

Traditional Retail under Platform Competition in Pasar Aceh: A Comparative Study of Indonesian Law and Islamic Law

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Abstract

This article examines how traditional fashion traders at Pasar Aceh respond to competition from online and platform-based sellers and asks whether the resulting competitive pressure should be understood as a problem of unfair competition, digital-market structure, or ordinary market adaptation. Using a qualitative socio-legal case study, the research combines field interviews with fashion traders and a consumer in Banda Aceh with doctrinal analysis of Indonesian competition law and Islamic commercial law. The empirical evidence indicates that conventional traders have experienced declining sales as consumers increasingly purchase through TikTok, Instagram, Facebook, WhatsApp, and other online channels. Traders nevertheless retain competitive advantages in face-to-face bargaining, direct inspection of goods, fitting facilities, and personal service. The study finds no evidence sufficient to establish a violation of Indonesia's competition statute by online sellers merely because digital channels offer lower prices or greater convenience. Rather, the central challenge is structural: digital retail reduces search and transaction costs, expands geographic reach, and changes the conditions under which small offline merchants compete. The article also corrects a conceptual ambiguity in the earlier analysis by treating *mabī'*

strictly as the object of sale—requiring legality, ownership or authority, deliverability, and sufficient disclosure—rather than as a theory of competitive capacity. This distinction allows competition law to address market conduct and market power, while Islamic commercial law addresses transactional integrity. The article argues for a hybrid adaptation strategy for traditional traders and for competition policy that monitors platform power, data advantages, self-preferencing, exclusionary conduct, and algorithmic practices without treating technological efficiency itself as unlawful competition.

KEYWORDS: digital markets; competition law; Pasar Aceh; traditional retail; e-commerce; *mabīʿ*; Islamic commercial law

Introduction

Digital commerce has altered the competitive environment of small and traditional retailers. Online marketplaces and social-media commerce reduce search costs, allow sellers to reach consumers beyond a physical trading area, and enable price and product comparisons with a speed that conventional markets cannot easily replicate. These developments do not eliminate traditional retail, but they alter the sources of competitive advantage. Location, personal service, bargaining, and the ability to inspect goods directly increasingly coexist with convenience, algorithmic visibility, platform logistics, digital payments, and remote purchasing.¹

The case of fashion traders at Pasar Aceh in Banda Aceh illustrates this transition. The original field study records that traders have experienced sales pressure as consumers increasingly purchase fashion products through TikTok, Instagram, Facebook, WhatsApp, and other online channels. Murlina, a Pasar Aceh fashion trader, associated declining sales with the shift of customers toward online purchasing and with limited promotion and innovation among some conventional traders. Amin, another trader, argued

¹Lisda Aisyah and Siti Achiria, 'Usaha Bisnis E-Commerce Perspektif Ekonomi Islam,' *Jurnal Ekonomi dan Bisnis Islam* (2019): 3; Emmy Febriani Thalib and Ni Putu Suci Meinami, 'Tinjauan Yuridis Mengenai Marketplace Berdasarkan Peraturan Perundang-Undangan di Indonesia,' *Jurnal IUS Kajian Hukum dan Keadilan* 7, no. 2 (2019).

that merchants must combine offline and online marketing if they are to reach customers who no longer wish to travel to the traditional market.²³

The legal question, however, is more complex than whether online retail harms traditional sellers. Competition law does not protect individual competitors from the ordinary consequences of more efficient rivalry; it protects the competitive process from conduct that restricts competition, creates unlawful exclusion, facilitates collusion, or abuses market power. Indonesia's principal competition statute remains Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition, as subsequently amended, including by Law No. 6 of 2023. The Business Competition Supervisory Commission (Komisi Pengawas Persaingan Usaha, KPPU) enforces its institutional framework.⁴

The digital economy creates additional difficulties because competitive power may arise from network effects, data, ecosystem integration, ranking systems, and algorithmic control rather than only from conventional physical assets. KPPU itself has emphasized that digital markets require competition analysis capable of addressing data, algorithms, artificial intelligence, and platform ecosystems. The challenge is therefore to distinguish legitimate technological advantage from conduct that unlawfully restricts market access or distorts competition.⁵

The original manuscript also uses the Islamic commercial-law concept of *mabī'*. This concept is relevant, but only if its doctrinal function is defined accurately. *Mabī'* refers to the subject matter or object of a sale; it concerns whether the goods are lawful, sufficiently identified, owned or authorized for sale, deliverable, and adequately disclosed. It is not a theory of a trader's capacity to compete in the marketplace. Conflating these two analytical levels obscures both competition law and Islamic contract law.⁶

²³Interview with Amin, fashion trader at Pasar Aceh, Banda Aceh, December 24, 2023.

