

DIGITAL BUSINESS STRATEGY ADOPTION IN A TRADITIONAL FOOD MSME: A CASE STUDY OF DODOL MEK LUH PENGLATAN, BULELENG, INDONESIA

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ABSTRACT

The rapid advancement of digital technology has transformed the business environment, requiring Micro, Small, and Medium Enterprises (MSMEs) to adopt digital business strategies to remain competitive and sustainable. Traditional food-based MSMEs, however, often face challenges in implementing digital transformation due to limited technological capabilities and resources. This study aims to examine the implementation of digital business strategies at Dodol Mek Luh Penglatan MSME in Buleleng Regency by investigating its initial business conditions, digital business strategy implementation, supporting and inhibiting factors, and the resulting impact on business development. A qualitative approach with a case study design was employed to obtain an in-depth understanding of the phenomenon. Data were collected through semi-structured interviews, direct observation, and document analysis, and were analyzed using an interactive qualitative analysis model involving data collection, reduction, display, and conclusion drawing. The findings reveal that the enterprise initially relied on conventional marketing methods with limited market coverage. Digital transformation has gradually been implemented through the utilization of social media platforms, improvements in product packaging and branding, and the initial adoption of online marketplaces. The implementation has contributed to broader market access, stronger customer engagement, enhanced product visibility, and improved business competitiveness. Nevertheless, digital literacy, limited human resources, financial constraints, and inconsistent digital marketing practices remain significant challenges. The study highlights that successful digital transformation requires not only technological adoption but also continuous organizational learning, managerial commitment, and external institutional support. These findings contribute to the literature on digital transformation by providing empirical evidence from a traditional food-based MSME and offer practical insights for entrepreneurs and policymakers seeking to strengthen MSME competitiveness and long-term business sustainability in the digital economy.

Keywords: business sustainability, digital business strategy, digital transformation, MSMEs, traditional food enterprise.

1. INTRODUCTION

The rapid advancement of information and communication technology has fundamentally transformed the global business environment, particularly through the acceleration of digital transformation across industries. Digitalization has reshaped how businesses create value, interact with customers, and manage operational activities, making technology integration an essential component of organizational competitiveness. According to Westerman et al. (2014), digital transformation refers to the strategic use of digital technologies to significantly improve business performance by enhancing operational efficiency, customer experience, and market reach. Consequently, digitalization has become a strategic necessity rather than merely an optional innovation, particularly for Micro, Small, and Medium Enterprises (MSMEs). MSMEs play a vital role in economic development by generating employment opportunities, stimulating local economies, and reducing poverty. In Indonesia, MSMEs have consistently demonstrated resilience during periods of economic uncertainty. Nevertheless, increasing market competition and changing consumer behavior require MSMEs to adopt digital business strategies to remain competitive. The utilization of digital platforms, including social media, e-commerce, and digital communication technologies, enables MSMEs to expand market access, strengthen customer engagement, and improve business sustainability.

Consumer purchasing behavior has also shifted significantly toward digital channels. Customers increasingly prefer products that are easily accessible online, supported by comprehensive product information, and available through convenient purchasing processes. Digital marketing therefore provides businesses with opportunities to establish stronger and more personalized relationships with consumers. As emphasized by Kotler and Keller (2016), digital marketing enables firms to develop closer customer relationships through direct and interactive communication, thereby enhancing customer satisfaction and long-term loyalty. Buleleng Regency, Bali Province, possesses considerable potential for MSME development, particularly within the traditional food processing sector. One notable local enterprise is Dodol Mek Luh Penglatan, a family-owned MSME producing traditional Balinese dodol using natural ingredients and preserving conventional production methods. These distinctive characteristics represent important competitive advantages in maintaining product authenticity and local cultural identity.

Despite its product strengths, Dodol Mek Luh Penglatan continues to encounter challenges in marketing and business development. The enterprise has traditionally relied on conventional marketing approaches, including direct sales in traditional markets, repeat customer orders, and product distribution through local retail stores. Such marketing practices limit market expansion and reduce product visibility beyond the local community, consequently constraining business growth. Recognizing these challenges, the enterprise has initiated several digital transformation efforts, including the utilization of social media platforms for promotion and customer communication, as well as product packaging innovations to better align with contemporary consumer preferences. However, the implementation of these digital business strategies

remains constrained by several factors, including limited digital literacy, inadequate technological capabilities, and insufficient human resources with digital competencies. Furthermore, continuous support from local governments and relevant institutions through training programs, mentoring, and digital capacity-building initiatives remains essential for accelerating MSME digital transformation.

