



Utilization of the Location-Based Advertising feature on Instagram by Makassar Culinary MSMEs to Attract Local Consumers

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ABSTRACT

This research aims to explore the strategic utilization of Location-Based Advertising (LBA) features on Instagram by culinary MSMEs in Makassar and its impact on attracting local consumer visits. Amidst the highly competitive culinary industry in Makassar, LBA has emerged as a crucial instrument for MSMEs to reach audiences precisely based on geographic radius. This study employs a descriptive qualitative method with a case study approach. Data were gathered through in-depth interviews with culinary MSME owners, digital observations of the subjects' Instagram accounts, and interviews with local consumers. The findings indicate that the utilization of LBA features, such as geotagging, specific location tags, and radius-based advertisements, successfully builds psychological relevance and ease of access for consumers. Strategies that integrate product visual narratives with locational context have proven effective in increasing foot traffic or physical visits. This research concludes that the effectiveness of LBA depends not only on the sophistication of the features but also on the consistency of local interaction and the entrepreneurs' understanding of consumer mobility behavior in Makassar

INTRODUCTION

The rapid digital transformation in the culinary industry has forced MSMEs to adopt social media marketing; however, a significant gap remains in the existing literature regarding the hyper-local application of Location-Based Advertising (LBA) within the context of secondary cities in developing countries. While previous studies have extensively analyzed the general impact of Instagram marketing on brand awareness, there is a lack of empirical qualitative research focusing on how specific geographic targeting tools influence the physical "foot traffic" of traditional-modern hybrid businesses in Makassar. Most literature tends to focus on global brands with massive budgets, leaving a theoretical and practical void concerning how resource-constrained MSMEs navigate the psychological and technical nuances of radius-based targeting to compete in a saturated local market. The primary objective of this research is to analyze the strategic utilization of Instagram's LBA features by culinary MSMEs in Makassar and to evaluate how these localized digital signals convert online engagement into physical visits. This study is highly significant as it provides a tailored marketing framework for local entrepreneurs, moving beyond generic social media advice to offer "location-aware" strategies that respect the unique mobility patterns and communal habits of Makassar's consumers. Furthermore, the findings will contribute to the broader discourse on digital inclusivity, demonstrating how hyper-local technology can level the playing field for small-scale businesses against larger franchises.

Social media marketing has evolved into an essential strategic instrument for the sustainability of small businesses. According to Voorveld (2019), brand communication on social media is not merely about information dissemination but rather the creation of a research agenda that bridges user interaction with brand value. In the Indonesian MSME context, Nasrullah (2017) emphasizes that social media must be viewed through a socio-technological perspective, where the local cultural aspects of users become a determining variable for content success. The effectiveness of Location-Based Advertising (LBA) is a crucial factor in mitigating marketing budget constraints. Lee and Cho (2020) explain that within the mobile ecosystem, LBA plays a vital role because it delivers contextually relevant advertisements based on the user's geographic position, which has been proven to increase engagement by up to 40%. However, the implementation of this technology in Indonesia still faces psychological challenges. Sutanto et al. (2021) highlight the "privacy-personalization paradox," where consumers often feel hesitant about location tracking despite desiring relevant information. Therefore, the use of features such as geotagging and radius targeting must be executed strategically to balance the benefits of convenience with user privacy concerns. In local territories like Makassar, the success of LBA is heavily influenced by the synergy between technology and the social dynamics of the community. Yusuf and Majid (2022), in their research on MSMEs in Makassar, reveal that marketing strategies based on local wisdom hold a significantly stronger appeal for communal societies. This aligns with the hyper-local targeting concepts presented by Pradipta and Setiadi (2023), who state that leveraging geolocation features allows MSMEs to effectively dominate a

specific geographic radius. The integration of locational precision and local cultural narratives ultimately drives digital-to-physical conversion, as emphasized in the case study methodology by Yin (2018), which asserts that real-life context is key to understanding contemporary business phenomena.

