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From Traditional Retail to Digital Commerce: Exploring Business Adaptation Among Fashion MSMEs in Medan City, Indonesia

Salsabila Maisah Andani[1]

[1]Universitas Muhammadiyah Sumatera Utara, Medan, Indonesia

salsabilamaisahandani@gmail.com

Abstract

The rapid development of digital technologies has reshaped the retail industry, encouraging traditional businesses to reconsider how they interact with customers, communicate product value, and deliver their offerings. Fashion micro, small, and medium enterprises (MSMEs) are particularly exposed to these changes because consumer purchasing journeys increasingly involve social media, digital product discovery, and online shopping platforms. This study aims to explore how fashion MSMEs in Medan City, Indonesia, adapt their traditional retail practices to the digital commerce environment. A qualitative multiple-case study design is proposed, employing digital document analysis of publicly accessible business content across social media platforms, marketplace channels, and physical-store information. Five fashion businesses—Clauv, Kian & Kei, Mo Boutique, Gopek, and Ryn Boutique Medan—are considered as preliminary case candidates. The analysis focuses on digital presence, digital marketing practices, customer engagement, online commerce activities, and the integration of physical and digital retail channels. The study is expected to contribute to the understanding of digital business adaptation among local fashion MSMEs, particularly by examining how digital platforms complement rather than necessarily replace conventional retail activities. The research also highlights the importance of distinguishing digital presence from broader organizational digital transformation.

Keywords: digital business; digital commerce; fashion MSMEs; business adaptation; omnichannel retail; Medan City

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1. INTRODUCTION

Digital technologies have fundamentally changed the way businesses operate, compete, and create value. The development of social media, e-commerce platforms, mobile applications, and digital payment systems has transformed consumer behavior and created new opportunities for businesses to reach customers beyond geographical boundaries. Retail businesses that previously relied heavily on physical stores are increasingly incorporating digital channels into their marketing and commercial activities.

This development is particularly relevant to the fashion industry. Fashion consumers frequently use digital platforms to discover products, compare prices, evaluate product characteristics, follow trends, and interact with brands before making purchasing decisions. Consequently, fashion retailers are required to develop more flexible business practices that combine product presentation, customer communication, promotional activities, and transaction processes across multiple channels.

Digital transformation, however, should not be understood merely as the adoption of digital technologies. Vial (2019) explains digital transformation as a process in which digital technologies generate disruptions that encourage organizations to implement strategic responses and alter their value creation processes. Similarly, Verhoef et al. (2021) distinguish digitization, digitalization, and digital transformation as related but different stages of organizational change. This distinction is important because having a social media account does not automatically indicate that a business has transformed its overall business model.

For fashion MSMEs, the transition toward digital commerce may occur through several observable practices. Businesses may use Instagram and TikTok to display collections, communicate promotions, introduce new products, and interact with potential customers. Marketplace platforms may provide additional channels for product discovery and transactions. At the same time, physical stores can remain important because customers may prefer to inspect products directly, visit the store, or obtain services that cannot be fully replicated through online channels.

In Indonesia, local fashion businesses operate in an increasingly competitive environment in which digital visibility and customer engagement have become important elements of retail communication. Medan City provides a relevant context for examining this phenomenon because it has a diverse retail environment, including fashion boutiques and clothing retailers that maintain physical business locations while developing digital communication channels.

This study considers five preliminary fashion business cases in Medan City: Clauv, Kian & Kei, Mo Boutique, Gopek, and Ryn Boutique Medan. These businesses are considered as potential cases because publicly available information indicates the presence of physical retail activities and digital business-related documentation. Nevertheless, their eligibility as MSMEs and the completeness of their digital records must be verified before final case selection.

Despite the growing discussion of digital transformation, the digital adaptation of local fashion retailers remains important to investigate from a business management perspective. In particular, it is necessary to understand how traditional retail activities are represented and extended through digital platforms, how businesses communicate with customers online, and how physical and digital channels are connected.

Accordingly, this study addresses the following research questions:

1. How do fashion MSMEs in Medan City adapt traditional retail practices to the digital commerce environment?

2. What digital business practices are reflected in their online marketing, customer engagement, and commerce activities?
3. How are physical retail activities connected with digital channels?
4. What opportunities and challenges can be identified from the publicly available digital documentation of these businesses?

The study aims to explore the adaptation of traditional retail practices to digital commerce, identify observable digital business practices, and examine the relationship between physical and digital retail channels. Its contribution lies in providing a contextual understanding of digital business adaptation among local fashion MSMEs through a comparative analysis of publicly available digital documentation.

2. METHODOLOGY

Research Design

This study employs a qualitative multiple-case study design. A multiple-case approach enables the researcher to examine several businesses within a shared industry and geographical context while identifying similarities and differences in their digital business practices.

The study focuses on fashion retailers in Medan City that maintain physical retail activities and demonstrate publicly observable use of digital platforms. The cases are examined comparatively to understand different forms of adaptation to digital commerce.

The research uses qualitative document analysis as its primary data collection method. Bowen (2009) explains that documents can provide valuable qualitative evidence when they are systematically selected, reviewed, and interpreted. In this study, publicly accessible digital materials are treated as research documents.

