



# Analysis of Entrepreneurial Strategies, Product Innovation, and Competitive Advantage of Pangsit Palooza Culinary MSME in Facing the Food Industry Competition in Magelang City

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## ABSTRACT

This research examines the entrepreneurial strategies, product innovation, and competitive advantage of Pangsit Palooza, a culinary Micro, Small, and Medium Enterprise (MSME) in Magelang City, Indonesia. Using a descriptive qualitative approach, the study analyzes how the business navigates the competitive food industry through various strategies, including product differentiation, quality management, and digital marketing initiatives. Data was collected through in-depth interviews with the business owner, direct observation of operations, and analysis of business documentation. The findings reveal that Pangsit Palooza has successfully differentiated itself through innovative product offerings, quality ingredients, and effective digital marketing strategies. The research highlights the importance of continuous product innovation, strategic branding, and operational efficiency for culinary MSMEs seeking to maintain competitiveness in an increasingly saturated market. This study provides insights not only for Pangsit Palooza but also serves as a reference for other culinary MSMEs facing similar challenges in developing sustainable business models.

Keywords: Entrepreneurial Strategy, Product Innovation, Competitive Advantage, Culinary MSME, Digital Marketing, Dumpling Business, Food Industry Competition, Magelang City

## 1. INTRODUCTION

The culinary industry in Magelang City is growing rapidly along with the increasing number of Micro, Small, and Medium Enterprises (MSMEs) in the food and beverage sector. This growth has created tighter competition, with each business competing to offer unique and innovative products to attract consumers' attention (Pambudi & Harjanto, 2020). The presence of various culinary brands with a variety of menu options makes the market more competitive, so MSMEs must have the right business strategy to survive. In this condition, not only product quality is a determining factor for success, but also marketing, pricing, and service aspects that are able to create a positive experience for customers.

One of the main challenges in this competition is maintaining customer loyalty amidst the many alternatives to similar products (Faris et al., 2024). Consumers have the freedom to switch from one brand to another if they find more attractive options, both in terms of taste, price, and promotional strategies offered (Supriandi, 2022). Culinary MSMEs such as Pangsit Palooza need to face this challenge with innovative strategies, both in improving product quality and in building long-term relationships with customers. Without clear differentiation and a strong strategy, a business risks losing market share and finding it difficult to grow amidst the ever-changing dynamics of the culinary industry.

Developing a sustainable business strategy is a big challenge for culinary MSMEs, including Pangsit Palooza, in the midst of increasing competition (Thomas & Subhashree, 2020). One of the main obstacles is ensuring the business remains relevant and able to adapt to changing trends and consumer preferences. In addition, constraints in marketing are also a crucial factor, especially in reaching a wider target market beyond regular customers. Many MSMEs still rely on conventional promotional methods, while modern competition

demands the utilisation of effective digital strategies. Without innovation in marketing and business management, business sustainability could be jeopardised, as consumers tend to switch to more attractive and accessible products.

In the dynamic culinary industry, product innovation is the key to maintaining competitiveness, including for Pangsit Palooza. Consumers tend to look for variations in flavours, textures, and new serving concepts so that they don't feel bored with monotonous choices. If a product is not updated, customers may switch to other brands that offer something more interesting. Therefore, Pangsit Palooza needs to continue to innovate, both in terms of flavour variants, ingredient composition, and a more modern and practical packaging strategy. These innovations not only increase buyer interest, but also strengthen brand identity amidst market competition. With the right innovative strategy, Pangsit Palooza can remain relevant and have a place in the hearts of consumers, so that its business can grow sustainably.

The competitiveness of culinary MSMEs such as Pangsit Palooza is highly dependent on three main factors, namely price, quality, and branding. Consumers not only consider flavours, but also compare prices with competitors and pay attention to how a brand builds its identity in the market (Nikhlah, 2019). Without the right strategy, small businesses may struggle to attract customers amidst the onslaught of similar products that keep popping up. Therefore, strategic steps are needed to strengthen competitiveness, such as adjusting competitive prices without sacrificing quality, improving production standards, and branding strategies that can create a unique impression in the minds of consumers. By building a strong and consistent differentiation, Pangsit Palooza can maintain its position in the local market and face competition with more confidence.

Research on Pangsit Palooza has a high urgency in understanding the effectiveness of business strategies and product innovations that have been implemented in facing competition in the culinary industry of Magelang City. In-depth analysis is needed to assess the extent to which marketing strategies, business management, and product innovation are able to improve competitiveness and maintain customer loyalty. In the context of MSMEs, many businesses face similar challenges, such as limited capital, difficulty penetrating a wider market, and low utilisation of digital technology in marketing. Therefore, the results of this study are not only useful for Pangsit Palooza in formulating more effective strategic steps, but can also be a reference for other MSMEs in developing their businesses. By understanding the patterns of success and obstacles faced, culinary MSMEs can adopt more innovative and adaptive strategies in order to survive and thrive amidst the increasingly competitive food industry.

