

Research Paper

Traditional vs Modern Groceries from Islamic Perspective in Indonesia

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ARTICLE INFO	ABSTRACT
<p>Keywords Modern Retail; Traditional Retail; Product Variants; Purchasing Decision; Sales Revenue</p>	<p>Despite extensive research on the competition between modern and traditional retailers, there is a lack of investigation into specific factors that influence consumer choices and directly impact sales revenue. There is a scarcity of research exploring these issues from the perspective of Islamic business. To address this gap, the study aims to examine consumer preferences in purchasing decision at Traditional and Modern groceries. This study employed a quantitative approach by distributing questionnaire to 100 customers in Palu city, Indonesia. Data analysis involved path analysis and bootstrap biased correlation. The findings highlight the significant impact of product variants, pricing strategies, and promotional efforts by modern retailers on sales revenue in traditional retail stores through purchasing decisions. However, shopping convenience did not exhibit a significant influence, indicating the need for improvement. The competition between traditional and modern retail is primarily driven by shifting consumer behavior and relatively weaker marketing strategies employed by traditional retailers. This study suggests that to maintain their market position, traditional retailers should enhance their marketing strategies by expanding product offerings, setting competitive prices, and executing effective promotional campaigns. Prioritizing the improvement of shopping convenience is crucial to meet customer expectations and preferences.</p>
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Introduction

The retail industry is the actual constellation of the Indonesian economy because various domestic products are traded and become the third-largest contributor to the increase of gross domestic product (GDP) (Antara & Sumarniasih, 2017). Therefore, its existence should be considered as this retail industry can overcome the high unemployment rate problem (Raharja et al., 2021). In Indonesia, the retail industry format is divided into traditional and modern retail. The two retail formats have different and complementary market segments (Wanyama et al., 2019).

The synergy of both retail formats is easily achievable. In reality, there has been competition between the two formats and the development of oligopoly (Villena & Araneda, 2017). This problem has occurred in many emerging market countries (Bronnenberg & Ellickson, 2015). For this reason, the Indonesian government has protected traditional retail (Sugiharto & Deniar, 2021) through presidential and the Minister of Trade regulations (Rizki & Sri, 2020). However, competition among retailers continues. In addition, the socio-economic changes and shift of consumer shopping patterns towards modern retail add to the complexity of this problem (Johns et al., 2017; Pramiasih & Mahsyar, 2019).

Similar problems have also begun to emerge in Palu city, Central Sulawesi province of Indonesia, where modern retail continues to grow. As of today, there are 47 *Alfamidi* outlets spread across the districts of Palu city. The massive expansion of modern retail will certainly weaken traditional retail, affecting factors such as product variants, promotions, price, and shopping convenience, which continue to be weaknesses for traditional retail (Fongkam, 2015) since these factors can influence consumer purchasing decisions (Hanaysha, 2018; Widyastuti et al., 2020). A systematic review of multiple studies reveals the intricate relationship between modern retail and traditional retail. Masruroh (2017) finds a significant difference in turnover and market conditions of traditional stores before and after the emergence of modern minimarkets. Seminari et al. (2017) highlight the impact of *Indomaret* on traditional retail, indicating the influence of modern retail on their survival and competitiveness. Triyawan (2018) establishes a connection between the presence of modern retail and the income of traditional sellers. Bulan et al., (2018) confirm the direct influence of consumer perceptions on purchase intention.

Effendi et al. (2019) demonstrate the importance of consumer preferences in purchasing decisions for fruits in both modern and traditional retail. Tumewu et al. (2019) reveal the negative impact of modern retail on traditional retailers' footfall, sales turnover, and profits. Suarantalla et al. (2020) emphasize the influence of product and consumer purchasing decisions on traditional retail. Rivani et al. (2020) emphasize the need for advanced technology in logistical planning and quality control in traditional retail. Frihatni (2020) states that traditional markets have different consumers than minimarkets, resulting in no significant shift in the number of consumers. Felycia and Genoveva (2021) find that shopping convenience and perceptions significantly influence purchasing decisions at traditional retail. Mardiyah et al. (2021) identify price, location, service, and product completeness as factors influencing competition between traditional and modern retail. Alfian and Siregar (2022) highlight the divergent perspectives among traditional retailers regarding modern retail.

