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# The Impact of Minimarket Expansion on the Income of Traditional Retail Shops in Mahato Village, North Tambusai District, Rokan Hulu Regency

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## Abstract

Retail modernization has expanded consumer choice while increasing competitive pressure on traditional neighborhood shops, particularly in rural communities where small-scale retail remains closely connected to household livelihoods. However, the effects of minimarket expansion on rural retailers and their adaptive responses remain insufficiently understood. This study examined the effects of minimarket expansion on the income of traditional retail shops in Mahato Village, North Tambusai District, Rokan Hulu Regency, and identified the strategies adopted by shop owners in response. A descriptive qualitative case study was conducted with five shop owners purposively selected according to business duration, location, and proximity to minimarkets. Data were collected through interviews, observations, and documentation and analyzed through data reduction, data display, interpretation, and conclusion drawing. All five shop owners reported monthly income declines ranging from 20% to 34.29%, accompanied by reductions in customer numbers. Consumers' shift toward minimarkets was associated with shopping convenience, greater product variety, price certainty, and promotional offers. In response, traditional shop owners expanded their product assortments, improved store layouts, extended operating hours, maintained informal credit arrangements, offered small discounts, and strengthened personalized service. The findings indicate that the sustainability of traditional retail shops depends not only on business adaptation but also on their ability to leverage social trust, relational proximity, and service flexibility. This study contributes context-specific evidence on rural retail competition and highlights the need for policies that support the adaptive capacity and sustainability of small-scale retailers.

**Keywords:** Business Adaptation; Income Decline; Minimarket Expansion; Retail Competition; Traditional Retail Shops

## INTRODUCTION

Retail modernization has reshaped the structure of commerce in many developing economies, changing not only where people shop but also how value is distributed among consumers, large retail networks, and small neighborhood businesses. Reardon and Hopkins (2006) describe the spread of supermarkets and other modern retail formats as part of a broader transformation that has created persistent tensions between organized retailers and traditional sellers. Evidence from other developing-country settings also suggests that modern retail entry can generate benefits for consumers through lower prices, greater product variety, and improved shopping convenience, while producing less favorable consequences for some domestic retailers and workers whose livelihoods depend on traditional commerce (Atkin et al., 2018). This tension remains visible in Indonesia. The latest retail-food assessment reported that Indonesia's grocery retail sector was valued at approximately USD 101 billion in 2024; traditional retailers continued to represent about 73% of the market, yet their share was declining while convenience stores expanded as consumers increasingly favored nearby and flexible shopping options (U.S. Department of Agriculture, 2025). Modern retail expansion, therefore, should not be understood solely as a sign of commercial progress. It also raises questions about who gains, who faces greater competitive pressure, and how smaller household-based businesses respond to a changing retail environment.

Indonesia provides a particularly important setting for examining this transition because trade remains closely connected to household livelihoods and local economic activity. BPS-Statistics Indonesia (2025)reported that the trade sector was the second-largest contributor to the national gross domestic product structure in 2024 after manufacturing, illustrating its substantial position in the Indonesian economy. Retail activity has also remained dynamic; Bank Indonesia (2026) recorded a Real Sales Index of 225.0 in June 2026 and projected positive annual retail sales growth for July 2026. These national indicators reflect an active consumer market, yet aggregate growth does not necessarily mean that all retail actors experience the benefits in the same way. Modern convenience-store networks possess organized distribution systems, standardized prices, promotional programs, longer operating hours, greater product variety, and increasingly sophisticated payment services. Traditional retailers generally operate with more limited capital and smaller inventories, but they remain embedded in residential communities and often serve customers through proximity, familiarity, flexibility, and personal relationships. The coexistence of these two retail forms has consequently become an economic issue involving competition as well as the sustainability of small-scale livelihoods.

Traditional neighborhood shops occupy a distinctive position within this changing market structure. Their economic significance lies in their accessibility and their ability to circulate income within local communities, while their social significance emerges from everyday interactions between shop owners and residents. Pangiuk (2018) emphasizes the adaptive role of traditional markets when they face changes in the wider economic environment, suggesting that their survival is closely related to their capacity to respond to shifting forms of competition. Alfian & Siregar (2022) similarly found that traditional retailers expressed different experiences following the expansion of modern retail in Padangsidimpuan, although most informants perceived its presence negatively. Evidence from South Kalimantan presents an even clearer economic concern Nisa et al. (2021) found that franchised minimarkets were associated with a decline of approximately 35–38% in the turnover of traditional shops, although the magnitude of the effect varied according to business capital and operating hours. These findings suggest that the relationship between modern and traditional retail is neither simple nor uniform. The present study consequently views minimarket expansion not as inherently harmful or beneficial, but as a market transformation whose effects should be examined through the actual experiences and economic conditions of small retailers living alongside it.

