

LITERATURE REVIEW: THE IMPACT OF E-COMMERCE ON TRADITIONAL MARKETS THAT ARE TRANSFORMING INTO THE DIGITAL ERA

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Abstract

E-commerce is currently very popular with the public, because almost every product and service is now available through e-commerce. And sales can be made on computers, tablets, smartphones and other smart devices. MSMEs have an influence on regional & state economies, the benefits of e-commerce for MSMEs are expected to increase marketing with a wider and more flexible reach. The transformation of traditional markets to digital can be carried out if you want to make changes to your business. With knowledge of E-commerce, many people know and can participate in online marketing. This research uses a literature review using books, journals, periodicals and the web that are relevant to the research.

Keywords: E-commerce, traditional markets, MSMEs.

Introduction

Currently, technological developments are increasingly rapid, marked by the emergence of the internet. The internet has very diverse benefits from several aspects. One of the uses of the internet is for the process of selling and buying online, which is better known as e-commerce (Widayani & Sulistiyawati., 2020). According to (APJII., 2024) the number of Internet users in Indonesia in 2024 will reach 221,563,479 people from a total population of 278,696,200 people in Indonesia in 2023. In addition, the use of digital technology has expanded business access to an increasingly complex global market. (Avriyanti., 2021). In this digital era, economic actors are required to be able to adapt quickly to developments in technology and social media that continue to grow. The transformation from traditional marketing to digital marketing is not just a change in the way advertising is done, but also involves fundamental changes in the way companies interact with consumers. Social media has become the company's main platform for communicating and building relationships with consumers (Hananto, et al., 2024).

Pasar Rakyat or commonly called traditional markets, have been traditional trade centers in Indonesia since ancient times. One of the characteristics of people's markets in Indonesia is the diversity of products offered. At the people's market, visitors can find all kinds of needs, from fresh food such as vegetables, fruit, fish, meat, to clothing, footwear and household goods. This makes the people's market a very comfortable place for people to fulfill their daily needs at affordable prices. Apart from being a place to shop, people's markets also function as centers of social interaction. At the people's market, people can meet neighbors, friends and old acquaintances while shopping. This social interaction creates strong community ties and maintains togetherness among local residents. Apart from that, buyers can also interact directly with sellers, ask about products, negotiate prices, and get advice about using or caring for goods. This provides a more personal and interactive experience compared to transactions in modern shopping centers (Asparindo, 2023).

Tracing the current developments in information technology, E-commerce is certainly very influential in changing systems in various fields. For example, in the social, economic, political and cultural fields, the impact can even be seen on changes in lifestyle, including how people buy and sell. Currently, people's lives are very close to information technology. So this is the beginning of using the internet to carry out buying and selling transactions for goods and/or services (Widyastuti, 2023). In today's sophisticated era, there are many online shops everywhere, various types of goods are sold through online shops, because it is online shop sales. This is unique and easy, you don't have to be tired, just hang out in front of the computer and select items then transfer. (Nuraini & Evianah.,

2019). For this reason, many businesses or retail shops in traditional and home markets have chosen to end their business due to weak income (Rohimah, 2018). Because, one of the economic forces that supports the country's economy and the strength of Indonesia's regional economy is the existence of micro, small and medium enterprises (MSMEs). When the global economy and the Indonesian economy experienced a recession, the economic downturn did not have the slightest negative impact on SMEs, in fact the majority of SMEs were still able to develop their businesses to support the country's economy so that it remained supported (Syahputri, 2023).

So, these various forms of e-commerce business make it easier for the parties involved, both sellers and buyers, to choose which e-commerce provider will suit their needs. With the increasing development of various types of start-up based companies, especially in Indonesia, this has resulted in the development of forms of e-commerce business. It is hoped that with this development, businesses in Indonesia, especially SMEs, can take advantage of various forms of e-commerce and apply them to the business they run so that they can expand their marketing reach and obtain many benefits (Anggraini, 2023). This research aims to analyze the factors that make e-commerce more popular than traditional markets. Therefore, it is hoped that this literature review will provide insight for some traditional market business actors who do not yet know & understand about e-commerce, hoping to follow changes in consumer behavior and develop effective strategies for transforming from traditional to digital.

Problem Formulation

1. What is the impact of e-commerce on society?
2. How are traditional markets transformed into digital?
3. What role should MSMEs and SMEs play in facing the digitalization economy?

Research objectives

Can find out the impact of e-commerce and the benefits for the development of traditional markets.

Research methods

This research uses exploratory research techniques, namely literature review. One technique that can be used in exploratory research is literature review. Through this technique, researchers can review previously existing research, articles and reports, so that they can provide basic knowledge, highlight research gaps, and offer researchers a perspective on what has been explored in related fields. Literature reviews help researchers contextualize research problems and reveal areas that have been neglected but deserve further research (Manggarani, 2024).

Results & Discussion

We have always believed that the word marketing should be written as marketing. Writing it that way reminds us that marketing is about ever-changing markets, and that to understand superior marketing, we should understand how the market has evolved in recent years. We can see the clues and trends. A new type of customer, the type that will be the majority in the future, is now emerging globally-the urban youth, the middle class with strong mobility and connectivity. While mature markets face aging populations, emerging markets enjoy the demographic benefits of a younger, more productive population (Kotler et al., 2019).

