

# The Impact of Digitalization of the Culiner Industry on the Development of Culture in Indonesia

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**Abstract.** The culinary sector is currently expanding fast in Indonesia and around the world. Currently, the restaurant and catering industry is expanding as the economy recovers from the COVID-19 pandemic. The importance of digital technology in speeding the culinary industry's business is critical. To that aim, it is critical to stimulate the digitization and literacy of culinary enterprises in order to boost the competitiveness and potential of business operators, particularly in today's era of globalization and market openness. The digitalization of the culinary industry is a marketing technique for culinary entrepreneurs who rely on the Internet to market their products, mostly in order to promote tourism development in Indonesia. Culinary arts and tourism are two examples.

**Keywords:** digitalization, culinary industry, tourism

## 1. Introduction

Culinary is a rapidly growing sector in Indonesia, and even around the world. Currently, business in the restaurant and restaurant industry sector is expanding in tandem with the economic recovery following the COVID-19 pandemic. According to the Ministry of business, development in the restaurant and restaurant business sector will increase by 3.68% in 2022. This number has risen from merely 2.95% in 2021. Meanwhile, the Indonesian Ministry of Tourism and Creative Economy stated that the culinary subsector provides the most to the creative economy's Gross Domestic Product (GDP). The culinary subsector generated Rp. 455.44 trillion, or approximately 41% of overall creative economy GDP of Rp. 1,134 trillion [1]

In the coming years, the culinary industry is expected to be one of the mainstay areas supporting national economic growth. The importance of this key sector can be observed in its consistent and large contribution to the non-oil and gas industry's GDP, as well as the increase in investment realization. As a result, the government will continue to work to ensure the availability of raw materials required by the food and beverage industry in order to make it more productive and globally competitive. Furthermore, because this industry is built on added value, the downstream process must be ensured. To maintain high growth in this area, the government continues to encourage national culinary industry participants to capitalize on the potential of this sector. [2]

Opening a culinary business in Indonesia is very profitable, starting with the many options from a variety of traditional foods that are easy to adapt to produce new culinary innovations, the large population expands the reach of consumers, the process of employing human resources is not difficult, anything can be started from the simplest stall, and many more. As a result, many

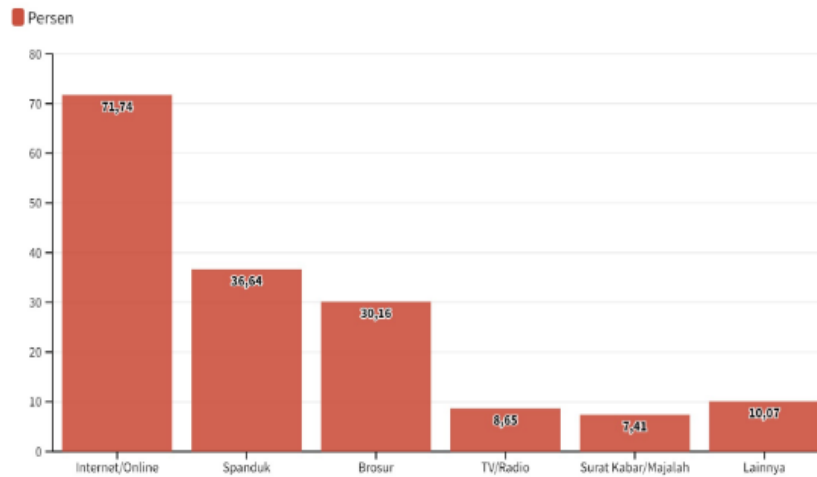
people wind up getting involved in the food industry as a way to supplement their income. The numerous culinary business options in Indonesia facilitate the rapid development of culinary enterprises ranging from kitchens to outlets, from one person to thousands, and from villages to major cities. The availability of potential cannot be isolated from the production of typical regional food [3]

The significance of digital technology in enhancing business speed is critical for the culinary industry. As a result, it is critical to encourage equal distribution of digitization and literacy for culinary sector business actors in order to boost their competitiveness and potential, particularly in this era of globalization and market openness. Ordering, point of sales (POS), delivery, and the capacity to manage online payments with a range of method alternatives to make it easier and according to customer requests are examples of technology that may be implemented by a culinary business. Commitment through integrated technology and a technological ecosystem, essentially an all-in-one culinary business, can help the culinary industry adapt more easily [4]

