

Reconfiguring the Muslim Fashion Industry in the Era of Algorithmic Live Commerce: A Structure-Conduct-Performance Perspective

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ABSTRAK

Algorithmic live commerce telah mentransformasi lanskap persaingan industri fesyen Muslim dengan mengintegrasikan penciptaan konten, interaksi waktu nyata, dan mekanisme pasar berbasis platform ke dalam satu ekosistem digital. Meskipun penelitian sebelumnya lebih banyak berfokus pada perilaku konsumen dan keputusan pembelian, perhatian terhadap bagaimana platformisasi mengubah struktur industri, perilaku pelaku usaha, dan kinerja pasar masih relatif terbatas. Penelitian ini bertujuan mengisi kesenjangan tersebut dengan menganalisis industri fesyen Muslim melalui kerangka Structure-Conduct-Performance (SCP) yang diperkaya dengan perspektif disrupsi digital dan ekonomi industri halal. Penelitian menggunakan pendekatan kualitatif deskriptif-analitis berbasis data sekunder digital yang diperoleh dari laporan pemerintah, publikasi industri, dan literatur ilmiah. Hasil penelitian menunjukkan bahwa algorithmic live commerce telah menggeser kekuatan pasar menuju platform digital yang mengendalikan visibilitas produk, tingkat keterlibatan konsumen, dan akses pasar. Perilaku pelaku usaha berkembang menuju persaingan berbasis konten melalui live streaming, kolaborasi dengan influencer, penguatan identitas halal digital, dan strategi promosi yang agresif. Di sisi lain, kinerja industri menunjukkan peningkatan jangkauan pasar dan efisiensi operasional melalui model direct-to-consumer, meskipun manfaat yang diperoleh cenderung tidak merata akibat ketergantungan pada platform dan meningkatnya tekanan persaingan harga. Penelitian ini menawarkan rekonseptualisasi SCP dalam konteks kapitalisme platform dan persaingan halal berbasis nilai serta menekankan pentingnya regulasi adaptif, inklusivitas digital, dan tata kelola industri yang berkelanjutan.

ABSTRACT

Algorithmic live commerce has fundamentally transformed the competitive landscape of the Muslim fashion industry by integrating content creation, real-time interaction, and platform-driven market mechanisms into a single digital ecosystem. While previous studies have predominantly focused on consumer behavior and purchase intentions, limited attention has been given to how platformization reshapes industrial structure, business conduct, and market performance. This study addresses this gap by examining the Muslim fashion industry through the Structure-Conduct-Performance (SCP) framework, complemented by perspectives from digital disruption and halal industrial economics. Employing a qualitative descriptive-analytical approach based on digital secondary data from government reports, industry publications, and scholarly literature, the study finds that algorithmic live commerce has shifted market power toward digital platforms that govern visibility, engagement, and consumer access. Business conduct has evolved toward content-driven competition characterized by live streaming, influencer collaboration, digital halal branding, and aggressive promotional strategies. Meanwhile, industry performance demonstrates increased market reach and operational efficiency through direct-to-consumer models, although benefits remain unevenly distributed due to platform dependency and intensified price competition. The study contributes to the reconceptualization of SCP in the context of platform capitalism and value-based halal competition, highlighting the importance of adaptive regulation, digital inclusivity, and sustainable governance within the Muslim fashion ecosystem.

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INTRODUCTION

The global economy is undergoing a profound digital transformation characterized by the integration of advanced technologies into production, distribution, marketing, and consumption activities (Global Wellness Institute, 2024; Chakraborty et al., 2025). This transformation has accelerated the emergence of platform-based business models, including social commerce and live commerce, which combine entertainment, interaction, and transactions within a single digital ecosystem (Emmanuel et al., 2022; Sendjaja et al., 2025). Unlike conventional e-commerce, live commerce enables real-time communication between sellers and consumers, creating interactive purchasing experiences that influence consumer engagement, trust, and purchasing decisions. The rapid expansion of digital platforms has consequently altered competitive dynamics across various industries, including the global halal economy and the Muslim fashion sector (Kasparian et al., 2023; Khan et al., 2025; Zeqiri et al., 2025).

