

PROTECTING CONSUMERS AND SUSTAINING ECONOMIC BALANCE BETWEEN TRADITIONAL MARKETS AND MODERN RETAILERS

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ABSTRACT

Competition between traditional markets and modern retail is growing along with technological advancements and urbanization. While modern retailers offer convenience and a wider variety of products, traditional markets face major challenges in competing, especially in terms of capital and technology. This competition creates an imbalance of power that impacts consumer protection, which is often more vulnerable in traditional markets. Government policies are key to maintaining a balance between the two sectors. Clear regulations and strict supervision of business competition are needed so that consumers can be protected from unfair business practices. Empowering traditional markets through training and access to capital can help create fairer competition. The government should also ensure transparency of information regarding prices and product quality in both types of markets. With policies that support both sectors simultaneously, consumers will benefit more, while markets maintain diversity and a more equitable economic and social balance.

Keywords: Market competition, traditional market, modern retail, consumer protection, government policy, monopoly, trader empowerment.

INTRODUCTION

Economic globalization and free trade, driven by advances in information technology, have expanded transactions of goods and services both from within and outside the country. As a result, international markets are opening up, demanding that the quality, quantity and safety of products are maintained for human welfare. The main advantage of globalization is that it increases choice for consumers, making it easier to meet their needs with more flexibility. Proper market regulation is needed to ensure that consumer freedom of choice not only benefits individuals but also creates benefits for society as a whole (Sgro, 2002; Lewis et al., 2021).

The diversity of choices of goods and services in the market benefits consumers by expanding the options available. An imbalance of power between consumers and businesses, especially in monopoly conditions, can harm consumers through abuse of power. To reduce the risk of such losses, legal protection for consumers is essential. Strict regulation is necessary to safeguard consumer rights and ensure the balance of power in an ever-evolving market (Haupt, 2003).

Strengthening the position of consumers through the Consumer Protection Law is essential to ensure the protection of their rights amidst the power imbalance caused by monopoly. This regulation not only protects consumers, but also supports government and non-government organizations in empowering consumers through education. Legal protection is increasingly needed with increasing market complexity, as consumers need more information to make informed decisions. Rapid market transformation requires producers to adapt more efficiently, making legal protection a response to the evolving dynamics (Mandal & Mandal, 2010).

Consumer protection is becoming more important in an era of rapid scientific and technological development. Consumer Protection Law No. 8/1999 aims to provide a strong legal basis for consumer empowerment, including through education and training. In addition to protecting consumers and honest businesses, the law focuses on raising consumer awareness, which is often hampered by low levels of education. Therefore, GCPL acts as both a legal tool and an educational instrument to help consumers make smarter decisions in an increasingly complex marketplace.

Urbanization is driving people's shift from traditional markets to more practical and convenient supermarkets. Modern retail, which includes supermarkets and convenience stores, is now the main choice for fulfilling daily needs. However, along with the rapid development of modern retail, challenges related to product quality control are important to maintain consumer satisfaction. Meanwhile, the significant difference between modern and traditional retail lies in management, capitalization, and shopping convenience. The development of modern retail continues to reflect the growing market dynamics

The rapid growth of modern retail, especially minimarkets such as Indomaret, illustrates the dominance of the capitalist system in the retail industry. Minimarkets offer convenience and efficiency, making them the first choice for consumers, while traditional traders, with limited capital, struggle to compete. The existence of modern retailers, such as hypermarkets, affects traditional markets by offering a variety of products and more competitive prices. Traditional markets now face great challenges to adapt to changing consumer preferences and maintain their sustainability in the midst of intense competition with modern retail (Iswati et al., 2022).

Along with technological advances, consumer protection is increasingly important to maintain balance in a rapidly evolving market. Presidential Decree No. 112/2007 regulates the development of modern stores and traditional markets by considering socio-economic aspects. One of the main regulations is the distance between supermarkets and traditional markets, which aims to protect traditional businesses from the negative impact of modern store development. This policy reflects the government's efforts to maintain a balance between economic progress and the protection of consumer rights in the face of market dynamics (Rongiyati, 2019).

