

Influence of Product Innovation, Social Media Marketing, and Entrepreneurial Orientation on Competitive Advantage among Digital-Based Culinary MSMEs in Demak Regency

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ABSTRACT

Demak Regency has experienced rapid growth in Micro, Small, and Medium Enterprises (MSMEs), including culinary businesses that increasingly use digital platforms for marketing and communication with consumers. The growth of business actors also intensifies competition and requires MSMEs to strengthen competitive advantage. This study aims to examine the influence of product innovation, social media marketing, and entrepreneurial orientation on competitive advantage among digital-based culinary MSMEs in Demak Regency. A quantitative approach was applied to 100 owners/managers of culinary MSMEs. Data were collected through questionnaires and literature study and analyzed using IBM SPSS 23. The analysis included validity and reliability testing, descriptive analysis, classical assumption tests, multiple linear regression, F-test, t-test, and coefficient of determination. The regression equation obtained was $Y = 0.631 + 0.336X_1 + 0.242X_2 + 0.366X_3 + e$. Product innovation ($t = 4.720$; $\text{sig.} = 0.000$), social media marketing ($t = 3.778$; $\text{sig.} = 0.000$), and entrepreneurial orientation ($t = 5.887$; $\text{sig.} = 0.000$) each have a positive and significant effect on competitive advantage. The F-test confirms a significant simultaneous effect ($F = 52.872$; $\text{sig.} = 0.000$). The Adjusted R Square of 0.611 indicates that 61.1% of the variation in competitive advantage is explained by the three independent variables, while 38.9% is explained by other factors outside the model.

Keywords: *product innovation, social media marketing, entrepreneurial orientation, competitive advantage*

Pengaruh Inovasi Produk, Pemasaran Media Sosial, dan Orientasi Kewirausahaan terhadap Keunggulan Kompetitif pada UMKM Kuliner Berbasis Digital di Kabupaten Demak

Abstrak

Kabupaten Demak telah mengalami pertumbuhan pesat dalam bidang Usaha Mikro, Kecil, dan Menengah (UMKM), termasuk usaha kuliner yang semakin banyak memanfaatkan platform digital untuk pemasaran dan komunikasi dengan konsumen. Pertumbuhan pelaku usaha ini juga memperketat persaingan dan menuntut UMKM untuk memperkuat keunggulan kompetitifnya. Penelitian ini bertujuan untuk mengkaji pengaruh inovasi produk, pemasaran media sosial, dan orientasi kewirausahaan terhadap keunggulan kompetitif di kalangan UMKM kuliner berbasis digital di Kabupaten Demak. Pendekatan kuantitatif diterapkan pada 100 pemilik/pengelola UMKM kuliner. Data dikumpulkan melalui kuesioner dan studi pustaka, kemudian dianalisis menggunakan IBM SPSS 23. Analisis tersebut meliputi pengujian validitas dan reliabilitas, analisis deskriptif, pengujian asumsi klasik, regresi linier berganda, uji F, uji t, dan koefisien determinasi. Persamaan regresi yang diperoleh adalah $Y = 0,631 + 0,336X_1 + 0,242X_2 + 0,366X_3 + e$. Inovasi produk ($t = 4,720$; $\text{sig.} = 0,000$), pemasaran media sosial ($t = 3,778$; $\text{sig.} = 0,000$), dan orientasi kewirausahaan ($t = 5,887$; $\text{sig.} = 0,000$) masing-masing memiliki pengaruh positif dan signifikan

terhadap keunggulan kompetitif. Uji F menegaskan adanya pengaruh simultan yang signifikan ($F = 52,872$; $\text{sig.} = 0,000$). Nilai R Kuadrat yang Disesuaikan sebesar 0,611 menunjukkan bahwa 61,1% variasi dalam keunggulan kompetitif dijelaskan oleh ketiga variabel independen tersebut, sedangkan 38,9% dijelaskan oleh faktor-faktor lain di luar model.