Maulana et al. (2022) discover the impact of modern retailers on traditional retail turnover due to challenges related to capital, facilities, promotions, and services. Sururuddin et al. (2022) suggest strategies for traditional traders to effectively compete with modern retailers. Hidayat et al. (2023) argue for retail restriction policies to prevent monopoly and inequality. Ginting et al. (2023) stress the importance of support mechanisms for traditional retail sustainability. Cho et al. (2023) highlight strategic locations and effective marketing strategies for enhancing sales performance in traditional retail. Tran (2023) recommends initiatives to enhance sustainability and profitability in traditional markets, including infrastructure improvement and the introduction of organic products.

Despite the extensive body of research on the competition between modern and traditional retailers, which encompasses various domains such as the enduring consequences of the emergence of modern retail, consumer preferences and purchasing behavior, strategies for traditional retailers to compete, governmental interventions and supportive mechanisms, and sustainable practices within traditional markets, there is still an evident research gap. Existing studies have yet to delve into the specific determinants that shape consumer choices, directly impacting sales revenue. Critical elements, including product variations, pricing structures, promotional activities, and shopping convenience, lie at the core of the competition between these two categories of retailers. Moreover, there is a conspicuous dearth of scholarly investigation exploring these issues from the unique perspective of Islamic business ethics. Consequently, this study endeavors to bridge this gap by meticulously examining the precise determinants that shape consumer preferences and exert a direct influence on sales revenue.

The present study aims to examine the consumer preferences in purchasing decision at Modern or Traditional groceries from Islamic perspective in Indonesia. As a result, this research will provide invaluable insights into the intricacies permeating the realm of the retail industry, thereby offering a comprehensive understanding of the rivalry between modern and traditional retailers. Notably, the distinctive and often overlooked perspective of Islamic business ethics has received insufficient scrutiny within the existing scholarly discourse. Recognizing this aspect, this study aspires to contribute to a more holistic comprehension of the competitive landscape between modern and traditional retailers while simultaneously aligning with ethical principles and values.

Hypothesis Development

Product variants are the variations of products that arise from the responses from public interest in product design, function, color, size, packaging, and accessories to meet customer needs (ElMaraghy et al., 2013; Shou et al., 2017; Wan et al., 2012). In practice, *product variants* are often called a *stock-keeping units* (Kotler et al., 2019). This strategy effectively improves consumer purchasing decisions (Arslan, 2019). If products become more diverse, the likelihood that consumers will choose to buy will also increase (Lyons et al., 2020). Many retailers have taken this into account due to the advantages of increased revenue (Ali Khan et al., 2017; ElMaraghy et al., 2013; Sorkun, 2019). However, managing product variants is not an easy task because too much

variety can be counter-productive from a business standpoint (Pujawan et al., 2014) and will have a direct impact on the complexity of the company, especially in terms of procurement and distribution (ElMaraghy et al., 2013).

H1: product variants has a positive effect on purchasing decisions.

H6: Purchasing decisions mediate the effect of product variants on sales revenue.

Price is an essential component of marketing strategy. Price can determine the number of sales, as low prices increase product demand, thus increasing overall sales. Otherwise, if the price is high, demand will decrease, and thus sales will also decline (Ferrell et al., 2021; Morales, 2018). However, when consumers are satisfied with the offered price, they will not hesitate to buy the product because a fair price will encourage consumers to make purchasing decisions (Amron, 2018). From the consumer's point of view, price is a piece of information to make a purchase. As for retailers, price is a source of profit (Ferrell et al., 2021). Therefore, price is often defined as the amount of money charged to consumers to benefit from the product (Hatten, 2018; Kotler & Armstrong, 2014; Law, 2016). In addition, this strategy is fundamental for retailers in increasing revenue and profits (Ferrell et al., 2021; Kacen et al., 2012).

H2: Price has a positive effect on purchasing decisions.

H7: Purchasing Decisions mediate the effect of price on sales revenue.

