

The Embedded Economy in the Digital Age: Hybrid Market Practices and the Reconfiguration of Social Capital among Tanah Abang Traders

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Abstract

This study explores how traders in Southeast Asia's largest traditional market, Tanah Abang, respond to rapid digital transformation by adopting hybrid market practices that integrate offline and online sales channels. It examines the implications of this strategy for business sustainability, profitability, and the reconfiguration of social capital traditionally built through face-to-face interactions. Using a qualitative single case study, data were gathered from 15–20 traders engaged in hybrid trading for at least one year, employing semi-structured interviews, participant observation in physical stalls and digital platforms (TikTok Shop, Shopee, Tokopedia), and document analysis of advertisements, social media content, and customer reviews. Thematic analysis, guided by the embedded economy framework (Granovetter) and Bourdieu's concept of social capital, was combined with source triangulation to ensure validity. Findings indicate that hybrid practices expand market reach and diversify revenue streams without dismantling community-embedded economic relationships. Digital platforms enhance efficiency and visibility, while offline interactions preserve trust-based networks and reciprocal obligations. This duality reshapes social capital, with face-to-face ties maintained yet increasingly mediated by digital communication. The study offers a conceptual model of market hybridization, extending socio-economic theory and providing actionable insights for policymakers, market managers, and small business practitioners operating at the intersection of tradition and digitalization.

Keywords: Digital Economy, Embedded Economy, Hybrid Markets, Market Hybridization, Social Capital



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INTRODUCTION

Digital transformation has become a hallmark of the current era, reshaping the ways humans interact, work, and trade. In Indonesia, this change has unfolded rapidly, as reflected in internet penetration reaching 79.5% of the population by early 2024 (Alfiani & Sara, 2024; Wahidin et al., 2025). E-commerce platforms such as Shopee, Tokopedia, and TikTok Shop have driven a significant shift from face-to-face transactions to online transactions. This trend is not merely a technological phenomenon but also a socio-economic transformation influencing interaction networks, consumption patterns, and business models across various sectors. Many small and medium enterprises (SMEs) have opted to shift their sales activities entirely into the digital space in order to reach wider markets and reduce operational costs (Mandviwalla & Flanagan, 2021; Wahidin et al., 2025; Ziółkowska, 2021).

Amid this accelerating wave of digitalization, however, Tanah Abang Market, the largest textile trading hub in Southeast Asia, demonstrates a distinct pattern of adaptation. Instead of completely abandoning the physical marketplace, most traders have adopted a hybrid strategy: maintaining offline stalls while simultaneously developing online sales channels. This phenomenon raises a critical question: why is this hybrid strategy chosen, and how does it affect business sustainability as well as the social capital that has long underpinned interactions in traditional markets? This question is particularly relevant given that Tanah Abang is not merely a center of commerce but also a social ecosystem built upon trust-based relationships, face-to-face negotiations, and customer networks cultivated across generations.

Field evidence indicates that while online sales provide broader market access, direct interaction retains strategic value. A study by Muharam et al. (2021) and Naini et al. (2022) found that in traditional markets, customer loyalty is more strongly established through personal interactions and responsive services than through low prices alone. Additionally, research by Matous & Bodin (2024) and Sarjono & Rudiatin (2022) highlights how social networks in traditional markets function as informal mechanisms for risk management, including access to capital support, supplier information, and protection against price fluctuations. Within this context, the hybrid strategy adopted by Tanah Abang traders reflects a negotiation process between the demand for technological efficiency and the need to preserve community-based economic embeddedness.

The literature shows that digitalization may transform, diminish, or even reinforce such forms of embeddedness. Studies by Fauzi et al. (2023) and Leksono et al. (2021) suggest that e-commerce adoption by traditional traders can extend market reach but often erodes local social interactions. Conversely, research by Permana & Winarso (2024) and Prasetyo (2024) reveals that traders who combine offline and online channels are able to sustain customer loyalty while simultaneously increasing revenue. These findings indicate that the impact of digitalization on embeddedness is contextual and mediated by traders' adaptive strategies.

Social capital also emerges as a key concept in unpacking hybrid strategies. Felix & Rembulan (2023) and Prasetyo (2021) define social capital as resources generated through networks of mutual recognition and trust. In traditional markets, social capital manifests in forms such as loyal customers, reliable market information, and solidarity among traders (Nguyen et al., 2023; Yazdi et al., 2022). Studies by Brown et al. (2024) and Cachón-Rodríguez et al. (2022) emphasize that social capital is a critical asset for small traders, as it shapes their ability to endure crisis conditions.

