



# Analysis Of Marketing Strategies On The Sustainability Of Micro Enterprises In The Culinary Areas Of Bandung City With Digital Transformation As A Moderating Variable

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## ABSTRACT

Bandung City has long been recognized by tourists as a culinary paradise. In an effort to manage this potential, the Bandung City Government has established designated culinary zones to accommodate the growing number of micro-entrepreneurs in the food and beverage sector. However, micro-businesses operating in these culinary areas continue to face significant challenges, particularly in terms of business sustainability. Most entrepreneurs tend to adopt a reactive stance—relying heavily on tourist influxes—without developing well-structured strategies to grow and sustain their businesses independently. This study aims to examine the extent to which marketing strategies influence the sustainability of micro-enterprises, with digital transformation serving as a moderating variable. A quantitative research approach was employed, using path analysis with Partial Least Squares–Structural Equation Modeling (PLS-SEM). The research sample consisted of micro-entrepreneurs located in the Dipati Ukur, Japati, and Lengkong culinary areas. The analysis reveals that both marketing strategies and digital transformation have a positive and significant effect on business sustainability. Moreover, digital transformation was found to strengthen the influence of marketing strategies on the sustainability of micro-enterprises. These findings highlight the critical importance of integrating well-planned marketing strategies with digital technology adoption to foster sustainable micro-businesses amid an increasingly competitive environment.

## INTRODUCTION

Bandung has long been renowned among tourists as the culinary capital of West Java. According to the Open Data portal of Bandung City, a total of 7,713,937 domestic and 38,570 international tourists visited Bandung throughout 2023. The culinary sector has experienced rapid growth and is now spread across nearly all parts of the city. Micro-entrepreneurs, especially street food vendors, have proliferated in various locations. To optimize this potential, the Bandung City Government has organized food vendors into several designated culinary zones. The five main culinary areas include Dipati Ukur, Gedung Sate, Cibadak Culinary Night, Sudirman Street Night Food, and Lengkong Night Culinary.

This study focuses on halal culinary zones—specifically Lengkong, Dipati Ukur, and Japati—which are entirely comprised of halal food vendors. The selection of these areas is based on the predominantly Muslim population in Bandung and refers to Law No. 33 of 2014, Article 4, which mandates that products circulated and traded in Indonesia must be halal-certified. This focus on halal zones also helps maintain data homogeneity and minimizes extreme variations in market segments and product pricing, thereby ensuring the validity of research findings.

Micro-enterprises that are embedded in traditional culture, particularly in the culinary sector, must be developed as sustainable businesses to contribute not only to the local economy but also to the preservation of Indonesia's cultural heritage. Field observations revealed that the management of these culinary areas often involves local community members, ranging from older adults to younger generations. These findings align with Oztruck et al. (2024), who argue that micro-enterprises hold substantial economic significance and are essential for promoting sustainable community, environmental, and economic transformation.

Despite this potential, the lack of widespread empowerment initiatives from the government remains a critical challenge. As a result, many micro-enterprises struggle to achieve long-term sustainability. Bruce et al. (2023) define sustainability as an organization's ability to achieve its objectives while maintaining consistent performance over the long term. Bugwadin & Bayat (2022) emphasize that sustainable business practices must consider the economic, social, and environmental aspects—the so-called triple bottom line. Similarly, Nafisah et al. (2024) highlight that sustainability can be measured by the benefits micro-enterprises provide to a region, particularly in their efforts to balance social, economic, and financial dimensions.

According to Open Data from West Java Province (2024), the number of business units fluctuated during the 2021–2023 period, with a significant number ceasing operations by the third year. This aligns with findings from Bugwadin & Bayat (2022), who report that 75% of micro and small businesses fail within their first three years of operation. Micro-entrepreneurs in Bandung's culinary areas currently face major challenges in achieving business sustainability. Many have yet to develop the capacity to sustain their operations in the long term. These businesses are highly dependent on surges in tourist visits, especially during weekends and holiday seasons. This indicates that most entrepreneurs have not yet developed strategic approaches to customer acquisition, instead relying heavily on the influx of visitors. Such reactive behavior demonstrates a lack of adaptability to an increasingly competitive market. Overdependence on weekend tourism poses a risk to business stability.

