OPTIMIZATION OF DIGITAL MARKETING IN ENHANCING THE COMPETITIVENESS OF CULINARY MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs) IN PALANGKA RAYA CITY

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Abstract. *This study examines how the optimization of digital marketing enhances the competitiveness of culinary Micro, Small, and Medium Enterprises (MSMEs) in Palangka Raya City. The research aims to identify digital marketing practices that contribute to expanding market reach, strengthening product visibility, and improving competitive positioning among culinary MSMEs. This study employs a Systematic Literature Review (SLR) approach that synthesizes previous research and relevant literature related to digital marketing implementation, MSME development, and business competitiveness. The analysis indicates that effective utilization of digital platforms such as social media, online marketplaces, and content-based promotional strategies supports culinary MSMEs in increasing customer engagement and reaching broader market segments. The findings further show that competitiveness improves when digital marketing is supported by consistent content creation, product differentiation, and responsiveness to changing consumer behavior in digital environments. Overall, the study highlights that optimizing digital marketing plays a vital role in enhancing the competitiveness of culinary MSMEs in Palangka Raya City and serves as a conceptual foundation for further empirical studies on digital transformation within local business ecosystems.*

Keywords: *Competitiveness; Culinary MSMEs; Digital Literacy; Digital Marketing Optimization; Palangka Raya*

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs), especially in the culinary sector, constitute the backbone of the national and local economy. Generally, MSMEs' contribution in Indonesia is vital, accounting for approximately 60% to 61% of the Gross Domestic Product (GDP) (Badan Pusat Statistik, 2023). This sector also absorbs more than 97% of the total workforce in the non-agricultural sector (Halim, 2020; Setiawan, 2021), with the latter emphasizing MSMEs' contribution to increasing the local economy and reducing unemployment. Palangka Raya City, as the economic center of Central Kalimantan, shows a positive trend in MSME growth, with the trade sector (including culinary) dominating the existing business structure. This significant increase in the number of business units presents major opportunities, but also brings challenges in the form of increasingly intense and dynamic market competition, especially in the modern era marked by rapid digital technology advancements.

To win this intense competition, MSMEs are required to have adaptive and structured marketing strategies. Marketing strategy is defined as a systematic framework encompassing market segmentation, target determination, product positioning, and the development of the *marketing mix* to achieve profitable business objectives (Kotler & Armstrong, 2018; Kotler, 2021). In the context of the 21st century, effective marketing practice is no accident; it requires careful planning and execution using *state-of-the-art tools* (Kotler & Keller, 2020). Therefore, marketing strategy functions not only as a communication tool but as a foundation for creating value, building long-term customer relationships, and winning competition (Homburg, 2020).

Technological developments have prompted MSMEs to shift to the digital realm. In Palangka Raya City, the adoption of digital media such as Instagram, TikTok, and *e-commerce* (*food delivery*) platforms as promotional tools is already widespread, a phenomenon documented by (Alfioni, Uda, & Hariatama, 2025; Putri, Lenlioni, & Buji, 2025). This digital marketing practice is recognized to have a positive and significant impact on overall MSME competitive advantage (Giovanni et al., 2025; Ichsan et al., 2021). However, previous research in Palangka Raya identifies a significant gap. Although many MSMEs have utilized digital platforms, their implementation is often tactical and not supported by systematic market analysis or structured planning (Alfioni, Uda, & Hariatama, 2025; Rajagukguk et al., 2024). This gap is reflected in findings that the influence of *e-commerce* on MSME development has not been statistically significant in some analyses (Rajagukguk, Suryadi, Anggreani, & Saputra, 2024).

The main gap (*Research Gap*) addressed in this research is the transition from mere technology *adoption* to *optimization* of data-driven digital marketing strategies to achieve sustained competitiveness. MSME clusterization data indicates that the most superior performance is achieved by business groups that synergistically integrate a **combination marketing strategy** (online and offline) (Giovanni et al., 2025). Therefore, there is a need to formulate an optimization model that bridges MSME digital practices with functional digital literacy (market analysis and planning) to ensure that the use of digital media truly *enhances* competitiveness, rather than simply following a trend without results. This study employs the Systematic Literature Review (SLR) method to synthesize relevant findings from previous studies, aiming to formulate structured, evidence-based optimization strategy recommendations tailored to the needs of culinary MSMEs in Palangka Raya.