Research on market hybridization further indicates that this strategy encompasses more than channel distribution; it also entails adaptation to new social norms and expectations. For instance, studies by Bonfim & Segatto (2024) and Sadiq et al. (2022) show that social media interactions can generate new forms of social capital, though such relationships often remain weak ties compared to face-to-face relationships. Meanwhile, research by Aschemann-Witzel et al. (2023) and Gil et al. (2023) demonstrates that in

Indonesian local markets, digitalization combined with physical interactions can actually reinforce community cohesion among traders.

Other relevant research includes analyses of the impact of digitalization on SMEs, shifting consumer behaviors in the e-commerce era, and ethnographic studies of traditional markets in Southeast Asia (Alexiou et al., 2024). Collectively, these findings underline that the relationship between digitalization and embeddedness is complex, non-linear, and highly contingent upon traders' strategic choices.

While existing literature has addressed various impacts of digitalization on traditional markets, few studies have explored in depth the hybrid strategies employed in large-scale markets such as Tanah Abang, which occupies a strategic position as both a trading hub and a socio-economic network center. Current research tends to focus either on the technical aspects of e-commerce adoption or on small-scale local markets. Rarely has scholarship integrated the perspectives of embedded economy and social capital in analyzing market hybridization within the largest textile trading hub in Southeast Asia.

Building on this unique context, this study presents a perspective that integrates economic sociology with digital adaptation studies. This approach provides an opportunity to understand how traders leverage technology without losing the core social relationships that sustain their economic activities. The study not only captures shifts in trading practices but also traces the accompanying transformations in social relations, a combination that remains underexplored in both global and local literature.

The aim of this research is to analyze how hybrid market practices in Tanah Abang affect business continuity, the structure of social capital, and the market's position amid digitalization. With this focus, the study seeks to enrich the theoretical repertoire on market hybridization and to provide practical implications for the development of business strategies capable of bridging the physical and digital realms without sacrificing community values.

RESEARCH METHOD

This study's methodology is designed to capture the complexity of hybrid practices in Tanah Abang Market in a way that remains sensitive to socio-economic contexts and actor relations. A qualitative approach was chosen, as the aim is not statistical generalization but rather to understand the processes, meanings, and dynamics underpinning traders' decisions to integrate offline and online channels. A single case study approach enables in-depth exploration of a distinctive trading ecosystem, Tanah Abang, where face-to-face interactions, market norms, and distribution networks have evolved over decades. This approach aligns with the principles of case study research, which emphasizes context as a primary source of explanation (Doyle et al., 2020; Mohajan, 2018). Tanah Abang was selected because of its dual role as the largest textile center in the region and as a social arena where social capital is actively generated and practiced; studying hybridization here offers valuable insight into how embeddedness is maintained or transformed under digital pressures.

Research participants were recruited using purposive sampling based on practical and substantive criteria: traders who have actively engaged in both offline and online sales for at

least one year, and who are directly involved in customer interactions across both channels. The planned number of participants was 15–20, sufficient to achieve narrative depth and the possibility of reaching data saturation in line with qualitative methodology guidelines (Abdalla et al., 2018; Djatmiko et al., 2025). Participant selection considered variations in product segments, business size, and platform adoption levels (TikTok Shop, Shopee, Tokopedia) to ensure representation of hybrid practices and capture differences in strategic approaches.

Data collection was conducted through multiple layers. Semi-structured, in-depth interviews served as the backbone, designed to elicit narratives of experiences, motivations, marketing strategies, and perceptions of changing social relations. Each interview was planned to last 60–90 minutes, recorded (with consent), and transcribed verbatim for rich analysis. Participant observation was carried out both at physical stalls, observing seller-buyer interactions, negotiation practices, and operational routines, and in online spaces by tracking posts, customer reviews, and response patterns. Observation thus enabled the study of actual practices, which may diverge from interview narratives (Park, 2025). Document analysis encompassed online advertisements, social media posts (screenshots), product descriptions, and where possible, sales data shared by participants. These documents provided additional insight into the digital economic footprint and its contestation with physical trading spaces.

