

The Influence of Product Innovation, Culturally Branding, Customer Satisfaction, Digital Marketing and Strategic Partnerships Toward Entrepreneurial Strategies (Case Study: Food MSME)

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ABSTRACT

This study looks at five key entrepreneurial strategies used by a micro, small, and medium-sized business (MSMEs) that specializes in pie susu, a popular Balinese dessert, in order to achieve long-term growth in a competitive sector. The study intends to address the difficulties that these companies encounter in maintaining their cultural identity and customer loyalty while adjusting to industry pressures. The first strategy involves a strong emphasis on continuous product innovation, adding new tastes while preserving a high standard of quality to remain competitive. Second, Balinese culture-based branding and marketing work well to increase brand awareness and develop client loyalty. Third, the company encourages repeat business and enduring partnerships by placing a high priority on dependable product quality and outstanding customer service. Fourth, using social media and other digital platforms increases visibility among larger audiences and broadens the market reach. Lastly, strategic alliances with regional vendors strengthen the supply chain, ensuring sustainability and operational effectiveness.

Keywords: Entrepreneurial Strategies, Pie Susu, Product Innovation, Sustainable Growth

INTRODUCTION

Particularly in developing nations, micro, small, and medium-sized businesses (MSMEs) are essential to economic growth and job creation. But in highly competitive sectors, particularly in the food sector, many of these companies struggle to achieve sustainable development. A fascinating case study for examining successful entrepreneurial tactics that promote company sustainability is pie susu, a traditional Balinese treat produced by microbusinesses. Although previous research emphasizes the significance of innovation, branding, and customer happiness, little is known about how these tactics are applied, especially in the context of conventional food businesses. Previous studies (Nunes & Lopes, 2019; Zain, M. F., Razak, N. A., & Ariff, M. et al., 2020), have mostly focused on broader entrepreneurial concepts without considering the unique challenges faced by small businesses in culturally diverse markets. By analyzing five important strategies used by pie susu businesses: product innovation, culturally rooted branding, customer happiness, digital marketing, and strategic partnerships that together support business expansion and resilience, this study aims to close that gap. By examining these strategies, the study hopes to shed light on the significance of culturally sensitive entrepreneurial practices and offer guidance to other MSMEs pursuing long-term success in competitive markets.

This study's significance depends on its examination of the business strategies used by pie susu businesses, which specialize in producing a traditional Balinese dessert. It provides insightful information about how to maintain growth in the competitive food industry. Although earlier studies have looked at the contributions of innovation, branding, and customer satisfaction to the success of MSMEs, there are still a lot of unanswered questions about how these tactics are especially used in culturally diverse environments. The importance of an entrepreneurial attitude and continuous product innovation has been highlighted in studies by Ratten (2020) and Hwang et al. (2021), but they usually ignore the unique difficulties faced by traditional food enterprises. By concentrating on five key strategies: product innovation, culturally grounded branding, customer happiness, digital marketing, and strategic alliances with regional suppliers, this study fills these gaps. The research highlights the importance of culturally relevant strategies in boosting MSME competitiveness and economic contribution by examining

how these strategies can support the growth and sustainability of pie susu businesses. This builds a foundation for comparing the entrepreneurial approaches of other similar businesses.

By delving or examining pie susu business's entrepreneurial strategies within this culturally sensitive framework, our study aims not only to shed light on the company's journey but also to contribute significantly to the ongoing innovation policy debate. Our goal is not only an academic approach but also a practical one. We hope to provide support to emerging entrepreneurs and policymakers tasked with fostering sustainable economic growth in marginalized yet resilient sectors such as artisanal cuisine. Moreover, our research goes beyond more anecdotal evidence. Instead, they focused on rigorous empirical methods to uncover the mechanism underlying success stories of pie susu businesses. The impacts range from expanding academic debates enriched with contextual analysis to practical solutions that strengthen grassroots efforts at home and abroad and one more again the ultimate goal is to bridge the gap between existing conventional wisdom and contemporary realities, creating a better future for the countless unsung heroes working behind the scenes to shape the destiny of communities around the world (Lee & Herrmann, 2021).

