoring online shopping with home delivery over physical market visits (Priporas et al., 2017). The time-intensive process of bargaining and navigating crowded markets like Petisah deters tech-savvy consumers, who opt for e-commerce platforms offering seamless transactions. This shift has led to a significant loss of potential customers, as traders struggle to adapt their traditional, face-to-face business models to meet evolving expectations (Huynh et al., 2024).

Traditional trading practices, rooted in direct customer interactions and cash-based sales, are increasingly misaligned with market demands. Medan's clothing traders often adhere to long-standing methods, such as physical product displays and manual inventory tracking, which are less appealing to younger consumers accustomed to digital interfaces (Alfarizi & Widiastuti, 2024). The inability to integrate modern practices, such as digital payments or online marketing, undermines traders' competitiveness, particularly as e-commerce platforms leverage data-driven strategies to attract customers. Supply chain vulnerabilities add further complexity. Medan's traders rely on local suppliers with fluctuating prices, making it difficult to offer competitive pricing compared to e-commerce platforms that source directly from manufacturers at lower costs (Dicken & Hassler, 2000). For instance, price volatility in textile supplies affects traders in Sambu market, forcing them to raise prices or absorb losses, both of which erode customer retention. This structural disadvantage highlights the need for supply chain innovations to bolster traders' market position.

Inadequate market infrastructure compounds these challenges. Issues such as limited parking, poor hygiene, and insufficient amenities in markets deter consumers who prefer the comfort of modern shopping centers or online platforms (Davies et al., 2022). For example, market's cramped layout and lack of modern facilities discourage repeat visits, pushing consumers toward e-commerce alternatives. These infrastructural deficiencies, combined with digitalization pressures, underscore the urgent need for targeted interventions to enhance the competitiveness of traditional market clothing traders.

Table 1. Traditional Markets in Medan City Which Are Known As Clothing Sales Centers

Market Name	Address	Description
Petisah	Majapahit street, Medan Petisah, Kota Medan	A clean and well-maintained traditional market offering a variety of goods, including clothing, accessories, and traditional crafts of North Sumatra at affordable prices.
Central	MT. Haryono street, Medan	One of the oldest markets in Medan City, offering various products such as clothes, pants, and items for Eid celebrations.
Ikan Lama	Perniagaan street, Medan	The largest textile center in Medan, offering various textile products such as fabrics, prayer garments, lace, and more at competitive prices.
Melati	Flamboyan Raya street, Medan Tuntungan, Kota Medan	Known as a shopping hub for imported second-hand clothing or 'Monza' (term for second hand clothing) with good quality at affordable prices.
Sambu	Sambu street, Gang Buntu, Medan Timur, Kota Medan	Offers various imported second-hand clothing at affordable prices, as well as other items like watches, books, and toys.
Milenium	Gatot Subroto street, Medan	A great place for hunting quality second-hand clothing at affordable prices, including shoes and accessories.
Sukaramai	AR Hakim street, No.70 C, Sukaramai I, Medan Area, Medan City	Known as 'Monza Sepatu,' this market specializes in second-hand shoes and clothing such as shirts, pants, and jackets at varied prices.
Gedung Arca	Jalan Gedung Arca, Medan	Features many vendors selling second-hand fashion items like clothes, shoes, and bags at affordable prices, popular among young people.
Simalingkar	Simalingkar Keke street, Medan Tuntungan, Kota Medan	Functions as the main distributor for purchasing second-hand clothing, ideal for those starting a thrift business.
Singkong	Simalungun street and Veteran Street, Belawan Port, Medan	A center for buying imported ceramics at lower prices but of high quality.

Based on Table 1, the markets are the main destinations for people in Medan and its surroundings to shop for clothes at affordable prices and with a variety of choices. The phenomenon of many clothing stores closing, both in modern and traditional markets, is a reflection of major changes in people's consumption patterns and the challenges faced by the trade sector (Tambunan, 2009). The development of digital technology has significantly changed consumer shopping habits. Many consumers now prefer to shop online through e-commerce platforms or marketplaces, such as Shopee, Lazada, and Tokopedia, because they are considered more practical, save time, and often offer more competitive prices. With features such as big discounts, free shipping, and easy payments, online stores have succeeded in attracting the attention of consumers who previously shopped at physical stores.

