

## CONTESTATIONS BETWEEN MINIMARKET RETAIL AND LOCAL GROCERY STORES IN ACEH, INDONESIA

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### Abstract

*This article examines the competition between minimarket retailers and local grocery stores from a sociological perspective. It explores two main patterns of daily shopping habits, which highlight a complex competition for consumer attention. The author aims to demonstrate that this contestation is linked to social change and the business strategies employed by each type of business. The study adopts a descriptive qualitative approach, conducted in Lhokseumawe City, Aceh Province, Indonesia. Data were gathered through observation, in-depth interviews, and literature review, and analyzed descriptively by reducing, verifying, and interpreting to identify key themes and insights. The findings show that the competition between these two shopping patterns is driven by changes in consumer behavior. Minimarkets succeed by offering convenience and more structured services, while local grocery stores remain competitive by providing services rooted in cultural values and fostering close community ties.*

**Keywords:** *Contestation; Minimarket Retail; Grocery Stores*

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## INTRODUCTION

The presence of minimarket retail in small towns across Aceh has posed significant challenges to grocery store owners. These minimarkets have shifted shopping habits, compelling grocery stores to adapt in order to survive. Some believe that minimarket retailers disrupt shopping patterns, leading to reduced income for grocery stores (Fajri, 2022; Furna, 2023; Hidayat, 2022; Rizky, 2023). However, others argue that the presence of minimarket retail can provide opportunities for accessibility to quality products and an attractive shopping experience (Amri et al., 2019; Khatimah, 2023; Maulidasari & Damrus, 2020; Pratiwi & Gadeng, 2019). This dynamic has intensified competition between these two retail sectors as they vie to attract customers.

Scholars and researchers studying business systems in small-town communities generally focus on several key areas. First, investigations into business systems have led to notable shifts in labor division, as well as patterns of distribution and consumption (Chen & Liu, 2019; Zen & Dwiyanoro, 2014; Fancello et al., 2017; Yacob et al., 2020). Second, research on business systems has explored marketing models that can support business sustainability (Ardestani et al., 2024; Ismail, 2014; Suryadarma et al., 2010; Bahn & Abebe, 2017), and Lastly, these studies have also emphasized the advantages businesses provide to consumers (Farhangmehr et al., 2000; Timotius & Putra, 2023; Wertheim-Heck et al., 2014; Zhu et al., 2018). Research on minimarkets and local grocery stores typically centers on three main areas: their impact on the community, the quality and experience of shopping, and strategies for business growth (Novianti & Saputra, 2023; Soegoto & Karamoy, 2020). Although J. H. Boeke (in Kravis, 1954) divided two separate economic systems in Indonesian society, this suggests a classification between two operating economic ecosystems. However, the influence of these separate economic systems provides insight into the development of business systems related to social class (Akhyat, 2016). However, studies focusing on minimarkets and grocery stores in small urban areas have yet to specifically address the competitive dynamics between these two business models.

This article discusses the contestation between minimarkets and local grocery stores in attracting buyers in Aceh, Indonesia. A literature review shows that research on this contestation has been limited. However, understanding the dynamics of this competition is crucial as it provides valuable insights into the economic cycle of a region. Most previous studies have focused on the transformation of minimarket and grocery store businesses but often overlook the challenges faced by local entrepreneurs (grocery stores) in small towns when competing with minimarkets as a more modern business model. Therefore, this study aims to analyze how these two types of businesses compete in attracting customers.

This article presents three key arguments to shed light on the underlying dynamics. First, the competition is shaped by managerial factors that promote sustainable business growth. Second, it revolves around shifts in shopping preferences, influencing whether people choose minimarkets or grocery stores. Third, strategic location plays a crucial role in ensuring business continuity. Additionally, the competition is significantly affected by the initial capital invested, as the amount determines a business's ability to grow and withstand rivalry. Consequently, this competition drives business owners to implement various strategies to attract customers and ensure the survival and development of their enterprises.