Kata Kunci: Inovasi produk, pemasaran media sosial, orientasi kewirausahaan, keunggulan kompetitif.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are an important sector in economic development because they contribute to economic growth, employment, and community economic activity. The development of digital technology has changed the way MSMEs operate, particularly in the culinary sector (Siregar et al., 2026). Digitalization encourages business actors to move beyond conventional sales and use digital platforms for marketing, transactions, and customer relationships. This transformation increases market access but also makes competition more dynamic, so MSMEs need capabilities that allow them to adapt and maintain their competitive position (Hermawan et al., 2023).

Changes in consumer behavior have strengthened this condition. Consumers increasingly search for food and beverage

information through social media, compare products and prices online, and use digital platforms or food-delivery applications to make purchases (Falahat et al., 2020). Consequently, competition among culinary MSMEs is no longer based only on price, but also on product innovation, digital promotion, customer interaction, and the ability to create distinctive value (Stundziene et al., 2024).

The data used in this study show that the number of MSMEs in Demak Regency increased from 33,402 units in 2022 to 34,419 in 2023, 39,464 in 2024, and 47,690 in 2025. In the first quarter of 2026, the number remained at 47,690 units. This represents growth of approximately 42.8% from 2022 to 2025. The identified digital-based culinary MSMEs totaled 114 businesses across 11 subdistricts.

Table 1. Digital-Based Culinary MSMEs in Demak Regency

No.	Subdistrict	Number
1	Mranggen	28
2	Karangawen	17
3	Guntur	2
4	Sayung	28
5	Karangtengah	11
6	Bonang	2
7	Demak	6
8	Wonosalam	11
9	Gajah	1
10	Karanganyar	5
11	Mijen	3
Total		114

Source: Primary processed data, 2026

Product innovation is one factor expected to strengthen competitive advantage. It enables businesses to offer product variety, improve existing products, develop new products or production processes, and add attributes that create value for customers. In a market where similar products are widely available, continuous product improvement can become a source of differentiation and competitive advantage (Falahat et al., 2020; Stundziene et al., 2024).

Social media marketing is another strategic factor for digital-based culinary MSMEs (Singh, 2024). Social media can be used to build brand identity, maintain relationships with customers, distribute product information, and monitor customer preferences and market trends. Effective social media marketing therefore provides opportunities to expand market reach and strengthen relationships with customers at relatively low cost (Maduku, 2024).

Entrepreneurial orientation also plays an important role because business owners who are innovative, proactive, and willing to

Resource Advantage Theory

Resource Advantage (R-A) Theory explains competition through differences in resources and capabilities owned by firms. Resources may be tangible, such as materials and equipment, or intangible, such as knowledge, skills, relationships, and capabilities. Firms that can manage and deploy valuable resources more effectively can create superior value for customers and achieve competitive advantage. This perspective is relevant because product innovation, social media marketing capability, and entrepreneurial orientation represent resources and capabilities that can help culinary MSMEs respond to market opportunities and competitive threats.

Product Innovation

Product innovation refers to introducing or improving products to fulfill market needs and create additional value (Jusuf, 2022). The construct is measured

take risks tend to respond more quickly to market opportunities and environmental changes (Wales et al., 2023). Entrepreneurial orientation can encourage firms to explore new opportunities, develop new approaches, and strengthen competitive positions (Kiyabo & Isaga, 2020).

Based on the Resource Advantage (R-A) perspective, competitive advantage can emerge when firms effectively manage valuable and distinctive resources and capabilities. Product innovation, social media marketing capability, and entrepreneurial orientation can be viewed as strategic resources that help MSMEs create customer value, exploit opportunities, and respond to competitive threats. Therefore, this study examines whether product innovation, social media marketing, and entrepreneurial orientation significantly influence competitive advantage among digital-based culinary MSMEs in Demak Regency.

Literature Review

through product variety, improvement of existing products, the process of creating new products, and additional attributes for existing products (Stundziene et al., 2024)

Social Media Marketing

Social media marketing refers to the use of social media as a commercial tool to promote products or services, communicate information, and interact with customers (Cheung et al., 2022). The study uses brand marketing, customer relationships, and information searching as indicators. These activities enable MSMEs to strengthen brand visibility, respond to customers, and obtain information about customer preferences and market trends.

