Development of MSME potential through branding and digital marketing

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ARTICLE INFO:
Received: 2023-06-01
Revised: 2023-07-17
Accepted: 2023-08-08

Keywords:
Digitalitation, MSMEs, Product branding

ABSTRACT
The outbreak of the COVID-19 pandemic has had a major impact, particularly on the economic sector, including Micro, Small, and Medium Enterprises (MSMEs). These businesses have a very important role in the economy, especially in the Hargorejo Village area. A strong branding strategy with a focus on quality is essential to increase product reach and competitiveness. This community service aims to improve the community’s economy and support the community by actively providing assistance to MSMEs in Hargorejo Village, Kokap District, Kulonprogo Regency, Yogyakarta Special Region. The methods used in this community service include outreach, training and evaluation for MSME participants. The training curriculum covers topics such as the use of technology in MSME products, branding, packaging and the use of online markets. After completing the training, MSME participants gain a deeper understanding of the importance of using technology in marketing their products. In addition, real improvements can be seen in the branding and packaging of MSME products. This positive transformation can be seen from the post-training assessment which shows that 64% of MSME participants now understand the importance of integrating IT, branding, packaging and effective online markets into their business strategy. It is hoped that this increased awareness can provide significant benefits for MSME players, especially by strengthening product marketing efforts and improving the overall welfare of MSME stakeholders.

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1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play an influential role in the Indonesian economy. Data from the Ministry of Cooperatives and SMEs indicates that the number of MSME business sectors in Indonesia reached 64.19 million in 2021, contributing to 61.97 percent of the Gross Domestic Product (GDP) or an equivalent of IDR 8.6 trillion (DPMPT, 2021). During the COVID-19 pandemic, the issues faced by MSMEs include challenges related to funding and product marketing (Ganjjar, 2021). In an effort to expand the reach of a product, a strong branding strategy is necessary, taking into consideration its quality, so that the product can ultimately compete effectively (Setiawati, 2019). Hence, a branding strategy from the MSME group itself is indeed necessary to market their products effectively, enabling...
them to be well-recognized by the general public. Hargorejo Village is one of the villages in the Kokap Subdistrict of Kulon Progo Regency, known for its potential in developing into a creative economic destination. Based on available data, Hargorejo Village has several prominent MSME products, including: crystalline sugar, palm sugar, snack products like stik lidi, bamboo-based processed goods (bamboo weaving), coconut sugar, and “wingko mekar dua.” (Hargorejo-kulonprogo, 2021).

Based on observations conducted with the Hargorejo Village Government, various findings have emerged, including the presence of local MSME groups that exhibit diversity across product fields such as food and crafts. These range from food-based MSMEs to craft-based ones, encompassing products like wingko, crystalline sugar, palm sugar, snack products like stik lidi, coconut sugar, and other items (Hargorejo-kulonprogo, 2021). However, MSMEs still face ongoing challenges that require specific solutions, particularly in terms of branding and product marketing, in order to expand and sustainably boost the community’s economy. Since branding is a crucial aspect, it is essential to establish it. Through effective branding, MSME products can gain visibility and recognition. Therefore, according to (Oktaviani et al., 2018), the identity within a product serves not only to differentiate it from other products but also to convey the value inherent in the product.

Given the challenges faced by MSME entrepreneurs, it’s important to undertake product branding, especially for flagship products in Hargorejo. Many MSME entrepreneurs lack an understanding of the benefits of technology and digital literacy, which has made marketing their products quite difficult. Besides marketing, another challenge for MSME entrepreneurs is branding. Not all products have a strong and effective branding, making it challenging for them to compete with other products (observation in 2022). The deficiencies in branding and reliance on conventional marketing methods have negative implications, particularly when it comes to competing with other MSME products.

Since the onset of the COVID-19 pandemic, various community activities have been restricted. These limitations have become problematic for MSMEs in Hargorejo Village, as the circulation of their products largely depended on community events and traditional ceremonies that required their goods. Looking at the potential of the standout MSME products, both “stik lidi” and “wingko” products face similar challenges. These products struggle with marketing due to the reliance on conventional marketing methods. Similarly, bamboo weaving products encounter difficulties due to the lack of branding, making them less competitive compared to other products. This is because business owners have a limited understanding of digital marketing. Despite this, the quality and types of products from the village have the potential to enter export markets.

