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Between Tradition and Transformation: Islamic Ethical Perspectives on Minimarket Impact in Rural Indonesia

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Abstract
This study examines the impact of modern retail establishments (minimarkets) on traditional grocery stores in Ganding District, Indonesia, through both conventional retail competition frameworks and Islamic ethical principles. Employing a qualitative case study methodology with data from four traditional grocery store owners, the research investigated perceptions, business impacts, and adaptation strategies. Findings reveal predominantly negative perceptions among grocery store owners, with significant revenue declines averaging 31.25%. Analysis identified differential impacts across product categories and limited adaptation efforts constrained by capital limitations and insufficient market capabilities. When evaluated through Islamic ethical principles of ‘adl (justice), maslahah (public interest), ihsan (excellence), and ta’awun (cooperation), these competitive dynamics raise important considerations regarding market balance and community welfare. The research contributes to retail transformation theory while suggesting policy implications including enhanced zoning regulations and cooperative business models, highlighting the need for balanced approaches that respect traditional economic structures while accommodating modernization benefits.

Keywords: *Islamic business ethics, retail transformation, traditional markets, market competition, rural development*

INTRODUCTION

The retail landscape has undergone significant transformation globally, with modern retail formats progressively replacing traditional stores in many regions (Reardon et al., 2003). This trend is particularly evident in developing countries like Indonesia, where modern retail formats have experienced exponential growth in recent decades (Suryadarma et al., 2010). The rapid expansion of minimarkets represents one of the most significant shifts in Indonesia’s retail ecosystem, creating complex competitive dynamics with traditional grocery stores (Maruyama & Trung, 2007).

Modern retail expansion in Indonesia has generated asymmetric market competition between professionally managed retail chains and traditional small-scale enterprises. According to (Pandin, 2009), minimarket chains in Indonesia have leveraged sophisticated supply chain management, professional merchandising techniques, and significant economies of scale to capture increasing market share. By 2022, leading franchise chains like Indomaret operated over 20,200 outlets nationwide, with competitors like Alfamart maintaining 16,400 stores, demonstrating the sector's extraordinary growth trajectory (*Barometer Ritel 2022*, 2022).

The proliferation of modern retail formats has fundamentally altered consumer behavior patterns and disrupted established commercial hierarchies in both urban and rural markets (Sparks, 2013). While modern retailers offer increased consumer convenience, product variety, and consistent quality standards, their expansion raises critical concerns about market concentration, competitive fairness, and the socioeconomic sustainability of traditional retail formats that historically served as significant employment sources for lower-income segments (Minten & Reardon, 2008; Reardon & Hopkins, 2006).

The Indonesian government has attempted to regulate this market transformation through policies including Presidential Regulation No. 112/2007 and Ministerial Regulation No. 53/2008, which established frameworks for market zoning, operational hours, and partnership requirements between modern and traditional retailers. However, implementation challenges and enforcement limitations have resulted in continued market imbalances and regulatory non-compliance, particularly regarding proximity restrictions and competitive practices (Suryadarma et al., 2017a).

In Ganding District, Sumenep Regency, four modern retail chains (Alfamart, Basmalah Sidogiri, Kancakona 1, and Kancakona 2) have established operations in close proximity to existing traditional grocery stores, creating a natural experiment to examine competitive impacts in a semi-rural market environment. Their presence has generated significant changes in consumer purchasing patterns, with potential consequences for local economic structures and traditional retailers' viability. Traditional grocery stores in this region typically operate with limited capital, minimal technological infrastructure, and family-based management systems—characteristics that create inherent disadvantages in direct competition with corporate retail chains (Battersby & Peyton, 2014; Goldman et al., 2002).