The Muslim fashion industry has emerged as one of the most dynamic segments of the global halal economy (H. M. Ahmed, 2024; Fischer & Nisa, 2025). Growing Muslim populations, increasing awareness of halal lifestyles, and the expansion of modest fashion trends have transformed Muslim fashion from a niche market into a significant global industry (Martiasari & Hendratmi, 2022). Indonesia occupies a strategic position within this development due to its status as the country with the largest Muslim population and one of the world's fastest-growing digital economies. The convergence between digital transformation and the expanding halal market presents substantial opportunities for Indonesian Muslim fashion businesses to strengthen their domestic and international competitiveness. However, these opportunities are accompanied by structural changes that reshape how markets operate, how firms compete, and how value is created within the industry.

Empirical evidence demonstrates the strategic importance of the fashion sector within Indonesia's broader creative economy. According to national statistics, the creative economy contributed significantly to employment generation and economic growth, with the fashion subsector representing one of its most important components. The sector absorbed millions of workers and contributed substantially to national gross domestic product, highlighting its role not only as a commercial industry but also as an important driver of socio-economic development. Consequently, transformations occurring within the Muslim fashion industry have implications that extend beyond individual firms to broader questions of industrial competitiveness, employment, and economic resilience (Salma et al., 2023; Curry, 2025; Tyrell Curry, 2025).

Despite these opportunities, the expansion of live commerce has introduced new competitive challenges. Digital platforms increasingly function as gatekeepers that control visibility, consumer traffic, and market access through algorithmic systems. In practice, platform algorithms determine which products receive exposure, which sellers gain visibility, and how consumers interact with brands. Such developments create new forms of market concentration that differ from traditional industrial structures. While digital platforms lower certain entry barriers by reducing the need for physical infrastructure, they simultaneously create new barriers associated with content production capabilities, digital literacy, advertising expenditures, and algorithmic optimization. These developments raise important questions regarding market fairness, competitive balance, and the sustainability of small and medium-sized enterprises (SMEs) within the digital ecosystem (Chen, 2024; Fatimah et al., 2025; Huang et al., 2025).

From the perspective of industrial economics, these transformations can be examined through the Structure-Conduct-Performance (SCP) framework. Originally developed by Mason (1939) and Bain (1956), the SCP paradigm explains how market structure influences firm behavior and ultimately determines industry performance. Market structure encompasses factors

such as market concentration, barriers to entry, and competitive intensity. Firm conduct refers to strategic behavior including pricing, promotion, innovation, and market positioning. Industry performance is reflected in efficiency, profitability, growth, and consumer welfare outcomes. Although SCP has traditionally been applied to conventional industries, the rise of digital platforms necessitates a reconsideration of how market structures operate when algorithms, data, and platform governance become central determinants of competition.

The transformation of the Muslim fashion industry cannot be understood solely through conventional industrial economics. It must also be interpreted through the lens of halal industrial economics, which emphasizes justice (*'adl*), transparency, trustworthiness, ethical conduct, and equitable competition (Fariana, 2022; Takhim et al., 2023; Alfarizi et al., 2025). Within the halal economy, competitive advantage is not derived exclusively from price and quality but also from compliance with Islamic values throughout production, distribution, and marketing processes. Consequently, digital halal certification, transparency of supply chains, and ethical marketing practices have become increasingly important mechanisms for building consumer trust and strengthening market differentiation. The integration of these values into digital commerce environments creates a unique context in which economic efficiency and ethical responsibility must coexist.