Therefore, finding an appropriate solution is crucial to develop the existing potential of MSMEs in the village, allowing them to grow and compete with products from other regions.

![Figure 1. Hargorejo Village MSME data for 2021 (Source: Hargorejo-kulonprogo, 2021)](image-url)
Based on the data and issues at hand, it’s evident that there is abundant potential within the village. Therefore, collective efforts are required to enhance the community’s economic growth, leading to overall welfare through the empowerment of MSMEs that continuously adapt to the changing times. The community engagement team aims to offer activities that can enhance the competitiveness of MSMEs in Hargorejo Village. One of the proposed strategies is the need to enhance human resources in utilizing information technology, particularly for online branding of MSME products. This can help extend the reach of the market network utilizing information technology, as well as improve the branding of existing MSMEs in the village.

Through the enhancement of MSME capacity, it’s anticipated that the economic recovery of the community can be accelerated sustainably, especially in the post-COVID-19 era. The collaborative programs intend to boost the competitiveness of MSME products originating from Hargorejo Village, focusing on showcasing flagship MSME products. This will enable them to compete effectively with other MSME products. Additionally, the aim of this engagement initiative is to enhance the community’s post-COVID-19 economy. Empowerment efforts are expected to significantly aid MSME entrepreneurs in revitalizing the economy after the downturn caused by the COVID-19 pandemic.

2. METHODS

The implementation of this community engagement will utilize the ABCD (Asset-Based Community Development) approach. The engagement activities will take place in Hargorejo Village, Kokap Subdistrict, Kulon Progo Regency, Special Region of Yogyakarta, with a team of 3 members. This initiative will involve all the prominent MSME entrepreneurs from Hargorejo Village, with approximately 25 participants. The engagement process will occur multiple times from December 2022 to March 2023. The content delivered during this engagement will include:

<table>
<thead>
<tr>
<th>Material</th>
<th>Objectives</th>
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<tbody>
<tr>
<td>Socialization or understanding related to the benefits of information technology for MSME entrepreneurs</td>
<td>Providing understanding to MSME entrepreneurs about the importance of technology in the 4.0 era and its benefits for product marketing.</td>
</tr>
<tr>
<td>Branding and packaging of MSME products</td>
<td>Offering positive impacts in terms of competition with other MSME products, as effective branding and packaging will naturally attract consumers</td>
</tr>
<tr>
<td>Guidance and training on utilizing online marketplaces for MSME entrepreneurs.</td>
<td>Imparting understanding and benefits to MSME entrepreneurs, particularly in terms of economic improvement and well-being.</td>
</tr>
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The ABCD approach is a community empowerment model that prioritizes the utilization of assets and potentials held by the local community (Maulana, 2019). The mentioned potential refers to the creative economic potential within the community partner of this engagement, which involves MSME entrepreneurs in Hargorejo Village. These will be developed to serve as a means for sustainable economic enhancement within the community. The implementation method of this Community Engagement Program will be divided into 3 stages: socialization, branding and digital marketing training, and the evaluation of community engagement activities. These stages are organized based on the pressing issues that need immediate resolution and the most feasible time management for each stage. The details and
goals of these activities are as follows: (1) Socialization: The purpose of this socialization activity is to
enhance the understanding of MSME entrepreneurs regarding the significance of technology for their
products. The aim is to empower MSME entrepreneurs to use technology wisely, especially for product
marketing; and (2) Training: The training activities aim to support the socialization about the utilization
of information technology for MSME entrepreneurs and business owners. Through training, especially in
branding, packaging, and utilization of online marketplaces, MSME entrepreneurs can improve product
quality and competitiveness at a national level. These training sessions will enable MSMEs to properly
package their products and freely promote or market them through selected marketplaces; and (3)
Evaluation: This activity is conducted to assess the understanding of both MSME entrepreneurs and the
local government partners regarding branding, packaging, and digital marketing. The evaluation method
involves post-tests given to MSME entrepreneurs who have participated in the training activities.