Entrepreneurial Orientation

Entrepreneurial orientation describes a business's tendency to behave entrepreneurially in pursuing opportunities and creating value (Kollmann & Dobrovič,

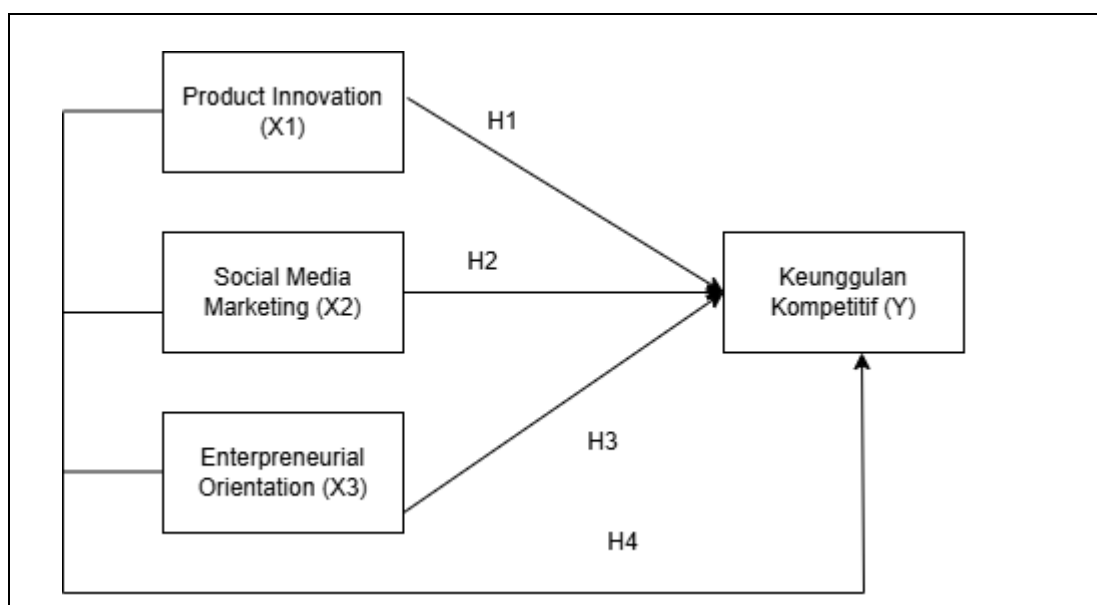
2022). The construct consists of innovation, proactiveness, and risk-taking (Luthfia et al., 2026). These dimensions describe the willingness of business actors to introduce

Competitive Advantage

Competitive advantage is reflected in the ability of a business to create superior value or maintain a position that is difficult for competitors to imitate. In this research,

new ideas, act ahead of market changes, and make calculated decisions under uncertainty (Elidjen et al., 2022).

competitive advantage is measured through the ability to exploit opportunities, provide value to customers, neutralize competitive threats, and adapt to trends (Zahara et al., 2024).



Source: Falahat et al., (2020) Maduku (2024) Daradkeh (2021)

Figure 1. Framework

RESEARCH METHOD

This research used a quantitative approach. The population consisted of digital-based culinary MSMEs in Demak Regency identified from data provided by the relevant local government office. The identified population comprised 114 digital-based culinary MSMEs across 11 subdistricts. A sample of 100 MSME owners/managers was used in the analysis. Data were collected through questionnaires and literature study. The questionnaire used a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).

The variables were product innovation (X1), social media marketing

(X2), entrepreneurial orientation (X3), and competitive advantage (Y). Product innovation was measured by product variety, improvement of existing products, new product creation processes, and additional attributes. Social media marketing was measured by brand marketing, customer relationships, and information searching. Entrepreneurial orientation was measured by innovation, proactiveness, and risk-taking. Competitive advantage was measured by exploiting opportunities, providing customer value, neutralizing threats, and adapting to trends.

Data analysis was performed using IBM SPSS 23. Instrument testing consisted of

validity and reliability tests. Classical assumption testing included normality, multicollinearity, heteroscedasticity, and linearity. The main analysis used multiple

linear regression, followed by the F-test, t-test, and coefficient of determination. A significance level of 0.05 was used for hypothesis testing (Ghozali, 2021).