Empirical research conducted in several Indonesian regions has repeatedly identified income and customer loss as important consequences of minimarket expansion. Timbuleng et al. (2023), studying traditional shops in Jailolo, found significant differences in income levels and the number of customers after the arrival of Indomaret. A study in South Palu also documented declining income among grocery shops operating near minimarkets, indicating that organized retail competition can alter the economic position of smaller sellers (Dwiyanto et al., 2024). Earlier evidence from the Klampis Market in Bangkalan showed that grocery retailers experienced customer losses and declining income after modern minimarkets entered their trading environment, even though some shop owners responded by selling necessities that were not readily available in modern stores (Muhzinat & Achiria, 2019). Djohan (2022) reached a comparable conclusion in Ambarawa, where 66% of surveyed traders considered chain minimarkets highly influential in reducing their income, and the average daily income of the traders studied declined substantially after the proliferation of such outlets. The consistency of these findings demonstrates that minimarket expansion can place meaningful pressure on traditional retail, although the scale and form of that pressure remain strongly dependent on local market conditions.

Consumer choice provides an important explanation for why competitive pressure may translate into changing sales and income. Modern retail stores generally compete through fixed and often promotional prices, strategic locations, product availability, organized displays, convenience, and standardized service, whereas neighborhood shops more often depend on proximity, familiarity, flexible transactions, and personal relationships with customers. Mardhiyah & Safrin (2021) identify price, location, service, and product completeness as important dimensions of competition between traditional shops and modern stores. Their findings are particularly useful because they also show that the arrival of modern stores does not always lead automatically to the decline of traditional retailers when small traders are able to maintain competitive practices. Putri et al. (2023) similarly argue that the survival of grocery shops amid modern retail growth depends on their capacity to recognize their own advantages and adjust to changes in consumer behavior. This perspective gives the current study a more balanced analytical position: declining income should not be attributed to the mere physical presence of a minimarket without considering the mechanisms through which customers redistribute their spending. Competitive pressure becomes economically meaningful when product assortment, convenience, price, service, or accessibility change where and how frequently consumers make everyday purchases.

Income itself is also produced by a combination of external competition and internal business conditions. Research on traditional traders shows that capital, operating hours, business experience, sales volume, and location can shape the amount of income earned by small retailers Hamudi et al. (2023). Yoga & Setiawina (2021) provide evidence that is especially relevant to minimarket competition: distance, capital, working hours, and sales turnover were significantly associated with the income of traditional shops in Mengwi, with greater distance from minimarkets corresponding to better income conditions. Recent research continues to confirm that trader income cannot be separated from internal business capacity. Putri et al. (2023), for example, found that capital, working hours, and length of business operation had significant relationships with traders' sales and income. Market structure also influences the competitive space available to micro and small enterprises, particularly when businesses with unequal resources compete for similar consumer segments (Rahma et al., 2025). These findings provide a conceptual basis for examining minimarket expansion through the interaction between competitive exposure and business income rather than treating income decline as an isolated outcome. Such an approach also allows the experiences of traditional shop owners to remain visible behind aggregate retail statistics.

Mahato Village in North Tambusai District, Rokan Hulu Regency, offers a relevant local context in which this relationship can be observed more closely. Preliminary field identification recorded four Alfamart outlets, two Indomaret outlets, three other modern retail stores, and 113 traditional shops operating within the village. Several modern retail outlets are located relatively close to traditional shops, creating direct overlap in the market for daily household necessities. Preliminary interviews with five traditional shop owners conducted in 2025 also revealed a consistent decline in monthly income after minimarkets began operating in their surroundings. The reported decreases ranged from approximately 20% to 34.29%, accompanied by accounts of fewer customers and slower product turnover. These initial observations do not by themselves establish that minimarkets are the sole cause of declining income, but they reveal an economic change that deserves systematic investigation. For families whose shops function not only as commercial units but also as sources of daily household security, a sustained reduction in customers or income carries consequences that extend beyond sales figures. The issue concerns the capacity of small local businesses to maintain their livelihoods while consumer habits and the village retail landscape are changing.

