

# **BUSINESS COMPETITION LAW ANALYSIS OF THE THRIFT INDUSTRY: A COMPARATIVE STUDY BETWEEN SAMBU TRADITIONAL MARKET AND SHOPEE MARKETPLACE**

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## **Abstract**

This research analyzes business competition practices in the thrift industry at Sambu Traditional Market Medan and the Shopee marketplace, reviewed under Indonesian Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. Using a qualitative method with a case study approach, this study compares market structure, business behavior, and pricing mechanisms through interviews and field observations. The results show fundamental operational differences, where Sambu Market relies on direct interaction and physical negotiation, while Shopee is based on algorithms and digital data management. The legal analysis finds that the competitive price differences between offline and online traders are caused by cost structure efficiency, rather than predatory pricing practices or unfair competition. Although no antitrust violations were found, the research identifies risks of information asymmetry on digital platforms that could harm consumers and an imbalance in regulatory burdens. This study concludes the need for policy alignment to ensure consumer protection and equal business opportunities within the digital economic ecosystem.

## 1. INTRODUCTION

### Background problem

The phenomenon of the growing thrift business, or the sale of imported second-hand clothing, has become a significant part of the retail trade dynamics in Indonesia. Over the past decade, public interest in thrifted goods has increased rapidly due to affordable prices, product variety, and the sustainable fashion trend that encourages the consumption of second-hand clothes as a more environmentally friendly alternative [1]. Nevertheless, thrift trade activities often operate within a complex regulatory space, particularly concerning regulations on the import of second-hand clothing, quality standards, and their implications for business competition among domestic textile and retail industry players. Thrift business actors in Indonesia continue to thrive through both conventional channels in traditional markets and digital platforms such as Shopee, giving rise to increasingly dynamic and multidimensional business competition patterns.

Traditional markets, as the primary hub for offline thrift trade, have also undergone significant transformations. One of the major markets known as a center for second-hand clothing sales in North Sumatra is the Sambu Market in Medan, which historically plays a vital role in providing thrifted goods for both local consumers and collecting traders [2]. Buying and selling activities at Sambu Market reflect a traditional competition model that is direct, transparent, and reliant on personal interaction. Consumers can physically assess product quality, negotiate prices, and build relationships with traders. This model creates relatively stable competition and a face-to-face competitive environment, which differs significantly from competition patterns on digital platforms that rely on algorithms, ratings, and digital exposure [3].

On the other hand, the development of digital technology and the penetration of marketplaces like Shopee have given rise to a new form of competition in the thrift business. Shopee provides an extensive, borderless, and highly competitive trading ecosystem, where thrift traders compete through price optimization, product photos, buyer reviews, and the use of promotional features such as vouchers or paid advertisements [4]. Competition in the digital realm is far more intense as each trader may face thousands of competitors from all over Indonesia. The characteristics of online transactions create greater information asymmetry and open opportunities for misleading practices, such as the use of fake photos or rating manipulation as a competitive strategy. This fundamental difference makes a comparative analysis between traditional markets and marketplaces essential in the context of business competition law [5].

Indonesian Law No. 5 of 1999 provides a legal framework to maintain market fairness and efficiency, including prohibitions on conspiracy, predatory pricing, and abuse of dominant position [6]. However, the implementation of these norms in the context of the thrift business often faces challenges due to the unstructured nature of the industry and the involvement of many informal actors. In traditional markets, violations tend to be micro-scale, while in marketplaces, competition issues can occur on a massive scale but remain hidden behind the platform's algorithmic mechanisms [7]. This condition shows differences in market structure (market structure) that directly affect business behavior (market conduct) according to the SCP framework [8].

The urgency of this analysis is increasingly relevant considering that the trade of imported second-hand clothing is actually prohibited under Minister of Trade Regulation No. 40 of 2022, yet it remains strong due to high market demand [9]. In addition, shifts in consumption culture where young consumers prefer online shopping for convenience have created new market segments that affect the strategies of business actors [10].

### Problem Formulation

Based on the background, the problem formulation in this research is formulated as follows:

1. Has the business competition practice in the thrift industry at Sambu Market and Shopee been operating fairly in accordance with the applicable legal provisions?
2. How do the differences in market structure (market structure) and business behavior (market conduct) in both market models affect the potential for business competition violations?

3. How do the risks of unfair competition, such as information asymmetry and digital entry barriers (entry barrier), arise as a result of platform algorithmic mechanisms compared to traditional markets?

