

The Future of Traditional Markets: A Qualitative Analysis of Traders' Strategies in Facing Digital Disruption in Bali

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ABSTRACT

This study aims to analyze the strategies of traditional market traders in facing digital disruption and the increasing dominance of modern markets in Bali. The phenomena of digitalization and the expansion of modern retail have placed significant pressure on the sustainability of traditional markets, which have long been the backbone of family economies and social interaction spaces for the community. The research method used is qualitative with an exploratory approach, through in-depth interviews and participatory observation of 7 traders in several traditional markets in Bali. The results of the study indicate that all traders experience obstacles, such as fluctuations in commodity prices, vulnerability of perishable products, and intense competition with modern stores. However, the traders were still able to survive by implementing adaptation strategies, including maintaining the quality of their goods, offering affordable prices, keeping their stalls clean, and continuing to trade despite unstable income. These findings confirm that traditional markets still play an important role in supporting family economies and maintaining social functions within the community, even under the pressure of modern market developments and digital transformation. The future of traditional markets in Bali heavily depends on the traders' ability to preserve social and cultural values, as well as the quality of services that modern markets do not offer. Additionally, supportive policies and inclusive innovations are needed for traditional markets to continue surviving and thriving in the digital economic ecosystem.

Keywords: Adaptation, Bali, Digital Disruption, Merchant Strategy, Traditional Market

INTRODUCTION

Traditional markets in Bali are not merely spaces for economic transactions, but also centers of social interaction, cultural symbols, and integral parts of local identity. The presence of markets such as Ubud Market, Badung Market, and Gianyar Market has long supported the local economy, particularly micro and small business actors who rely on daily buying and selling activities for their livelihood. However, in recent years, traditional markets have faced serious challenges due to the wave of digitalization, which has given rise to new consumption patterns based on e-commerce platforms and online shopping services. Consumers, including local residents and tourists, are increasingly accustomed to the convenience of digital transactions, the availability of price information, and fast delivery services. This phenomenon pressures Bali's traditional market traders to change their business patterns in order to remain relevant.

The market revitalization initiated by the Bali Provincial Government, such as the major renovation of Pasar Badung following the fire in 2016, demonstrates a commitment to maintaining the functions of traditional markets. However, the revitalization, which has largely focused on improving physical infrastructure, has not been fully accompanied by adequate digital transformation. Traders still face limitations in digital literacy, minimal access to online marketing technology, and attachment to conventional buying and selling practices. This results in traditional markets remaining weak in competitiveness compared to modern retail and e-commerce platforms, even though their physical infrastructure has been renewed.

On the other hand, tourism, which is the backbone of Bali's economy, presents both opportunities and threats to traditional markets. Tourists seeking authentic experiences often visit traditional markets

to find local products, but their shopping patterns are also shifting towards purchases through digital platforms, both for souvenirs and daily needs. The COVID-19 pandemic has further accelerated this change, as consumers in Bali, whether local residents or domestic tourists, have begun to get accustomed to app-based delivery services. For traditional market vendors, this situation necessitates the development of diverse adaptation strategies, ranging from using social media for promotion, collaborating with online motorcycle taxi services, to developing hybrid selling models that combine face-to-face and online transactions.

However, academic studies on the adaptation strategies of traditional market traders in Bali in facing digital disruption are still very limited. Previous research has mostly focused on SMEs in general or on issues of market infrastructure revitalization, rather than on the specific adaptive strategies of traders. In fact, understanding how Balinese traders navigate digital transformation is crucial not only for the sustainability of traditional markets but also for the preservation of local culture and identity embedded in the market as a social institution. Therefore, this study seeks to qualitatively explore the strategies of Balinese traditional market traders in facing digital disruption and to analyze the social, economic, and cultural factors that influence the success or failure of such adaptation.

THEORETICAL FRAMEWORK

Digital transformation not only means the utilization of new technology, but a strategic process that changes the way organizations or market systems create value, interact with customers, and build sustainable business models. Verhoef et al. (2021) explain that digital transformation occurs through three main stages: digitization (conversion of analog processes to digital, for example using cashier apps or QR codes), digitalization (utilizing technology to improve operational efficiency, for example promotions via social media), and digital transformation (fundamental changes in business models and value logic, for example full integration into e-commerce platforms or development of a hybrid ecosystem connecting physical markets to digital markets). In the context of traditional Balinese markets, digital transformation has a special meaning. Traditional markets are not only economic spaces but also social and cultural spaces that serve as symbols of Balinese community identity. However, when digital technology enters, the function of the market experiences both expansion and shift. For example, digitization can be seen from vendors starting to use WhatsApp or Instagram to promote their goods. Digitalization occurs when vendors cooperate with online ride-hailing services to provide delivery services, or when market managers use applications for kiosk management. A more advanced stage, namely digital transformation, is evident in the integration of traditional markets into the digital tourism ecosystem: market products are promoted through tourism marketplaces, souvenir packages are sold online, and payments are made via e-wallet.

The Technology Acceptance Model (TAM) developed by Davis (1989) emphasizes that an individual's acceptance of technology is greatly influenced by two main constructs: Perceived Usefulness (PU) and Perceived Ease of Use (PEOU). PU refers to the extent to which an individual believes that using technology will improve their performance, while PEOU refers to the extent to which the technology is perceived as easy to learn and use. In the context of traditional market traders in Bali, these two constructs are key to explaining variations in responses to digitalization: 1) Perceived Usefulness (PU): Traders who see tangible benefits from technology (for example, increased sales through promotions on Instagram, or access to tourist customers via online marketplaces) are more likely to adopt it. Conversely, if traders feel that technology does not add value (for example, buyers still come directly to the market), adoption tends to be low. External factors such as the increased online shopping behavior post-pandemic reinforce this perceived benefit; 2) Perceived Ease of Use (PEOU): Many vendors in traditional markets face limitations in digital literacy. If buying and selling applications or digital payment methods are considered complicated, they tend to reject adoption. Support in the form of brief training, user-friendly application interfaces, and assistance from the vendor's children/family can enhance the perception of ease of use. The context of Bali, which still has a digital gap between urban areas (Denpasar) and rural areas, shows strong variation in this perception. In practice, TAM helps explain why some Balinese traders adapt relatively quickly to social media or e-wallets, while the majority continue to stick to face-to-face buying and selling. By using TAM, this study can explore traders' personal narratives: how they assess benefits, obstacles, and their direct experiences when trying technology.