The research gap becomes apparent when the geographical settings, analytical emphases, and findings of previous studies are considered together. Existing Indonesian research has examined traditional retailers in South Kalimantan, Jailolo, South Palu, Ambarawa, Mengwi, Medan, and Padangsidimpuan, producing evidence that ranges from substantial negative effects to circumstances in which traditional shops remain competitive (Alfian & Siregar, 2022; Djohan, 2022; Dwiyanto et al., 2024; Mardhiyah & Safrin, 2021; Nisa et al., 2021; Timbuleng et al., 2023). This body of evidence has established the broad relevance of modern–traditional retail competition, yet its conclusions cannot simply be transferred to Mahato Village. Retail relationships are shaped by local settlement patterns, shop proximity, consumer mobility, business capital, operating practices, and the degree to which modern retail networks penetrate residential areas. The novelty of the present research lies in bringing this discussion to a village-level retail environment in Rokan Hulu, where modern outlets and more than one hundred traditional shops coexist within the same local market. The study links the established dimensions of retail competition particularly location, consumer convenience, price, service, and product availability with the observable income experiences of traditional shop owners. This local focus is expected to provide more context-sensitive evidence on how retail modernization is experienced by small businesses outside the major urban settings that dominate much of the existing literature.

This study aims to analyze the impact of minimarket expansion on the income of traditional retail shops in Mahato Village, North Tambusai District, Rokan Hulu Regency. Particular attention is directed toward changes in the economic conditions of traditional shop owners following the presence and expansion of minimarkets, while recognizing that income is also influenced by the characteristics and operating capacity of each business. By situating income changes within the everyday competitive relationship between modern retail outlets and neighborhood shops, the study seeks to provide an empirically grounded account of retail transformation at the village level. The findings are expected to enrich the existing literature on modern–traditional retail competition and offer locally relevant evidence for small business owners and policymakers concerned with maintaining fair commercial opportunities without overlooking the convenience and changing preferences of consumers.

## METHODS

This study employed a descriptive qualitative approach with a case study design to examine how the expansion of minimarkets has affected the income and everyday business conditions of traditional retail shop owners in Mahato Village, North Tambusai District, Rokan Hulu Regency. A qualitative approach was considered appropriate because the study sought to understand the experiences, perceptions, and interpretations of shop owners within their actual social and economic setting rather than to produce statistical generalizations. Qualitative inquiry allows researchers to explore social phenomena through participants' accounts and direct engagement with the context in which those phenomena occur (Nartin et al., 2024). The case study design further enabled the phenomenon to be examined as a context-bound process, particularly because traditional shops in Mahato operate alongside a growing number of modern retail outlets located relatively close to residential areas. This design therefore provided space to examine not only reported changes in income but also the surrounding conditions that shaped competition between traditional shops and minimarkets.

The study was conducted among traditional retail shop owners in Mahato Village, with five shop owners serving as the principal informants. The thesis does not explicitly identify a named sampling technique; therefore, the method is reported according to the actual procedure described in the original study rather than assigning an unsupported sampling category. Primary data were obtained directly from the informants through field observation and guided open interviews, while secondary data were drawn from relevant documents, literature, demographic information, and government regulations concerning traditional markets, shopping centers, and modern retail stores. Observation was used to record the physical and non-physical conditions of the businesses and the activities of the shop owners, whereas the interviews provided opportunities for informants to explain changes in customers, income, competition, and their experiences following the presence of minimarkets. Documentation complemented these sources through photographs, local demographic records, and regulatory documents, including Presidential Regulation No. 112 of 2007 and Minister of Trade Regulation No. 53/M-DAG/PER/12/2008. Combining interviews, observations, and documentation also supported source and method triangulation, which is important for strengthening the credibility of qualitative findings (Sugiyono, 2022; Susanto & Jailani, 2023).