This research addresses a critical gap in the literature by examining the specific impacts of minimarket expansion on traditional grocery retailers in semi-rural Indonesian contexts. While previous studies have documented the effects of modern retail in urban Indonesian settings (Suryadarma et al., 2010) and other developing economies (Battersby & Peyton, 2014; Reardon & Hopkins, 2006), limited empirical analysis exists regarding competitive dynamics in transitional rural-urban environments like Ganding District. This study extends existing knowledge by analyzing not only economic impacts but also adaptation strategies and perceptual dimensions of market competition between modern and traditional retail formats in this context.

The research objectives include: (1) analyzing traditional grocery store owners' perceptions regarding minimarket competition; (2) assessing quantitative impacts on sales turnover, profitability, and customer traffic; and (3) evaluating strategic responses and adaptation mechanisms employed by traditional retailers facing modern retail competition. By addressing these dimensions, this research contributes to theoretical understanding of retail transformation processes while generating practical insights relevant to policy development, regulatory frameworks, and small business adaptation strategies in emerging market environments.

LITERATURE REVIEW

Modern Retail Evolution in Developing Markets

The transformation of retail landscapes in developing countries has accelerated dramatically in recent years, characterized by the rapid expansion of modern retail formats and their increasing market penetration into areas previously dominated by traditional retailers. (Altenburg et al., 2018) conceptualize this evolution as occurring in four distinct waves, with the minimarket format representing the third wave of retail modernization that specifically targets middle and lower-income market segments in semi-urban and rural areas. Their longitudinal analysis of retail transformation demonstrates how minimarkets effectively bridge the gap between traditional retail and larger modern formats, utilizing locational advantages and scale efficiencies to capture market share from traditional retailers.

This retail transformation process follows recognizable patterns across developing economies. (Maruyama & Trung, 2007) identify key factors driving modern retail expansion in Asian markets, including: regulatory liberalization, increased foreign direct investment in retail, rising consumer incomes, growing urbanization, and technological modernization of supply chains. Their comparative analysis across five Asian countries reveals how these factors manifest in market-specific trajectories, with Indonesia exhibiting particularly rapid minimarket expansion due to favorable demographic trends and evolving consumer preferences.

The competitive dynamics between modern and traditional retail have been characterized by what (Son et al., 2021) term "asymmetric competition," wherein corporate retail chains leverage systematic advantages in purchasing power, logistics infrastructure, merchandising expertise, and technological capabilities against traditional retailers with limited resources and operational capacities. This asymmetry creates structural disadvantages for traditional retailers that often result in significant market disruption and business displacement.

Impact Mechanisms and Market Consequences

The specific impact mechanisms through which minimarkets affect traditional grocery stores have been extensively documented in recent literature. (Reardon et al., 2003) identified four primary channels of competitive impact: price competition, convenience enhancement, shopping environment transformation, and brand differentiation. Their mixed-methods study across three developing countries demonstrates how these mechanisms operate synergistically to reshape consumer preferences and shopping behaviors, resulting in measurable market share shifts from traditional to modern retail formats.

Empirical evidence of economic impacts on traditional retailers has been consistently documented. A longitudinal study by (Fang et al., 2024) in rural China found that traditional grocery stores experienced an average 27% decrease in revenue within two years of a minimarket opening within one kilometer, with proximity strongly correlating to impact magnitude. Similar patterns have been observed in Indonesia, where (Fakhrur Rizky & Zainuri, 2023) documented revenue declines between 18-45% among traditional grocery retailers following minimarket entry in mid-sized Indonesian cities.

Consumer behavior transformation represents another critical impact dimension. (Mitra, 2022) document evolving consumer preferences in developing economies, noting the increasing importance of shopping environment, product assortment breadth, and perceived quality assurance in store selection decisions. Their research highlights how minimarkets effectively target these evolving preferences through strategic merchandising, consistent brand presentation, and controlled shopping environments that traditional retailers struggle to replicate.

