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Analysis of The Market Structure: Perfect Competition and Monopoly In The Purwokerto Cermai Market

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Abstract

This study examines the theoretical characteristics of perfect competition and monopoly and their conceptual relevance to trading activities at Cermai Market in Purwokerto. A descriptive qualitative approach using library research was employed to analyze secondary sources consisting of microeconomics books, scientific journal articles, and other academic publications. Literature was examined through data reduction, data presentation, and conclusion drawing, focusing on seller concentration, product characteristics, market entry barriers, pricing mechanisms, and market power. The findings indicate that perfect competition involves numerous independent sellers, relatively homogeneous products, accessible market information, limited individual pricing power, and unrestricted market entry. Monopoly is characterized by effective supplier dominance, substantial entry barriers, limited product substitutes, and greater pricing discretion. The analysis further demonstrates that market structure cannot be determined solely by the number of sellers because product differentiation, consumer alternatives, distribution relationships, and competitive behavior also influence market conditions. The study contributes a comparative conceptual framework for evaluating competitive characteristics in traditional markets. However, the absence of direct observations, interviews, and transaction-level data prevents empirical identification of the prevailing market structure at Cermai Market. Further empirical investigation is necessary to assess commodity-specific competition, pricing practices, entry conditions, and supplier alternatives.

Keywords: *Cermai Market, market structure, monopoly, perfect competition, traditional market.*

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INTRODUCTION

Traditional markets remain integral to local economic systems because they connect small-scale traders, commodity suppliers, and household consumers through decentralized transactions. Their economic relevance extends beyond commodity distribution to include employment opportunities, household income generation, and the accessibility of essential goods. Recent developments in retail competition have introduced substantial challenges to traditional market sustainability, particularly through the expansion of modern retail establishments, changes in consumer preferences, and differences in pricing capabilities among business operators. Wibawa et al. (2024) demonstrated that the sustainability of Indonesian traditional markets is influenced by participatory governance, local economic relationships, and their capacity to coexist with modern commercial establishments. Market competition also involves relationships between seller concentration, product differentiation, and pricing decisions, which complicate the assumption that a larger number of traders necessarily produces competitive market outcomes (Dong et al., 2023). Evidence from Indonesian retail markets indicates that traditional and modern trading establishments may exhibit different concentration levels, pricing practices, and competitive characteristics even when they operate within comparable regional markets (Rizky et al., 2026). These developments establish market structure as a relevant analytical issue for understanding the economic organization of traditional commercial activities. Cermai Market in Purwokerto provides a localized setting for examining the conceptual relevance of perfect competition and monopoly to small-scale trading

activities. The coexistence of multiple traders, potentially differentiated commodities, and varying market conditions raises questions concerning whether conventional market classifications adequately explain competition in traditional retail environments. Examining these questions requires an analytical distinction between theoretical market structures and the empirical characteristics necessary to establish their actual existence.

Contemporary research on market structure has increasingly moved beyond conventional classifications based exclusively on the number of sellers toward explanations involving concentration, strategic behavior, product differentiation, and market power. Studies of retail competition indicate that market concentration cannot independently establish the degree of competitive pressure because pricing outcomes are also influenced by consumer preferences, product characteristics, and differences among competing establishments (Dong et al., 2023). Theoretical analyses of monopolistic competition further demonstrate that firm heterogeneity and product differentiation can generate market allocations that depart from ideal efficiency conditions, even when multiple firms participate in the same industry (Bagwell & Lee, 2023). Research addressing retail assortment decisions also challenges the conventional expectation that greater competition invariably reduces prices, showing that competing retailers may simultaneously expand product variety and increase prices under particular market conditions (Trindade & Caldieraro, 2026). Another strand of scholarship examines market power through strategic relationships among suppliers and distributors rather than through seller concentration alone. Ide and Montero (2024) explain how control over commercially essential products can generate monopolization opportunities through distribution relationships and contractual restrictions. Empirical analysis of grocery supply chains similarly demonstrates that coordinated commercial arrangements can influence market prices even when several businesses remain active within the distribution system (Clark et al., 2024). Indonesian research has also employed the structure–conduct–performance framework to examine relationships among market concentration, competitive behavior, and industrial outcomes, indicating the analytical importance of connecting structural characteristics with actual business practices (Setiawan, 2023; Yuliati et al., 2024). Collectively, these studies position contemporary market-structure analysis as an examination of the interaction among structural conditions, strategic decisions, and market outcomes rather than a simple classification of businesses according to seller numbers.