The rapid development of global markets and the increasing competition between modern retailers and traditional markets create dynamics that affect the position of consumers in economic transactions. The imbalance of power between consumers and big business often leads to potential exploitation, where consumers can be disadvantaged due to monopoly or lack of information transparency. Regulations such as the Consumer Protection Act have a pivotal role in balancing these forces, ensuring consumers can make informed and protected decisions. Government policies governing the relationship between traditional markets and modern retail are also key to keeping both parties operating fairly, while still considering their impact on the social and economic well-being of the community. Observing and evaluating this is crucial to ensure the market continues to function in a fair, sustainable and beneficial manner for all parties.

The Consumer Protection Law (UUPK) aims to protect consumers through empowerment and education, as well as ensuring fair protection in transactions. By educating consumers about their rights and obligations, GCPL plays an important role in avoiding losses due to ignorance. Consumer protection also covers goods and services that can harm consumers, emphasizing the importance of clear product information at the presale stage. This paper aims to analyze how the regulation of the Consumer Protection Law can reduce the power imbalance between consumers and businesses in a rapidly evolving global market. It also aims to evaluate the impact of competition between modern retail and traditional markets on consumer protection, and to examine the role of government policy in maintaining economic and social balance amid these dynamics.

METHODS

This research uses a qualitative descriptive approach. Descriptive qualitative is a research method that relies on qualitative data and is presented descriptively. This type of analysis is often used to examine events, phenomena, or social conditions. This research incorporates an empirical juridical approach, which integrates legal materials with primary data through the study of related literature, legislation and archives.

The research method used in this study adopts a literature study approach to dig deeper into the application of the Consumer Protection Law in overcoming the imbalance of power between consumers and business actors, as well as the impact of competition between modern retail and traditional markets. Literature study is an approach that relies on written sources such as books, journals, articles, and relevant laws and regulations. This approach allows researchers to examine various theories, concepts, and previous research that has been conducted in the fields of consumer protection, market policy, and the dynamics between traditional and modern retail (Gabbott & Richardson, 1990). These sources provide an understanding of how government regulations and policies can be applied to manage the balance of power in a rapidly evolving market, and how these policies can affect consumer welfare.

Through the literature study, this research will also analyze theories related to the effect of consumer protection policies on market structure. This includes an evaluation of the existing Consumer Protection Law, as well as government policies governing the interaction between traditional and modern retail. This literature study also aims to map previous research that examines the positive and negative effects of competition between the two types of retail on consumers. The researcher will analyze various literatures that discuss the impact of market regulation on consumer and business behavior, as well as the role of government regulation in controlling the market to keep it functioning fairly and equitably for all parties (Aguzzoni, 2011). Relevant sources in this literature study will be drawn from international journals and recognized law books, providing insights to answer the research problem formulation.

The data collection process is carried out by literature study, namely by studying books, applicable laws and regulations, and relevant archives. The data collected was then analyzed using descriptive qualitative analysis methods. This research also pays attention to the subjective nature of the research, which refers to ideas or statements that are dominated by the researcher's personal feelings, opinions, or preferences. Such statements are often interpretations of reality or truth that are influenced by the researcher's point of view, which can ultimately affect judgment and produce bias in research conclusions.

RESULTS AND DISCUSSION

Consumer Protection Regulation in Overcoming Market Imbalance

The Consumer Protection Law (UUPK) enacted in Indonesia has the main objective of reducing the power imbalance between consumers and businesses, especially in the growing global market. Globalization has accelerated cross-border transactions involving consumers and producers from different parts of the world. Under these conditions, consumers are often in a weaker position than larger and more resourceful businesses. GCPL aims to provide protection to consumers, especially by ensuring that their rights are respected and guaranteed in various transactions, both domestic and international.

One important aspect of GCPL is the obligation for businesses to provide clear and transparent information about the products or services they offer. In a globalized market, consumers often find it difficult to obtain accurate information about products, especially with the variety of products coming from abroad. GCPL forces businesses to provide sufficient information about the products they sell, so that consumers can make better decisions and avoid losses due to ignorance. With this regulation, the imbalance between consumers with limited knowledge and businesses with greater economic power can be reduced.