The article presents three key arguments to provide insights into the existing realities. First, the contestation is influenced by managerial factors that drive sustainable business development. This refers to the ability of business owners or managers to design effective business strategies, such as long-term planning, efficient business management, marketing strategies, and innovations in services and products. With good management, both minimarkets and grocery stores can enhance their competitiveness, giving them a greater chance of surviving and growing in a competitive environment.

Second, the contestation centers on the changing shopping preferences of the public, which determines their choice to visit either a minimarket or a grocery store. These changes are influenced by factors such as shopping convenience, price differences, product variety, and social relationships with the store owners. Minimarkets often attract buyers with their strategic locations, modern ambiance, and flexible operating hours, while grocery stores offer social closeness and more competitive pricing. This shift in preferences is at the core of the competition between these two types of businesses.

Third, the contestation arises from strategic locations that support business sustainability. Locations that are easily accessible to consumers provide significant competitive advantages for both minimarkets and grocery stores. Additionally, the reality of this contestation is also influenced by the initial capital investment. The amount of capital invested determines how well a business can develop and survive in competition. Larger capital allows business owners to expand facilities, improve product quality, and implement more effective marketing strategies. As a result, this contestation drives business owners to continuously innovate and take various actions to attract buyers, ensuring that their businesses can survive and grow. Well-managed businesses, supported by adequate capital, have a greater chance of remaining successful despite increasingly intense competition.

Business contestation refers to a situation where business entities engage in competition, either discreetly or openly. This competition aims to secure market dominance and ensure the

business's survival by gaining recognition and achieving a prominent role within the community. Hopkins & Reicher (2011) explain that contestation reflects competition as an integral element in community life. Interactions between social identities can place individuals or groups in certain positions in the social structure. Bourdieu further conceptualizes contestation as a struggle for control within a specific arena (Afdholy, 2021, p.71-83). This dynamic influences the growth of each business, driving them to compete actively. Thus, business contestation can be understood as a process by which businesses strive to capture market share, earn community recognition, and establish themselves as indispensable to their audience.

Steven Bernstein (as cited in Wiener, 2014) explains that the way to define contestation is by looking at the reality of the gap between general rules and specific situations. Any business operating in an area will face competition from other businesses. However, this competition often deviates from the principles of economic democracy within the framework of local communities. (Bakhri, 2017; Irianto, 2013; Susilowati, 2014; Zikwan, 2020). The ongoing business contestation directly affects business sustainability. Long-established local businesses rooted in the community must contend with external competitors introducing innovative services and facilities. Additionally, these external businesses often possess substantial capital, enabling rapid growth and potentially undermining locally-owned enterprises. This competitive dynamic is closely tied to the interplay between community interactions and technological advancements, which drive social changes in daily shopping habits.

Minimarket is generally understood as a business unit that has a complex managerial system (Kamal & Akbar, 2022; Riyadi & Arif, 2023; Yacob et al., 2020). The complexity certainly provides opportunities for minimarkets in achieving market share in a particular region (Kuraesin & Prasetyowati, 2018). The minimarket business in Indonesia has been developing since the 80s, and has made rapid progress (Andi Ayu Frihatni, 2020; Raharja et al., 2021). This development encompasses various aspects, including promotions, services, and operational systems. It is further supported by a franchise program, which facilitates business collaboration and enables individuals with significant capital to set up minimarkets through a franchise model in specific areas (Sianturi et al., 2019; Widyorini & Yasminingrum, 2022). Through this system, communities can collaborate with franchising companies to build minimarkets.

