

Development Of Marketing And Business Operational Management Methods In UMKM Peci Nasional Cahaya Insan Padang City

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ABSTRACT UMKM Peci Nasional Cahaya Insan is a business in the craft sector that produces black peci. Business activities are still not supported yet by technology-based marketing and business management tools. It is known that the use of conventional systems and a lack of understanding by business actors in developing their business through digital marketing can hinder the management of business operations and result in less-than-optimal market development. Therefore, this article was written to provide knowledge development related to operational management, including implementing digital marketing and business management at Cahaya Insan using website optimization and supporting applications for financial transactions as part of business operational management. The method of this activity is carried out by interviewing MSME players to find solutions to existing problems. The result of this activity is the achievement of understanding the use of marketing media and financial transactions digitally through the outreach activities provided.

Keywords: MSME, Digital Marketing, Business Operational

1. INTRODUCTION

MSMEs are one of the driving forces of the country's economy. MSMEs are known to contribute a lot to national income, so if the MSME sector is disrupted then the economy could also be affected (Anggraini & Rosalina, 2022) . According to data from the Central Statistics Agency, currently MSMEs in Indonesia have reached almost 65 million units, which means that overall the number of MSMEs makes up 90% of the total number of businesses in Indonesia. When the Covid 19 pandemic broke out several years ago, the MSME sector felt a significant impact such as a decline in demand which resulted in many business actors going out of business (Aisyah, 2019) (Setiawati, 2020) . Seeing this problem, the government provided support in the form of launching the National Economic Recovery Program (PEN), providing interest rate subsidies, KUR bailout funds, providing working capital, providing grant funds, and other programs (Lindawati et al, 2020) .

The Covid pandemic has brought many changes, one of which is large-scale activity restrictions. This restriction causes a shift in buying and selling methods from conventional to

buying and selling via digital transactions. This situation encourages MSMEs to digitize their businesses. To date, the number of MSMEs that have carried out digital transformation has reached 25% or around 16 million business units, while the rest are still stuck in the old system (Tabuena et al., 2022) . Business digitalization is a method that must be implemented in MSMEs as a form of lifestyle change that requires minimal direct interaction. Apart from reducing the spread of the Covid-19 virus, this minimal interaction can also expand the target market of MSMEs themselves (Kingsnorth, 2022) .

Craft MSMEs in Padang City are one of the leading sectors in Padang City. MSMEs in this sector have contributed significantly to Gross Regional Domestic Income (GRDP) every year, except during the Covid-19 pandemic (Aisyah et al., 2022) . One of the MSMEs in the craft sector in Padang City that was affected was the Cahaya Insan National Peci Craft MSME located in Baringin Village. Cahaya Insan UMKM is a family business that has been passed down through several generations and is still running today. This MSME, which was founded in 1990, has 25 workers and produces a product based on local wisdom in the form of a national peci craft product with Minangkabau characteristics that already exists in the local market (Figure 1). Based on the information provided by Mr Thoha as the business owner, in one month his business is able to produce 200 caps with an average income of Rp. 2,500,000/month. However, when the Covid-19 pandemic occurred, production numbers dropped drastically to 50 pieces/month with an average income of Rp. 200,000.00/month, this business even stopped temporarily due to low demand from the market for 5 months. In production activities, this business involves many parties, such as internal families and the surrounding community.





Figure 1. One of the Managers of the Joint Business Results of Cahaya Insan's National Peci Production

The crisis that occurred during the pandemic caused product sales to decline because Cahaya Insan MSMEs were still using two combined marketing techniques, conventional and digital (Haryanti et al., 2019) . However, the use of digital tools in marketing is only limited to social media owned by one manager. Apart from that, Cahaya Insan UMKM has also not optimized aspects of its business operational management, such as there is no continuous production process control system, there are no performance evaluation activities per period, and so on (Wardani & Widayani, 2021) . This lack of optimal digital marketing and operational management has resulted in limited market segmentation that can be achieved by MSMEs and business managers have difficulty making strategic decisions in their business operations. In addition, many managers still have minimal knowledge of digital marketing and business operational management (Ginting & Sitepu, 2020) . In fact, Cahaya Insan's MSME business has great potential to be developed through digital marketing. The objectives of this program are:

- a) Increase the insight and competence of partner community groups regarding the use and application of digital marketing methods to expand market segmentation.
- b) Increase the insight and competence of partner community groups regarding the use and application of business operational management to increase business efficiency and productivity.
- c) Increasing partner economies through economic activities.
- d) As a form of downstreaming the research results of the proposing team through this empowerment program.
- e) Accelerate and support the Independent Campus Learning (MBKM) program by involving students in this empowerment program, so that students can go directly and practice the knowledge learned while in college in accordance with the achievements of IKU STMIK Indonesia Padang

1.1 PRIORITY ISSUES

Based on situation analysis and identification of problems with partners, priority problems with partners can be described as follows:

A. Problems in the marketing aspect.

Cahaya Insan MSME players generally still market their products conventionally, namely with a direct selling system *with* a face-to-face interface between business actors and buyers. Marketing techniques like this have advantages and disadvantages. The advantage of this technique is that it can maintain good interactions with consumers who have already purchased the product or just visited the shop to see the product, while the disadvantage is that it makes it difficult to reach new market segments and shares due to the lack of information obtained by the public regarding the product and its prices.

Apart from that, the use of social media is still minimal because it is limited to marketing products via one social media platform, namely Facebook, this can reduce the personal branding of Cahaya Insan MSMEs. The combination of social media accounts from various platforms and a website/blog will be the right way to promote and market products (9).



Figure 2. Cahaya Insan MSME Facebook account

Apart from that, the majority of Cahaya Insan MSME managers are still not literate in digital technology, especially the use and utilization of social media which can be used as a solution to the decline in sales. The large number of business managers and workers at Cahaya Insan MSMEs who are still at a productive age are the right targets for this empowerment program to provide insight into digital marketing via several social media platforms, marketplaces and also BlogSpot.

B. Problems in the operational management aspect of the business

At Cahaya Insan UMKM there are several problems in the operational management aspect of the business. Firstly, there is a lack of documentation regarding production planning which includes several things such as work environment planning, production operation policies and standards, and

other planning documentation. Second, there are no written rules regarding production control that are adjusted to previous planning, control of raw materials, control of production costs, control of labor, control of product quality, and maintenance of equipment. Third, the TUPOKSI of each company structure has not been maximized. These three priority problems in the operational management aspect of the business have caused the growth of the Cahaya Insan MSME business to slow down in the midst of the industrial revolution 4.0 era.

- C. Partners need digital marketing software media and assistance on how to use it. The service team will create digital marketing software and provide assistance in using the media and software that has been provided.

Based on the problems described above, the proposing team determines priorities in solving the problems faced by partners. The priority agreed upon between the proposing team and partners is "Development of Marketing Methods and Business Operational Management to Improve the Welfare of MSMEs of Cahaya Insan National Peci Crafts, Baringin Village, Padang City". Through this agreement, it is hoped that the PMP program will get maximum results for partners in increasing the potential competitiveness of the craft sector in Padang City.

Literature or conceptual review

1. Competitive Advantage

Competitive advantage is a company's ability to operate in one or more ways that competitors cannot or will not use. In general, companies that want to survive must continue to create new advantages and customers must treat all competitive advantages as customer advantages. Businesses should focus on improving customer service and then achieving high customer value and satisfaction, leading to repeat purchases and ultimately increasing business profitability (Street & Pacah, 2016) .

Competitive advantage can also be explained as everything a company can do to be better than competing firms. A firm can have a competitive advantage when it can do what its competitors can't do or what competitors want to do.

2. Market Orientation

Market orientation is the processes and activities related to creating and satisfying customers by continuously assessing customer needs and wants. Market orientation can be understood as the formation of a customer-centric organizational culture in the company's strategic management. It can be concluded that market orientation is a company culture that includes aspects of customer orientation, competitor orientation, and coordination between functions (Street & Pacah, 2016).