³Interview with Murlina, fashion trader at Pasar Aceh, Banda Aceh, December 23, 2023.

⁴Indonesia, Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition, as amended most recently by Law No. 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law.

⁵Komisi Pengawas Persaingan Usaha, 'KPPU Dorong UU Pasar Digital ke DPR, Soroti Risiko Algoritma dan AI dalam Persaingan E-Commerce,' May 27, 2026; Komisi Pengawas Persaingan Usaha, 'KPPU: Amandemen UU Persaingan Usaha Perlu Menjawab Tantangan Ekonomi Digital,' June 13, 2026.

⁶Ghufron A. Mas'adi, *Fiqh Muamalah Kontekstual* (Jakarta: RajaGrafindo Persada, 2002), 119; Rachmat Syafe'i, *Fiqh Muamalah*, 2nd ed. (Bandung: Pustaka Setia, 2004), 85–86; Dimyauhin Djuwaini, *Pengantar Fiqh Muamalah* (Yogyakarta: Pustaka Pelajar, 2008), 90.

This article therefore asks three questions. First, what forms of competitive pressure do fashion traders at Pasar Aceh experience as consumers shift toward digital channels? Second, do the practices described in the field evidence indicate an infringement of Indonesian competition law, or do they primarily reflect ordinary structural competition and digital transformation? Third, how does the Islamic law of *mabīʿ* complement—rather than replace—competition-law analysis by regulating product clarity and transactional integrity in offline and online sales? By separating these questions, the article offers a clearer legal framework for understanding competition between traditional and platform-mediated retail.

Research Method

The research uses a qualitative socio-legal case-study design. The empirical component is based on field interviews and observations conducted at Pasar Aceh in Banda Aceh. The source study identifies interviews with Murlina, a fashion trader, on 23 December 2023; Amin, a fashion trader, on 24 December 2023; and Intan, a consumer, on 25 December 2023. These interviews provide evidence concerning sales trends, price formation, consumer preferences, marketing practices, and the perceived need for hybrid offline-online retail strategies.⁷

The doctrinal component evaluates the empirical findings against two distinct normative frameworks. The first is Indonesian competition law, particularly Law No. 5 of 1999 as amended, together with scholarship and current institutional debate concerning digital markets. The second is Islamic commercial law concerning the object of sale (*mabīʿ*), including requirements relating to lawful subject matter, ownership or authority, deliverability, clarity, and the avoidance of excessive uncertainty.⁸

The study does not attempt to define a relevant antitrust market, calculate market shares, or establish dominance of any particular platform. Nor does the field evidence identify a specific platform practice such as self-preferencing, tying, predatory pricing, exclusionary contracting, collusive pricing, or discriminatory access. Accordingly, the article treats competition-

⁷Interview with Murlina, December 23, 2023; interview with Amin, December 24, 2023; interview with Intan, consumer at Pasar Aceh, Banda Aceh, December 25, 2023.

⁸M. Ali Hasan, *Berbagai Macam Transaksi dalam Islam* (Jakarta: RajaGrafindo Persada, 2003), 124; Syamsul Anwar, *Hukum Perjanjian Syariah* (Jakarta: RajaGrafindo Persada, 2007), 68.

law infringement as a legal question requiring evidence beyond the mere fact that traditional traders have lost sales to online channels.