In Aceh, Indonesia, there are numerous franchised minimarkets, with three prominent ones being Alfamart, Indomaret, and Alfamidi. While these minimarkets each offer a unique operational approach, they share one common feature: franchising. Franchising as a business model is governed by Government Regulation of the Republic of Indonesia (PP RI) Number 16 of 1997 on franchising and the Decree of the Minister of Industry and Trade of the Republic of

Indonesia Number 259/MPP/Kep/7/1997, which outlines the provisions and procedures for registering franchise businesses. These regulations were later updated by Government Regulation No. 42/2007 and Minister of Trade Regulation No. 12/M-Dag/Per/3/2006. Through this business cooperation model, franchisees enter into a 5-year contract with the franchisor, receiving management services for store operations. As a result, franchisees earn profits from sales each month. The rapid growth of franchised minimarkets in Indonesia has significantly contributed to the development of businesses that attract customers (Malau et al., 2024).

Grocery stores are businesses that offer a variety of products to meet people's daily needs through retail sales (Abeykoon et al., 2017; Briesch et al., 2009; Raijas, 2002). By selling goods at retail, grocery stores often serve as a shopping destination for individuals from diverse economic backgrounds who live nearby (Glanz et al., 2012; Inagami et al., 2006; Uncles & Hammond, 1995). Grocery stores can generally be found in residential areas, busy centers, and near public facilities (Martinelli & Balboni, 2012). These businesses have formed shopping habits among the public, making them a consistently popular choice for shopping today.

Grocery stores have long been present and thriving in Indonesia, playing an important role in the distribution of people's daily needs. Grocery stores are the main alternative for people to fulfil their daily needs (Berg & Murdoch, 2008; Cochoy, 2018; Noseworthy et al., 2011). In addition to offering a wide range of products, grocery stores also provide access to social and personalized services. This makes them an ideal option, particularly in densely populated areas. According to Carey (in Prasetyo, 2020), grocery stores in Indonesia have their roots in the trading practices of the ethnic Chinese community in the 1990s. During that time, Chinese traders would travel through neighborhoods, using a *kentongan*, a small wooden instrument covered with animal skin, to announce their arrival. The sound of the *kentongan* signified to the local community that a Chinese merchant was offering goods. Over time, the ethnic Chinese gained dominance in the market and began hiring locals to assist with distributing products. Eventually, they established permanent shops selling various daily necessities, which evolved into what are now known as grocery stores. By offering a wide range of products and services, these stores were able to attract and retain loyal customers.

## **RESEARCH METHODS**

This study was conducted in Lhokseumawe City, Aceh Province, Indonesia, chosen for its ongoing economic development in the trade sector. The region has 19 franchised minimarkets and hundreds of scattered grocery businesses, creating competition among them to attract customers. Several businesses near minimarkets and grocery stores were selected as research

samples. The selection process considered aspects relevant to the research focus, with data collection spanning six months. The study uses a descriptive qualitative approach, emphasizing inductive reasoning to gather information from field data (Lewis, 2015). Creswell (2017, p.71) has explained that this approach allows for in-depth exploration of data. Not only does it generate rich data, but it also offers the opportunity to revisit and refine initial arguments, placing the field data at the core of the analysis. Through this method, researchers can provide accurate data that aligns with the research issues, based on field data.

Data sources come from fieldwork through observation, in-depth interviews and literature studies. The three sources of data are the key strengths in the qualitative approach as an effort to record the reality of the research issue (Miles & Huberman, 2014, p.9). Observation provides a clear picture of the reality that can be perceived through human senses. During the research, the researchers observed minimarkets and grocery stores. In-depth interviews offered valuable data, drawing on the life experiences of informants. The researchers conducted interviews with consumers, shop owners, minimarket employees, and stakeholders. Additionally, a literature review was used to supplement the data gathered from interviews and observations, providing further context for the discussion. The researcher found supporting literature, both online and in print, relevant to the research topic. Therefore, this study utilizes three data sources: observation, in-depth interviews, and documents collected in the field.