The Resource-Based View (RBV), a key strategic management theory developed by Barney and others (1991) was adopted in the present study, proposing that firms achieve sustained competitive advantage through unique, valuable, rare, inimitable, and non--substitutable resources and capabilities. Although the theory has generally been applied to large firms, some studies have begun applying it to MSMEs, particularly in agribusiness and export-oriented industries, where internal resources such as entrepreneurial orientation, cultural identity, and local networks can greatly enhance performance. However, little remains known regarding how micro-enterprises utilize their intangible assets and regional alliances to implement strategies, especially in the culturally embedded sectors like the pie susu businesses. Thus, establishing the link between cultural identity and local collaboration as strategic resources within the RBV perspective provides a theoretical advancement and practical consideration for both entrepreneurs and policymakers engaged in designing interventions toward ensuring sustainable development of traditional food-based microenterprises.

The impact of intellectual property on technological advancement has been the subject of more recent studies (Khan, 2020). However, when it comes to tracking the success or failure of small businesses, this type of study frequently falls short. It is rare for outsiders to look into the reasons for a company's founding, growth, and current success, particularly when such reasons are directly linked to the company's operational destiny. There are rarely two approaches to success in any one field, as entrepreneurs from various locations frequently discover when they meet in person (Smith & Anderson, 2021). As a result, local collaborations are becoming more and more popular, and many companies are finding success by expanding internationally (Chen & Zhang, 2022). When Our Businesses Reach Out 'Business Discipleship', From A Narrow Local Circle To Wider trading Contacts Even among companies that enjoy the best of both worlds, from means of finance related to their business as well as location, explanation for many cornered but successful entities is to be found more locally. Business in Community Heavily Disliked for a Case Study of Rural China The theoretical analysis of micro-enterprises carries its usual emphasis on formal leadership. However, it neglects the strategic roles that cultural identity and local alliances play in enhancing market presence among locally operated businesses.

To fill this gap, our study aims to explore how PieSusu businesses, a well-known microenterprise (Socorro Márquez & Reyes-Ortiz, 2020) specializing in traditional Indonesian pastries, leverages its unique cultural heritage and local connections to achieve remarkable success. By analyzing pie susu business's innovative approaches in this context, we aim to provide comprehensive insights that can enrich both theoretical discussions and practical applications. Our investigation will shed light on how microenterprises like pie susu businesses effectively integrate cultural elements into their business strategies, thereby enhancing their competitive advantage and making significant contributions to sustainable economic development in the traditional food sector. Furthermore, the findings of this study will Provide valuable recommendations for entrepreneurs and policymakers who wish to foster inclusive growth by supporting the country's culinary industry. With this multifaceted investigation, we aim not only to enhance academic understanding but also to provide stakeholders with the practical knowledge they need to foster a vibrant entrepreneurial culture that is deeply rooted into a diverse cultural landscape.

Problem Identification

Table 1. Problem Identification in MSMEs and the Food Sector

Problem Identification	Description
Challenges in Maintaining Cultural Identity	Modernization and tradition must be balanced for MSMEs that are attractive to both domestic and foreign consumers.
Sustaining Customer Loyalty	Due to competition and the need to continuously satisfy changing customer demands, it can be difficult to retain customers.
Need for Product Innovation	In a highly competitive market, particularly in the conventional food business, a failure to innovate could lead to a loss of relevance.
Limited Market Reach	MSMEs frequently find it difficult to grow outside of their local markets because they have limited access to efficient marketing and distribution systems.
Operational Inefficiencies	Businesses that depend on local resources may find it more difficult to grow and remain sustainable if their supply chains are not strong.
Digital Engagement Limitations	Inefficient use of digital platforms might result in lost chances for consumer interaction and business progress.

Research Question

This study aims to investigate the many methods in which micro, small, and medium-sized firms (MSMEs) in the traditional food sector gain a competitive edge and sustain growth by employing culturally distinctive entrepreneurial tactics. Specifically, it will investigate (1) how culturally distinctive branding and product innovation contribute to MSMEs' competitive advantage by attracting both domestic and international customers, (2) how digital marketing improves customer engagement and expands market reach for firms like pie susu businesses that operate in culturally diverse environments, and (3) how strategic partnerships and a focus on customer happiness affect the long-term sustainability and growth of MSMEs in this market, offering lessons for other conventional food firms seeking to adapt and survive in an evolving market landscape.