Data credibility was maintained through triangulation, repeated checking of field information, member checking, and consultation with relevant experts or supervisors. Informants were given opportunities to confirm whether the researcher's interpretation accurately represented the information they had provided, thereby reducing the risk of misrepresentation and improving the confirmability of the findings (Saadah et al., 2022). Data analysis followed an interactive qualitative process involving data reduction, data display, interpretation, and conclusion drawing. Interview records, observational information, and documentary evidence were first selected and organized according to their relevance to the research focus; the resulting data were then presented narratively and, where useful, in tabular form to facilitate comparison across informants. Categories and recurring themes were subsequently identified to interpret patterns concerning income changes, consumer shifts, competitive conditions, and the presence of minimarkets. This procedure is consistent with the interactive qualitative analysis framework described by Miles et al. (2020), in which data collection, condensation, display, and conclusion development operate as interconnected analytical activities. The original research does not report the use of specialized qualitative analysis software; accordingly, no software package is claimed in this article.

## RESULTS

The findings reveal that the expansion of minimarkets in Mahato Village has been accompanied by noticeable changes in the economic position of traditional retail shops. Interviews with five shop owners showed a consistent pattern of declining monthly income, fewer customers, and stronger competition for everyday consumer spending. The informants had operated their businesses for several years and were therefore able to describe changes in shopping patterns before and after minimarkets became more visible in their surroundings. Their accounts also showed that the effect of modern retail was not limited to financial loss. Traditional shop owners had begun to alter the way they served customers, arranged merchandise, managed operating hours, and maintained social relationships in an effort to preserve their businesses.

### 1. Decline in Income and Customer Numbers

The clearest economic change was found in the monthly income reported by the five traditional shop owners. Each informant experienced a decline after minimarkets began operating in the area. As presented in Table 1, Rahmi Yetti's monthly income decreased from IDR 4,000,000 to IDR 3,200,000, representing a 20% decline. Halimah experienced the largest proportional decrease, from IDR 3,500,000 to IDR 2,300,000, or 34.29%. Junaidi's income fell from IDR 3,800,000 to IDR 2,600,000, while Salmah's income decreased from IDR 4,200,000 to IDR 3,000,000. Rahmad reported a decline from IDR 3,600,000 to IDR 2,400,000.

**Table 1. Monthly Income of Traditional Retail Shops Before and After Minimarket Expansion**

| No. | Informant | Income Before (IDR/month) | Income After (IDR/month) | Decline (%) |
|---|---|---|---|---|
| 1 | Rahmi Yetti | 4,000,000 | 3,200,000 | 20.00 |
| 2 | Halimah | 3,500,000 | 2,300,000 | 34.29 |

| No. | Informant | Income Before (IDR/month) | Income After (IDR/month) | Decline (%) |
|---|---|---|---|---|
| 3 | Junaidi | 3,800,000 | 2,600,000 | 31.58 |
| 4 | Salmah | 4,200,000 | 3,000,000 | 28.57 |
| 5 | Rahmad | 3,600,000 | 2,400,000 | 33.00 |
| | Average | 3,820,000 | 2,700,000 | 29.49 |

*Source: Field interviews, 2025.*

Table 1 shows that the average monthly income of the five shops declined from IDR 3,820,000 to IDR 2,700,000. The mean of the individual percentage reductions was approximately 29.49%. Although the magnitude differed among informants, the direction of change was uniform: none of the five shop owners reported stable or increasing income after the expansion of minimarkets. The evidence therefore points to a substantial weakening of monthly earnings among the traditional retailers included in the study.

The decline in income was closely accompanied by a reduction in customer visits. All informants described having fewer customers than before minimarkets operated nearby. Several estimated that the decline in customer numbers ranged from roughly one-third to one-half of their previous level. Rahmi Yetti reported that a number of long-standing customers had shifted their purchases to nearby minimarkets. Halimah similarly observed that customers were increasingly attracted by a more comfortable shopping environment, clearly displayed prices, and wider product choice. Junaidi noted that his business had become more dependent on a smaller group of loyal customers, while Salmah acknowledged that the possibility of buying on credit at her shop was no longer sufficient to prevent some customers from choosing minimarkets.

The interviews consistently identified three features of minimarkets that influenced this shift: shopping convenience, product completeness, and price certainty. Shop owners perceived modern retailers as offering a cleaner and more orderly setting, a broader range of products, and fixed prices that consumers could see immediately. Promotions were also regarded as an additional attraction. Traditional shops retained advantages such as the possibility of purchasing goods in small quantities, informal credit, and closer communication with sellers, but these advantages did not fully offset the appeal of modern retail facilities.

