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Enhancing the Market Value of MSMEs Products through Packaging Improvement in Buluh Duri Tourism Village, Serdang Bedagai, North Sumatra, Indonesia

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Abstract: Buluh Duri Tourism Village in Serdang Bedagai, North Sumatra, is a destination known for its unique MSME (Micro, Small, and Medium Enterprises) products, including traditional food and handicrafts. However, a major challenge for local MSMEs is enhancing the value of their products through attractive and functional packaging. This study analyzes the role of packaging in increasing the value and appeal of MSME products, particularly in the tourism market. Using a qualitative approach, data was collected through observations, interviews with MSME operators, and document reviews. A SWOT analysis was used to identify the strengths, weaknesses, opportunities, and threats faced by MSMEs in improving their packaging. The findings indicate that attractive and informative packaging has a significant impact on consumers' purchasing decisions, especially among tourists. MSME products with modern, aesthetically pleasing packaging that reflects local culture and includes clear product information tend to attract more buyers and increase sales. However, limited knowledge and financial resources pose barriers for many local businesses in improving their packaging. The study suggests that continuous collaboration between local government, Pokdarwis (tourism awareness groups), and MSME operators is necessary to provide training and financial support for packaging development. Utilizing digital technology and social media as promotional tools is also recommended to enhance visibility and appeal. Additionally, eco-friendly packaging aligns with modern consumer trends.

Keyword: MSMEs, Product Packaging, Tourism Village, Product Value, Marketing Strategy.

INTRODUCTION

Buluh Duri Village, located in Serdang Bedagai, North Sumatra, is a popular tourist destination known for its natural beauty and unique local culture. The village offers a variety of prominent attractions such as white-water rafting on the Bah Bolon River, exploring the Bahgula Waterfall, visiting Green Canyon, admiring the Magic Wall, and discovering Batu Boru Manjile and Batu Katak. In 2022, Buluh Duri Village was recognized as one of the 50 best tourist villages in Indonesia at the Anugerah Desa Wisata Indonesia event. The diversity

of natural and cultural destinations in this village not only attracts tourists but also creates significant economic opportunities for the local community.

As a tourism village, Small and Medium Enterprises (SMEs) play a crucial role in supporting the local economy. SMEs in Buluh Duri produce a variety of products, including handicrafts and traditional culinary items. These products not only provide income for the local residents but also serve as an additional attraction for visiting tourists. However, the competitiveness of SMEs' products in Buluh Duri can still be enhanced, particularly concerning product packaging. Packaging is an essential element in marketing, serving multiple functions: protecting the product, acting as a promotional tool, and building the product's identity. Attractive and functional packaging can significantly increase a product's market value and positively influence consumers' perceptions of quality. Currently, many SMEs in Buluh Duri have not fully utilized packaging as an effective marketing strategy. Simple and unattractive packaging often limits the marketing and sales potential of these products. Therefore, improving product packaging is a strategic step to enhance the market value and appeal of these products.

This research aims to address several relevant questions regarding the development of product packaging for SMEs in Buluh Duri Tourism Village. First, the study seeks to identify the current condition of the product packaging used in the village, to understand the extent to which the packaging meets market needs, especially in the tourism sector. Next, the study will explore the challenges faced by SMEs in developing their product packaging, including knowledge, skills, and resource limitations. This research also aims to analyze the role of packaging in increasing the market value of SMEs' products, with a focus on consumer appeal and its impact on purchasing decisions, particularly among tourists. Finally, the study will explore various strategies that can be applied to improve the quality and market value of product packaging, considering aspects such as design, functionality, and sustainability, to make these products more competitive in the tourism market.

METHOD

This research is conducted in Buluh Duri Tourism Village, Serdang Bedagai, North Sumatra, known for its unique SME products such as traditional foods, handicrafts, and souvenirs. The study uses a descriptive qualitative approach combined with a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats). SWOT analysis was chosen to assess both internal (strengths and weaknesses) and external (opportunities and threats) factors that influence the value of SME products in Buluh Duri Village, particularly from the perspective of packaging. This approach provides a comprehensive understanding of strategies that SMEs can utilize to enhance the competitiveness and value of their products. The subjects of this research include SME actors, consisting of business owners involved in the production and sale of local products; local government and Pokdarwis, which play a role in the development of the tourism village and the mentoring of SMEs; and consumers or tourists, who are the main target market for SME products in the village.