The emergence of algorithmic live commerce further intensifies this transformation. Digital platforms such as TikTok Shop integrate content creation, social interaction, and commercial transactions into a unified ecosystem that continuously adapts through algorithmic recommendation systems (Maharani et al., 2025; Putri et al., 2025; Ramadhan et al., 2025). Drawing on the theory of disruptive innovation, technological change does not merely improve existing business processes but fundamentally alters industrial structures and competitive relationships. As digital platforms increasingly mediate interactions between producers and consumers, traditional value chains are reconfigured into platform-centric ecosystems characterized by network effects, creator economies, and data-driven competition. While these developments may improve efficiency and market reach, they may also generate asymmetrical outcomes, including increased dependence on platforms, intensified price competition, and compressed profit margins.

Although the literature on Muslim fashion, halal industries, and digital commerce has expanded significantly, important gaps remain. Existing studies have predominantly focused on consumer behavior, purchase intentions, digital marketing effectiveness, and the adoption of e-commerce within halal industries (Sunarti et al., 2024; Wu et al., 2024; Crisafulli et al., 2025). Other studies have examined the competitiveness of Muslim fashion at national and global levels or investigated the digitalization of halal SMEs (Afdawaiza et al., 2025; Bahara et al., 2025). However, relatively limited attention has been given to how algorithmic live commerce reshapes industrial structures, transforms business conduct, and influences industry performance simultaneously. More importantly, previous research has rarely integrated the SCP framework with halal industrial economics and digital disruption theory within a single analytical framework.

This study addresses these gaps by examining the transformation of Indonesia's Muslim fashion industry through the combined perspectives of Structure–Conduct–Performance, halal industrial economics, and digital disruption theory. The study introduces a conceptual extension of the SCP framework by incorporating platformization and algorithmic governance as key determinants of contemporary market structures. Specifically, it investigates how algorithmic live commerce reconfigures market structure, shapes firm conduct, and influences industrial performance within the Muslim fashion sector. By doing so, this research contributes to the growing literature on digital industrial transformation and halal economics while offering

practical insights for policymakers, platform operators, and business actors seeking to develop a more inclusive, competitive, and sustainable Muslim fashion ecosystem in the digital era.

METHOD

This study employs a qualitative research design with a descriptive-analytical approach to examine the transformation of the Muslim fashion industry in Indonesia within the context of algorithmic live commerce and platform-based digital markets. A qualitative approach is considered appropriate because the study seeks to understand structural changes, business conduct, and industry performance resulting from the increasing integration of digital platforms into the halal fashion ecosystem (Creswell & Poth, 2023). Rather than measuring causal relationships statistically, the study focuses on interpreting industry dynamics, market restructuring, and emerging competitive patterns within a rapidly evolving digital environment.

The research relies exclusively on digital secondary data obtained from multiple authoritative sources. These sources include official publications from the Central Statistics Agency (BPS), Bank Indonesia, the Ministry of Tourism and Creative Economy, reports from digital commerce and social media platforms, industry publications related to the halal economy and Muslim fashion sector, as well as peer-reviewed academic journal articles indexed in national and international databases. The use of secondary data is particularly relevant for investigating industry-level transformations because it enables the analysis of broader market trends, institutional developments, and platform-driven changes that cannot be adequately captured through individual-level observations.

The analytical framework is based on the Structure–Conduct–Performance (SCP) paradigm, which serves as the primary lens for understanding the relationship between market structure, firm conduct, and industry performance. Market structure is examined through indicators such as platform concentration, entry barriers, market access, and algorithmic visibility mechanisms. Business conduct is analyzed through the strategic responses of firms, including live-streaming activities, influencer collaborations, digital branding, pricing strategies, and content-based competition. Industry performance is assessed in terms of market expansion, operational efficiency, competitiveness, profitability pressures, and the distribution of economic benefits among market participants.

To provide a more comprehensive interpretation, the SCP framework is complemented by digital disruption theory and the perspective of halal industrial economics. Digital disruption theory explains how technological innovations and platformization reshape traditional industry structures and value chains, while halal industrial economics provides an ethical framework emphasizing justice (*‘adl*), transparency, trustworthiness, and fair competition. The integration of these perspectives enables the study to capture both the economic and normative dimensions of transformation occurring within the Muslim fashion industry.