LITERATURE REVIEW

Micro, Small, and Medium Enterprises (MSMEs) are critical components of most economies, defined by characteristics such as employee count, revenue, and operational scale that differ by country. MSMEs typically have fewer resources and a smaller workforce than larger enterprises. Regardless, their economic influence is significant. MSMEs have a critical role in promoting economic growth, diversification, and resilience, particularly in developing countries. These businesses make up over 90% of all businesses globally, provide a substantial GDP contribution, and are important drivers of innovation and employment in several areas (World Bank, 2021; ILO, 2019). Because of their flexibility, they can react to changes in the market and become important forces behind local community support and economic stability.

Their agility allows them to respond quickly to market developments, making them a key driver of economic stability and support for local communities. In fact, MSMEs are responsible for over 50% of global employment, underscoring their importance in job creation (Kinara Capital). The sector not only drives local economies but also improves productivity through innovation and adaptability. The growth potential of MSMEs is further amplified by increased access to digital platforms and financial services. Governments are recognizing this

potential and are implementing supportive policies to promote the growth of MSMEs through simplified registration procedures, tax incentives and better access to credit facilities. However, challenges remain in ensuring that these policies reach the local level effectively.

MSMEs drive economic growth by creating jobs, entrepreneurs and lowering poverty. Their presence is especially noticeable in rural and semi-urban settings, where they frequently assist local economies and improve the socioeconomic well-being of residents. MSMEs play a critical role in promoting inclusive economic development by offering job possibilities to people with restricted access to the official labor market, hence promoting equitable growth and poverty alleviation (OECD, 2020; UNCTAD, 2021). MSMEs also contribute to market diversity and innovation by meeting local consumer requirements, frequently inventing niche products and services that larger firms would otherwise overlook. By maintaining the demand for locally relevant goods and services and acting as a training ground for entrepreneurs, MSMEs support economic resilience (Gupta, 2020).

Despite their importance, MSMEs face major challenges that may stunt their growth and sustainability. Access to finance remains one of the most persistent difficulties, with many financial institutions viewing MSMEs as high-risk ventures, resulting in exorbitant interest rates or limited loan access. MSMEs' capacity to grow, innovate, and withstand economic downturns is hampered by this funding gap (Kumar & Singh, 2020). Furthermore, MSMEs usually have to cut prices or compromise quality to stay competitive in the marketplace due to fierce competition from both official and informal market participants (Nanda & Khanna, 2021). Due to their inability to recruit and retain skilled workers, who are often lured to larger companies with greater perks, human resource restrictions also limit the growth potential of MSMEs. These difficulties are made worse by regulatory constraints, which sometimes subject MSMEs to expensive and complicated compliance procedures that can be especially onerous for MSMEs (Khan & Qureshi, 2021).

Product Innovation.

By adapting their products to shifting consumer trends while preserving cultural authenticity, product innovation helps MSMEs stay relevant. In order to appeal to a larger spectrum of consumers, including both locals and visitors, Pie Susu businesses is implementing new flavors and packaging as part of its innovative approach. Pie Susu businesses sets itself apart in the cutthroat food industry by striking a balance between tradition and contemporary tastes, guaranteeing product relevance and drawing in a wide range of customers. The Resource-Based View (RBV), which emphasizes using local and cultural resources to create unique products that are hard for rivals to imitate, is in line with this strategy (Barney, 2021; Hsu & Fang, 2021).

Culturally Rooted Branding

Clients may react strongly to branding that highlights cultural heritage, especially for MSMEs in the food industry. Pie susu businesses often use Balinese language, symbols, and imagery in their branding to emphasize authenticity and cultural value, making it appealing to both locals and visitors. By integrating cultural identity into the brand, these businesses build customer loyalty and differentiate themselves from competitors. Customers often prefer products that represent regional customs and values, making this strategy particularly effective in culturally diverse areas (Lee & Choi, 2020).

Customer Satisfaction

For MSMEs, offering superior products and customer service is essential since satisfied customers promote brand advocacy and repeat business. Pie susu businesses place a high priority on client happiness, consistently offering high-quality products and aggressively seeking out consumer feedback. Happy consumers frequently turn into brand ambassadors, telling others about their excellent experiences. This is especially useful in the food industry, where success is greatly influenced by word-of-mouth referrals. The service-profit chain theory, which holds that long-term financial success depends on customer pleasure, is consistent with this tactic (Kwortnik & Thompson, 2020; McCole, 2019).