Despite these developments, existing research reveals several limitations when its findings are applied to the conceptual assessment of traditional markets at the local level. Investigations of food retail concentration and pricing provide explanations of competitive relationships within broader retail systems, but their analytical approaches do not necessarily establish how perfect competition and monopoly should be distinguished in individual traditional markets characterized by small-scale trading and commodity diversity (Dong et al., 2023). Studies of monopolistic competition and strategic market control provide sophisticated theoretical explanations of firm behavior, yet their emphasis on differentiated products, equilibrium conditions, and distribution arrangements limits their direct applicability to descriptive assessments of local market activities without additional contextual evidence (Bagwell & Lee, 2023; Ide & Montero, 2024). Indonesian studies using the structure–conduct–performance approach contribute useful indicators of concentration and competition, although their emphasis on manufacturing industries restricts the direct transferability of their conclusions to traditional retail environments (Setiawan, 2023; Yuliati et al., 2024). Research comparing traditional markets and modern retail establishments in Situbondo offers more directly relevant evidence, but its empirical conclusions remain specific to the observed businesses and market conditions (Rizky et al., 2026). The resulting research gap is primarily contextual and conceptual: existing scholarship offers extensive explanations of competitive structures, yet the available literature does not establish a sufficiently specific analytical account of how perfect competition and monopoly concepts can be applied to Cermai Market in Purwokerto. The distinction is consequential because market characteristics cannot be inferred reliably from the physical presence of multiple traders or the apparent dominance of particular sellers. A literature-based assessment can clarify the conditions under which these theoretical classifications would be appropriate, but it cannot independently verify their empirical occurrence. The unresolved issue concerns the conceptual applicability and evidentiary requirements of contrasting market structures within a specific traditional-market setting.

The absence of a clearly differentiated analytical framework for traditional-market competition creates implications for both economic interpretation and market governance. An assessment based

solely on the number of traders may incorrectly characterize a market as perfectly competitive while overlooking differences in product quality, barriers to entry, information accessibility, and individual pricing discretion. Conversely, the existence of a limited number of suppliers for a particular commodity does not automatically establish monopoly power because competition may persist through substitute goods, alternative distribution channels, or potential market entry. Research on market concentration and price responsiveness emphasizes the importance of examining pricing behavior alongside structural indicators rather than treating concentration as a sufficient measure of competitive conditions (Kephart & Munro, 2023). Retail competition research further demonstrates that product assortment and strategic pricing may generate outcomes inconsistent with simplified assumptions about competitive markets (Trindade & Caldieraro, 2026). For traditional-market administrators, insufficient differentiation between competitive and monopolistic characteristics may weaken the analytical basis for evaluating trading arrangements, market accessibility, and commercial fairness. The governance dimension is particularly relevant because traditional markets also perform social and institutional functions that cannot be reduced to price-based competition alone (Wibawa et al., 2024). Market-structure analysis must consequently consider the relationship between economic organization and the institutional characteristics of traditional trading environments. For traders and consumers, conceptual clarity can support a more informed interpretation of price differences, product availability, and competitive opportunities without assuming that observed market behavior necessarily results from monopoly or perfect competition. The scientific urgency lies in developing a theoretically consistent interpretation that identifies which market characteristics are relevant, how they differ across competing models, and what additional evidence would be required to substantiate conclusions about Cermai Market.

This study is positioned as a descriptive qualitative literature review that integrates conventional microeconomic distinctions between perfect competition and monopoly with contemporary scholarship on market concentration, pricing behavior, competitive strategy, and traditional-market governance. Its proposed contribution differs from empirical concentration studies because it does not attempt to calculate market concentration indices, estimate price markups, or establish the actual distribution of market power among Cermai Market traders. Research applying concentration-based frameworks has demonstrated the usefulness of quantitative structural indicators in evaluating industrial competitiveness, but such measurements depend on suitable market-specific observations and reliable transaction or market-share information (Yuliati et al., 2024). Comparable empirical approaches in traditional and modern retail markets provide information about differences in concentration and competitive conduct, although their findings cannot be treated as direct evidence concerning other market locations (Rizky et al., 2026). The present study instead examines the conceptual conditions under which perfect competition or monopoly may constitute an appropriate interpretation of trading activities at Cermai Market. Its analytical orientation also recognizes that competitive behavior may involve product differentiation and strategic commercial relationships that are not adequately represented by a binary distinction between numerous sellers and a single supplier (Bagwell & Lee, 2023; Clark et al., 2024). The proposed novelty therefore lies in developing a location-oriented conceptual synthesis that explicitly distinguishes theoretical market characteristics, their potential relevance to traditional trading activities, and the evidentiary limitations of applying those characteristics without direct market observations. This contribution is deliberately narrower than an empirical identification of the prevailing market structure, but it provides a more defensible basis for assessing whether such identification is theoretically justified. By separating conceptual interpretation from empirical verification, the study addresses an analytical limitation that can arise when generalized microeconomic models are applied to individual traditional markets without sufficient supporting evidence.

