

## **ORGANIZING THE ECONOMIC COMPETITIVENESS OF THE TRADITIONAL MARKET AGAINST THE PRESENCE OF A MODERN MARKET IN PAPUA**

**Prof. Dr. BALTHASAR KAMBUAYA, MBA,**

Professor of Economics, University of Cendrawasih.  
Jayapura, Papua, Indonesia

**Dr. MAYLEN K P KAMBUAYA SE MSi**

Doctor of Economics, University of Cendrawasih.  
Jayapura, Papua Indonesia

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### **ABSTRACT**

The research results show that traditional markets in Papua face great challenges from modern markets that offer better comfort and facilities. To survive and develop, strategies such as infrastructure revitalization, the use of digital technology in marketing and transactions, improving the quality of products and services, and strengthening local cultural identity are needed. Strengthening the role of cooperatives, partnerships with MSMEs, and promotions through special events can also increase the attractiveness of traditional markets. In addition, education for traders and government policy support, such as infrastructure subsidies and restrictions on modern market expansion, are essential to create a conducive business environment. With the right strategy and synergy between governments, traders, and communities, traditional markets can remain competitive and develop as a modern economic center without any delays

**Keywords:** Market, Strategy, Modern, Traditional, Synergy

### **CHAPTER 1. INTRODUCTION**

Traditional markets play an important role in the regional economy, including in Papua. As trading centres that have long been part of people's lives, traditional markets provide a variety of basic needs at relatively affordable prices. In addition, traditional markets are also a place for small and medium enterprises (MSMEs) to develop their businesses and create jobs for many people. However, the development of the times and economic progress have presented great challenges to the existence of traditional markets, especially with the emergence of modern markets that increasingly dominate the trade sector.

The existence of modern markets in Papua brings various impacts to traditional markets. Modern markets offer convenience, cleanliness, and a more organised trading system. Consumers tend to choose to shop in modern markets because of the convenience factor, complete availability of goods, and more flexible payment methods. This phenomenon has caused traditional markets to experience a decline in the number of customers and the income of merchants who sell in them. In the long run, this condition has the potential to weaken the

economic competitiveness of traditional markets if no strategic steps are taken to maintain their existence.

One of the main challenges faced by traditional markets in Papua is inadequate infrastructure. Many traditional markets still have minimal facilities, such as lack of cleanliness, unavailability of adequate parking spaces, and limited security systems. This makes traditional markets look less attractive compared to modern markets that are more organised and comfortable. If this condition is not improved immediately, it will be increasingly difficult for traditional markets to compete with modern markets that continue to grow rapidly.

In addition to infrastructure factors, changes in consumer behaviour are also a challenge for traditional markets. Along with the increasing standard of living and technological advances, people's consumption patterns have changed. People now tend to prefer shopping places that offer convenience and efficiency in transactions. Modern markets are able to meet this need by offering digital payment systems, attractive promotions, and various loyalty programmes that are not found in traditional markets. If traditional markets are unable to adapt to these changes, their existence will be increasingly threatened.

On the other hand, traditional markets still have important economic and social values for the Papuan people. Traditional markets are not only a place for buying and selling transactions, but also a centre of social and cultural interaction for the local community. In traditional markets, the relationship between sellers and buyers tends to be more personalised, where the bargaining process is part of a tradition that is still maintained. This social value is a distinct advantage that modern markets do not have, so it can be one of the factors that can be utilised to increase the competitiveness of traditional markets in Papua.

To maintain their existence, traditional markets in Papua need attention from various parties, including the government, business actors, and the community. The government has an important role in revitalising traditional markets to make them more competitive in the face of competition with modern markets. Programmes such as infrastructure improvements, facility upgrades, and training for traders in managing businesses more professionally can help improve the competitiveness of traditional markets. In addition, policies that support MSMEs also need to be strengthened so that traditional markets can remain the centre of trade for local communities.