Conceptual and Legal Framework

A central proposition of competition law is that injury to a competitor is not equivalent to injury to competition. Price reductions, innovation, lower transaction costs, and improved convenience may cause less efficient firms to lose customers while simultaneously increasing consumer welfare. Legal intervention becomes justified when firms coordinate prices, divide markets, restrict output, create unlawful entry barriers, abuse dominance, or use other exclusionary practices that impair the competitive process.⁹

Law No. 5 of 1999 embodies this distinction through prohibitions directed at anticompetitive agreements, prohibited activities, monopolistic practices, and abuse of market position. The law also establishes KPPU as the specialist enforcement institution. The source manuscript correctly emphasizes KPPU's role, but the analysis should not infer illegality merely from price differences between official, conventional, and online sellers. Different prices may arise from differences in rent, logistics, inventory, scale, promotional subsidies, information costs, or business models.

Digital retail complicates conventional competition analysis because platforms may operate multi-sided markets in which sellers, consumers, advertisers, logistics providers, and payment systems interact within a single ecosystem. Network effects may reinforce scale, while access to consumer data can improve targeting, pricing, recommendation, and product placement. These features can generate efficiencies but can also create gatekeeping power.¹⁰

Recent Indonesian competition-policy debate reflects this concern. KPPU has called attention to the challenges posed by platform ecosystems, algorithms, artificial intelligence, and data-driven market power, and has supported stronger legal tools for digital markets. For small retailers, the

⁹Hermansyah, *Pokok-Pokok Hukum Persaingan Usaha* (Jakarta: Kencana Prenada Media Group, 2008), 61–62; Sukarni, 'Peran UU Larangan Praktik Monopoli dan Persaingan Usaha Tidak Sehat dalam Meningkatkan Persaingan Usaha di Era AFTA,' *Jurnal Persaingan Usaha* (2010): 2.

¹⁰Rifqi Ridlwan Nasir, 'A Legal Comparison Regarding Abuse of Dominant Position by Online Platforms,' *Jurnal Persaingan Usaha* 5, no. 2 (2025), <https://doi.org/10.55869/kppu.v5i2.225>.

relevant policy issue is therefore not whether digital commerce should be restrained, but whether platform rules preserve contestability, non-discriminatory access, and fair opportunities for independent sellers.¹¹

In Islamic commercial law, *mabī'* denotes the object sold in a sale transaction. The source literature identifies several recurring conditions: the subject matter must be lawful and beneficial, sufficiently known, owned by the seller or sold with proper authorization, and capable of delivery. These conditions address transactional validity and information symmetry between seller and buyer.¹²

This doctrine is particularly relevant to e-commerce because the buyer often cannot physically inspect the goods before contracting. Product descriptions, photographs, size information, material composition, authenticity, and delivery terms become substitutes for direct examination. The requirement of sufficient clarity therefore supports accurate digital disclosure and discourages deceptive presentation or *gharar* arising from material uncertainty. *Mabī'* thus complements competition law: it governs the integrity of the sale itself, whereas competition law governs the structure and conduct of rivalry between market actors.

Declining foot traffic and the convenience advantage of online commerce

Field evidence indicates that the most immediate competitive pressure on Pasar Aceh traders is a shift in consumer purchasing behavior. Murlina reported that many buyers now obtain fashion goods through TikTok, Instagram, Facebook, WhatsApp, and other online channels rather than traveling to Pasar Aceh. The perceived attraction is convenience: consumers can search, compare, and purchase without visiting the physical market.¹³

This finding is consistent with the economic logic of digital commerce. Online retail lowers search costs and lets sellers stay visible beyond normal

¹¹Komisi Pengawas Persaingan Usaha, 'KPPU Soroti Tantangan Hukum Persaingan di Tengah Perubahan Pasar Digital,' September 28, 2026; Komisi Pengawas Persaingan Usaha, 'Amandemen UU Persaingan Harus Antisipasi Dominasi Platform Digital,' June 14, 2026.

¹²Mas'adi, *Fiqh Muamalah Kontekstual*, 119; Syafe'i, *Fiqh Muamalah*, 85–86; Djuwaini, *Pengantar Fiqh Muamalah*, 90.

¹³Interview with Murlina, December 23, 2023.

shop hours and geographic boundaries. For traditional traders whose customer acquisition historically depended on foot traffic, fewer visits can translate directly into lower turnover, even when product quality remains competitive.