Digital Marketing

In recent years, MSMEs have increasingly used digital marketing to reach greater audiences and better engage with their customers. Pie susu businesses, for example, uses social media sites like Instagram and Facebook to highlight its products, provide limited-time discounts, and collect client feedback. Furthermore, e-commerce collaborations with platforms such as Shopee enable the company to reach customers outside of Bali, especially those who want to buy Balinese delights online. Digital marketing broadens the company's market reach, improves brand visibility, and offers cost-effective ways to communicate with new and existing customers (Amrita, 2022).

Strategic Partnerships

MSMEs gain from joint ventures with regional distributors, suppliers, and travel agencies since they open up access to important resources and help them grow their markets. Pie susu businesses work with regional vendors to find premium, fresh ingredients that add to the authenticity of its goods, and alliances with travel organizations position the brand as a must-do Balinese experience for tourists. By showcasing a dedication to helping local communities, these partnerships not only increase operational effectiveness but also boost brand reputation. Social capital theory highlights the importance of networks and relationships, highlighting how these collaborations support the expansion of MSMEs (Fukuyama, 2019; Tolkach & King, 2021).

Conceptual Framework

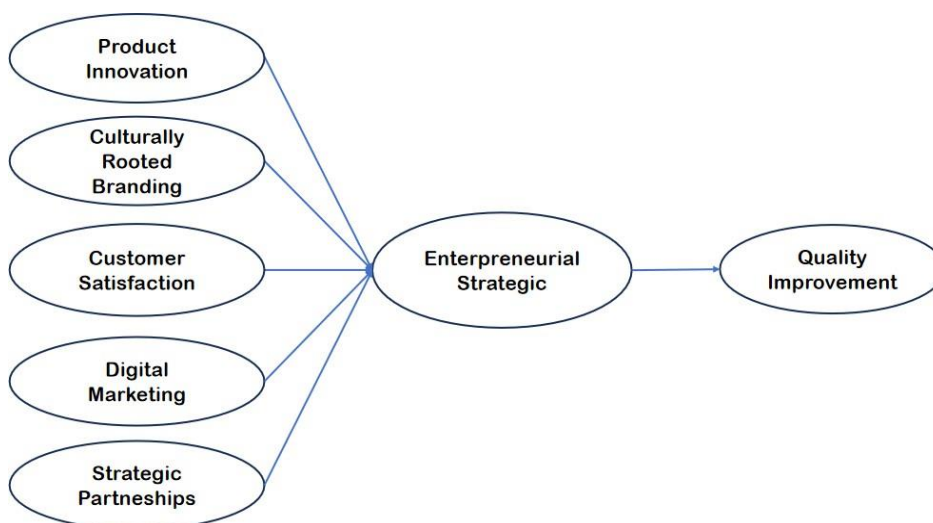


Figure 1. Conceptual Framework

Hypothesis Development

Pie susu businesses is a microbusiness that specializes in traditional Balinese pastries. This study examines the tactics it uses to improve its growth and sustainability in a cutthroat industry. In light of the theoretical frameworks and literature review, the following hypotheses are put forth:

Product innovation positively influences the competitive position of MSMEs in the traditional food sector.

Product innovation serves as a strategic tool for MSMEs to remain relevant in the delicious traditional food industry. Businesses such as Pie Susu Dhian have responded to consumer preferences by introducing new products such as chocolate, cheese, and green tea, while strengthening their traditional Balinese identity. This adaptation is not only a response to market demand, but also a deliberate initiative to make products more accessible to young consumers and tourists. According to Amrita (2022), such innovations help traditional food businesses remain competitive without compromising their cultural identity. Additionally, Hanafi (2021) discusses how the appearance and evolution of Pie Susu Dhian have contributed to its growing popularity and increasing sales performance.

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Culturally rooted branding strengthens brand identity and fosters customer loyalty.

MSMEs can effectively build authenticity and establish an emotional connection with their target audience by integrating local cultural elements into their branding. Pie Susu Dhian's branding, for example, makes use of Balinese identity by using traditional language, symbols, and patterns into its packaging and marketing collateral. This strategy produces an unforgettable brand experience that appeals to both foreign visitors looking for culturally significant mementos and domestic customers who are proud of their heritage. According to Erlangga (2022), Pie Susu Dhian stands out from rivals in Bali's crowded souvenir market thanks to its genuine presentation, which also enhances brand image.