In addition to the role of the government, traditional market traders must also make various innovations in order to survive amid competition with modern markets. For example, by utilising digital technology to improve the marketing of their products. Currently, many small traders are starting to turn to digital platforms to reach more consumers. With the utilisation of social media or e-commerce applications, traditional market traders can expand their market reach without having to rely entirely on consumers coming directly to the market location.

Amidst the changing trade landscape in Papua, it is important to find solutions that allow traditional markets and modern markets to thrive side by side. Synergy between the two can be a way out to create an inclusive and sustainable trading system. For example, traditional markets can implement a semi-modern concept that combines traditional values with more modern and convenient facilities for consumers. In this way, traditional markets can still maintain their uniqueness while increasing their competitiveness.

Traditional markets in Papua face significant challenges due to the presence of modern markets. Factors such as inadequate infrastructure, changes in consumer behaviour, and price competition are the main obstacles that hamper the competitiveness of traditional markets. However, with support from the government, innovation from traders, and the active role of the community in supporting local products, traditional markets still have a great opportunity to exist and develop in the midst of modernisation. Therefore, efforts to organise the economic competitiveness of traditional markets must be carried out in a sustainable manner so that they remain an integral part of the economic system in Papua.

### **B. Problem Formulation**

1. What is the potential of traditional markets in economic development in Papua
2. What are the strategies for traditional markets to compete in the midst of modern markets in Papua
3. What are the advantages and disadvantages of traditional markets in the midst of modern market competition in Papua

## **CHAPTER II. LITERATURE REVIEW**

Competitiveness is one of the criteria to determine the success and achievement of a better goal by a country in increasing income and economic growth. Competitiveness is identified with productivity issues, by looking at the level of output produced for each input used. Increased productivity is caused by an increase in the amount of physical inputs of capital and labour, an increase in the quality of inputs used and technological improvements.

The approach that is often used to measure competitiveness is seen from several indicators, namely comparative advantage and competitive advantage, according to Tarigan (2005). The term comparative advantage (comparative advantage) was first proposed by David Ricardo (1917) when discussing trade between two countries. In the theory, Ricardo proved that if two countries trade with each other and each country concentrates on exporting goods for which the country has a comparative advantage then both countries will be lucky. It turns out that this idea is not only useful in international trade but also very important in regional economics.

Develop. It is a measure of the competitiveness of an activity the ability of a country or a region to market its products outside the region or abroad. Therefore, according to Tarigan (2005), a regional planner must have the ability to analyse the economic potential of the region. In this case, the ability of local governments to see sectors that have advantages/weaknesses in their region is becoming increasingly important. This sector has advantages, has better prospects to be developed and is expected to encourage other sectors to develop.

The concept of regional competitiveness developed from the concept of competitiveness used for companies and countries. Furthermore, the concept was developed for the country level as global competitiveness, especially through the World Economic Forum (Global Competitiveness Report) and the International Institute for management Development (World Competitiveness Yearbook). The economic competitiveness of a country is often a reflection of the overall economic competitiveness of the region. In addition, with the trend of decentralisation, there is a stronger need to know the competitiveness at the regional level.

Michael Porter (1990) states that the concept of competitiveness that can be applied at the national level is 'productivity' which he defines as the value of output produced by a worker. The World Bank states relatively similarly that 'competitiveness refers to the magnitude and rate of change of value added per unit of input achieved by a firm'. However, both the World Bank, Porter, and other literature on national competitiveness take the view that competitiveness does not narrowly encompass only the level of efficiency of a firm. Competitiveness covers a wider range of aspects, not only at the micro level of the company, but also outside the company, such as the business climate, which is clearly beyond the company's control. In more detail, Porter defines national competitiveness as: 'the outcome of a country's ability to innovate in order to achieve, or maintain a favourable position relative to other countries in a number of its key sectors'.

According to Cho (2003), the most popular definition of competitiveness at the national level can also be found in the Report of the President's Commission on Competitiveness written for the Reagan administration in 1984 as follows: "The competitive ability of a country is the degree to which it can, under free and fair market conditions, produce goods and services that meet international market tests while simultaneously expanding the real incomes of its citizens. The ability to compete at the national level is based on superior productivity performance" (Cho, 2003 in Millah, 2013). The World Economic Forum (WEF), an institution that publishes the 'Global Competitiveness Report' defines national competitiveness in a broader sense with a very simple sentence. WEF defines national competitiveness as 'the ability of a national economy to achieve high and sustainable economic growth'. The focus is on appropriate policies, appropriate institutions, and other economic characteristics that support the realisation of high and sustainable economic growth.

