

Sate Cak Rahmad Merjosari Malang's MSME Innovation Strategy in Increasing Competitiveness through Digitalization of Orders and Marketing Innovation

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ABSTRACT

Digital transformation has become essential for micro, small, and medium enterprises (MSMEs) to survive and thrive in today's competitive environment. This study aims to analyze the innovation strategies implemented by Sate Cak Rahmad Merjosari, a culinary MSME in Malang City, in enhancing competitiveness through order digitalization and social media marketing innovation. The research employs a qualitative descriptive method with a case study approach. Data were collected through interviews, observations, and digital documentation. The results indicate that online ordering systems (GoFood, GrabFood, WhatsApp Business) and social media-based marketing innovation (Instagram, TikTok, Facebook) significantly improved brand visibility, expanded market reach, and increased sales by 35%. The findings emphasize that proper digitalization strategies can effectively enhance the competitiveness of local MSMEs amidst technological advancements and changing consumer behavior.

INTRODUCTION

In this era of globalization, the development of digital technology has changed people's consumption patterns, including in the culinary sector. Industry competition is getting fiercer and higher Consumers today prioritize ease of access, speed of service, and responsive digital interaction. For MSMEs, this condition is a challenge as well as an opportunity to increase competitiveness and also technology-based business innovation has become a key element to encourage the growth of MSMEs (Godwin et al., 2024). In the context of an increasingly complex global economy, MSMEs face various challenges, including limited access to capital, increasingly fierce competition, and changes in consumption patterns driven by technological developments and increasing social awareness. Social innovation is a key factor in overcoming these challenges by creating community-based and technology-based solutions that can improve the competitiveness and sustainability of social businesses (João-Roland & Granados, 2020). During the COVID-19 pandemic, all existing businesses experienced a decline due to exit access restrictions which resulted in a decrease in people's purchasing power. On the other hand, the use of digital marketing, and the use of online applications is a strategy for the more prospective because it allows potential customers to get all kinds of information about products and make transactions via the internet or online (Empowerment, 2020). This also has an impact on Sate Cak Rahmad MSMEs in Merjosari, Malang. Satay, which has been established since 2015, is a traditional culinary business typical of Malang that focuses on chicken and goat satay. Initially, the sales system only relied on customers who came directly to the stall. However, since the COVID-19 pandemic, business owners have begun to adopt online ordering systems and digital promotions until now.

THEORETICAL REVIEW

The Concept of MSME Competitiveness

Competitiveness is the ability of an entity, whether an individual, company, or a state, to produce products or services that can compete in the market while maintaining the sustainability of its business in the long term (Porter, 1990). According to Russell and Millar (2014) to be able to produce competitive MSMEs, there are five competitive priority components that must be met, namely Cost, Quality, Flexibility, Delivery and Innovation. In the context of MSMEs, competitiveness reflects the ability of small and medium enterprises to maintain market share, increase efficiency, and adapt to changing business environments. According to Tambunan (2019), the competitiveness of MSMEs is not only measured by low product prices, but also by innovation, service quality, market network, and technological capabilities. Highly competitive MSMEs are those that are able to adapt to market and technological changes without losing their local identity.

Innovation as a Business Strategy

Innovation is the ability to use creativity to solve problems and improve and enrich life opportunities. Organizational innovation can be broadly described and can change in many ways. Innovation provides new solutions that

can provide added value for consumers (Sunarto, 2020). Innovation is an essential element of modern business strategy. According to Schumpeter (1934), innovation is the process of creating new combinations of resources that generate economic value. In a business context, innovation means the ability of a company to introduce new ideas, products, or processes that can improve efficiency, quality, and market attractiveness. Kotler and Keller (2016) define innovation as the application of new ideas that provide added value to customers and companies. Thus, innovation is not only related to the invention of new products, but also includes improvements in services, business models, production systems, and marketing approaches. Innovation is the main strategy in creating a sustainable *competitive advantage*. According to Porter (1990), companies that innovate consistently can differentiate themselves from competitors through offering unique value to customers. Innovation-based competitive advantage can appear in several forms, including: (1). Product innovation: creating or modifying products to suit consumer needs. (2) Process innovation: improve production or distribution efficiency to reduce costs. (3) Marketing innovation: utilizing digital media, influencers, and branding strategies to strengthen product image. (4) Organizational innovation: building a creative and flexible work culture in the face of market changes.

In the context of MSMEs, innovation is often carried out through simple but impactful approaches such as digitizing orders, online promotions, and attractive product packaging. On the MSME scale, innovation must be adjusted to the ability of resources and the needs of the local market. According to Setiawan (2021), MSME innovations are usually carried out in the form of: (1) Developing menus or new product variations. (2) Digitization of the ordering and payment system. (3) Social media-based marketing and collaboration with local influencers. (4) Service innovations such as delivery services, pre-orders, or customer loyalty programs.