This research broadens readers' understanding of the competition between minimarkets and grocery stores. To gather comprehensive data, three data collection methods were used, as outlined by Miles & Huberman (2014, p.5). First, passive observation was conducted to gain an initial overview and support the research issues. The researchers explored the locations of minimarkets and grocery stores, visiting each one individually. Second, in-depth interviews were carried out with selected informants to gather insights based on their personal experiences with minimarkets or grocery stores. Lastly, documents found during field research were utilized. The researchers collected various documents, including national minimarket reports, payment receipts, and price information. Using these three data collection methods, the researchers were able to conduct a thorough analysis.

The data analysis in this study followed the approach outlined by Creswell (2017, p.224). which involves three main processes. First, data reduction was performed by categorizing and organizing the data based on types, factors, and knowledge. Second, data verification occurred by drawing preliminary conclusions from the categorized data. Third, the data was presented through interview quotes, observations, and documents, which were then interpreted and analyzed to derive findings. The interpretation process involved rephrasing the collected data

and aligning it with the context, conditions, and focus of the research issue. This analysis process ultimately led to the formulation of comprehensive conclusions related to the research topics.

## **RESULTS AND DISCUSSION**

Business development in Lhokseumawe City has been growing rapidly. This growth can be traced back to the influence of large companies that have been operating in the area since the 1980s. These companies attracted many people from outside the city to come and work. As a local business, grocery stores have long played an important role in serving the community by providing a primary source for daily necessities. Their presence has cultivated a shopping culture among the local population, filled with social interactions.

Grocery stores are typically run independently by individuals or families, making them the sole owners who provide the initial capital. These stores offer a range of social services to the community, often serving as gathering places for casual conversations while shopping. Shopkeepers foster strong relationships with loyal customers, many of whom are local residents. In some cases, long-time customers are even granted temporary loans, based on personal trust and familiarity with the shopkeeper.

The products available in grocery stores are those that are essential for the community's daily needs. However, the variety of items offered is typically limited, as shop owners base their stock on the size of the store and the anticipated demand they have estimated. These products are sourced from wholesale stores, which sell goods in bulk. Grocery store owners usually visit these wholesale suppliers every 3 to 7 days to replenish their stock, allowing them to resell the items to the community at retail prices.

### **3.1. Unbalanced marketing system**

Starting a business requires efficient management, and one crucial aspect of this is a marketing strategy. This factor is vital for guiding the growth of the business and significantly influences its long-term success. A strong marketing strategy helps ensure the business's sustainability and raises public awareness of its products. By implementing an effective marketing strategy, businesses can compete with others and attract more customers.

Grocery stores in Lhokseumawe City have existed for a long time, even prior to the establishment of minimarkets. In practice, there is competition between these two types of businesses to attract customers, with marketing strategies playing a significant role in this rivalry. Table 1 below outlines the marketing strategies employed by both businesses to draw in customers.

