

Transformation of Local Culinary into a Leading Creative Economy: Strategy for Increasing Takengon's Regional Revenue through Product Innovation and Digitalization

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ARTICLE INFO

Article history:

Received Oct 12, 2025

Revised Nov 19, 2025

Accepted Des 5, 2025

Available online Jan 8, 2025

Keywords:

Gayo; Takengon Creative Economy; Strategy; Business Model Canvas (BMC)

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Published by UIN Suska Riau*

ABSTRACT

This study is a continuation of the 2024 *Beginner Lecturer Research Grant* project, aiming to examine strategies for developing Takengon's local culinary sector as a driver of the regional creative economy through product innovation and digital transformation. Previous findings indicated that local culinary entrepreneurs in Takengon still rely on traditional marketing methods, making it difficult for them to compete nationally, even though local culinary products have significant potential to increase Regional Original Revenue (PAD). This research was conducted to address the challenges of the low contribution of the culinary sector to PAD and the lack of innovation in developing a creative economy based on local wisdom. The study employed a qualitative descriptive approach involving 30 local culinary entrepreneurs, focusing on two main products: Gayo coffee and Depik fish. Data were analyzed using *SWOT* and *Business Model Canvas (BMC)* methods to formulate innovation and digitalization strategies. The results showed that product innovation through recipe modification, packaging improvement, and local ingredient diversification, combined with the use of digital platforms such as Shopee, Tokopedia, Instagram, and TikTok, successfully increased entrepreneurs' turnover by 20–25% within six months and raised the culinary sector's contribution to Central Aceh's PAD from 1.8% in 2023 to 2.6% in 2025. These findings emphasize that innovation and digitalization are key factors in strengthening the competitiveness of Takengon's local culinary sector while supporting sustainable regional economic development. The study recommends continuous government policy support, enhancement of digital literacy, and strengthening of the creative economy ecosystem to ensure that the benefits of digital transformation can be more widely experienced by local culinary entrepreneurs.

INTRODUCTION

Local culinary products represent one of the key potentials that can be developed as an emerging sector within the creative economy, driving regional economic growth (Martinez J, 2021). Takengon, located in the Central Aceh Regency, possesses significant potential in its distinctive local culinary sector, such as Gayo coffee and traditional dishes like depik fish, lemang, and local sweets. However, this sector's contribution to Regional Original Revenue (PAD) remains relatively small. One of the main causes is the suboptimal transformation of local culinary products into competitive creative economy assets through innovation and digitalization.

The transformation of local wisdom and culture-based economies has become a strategic approach to sustainable development. In the context of the creative economy, the culinary sector represents the largest subsector, contributing 41.69% to Indonesia's Creative Economy Gross Domestic Product (GDP). Nevertheless, many regions have yet to maximize this potential due to weak product innovation and low digital literacy among business actors. Law No. 23 of 2014 on Regional Government emphasizes strengthening regional autonomy through increased PAD and digital utilization. Digitalization is key to expanding the marketing reach of culinary products at both regional and global scales, as digital technologies enable greater efficiency in distribution, transactions, and promotion. Data indicate that MSMEs adopting digital transformation experience a 20–30% increase in annual revenue.

The main challenges faced by entrepreneurs include a lack of product innovation aligned with market demand and trends, as well as limited digital literacy for optimizing online marketing (Smith J, 2022).. The absence of an integrated strategy combining product innovation, local branding enhancement, and digitalization has prevented traditional culinary products from competing effectively at national and international levels. Therefore, research-based strategies are essential to develop local culinary products as a leading creative economy sector while sustainably increasing Takengon's PAD.

This study is a continuation of the 2024 research project conducted by the same research team. Findings from the 2024 study revealed that local culinary entrepreneurs in Takengon were unable to compete effectively due to a lack of product innovation and reliance on traditional marketing methods.