### Research purposes

Based on the background of the research outlined above, the researcher has formulated the objectives of the study to be discussed as follows:

1. To analyze business competition practices in the thrift industry at Sambu Traditional Market Medan and Shopee e-commerce.
2. To compare market structure, business behavior, pricing mechanisms, information transparency, and potential violations of Indonesian Law No. 5 of 1999.
3. To provide an in-depth understanding of the relevance of business competition law in maintaining fairness, efficiency, and sustainability of the thrift industry amidst the dynamics of digital transformation.

## 2. LITERATURE REVIEW

### Business Law

Aparis & Hadif pebri (2024) state that business law is a set of legal rules that govern the procedures for conducting trade, industrial, or financial affairs or activities related to the production or exchange of goods or services by placing money from entrepreneurs into certain risks with certain efforts to obtain certain profits. Business law is a set of norms, both written and unwritten, that govern business activities including trade, industry, commerce, and their resolution along with all their legal consequences [12]. Adi (2024) argues that Business Law is a set of rules and regulations that govern interactions and transactions within the business world. This business law covers various legal aspects, such as corporate operations, contracts, obligations, consumer protection, bankruptcy, and intellectual property rights.

Supriyadi (2020) conveys that business law is a set of norms, both written and unwritten, that govern business activities including trade, industry, commerce, and their resolution along with all their legal consequences. Business law is a product of a culture, which among other things means a complex of patterned behavior activities of humans in society or business actors [15].

### Prinsip Dasar Hukum Bisnis

#### 1) Good Faith

Atmoko & Noviriska (2024) state that the principle of good faith requires parties to behave honestly, transparently, and not abuse rights during the pre-contractual stage, formation, and execution of the agreement. In the continental civil law tradition, good faith functions as a moral-legal norm that complements written contract provisions to restrain opportunistic behavior.

This principle is useful for: (1) interpreting vague contract clauses, (2) filling contractual gaps (gap-filling), and (3) serving as a basis for sanctions if one of the parties acts deceptively or unfairly harms the other party. In modern practice (including digital/franchise contracts), the application of good faith encourages transparency and pre-contractual obligations [17].

#### 2) Legal Compliance

Ramesh (2023) reveals that legal compliance refers to the obligation of organizations/legal actors to comply with laws and regulations, regulatory standards, and governance principles. In corporate law literature, compliance is viewed not merely as avoiding punishment but also as a part of business ethics and risk management. Compliance increases legitimacy, reduces litigation/sanction risks, and becomes an essential element in good corporate governance (GCG). An effective compliance program usually includes written policies, training, monitoring, and reporting mechanisms (whistleblowing). Aggressive enforcement (e.g., DOJ policies/other authorities) demonstrates that regulators take the company's compliance culture seriously [19].

#### 3) Fairness

Justice (*fairness*) in legal theory means equal, proportional, and reasonable treatment for all parties. In the philosophy of law, the modern concept of fairness is often referred to Rawls (justice as

fairness) and translated in law as the principle of reasonableness & equity that balances individual freedom and the distribution of social benefits/burdens [20].

#### 4) Consumer Protection

Puspitasari & Setjoatmadja (2025) reveal that consumer protection law aims to balance the bargaining position between consumers and business actors, provide enforcement mechanisms (protection agencies, courts, mediation), and update rules for e-commerce and digital transactions (data privacy, payment security, platform responsibility). Local studies show a gap between formal regulation and the effectiveness of enforcement in the field.

#### Thrift Business Concept

Thrift business is a trading activity focused on the sale of secondhand goods in wearable condition, especially clothing, at prices more affordable than new products. In the context of the modern economy, the thrift business has become part of the circular economy, a system that emphasizes the reuse of goods to extend product lifecycles and reduce waste [22]. The thrift phenomenon does not only emerge as a frugal consumption alternative, but also reflects shifts in consumer preferences toward sustainable lifestyles and more responsible consumption [23]. In the fashion industry, the thrift business serves as a response to increasing criticism of fast fashion, which is considered to generate textile waste and resource exploitation.