Maksum et al. (2020) state that micro-enterprises still face persistent classical barriers, particularly in managerial competencies. Bugwadin & Bayat (2022) note that the primary cause of failure among micro-enterprises is the inability to formulate strategies that align internal and external business factors. Cant, as cited in Bugwadin & Bayat (2022), highlights that one of the most pressing challenges is a lack of marketing skills, including limited market understanding, poor segmentation strategies, weak demand analysis, funding constraints for promotional activities, inadequate product marketing training, low competitiveness, and ineffective promotional execution. Kotler, Keller, and Chernev (2022) emphasize that marketing strategy comprises two core components: the target market—where businesses interact with

customers—and the value proposition—the unique value businesses offer to customers as a competitive advantage. This study introduces digital transformation as a moderating variable that could strengthen the impact of marketing strategies, thereby advancing business sustainability. Digital transformation is seen as a crucial strategy to enhance the competitiveness and resilience of micro-enterprises in today's dynamic marketplace.

Marketing through social media, according to Cao & Weerawardena (2023), is a strategic tool to boost competitiveness, develop new products, enhance brand awareness, and create added value—all of which significantly contribute to the overall performance of micro-enterprises. Ayokumni et al. (2025) further assert that social media has dismantled traditional marketing barriers by serving as a vital platform for information dissemination and customer engagement. Despite its proven benefits, the utilization of digital platforms by micro-entrepreneurs in Bandung's culinary zones remains suboptimal. A review of their social media activity revealed that only about 45% actively use digital platforms for business promotion. This highlights a broader issue: the digitalization of marketing and transaction systems has yet to be fully embraced. The underutilization of social media and limited integration of digital tools in daily operations present significant obstacles to long-term sustainability. In an increasingly competitive environment, delayed adoption of digital innovations poses a serious threat to the viability and growth of micro-enterprises.

## LITERATURE REVIEW

### Micro-Enterprises

According to Government Regulation No. 7 of 2021, a micro-enterprise is defined as an independent, productive economic activity conducted by individuals or business entities that are neither subsidiaries nor branches of medium or large enterprises—whether directly or indirectly owned or controlled. The criteria for micro-enterprises include a maximum asset value of IDR 1,000,000,000 and an annual revenue of up to IDR 2,000,000,000. Hastuti et al. (2020) emphasize that micro-enterprises have the potential to expand employment opportunities and provide broad-based economic services to communities. These enterprises play a crucial role in promoting equitable income distribution, stimulating economic growth, and contributing to national stability. The economic development of a region is closely linked to the active participation of Micro, Small, and Medium Enterprises (MSMEs), which form an integral part of the national business landscape. Micro-enterprises also represent a grassroots initiative where individuals engage in entrepreneurial activities to improve their quality of life. For many Indonesians, starting a micro-enterprise is a practical strategy to break free from dependency on formal employment in private corporations or government institutions—sectors often limited in their capacity to ensure broad-based prosperity.

### Marketing Strategy

Marketing strategies serve as essential tools for micro-entrepreneurs to survive in increasingly competitive business environments. Even simple strategies—grounded in an understanding of local conditions and customer behavior—can significantly influence business outcomes. According to Kotler, Keller, and Chernev (2022), marketing strategy is built upon two key pillars: the target market, which defines where the business competes, and the value proposition, which reflects the unique benefit offered to customers that sets the business apart from competitors. For micro-enterprises, marketing strategies help guide business development and product positioning. As Kalogiannidis (2021) explains, an effective marketing strategy enhances an organization's ability to reach potential customers, foster brand awareness, and deliver quality products and services. Implementing a well-planned marketing approach increases visibility and provides a competitive edge that supports long-term sustainability.