## 2. RESEARCH METHODS

This research uses a descriptive qualitative approach to analyse the business strategy, product innovation, and competitiveness of Pangsit Palooza in facing competition in the culinary industry in Magelang City (Sugiyono, 2019). This method was chosen because it allows researchers to explore in-depth information about various aspects of entrepreneurship applied in this business (Murniarti, 2025). Data was obtained through in-depth interview techniques with the business owner to understand the strategies that have been implemented, challenges faced, and innovations made to maintain and improve competitiveness. In addition, direct observation of business operations was also conducted to obtain a real picture of business activities, including the production process, marketing, and interaction with customers. This research also involved analysing documentation in the form of sales data, promotional strategies that have been implemented, and various digital marketing materials used by Pangsit Palooza. With this approach, the research can provide a comprehensive understanding of the factors that support and hinder business development.

In addition to primary data obtained through interviews and observations, this research also uses secondary data sourced from various literatures related to MSME business strategies, innovation in the culinary industry, and factors affecting small business competitiveness (Muslim, 2017). Data analysis was conducted through triangulation techniques to ensure the validity and reliability of the findings, by comparing the results of interviews, observations, and documentation in order to obtain objective conclusions. The collected data was then categorised based on key themes, such as entrepreneurial strategy, product innovation, and marketing, to facilitate analysis and understanding of Pangsit Palooza's business dynamics. With this research method, it is hoped that results can be obtained that are not only relevant to the

development of the Pangsit Palooza business, but also provide greater insight for other culinary MSMEs in facing similar challenges and increasing competitiveness in a competitive market.

### **3. RESULTS AND DISCUSSION**

Pangsit Palooza was established with the aim of bringing innovation in dumpling-based culinary that is not only delicious but also has a unique selling point in Magelang City. Starting from the observation of the high public interest in practical and flavourful snacks, this business was developed with a concept that prioritises the quality of raw materials and a variety of dumpling fillings that are more diverse than similar products in the market. Along with the increasing competition in the culinary industry, Pangsit Palooza continues to adapt to trends and consumer tastes, both in terms of taste, processing techniques, and marketing strategies. With consistent innovation, the business has managed to attract the attention of customers and earn its own place in the local culinary market.

With a vision to become a modern dumpling product that is widely recognised and loved by various groups, Pangsit Palooza is committed to continuing to innovate in presenting interesting menu choices. The main mission of this business is to provide high-quality products at affordable prices and create a satisfying culinary experience for customers (Farisi, 2013). The main target market includes the general public, ranging from students, college students, office workers, to families looking for snacks or side dishes. The uniqueness of Pangsit Palooza lies in the variety of fillings that are not limited to chicken or beef, but also presents other more creative variants, such as cheese fillings, vegetables, or flavour combinations that have not been found in the market. With clear product differentiation, Pangsit Palooza is able to compete and maintain customer loyalty amidst the tight competition of culinary MSMEs in Magelang City.

Pangsit Palooza implements an MSME-based business model that focuses on the production and sale of dumpling-based snacks with innovative concepts. This business model prioritises production cost efficiency without compromising the quality of raw materials, thereby offering products at competitive prices in the market. In addition, the business utilises direct selling strategies through physical outlets as well as digital marketing through social media to reach more customers. With this approach, Pangsit Palooza does not only rely on conventional sales but also takes advantage of digitalisation trends in the culinary business, such as online ordering and delivery services, to increase competitiveness amidst the rise of similar businesses in Magelang City.

In business and financial management, Pangsit Palooza applies a flexible strategy that is orientated towards sustainable business growth. Raw material stock management is done efficiently to avoid wastage, while systematic financial recording ensures a stable cash flow. In addition, the business continues to adapt to consumer trends and preferences, such as offering seasonal menus or new popular flavours, to maintain customer interest. With a deep understanding of market dynamics, Pangsit Palooza is able to adjust its business strategy to remain relevant and competitive in the local culinary industry.

Pangsit Palooza continues to innovate in creating products that are not only delicious but also unique to attract customers and increase competitiveness in the culinary market of Magelang City. One of the innovation strategies applied is the development of variants of taste and product form, such as presenting fried dumplings with various choices of seasonings, ranging from balado, cheese, to barbeque, which provides a different taste experience for consumers. The business also launched sweet spring rolls as a new variant that combines crispy spring roll skin with various sweet fillings, such as chocolate, cheese, and banana. By presenting interesting product variations, Pangsit Palooza seeks to fulfil the dynamic tastes of consumers while creating a competitive advantage in the market.

Not only in terms of flavour, innovation is also applied in the use of quality raw materials and product packaging. Pangsit Palooza ensures the use of fresh ingredients to maintain the flavour and quality of its products, thus providing added value to customers (Fahmi, 2013). In addition, innovations in packaging are also considered to increase product appeal, such as a more modern and environmentally friendly packaging design, which not only strengthens branding but also provides convenience for customers in enjoying the product, especially for those who choose take-away or online ordering services. The market response to these innovations has been positive, as evidenced by increased customer interest in the new flavours and increased product sales.