Digitalization of the culinary company is a marketing strategy for people in the culinary industry who use the internet to advertise their products. People have been pushed to explore new activities in the digital realm as a result of the Covid-19 pandemic. The internet world is no longer the exclusive domain of young millennials, but also of housewives. They attempt to conduct their business digitally despite the fact that the digital sector is very new. The presence of firm and encouraging words, especially from mothers, reawakens their fighting spirit. Street food, restaurants, food booths, and digitalization are all examples. Includes online methods of providing food and beverage service, as well as contact and engagement with customers. The food industry's awareness of markets, social media, and payment systems demonstrates the digitalization of the culinary industry [5]

According to the BPS survey, 85.55 percent of culinary enterprises in Indonesia already offer online sales services. Despite the fact that the percentage of online sales remains at 23.70 percent, online sales are considered prospective in light of the tremendous digital shift, particularly in light of the Covid-19 pandemic. Meanwhile, with a rate of 61.69 percent, ordering services from third parties such as GoFood, GrabFood, and ShopeeFood are the internet sales tools most commonly employed by culinary enterprises. Meanwhile, 49.69% of culinary entrepreneurs sell online through social media, with the remaining 17.62% selling through websites [6]

In terms of food or drink sales, the GoFood platform dominates with 40.46 percent, followed by GrabFood with 33.57 percent and other platforms with 25.97 percent. Meanwhile, with a proportion of 71.34 percent, cash payment or cash on delivery (COD) is the most widely utilized payment option. Debit cards or online bank transfers (45.94 percent), electronic money (43.14 percent), credit cards or online credit (38.05 percent), and other ways are also commonly used. In addition, culinary entrepreneurs use a variety of promotional tactics to improve business turnover.



Sumber : BPS, 2020

**Figure 1.1 Promotional means most used by culinary entrepreneurs in 2020**

With a percentage of 71.74 percent, the internet or online media is likewise the most extensively used promotional technique in 2020. This result is about twice as good as traditional promotional methods. Banners rank second with a percentage of 36.64 percent as a regularly utilized promotional medium for culinary establishments, while brochures rank third with a percentage of 30.16 percent. Other promotional methods currently employed by culinary entrepreneurs include television or radio (8.65%), newspapers or magazines (7.41%), and other (10.07%). The function of culinary business providers in Indonesia has a substantial impact to the development and preservation of culinary enterprises. Not only is quantity important, but so is culinary quality [7]

It is hoped that the widespread application of digitization in the culinary business would become one of the driving forces in the expansion of Indonesia's tourism industry. Culinary and tourist industries mutually support and affect one another. Tourism is an industrial sector that has the potential to grow in a region's economy. The development of a region's tourism sector will draw the development of other sectors as well, because items for the tourism industry are required, such as the culinary sector, agriculture, animal husbandry, plantations, folk crafts, boosting employment prospects, and so on. These two industries are a great match from the tourist and culinary sectors, because access to tourism activities is always required. [8]

Culinary arts have a significant role in the tourism business. Because the majority of tourist spending is spent on culinary delights. Aside from that, gastronomic delights are a powerful draw for travellers. Culinary tourism has enormous potential in Indonesia. The diversity and originality of Indonesian culinary pleasures originating from various ethnicities and civilizations is a treasure that must be preserved and expanded. Over the last five years, the government has endeavored to offer protection so that culinary tourism can grow and compete in the present globalization period. If not, time, era, and changes in people's lifestyle patterns will gradually undermine the originality and diversity of Indonesian gastronomic pleasures. In this regard, the government continues to support the culinary tourist industry [9]

Culinary tourism is expanding rapidly; the culinary world is inextricably related to certain locations or places, identity, and culture. Attempts to sell and promote all aspects of food in a destination necessitate inventiveness in product development, processes, marketing, and the creation of food experiences. To move it forward, all parties must collaborate. The most critical aspect is that regional leaders be committed to enhancing their region's culinary potential. The government, through the Ministry of tourist and Creative Economy, must continue to seek to accelerate tourist growth by developing strategies and breaking new ground, similar to how Thailand promotes tourism through its culinary pleasures.