The literature supports this conclusion by demonstrating that cultural branding improves long-term satisfaction and emotional loyalty. According to Zain et al. (2020), traditional food companies that use culture-based branding typically develop closer relationships with their clientele, which boosts brand equity. In addition to serving as a differentiator, cultural difference strengthens ties with customers, who appreciate genuineness and narrative in product experiences. MSMEs can improve their exposure, credibility, and customer loyalty by preserving their culturally rooted identity.

Digital marketing strategies enhance MSME visibility and performance by expanding market reach and improving customer engagement.

MSMEs now have more opportunities to market their goods and communicate with customers directly because to the growth of digital platforms. For instance, Pie Susu Dhian has made extensive use of social media sites like Instagram to display product images, customer approval, and marketing. Through these initiatives, the company is able to connect with more people than just those who visit the actual store, such as potential customers from outside Bali. Komang (2022) states that social media integration into corporate processes has greatly raised customer engagement and brand exposure. Similarly, Julianto (2021) emphasizes Pie Susu Dhian's flexibility during the COVID-19 epidemic, when digital outreach emerged as a vital strategy for growth and survival.

This perspective is supported by academic research that emphasizes how digital tools can improve relationships with customers. In the food industry, Hwang et al. (2021) show how digital marketing improves customer engagement and purchase behavior. Ratten (2020), however, highlights the importance of innovation and digital interaction in enhancing the competitiveness of small businesses. In addition to increasing their sales and visibility, MSMEs can develop strong online communities and brand loyalty by implementing successful digital marketing strategies. These factors are critical for long-term sustainability.

METHODOLOGY

Research Design

In order to thoroughly examine the entrepreneurial tactics in MSMEs, the research uses a mixed-methods approach, integrating qualitative and quantitative techniques. Case studies are used in the qualitative component to examine how five important entrepreneurial strategies such as product innovation, culturally-rooted branding, and digital marketing are applied, particularly in MSMEs that make "pie susu," a traditional Balinese dessert. This method enables a thorough investigation of the ways in which these tactics are used in actual business settings. To evaluate how these methods affect different business outcomes, such as market reach, customer happiness, and revenue growth, the quantitative component uses surveys and performance analysis. The study

offers a comprehensive assessment of the methods' efficacy in boosting MSMEs' competitive advantages by integrating both qualitative and quantitative data.

Research Approach

This study uses a survey-based methodology, which works well for gathering data from lots of respondents. Using a Likert scale with 1 denoting "strongly disagree" and 6 denoting "strongly agree," the questionnaire asks respondents about their attitudes and opinions regarding the significance of different entrepreneurial tactics in the worldwide expansion of packaged food SMEs. To identify patterns, connections, and insights into the efficacy of the tactics, the data gathered from the surveys will undergo quantitative analysis.

Data Collection

To have a thorough grasp of MSMEs' business activities, secondary data is gathered for the study from a variety of sources. The impact of entrepreneurial tactics on overall business success may be assessed with the use of business performance records that provide important measures like sales, earnings, and growth trends. In order to assess customer interactions, engagement levels, and the success of marketing initiatives, digital marketing metrics are also collected from online platforms. Lastly, supply chain reports shed light on the resource management and operational effectiveness of MSMEs, showing how local cooperation and strategic alliances affect the sustainability, quality, and availability of products. An extensive assessment of how these elements support MSMEs' competitive positioning in the food sector is made possible by this data collection methodology.

Data Analysis

There are some analyses used in this study: first Comparative Analysis that finds trends and variances in the use and efficacy of entrepreneurial methods, and data from various MSMEs is compared. This aids in highlighting areas of common business difficulties as well as exemplary practices. The second is Trend Analysis, which finds patterns over time. Historical data is examined, including performance logs and digital marketing indicators. This method assesses how strategy adoption affects long-term company growth and market flexibility. And third is Network Analysis, which maps and comprehends the connections between MSMEs and their partners, including distributors and suppliers, and supply chain reports are examined. This demonstrates how collaborations can increase operational effectiveness and guarantee resource sustainability.