Figure 1. Tiktok Shop Closed by Indonesian Government

Figure 1 shows a news story titled "TikTok Shop to Shut Down in Indonesia Following Increasing Protests from Local Enterprises," authored by Erina Putri on September 29, 2023. The visual depicts a person in a conventional market holding a cardboard box labeled "*Tutup TikTok Shop*" (Close TikTok Shop). This reflects a demonstration against TikTok Shop, which is viewed as harmful to regional vendors. The choice made by the Indonesian authorities to terminate the TikTok Shop service. The government's policy of closing TikTok Shop reflects its support for small business actors who have difficulty competing with international e-commerce giants (Puwaningwulan et al., 2024). This closure is seen as a step to create a fairer trade ecosystem. This decision was taken to protect the sustainability of small and medium enterprises (SMEs) who feel threatened by the dominance of digital trading platforms such as TikTok Shop. This is because traditional kiosks selling products such as cloth and food ingredients that represent small business actors feel threatened by the existence of TikTok Shop. This phenomenon also proves that there has been tension between large technology platforms and local business actors. The closure of TikTok Shop is considered a protectionist step by the government to maintain the sustainability of SME businesses. E-commerce and social media platforms not only attract consumers, but also provide direct access for manufacturers to sell their products without intermediaries (Chen et al., 2020). As a result, physical clothing stores in modern and traditional markets have difficulty competing with lower prices than online stores. In addition, physical stores are often burdened by operational costs such as rent, electricity, and employee salaries, which makes it difficult for them to offer prices as low as online stores.

Table 2. Daily Time Spent on Media in Indonesia

Media Type	Average Daily Time Spent
Time spent using the internet (all devices)	7 hours 42 minutes
Time spent watching television (broadcast and streaming)	2 hours 53 minutes
Time spent using social media	3 hours 18 minutes
Time spent reading press media (online and physical print)	1 hour 34 minutes
Time spent listening to music streaming service	1 hour 37 minutes
Time spent listening to broadcast radio	32 minutes
Time spent listening to podcast	56 minutes
Time spent playing video games on a games console	1 hour 15 minutes

The data based on the Table 2 show the average daily time spent by internet users in Indonesia aged 16–64 years on various types of media. In addition, users spend an average of 7 hours 42 minutes every day using the internet, showing the important role of the internet in people's daily activities. Users use social media for 3 hours 18 minutes every day, reflecting the high level of community involvement on social platforms. In looking at print and online media, Indonesians spend an average of 1 hour 34 minutes reading media (both print and online), indicating reading habits that still persist in the digital era. Meanwhile, the average time listening to podcasts is 56 minutes, indicating a growing trend in audio content consumption. The average time listening to podcasts is 56 minutes, indicating a growing trend in audio content consumption.

Table 3. Estimates of Indonesian Ecommerce Spending by Category 2021

Rank	Category	Estimated Spend (2021)
1	Fashion and Beauty	\$13.22 billion
2	Consumer Electronics	\$8.17 billion
3	Toys, DIY and Hobbies	\$6.78 billion
4	Furniture and Appliances	\$6.26 billion
5	Cosmetics and Personal Care	\$4.15 billion

Based on Table 3, the fashion sector continues to be the largest eCommerce product category purchased by Indonesians, with an estimated market share of US\$13.22 billion in 2021. This category reflects the dominance of fashion and beauty products in Indonesian online shopping. It is estimated to grow to US\$19.40 billion by 2025. Indonesia has an urbanization percentage of 56.64 percent. This means that almost half of their population lives in non-urban areas, a fact that has been noted by Zalora - one of the leading online fashion stores in Southeast Asia. In the Zalora Southeast Asia Trends Report 2020, they reported that 77 percent of Zalora shoppers in Indonesia live in non-urban areas. This data illustrates that e-commerce in Indonesia in 2021 is very diverse, with a focus on the fashion, electronics, and household needs categories. This shows a great opportunity for business actors to continue developing products on digital platforms.