The study aims to analyze the theoretical characteristics of perfect competition and monopoly and examine their conceptual relevance to trading activities at Cermai Market in Purwokerto through a descriptive qualitative review of academic literature. Specifically, the analysis seeks to compare the two market structures according to the number of sellers, product homogeneity or differentiation, market entry and exit conditions, price-setting capabilities, and the potential exercise of market power. The study also aims to identify the conditions that must be satisfied before either market structure can be regarded as an appropriate explanation of commercial activities within a traditional market. Its theoretical contribution consists of organizing and synthesizing contemporary market-

structure concepts into an analytical framework applicable to the examination of local retail environments. Its methodological contribution lies in establishing a transparent distinction between conclusions supported by published literature and market-specific propositions that require independent empirical verification. The practical contribution is directed toward improving the conceptual understanding of competitive arrangements among market administrators, small-scale traders, and other stakeholders concerned with traditional-market management. The analysis is not intended to demonstrate that Cermai Market operates under perfect competition, monopoly, or another specific market structure because the study does not employ direct observations, trader interviews, or transaction-level market data. Its conclusions are consequently limited to the theoretical applicability of the competing market models and the identification of relevant structural conditions requiring subsequent investigation. This approach provides a defined foundation for interpreting traditional-market competition while maintaining consistency between the research objectives, literature-based methodology, and the evidentiary scope of the study.

RESEARCH METHODS

This study employed a descriptive qualitative approach using library research to examine the theoretical characteristics of perfect competition and monopoly and their conceptual relevance to trading activities at Cermai Market in Purwokerto. The research was based on secondary sources consisting of microeconomics books, scientific journal articles, and other academic publications addressing market structures, price formation, producer behavior, and business competition. Literature identification was conducted using keywords including market structure, perfect competition, monopoly market, and microeconomics. Sources were selected according to their relevance to the research objectives and the academic credibility of the publications. The unit of analysis comprised theoretical explanations and scholarly discussions concerning the number of sellers, product characteristics, market entry and exit conditions, pricing mechanisms, and the distribution of market power. Cermai Market served as the contextual object for interpreting these theoretical characteristics rather than as a site of primary empirical investigation. The research did not involve direct market observations, trader interviews, consumer surveys, or the collection of transaction-level data. Consequently, the methodological scope was restricted to the analysis of published literature, without attempting to measure actual market concentration or establish the prevailing competitive structure at Cermai Market.

The collected literature was analyzed through three stages: data reduction, data presentation, and conclusion drawing. Data reduction involved identifying and organizing information relevant to the distinguishing characteristics of perfect competition and monopoly while excluding discussions unrelated to the research objectives. During data presentation, the selected information was classified according to five analytical dimensions: the number of sellers, product homogeneity or differentiation, barriers to market entry and exit, price-setting capabilities, and the potential exercise of market power. A comparative qualitative analysis was then conducted to identify similarities, differences, and conceptual relationships between the two market structures. The interpretation examined how these theoretical characteristics could inform an assessment of trading activities at Cermai Market without treating general theoretical propositions as evidence of actual market conditions. Conclusions were formulated through a synthesis of the selected literature, with particular attention to the distinction between established theoretical characteristics and propositions requiring market-specific empirical verification. Analytical rigor was maintained by preserving this distinction and restricting interpretations to information supported by the reviewed publications. The literature-based design did not provide a basis for calculating market shares, estimating price elasticity, or statistically testing competitive relationships. The resulting analysis therefore provides a conceptual framework for evaluating perfect competition and monopoly in traditional markets while acknowledging that determining the actual structure of Cermai Market requires additional empirical evidence.

RESULTS AND DISCUSSION

Characteristics of Perfect Competition and Price Formation in Traditional Markets

Perfect competition represents a theoretical market structure in which numerous independent sellers and buyers participate in transactions involving homogeneous products without possessing substantial individual control over market prices. The literature synthesis identifies seller multiplicity,

product comparability, market information, and relatively unrestricted entry and exit as the principal conditions determining the applicability of this model. Bagwell and Lee (2023) demonstrate that differences among firms and consumer preferences complicate the efficiency characteristics commonly associated with competitive market equilibrium. These considerations suggest that identifying perfect competition in traditional markets requires examining the interaction between market structure and commercial behavior rather than relying exclusively on the number of participating traders.