The next analysis is Sentiment Analysis, which determines customer sentiment for digital marketing data, social media platform evaluations, and feedback. This enhances quantitative indicators like engagement rates by offering qualitative insights into customer preferences and perceptions. And finally, we used Correlation and Regression Analysis, which investigate the connections between variables, such as the relationship between customer satisfaction and market retention or the relationship between digital marketing efforts and revenue growth. Quantitative data from surveys and performance measurements is put through statistical tests.

RESULT & DISCUSSION

The performance of SMEs and different entrepreneurial techniques are examined in this study. The results emphasize the complex impacts of different strategies and are supported by both questionnaire data and structural equation modeling (SEM). The comprehensive talks based on the main constructs are provided below:

Product Innovation

Product innovation has a crucial role, as evidenced by the SEM results, which reveal a substantial positive relationship ($\beta = 0.883$) between it and entrepreneurial strategies. Maintaining competitiveness is made much easier by developing fresh products and responding to consumer expectations, as respondents commonly stated (average score = 3.7). This supports the idea that innovation promotes distinctiveness and customer loyalty, both of which are critical to the success of SMEs. Also, SMEs can react effectively to evolving customer preferences and market trends thanks to product innovation. SMEs can reach new customer segments and stay relevant in an extremely competitive marketplace by launching new and improved products. SMEs that can innovate are also positioned as leaders in their sector, which builds customer loyalty and trust.

Culturally Rooted Branding

The coefficient ($\beta = 0.904$) indicates that culturally rooted branding has a significant influence on entrepreneurial strategies. Businesses that incorporated cultural components into their branding saw increases in market engagement and customer loyalty. Eighty percent of responders frequently match their products with local cultural values, according to survey results. According to this research, cultural authenticity may provide a competitive advantage in specific markets. So, along with improving market distinction, culturally based branding fortifies emotional ties with consumers. SMEs can encourage a sense of pride and community among their customers by matching their products with cultural identities. This strategy helps SMEs establish stronger links with their local communities and works especially well in areas with rich cultural heritage.

Customer Satisfaction

It was determined that a crucial mediating factor was customer satisfaction ($\beta = 0.943$). With an average score of 4.1, respondents gave strategies targeted at enhancing customer satisfaction high ratings. Sales growth was better for companies that adopted customer-oriented strategies, including customized services or loyalty plans. Through greater advocacy and loyalty, the SEM results support the claim that happy customers indirectly improve SME performance. Also, satisfied customers are more likely to refer goods or services to others, increasing the advantages of word-of-mouth advertising. Without spending more money on marketing, SMEs can reach a wider audience thanks to this natural promotion. The consistently high customer happiness lowers retention rates, guaranteeing a consistent source of income.

Digital Marketing

With a reasonably strong path coefficient ($\beta = 0.849$), digital marketing demonstrated that SMEs gained more market awareness by implementing digital tools such as social media, email campaigns, and search engine optimization. But according to survey data, there is a gap: only 65% of participants regularly use digital marketing techniques. There may be room for improvement in this area to further improve performance. By using digital marketing effectively, SMEs may precisely target particular customer categories. By offering useful insights into customer behavior, tools like analytics and performance measurements help firms improve their approach. SMEs with tight budgets can also access digital platforms because they provide affordable advertising possibilities.