The findings align with the Technology Acceptance Model (TAM), as discussed by Ariansyah et al. (2021), which posits that perceived usefulness and ease of use drive the adoption of digital platforms like social media and eCommerce, reflecting high user engagement. This also supports Al-Shami et al. (2024) about the role of social media in fostering reciprocal interactions. Additionally, this supports Sima et al.'s (2020) research that explains the emerging adoption of podcasts, indicating a gradual spread of new media consumption habits in the digital era.

Opportunities and Strategic Recommendations for Adaptation

Table 2 presents case studies of traditional markets, derived from secondary sources, that have adopted digital strategies, offering transferable lessons for Medan's traders. Beringharjo market in Yogyakarta has integrated WhatsApp for customer communication and collaborated with e-commerce platforms like Tokopedia, expanding its reach beyond local consumers (Song et al., 2022). Santa market in Jakarta has implemented QRIS digital payments, streamlining transactions and enhancing customer convenience. Badung market in Bali leverages Instagram for marketing, attracting younger consumers through visual promotions. These strategies, sourced from secondary reports, demonstrate that selective digital adoption can enhance competitiveness without forsaking traditional market strengths, such as personalized service. For Medan’s traders, adopting WhatsApp, as in Beringharjo, could facilitate direct customer engagement, while QRIS, as in Santa, could modernize transactions in markets like Petisah, provided infrastructure and training barriers are addressed. Based on Table 4, it is necessary to adapt important technologies for the sustainability of traditional markets. Then the synergy between the government, traders, and digital platforms and the commitment to create an inclusive market ecosystem in the digital era.

Table 4. Traditional Market Economic Management

Aspect	Sub-Aspects
Traditional Market Challenges	Competition with e-Commerce
	More competitive prices
	Wider market reach
	Lack of Access to Technology
	Low digital literacy
	Limited technology infrastructure
	Changes in Consumer Preferences
	The shift to online shopping
	Expectations of comfort and efficiency
Economic Management Strategy	Digitalization of Traditional Markets
	Use of local e-commerce applications/platforms
	Digital payment systems (e-wallet, QRIS)
	Digital Training and Literacy
	Education for traditional market traders
	Technology workshops
	Infrastructure Improvement
	Internet connection in market areas
	Modern facilities (POS system)
Collaboration and Innovation	Cooperation with the Government
	Digitalization subsidies or assistance
	Protection policies for MSMEs
	Partnership with Digital Platforms
	Merchant onboarding program to the marketplace
	- Promotion of local products through digital media
Positive Impact of Digitalization	Increased Competitiveness
	Wider consumer reach
	Adaptation to market trends
	Operational Efficiency
	Faster payment processes
	Better stock and data management
	Empowerment of Local Merchants
	Access to digital markets
	Increased revenue

Figure 2 shows mind map illustrating how clothing traders in Medan City's Petisah Market are utilizing economic digitalization. The diagram showcases key aspects such as online platforms, digital payments, and marketing strategies. Traders at Petisah Market are increasingly adopting online platforms to expand their reach and attract customers beyond their physical market boundaries. Platforms like social media and e-commerce marketplaces are commonly used. These platforms enable traders to showcase their products through photos and videos, conduct live selling sessions, and directly interact with customers. This digital presence helps traders gain visibility and compete in the growing online retail industry.