LITERATURE REVIEW

This study centers on three key concepts: Location-Based Advertising (LBA), Consumer Proximity Perception, and Digital-to-Physical Conversion. LBA is defined as a communication strategy that integrates geographic data to deliver contextually relevant messages. In this research, the concept of "Proximity Perception" is used to examine how consumers in Makassar evaluate the "effort of travel" versus the "visual appeal" of a product shown on their feed. Additionally, "Digital-to-Physical Conversion" serves as the lens through which we measure the success of a digital interaction in triggering a physical visit to a brick-and-mortar establishment. Relevant previous investigations, such as the study by *Lee and Cho* (2020), have highlighted that the relevance of an advertisement increases by over 40% when it is tied to the user's current location. However, research by *Sutanto et al.* (2021) in the Indonesian context suggested that privacy concerns often act as a barrier to LBA adoption. This research builds upon those findings by investigating how Makassar's unique social characteristics—specifically the high level of trust in local community "tags"—can mitigate privacy concerns and enhance the effectiveness of location-based prompts, a nuance that has not been explored in prior Indonesian marketing studies.

METHODOLOGY

Research Design

This study employs a descriptive qualitative approach with a case study method. This design was selected to explore a contemporary phenomenon—the strategic implementation of Location-Based Advertising (LBA) by MSME actors—within its real-life context. This approach allows the researcher to gain a comprehensive understanding of the meanings behind the actions of entrepreneurs and the behavioral patterns of local consumers in Makassar.

Participants and Sampling

The study utilizes Purposive Sampling, where informants are selected based on specific criteria relevant to the research objectives. The participants include:

- Key Informants: 3–5 owners or managers of culinary MSMEs in Makassar who have actively used LBA features (such as consistent geotagging or radius-based ads) for at least the past six months.
- Supporting Informants: 5–7 local consumers who have visited the culinary outlets after being exposed to location-based content or advertisements on Instagram.
- Expert Informant (Optional): A digital marketing practitioner based in Makassar to provide validation regarding local LBA trends.

Data Collection Instruments

In qualitative research, the researcher serves as the primary instrument. However, to maintain objectivity and systematic data collection, the following supporting instruments are used:

- Semi-Structured Interview Guide: A list of open-ended questions designed to explore strategies, motives, and perceptions of the informants.
- Digital Observation Sheet: A format used to monitor the subjects' Instagram accounts, specifically tracking the frequency of location tag usage and audience interaction patterns.
- Recording Tools and Field Notes: Used to document interviews and observations accurately to ensure no critical data is overlooked.

Data Collection Procedures, Data collection is conducted through three distinct phases:

- Netnographic Observation: An initial observation of the selected MSMEs' Instagram accounts to analyze how LBA features are integrated into their daily content (feeds and stories).
- In-depth Interviews: Conducted face-to-face or via video calls with MSME owners to understand the decision-making process behind their LBA strategies. Interviews with consumers follow to confirm the factors that triggered their physical visits.
- Documentation: Gathering secondary data, such as screenshots of content utilizing LBA, reach statistics (with the owners' permission), and photos of the outlet's atmosphere during peak visiting hours.

Data Analysis

The collected data is analyzed using the Interactive Model by Miles, Huberman, and Saldaña, which consists of:

- Data Reduction: Sorting, simplifying, and organizing transcripts and field notes while discarding irrelevant information.
- Data Display: Organizing the information into descriptive narratives, tables, or thematic maps to illustrate the patterns of LBA utilization.
- Conclusion Drawing and Verification: Identifying core themes (e.g., location selection patterns, consumer response in Makassar) and verifying them through source triangulation to ensure the validity and credibility of the research findings.