H1: Marketing Strategy has a positive impact on the Sustainability Micro-Enterprise

## Digital Transformation

Digital transformation is defined as “a fundamental change process enabled by the innovative use of digital technologies, accompanied by the strategic leverage of key resources and capabilities, with the aim of radically improving a firm and redefining its value proposition to its stakeholders” (Merín-Rodrigáñez et al., 2024). Skare et al., as cited in Kotiranta et al. (2024), argue that digital transformation can significantly enhance micro-enterprises' capabilities in achieving their business goals and becoming successful enterprises. This transformation also mitigates risks by attracting new customer segments, improving access to financial services, and enabling enterprises to adapt to regulatory changes and external challenges. At its core, digital transformation involves adopting new knowledge and technologies to support business growth and continuity. It integrates diverse business functions to improve efficiency and productivity. For micro-enterprises, leveraging digital tools facilitates data collection and analysis, enabling more informed decision-making and fostering strategic business development.

H2: Digital Transformation has a positive impact on the Sustainability Micro-Enterprise

## Micro-Enterprise Sustainability

Sustainability in business generally refers to an organization's ability to manage its operations in a way that contributes positively to social and environmental well-being while maintaining economic performance (Mio et al., 2021). Gimin et al. (2023) define business sustainability as a condition where enterprises show improved performance over time, indicated by increased sales, asset accumulation, and operating profit. Sustainable businesses create long-term value by integrating environmental, social, and economic goals through strategic planning, business models, investment decisions, and management tools. Jakobs et al. (2024) further argue that micro-enterprises possess inherent flexibility, allowing them to adopt a variety of strategic initiatives. This adaptability enables them to leverage existing resources effectively and respond to market demands, accelerating their potential for growth.

H3: Digital Transformation can moderate the influence of Marketing Strategy on the Sustainability Micro-Enterprise

## METHODS

This study employed a quantitative research approach that incorporated both primary and secondary data. Primary data were obtained through direct observation, questionnaires, and in-depth interviews to provide a comprehensive understanding and support hypothesis testing. Secondary data were collected from literature reviews and online sources to strengthen the contextual framework of the study. The research population comprised micro-entrepreneurs operating in culinary areas across Bandung City, with a total of 128 respondents selected using purposive sampling. The sample selection was based on specific criteria, including entrepreneurs who sell halal food products in designated culinary zones such as Culinary Street, Japati Culinary Street, and Lengkong Night Culinary. Additionally, the businesses were required to provide on-site dining facilities, operate as micro-enterprises using temporary and collapsible stalls (rather than permanent restaurants or shop units), and have an active presence on social media platforms such as Instagram, Facebook, TikTok, or listed on Google Street View..

## RESULTS

The findings on respondent characteristics reveal that micro-enterprises in Bandung's culinary areas exhibit a relatively balanced gender composition, although male entrepreneurs slightly dominate. This pattern may reflect the physical demands of street food operations, which often involve setting up and dismantling mobile stalls. In terms of age, the majority of

business owners fall within the productive range of 26–35 years, suggesting a blend of entrepreneurial spirit and digital adaptability. Educationally, most respondents have completed senior high school (SMA/SMK), followed by university graduates. This indicates that while formal education plays a role in shaping business decisions, it is not the sole determinant of success. Most businesses are concentrated in Dipati Ukur and Lengkong Kecil—established culinary zones with significant visitor traffic. Regarding business longevity, the majority have been operating for one to three years, a critical phase for achieving sustainability. Finally, nearly half of the respondents earn over IDR 3,000,000 per day, underscoring the importance of these micro-enterprises as reliable sources of livelihood.

**Table 1. Descriptive Analysis of Marketing Strategy**

Dimension	Indicator	Measurement	Value	Criteria
Target Market	Target Customers	Customer segment awareness	3.06/4.00	Satisfactory
		Product adaptation based on customer segments	3.03/4.00	Satisfactory
	Competitors	Competitor strategy monitoring	2.42/4.00	Need Improvement
		Product adjustment based on competitor information	3.09/4.00	Satisfactory
	Business Environment	Awareness of the business environment	2.96/4.00	Satisfactory
		Marketing strategy development based on trends and customer needs	2.80/4.00	Satisfactory
Value Proportion	Customer Value	Customer satisfaction through product quality	2.88/4.00	Satisfactory
		Customer satisfaction through service quality	3.04/4.00	Satisfactory
	Business Value	Use of marketing strategies to increase business revenue	2.48/4.00	Need Improvement
		Marketing strategy formulation to enhance business value	2.45/4.00	Need Improvement

Source: Data Processed, 2025

Based on the data analysis presented in Table 1, the findings indicate that three indicators of marketing strategy require improvement. The study reveals that micro-entrepreneurs do not consistently monitor competitor activities, particularly in product development. Moreover, many of them have yet to formulate a structured marketing strategy, which results in promotional activities that are not significantly contributing to increased business profitability. Marketing efforts are often based on past experiences, which may no longer be relevant to current market dynamics.

