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Traditional Marketing vs. Digital Economy

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Abstract

The 21st decades has seen a changes in global trading. Firstly run by the quick growth of the digital economy, which has challenged the traditional control of recognized markets. This paper examines the rise of social media platforms, search engines and internet marketing software has opened up several opportunities for businesses to connect with their consumers in a more personal, engaging manner. Emerging technologies have merged physical and digital marketing activities. The evolution from traditional marketing to digital economy methods still hold relevance in the digital age but businesses are rapidly transitioning towards digital means due to their vast potential and scalability. While the modification to digital economy is apparent traditional marketing continues to hold its ground in certain industries and markets. However, the trend suggests an increasingly integrated approach, where digital economy and traditional marketing methods coexist and complement each other. In the future, marketers may need to focus on creating whole customer experiences, exceeding the boundaries of traditional marketing and digital economy. The future of marketing lies in a synergistic blend of traditional and digital approaches. Digital economy spreads market access, highly transactions and modifying's financial system. Traditional markets needed for supporting employment, community and cultural behavior's.

Keywords: Traditional Marketing, Digital Economy, Online Transactions, Consumer Approach, Unifi (UPI) payment system uses, new Technology, , India,

Introduction

Its different methods of commerce has been always an essential part's of human development. Primarily, exchange systems in traditional markets to digital trade systems, the behaviors goods and services are replaced recurrently and progressive. Traditional markets including open free market, grocery shops and retail shops have traditionally functioned as more than impartial places for economic transactions; also they have been using places for Its different methods of commerce has been always an essential part's of human development. Primarily, exchange systems in traditional markets to digital trade systems, the behaviors goods and services are replaced recurrently and progressive. Traditional markets including open free market, grocery shops and retail shops have traditionally functioned as more than impartial places for economic transactions; also they have been using places for social interface, cultural interchange, and community engagement. This move to digital economy has been boosted by technological evolution, better internet approachability and the general use of smartphones. In spite of the increasing digital economy, traditional marketing continue to performance an important role in developed and developing nations. For example, in rural area market, weekly markets and local market continue basic sources for groceries and household items, providing credit, custom-made service and a sense of community that online platforms struggle to match. The COVID-19 pandemic highlighted the flexibility of mutually systems as traditional markets adapt the integrating digital payment methods, while digital platforms extended their logistics and delivery systems to provide increasing demand.

It aims to answer the following questions:

1. What is mean by traditional marketing and the digital economy?
2. What is kind of thing's in changes regarding efficiency, accessibility and consumer trust?
3. What is challenges and opportunities traditional marketing and digital economy?
4. How can representatives and businesses connect the advantages of each model to foster inclusive economic growth?

The analysis taking a multi-faceted approach, looking at economic performance, technological advancement, social implications, and policy considerations. While the emphasis is on a global perspective, special attention is given to India's distinct commercial environment, where the integration of traditional and modern trade forms provides valuable insights for emerging markets.

Literature Review

The examination of commerce and market contexts has developed in corresponding with economic systems, technological progress and social demands.

1. Traditional Markets in Historical and Contemporary Context

Traditional markets have been long foundational to economic lifecycle. In 1944, Polanyi says that these markets are not just economic things but these are intensely implanted social institutions. They function between cultural systems and substitute community's identity, expectation and trade. In the context of India, In 2012, Bhowmik has emphasized how casual retail like weekly markets and open market services for necessary goods, particularly outside big cities. Also, research by Banerjee & Duflo (2019) shows that traditional markets offer advantages that formal retail and e-commerce privation, with flexible pricing, custom-made relations and local credit systems constructed on community relationships. However, these markets also have significant limitations, such as their reliance on cash, limited geographic scope, and high susceptibility to interruptions in the supply chain.

2. The Rise of the Digital Economy

In 1995, Don Tapscott was promoted by the term of "DIGITAL ECONOMY". Brynjolfsson and McAfee (2014) says that digitization is not only changing transactions but also the entire structure of industries. This enables industries to expand at unprecedented speeds and reduce transaction costs. Globally, according to UNCTAD's Digital Economy Report (2025), global e-commerce sales were estimated at \$24 trillion in 2025, with Asia leading the way. In India, studies by Chaturvedi (2023) and reports by the Internet and Mobile Association of India (IAMAI) show that increasing smartphone usage, content in regional languages, and extremely cheap data (USD 0.17/GB) are key factors driving online commerce.