Sociologically, thrift activities are also viewed as a cultural practice developing from both economic needs and lifestyle. Research Guiot and Roux (2010) mentions that consumers are attracted to thrifted goods due to three primary motivations: economic value, uniqueness seeking, and the dimension of nostalgia. In the Indonesian context, particularly in urban areas, the growth of thrift culture is closely related to changes in the behavior of young consumers who are increasingly fashion-conscious but have limited purchasing power [17]. This makes thrift products, especially imported branded clothing, highly sought-after commodities in both traditional markets and digital platforms.

From a business perspective, the thrift business has different characteristics compared to the trade of new clothing. According to Astrawan & Sukadana (2025), the trade of secondhand goods often relies on informal distribution channels, such as imported secondhand clothing bales, donations, or individual resale (consumer-to-consumer). In Indonesia, the distribution of thrift clothing also faces certain regulations because some products fall under the category of imported secondhand goods which are strictly regulated by the government through the Minister of Trade Regulations, considering that the import of secondhand clothes can impact the domestic textile industry [26]. Nonetheless, high market demand and business model flexibility allow the thrift business to continue growing rapidly.

In a marketing context, thrift businesses utilize strategies that prioritize price value, item curation, and attractiveness. Research by Mulyadi & Nurhasanah (2024) shows that consumers tend to view thrift items as unique products that are not mass-produced, thus having their own value of exclusivity. Furthermore, promotional practices through social media and digital platforms expand the reach of the thrift market, providing opportunities for business actors to apply visual marketing techniques based on storytelling, try-on hauls, and live shopping sessions. This has shifted the perception of the thrift business from being seen as a low-end market to a creative business segment capable of reaching the middle-upper market.

From legal and economic perspectives, the thrift business exists within an increasingly tight business competition ecosystem, given that competition occurs not only among thrift traders in traditional markets but also between offline and online traders in marketplaces. According to Atmoko & Noviriska (2024), the development of the digital economy creates new forms of competition that are cross-channel (cross-channel competition), where offline traders often face price pressure and service speed from online traders. This also occurs in the thrift business in Indonesia, where platforms like Shopee introduce competition based on price, product variety, and accessibility, thereby changing the overall thrift market structure.

Thus, the concept of the thrift business can be understood as a multidimensional phenomenon involving economic, cultural, marketing, and legal aspects. The development of the thrift business in Indonesia, both in traditional markets such as Sambu Market Medan and on digital

platforms, reflects transformations in consumption behavior as well as increasingly diverse business competition dynamics. A comprehensive understanding of this concept is important as a basis for analysis in observing how thrift practices interact with business competition rules and how competition structures are formed within two different market ecosystems.

### **Business Competition**

Business competition refers to a condition where business actors strive to attract consumers through strategies of price, quality, product differentiation, or service. In market economic theory, fair competition is considered a driver of efficiency, innovation, and product quality improvement [28]. Market structures such as perfect competition, oligopoly, or monopolistic competition will shape different levels of competition, so the behavior of business actors is heavily determined by their position within that structure. In the thrift business, which is informal and densely populated by actors, the market structure tends to resemble monopolistic competition where similar but not identical products are offered by many sellers.

In practice, business competition can be fair or unfair. Fair competition occurs when business actors compete through their respective performance and advantages, while unfair competition arises through practices such as predatory pricing, discrimination, or price fixing that can harm the market [29]. According to Porter (1985), competitive strategies can be analyzed through cost advantage and differentiation, but these strategies can become legal issues if they create entry barriers or lead to unreasonable market dominance. In the context of the thrift business, competitive behavior often occurs through rapid price play, promotional tactics, and stock variation, making market dynamics highly volatile and dependent on consumer preferences.

From a regulatory side, the business competition legal framework functions to ensure that competition proceeds fairly and does not harm consumers or other business actors. In Indonesia, these principles are regulated in Indonesian Law No. 5 of 1999, which emphasizes the prohibition of monopolistic practices and unfair competition through norms related to agreements between business actors, abuse of dominant position, and behavior that obstructs the market [30]. As the digital economy develops, new challenges arise because competition no longer occurs only between traders in one physical location, but also across channels between offline traders and marketplace platforms like Shopee, which lower entry barriers and expand the market [31]. Therefore, the analysis of business competition in the thrift business needs to consider a combination of economic aspects, business actor behavior, and the regulatory framework that governs competition in both traditional and digital market environments.