Data collection was conducted through systematic document analysis (Ahmed et al., 2025; Almusaed et al., 2025). Relevant documents were identified, selected, and reviewed based on their credibility, relevance, and contribution to the research objectives. The collected data were subsequently organized and analyzed using thematic analysis procedures. The analysis involved data reduction, categorization, interpretation, and synthesis to identify recurring patterns related to changes in market structure, business behavior, and industry outcomes. Thematic interpretation was conducted iteratively to ensure consistency between empirical evidence and the conceptual framework adopted in the study.

To enhance the credibility and trustworthiness of the findings, source triangulation was employed by comparing information from official statistical agencies, government reports, industry publications, and scholarly literature. Particular attention was given to the consistency

of trends across different data sources, while discrepancies were critically examined to identify variations in methodology, scope, and institutional perspectives. Through this triangulation process, the study seeks to provide a robust and comprehensive understanding of how algorithmic live commerce is reconfiguring the Muslim fashion industry in Indonesia.

RESULT AND DISCUSSION

Reconfiguring the SCP Framework in the Era of Algorithmic Live Commerce

The findings indicate that the transformation of Indonesia's Muslim fashion industry cannot be adequately explained through the conventional Structure–Conduct–Performance (SCP) framework alone. The emergence of algorithmic live commerce has introduced new mechanisms that shape market competition, business behavior, and industry outcomes. In particular, platform algorithms and real-time interaction features have become critical determinants of visibility, consumer engagement, and commercial performance. These developments suggest that digital platforms are no longer merely intermediaries facilitating transactions; rather, they function as governance structures that influence how market opportunities are distributed among business actors.

Furthermore, the findings reveal that competition in the Muslim fashion industry increasingly incorporates ethical and value-based dimensions. Beyond pricing and product quality, firms compete through digital halal certification, production transparency, trust-building practices, and the communication of Islamic values. As a result, the interaction between technological infrastructure and halal business principles creates a distinctive competitive environment that differs from conventional digital retail markets.

To illustrate these relationships, this study develops a conceptual framework that extends the traditional SCP model by incorporating algorithmic governance, real-time interaction, and halal value differentiation as key determinants of industrial transformation.

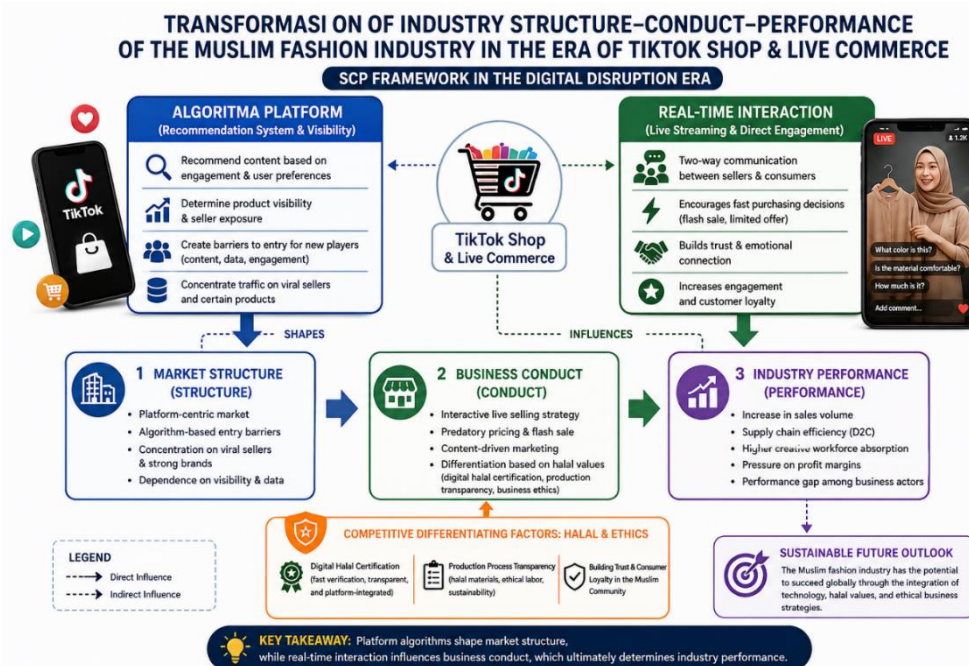


Figure 1. Transformation of the Structure–Conduct–Performance Framework in the Muslim Fashion Industry under Algorithmic Live Commerce