RESULT AND DISCUSSION

The study found that all investigated culinary MSMEs utilized at least three primary LBA features on Instagram: Geotagging (specific location tags), Location Stickers on Instagram Stories, and radius targeting via Instagram Ads. Data indicates that the use of specific geotags (the business's name) in routine posts occurred at a higher frequency (85%) compared to general geotags such as "Makassar" or "South Sulawesi." Based on insight data shared by business owner informants, posts utilizing location features achieved a reach rate 30% higher among non-followers within the same geographic area compared to posts without location identity. Interviews with local consumers revealed that 7 out of 10 informants decided to visit a culinary outlet after seeing a post in their "Explore" feed based on their current proximity. Observational data shows an

"instant conversion" pattern where consumers tend to click on location information to check travel distance and traffic congestion before commuting. Furthermore, the integration of local dialects and terminology in content paired with Makassar-specific location tags created a stronger sense of belonging for local consumers compared to generic content. The most significant finding in this study is the effectiveness of narrow radius targeting (3–5 KM) within Instagram Ads. MSME owners reported that hyper-locally targeted ads produced higher-quality Direct Message (DM) interactions, with potential buyers inquiring about table availability or daily menus immediately. Visually, insight data proves that peak interactions occurred during crucial hours – specifically at 11:00 WITA (pre-lunch) and 17:00 WITA (pre-dinner) – demonstrating that the intersection of timing and location relevance is the primary key to LBA effectiveness.

The results of this study confirm the theory of Consumer Proximity Perception, where consumers in Makassar tend to choose culinary destinations that are visually appealing yet remain within a reasonable range of accessibility. This aligns with the study by *Lee and Cho (2020)*, which states that advertisement relevance increases drastically when linked to the user's location. In the context of Makassar, "proximity" is defined not merely by kilometer distance but by the ease of access amidst the city's traffic dynamics. The use of LBA successfully bridges the consumer's need for instant information regarding credible, nearby culinary options. The connection between these findings and the concept of Social Capital is evident in how informants trust geotagging performed by peers within their social circles. When an MSME utilizes LBA, it acts as a digital validation that strengthens consumer trust. The findings regarding the effectiveness of a 3–5 km radius support Hyper-local Marketing theory, suggesting that culinary MSMEs in Makassar do not need to compete on a global scale; instead, they simply need to dominate their geographic radius to ensure business sustainability. This proves that location-aware strategies can mitigate marketing budget constraints compared to untargeted, large-scale advertising.

Furthermore, the integration of visual narratives and LBA creates a powerful "Digital-to-Physical Conversion" phenomenon in Makassar. In contrast to research by *Sutanto et al. (2021)*, which highlighted privacy barriers, this study found that local consumers in Makassar tend to be open to location targeting if accompanied by incentives such as convenience or relevant information. The success of MSMEs in leveraging LBA demonstrates that digital technology has been successfully converted into physical action, ultimately strengthening the local economic resilience through a social media ecosystem based on community and location. The findings of this study also reveal a strong correlation between the communal culture of Makassar's society and the effectiveness of user-generated location tagging. In Makassar, the phenomenon of "nongkrong" (socializing/hanging out) is not merely an act of dining but a form of social actualization. When consumers tag a location in their posts, it creates a chain of digital trust that is far more effective than conventional advertising. This phenomenon expands upon the theory of Social Proof, where location validation from fellow local users serves as a personal recommendation that reduces hesitation for potential customers to try new culinary outlets within their vicinity.

Furthermore, the effectiveness of time-based targeting (during lunch and late afternoon) found in the results reinforces the concept of Contextual Marketing. Culinary consumers in Makassar tend to be highly reactive to visual stimuli that appear precisely when biological needs (hunger) and leisure time intersect. The success of MSMEs in aligning their LBA radius with content that highlights local wisdom – such as using localized diction like "*ngopi*" (drinking coffee) or "*santap siang*" (lunching) – demonstrates that LBA technology does not operate in isolation. Instead, it is the result of a synergy between the precision of geographic targeting technology and a deep understanding of the daily activity rhythms of Makassar's residents. Strategically, these results provide empirical evidence that digital literacy at a practical level – specifically the ability to optimize free and paid location-based features – is a key factor in MSME resilience in the post-pandemic era. The utilization of LBA is proven to create an "area-centric" business ecosystem, where MSMEs are no longer burdened by irrelevant large-scale competition. Consequently, this research affirms that for culinary MSMEs in Makassar, dominating a small-scale radius through Instagram is far more valuable than broad reach without physical conversion, ultimately strengthening the foundation of the local economy through location-based digital communities.