3. Comparative Perspectives

Initially, traditional markets and the digital economy were considered to be competitors. However, recent studies show that they are complementary rather than substitutes. For

example, according to Singh and Kaur (2021), when small retailers use 'hybrid models' such as digital payments, inventory apps or delivery partnerships, their competitiveness increases. Importantly, doing so does not reduce the underlying social capital of their stores. In addition, during the COVID-19 pandemic, studies by Deloitte (2021) and PwC (2022) found that small retailers that adopted digital tools recovered faster and expanded their customer base. This suggests that the boundaries between traditional and digital commerce are becoming increasingly blurred.

Theoretical Framework

Several theoretical approaches to analyze the relationship between traditional markets and the digital economy:

1. Market Structure Theory

Traditional markets often exhibit monopolistic competition, where many sellers sell different products locally. In contrast, digital platforms exhibit oligopolistic or even monopolistic market characteristics. Here, network effects and platform dominance concentrate market power in the hands of a few key players (Rochet & Tirole, 2003). This theory is used to examine aspects such as competition, pricing strategies, and consumer welfare in both markets.

2. Transaction Cost Economics (TCE)

This theory, proposed by Coase (1937) and developed by Williamson (1985), explains how firms and markets attempt to minimize transaction costs. In traditional markets, transaction costs include physical travel, negotiation time, and information asymmetry. In digital marketplaces, these costs are reduced due to instant communication, algorithm-based price comparisons, and automated payment systems. However, new issues such as cybersecurity threats and digital fraud may lead to some of these reduced costs rising again.

3. Diffusion of Innovation Theory

In 1962, Everett M. Rogers was recommended by Diffusion of Innovation Theory. They explain how gets new ideas, technologies or practices extent of a society or organization. Everett M. Rogers according to, no innovation is adopted instantly. Adoption follows a process influenced by many factors e.g. social context, communication and the perceived benefits of the innovation.

4. Socio Technical Systems Theory

In the 1950, The Tavistock Institute London was developed this theory. The theory highlights that every organization or system is made up of two interrelated parts:

Social System: People, Relationships and culture of an organization or place.
 Technical System: Tools, technology and functioning systems.
 For the system to function effectively both of these components must be designed and managed in coordination.

5. Summary of Theoretical Positions

The combination of Market Structure Theory, Diffusion of Innovation and Socio-Technical Systems Theory works as a multi-dimensional analytical approach. This approach getting beyond the simple meaning of "old vs. new." Instead, it helps to understanding the interaction of competition, efficiency, technological acceptance and social dynamics shapes from modern business.

Traditional Markets:



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Definition, Role and Scope

Definition

Traditional markets refers to the old methods of marketing used ever since the concept of advertisements or marketing came into existence. It can take various forms, such as open -air bazaars, permanent retail shops, weekly local markets, wholesale markets or small street-level grocery stores. Unlike e-commerce platforms, transactions in traditional markets are primarily face -to-face, often involving cash, things and personal communication. The Food and Agriculture Organization of the United Nations (FAO) defines traditional markets as "localized hubs of trade." In developing countries, where large segments of the population are still outside formal retail or digital commerce, these centers serve as a critical source of essential goods.

Economic Role

Contribution to Employment and Livelihoods Globally, traditional markets are a source of livelihood for millions of people. In India , small retail businesses based in local markets account for over 88% of the country's total retail trade (Retailers Association of India, 2024). These

markets provide employment not only to shopkeepers but also to vendors, transporters, loaders and informal workers involved in storage and distribution. In particular, traditional markets remain the backbone of urban food distribution systems . They provide local agricultural producers with a stable outlet for perishable goods, which in turn provides a major support to rural economies.

- **Price Stability and Accessibility**

Because they operate in a local and competitive environment, traditional markets help keep prices stable, especially for basic food items. Moreover, these markets do not incur shipping fees and packaging costs. Therefore, consumers can buy goods in very small quantities. This facility is very important for low-income families who depend on daily income.

- **Flexibility in Credit and Payments**

Traditional markets often operate on trust -based credit systems, which allow regular customers to pay later. This flexibility is especially important for communities where formal banking or digital payment options are lacking.

Social and Cultural Role

- **Community Engagement**

Traditional markets serve as community spaces where social interactions are as important as commercial transactions. In rural India, weekly markets are not just about buying and selling goods but also involve the exchange of news, cultural events, and political discussions.