Shopping convenience is a feeling that consumers expect. This feeling can be caused by easy-to-access locations, easy-to-search, evaluation, attention, fast transactions, and ownership of both online and offline shopping activities (Duarte et al., 2018). Thus, convenience reduces consumer time and energy, which become a consumer's priority (El-Adly & Eid, 2015; Lind et al., 2016). Shopping convenience is essential for retailers in improving consumer purchasing decisions (Lee et al., 2021; Thao, 2020) because, with increased convenience, customer value and intention to repurchase will increase (Pham et al., 2018).

H3: Shopping convenience has a positive effect on purchasing decisions.

H8: Purchasing decisions mediate the effect of shopping convenience on sales revenue.

Sales promotion is a significant component of a retail, commercial marketing program (Bogomolova et al., 2015). The purpose of this strategy is to convey product information and persuade consumers to purchase (Kotler & Armstrong, 2014). Thus, consumer rationality plays a vital role in this problem because consumers with low rationality are more easily influenced by promotions than consumers with high rationality (Yang & Mattila, 2020). Even so, financial promotions will not be as attractive as non-monetary promotions (Mussol et al., 2019). In addition, several empirical studies showed that promotion positively affects purchasing decisions (Alireza Aghighi, 2015) and increases the number of sales and profits (Jean & Yazdanifard, 2015).

H4: Promotions have a positive effect on purchasing decisions.

H9: Purchasing decisions mediate the effect of promotion on sales revenue.

The purchase decision-making process consists of five steps: identifying the problem; information acquisition; comparing alternatives; final purchase; and post-

purchase action (Pride & Ferrell, 2021). It can be said that consumers first decide what, when, how, where and what to buy to include in the consumption process before buying and consuming something (Kotler et al., 2019). Thus, the purchasing decision is a pattern of consumer buying behavior that must be understood (Hamilton, 2018). Because understanding this consumer buying behavior can make it easier for retailers to increase sales and win the competition (Kaser & Oelkers, 2021). Thus, retailer sales revenue will decrease when competitors understand this behavior better.

H5: Purchasing decisions have a positive effect on sales revenue.

The five hypotheses of this study are summarized in Figure 1.

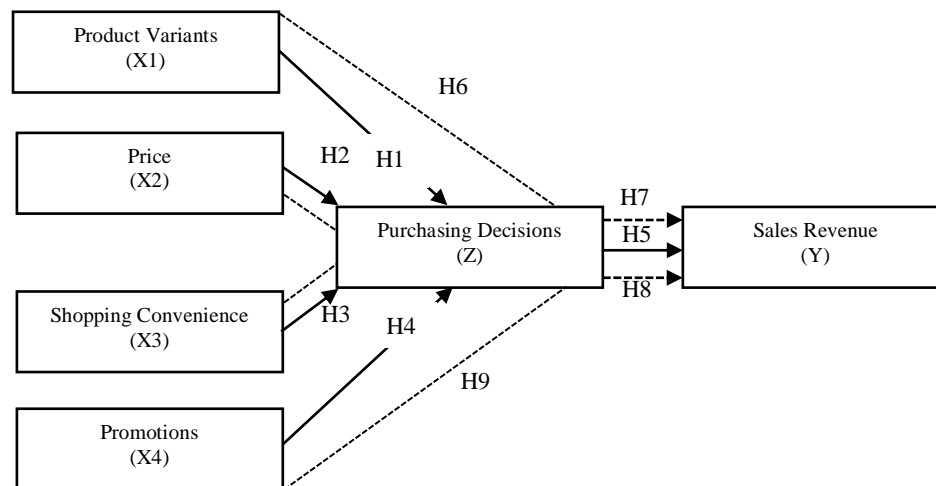


Figure 1. Research Model

Method

Research Design

This study utilized a meticulously structured quantitative framework, employing an explanatory design, with the overarching objective of empirically investigating the outcomes of prior studies. In addition to testing and reaffirming previous findings, this study also sought to furnish fresh evidence and elucidations concerning the intricate interplay between product variants, price, shopping convenience, and promotions within contemporary retail establishments. The ultimate aim was to shed light on the profound impact of these factors on the dwindling sales revenue of traditional retail stores, while simultaneously examining their implications from the vantage point of Islamic business ethics.