Data analysis employed thematic analysis guided by the framework of embedded economy and the concept of social capital. Themes were identified not only by word frequency but also by deeper relational meanings. Coding proceeded in stages: open coding, axial coding, and synthesis leading to a conceptual model of hybrid adaptation. Internal validity was strengthened through methodological triangulation (interviews, observation, documents), source triangulation (traders, customers, and market managers where possible), and analyst triangulation by involving fellow researchers to cross-check interpretive consistency (Gioia, 2021; Hendren et al., 2023). Ethical standards were upheld throughout, including informed consent, assurances of anonymity, and opportunities for participants to provide feedback on preliminary findings (member checking), as part of efforts to produce trustworthy, nuanced, and useful descriptions for both theoretical and practical development.

RESULTS AND DISCUSSION

Overview of Hybrid Practices in Tanah Abang Market

Tanah Abang Market, as the largest textile trading center in Southeast Asia, serves as a meeting space between trading traditions rooted in face-to-face interactions and the demands of adaptation to digital technology. The characteristics of traders who became research informants demonstrate rich variation, both in terms of product segments, length of business operation, and sales strategies employed. Of the 17 traders interviewed, most had engaged in business at Tanah Abang between 8 and 25 years, with entrepreneurial backgrounds either inherited from family or established independently with relatively small initial capital. The marketed product segments included fabric by the meter, Muslim clothing, ready-to-wear apparel, and fashion accessories such as hijabs and jewelry. Some traders

specialized in wholesale, while others served retail customers, although nearly all informants acknowledged that wholesale sales remained the backbone of their income.

The sales channels utilized by these traders indicate a measured transformation. Nearly all informants operated physical stalls in Tanah Abang's blocks while simultaneously marketing products through digital platforms. The most dominant platform was TikTok Shop, leveraged for live-stream sales and short promotional videos deemed effective in attracting buyers from outside the city. Shopee occupied the second position, particularly among traders relying on price promotions and free-shipping features, while Tokopedia was used more selectively, usually by traders with loyal customers in the Greater Jakarta area. A branded fabric trader, Mr. H, explained that while online channels helped liquidate stock quickly, the physical stall remained the gravitational center of his business, since long-time customers "prefer to come directly, touch the fabric, and bargain while conversing."

The observed hybridization patterns combined the strengths of offline and online sales in varying proportions. For wholesale traders, about 70% of sales were still conducted offline, while the remainder came from online channels reaching buyers outside Greater Jakarta. In contrast, retail traders who aggressively utilized live streaming reported that online sales now accounted for up to 50% of their total transactions. Field observations revealed that while serving customers at their physical stalls, some traders simultaneously ran TikTok Shop livestreams, showcasing their latest collections while responding to questions from online buyers. This created a unique work rhythm: direct interactions at the kiosk intertwined with real-time digital communication, with the marketplace's bustling sounds providing the natural backdrop for online promotions.

The motivation to adopt hybrid strategies was not driven solely by economic considerations but also by social and strategic factors. Many traders acknowledged that online channels enabled them to survive during declining market visitor numbers, particularly during the COVID-19 pandemic. However, maintaining a physical stall was often rooted in the strategic value of face-to-face interactions. Such interactions were not only transactional but also served as a medium to build and strengthen trust, a form of social capital key to business sustainability. Field observations indicated that loyal customers often came not only to purchase but also to discuss fashion trends, seek recommendations, or simply maintain social ties. For traders, these moments generated loyalty that could not easily be replicated by online transactions.

This concept aligns with the findings of Chen et al. (2023) and Zhang et al. (2020), which emphasize that omnichannel strategies, combining offline and online sales channels, provide competitive advantages for small and medium enterprises in traditional markets. Such strategies allow traders to harness the strengths of each channel: offline for reinforcing customer relationships and delivering irreplaceable sensory experiences, and online for expanding reach and increasing transaction efficiency. In the Tanah Abang context, implementation of this strategy was not symmetrical; traders adjusted the intensity of digital channel usage based on product characteristics, capital capacity, and customer profiles.

Field observations also highlighted how traders organized their stalls to support hybrid strategies. In some kiosks, tripods and ring lights were permanently installed at cashier counters, ready for livestreaming at any time. Some traders utilized quiet midday periods to upload new product photos to Shopee or Tokopedia, often using their bustling stalls as a backdrop. These activities suggest that the boundary between physical and digital spaces has become increasingly porous; traders no longer perceive the two channels as separate entities, but as parts of an integrated sales ecosystem.

