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A Digital Transformation Model for Traditional Markets Based on Local Wisdom to Achieve Sustainable Competitive Advantage

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Abstract
Digital transformation in Bali's traditional markets is becoming increasingly important due to shifting tourist behaviors and the demand for more adaptive tourism services. However, the digitalization of traditional markets involves more than just the implementation of technology; it also encompasses community readiness, user acceptance, cultural preservation, and the market's ability to maintain long-term competitiveness. This study aims to analyze the digital readiness of Bali's traditional markets and its relationship with technology acceptance, digital transformation, sustainable tourism, and sustainable competitive advantage. A qualitative approach was employed, utilizing observations and interviews with market stakeholders and tourists. The analysis also identified various forms of digitalization adoption and the barriers faced by traditional markets. The findings indicate that digitalization has begun through the use of digital payments, social media, and product information provision; however, implementation remains suboptimal due to limitations regarding digital literacy, facilities, connectivity, technological understanding, and the readiness of some vendors. The Technology Acceptance Model (TAM) perspective highlights perceived usefulness and ease of use as critical factors in technology acceptance, while Digital Transformation Theory suggests that digitalization must be understood as a shift in transaction processes, marketing, service delivery, tourist interactions, and value creation. The study further demonstrates that digital readiness serves as a crucial foundation for successful digital transformation. Integrating digital readiness with local wisdom, product authenticity, community participation, and technology can strengthen the sustainable competitive advantage of Bali's traditional markets. Thus, effective digital transformation does not aim to replace the traditional character of the markets but rather to enhance competitiveness and the tourist experience while preserving Balinese cultural values.

***Keywords**: Digital Readiness, Digital Transformation, Sustainable Competitive Advantage, Traditional Market, Sustainable Tourism.*

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INTRODUCTION

Sustainable development is a development paradigm that emphasizes a balance among economic, social, and environmental dimensions as the foundation for generating growth capable of meeting the needs of the present generation without compromising the ability of future generations to meet their own needs (Amsari et al., 2024). Within the framework of global development, the Sustainable Development Goals (SDGs) serve as a strategic reference aimed at enhancing public

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well-being through various integrated objectives, including poverty alleviation, inequality reduction, economic strengthening, and adaptation to technological advancements (Rocha et al., 2023). One of the goals closely linked to economic transformation is SDG 8 (Decent Work and Economic Growth), which emphasizes the importance of inclusive economic growth, increased productivity, the creation of decent jobs, and the strengthening of business sector capacity as a driver of societal well-being (Mutmainnah & Utomo, 2024). In the context of the digital economy's evolution, digital transformation serves as a crucial instrument for achieving these goals by enhancing business process efficiency, expanding market access, and boosting the competitiveness of economic actors. However, implementing digital transformation involves more than just the use of technology; it also encompasses human resource readiness, mindset shifts, organizational adaptability, and the alignment of technology with the community's social and cultural conditions.

informal sectorparticularly MSMEs and traditional markets plays a vital role in supporting local economic growth, yet it continues to face various challenges in the digitalization process. Obstacles such as low digital literacy, limited technological infrastructure, a lack of guidance, and resistance to change have hindered the optimal adoption of technology (Ángel et al., 2023). In fact, digitalization holds immense potential to boost productivity, improve operational efficiency, expand consumer reach, and create a more transparent, data-driven business management system (Sirait et al., 2023). As a country with economic characteristics heavily reliant on the informal sector, Indonesia faces the challenge of ensuring that digital transformation proceeds inclusively without creating new disparities. Therefore, digitalization strategies for traditional sectors must be designed with due regard for the digital readiness of business operators specifically, their capacity to understand, adopt, and leverage digital technology to support business continuity (Masruroh & Prabowo, 2025).

In the context of Bali, traditional markets possess unique characteristics; they function not only as hubs of economic activity but also as social and cultural spaces that preserve the community's local values. Data indicates that Bali Province is home to 482 traditional markets, which play a vital role in the distribution of goods, the strengthening of the local economy, and cultural preservation through social interaction and the availability of local products. Furthermore, the rise in tourist visits to Bali reaching 6,948,754 in 2025 presents a significant opportunity for traditional markets to adapt to the growth of the digital economy and the sustainable tourism sector. One market with strategic potential is the Art Market it serves not only as a center for trading Balinese arts and crafts but also as a cultural tourism destination offering authentic experiences through traditional commercial interactions. However, preliminary research reveals that the implementation of digitalization at the Art Market remains limited to digital payment systems, while other aspects such as transaction recording, visitor data collection, market information management, and the utilization of economic data have not yet been optimally integrated. Beyond technological limitations, some vendors remain apprehensive about digitalization, fearing it might alter the traditional trading patterns that have long been an integral part of their lives.

