



RESEARCH ARTICLE

Competitive Advantage Model of Warung Madura amid the Expansion of Modern Retail: A Resource-Based View Approach

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Abstract

The expansion of modern retail has increased competitive intensity for Warung Madura as a form of traditional retail. This study aims to identify strategic resources and capabilities and to formulate a competitive advantage model for Warung Madura through a Resource-Based View approach. The study adopts a qualitative approach with a descriptive case study design. Data were collected through interviews, observation, documentation, and secondary sources, then analyzed through data condensation, data display, conclusion drawing, and the VRIO framework, which includes valuable, rare, inimitable, and organized dimensions. The analysis shows that tangible resources, such as location, inventory, labor, facilities, and transaction technology, support operational activities but are relatively easy to imitate. Meanwhile, personal relationships with customers, local market knowledge, supplier networks, work ethic, and adaptability are intangible resources with greater potential to create competitive advantage. Customer relationships, local market knowledge, and adaptability are the factors most likely to generate sustainable competitive advantage. The competitive advantage model of Warung Madura is formed through a combination of internal resources, strategic capabilities, and value creation in the form of accessibility, flexible service, product availability, and proximity to customers.

Keywords

Competitive Advantage; Modern Retail; Resource-Based View; VRIO.

1 | INTRODUCTION

The development of the retail business in Indonesia has become increasingly dynamic in line with changes in consumption patterns, urban growth, and the rising public need for convenience in obtaining daily necessities. Bank Indonesia (2025) recorded that the Retail Sales Index in November 2024 reached 209.7, representing a year-on-year growth of 0.9 percent. This condition indicates that the retail sector continues to offer substantial market opportunities because it is directly related to routine consumer needs. Retail development is also marked by the growth of minimarkets, supermarkets, and chain stores that apply self-service systems, standardized layouts, recording technologies, and digital payment methods. The Central Statistics Agency (2025) defines a self-service store as a business with a self-service system that sells goods at retail in the form of minimarkets, supermarkets, department stores, hypermarkets, and wholesale outlets. Competition in retail is therefore determined not only by price, but also by convenience, location, product completeness, and service quality.

Amid this development, Warung Madura has emerged as a traditional retail format with distinctive characteristics. These stores provide various daily necessities and are generally managed independently. Hidayat, Hariyanto, and Susanto (2023) explain that Warung Madura shares similarities in appearance, types of goods, pricing, and round-the-clock operational patterns, although it does not operate under a formal corporate network. Warung Madura is able to maintain its traditional character while applying adaptive management practices. Long operating hours, product completeness, fast service, and competitive prices are its main strengths. Heri and Septiana (2024) found that price, product availability, and customer service play an important role in improving sales and the competitiveness of Warung Madura.

However, the expansion of modern retail places pressure on the sustainability of Warung Madura. Modern retail has greater capital, organized distribution networks, integrated inventory systems, periodic promotions, and more advanced transaction technology. Mardhiyah and Safrin (2021) explain that competition between traditional shops and modern stores is influenced by price, location, service, and product completeness. Even so, traditional shops can still survive when these factors are managed effectively. The advantage of Warung Madura does not always come from large capital or technology, but from operational flexibility, proximity to customers, personal service, and the ability to adjust products to community needs. Heri and Septiana (2024) emphasize that a combination of competitive prices, product completeness, and good service can attract and retain customers.

Another advantage comes from social networks between owners, suppliers, fellow traders, and consumers. Tamim *et al.* (2024) found that such relationships support business sustainability through access to price information, supply sources, labor, and business management experience. This phenomenon can be analyzed through the Resource-Based View, or RBV. This approach views organizations as a set of resources and capabilities that can be used to build competitive advantage. Efrina *et al.* (2024) explain that RBV is relevant for micro, small, and medium enterprises because it helps businesses maximize unique resources that are difficult to imitate through an inside-out perspective.