The evidence also shows that conventional retail has competitive strengths. Intan emphasized that prices at Pasar Aceh remain negotiable and accessible and that consumers benefit from direct service and facilities such as fitting rooms. These characteristics provide forms of value that are difficult to reproduce fully online: immediate inspection, tactile assessment of fabric and fit, bargaining, personal interaction, and instant possession of the goods.¹⁴

The appropriate competitive strategy is therefore not simply to imitate online sellers on price. Traditional retailers can differentiate on trust, product inspection, personalization, after-sales interaction, and local identity while simultaneously using digital channels to expand reach.

Amin's interview provides the clearest strategic response: Pasar Aceh traders should integrate conventional and online marketing rather than treat the two channels as mutually exclusive. An omnichannel strategy can use physical premises as a trust and inspection point while social media and marketplaces provide discovery, communication, order taking, and delivery.¹⁵

Such adaptation also reduces the analytical temptation to frame digital competition as a zero-sum struggle between traditional and online markets. The same trader can participate in both. The competitive policy objective should therefore be to preserve market access and prevent exclusionary platform conduct, while business-development policy should improve the capacity of traditional merchants to use digital tools.

Competition-Law Assessment

The interviews document competitive harm to some traditional traders in the ordinary economic sense of declining sales, but they do not establish anticompetitive conduct in the legal sense. There is no field evidence of an agreement among online sellers to fix prices, divide customers, restrict

¹⁴Interview with Intan, December 25, 2023.

¹⁵Interview with Amin, December 24, 2023.

output, or boycott Pasar Aceh merchants. Nor is there evidence sufficient to establish that a particular platform possesses and abuses a dominant position.

Lower online prices alone are legally ambiguous. They may reflect lower fixed costs, promotional subsidies, inventory efficiencies, seller competition, or platform-funded discounts. A predatory-pricing allegation would require a much more specific factual and economic inquiry into cost, duration, recoupment, market power, and exclusionary effect. The source data do not provide that evidence.

Although no infringement is established in this case, digital retail can generate competition-law concerns in circumstances not captured by the interviews. Potential issues include self-preferencing by vertically integrated platforms, discriminatory ranking, exclusive dealing, tying between marketplace, logistics, and payment services, restrictions on sellers' ability to offer lower prices elsewhere, misuse of non-public seller data, or exclusionary access to essential digital infrastructure.

These concerns justify regulatory vigilance because platform competition can shift from competition within a market to competition for control of the market's infrastructure. Recent KPPU statements explicitly identify data, algorithms, and platform ecosystems as important sources of modern market power. That development strengthens the need for competition analysis tailored to digital markets without criminalizing efficiency-enhancing innovation.¹⁶

Table 1. Separating commercial pressure, competition-law concerns, and Islamic transactional requirements.

Observed phenomenon	Relevant legal lens	What the evidence supports	What would require further proof
Consumers shift to online sellers	Market competition / digital transformation	Changing consumer preference and lower search costs	No infringement without evidence of exclusionary or collusive conduct
Online prices may be lower	Price competition	Possible cost, scale, subsidy, or	Predation requires cost, market power,

¹⁶Waldi Nopriansyah and Ahmad Widad Muntazhor, 'Peran KPPU dalam Penegakan Hukum Persaingan Usaha di Era Ekonomi Digital,' *Jurnal Persaingan Usaha* 5, no. 1 (2025), <https://doi.org/10.55869/kppu.v5i1.176>; Komisi Pengawas Persaingan Usaha, 'KPPU Dorong UU Pasar Digital ke DPR,' May 27, 2026.

		channel differences	exclusion and recoupment analysis
Traditional traders lose sales	Competitive impact	Commercial pressure on offline merchants	Loss to rivals is not itself harm to competition
Platform controls visibility/data	Digital competition law	Potential source of gatekeeper power	Requires evidence of dominance, discriminatory conduct or foreclosure
Product descriptions online	Islamic commercial law / mabīʿ	Need for clarity, lawful subject matter, authority and deliverability	Misrepresentation or gharar depends on transaction-specific facts
Hybrid offline-online retail	Business adaptation	Can preserve trust while expanding reach	Requires digital capability, logistics and marketing investment

Islamic Commercial-Law Assessment

The original analysis at times treats mabīʿ as if it described a trader's ability to market, innovate, or withstand competition. That usage should be rejected. Mabīʿ is the object sold, not the seller's competitive capability. This doctrinal correction matters because it prevents Islamic contract law from being stretched into an antitrust theory for which it was not designed.