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This situation reveals a gap between the potential for digital transformation and the actual technological readiness of traditional markets. Consequently, a digital transformation approach is required that not only focuses on enhancing economic efficiency but also preserves the social and cultural values that define the traditional market's identity. Integrating digital technology with local wisdom is crucial for establishing a sustainable competitive advantage, as the market's strength stems not merely from technological adoption but also from its unique culture, authentic experiences, and local community engagement elements that are difficult for competitors to replicate (Hussein et al., 2024). Thus, digital transformation in traditional markets needs to be directed toward a model that combines technological innovation, enhanced digital readiness among vendors, strengthened human resource capacity, and the preservation of local cultural values, in order to support inclusive and sustainable economic growth.

Technology Acceptance Model (TAM)

Technology acceptance is influenced by two primary factors: Perceived Usefulness (PU) and Perceived Ease of Use (PEOU). PU relates to the belief that technology can enhance effectiveness and performance, whereas PEOU refers to the perceived ease of using the technology, which in turn influences attitudes, behavioral intentions, and actual technology usage (Theres & Strohmeier, 2024). In the context of the digital transformation of traditional markets, the Technology Acceptance Model (TAM) is used to understand how merchants adopt technologies—such as QRIS, digital transaction apps, and social media—to enhance transaction efficiency, expand market reach, and boost competitiveness. While the perceived benefits of technology can drive digital adoption, successful implementation ultimately depends on ease of use, the merchants' digital readiness, infrastructure support, and ongoing guidance to overcome barriers related to technological literacy (Manzoor et al., 2025). Beyond technical factors, the implementation of digitalization in traditional markets must also consider local social and cultural aspects to ensure that technology aligns with the community's values and wisdom. Thus, the Technology Acceptance Model (TAM) not only explains the process of technology adoption but also serves as a foundation for understanding how digital transformation can enhance efficiency, strengthen local economic competitiveness, and support the sustainability of culturally grounded traditional markets (Puig-cabrera & Foronda, 2025).

Digital Transformation Theory

Digital transformation is a comprehensive process of change that leverages digital technology to create value, enhance efficiency, and transform strategies, business processes, work cultures, and the ways in which organizations or businesses adapt to technological advancements. (Omol, 2026; Pereira et al., 2024). Digital transformation is not limited to converting manual activities into digital systems; it also encompasses changes in decision-making mechanisms, business models, and customer relationships, as well as the creation of innovation and sustainable competitive advantage (Adama & Okeke, 2024). In the context of MSMEs and traditional markets, the adoption of technologies such as QRIS, digital transaction apps, marketplaces, and social media represents a tangible form of

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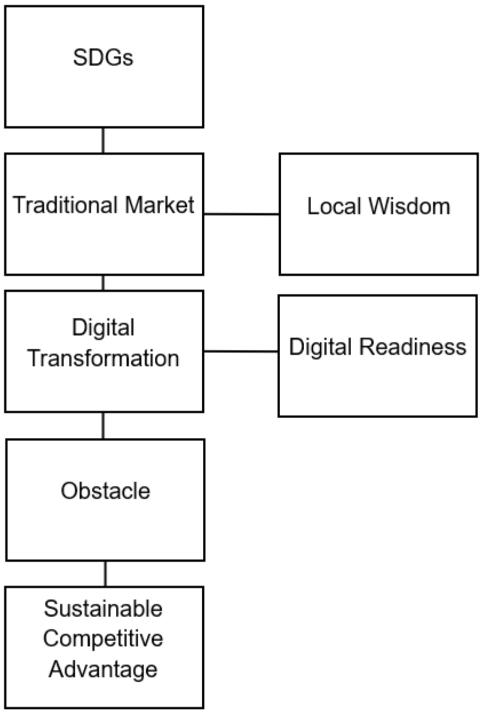
digital transformation capable of enhancing operational efficiency, expanding market access, accelerating transactions, and strengthening business competitiveness (Sunarya et al., 2026). However, the success of digital transformation is not determined solely by the availability of technology; it is also influenced by the digital readiness of business operators, human resource capabilities, infrastructure support, and the organization's ability to manage change. Therefore, this study employs Digital Transformation Theory as a framework to understand how integrating digital technology into traditional markets can drive changes in business processes, boost productivity, create added value, and assist merchants in adapting to the evolving digital economyall while preserving their unique local characteristics and values.