Within the context of Warung Madura, tangible resources include location, capital, inventory, facilities, and transaction technology. Intangible resources include local market knowledge, reputation, social closeness, work ethic, supplier networks, service flexibility, and adaptability. Efrina *et al.* (2024) show that social capital, product quality, owner dedication, workforce quality, and business control support the competitive advantage of micro, small, and medium enterprises. Previous studies have discussed retail competition, sales strategies, and the social networks of Warung Madura. Mardhiyah and Safrin (2021) emphasized price, location, service, and product completeness; Heri and Septiana (2024) discussed sales strategies; while Tamim *et al.* (2024) highlighted the role of social networks in sustaining the business.

However, studies that integrate these resources into a competitive advantage model for Warung Madura remain limited. Hidayat, Hariyanto, and Susanto (2023) place greater emphasis on collective entrepreneurship and strategic management, whereas Efrina *et al.* (2024) discuss RBV in micro, small, and medium enterprises in general. Therefore, research is needed to explain the relationship among resources, capabilities, and the competitive advantage of Warung Madura in an integrated manner. This research is important because the sustainability of Warung Madura supports the provision of community necessities, income generation, job creation, and local distribution of goods. Tamim *et al.* (2024) affirm that relationships with suppliers, fellow shop owners, local entrepreneurs, and the surrounding community are essential parts of business survival.

Academically, this study expands the application of RBV to traditional retail. Practically, the findings may help Warung Madura owners determine which resources need to be maintained and developed. This study aims to identify strategic resources and capabilities and to formulate a competitive advantage model for Warung Madura amid the expansion of modern retail through a Resource-Based View approach.

2 | BACKGROUND THEORY

2.1 Concept of Retail Business

Retail business is the activity of selling goods or services directly to end consumers, while also serving as a link between producers, distributors, and the public. Its role includes providing product variety, maintaining inventory, breaking bulk quantities, delivering product information, and facilitating transactions. Mardhiyah and Safrin (2021) explain that consumers' decisions in choosing a place to shop are influenced by price, location, service, and product completeness. The development of retail has then produced various forms of business, ranging from traditional shops to digital commerce, with differences in capital scale, technology, and management systems. Tarihoran *et al.* (2023) emphasize that the ability to integrate resources, market knowledge, and strategic capabilities is an important element in shaping retail competitiveness.

2.2 Traditional Retail

Traditional retail refers to a form of retail business that is generally managed independently by individuals or families with relatively simple capital and management systems. Its forms may include small shops, kiosks, and grocery stores operating near residential areas or markets. Mardhiyah and Safrin (2021) state that the strengths of traditional retail lie in proximity, direct interaction, and the ability to adapt service to the needs of the surrounding community. However, such businesses also face limitations in capital, technology, promotion, inventory management, and distribution networks. Therefore, the sustainability of traditional retail depends heavily on the ability to optimize flexibility, service, pricing, location, and product completeness.

2.3 Expansion of Modern Retail

The expansion of modern retail refers to the growth of business networks through store openings, market development, increased distribution capacity, and the implementation of standardized operating systems. Modern retail generally has stronger capital, broader supplier networks, inventory technology, periodic promotions, and consistent service. Mardhiyah and Safrin (2021) explain that the presence of modern stores increases competitive intensity because consumers gain more options. Such expansion may pressure traditional retail through price competition, changes in shopping habits, and customer decline. However, shops with close locations, flexible service, products suited to local needs, and strong customer relationships still have opportunities to survive.

2.4 Competitive Advantage

Competitive advantage is the ability of a business to create greater value than its competitors through pricing, service, innovation, differentiation, or speed in responding to market changes. Farida and Setiawan (2022) explain that appropriate business strategies have a positive effect on the competitive advantage of small and medium enterprises. In traditional retail, advantage does not always depend on large capital, but can be built through location proximity, flexible operating hours, customer knowledge, social relationships, and fast service. Rubio-Andrés *et al.* (2024) show that small businesses with limited resources can still improve competitiveness through competitive strategies and innovation. Therefore, Warung Madura's competitive advantage can emerge from a combination of physical resources, local knowledge, social networks, and operational capabilities.