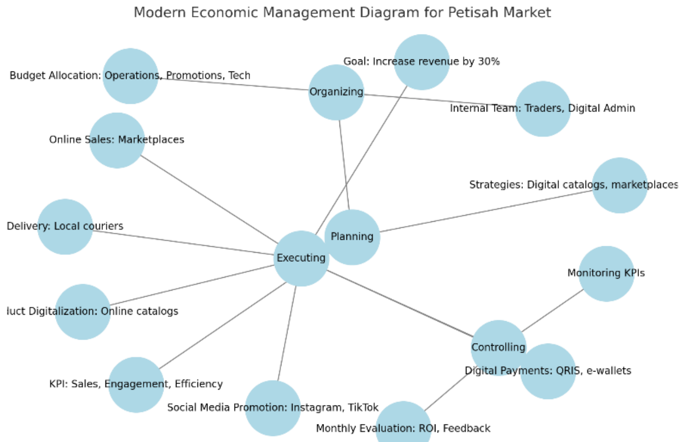

Figure 2. Estimates of Indonesian Ecommerce Spending by Category 2021

With the rise of cashless transactions, many traders at Petisah Market now accept digital payment methods. Payment systems such as Quick Response Code Indonesian Standard (QRIS), e-wallets, as well as mobile banking, have been widely adopted. These payment options provide convenience for customers and reduce reliance on cash, which can streamline transactions and improve security for traders. Digitalization has revolutionized how traders promote their goods. Strategies include leveraging digital advertising through Google Ads or social media ads to reach a targeted audience. Additionally, traders often collaborate with local influencers or run promotional campaigns like discounts and giveaways to drive engagement. Effective use of digital marketing tools helps traders attract new customers and retain existing ones. Some traders have started using digital tools to manage their inventory and customer data. Applications and software designed for small businesses can track stock levels, sales trends, and customer preferences. These insights enable traders to optimize their operations, forecast demand, and improve customer satisfaction. Many clothing traders have partnered with logistics services to offer home delivery for online purchases. By integrating with delivery services, traders can ensure that customers receive their orders quickly and efficiently. This service has become increasingly vital in catering to the needs of customers who prefer shopping online. The shift towards digitalization requires traders to upskill themselves or their employees. Some traders in Petisah Market have participated in workshops or online tutorials to learn how to operate online stores, use digital tools effectively, and engage with customers in the digital realm.

The secondary data analysis reveals that Medan's traditional market clothing traders face interconnected challenges: intense e-commerce competition, low digital literacy, shifting consumer preferences, outdated trading practices, supply chain volatility, and inadequate infrastructure. Case studies of Beringharjo, Santa, and Badung markets illustrate viable adaptation strategies, such as social media marketing and digital payments, which could mitigate these challenges if tailored to Medan's context. The author posits that Medan's traders must selectively integrate digital tools, such as WhatsApp or QRIS, while leveraging their cultural strengths, such as community ties, to remain competitive. However, realizing these opportunities requires targeted interventions, including digital literacy training and infrastructure upgrades, to bridge the gap between traditional practices and digital demands, ensuring the economic and cultural sustainability of Medan's markets.

The adoption of online platforms, digital payments, and marketing strategies by Petisah Market traders aligns with prior research highlighting social media and e-commerce as key drivers of SME growth in Indonesia (Al-Shami et al., 2024; Sitorus et al., 2024). The use of digital tools for inventory management and logistics partnerships reflects findings on operational efficiency and supply chain integration in traditional markets (Malhotra & Mishra, 2024; Dewi & Lusikooy, 2024). Additionally, upskilling efforts to enhance digital literacy correspond with studies emphasizing human capital development for SME sustainability (Marnoto et al., 2024; Alfarizi et al., 2024).

CONCLUSION

Research on the challenges and opportunities of traditional market economic management in the digital era, especially for clothing traders in Medan City, shows various dynamics that affect the sustainability of traditional businesses amidst technological developments. On the one hand, digitalization opens up great opportunities for traders to increase market reach, improve operational efficiency, and strengthen competitiveness through the use of e-commerce platforms, social media, and digital payment applications. However, on the other hand, significant challenges also arise, such as the lack of digital literacy among traders, limited technological infrastructure, and competition with online stores and modern platforms. In addition, some traders find it difficult to adapt to changes in consumer behavior that increasingly prioritize convenience and speed in online shopping. The success of traditional market traders' adaptation to the digital era depends heavily on their ability to optimally utilize technology, government support through training and digitalization facilities, and collaboration with various parties to create an inclusive market ecosystem. With the right approach, traditional markets can remain relevant and contribute significantly to the local economy, while maintaining the social and cultural values inherent in traditional market activities. By implementing modern economic management based on digitalization, clothing traders in Petisah Market can face increasingly tight market competition and reach more customers, both local and outside the region. This adaptation also increases the professionalism and competitiveness of traditional traders in the digital economy era.