- **Preservation of Cultural Identity**

Products in traditional markets often reflect local traditions, crafts and cuisines. For example, Jaipur's Johari Bazaar specializes in traditional jewelry, while Istanbul's Grand Bazaar showcases centuries old artisanal trades. Such markets contribute to tourism and cultural preservation.

Scope and Variations

Types of Traditional Markets

Traditional markets are of different types depending on their operating style and scope:

Periodic Markets: These markets are held on a specific day or time, such as weekly markets in rural areas.

Permanent Retail Stores: These operate in the same location year-round, e.g. local grocery stores, bakeries, or tailor shops.

Wholesale Mandis: These are centers where agricultural products are bought and sold on a

Digital Economy

large scale, which are the main pillars of distribution.

Specialty Markets: These markets are famous for specific products, such as coastal fish markets, spice markets, or handicraft fairs.

Geographic Reach

Traditional marketplaces are usually hyper-local and serve only a few kilometers. Although their reach is limited compared to online platforms, **this creates high familiarity between sellers and customers, which increases trust and loyalty.**

Adaptation to Change

Over the past few years, many traditional market place vendors have embraced digital tools like QR-code based UPI payments, online app ordering and local delivery partnerships. This 'hybridization' has allowed them to expand their reach and payment flexibility while maintaining personal service.

Traditional markets are not just economic institutions, they are social ecosystems that combine business, culture and community. They remain indispensable in places where digital infrastructure is limited, consumer trust is based on personal relationship and small transactions are common. Despite competition from digital platforms, their ability to adapt to local cultures and their role in supporting informal economies will continue to be important in the future.



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Definition, Trends and Data

Definition

The **digital economy** refers to all economic activities that are enabled by digital technologies, including online platforms, mobile applications, cloud computing, data analytics and digital payment systems. Digital Marketing is the new marketing method of the global stage. Within internet searching its application and benefit in every aspect of life, marketing too has managed to not only create awareness or promote brands

through it, but also give them a global platform to reach a wider customer base. The digital economy includes digital technologies, internet, mobile networks, cloud computing, e-mail marketing, Blogs, artificial intelligence, digital payment systems and social media.

Key global trends include:

- **Mobile Commerce(m-commerce)** is becoming dominant accounting for over 70% of ecommerce transactions in many countries.

- Cross-Border E-Commerce is expanding as logistics and payment systems integrate globally.
- Platform Consolidation is increasing with a few major players like Amazon, Alibaba, and Flipkart capturing significant market share.

Global Trends in the Digital Economy

The UNCTAD Digital Economy Report 2024 notes that global e-commerce sales grew by almost 60% between 2016 and 2022, reaching an estimated USD 5.5 trillion. The Asia-Pacific region leads in transaction volume, with China, India and Southeast Asian economies witnessing double-digit annual growth rates.

The Digital Economy in India

Market Size and Growth

India's digital economy is one of the fastest-growing in the world. According to Mordor

Intelligence (2025), the Indian e-commerce market is valued at USD 136.43 billion in 2025 and is projected to reach USD 327.38 billion by 2030, registering a CAGR of 19.13%. Factors fueling this growth include:

- Affordable mobile internet (average cost of USD 0.17 per GB).
- Widespread smartphone usage (projected to reach 80% penetration by 2026).
- Expansion of regional language content.
- Government initiatives like Digital India and Startup India.

Digital Payments Revolution

The Unified Payments Interface (UPI) has transformed the Indian payment ecosystem:

- In July 2025, UPI crossed 650 million daily transactions surpassing Visa in transaction volume.
- In FY 2024, the system processed 131 billion transactions worth over ₹199 trillion (~USD 2.4trillion).
- UPI accounts for nearly 80% of all digital payment transactions in the country with over 390 million active users.

The rapid adoption of QR code payments by small vendors, taxi drivers, and street hawkers has blurred the line between the informal and formal economy, bringing millions into the digital fold.

Logistics and Last-Mile Delivery

India's e-commerce growth is supported by an expanding logistics network with hyperlocal delivery services like Dunzo, Zepto and Swiggy Instamart offering delivery within 10–30 minutes. This capability mirrors some conveniences of traditional markets while leveraging digital ordering.

Advantages of the Digital Economy

- Expanded Market Access for businesses of all sizes.
- Convenience for consumers through home delivery and flexible payment options.

- Transparency in pricing and product reviews.
- Opportunities for Innovation in product design, marketing, and customer engagement.