### 2. Business Responses to Increasing Retail Competition

The decline in income did not result in passive responses from traditional shop owners. The interviews showed that the owners were actively adjusting their businesses, although the scale of adaptation remained modest because of limited capital and operating capacity. Their responses centered on product assortment, store appearance, operating hours, payment flexibility, and interpersonal service.

Halimah expanded the variety of products available in her shop, particularly staple foods and children's snacks, so that nearby residents would have fewer reasons to purchase everyday necessities elsewhere. Rahmad similarly added new products, reorganized the physical arrangement of his shop, and extended operating hours. Salmah attempted to create a more orderly display resembling a small minimarket, while Rahmi Yetti focused on stocking commonly requested household items. These changes indicate that traditional retailers were aware that product availability and the shopping environment had become increasingly important in consumers' purchasing decisions.

Payment flexibility emerged as one of the most distinctive strategies used by traditional shops. Several informants continued to provide *bon*, an informal credit arrangement that allows trusted customers to take goods and pay at a later time. Halimah and Salmah considered this service particularly important because most of their customers were neighbors or long-standing acquaintances. Rahmi Yetti also maintained credit arrangements for customers she knew and trusted. Unlike standardized retail transactions, these arrangements depended heavily on familiarity, mutual trust, and the shop owner's personal knowledge of customers' circumstances.

**Table 2. Main Adaptive Responses of Traditional Retail Shop Owners**

| Adaptive Area | Practices Identified in the Field | Main Purpose |
|---|---|---|
| Product assortment | Adding staple foods, snacks, instant foods, beverages, and frequently requested goods | Reducing the need for customers to shop elsewhere |
| Store arrangement | Reorganizing shelves and displaying products more neatly | Creating a more comfortable and attractive shopping environment |
| Payment flexibility | Providing bon or delayed payment for trusted customers | Maintaining loyalty and supporting customers with limited immediate cash |
| Operating hours | Opening earlier or closing later | Serving customers outside regular shopping hours |
| Personal service | Friendly communication, rapid service, personalized attention, and occasional delivery | Strengthening trust and customer attachment |

| Adaptive Area | Practices Identified in the Field | Main Purpose |
| --- | --- | --- |
| Price incentives | Small discounts, special prices, or additional items for regular customers | Rewarding repeat purchases despite limited promotional capacity |
| Direct communication | Word-of-mouth communication and occasional WhatsApp messages | Informing regular customers about product availability |

Table 2 illustrates that adaptation among traditional retailers did not rely on a single strategy. The shop owners combined economic and relational practices according to their available resources. Product diversification and store reorganization represented attempts to respond to the physical and commercial advantages of minimarkets, whereas credit, personal service, and extended operating hours reflected advantages rooted more strongly in the social character of neighborhood retailing.

### 3. Personal Service and Flexible Transactions as Competitive Strengths

A recurring finding concerned the contrasting shopping experiences offered by minimarkets and traditional shops. Informants generally perceived minimarkets as stronger in terms of facilities, orderly product displays, fixed prices, product completeness, and promotional programs. Traditional shops, by contrast, were described as having fewer formal facilities but greater flexibility in everyday transactions. Consumers could request goods in small quantities, negotiate certain arrangements directly with the seller, delay payment, or simply spend time talking with a familiar shop owner.

Rahmi Yetti emphasized maintaining warm communication with customers and allowing trusted buyers to use the *bon* system. Salmah similarly relied on delayed payment arrangements and personal interaction to preserve customer relationships. Junaidi concentrated on fast and friendly service and occasionally provided small price reductions to regular customers. Rahmad extended his opening hours, improved product arrangement, and remained flexible in serving customers. Some shop owners also accommodated special requests or delivered goods to customers under particular circumstances.

These practices demonstrate that personal relationships remained an important resource for traditional shops. The competitive position of the shops was not based solely on price or product variety but also on forms of trust that had developed through repeated interaction. Informants repeatedly referred to neighborhood familiarity, the ability to communicate directly with customers, and flexibility when customers were experiencing temporary financial constraints. Such practices made the traditional shop more than a point of sale; it continued to function as part of everyday community interaction.