2.5 Resource-Based View Approach

The Resource-Based View approach explains that differences in business performance are influenced by internal resources and capabilities. Such resources may include physical assets, capital, technology, knowledge, reputation, experience, networks, and customer relationships. Pereira and Bamel (2021) emphasize that internal resources and knowledge form an important basis for organizational strategy and performance. A resource can generate competitive advantage when it is valuable, relatively rare, difficult to imitate, and managed effectively. Moursellas *et al.* (2023) state that the RBV approach helps small and medium enterprises identify strategic resources to improve performance and sustainability. In Warung Madura, such resources may include location, operating hours, local market knowledge, customer relationships, reputation, supplier networks, work ethic, and service flexibility.

3 | METHOD

This study uses a qualitative approach with a descriptive case study design to understand the resources, capabilities, and strategies that shape the competitive advantage of Warung Madura amid the expansion of modern retail. Mtisi (2022) explains that qualitative case studies allow researchers to examine phenomena in depth within a real-life context. The

research informants consisted of Warung Madura owners or managers, workers, regular customers, and suppliers selected through purposive sampling. Campbell *et al.* (2020) explain that this technique is used to select informants who match the research objectives and are able to provide relevant information. The main informants were owners or managers who had operated the business for at least two years, sold daily necessities, and were located in an environment competing with modern retail.

Primary data were obtained through interviews and observation, while secondary data came from journals, books, government reports, business documents, sales records, and photographs. Data collection was carried out through semi-structured interviews, observation of shop conditions, and documentation. The use of multiple sources and techniques is consistent with the characteristics of case study research, which aims to obtain a comprehensive understanding (Mtisi, 2022). Data were analyzed using the stages of data condensation, data display, and drawing and verifying conclusions as proposed by Miles, Huberman, and Saldaña (2020). The data were grouped into themes such as location, inventory, customer relationships, supplier networks, market knowledge, technology, work ethic, and adaptability. The analysis was then continued using the VRIO framework within the Resource-Based View approach, namely valuable, rare, inimitable, and organized, to determine the competitive implications of each resource. Data validity was maintained through source triangulation, technique triangulation, member checking, and audit trails. Janis (2022) explains that triangulation can improve the consistency and trustworthiness of findings, while Arias Valencia (2022) emphasizes that triangulation also helps understand differences in perspective in qualitative research.

4 | RESULTS AND DISCUSSION

4.1 Results

4.1.1 General Overview of Warung Madura

Warung Madura is a traditional retail business that has developed widely in residential and urban areas. It is generally managed independently by the owner together with family members or close workers and provides various daily necessities. Its proximity to consumers and flexible purchase quantities make Warung Madura easily accessible to the public. The main characteristic of Warung Madura is its long operating hours, with some stores operating for 24 hours. Hidayat, Hariyanto, and Susanto (2023) explain that Warung Madura shares similarities in appearance, types of goods, pricing, and operational patterns, although it does not belong to a formal corporate network. The management of Warung Madura is relatively simple and flexible. Owners are usually directly involved in purchasing goods, managing inventory, setting prices, serving customers, and handling finances. This involvement allows decisions to be made quickly in response to market changes. Product completeness, competitive pricing, and customer service are important elements in supporting sales. Heri and Septiana (2024) emphasize that the ability to provide products according to consumer needs also strengthens the competitiveness of Warung Madura. Personal relationships with customers also create comfort, trust, and loyalty. In addition, networks with suppliers and fellow shop owners help obtain information about prices, sources of supply, and market needs. Tamim *et al.* (2024) explain that such networks play an important role in maintaining business sustainability. In general, Warung Madura relies on location proximity, long operating hours, product completeness, management flexibility, and social relationships with customers and suppliers. These characteristics show Warung Madura's adaptive capacity in facing the expansion of modern retail and form the basis of analysis through the Resource-Based View approach.

4.1.2 Competitive Conditions between Warung Madura and Modern Retail

Competition between Warung Madura and modern retail arises because both offer daily necessities to relatively similar markets. Consumers choose where to shop based on price, location, product completeness, service, convenience, and ease of transaction. Mardhiyah and Safrin (2021) explain that price, location, service, and product completeness are the main factors in competition between traditional shops and modern stores. Modern retail has advantages in capital, distribution, inventory technology, promotion, and standardized service. In contrast, Warung Madura has strengths in location proximity, long operating hours, flexible service, and personal relationships with customers. Hidayat, Hariyanto, and Susanto (2023) emphasize that long operating patterns are one of the main characteristics of Warung Madura. The comparative conditions between the two retail forms are presented in Table 1.