The data used in this study consists of primary and secondary data. Primary data is collected through in-depth interviews with SME actors, consumers, and representatives of the local government and Pokdarwis, while secondary data comes from related documents such as government reports, academic literature, and journal articles. Data collection methods used include in-depth interviews, observations, and document review. For data analysis, the research employs a SWOT analysis method, which involves identifying internal and external factors, such as strengths, weaknesses, opportunities, and threats that SMEs face in developing their product packaging. A SWOT matrix analysis is used to illustrate the strategic position of SMEs concerning packaging improvement, and ultimately, packaging development strategies that SMEs in Buluh Duri Tourism Village can implement will be formulated. This research applies data triangulation techniques, including source triangulation and technique triangulation, to

ensure consistency and strengthen the findings obtained through various data collection methods.

RESULTS AND DISCUSSION

SMEs in Buluh Duri Village, located in Serdang Bedagai, North Sumatra, primarily consist of family-run businesses engaged in producing traditional food, handicrafts, and other local cultural products. Observations and interviews have revealed several key characteristics of these SMEs:

- 1. Product Diversity:** The SMEs produce a wide range of products that reflect the local culture, such as traditional snacks, woven handicrafts, and decorative items. This diversity is vital for attracting various consumer segments, particularly tourists seeking unique cultural experiences. The variety of products not only supports the local economy but also enhances the tourism experience by offering an array of authentic, locally crafted items.
- 2. Limited Knowledge of Packaging:** Many SME owners have expressed a lack of understanding regarding modern packaging techniques and design principles. This knowledge gap hinders their ability to create visually appealing and functional packaging that would attract consumers. As a result, many products are packaged in simple, traditional ways that do not effectively highlight the quality or distinctiveness of the products. This limits the potential of these products in the competitive tourism market.
- 3. Financial Constraints:** A significant number of SMEs operate with limited financial resources, which restricts their ability to invest in high-quality packaging materials or professional design services. Consequently, many products are packaged using basic methods that do not effectively communicate their value, quality, or unique cultural identity. These financial constraints limit the businesses' ability to tap into the benefits of attractive packaging, which could enhance consumer appeal and increase sales.
- 4. Recognition of the Importance of Packaging:** Despite the challenges, there is growing awareness among the SME owners about the importance of packaging. Many acknowledge that improving packaging could significantly increase the attractiveness of their products, particularly among tourists who value aesthetics and convenience. This shift in understanding suggests that, with the right support and resources, SMEs could substantially benefit from enhancing their packaging to better present their products and increase marketability.

In conclusion, while SMEs in Buluh Duri face several challenges related to packaging, there is a growing recognition of its importance. Addressing knowledge gaps, improving financial resources, and investing in attractive and functional packaging could help SMEs improve the marketability of their products and enhance the overall tourism experience.

SWOT Analysis Results

The SWOT analysis conducted during this study provides valuable insights into the strategic position of Micro, Small, and Medium Enterprises (SMEs) in the Buluh Duri Tourism Village, specifically regarding their packaging practices:

Strengths:

- 1. Unique Products:** The distinctive local products give SMEs a competitive edge in the tourism market. These products reflect the rich cultural heritage of the village and are a significant draw for tourists seeking authentic, handcrafted items.
- 2. Strategic Location:** Proximity to popular tourist attractions enhances visibility and accessibility for consumers, making it easier for tourists to discover and purchase local products.

3. Support from Local Government and Pokdarwis: Collaborative efforts from local authorities and the community-based tourism group (Pokdarwis) provide valuable resources and guidance for the development of SMEs, including the potential improvement of product packaging.

Weaknesses:

1. Limited Knowledge of Packaging Design: Most SME owners lack training in effective packaging design principles, limiting their ability to create visually appealing packaging that meets modern consumer expectations.
2. Financial Constraints: Insufficient funding restricts the ability of SMEs to invest in high-quality packaging materials and professional design services, hindering the potential to improve packaging quality and enhance market appeal.
3. Dependence on Traditional Packaging: Many businesses still rely on outdated packaging methods that do not meet the demands of contemporary consumers, resulting in lower perceived product value and less effective marketing.

Opportunities:

1. Government Support Initiatives: Various programs aimed at supporting SME development can be leveraged to improve packaging practices. These initiatives may offer funding or training to help businesses enhance their packaging and overall product presentation.
2. Tourism Growth: The increasing influx of tourists presents an opportunity for SMEs to expand their market reach. With more visitors to the village, there is greater potential for local businesses to increase sales and grow their customer base.
3. Technological Advancements: Access to new technologies can facilitate innovative packaging solutions, enabling SMEs to enhance the appeal, functionality, and sustainability of their products.