In an effort to increase its visibility and competitiveness in Magelang City's culinary industry, Pangsit Palooza utilises social media and digital marketing strategies as its main marketing tools. Platforms such as Instagram, Facebook, and TikTok are used to build brand awareness by displaying interesting content, such as product photos and videos, customer testimonials, and behind-the-scenes of the production process (Deswira, 2016). In addition, an algorithm-based marketing strategy was also implemented through sponsored ads to reach a wider and more targeted audience. The use of online ordering services through applications such as GoFood and GrabFood is also part of the marketing digitalisation strategy that allows customers to easily access products without having to come directly to the store. With this combination of organic and paid marketing, Pangsit Palooza not only increases customer engagement, but also accelerates brand growth amidst increasingly fierce competition.



Figure 1. Sales Strategy

In addition to digital strategies, Pangsit Palooza also implements various promotional and customer loyalty programmes to increase retention and expand market reach. Discount programmes and product bundling are often offered at certain moments, such as special promos during holidays or special price promos for customers who buy in bulk. In addition, loyalty programmes such as reward point systems or vouchers for customers are still implemented to encourage repeat purchases. However, in the process of market expansion, there are several challenges that must be faced, such as limited capital in increasing production capacity, competition with similar products that are better known, and adaptation to changing consumer preferences. Therefore, flexible and innovative marketing strategies continue to be developed so that Pangsit Palooza can strengthen its branding and expand its market share, not only in Magelang City but also in neighbouring areas.

Table 1. Competitiveness Analysis of Palooza Dumplings in the Local Market

Aspect	Pangsit Palooza	Competitors in Magelang	Competitive Advantage
Product variety	Offers various flavors of fried wontons and sweet spring rolls.	Mostly traditional fried wontons without diverse flavors.	More innovative and unique product offerings.
Quality of ingredients	Uses fresh, high-quality ingredients.	Varies; some use lower-quality ingredients to cut costs.	Ensures consistent taste and better customer satisfaction.
Branding & marketing	Strong social media presence with engaging content.	Limited digital marketing strategies.	More effective online branding and audience reach.
Customers loyalty programs	Offers discounts, bundling, and loyalty rewards.	Few or no loyalty programs	Encourages repeat purchases and customer retention.
Market penetration	Available via online delivery apps and direct sales.	Mostly relies on offline sales	Greater accessibility and convenience for customers.
Pricing strategy	Competitive pricing with value-for-money offerings.	Some offer cheaper options but with lower quality.	Balanced pricing strategy with quality assurance.

Challenges	Expanding market reach, production scalability, brand awareness.	Strong local customer base, but less innovative.	Needs to strengthen market expansion strategies.
Effectiveness of Current Strategy	Positive customer response, increasing brand awareness.	Established but lacks differentiation.	Continuous innovation and adaptation to trends.

In the face of evolving market dynamics, Pangsit Palooza has a great opportunity to increase product innovation and diversification to maintain competitiveness. In addition to developing new flavours of fried dumplings, Pangsit Palooza can explore other innovations such as low-oil baked dumplings or gluten-free variants to appeal to a wider market segment, including consumers who are more concerned about health. Product diversification can also be done by introducing side dishes, such as homemade speciality sauces or drinks that go well with dumplings and sweet spring rolls. By presenting innovations that are relevant to culinary trends, Pangsit Palooza can increase product appeal while strengthening brand identity in the local market.

In addition to product innovation, a more effective marketing strategy must also be implemented to expand Pangsit Palooza's consumer reach. Strengthening branding through collaborations with local food influencers or partnership programs with coffee shops and restaurants in Magelang can increase product exposure to new market segments. On the operational side, production efficiency and supply chain management must be continuously improved to meet demand without compromising quality. A digital-based sales recording system can also help analyze consumer trends more accurately, allowing business strategies to adapt more effectively to market changes. With a combination of innovation, strategic marketing, and operational improvements, Pangsit Palooza can grow more rapidly and strengthen its position as one of the leading culinary MSMEs in Magelang.

#### 4. CONCLUSIONS

Pangsit Palooza demonstrates how culinary MSMEs can successfully navigate the competitive food industry in Magelang City through strategic entrepreneurship and continuous innovation. The business has established a distinctive position in the local market by developing unique product variants beyond traditional dumplings, maintaining quality through fresh ingredients, and implementing effective digital marketing strategies across multiple platforms. Despite facing challenges related to market expansion, production scalability, and brand awareness, Pangsit Palooza maintains a competitive edge through its balanced pricing strategy, customer loyalty programs, and accessibility via both online and offline channels. For sustainable growth, the business should continue expanding its product innovation beyond existing offerings, strengthen strategic partnerships with local businesses and influencers, and further enhance its operational efficiency while maintaining product quality. This case study illustrates that even small culinary enterprises can create significant competitive advantages through targeted innovation, digital transformation, and strategic brand positioning in local markets.

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