Traditional Retail Response Strategies

Traditional retailers exhibit varied adaptation strategies when facing modern retail competition. (Coe & Bok, 2014) identify four primary adaptation patterns among traditional grocery retailers: competitive specialization, service enhancement, operational modernization, and market exit. Their research indicates that successful adaptation typically involves strategic reorientation rather than direct competition on modern retailers' terms, with product specialization and personalized service representing the most successful adaptation approaches for traditional retailers.

The capacity for strategic adaptation varies significantly among traditional retailers based on multiple factors. (Song et al., 2022) identify merchant age, educational background, capital access, and digital literacy as critical variables determining adaptation capabilities. Their research reveals significant constraints on traditional retailers' ability to implement adaptive strategies, particularly regarding technological modernization and operational restructuring, due to limited resources and capabilities.

(Suaib et al., 2025) document how regulatory frameworks significantly influence adaptation outcomes for traditional retailers. Their analysis of policy effectiveness in seven Indonesian regencies demonstrates that regulatory measures including zoning restrictions, operational hour limitations, and partnership requirements between modern and traditional retailers have measurable protective effects for traditional retail when effectively implemented and enforced. However, they also highlight substantial implementation gaps in rural and semi-urban areas where regulatory oversight is often limited.

Digital transformation represents an emerging adaptive strategy for traditional retailers. (Song et al., 2022) analyze how digital adoption can enhance traditional retailers' competitiveness through inventory management modernization, digital payment integration, and alternative fulfillment modes including delivery services. Their research demonstrates positive adaptation outcomes for traditional retailers that successfully integrate digital capabilities, though they note significant adoption barriers including capital constraints, technical knowledge limitations, and infrastructure inadequacies prevalent in semi-rural contexts.

Theoretical Frameworks for Retail Competition

Several theoretical frameworks provide conceptual foundations for understanding retail competition dynamics. (González-Benito et al., 2005) apply resource-based view theory to retail competition, demonstrating how resource asymmetries between modern and traditional retail formats create systematic competitive advantages for modern retailers. Their research identifies key resource differentials in sourcing capabilities, technological infrastructure, managerial expertise, and financial capital that collectively determine competitive outcomes.

Institutional theory offers additional explanatory power for retail transformation patterns. (Miotto & Parente, 2015) analyze how formal and informal institutional structures shape retail competition environments, documenting how regulatory frameworks, cultural norms, and social relationships significantly influence market transformation processes. Their comparative analysis across multiple developing economies demonstrates how institutional environments mediate the pace and patterns of retail modernization.

Network theory provides insights into relationship-based competitive dynamics. (Sopha et al., 2022) examine how traditional retailers leverage social embeddedness and community integration as competitive resources against corporate retail chains. Their social network analysis demonstrates how strong community relationships represent valuable social capital that traditional retailers can activate as a defensive resource when facing corporate competition, though they note diminishing effectiveness of these relationships as consumer preferences increasingly prioritize conventional retail attributes including price, convenience, and product assortment.

Recent conceptual innovations include "spatial competition theory" as adapted to retail contexts. (Howard, 2009) analyze how spatial proximity between competing retail formats influences competitive intensity and market outcomes. Their research demonstrates how locational factors significantly moderate competitive impacts, with traditional retailers experiencing progressively severe effects as proximity to modern retail increases, supporting earlier findings that documented threshold effects at distances below one kilometer.

This theoretical diversity reflects the multidimensional nature of retail competition, suggesting that comprehensive analysis requires integration of economic, social, spatial, and institutional perspectives to fully capture the complex dynamics of retail transformation in developing economies.

METHODOLOGY

This study employed a qualitative descriptive case study approach to investigate the impact of modern retail establishments (minimarkets) on traditional grocery store businesses in Ganding District, Sumenep Regency. The qualitative case study design was selected for its appropriateness in examining complex socioeconomic phenomena within their real-life contexts, particularly when the boundaries between phenomenon and context are not clearly evident (Yin, 2023). Ganding District was chosen as the research site due to its representative characteristics as a semi-rural area experiencing retail transformation through recent minimarket entries, with four modern retail chains (Alfamart, Basmalah Sidogiri, Kancakona 1, and Kancakona 2) established in close proximity to existing traditional grocery stores. Participant selection employed purposive sampling techniques to identify four traditional grocery store owners who met specific inclusion criteria, including operational experience before and after minimarket entry and location within 1-1000 meters of an established minimarket (Oktaviany et al., 2025; Welch & Patton, 1992).