Research Setting and Case Selection

The research is situated in Medan City, North Sumatra, Indonesia. Five businesses are identified as preliminary case candidates:

1. Clauv
2. Kian & Kei
3. Mo Boutique
4. Gopek
5. Ryn Boutique Medan

The selection is based on the following preliminary criteria:

- The business operates in the fashion retail sector.
- The business has a physical retail location in Medan City.

- The business has identifiable public digital communication or commercial channels.
- Its publicly available documentation is sufficiently relevant to the research questions.
- Its MSME classification can be verified through appropriate business information or confirmation.

The five businesses should not automatically be treated as confirmed MSME cases. Their legal or operational business scale, official digital accounts, and physical-store identities must be verified before the final sample is established.

Data Sources

The study relies on publicly accessible secondary data obtained from digital platforms and business-related information sources.

The proposed data sources include:

a. Instagram

Instagram content may include product photographs, promotional posts, Reels, Stories where accessible, product announcements, customer interactions, and business information.

b. TikTok

TikTok documentation may include product videos, promotional content, live-shopping announcements, customer interaction, and other publicly accessible business-related content.

c. Marketplace platforms

Marketplace documentation may include product catalogues, product descriptions, prices, store information, and other publicly accessible information relevant to online commerce.

d. Physical-store information

Physical-store information may include business addresses, operating information, store photographs, and publicly available information connecting the physical store with digital channels.

The proposed observation period is May–October 2026. Materials published during this period should be collected and recorded systematically. The final observation period must be adjusted if the available documentation does not provide sufficient coverage.

Data Collection Procedure

Data collection will be conducted through the following stages:

1. Identify the official digital accounts of each selected business.
2. Verify the relationship between the digital accounts and the physical business location.
3. Record publicly accessible content within the observation period.
4. Classify the collected materials according to their platform and content type.
5. Document relevant information, including publication dates, URLs, and observation notes.
6. Compare the available evidence across the selected cases.

The researcher will maintain a digital documentation log to ensure that each item of evidence can be traced to its original source.

Data Analysis

The collected documentation will be analyzed using thematic analysis. Braun and Clarke (2006) describe thematic analysis as a flexible approach for identifying, organizing, and interpreting patterns within qualitative data.

The analysis will involve six stages:

1. **Familiarization:** Reviewing the collected digital documentation and identifying relevant information.
2. **Initial coding:** Assigning preliminary codes to business activities and communication practices.
3. **Theme development:** Grouping related codes into broader analytical categories.
4. **Theme review:** Evaluating whether the identified themes are supported by the collected evidence.
5. **Theme definition:** Defining the meaning and boundaries of each theme.
6. **Interpretation:** Comparing patterns across the selected business cases and connecting them with the conceptual framework.

The initial coding structure is presented below:

Code	Analytical category	Examples of observable evidence
DP	Digital Presence	Official accounts, business descriptions, contact information
DM	Digital Marketing	Promotional posts, product videos, campaigns, storytelling
CE	Customer Engagement	Public comments, replies, customer interaction
DC	Digital Commerce	Marketplace links, online ordering information, product catalogues

OI	Omnichannel Integration	Store-location references, online-to-offline information, connected customer channels
BA	Business Adaptation	Observable changes in content, communication, and channel use over time

The analysis will also compare the five cases to identify similarities, differences, and patterns of digital business adaptation.

Trustworthiness and Research Ethics

The credibility of the analysis will be supported through source triangulation. Information from social media, marketplace platforms, and physical-store documentation will be compared where possible.

An audit trail will be maintained through documentation of URLs, publication dates, screenshots where appropriate, and coding decisions. The researcher will also distinguish between directly observable evidence and interpretations.

Only publicly accessible business-related materials will be used. Private conversations, confidential business information, and personal customer information will not be collected without appropriate permission. Customer identities should be anonymized when their publicly visible interactions are included in the analysis.

3. RESULT

Important research status: This section provides the structure for presenting and interpreting findings. It is not yet a completed empirical findings section because the systematic collection and coding of the five businesses' digital documentation have not been supplied or verified. The subsections below should be completed using the actual observation log and supporting evidence.

Digital Presence and Business Visibility

The first analytical theme examines how fashion retailers establish and maintain their digital presence. The analysis should identify the platforms used by each business, the consistency of business identities, the availability of contact information, and the presentation of products.

Digital presence can provide an initial indication of how businesses make themselves accessible to potential customers. However, the existence of an account alone does not demonstrate effective digital marketing or successful digital transformation.

The comparative analysis should examine whether each business uses digital platforms primarily as an information channel, a promotional channel, a customer-service channel, or a commercial channel.

Evidence required: Verified official account links, account descriptions, content samples, and records of platform activity.

Digital Marketing Practices

The second theme focuses on how businesses use digital content to communicate product value and attract customers.

Fashion retailers may use visual content to present product collections, introduce new arrivals, communicate promotions, and respond to current fashion trends. The analysis should examine the type of content, its promotional purpose, and the consistency of communication.