**Table 1. Marketing strategies to entice buyers**

Marketing Strategy	Minimarket	Local grocery store
Product Promotion	“Products have been promoted by the franchisor company both online (official website, social media, whatsapp apps and channels, Alfamart or Indomaret) and offline (through the distribution of banners, brochures and fliers). The products sold on the shelves are also products from well-known brands” (Observation March-May 2024).	“There are no promotions for the products in this shop. The items I sell are aligned with the daily needs of the community, as I also observe which products are essential for continued sales.” (Ma, 32 years old).
Product cycle	“The products on the store shelves are replaced every month, but the process is done in stages based on which items have sold and how many are left. As a result, a car often arrives at the shop every two to three days to restock the products according to the quantities sold” (Nk, 22 years old).	“Product restocking at the store occurs once a week, as well as every two to three days. The items replenished every two to three days are fast-moving products like cigarettes, bottled water, and snacks. On the other hand, products such as soap, diapers, and other similar essentials are restocked weekly.” (Ss, 42 years old).
Discount Programme	“Alfamart and Indomaret provide discount programs on a daily, monthly, and quarterly basis. Customers can find discount details either at the store or on the official website” (Observation March-May 2024).	“There are no discounts on the products sold, but occasionally I offer a small price reduction if the buyer is short on cash, typically a thousand or two thousand rupiah, provided they have spent one hundred thousand rupiah or more” (Ma, 32 years old).
Subscription Code	“Alfamart offers a membership program for customers, allowing them to earn points that can be redeemed for products, as well as receive discounts on their purchases” (Mf, 23 years old).  “Indomaret also has a membership program for customers, providing them with shopping rewards” (Md, 23 years old).	“We don't offer excessive service here. We sell products at the set prices, and most of our customers are locals who come to us” (Ma, 32 years old).
Guide Service	“Here, consumers can see directly how much the product costs, there is also information on discounted products” (Md, 23 years old).	“Buyers choose directly what products they want to buy. After choosing, the buyer will meet me to pay” (Ss, 42 years old).
Emotional interaction	“We cannot have long discussions with customers. We only interact in accordance with the applicable SOP, where we only offer goods and explain everything that consumers ask about the products” (Nk, 22 years old).	“...of course, because many local people buy from my place. Sometimes after getting the product and buying it, we will have a light discussion together” (Y, 53 years old).



Table 1 presents an overview of the strategic marketing efforts implemented by the two types of businesses. These efforts create opportunities to attract customers. The marketing activities of both business types include various elements, such as product promotion, product life cycle, discount programs, customer guidance, and social engagement. While the marketing strategies employed by the minimarkets and grocery stores differ, their goal is to entice buyers.

Three key patterns emerge from the data in Table 1, highlighting the imbalance in marketing strategies between the two types of businesses. First, marketing is a crucial strategic step for ensuring business continuity, covering various aspects that guarantee consumers receive proper service. Second, minimarkets are more effectively managed in terms of marketing strategy, reaching a broader customer base, while grocery stores focus on a more socially-oriented marketing approach that helps build trust with their customers. Third, this disparity in marketing approaches significantly affects the number of consumers visiting each business, making marketing strategy a critical factor in the competition between the two types.

These imbalances in marketing strategies result in a fragmented market segmentation within the Lhokseumawe City community, as shown by the three patterns in Table 1. The competition to attract consumers is exacerbated by these imbalances. Nevertheless, both business types continue to serve the basic needs of the community, each employing distinct marketing strategies to draw customers. The competition between minimarkets and grocery stores in Lhokseumawe City reflects not only differences in their marketing approaches but also influences consumers' shopping habits and hybrid shopping behaviors.

### **3.2. Changes in people's spending preferences**

The emergence of minimarkets in Lhokseumawe City has gradually altered people's shopping behaviors. Over the past decade, as minimarket businesses have grown, there has been a noticeable shift in shopping habits, with people moving from frequenting grocery stores to preferring minimarket retailers. This shift reflects a significant change in the more complex consumption patterns of society, leading to a preference for packaged products from popular brands. While grocery stores also offer packaged products, their selection is not as extensive as that of minimarkets.

Shifts in consumer shopping preferences have impacted grocery store owners, who now face competition in attracting customers. Clearly, people's growing interest in shopping at minimarkets is driven by the services and promotions offered by these businesses. Table 2 below presents statements from informants regarding the changes in shopping preferences in Lhokseumawe City.