### **Business Competition in Indonesia**

Business competition law in Indonesia aims to ensure that the competition process in the market takes place in a healthy, fair manner, and does not harm consumers. The main regulatory framework in this field is Indonesian Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, which serves as the normative basis for regulating business actor behavior, market structure, and the potential abuse of market power. According to Siregar (2018), this regulation is important for maintaining market efficiency and ensuring equal business opportunities, especially for small and medium-sized enterprises. In the context of an open and competitive national economic system, business competition law functions to balance the interests of large business actors while protecting market dynamics from practices that can create distortions.

Indonesian Law No. 5 of 1999 regulates three main pillars: (1) prohibitions on anti-competitive agreements, (2) prohibitions on activities that have the potential to create monopolies, and (3) oversight of the abuse of dominant position. Agreements such as price fixing, market allocation, or tender conspiracy are prohibited because they have the potential to disrupt market mechanisms (KPPU, 2020). Furthermore, activities by business actors that create entry barriers, such as predatory pricing or supply restrictions, can be categorized as actions leading to the concentration of market power that harms competitors [32]. Thus, business competition law aims to ensure that market mechanisms operate based on quality and efficiency competition, rather than market manipulation.

### 3. RESEARCH METHODS

The research method used in this study is a qualitative approach with a case study design, which combines literature review and field data collection through in-depth interviews. The literature review was conducted to obtain a theoretical foundation regarding business competition law, retail trade dynamics, the development of traditional markets, and the characteristics of thrift business activities in Indonesia, by referring to textbooks, scientific journals, laws and regulations, and relevant research reports. To complement and strengthen the analysis, this research also conducted semi-structured interviews with thrift business actors at Sambu Market Medan as a representation of traditional markets, as well as with several thrift sellers operating on the Shopee e-commerce platform. Informant selection was carried out using purposive sampling, specifically choosing traders who have been actively running their businesses, understand market dynamics, and are willing to provide in-depth information regarding business models, pricing strategies, cost structures, competitive barriers, changes in consumer behavior, and their perceptions of the competition between traditional and digital thrift.

Field data collection techniques were carried out through direct observation in the Sambu Market area to observe conditions, trading activities, seller-buyer interactions, and competition patterns within the market environment. All interview data were recorded, transcribed, and analyzed using thematic analysis techniques, which involve identifying patterns, issues, and main categories relevant to the research focus. Meanwhile, data from the literature were analyzed using the content analysis method to ensure consistency between theory and the empirical phenomena found. Data validity was maintained through source triangulation by comparing information from interviews, observations, and literature findings. With this approach, the research is expected to provide a comprehensive overview of business competition practices in the thrift business in traditional markets and e-commerce, as well as identify the implications of business competition law that emerge in the context of digital economic development.

### 4. RESULTS AND DISCUSSION

#### Operational Characteristics of Thrift Traders at Sambu Market

Sambu Market Medan is known as one of the largest thrift trade centers in Medan City, with a concentration of traders selling imported second-hand clothes, shoes, bags, and various fashion products selected from imported bales. Structurally, the operational activities of thrift traders in this market are informal and highly dense with actors, thus creating a competitive market environment. Interview results show that most traders at Sambu Market obtain their goods through importers or large agents who supply second-hand clothing bales in large quantities. This pattern indicates a strong dependence on upstream suppliers who determine the quality and variety of products obtained by small traders. This dependency also affects selling price fluctuations because bale prices can change following supply shortages or high seasonal demand.

From the daily operational side, thrift traders at Sambu Market rely on conventional sales strategies through physical store arrangements, clothing displays on hangers, and the *bongkar bal* (bale opening) technique, which is the main attraction for consumers. The *bongkar bal* practice is an activity of opening clothing bales directly in front of consumers, creating a competitive atmosphere where consumers can choose "best grade" items before they are picked by other buyers. This activity indirectly forms a perception of value-added in the form of affordability and exclusivity of goods, which is a strong attraction for consumers, especially young people and branded item seekers. Such a sales approach also creates fast-moving market dynamics, as prices can be formed based on the condition of the goods, trends, and visual appeal when the bale is opened.

In the context of business competition, the operational characteristics of thrift traders at Sambu Market show a market structure that is monopolistic in nature, where many traders sell similar products but have differentiation based on item quality, curation, and customer networks. Interviews show that traders rely heavily on personal relationships with regular customers and the store's reputation as a source of quality goods. Differentiation is carried out through the selection of imported bales based on the country of origin (for example, Japan, Korea, or Europe), cleanliness levels, and the trader's ability to select items before they are displayed. Since there are no standard

benchmarks for item quality, competition occurs through perceived quality and the trader's ability to make the items look attractive. This shows that the competitiveness of traditional traders at Sambu Market is not only determined by price but also by "curation expertise" that forms added value.