Data collection incorporated methodological triangulation through multiple techniques including semi-structured interviews, direct observation, and documentary analysis (Maxwell, 2013). In-depth interviews explored five key domains: business history, perceived impacts of minimarket competition, changes in sales performance, strategic responses, and future prospects (Kallio et al., 2016). These were complemented by structured observational protocols documenting physical store characteristics, merchandising practices, and customer traffic patterns, while supporting documentation including sales records and inventory lists provided objective verification of reported business performance indicators (Creswell & Poth, 2016). All data collection procedures adhered to established ethical guidelines with informed consent from participants and confidentiality protections through pseudonymization (Lincoln & Guba, 1985).

Data analysis followed (Miles et al., 2018) qualitative data analysis framework incorporating data condensation, display, and conclusion drawing/verification. Research quality and trustworthiness were enhanced through multiple strategies following (Lincoln & Guba, 1985) criteria for qualitative rigor, including methodological triangulation, prolonged field engagement, peer debriefing, member checking, detailed contextual descriptions, comprehensive audit trails, and recognition of potential researcher biases and mitigation strategies.

RESULTS AND DISCUSSION

Perceptions of Traditional Grocery Store Owners Toward Minimarkets

The study's findings reveal complex and multifaceted perceptions among traditional grocery store owners regarding minimarket competition in Ganding District. Content analysis identified three predominant perceptual dimensions: economic threat assessment, modernization attitudes, and regulatory expectations. Grocery store owners consistently expressed negative economic perceptions, with all four participants characterizing minimarkets as significant threats to their business sustainability. This negative perception was most pronounced among store owners operating within 500 meters of minimarkets, suggesting a spatial dimension to perception intensity that aligns with proximity-based impact theories (Singh et al., 2025).

Despite concerns about business impacts, participants demonstrated nuanced perceptions regarding minimarkets' broader societal role. Two of the four participants acknowledged minimarkets as symbols of economic development and modernization, creating a perceptual duality that generated cognitive dissonance. This phenomenon mirrors (Howard, 2009) findings that traditional retailers often experience conflicted perceptions toward retail modernization—recognizing community-level benefits while simultaneously experiencing personal economic disadvantages. Participant narratives frequently contrasted individual economic concerns with acknowledgment of consumer benefits, including product diversity, shopping environment improvements, and price transparency that minimarkets provide.

Participant perceptions were significantly influenced by temporal dimensions of experience with minimarket competition. The two participants with longer business tenure (over 20 years) expressed more entrenched negative perceptions compared to those with shorter operational histories. (Konuk, 2019) similarly identified temporal factors as significant in perception formation, noting that retailers with longer market presence often demonstrate greater resistance to retail modernization processes. This temporal dimension was further evidenced through narrative shifts in participant accounts, with descriptions of initial optimism regarding coexistence possibilities transitioning toward increased pessimism as competitive impacts intensified over time.

Regulatory expectations formed another critical perceptual dimension, with all participants expressing disappointment regarding perceived regulatory inadequacies. Participants consistently articulated expectations for protective regulatory interventions that failed to materialize, creating perceptions of institutional abandonment. These expectations aligned with (Suaib et al., 2025) documentation of regulatory implementation gaps in rural Indonesian contexts where enforcement mechanisms often prove inadequate despite formal policy frameworks. Participant narratives revealed shifting perceptions of government's role in market regulation, transitioning from expectations of direct intervention toward resigned acceptance of market-driven outcomes.