An interview with Mr. M, a Muslim clothing trader active on TikTok Shop, revealed that online sales were not only about figures but also about brand-building. He used livestreaming to showcase fabric selection and tailoring processes in his shop, allowing online customers to feel a personal connection to his products. This approach strengthened brand trust, which in turn increased purchase conversion. Similarly, Mr. R, a wholesale trader, used Shopee to offer bundled fabric packages to buyers outside Java. Although the transactions were conducted online, he consistently included a greeting card and his personal contact number in each package, inviting buyers to visit his stall in person if possible.

From the customer perspective, the hybrid strategy also shaped shopping behaviors. Buyers introduced to products via livestreams often visited Tanah Abang directly to verify product quality before making large purchases. Conversely, customers who had already built trust with traders frequently reordered through apps without feeling the need to inspect the goods physically. This pattern illustrates how online and offline channels formed reinforcing cycles of interaction.

Theoretically, hybrid practices at Tanah Abang can be understood as a form of strategic adaptation within traditional market ecosystems rooted in economic embeddedness but expanded through digital affordances (Duan et al., 2023, 2024). Traders did not merely use technology to broaden markets but also to reinforce their social positions within trading communities. The decision to maintain physical stalls was not a rejection of digitalization, but an effort to balance technological efficiency with the social capital derived from face-to-face interactions.

Market Expansion and Income Diversification

Market expansion and income diversification emerged as the most prominent phenomena in Tanah Abang's trading practices as the adoption of digital channels became more widespread. Based on interviews and field observations, it became evident that the presence of e-commerce platforms such as Shopee, Tokopedia, and especially TikTok Shop opened new opportunities for traders to reach consumers across regions. Whereas previously their market segment was limited to physical visitors from Greater Jakarta, they could now accept orders from other provinces, even from remote towns that were previously difficult to access. A trader with more than 15 years of experience, M, indicated that out-of-town buyers no longer needed to come in person to conduct wholesale transactions; through digital catalogs and online communication, goods could be shipped directly. This finding aligns with the observation that digital channels have served as bridges connecting traders with market segments previously constrained by geographic limitations.

This condition was corroborated by stories from several informants who noted that sales volume increased not only due to a higher number of buyers but also due to greater diversity of customer types. Traders such as R, who had previously focused on retail sales at their physical stalls, reported acquiring wholesale customers from Kalimantan and Sumatra. These customers discovered his products through TikTok Shop livestreams, which then led to large-volume transactions. R explained that while he continued to rely on face-to-face interactions with long-standing customers to maintain loyalty, digital channels provided opportunities to secure bulk orders without the lengthy negotiations typical in physical markets. This pattern suggests that digital functions not merely as an additional sales channel but as a key driver of market expansion.

Field observations illustrated how these strategies manifested in traders' daily routines. Amid the narrow, bustling market aisles, many stalls were now equipped with ring lights, tripods, and devices kept ready for livestreaming or responding to online buyer chats. While serving in-person customers, traders often simultaneously packed online orders from multiple platforms. This scene exemplified the synchronization of offline and online activities, where both channels complemented one another. Such practices illustrate the concept of "market affordances" as described by De Luca et al. (2021) and Liu & Chen (2024), whereby technology provides new opportunities for entrepreneurs without entirely replacing pre-existing market relationships. In Tanah Abang, digital channels offered additional affordances for market expansion, while traders continued to maintain trust-based relationships as the foundation of offline transactions.

The benefits of channel diversification became evident in the division of functional roles between them. Online sales tended to be concentrated on high-volume transactions or on reaching distant buyers. The advantage of digital channels lay in transactional efficiency, from ordering and payment to delivery, all conducted swiftly without requiring face-to-face interaction. In contrast, offline sales remained central for repeat orders, particularly from customers familiar with product quality and dependent on direct interaction to ensure suitability. A trader named S explained that frequent buyers usually placed large orders directly at the stall, as they could inspect fabric, colors, and cuts before payment. In other words, offline channels maintained customer loyalty bases, while online channels expanded the customer base.

This combination also contributed to income stability. When market visitor traffic declined, such as on weekdays or outside holiday seasons, online sales helped offset revenue drops. Conversely, when disruptions occurred on digital platforms, such as feature restrictions or logistical issues, offline channel revenues remained reliable. Field observations found that some traders even used online sales data to plan stock and marketing strategies at their physical stalls. For example, if a product trend emerged on a particular platform, traders would showcase it prominently at the front of their stalls to attract market visitors' attention.