**4. Strategies for Retaining Customers and Supporting Sales**

Product diversification became one of the most widely adopted sales strategies. Rahmi Yetti added frequently requested daily necessities and attempted to arrange her merchandise more systematically. Halimah expanded her stock of staple foods and children's snacks, while Salmah reorganized her store to create a neater and more appealing environment. These actions suggest that the owners were trying to respond directly to consumers' expectations for variety and convenience, even though the scale of their inventory remained smaller than that of minimarkets.

Customer loyalty was also maintained through small, individualized incentives rather than large promotional campaigns. Rahmi Yetti occasionally offered minor price reductions or additional items to regular customers. Halimah explained that the narrow profit margin of a traditional shop made frequent discounts difficult, although special prices could sometimes be given to customers making larger purchases. Junaidi used modest discounts as a gesture of appreciation to loyal customers, while Salmah occasionally provided small bonus items. These practices were less systematic than minimarket promotions, but they carried a personal character that reflected the relationship between buyer and seller.

Digital promotion was still limited among the informants. Junaidi occasionally used SMS or WhatsApp to inform nearby customers when frequently requested products became available. Rahmad also used WhatsApp to notify regular customers about items such as liquefied petroleum gas, drinking-water refills, or other goods that were often in short supply. Salmah did not actively use social media and preferred direct communication with customers. Overall, word-of-mouth communication remained the dominant promotional practice, suggesting that the marketing activities of these traditional shops were still strongly embedded in neighborhood social networks rather than formal digital marketing systems.

**5. Synthesis of the Findings**

The empirical findings reveal two interconnected patterns. The first is economic pressure: all five traditional shop owners experienced declining monthly income and fewer customers after the expansion of minimarkets. The average monthly income of the informants decreased from IDR 3.82 million to IDR 2.70 million, while the mean individual decline reached approximately 29.49%. Informants consistently associated this change with consumers' growing preference for the convenience, product variety, fixed prices, organized displays, and promotional offers provided by minimarkets.

The second pattern is active adaptation. Traditional shop owners responded by increasing product variety, reorganizing merchandise, extending opening hours, offering payment flexibility, maintaining personal communication, providing small discounts or bonuses, and using direct messaging on a limited basis. The *bon* system, friendly interaction, and personal knowledge of customers emerged as particularly distinctive characteristics of traditional retailing. These practices did not remove the economic pressure created by minimarket competition, but they helped the shops retain a portion of their customer base and preserve their role within the local community.

Taken together, the results show that minimarket expansion in Mahato Village has altered both the economic and relational landscape of neighborhood retailing. Traditional shops experienced measurable declines in income and customer numbers, yet they continued to operate by drawing on forms of flexibility and social closeness that modern retail outlets do not offer in the same way. The findings therefore portray traditional shop owners not simply as businesses affected by retail modernization, but as local economic actors who actively modify their practices in an effort to remain relevant to the communities they serve.

## DISCUSSION

### 1. Economic Pressure of Minimarket Expansion on Traditional Retail Shops

The findings indicate that the expansion of minimarkets in Mahato Village has altered the economic conditions of traditional retail shops in ways that are directly felt by their owners. All five informants reported lower monthly income after minimarkets became established in their surrounding area, with individual declines ranging from 20% to 34.29%. This pattern was accompanied by a noticeable reduction in customer visits, which several shop owners perceived as reaching approximately one-third to one-half of their previous customer base. These changes suggest that the effect of minimarket expansion is not limited to the presence of a new retail format. It also involves a redistribution of everyday household spending from small neighborhood shops toward modern retail outlets. For families whose shops provide an important source of regular household income, this shift has consequences that extend beyond business performance because declining sales can directly affect their capacity to maintain working capital and meet daily economic needs.

Consumer movement toward minimarkets appears to be closely related to differences in the shopping experience offered by the two retail formats. The informants consistently associated minimarkets with more complete product selections, fixed and clearly displayed prices, organized store layouts, periodic promotions, and greater convenience. Traditional shops continued to provide advantages that minimarkets generally could not reproduce in the same form, particularly flexible transactions, the possibility of purchasing on credit, and familiar relationships between sellers and customers. These advantages, however, were not always sufficient to prevent customers from shifting part of their routine purchases to minimarkets. The findings therefore suggest that retail competition in Mahato is shaped by a combination of price, product availability, convenience, and relational factors rather than by price competition alone.