Participants

This study employed a purposive sampling technique to ensure that the selected respondents' data aligns with the research objectives. Two criteria were used for respondent selection: firstly, the presence of *Alfamidi* outlets and traditional kiosks/stores located in areas with high competition, specifically in the West Palu, East Palu, South Palu, and Tatanga districts. Secondly, respondents were chosen based on their frequent purchases at *Alfamidi*. Since the population size was unknown, the

research sample size was determined by the analysis tool employed, which in this case was path analysis. As suggested by Umar (2002), the analysis tool dictates the sample size. O'Rourke and Hatcher (2013) recommend a minimum of 100 data samples for obtaining reliable estimations when using path analysis. Adhering to this recommendation, the research sample consisted of 100 participants, with the following demographic profile as presented in Table 1.

Table 1. Respondents' Demographic Profile

Demographic Profile	N	Percentage (%)
Age		
20-24 years	44	44
25-29 years	25	25
30-34 years	14	14
35-39 years	5	5
40 years or above	12	12
District		
West Palu	25	25
East Palu	25	25
South Palu	25	25
Tatanga	25	25
Gender		
Male	52	48
Female	48	52
Education Level		
Elementary School	1	1
Junior High School	2	2
Senior High School	60	60
Diploma	37	37
Bachelor's Degree (S1)	1	1
Occupation		
Government Employees	3	3
Self-employed	13	13
Private employees	14	14
TNI/POLRI	0	0
Student/Scholar	26	26
Others	44	44

Instrumentation

This study used six variables. Each variable, product variants, price, promotions, shopping convenience, and purchasing decisions have ordinal data scales measured by indicators from several previous studies (see Table 2). Meanwhile, the sales revenue of traditional retail stores is the result of selling goods for a month. The questionnaire

breakdown is as thus: the product variants variable consists of 9 questions (Utami, 2010), and the price variable consists of 8 questions (Stanton, 1998). The shopping convenience variable consists of 11 questions (Duarte et al., 2018), the promotions variable consists of 10 questions (Lupiyoadi, 2013), and the purchasing decisions variable consists of 9 questions (Kotler & Keller, 2009).

The questionnaire utilized in this study consisted of a series of questions that participants rated on a five-point Likert scale, spanning from strongly agree to strongly disagree. Prior to conducting the path analysis, a thorough assessment of the questionnaire data's validity and reliability was conducted. The results of the analysis demonstrated the strong validity and reliability of each question within the questionnaire. This was supported by the fact that the Corrected Item-Total Correlation values for each item, used to measure their respective variables, exceeded the threshold of 0.1966. Additionally, the Cronbach's Alpha coefficients indicated high levels of internal consistency for the variables examined in the study: Product Variants ($\alpha = 0.775$), Price ($\alpha = 0.821$), Shopping Convenience ($\alpha = 0.776$), Promotions ($\alpha = 0.820$), and Purchasing Decisions ($\alpha = 0.733$). Importantly, all variables exhibited Cronbach's Alpha values surpassing the threshold of 0.70, confirming the reliability and consistency of the measurement instruments employed in this study. Thus, these robust measurement tools effectively and reliably assessed the relationships between variables and their influence on purchasing decisions.

Table 2. Variable Measurement

Variable	Question Items
Product Variants (Utami, 2010)	<ol style="list-style-type: none"> 1. Alfamidi sells food and drink products from various brands 2. Alfamidi sells self-care and home-care products from various brands 3. Food and drink products sold at Alfamidi are diverse 4. Self-care and home-care products sold at Alfamidi are diverse 5. Food and drink products sold at Alfamidi are available in various sizes 6. Self-care and home-care products sold at Alfamidi are available in various sizes 7. The packaging of products sold at Alfamidi is excellent 8. The products sold at Alfamidi are helpful to me 9. The products sold at Alfamidi are durable
Price (Stanton, 1998)	<ol style="list-style-type: none"> 1. Food and drink products sold at Alfamidi are reasonably priced 2. Self-care and home-care products sold at Alfamidi are reasonably priced 3. Food and drink products prices offered by Alfamidi correspond with product quality 4. Self-care and home-care products prices offered by Alfamidi correspond with product quality 5. Food and drink products sold at Alfamidi are offered at a lower price compared to traditional retail stores 6. Self-care and home-care products sold at Alfamidi are offered at a lower price compared to traditional retail stores 7. Food and drink products prices offered by Alfamidi correspond with the benefits I receive