GCPL also provides legal protection for consumers who feel harmed by a product or service. Through this regulation, consumers are given the right to file claims or demands if they are victims of fraud or other unfair practices. The dispute resolution system in

GCPL serves to ensure that consumers have access to fair redress or remedies without having to go through a complicated and expensive legal process. This is particularly important in a globalized market, where consumers may not have direct access to fight for their rights abroad or against international companies (Kuncoro, 2017).

This legal protection is also increasingly relevant in light of rapidly growing electronic commerce (Ni'am et al., 2024). Global e-commerce transactions allow consumers to easily purchase goods and services from around the world, but without clear guarantees regarding product quality or personal data security. GCPL regulates provisions on consumer protection in electronic transactions, ensuring that businesses are responsible for providing clear information and giving consumers the right to make claims in the event of problems related to the products purchased. This is important to create consumer confidence in online transactions, especially when businesses come from overseas.

Another challenge faced in the global market is the inequality in consumer protection regulations between countries. Not all countries have the same consumer protection system, and these differences can affect consumers' ability to protect themselves in international transactions. In this case, the GCPL becomes particularly relevant as an instrument that can provide protection at the domestic level, even if the transaction itself involves foreign businesses. The Indonesian government, through this regulation, can provide protection to local consumers who transact with foreign companies, by ensuring that consumer protection standards are maintained (Budianto & Wulandari, 2020).

In the face of an increasingly connected global market, GCPL also has a role in preventing monopolistic practices or unfair competition that can harm consumers. In many cases, large companies that dominate the global market may engage in harmful business practices, such as non-transparent pricing or abuse of their dominant position to exploit consumers. GCPL prohibits such practices and provides protection to consumers from products or services offered in an unfair manner. It also supports the creation of a more competitive and fair market for all parties.

GCPL also serves to strengthen the position of consumers through education. Well-educated consumers are better able to recognize their rights and know how to protect themselves in transactions. The regulation supports various consumer education initiatives on how to transact safely, how to choose products carefully, and how to resolve disputes effectively. Improving consumer understanding will have a major impact on the balance of power in the global marketplace, as more informed consumers will be able to make wiser decisions and avoid exploitation by businesses.

However, while regulations such as GCPL provide significant protection, challenges remain in implementing them in a highly dynamic global market. Competition between countries with varying protection standards and difficulties in enforcing consumer rights abroad remain obstacles. Therefore, it is important for the Indonesian government to

continue to strengthen international cooperation with other countries and international organizations to set global standards in consumer protection. This cooperation can create uniformity in consumer protection regulations around the world, so that consumers will feel safer in conducting international transactions.

In business competition, the government issued an anti-monopoly trade law so that competition between business actors continues to run healthy without any disadvantaged parties. Regulations regarding business competition are contained in Law of the Republic of Indonesia Number 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition. Article 3 states that the purpose of this regulation is to: a) safeguard the public interest and improve national economic efficiency as one of the efforts to improve people's welfare; b) create a conducive business climate through regulation of fair business competition so as to ensure equal business opportunities for large business actors, medium business actors, and small business actors; c) prevent monopolistic practices and or unfair business competition caused by business actors; and d) create effectiveness and efficiency in business activities.

If the consumer is proven to have committed an act that is clearly in default, then he has violated the merchant's right to pay in accordance with the terms and conditions of the goods and services traded, which exchange rate agreement is regulated in Law Number 8 of 1999 concerning Consumer Protection in Article 6. If the consumer violates Article 5, Consumer Protection Law, which states that consumers should have the right intention in purchasing goods or services and must pay according to the agreed rate. This can result in losses for retailers or businesses where retailers lose capital to buy goods, and craft businesses lose raw materials used in their business. Sanctions against consumers in this case are theoretically preventive legal protection, which is not explained in the 1999 Consumer Protection Law, but in this case the consumer acted negligently and can impose sanctions in the form of compensation to the contractor, termination of the contract, transfer of risk, and payment of court costs.