This pattern is consistent with previous studies conducted in other parts of Indonesia. Nisa et al. (2021) found that the presence of franchised minimarkets was associated with a substantial reduction in the turnover of traditional shops in South Kalimantan. Timbuleng et al. (2023) likewise reported significant changes in both income and customer numbers among traditional retailers following the presence of Indomaret in Jailolo. Similar evidence was found by Dwiyanto et al. (2024), who documented declining income among grocery shops competing with minimarkets in South Palu. Muhzinat & Achiria (2019) also showed that grocery retailers in the Klampis Market experienced a loss of customers and lower income after the entry of modern minimarkets. The findings from Mahato therefore reinforce a broader pattern identified in the literature: modern retail expansion can create considerable pressure on small retailers when both serve the same consumer needs within a relatively close geographical area.

The results should not be interpreted to mean that the presence of a minimarket automatically produces the same degree of income decline for every traditional retailer. Income in small-scale retailing is shaped by several interconnected conditions, including business capital, operating hours, location, customer loyalty, product variety, and the ability of shop owners to adjust their services. Yoga & Setiawina (2021), for example, found that distance from minimarkets, working capital, operating hours, and sales turnover were associated with the income of traditional shops. Mardhiyah & Safrin (2021) similarly demonstrated that traditional retailers can remain competitive when they maintain advantages in location, service, product availability, and customer relationships. The variation in income decline among the five Mahato informants supports this interpretation. Although all experienced reductions, the magnitude was not identical, suggesting that exposure to modern retail interacts with the characteristics and operating capacity of each shop.

**2. Adaptive Responses and the Continuing Value of Personal Relationships**

The response of traditional shop owners to these pressures represents another important finding. Rather than remaining passive, the informants adjusted various aspects of their businesses. They extended operating hours, added frequently requested products, reorganized merchandise, retained informal credit arrangements, provided small discounts, and strengthened interpersonal service. These actions demonstrate that traditional retailers recognize changes in consumer expectations and attempt to respond within the limits of their available capital. Product diversification and store reorganization address the practical advantages offered by minimarkets, while flexible payment and personalized service rely on characteristics that are more deeply rooted in the social environment of neighborhood commerce.

The *bon* system illustrates particularly well how economic transactions in traditional shops remain intertwined with trust and social relationships. Shop owners allow selected customers to purchase goods and pay later because they know their families, financial circumstances, and history as customers. Such arrangements cannot easily be reduced to a conventional promotional strategy. They represent a form of social capital in which familiarity and reciprocal trust help sustain commercial relationships. Putri et al. (2023) found that the survival of traditional grocery shops amid the growth of modern markets depended partly on their ability to recognize and maintain advantages that modern retailers could not readily imitate. Mardhiyah & Safrin (2021) likewise emphasized service and customer relationships as important dimensions of competition between traditional and modern stores. The Mahato findings extend this perspective by showing that payment flexibility itself becomes a relational resource through which small retailers attempt to preserve loyalty.

Personal service also appears to remain economically meaningful even when it does not entirely prevent declining income. Informants described greeting customers personally, responding to specific product requests, offering small discounts or bonuses, allowing delayed payment, and occasionally delivering goods. Some also adjusted their opening hours to serve customers earlier in the morning or later in the evening. These practices indicate that the competitive strength of traditional shops lies less in replicating the operational model of minimarkets and more in using flexibility that large standardized retailers may find difficult to provide. Djohan (2022) documented considerable pressure on traditional traders following the proliferation of chain minimarkets, while Alfian & Siregar (2022) showed that traditional retailers continue to exist despite the growth of modern retail because their relationships with local consumers retain value. The evidence from Mahato supports this view: social proximity does not eliminate economic vulnerability, but it helps explain why traditional shops continue operating despite sustained competitive pressure.

**3. Strategies for Customer Retention and Their Implications**

The strategies identified in this study also reveal a gradual movement toward hybrid retail practices. Some shop owners attempted to improve product displays and expand merchandise in ways that resembled the organization of a small minimarket, while continuing to preserve informal practices such as *bon*, personal communication, and flexible service. Limited use of WhatsApp to notify regular customers about the availability of gas, drinking water, or other frequently requested goods represents another example. Digital communication was not yet a major promotional channel, but its use suggests that traditional retailers are beginning to combine familiar community-based relationships with simple forms of digital communication. Their adaptation is therefore not a straightforward transformation from traditional to modern retail. It is better understood as a selective process in which shop owners adopt practices that are affordable and useful while retaining social characteristics that distinguish them from minimarkets.