Within this conceptual framework, the research focuses on analyzing how digital transformation can support the development of traditional markets to achieve sustainable competitive advantage, in alignment with the principles of the Sustainable Development Goals (SDGs). The framework emphasizes that the digitalization of traditional markets aims not only to enhance efficiency and competitiveness but also to respect local wisdom—a cultural identity that serves as a defining characteristic of these markets. The study examines the digital readiness of market participants regarding technology adoption and identifies various obstacles, such as limited digital literacy, infrastructure, and resources, as well as resistance to change. Analysis is conducted through field data collection to understand the interrelationships among digital transformation, local wisdom, digital readiness, and the barriers affecting successful digitalization implementation. The research findings are expected to provide strategic recommendations for traditional market development that boost sustainable competitiveness without compromising the preservation of local culture, thereby ensuring that traditional markets remain

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adaptive and competitive while contributing to the achievement of sustainable development goals.

METHODOLOGY

This study employs a qualitative descriptive approach, focusing on exploring the social interactions and digital behaviors of economic actors in traditional markets within the context of digital transformation. This approach enables the researcher to understand how market participants interpret the use of technology and adapt to digital-based economic changes by observing online activities and communications occurring on digital platforms, such as social media and electronic payment systems (Pera *et al.*, 2026). Data collection was conducted through in-depth interviews, observation, and digital document analysis, all of which were synthesized narratively to capture social dynamics and informants' perceptions regarding the digitalization process. The study involved nine informants comprising three market managers, three vendors, and three visitors selected via purposive sampling based on their direct involvement in market economic activities and digital usage. Interviews were semi-structured and conducted iteratively until data saturation was reached, a point at which no new relevant information emerged (Aldoseri et al., 2024). The collected data were analyzed thematically using NVivo software to identify key patterns regarding the barriers, opportunities, and adaptation strategies of market players in response to digitalization. (Dang-Pham et al., 2022). The findings were subsequently interpreted through the theoretical frameworks of the Technology Acceptance Model (TAM) and Digital Transformation Theory to understand the interrelationships among socio-cultural factors, technological readiness, and competitive advantage in developing an inclusive and sustainable digital transformation model for traditional markets.

RESULTS AND DISCUSSION

Distribution of Dominant Keywords in Traditional Market Digitalization Discourse

Table 1. Distribution of Dominant Keywords in Traditional Market Digitalization Discourse

Word	Length	Count	Weighted Percentage (%)
Digital	7	58	0,03
Market	5	48	0,03
Digital Readiness	8	36	0,02
Technology	9	28	0,02
Trader	8	24	0,01
Payment	10	16	0,01
User	10	16	0,01
Sale	9	16	0,01

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Helper	8	15	0,01
System	6	15	0,01

The table above shows that the word "digital" appears most frequently in informants' answers. The high number of the word "digital" with the largest weighted percentage (0.03%) indicates that digitalization is the main focus of the informants' discussion, while the words "market" and "informant" which also have a relatively high weight confirm that the context of the conversation is very much tied to the direct experiences of the actors in the market environment; furthermore, words such as "technology", "trader", "payment", "use", and "sales" which have a medium percentage (0.01–0.02%) indicate that the issue of implementing technology, especially digital payments, is a frequently emerging topic because it is considered relevant to buying and selling activities, while the appearance of the words "help" and "system" which also show significant weight indicates that digitalization is perceived to have a positive impact in the form of convenience and efficiency for traders and visitors.

The analysis shows that the keyword **"digital"** occupies a central position in informants' responses, indicating that digitalization is the dominant theme in discussions about traditional markets. Informants frequently associate digitalization with the use of technology in daily trading activities, particularly digital payment systems, sales management, and data recording, which are perceived as tools to improve efficiency and convenience. At the same time, the responses reflect existing challenges, such as limited digital literacy, difficulties in adapting to new systems, and varying levels of readiness among traders. These findings suggest that digital transformation in traditional markets is not merely a technological shift, but a socio-economic process that requires institutional support, capacity building, and gradual adaptation to ensure its sustainability and effectiveness.