The relationship between seller concentration and pricing behavior constitutes a central analytical dimension of competitive market structures. A market containing numerous traders may exhibit competitive price formation when consumers can compare similar products and sellers face limited opportunities to influence prevailing prices independently. Dong et al. (2023) explain that concentration, product differentiation, and pricing outcomes must be evaluated jointly because observable market structures do not necessarily produce uniform competitive conditions. This relationship is relevant to Cermai Market in Purwokerto because the presence of multiple traders would support a competitive interpretation only when accompanied by sufficiently homogeneous products, accessible market information, and limited individual pricing power.

Product homogeneity provides another essential condition for evaluating the theoretical applicability of perfect competition. When consumers perceive products offered by competing traders as close substitutes, individual sellers have limited capacity to maintain prices substantially above those charged by their competitors. Kokovin et al. (2024) demonstrate that heterogeneous consumer preferences introduce additional complexity into the relationship between product differentiation and competitive equilibrium. Traditional markets may contain commodities with similar general characteristics but different qualities, freshness levels, packaging, or service attributes, making complete product homogeneity difficult to establish without specific observational evidence. The analytical implication is that commodity similarity must be distinguished from economic substitutability before trading activities can be classified according to a perfectly competitive model.

Market entry and exit conditions determine whether competitive pressures can persist beyond the immediate relationship between existing sellers. The theoretical framework assumes that potential competitors can enter profitable markets without facing substantial structural, financial, or institutional restrictions that protect incumbent traders. Fujiwara (2024) examines competition between heterogeneous firms and demonstrates the importance of differences in firm characteristics for understanding competitive interactions. In traditional retail environments, unequal access to commercial space, distribution networks, and financial resources may generate differences in competitive capacity even when several traders operate within the same market. The synthesis of these characteristics provides the analytical basis for the comparative framework presented in Table 1.

Table 1. Conceptual Indicators of Perfect Competition and Their Relevance to Cermai Market

Analytical dimension	Perfect competition conditions	Relevance to Cermai Market
Number of sellers	Numerous independent sellers	Requires evidence of sellers within each relevant commodity market
Product characteristics	Homogeneous or highly substitutable products	Requires comparison of commodity quality and differentiation
Price determination	Sellers have negligible individual pricing power	Requires evidence of price-setting practices
Market information	Buyers and sellers have adequate price information	Requires assessment of information accessibility
Market entry and exit	No substantial barriers to entry or exit	Requires examination of access restrictions
Competitive behavior	Sellers respond to prevailing market prices	Requires evidence of actual pricing responses
Market efficiency	Competitive allocation under ideal assumptions	Cannot be established without additional empirical evidence

Source: Conceptual synthesis of the reviewed literature.

Table 1 distinguishes the theoretical requirements of perfect competition from the evidence needed to evaluate their relevance to Cermai Market. The framework indicates that individual structural indicators cannot independently establish whether actual transactions conform to the assumptions of a perfectly competitive market. Setiawan (2023) emphasizes the analytical relevance of distinguishing market structure from competitive conduct, particularly when evaluating the relationship between concentration and market outcomes. This distinction prevents the conceptual presence of multiple sellers from being interpreted as proof of competitive efficiency or uniform pricing behavior.

Price formation in traditional markets may also be affected by supply conditions and differences in sellers' capacity to manage inventory. Competitive pressure does not eliminate the potential influence of product perishability, availability, and consumer purchasing decisions on retail prices. Hou et al. (2024) examine the relationship between pricing and inventory strategies for perishable products under competitive conditions, illustrating the strategic considerations associated with product availability and consumer behavior. These considerations are particularly relevant when assessing the theoretical characteristics of markets supplying commodities whose quality and availability may change over time. The literature consequently supports treating observed price differences as potential outcomes of several interacting economic conditions rather than immediate evidence of imperfect competition.

The distinction between competition and market efficiency requires consideration of how trading behavior affects the allocation of goods and the range of available consumer choices. Competitive structures can constrain individual pricing discretion, but differences in product offerings may alter the incentives governing retailers' commercial decisions. Trindade and Caldieraro (2026) examine the relationship between competition, retail pricing, and assortment decisions, showing that competitive interactions can involve more complex outcomes than simple price reductions. For Cermai Market, this finding establishes a conceptual reason to distinguish the intensity of competition from its potential consequences for consumer welfare. Assessing the latter would require market-specific information on prices, consumer alternatives, and product availability that is not provided by the present literature review.