However, this operational structure also creates vulnerabilities in the context of business competition law. First, supply patterns based on specific importer networks can pose a risk of dependence on distribution control by a few suppliers, potentially creating entry barriers for new traders. Second, the informal nature of the market means that traders do not have equal strategic access, such as information on bale prices, import quality, or policy changes regarding the ban on second-hand clothing imports. Third, intense price competition in the field forces some traders to sell at thin margins, which can lead to underpricing practices to maintain sales. From a business competition law perspective, this condition reflects high competition intensity but is accompanied by the potential for unfair practices if informal price coordination or supplier dominance over bale supplies occurs.

Furthermore, the operations of thrift traders at Sambu Market still rely entirely on offline methods, so the market reach is limited to physical visitors. This puts traders in a less advantageous position compared to thrift traders who have shifted to digital platforms. Despite having a loyal customer base, limited access to technology and digital marketing makes traditional traders at Sambu Market more vulnerable to changes in consumer behavior, who now tend to choose shopping through marketplaces due to more competitive prices and search features that make it easier for them to find products quickly. These limitations go hand in hand with fairly intense competition dynamics in the Sambu Market environment, where thrift traders rely on product differentiation, trading reputation, and the ability to curate second-hand clothes as the main added value. On the other hand, they also face structural barriers in the form of supply fluctuations, competition between sellers in the same physical space, and pressure from the changing trade landscape due to the increasing dominance of digital platforms. The combination of these factors illustrates how the operational character of thrift traders at Sambu Market is formed and how their bargaining position develops in the face of changing consumption patterns that are increasingly oriented toward the convenience and efficiency of online shopping.

### Operational Characteristics of Thrift Traders in the Shopee Marketplace

Thrift traders on the Shopee platform have significantly different operational characteristics compared to traditional thrift traders in physical markets. Sellers in the marketplace utilize digital infrastructure that allows trading activities to take place without the constraints of space and time. The operational system of online thrift stores usually begins with a procurement process similar to that of traditional traders, namely through imported bale suppliers or local preloved goods, but stock management is conducted using a more structured approach. Online sellers must perform detailed product listings, ranging from product photos, size descriptions, and defect information (defect), to price variations. This process creates a more consistent information standard for consumers compared to traditional markets, which rely on verbal explanations. From interview results, thrift sellers on Shopee emphasize that photo quality and description accuracy are vital factors in building buyer trust and reducing the risk of product returns.

In daily operational aspects, thrift traders on Shopee rely on platform algorithms and store management features provided by the marketplace. Sales operations no longer rely on face-to-face interaction but on store optimization through keywords, ratings, customer reviews, and chat response performance. Online thrift sellers utilize promotional features such as flash sales, free shipping, and store vouchers to increase product visibility. Interviews indicate that most thrift sellers on Shopee monitor orders and manage customer chats throughout the day to maintain store performance. This system creates digital and scheduled operations, where response speed becomes one indicator of service quality. Unlike traditional market traders who rely on interpersonal friendliness, online thrift traders must adapt to responsive and efficient text-based customer service.

Furthermore, the operational characteristics of thrift sellers on Shopee are heavily influenced by logistics and shipping mechanisms. Once an order is placed, the seller is required to perform a more systematic packing process, such as including shipping labels, using appropriate packaging, and ensuring the goods remain in good condition during transit. This operational system demands

time management efficiency because Shopee sets specific delivery deadlines (cut-off times). Sellers who do not meet these deadlines risk a decline in store reputation. Additionally, the success of thrift operations on Shopee is directly related to the performance of expedition services, an external factor not faced by traditional market traders. Thus, the operations of online thrift sellers have a higher level of dependency on digital systems and third-party logistics.

From a managerial analysis perspective, thrift sellers on Shopee tend to be more familiar with business recording principles than traditional traders. Many of them use sales data analysis features within the Shopee application to monitor traffic, conversions, best-selling products, and buyer characteristics. Some sellers even perform additional recording through spreadsheets to calculate net profit, operational costs, and stock evaluations. The data obtained from this marketplace system allows sellers to make data-driven decisions (data-driven decision making), such as determining product upload times, adjusting prices based on trends, and devising promotional strategies. Consequently, the operational characteristics of thrift traders on Shopee demonstrate a level of professionalism and digitalization not found among traditional thrift traders in physical markets.