3. Product Innovation

Product innovation is a combination of many different processes that influence each other. New products play an important role in increasing business profitability, while process innovation plays a strategic role in reducing costs. The characteristics of product innovation are important factors that need to be considered for the success of a company in the future (Street & Pacah, 2016). The characteristics of innovative products include:

- a) Culture of Innovation
- b) Technical Innovation
- c) Administrative Innovation

2. METHOD

The method for implementing the PMP program is carried out using several approaches. This approach is expected to support the success of the planned outcomes. Some of the approaches taken include:

- a) Active participation approach, this approach emphasizes the role of partners in training and counselling activities on business management and digital marketing to increase the potential competitiveness of Peci Nasional Cahaya Insani MSME products
- b) Activity orientation approach, this approach aims to achieve planned targets/outputs (increasing partner knowledge and skills).
- c) The program approach includes: Operational business management training, digital marketing training and counselling.
- d) Independent approach, this approach is aimed at knowing the results and evaluating the success of the service program by involving practice partners directly regarding the service program material that has been provided. The method for implementing the PKM program in order to resolve partner problems is presented in detail in Figure 3 as follows:

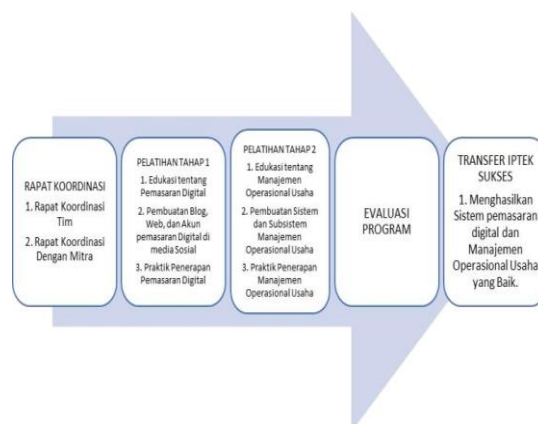


Figure 3. Steps for the Beginner Community Empowerment Program

Based on Figure 3, the implementation stage of this activity begins with a coordination meeting by discussing with the team and partners regarding proposed activities for solutions to problems experienced by partners. The problem solution stages agreed upon by partners are the solution stages in the field of digital marketing and the solution stages in the field of business operational management. Then the next step is to carry out training and mentoring activities for approximately two months to ensure the transfer of knowledge to partners goes as expected. The next step is activity evaluation which is useful for measuring the progress and success of the program. After the evaluation activity ends, it is hoped that this activity will provide output as proposed, namely a digital marketing system and good business operational management that can be implemented independently by partners.

3. RESULT AND DISCUSSION

This training on digital marketing and business operational management is an activity participated in by Partners, namely Peci Nasional Cahaya Insan, located in Baringin sub-district, Lubuk Kilangan sub-district, Padang City, with a total of 15 participants consisting of 3 business owners and 12 staff employees/ peci craftsman.

service is provided using the lecture method, namely the service team provides a presentation on material in developing MSMEs, especially in digital marketing techniques and business operational management, especially in the financial sector. In producing products, every business must optimize 3 main pillars, namely:

- a) The marketing function is a function related to the market to increase demand and ultimately distribute the product into the hands of the market.
- b) The Financial Function is the function for managing various activities related to finance during the company's operations.
- c) Production function is a function related to the processing of goods and services into products that can be used by the market.

The training that has been carried out by the community service team is as follows: In this first training session, material was delivered on how to create an account on the financial management application and how to apply it so that financial transactions can be recorded neatly and recorded well. Financial management and digital marketing are important factors that can help businesses expand their markets and ensure that business management runs according to the right pattern. For business financial management, the PMP team introduced an application called "Mekari Journal" which can be downloaded and used for free and can be used immediately. Here is what the Mekari journal application looks like:



Figure 5. Mekari Journal Application

Mekari Jurnal is cloud-based online accounting software that provides automation solutions to make it easier to manage bookkeeping, finances and business operations in real time. In this PMP activity first, one of the participants, namely the Peci National UMKM admin Cahaya Insan, was accompanied in creating an account for the Mekari journal and on how to input business data such as bookkeeping, finance and other business operations. Then the admin is also accompanied by preparing a report on the final data.