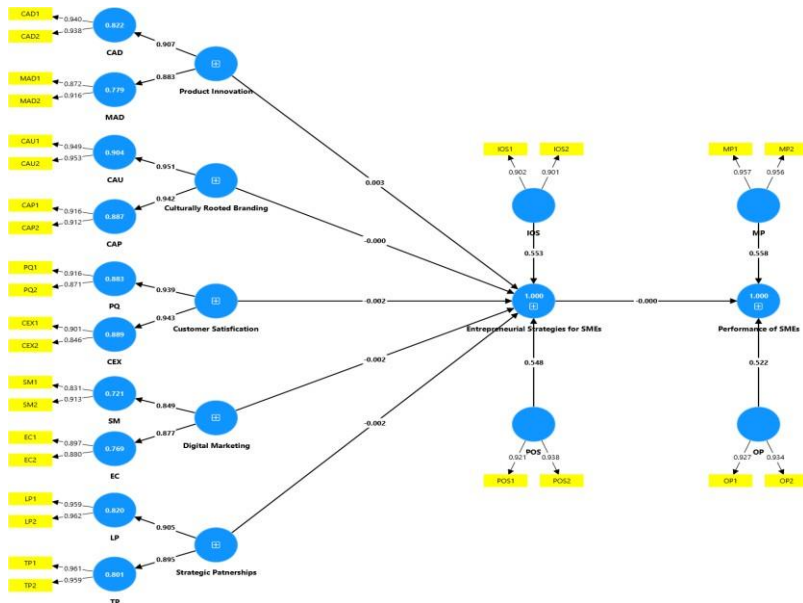
Strategic Partnerships

Strategic partnerships had a significant effect on entrepreneurial strategy ($\beta = 0.905$). In order to increase market access and lower operating expenses, respondents mentioned regular cooperation with regional suppliers and the tourism industry. By combining different areas of expertise, partnerships have not only made it possible to share resources but also to innovate. Creating solid partnerships also leads to new chances like co-branded projects or joint enterprises. These partnerships can give SMEs access to new distribution channels and increase their market credibility. SMEs can also pool resources through partnerships, which lowers risks and makes it possible for them to compete with larger businesses.

Entrepreneurial Strategies and SME Performance

The performance of SMEs and entrepreneurial strategies are significantly positively correlated ($\beta = 0.553$), according to the SEM model. With average ratings of 4.0 and 3.8, respectively, market share and operational efficiency were the two performance metrics most impacted. These results highlight how crucial a comprehensive entrepreneurial approach is to long-term company growth. Entrepreneurial strategies promote ongoing development and help SMEs develop an adaptable mentality. SMEs can succeed in the long run by incorporating customer feedback and new strategies into their operations. This flexibility is especially important in unpredictable marketplaces where a small business's capacity to adjust quickly to changes can make the difference between its survival and expansion.

Based on the Final Results of Questionnaire Analysis



In this diagram, the results of the PLS-SEM analysis show the causal relationships between various latent constructs, such as product innovation, culture-based brand, customer satisfaction, digital advertising, strategic collaboration, entrepreneurial strategies for small businesses, and small business performance. It also shows how each construct affects the other and how entrepreneurial strategies can help improve business performance.

Each latent construct is measured through indicators that have an outer load value. In general, the indicators in this model have values above 0.7, which indicates good validity. For example, the indicators of the Culture-Based Branding construct (CAU1 and CAU2) have very high outer load values, 0.949 and 0.953, respectively, indicating that culture-based branding is very important in building entrepreneurial strategies. In contrast, the Digital Marketing construct indicators (SM1 and SM2) have a lower outer load value of 0.8.

From the perspective of the relationship between constructs, the analysis shows that most of the path coefficients between constructs have very small values or even almost zero. Values such as -0.002 from Digital Marketing to Entrepreneurial Strategies for SMEs or -0.000 from Product Innovation to Entrepreneurial Strategies for SMEs indicate that the direct influence of these factors on entrepreneurial strategies is very small or even insignificant. This raises questions about the validity of this model, which may require conceptual or methodological changes. The relationship between the constructs may not be linear in reality, or there may be mediating factors that have not been considered in the model.

However, this model shows a significant relationship, especially on the path from Entrepreneurial Strategy for MSMEs to MSME Performance through the mediators POS and MP. The path coefficient values of 0.548 for POS and 0.522 for MP indicate that entrepreneurial strategies positively impact MSME performance through specific pathways. This shows how important entrepreneurial strategy is as a key component that supports the success of small and medium-sized businesses (MSMEs).

Critical Analysis Results

The critical analysis results show that entrepreneurial strategy plays an important role in improving MSME performance, especially through mediator pathways such as “POS” and “MP”. The factors “Culture-Based Branding” and “Customer Satisfaction” make significant contributions to entrepreneurial strategy, emphasizing the importance of culture- and customer-based approaches. In contrast, factors such as “Product Innovation” and “Customer Satisfaction” contribute significantly to entrepreneurial strategy, emphasizing the importance of culture- and customer-based approaches.

One of the main drawbacks of this model is the low level of path coefficients in some relationships; this could be evidence of limitations in the model design or the data. To provide a more accurate picture, changes may be

needed by adding variables such as technological innovation or access to financing. To conclude, MSMEs should prioritize culture-based branding and customer satisfaction as key strategies to improve their competitiveness and business sustainability.