Variable	Question Items
	8. Self-care and home-care products prices offered by Alfamidi correspond with the benefits I receive
Shopping Convenience (Duarte et al., 2018)	<ol style="list-style-type: none"> 1. Alfamidi provides adequate parking spaces 2. The products I want are easily found at Alfamidi 3. Alfamidi outlets are clean and tidy 4. Each product's price is listed on the shelves at Alfamidi 5. Each product at Alfamidi is displayed according to the product's category 6. A "welcome" and "thank you" are given by Alfamidi employees before and after the purchase 7. Alfamidi employees are friendly and cater a service quickly 8. Payments at Alfamidi are quick and easy 9. Payments can be cash or non-cash 10. The products I want are always available at Alfamidi 11. By shopping at Alfamidi, I reduce the time to fulfill my needs
Promotions (Lupiyoadi, 2013)	<ol style="list-style-type: none"> 1. I have seen Alfamidi's ads in various media 2. Alfamidi's ad designs piqued my interests 3. Alfamidi employees are dressed neatly and able to recognize customers 4. Alfamidi employees understood the product information that I asked 5. Alfamidi gave discounts that piqued my interests 6. Alfamidi has promotional tools and products in the store's vicinity 7. I got a promotional catalog directly from Alfamidi employees 8. Alfamidi does promotion through newspapers or magazines 9. Alfamidi does a lot of social and religious activities 10. The activities are published through newspapers and radio broadcasts
Purchasing Decisions (Kotler & Keller, 2009)	<ol style="list-style-type: none"> 1. The product I need is available at Alfamidi 2. I am very interested in the product variety and quality offered by Alfamidi 3. I shop at Alfamidi because the products are from trusted brands 4. The product I want is always available at Alfamidi 5. The service quality of Alfamidi is excellent 6. I shop once a week at Alfamidi 7. I shop once a month at Alfamidi 8. I shop at Alfamidi because cash and noncash payment options are available 9. I shop at Alfamidi because of the convenience of transaction

Data Collection

This study utilized a closed questionnaire method to directly collect primary data from consumers in Palu city who met specific criteria. The data collection process involved several stages. Initially, relevant questionnaire items were developed from various sources. Subsequently, the questionnaire was formulated, including important

details such as the researcher's name, university affiliation, research title, and criteria. Following the formulation, the questionnaire was distributed over a three-week period in the West Palu, East Palu, South Palu, and Tatanga districts. Finally, the completed questionnaires were tabulated for further analysis.

Data Analysis

In this study, Path Analysis served as a vital analytical tool for investigating the relationships between variables. Path Analysis, a statistical method, enabled the examination of both direct and indirect connections within a conceptual model. Specifically, it was applied to assess how product variety, price, shopping convenience, and promotions correlated with the decline in sales revenue of traditional retail stores, while also testing for potential mediating effects. Through Path Analysis, researchers gained insights into the interdependencies among these variables, both in direct relationships and through mediators. This approach facilitated the identification of specific causal relationships and the evaluation of their impact on sales revenue. Path Analysis also provided the means to test and measure mediation effects. The collected data underwent thorough scrutiny using Path Analysis, with the support of the AMOS program, and the Bootstrapping technique was utilized to assess mediating effects in correlated variables. This robust method offered a powerful approach to analyze the relationships between variables and understand their contributions to the phenomenon under investigation.

Results

First of all, before testing the hypotheses, the research model was undergone the goodness of fit. The test is carried out using AMOS 22 (see Table 3 and Figure 2), which yielded result that the fundamental goodness of fit index did not exceed the cut-off value. This, the research model of this study is considered good.