Figure 6. Mekari Journal Application Training

In the second training session, material was delivered about updating marketing content on the Peci Nasional Cahaya Insan MSME website, whose web address can now be accessed by the public. In this activity, the PMP Team has provided a TKT product, namely an official website that can be managed independently by the UMKM Peci Nasional Cahaya Insan admin. The admin only needs to add or correct the product information that was previously displayed on the website.

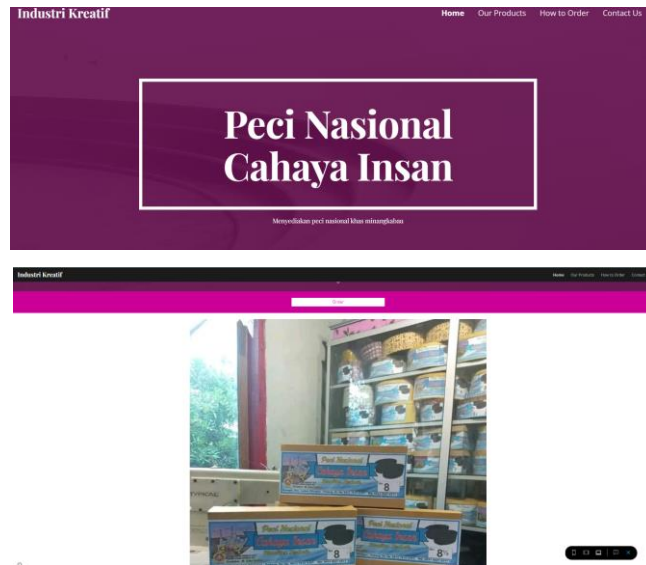


Figure 7. Appearance of the National Peci UMKM Cahaya Insan website

The digital marketing training activity document can be seen in the following image:



Figure 8. Cahaya Insan National MSME Website Training

Based on observations we made from the results of community service activities with the topic of training on the use of digital marketing in marketing development for MSME players, Peci Nasional Cahaya Insan is located in Baringin sub-district, Lubuk Kilangan sub-district, Padang. City, successfully implemented on Saturday, September 30 2023. Achievable Metrics From this training it is clear that participants can clearly understand the material presented, participants can take part in good practice training in digital marketing and company operations management. The supporting factors in this activity are a supportive environment where this service activity takes place, the surrounding community welcomes the presence of the service implementation team and the availability of adequate supporting equipment and a good support network because when carrying out training it is carried out face to face. to meet face to face, you must use a device with an Internet connection.

4. CONCLUSION

The implementation of operational management from MSME Peci Nasional Cahaya Insan has the aim of providing the best service for consumers with the help of business operations and good digital marketing strategies. The human resources of these MSMEs have been equipped with adequate financial management and digital marketing skills to be able to carry out management and marketing activities so that products are more widely distributed and reach a wider market. Implement good operational management so that invalid financial records do not occur and the data can be accounted for.

Implementation of digital marketing at MSME Peci Nasional Cahaya Insan by providing the best service for consumers through ease of transactions such as a website enriched with informative features making it easier for potential consumers to find out about the components of Peci. This website will also facilitate interaction between MSME managers and consumers because it also includes information regarding personal contacts.

Obstacles in operational management are caused by internal errors due to a lack of knowledge and supervision by MSME managers over the course of operations. An obstacle in marketing is a lack of knowledge about using websites as a digital marketing technique.

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CONFLICT OF INTERESTS

Declare any conflict of interests, such as any financial, professional, or personal relationships that are relevant to the submitted work. This can include the name of a funding source and a description of their role in the design of the study, data collection and analysis, writing of the article, and/or decision to submit to IJCCH; whether they serve or have previously served on IJCCH's editorial board; and/or whether they work or have worked for an organization that may benefit from the publication of the article.

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