These findings carry practical implications, urging traders to adopt digital tools like Instagram or QRIS payments and policymakers to implement digital literacy training and infrastructure upgrades, such as improved parking and hygiene facilities, to bolster market appeal. The study contributes theoretically to understanding digitalization’s impact on micro-enterprises in developing economies but is limited by its reliance on secondary sources, which may lack Medan-specific data or recent updates, and its focus on clothing traders, potentially overlooking broader market dynamics. Future research should employ primary methods, such as interviews and surveys with traders, to capture direct perspectives and quantify adoption rates, alongside longitudinal studies to track digitalization trends, thereby enhancing strategies to sustain Medan’s traditional markets in the digital era.

REFERENCES

[1] Alalouch, C., Bouzekri, I., Sameer, N., Al-Saadi, A., Al Ghadani, W., & Al-Hashim, A. (2024). The Space of the Maybe: Traditional Souqs as Potential Catalysts for Social Sustainability and Spatial Identity. In *14th International Space Syntax Symposium, SSS 2024*. Space Syntax Network/Sejong University Press.

[2] Alasbool, H., Hamdan, A., & Dhia, A. (2024). The Adoption and Impact of E-Commerce on the Sustainability of SMEs. In *Business Development via AI and Digitalization: Volume 1* (pp. 525-531). Cham: Springer Nature Switzerland.

[3] Alfarizi, M., Widiastuti, T., & Ngatindriatun. (2024). Exploration of technological challenges and public economic trends phenomenon in the sustainable performance of Indonesian digital MSMEs on industrial era 4.0. *Journal of Industrial Integration and Management*, *9*(01), 65-96.

[4] AlHudaib, D., & Al-Shammari, M. (2022, March). The adoption of e-commerce by businesses in bahrain during Covid-19. In *2022 International Conference on Decision Aid Sciences and Applications (DASA)* (pp. 1684-1691). IEEE.

[5] Al-Shami, S. A., Damayanti, R., Adil, H., & Farhi, F. (2024). Financial and digital financial literacy through social media use towards financial inclusion among batik small enterprises in Indonesia. *Heliyon*, *10*(15).

[6] Amit, R., & Zott, C. (2017). Value drivers of e-commerce business models. *Creating value: Winners in the new business environment*, 13-43.

[7] Ariansyah, K., Sirait, E. R. E., Nugroho, B. A., & Suryanegara, M. (2021). Drivers of and barriers to e-commerce adoption in Indonesia: Individuals' perspectives and the implications. *Telecommunications Policy*, *45*(8), 102219.

[8] Arifianti, R., & Fauzan, T. R. (2024). Location Analysis in Traditional Markets: Case Study of Ciwastra Traditional Market in Bandung. *Jurnal Ilmiah Manajemen Kesatuan*, *12*(4), 925–932.

[9] Auliyah, R. (2024). Qualitative Analysis of the Perceived Value of Repeat Visits at the Wonokromo Traditional Market in Surabaya. *Jurnal Ilmiah Manajemen Kesatuan*, *11*(3), 1153–1160.

[10] Buccirossi, P. (2015). Vertical restraints on e-commerce and selective distribution. *Journal of Competition Law & Economics*, *11*(3), 747-773.

[11] Chen, Z., Cao, H., Xu, F., Cheng, M., Wang, T., & Li, Y. (2020). Understanding the role of intermediaries in online social e-commerce: an exploratory study of beidian. *Proceedings of the ACM on Human-Computer Interaction, 4*(CSCW2), 1-24.

[12] Davies, J., Blekking, J., Hannah, C., Zimmer, A., Joshi, N., Anderson, P., Chilenga, A., & Evans, T. (2022). Governance of traditional markets and rural-urban food systems in sub-Saharan Africa. *Habitat International, 127*.

[13] Dewi, G. D. P., & Lusikooy, A. E. (2024). E-commerce Transformation in Indonesia. *Nation State: Journal of International Studies, 6*(2), 117–138.

[14] Dicken, P., & Hassler, M. (2000). Organizing the Indonesian Clothing Industry in the Global Economy: The Role of Business Networks. *Environment and Planning A: Economy and Space, 32*(2), 263–280.

[15] Eger, L., Komárková, L., Egerová, D., & Mičík, M. (2021). The effect of COVID-19 on consumer shopping behaviour: Generational cohort perspective. *Journal of Retailing and consumer services*, *61*, 102542..