Table 3. Result of Goodness of Fit Test

Goodness of Fit Index	Calculated Value	Cut-off Value	Result
X^2 – Chi-square	2.209	Small \leq 67.505	Good fit
<i>P-value</i> X^2	0.697	$P \geq$ 0.05	Good fit
GFI	0.993	$P \geq$ 0.90	Good fit
AGFI	0.962	$P \geq$ 0.90	Good fit
NFI	0.985	$P \geq$ 0.90	Good fit
RFI	0.945	$P \geq$ 0.90	Good fit
IFI	1.012	$P \geq$ 0.90	Good fit
TLI	1.050	$P \geq$ 0.95	Good fit
CFI	1.000	$P \geq$ 0.90	Good fit
RMSEA	0.000	$P \leq$ 0.08	Good fit
SRMR	0.002	$P \leq$ 0.05	Good fit
PCFI	0.267	$P \geq$ 0.90	Good fit

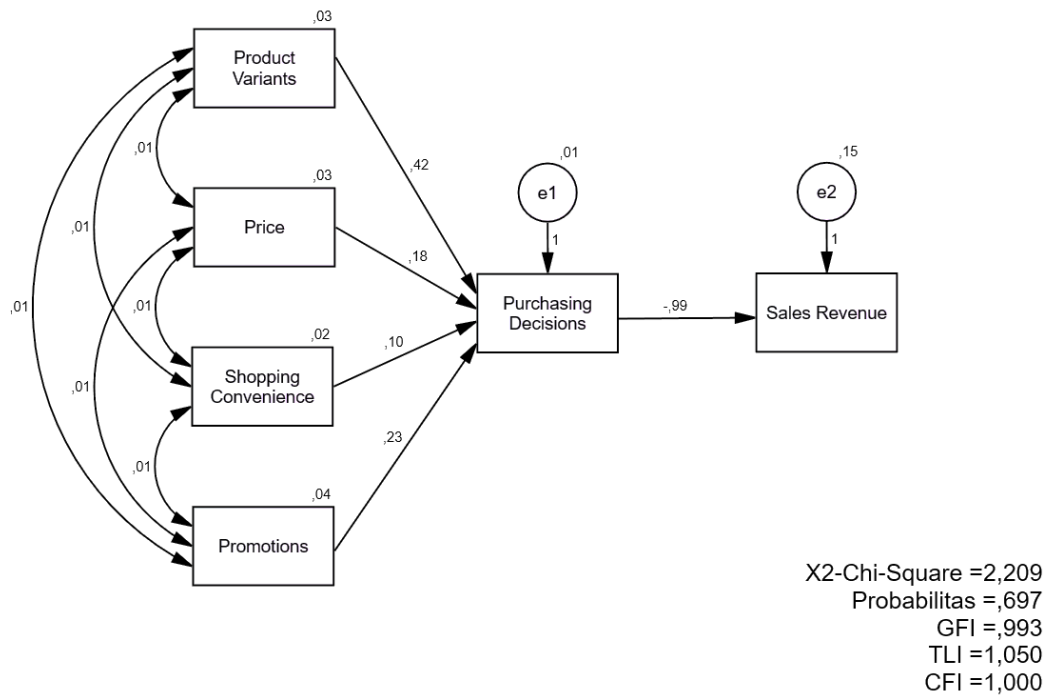


Figure 2. The Structural Model of Research

Moreover, the hypotheses testing was carried out using path analysis with AMOS 22 (see Table 4). The analysis found that product variants significantly positively affected purchasing decisions because the value was $5.474 > \pm 1.96$, and the significant value was $0.000 < 0.05$. Therefore, H1 is supported. This result is in line with Arslan (2019), who stated that product variants could improve consumer purchasing decisions. In line with the H1 result, the H2 test also shows that the price has a significant positive effect on purchasing decisions because the value is $2.444 > \pm 1.96$, and the significant value is $0.000 < 0.05$. This result is per Amron's (2018) study, which stated that price significantly affects purchasing decisions. The shopping convenience (H3) does not significantly affect purchasing decisions based on the result where the value is $1.155 < \pm 1.96$ and the significant value is $0.248 > 0.05$. Thus, H3 is not supported and is not correspond to the results of the study carried out by Lee et al. (2021) and Thao (2020), which stated that shopping convenience could improve consumer purchasing decisions. Meanwhile, the promotions significantly affected purchasing decisions based on the result where the value is $3.471 > \pm 1.96$ and the significant value is $0.000 < 0.05$. Thus, H4 is supported and is under study by Alireza Aghighi (2015), stating that promotion significantly affects purchasing decisions. Similar results also occur in H5, where purchasing decisions significantly negatively affect sales revenue because the value is $-0.393 > \pm 1.96$, and the significant value is $0.000 < 0.05$. Although, this result does not correspond to the study by Kaser and Oelkers (2021), which stated that purchasing decisions could increase sales revenue. Based on the significant relationship value, H5 is supported (see Table 4).

Table 4. Direct Relationship

Hypothesis	Path	Beta	CR	Sig.	Results
H ₁	Product Variants → Purchasing Decisions	0.426	5.474	0.000	Supported
H ₂	Price → Purchasing Decisions	0.194	2.444	0.015	Supported
H ₃	Shopping Convenience → Purchasing Decisions	0.089	1.155	0.248	Not Supported
H ₄	Promotions → Purchasing Decisions	0.270	3.471	0.000	Supported
H ₅	Purchasing Decisions → Sales Revenue	-0.393	-4.255	0.000	Supported

The mediation effect was further examined using bootstrapping bias correlates as presented in Table 5. marketing strategies such as product variants, prices, and promotions are fully mediated by purchasing decisions. Thus, they can affect traditional retail stores' sales revenue. The results also showed that product variants significantly influence traditional retail stores' sales revenue.

Table 5. Indirect Relationship

Hypothesis	Path	Beta	Sig.	Results