Key global trends include:

E-commerce Growth Context

The UNCTAD Digital Economy Report 2024 highlights the massive expansion of global e-commerce, with sales soaring by nearly 60% from 2016 to 2022, culminating in an estimated \$5.5 trillion market. The Asia-Pacific region, driven by explosive double-digit annual growth in economies like China, India, and Southeast Asia, remains the largest center for transaction volume.

Key Global Trends

Mobile Commerce (m-commerce) Dominance: A majority of online transactions now occur via mobile devices, accounting for more than 70% of e-commerce activity in numerous nations.

Cross-Border E-Commerce Expansion – International online trade is on the rise, facilitated by the increasing global integration of logistics networks and digital payment infrastructures.

The Digital Economy in India

The digital economy an ecosystem fueled by the internet, mobile technology, AI, Big Data, and digital payments—presents massive opportunities for growth and innovation in India but simultaneously faces significant hurdles. These challenges span technological, economic, social and regulatory domains.

1. Cybersecurity Threats

As reliance on digital infrastructure escalates across Indian businesses and government services, so does the risk of malicious activities. Cyber security threats are paramount, encompassing hacking, ransomware, and data breaches. The vulnerability of personal, financial, and corporate data to compromise can lead to massive financial losses, disrupt critical services, and severely erode consumer and institutional trust.

Example: Large-scale data breaches affecting major e-commerce platforms or public sector databases expose sensitive customer and citizen information.

2. The Digital Divide

The digital divide uneven distribution of access to digital technologies remains a major impediment to inclusive growth. Disparities persist based on geography (urban vs. rural), socio-economic status, education and gender. Many rural parts of India still lack reliable access to high-speed internet or affordable smartphones, effectively barring large segments of the population from participating in the digital economy.

Impact: This inherent inequality risks worsening existing social divides and prevents

the achievement of truly inclusive economic growth.

3. Regulatory and Legal Challenges

The pace of technological evolution frequently outruns the speed of governance. Governments worldwide, including India, struggle to establish effective legal and regulatory frameworks that can adequately govern modern digital complexities like online transactions, digital currencies, intellectual property rights in the digital space, and complex e-commerce operations.

Example: The laws and policies surrounding cutting-edge areas like the regulation of crypto currency or complex cross-border data flow are constantly evolving and often lag behind technological practice.

4. Trust and Digital Fraud

Trust is the bedrock of any digital transaction. However, the prevalence of issues like digital fraud, deceptive practices (such as fake reviews), phishing attacks and sophisticated online scams makes consumers hesitant and wary of fully committing to digital services.

Example: Incidents of e-commerce delivery fraud, online identity theft in banking or payment application scams severely undermine consumer confidence.

5. Infrastructure Limitations

A thriving digital economy requires a robust technological foundation, which includes reliable high-speed internet, widespread cloud computing access, and adequate data center capacity. Many regions, especially rural and remote areas in developing nations like India, continue to face significant limitations in

building and maintaining this critical digital infrastructure.

Impact: Slow internet speeds, network outages and lack of cloud infrastructure hinder digital business growth.

6. Competition and Market Monopolies

The landscape of the digital economy is often characterized by high market concentration, where a few massive digital platforms establish monopolistic or oligopolistic structures. This dominance creates formidable barriers for Small and Medium Enterprises (SMEs) to effectively compete, ultimately leading to a reduction in overall innovation and limiting the choices available to consumers.

Example: The overwhelming market power of global giants like Amazon, Google, or Alibaba in their respective e-commerce, search, or cloud service sectors illustrates this issue.

7. Technological Obsolescence

The speed of technological evolution is unrelenting. Businesses are under constant pressure to continually invest in upgrades, new software, and better infrastructure simply to maintain competitiveness. Failure to adapt to these rapid changes can quickly lead to technological obsolescence, posing significant economic and operational risks.

Impact: This results in a particularly high cost of technology adoption and modernization for smaller businesses with limited capital.

Challenge: Balancing digital growth with sustainability. Digital Economy

Appeals to tech-savvy consumers, especially younger demographics and urban populations though digital inclusion programs are expanding its reach.