The concept of organizational ecosystems originates from the ecological approach in business

studies. Organizations do not exist in isolation but are part of an ecosystem consisting of suppliers, consumers, regulators, competitors, and other interdependent actors. In this ecosystem, the survival of an organization is determined by its ability to adapt to environmental changes (technological shifts, regulations, consumer preferences). For the traditional Bali market, this means that merchants are not only interacting with local buyers but also with tourist communities, local government, digital platforms, and even online logistics (ride-hailing services, couriers). If one element changes (for example, an increase in consumer preference for shopping via apps), the entire market ecosystem is also affected. Merchants' adaptation to digital platforms is part of that ecosystem process. Adner (2017) emphasizes the importance of ecosystem positioning, which is how actors position themselves within the value network to remain relevant. Traditional markets in Bali should be understood as ecosystems, not merely physical locations. Merchants who previously relied only on direct interactions are now part of an expanded digital ecosystem, where the roles of e-commerce platforms, local influencers, and government regulations shape a new structure of market relationships.

METHOD

This study uses an exploratory qualitative approach with the aim of understanding the experiences, perceptions, and adaptive strategies of traditional market traders in Bali in response to digital disruption. The qualitative choice allows for an in-depth exploration of the narratives regarding how and why traders employ strategies to face digital disruption, which cannot be fully captured by quantitative surveys. The research locations are several markets in Denpasar City and Badung Regency. The selection of locations is based on variations in: (a) tourist visitation intensity, (b) level of physical revitalization, and (c) diversity of commodities (fresh food, crafts, souvenirs). The sampling technique used is purposive sampling involving 7 traders. Data collection methods consist of in-depth semi-structured interviews, participatory observation, and relevant local documents and archives.

FINDINGS AND DISCUSSION

The research findings indicate that trading activities in traditional markets remain a primary source of livelihood for traders. The majority of respondents stated that trading is not merely a temporary economic choice, but a long-term strategy to meet their families' daily needs. This shows that traditional markets continue to hold significant social and economic value amid digital disruption. In addition, these findings also confirm that traders' attachment to traditional markets is not solely due to economic factors but is also influenced by cultural, social, and intergenerational business sustainability aspects. Thus, the existence of traditional markets is seen not only as a space for commercial transactions but also as an economic foundation for families, providing stability amid changes in market structure due to technological advancements.

The research results indicate that all traders in traditional markets experience obstacles in carrying out their business activities. These obstacles appear in various forms, including the instability of merchandise prices, which makes it difficult for traders to predict their income. Price fluctuations make it challenging for traders to maintain stable profits, especially when the purchase prices from suppliers are not proportional to the selling prices in the market. In addition, traders also face challenges from the characteristics of perishable goods, especially fresh food products such as vegetables, fruits, and fish. This condition increases the risk of losses because the goods cannot always be sold within the targeted time frame. Another challenge perceived is competition with modern stores and large retail markets. The presence of modern retail, which offers more stable prices, more comfortable facilities, and technology-based marketing strategies, puts traditional market traders in an increasingly pressured position. Nevertheless, the traders continue to strive to survive with their own adaptation strategies, despite facing limitations in capital, resources, and digital access.

This study found that each traditional market trader has their own adaptation strategies to survive amid the dynamics of competition and pressures of the modern market. The dominant strategies include maintaining the quality of their goods, ensuring that the products sold remain fresh and suitable for consumption, thereby gaining customer trust. In addition, traders also strive to offer affordable and competitive prices as a form of differentiation to maintain buyer loyalty.

Another finding is maintaining the cleanliness of stalls and the surrounding selling environment, which is considered important in creating comfort for consumers and enhancing the competitiveness of traditional markets. Although the income earned is not always stable due to price fluctuations or people's

purchasing power, the traders remain consistent in continuing their business. This persistence demonstrates the existence of socio-economic resilience among traditional market traders.

Overall, the findings of this study indicate that traditional markets still play an important role in supporting family economies and the social life of the community, despite their existence being increasingly pressured by the growth of modern markets and digital transformation. Thus, traditional markets remain a vital economic and social space for local communities in Bali.

CONCLUSION

This study concludes that traditional markets in Bali still play a central role in supporting family economies and community social life, despite being under strong pressure from the development of modern markets and digital disruption. The research results show that traditional market traders face various obstacles, ranging from price fluctuations, the risk of perishable goods, to increasing competition with modern stores.

Nevertheless, traders are still able to demonstrate a variety of adaptive strategies, including maintaining the quality of their goods, offering affordable prices, keeping the selling environment clean, and maintaining consistency in trading activities. These strategies not only reflect the traders' resilience to market dynamics but also underscore the important role of traditional markets as both economic and social spaces for the local community.

Thus, the future of traditional markets in Bali does not solely depend on price competitiveness or technology, but also on the ability of traders to maintain social, cultural, and service quality values that distinguish them from modern markets. This indicates the need for inclusive policy support and innovation so that traditional markets can continue to thrive and contribute to the local economic ecosystem in the digital era.

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