## **2. Literature Review**

### **2.1 Creative Industries**

Individual creativity, skills, and abilities have the ability to create money and jobs through the exploitation and development of intellectual property and individual ingenuity in creative sectors. [10] According to Howkins, a creative industry is one that excels in terms of creativity in producing or creating numerous creative designs associated with the goods or services produced. [11]

### **2.2 Digitalization**

Digitalization is the process of transitioning from analog to digital technologies. The process that transpired at the time was highly influenced by technical advancements, and the industry has become increasingly modern and relies on this technology to sustain its operations to this day. [12] Digitalization is the process of converting analog to digital employing digital technology and data in conjunction with an automatic operating system and a computerized system. [13] The process of converting media from printed, audio, or video form to digital form is known as digitization. Digitization is done to make digital document archives. [13]

### **2.3 Culinary**

In the culinary context, it refers to the process of preparing food. This term is derived from the English term culinary, which refers to the technique of cooking, preparing, presenting, or serving food. Meanwhile, the word culinary originates from the Latin *culinarius*, which meaning kitchen or something associated to cooking. [14] Culinary is synonymous with processed food in the shape of side dishes, snacks, and beverages. Culinary is also inextricably linked to food-related cooking activities. [15] Culinary activities are described as everything related to cooking. Food can also be termed culinary because it is the processed result of cooking activities. [16]

### **2.4 Tourist**

Tourism, according to Mathieson and Wall, is the action of temporarily transferring people to places other than their place of residence and work and taking out activities while at the destination, as well as preparing facilities to fulfill their needs. [17] Tourism, according to AJ Burkat, is the temporary and short-term migration of people to destinations other than where they normally live and work, as well as their activities while at a destination. [18]

### 3. Research Methods

The information analysis technique used to solve the problem in this study is a quantitative analysis technique that makes use of the evaluation of the error correction model or ECM (Error Correction Model) and more than one Regression with the OLS (Ordinary Least squares) approach because the data is not stationary at the level, but stationary at the level of differentiation and the two variables are cointegrated. The method used to investigate the link in the short term is monetary concept and the solution to time series variables that aren't desk limited at the extent and blunt regression.

### 4. Analysis and Discussion

#### 4.1 The Impact of Digitalization of The Culiner Industry on The Development of Torism in Indonesia

**Table 1. Long-Term Estimation Results**

Variable Dependen : Ln_Tourism Development				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.630205	0.356079	7.386578	0.0000
Ln_Culiner Industry	0.107548	0.019231	5.592557	0.0000
R-Squared	0.826830			
Adjusted R-Squared	0.813183			

Source: Data processed Eviews 10

Based on the calculation results obtained in the estimation results table, the long term influence of digitalization of the culinary industry on tourism development in Indonesia statistically shows significant results at a probability value of digitalization of the culinary industry that is less than ( $0.0000 \leq 0.05$ ), so it can be concluded that the variable digitalization of the culinary industry has a significant and positive effect on tourism development.

The regression results, namely R Square = 0.826830, show the magnitude of the influence of digitalization of the culinary industry on tourism development in Indonesia, indicating that the magnitude of digitization of the culinary industry on tourism development in Indonesia is 82.68 percent, with the remaining 17.32 percent influenced by factors outside the model studied.

**Table 2. Short-Term Estimation Results**

Variable Dependen : D(Ln_Tourism Development)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.035419	0.001612	13.84808	0.0000
D(Ln_Culiner Industry)	0.032951	0.015911	2.539788	<b>0.0137</b>
E(-1)	-0.890281	0.159805	-5.945287	<b>0.0000</b>
R-Squared	<b>0.810856</b>			
Adjusted R-Squared	0.800616			

Source: Data processed Eviews 10

Based on the calculation results obtained in the estimation results table, the influence of digitalization of the culinary industry on tourism development in Indonesia statistically shows significant results at a probability value of digitalization of the culinary industry that is less than ( $0.0137 \leq 0.05$ ), so it can be concluded that the variable digitalization of the culinary industry has a significant and positive effect on tourism development.

The regression results, namely R Square = 0.810856, show the magnitude of the influence of digitalization of the culinary industry on tourism development in Indonesia, indicating that the magnitude of digitization of the culinary industry on tourism development in Indonesia is 81.08 percent, with the remaining 18.92 percent influenced by factors outside the model studied.

## 5. Conclusion

According to the findings of the study, the application of digitalization in the culinary business has a large and positive impact on tourism growth, which is pushed by the Indonesian government. It is hoped that the widespread application of digitization in the culinary business would become one of the driving forces in the expansion of Indonesia's tourism industry. Culinary and tourist industries mutually support and affect one another. Tourism is an industrial sector that has the potential to grow in a region's economy.

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