The tree shows that the word "digital" is central to various informants' narratives, with sentence branches describing market players' perceptions, experiences, obstacles, and expectations regarding digital transformation.

On the left side, the word "digital" is frequently linked to the context of service use, payment systems, visitor data, and technology implementation. This indicates that informants interpret digitalization primarily through practical, everyday activities, such as cashless transactions, data management, and application use. Phrases such as "using services digitally," "implementing digital systems," and "using digital technology" demonstrate that digital transformation is not merely a concept but is directly related to operational practices in the field.

Also on the left side, phrases that point to barriers to adaptation appear, such as "vendors lack understanding," "limited tools," and "strategies to strengthen understanding." This suggests that digitalization still requires increased digital literacy, mentoring, and user readiness to learn.

Meanwhile, the right side of the word tree illustrates how informants associate "digital" with markets, namely Art Market. Following phrases, such as "helps facilitate transactions," "signal limitations," "government support," and "socialization," indicate that they view digitalization as a modernization effort that

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has the potential to increase market efficiency, but are still constrained by facilities and structural support.

Furthermore, narratives about hope and the future emerge, such as "can help improve sales efficiency in the future." This indicates optimism that digitalization can have long-term positive impacts, even if its current implementation is not yet ideal.

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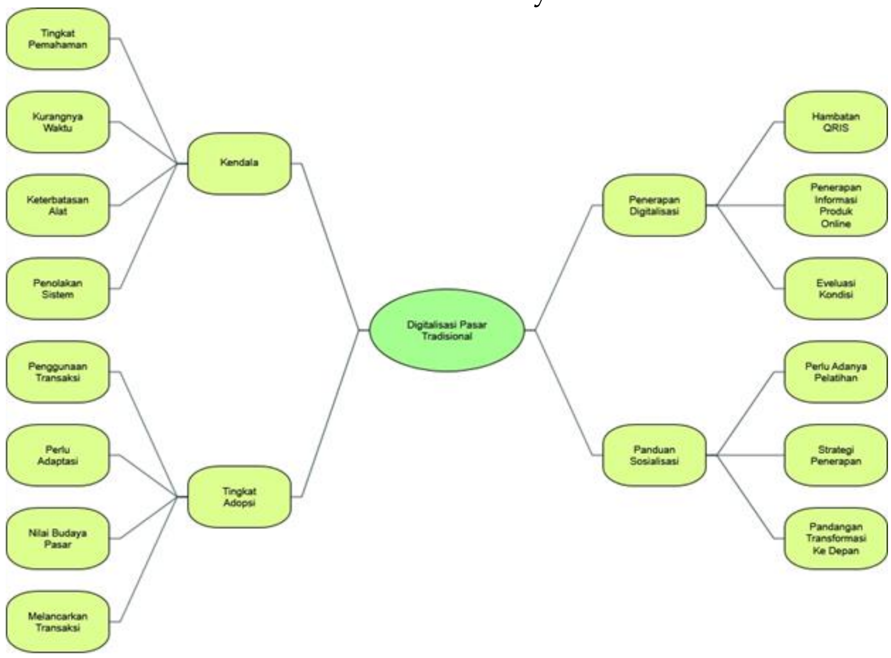
Conceptual Mapping of Digitalization in Traditional Markets

Table 2. Normality test



Based on the mind map from NVivo's analysis, the digitalization of traditional markets consists of four main components: barriers, adoption rate, digitalization implementation, and socialization guidelines. These four components are interconnected and demonstrate how technological innovation in traditional markets involves social, cultural, and institutional changes in addition to technical processes. Each element works in conjunction with the others in a recurring cycle of adaptation between market players, technology, and their social environment.

Factors that prevent traders from being digitally prepared emerged as initial reasons. These barriers include limited understanding, time, and tools, as well as resistance to new systems. This phenomenon demonstrates a digital divide between younger and older generations of traders. It also suggests that social adaptation to technology is slower than the progress of innovation itself. Therefore, cultural and mental factors are crucial for the successful adoption of technology in the market environment.

The adoption rate also demonstrates a gradual shift from conventional behavior to the use of digital technology. Traders are beginning to utilize online media for promotions and incorporate cashless transactions. According to the Technology Acceptance Model (TAM), this indicates that digital technology, perceived to increase efficiency and speed up transactions, is increasingly perceived as beneficial. However, ease of use, or perceived ease of use, remains a challenge, requiring consistent improvement in digital literacy.