[16] Faridi, M. R., & Malik, A. (2020). Digital transformation in supply chain, challenges and opportunities in SMEs: a case study of Al-Rumman Pharma. *Emerald Emerging Markets Case Studies, 10*(1), 1–16.

[17] Huynh, P. N. H., Hoang, T. T., Phan, H. T. T., & Nguyen, Q. L. N. (2024). The customers' perception of privacy in the retail industry when adopting digital transformation. *Ho Chi Minh City Open University Journal Of Science-Economics And Business Administration*, *14*(2), 143-159.

[18] Hwang, K., Lee, B., & Hahn, J. (2020). Green restaurant consumers' pride and social healthy narcissism influencing self-actualization and self-transcendence that drive customer citizenship behavior. *Sustainability*, *12*(24), 10339.

[19] Iskandar, B. S., Iskandar, J., Irawan, B., & Partasasmita, R. (2018). Traditional markets and diversity of edible plant trading: Case study in Ujung Berung, Bandung, West Java, Indonesia. Biodiversitas, 19(2), 437–452.

[20] Liu, Y. (2024). Digitalization as a lifeline for Small and Midsize Enterprises (SMEs): Solutions, challenges, and future prospects. *Exploring the Financial Landscape in the Digital Age*, 655-660.

[21] Malhotra, G., & Mishra, M. (2024). A study on the impact of digitalization on SME growth. *Drivers of SME Growth and Sustainability in Emerging Markets*, 118-139.

[22] Marnoto, Asdar, A. S., Novaria, R., & Alisyahbana, A. N. Q. A. (2024). Entrepreneurial Literacy and Digital Literacy: A Key to Successful Business Sustainability of Clothing Merchants in the Modern Era. *Indonesian Journal of Business and Entrepreneurship Research, 2*(1), 27–37.

[23] Mittal, R., Sheetal, & Soriya, S. (2025). Fostering competitiveness of Indian MSMEs through IT and digitalization. *Information Technology for Development*, 1-24.

[24] Mocanu, C., Matei, M. M. M., & Năstasă, A. (2023, June). Patterns of Artificial Intelligence Adoption in Small and Medium Businesses. In *Griffiths School of Management and IT Annual Conference on Business, Entrepreneurship and Ethics* (pp. 385-398). Cham: Springer Nature Switzerland.

[25] Musyaffi, A. M., Gurendrawati, E., Afriadi, B., Oli, M. C., Widawati, Y., & Oktavia, R. (2022). Resistance of Traditional SMEs in Using Digital Payments: Development of Innovation Resistance Theory. *Human Behavior and Emerging Technologies*, 2022.

[26] Nofrizal, Juju, U., Sucherly, N, A., Waldelmi, I., & Aznuriyandi. (2023). Changes and determinants of consumer shopping behavior in E-commerce and social media product Muslimah. *Journal of Retailing and Consumer Services, 70*, 103146.

[27] Novita, D. R., Urrahman, A., Lubis, R. I., Darmawan, A. F., Hidayat, M. T., & Desky, A. F. (2024). Analysis of traditional market traders' survival strategies and social, cultural, and economic interactions in the digital era. *Perspektif: Journal of Social and Library Science, 2*(3), 195–200.

[28] Olsson, A. K., & Bernhard, I. (2021). Keeping up the pace of digitalization in small businesses–Women entrepreneurs' knowledge and use of social media. *International Journal of Entrepreneurial Behaviour and Research, 27*(2), 378–396.

[29] Özbek, A., Kiraz, A., & Erkan, E. F. (2024). Analysing barriers of digitalization in apparel sector: a fuzzy Dematel approach. *Journal of the Textile Institute, 115*(11), 2066–2074.

[30] Priporas, C.-V., Stylos, N., & Fotiadis, A. K. (2017). Generation Z consumers' expectations of interactions in smart retailing: A future agenda. *Computers in Human Behavior, 77*, 374–381.

[31] Proctor, F. J., & Berdegué, J. A. (2020). Food systems at the rural-urban interface. In *Handbook on urban food security in the global south* (pp. 166-197). Camberley: Edward Elgar Publishing.

[32] Purnomo, M., Otten, F., & Faust, H. (2018). Indonesian traditional market flexibility amidst state promoted market competition. *Social Sciences, 7*(11).

