Asian Journal of Applied Business and Management (AJABM)
Vol. 4, No. 3, 2025: 1149-1158

Digital Marketing Strategies among Traditional Market Vendors in Yogyakarta City

Afnan Harifi[1*], Sri Handayani[2], Muhammad Zaki Sierrad[3]
Universitas Teknologi Yogyakarta, Indonesia
Corresponding Author: Afnan Harifi Afnan.6230111001@student.uty.ac.id

A R T I C L E I N F O

Keywords: Digital Marketing, Traditional Market, MSMES, Social Media, E-Commerce

Received : 16, July
Revised : 30, July
Accepted: 24, August

A B S T R A C T

This study aims to analyze the digital marketing strategies implemented by traditional market vendors in Yogyakarta City, particularly at Beringharjo Market, in response to digital transformation and increasing competition from modern retail markets. The research adopts a mixed methods approach using a sequential explanatory design. Quantitative data were collected through a survey of 120 vendors, and qualitative insights were gathered via in-depth interviews with 12 key informants. The results indicate that the use of social media and e-commerce significantly enhances sales volume and customer loyalty. Product innovation and service quality serve as differentiating factors that strengthen competitiveness in the digital market. This study contributes to the development of a locally grounded digital marketing model relevant for traditional micro-enterprises in the digital era.

DOI: https://doi.org/10.55927/ajabm.v4i3.445
ISSN-E: 2964-7932
https://npaformosapublisher.org/index.php/ajabm

INTRODUCTION

Traditional markets represent the backbone of Indonesia's people-centered economy, functioning not only as economic hubs but also as cultural and social spaces that embody local identities. One of the most historically significant traditional markets is Beringharjo Market in Yogyakarta, located at the heart of Malioboro district, known for its batik, food, and craft trade since the 18th century. Over the past two decades, however, traditional markets have faced profound challenges due to changing consumer behavior, the rise of modern retail, and digital disruption.

According to the Ministry of Trade (2023), footfall in traditional markets has declined by 10–15% annually since 2018, driven by the shift to online shopping platforms offering convenience and speed. Google & Temasek (2022) estimated that Indonesia's digital economy will reach USD 146 billion by 2025. Most traditional vendors, however, continue to rely on conventional methods, risking business sustainability.

Digital transformation through tools such as social media, e-commerce, and digital payment systems is essential for expanding market reach, improving customer loyalty, and achieving operational efficiency. The Indonesian government targets 30 million MSMEs to integrate into the digital ecosystem by 2024 (KemenkopUKM, 2022), with programs such as "Digital Empowered Markets" and QRIS training by Bank Indonesia supporting this transition. Nevertheless, technology alone does not guarantee success. Factors such as digital literacy, product quality, innovation, and differentiation also influence MSME competitiveness. Vendors often lack the skills or resources to fully utilize digital tools, especially older sellers who struggle with app usage. Despite Beringharjo Market's strategic location and access to digital programs, adoption levels vary. Some vendors use Instagram, Tokopedia, and WhatsApp Business to reach customers beyond the region, while others depend solely on in-person sales. A Kumparan (2024) survey found that vendors using QRIS and e-commerce saw up to a 30% increase in transactions in just three months.

Inspired by models like Taobao Village in China where community based digital marketing, training, and platform support led to competitive advantages in rural areas this study aims to comprehensively analyze the digital marketing strategies used by traditional vendors in Beringharjo Market.

Research Objectives

1. To analyze the role of digital transformation in strengthening vendor competitiveness
2. To assess the influence of social media on promotional effectiveness and customer engagement
3. To evaluate the impact of e-commerce on sales volume and market reach
4. To determine the contribution of product quality, innovation, and differentiation to competitive advantage
5. To formulate adaptive, locally grounded digital marketing strategies for traditional markets.

LITERATURE REVIEW

Digital Transformation in Traditional MSMEs

Digital transformation refers to the integration of digital technologies into all aspects of business operations to enhance efficiency, competitiveness, and market reach. For micro, small, and medium enterprises (MSMEs), this process involves the adoption of tools such as digital payments (e.g., QRIS), point-of-sale applications, social media, and e-commerce platforms (Wulandari & Tomanggor, 2024).

Traditional markets, once solely reliant on face-to-face transactions, are now encouraged to embrace digitalization to remain relevant and competitive. According to Bank Indonesia (2025), vendors who implement digital payment systems and participate in digital training programs have experienced income growth of up to 30%. However, barriers such as low digital literacy, limited infrastructure, and resistance to change hinder widespread adoption (Solechan et al., 2023).