The proper application of mabīʿ in this context is narrower and more useful. For both offline and online sales, the fashion item must be lawful, identifiable, sufficiently described, capable of delivery, and sold by the owner or an authorized person. Where consumers purchase online, accurate digital representation becomes especially important because photographs and descriptions substitute for physical inspection.

Islamic economic thought also contains broader principles relevant to market order: voluntary exchange, honesty, prohibition of fraud, avoidance of unjustified uncertainty, and opposition to manipulative market practices. The source manuscript refers to Ibn Taymiyyah's distinction between price movements produced by ordinary supply and demand and price intervention associated with market distortion. That distinction is conceptually

compatible with modern competition law's refusal to condemn ordinary price competition merely because it disadvantages particular sellers.¹⁷

The normative convergence is therefore strongest at the level of market integrity rather than doctrinal identity. Competition law focuses on preserving a contestable process, while Islamic commercial law focuses on lawful, transparent, and consensual exchange. Both frameworks are concerned with preventing manipulation, deception, and unjust market power, but they use different legal categories and should not be collapsed into one another.

For Pasar Aceh traders, the evidence supports a capacity-building rather than protectionist response. Public policy can assist conventional merchants through digital-literacy programs, product photography, marketplace onboarding, inventory management, digital payments, logistics partnerships, and social-media marketing. Such support addresses asymmetric capabilities without suppressing consumer choice.

For competition regulators, the priority should be contestability in digital markets. Enforcement should focus on conduct capable of foreclosing rivals, exploiting gatekeeper control, or distorting marketplace access. This requires expertise in data, algorithms, platform governance, and multi-sided market economics. KPPU's recent policy position that Indonesia's competition framework must respond more directly to digital ecosystems supports this direction.¹⁸

For Islamic commercial-law compliance, online sellers should ensure that product listings provide material information needed for informed consent, including size, material, condition, authenticity where relevant, price, delivery obligations, and return conditions. These requirements are not merely consumer-service preferences; they operationalize the fiqh concern that the *mabī'* be sufficiently known and deliverable.

¹⁷Idris Parakkasi, 'Analisis Harga dan Mekanisme Pasar dalam Perspektif Islam,' *Laa Maisyir: Jurnal Ekonomi Islam* 5 (2018): 12.

¹⁸Rohmat, 'Urgensi Pembentukan Undang-Undang Pasar Digital sebagai Instrumen Pengawasan Persaingan Usaha di Era Digital,' *Jurnal Persaingan Usaha* 2, no. 2 (2022), <https://doi.org/10.55869/kppu.v2i2.76>; Komisi Pengawas Persaingan Usaha, 'KPPU: Amandemen UU Persaingan Usaha Perlu Menjawab Tantangan Ekonomi Digital,' June 13, 2026.

Conclusion

Fashion traders at Pasar Aceh face genuine competitive pressure from online and platform-mediated retail. The field evidence shows declining foot traffic, shifts in consumer purchasing habits, and pressure on traders to improve promotion and adopt digital channels. At the same time, the traditional market retains important advantages, including negotiable prices, direct product inspection, personal service, and fitting facilities.

These facts do not, by themselves, establish a violation of Indonesian competition law. The evidence is more consistent with structural market transformation than with proven monopolistic practice or unfair competition. Competition-law intervention would require evidence of conduct such as collusion, abuse of dominance, discriminatory platform access, self-preferencing, tying, predatory exclusion, or other practices capable of impairing the competitive process.

Islamic commercial law adds a complementary but distinct layer. *Mabī'* should be understood as the object of sale and used to evaluate product legality, ownership or authority, clarity, quality disclosure, and deliverability in both physical and online transactions. It should not be used as a proxy for a trader's competitive capability.

The most defensible response is therefore twofold. Traditional traders should adopt hybrid retail strategies that combine the trust and service advantages of physical markets with the reach of digital channels. Regulators should simultaneously preserve contestability in platform markets by monitoring data-driven and algorithmic sources of market power. This approach protects competition without protecting inefficiency, promotes digital inclusion without suppressing innovation, and allows Islamic commercial-law principles to perform their proper role in safeguarding transactional integrity.

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