FINDINGS AND DISCUSSION

Respondent Characteristics

The study involved 100 owners/managers of culinary MSMEs. Female respondents represented 67% of the sample, while male respondents represented 33%. The largest age group was 30–39 years (66%), followed by respondents above 40

years (17%), 20–29 years (14%), and below 20 years (3%). Wonosalam contributed the largest share of respondents (25%). Regarding business age, 70% of respondents had operated their businesses for 4–5 years. Facebook was the most frequently used digital business medium, used by 34% of respondents.

Table 2. Main Respondent Characteristics

Characteristic	Category	n	%
Gender	Male	33	28
	Female	67	67%
Age	<20 years	3	3%
	20-29 years	14	14%
	30-39 years	66	66%
	>40 years	17	17%
Business age	1-3 years	15	15%
	4-5 years	70	70%
	> 5years	15	15%
Digital medium	Facebook	34	34%

Source: Primary processed data, 2026

Testing Research Instruments

All questionnaire items were valid because each calculated r value exceeded the r-table value of 0.1966. The results indicate that the indicators used to measure product

innovation, social media marketing, entrepreneurial orientation, and competitive advantage were appropriate for further analysis. Reliability testing also showed that all Cronbach's Alpha values exceeded 0.70.

Table 3. Reliability Results

Variable	Cronbach's Alpha	Standard	Decision
Product Innovation (X1)	0.712	0.70	Reliable
Social Media Marketing (X2)	0.784	0.70	Reliable
Entrepreneurial Orientation (X3)	0.804	0.70	Reliable
Competitive Advantage (Y)	0.753	0.70	Reliable
Product Innovation (X1)	0.712	0.70	Reliable

Source: Primary processed data, 2026

Descriptive Analysis

The three-box method produced a high category for index values from 73.4 to 100. All four research variables were in the

high category. Product innovation had an average index of 80.4, social media marketing 78.6, entrepreneurial orientation 81.0, and competitive advantage 83.5.

Table 4. Descriptive Index of Research Variables

Variable	Highest Indicator	Highest Index	Average	Category
Product Innovation	New product creation process	81.4	80.4	High
Social Media Marketing	Information searching	80.4	78.6	High
Entrepreneurial Orientation	Innovation	82.4	81.0	High
Competitive Advantage	Neutralizing threats	85.2	83.5	High

Source: Primary processed data, 2026

The highest product innovation indicator was the process of creating new products (81.4). For social media marketing, information searching scored highest (80.4), indicating that social media is used not only for promotion but also for obtaining

information about customers and market trends. Entrepreneurial orientation recorded its highest score on innovation (82.4), while competitive advantage was strongest in neutralizing threats (85.2).

Classical Assumption Testing

Table 5. Classical Assumption Test Results

Variable	Highest Indicator	Highest Index	Average
Normality	Kolmogorov–Smirnov Sig.	0.200	Normal
Heteroscedasticity	Product Innovation Sig.	0.951	No heteroscedasticity
Heteroscedasticity	Social Media Marketing Sig.	0.408	No heteroscedasticity
Heteroscedasticity	Entrepreneurial Orientation Sig.	0.527	No heteroscedasticity
Linearity	Product Innovation deviation Sig.	0.292	Linear
Linearity	Social Media Marketing deviation Sig.	0.190	Linear
Linearity	Entrepreneurial Orientation deviation Sig.	0.452	Linear

Source: Primary processed data, 2026

The Kolmogorov Smirnov significance value was 0.200, exceeding 0.05, so the residuals were normally distributed. The heteroscedasticity test produced

significance values above 0.05 for all independent variables, indicating no heteroscedasticity. The deviation-from-linearity significance values were 0.292,

0.190, and 0.452, respectively, indicating linear relationships. The multicollinearity test also met the required criteria because the

tolerance values were above 0.10 and VIF values were below 10.