These findings indicate that channel diversification strategies were advantageous not only in terms of market reach but also in mitigating business risks. This aligns with Liu & Chen's

(2024) perspective that digital ecosystems enable entrepreneurs to harness new opportunities without abandoning established market structures. In this context, digital channels were not substitutes for traditional markets but complements that strengthened business resilience against demand fluctuations. Furthermore, this integration required traders to adapt skills ranging from technological proficiency and logistics management to effective digital marketing strategies.

In addition to expanding opportunities, digital channels also transformed traders' perceptions of market segmentation. Whereas segmentation had previously depended heavily on buyers' geographic locations, it now became more thematic, such as product categories, style preferences, or even viral trends on social media. A trader named L recounted obtaining buyers from overseas who had first discovered his products through reposts on Indonesian diaspora community social media accounts. Although the eventual transaction was conducted via direct contact outside the platform, this experience demonstrated that market reach now extended beyond what traditional traders had previously imagined.

However, field results also revealed that not all traders fully optimized digital channels. Some informants admitted to not yet mastering platform promotional or analytics features. Others chose to focus on offline sales because they felt more comfortable with direct interaction. This indicates that although technological affordances were available, their utilization remained contingent on individual readiness and supportive business environments.

In the Tanah Abang context, the success of market expansion and income diversification through digital channels appeared to be determined by a combination of traders' adaptive capacity, access to technological devices, and adequate logistical ecosystem support. Fast and affordable delivery infrastructure served as a major enabling factor, particularly for orders from outside the city. On the other hand, credibility built through face-to-face interactions remained an essential form of social capital for maintaining long-standing customer trust. Thus, while digital channels have opened new horizons for trade in Tanah Abang, the physical marketplace continues to hold a strategic role that cannot be fully replaced.

Maintenance of Economic Embeddedness in the Digital Era

The maintenance of economic embeddedness in the digital era is evident in the ways traders continue to sustain personal relations with long-standing customers despite adopting online marketing and sales channels. This phenomenon reflects Granovetter's (1985) view that economic activities are always embedded in networks of social relations that shape trust, commitment, and shared norms. In this context, digital technology does not entirely replace face-to-face interaction but rather coexists as an adaptive strategy. Traditional market traders who now actively sell through digital platforms still allocate dedicated time to serve their long-term customers directly, whether through routine visits to stalls or during transactions at physical kiosks. According to Rong & Liu (2025), this represents a new form of embeddedness in the digital era, where online interactions can reinforce social relations if contextually

integrated with offline interactions.

Field interviews indicate that traders recognize the importance of maintaining trust networks they have cultivated over the years. One informant, MA, explained that although online sales bring in new buyers from outside the region, loyal customers who come directly often provide a stable source of income, particularly when online orders decline. MA noted that long-term relationships are not merely transactional but also involve mutual understanding of needs and preferences. She often offers special discounts to frequent buyers or adjusts product types according to specific requests. Such patterns demonstrate that customer loyalty is built upon personal and flexible interactions, something difficult to replicate through digital platform algorithms.

Field observations corroborate these findings. In one corner of the market, a spice vendor's stall was crowded with loyal customers. They came not only to purchase goods but also to engage in casual conversation while waiting for their items to be weighed. On a wooden table faded with age, several plastic bags labeled with customer names signaled that orders had been prepared well before buyers arrived. Occasionally, the trader paused her mobile activities to attend to face-to-face customers, carefully weighing spices and offering a little extra as a token of appreciation. Such practices are rarely found in purely digital transactions, where personalization is often mediated by automated recommendations rather than tangible gestures with emotional value.

During periods of fluctuating online sales, face-to-face relations serve as a safety net. For instance, during months when extreme weather disrupted logistics and delayed online deliveries, traders could still rely on local customers visiting their stalls. Those with personal closeness tended to continue purchasing even if prices were slightly higher or stocks limited, trusting that the traders would provide the best under any circumstance. Bally et al. (2024) argue that social embeddedness enables flexibility and tolerance within economic relations, as these are mediated by social networks that mitigate market risks and uncertainties.

This approach is not simply tradition preserved without reason but a conscious risk-mitigation strategy. In the digital ecosystem, full dependence on a single platform is precarious, given that changes in search algorithms, cost policies, or technical failures can abruptly disrupt income flows. Hence, sustaining embeddedness through face-to-face interactions functions as a diversification of relations and risk management. Latuheru et al. (2024) emphasize that successful digitalization is not one that severs old ties, but one that integrates the online and offline worlds into a complementary framework.