The use of QRIS, the provision of online product information, and market system evaluations have made the innovation process more concrete at the implementation stage of digitalization. However, technical issues such as poor connectivity and user instructions persist. In the diffusion of innovation theory, the implementation stage is similar to the adoption process (Rogers, 2003). This implementation stage suggests that successful technology adoption occurs when structural support, training, and the benefits are realized in the real world.

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Socialization guidelines ensure the persistence of digitalization. In addition to disseminating information, socialization also serves as a tool to raise public awareness and foster market communities. For digital transformation to boost the economy and strengthen local cultural values, an adaptive and participatory socialization strategy is required. Therefore, this mind map states that the digitalization of traditional markets is a complex process of social transformation, and that the collaboration between technology, people, and culture is crucial for successful economic modernization.

Traditional Market

Traditional markets in Bali play a vital role in sustaining the social, cultural, and economic lives of the local community. These markets serve not only as venues for economic transactions but also as social spaces where Balinese cultural values, beliefs, social interactions, and the practice of *gotong royong* (mutual cooperation) are upheld in daily life. The activities of buying, selling, and bargaining along with the emotional bonds formed between vendors and buyers demonstrate that traditional markets fulfill economic, social, and cultural functions alike. Anifowose et al. (2025) states that traditional markets are a tangible representation of the community's economic system, integrating economic and social functions within a single ecosystem. In line with this, Muda (2026) explain that the management of traditional markets as part of cultural tourism destinations relies heavily on community participation in preserving cultural heritage and product authenticity. Consequently, the modernization process of traditional markets must uphold local values to ensure that the transformation does not erase the cultural identity that serves as a primary attraction for tourists.

Amidst technological advancements, Bali's traditional markets face the need to adapt to changing consumer and tourist behaviors. Rosalina et al. (2023) It is explained that traditional markets need to leverage technological advancements such as social media promotion and e-commerce platforms rooted in local culture without compromising their inherent cultural values. This situation can be analyzed using the Technology Acceptance Model (TAM) developed by Davis (1989), specifically through the concepts of perceived usefulness and perceived ease of use. In the context of traditional markets, technologies such as QRIS, EDC machines, digital product catalogs, social media, and online product information are more likely to be adopted if vendors and tourists perceive them as beneficial for streamlining transactions, facilitating information retrieval, enhancing convenience, and expanding market access. Thus, vendor readiness and tourist acceptance of technology are determined not only by the availability of digital facilities but also by the extent to which the technology is perceived as useful and easy to use. Findings regarding limitations in management systems, marketing, facility comfort, and digital services highlight the critical role of user acceptance in the market digitalization process.

Furthermore, the perspective of Digital Transformation Theory views digital transformation not merely as the replacement of conventional systems with digital technology, but as a shift in processes, modes of interaction, service models, and value creation through the utilization of technology. Benhaddou & Fatima (2024) It emphasizes that digital transformation entails broader organizational and business

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process changes in response to technological advancements. In the context of Bali's traditional markets, this transformation can be realized through the integration of digital payments, online catalogs and promotions, the provision of product information for tourists, and the use of social media all without eliminating the practices of bargaining, social interaction, and local cultural values.

Digital Readiness

Digital readiness is a crucial factor determining the ability of Bali's traditional markets to navigate technological changes and maintain long-term competitiveness (Suyatna et al., 2026). It encompasses not only the availability of technological devices but also knowledge, digital skills, human resource readiness, infrastructure, organizational capabilities, and the capacity to adapt to technological shifts (Hussain et al., 2025). In the context of Bali's traditional markets, digital readiness is reflected in the ability of vendors and managers to utilize digital payment systems (such as QRIS and EDC), maintain digital transaction records, leverage social media for promotion, provide online product catalogs, and share product and cultural information with tourists. Research on small businesses indicates that limited digital literacy and infrastructure can hinder the digital transformation process, whereas technological and organizational readiness can strengthen a business's capacity to adopt digital innovations. Consequently, the higher the level of digital readiness among market vendors and managers, the greater their ability to harness technology to enhance value and competitiveness.