### Comparison of Traditional Thrift Operational Models at Sambu Market and Digital Thrift on Shopee

The development of thrift businesses operating in traditional markets and through e-commerce platforms like Shopee shows fundamental differences in characteristics, both in business processes and interaction patterns between business actors and consumers. While both business models offer products with affordable price segmentation, their sales mechanisms, competition patterns, and the regulatory aspects governing them have their own distinct characteristics. Operations in traditional markets tend to prioritize direct transactions and face-to-face interactions, whereas sales through e-commerce rely on digital systems that facilitate promotion, transactions, and goods distribution. These differences imply variations in business strategies, price formation, and the forms of consumer protection implemented. To provide a more systematic overview, a comparison of the two business models is presented in the table below.

**Table 1. Comparison of Traditional Thrift Operational Models at Sambu Market and Digital Thrift on Shopee**

Aspects	Traditional Thrift Business	Shopee Thrift Business (E-Commerce)
Transaction Patterns	Transactions are conducted through direct interaction; buyers can physically inspect goods, test quality, and bargain. Purchasing decisions are influenced by direct experience and personal relationships.	Transactions are based on a digital system; buyers assess products through photos, descriptions, ratings, and reviews. There is no physical contact, so store credibility depends on online information and digital reputation.
Marketing Strategy	Marketing is done verbally, relying on the trader's reputation and customer loyalty. No digital media or structured promotions are used.	Uses product photos, keywords, paid advertisements, recommendation features, and algorithms. Marketing is heavily influenced by the optimization of store appearance and performance.
Market Coverage	Limited to consumers who physically visit Sambu Market; narrow geographical reach.	Can reach consumers throughout Indonesia; wide reach and independent of location.
Stock & Operational Management	Flexible and negotiable prices; determined based on the trader's intuition and the condition of the goods.	Prices are more transparent and fixed; often follow platform discount programs, vouchers, and flash sales.
Pengelolaan	Relies on the trader's intuition and	More structured stock management

Stok & Operasional	experience; simple or undocumented bookkeeping. Item curation is done manually and directly in the field.	using sales analytics features, performance reports, and data monitoring. Products are curated using photos and detailed descriptions.
Operational Costs	Costs for kiosk rental, electricity, market retribution, and goods procurement transportation. Cost risks are relatively stable.	Admin fees, sales commissions, paid promotion costs, goods packaging, and return risks. Cost structure is more varied and follows platform policies.
Main Competitive Capital	Personal reputation, experience in selecting goods, strategic location, and bargaining skills.	Store appearance, visual quality, consumer ratings, algorithmic performance, and digital marketing capability.
Business Risks	Fluctuations in the number of visitors, physical competition between kiosks, weather, and market conditions.	Changes in platform algorithms, intense competition among digital sellers, product return risks, and poor consumer reviews.
Main Limitations	Minimal access to technology, narrow market reach, lack of digitalization standards.	Dependency on the platform, high promotion costs, and high need for digital competence.
Main Advantages	Consumers can inspect goods directly; personal interaction builds trust; item curation is easier for buyers to assess.	Wide market access, low initial costs, fast buying and selling processes, and ease of reaching consumers from various regions.

## Discussion

Competition between thrift business actors in offline and online spaces needs to be viewed through a legal lens, specifically the business competition framework as regulated in Indonesian Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. This regulation emphasizes the importance of preventing actions that can inhibit competition, such as collective price-fixing, unilateral market control, or strategies aimed at eliminating competitors. As the thrift phenomenon grows rapidly in both physical markets and marketplaces, the assessment of whether the emerging competition violates rules must be viewed from the behavior of business actors and the resulting market structure.

In practice, price competition between offline and online thrift traders does not automatically constitute a legal violation. Sellers in marketplaces tend to offer lower prices due to operational efficiency factors, rather than market predatory strategies or predatory pricing practices prohibited under Article 20 of Law No. 5 of 1999. Low prices in marketplaces are generally influenced by broader access to supply, minimal rental costs, and promotional support from the platform. This condition differs from physical stores that bear fixed burdens such as business premises costs, labor, and facility maintenance. Because these cost structure differences are natural and not the result of an agreement to eliminate competitors, the resulting competition does not meet the elements of a violation.