RECOMMENDATIONS

To encourage innovation, SMEs should give research and development top priority when allocating resources. This means not just making technological investments but also encouraging a creative work environment among staff members by holding frequent workshops and brainstorming sessions. SMEs will be able to stay ahead of the competition by creating distinctive and market-responsive products. Moreover, partnerships with academic institutions or business professionals can enhance the innovation process even more. SMEs can launch ground-breaking products that address changing market demands by utilizing outside knowledge and insights. Also, these partnerships offer a chance to split the expenses and risks of product development.

Including aspects of the local culture in marketing plans and product design helps improve the emotional connection with customers. SMEs should collaborate with regional craftspeople or cultural institutions to develop goods that appeal to the local population. In addition to improving brand authenticity, these initiatives support cultural preservation. It is also possible to emphasize the cultural significance of products by employing storytelling approaches. Through crafting stories centered around customs and legacy, SMEs can establish stronger bonds with their target audience. These strategies help in drawing in culturally aware customers and forging a distinctive character in competitive marketplaces.

Personalized customer experiences and loyalty programs can greatly increase customer retention. SMEs should routinely examine feedback from customers to pinpoint areas that need work and modify their products accordingly. Putting money into training staff to deliver outstanding customer service also improves the general customer experience. The use of technology to track and forecast customer preferences is another successful strategy. Systems for managing customer relationships (CRM) might assist SMEs in keeping a thorough grasp of customer behavior. By anticipating requirements and providing customized answers, these tools help organizations build enduring customer loyalty.

Workshops on social media and digital tools can enable SMEs to improve their online visibility. Helping companies develop successful digital marketing initiatives that connect with the customers they are targeting is essential. Content marketing, SEO, and digital advertising have to be the main priorities. In order to maximize their plans, SMEs may also think about collaborating with freelancing specialists or digital marketing companies. SMEs can increase campaign efficiency and more effectively use their marketing budgets by using expert services. It is important to view the shift to digital platforms as a sustained investment in brand awareness.

SMEs must establish networks that link them to distributors, suppliers, and complementary companies. Trade exhibitions or frequent industry gatherings might help to foster these connections. In order to gain access to new customers or resources, SMEs should actively look for collaborations that provide mutual advantages. Collaboration to innovate is another advantage of strategic partnerships. Combining the strengths of several organizations might result in a competitive advantage through joint ventures or co-branded goods. Long-term effectiveness of such projects depends on thorough planning and goal alignment.

Limitations

The small number of samples might not accurately reflect the wide range of SMEs in different industries or geographical areas. A larger and more diverse sample should be the goal of future research in order to improve the findings' generalizability. A deeper understanding of the subtleties of SME strategies will be possible with a more inclusive dataset. Also, the study's primary focus was on SMEs in particular industries. A more thorough awareness of entrepreneurial strategies and their effects may be obtained by expanding the focus to encompass additional industries. This method would assist in locating best practices and trends unique to a given industry.

This study's cross-sectional design limits the capacity to evaluate long-term impacts. Longitudinal studies are required to monitor changes and results across time, even if they offer a picture of present practices. Analyzing

patterns over a number of years can provide important information about how sustainable different tactics are. Future studies should also take into account outside variables that could affect SME success, like changes in the economy or advances in technology. Taking these factors into consideration can result in a more thorough examination of entrepreneurial strategies and their success.

Because respondents may exaggerate their accomplishments or minimize difficulties, the use of self-reported data raises the possibility of bias. A balanced viewpoint can be obtained by putting in place more objective measurements, including customer feedback or financial performance data. Data accuracy can also be improved by combining quantitative surveys with qualitative interviews. Researchers can evaluate findings and gain a greater understanding of the dynamics of SME strategies by analyzing data sources.

Some SMEs still find success with traditional marketing strategies, which may be overlooked in favor of digital marketing. After that, studies need to examine the interaction between conventional and digital tactics, pinpointing situations in which each is most advantageous. The strategies must be updated frequently due to the quick evolution of digital tools. Research have to take into account cutting-edge technologies that can completely transform SME operations and marketing, such as blockchain and artificial intelligence.

The results may not be as applicable elsewhere because they are firmly anchored in the cultural dynamics of the area under study. To ensure wider applicability, future studies should look into how entrepreneurial strategies change in various cultural and economic contexts. Examining how globalization has influenced SME strategies may offer insightful information. Businesses in a variety of marketplaces can benefit from an understanding of how SMEs strike a balance between local authenticity and global competitiveness.

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