Figure 1 illustrates the conceptual model developed in this study. The framework demonstrates how algorithmic platforms and live commerce features reshape market structure, influence business conduct, and ultimately affect industry performance. The model also highlights the role of halal certification, ethical production, and trust-building mechanisms as competitive differentiators that strengthen the relationship between business conduct and market outcomes. The following sections discuss each component of the framework in greater detail.

Market Structure Transformation: From Product Markets to Platform-Centric Markets

The findings indicate that algorithmic live commerce has fundamentally transformed the market structure of Indonesia's Muslim fashion industry. Within the traditional Structure–Conduct–Performance (SCP) framework, market structure is generally determined by factors such as market concentration, barriers to entry, product differentiation, and the distribution of market power among firms (Yusfiarto et al., 2023; Islamic Financial Services Board, 2025). However, the emergence of digital platforms introduces a new structural mechanism in which visibility, engagement, and consumer access are governed by algorithmic systems rather than solely by conventional market forces. As illustrated in Figure 1, platform algorithms have become critical determinants of market participation because they influence which products are displayed, which sellers receive exposure, and how consumers encounter commercial content.

One of the most significant consequences of platformization is the redefinition of market entry barriers. In conventional retail markets, barriers to entry are commonly associated with capital requirements, physical distribution channels, inventory management, and access to strategic retail locations. Live commerce platforms substantially reduce these traditional barriers by enabling entrepreneurs to market products directly to consumers through digital channels. This development has facilitated broader participation by small and medium-sized enterprises (SMEs), allowing them to compete alongside larger firms within the same digital marketplace.

However, the reduction of conventional barriers has been accompanied by the emergence of new digital barriers. Visibility within platform ecosystems increasingly depends on content quality, audience engagement, algorithmic optimization, and the ability to generate continuous consumer interaction. Consequently, firms with superior digital capabilities, stronger influencer networks, and larger promotional budgets are more likely to secure favorable algorithmic positioning. This condition creates a platform-centric market structure in which market power is partially transferred from producers and retailers to platform operators that control the allocation of digital attention.

These findings support the argument of digital disruption theory that technological innovation does not merely improve existing business processes but fundamentally restructures industrial competition. In the context of Muslim fashion, the market is no longer organized around physical retail presence or production scale alone. Instead, competition increasingly revolves around the ability to capture and sustain consumer attention within algorithmically governed environments. As a result, the industry exhibits characteristics of a digital attention economy where visibility functions as a strategic resource.

From the perspective of halal industrial economics, this transformation generates both opportunities and challenges. Digital platforms enable broader market access and facilitate the dissemination of halal products to wider consumer segments. At the same time, excessive dependence on algorithmic visibility may create unequal opportunities among business actors, potentially conflicting with the Islamic economic principles of fairness (*'adl*) and equitable market participation. Therefore, understanding market structure in the era of algorithmic live commerce

requires moving beyond traditional concentration measures to consider the role of platform governance and algorithmic control in shaping competitive outcomes.

Business Conduct Transformation: Content, Trust, and Halal Differentiation

Changes in market structure have generated corresponding transformations in business conduct. Within the SCP paradigm, business conduct refers to the strategic behavior adopted by firms in response to market conditions, including pricing decisions, promotional activities, product differentiation, and innovation strategies. The findings suggest that algorithmic live commerce has shifted competitive behavior away from conventional sales-oriented approaches toward content-driven and engagement-based strategies.