Digital transformation is not just about adopting tools but involves a mindset shift, including data-driven decision-making, process efficiency, and customer-centric service innovation. Collaborative approaches involving government, academia, and private sectors are essential for inclusive and sustainable digital adoption in traditional markets (Haryati et al., 2024).

Competitive Advantage Theory

Porter's (1985) competitive advantage theory provides a foundational framework for understanding how firms or MSMEs achieve superior performance in competitive markets. The three generic strategies include cost leadership, differentiation, and focus. Among traditional vendors, differentiation and focus strategies are most applicable, as they allow for customized offerings tailored to niche markets (Hijratun Nisa & Animah, 2024).

Competitive advantage goes beyond pricing. It encompasses value creation through product innovation, service excellence, and cultural storytelling (Barney, 1991). Porter's Diamond Model (1990) further emphasizes factor conditions, demand conditions, related industries, and firm strategy as critical determinants of national and sectoral competitiveness.

At Beringharjo Market, strategies like using natural dye batik, eco-friendly designs, and heritage-based branding illustrate how traditional products can be uniquely positioned in digital marketplaces (Nisa & Animah, 2024; Fajri & Purwanto, 2024).

Role of Social Media in Digital Marketing

Social media has emerged as a vital tool in MSME digital marketing. Platforms such as Instagram, Facebook, and TikTok offer affordable promotion channels with broad reach and high interactivity (Mustapa et al., 2022; Sangadji et al., 2024). Social media enhances brand awareness, builds customer loyalty, and increases sales conversion (Trulline, 2021; Abdillah, 2022).

Research by Siagian and Martiwi (2020) revealed that 78% of MSMEs use Instagram for marketing due to its visual appeal. WhatsApp Business is also popular for maintaining personalized communication with customers (Diandra, 2022). Creative and consistent content, including product showcases, stories, and live sessions, drive customer engagement.

Community mobilization through social media is evident in the Taobao Village model, where short-form video platforms like TikTok were instrumental in fostering local identity and promoting regional products (Lin & Tao, 2024).

E-Commerce Utilization Among MSMEs

E-commerce enables MSMEs to access broader markets, serve cross-regional customers, and enhance operational efficiency (Turban et al., 2018). Siahaan and Bila (2024) found that market vendors using e-commerce platforms saw income gains of up to 40%. These platforms also aid in brand building, transaction efficiency, and customer retention (Putri Harfie & Lastiati, 2022; Alwendi, 2020). Despite the potential, challenges remain in digital literacy, logistics management, and platform optimization (Fitriani et al., 2020). Effective onboarding, technical assistance, and supportive policy environments are necessary to foster MSME participation in digital commerce ecosystems (INDEF, 2024; Kader et al., 2024).

Product Innovation and Differentiation

Innovation and product differentiation are essential for achieving sustainable competitive advantage (Lukas & Ferrell, 2000). Among MSMEs, innovation involves product design, packaging, cultural storytelling, and business models like subscriptions or pre-orders (Fajri et al., 2024).

Culturally rooted, high-quality, and eco-conscious products appeal to consumers and allow MSMEs to carve out niche markets amid globalization. Differentiation strategies rooted in local wisdom help enhance customer loyalty (Luh & Pancawati, 2022). At Beringharjo, innovations such as natural-dye batik, themed hampers, and interactive digital catalogs represent key market differentiators.

Conceptual Framework

This study adopts a five-dimensional framework to analyze digital marketing strategies among traditional vendors: (1) Digital transformation, (2) Social media usage, (3) E-commerce utilization, (4) Product quality, and (5) Innovation and differentiation. These dimensions collectively influence MSME competitiveness in traditional markets during the digital era.

METHODOLOGY

Research Design

This study employs a mixed methods approach using a sequential explanatory design, which integrates quantitative and qualitative methods in a two-phase sequence. Initially, quantitative data were collected and analyzed to identify statistical relationships between digital marketing variables and vendor competitiveness. The results from this phase guided the subsequent qualitative phase, which sought to deepen the understanding of vendor experiences, strategies, and challenges in the digital transformation process (Rofiqoh & Zulhawati, 2020).

The quantitative phase utilizes a correlational and explanatory design to test hypotheses about the impact of digital transformation, social media, e-commerce, product quality, and innovation on vendor competitiveness. The qualitative phase follows a descriptive design through semi-structured interviews to explore practical insights behind the observed quantitative trends.

Population and Sampling

The study population includes all registered vendors actively operating at Beringharjo Market in Yogyakarta, totaling approximately 5,250 traders (Yogyakarta Department of Trade, 2024). Using purposive sampling, 120 respondents were selected for the quantitative survey based on three criteria: (1) minimum of one year of trading experience, (2) active physical presence in the market, and (3) experience in using digital tools such as social media, e-commerce, or QRIS.