3. RESULTS AND DISCUSSION

Hargorejo Village is one of the villages with excellent MSME potential, including the noteworthy
export of palm sugar. However, beyond the palm sugar product, there are still numerous MSME
potentials that can be developed and marketed nationally. Some of these MSME potentials include
bamboo weaving crafts, processed snack foods like “stik lidi,” and “wingko.” Yet, these MSME products
struggle to flourish due to the lack of effective branding and the utilization of primarily conventional
marketing methods. When considering that these products are also class 2 flagship products within
Hargorejo Village, they indeed have the potential to be developed through both conventional and online
marketing strategies. Therefore, there’s a need for a dedicated MSME development strategy, particularly
for product marketing and branding. These products lack strong branding, which is why a rebranding
effort is necessary to make them more appealing for global marketing.

One of the strategies to enhance MSME product marketing is through mapping the MSME
potential. This mapping will simplify the process of branding MSME products, as the products chosen for
branding will be the ready-to-market flagship items. Based on the mapping conducted, several speciality
MSME products in Hargorejo Village are ready for widespread marketing. These include:

<table>
<thead>
<tr>
<th>Table 2. Speciality MSME Products</th>
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<tbody>
<tr>
<td><strong>Products</strong></td>
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<tr>
<td>Crystal Sugar</td>
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<tr>
<td>Palm Sugar</td>
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<tr>
<td>Wingko</td>
</tr>
<tr>
<td>Corn Porridge</td>
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<tr>
<td>Stik Lidi</td>
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<tr>
<td>Bamboo Weaving Crafts</td>
</tr>
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The types of MSMEs mentioned above are prominent sectors that can be developed in terms of
marketing. However, among these types, some MSMEs have already achieved an international scale,
such as crystal sugar and palm sugar. The processed coconut sap products are exported to South Korea
and Japan. On the other hand, other products require development support, especially in terms of
branding and packaging through online media. These products can be developed through branding and
digital marketing by leveraging information technology.
The development of Micro, Small, and Medium Enterprises (MSMEs) potential through branding and digital marketing is crucial, especially in the current era where technology is widely used and harnessed. Branding and digital marketing can aid MSMEs in enhancing their visibility, competitiveness, and business opportunities. The steps in the community engagement activity with the theme of developing MSME potential through branding and digital marketing are as follows:

Socialization

The majority of MSME entrepreneurs in Hargorejo Village are participating in this community engagement activity. Data shows that Hargorejo Village has a total of 264 producers capable of producing 73,889 kg of palm sugar. This MSME product is a flagship item that has been successfully exported to various countries (Sahat, 2017). Additionally, Hargorejo Village also possesses other potential flagship products that can be developed, such as wingka, stik lidi, bamboo weaving crafts, and more. With a significant number of MSME products, it’s crucial for entrepreneurs to acquire knowledge about the benefits of information technology, particularly in marketing their MSME products through digital platforms. Online marketing can greatly assist MSME entrepreneurs, particularly in boosting their economy.

However, up until now, MSMEs in Hargorejo Village haven’t had a specific avenue for utilizing information technology. The marketing strategies used thus far have primarily been conventional methods or limited to technologies like WhatsApp.

Through this socialization, it’s expected that MSME entrepreneurs will become more acquainted with the digital world, particularly in terms of marketing, branding, and packaging for their products. All MSME entrepreneurs in Hargorejo Village are participating in this socialization activity, as the local government emphasizes its importance and has requested their participation. Additionally, during this event, sample product branding presentations will be conducted by the entrepreneurs. These presentations aim to gather insights from speakers about effective branding for the existing products. The presentation method simplifies the process for speakers to provide feedback on the branding utilized for the products. Branding is a crucial determinant for MSME products, especially in attracting customers.