Although previous studies have widely discussed digital transformation among MSMEs, relatively limited attention has been devoted to understanding how traditional food-based MSMEs in rural areas implement digital business strategies, the factors influencing their adoption, and the resulting impacts on business development. This gap is particularly evident in traditional Balinese food enterprises that continue to preserve local production practices while attempting to compete in an increasingly digital marketplace. Therefore, this study aims to investigate the implementation of digital business strategies at Dodol Mek Luh Penglatan MSME in Buleleng Regency. Specifically, the study seeks to (1) examine the initial conditions of business management and marketing prior to digital transformation, (2) analyze the implementation of digital business strategies, (3) identify the supporting and inhibiting factors influencing digital transformation, and (4) evaluate the impact of digital business strategy implementation on business development. The findings are expected to contribute both theoretically to the digital transformation literature and practically by providing recommendations for traditional MSMEs seeking sustainable growth in the digital economy.

2. LITERATURE REVIEW

Digital transformation has become a key strategy for improving the competitiveness and sustainability of Micro, Small, and Medium Enterprises (MSMEs). According to Westerman et al. (2014), digital transformation is not merely the adoption of new technologies but a comprehensive organizational change involving business processes, customer interaction, and value creation. For MSMEs, digital transformation enables greater operational efficiency, wider market access, and stronger competitiveness. However, the successful implementation of digital strategies depends on organizational readiness, technological capability, and the ability to adapt to changing market conditions.

From a marketing perspective, Kotler and Keller (2016) explained that digital marketing enables businesses to establish direct and interactive relationships with customers through online platforms. Similarly, Laudon and Traver (2017) emphasized that e-commerce has transformed traditional business models by facilitating online transactions, reducing geographical barriers, and expanding market reach. The integration of digital marketing and e-commerce therefore provides MSMEs with opportunities to enhance customer engagement, strengthen brand visibility, and improve business performance at relatively low operational costs.

In the Indonesian context, Pratama (2021) found that digital marketing significantly contributes to MSME development by increasing product visibility, customer communication, and sales performance through social media and online marketplaces. Meanwhile, Law of the

Republic of Indonesia Number 20 of 2008 concerning Micro, Small, and Medium Enterprises recognizes MSMEs as strategic contributors to national economic development and encourages innovation, technology utilization, and business capacity enhancement to strengthen their competitiveness in the digital economy.

Although previous studies have demonstrated the benefits of digital transformation, several limitations remain. Most studies discuss digital transformation from a general organizational perspective or focus primarily on digital marketing practices without comprehensively examining the implementation process in traditional food-based MSMEs. Furthermore, limited research has simultaneously explored the initial business conditions, implementation strategies, supporting and inhibiting factors, and the resulting impacts of digital transformation through an in-depth qualitative case study.

This study addresses these gaps by investigating the implementation of digital business strategies in Dodol Mek Luh Penglatan, a traditional Balinese food MSME located in Buleleng Regency. Unlike previous studies, this research examines the enterprise's business conditions before digitalization, analyzes the implementation of digital marketing strategies, identifies the factors influencing digital transformation, and evaluates its impact on business development. This comprehensive approach provides a deeper understanding of digital transformation within a traditional MSME context.

Based on these theoretical perspectives, this study adopts digital business strategy as its primary analytical framework. The analysis focuses on four interconnected aspects: the initial condition of business management and marketing before digitalization, the implementation of digital business strategies through digital marketing and e-commerce, the supporting and inhibiting factors affecting implementation, and the impact of digital transformation on business development, including market expansion, customer engagement, and business sustainability.

3. METHODS

This study employed a qualitative research approach using a case study design to obtain an in-depth understanding of the implementation of digital business strategies at Dodol Mek Luh Penglatan MSME in Buleleng Regency. According to Sugiyono (2022), qualitative research aims to understand social phenomena from the participants' perspectives by exploring meanings, experiences, and processes within their natural settings. A case study approach was selected because it enables an intensive and comprehensive investigation of a particular phenomenon within its real-life context.

The research focused on Dodol Mek Luh Penglatan as the unit of analysis. Data were collected through semi-structured interviews, direct observation, and document analysis. The primary informants consisted of the business owner and individuals directly involved in business operations and digital marketing activities. Secondary data were obtained from business records, promotional materials, social media content, and relevant literature related to digital business strategies and MSME development.

Data analysis followed the interactive model proposed by Sugiyono (2022), consisting of data collection, data reduction, data display, and conclusion drawing/verification. To ensure the credibility of the findings, source triangulation and method triangulation were employed by comparing information obtained from different informants, observations, and documentary evidence. The analysis focused on four aspects: the initial business conditions before digitalization, the implementation of digital business strategies, the supporting and inhibiting factors affecting implementation, and the impacts of digital transformation on the business development of Dodol Mek Luh Penglatan.

4. RESULTS AND DISCUSSION

4.1 Initial Business Conditions Prior to Digital Business Strategy Implementation

The findings indicate that, prior to digital transformation, Dodol Mek Luh Penglatan operated using a conventional business model. Marketing activities relied primarily on direct sales in traditional markets, consignment through local retailers, and repeat orders from loyal customers. Although this approach enabled the business to maintain stable local demand, its market coverage remained geographically limited, resulting in relatively slow business growth. Product packaging, branding, and business management were also conducted traditionally, reducing the enterprise's competitiveness in a rapidly evolving digital marketplace.