For the qualitative phase, 12 key informants were selected from the survey respondents who demonstrated prominent digital marketing practices. These included vendors with significant digital sales, content creators, or early adopters of new digital platforms.

Data Collection Techniques

Quantitative Data Collection Data were gathered using a structured questionnaire with 30 Likert-scale items (1 = strongly disagree, 5 = strongly agree) covering six variables: digital transformation, social media use, e-commerce use, product quality, innovation and differentiation, and vendor competitiveness. Data collection was assisted by trained enumerators to ensure clarity and completeness.

Qualitative Data Collection Semi-structured interviews were conducted to capture detailed insights into digital marketing experiences. The questions were derived from survey findings and aimed to explore strategies, motivations, perceived benefits, and obstacles in digital adoption. Additional observations of vendor stalls, digital marketing materials, and online store presence were also documented.

Instrument Validity and Reliability

The questionnaire was pre-tested with 30 vendors to assess construct validity using Pearson Product Moment correlation. All items showed correlation coefficients above 0.3, indicating acceptable validity. Internal reliability was tested using Cronbach's Alpha, with results exceeding 0.7 for all constructs, confirming reliability (Ghozali, 2016).

Data Analysis Techniques

Quantitative Analysis Multiple linear regression was used to determine the simultaneous and partial influence of the five independent variables on the dependent variable (vendor competitiveness). The regression model is represented as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where:

- Y = Vendor Competitiveness
- X_1 = Digital Transformation
- X_2 = Social Media Use
- X_3 = E-commerce Use
- X_4 = Product Quality
- X_5 = Innovation and Differentiation
- ε = Error term

Classical assumption tests (normality, multicollinearity, and heteroscedasticity) were performed to ensure model accuracy. Statistical significance was evaluated through F-tests (overall model fit) and t-tests (individual variable contributions).

Qualitative Analysis Interview transcripts were analyzed using thematic analysis, involving coding, categorization, and interpretation of patterns and narratives. This analysis aimed to provide contextual depth to the statistical relationships observed in the quantitative phase and to reveal nuanced perspectives of digital transformation among vendors.

RESEARCH RESULTS

Respondent Profile

The study surveyed 120 vendors at Beringharjo Market. Demographic details include:

1. Gender: 68% female, 32% male
2. Age: 55% between 35–50 years, 30% above 50, and 15% under 35
3. Business type: 60% sell textiles/batik, 25% food and beverages, 15% crafts and souvenirs
4. Digital engagement: 80% use social media, 45% have e-commerce presence, and 70% use QRIS

Regression Analysis Results

The multiple regression model yielded significant results ($F = 23.401$, $p < 0.001$). Each independent variable demonstrated a statistically significant effect on vendor competitiveness:

Variable	Coefficient (β)	t-value	p-value
Digital Transformation (X1)	0.221	3.981	0.000
Social Media Use (X2)	0.268	4.902	0.000
E-commerce Use (X3)	0.183	3.223	0.002
Product Quality (X4)	0.199	3.876	0.000
Innovation & Differentiation (X5)	0.241	4.137	0.000

The Adjusted R^2 value was 0.672, meaning that 67.2% of the variance in vendor competitiveness could be explained by the five independent variables.

Qualitative Insights

Digital Transformation as a Market Lever

Interviews revealed that vendors who utilized QRIS and WhatsApp Business experienced 20–30% transaction growth within three months. One batik vendor shared: "Since using QRIS and uploading products to customer WhatsApp groups, I've seen more purchases, especially from out-of-town customers." (Informant 3). Training programs by Bank Indonesia significantly contributed to increasing vendor understanding of digital payments.

Social Media Enhances Engagement and Loyalty

Most vendors promoted their products through Instagram and TikTok. They noted that visually appealing posts and engaging stories directly influenced purchases: "I upload new batik patterns every afternoon. Many customers message me from Surabaya and Jakarta requesting delivery." (Informant 8)
Social media also helps vendors build emotional connections with their clientele.

E-Commerce Offers New Channels but Faces Hurdles

While Shopee and Tokopedia are used by some vendors, many face challenges with logistics and account management: "I've registered on Shopee, but I struggle with managing shipping and packaging. I'm not used to it yet." (Informant 1) This highlights the need for continuous technical assistance and e-commerce coaching.