Digital readiness is closely linked to the Technology Acceptance Model (TAM). TAM posits that technology acceptance is influenced by users' perceptions of usefulness and ease of use (Davis, 1989). In the context of traditional markets, vendors with adequate digital knowledge and skills are more likely to grasp the benefits of technology and feel confident in using it. For instance, digitally ready vendors can more easily appreciate the value of QRIS for expediting transactions, social media for reaching tourists, or digital catalogs for product promotion. Conversely, limited digital proficiency can lead to the perception that technology is difficult to use, thereby diminishing the willingness to adopt it. Thus, digital readiness can strengthen the relationship between perceptions of technology and actual technology adoption. Furthermore, digital readiness serves as a foundation for the digital transformation process, as available technology will not yield change if users and organizations lack the capability to utilize it effectively.

Digital readiness plays a crucial role in supporting digital transformation and, ultimately, generating a Sustainable Competitive Advantage (SCA). Digital transformation entails more than just the adoption of new technologies; it encompasses changes in business processes, marketing, service delivery, customer interactions, and value creation (Saeedikiya et al., 2025). Traditional markets with high digital readiness are better positioned to integrate technology with their existing cultural assets—for instance, through digital marketing rooted in cultural storytelling, digital product catalogs, digital payment systems, and the promotion of local handicrafts to international tourists. Such integration enables these markets to expand their reach while preserving their cultural uniqueness as a source of differentiation. Thus, digital readiness serves as a foundational capability enabling traditional markets to undergo digital transformation, which in turn reinforces their

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Sustainable Competitive Advantage. This advantage emerges when a market successfully combines digital readiness with local wisdom, product authenticity, community participation, and the capacity for continuous adaptation, thereby creating value that is difficult for competing markets or destinations to replicate.

Sustainable Bali Tourism

Sustainable tourism principles in Bali emphasize not only the preservation of the physical environment but also the preservation of culture and the enhancement of the social and economic well-being of local communities (Hanita et al., 2024). Tourism sustainability carries a broader meaning, as it is measured not only by the environment's ability to maintain its carrying capacity but also by the economic and social benefits received by local communities (Ferdian et al., 2024). Observations indicate that the sustainability of tourism in Bali relies heavily on the community's ability to integrate local wisdom valuesspecifically Tri Hita Karana into economic activities and market culture. These values reflect harmonious relationships among humans and God, fellow human beings, and the environment. In the context of traditional markets, the application of Tri Hita Karana is evident in the social interactions between vendors and buyers, practices of mutual cooperation gotong royong, and mutual trust, as well as in respect for the environment and local culture. This aligns with Astuti et al. (2023) who emphasize that the sustainability of culture-based tourism in Bali relies heavily on community participation in preserving and managing cultural assets. Thus, traditional markets serve not only as economic spaces but also as social and cultural spaces that support the sustainability of tourism in Bali.

In the face of tourism developments and changing tourist behaviors, digitalization is one aspect that can support the sustainability of traditional markets. Apek budaya memiliki peran strategis dalam pengembangan pariwisata berkelanjutan, sehingga modernisasi perlu dilakukan tanpa menghilangkan nilai-nilai tradisional (Reddy & Sailesh, 2024). In this context, the Technology Acceptance Model (TAM) can be used to explain the readiness of merchants and market managers to adopt digital technology. According to TAM (Davis, 1989), technology acceptance is primarily influenced by perceived usefulness the perception of the technology's benefitsand perceived ease of use. For instance, tools such as QRIS, EDC machines, digital transaction recording, product catalogs, and social media are more likely to be accepted if merchants perceive that these technologies can enhance transaction efficiency, simplify customer management, expand promotional reach, and improve tourist access to local products. Conversely, limitations regarding digital skills, infrastructure, and understanding of the technology's benefits can hinder its adoption. Findings indicating limited use of information technology for transaction recording, customer management, and promotion suggest that successful digitalization requires more than just the provision of technology; it also depends on user readiness and acceptance. Therefore, technology needs to be designed to be user-friendly and to deliver tangible benefits for both merchants and tourists.

Furthermore, this process can be understood through the perspective of Digital Transformation Theory, which views digital transformation not merely as the adoption of new technology, but as a broader shift in business processes, interaction patterns, services, and value creation within an ecosystem. In Bali's traditional

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markets, digital transformation can be realized through the integration of digital payments, transaction recording, social media promotion, and online product catalogs, as well as the provision of cultural and product information for tourists. Tzanis & Morfoulaki (2025) demonstrates that the use of digital technology can help traditional markets maintain their role in a sustainable tourism system.