In another case, if the company is classified as a start-up, it will be different in implementing marketing strategies, it needs to take different approaches, including a marketing strategy approach through the community, a marketing strategy approach through online systems (social media), and a marketing strategy approach via email or newsletters. (Hamdat et al, 2020). Referring to West, Ford, and Ibrahim (2015), the answer is: Brands that survive successfully are able to anticipate changes in the marketing situation, while brands that disappear are unable to do so. As (Kotler and Keller 2012) say, the marketing macro environment consists of customers, competitors, intermediaries, the public, and the company itself. The foundation for marketing strategy is strategic marketing (Jain, 1992). (Craven & Piercy 2012) also states that strategic marketing is a 'process', namely the development of

a market-driven strategy (market-driven process of strategy development), which takes into account changes in the business environment and the need to provide superior customer value.

1. Impact of E-commerce:

E-commerce is the buying and selling of goods and services over the internet. E-commerce can be done on computers, tablets, smartphones and other smart devices. E-commerce has actually been around since the 1960s, when companies used an electronic system called Electronic Data Interchange to facilitate document transfers. An industry that has developed at that time is the Amazon company. Almost anything can be purchased via e-commerce today, and e-commerce has lowered the barriers to entry for many types of businesses, such as retailers. E-commerce can be a replacement for physical stores, although some businesses choose to keep both. E-commerce operates in several market segments, including business-to-consumer, business-to-business, consumer-to-consumer, and consumer-to-business (Bloomenthal, 2024). The following data results are taken (Shopee vss competitors: market share) from (Business of apss, 2023):



Figure 1. Ecommerce Market Share in South East ASIA 2023

Based on the data table above, the majority of transactions use Shopee e-commerce. Because Shopee e-commerce is the most easily accessible and attractive to various types of society. It can be seen that e-commerce has had a tremendous impact on the global economy, especially after the COVID-19 pandemic, e-commerce is very popular with society today. According to (Statista, 2024) In 2023, Shopee receives 124.9 million monthly visits in Indonesia, highest number overall. So, it is very clear that doing business using e-commerce is very promising.

2. Transformation of Traditional Marketing to Digital:

Transitioning from traditional to digital marketing is not just a career move, it is a necessity in today's marketing landscape. By adapting to changing consumer behavior, leveraging data, and implementing cost-effective digital strategies, you position yourself for success (Imartikus, 2023). One of the benefits of traditional to digital marketing is: cost effectiveness, real time interaction, global reach.

The following is secondary data, one of the traditional food sellers in Panjer village, Bali, Friday/01.04.2022 (Antara, 2022).



Figure 2. Make Payment Using the QRIS

Residents make payments using the QRIS scanner feature. BNI is collaborating with the Denpasar City Government in implementing payment digitalization in the QRIS healthy, innovative and safe to use (SIAP) program in traditional markets to improve public services and optimize digital-based non-cash shopping transactions, thereby preventing the circulation of counterfeit money and reducing physical contact between traders and consumers in preventing the spread of COVID-19.

3. The role of MSMEs in the digitalization economy:

According to (Syafiq, 2024),

- a) Increase efficiency and market access because MSMEs can reach a wider market
- b) MSME collaboration with various parties opens up new opportunities to create more competitive products and services.
- c) The contribution of MSMEs to the national economy is that digitalization not only increases productivity but also plays an important role in economic growth and national stability.
- d) Encouraging innovation with digital technology can change how MSMEs operate and compete in an increasingly dynamic market.

Conclusion

1. E-commerce does not only cover 1 country. But the reach is so wide that it can be called a global market. The global market is a place where buying and selling transactions take place where the actors are on a world or international scale (Ammartha, 2022). E-commerce has a tremendous impact on MSME players because it makes sales easier and has a very wide reach, providing maximum results in the regional economy in a country today.
2. Traditional markets are places where sellers and buyers meet who carry out direct buying and selling transactions and apply a bargaining system in each transaction. Based on the analysis process that has been carried out, there are several conclusions that can be drawn to obtain the strategy of Panjer traditional market traders. Starting from the characteristics of traditional market traders, to the strategies used to survive in traditional markets (Fitri, 2016). Seller data at the Panjer market uses a digitalization strategy by utilizing the QRIS feature, such a small thing can give a pleasant impression to customers because not only in supermarkets, traditional markets can already use QRIS.

Suggestion

Traditional markets and digital markets are two very important aspects, both of which are needed. But currently market developments and changes in consumer behavior are very influential, consumers are smart in choosing products and analyzing products so that market competition is also getting tighter, on average consumers buy goods based on reviews from friends and closest relatives. And the millennial generation now prefers to transact online. This has an impact on traditional market players, especially in the clothing shop sector, consumers prefer not to be seen directly but rather from the image model seen on their smartphone, so that clothing shops in traditional markets are empty. , because they still expect direct customer presence. So if they can participate in the transformation to digital, these entrepreneurs can reach a wider range of consumers.

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