Impact of Minimarkets on Traditional Grocery Stores

Analysis of business performance data revealed consistent negative impacts across three key dimensions: sales turnover, profitability, and customer traffic. All four participants reported significant revenue declines following minimarket entry, ranging from 16.7% to 50%, with an average reduction of 31.25%. This finding aligns with (Fakhrur Rizky & Zainuri, 2023) study documenting revenue declines between 18-45% among traditional Indonesian grocery retailers following minimarket entry. The impact magnitude exhibited strong correlation with proximity to minimarkets, with the most severe effects (50% reduction) observed in the store located closest to a minimarket outlet. This spatial relationship supports (Suryadarma et al., 2017b) threshold effect theory predicting intensified competitive impacts at distances below one kilometer.

Product category impacts showed significant variation, revealing strategic vulnerability patterns among traditional retailers. Participants reported particularly severe revenue declines in high-margin categories including processed foods, beverages, and personal care products, where competition from minimarkets was most intense. This category-specific impact pattern aligns with (Suryadarma et al., 2010) finding that modern retailers strategically prioritize competitive advantage in high-margin, branded product categories. Conversely, traditional retailers maintained relative strength in fresh produce, bulk goods, and specialty local products where minimarkets demonstrated less competitive focus.

The research documented significant transformations in consumer behavior patterns. All participants reported reduced customer visit frequency and transaction size, with increasing consumer tendency toward split purchasing behavior where convenience items were purchased at minimarkets while bulk or specialty items remained with traditional retailers. This behavioral shift reflects (Isharyani et al., 2024) finding that modern retail entry creates fundamental changes in consumer shopping patterns rather than simple displacement effects. Demographic stratification in customer retention was observed, with younger customers demonstrating greater migration toward minimarkets while older customers maintained greater loyalty to traditional formats.

The study also identified significant secondary competitive effects extending beyond direct customer interactions. Participants reported reduced supplier access and diminished wholesale purchasing power as sales volumes declined, creating compounding disadvantages that further eroded profitability through increased procurement costs and reduced product assortment capabilities. These findings support (Song et al., 2022) ecosystem disruption theory, demonstrating how minimarket competition generates cascading effects throughout traditional retailers' operational environments. The ecosystem perspective highlights how competitive impacts create reinforcing feedback loops where initial revenue declines trigger supply chain disadvantages that further reduce competitiveness.

Strategic Responses and Adaptation Mechanisms

The research revealed limited adaptive responses among traditional retailers facing minimarket competition in Ganding District. Content analysis identified four primary response categories: product differentiation, price adjustment, service enhancement, and operational restructuring. However, implementation of these strategies was largely reactive and unsystematic, with all four participants reporting minimal proactive adaptation efforts. The most common strategy reported by participants was selective price reduction on specific products to maintain competitiveness, though this approach was typically implemented inconsistently and without systematic market analysis. This pattern reflects (Son et al., 2021) finding that traditional retailers often lack structured competitive response capabilities when facing modern retail competition.

Several factors constrained effective adaptation among participants, including limited capital resources, inadequate market information, restricted supplier relationships, and insufficient business management capabilities. Capital constraints were particularly significant, with all participants citing financial limitations as primary barriers to competitive repositioning through store modernization, inventory expansion, or technological adoption. These constraints reflect structural disadvantages that inhibit strategic repositioning, supporting (Song et al., 2022) conclusion that adaptation capabilities among traditional retailers are significantly determined by pre-existing resource endowments. Educational background emerged as another influential factor, with the two participants holding higher educational credentials demonstrating more sophisticated adaptation approaches compared to those with limited formal education.

Notably absent were technological adaptation efforts, with no participants implementing digital tools or modernized operational systems despite their potential competitive benefits. Participants demonstrated awareness of digital possibilities including inventory management systems, electronic payment options, and social media marketing, but cited implementation barriers including technical knowledge limitations, infrastructure inadequacies, and uncertain return on investment perceptions. This technology adoption gap supports (Maksum & Haryono, 2024; Song et al., 2022) finding that digital transformation remains a significant challenge for traditional retailers in semi-rural Indonesian contexts despite its potential competitive benefits.