Despite this, business owners are aware of the high demand and strong consumer interest—both among local residents and tourists—for street food in Bandung. One key advantage of micro-enterprises is their ability to adapt quickly, allowing entrepreneurs to improvise their products. This flexibility reinforces their confidence that the businesses they run have the potential to remain sustainable over time.

**Table 2. Descriptive Analysis of Digital Transformation**

Dimension	Indicator	Measurement	Value	Criteria
Data Management	Digital Identity	Use of social media to increase public visibility	2.49/4.00	Need Improvement
		Easy access to business information on online platforms	2.45/4.00	Need Improvement
	Data Management	Use of social media to identify trends and customer needs	2.69/4.00	Satisfactory
		Regular income and sales recording using cashier applications	2.64/4.00	Satisfactory
Technology Integration	Technology Integration	Integration of cashier apps with business operations	2.77/4.00	Satisfactory
		Use of delivery service applications	2.47/4.00	Need Improvement
Customer Relations	Customer Relations	Availability of media for customer feedback and complaints	2.91/4.00	Satisfactory
		Follow-up actions on customer feedback and complaints	2.62/4.00	Satisfactory

Source: Data Processed, 2025

Based on the data analysis presented in Table 2, the results indicate that three indicators of digital transformation require improvement. The study found that many micro-entrepreneurs have not yet established a digital identity for their businesses, particularly in terms of having social media accounts to introduce their products and provide accessible information regarding offerings and promotions. Additionally, most have not yet registered their businesses as partners on food delivery platforms, which could otherwise increase revenue through online orders. The research also highlights that Google Reviews have proven more effective for entrepreneurs in identifying customer feedback and complaints compared to other social media channels. However, many business owners have yet to fully provide dedicated platforms for customers to express suggestions or concerns—whether through Instagram, TikTok, or Facebook—largely because they remain focused on managing daily business operations.

**Table 3. Descriptive Analysis of Micro-Enterprise Sustainability**

Dimension	Indicator	Measurement	Value	Criteria
Economy	Revenue Growth	Business revenue improvement	2.48/4.00	Need Improvement
		Strategic efforts to increase revenue	2.46/4.00	Need Improvement
Social	Environmental Impact	Operational management that minimizes disruption to the community	2.91/4.00	Satisfactory
		Community involvement in business activities	3.06/4.00	Satisfactory
Knowledge of Micro-Entrepreneurs	Technology Utilization	Revenue enhancement through digital transformation	2.68/4.00	Satisfactory
		Utilization of technology for operational efficiency	2.84/4.00	Satisfactory
	Business Innovation	Entrepreneurial consistency in innovation	2.80/4.00	Satisfactory
		Product innovation that differentiates from competitors	2.73/4.00	Satisfactory
		Product innovation aligned with trends and customer needs	2.91/4.00	Satisfactory

Source: Data Processed, 2025

Based on the data analysis presented in Table 3, the findings indicate that two indicators related to the sustainability of micro-enterprises require further improvement. The study revealed that income growth over the past year has not shown a significant increase, primarily due to a decline in customer visits, which has had a direct impact on business revenue. This situation suggests that many micro-entrepreneurs still rely heavily on tourist inflows to boost income, rather than developing proactive strategies to stimulate demand. Additionally, the respondents have not yet adopted comprehensive managerial strategies across key areas such as marketing, finance, business operations, or human resources, which are critical for ensuring long-term business resilience. In contrast to the economic dimension, the social and environmental aspects of business sustainability are relatively well-managed. The findings show that most micro-entrepreneurs operate their businesses in an environmentally friendly manner, avoiding pollution and minimizing traffic congestion around their locations. Moreover, these enterprises actively involve the surrounding community in their daily operations—employing local residents as staff, parking attendants, and sanitation workers—thereby fostering social inclusion and strengthening local economic ties