Live streaming has emerged as one of the most influential mechanisms shaping business conduct within the Muslim fashion industry. Unlike traditional e-commerce environments where transactions are facilitated primarily through static product displays, live commerce combines entertainment, communication, and purchasing activities within a single interactive experience. Firms therefore compete not only through product quality and pricing but also through their ability to maintain audience attention, stimulate engagement, and foster real-time interaction. This transformation has elevated content production into a core strategic capability rather than merely a promotional activity.

A notable finding of this study is the increasing importance of trust-based differentiation through halal values. Digital halal certification, transparent production processes, ethical sourcing practices, and the communication of Islamic values have become strategic instruments for building legitimacy and consumer confidence (Mutmainah & Yulistiyan, 2023; Rafiuddin et al., 2024). In highly competitive digital environments, consumers often face information asymmetry regarding product authenticity and compliance with halal standards. Consequently, business actors increasingly utilize live streaming features to demonstrate production processes, explain sourcing practices, and communicate compliance with halal requirements directly to consumers.

The role of digital halal certification is particularly significant because it functions as a *credence attribute* that cannot be easily verified by consumers without external validation. When integrated into live commerce ecosystems through digital labels, certification systems, or platform-based verification mechanisms, halal certification strengthens consumer trust and reduces uncertainty during purchasing decisions. This finding suggests that trust has evolved from a normative principle into a strategic competitive resource within the digital halal economy.

Nevertheless, the adoption of these strategies remains uneven across market participants. Larger firms often possess greater resources to obtain certification, develop professional content, and invest in digital marketing activities. Smaller enterprises may face challenges related to certification costs, technological capabilities, and digital literacy. Consequently, although digital platforms create new opportunities for participation, they also risk reinforcing inequalities between firms with differing levels of digital readiness.

These findings extend conventional SCP analysis by demonstrating that business conduct in digital halal industries is shaped not only by economic incentives but also by ethical considerations, trust-building mechanisms, and value-based differentiation strategies. In this context, competition is increasingly defined by the ability to communicate authenticity and establish credibility within digitally mediated environments.

Industry Performance in the Live Commerce Ecosystem

The transformation of market structure and business conduct has produced substantial implications for industry performance. According to the SCP framework, industry performance reflects outcomes related to efficiency, profitability, innovation, competitiveness, and consumer welfare. The findings indicate that algorithmic live commerce has generated both positive and negative consequences for the performance of Indonesia's Muslim fashion industry.

One of the most visible outcomes is the improvement of operational efficiency through direct-to-consumer (D2C) business models. Digital platforms allow producers to interact directly with consumers without relying heavily on intermediaries, thereby reducing transaction costs and shortening distribution channels. This model enables firms to respond more rapidly to market trends, consumer preferences, and changing demand patterns. As a result, businesses capable of effectively utilizing live commerce technologies often experience improvements in market reach and sales performance.

The expansion of live commerce has also contributed to broader economic opportunities within the digital ecosystem. New forms of employment have emerged in areas such as content creation, live-stream hosting, affiliate marketing, digital advertising, and social media management. These developments illustrate how the digital transformation of the Muslim fashion industry contributes not only to commercial growth but also to employment generation within the creative economy.

However, performance improvements are not distributed equally across market participants. The findings reveal the existence of asymmetric outcomes whereby firms possessing stronger digital capabilities benefit disproportionately from platform-based competition. Businesses with access to professional content creators, influencer partnerships, and sophisticated marketing strategies are generally more successful in securing consumer attention and achieving commercial growth. In contrast, smaller firms frequently struggle to maintain visibility and compete effectively within increasingly crowded digital marketplaces.

Furthermore, intensified competition has created pressure on profitability. Aggressive promotional campaigns, discount strategies, platform commissions, influencer fees, and paid advertising expenditures often reduce profit margins despite increasing sales volumes. Consequently, industry growth does not necessarily translate into proportional improvements in profitability. This finding highlights an important paradox of platform-based commerce: increased efficiency and market expansion may coexist with heightened competitive pressure and declining margins.