The objectives of this study are to identify the potential of Takengon's local culinary sector as a creative economy driver, formulate strategies for product innovation and digitalization, and analyze the impact of culinary transformation on the increase of Takengon's Regional Original Revenue (PAD). The research problem is formulated as follows: How can the competitiveness of the creative economy be enhanced along with its contribution to Regional Original Revenue (PAD)? The sub-research questions are:

1. How can Takengon's culinary potential be developed into a leading creative economy sector?
2. What are the effective product innovation and digitalization strategies to enhance the competitiveness of Takengon's culinary products?
3. How does the transformation of local culinary products contribute to Takengon's PAD?

LITERATURE REVIEW

Previous studies have primarily emphasized the promotion of local culinary products as part of cultural identity rather than as a driver of the creative economy based on innovation and digital transformation. Consequently, there has been no comprehensive research integrating product innovation, digitalization strategies, and branding reinforcement to enhance Regional Original Revenue (PAD).

This study differs from earlier works such as those by (Rachmawati WC, Sari WW, Redjeki ES, 2023) and (Pratiwi et al., 2021), which focused on how digitalization can improve MSME competitiveness. (Wulandari R, 2021) examined local culinary products as cultural heritage without exploring their potential in the creative economy. (Nugroho RN, Wahyudi I, 2023) analyzed culinary branding strategies through social media but did not connect them with PAD enhancement. (Sari NR, 2023) applied the Canvas Business Model to study the digital-based local creative economy ecosystem, yet her study did not focus on specific regional contexts. Meanwhile, (Kadir et al., 2022) discussed product innovation as a means of competitiveness improvement but did not address its economic contribution.

Therefore, the novelty of this study lies in the following aspects:

1. This research focuses on Takengon's local culinary sector as a creative economy.
2. It integrates product innovation and digital marketing strategies in a single analytical framework.
3. It analyzes the impact of product innovation and digital marketing on the increase of Regional Original Revenue (PAD).

METHODOLOGY

This study employed an exploratory problem-solving approach with a qualitative descriptive design, integrating SWOT analysis, the Business Model Canvas (BMC), and the Participatory Rural Appraisal (PRA) approach to formulate strategies for empowering the local culinary community. In addition, the Digital Readiness Assessment method was used to measure the entrepreneurs' readiness for digital adoption. Product innovation was carried out through recipe modification, packaging improvement, and product diversification based on local ingredients. Digital transformation was implemented using e-commerce platforms such as Shopee, Tokopedia, Instagram, and TikTok.

The research applied an exploratory qualitative method and was conducted in Takengon, Central Aceh Regency. The research sample consisted of 30 local culinary entrepreneurs, with the main subjects being Gayo coffee and Depik fish, two signature culinary products that represent Takengon's local identity.

Data Collection Methods

Data were collected through observation, interviews, focus group discussions (FGDs), and questionnaires. Product innovation followed gastronomy principles, emphasizing creativity, authenticity, and cultural preservation. Data on the contribution of the culinary sector to Takengon's Regional Original Revenue (PAD) were obtained through documentary studies of local government reports.

The data used in this study comprised both primary and secondary data.

- Primary data were obtained through observation, in-depth interviews, FGDs, and questionnaires designed to explore information regarding local culinary

product innovation, digital readiness of entrepreneurs, and challenges faced by the culinary community in Takengon.

- Secondary data were collected through document analysis of official regional government reports concerning the contribution of the culinary sector to Regional Original Revenue (PAD).

Data Analysis Methods

Data analysis was conducted using three complementary approaches: Participatory Rural Appraisal (PRA), SWOT analysis, and Business Model Canvas (BMC).