**Table 2. Changes in people's spending preferences**

<b>Informant Statements</b>	<b>Implications of change</b>
<p>"...I frequently visit the minimarket, mostly to buy everyday essentials. It's enjoyable because they offer promotions on certain products. Sometimes, I'll go in to buy soap, but if there's a promotion on snacks, I end up purchasing those as well." (Kz, 23) ... "I also go to the grocery store, but not very often. I only shop there when I urgently need something, since it's close to my house." (Kz, 23 years old)</p>	<p>Enjoys seeking out product promotions.</p>
<p>"I frequently shop at minimarkets because they offer product promotions, and they also have membership programs for their customers. At grocery stores, we don't get these kinds of promotions" (Sr, 34 years old).</p>	<p>Convenience in service</p>
<p>"I occasionally shop at minimarkets and sometimes at grocery stores. At minimarkets, there is a wide variety of products for our daily needs, which gives us more freedom to choose what we want. However, at the grocery store, the selection is smaller, but I feel more comfortable shopping there because the owner is a neighbor, and I can chat or discuss things with them while shopping" (Fl, 41 years old).</p>	<p>Flexibility to choose from a wide range of products</p>
<p>"...I visited both types of businesses, either minimarkets or local grocery stores. But if you look at it, minimarkets are cleaner and tidier than grocery stores. In minimarkets too, we can see the prices directly on the shelves so if we want to buy, we already know the total money to be spent" (Mi, 24 years old).</p>	<p>Price clarity and store visuals as added services</p>

Promotions play a significant role in driving consumer interest in visiting minimarkets. This is further supported by the public's awareness of the products available at minimarket retailers. Franchisors advertise their products on official websites, providing consumers with information about the offerings. Through these efforts, minimarkets have successfully established shopping habits among their customers.

The shopping preferences of the people in Lhokseumawe City can be analyzed through three key aspects. First, curiosity and new knowledge about the products offered stimulate changes in shopping interest. Second, the convenience and services provided by the businesses attract customers. Lastly, the variety of products available increases the likelihood of visits. These three factors help explain shifts in consumer shopping habits.

The visits of Lhokseumawe City residents to both types of businesses to meet their daily needs reflect broader social trends. These businesses have a substantial influence on attracting shoppers, which, in turn, affects consumers' purchasing decisions. An individual's shopping intentions are often shaped by their decisions about what product to buy, which are influenced by their knowledge of the businesses and the convenience and services offered. Over time, these shopping habits are formed, directly impacting the two businesses and driving competition to capture customers.

### **3.3. Strategic location for sustainability**

The strategic location of a business is an essential part of its trade strategy, aiming to connect the vibrancy of community activities with the products being offered. The decision to select a location is based on empirical observations that assess the purchasing power of the local community in the area where the business operates. Another view was also conveyed by Margareth as franchisee promotion and group manager at Indomaret. “Strategic locations offer franchisees the potential to boost a store's income. The importance of these locations lies in the fact that they provide promising opportunities for increased earnings” (Margareth in the In-Talk podcast on Indomaret's Youtube channel). Ss (42 years old) also explained that “This grocery store is our own. Why we locate the shop here is because it is close to home, so we can look after it all the time”.

The location of minimarket retail outlets is determined according to the guidelines set by the franchisor. In this process, the franchisee proposes a potential location for the minimarket, and the franchisor conducts a survey to assess the area's viability. In contrast, grocery store owners have more freedom in selecting their locations, as they typically choose areas close to where they live. Therefore, location selection is crucial for the continued success of a business.

Based on the data, three key patterns describe areas with strategic locations for businesses. First, strategic locations are those frequently passed by people in their daily routines, allowing for regular traffic. Second, strategic locations are areas with public facilities that make it easier for people to locate and obtain information about the store. Third, a strategic location is one with limited competition from similar businesses, allowing the store to operate without facing intense rivalry. Minimarket outlets are typically placed in strategic areas such as urban centers with high community activity, near schools, fuel stations, hospitals, and major road intersections. In contrast, grocery stores are more flexible in their location, often spread across residential areas. Ultimately, these three patterns of strategic locations are vital for ensuring the long-term sustainability of the business.

Strategic location plays an important role in attracting consumers to visit the store. When several similar businesses are in the same strategic location, they will compete for market share. Minimarket and grocery retailers in Lhokseumawe City exhibit this condition, forcing them to compete with each other. However, with good service and effective business management, they are able to survive the competition.