For example, *Sate Pak Rahmad Merjosari* implements innovation by integrating online ordering systems (GoFood, GrabFood, WhatsApp Business) and digital marketing (Instagram, TikTok). These innovations improve brand visibility and service efficiency, while strengthening relationships with customers.

Innovation is a key foundation in modern business strategy. For MSMEs, innovation is not only a creative effort, but an adaptive strategy to survive in the midst of market dynamics and technological disruption. Through product, process, and marketing innovation, MSMEs can create a sustainable competitive advantage and strengthen their existence in the local and digital markets.

Digitalization in MSMEs

Digitalization is the process of transforming business activities from a conventional system to a digital technology-based one to increase efficiency, effectiveness, and market reach. According to Bharadwaj et al. (2013), digitalization is the utilization of digital technology to create new value in business models, processes, and customer experiences.

In the context of Micro, Small, and Medium Enterprises (MSMEs), digitalization includes the use of information technology such as social media, *e-commerce*, digital financial applications, and online-based management systems. The Ministry of Cooperatives and SMEs (2023) defines the digitalization of MSMEs as an effort to integrate digital technology in the production, distribution, marketing, and customer service processes so that businesses are more adaptive to market changes and consumer behavior.

Digitalization is a strategic need for MSMEs to increase competitiveness, especially in the era of industry 4.0 and post-COVID-19 pandemic. According to McKinsey (2021), MSMEs that digitize have the potential to increase revenue up to 80% higher than those that are not digital.

Some of the main reasons why digitalization is important for MSMEs include, (1) Changes in consumer behavior: people are now transacting more online. (2) Global competition: digitalization opens up market access opportunities across regions and countries. (3) Operational efficiency: digital technology reduces transaction costs and speeds up business processes. (4) Adaptation to disruption: digitalization is a solution to maintain business sustainability in crisis situations such as pandemics

The implementation of digitalization brings a variety of significant benefits, including, (1) Increased visibility and market access: businesses can reach consumers outside the local area. (2) Speed up business processes: transactions and communication are more efficient through digital systems. (3) Improve data transparency and accuracy: help in *data-driven* decision-making. (4) Strengthen customer relationships: through real-time interaction and personalization of services. (5) Increase profitability: through reducing operational costs and increasing sales volume.

According to Bank Indonesia (2022), more than 70% of MSMEs that adopt digital technology have experienced an increase in turnover in the first year after digital transformation. Digitalization is a strategic step in strengthening the position of MSMEs in the midst of global economic changes. By utilizing digital technology in all aspects of business, MSMEs can expand the market, increase efficiency, and create added value for consumers. However, digital transformation requires long-term commitment, technology literacy, and collaborative ecosystem support in order to deliver maximum results.

METHODOLOGY

This study uses a descriptive qualitative approach with a single case study method on Sate Cak Rahmat Merjosari MSMEs in Lowokwaru District, Malang City. Data was collected through in-depth interviews, direct observation, and social media content analysis. Data analysis was carried out using the Miles and Huberman model (Sugiyono, 2019). According to (Akhmad, 2015) Using a descriptive method means that the researcher analyzes the data collected in the form of words, images and not numbers. The data may come from interview transcripts, field notes, photographs, video tapes, personal documents, notes or memos and other official documents.

RESULTS

Digitization of Bookings

Sate Cak Rahmad has started using GoFood, GrabFood, and WhatsApp Business since 2022. A digital catalog and auto-reply system makes it easy for customers to place orders without coming in person. This implementation increased turnover by up to 35%. Based on the information found, Sate Cak Rahmad in Malang has implemented the digitization of orders through a food delivery service application.

Here's how to order Sate Cak Rahmad digitally:

1. Through GoFood
 - a) Open the Gojek app and select the GoFood menu.
 - b) Search for "Sate Cak Rahmad" or "Sate Cak Rahmad, Joyo Agung".
 - c) Choose the desired menu, such as chicken satay or goat satay.
 - d) Follow the payment and shipping steps available in the app.
2. Via GrabFood

Although no specific information was found in the search results, many food stalls that work with GoFood are also available on GrabFood. To make sure, you can try the following steps:

 - a) Open the Grab app and select the GrabFood menu.
 - b) Search for "Sate Cak Rahmad".
 - c) If found, you can place an order right away.
3. Via Whatsapp Business
 - a) Open the WhatsApp app
 - b) Message through WhatsApp number 083834827504 according to the satay you want
 - c) Send
4. Additional Information
 - a) Address: Jl. Joyo Agung No.44, RT.01, Merjosari, Lowokwaru District, Malang City.
 - b) Opening Hours: Every day at 11.00–23.00 WIB.

