

Business Model Transformation in the Creative Economy Era: A Study on Local Culinary Business (Amuntai City, HSU Regency)

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Abstract: This study aims to explore the business model transformation strategies of local culinary entrepreneurs in the creative economy era. Employing a qualitative approach with a case study design, primary data were collected through in-depth interviews and field observations, while secondary data were obtained from relevant documents and reports. Thematic analysis was used to identify patterns and themes from the collected data. The findings reveal that the implementation of digital technologies, innovation based on local culture, and strengthening collaborative networks are key strategies for enhancing competitiveness. Entrepreneurs leverage digital platforms, such as social media and food delivery applications, to expand market reach and improve operational efficiency. Cultural-based innovation, including traditional elements in product offerings, adds significant value and reinforces brand identity. However, challenges such as limited digital literacy, financial constraints, and resistance to change hinder the transformation process. This study concludes that successful business model transformation in the culinary industry requires a balance between technological adoption and cultural preservation. The findings provide theoretical and practical insights, offering a guide for stakeholders in developing sustainable business models in the creative economy sector

Keywords: Business Model Transformation, Local Culinary, Digital Technology, Creative Economy, Cultural Innovation

INTRODUCTION

The local culinary industry in Indonesia has experienced rapid development in recent decades. As part of the creative economy sector, it plays an important role in driving economic growth, creating jobs, and sustaining local cultural heritage. However, amidst the dynamics of the global economy and the acceleration of digital transformation, culinary businesses face various challenges to remain relevant and competitive. This condition forces them to adapt business models that are able to respond to increasingly dynamic market needs. Changes in people's consumption patterns, especially in the digital era, are one of the factors driving business model transformation. Consumers now prefer fast, flexible and personalized services. This raises the need for innovation, both in products and marketing processes. Previous studies have shown that technological adaptations, such as the use of digital platforms for marketing and sales, can improve the competitiveness of small and medium enterprises (SMEs) in the culinary sector (Santoso, 2021). However, many businesses are still constrained by limited resources, lack of technological knowledge, and lack of access to funding.

In this context, business model transformation is not just an option, but a strategic necessity. A study by (Osterwalder, Pigneur, & Clark, 2010) confirms that the success of business model transformation depends on the ability of businesses to identify and exploit opportunities in the market, and manage resources effectively. Another study by (Saraswati, Nugroho, & Prasetyo, 2023) shows that innovations in business models are often triggered by external pressures, such as regulatory changes or technological disruption. However, there is still a research gap regarding how local culinary businesses implement business model transformation amid the challenges of the creative

economy era. The main questions to be answered in this study are: how do local culinary businesses in Indonesia, especially in the research focus areas, adapt their business models to remain competitive in the creative economy era? This research also seeks to explore the driving and inhibiting factors in the transformation process.

The hypothesis proposed in this study is that successful business model transformation in local culinary businesses is strongly influenced by the level of digital literacy, access to technology, and the ability to innovate in creating added value for customers. The purpose of this article is to understand the business model transformation strategies carried out by local culinary businesses in the creative economy era, as well as to identify the challenges and opportunities faced in the process. Thus, this research is expected to make theoretical and practical contributions to the development of the creative economy sector, particularly in the culinary industry.

The purpose of this article is to understand the business model transformation strategies employed by local culinary businesses in Amuntai, Hulu Sungai Utara Regency, during the era of the creative economy. Additionally, it aims to identify the challenges and opportunities encountered in this process. Thus, this research is expected to provide both theoretical and practical contributions to the development of the creative economy sector, particularly in the culinary industry of the Amuntai community in Hulu Sungai Utara Regency.

Aside from the technological aspect, culture-based innovation is also an essential strategy in facing competition. Local culinary products that are packaged with traditional cultural elements have a unique appeal to the market, particularly in building a strong brand identity. However, there is still a lack of research examining the extent to which culture-based innovation and business model transformation are implemented by local culinary entrepreneurs in Amuntai. Therefore, this study aims to understand how local culinary businesses in Amuntai City, Hulu Sungai Utara Regency, adapt to the demands of the creative economy era through business model transformation. This research will also explore the driving and inhibiting factors in the transformation process. The findings of this study are expected to provide both theoretical and practical contributions to the development of the culinary sector in the context of the creative economy, particularly in Amuntai and its surrounding areas.