Nonetheless, digital platforms introduce new forms of entry barriers (barrier to entry) that are digital rather than physical. Several paid promotion features, search algorithms, and store ranking mechanisms have the potential to create position inequality among sellers. Although not yet fully categorized as monopolistic actions, the regulation and oversight of platform features remain important, as algorithms that provide excessive advantages to certain sellers may overlap with the provisions of Article 19 letter d of Law No. 5 of 1999 regarding actions resulting in "unfair business competition between business actors in the relevant market". This is where platform transparency is required so that small sellers are not marginalized by systems they do not understand.

On the other hand, trading activities in marketplaces are subject to other provisions, such as Government Regulation No. 80 of 2019 concerning Trade Through Electronic Systems (PMSE).

This regulation governs the obligations of online business actors, including identity listing, clarity of product information, and the obligation to maintain transaction security. This regulation is indirectly related to business competition because violations of information obligations can lead to information asymmetry that harms consumers and affects market preferences. If non-transparent information causes consumers to choose the wrong product, the competition structure can be disrupted and the position of certain traders can become disproportionate.

Consumer protection is also an essential part of the legal analysis. Indonesian Law No. 8 of 1999 concerning Consumer Protection emphasizes the obligation of business actors to provide correct, clear, and honest information. Offline and online thrift traders face different challenges regarding this matter. In physical markets, consumers can inspect goods directly, resulting in relatively higher transparency. In marketplaces, consumers depend on photos and descriptions, leading to a higher risk of non-conformity. If a seller intentionally hides defects or fakes descriptions, such actions can violate Article 9 of the Consumer Protection Law regarding the prohibition of providing misleading information, and such practices can indirectly impact unfair competition.

Furthermore, the imbalance of regulatory burdens between offline and online traders also creates competitive dynamics that need to be observed. Offline traders are bound by retribution rules, physical licensing, and direct supervision, while online sellers deal more with digital administrative regulations. This difference is indeed not a competition law violation, but it indicates an inequality in the business environment. This imbalance can be a consideration for the government if they wish to formulate fairer policies for small business actors so they can remain competitive in an increasingly digitalized market.

In addition to these findings, competition dynamics are also influenced by changes in consumer preferences. Young consumers now tend to prefer shopping for thrift items online due to convenience, speed, and a wider variety of products. This phenomenon causes traditional markets like Sambu Market to experience demand pressure, yet this condition is a process of natural competition and does not constitute a business competition violation. The shift in consumer preferences is not generated by anti-competitive actions from specific business actors, but rather by technological developments and market behaviors that change organically.

The issue of legality often associated with thrift businesses also needs to be placed in the proper context. Provisions prohibiting thrift businesses are not related to business competition but relate to the ban on importing second-hand clothing within trade and customs regulations. Thus, the legal violations that arise are within the realm of imports, not domestic business competition. Thrift sales, both offline and online, do not automatically become illegal acts from a business competition perspective. The legality status of the goods does not change the legal evaluation of competition patterns, as long as there are no elements of monopoly, price discrimination, exclusion of competitors, or restriction of market access.

## 5. CONCLUSION

The results of the analysis indicate that the competition between thrift traders in traditional markets and thrift sellers on the Shopee platform is influenced by fundamental differences in business infrastructure, access to technology, and marketing mechanisms, where digital business actors gain structural advantages through algorithmic features, broad market reach, and transaction cost efficiency. Meanwhile, traditional traders still rely on direct interaction, product curation experience, and a local customer base, but face limitations in digital adaptation and market expansion. From a legal perspective, this condition has not yet met the elements of a violation as regulated in Indonesian Law No. 5 of 1999, as no indicators of anti-competitive behavior such as abuse of dominant position or price conspiracy were found; instead, it is more a form of structural imbalance arising from the transformation of the trading system. These findings underscore the need to strengthen the implementation of Government Regulation No. 80 of 2019 and Minister of Trade Regulation No. 50 of 2020 regarding the transparency of platform mechanisms, consumer protection, and oversight of algorithmic practices that potentially affect market structure. Furthermore, support for traditional traders through digitalization programs, improved technological literacy, and expansion of marketing access is essential for them to remain competitive within an increasingly digitally integrated trading ecosystem. Overall, this research highlights the importance of policy

harmonization capable of maintaining a balance of competition between offline and online business actors to create a healthy, fair, and sustainable market.

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