Digital Marketing Innovation

Marketing is done through Instagram, TikTok, and Facebook with a visual content strategy, customer testimonials, and collaborations with local influencers. This increases brand awareness and expands customer reach.

Sate Cak Rahmad in Merjosari, Malang, has great potential to implement more sophisticated digital marketing innovations. In addition to being registered on delivery platforms, they can maximize this strategy to stand out in the midst of fierce culinary competition in Malang.

Here are some digital marketing innovations that can be applied:

1. Strategic use of social media
 - a) Instagram Reels and TikTok: Create engaging short video content. Examples:

- c) "Behind the Scenes": Show off the process of making satay, from the selection of fresh meat to the burning process that produces a distinctive aroma.
 - d) "Spicy Satay Challenge": Invite visitors to try the super spicy satay variant and promote the results on social media.
 - e) "Customer Stories": Upload short video testimonials from satisfied customers.
 - f) Collaborate with Local *Food Vloggers*: Invite well-known *food vloggers* in Malang, such as Malang Foodies or @faisalyou, to review Sate Cak Rahmad honestly.
 - g) Interactive Content: Take quizzes or charades on Instagram Stories. For example, "Goat satay or chicken satay, which is your favorite?".
2. SEO (Search Engine Optimization) local
- a) Update Google My Business: Make sure Sate Cak Rahmad's information, such as address, phone number, business hours, and photos, is always up-to-date. This information will appear in Google and Google Maps local searches.
 - b) Ask for Customer Reviews: Actively invite satisfied customers to leave positive reviews on Google Maps. These reviews go a long way in increasing credibility and visibility in search results.
 - c) Use Relevant Keywords: Create posts or descriptions on social media with popular keywords such as "sate merjosari malang", "sate enak malang", or "kuliner sate joyo agung".
3. Marketing through WhatsApp Business
- a) Create a Product Catalog: Set up a digital catalog in WhatsApp Business that includes a list of satay menus and their prices. This makes it easy for customers to view the menu and order.
 - b) Digital Loyalty Program: Create a digital stamp on WhatsApp for loyal customers. For example, after 10 purchases through WhatsApp, customers get 1 free portion of satay.
 - c) Broadcast Personalized Promotions: Send promotions, special offers, or new menu information through WhatsApp's broadcast feature (make sure customers have saved your number).
4. Utilization of *user-generated content*
- a) Create Custom Hashtags: Encourage customers to upload photos or videos of them enjoying satay with special hashtags, such as #SateCakRahmadMalang or #NikmatnyaCakRahmad.
 - b) Host a Photo/Video Competition: Host a photo or video competition with the hashtag and offer attractive prizes. This will increase customer engagement and expand the reach of the promotion organically.
5. Menu and Packaging Innovation
- a) Digital Menu Packages: Offer attractive menu packages that are special for online ordering, such as "satay komplet berdua" or "family savings packages".

- b) Instagrammable packaging: Use attractive and eco-friendly packaging. The unique and attractive packaging design will encourage customers to take pictures and upload them on social media.

Impact on Competitiveness

Digitalization improves brand visibility, operational efficiency, customer relationships, and adaptability to market trends. Digital marketing innovations have a significant impact on the competitiveness of Sate Cak Rahmad in Merjosari, Malang. This increase in competitiveness not only helps businesses survive, but also thrives in the midst of an increasingly competitive culinary market. The following is an analysis of the impact of digital marketing innovations on the competitiveness of Sate Cak Rahmad:

1. Increased Reach and Visibility
 - a) Access to New Customers: With digital marketing, Sate Cak Rahmad no longer relies solely on customers passing in front of the stall. The range of promotions can be expanded to the entire Malang area, or even outside the city, through Advantage from Competitors: Many traditional satay sellers still rely on word-of-mouth promotion. By utilizing digital marketing, Sate Cak Rahmad has a competitive advantage because it can reach a wider audience and build stronger brand awareness in the minds of consumers. social and delivery platforms.
 - b) Advantages from Competitors: Many traditional satay sellers still rely on word-of-mouth promotion. By utilizing digital marketing, Sate Cak Rahmad has a competitive advantage because it can reach a wider audience and build stronger brand awareness in the minds of consumers.
2. Increased Customer Interaction and Loyalty
 - a) More Personal Relationships: The use of WhatsApp Business allows Sate Cak Rahmad to interact directly with customers, offer exclusive promotions, and collect feedback. These personal interactions build loyalty and make customers feel valued.
 - b) Building Community: Through social media such as Instagram, Sate Cak Rahmad can build a loyal community of fans. Interactive content, such as quizzes or challenges, encourages customer participation and strengthens their emotional bond with the brand.
3. Strong and Modern Brand Image
 - a) Increase Credibility: A professional business profile on social media and Google My Business with positive reviews will increase the credibility of Sate Cak Rahmad. This builds the trust of potential customers and sets them apart from competitors.
 - b) Innovative Image: Implementing digital innovation shows that Sate Cak Rahmad is a business that keeps up with the times. This appeals to young customers who are more familiar with technology and are looking for a modern culinary experience.
4. Increased Operational Efficiency
 - a) Smoother Ordering Process: Integrations with delivery platforms and WhatsApp Business simplify the ordering process. Customers can place

orders at any time, and staff can manage orders in a more organized manner.