The interpretation of perfect competition must also account for the relationship between individual traders and the wider supply networks supporting their commercial activities. Competition at the retail level may be influenced by upstream conditions, including differences in procurement opportunities and the organization of commodity distribution. Besik et al. (2023) develop a supply-chain network model involving competing agricultural and processing firms, highlighting the relevance of interconnected commercial relationships and product quality in competitive systems. Their analytical approach indicates that the independence of retail sellers cannot automatically be equated with independence from broader supply arrangements. In Cermai Market, potential implications concerning supplier access and procurement conditions remain conceptual because the available research materials do not establish the actual organization of its distribution networks.

The literature-based assessment identifies perfect competition as a conditional analytical model rather than an empirically established characteristic of Cermai Market. The decisive criteria extend beyond seller multiplicity to include product substitutability, entry conditions, information availability, and the absence of substantial individual pricing power. Yuliati et al. (2024) demonstrate the relevance of examining relationships among market structure, conduct, and performance, although their industrial focus does not permit direct conclusions about traditional retail transactions. Applying the competitive-market framework to Cermai Market therefore requires a clear separation between characteristics established by microeconomic theory and conditions that have not been verified at the research location. This distinction provides a conceptual foundation for the subsequent examination of monopoly, market dominance, and the limitations of binary market-structure classifications.

Monopoly Characteristics, Market Power, and Barriers to Competition

Monopoly represents a market structure in which a single supplier controls the provision of a particular product within a relevant market while potential competitors encounter substantial barriers to entry. Its economic significance extends beyond seller concentration because the exercise of market power depends on demand conditions, product substitutability, and restrictions affecting potential competitors. Ide and Montero (2024) examine monopolization associated with commercially essential

products, demonstrating how strategic control over market access can influence competitive relationships. These theoretical considerations indicate that monopoly identification in traditional markets requires evidence of effective supplier dominance rather than merely observing a limited number of traders. For Cermai Market in Purwokerto, monopoly constitutes an analytical possibility that cannot be established without examining commodity-specific market boundaries and competitive alternatives.

Market power is principally associated with a firm's capacity to influence prices or commercial conditions without immediately losing sufficient demand to competing suppliers. The extent of this capacity depends on how consumers respond to price changes and whether comparable products remain accessible through alternative sellers. Kephart and Munro (2023) examine the relationship between market concentration, prices, and markups, providing an analytical basis for distinguishing structural concentration from actual pricing responses. The distinction is particularly important because a trader holding a relatively prominent commercial position may still encounter substantial competitive constraints. Monopoly assessment must consequently consider price-setting discretion alongside the structural conditions that enable or restrict its exercise.

Barriers to entry constitute a decisive element in explaining how monopolistic positions emerge and persist within particular markets. These restrictions may arise from financial requirements, control over commercially important resources, access to distribution arrangements, or other structural conditions that limit competitive participation. Jha and Leslie (2025) examine the relationship between business start-up costs and market power, highlighting the analytical relevance of entry conditions for understanding competitive outcomes. In traditional retail environments, unequal access to trading facilities or supply networks may potentially affect the capacity of new sellers to challenge established businesses. Such possibilities remain theoretical in relation to Cermai Market because the available literature does not document its actual entry requirements or commodity-specific competitive restrictions.

Monopolistic behavior must also be distinguished from strategic coordination among multiple businesses operating within the same distribution system. Market concentration is not the only condition capable of restricting competition because commercial arrangements among suppliers and retailers may influence market access and pricing decisions. Clark et al. (2024) investigate hub-and-spoke cartels in the grocery industry, illustrating how coordination through commercial relationships may affect competition without requiring a single seller to control the market. This distinction prevents coordinated pricing behavior from being incorrectly classified as monopoly solely because it produces restrictions resembling those associated with concentrated market power. The principal structural and behavioral indicators relevant to evaluating monopoly characteristics are organized in Table 2.

Table 2. Conceptual Indicators of Monopoly and Their Potential Relevance to Cermai Market

Analytical dimension	Monopoly characteristics	Relevance to Cermai Market
Number of suppliers	A single effective supplier within a defined relevant market	Requires identification of suppliers for specific commodities
Market dominance	Substantial control over product availability or commercial conditions	Requires evidence of effective supplier dominance
Price-setting power	Capacity to influence prices subject to demand constraints	Requires examination of commodity prices and consumer alternatives
Barriers to entry	Significant obstacles restricting potential competitors	Requires examination of financial, institutional, or distribution restrictions
Product substitutability	Limited availability of sufficiently close substitutes	Requires assessment of alternative products and suppliers
Supply control	Control over commercially important resources or distribution access	Requires evidence concerning procurement and supply arrangements
Consumer choice	Restricted competitive alternatives within the relevant market	Requires examination of available purchasing options
Market	Conditions protecting supplier	Requires longitudinal or other market-

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persistence	dominance over time	specific evidence

Source: Conceptual synthesis of the reviewed literature.