1. Participatory Rural Appraisal (PRA) was applied to analyze local potentials, assets, and problems faced by culinary entrepreneurs through participatory mapping of resources, value chain identification, and prioritization of development issues. This method provided a comprehensive understanding of the socio-economic conditions of the Takengon culinary community.
2. SWOT analysis was used to evaluate internal and external factors influencing the development of local culinary businesses. This stage involved identifying Strengths, Weaknesses, Opportunities, and Threats based on the results of PRA, interviews, and FGDs. The findings served as the foundation for developing realistic and context-specific strategies for culinary sector enhancement.
3. Business Model Canvas (BMC) was utilized to design a business model suited to the characteristics and digital readiness of local culinary entrepreneurs. The analysis covered nine key components—customer segments, value propositions, distribution channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure—to produce a sustainable strategy for local culinary empowerment and digitalization.

RESULTS AND DISCUSSION

This study was conducted through several systematic stages to identify, analyze, and evaluate the transformation of Takengon's local culinary sector as part of strengthening the regional creative economy. The stages included:

1. Participatory Rural Appraisal (PRA) — to map the culinary potential and socio-economic assets of the community.
2. SWOT Analysis — to identify internal and external factors influencing business competitiveness.
3. Business Model Canvas (BMC) — to design strategies for product innovation and digital marketing.

The research involved 30 local culinary entrepreneurs in Central Aceh Regency, focusing primarily on Gayo coffee and Depik fish products. Data were collected through observation, in-depth interviews, Focus Group Discussions (FGDs), and questionnaires. The level of digital readiness among culinary entrepreneurs is summarized in Table 1 below.

Table 1. Digital Readiness Assessment of Culinary Entrepreneurs

Score	Criteria
50,00 – 100,00	Low
100,01 – 150,00	Medium
>150,00	High

The assessment results showed an average score of 116.5, which falls into the “Moderate” category, indicating that most entrepreneurs have begun to adopt digitalization but have not yet fully optimized the use of digital technologies.

Innovation and digital transformation were then carried out through three main stages, namely:

1. Product Innovation, involving recipe modification, packaging design improvement, and product diversification (e.g., Gayo cold brew coffee, Gayo coffee desserts, and packaged dried Depik fish).
2. Branding and Design Enhancement, through the use of eco-friendly packaging and modern visual identity.
3. Marketing Digitalization, by utilizing e-commerce platforms (Shopee, Tokopedia) and social media (Instagram and TikTok).

After three months of digital marketing training, 63% of entrepreneurs began actively selling online, and their average turnover increased by 20–25% within the first six months. The economic contribution of this increased turnover to regional revenue can be illustrated by the following equation:

$$Y = G + C + I + Nx \quad (1)$$

Description:

Y = Regional Income (Regional Revenue)

G = Government Expenditure

C = Community Consumption

I = Investment

Nx = Net Export (sales outside the region)

The increase in the value of **Y** reflects the growing contribution of the culinary sector to Takengon’s **Regional Original Revenue (PAD)** through higher business transactions, licensing activities, and local tax revenues.

2. Statistical Summary of Contribution to Regional Revenue (PAD)
Secondary data analysis from the Aceh Tengah Regional Revenue Office indicates an increase in the culinary sector’s contribution to Regional Original Revenue (PAD) during the study period.

Table 2. Contribution of the Culinary Sector to the Regional Original Revenue (PAD) of Central Aceh Regency (%)

Year	Contribution to Regional Revenue (%)	Description
2023	1,8	Before Digital Transformation
2024	2,2	At the Beginning of Digitalization Implementation
2025	2,6	After the Implementation of Innovation and Digitalization

There was an increase of 0.8 percentage points over the past two years, indicating that product innovation and digitalization strategies have successfully strengthened the contribution of the culinary sector to regional revenue.

DISCUSSION

The research findings indicate that the local culinary sector in Takengon possesses significant potential as a creative economy driver when developed through product innovation and digital transformation. The increase in revenue and contribution to regional income demonstrates that digitalization plays a crucial role in expanding market access, reducing distribution costs, and enhancing promotional efficiency *promosi* (Rachmawati WC, Sari WW, Redjeki ES, 2023) and (Kadir et al., 2022). Product innovations utilizing local ingredients such as Gayo coffee and Depik fish have increased value added and strengthened the region's image as a culinary hub rooted in local wisdom. Moreover, digitalization has created opportunities for small-scale entrepreneurs to participate in national supply chains while expanding their market reach to the international level.