Sustainable Competitive Advantage

The ability of Bali's traditional markets to integrate technological advancements with the preservation of local culture serves as a crucial foundation for building a Sustainable Competitive Advantage. These markets possess unique resources such as cultural richness, strong social ties, local wisdom, and authentic arts and crafts that are difficult for other destinations to find or replicate. These resources hold not only economic value but also constitute the social and cultural capital that defines the identity of Bali's traditional markets. Rosalina et al. (2023) state that a destination's ability to uphold traditional values amidst globalization is a key factor in establishing sustainable competitiveness in culture-based tourism. Astuti et al. (2023) further emphasize that local community involvement in management, decision-making, promotion, and cultural preservation can strengthen the sense of ownership regarding the destination. Thus, cultural uniqueness, product authenticity, social relationships, and community participation represent strategic resources capable of generating , as these characteristics are difficult for competing markets or destinations to replicate.

To maintain this advantage within a constantly evolving tourism landscape, traditional markets must develop the ability to leverage technology without compromising their local cultural character. Astawa et al. (2026) explain that digitalization grounded in principles of cultural adaptation and sustainability can help local destinations expand their market reach while preserving cultural values. In the context of Bali's traditional markets, digitalization can be implemented through digital payments, product catalogs, social media, marketing based on cultural storytelling, transaction recording, and the provision of information regarding product history and philosophy. At this stage, the Technology Acceptance Model (TAM) can be used to explain how vendors accept and utilize such technology. "Perceived usefulness" reflects the extent to which vendors believe the technology can boost sales, expand tourist reach, facilitate transactions, and improve efficiency, whereas "perceived ease of use" relates to how easily the technology can be learned and operated (Davis, 1989). If the technology is perceived as beneficial and user-friendly, the likelihood of its adoption increases. Such adoption subsequently transforms into a digital capability, enabling traditional markets to leverage their existing cultural resources to generate greater economic value and offer more competitive tourism experiences.

Furthermore, the perspective of Digital Transformation Theory explains how technology adoption evolves into broader changes across business processes, services, marketing, tourist interactions, and value creation (Zhang et al., 2025). In this context, digitalization is not positioned as an end goal but rather as a strategic capability for maintaining and strengthening Sustainable Competitive Advantage (SCA). Han et al. (2026) emphasize the importance of a destination's ability to adapt to environmental changes without losing its local identity, while Niu et al. (2026)

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demonstrate that digital literacy and community social innovation play a role in bolstering long-term competitiveness. Therefore, the Sustainable Competitive Advantage of Bali's traditional markets is forged through the integration of three key components: (1) cultural wisdom and authenticity as resources that are difficult to imitate; (2) the acceptance and utilization of technology as a digital capability; and (3) community participation as a collective capacity to sustain and develop these resources. Integrating these three elements enables Bali's traditional markets not only to keep pace with technological advancements but also to secure an advantage that can be sustained in the long term. Thus, technology serves to expand market access and enhance the tourist experience, while local culture remains the primary source of differentiation, granting Bali's traditional markets a unique competitive position compared to other destinations.

CONCLUSION

Based on the research findings, it can be concluded that the digitalization of traditional markets in Bali is a transformation process that extends beyond mere technology adoption; it also encompasses community readiness, user acceptance, cultural preservation, and the market's ability to maintain competitiveness. While the implementation of technologies—such as QRIS, EDC systems, social media, product catalogs, digital transaction recording, and digital information—offers the potential to enhance transaction efficiency, expand promotional reach, and improve the tourist experience, it faces obstacles related to limited digital literacy, infrastructure, connectivity, and merchant readiness. From the perspective of the Technology Acceptance Model (TAM), technology acceptance is influenced by perceived usefulness and ease of use, whereas digital readiness serves as the foundation determining the capacity of merchants and managers to adopt technology. Furthermore, digital transformation drives changes in transaction processes, marketing, service delivery, tourist interactions, and value creation. Integrating digital transformation with local wisdom, product authenticity, community participation, and the *Tri Hita Karana* philosophy is crucial for establishing a sustainable competitive advantage. Consequently, the digitalization of Bali's traditional markets should be directed toward a culture-based digital transformation that enhances market competitiveness and sustainability without compromising local identity and cultural values.

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