## **B. Market**

Narrowly, a market can be defined as a place where sellers and buyers meet to buy and sell goods or services. Broadly, a market is a process where sellers and buyers interact with each other to obtain an equilibrium price or an agreement on the price level based on supply and demand. If using the above understanding, there is no need for a meeting between sellers and buyers directly. This can be seen in the stock market. The market is one of the places or media for buying and selling, where sellers want to exchange goods / services for money, and buyers who want to exchange money for goods / services. While the definition of the market broadly, namely a process where sellers and buyers interact with each other to determine the equilibrium price.

A market is a place or situation that brings together demand (buyers) and supply (sellers) for any type of goods, services, or resources. Buyers include consumers who need goods and services, while industries need labour, capital and raw materials to produce both goods and services. Sellers include industries offering products or services demanded by buyers. Workers sell their labour and expertise, landowners sell or lease their assets, while capital owners offer a share of the profits from certain business activities. In general, everyone will play the dual role of seller and buyer.

From the above understanding it can be concluded that the market is now not only a place to buy and sell but any situation that brings together demand (buyers) or supply (sellers) for any type of goods, services or resources. The market is physically a place of concentration of

several permanent and non-permanent traders in an open or closed room or partially open or part of the road shoulder. Furthermore, the grouping of retailers occupies buildings with temporary, semi-permanent or permanent building conditions.

Sociologically and culturally, the philosophical meaning of a market is not only an arena for buying and selling goods and services, but also a meeting place for citizens to interact socially or conduct informal discussions on city problems.

In the Islamic view, the market is a vehicle or place for ideal economic transactions, but it has various weaknesses that are sufficient to achieve Islamic economic goals. Theoretically and practically the market has several weaknesses, such as ignoring income distribution and justice, misalignment between individual and social priorities between various needs, market failure, imperfect competition, and others. Islam highly values halal and good commerce.

Presidential Regulation of the Republic of Indonesia number 112 of 2007 defines traditional markets as markets built and managed by the government, local government, private sector, state-owned enterprises and regional-owned enterprises including cooperation with the private sector with business places in the form of shops, kiosks, los and tents owned/managed by small, medium, self-help or cooperative traders with small-scale businesses, small capital, and with the process of buying and selling merchandise through bargaining.

According to the Minister of Trade of the Republic of Indonesia, traditional markets are the main place for the sale of basic needs products produced by small and micro-scale economic actors. One of the actors in the traditional market are farmers, fishermen, craftsmen and home industries.

Traditional markets are places where sellers and buyers meet and are marked by direct seller-buyer transactions, the building consists of stalls, or outlets, los and open grounds opened by sellers or a market manager. This traditional market mostly sells daily necessities such as food ingredients such as fish, fruit, vegetables, eggs, meat, fabrics, electronic goods, services, and others. Besides that, it also sells traditional cakes and other archipelago specialities. The system found in this market in the transaction process is that traders serve buyers who come to their stand, and bargain to determine an agreement on the price with a pre-agreed amount. Such markets can generally be found in residential areas to make it easier for buyers to reach the market, traditional markets usually exist temporarily or permanently with a limited level of service.

### **CHAPTER III. RESEARCH METHODS**

This type of qualitative research uses a phenomenological approach.

### **CHAPTER IV. DISCUSSION**

#### **A. The potential of traditional markets in economic development in Papua**

Traditional markets are an important element in the regional economy, including in Papua. The existence of traditional markets not only serves as a place for buying and selling transactions, but also has a broader role in building the community's economy, creating jobs, and

maintaining cultural and social sustainability. With its unique geographical conditions and abundant natural resources, Papua has great potential in developing traditional markets as a competitive driver of the local economy.

