

Improving The Regional Economy by Promoting Branding in Local SMEs

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ABSTRACT

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SMEs have a big role in supporting the regional economy. Many efforts have been made by all parties, both the central and regional governments so that SMEs can continue to grow. SMEs practitioners in Kalimuru Village, Purworejo, are still limited in number and the average age of them are old. They do not know about the importance of branding and the logo used. The aims of this community service program are to be able to develop the local economy of the local area by empowering home-based businesses to become productive local SMEs. Effective training and socialization of branding and logo design were provided to the people of Kalimuru village to optimize their home industry. Branding and logo design training was given to 20 people Kalimuru Village SMEs. The selected participants already had their own products. Participants are given knowledge about branding in language that is easy to understand so that it is easier to be accepted. Participants were also introduced with making logo designs and media that can be used. The results of this community service program are participants have understood the importance of branding and the media to create their creative logos to support the marketing of their products. Through strong branding and an effective logo, it is hoped that SMEs can be more advanced and support the improvement of the regional economy.

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I. INTRODUCTION

The Indonesian economic is not only supported by the role of existing large corporations but also SMEs. SMEs are one of the engines of the national economy because they contribute to 60.51% of GDP and could absorb nearly 96.92% of the total national workforce (<https://www.ekon.go.id/publikasi/detail/5047/menko-airlangga-potensi-umkm-menjadi-modal-dalam-ekosistem-pengembangan-ekonomi>). The government even targets that in 2024 there will be 4.4 million new jobs supported by SMEs (<https://www.kominfo.go.id/content/detail/46385/umkm-kembali-jadi-pahlawan-ekonomi-di-tahun-2023/0/berita>). In addition, based on data from the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*), SMEs have a contribution to GDP about 61.97% of the total national GDP or equivalent to IDR 8,500 trillion in 2020 (<https://store.sirclo.com/blog/proyeksi-umkm-2023/>). This further strengthens the potential of SMEs to become capital in the economic development ecosystem (<https://www.ekon.go.id/publikasi/detail/5047/menko-airlangga-potensi-umkm-menjadi-modal-dalam-ekosistem-pengembangan-ekonomi>).

The large contribution of SMEs to the national economy supports the direction of government policies in order to increase economic added value in 2020-2024 which includes strengthening entrepreneurship, SMEs and cooperatives (<https://www.antaranews.com/berita/3397599/kemenkop-ukm-targetkan-24-juta-umkm-masuk-ekosistem-digital-pada-2023>). It considered the government to taking comprehensive steps to strengthen the SME and e-commerce ecosystem through ease of licensing, fiscal incentives, certification, a healthy business climate, digital payments, and personal data protection (<https://www.ekon.go.id/publikasi/detail/5047/menko-airlangga-potensi-umkm-menjadi-modal-dalam-ekosistem-pengembangan-ekonomi>).

To support the development of SMEs in Indonesia, the government launched the *Gerakan Nasional Bangga Buatan Indonesia* (BBI). The aims of the program are to increase the competitiveness of local SMEs products,

not only domestically, even abroad. However, the existence of Gernas BBI does not mean that it can directly improve the competitiveness of SMEs products. The weaknesses of SMEs such as limited production volume, human resources, and the quality that are not well maintained (<https://tirto.id/gjJG>). In addition, packaging and sales are not yet focused and modern (<https://finance.detik.com/berita-ekonomi-bisnis/d-3777288/ini-kelemahan-product-ukm-ri-dibanding-luar-negeri>).

Local governments have also paid attention to the development of SMEs in their regions. Purworejo Regency of Central Java, for example, regularly holds a Purworejo Expo to promote products from their local regional SMEs. The Purworejo Expo event which was held this year also collaborated with the Ministry of Cooperatives and SMEs, carried the theme of market expansion and product promotion (<https://www.antaranews.com/berita/3397599/kemenkop-ukm-targetkan-24-juta-umkm-enter-digital-ecosystem-in-2023>).

Kalimiru Village is one of the villages in Purworejo Regency where most of the population are farmers. Not many residents have the main job as entrepreneurs. Nonetheless, some residents have started home industries by selling food products such as pastries, chips, and soy sauce. The village head shows his concern for improving the village economy by developing the residents' home industries to make them more productive. It is not an easy thing to be able to develop village SMEs because the average population is old. They have limited knowledge about how to sell their products in a modern way through marketplace, less promoting through social media, have not a clear product logo, and do not know the importance of branding products to make its more acceptable to the public. Whereas product branding should be one of the important things to pay attention to.

Tjahtjawulan (2022) explains branding as a way to create positive perceptions about products, companies, and services provided by companies, so consumers can differentiate our business from competitors. Branding is a form of symbol for a product seen from the logo, color and packaging or packaging which is the hallmark of a product (Arifanti, 2018). As for branding, it has the benefit of making the brand easy to remember; which because of it is become easier to remember then it can be the main purchase choice; to be able to stabilize and even increasing sales; and it also could make customers more loyal. Therefore, SMEs need help so that their products have the effective brand identity, packaging, promotion, and marketing that can be increasing product values. An integrated program is needed, namely in the form of a brand building or branding program (Tjahtjawulan, 2022).