LITERATURE REVIEWS

Business model transformation has become an increasingly relevant topic in academic literature over the past decade. This trend is driven by technological advances and changing consumer preferences that prioritize a better user experience. (Osterwalder, Pigneur, & Clark, 2010) provide a comprehensive framework of business model elements, such as value propositions, customer segments, and distribution channels. This framework is the basis for understanding the dynamics of business model transformation in various sectors, including the culinary industry. In the context of the creative economy, (Rachman & Yulianto, 2015) (Yudianto, 2024) highlighted the importance of local culture-based innovation to create product differentiation. The study emphasizes that added value derived from cultural elements not only increases product appeal, but also strengthens brand identity. This is relevant for local culinary businesses that want to utilize the uniqueness of culinary traditions as a competitive advantage.

According to the Gartner IT Glossary, digitalization is the process of transforming from an analog to a digital format. Meanwhile, Hess et al. (2016) and Horváth and Szabó (2019) view the automation of processes through information technology as digitalization. The turn of the millennium witnessed significant advancements in technologies such as mobile phones, data processing, distributed computing, storage, and digital cellular networks (Evans & Price, 2020). This digital transformation goes beyond digitalization and is categorized as the next level, associated with the term digitalization. Digitalization requires new ways of communication and collaboration in the workplace and can be understood as the use of digital technology and data (both digital and native digital) to generate revenue, enhance businesses, and replace or transform business processes—not merely digitizing them.

Digital transformation can be defined as the integration of digital technology into all aspects and operations of an organization, which in turn leads to infrastructural changes in how the organization operates and delivers value to

its customers (McGrath & Maiye, 2010). Some researchers, such as Bouncken, Kraus, & Roig-Tierno (2021) and Botoi (2019), argue that digital transformation goes even further, fundamentally altering business operations, products, and processes, and in some cases, leading to entirely new business models. Organizations or companies, regardless of their type and size, need to be prepared to adapt or replace their existing business processes with new ones (Scheppeler & Weber, 2020), which may not always be comfortable for them. Digital technology has also significantly changed the business landscape. According to a report by (Deloitte, 2018), the adoption of technologies such as e-commerce platforms, social media, and data analytics can help small and medium enterprises (SMEs) improve operational efficiency and expand market reach. Research by (Santoso, 2021) found that the use of social media as a marketing tool has helped many culinary businesses reach new customer segments and increase sales.

However, not all businesses are able to adopt technology successfully. (Hartono & Wibisono, 2022) identified key obstacles that include lack of digital literacy, budget limitations and resistance to change. These factors often hinder the business model transformation process, especially for micro and small businesses. Another study by (Saraswati, Nugroho, & Prasetyo, 2023) shows that external pressures, such as regulatory changes and increased competition, drive businesses to innovate. The study also highlighted the importance of collaboration with various parties, including the government and local communities, to create a supportive business ecosystem.

From this literature review, it can be concluded that business model transformation in the local culinary industry is influenced by various factors, including culture-based innovation, technology adoption and external pressures. However, there is still a gap in the understanding of how these factors interact with each other and contribute to the success of business model transformation. A study on the culinary business in Amuntai, Hulu Sungai Utara Regency, reveals that business model transformation is influenced by several factors: culture-based innovation through the application of local cultural elements, technological advancements in the use of digital platforms, changes in consumption patterns, and collaboration within communities. Therefore, this research aims to address these gaps by focusing on the strategies and challenges faced by local culinary businesses in the era of the creative economy.

RESEARCH METHOD

This research uses a qualitative approach with a case study design to explore business model transformation strategies in local culinary businesses in the creative economy era. The data used in this study consisted of primary data and secondary data. Primary data was obtained through in-depth interviews with local culinary businesses, while secondary data was collected from related documents, such as industry reports, journal articles, and statistical data. The data collection techniques used were semi-structured interviews, field observations, and document studies. Interviews were conducted to explore the experiences, views, and strategies applied by businesses in adapting their business models. Field observations aimed to understand the operational context and business dynamics directly. Document studies were conducted to complement and confirm findings from primary data.