Theoretically, these findings contribute to the literature on retail competition by showing that competition between modern and traditional retailers involves unequal resources but not entirely interchangeable advantages. Minimarkets possess stronger purchasing systems, broader inventories, standardized operations, promotional capacity, and modern facilities. Traditional shops possess relational assets derived from proximity, familiarity, trust, transaction flexibility, and responsiveness to individual circumstances. Rahma et al. (2025) argue that market structure influences the competitive position of micro and small enterprises, particularly when businesses of different scales compete for similar consumers. The findings from Mahato add a community-level perspective to this argument: small retailers may be economically disadvantaged in formal competitive resources, yet their embeddedness in local social networks continues to provide a form of resilience that should not be overlooked.

Practical implications arise for both shop owners and local policymakers. Traditional retailers may strengthen their position by combining their relational advantages with modest improvements in product variety, merchandise organization, stock availability, operating hours, and direct digital communication. Replicating the full promotional or pricing structure of large minimarket networks would be unrealistic for most neighborhood shops because their capital and purchasing power are substantially different. A more feasible approach is to preserve the flexibility and personal service valued by local customers while improving aspects of convenience that increasingly influence shopping decisions. Local authorities also have a role in ensuring that retail development does not unintentionally marginalize small household enterprises. Policies concerning business location, retail licensing, small-enterprise development, digital literacy, and access to affordable capital may help create a more balanced environment in which consumers benefit from modern retail without unnecessarily weakening the economic space available to neighborhood businesses

## 4. Research Limitations

Several limitations should be considered when interpreting these findings. The study involved five traditional shop owners selected within Mahato Village, meaning that the findings represent an in-depth account of a specific local setting rather than a statistically generalizable description of all traditional retailers in Rokan Hulu or Indonesia. Income figures were obtained primarily from informants' reported business conditions and were not supported by standardized longitudinal accounting records for all periods before and after minimarket entry. Other factors that may influence income, such as changes in household purchasing power, commodity prices, business capital, seasonal demand, location differences, and broader economic conditions, were not controlled experimentally. The qualitative case study design also does not allow the decline in income to be attributed exclusively to minimarket expansion as a single causal factor. These limitations do not diminish the value of the participants' experiences; rather, they define the boundaries within which the findings should be understood. Future research could combine interviews with a larger sample, detailed sales records, geographical distance measures, and quantitative comparisons across shops located at different distances from minimarkets to provide a more comprehensive account of how modern retail expansion affects small-scale retail livelihoods.

## CONCLUSION

Based on the research findings and discussion, the expansion of minimarkets in Mahato Village, North Tambusai District, Rokan Hulu Regency, has been accompanied by a clear decline in the economic performance of traditional retail shops. The five shop owners involved in the study reported reductions in sales turnover, customer numbers, and monthly income after minimarkets began operating in their surrounding area. The decline in monthly income ranged from approximately 20% to 35%, while several informants also experienced a substantial decrease in the number of customers. Consumers were increasingly attracted to minimarkets because of their more comfortable shopping environment, broader product selection, clearly displayed prices, organized store layout, and promotional offers. Traditional shops continued to retain distinctive advantages through personal relationships, informal credit arrangements, and flexible services, yet these strengths were not always sufficient to prevent customers from shifting part of their everyday purchases to modern retail outlets.

The findings also show that traditional shop owners have responded actively to these pressures by adjusting their business practices rather than simply accepting the decline in sales. Their strategies included extending operating hours, increasing product variety, improving merchandise arrangement, maintaining the *bon* or delayed-payment system, offering small discounts or bonuses, providing personalized service, and using direct communication or WhatsApp on a limited basis. These efforts highlight the continuing importance of trust, social closeness, and service flexibility as competitive resources for traditional retail businesses. The study therefore suggests that the sustainability of traditional shops depends not only on their ability to improve product availability and service convenience, but also on their capacity to preserve the social relationships that distinguish them from modern retailers. Local government support through business training, access to capital, retail zoning, and small-business development programs may help strengthen this adaptive capacity. Future studies are recommended to involve a larger number of traditional retailers, compare shops located at different distances from minimarkets, and combine qualitative evidence with longitudinal sales or income data to provide a broader understanding of the long-term effects of modern retail expansion.

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