H ₆	Product Variants → Purchasing Decisions → Sales Revenue	-0.168	0.001	Supported
H ₇	Price → Purchasing Decisions → Sales Revenue	-0.076	0.014	Supported
H ₈	Shopping Convenience → Purchasing Decisions → Sales Revenue	-0.035	0.304	Not Supported
H ₉	Promotions → Purchasing Decisions → Sales Revenue	-0.106	0.010	Supported

Discussion

This study examines the effect of product variants, price, shopping convenience, and promotions on traditional retail stores' sales revenue by mediating purchasing decisions. The results showed that product variants, prices, and promotions had a significant positive effect on purchasing decisions and a significant adverse effect on traditional retail stores' sales revenue. These results indicate that the increasing number of product variants in modern retail can only affect traditional retailers' sales revenue if they go through consumer purchasing decisions.

The indirect negative effect between product variants, prices, and promotions is caused by the negatively affecting relationship of purchasing decisions to traditional retail stores' sales revenue. The relationship, as mentioned earlier, is further affected by modern retailers' better understanding of consumer buying behavior (Kaser & Oelkers, 2021) than traditional retailers, in addition to the decrease in sales revenue. Shopping convenience is not a significant aspect of purchasing decisions and sales revenue indirectly (Permana & Ratnasari, 2023; Zeqiri et al., 2023). This insignificant effect is due to e-commerce which does not require much of consumers' time in ordering products compared to traditional and even modern physical stores. The convenience of

e-commerce is apparent because consumers can purchase without leaving other activities. There is tough competition between both modern and traditional retail in Palu. In terms of products, traditional retail is less diversified compared to modern retail, which is why consumers prefer to shop at modern retail.

In terms of price, although the retail price of traditional retailers is lower than modern, there is particular consumer behavior in Palu city, which is based on the belief that high prices guarantee quality. This mindset is one of the reasons why the sales revenue of traditional retail shops has decreased. Since the COVID-19 pandemic, modern retail and traditional retail practically have not competed in shopping convenience because consumers are leaning more towards e-commerce (Prakash et al., 2023; Rizkan et al., 2023). In promotions, traditional retailers rely more on word of mouth (WoM). At the same time, modern retailers rely on other forms of promotion besides word of mouth, such as banners, brochures, and social media. From the perspective of Islamic business ethics, the competition between these two retailers can be seen in terms of *the competing parties* and *how they compete*. Regarding competing parties, both retailers have shown five elements of Islamic business ethics: unity, justice, free will, responsibility, and virtue in transactions with consumers (Wahyu Irwan et al., 2020). Regarding how they compete, both retailers compete healthily and with the principle of *Al-ihsan* (not bringing each other down). Traditional retailers' sales revenue has decreased due to changes in consumer behavior, poor marketing techniques, and difficulty accessing capital sources.