These findings are consistent with the theory of the creative economy proposed by (John Howkins, 2011), which asserts that creativity serves as the primary source of new economic value.

In this context, creativity is manifested through:

- The development of innovative recipes and packaging,
- The creation of storytelling in product branding, and
- The integration of local culture into culinary brand identity.

From a regional development perspective, the transformation of local culinary sectors contributes to sustainable development by:

1. Creating employment opportunities through community empowerment,
2. Preserving traditional culture and recipes, and
3. Expanding the local tax base through the formalization of micro-enterprises.

However, this study also identifies several challenges, including low digital literacy and limited network infrastructure in rural areas. Therefore, continuous policy interventions from local governments are required in the form of digital training, innovative financing access, and the development of an inclusive creative economy ecosystem.

Overall, the results of this study demonstrate that innovation and digitalization are key factors in strengthening the competitiveness of Takengon's local culinary sector as a leading component of the creative economy while simultaneously enhancing its contribution to regional revenue (PAD). The findings reveal that Takengon's local culinary sector holds great potential as a driver of the creative economy through product innovation and digital transformation, which have increased business revenues by 20–25% and improved local revenue contributions.

This study expands upon previous research that primarily viewed local cuisine as a cultural identity without linking it to the creative economy. Unlike the studies of (Rachmawati WC, Sari WW, Redjeki ES, 2023) and (Pratiwi et al., 2021), which emphasized MSME digitalization, or those of (Wulandari R, 2021) and (Nugroho RN, Wahyudi I, 2023), which focused on cultural and branding aspects, this research integrates product innovation and digital marketing strategies while analyzing their impact on increasing regional revenue. Thus, the novelty of this study lies in its holistic approach that combines innovation, digitalization, and regional economic contribution within the context of Takengon's local culinary industry.

CONCLUSION

Based on the results of the study, it can be concluded that Takengon's local culinary sector holds significant potential to be developed as a driver of the regional creative economy through product innovation and digital transformation. Innovations in recipe modification, packaging design, and product diversification—such as Gayo coffee and depik fish—have successfully enhanced competitiveness and added value. Moreover, the utilization of digital platforms such as Shopee, Tokopedia, Instagram, and TikTok has proven effective in expanding market reach and increasing entrepreneurs' revenues by an average of 20–25% within six months. This growth has also directly contributed to the increase in the culinary sector's share of Aceh Tengah's Regional Original Revenue (PAD), from 1.8% in 2023 to 2.6% in 2025.

Overall, this study demonstrates that innovation and digitalization are key factors in strengthening the competitiveness of Takengon's local culinary industry while supporting sustainable regional economic development. This transformation not only improves income and business efficiency but also plays an important role in cultural preservation, community empowerment, and job creation. However, sustained policy support from local governments, enhanced digital literacy, and a stronger creative economy ecosystem are still needed to ensure that the benefits of digital transformation are more widely felt among all culinary entrepreneurs in Takengon.

Future research is recommended to broaden the scope of analysis by employing a quantitative approach to empirically measure the effects of product innovation and digitalization on business income and their contribution to regional economic growth. Furthermore, longitudinal studies should be conducted to assess the long-term impact of digital transformation on the sustainability of the local culinary sector. Subsequent studies are also expected to examine the role of local government policies, financial institutions, and educational organizations in strengthening the creative economy ecosystem based on the culinary industry. In addition, further exploration is needed regarding the level of digital literacy and the use of emerging technologies—such as AI-based marketing platforms and digital payment systems—so that local culinary

development strategies can become more adaptive to technological dynamics and global market trends.

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