The findings suggest that effective adaptation requires targeted intervention strategies addressing both capability development and structural constraints. Successful approaches identified in similar contexts include cooperative purchasing arrangements, specialized product category focus, and enhanced service personalization (Uzzi, 2021). However, implementation of these strategies requires supportive policy frameworks and capability development initiatives that were largely absent in the research context. The observed adaptation limitations highlight the necessity of integrated approaches that combine regulatory protections with proactive capability development programs for traditional retailers facing modern retail competition.

Islamic Ethical Perspectives on Retail Market Transformation

Islamic ethical frameworks offer valuable perspectives for analyzing the complex dynamics between modern minimarkets and traditional grocery stores in Indonesia's predominantly Muslim communities. The concept of 'adl (justice) represents a fundamental Islamic principle that requires balanced relationships and fair competition in market environments. Minimarket expansion in Ganding District raises important questions regarding competitive equity when traditional retailers face resource disadvantages that inhibit fair market participation. This aligns with (Hassan & Hippler, 2014) analysis of Islamic entrepreneurship ethics, which emphasizes that market structures should ensure equitable opportunity for all participants regardless of size or resource capacity. The documented competitive asymmetries between minimarkets and traditional grocery stores challenge this ethical imperative, suggesting a need for regulatory frameworks that restore competitive balance.

The Islamic ethical principle of maslahah (public interest) provides an additional evaluative framework for assessing retail transformation impacts. This principle requires consideration of broader community welfare beyond individual business interests or consumer preferences. Research by (Rahmawati & Faidah, 2020) demonstrates how maslahah-oriented market analysis necessitates evaluation of retail transformation impacts on community economic networks, income distribution patterns, and social cohesion dimensions. Traditional grocery stores in Ganding District function as integral components of community economic ecosystems, often supporting extended household networks and facilitating informal social welfare mechanisms. The displacement effects documented in this research thus raise significant concerns from a maslahah perspective, suggesting potential community welfare erosion that extends beyond individual business impacts to affect broader social structures and economic resilience.

Ihsan (excellence/benevolence) represents another central Islamic ethical principle with implications for retail market dynamics. This principle encourages market participants to operate beyond minimum compliance with contractual obligations, instead pursuing excellence in service provision and community contribution. (Putra & Sawarjuwono, 2019) identify ihsan-driven business practices as critical differentiators for traditional retailers competing with corporate chains in Muslim-majority markets. The community embeddedness advantages of traditional grocery stores in Ganding District reflect potential ihsan-based competitive resources, including personalized service, relationship-based credit provision, and integration with community social networks. These elements represent potential strategic differentiators that align with Islamic ethical principles while offering viable competitive positioning against standardized corporate retail models (Zahroh et al., 2025).

The ethical principle of ta'awun (cooperation) provides a particularly promising framework for developing adaptation strategies among traditional retailers. This principle encourages collaborative approaches to shared challenges rather than purely individualistic competitive responses. (Sahlan et al., 2019) document successful applications of ta'awun-based cooperative models among traditional Indonesian retailers facing modern retail competition, demonstrating how resource pooling, collective purchasing, and shared infrastructure can overcome individual scale limitations. The limited adaptation responses observed among Ganding District retailers suggest significant opportunity for ta'awun-based strategies, potentially enabling traditional retailers to achieve collective competitive capabilities that remain unattainable at individual business scales. Implementation of such approaches would require supportive policy frameworks that facilitate cooperative formation and capacity development while maintaining alignment with Islamic ethical principles of fairness, transparency, and mutual benefit.