### **1. Source of Livelihood for Local Communities**

Traditional markets in Papua are the main source of livelihood for local communities, especially for farmers, fishermen, and small and medium enterprises (MSMEs). Most of the products sold in traditional markets come from Papuan produce, such as sago, sweet potatoes, forest products, as well as various types of fish and other marine products. With the existence of traditional markets, farmers and fishermen have direct access to consumers without having to go through long intermediaries, so they can get greater profits. In addition, traditional markets also provide business opportunities for small traders who sell daily necessities, such as clothing, household appliances, and other equipment.

### **2. Encouraging the Growth of MSMEs and Local Entrepreneurs**

One of the main strengths of traditional markets is their ability to encourage the growth of MSMEs and local entrepreneurs. Papua has many local craftsmen and producers who produce a variety of regional speciality products, such as traditional fabrics, handicrafts, and processed foods based on local raw materials. Traditional markets are an ideal place for them to introduce and market their products to the wider community. With the development of MSMEs, the wheels of the regional economy are increasingly moving, creating a healthy and sustainable economic cycle.

In addition, traditional markets also serve as business incubators for aspiring entrepreneurs. Many traders start small businesses in traditional markets before eventually expanding into bigger businesses. With lower operational costs compared to opening a shop or outlet in a modern shopping centre, traditional markets are a more affordable option for those who want to start a business.

### **3. Maintaining Price Stability and Food Security**

Traditional markets play a strategic role in maintaining price stability and food security in Papua. Unlike modern markets that tend to set fixed prices, traditional markets provide flexibility in the pricing system through bargaining mechanisms. This helps people with different income levels to obtain goods at prices that suit their purchasing power.

In addition, traditional markets are the main place for local food distribution, which helps reduce dependence on imported products. By utilising local agricultural and fishery products, traditional markets can help strengthen regional food security and reduce the risk of food crises that can occur due to price fluctuations in the global market.

### **4. Preservation of Culture and Local Identity**

Traditional markets in Papua are not only centres of economic activity, but also play a role in preserving local culture and identity. In traditional markets, people can find a variety of typical Papuan products that reflect local wisdom and hereditary traditions. Social interactions that



occur in traditional markets also strengthen local cultural values, such as the habit of gotong royong, deliberation in trade, and the use of local languages in daily communication.

In addition, many traditional markets in Papua still apply the barter system in their transactions, especially in rural areas. This practice reflects how traditional markets retain centuries of traditional ways of trading, and shows that the community-based economic system still plays an important role in the lives of Papuans.

### **5. Increasing Regional Income and Regional Economy**

Traditional markets contribute to increasing regional revenues through various mechanisms, such as market levies, small business taxes, as well as increased economic transactions that impact other sectors, such as transportation and logistics. With the development of traditional markets, regional revenues from the trade sector also increase, which can ultimately be used to finance infrastructure development and other public services.

In addition, traditional markets also play a role in strengthening economic connectivity between urban and rural areas. Products from the countryside can be marketed to the city through traditional markets, while necessities from the city can also be reached by the rural community at more affordable prices. Thus, traditional markets become a bridge that connects various economic sectors and strengthens regional economic integration in Papua.

### **6. Challenges and Opportunities of Traditional Market Development**

Despite its great potential, traditional markets in Papua still face various challenges, such as inadequate infrastructure, limited access to capital for small traders, and competition with the growing modern market. Therefore, strategic steps are needed to develop traditional markets to remain relevant and competitive in the era of modernization.

One of the strategies that can be done is to revitalize traditional markets, such as improving market facilities, improving cleanliness, and implementing a better management system. In addition, training and mentoring for small traders in managing their businesses, including in terms of digital marketing and the use of financial technology, can also be a solution to increase the competitiveness of traditional markets in Papua.

On the other hand, the government and other stakeholders also need to encourage policies that favor traditional markets, such as providing incentives for local traders, strengthening the role of cooperatives in supporting people's trade, and promoting local products to be better known by the wider community. With the right support, traditional markets in Papua can continue to grow and make a greater contribution to regional economic development.