[33] Putri, E. (2023, September). *TikTok Shop Will Close in Indonesia After Growing Protests from Small Businesses*. Retrieved December 28, 2024 from https://www.liputan6.com/global/read/5410088/tiktok-shop-will-close-in-indonesia-after-growing-protests-from-small-businesses

[34] Puwaningwulan, M. M., Wulandari, T. A., & Anggaswari, N. A. (2024, August). The Impact of Tiktok Shop Policy Dynamics to The Micro-Small-Medium-Sized Enterprises Sustainability. In *International Conference on Business, Economics, Social Sciences, and Humanities-Humanities and Social Sciences Track (ICOBEST-HSS 2024)* (pp. 113-132). Netherlands: Atlantis Press.

[35] Rivza, B., Kruzmetra, M., Rivža, P., Miceikiene, A., Balezentis, A., & Jasaitis, J. (2020). E-commerce as a Consequence of Innovation and the Cause of New Innovations for SMEs: The perspectives of Latvia and Lithuania. *Comparative Economic Research, 23*(3), 7–20.

[36] Romadhon, A. M., & Suyono, S. (2024). The Effect of Social Media Usage and Market Orientation on Marketing Performance. *Jurnal Ilmiah Manajemen Kesatuan*, *12*(6), 2407–2416.

[37] Saensouk, P., Saensouk, S., Hein, K. Z., Appamaraka, S., Maknoi, C., Souladeth, P., Koompoot, K., Sonthongphithak, P., Boonma, T., & Jitpromma, T. (2025). Diversity, Ethnobotany, and Horticultural Potential of Local Vegetables in Chai Chumphol Temple Community Market, Maha Sarakham Province, Thailand. *Horticulturae, 11*(3).

[38] Sarfo, C. A., & Song, H. (2021). E-commerce adoption within SME's in Ghana, a tool for growth?. *International Journal of Electronic Business, 16*(1), 32–51.

[39] Sheth, J. (2020). Impact of Covid-19 on consumer behavior: Will the old habits return or die?. *Journal of Business Research, 117*, 280–283.

[40] Sima, V., Gheorghe, I. G., Subić, J., & Nancu, D. (2020). Influences of the Industry 4.0 Revolution on the Human Capital Development and Consumer Behavior: A Systematic Review. *Sustainability, 12*(10), 4035.

[41] Sitorus, S. A., Simanjuntak, S. I. R., Sipayung, L. D., & Simarmata, C. A. (2024). Digital Transformation of Small Businesses In Medan: A Quantitative Exploration of The Mediating Role of Partnerships in Enhancing E-Commerce Effectiveness. *Jurnal Ilmiah Manajemen Kesatuan*, *12*(6), 2121–2130.

[42] Song, Y., Escobar, O., Arzubiaga, U., & De Massis, A. (2022). The digital transformation of a traditional market into an entrepreneurial ecosystem. *Review of Managerial Science, 16*(1), 65–88.

[43] Tambunan, T. (2009). Export-oriented small and medium industry clusters in Indonesia. *Journal of Enterprising Communities: People and Places in the Global Economy, 3*(1), 25–58.

[44] Tarigan, A. E. B. (2025). Government Role In Enhancing Msme Market Access At Regional And Global Levels. *Pena Justisia: Media Komunikasi dan Kajian Hukum*, *24*(1).

[45] Verner, V., Novy, P., Tauchen, J., Huml, L., Soon, J. W., Kudera, T., Laupua, F., & Kokoska, L. (2020). Diversity, economic value and regional distribution of plant food products at local tropical markets: A samoa case study. *Sustainability (Switzerland), 12*(23), 1–15.

[46] Wahyuni, S., Widodo, J., Zulianto, M., & Islami, N. N. (2020, May). The analysis of e-commerce utilization in Micro, Small and Medium Enterprises (MSMEs) at Jember. In *IOP conference series: Earth and environmental science* (Vol. 485, No. 1, p. 012037). IOP Publishing.

[47] Wang, Y., Yu, Z., & Shen, L. (2019). Study on the decision-making and coordination of an e-commerce supply chain with manufacturer fairness concerns. *International Journal of Production Research*, *57*(9), 2788-2808.