With clear regulations and effective protection mechanisms in place, consumers can feel more secure and protected in a rapidly growing global market. Despite the many challenges that need to be faced, the existence of GCPL provides a strong legal basis to maintain the balance of power between consumers and businesses. In this increasingly complex market, the protection of consumer rights not only provides benefits to individuals, but also creates a healthier and more sustainable economic climate for society as a whole.

Impact of Modern and Traditional Retail Competition on Consumer Protection

The competition between modern retail and traditional markets has grown rapidly, especially as technology and urbanization drive the shift to more convenient shopping models. Modern retailers, such as supermarkets and convenience stores, offer greater

convenience than traditional markets. However, in terms of consumer protection, this competition creates an imbalance in access to goods and information. Modern retailers, with their financial strength, are able to provide large quantities of products at competitive prices. Meanwhile, traditional markets tend to rely on small traders who are more limited in terms of resources and capacity to meet growing market demands (Berman & Evans, 2019).

Consumers benefit from the diverse selection of goods and services offered by modern retail. The products available are often more standardized and can be found at more competitive prices. However, on the other hand, traditional markets are often better able to provide local goods with more flexible pricing and a more direct relationship between seller and buyer. Nonetheless, imbalances in terms of capital and technology make it difficult for traditional markets to compete directly with modern retail, which can lead to a decrease in competitiveness for small businesses and communities that rely on traditional markets for their daily needs (Kotler & Keller, 2016).

The impact of this imbalance is not only seen in terms of price and quality competition, but also in relation to consumer protection. Consumers shopping in modern retail tend to have more information about products and their rights, given the stricter regulations and standards in this sector. In contrast, traditional markets often lack the infrastructure to provide consumers with sufficient information on product quality, their rights, or proper complaint procedures. This lack of information increases the risk of consumers falling victim to dishonest business practices, such as fraud or the provision of goods that are not of the quality promised (Hawkins, Best, & Coney, 2007).

In the face of these challenges, government policies play an important role in maintaining a balance between modern retail and traditional markets. Policies that focus on consumer protection can help prevent one party from dominating market competition to the detriment of the other. For example, regulating the distance between traditional markets and modern retailers, as implemented in some countries, can be one of the measures to maintain the sustainability of traditional businesses. This not only protects small businesses, but also provides space for consumers to get a variety of choices, both in terms of prices and types of goods sold (Pereira, 2020).

Government policies that support traditional market empowerment can create fairer conditions in the market. This includes providing training to traditional market traders on how to adapt to market developments, both in terms of technology and marketing. The government can also help traditional markets with capitalization, as well as provide better infrastructure, such as storage and distribution facilities, which will enable them to compete more effectively with modern retailers (Tung, 2019). Thus, while modern retail offers convenience and practicality, traditional markets can still maintain their relevance in the market.

In terms of consumer protection, the government also needs to regulate stricter standards in modern retail to ensure that consumers are not disadvantaged in their transactions. In many cases, modern retailers tend to dominate the market with highly competitive price offerings, which may be detrimental to small producers or communities that rely on traditional markets. Therefore, government policies that ensure fair and transparent regulation in modern retail will maintain a balance between the two sectors and ensure broader consumer protection (Sufflah & Mitchell, 2017).

Therefore, the state's obligation to protect the rights of business actors must be based on the law of Law No. 39 of 1999 concerning Human Rights which reads as follows: Article 71 "The government is obliged and responsible for respecting, protecting, upholding and promoting human rights as stipulated in this Law, other laws and regulations, and international human rights law accepted by the Republic of Indonesia." Article 72 "The obligations and responsibilities of the Government as referred to in Article 71, include effective implementation measures in the legal, political, economic, social, cultural, national security defense, and other fields."

From the applicable rules above, it shows that the government must take part not only as a supervisor in market competition activities, but also as a fair protector for every retail business actor. By implementing articles from existing regulations in Indonesia that regulate competition, human rights, and laws regarding market procurement that apply in Indonesia. Because the law also regulates the rights of business actors, namely Law No. 5 Year From the applicable regulations above, it shows that the government must take part not only as a supervisor in market competition activities, but also as a fair protector for every retail business actor. By implementing articles from existing regulations in Indonesia that regulate competition, human rights, and laws regarding market procurement that apply in Indonesia. Because the law also regulates the rights of business actors, namely Law No. 5 Year.