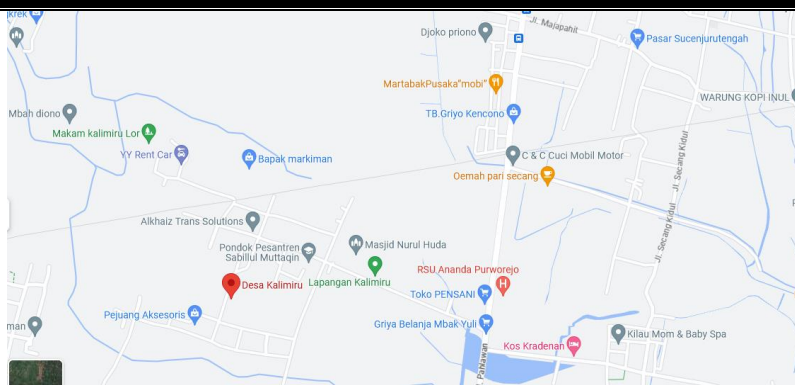
One of components that can support branding is a logo. A logo represents a business identity, institution, or other form of organization in a different way (Ainun et al, 2023). Logos can be in the form of symbols or letters, one or more words, which indicate the company name (Saputra & Syafwandi, 2017). Logo development for SMEs will have an impact on the selling value of the product itself. That is because it can help buyers visualize, describe, and differentiate the products offered. A strong logo will make it easier for customers to associate it with the brand (Ainun et al, 2023).

II. PROBLEMS

Based on the situation analysis, the same as the results of the analysis in Saifulloh's research (2021), several problems can be identified on SMEs practitioners in Kalimiru village, namely: 1. There is still a low understanding of branding as part of a product marketing strategy; 2. It is necessary to increase the ability and knowledge of business actors in terms of marketing; and 3. Lack of socialization and assistance related to product branding in communication and marketing to the public related to SMEs business activities. In addition of branding, the SMEs in Kalimiru still needs to improve their logo to be more impactful.

Previously, the Kalimiru SMEs have not think about the importance to build branding of their business nor products. They also named their brand simply and less meaning, also made logo perfunctory. They need to be given knowledge about proper branding and an effective logo so they can make their business grow.

Kalimiru is a village in the Bayan sub-district, Purworejo Regency, Central Java, Indonesia. Kalimiru Village is located to the west of the Capital City of Purworejo Regency, which is approximately 7 km from the center of Purworejo City. The location of Kalimiru Village can be seen in Picture 1. below:



Picture 1. Kalimuru Village Location

III. METHODE

This community service program begins with gathering information about the condition of the community and then analyzing it to determine the right program. Based on the results of the analysis and observations made, it was decided to hold a branding and logo design outreach program. The method used is in the form of branding recognition training and logo creation. This training was given to 20 representatives from the Kalimuru Village community, especially those who have a home industry that is already running.

The training was held in two sessions. In the branding introduction session, an explanation was given about building the right branding. The material is delivered in an easy-to-understand language. Furthermore, during the logo creation session, an explanation was given regarding the role of the logo in product branding and marketing, the appearance of the logo in the packaging, and an introduction to applications that can be used to create logo designs.

IV. RESULT

Most of the home industry players in Kalimuru Village make a business to fill their time and to add to their family's economy. They rely on promotions through the WhatsApp application and pay little attention to packaging. When in session 1 it was explained about branding, at first, they seemed confused because this was a new concept for them. Generally, they only think about being able to sell their products and do not think about branding. After being given the material, they understand more about the importance of branding and would try to develop better branding for their product.



Picture 2. Session 1 Branding Training-Socialization

Fanaqi et al. (2020) mention the benefits of branding as a product source; assignment of responsibilities to producers or distributors; signal quality; tools to project self-image and reduce the cost of internal and external search. In making product branding, several things that must be considered are designs that are unique, attractive, and easily recognized. Besides that, creating a brand that is easily recognized and remembered by

the public, and easy to pronounce. Business actors, in this case SMEs practitioners, also need to pay attention to the differentiating elements of the brand they own, even though the product is the same, the business brand owned must be different from other business actors (Octaviani et al, 2018).

In session 2, namely the logo creation session, the participants seemed enthusiastic to pay attention. This session started with the participants introducing their home industry products. They also explained the reasons for developing the business and the challenges they faced. The session then continued by providing knowledge about effective logos and media for making logo designs. The team introduced how to make logo designs through several applications, especially Canva and Photoshop. The participants, who were mostly old, seemed unable to understand the technicalities of making a logo design and the team tried to help them understand. The team also provides further assistance should they wish to consult on logo creation.



Picture 3. Session 2 Branding Training-Design Logo

Destrina et al. (2022) explained that a logo is a graphical representation of brand identity in the form of an ideogram, symbol, emblem, or icon. A good and accurate logo must also convey the non-physical characteristics that are important to the brand's operations. Making a logo design can consider regional identity (brand entity). In branding local products which also have the potential to become regional superior products, these local brands can highlight their local appearance through their visual branding. Appearing locality is not limited to using icons that are identical to the area (for example buildings, decorations, regional logos, cultural artifacts), but locality such as cooking methods, local women's cooperation (PKK Group) in making the product, local farmers, can appointed as the identity of a region in visual branding (Listya & Rukiah, 2018).

V. CONCLUSION

SMEs practitioners in Kalimiru Village understand the importance of proper branding and logos to support the marketing of their products. Brand management is now an important issue to be discussed regarding strategies to maintain consumer loyalty. (Aaker, 2014). Destrina et al., (2022) states that a brand can be used to provide legal protection for the quality and elements of a product. In addition, brands can also offer additional benefits for branding, such as helping SMEs to grow and be recognized by the general public so that they can facilitate the marketing of SMEs products. There is a need for a continuous process so that the Kalimiru Village home industry can become a competitive regional superior product and the village SMEs will be increase.

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