Multiple Linear Regression

Table 6. Multiple Linear Regression Results

Variable	B	Std. Error	Beta	t	Sig.
Constant	0.631	0.248	—	2.541	0.013
Product Innovation (X1)	0.336	0.071	0.329	4.720	0.000
Social Media Marketing (X2)	0.242	0.064	0.275	3.778	0.000
Entrepreneurial Orientation (X3)	0.366	0.062	0.417	5.887	0.000

Source: Primary processed data, 2026

The regression equation is $Y = 0.631 + 0.336X_1 + 0.242X_2 + 0.366X_3 + e$. The positive coefficients indicate that increases in each independent variable are associated with increases in competitive advantage, assuming

the other variables remain constant. Entrepreneurial orientation has the largest standardized beta coefficient (0.417), indicating the strongest contribution among the three predictors.

Hypothesis Testing

Table 7. F- Test

F	Sig.	Decision
52.872	0.000	H4 accepted

Source: Primary processed data, 2026

The F-test produced $F = 52.872$ with a significance value of 0.000, which is below 0.05. Therefore, product innovation, social

media marketing, and entrepreneurial orientation simultaneously have a significant effect on competitive advantage.

Table 8. t-Test

Variable	t-table	T-count	Sig.	Decision
Product Innovation	1.985	4.720	0.000	H1 accepted
Social Media Marketing	1.985	3.778	0.000	H2 accepted
Entrepreneurial Orientation	1.985	5.887	0.000	H3 accepted

Source: Primary processed data, 2026

Product innovation has a positive and significant effect on competitive advantage because $t = 4.720$ is greater than the t-table

value of 1.985 and sig. = 0.000 is below 0.05. This indicates that product variety, improvements to existing products, new

product development, and additional attributes contribute to differentiation and customer value. The finding is consistent with Jusuf (2022) and the previous discussion in the thesis.

Social media marketing also has a positive and significant effect because $t = 3.778$ exceeds 1.985 and $\text{sig.} = 0.000$ is below 0.05. This means brand marketing, customer relationships, and information searching through social media can strengthen the competitive position of digital-based culinary MSMEs. The result is in line with Maduku

(2024), which emphasizes the strategic role of social media marketing in business outcomes.

Entrepreneurial orientation has the strongest positive and significant effect among the three predictors, with $t = 5.887$ and $\text{sig.} = 0.000$. The result indicates that innovation, proactiveness, and risk-taking enable MSME owners/managers to respond to market changes, recognize opportunities, and develop strategies that strengthen competitive advantage. This is consistent with Kiyabo and Isaga (2020) and Wales et al. (2023).

Coefficient of Determination

Table 9. Coefficient of Determination

R	R Square	Adjusted R Square	Std Error
0.789	0.623	0.611	0.42543

Source: Primary processed data, 2026

The Adjusted R Square value of 0.611 means that 61.1% of the variation in competitive advantage can be explained jointly by product innovation, social media marketing, and entrepreneurial orientation. The remaining 38.9% is associated with other factors not included in this research model.

CONCLUSIONS

The study concludes that product innovation, social media marketing, and entrepreneurial orientation are all positively and significantly related to competitive advantage among digital-based culinary MSMEs in Demak Regency. The descriptive results show that all four variables were perceived by respondents at a high level. The multiple regression model indicates positive coefficients for product innovation (0.336), social media marketing (0.242), and entrepreneurial orientation (0.366), with entrepreneurial orientation providing the largest standardized contribution. The F-test

confirms a significant simultaneous effect, while the Adjusted R Square of 61.1% indicates that the three predictors provide substantial explanatory power.

For MSME owners/managers, the findings imply that competitive advantage can be strengthened by continuously developing product variants and product attributes, using social media to build brands and relationships while monitoring customer information, and strengthening entrepreneurial behavior through innovation, proactive opportunity seeking, and calculated risk-taking.

Limitation & Further Research

This study is limited to digital-based culinary MSMEs in Demak Regency and uses a cross-sectional quantitative design. The research model explains 61.1% of competitive advantage, meaning that 38.9% is attributable to other factors that were not examined. Future studies may include additional variables such as market

orientation, digital capability, product quality, customer engagement, brand image, or financial capability, and may use longitudinal or mixed-method approaches to provide a broader explanation of competitive advantage.

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