During the implementation of this socialization, there will be a strong emphasis on the significance of branding and technology for MSME management. The hope is that MSME entrepreneurs will grasp the importance of utilizing technology and branding for their products. The socialization also provides examples of effective branding for MSME products. Consequently, when MSME entrepreneurs create their own branding, they will comprehend the essential points that should be incorporated. Susanto
in Setiawati et al. (2019) explained that a brand, being a name or symbol that is socialized through products, creates a psychological meaning. Therefore, the conveyed branding will influence the product or service selection process, making it a point of comparison against competing products and imbuing unique value in the product.

**Branding and Packaging Training for MSME Products**

Branding and packaging are essential parts of product promotion, enhancing the appeal of the products that will be marketed. Through effective packaging and branding, products become visually appealing and captivating. Similarly, MSME products should be packaged in the most attractive and appealing way to attract buyers. Moreover, employing branding and packaging will enhance competitiveness and indicate that the product is of high quality. Therefore, in the community engagement in Hargorejo Village, existing MSME products need to be branded and packaged effectively. This is because not all MSME products marketed are packaged and branded. Though according (Nasution et al., 2017) product digitization can help the development of MSMEs by considering and maximizing the role of technology or the internet as a business medium.

There are numerous activities that can be carried out during the branding and packaging process, one of which is designing a logo to make the MSME products stand out. Regularly conducting this activity is highly beneficial as it will have a positive impact on MSME entrepreneurs, particularly in how they package their products. Having a logo on an MSME product makes it more appealing. Additionally, logo design can enhance the brand image in the eyes of consumers, establishing a connection between brand perception and consumer preferences for a particular brand (Primadewi et al., 2020). According to Ferdyansyah et al. (2022) in the logo design process, typography should also be considered, as typography elements like graphic design aspects of the logo, the art form, or colors are crucial for creating a memorable association between consumers and the sold products. Moreover, according to Syahputra et al. (2023) branding aims to maintain a level of reachability and brand awareness among potential buyers for the products being offered.

During the branding and packaging training, the MSME entrepreneurs in Hargorejo Village fully participated as they recognized the importance of grasping the concepts of branding and packaging. One challenge encountered during this training is that a majority of the MSME products have not been adequately branded and packaged, requiring additional time and training. However, to introduce products through global marketing, attractive branding and packaging are crucial. This point was also emphasized by (Dewi et al., 2018) that the right marketing strategy must have an important role for the success of a product.

*Figure 3. Digital marketing and product branding training for MSME products*
To enhance the marketing of MSME products, several methods are required, and one of them is digital marketing training and creating product branding. The implementation of branding and digital marketing will aid MSME entrepreneurs in globally marketing their products. Additionally, indirectly, digital marketing can boost product competitiveness and overall well-being. Based on the statements from Rezky et al. (2021) that MSMEs in this digital era must innovate to compete on a global scale. Additionally, there are activities that MSME entrepreneurs can undertake to enhance their competitiveness against similar competitors. One of these is improving product quality, establishing effective branding, utilizing technology in marketing, and most importantly, conducting customer satisfaction surveys (Irvan, 2015).

However, in reality, many MSME entrepreneurs still lack an understanding of technology and branding. This circumstance has led to a significant number of MSME products in Hargorejo Village struggling to compete with similar MSME products. The limited utilization of technology can be attributed to the lack of accessible means for implementing digital marketing methods. This issue arises from not all MSME entrepreneurs having a strong grasp of technological advancements. Based on the results of conducted surveys, there are several varying answers that can be presented, as we can see on Figure 4.

![Figure 4. Diagram of understanding the utilization of technology for MSMEs](image)

Based on Figure 4, it is evident that very few MSME entrepreneurs in Hargorejo Village understand the importance of digital marketing and branding for MSME products. According to the data, approximately 64% of MSME entrepreneurs have a limited understanding of digital marketing, and their knowledge about branding is not substantial. Meanwhile, 16% have no understanding at all about either branding or digital marketing. Only 20% of MSME entrepreneurs are knowledgeable about branding and digital marketing. This underscores the necessity for socialization and training for MSME entrepreneurs in Hargorejo Village, particularly in the areas of digital marketing and product branding. Hence, according to (Ariffin et al., 2021) that the transformation and utilization of the digital world is essential to support the business processes of a business.