Particular attention should be given to whether businesses use different content formats for different purposes. For example, product photographs may provide product information, while short videos may demonstrate product details or create promotional appeal.

The analysis should not assume that a high number of posts or views automatically indicates marketing effectiveness. Such performance claims require appropriate platform analytics or other supporting evidence.

Evidence required: Dated content samples, promotional materials, product videos, and publicly visible campaign information.

Customer Engagement and Digital Communication

The third theme examines how businesses interact with customers through publicly visible digital channels.

Customer engagement may be reflected in comments, replies, product inquiries, promotional interactions, and other forms of public communication. These activities can indicate how businesses facilitate communication with potential customers.

The analysis should distinguish between the existence of customer interactions and the quality of customer relationships. Public comments may show visible interaction, but they cannot fully explain customer satisfaction, loyalty, or purchase intention.

Evidence required: Public comments, business replies, interaction examples, and available customer-service information.

Digital Commerce and Online Sales Channels

The fourth theme investigates the extent to which digital platforms are connected to commercial activities.

Digital commerce can be observed through marketplace links, product catalogues, ordering instructions, product availability information, and other transaction-related documentation.

The analysis should identify whether digital platforms function mainly as promotional channels or provide more direct access to purchasing processes. This distinction is

important because social media marketing and digital commerce are related but not identical activities.

The presence of marketplace links or online ordering information may indicate a connection between digital communication and commercial channels. However, actual transaction volume and revenue cannot be established from these materials alone.

Evidence required: Verified marketplace accounts, product listings, ordering instructions, and transaction-related public information.

Integration of Physical and Digital Retail Channels

The fifth theme examines the relationship between physical stores and digital channels.

The continued presence of physical stores suggests that digital commerce may function as an extension of conventional retail activities rather than a complete replacement. Customers may discover products online and subsequently visit physical stores, or they may obtain product information through social media before placing orders through digital channels.

The analysis should identify observable connections between online and offline activities, including:

- Digital content that provides physical-store information.
- Online promotions that direct customers to physical stores.
- Product information that connects social media with marketplace channels.
- Contact information that supports communication across channels.
- Public information about store visits, collection, or delivery arrangements.

These observations may help explain how local fashion retailers combine physical retail and digital commerce. Nevertheless, claims about the actual customer journey require additional evidence, such as interviews or customer data.

Opportunities and Challenges in Digital Business Adaptation

The final theme considers the opportunities and challenges reflected in the collected documentation.

Potential opportunities include broader digital visibility, more flexible promotional communication, additional customer-contact channels, and access to online marketplaces.

Potential challenges that may be investigated include the need for continuous content production, platform competition, customer-response management, coordination between online and offline product information, and the resources required to maintain digital channels.

These issues should be presented as findings only when supported by the collected evidence. General challenges identified in the literature should not be attributed to individual businesses without supporting documentation.

4. DISCUSSION

The proposed analysis positions digital business adaptation as a gradual process involving the use and coordination of digital channels within existing retail activities.

First, digital presence represents an important foundation for business visibility. However, the use of social media should not be interpreted as evidence of comprehensive digital transformation. This distinction is consistent with Vial's (2019) conceptualization of digital transformation as a broader organizational process involving strategic responses and changes in value creation.

Second, digital marketing and customer engagement illustrate how digital platforms can extend communication beyond physical-store interactions. Fashion retailers can use visual content to introduce products and communicate with customers. Nevertheless, the effectiveness of these activities cannot be determined solely through the frequency of publication or visible engagement.

Third, the connection between digital commerce and physical retail provides an important perspective on business adaptation. Rather than treating online and offline retail as competing alternatives, the study examines how the two channels may complement one another. This perspective is consistent with the broader discussion of digital transformation and business model innovation presented by Verhoef et al. (2021).

Finally, the comparative case approach may reveal that businesses within the same local fashion industry do not necessarily adopt identical digital practices. Differences in platform use, content strategies, online ordering arrangements, and physical-store integration may reflect different levels and forms of adaptation.

The study therefore emphasizes that digital business adaptation should be understood through the relationship between technology use, business activities, customer communication, and value creation—not merely through the number of digital platforms used by a business.

5. CONCLUSION

This study develops a qualitative framework for exploring how fashion MSMEs in Medan City adapt traditional retail practices to digital commerce. By examining publicly accessible digital documentation, the research focuses on five analytical dimensions: digital presence, digital marketing, customer engagement, digital commerce, and omnichannel integration.

The proposed multiple-case study offers an opportunity to understand how local fashion retailers use digital platforms to extend their business communication and commercial activities while maintaining physical retail operations.

The study also highlights the importance of distinguishing digital presence, digitalization, and broader digital transformation. Publicly available digital content can provide valuable evidence of visible business practices, but it cannot independently establish internal organizational changes, sales performance, or customer experiences.

Future empirical work should strengthen the analysis through systematic documentation, verification of case eligibility, and, where possible, interviews with business owners or managers. Combining public digital documentation with primary data would provide a more comprehensive understanding of the strategies, motivations, and challenges underlying digital business adaptation among local fashion MSMEs.

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