Comparative Summary Table

Aspect	Traditional Markets	Digital Economy
Medium	Physical, face-to-face	Virtual, online
Reach	Local/regional	Global
Transaction Speed	Slow, manual	Instant, automated
Consumer Experience	Sensory, personal interaction	Convenient, time-saving
Pricing	Negotiable, relationship-based	Algorithm-driven, dynamic
Trust Mechanism	Social relationships	Platform-based verification
Employment	Retail, informal sector	Tech, logistics, platform economy
Sustainability	Low packaging waste, variable sourcing practices	Optimized logistics, higher packaging waste
Regulation	Local governance	E-commerce and data laws

Consumer Base	Low digital literacy, older demographics	Tech-savvy, urban youth
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Part 6 – Case Studies (Global & Indian Context)

Global Context

• Case Study 1: Amazon – Redefining Retail Globally

Amazon started in 1994 as an online bookstore and has since become the premier global disruptor of traditional retail. It now dominates e-commerce by offering a massive range of products. Key to its success are the Prime membership benefits, sophisticated cloud-based logistics, and AI-powered recommendation systems, which collectively have redefined consumer expectations for speed, convenience, and hyper-personalization. Amazon's immense competitive pressure has led to the downfall of several legacy retailers (like Borders and Toys "R" Us). Despite its digital foundation, Amazon also pioneers hybrid models through ventures like Amazon Go and physical bookstores, demonstrating the potential of blending digital and physical commerce.

• Case Study 2: Etsy – Digital Empowerment for Artisans

Etsy provides a contrasting model to Amazon's mass retail by concentrating on niche markets for personalized, unique and handcrafted products. This platform offers artisans who were once limited to local fairs and markets a global stage, thereby empowering their businesses. Etsy's success demonstrates that digital platforms can effectively scale up the profitability and reach of businesses while simultaneously preserving the cultural and artisanal heritage of traditional markets.

Indian Context

• Case Study 1: Traditional Market – Dilli Haat, Delhi

Dilli Haat operates as a traditional, open-air marketplace specializing in authentic handicrafts and diverse regional food items from across India.

Strengths: It provides a rich cultural experience, offers direct support to artisans by cutting out middlemen, and serves as a significant local tourism attraction.

Weaknesses: Its sales are heavily limited to physical foot traffic and suffer drastically during off-seasons, extreme weather or public health lockdowns.

• Case Study 2: Digital Economy – Flipkart & UPI

Flipkart has been transformative by enabling sellers across India to gain a pan-Indian audience without needing physical stores. This

reach is massively supported by UPI (Unified Payments Interface), which provides a national standard for instant, cashless, and highly secure digital transactions. Furthermore, the platform utilizes for key functions like optimizing logistics routes, personalizing product recommendations, and automating customer service.

Strengths: Offers massive wide reach for sellers, utilizes for real-time inventory management and demand forecasting and ensures unparalleled consumer convenience through fast delivery and payments.

Weaknesses: Smaller sellers often struggle due to stiff competition from established brands and face challenges related to high commission fees and advertising costs imposed by the platform.

Challenges & Opportunities

Challenges

1. Challenges in distribution of digital infrastructure.
2. Quick digital growth risk in small industries because they cannot compete big e-commerce platforms.
3. Weak security cannot handling large transactions and large data collection in digital economy.
4. Laps to the traditional and old culture.
5. Digital trading impact on environmental things.

Opportunities

1. Using the hybrid marketing tools.
2. Local products gets international platform.
3. Targeted training programs can help to slow down on digital literacy.
4. Digital technology is used for high selling production
5. Getting helps for cultural products selling ways that digital platform.

Conclusion

India's economy is uniquely positioned at the intersection of its established traditional markets and the rapidly evolving digital economy. Traditional sectors remain vital, supporting local communities and employment, while the digital realm drives transformation through increased reach, convenience, and data-informed commerce, allowing businesses to transcend physical limits. The path to future growth for India depends on integrating the strengths of both systems.

Harnessing digital tools like e-commerce, digital payments and online marketing allows traditional vendors and small enterprises to access broader markets, boost operational efficiency, and

raise their income. However, for this integration to be inclusive, essential challenges must be addressed, including gaps in digital literacy, infrastructure, cyber security and regulatory clarity. A hybrid model, where traditional marketplaces strategically adopt digital tools while preserving their inherent local character, represents the most sustainable trajectory. This synthesis will not only strengthen the Indian economy but also ensure that technological progress is a societal benefit, effectively bridging the economic divide between rural and urban and modern and traditional India. India's economic fabric is defined by the simultaneous significance of traditional markets and the transformative power of the digital economy. Digital technologies offer traditional businesses a route to wider markets, greater efficiency and increased revenue. Inclusive Growth: Addressing issues like digital literacy and infrastructure is crucial for ensuring all segments of society can participate. A hybrid approach, merging the local essence of traditional markets with digital tools, is the optimal strategy for India's enduring growth.

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