Innovation and Quality Influence Competitiveness

Innovation was evident in packaging, natural dye techniques, storytelling, and bundling offers. Vendors practicing innovation observed higher customer loyalty: "I sell natural-dye batik with stories about the dyeing process. International buyers seem to love it." (Informant 11). Innovative services such as digital catalogs and fast delivery also strengthened vendor competitiveness.

DISCUSSION

The findings support previous research (Karyani et al., 2021; Mashita, 2024) that digital tools like QRIS, WhatsApp Business, and marketplaces expand business efficiency and reach. Media platforms like Instagram and TikTok serve as digital storefronts, reinforcing engagement and brand loyalty. E-commerce expands market access but requires higher digital competence and logistical coordination (Alwendi, 2020; Sugiarti et al., 2020). Differentiation rooted in local culture and innovation affirms theories by Porter (1985) and Barney (1991) regarding sustainable competitive advantage. Moreover, the success of community-centric models like Taobao Village underscores the value of local identity, continuous training, and stakeholder collaboration (Lin & Tao, 2024).

CONCLUSION

This study concludes that digital transformation, social media usage, e-commerce adoption, product quality, and innovation/differentiation all play significant roles in enhancing the competitiveness of traditional market vendors, specifically at Beringharjo Market in Yogyakarta. The regression analysis revealed that social media (β = 0.268) and innovation/differentiation (β = 0.241) had the most substantial impacts. Overall, the model explains 67.2% of the variance in vendor competitiveness. Qualitative insights supported these statistical findings. Vendors using QRIS and WhatsApp Business reported increased transactions and customer outreach. Social media platforms functioned as digital storefronts, helping vendors maintain engagement and emotional closeness with customers. While e-commerce offers expanded market access, technical and logistical barriers hinder full utilization. Finally, innovative practices such as using natural dyes, cultural storytelling, and bundled offerings enhanced product appeal and customer loyalty. Theoretically, this research reinforces the relevance of Porter's competitive advantage framework and Barney's VRIO model in MSME contexts. Practically, it highlights the need for integrated digital marketing strategies that blend technology with local cultural narratives to drive sustainable growth in traditional markets.

RECOMMENDATION

For Market Vendors:

1. Develop weekly content calendars for social media, showcasing product visuals, behind-the-scenes processes, and customer testimonials.
2. Leverage WhatsApp Business tools such as catalogs and broadcast lists to personalize communication and boost customer retention.
3. Collaborate with complementary vendors (e.g., batik + accessories + food) to create cultural hamper packages.
4. Pilot small-batch product innovations and collect feedback before mass production to minimize risks.

For Local Governments and Market Management:

1. Establish a Digital Mentorship Hub at Beringharjo Market offering daily clinics on photography, content creation, and logistics support.
2. Provide micro-logistics subsidies for new vendors entering e-commerce to reduce shipping costs during initial stages.
3. Launch a gamified "QRIS Day" campaign with rewards and free publicity to promote cashless transaction adoption.
4. Offer an open-data dashboard showing transaction trends and customer demographics to support data-driven decisions.

For Digital Platforms and Financial Institutions:

1. Create a "Traditional Market Corner" on e-commerce platforms featuring curated products with local authenticity badges.
2. Introduce micro-loans based on vendors' digital reputations, QRIS transaction histories, and online ratings.
3. Collaborate with local influencers to deliver storytelling and content workshops tailored for Gen Z engagement.

For Academia and Community Groups:

1. Promote service-learning programs that place business students directly with vendors for digital transformation projects.
2. Conduct longitudinal studies to assess the long-term sustainability of digital marketing interventions.

3. Develop open-source content templates, margin calculators, and training modules under Creative Commons licenses for community use.

ADVANCED RESEARCH

This study is limited to a single market with a cross-sectional design, which restricts generalizability across different regions or timeframes. Future research should include:

1. Comparative studies across various traditional markets in different cities or provinces to explore cultural contextual effects.
2. Controlled experiments to assess the impact of specific social media content types (e.g., short-form videos vs. live streams) on sales performance.
3. Bi-directional analysis between online reputation metrics and perceived product quality to enhance the regression model.

By synthesizing empirical findings with practical strategies, this research offers a roadmap for digital transformation tailored to the unique cultural and economic landscape of traditional markets in Indonesia.

ACKNOWLEDGMENT

The authors express sincere gratitude to the following parties for their invaluable support:

1. The Yogyakarta City Trade Office for granting research access and data on Beringharjo Market vendors;
2. The Beringharjo Market management and all participating vendors who generously shared their experiences and insights;
3. The Master of Management Program at Universitas Teknologi Yogyakarta for academic guidance and methodological support;
4. Bank Indonesia (Yogyakarta Representative Office) and the "Digital Empowered Market" team for providing insights into QRIS implementation and digital market training;
5. Student researchers and assistants who helped collect field data and assisted with survey and interview facilitation.