Table 1. Comparison of Competitive Conditions between Warung Madura and Modern Retail

No.	Competitive Aspect	Warung Madura	Modern Retail
1	Business location	Generally close to residential areas and easily accessible to nearby consumers	Generally located in strategic areas based on market potential
2	Operating hours	Relatively long, with some operating 24 hours	More scheduled operating hours

3	Pricing	Set flexibly by the owner based on local market conditions	Set centrally and often supported by promotional programs
4	Product completeness	Adjusted to the needs and shopping habits of the surrounding community	Offers a wider and more structured product variety
5	Service	Direct, personal, fast, and flexible	Formal, standardized, and procedure-based
6	Customer relationships	Owners know regular customers and their buying habits	Relationships with consumers tend to be more impersonal
7	Promotion	Relatively limited and relies on direct communication	Uses discounts, periodic promotions, and planned marketing
8	Transaction technology	Some use cash transactions and simple digital payments	Uses integrated cashier systems and digital payments
9	Inventory management	Based on experience and observation of customer demand	Uses structured, technology-based inventory systems
10	Physical convenience	Simple facilities and limited business space	More standardized layout, lighting, and facilities
11	Supplier network	Relies on relationships with agents, distributors, and fellow traders	Has a broad and organized distribution network
12	Purchase flexibility	Serves small-quantity purchases according to consumer needs	Products are generally sold in predetermined sizes and packaging

Source: Processed from Mardhiyah and Safrin (2021), Hidayat, Hariyanto, and Susanto (2023), and Heri and Septiana (2024)

Based on Table 1, modern retail has advantages in technology, promotion, convenience, service standardization, and distribution networks. Stronger capital support and more formal management systems enable modern retail to manage inventory and offer promotions more systematically. In contrast, Warung Madura has strengths in location proximity, long operating hours, flexible service, and personal relationships with customers. Heri and Septiana (2024) explain that competitive prices, product availability, and customer service play an important role in increasing sales at Warung Madura. Warung Madura is also more adaptive in adjusting inventory to local needs, whereas modern retail excels in product variety and technology-based stock control. Therefore, competition between the two is determined not only by capital and facilities, but also by the ability to create value for customers. From a Resource-Based View perspective, Warung Madura's local strengths can become a competitive advantage when managed consistently.

4.1.3 Identification of Warung Madura Resources

The Resource-Based View approach explains that competitive advantage is influenced by a business's internal resources and capabilities. Pereira and Bamel (2021) emphasize that internal resources and knowledge are important foundations for organizational strategy and performance. In Warung Madura, resources are divided into tangible resources, such as location, capital, inventory, facilities, labor, and transaction technology, and intangible resources, such as experience, local market knowledge, customer relationships, reputation, work ethic, supplier networks, and service flexibility. Efrina *et al.* (2024) explain that social capital, human resource quality, owner dedication, and business control support the competitive advantage of micro, small, and medium enterprises. The identification of Warung Madura resources is presented in Table 2.

Table 2. Identification of Warung Madura Resources

No.	Resource Category	Resource Type	Form in Warung Madura	Contribution to the Business
1	Tangible	Business location	Located near residential areas and easily accessible to consumers	Facilitates access and increases the likelihood of repeat purchases
2	Tangible	Operating capital	Used to purchase inventory and finance daily operations	Maintains smooth activity and product turnover
3	Tangible	Inventory	Consists of basic necessities, food, beverages, cigarettes, and household goods	Meets consumer needs in one location
4	Tangible	Shop facilities	Shelves, display cases, refrigerators, lighting, and storage areas	Supports product arrangement and storage
5	Tangible	Labor	Owner, family members, or workers with divided working hours	Enables the shop to operate for long hours
6	Tangible	Transaction technology	Smartphones, digital payments, and simple records	Facilitates transactions and communication with customers and