Based on this background, the objectives of this study are: (1) To analyze the gap between the adoption rate of digital platforms (social media and *e-commerce*) and their strategic effectiveness for culinary MSMEs in Palangka Raya City; (2) To formulate a structured digital marketing optimization model based on the synthesis of literature findings and MSME needs; and (3) To identify strategic steps to enhance the functional digital literacy of culinary MSMEs to strengthen business competitiveness and sustainability.

2. LITERATURE REVIEW

2.1 Basic Concepts of Micro, Small, and Medium Enterprises (MSMEs)

MSMEs are a fundamental pillar of the Indonesian economy, contributing substantially to the national GDP (reaching approximately 61%) (Badan Pusat Statistik, 2023; Halim, 2020). The importance of MSMEs also lies in their function as a social safety net, a means of income distribution, and an effort to alleviate poverty (Anjali, 2022). Juridically, the definition and criteria for MSMEs in Indonesia are regulated in Undang-Undang Nomor 20 Tahun 2008 tentang UMKM (Law No. 20 of 2008 concerning MSMEs), which divides business categories based on net assets and annual turnover:

1. **Micro Enterprise (UM):** Possesses net assets of a maximum of Rp50 million (excluding land and business premises) or maximum annual sales of Rp300 million.
2. **Small Enterprise (UK):** Possesses net assets between Rp50 million and Rp500 million, with annual sales between Rp300 million and Rp2.5 billion.
3. **Medium Enterprise (UM):** Possesses net assets above Rp500 million up to Rp10 billion, with annual sales between Rp2.5 billion and Rp50 billion.

In the operational context, MSMEs are often characterized by limited resources, unstructured management (often merging personal and business finances), and dependence on own capital, thus demanding rapid adaptation strategies to survive amidst intense market competition (Halim, 2020).

2.2 MSME Competitiveness

Competitiveness is defined as the ability of a business to produce goods and services that

meet market standards, and the company's ability to create a certain value compared to its competitors (Buckley, Pass, & Prescott, 1988). Lestari (2015) further notes that this competitiveness is enhanced by using technology and robust business networks. Within the MSME framework, competitiveness heavily relies on several key factors:

1. **Entrepreneurial Attitude:** The entrepreneurial attitude of the business owner directly influences the level of MSME competitiveness. This attitude reflects the cognitive level of the owner, which positively impacts entrepreneurial activities and increases competitiveness (Setyawan et al., 2015).
2. **Business Network:** For MSMEs with limited resources, business networks and partner relationships are crucial sources of competitiveness (Colombo et al., 2019; Setyawan et al., 2015). A good network enables cooperation among business units, ultimately helping MSMEs overcome resource limitations, such as capital and production inputs.
3. **Productivity and Efficiency:** Key indicators of MSME competitiveness also include productivity. Efficiency in the use of resources and inputs is a primary determinant of success in market competition (Dyllick & Hockerts, 2021; Siahaan & Ompusungu, 2023).

2.3 Digital Marketing and Optimization Strategies

Digital Marketing is the practice of marketing that utilizes various digital channels and tools, such as the internet, personal mobile devices, and other online platforms, to introduce products, services, and brands to the audience (IBM, 2025; Sari et al., 2019). This marketing involves interactive and integrated strategies, allowing for direct, two-way communication with customers (Alfioni, Uda, & Hariatama, 2025; Sastradinata, 2024). The application of digital marketing has been proven to have a positive and significant impact on MSME competitive advantage (Giovanni et al., 2025; Ichsan et al., 2021). The main benefits obtained include increased operational efficiency, cost savings, improved distribution chain (*supply chain*), and the ability to reach a wider consumer base (Rajagukguk, Suryadi, Anggreani, & Saputra, 2024).

Although the adoption of digital platforms among MSMEs in Palangka Raya is widespread, their effectiveness is often constrained by a lack of structured planning and systematic market analysis (Alfioni, Uda, & Hariatama, 2025; Rajagukguk et al., 2024). Therefore, the strategy must shift from mere *adoption* to *optimization*. Digital marketing optimization requires a focus on:

1. **Enhancing Functional Digital Literacy:** The capacity of MSME actors must be strengthened in terms of digital and managerial literacy, particularly in performance analysis, metric understanding, and data-driven decision making (Alfioni, Uda, & Hariatama, 2025; Sastradinata, 2024).
2. **Utilization of Specific Digital Tools:** Optimization is carried out through the use of specific digital tools such as SEO (*Search Engine Optimization*), which helps expand market reach and brand awareness in the digital era (Putri & Prabowo, 2023; Sastradinata, 2024).
3. **Combination Marketing Strategy (*Hybrid Marketing*):** The most superior performance is achieved by MSMEs that synergistically implement a combination marketing strategy (online and offline) (Giovanni et al., 2025). This approach ensures broad market reach while maintaining local customer trust.