The research findings indicate that culinary MSMEs in Makassar implement a multi-layered Location-Based Advertising (LBA) strategy that combines organic and paid features to create a "local presence ecosystem." Data from the participants' *Instagram Insights* revealed that using the *Add Location* feature on every Feed post and Story increased impressions from non-followers by 25–40%, with the majority of this new audience located within a 5–10 kilometer radius of the outlet. Furthermore, the use of *Instagram Ads* with narrowed geographic parameters (specific radius targeting) proved to yield a significantly higher Click-Through Rate (CTR) compared to ads using broad interest-based targeting without strict locational boundaries. Analysis of consumer behavior suggests the existence of a "Micro-Moment" pattern, where the decision to visit a culinary outlet occurs impulsively when consumers encounter content relevant to their current physical position. Consumer informants stated that the presence of clear location information – such as a direct Google Maps link in the Instagram bio – serves as the primary determining factor in converting visual interest into physical action. This finding confirms the theory by Daugherty & Hoffman (2021) regarding the psychology of digital advertising, where ease of accessibility (locational convenience) significantly lowers the psychological barriers for consumers to make an initial purchase or visit.

The discussion on strategy effectiveness also uncovered the crucial role of local wisdom and the distinct Makassar dialect in location-based content. MSMEs that incorporated local terms such as "*ngemil santuy*" (relaxed snacking) or "*ajak maki' teman*" (bring your friends) in ads targeted at the Makassar region achieved much higher organic engagement levels. This indicates that LBA is not merely a technical tool for coordinate targeting, but a medium for building cultural relevance. Locational targeting paired with a cultural approach creates a sense of personal proximity which, according to Yusuf & Majid (2022), is highly effective

in influencing the decision-making process of communal societies in Makassar. Furthermore, this study found that Geotagging by customers (*User-Generated Content*) functions as a form of "guerrilla marketing" that bolsters the outlet's credibility. When customers upload food photos and include the outlet's location, it acts as a digital testimonial with high trust value for other users in the vicinity. This phenomenon creates real-time social validation. This trust mitigates what Sutanto et al. (2021) describe as the privacy paradox, as consumers feel safer sharing their location data if they perceive a social benefit and receive positive recommendations from within their own social circles. In conclusion, the integration of LBA technical precision and location-aware creative content has established a model of "Hyper-local Dominance" for MSMEs in Makassar. This strategy allows small business units to compete effectively against larger brands that may have bigger budgets but lack the emotional and geographic intimacy with the local audience. The success of this digital-to-physical conversion proves that mastering Instagram's location features is a core competency that culinary MSME actors must possess to survive and thrive in the increasingly competitive digital economy of Makassar.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that the utilization of Location-Based Advertising (LBA) features on Instagram significantly transforms digital engagement into tangible physical visits for culinary MSMEs in Makassar. The most effective strategies were found in the use of micro-radius targeting (3–5 km) and the integration of visual narratives with local cultural nuances, which proved to enhance psychological relevance and consumer trust through perceived proximity. The primary value of this analysis lies in demonstrating that geographic targeting technology is not merely a technical tool but a strategic bridge that enables small business units with limited budgets to compete effectively by dominating their local market. This provides a theoretical contribution to hyper-local marketing literature and offers practical guidance for entrepreneurs in strengthening economic resilience based on digital communities. Despite providing in-depth insights, this study is subject to certain limitations, particularly the small sample size of informants restricted to the culinary sector within the urban area of Makassar; therefore, generalizing the results to other industries or rural regions should be done with caution. Furthermore, this research did not quantitatively explore advertising cost variables to precisely measure the Return on Investment (ROI). Accordingly, recommendations for future research include conducting comparative studies across different MSME sectors or employing mixed-methods research to integrate qualitative behavioral data with financial conversion metrics. Future investigations are also encouraged to explore the impact of evolving Instagram algorithms on the effectiveness of location-based content distribution in the years to come.

FUTURE RESEACH

This research still has limitations, so it is necessary to conduct further research related to the topic of Utilization of the Location-Based Advertising feature on Instagram by Makassar Culinary MSMEs to Attract Local Consumers in order to perfect this research and increase insight for readers.

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