7	Intangible	Local market knowledge	Understanding of the needs and shopping habits of the surrounding community	suppliers Helps determine the types and quantities of goods provided
8	Intangible	Customer relationships	Direct interaction, personal closeness, and familiarity with regular customers	Increases customer trust and loyalty
9	Intangible	Business reputation	Perception as an accessible, well-stocked, and long-open shop	Becomes a basis for consumer choice when needing goods
10	Intangible	Supplier network	Relationships with agents, distributors, wholesalers, and fellow shop owners	Maintains stock availability and provides alternative supply sources
11	Intangible	Business experience	Knowledge gained through direct shop management	Improves the accuracy of operational decision-making
12	Intangible	Work ethic	Willingness to work long hours, discipline, and direct owner involvement	Supports continuity of service to consumers
13	Intangible	Service flexibility	Ability to adjust service to customer situations and needs	Creates a service value different from modern retail
14	Intangible	Adaptability	Adjustment of products, prices, payment methods, and operating hours	Helps the shop respond to changing market conditions

Source: Processed from Hidayat, Hariyanto, and Susanto (2023), Tamim *et al.* (2024), Efrina *et al.* (2024), and Pereira and Bamel (2021)

Based on Table 2, Warung Madura's tangible resources include location, inventory, labor, capital, facilities, and transaction technology. A location near residential areas makes consumer access easier, while inventory aligned with community needs supports sales. Heri and Septiana (2024) emphasize that product availability is an important element in increasing sales at Warung Madura. Labor, which generally comes from the owner, family members, or workers on shift-based schedules, also supports long operating hours and smooth service. Intangible resources include local market knowledge, customer relationships, supplier networks, experience, work ethic, and adaptability. Market knowledge helps owners understand needs and demand changes, while personal relationships with customers can build trust and loyalty. Hidayat, Hariyanto, and Susanto (2023) show that Warung Madura management develops through a pattern of relationship-based entrepreneurship. Networks with suppliers and fellow shop owners also support business continuity. Tamim *et al.* (2024) explain that such networks help obtain information on prices, supply, and market changes. In addition, direct owner involvement accelerates decision-making. Efrina *et al.* (2024) emphasize that owner dedication and business control contribute to the competitive advantage of micro, small, and medium enterprises. Service flexibility and adaptability allow Warung Madura to adjust products, prices, inventory, operating hours, and payment methods. Thus, tangible and intangible resources need to be combined through strategic capabilities in order to create customer value and strengthen Warung Madura's competitiveness.

4.1.4 VRIO Analysis

The VRIO analysis is used to assess the ability of Warung Madura's resources and capabilities to create competitive advantage based on the elements of valuable, rare, inimitable, and organized. Moursellas *et al.* (2023) explain that the resource-based approach helps identify strategic assets that support the performance and sustainability of small and medium enterprises. In this study, VRIO analysis is applied to location, operating hours, product completeness, customer relationships, local market knowledge, supplier networks, work ethic, service flexibility, and adaptability. Pereira and Bamel (2021) emphasize that internal resources only produce advantage when developed and utilized strategically. The results are presented in Table 3.

Table 3. VRIO Analysis of Warung Madura Resources and Capabilities

No.	Resource or Capability		Valuable	Rare	Inimitable	Organized	Competitive Implication	
1	Location	near residential areas	Yes	No	No	Yes	Competitive parity	
2	Long operating hours		Yes	Relatively	No	Yes	Temporary	competitive advantage
3	Completeness	of daily necessities	Yes	No	No	Yes	Competitive parity	

4	Flexible pricing	Yes	Relatively	No	Yes	Temporary advantage	competitive
5	Personal relationships with customers	Yes	Yes	Yes	Yes	Sustained advantage	competitive
6	Knowledge of the local market	Yes	Yes	Yes	Yes	Sustained advantage	competitive
7	Supplier and peer trader networks	Yes	Relatively	Relatively	Yes	Potential advantage	competitive
8	Work ethic and owner involvement	Yes	Yes	Relatively	Yes	Temporary advantage	competitive
9	Service flexibility	Yes	Yes	Relatively	Yes	Temporary advantage	competitive
10	Adaptability to market needs	Yes	Yes	Yes	Yes	Sustained advantage	competitive
11	Use of payment technology	Yes	No	No	Relatively	Competitive parity	
12	Reputation as an accessible shop	Yes	Relatively	Relatively	Yes	Potential advantage	competitive