Table 2 identifies the conditions necessary to distinguish genuine monopoly characteristics from ordinary differences in commercial scale or temporary supplier availability. Its indicators establish that identifying a single commodity seller is insufficient unless the relevant market is properly defined and alternative sources of supply are considered. Boitier (2024) examines ownership arrangements in models of monopolistic competition, supporting the broader analytical distinction between the organization of firms and the competitive implications of their market positions. The framework also indicates that monopoly assessment requires consideration of conditions extending beyond the immediate number of visible traders. In the absence of market-specific observations, the indicators function as conceptual evaluation criteria rather than evidence that monopoly exists at Cermai Market.

The definition of the relevant market is particularly consequential because monopoly power can be overstated when commodity categories or geographic boundaries are defined too narrowly. A trader may be the only seller of a particular product variation while remaining constrained by other products capable of satisfying similar consumer needs. Kokovin et al. (2024) examine monopolistic competition under heterogeneous consumer preferences, demonstrating the importance of demand differentiation in understanding competitive relationships. Product differentiation can create limited pricing discretion without establishing the exclusive supply conditions associated with pure monopoly. An assessment of Cermai Market must consequently distinguish between unique product characteristics, imperfect competition, and genuine monopolistic control.

Commercial dominance may also arise through vertical relationships connecting suppliers, distributors, and retailers. These arrangements can influence the availability of goods, contractual conditions, and competitive opportunities even when several firms operate at the retail level. Lee and Van Cayseele (2024) examine market power and markup volatility within the food value chain, emphasizing the relevance of organizational relationships to price formation. This literature indicates that retail-level competition cannot be interpreted independently of the commercial conditions governing access to products and distribution channels. For Cermai Market, the potential relevance of such relationships can be identified conceptually, although their actual operation cannot be established from the available research materials.

The economic consequences of monopoly depend on the interaction between market power, pricing decisions, consumer substitution, and institutional constraints. Excessive pricing discretion may reduce consumer purchasing opportunities, but observable price differences can also reflect legitimate variations in product quality, procurement costs, and commercial services. O'Connell and Smith (2024) examine the relationship between market power and taxation, illustrating how pricing behavior and welfare outcomes depend on the structure of competition and policy conditions. This theoretical complexity cautions against automatically interpreting higher prices as evidence of monopolistic exploitation. A defensible analysis must establish whether commercial outcomes result from restrictions on competition rather than from ordinary cost differences or differentiated product characteristics.

The literature synthesis identifies monopoly as a restrictive market structure whose existence depends on effective supplier dominance, meaningful entry barriers, and insufficient competitive substitutes. Market power may also develop through differentiated products or commercial arrangements that do not satisfy the strict conditions of monopoly. Dong et al. (2023) demonstrate the importance of examining concentration, prices, and market power jointly when evaluating competition in food retail markets. These relationships indicate that a binary classification of traditional markets may overlook intermediate forms of imperfect competition and differences among individual commodity markets. The conceptual assessment of Cermai Market must consequently remain conditional until empirical information becomes available concerning supplier concentration, price-setting behavior, market entry, and consumer alternatives.

Comparative Analysis of Market Structures and Their Conceptual Implications for Cermai Market

The comparison between perfect competition and monopoly provides an analytical foundation for understanding differences in market organization, pricing authority, and competitive constraints within traditional retail environments. Perfect competition assumes that individual sellers possess negligible market power, whereas monopoly is characterized by substantial supplier dominance within a properly defined relevant market. Contemporary market research indicates that actual commercial arrangements may exhibit intermediate characteristics because seller concentration, product differentiation, and consumer preferences influence competitive outcomes simultaneously (Dong et al., 2023). These considerations complicate the application of binary market classifications to trading environments containing diverse commodities and heterogeneous business operators. Cermai Market in Purwokerto can consequently be examined through a comparative conceptual framework without presuming that either theoretical structure represents its actual market conditions.