These findings support the argument of Westerman et al. (2014) that organizations unable to integrate digital technologies into their business processes face limitations in creating value and expanding market opportunities. The initial condition of Dodol Mek Luh reflects the challenges commonly experienced by traditional MSMEs, where product quality is relatively strong but business competitiveness is constrained by limited marketing capabilities and technological adoption.

4.2 Implementation of Digital Business Strategy

The study found that the enterprise gradually adopted digital business strategies through the utilization of WhatsApp, Facebook, and Instagram for product promotion and customer communication. Social media became the primary platform for sharing product information, production activities, pricing, and ordering procedures. Furthermore, the enterprise improved product packaging and branding to increase product attractiveness and consumer trust. Initial efforts were also made to introduce products through online marketplaces, although their utilization remained limited.

These findings are consistent with Kotler and Keller (2016), who emphasized that digital marketing enables businesses to establish interactive relationships with customers while improving communication effectiveness and brand visibility. Likewise, Laudon and Traver (2017) argued that e-commerce provides MSMEs with opportunities to overcome geographical barriers and access broader markets. The findings demonstrate that digital transformation within traditional MSMEs occurs gradually rather than through an immediate technological shift, depending largely on organizational readiness and available resources.

4.3 Supporting and Inhibiting Factors

Several supporting factors facilitated the implementation of digital business strategies, including improved internet accessibility, increasing consumer preference for online purchasing, government training programs, and the availability of social media platforms that require relatively low investment. These conditions encouraged the enterprise to begin integrating digital technologies into its marketing activities.

However, the study also identified several barriers, including limited digital literacy, insufficient human resources dedicated to digital marketing, financial constraints, and limited time available for managing online promotional activities. These findings are in line with Pratama (2021), who reported that while digital marketing offers substantial opportunities for MSMEs, its successful implementation depends on entrepreneurs' technological capabilities and continuous capacity development. Therefore, digital transformation should be understood as an organizational learning process rather than merely technological adoption.

4.4 Impact of Digital Business Strategy on Business Development

The implementation of digital business strategies generated positive impacts on the development of Dodol Mek Luh Penglatan. The enterprise experienced wider market exposure beyond Buleleng Regency, more efficient promotional activities, improved customer communication, and stronger product branding through enhanced packaging and digital presence. Customers also benefited from easier access to product information and more convenient ordering processes. Although the enterprise has not yet fully optimized digital platforms, digitalization has strengthened its competitiveness and created opportunities for sustainable business growth.

The findings reinforce the theoretical perspectives of Westerman et al. (2014), Kotler and Keller (2016), and Laudon and Traver (2017), demonstrating that digital technologies contribute not only to marketing performance but also to broader business transformation. Unlike many previous studies that primarily focused on the effectiveness of digital marketing, this study provides a comprehensive understanding of the digital transformation process within a traditional food-based MSME by examining business conditions before digitalization, implementation strategies, enabling and constraining factors, and business outcomes within a single qualitative case study.

Overall, this study implies that digital business strategy should be viewed as a long-term capability rather than solely a marketing tool. Sustainable digital transformation requires continuous improvement in digital competencies, managerial commitment, innovation in product development, and institutional support through training and business assistance programs. These findings provide practical implications for traditional MSMEs seeking to strengthen their competitiveness while preserving local cultural products in the digital economy.

5. CONCLUSION AND LIMITATION

This study concludes that the implementation of digital business strategies has become an important driver of business development for Dodol Mek Luh Penglatan MSME. Prior to digital transformation, the enterprise relied primarily on conventional marketing methods with limited market reach. The gradual adoption of digital technologies through social media, product branding improvements, and the initial utilization of online marketplaces has enhanced product visibility, expanded market access, strengthened customer communication, and increased business competitiveness. The findings further reveal that the success of digital transformation is influenced by supporting factors such as internet accessibility, government assistance, and changing consumer behavior, while digital literacy, limited human resources, and financial constraints remain significant barriers. This study contributes to the digital transformation literature by providing an in-depth qualitative understanding of how a traditional food-based MSME implements digital business strategies, highlighting that sustainable digital transformation requires not only technological adoption but also organizational capability development, continuous innovation, and institutional support.

This study has several limitations. First, it focuses on a single MSME in the traditional food sector, which limits the generalizability of the findings to other industries or regions. Second, the study adopts a qualitative case study approach; therefore, the findings emphasize contextual understanding rather than statistical generalization. Third, the evaluation of digital business strategy is based primarily on managerial perceptions and observed business practices without incorporating quantitative performance indicators such as sales growth or customer analytics. Future research is therefore recommended to investigate multiple MSMEs across different sectors and geographical areas using comparative or mixed-method approaches. Further studies may also incorporate quantitative business performance indicators to provide a more comprehensive evaluation of the effectiveness of digital business strategies in enhancing MSME competitiveness and long-term sustainability.

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