2.4 Previous Studies and Research Gap

Previous studies focusing on MSMEs in Palangka Raya and related regions highlight several critical points regarding digital engagement and performance. Firstly, many studies confirm that digital marketing, including the use of *e-commerce* and social media, is instrumental in achieving competitive advantage and driving overall MSME performance (Giovanni et al., 2025; Ichsan et al., 2021). The benefits observed often include improved operational efficiency, cost reduction, better supply chain management, and expanded consumer reach (Rajagukguk et al., 2024; Sastradinata, 2024).

However, the literature identifies a critical divergence between *adoption* and *effectiveness*.

Research in Palangka Raya suggests that while the usage of digital tools (Instagram, food delivery platforms) is widespread, the application is frequently tactical, lacking systematic market analysis and structured planning (Alfioni, Uda, & Hariatama, 2025; Rajagukguk et al., 2024). This tactical approach is empirically reflected by findings indicating that the influence of *e-commerce* on MSME development is often **not statistically significant** (Rajagukguk, Suryadi, Anggreani, & Saputra, 2024). Furthermore, the most successful cluster of MSMEs demonstrates superior performance due to the synergistic integration of **combination marketing strategies** (online and offline), suggesting that purely digital adoption is insufficient for maximizing competitiveness (Giovanni et al., 2025).

The resultant **Research Gap** is the clear absence of a structured optimization framework that transitions MSMEs from passive digital users to strategic digital planners. The focus must shift from merely providing access to platforms toward building **functional digital literacy**—the capacity to perform data analysis, make informed decisions, and integrate digital and traditional channels seamlessly. This study aims to fill this gap by synthesizing existing evidence to propose a prescriptive model for optimizing digital marketing for culinary MSMEs in Palangka Raya, thereby strengthening sustainable competitiveness.

3. RESEARCH METHODS

This research uses a qualitative approach with the **Systematic Literature Review** (SLR) method. This method is specifically chosen because the research aims to analyze, synthesize, and evaluate findings from relevant previous studies concerning digital marketing of culinary MSMEs in Palangka Raya, without involving primary data collection in the field such as interviews or questionnaires. SLR provides a comprehensive and transparent framework for summarizing existing research results to systematically answer the research questions (Berg & Lune, 2009).

The SLR process in this study follows a structured protocol, aimed at ensuring the objectivity and validity of the synthesized literature. The structured phases are outlined by (Fatimah, Zen, & Fitrisia, 2025; Sari, 2021). The stages performed include:

1. **Identification of Research Questions:** This stage has been formulated in the introduction, namely analyzing the gap between digital adoption and effectiveness, and formulating a digital marketing optimization model for MSMEs.
2. **Literature Search:** A comprehensive search is conducted for published scientific articles, journals, and research reports, focusing on the key variables: culinary MSMEs, digital marketing, competitiveness, and case studies in Kota Palangka Raya.
3. **Study Selection:** The identified articles are selected based on inclusion criteria (topic relevance, credibility of the source, and recent publication year) and exclusion criteria. The selection process is carried out to obtain comparable and relevant research results.
4. **Data Extraction:** Relevant data is extracted from each selected study. The extracted data includes research methods, main results, key findings, and conclusions related to the financial performance, marketing strategy, and digital adoption rates of MSMEs.
5. **Data Synthesis and Analysis:** In this stage, the extracted results are critically analyzed to identify patterns, comparisons, and controversies among the literature. Synthesis is performed to consolidate findings from various studies, which are then used to formulate a structured, evidence-based digital marketing optimization model relevant to the context of culinary MSMEs in Palangka Raya.

The main data source in this research is secondary data in the form of published research results in academic journals, proceedings, and other scientific reports, which have high relevance to the topics of MSMEs, digital marketing, and competitiveness in the local and national market.

4. RESULTS AND DISCUSSION

4.1 Analysis of Digital Marketing Adoption Rate and Effectiveness of Culinary MSMEs in

Palangka Raya

The results of the systematic literature review indicate a high trend of digital media adoption among culinary MSMEs in Palangka Raya City. Most business actors have utilized digital platforms such as Instagram, TikTok, and services as their primary promotional channels. This use of digital media is widely recognized to increase sales and expand market reach. This aligns with the general finding that digital marketing gives a positive and significant impact on overall MSME competitive advantage.