From a broader perspective, industry performance in the era of algorithmic live commerce should therefore be evaluated not only in terms of sales growth but also in relation to sustainability, inclusivity, and the equitable distribution of economic benefits. These dimensions are particularly important within the context of halal industrial development, where economic performance is expected to align with broader objectives of social welfare and justice.

Toward a Platform-Based Halal Competition Model

The findings of this study suggest the emergence of a new model of competition within the Muslim fashion industry that can be described as platform-based halal competition. Unlike conventional industrial competition, which is primarily shaped by production efficiency and market concentration, the contemporary competitive environment is increasingly influenced by the interaction between platform governance, algorithmic visibility, digital engagement, and halal value creation.

This model extends the traditional SCP framework by introducing algorithmic governance as a structural determinant of competition. Platform algorithms function as gatekeepers that influence market access, consumer attention, and commercial opportunities. These structural conditions subsequently shape business conduct by encouraging firms to adopt content-intensive strategies, engage in continuous interaction with consumers, and communicate halal values more actively. In turn, these behaviors influence industry performance through changes in efficiency, competitiveness, market reach, and profitability.

A distinctive characteristic of this emerging model is the integration of ethical differentiation into competitive strategy. While platform economies are frequently associated with data-driven competition and attention maximization, the Muslim fashion industry demonstrates that ethical values can also function as strategic resources. Halal certification, transparency, trustworthiness, and ethical production practices not only fulfill religious requirements but also create competitive advantages that strengthen consumer loyalty and brand legitimacy (Mutmainah & Yulistiyani, 2023; Rafiuddin et al., 2024).

The findings therefore support a reconceptualization of industrial competition within digital halal markets. Market success is no longer determined solely by economic resources or technological capabilities but increasingly depends on the ability to combine digital innovation with value-based differentiation. This integration represents an important contribution to both industrial economics and halal industry studies by demonstrating how platform capitalism and Islamic economic principles interact within contemporary digital markets.

Overall, the proposed framework suggests that the future competitiveness of Indonesia's Muslim fashion industry will depend on its ability to balance technological adaptation, platform participation, ethical governance, and halal value creation. Such a balance is essential for ensuring that digital transformation contributes not only to economic growth but also to the broader objectives of inclusivity, fairness, and sustainable development within the halal economy.

CONCLUSION

This study demonstrates that algorithmic live commerce has significantly transformed the structure, conduct, and performance of Indonesia's Muslim fashion industry. The findings indicate that digital platforms have evolved into central market institutions that influence visibility, consumer access, and competitive opportunities through algorithmic mechanisms. As a result, the industry is shifting from a conventional product-centered market toward a platform-centric ecosystem where digital engagement and content performance increasingly determine market success.

The study further reveals that business conduct is no longer driven solely by pricing and product differentiation but also by trust-building strategies based on halal values, digital certification, production transparency, and real-time interaction through live commerce. While these developments improve market reach and operational efficiency, they also generate new challenges related to platform dependency, unequal digital capabilities, and intensified competition among market participants. Consequently, industry performance reflects both opportunities for growth and emerging structural asymmetries within the digital marketplace.

Theoretically, this research extends the Structure–Conduct–Performance framework by incorporating algorithmic governance, digital interaction, and halal value-based competition as important determinants of industrial transformation. The study proposes a platform-based halal competition model that explains how digital platforms, business behavior, and ethical

differentiation interact to shape competitiveness in contemporary Muslim fashion markets. Practically, the findings highlight the need for policies that promote algorithmic transparency, inclusive digital transformation, and broader access to halal certification, particularly for small and medium-sized enterprises.

Future research is encouraged to employ quantitative or mixed-method approaches to test the proposed framework empirically across different digital platforms, regions, and halal industry sectors. Such studies would contribute to a deeper understanding of the long-term implications of platformization for competitiveness, consumer trust, and sustainable development within the global halal economy.

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