Traditional markets have a strategic role in economic development in Papua. As a people's trade center, traditional markets provide business opportunities for local communities, encourage the growth of MSMEs, maintain price stability, and strengthen food security. In addition, traditional markets are also a forum for cultural preservation and contribute to increasing regional income.

Despite facing various challenges, with the right strategy and support from various parties, traditional markets in Papua can continue to develop and become an integral part of the regional economic system. Therefore, efforts to strengthen the competitiveness of traditional markets need to be carried out in a sustainable manner so that they are still able to provide economic and social benefits for the Papuan people.

### **B. Strategies for traditional markets to be able to compete in the midst of modern markets in Papua**

Traditional markets play an important role in the local economy of Papua, becoming the main place for people to meet their daily needs and becoming a source of livelihood for small and medium traders. However, the presence of modern markets that offer comfort, cleanliness, and a variety of more advanced amenities has posed a major challenge to traditional markets. If not managed properly, traditional markets can be further marginalized and lose competitiveness. Therefore, the right strategy is needed to ensure that traditional markets can survive and thrive in the midst of modern market dominance.

One of the main obstacles that makes the traditional market less in demand is the inadequate infrastructure condition. Many traditional markets in Papua still have minimal facilities, such as poor sanitation, lack of parking spaces, and ineffective waste management systems. To increase competitiveness, traditional markets need to be revitalized by providing better facilities, such as clean toilets, large parking areas, and more neatly arranged stalls and stalls. This revitalization can be carried out by the local government in collaboration with the private sector to create a more comfortable and attractive market environment for buyers.

In the digital era, many consumers prefer to shop online because of the convenience and convenience offered. Therefore, traditional markets need to adapt to technological developments by utilizing digital platforms for marketing and transactions. Traditional market merchants can use social media or local e-commerce platforms to promote their products to more consumers. In addition, the use of digital payment systems such as QRIS or e-wallets can also be applied to provide convenience in transactions and reach a wider range of customers.

One of the drawbacks that are often found in traditional markets is the lack of standardization of product and service quality. Modern markets tend to have the upper hand in this regard because they apply strict quality standards.

Therefore, traditional markets must improve the quality of the products sold, both in terms of cleanliness, storage, and presentation. In addition, improving services is also very important, such as training traders to be more friendly, quick to respond to customer needs, and implementing a transparent pricing system so that consumers feel more comfortable shopping in traditional markets.

To increase the competitiveness of traditional markets, strengthening the role of cooperatives and partnerships with MSMEs is an important strategy. Cooperatives can help traders access business capital, get a supply of goods at lower prices, and increase their bargaining power in the face of competition. In addition, traditional markets can collaborate with local MSMEs to provide superior products that are not available in modern markets. Thus, traditional markets can offer their own uniqueness that is an attraction for consumers.



One way to increase the appeal of traditional markets is to hold promotions and special events that can attract more visitors. For example, traditional markets can hold weekly discounts, Papuan food bazaars, or local produce festivals featuring traditional handicrafts and cuisines. Activities like this not only attract more buyers, but also introduce local culture to the wider community, so that traditional markets can have more value than modern markets.

Many traders in traditional markets still use conventional trading methods without a clear strategy. Therefore, education and training for traders are needed so that they can better understand how to manage their business well. Training programs can include financial management, marketing techniques, the use of digital technology, as well as improving skills in providing services to customers.

With continuous education, traditional market traders can be more adaptive in facing competition with modern markets.

Traditional markets have social and cultural values that modern markets do not have. Therefore, strengthening the identity of traditional markets can be the main strategy in increasing its competitiveness. For example, traditional markets in Papua can carry the concept of a market based on local culture, where the products sold are dominated by Papuan products and handicrafts. In addition, strengthening local elements such as the use of regional languages in transactions and the market atmosphere that reflects the local culture can also be a special attraction for buyers.