**Table 4. Identifying Hypotesis Testing Result**

Hypotesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Marketing Strategy -> Micro-Enterprise Sustainability	0,386	0,379	0,067	5,796	0,000
Digital Transformation -> Micro-Enterprise Sustainability	0,599	0,605	0,062	9,708	0,000
Marketing Strategi -> Digital Transformation -> Micro-Enterprise Sustainability	0,506	0,509	0,054	9,311	0,000

Source: Data Processed, 2025

Based on the results of hypothesis testing using SmartPLS 3.0, the findings confirm that all three hypotheses are accepted. Hypothesis 1 is supported with a p-value of  $0.000 < 0.05$ , indicating a significant relationship between marketing strategy and the sustainability of micro-enterprises.

Hypothesis 2 is also accepted, with a p-value of  $0.000 < 0.05$ , showing a significant relationship between digital transformation and business sustainability. Furthermore, Hypothesis 3 is confirmed with a p-value of  $0.000 < 0.05$ , suggesting that marketing strategy, when moderated by digital transformation, has a significant influence on the sustainability of micro-enterprises. Each hypothesis recorded a t-statistic value greater than 1.98, which confirms that the relationships are statistically positive and significant.

### **The Influence of Marketing Strategy on the Sustainability Micro-Enterprise**

The findings of the study confirm the first hypothesis, indicating that marketing strategy has a positive influence on the sustainability of micro-enterprises in Bandung's culinary areas. This result aligns with Kalogiannidis (2021), who emphasizes that marketing strategy enhances potential customer awareness of quality products and services, which in turn contributes to business sustainability through improved profitability. The analysis revealed a positive

correlation of 38.6%, suggesting that when micro-entrepreneurs implement marketing strategies, it positively impacts the continuity of their businesses. However, the correlation remains weak, indicating the presence of other influencing factors. This supports Bugwadin & Bayat (2022), who found that 75% of micro and small enterprises fail within three years due to the absence of effective strategies. Additionally, Larbi (2024) highlights that entrepreneurs' ability to analyze marketing strategies—through data management, technological infrastructure, and competent personnel—plays a critical role in improving financial performance and extending business longevity.

### **The Influence of Digital Transformation on the Sustainability Micro-Enterprise**

The findings confirm the acceptance of the second hypothesis, indicating that digital transformation has a significant impact on the sustainability of micro-enterprises in Bandung's culinary areas. This aligns with Rao et al. (2023), who assert that technological advancements enhance key business operations, including supply chain management, social media marketing, product promotion, financial management, and human resource management—ultimately supporting the development of sustainable enterprises. The analysis shows a positive correlation of 59.9%, suggesting that when micro-entrepreneurs engage in digitalization, it positively influences business continuity.

The correlation is categorized as moderate, indicating a reasonably strong relationship. Digital transformation serves as a cost-saving strategy for building sustainable businesses (Effendi et al., 2020). It is particularly feasible for micro-enterprises due to their flexibility and adaptability, enabling them to respond swiftly to changes in market demand and business strategy.

### **The Influence of Marketing Strategy on the Sustainability Micro-Enterprise with Digital Transformation as a moderating variable**

Digital transformation is defined as “a fundamental change process enabled by the innovative The findings indicate that the third hypothesis is accepted, confirming that marketing strategy significantly influences the sustainability of micro-enterprises in Bandung's culinary areas, with digital transformation acting as a moderating variable that strengthens this relationship.

This aligns with Rao et al. (2023), who emphasize that digitalization plays a crucial role in optimizing micro-enterprise operations. In today's business environment, survival strategies alone are insufficient—effective marketing strategies supported by digital tools are essential for achieving long-term growth and sustainability. The analysis reveals a positive correlation of 50.6%, suggesting that well-implemented marketing strategies enhanced by digitalization contribute meaningfully to the effectiveness and sustainability of business operations. Furthermore, the ability to receive customer feedback through digital platforms provides valuable insights for improving product and service quality. For this reason, micro-entrepreneurs are encouraged to establish digital channels that allow direct communication with potential customers. Responding to such feedback forms part of a dynamic marketing strategy aimed at meeting evolving customer expectations—an essential factor for sustaining business performance in an increasingly competitive market (Kalogiannidis, 2021).