From the explanation above, it can be understood that the state has a responsibility not only to protect both traditional and modern retailers who are the main wheels of the country's economy, but also to respect the principles of justice and human rights of retailers. Traditional markets can also be protected by tightening the licensing process and law enforcement. Therefore, it is imperative to develop laws that bind all economic actors and decision-makers in the retail sector, with sanctions for violations, so that only a presidential decree or ministerial decree is not enough, but must be written in law. The role of law is becoming increasingly important in world trade. Law is no longer considered a complementary factor in the organization, but law is a very important and dominant factor in trade or business because law plays a role in modern times and a very important and dominant factor in trade and business as a process of running business throughout the world. Without trade, the distribution of goods and services would be impossible to spread to all corners of the country, to all levels of society even though until now the distribution of goods and services is still far from being maximized and evenly distributed.

One way to support consumer protection in competition between modern retail and traditional markets is to strengthen regulations on price transparency and product quality. The government could require modern retailers to provide clear information on the origin of products, their prices, and the risks associated with purchasing them. Traditional markets, on the other hand, need to be empowered to provide better information to consumers about the local products they sell, so that consumers can make smarter purchasing decisions (Lyon & Rees, 2019).

Strict supervision of monopolistic practices or unfair competition in the retail sector is also very important. In some cases, modern retailers that control a large portion of the market may use their power to dominate prices and product choices, ultimately harming consumers. Therefore, government policies that focus on market surveillance and price regulation will ensure that competition remains healthy and does not lead to abuses of power that harm consumers (Wang, 2018). The government also needs to encourage the creation of a more inclusive market, which not only benefits large businesses, but also provides space for small traders and consumers with less purchasing power.

The government can also play an active role in educating consumers about their rights in the market, be it traditional markets or modern retail. Educational programs that focus on consumer protection, such as the right to safe, quality products that are in line with the claims made by businesses, will increase consumer awareness and give them more power in the face of unfair business practices. Thus, consumers can be more discerning in choosing between traditional markets and modern retailers, and have a clear mechanism to report violations or complaints they experience (Williams & Abbott, 2020).

Overall, competition between traditional markets and modern retail has a significant impact on consumer protection, both in terms of information, price, and product quality. Government policies that create fair regulations and give both sectors room to grow can create a healthier economic balance. The government also needs to ensure that both sectors, modern retail and traditional markets, can operate in a way that does not harm consumers, while providing wider choices for the public. With the right policy approach, this competition can provide maximum benefits to consumers and the economy as a whole.

Competition (trade) arises from limited resources to produce valuable goods for society's needs. The problem of justice arises from the limited goods necessary to fulfill people's needs. Equality issues arise when there are not enough goods to meet everyone's needs. In addition to trying to minimize economic inefficiencies in Indonesia, competition law also aims to distribute income equally among producers and indirectly protect consumers. This consumer protection is achieved by regulating competition between firms in such a way that economic actors act fairly or compete fairly. Ultimately, consumers must also be protected by fair competition between entrepreneurs.

CONCLUSION

Competition between traditional markets and modern retail has a significant impact on consumer protection. An imbalance of power between consumers and businesses in a growing market often occurs, especially when modern markets dominate with greater financial capacity. While consumers benefit from product variety and competitive prices, traditional markets are often unable to compete fairly due to capital and technological limitations. Therefore, consumer protection through strict regulations and government policies that support the sustainability of traditional markets are necessary to create a balance in this competition.

For this reason, the government needs to take strategic steps that not only support modern retail, but also provide space for traditional markets to thrive and survive. Policies that focus on consumer protection, price transparency, and empowering traditional market traders through education and training are essential. Supervision of monopolistic practices and unfair competition must also be tightened so that the market continues to run fairly and does not harm consumers or small businesses. In the long run, policies that create this economic and social balance will provide greater benefits to consumers, maintain market diversity, and improve the overall welfare of society.

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