To address this issue, the community engagement team provided mentoring through training sessions that enhanced understanding of digital marketing and how to utilize digital media for promoting MSME products. These activities were conducted in person, with the assistance of MSME development practitioners, making the process more accessible and interactive. This approach aimed to maximize the comprehension gained by participants. The training covered topics such as digital marketing and harnessing e-commerce opportunities in marketing MSME products. A majority of the training participants already had a grasp of these topics, indicating that the provided material was appropriate and on target.
Furthermore, the community engagement team aided in utilizing digital media as a new platform for marketing, aimed at expanding the market share for MSME products. One of the platforms utilized was the website Kawitarjo.id, which served as an integrated platform with the tourism village of Hargorejo. The objective was to unite local MSME products with the tourism village, thereby boosting economic activity in Hargorejo Village. The concept was that local MSME products would be offered as souvenirs for tourists visiting Hargorejo Village, thereby generating positive revenue.

Additionally, the concept of transactions has evolved to be conducted digitally through websites, marketplaces, and other applications beneficial for developing MSME product marketing. Therefore, active efforts were made to enhance the community’s understanding of digital media, aiding them in preparing for the increasingly dynamic changes of the era. Moreover, by using the platform Kawitarjo.id to market MSME products, it is hoped that both MSMEs and the village government can attain a sense of self-sufficiency. The village government will play a role in driving local economic development in Hargorejo Village.

Evaluation

Based on the conducted community engagement, it is necessary to perform an evaluation concerning the MSME entrepreneurs’ understanding of digital marketing and branding for MSME products. This survey will assist in gauging the success of the carried out community engagement activities. Undoubtedly, this is also of significant importance to the government and policymakers. The survey results will greatly aid the government in assessing the extent to which MSME entrepreneurs comprehend the significance of digital marketing and branding for MSME products. Furthermore, branding and digital marketing will greatly assist the government in formulating policies and designing programs to benefit the community and MSME entrepreneurs.

Based on the post-engagement survey results, it can be observed that many MSME entrepreneurs have developed an understanding of the importance of branding and digital marketing.
highlighting the need to improve their comprehension through government programs and policies at the village level.

4. CONCLUSION AND RECOMMENDATIONS

An interesting endeavor to undertake is the development of MSMEs to cultivate readiness and comprehension, thus enhancing product sales performance. This is pertinent to the role played by relevant stakeholders in bolstering the economy of the region, as MSME entrepreneurs constitute a significant contributor to the existing economic dynamics. Consequently, in the development of MSMEs carried out in Hargorejo Village, several stages are involved. These include socialization to MSME entrepreneurs and training in branding and packaging of MSME products. This is driven by a critical challenge faced by MSMEs in Hargorejo Village, where a significant number lack an understanding of harnessing digital resources to advance their products. The locally made products have the potential to be further marketed for achievable impact. Upon recognizing this issue, the community engagement team undertook exceptional measures to address it. For instance, they aided in crafting logos or packaging designs for products and imparted knowledge about utilizing digital media and digital marketing. Throughout the execution of these community engagement activities, MSME entrepreneurs eagerly participated, particularly in the branding and packaging training for their products.

Based on the conducted community engagement, there are still limitations that need to be addressed, particularly concerning MSME entrepreneurs who have yet to grasp the significance of technology and digital marketing. Therefore, it is imperative to establish continuous programs and policies aimed at enhancing understanding of branding and digital marketing for MSME entrepreneurs. In light of the outcomes of the conducted activities, several recommendations can be proposed for future endeavors, including the following: (1) Regular training: regular training is needed to provide understanding to MSME entrepreneurs about the importance of utilizing technology or the internet in branding their products. These sessions should be conducted periodically to ensure a consistent understanding; (2) Dedicated marketing space: it is necessary to provide a dedicated space for promoting the flagship products of Hargorejo Village, Kokap Sub-district, Kulon Progo Regency. By creating a dedicated marketplace or website as a sales medium, the local government can closely monitor the sales of MSME products and the products that are favored by consumers. This will allow for intensive monitoring and analysis.

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