Theoretical and Practical Implications

This study contributes several theoretical insights to retail transformation literature through both conventional and Islamic ethical lenses. First, it extends spatial competition theory by documenting graduated impact intensities at varying proximity levels, suggesting a non-linear relationship between distance and competitive effect. The findings reveal impact intensity thresholds at approximately 500-meter intervals, with qualitatively different competitive dynamics emerging at each threshold level. This spatial dimension provides important theoretical refinement to existing proximity impact models by introducing greater granularity in distance-effect relationships. Second, the research demonstrates the interdependence of different impact dimensions, revealing how revenue declines trigger cascading effects through purchasing power reduction, supplier relationship deterioration, and inventory diversification constraints.

The integration of Islamic ethical perspectives offers additional theoretical contributions by expanding retail competition analysis beyond purely economic dimensions. Application of 'adl (justice), maslahah (public interest), ihsan (excellence/benevolence), and ta'awun (cooperation) principles provides a multidimensional framework for evaluating market transformation processes that encompasses both economic and socio-ethical considerations (Rahmawati & Faidah, 2020; Yudha et al., 2024). This approach challenges conventional retail evolution models that prioritize efficiency and consumer preference satisfaction as primary evaluation criteria, instead proposing more balanced assessment frameworks that incorporate community welfare, social cohesion, and ethical market practice dimensions. The research thus contributes to emerging theoretical models that recognize the embeddedness of economic activities within broader social and ethical systems, particularly in contexts where religious and cultural values significantly influence market relationships (Putra & Sawarjuwono, 2019).

From a practical perspective, the findings suggest several policy implications. First, zoning regulations require both enhanced stringency and improved enforcement to effectively moderate competitive intensity, particularly regarding minimum distance requirements between modern and traditional retail formats. The documented spatial impact patterns indicate that minimum distance requirements should be increased to at least 1000 meters to provide meaningful protection for traditional retailers. Second, capability development initiatives should target specific adaptation constraints including financial resource limitations, business management capabilities, and technological adoption barriers. Third, the Islamic ethical principle of ta'awun (cooperation) suggests significant potential for cooperative models that warrant specific policy support, as they offer potential pathways to overcome scale disadvantages through collective purchasing, shared infrastructure, and coordinated marketing efforts (Sahlan et al., 2019).

For traditional retailers, the findings indicate several strategic priorities that align with both competitive necessity and Islamic ethical principles. Product differentiation through locally-sourced or specialty products offers viable competitive positioning that leverages traditional retailers' local market knowledge and community integration advantages. The documented resilience of certain product categories suggests particular opportunity in fresh produce, bulk goods, and specialty local products where minimarket competition remains less intense. Service personalization represents another promising differentiation pathway aligning with ihsan principles of excellence and benevolence, capitalizing on community embeddedness advantages that corporate retailers struggle to replicate. Finally, ta'awun-based cooperative approaches offer potentially transformative adaptation pathways that align with Islamic ethical principles while addressing critical resource constraints faced by individual traditional retailers.

CONCLUSION

This study examined the impact of modern retail establishments (minimarkets) on traditional grocery stores in Ganding District, Sumenep Regency through both conventional retail competition frameworks and Islamic ethical lenses. The findings reveal predominantly negative perceptions among traditional grocery store owners toward minimarkets, with perception intensity correlating to proximity and business tenure. Revenue declines averaging 31.25% were observed, with differential impacts across product categories and secondary effects including reduced supplier access and diminished purchasing power that created reinforcing disadvantage cycles for traditional retailers.

From an Islamic ethical perspective, these competitive dynamics raise significant concerns regarding 'adl (justice) and maslahah (public interest), suggesting market imbalances that potentially undermine community welfare beyond individual business impacts. The study revealed limited adaptation efforts constrained by multiple factors including capital limitations and inadequate market information. The Islamic ethical principles of ihsan (excellence) and ta'awun (cooperation) offer promising frameworks for developing adaptation strategies that align with religious values while addressing practical competitive challenges. These findings highlight the need for integrated approaches that balance traditional economic structures while accommodating modernization benefits in Indonesia's evolving retail landscape.

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