Source: Processed from Pereira and Bamel (2021), Hidayat, Hariyanto, and Susanto (2023), Moursellas et al. (2023), Tamim et al. (2024), and Efrina et al. (2024)

Based on Table 3, location, product completeness, and payment technology are valuable resources, but they are easy to imitate and therefore tend to produce competitive parity. Long operating hours also provide value to customers, but they tend to create only a temporary advantage because competitors can adopt similar practices. Hidayat, Hariyanto, and Susanto (2023) emphasize that all-day operations are a key characteristic of Warung Madura, while Heri and Septiana (2024) explain that product availability supports sales growth. Personal relationships with customers and local market knowledge have stronger potential because they are formed through interaction, experience, and trust. Pereira and Bamel (2021) state that internal knowledge is an important source in forming strategy and performance. Supplier networks also become a source of potential advantage because they help maintain supply and provide business information. Tamim et al. (2024) show that networks with suppliers, fellow traders, and consumers support Warung Madura's survival strategy. Work ethic and owner involvement support operational smoothness, but they can still be imitated and therefore tend to produce only a temporary advantage. Efrina et al. (2024) emphasize that owner dedication and business control contribute to the success of MSME strategies. Overall, customer relationships, local market knowledge, and adaptability are the most potential sources for creating a sustained competitive advantage.

4.1.5 Warung Madura's Competitive Advantage Model

The competitive advantage model of Warung Madura is formed through the relationship between internal resources, strategic capabilities, and value for customers. The Resource-Based View approach states that business advantage depends on the ability to develop and utilize owned resources. Pereira and Bamel (2021) explain that internal resources and knowledge are important foundations for organizational strategy and performance. Warung Madura's tangible resources include location, capital, inventory, facilities, labor, and transaction technology. These resources support operational activities, but they are relatively easy to imitate. In contrast, intangible resources such as local market knowledge, customer relationships, reputation, supplier networks, experience, and work ethic are more likely to create sustainable advantage. Efrina et al. (2024) emphasize that social capital, owner dedication, human resource quality, and business control support the competitive advantage of MSMEs. These resources are utilized through strategic capabilities, such as inventory management, product adjustment, price and service flexibility, operating hour arrangements, and the ability to respond to market changes. Heri and Septiana (2024) explain that product availability is an important element in supporting Warung Madura's sales. Local market knowledge and personal relationships with customers are key parts of the model because they help owners understand consumer needs, build trust, and encourage loyalty. Hidayat, Hariyanto, and Susanto (2023) show that Warung Madura management develops through social relationships and entrepreneurial practices within the community. Supplier networks also strengthen business sustainability by maintaining supply and providing information on prices and alternative product sources (Tamim et al., 2024). Thus, Warung Madura's competitive advantage model is formed when tangible and intangible resources are combined through adaptive capabilities to produce accessibility, product availability, fast service, flexibility, and closeness to customers. Its main advantage lies in local market knowledge, customer relationships, trust-based networks, and adaptability, which are relatively difficult for modern retail to imitate.

4.2 Discussion

The findings indicate that Warung Madura's ability to survive amid the expansion of modern retail is determined not

only by location and product completeness, but primarily by its capacity to utilize internal resources effectively. Modern retail has advantages in capital, technology, promotion, convenience, and standardized management systems. In contrast, Warung Madura relies on long operating hours, closeness to customers, service flexibility, and an understanding of local market needs. Mardhiyah and Safrin (2021) explain that price, location, service, and product completeness are important factors in competition between traditional shops and modern retail. From the perspective of the Resource-Based View, tangible resources such as location, capital, inventory, facilities, labor, and transaction technology serve as operational support. These resources are valuable, but relatively easy for competitors to imitate, so they are not sufficient to generate sustained competitive advantage. In contrast, intangible resources such as local market knowledge, customer relationships, business experience, supplier networks, reputation, and work ethic play a stronger role in shaping competitiveness. Pereira and Bamel (2021) emphasize that internal resources and knowledge form an important foundation for organizational strategy and performance improvement.