Structural differences between competitive and monopolistic markets influence how economic agents respond to prices, supply conditions, and commercial opportunities. Under perfect competition, individual sellers generally accept prevailing market prices, while monopolistic suppliers possess greater discretion to determine prices subject to demand and substitution constraints. Bagwell and Lee (2023) explain that differences among firms and consumer preferences affect competitive equilibrium and efficiency, indicating that theoretical assumptions may not fully represent actual market relationships. The distinction becomes particularly relevant when products differ in quality, availability, or other characteristics valued by consumers. A conceptual assessment of traditional markets must consequently examine price-setting behavior alongside the structural conditions supporting or restricting individual market power.

The relationship between market structure and business conduct also requires distinguishing observable commercial arrangements from their underlying competitive mechanisms. A relatively high concentration of sellers within a particular product category does not necessarily establish monopoly, just as the presence of numerous traders does not automatically demonstrate perfect competition. Setiawan (2023) applies a structure–conduct–performance approach to competition analysis, supporting the analytical separation of market organization, business behavior, and economic outcomes. This distinction is essential because market structure establishes competitive conditions, while business conduct reflects the decisions made by firms operating under those conditions. Interpreting Cermai Market through this framework requires identifying relevant structural indicators before drawing conclusions about pricing practices or competitive performance.

Traditional-market competition also depends on institutional conditions influencing commercial access, trader participation, and the sustainability of retail activities. Market governance can affect the economic environment within which individual traders compete, although institutional characteristics cannot independently determine whether a market satisfies the theoretical conditions of perfect competition or monopoly. Wibawa et al. (2024) emphasize the significance of governance arrangements in maintaining traditional markets within Indonesia's evolving retail environment. Research comparing traditional and modern retail establishments also indicates that competitive structures must be examined in relation to their specific commercial settings rather than transferred directly between locations (Rizky et al., 2026). These considerations establish the basis for the comparative analytical framework presented in Table 3.

Table 3. Comparative Conceptual Framework of Perfect Competition and Monopoly in Relation to Cermai Market

Analytical dimension	Perfect competition	Monopoly	Implications for Cermai Market
Number of sellers	Numerous independent sellers	One effective supplier in the relevant market	Requires commodity-specific seller identification
Product characteristics	Homogeneous or highly substitutable products	Products without sufficiently close substitutes	Requires assessment of product differentiation

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Pricing mechanism	Individual sellers are price takers	Supplier possesses substantial pricing discretion	Requires evidence of actual pricing behavior
Market entry	Relatively unrestricted entry and exit	Significant barriers to entry	Requires examination of market access conditions
Market information	Adequate information among participants	Information conditions may reinforce market power	Requires assessment of price information accessibility
Consumer alternatives	Numerous competing purchasing options	Limited effective substitutes	Requires identification of alternative suppliers
Competitive conduct	Limited individual influence over market outcomes	Greater strategic control over supply and prices	Requires analysis of observable commercial practices
Economic efficiency	Ideal competitive allocation under restrictive assumptions	Potential allocative inefficiency from market power	Cannot be established without empirical evidence
Market classification	Depends on fulfillment of competitive assumptions	Depends on dominance and entry barriers	Actual classification remains undetermined

Source: Conceptual synthesis based on the reviewed literature

Table 3 demonstrates that the distinction between perfect competition and monopoly involves interconnected structural and behavioral characteristics rather than a single observable indicator. The comparison also reveals that the same traditional market may contain different competitive conditions across commodity categories, depending on product substitutability and the availability of competing suppliers. Yuliati et al. (2024) emphasize relationships among market structure, conduct, and performance in industrial competition analysis, providing a useful analytical reference for separating these dimensions. Their findings cannot establish conditions at Cermai Market, but the underlying framework supports a more systematic interpretation of market characteristics. The table therefore functions as a conceptual classification instrument rather than a measurement of actual market concentration, pricing power, or trader behavior.

Product differentiation represents an important limitation of strict comparisons between perfect competition and monopoly because it can generate market power without eliminating competition. Consumers may distinguish between otherwise comparable products according to quality, freshness, service, or other valued attributes, creating opportunities for differentiated pricing among competing sellers. Kokovin et al. (2024) analyze monopolistic competition under heterogeneous consumer preferences, demonstrating the theoretical significance of demand variation for competitive market relationships. Research on retail assortment decisions similarly indicates that competitive pressure can influence pricing and product variety through interacting strategic responses (Trindade & Caldieraro, 2026). These relationships suggest that monopolistic competition may provide an additional theoretical reference when neither perfect competition nor pure monopoly adequately captures the characteristics of a particular commodity market.