The findings of this study have important implications for traditional retail stores. To improve sales revenue, these retailers should focus on diversifying their product offerings, implementing competitive pricing strategies, and adopting effective promotional techniques. Educating consumers about the value and quality of their products can help challenge the belief that higher prices guarantee better quality. Additionally, traditional retailers should explore alternative marketing techniques beyond word-of-mouth, such as digital marketing, to reach a wider audience. Furthermore, given the rising popularity of e-commerce, establishing an online presence or integrating e-commerce platforms into their operations can help traditional retailers remain competitive and adapt to changing consumer behaviors.

Competition between modern and traditional retail in Indonesia and other countries differs in terms of market structure, consumer preferences, product variety, and government support. In Indonesia and developing countries (Hai Tran & Sirieix, 2020), traditional retailers, such as local shops and markets, still maintain a significant market share (Wanyama et al., 2019), while modern retailers dominate in some developed countries. Consumers in Indonesia and developing countries often prefer traditional retail due to cultural familiarity and personalized service, whereas consumers in other countries may lean towards modern retail due to convenience and a wider product selection (Teixeira et al., 2022). Modern retail stores offer a wide selection of products, state-of-the-art facilities, imported goods, and emphasize convenience through self-payment and online shopping (Manko, 2022). Therefore, traditional retailers both in Indonesia and in a number of developing countries have faced intense competition from modern retailers, impacting their sales, while the effect varies in other countries, depending on the support provided by the

government to traditional retailers. Nonetheless, it remains important for them to continue to adapt and innovate to maintain their market position.

This research findings on consumer preferences in Traditional versus Modern markets carry significant practical and theoretical implications. From a practical standpoint, understanding these preferences can greatly influence marketing strategies and business operations. This research provides valuable insights into the intricacies permeating the realm of the retail industry, thereby offering a comprehensive understanding of the rivalry between modern and traditional retailers. Theoretical implications arise in the realms of consumer behavior and market dynamics. Researchers can use these insights to refine existing theories or propose new frameworks that elucidate the factors influencing consumer choices in diverse market environments. This deeper understanding contributes to the evolution of marketing theories, providing academics and practitioners with valuable insights for adapting strategies to the changing landscape of consumer preferences. Overall, the research results bridge the gap between theory and practice, fostering informed decision-making and adaptability in the dynamic world of consumer markets.

Conclusion

The findings of this study have important implications for traditional retail stores. To improve sales revenue, these retailers should focus on diversifying their product offerings, implementing competitive pricing strategies, and adopting effective promotional techniques. Educating consumers about the value and quality of their products can help challenge the belief that higher prices guarantee better quality. Traditional retailers should also explore alternative marketing techniques beyond word-of-mouth, such as digital marketing, to reach a wider audience. Furthermore, given the rising popularity of e-commerce, establishing an online presence or integrating e-commerce platforms into their operations can help traditional retailers remain competitive and adapt to changing consumer behaviors.

There are several weaknesses in this study that should be addressed in future research. Firstly, the sample size and representativeness of the traditional retail stores and consumers surveyed are not provided, limiting the generalizability of the findings. Secondly, the study does not establish causal relationships between the examined factors, nor does it address the temporal relationship between variables. Future research should employ larger and more diverse samples, longitudinal or experimental designs, and rigorous data collection methods to enhance the validity and causality of the findings. Additionally, the study's limited focus on specific factors and the lack of comparative analysis between traditional and modern retail stores call for a broader examination of variables and a deeper understanding of their relative strengths and weaknesses.

Authors' Declaration

The authors made substantial contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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