The competition between minimarkets and grocery stores in attracting consumers is influenced by three main factors. Firstly, although they apply different marketing strategies, the end goal is the same, which is to attract shoppers. Secondly, changes in consumer behaviour are also a challenge for grocery store owners, causing a shift in people's preferences in choosing where to shop. Third, strategic location is a key element for both types of businesses to survive. These factors create intense competition between the two types of businesses in capturing consumers.

Minimarkets typically attract consumers through innovation and the services they offer, while grocery stores rely on social proximity and the emotional connection between sellers and buyers. The competition for customers extends beyond superficial factors like price or product availability, delving into deeper and more complex dynamics. There are three key factors that determine the success or failure of both types of businesses. First, minimarkets place a strong emphasis on innovation and customer-focused services, such as loyalty programs or special discounts. In contrast, grocery stores thrive on personalized relationships with customers, often built on social and emotional bonds like trust and a sense of community. Second, consumer behavior continues to evolve, presenting a significant challenge for grocery stores. To remain relevant and appealing to customers, grocery stores must adapt, especially as shopping preferences shift toward the convenience or modern features offered by minimarkets. Lastly, minimarket retailers tend to choose locations that are easily accessible and situated in high-traffic areas, while grocery stores are typically located in residential neighborhoods, close to their regular customers. As a result, the competition between minimarkets and grocery stores involves a range of interconnected factors.

The dynamics of competition have led to a shift in consumer shopping habits, forming two main trends. The rise of minimarket retail has transformed shopping behavior, with a growing focus on seeking out promotions. At the same time, the presence of minimarkets has presented challenges for grocery stores, prompting owners to improve their service standards to attract customers. These changes are anticipated to significantly affect the long-term sustainability of local economies.

Grocery stores are able to compete with minimarkets due to their kinship-based business model, where owners build social cohesion through solidarity with the local community (Eko Setiawan & Ismi Lufina, 2024; Juliana et al., 2023; Ntlhe, 2023). Nevertheless, the existence of these two businesses is still visible in small towns (Arsyad, 2023; Raharja et al., 2021; Shomad, 2021). Grocery stores strengthen social connections within the community, while minimarket retail represents part of the broader transformation of society in the era of modernization. The

two primary trends in community shopping will continue to face organic competition, driving strategies to capture market share.

This centastation will persist if grocery stores fail to embrace innovation. The operational standards in convenience store retailing demonstrate an effort to maintain integrity while meeting sales targets. The shift in shopping behavior, driven by digitalization, has become a key aspect of societal development. Consumers now prioritize convenience and the quality of services provided during their shopping experience. As a result, local governments must focus on enhancing business education in the current era to ensure the long-term sustainability of grocery stores.

## **CONCLUSIONS**

The competition between minimarket retailers and grocery stores in Lhokseumawe City not only influences consumer traffic but also impacts their presence in the community. The number of consumers visiting these businesses reflects changes in shopping habits and behaviors. These conditions have led to market segmentation, which directly affects local entrepreneurs. As a result, one business model is locally-based, while the other is nationally driven, yet both must compete to attract customers.

This study found that the key factor in business sustainability is closely tied to the service programs offered, including both social and structural services. The core of these service programs is to provide convenience and an enjoyable shopping experience. Businesses with larger capital are able to offer structural services, while those with smaller capital focus on offering culturally-driven services, emphasizing emotional and social connections. Minimarket retailers can provide structural services due to their business partnerships with investors who have substantial capital, while grocery stores, with limited capital, focus on culturally-driven services, prioritizing emotional closeness with customers. Therefore, understanding business continuity is closely tied to the level of service offered, as it plays a crucial role in attracting customers.

However, this research has limitations regarding the enrichment of social policies. Future research could explore how local government policies can support the sustainability of both types of businesses in small-town areas. By examining the role of government in addressing the competition between these businesses, future studies could analyze the impact of regional policies on the sustainability of a locally-based, populist economy.

## Disclosure Statement

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