The collected data were analyzed using the thematic analysis method. The collected data was analyzed using the thematic analysis method. The analysis process involved several stages: Data transcription, which involves converting raw data, such as interviews, focus group discussions, or field notes, into text for analysis. Coding, which entails assigning labels or codes to segments of data to identify key information. Identifying main themes, which involves grouping the data into broader and more meaningful categories. Interpreting the results, which involves providing in-depth meaning to the main themes and linking them to the research questions or theoretical framework. The variables measured in this study include factors that influence business model transformation, such as digital literacy, technology access, product innovation and external collaboration. The measurement is done by analyzing informants' narratives to identify patterns, relationships, and implications of the strategies they implement. With this method, the research is expected to produce an in-depth understanding of the phenomenon under study

RESULT AND DISCUSSION

This study reveals that local culinary businesses in Amuntai City, Hulu Sungai Utara Regency (HSU), have implemented various strategies to transform their business models in response to the demands of the creative economy era. The research findings indicate three main strategies used by local culinary entrepreneurs: **Adoption of Digital Technology**, the majority of culinary entrepreneurs in Amuntai have utilized digital technology to expand their market reach and improve operational efficiency. Social media platforms such as Facebook and Instagram, as well as food ordering applications like Go Food and Grab Food, have become essential tools for marketing and product distribution. Informants in this study emphasized that social media is not only used for promotion but also as a means of interacting with customers to receive direct feedback. However, there are still challenges in implementing digital technology, particularly in terms of limited digital literacy among small business owners. Some businesses struggle to optimize digital marketing strategies, analyze customer data, and utilize e-commerce features to enhance their competitiveness. **Culture-Based Innovation**, most culinary businesses in Amuntai have adopted culture-based innovation as a strategy to attract consumer interest. This innovation is reflected in product packaging, store design, and food presentation while maintaining local cultural values. Traditional culinary products such as amplang, dodol, and Banjar-style wadai have been developed with a more modern appearance to attract young consumers. This strategy has proven effective in increasing the competitiveness of local businesses, especially in facing competition with culinary products from outside the region. However, the main challenge in implementing culture-based innovation is the difficulty in balancing the preservation of traditional values with the evolving market needs. **Strengthening Collaborative Networks**, Many culinary entrepreneurs in Amuntai have started building collaborative networks with various stakeholders, such as MSME (Micro, Small, and Medium Enterprises) communities, local government, and digital platforms. This collaboration helps in market access, capacity building through business and technology training, and easier access to funding. However, research findings also indicate that not all entrepreneurs have equal opportunities in building collaborative networks. Some small businesses still experience difficulties in obtaining support from the government and investors due to a lack of information and limited access to business development programs.

Although many local culinary businesses have transformed their business models, this study also found several challenges they still face, including: a lack of digital literacy, which hinders the optimal use of technology; limited access to education and training for small business owners; difficulties in obtaining capital, especially for micro-scale businesses; and resistance to change, where some entrepreneurs are still reluctant to adapt to digital advancements and business innovations.

The results of this study confirm that the transformation of business models in the local culinary industry in Amuntai is significantly influenced by technology adoption, culture-based innovation, and the strengthening of collaborative networks. Although various challenges still exist, the strategies that have been implemented show great potential in enhancing the competitiveness of local culinary businesses in the creative economy era. Therefore, further efforts are needed to improve digital literacy, expand access to resources and training, and strengthen the business ecosystem so that the transformation of business models can progress sustainably.

CONCLUSION

This research makes an important contribution to understanding the business model transformation strategies of local culinary businesses in the creative economy era. The main findings show that digital technology adaptation, local culture-based innovation and external collaboration are key strategies that can improve business competitiveness. However, challenges such as lack of digital literacy, limited resources, and resistance to change are still obstacles that need to be overcome. The novelty of this research lies in the in-depth exploration of the interaction between digital technology and local cultural elements. The findings not only enrich the academic literature, but also provide practical

guidance for businesses and stakeholders to develop sustainable business models. This research also opens opportunities for further studies on the role of government and local communities in supporting business model transformation in the creative economy sector

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