In practice, this strategy is visible in traders' hybrid work patterns. They use instant messaging applications to receive orders, yet long-standing customers still come to pick up goods while conversing in person. Some even utilize WhatsApp groups dedicated to loyal customers, where new stock or promotions are shared before being uploaded to public platforms. This allows traders to prioritize old customers without neglecting new market opportunities. Another informant, RS, admitted that although social media promotions are effective in attracting buyers from outside the region, he feels more economically secure when long-standing customers continue purchasing. As he put it, "when online sales are

quiet, the old customers still come, that's what keeps the business alive."

From the perspective of embedded economy theory, traders' practices show that technology is merely one affordance within the market ecosystem, not a replacement for existing relations (Duan et al., 2023). Face-to-face relations provide added value that is difficult to replicate digitally, especially in contexts where goods require trust in quality or personalized service. At the same time, digitalization broadens market reach and enhances efficiency, making the two mutually reinforcing. Here, embeddedness transforms: from being limited to local relations based on geographical proximity to becoming a multi-channel network that strengthens itself.

Observations also highlight the social dimension of face-to-face interaction in fostering loyalty. During one market visit, a trader slipped an extra bundle of lemongrass into a customer's bag without request, saying it was a "bonus for this week's cooking." Such small gestures create emotional narratives that reinforce attachment. As Bally et al. (2024) suggest, this is a form of integrating social context into digital economic activity, relations unfold not only on screens but also in the physical world, producing more enduring trust.

Maintaining economic embeddedness in the digital era can thus be understood as a strategic balance between seizing market opportunities offered by technology and sustaining established social networks. Traders do not simply retain old practices out of habit, but because they recognize that face-to-face relations are assets that shield them from the uncertainties of the digital market. This strategy affirms the idea that in an increasingly digitalized economy, the principal strength lies not only in the ability to reach broader markets but also in the skill of maintaining closeness that cultivates loyalty and business sustainability.

Reconfiguration of Social Capital: From Face-to-Face to Digital Mediation

The shifting landscape of social interaction due to the penetration of digital technology has not only affected patterns of communication but also reshaped the configuration of social capital among business actors. Social capital, as defined by Bourdieu (1993), is a resource derived from networks of social relations built on trust, reciprocity, and recognition. In the context of local trade, such capital was previously established primarily through intensive face-to-face interactions, such as routine encounters in markets, informal conversations in coffee shops, or direct visits to customers' homes. With the advent of digital platforms such as e-commerce and social media, however, these patterns have undergone significant reconstruction. Today, part of the process of building and maintaining trust is mediated by digital features, such as chats within e-commerce platforms or interactions through TikTok live streaming. Nevertheless, personal closeness cultivated over years still relies fundamentally on face-to-face interaction.

Field observations show a dynamic interplay between face-to-face and digital communication in trader–customer relations. At a clothing stall in *Mardika Market*, for example, a trader actively responded to customer messages on e-commerce apps while occasionally greeting passersby at his shop. He displayed warmth and friendliness typical of direct interaction while simultaneously leveraging technology to maintain ties with customers unable to be physically present. In an informal interview, a trader with over 15 years of

experience admitted that marketplace chat features allow him to confirm stock availability, negotiate prices, or provide product updates without direct meetings. However, he stressed that full customer trust usually emerged only after in-person encounters. This resonates with Xiang et al. (2022), who highlight the shift of social networks from being exclusively local toward hybrid physical–digital forms, where online interaction complements rather than replaces face-to-face engagement.

An interesting phenomenon is the emergence of new forms of social capital operating entirely in digital realms. One example is the networks formed among traders via instant messaging groups or social media. These networks facilitate the exchange of information on online promotion techniques, sharing of new design trends, and recommendations for reliable suppliers. During one observation at a coffee stall near the market, the author witnessed traders discussing strategies for boosting sales on TikTok Shop. They deliberated on lighting setups for live streams, selecting trending background music, and determining optimal streaming times to attract viewers. Although this discussion occurred face-to-face, the content originated from their digital experiences, revealing the synergy between traditional and new social capital.

The transformation of relational structures is also evident within trader communities. Strong ties, characterized by emotional closeness, high trust, and long-term engagement, remain intact within local communities. They manifest in practices such as mutual assistance at markets, lending capital without interest, or watching over each other's stalls. At the same time, digital domains facilitate the formation of weak ties, i.e., less emotionally intense relationships that nevertheless provide access to new information and opportunities. For instance, a fabric trader in Ambon can connect with suppliers in Surabaya via marketplace interactions without ever meeting in person. Such weak ties expand social networks beyond geographical boundaries, consistent with Silva's (2023) finding that digital media integration enhances access to global resources and information.