Price formation constitutes another dimension through which contrasting market structures can be evaluated without assuming that observed price differences necessarily indicate monopoly power. Competitive markets may exhibit price variation associated with differences in quality, inventory conditions, and procurement arrangements, whereas concentrated markets may impose additional pricing constraints through supplier dominance. Ge et al. (2024) examine the relationship between local product pricing, assortment decisions, and store performance, highlighting the relevance of retail characteristics to commercial outcomes. Kephart and Munro (2023) also investigate the responsiveness of prices and markups to market concentration, reinforcing the need to distinguish structural concentration from pricing behavior. An analysis of Cermai Market would require commodity-level price information and evidence of consumer alternatives before such theoretical relationships could be evaluated empirically.

The competitive characteristics of traditional retail markets may also be affected by supply-chain relationships extending beyond transactions between individual traders and consumers. Differences in procurement access, distribution arrangements, and supplier dependence can influence

the competitive opportunities available to retailers even when the retail market contains numerous businesses. McCorriston and MacLaren (2024) examine market intermediaries and storage arrangements, illustrating the significance of distribution mechanisms for agricultural market organization. Hadachek et al. (2024) further investigate relationships between market structure and food supply-chain resilience, emphasizing the importance of structural conditions beyond immediate retail transactions. These studies support incorporating upstream commercial relationships into the conceptual interpretation of competition while recognizing that their specific operation at Cermai Market has not been documented in the available materials.

The implications of market-structure analysis extend to the interpretation of consumer welfare, trader opportunities, and the governance of traditional commercial facilities. Competitive arrangements may influence prices and product availability, but economic performance cannot be inferred from seller numbers without examining the associated conduct and market outcomes. Lee and Van Cayseele (2024) analyze market power and markup volatility within food value chains, illustrating the potential importance of organizational arrangements for understanding price formation. Indonesian traditional-market research further emphasizes that market sustainability involves governance and institutional relationships alongside commercial competition (Wibawa et al., 2024). These findings indicate that structural classifications can inform the identification of relevant economic questions, although direct evidence remains necessary before evaluating welfare effects or recommending interventions for Cermai Market.

The comparative synthesis establishes that perfect competition and monopoly represent analytically distinct theoretical structures whose applicability depends on market-specific characteristics and appropriate evidence. A literature-based approach can identify relevant evaluation criteria, clarify the mechanisms underlying market power, and distinguish alternative explanations for observable commercial arrangements. Research applying the structure–conduct–performance framework demonstrates the analytical value of separating structural characteristics from business behavior and outcomes (Setiawan, 2023; Yuliati et al., 2024). The principal contribution for Cermai Market lies in specifying the conditions required to assess its competitive organization without presenting unverified assumptions as empirical findings. Determining the actual market structure would require subsequent evidence concerning commodity-specific seller concentration, product substitutability, barriers to entry, pricing practices, and the availability of alternative suppliers.

CONCLUSION

This study examined the theoretical characteristics of perfect competition and monopoly and their conceptual relevance to trading activities at Cermai Market in Purwokerto through a descriptive qualitative literature review. The analysis established that perfect competition is characterized by numerous independent sellers, relatively homogeneous products, accessible market information, limited individual price-setting power, and relatively unrestricted market entry and exit. Monopoly, in contrast, involves effective supplier dominance within a defined relevant market, substantial barriers to entry, limited competitive substitutes, and greater discretion over pricing decisions. The comparative analysis demonstrated that seller concentration alone is insufficient to determine market structure because product differentiation, consumer alternatives, distribution relationships, and competitive conduct also influence market conditions. The synthesis further indicated that traditional markets may contain different competitive characteristics across commodity categories, making a uniform classification theoretically restrictive. These findings address the research objectives by identifying the distinguishing characteristics of both market structures and establishing the analytical conditions necessary for evaluating their potential applicability to Cermai Market.

The study contributes to microeconomic literature by integrating conventional market-structure theory with contemporary explanations of market concentration, pricing behavior, product differentiation, and entry barriers into a comparative conceptual framework for traditional markets. Its methodological contribution lies in distinguishing theoretical market characteristics from empirical conditions that require independent verification, thereby preventing unsupported classifications of local commercial activities. The framework provides practical analytical guidance for examining competition, pricing arrangements, and market accessibility among traditional-market traders without assuming that particular competitive conditions have already been established. The principal limitation is the exclusive reliance on published literature without direct observations, trader

interviews, consumer surveys, or transaction-level evidence from Cermai Market. Consequently, the study cannot determine whether the market actually exhibits perfect competition, monopoly, or another form of imperfect competition. Future empirical research should examine commodity-specific seller concentration, product substitutability, pricing practices, market entry conditions, and alternative supply channels to establish the prevailing competitive characteristics of Cermai Market.

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