- b) **Customer Data Collection:** Digital tools allow Sate Cak Rahmad to collect data on customer preferences, purchasing patterns, and feedback. This information is invaluable for making smarter business decisions, such as menu adjustments or promotional strategies.
5. **Continuous Excellence**
- a) **Quick Adaptation to Market Changes:** By having a customer database and digital communication channels, Sate Cak Rahmad can quickly inform of changes in operating hours, new menus, or special promotions, even when unexpected conditions such as the pandemic occur.
 - b) **Creating More Value:** The combination of authentic satay quality and innovative digital services creates a value proposition that is hard to match. Customers not only buy satay, but also a comfortable, personalized, and modern experience.

Overall, digital marketing innovations allow Sate Cak Rahmad to not only compete with other satay stalls, but also to lead the market by offering a better experience to customers. The impact is increased sales, customer loyalty, and a stronger brand position in the Malang culinary market.

CONCLUSIONS AND RECOMMENDATIONS

Digitization of ordering and digital marketing innovation have proven to be effective in increasing the competitiveness of Sate Cak Rahmad Merjosari MSMEs. This strategy expands the market, improves service efficiency, and strengthens customer relationships. It is important for MSME actors to continue to improve digital literacy in order to be able to adapt to technological changes.

The strategic innovation of Sate Cak Rahmad MSMEs in Merjosari, Malang, through the digitization of ordering and marketing has proven to be effective in increasing its competitiveness in the midst of fierce culinary competition. By integrating digital technology into their business operations, these MSMEs have succeeded in expanding their market reach, strengthening their brand image, and increasing customer loyalty.

Here are the concluding points of the strategy applied:

1. **Digitalization Expands Reach and Efficiency**
 - a) **Wider Market Access:** By leveraging online ordering platforms such as GoFood and GrabFood, Sate Cak Rahmad can reach customers outside the Merjosari area. This breaks the geographical limitations that conventional MSMEs usually experience.
 - b) **Operational Optimization:** Using WhatsApp Business for direct ordering and digital catalogs can simplify the transaction process, reduce on-site queues, and increase efficiency.
2. **Marketing Innovation Strengthens Brand Image**
 - a) **Modern Branding:** Engaging visual content on social media, such as cooking videos and customer testimonials, helps build a modern and credible brand image. This strategy allows Sate Cak Rahmad to compete not only in terms of taste, but also brand experience.

- b) Leverage Influencer Influence: Collaborations with *local food bloggers* or *influencers* increase credibility and attract the attention of younger target markets. These positive third-party reviews serve as effective and reliable promotions.
- 3. Increased Customer Interaction and Loyalty
 - a) Personal Communication: The use of WhatsApp Business allows Sate Cak Rahmad to build a more personal relationship with customers. Broadcast messages about new promotions or menus make customers feel special and connected.
 - b) Building Community: Interactive marketing strategies on social media, such as quizzes or hashtag challenges, encourage customer engagement and create a loyal community. This helps retain existing customers amid the onslaught of promotions from competitors.
- 4. Increased Long-Term Competitiveness
 - a) Sustainable Competitive Advantage: By adapting to digital trends, Sate Cak Rahmad not only survives, but also has a long-term competitive advantage. Continuous innovation in marketing and services will be key to maintaining its position in the market.
 - b) Data-Driven Decision-Making: The use of digital platforms allows for the collection of customer data and sales trends. This data can be the basis for making more strategic business decisions, such as menu adjustments or determining more effective promotions.

In conclusion, Sate Cak Rahmad's MSME innovation strategy in Merjosari shows that the combination of digitalization of ordering and integrated marketing innovation can be the key to success in increasing competitiveness. By leveraging technology and creativity, these MSMEs not only manage to reach a wider market, but also build strong relationships with customers, which will ultimately drive sustainable business growth. To improve the quality and generalization of findings, researchers can further consider several aspects, such as population and sample expansion, integration of quantitative methods, and long-term sustainability analysis.

FURTHER STUDY

Future research could explore how additional technological features, such as AI-based customer interaction or automated order management systems, further enhance the competitiveness of MSMEs like Sate Cak Rahmad.

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