Local governments have an important role in ensuring that traditional markets can survive in the midst of competition with modern markets. Some of the policies that can be implemented include providing incentives for small traders, subsidies for market infrastructure improvements, and regulations that limit the expansion of modern markets in strategic locations that can threaten the existence of traditional markets. With the right policy support, traditional markets can have a more conducive business environment to develop.

Many consumers are reluctant to shop at traditional markets due to safety and convenience factors. Therefore, security improvements such as the installation of CCTV, guarding by security officers, and a better parking management system need to be implemented.

In addition, market cleanliness must also be paid more attention so that buyers feel comfortable when shopping. With a safer and more comfortable environment, traditional markets can attract customers who previously preferred to shop in modern markets.

In order for traditional markets in Papua to be able to compete with modern markets, various strategies are needed that include improving infrastructure, utilizing digital technology, improving the quality of products and services, and strengthening local cultural identity. In addition, support from the government and education for traders are also very important so that the traditional market can develop sustainably. With the right strategy, traditional markets can not only survive, but also develop into more modern economic centers while maintaining the traditional values that characterize them. Therefore, synergy between the government, traders, and the community is urgently needed to ensure that traditional markets continue to have a place amidst the rapid growth of modern markets in Papua.

### **C. Advantages and disadvantages of traditional markets in the midst of modern market competition in Papua**

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#### Advantages and Disadvantages of Traditional Markets in the Midst of Modern Market Competition in Papua

Traditional markets have various advantages that make them relevant amid competition with modern markets. One of the main advantages is that the price of goods is more affordable than the modern market. Traders in traditional markets are generally more flexible in setting prices and allowing bargaining to occur, so consumers can get a cheaper price. In addition, traditional markets also offer fresh produce, such as local agricultural and fishery products, which are not always available in modern markets.

On the other hand, traditional markets also have disadvantages that make them less competitive than modern markets. Inadequate infrastructure is often the main obstacle, such as poorly maintained cleanliness, minimal parking facilities, and a waste management system that is not

well organized. In addition, the lack of standardization of products and services is also a factor that makes consumers prefer modern markets that offer convenience and security in shopping.

To overcome these weaknesses, traditional markets need to make various improvements and innovations to remain competitive. Revitalization of infrastructure, improving service quality, utilizing digital technology, and support from the government and the community are key factors in maintaining the existence of traditional markets amid the rapid growth of modern markets in Papua. With the right strategic measures, traditional markets can remain highly competitive economic and cultural hubs.

## CONCLUSION

Traditional markets in Papua play an important role in the regional economy as a source of livelihood for the community, encourage the growth of MSMEs, maintain price stability, and strengthen food security and cultural preservation. In addition, these markets contribute to regional revenues and connect urban and rural economies. However, challenges such as inadequate infrastructure and competition with modern markets need to be addressed through revitalization, trader training, and policy support to ensure that traditional markets remain competitive and contribute sustainably to Papua's local economy.

Traditional markets in Papua face the great challenge of modern markets that offer better convenience and facilities. To survive and develop, strategies such as infrastructure revitalization, the use of digital technology in marketing and transactions, improving the quality of products and services, and strengthening local cultural identity are needed. Strengthening the role of cooperatives, partnerships with MSMEs, and promotions through special events can also increase the attractiveness of traditional markets. In addition, education for traders and government policy support, such as infrastructure subsidies and restrictions on modern market expansion, are essential to create a conducive business environment. With the right strategy and synergy between governments, traders, and communities, traditional markets can remain competitive and thrive as a modern economic hub without losing their traditional value.

Traditional markets in Papua play an important role in the local economy, but face the challenges of modern markets that offer better convenience and facilities. Inadequate infrastructure, low standardization of products and services, and lack of adaptation to digital technology are the main obstacles. To increase competitiveness, traditional markets need to be revitalized with better facilities, utilize digital platforms for marketing and transactions, and improve the quality of products and services. Strengthening cooperatives, partnerships with MSMEs, and promotions through special events can attract more customers. In addition, government policy support such as incentives for traders, infrastructure improvements, and security management is also needed. With the right strategy and synergy between traders, governments, and communities, traditional markets can survive and thrive as competitive economic centers without losing their local cultural value.

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