In an interview, an accessory trader who actively uses TikTok live streaming to market products revealed that although many new customers come through online interactions, she still seeks to invite them to her physical shop when possible. For her, face-to-face meetings enable deeper emotional connections and more flexible negotiations. She recognized that full dependence on digital platforms carries risks, such as algorithm changes or policy shifts affecting product visibility. Hence, she viewed the combination of physical and digital social capital as a safer adaptive strategy.

Field observations further indicate that the transition toward digital mediation does not erase the importance of trust symbols built in physical spaces. For example, in traditional markets, practices such as greeting customers by name, remembering their shopping preferences, or providing small bonuses with purchases persist. Some traders even photograph these face-to-face interactions and share them on social media as content showcasing closeness with customers. This not only reinforces offline ties but also validates their credibility online. Within Bourdieu's (1993) framework, this demonstrates that social capital is not merely inherited from the past but can also be reproduced and reconfigured in

response to changing environments.

Additionally, the integration of physical and digital practices reflects a shift in how traders manage reputation. Whereas reputation was once built almost entirely through word-of-mouth within local communities, today positive reviews on marketplaces and favorable comments on social media are integral to the process. Traders no longer rely solely on recognition from nearby networks but also from broader and more heterogeneous customer bases. In one instance, the author observed a trader who, upon receiving a negative e-commerce review, immediately contacted the buyer to clarify and offer product replacement. This illustrates that trust now operates across two domains: the offline, which is personal, and the online, which is public, both complementary but demanding different management strategies.

These developments affirm Praničević et al.'s (2023) argument that digital connectivity does not necessarily weaken social relations but can extend and enrich their scope if contextually integrated. In the case of these traders, digital connectivity enables the creation of productive weak ties, market expansion, and access to new knowledge, while strong ties are preserved through face-to-face interactions that provide security and deep trust. This synergy generates a hybrid form of social capital that grants flexibility in navigating an increasingly competitive market environment.

Conceptual Model of Traditional Market Hybridization in the Digital Era

The conceptual model of traditional market hybridization in the digital era emerges from the reality that markets are no longer positioned exclusively at the poles of either physical or digital domains, but rather constitute an integrated whole that mutually complements one another. Field findings indicate that traders no longer perceive the presence of digital platforms as a threat that would replace face-to-face transactions, but rather as an extension of their market reach. Marketing strategies on social media, such as through customer WhatsApp Groups or live-streaming on TikTok, serve as channels to attract new buyers, while emotional bonds and trust are maintained through direct interactions at stalls or kiosks. This concept resonates with Granovetter's (1985) notion of the embedded economy, which emphasizes that economic activity is always embedded in social networks, and it is reinforced by Silva's (2023) concept of hybrid market adaptation, which underscores that the resilience of traditional markets lies in their ability to balance physical and digital dimensions.

Observation at Tanah Abang Market in the morning reveals that face-to-face interactions remain at the center of activities. Buyers come not only in search of goods but also for the social experience, receiving warm greetings from traders, engaging in friendly bargaining, or simply exchanging news about family. However, amidst serving buyers, some traders were seen reaching for their phones to respond to customer messages inquiring about stock or prices via chat applications. One trader, smiling as he showed his colleague, remarked, "An order from a customer in the neighboring city just came in, I'll send it later through our regular courier." This phenomenon illustrates that market reach now extends beyond geographical boundaries without sacrificing the intimacy of relationships in physical space.

From an interview with one informant, referred to here as Rn, it was revealed that this strategy not only increases income but also expands customer networks. Rn admitted that although he receives orders online, he always strives to meet in person whenever possible, particularly with new buyers, “so that they can trust the goods and know who is selling them.” This attitude demonstrates that digital channels are employed for acquisition, while face-to-face interactions function to reinforce trust. Theoretically, this model positions market reach and income as dimensions expanded through digitalization, while the sustainability of embeddedness remains the foundation of socio-economic trust.

Field observations also reveal new patterns in distribution flows. Goods ordered online are often collected directly by local couriers who already have personal relationships with traders. This reflects that the transformation of social capital does not erase traditional relations but rather situates them within a more complex system. Social capital, once derived solely from strong ties within local communities, now intermingles with weak ties formed in digital spaces. As Granovetter (1985) argues, weak ties can provide access to broader resources and opportunities. Thus, the hybridization of traditional markets not only adds marketing channels but also reshapes the social networks underpinning economic activities.