Local market knowledge helps owners understand the types of goods in demand, periods of increased demand, consumer purchasing power, and changes in community needs. This knowledge also supports inventory management so that stock conditions are more aligned with market conditions. In this way, owners can reduce the risk of shortages or overstocking. Because it is gained through experience and direct interaction, local market knowledge is relatively difficult for competitors to imitate. Personal relationships with customers are also a major source of strength for Warung Madura. Regular interaction allows owners to recognize loyal customers, understand shopping habits, and provide more appropriate service. Such relationships can build trust, comfort, and loyalty. Hidayat, Hariyanto, and Susanto (2023) show that long operating hours and social relationships are important characteristics in the management of Warung Madura. These social ties are strategic resources because they develop through a long process and are not easily replicated.

Supplier networks and relationships with fellow traders also support business sustainability. These networks help owners obtain price information, maintain product availability, and find alternative supply sources. Tamim *et al.* (2024) explain that relationships with suppliers, fellow shop owners, local business actors, and consumers are an important part of Warung Madura's survival strategy. In addition, direct owner involvement accelerates decision-making because it does not pass through a long organizational structure. The owner's work ethic and dedication also strengthen operational capability. Owners are usually directly involved in purchasing goods, inventory supervision, customer service, financial management, and strategy formulation. Efrina *et al.* (2024) emphasize that social capital, owner dedication, human resource quality, and business control contribute to the competitive advantage of MSMEs. The VRIO analysis shows that location, product completeness, operating hours, and payment technology tend to produce competitive parity or temporary competitive advantage because they are still easy to imitate. In contrast, customer relationships, local market knowledge, trust-based networks, and adaptability have stronger potential to generate sustained competitive advantage. These resources are valuable, relatively rare, and difficult to imitate because they are formed through experience, social interaction, and long-term learning.

Adaptability becomes the strategic capability that connects these resources. Warung Madura can adjust product types, inventory levels, prices, payment methods, operating hours, and service forms according to changing consumer needs. The ability to make decisions directly enables owners to respond to market changes more quickly. Warung Madura does not need to copy all the characteristics of modern retail, but it should adopt relevant technologies and management methods without losing its close and flexible service character. The combination of tangible resources, intangible resources, and strategic capabilities creates value for customers in the form of easy access, product availability, fast service, purchase flexibility, long operating hours, and personal relationships. This value differs from modern retail, which is more characterized by physical convenience, promotion, standardization, and technology. This difference allows Warung Madura to retain market space, especially for consumers who need quick purchases, small quantities, and more flexible timing.

Thus, Warung Madura's competitive advantage model is formed through the management of internal resources into strategic capabilities that create value for customers. Tangible resources form the operational foundation, while market knowledge, customer relationships, business networks, and adaptability become the core of competitiveness. Warung Madura's main advantage does not lie in imitating modern retail, but in maintaining service that is close, fast, flexible, and aligned with the needs of the surrounding community.

5 | CONCLUSIONS AND FUTURE WORK

Warung Madura is able to maintain its competitiveness amid the expansion of modern retail through the effective utilization of its internal resources. Tangible resources such as location, inventory, facilities, labor, and transaction technology serve as supports for operational activities. However, a stronger competitive advantage mainly comes from intangible resources such as personal relationships with customers, local market knowledge, supplier networks, business experience, work ethic, and adaptability. The VRIO analysis shows that customer relationships, local market knowledge, and adaptability have the greatest potential to create sustained competitive

advantage. Meanwhile, location, product completeness, operating hours, and payment technology are more likely to generate competitive parity or temporary advantage. Thus, Warung Madura's competitive advantage model is formed through a combination of resources, strategic capabilities, and the ability to create value that is close, flexible, and aligned with the needs of the surrounding community.

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