## **DISCUSSION**

The findings of this study indicate that micro-enterprises operating in the culinary areas of Bandung City possess the ability to identify the needs of their target customers. However, they have yet to develop and implement targeted marketing strategies to enhance their business value. Although these micro-entrepreneurs have adopted sustainable business practices that do not negatively impact the surrounding community—and in fact contribute positively to the local

economy—their business sustainability remains at risk. This vulnerability is largely due to their dependence on tourist influxes and the absence of robust business strategies. Furthermore, in terms of digital transformation, most micro-entrepreneurs have not established a digital identity through social media platforms, nor have they registered with food delivery applications, thereby limiting their visibility among the wider public. In contrast, digitalization holds significant potential to expand market reach and improve operational efficiency.

The study also finds that marketing strategy has a direct influence on the sustainability of micro-enterprises, although this relationship is weak, primarily due to the lack of differentiation strategies in comparison to competitors. Digital transformation, on the other hand, demonstrates a moderate and direct influence on business sustainability by enabling entrepreneurs to access customer feedback in the form of reviews, suggestions, and criticisms, which can be used to improve product and service quality. Moreover, digital transformation also indirectly strengthens the relationship between marketing strategy and business sustainability, exhibiting a moderate level of influence.

Based on these findings, micro-entrepreneurs in the culinary sector are encouraged to develop strategic operational plans that take into account the business environment, customer profiles, competitive positioning, and internal strengths and weaknesses. Registering their businesses on Google Maps and utilizing digital platforms such as Instagram, TikTok, and Facebook are recommended as effective means to build two-way communication with customers and enhance digital visibility. Additionally, the adoption of digital point-of-sale systems and partnerships with food delivery services are advised as practical steps toward improving operational efficiency and expanding market reach beyond culinary zones, thereby fostering more adaptive, competitive, and sustainable micro-enterprises.

## **CONCLUSION**

This study concludes that micro-enterprises operating within the culinary areas of Bandung possess the ability to identify the needs of their target customers; however, most have yet to develop and implement marketing strategies that would increase their business value. While these enterprises contribute positively to the local economy and have adopted sustainable practices that do not harm the surrounding community, their long-term sustainability remains at risk.

This is due to a reactive business approach that heavily relies on fluctuating tourist traffic, rather than proactive market development strategies. The research also found that digital transformation directly and positively influences business sustainability at a moderate level, while marketing strategies exert a weaker direct effect. Notably, digital transformation also plays a mediating role by strengthening the relationship between marketing strategies and business sustainability.

Therefore, the adoption of appropriate marketing strategies—supported by digital tools such as social media, online delivery platforms, and digital payment systems—can significantly enhance the resilience and sustainability of micro-enterprises in competitive culinary markets. These findings highlight the urgent need for business owners to improve operational planning, establish a digital presence, and integrate technology to ensure long-term viability and growth.

## **LIMITATION**

This study has several limitations that should be considered when interpreting the findings and generalizing the results. First, the research was conducted solely on micro-entrepreneurs operating in three designated halal culinary areas in Bandung—Dipati Ukur, Japati, and Lengkung—therefore, the findings cannot be generalized to all culinary zones in Bandung or other cities with different market characteristics. Second, the purposive sampling technique, while appropriate for the research objectives, carries the potential for selection bias as it only

included entrepreneurs who met specific criteria, such as having social media accounts and providing on-site dining facilities.

This may have excluded micro-enterprises without access to digital technology, even though they also contribute to the dynamics of the culinary sector. Third, the measurement of digital transformation and marketing strategy variables relied largely on self-reported data, which may be influenced by the respondents' subjectivity and varying levels of understanding of these concepts.

Fourth, although this study employed a quantitative approach supported by Partial Least Squares-Structural Equation Modeling (PLS-SEM), such a method may not fully capture the contextual dynamics and deeper qualitative experiences of entrepreneurs in managing business sustainability. Future research is recommended to adopt qualitative or mixed-method approaches to provide a more comprehensive understanding.

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