Threats:

1. Competition from Other Products: The presence of alternative products from neighboring areas poses a challenge, as consumers may choose products from other regions with better packaging or branding.
2. Fluctuating Packaging Material Costs: Price variability for packaging materials can affect profitability, especially when attempting to upgrade packaging to a higher standard.
3. Changing Consumer Preferences: The growing trend towards sustainability and eco-friendly products requires SMEs to adapt their packaging to align with these consumer demands, which may involve additional costs or changes in sourcing materials.

In conclusion, the SWOT analysis offers a clear picture of the strategic position of SMEs in Buluh Duri Tourism Village concerning their product packaging. It highlights the strengths and opportunities that can be leveraged to improve competitiveness in both the domestic and international tourism markets. The analysis also underscores the importance of addressing weaknesses, such as the lack of packaging knowledge and financial constraints, and managing external threats like competition and consumer preference shifts. By taking proactive steps in these areas, SMEs in Buluh Duri can enhance their packaging practices and better compete in the growing tourism market.

Impact of Packaging Improvement on the Value of SME Products

This study found that improving packaging significantly enhances the market value of SME products in Buluh Duri Village. Key findings include:

1. **Consumer Appeal:** Products with attractive and informative packaging are more appealing to consumers. During interviews, tourists expressed a preference for products with modern designs that reflect local culture while providing clear information about the origin and benefits of the product.
2. **Increased Sales:** SMEs that have adopted innovative packaging strategies reported significant increases in sales volume. For instance, one local craft producer saw a 30% increase in sales after redesigning the product packaging with bright colors and cultural motifs.
3. **Influence on Purchase Decisions:** Tourists indicated that aesthetic considerations play a key role in their purchasing decisions. Many stated they were more likely to buy visually appealing products that are easy to carry, highlighting the importance of design in influencing consumer behavior.
4. **Value Addition through Storytelling:** Including narratives about the product's origin or cultural significance on the packaging adds perceived value for consumers. This storytelling aspect not only enhances the product's identity but also creates a deeper connection between consumers and the local culture.
5. **Sustainability Considerations:** There is increasing demand for environmentally friendly packaging among consumers who prioritize sustainability. SMEs using recycled or biodegradable materials reported positive feedback from environmentally conscious tourists.

Broader Implications for Economic Development

The findings from this study suggest broader implications for economic development in Buluh Duri and other regions focusing on tourism. By improving product packaging, SMEs can not only enhance their competitiveness but also contribute to the overall economic vitality of their communities. Enhanced packaging can lead to higher sales volumes, directly translating into increased income for local producers and their families. As these businesses grow, they can create additional job opportunities within the community, fostering socio-economic growth.

Furthermore, effective packaging strategies can serve as a catalyst for promoting local culture and heritage on a larger scale. By incorporating cultural elements into branding efforts through innovative packaging designs, SMEs can help preserve traditional crafts and culinary practices while attracting tourists seeking authentic experiences. This dual focus on economic viability and cultural preservation aligns with the principles of sustainable tourism, which emphasizes community engagement and environmental management.

CONCLUSION

This study reveals that attractive, informative, and functional packaging plays a crucial role in increasing consumer interest and sales of SME products in Buluh Duri Tourism Village. Well-designed packaging not only protects the product but also serves as a significant marketing tool, influencing purchasing decisions among tourists. The SWOT analysis shows that SMEs have strengths such as unique products and government support but face weaknesses like limited design knowledge and financial constraints. Growth opportunities exist in government initiatives and the increasing tourism sector, while threats arise from competition from other local products and fluctuations in packaging material costs.

The research also highlights the potential for developing environmentally friendly packaging using modern materials and designs, which could attract sustainability-conscious consumers and differentiate SME products in the market. Furthermore, the application of storytelling in packaging, narrating the product's origins, cultural values, and benefits, can enhance consumer perception, build a deeper connection with the local culture, and encourage loyalty and repeat purchases.

To support the development of SME product packaging, this study recommends several steps, such as training programs for SME owners focusing on modern packaging design and local cultural elements, as well as financial support initiatives to assist in packaging upgrades. Collaboration between SMEs and design experts is also critical to produce innovative and appealing packaging. Awareness campaigns on sustainability can encourage SMEs to adopt eco-friendly packaging materials, while digital marketing strategies via social media can enhance product visibility and attract younger consumers. Finally, it is important to establish a continuous feedback mechanism to gain direct consumer insights regarding packaging effectiveness and adjust SME strategies accordingly. Future research should explore the long-term impact of packaging improvements on brand loyalty and compare best practices from other tourist villages to identify more effective packaging innovations for diverse markets.

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