Furthermore, the structure of relationships between traders and buyers is undergoing reconfiguration. On the one hand, strong ties continue to serve as the main foundation for business continuity, long-standing relationships built in markets create customer loyalty that is difficult to replace. On the other hand, weak ties emerging from digital interactions open pathways for market diversification and marketing innovation. In this respect, Bally et al. (2024) emphasize that the success of hybrid adaptation depends on entrepreneurs’ ability to manage both types of ties simultaneously, thereby preserving traditional strengths while optimizing digital opportunities.

From a theoretical standpoint, this conceptual model enriches the study of economic sociology by offering a framework that does not regard technology as an external factor disrupting embeddedness, but rather as a medium that can reinforce it when appropriately integrated. This differs from the prevailing narrative that views digitalization as a threat to traditional markets. Instead, these findings support Shandryk et al.’s (2024) perspective that modern social networks tend to take a glocalized form, combining physical proximity with distant connections mediated by technology.

From a practical perspective, the implications are significant for policymakers and market managers. For local governments, this model highlights the importance of providing enabling infrastructure, ranging from internet access in market areas, digital marketing training, to the integration of local logistics services, so that small-scale entrepreneurs can maximize hybrid potential. For market managers, this approach may serve as the basis for developing collaborative programs among traders, such as sharing sessions on online promotion techniques or forming seller groups on specific platforms. For entrepreneurs themselves, this model offers a strategic guide to position offline and online channels not as mutually exclusive choices, but as dual axes that reinforce one another.

Further observations indicate that some traders utilize live streaming on e-commerce platforms to showcase their kiosks in real time. Interestingly, they do not merely display products but also engage in light conversations with viewers, thereby creating an atmosphere akin to an in-person market visit. One informant, Ls, stated that she began using this feature after realizing that out-of-town customers were intrigued by the unique bargaining processes of the market. This demonstrates that the social identity of traditional markets can be replicated in digital spaces without losing its distinctive character.

Upon closer analysis, this conceptual hybridization model forms three interrelated relationships. First, market reach and income expanded through digital channels provide traders with new resources. Second, the sustainability of embeddedness ensures that the foundation of trust remains intact, even as some interactions migrate online. Third, the transformation of social capital generates new networks connecting local communities with broader audiences. Together, these three aspects shape a resilient market ecosystem amid technological change. As Sharabati et al. (2024) emphasize, physical-digital balance is not merely a survival strategy but a growth strategy in globally connected market environments.

CONCLUSION

The findings of this study affirm that the hybrid trading strategies adopted by Tanah Abang traders are not merely adaptive responses to the penetration of digital technology, but rather constitute a process of rearticulating an embedded economy within the shifting landscape of markets. The integration of online and offline channels enables traders to expand market reach and income streams without sacrificing the social networks that serve as the foundation of trust and community-based economic solidarity. Indeed, these practices generate new forms of social capital, wherein face-to-face relationships remain preserved yet are reinforced by digital interactions that accelerate transactions, broaden exposure, and create more dynamic spaces of communication. Accordingly, this study demonstrates that technological modernization does not necessarily erode traditional social values but can instead serve as an instrument for deepening and expanding economic-community embeddedness when strategically integrated. The novelty of this research lies in the proposed conceptual model of market hybridization in traditional settings, which shows that business sustainability and social transformation can proceed in tandem through the synergy of tradition and digitalization, thereby contributing theoretically to the field of economic sociology while offering practical insights for policymaking and market governance in the digital era.

ETHICAL STATEMENT AND DISCLOSURE

This study was conducted in accordance with established ethical principles, including informed consent, protection of informants' confidentiality, and respect for local cultural values. Special consideration was given to participants from vulnerable groups to ensure their safety, comfort, and equal rights to participate. No external funding was received, and the authors declare no conflict of interest. All data and information presented were collected through valid research methods and have been verified to ensure their accuracy and

reliability. The use of artificial intelligence (AI) was limited to technical assistance for writing and language editing, without influencing the scientific substance of the work. The authors express their gratitude to the informants for their valuable insights, and to the anonymous reviewers for their constructive feedback on an earlier version of this manuscript. The authors take full responsibility for the content and conclusions of this article.

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