Without their contributions, this study would not have been completed successfully.

REFERENCES

Abdillah, L. A. (2022). *Peranan Media Sosial Modern*. Bening Media Publishing. Alwendi. (2020). Penerapan E-Commerce Dalam Meningkatkan Daya Saing Usaha. *Jurnal Manajemen Bisnis*, 17(3).

Bank Indonesia. (2025, March 23). Transaksi Ecommerce Indonesia 2019–2024. https://pusatdata.kontan.co.id

Diandra, D. (2022). Peran Aplikasi WhatsApp Dalam Pemasaran: State of The Art. *Jurnal Manajemen dan Bisnis Madani*, 4(2), 1–11.

Fajri, A., & Purwanto, B. (2024). Strategi Inovasi Produk UMKM Batik. *Jurnal Inovasi dan Teknologi*, 8(1), 55–70.

Fitriani, L., Hamidah, H., & Saputra, R. (2020). Tantangan UMKM dalam Era Digital. *Jurnal Ekonomi dan Kewirausahaan*, 6(2), 78–85.

Ghozali, I. (2016). *Aplikasi Analisis Multivariate dengan Program SPSS* (Edisi 8). Universitas Diponegoro.

Haryati, T., et al. (2024). *E-commerce untuk UMKM*. Widina Media Utama.

Hijratun Nisa, S., & Animah. (2024). Pengaruh Strategi Diferensiasi Terhadap Kinerja UMKM. *E-Jurnal Ekonomi dan Bisnis Udayana*, 13(5), 1044–1054.

INDEF. (2024). *Peran Platform Digital Terhadap Pengembangan UMKM di Indonesia*. INDEF Press.

Kader, R., Maulana, R., & Yusuf, S. (2024). *Digitalisasi dan Akses UMKM terhadap E-Commerce*. Lembaga Kajian Bisnis Indonesia.

Karyani, E., Geraldina, I., & Haque, M. G. (2021). Transformasi Digital dan Industri Halal. *Wikrama Parahita: Jurnal Pengabdian Masyarakat*, 5(2), 139–148.

KemenkopUKM. (2022). *Program Adaptasi dan Transformasi Ekonomi Nasional (PATEN)*.

Lin, J., & Tao, J. (2024). Digital resilience: A multiple case study of Taobao Village in rural China. *Telematics and Informatics*, 86. https://doi.org/10.1016/j.tele.2023.102065

Luh, D., & Pancawati, S. (2022). Diferensiasi Produk Berbasis Lokalitas. *Jurnal Pemasaran dan Kewirausahaan*, 11(4), 299–314.

Lukas, B. A., & Ferrell, O. C. (2000). The Effect of Market Orientation on Product Innovation. *Journal of the Academy of Marketing Science*, 28(2), 239–247.

Mashita, N. (2024). *Transformasi Digital UMKM di Era 5.0*. Gama Press.

Maryani, E., & Chaniago, H. (2019). Inovasi dan Strategi Pemasaran UMKM di Era Digital. *Jurnal Bisnis dan Inovasi*, 5(3), 178–187.

Mustapa, A., Machmud, R., & Radji, D. L. (2022). Pengaruh Penggunaan Media Sosial terhadap Keputusan Pembelian. *Jurnal Ilmiah Manajemen dan Bisnis*, 5(1), 264–270.

Nisa, H., & Animah. (2024). Strategi Diferensiasi UMKM Berbasis Kearifan Lokal. *Jurnal Ekonomi Kreatif dan UMKM*, 7(1), 89–101.

Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. Free Press.

Rofiqoh, I., & Zulhawati. (2020). *Metode Penelitian Kuantitatif, Kualitatif, dan Campuran*. Pustaka Pelajar.

Sangadji, F., et al. (2024). Peran Media Sosial TikTok. *Jurnal Pengabdian Kepada Masyarakat*, 4(1), 143–149.

Siagian, H., & Martiwi, N. (2020). Pengaruh Media Sosial terhadap Efektivitas Pemasaran UMKM. *Jurnal Komunikasi dan Bisnis*, 8(1), 22–36.

Siahaan, D., & Bila, R. (2024). E-Commerce untuk UMKM di Tangerang. *Jurnal Teknologi dan Ekonomi*, 9(2), 22–34.

Sugiyono. (2022). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta.

Turban, E., Outland, J., King, D., Lee, J. K., Liang, T. P., & Turban, D. C. (2018). *Electronic Commerce 2018: A Managerial and Social Networks Perspective*. Springer.