Despite the high rate of digital adoption, the synthesis of findings identifies a significant *gap* between adoption and strategic effectiveness. Studies in Palangka Raya consistently highlight that the implementation of digital marketing is often tactical and lacks systematic market analysis. In other words, MSME actors tend to imitate trends or use platforms without structured planning. This gap is confirmed by regression analysis results showing that the influence of *e-commerce* on MSME development in Palangka Raya City has not been statistically significant (Rajagukguk et al., 2024). This finding is an important *divergence* indicating that merely *using* digital platforms is insufficient to guarantee a substantial increase in competitiveness.

4.2 Performance Gap: The Importance of Combination Strategy and Efficiency

The analysis of MSME performance in Palangka Raya based on financial data and marketing strategy clusterization provides deep insights into the determinants of competitiveness. The study by Giovanni et al. (2025) shows that:

1. **Superior Competitiveness Stems from Combination Strategy:** The cluster of MSMEs demonstrating the most superior performance are those that synergistically implement a **combination marketing strategy** (*online* and *offline*) (Giovanni et al., 2025). This strategy allows MSMEs to gain dual advantages: the broad reach of digital channels and local customer trust through physical presence.

2. **High Financial Efficiency:** The best-performing MSME cluster is also characterized by **high financial efficiency**, reflected by a low ratio of operational costs to turnover (below 30%) and a high net profit margin (exceeding 70%). This underscores that successful marketing strategy must go hand-in-hand with efficient operational and cost management.

In the context of culinary MSMEs, these results affirm the theory of Kotler and Keller (2020) that successful marketing requires careful planning and execution using state-of-the-art tools. The limitation of MSMEs in Palangka Raya lies in the transition from tool usage (adopting social media or *e-commerce*) to **strategic planning** (data analysis and evidence-based decisions).

4.3 Digital Marketing Optimization Model Based on Functional Literacy

Based on the synthesis of findings and gap analysis, the proposed digital marketing optimization model must center on strengthening **functional digital literacy** and the **synergistic integration** of *online* and *offline* channels.

Table 4.1. Digital Marketing Optimization Model for Culinary MSMEs in Palangka Raya

Optimization Focus	Gap Indicator (Previous Status)	Strategy Key (New)	Theoretical Basis/Synthesis
Functional Literacy	Tactical application, lacking systematic market analysis	Capacity building in: (1) Performance Analysis (*metrics*); (2) Data-Driven Decision Making	Ensures digital marketing effectiveness beyond mere platform adoption
Channel Integration	Focus on a single channel (*online* or *offline* onl	Synergistic Combination Marketing Strategy (Hybrid	Superior performance achieved through

	y); *e-commerce* performance not significant	Marketing)	broad market reach and local loyalty building
Operational Efficiency	Profitability level depends on cost control	Integration of simple digital tools for operational and financial management	Successful marketing strategy must be supported by good supply chain management and cost efficiency

Source: Synthesis of Literature (Giovanni et al., 2025; Rajagukguk et al., 2024
Alfioni, Uda, & Hariatama, 2025)

Strategic optimization must encourage culinary MSMEs to utilize digital tools more deeply, such as implementing simple *Search Engine Optimization* (SEO) to increase organic reach and brand awareness. Furthermore, as emphasized in the literature review, optimization also includes continuous efforts to strengthen the digital capacity of MSME actors so that the effectiveness of digital platforms can be maximized optimally and sustainably. With this approach, the competitiveness of culinary MSMEs in Palangka Raya can be enhanced through a structured, data-driven, and integrated strategy, rather than relying on fragmented promotional practices.

CONCLUSION

The enhancement of culinary MSMEs' competitiveness in Palangka Raya fundamentally no longer depends on mere technology adoption a practice that is already massive but on data-driven strategic optimization. The systematic review indicates that the main gap lies in the transition from tactical platform usage to structured and analytical marketing planning. The most superior competitiveness is achieved by business actors who successfully integrate a synergistic *hybrid* marketing strategy, supported by well-managed operational efficiency and profitability. Therefore, to ensure sustainable growth, investment must be directed toward strengthening MSMEs' functional digital literacy, particularly their ability to analyze digital metrics and make appropriate strategic decisions.

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