

CHAPTER I

INTRODUCTION

1.1 Background

MSMEs are one of the driving forces of the national economy with their contribution and role in absorbing more labor than other business elements in Indonesia, proving that MSMEs are able to reduce unemployment and poverty rates. Based on the Kompas.com article, MSMEs are able to contribute to absorbing more workers, namely 97% of the total Indonesian workforce or around 116,978,631 people. This can reduce unemployment and overcome poverty in Indonesia. From data from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia in (2021), Indonesian MSMEs contributed IDR 8,573.9 trillion to Indonesia's GDP (Gross Domestic Product). Indonesia's GDP in 2021 will reach IDR 14,838.3 trillion. This means that the contribution of MSMEs reaches 57.8% of GDP. Meanwhile, in 2022, MSMEs will contribute 60% to GDP and contribute 14% to total national exports.

MSMEs are indeed an important pillar as a strong pillar of the country's economic development. This is also felt by other ASEAN countries. Likewise in countries that are already in the developed country category, such as the United States, Japan, Germany, France, Canada; These countries also realize that MSMEs are the driving force of the economy which is very important for economic growth and the process of technological growth in these countries.

However, it is inevitable that since the opening of the 2010 Asean Free Trade Agreement/AFTA-China Free Trade, it has raised concerns among industrial circles in Indonesia. Moreover, for Micro, Small and Medium Enterprises, MSMEs are a business group that has quite big concerns. The concerns are quite justified, because even though it has not yet been opened, many home industrial products made in China have entered the Indonesian market at very cheap prices. Cheaper than several domestic small business products. With the opening of CAFTA, Chinese goods will certainly enter the market which has previously been the area of micro, small and medium enterprises. One way to

increase the competitiveness of Indonesian micro, small and medium enterprises is to improve product quality and production efficiency by implementing good business management.

In the Indonesian economy, Micro, Small and Medium Enterprises (MSMEs) are the business group that has the largest number. In addition, this group has proven to be resistant to various kinds of economic crisis shocks. So it becomes imperative to strengthen micro, small and medium business groups that involve many groups. The business criteria included in Micro, Small and Medium Enterprises have been regulated under a legal umbrella based on law. Based on Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs).

Micro, Small and Medium Enterprises (MSMEs) have a strategic role in fighting poverty and unemployment in Indonesia. President Jokowi stated that MSMEs that have high resilience will be able to support the country's economy, even during a global crisis. Around 88.8-99.9% of businesses in ASEAN are MSMEs with labor absorption reaching 51.7-97.2%.

Many small business actors complain about the difficulty of developing their business. The business that was started experiences stagnation in one particular position. One of the key answers in overcoming this problem is business innovation. Business innovation is a necessity for every type of business, including Micro, Small and Medium scale companies. So, in order to continue to exist in business competition, small business actors must adapt to these changes. To align with the rhythm of change is to carry out business innovation.

Marketing strategy is also important to increase sales effectiveness. There are many marketing strategies that are worth using, if the marketing strategy goes well then sales will go well. MSMEs must implement a structured marketing strategy to maximize sales. The marketing strategies contained in it are product, place, price and promotion.

Terasi products are a typical Indonesian food made from shrimp fermented with salt and stored in a closed place for quite a long time. Its sustainability and authenticity must be preserved. Bengkalis is an island area in Riau Province

which has abundant marine products, therefore Bengkalis is a large producer of shrimp paste in Riau Province. Many MSMEs in Bengkalis do not have a structured marketing strategy.

MSMEs play an important role in the community economy in Bengkalis Regency, Riau. Based on BPUM data, there are 56,000 business actors, then from the Mata MSME application there are 20,000, so it can be concluded that in Bengkalis Regency there will be 70,000 MSME units registered in Bengkalis Regency in 2022. There are only around 246 MSME products that are Halal and BPOM certified.

MSMEs that do not have BPOM-standard products may face challenges in gaining consumer trust, especially if they operate in industries that place a high value on regulatory compliance. Consumers may consider this product to be potentially unsafe or of lower quality than BPOM standards. As a result, sales of MSMEs without BPOM standard products could be negatively impacted. Please note, sales effectiveness is influenced by various factors outside BPOM standards. Factors such as product differentiation, price, marketing strategy, distribution channels and customer satisfaction also play an important role in determining MSME sales results.



Figure 1.1 BPOM Logo

Source: <https://www.pom.go.id>

Not a few MSMEs may choose not to follow BPOM standards for various reasons. These reasons could include associated costs, time-consuming

procedures, or lack of awareness regarding the importance of regulatory compliance. As a result, their products may not have the same level of scrutiny as BPOM standards. Sales effectiveness for MSMEs can be influenced by whether their products have BPOM standards or not. Consumers generally prioritize safety and quality when purchasing products, especially those related to health and wellness. BPOM standardization provides a sign of credibility and assurance, which can increase consumer trust and confidence in products. As a result, MSMEs with BPOM-standard products can have a competitive advantage in the market, which leads to higher sales potential.

The aim of this research is to find out whether there are differences in marketing strategies carried out by standardized MSMEs and non-standard MSMEs. Based on this background, the researcher intends to conduct research with the title "**Comparative Analysis of Marketing Strategies of BPOM Standard MSME Product and Non BPOM Standard MSME Products (Case Study of Shrimp paste (*TERASI*) MSME Products)**".

1.2 Formulation of the Problem

Based on the background above, the author's problem formulation in this research is:

1. Explains how to implement marketing strategies for BPOM standardized MSME products?
2. Explains how to implement marketing strategies for MSME products that are not standardized by BPOM?
3. Explain how the implementation of marketing strategies differs from BPOM standardized MSME products and BPOM non-standardized MSME products?

1.3 Purpose of Study

In accordance with the above problem, then the research objectives in this proposal are:

1. To find out how the implementation of marketing strategies BPOM standardized MSME products.
2. To find out how the implementation of marketing strategies for MSME products that are not standardized by BPOM.
3. To find out how the implementation of marketing strategies differs in increasing sales effectiveness (Case Study on BPOM standardized and non-BPOM standardized MSME products).

1.4 Significance of the Study

1. Theoretical Benefit:
 - a. It is intended that this study will help finish theoretical research on marketing institutions, namely marketing strategy.
 - b. It is anticipated that the study's findings will influence how marketing strategies are thought out.
2. Practical Benefit:
 - a. As a way to deepen scientific understanding and comprehension of connected research issues.
 - b. While reading to get more understanding and information about the subject being studied.

1.5 Scope and Limitation of the Problem

The scope of this research, which focuses on BPOM-standardized and non-standardized MSME activists on Bengkalis Island, can be identified by the author based on the background of the problem described. The research's limitations include its limitation to studying only the sales strategies used by MSME sellers to increase sales effectiveness.

1.6 Systematic writing

This report was organized into five chapters that are each further broken into sub-chapters that are explored in more detail. Following is a quick summary of each chapter's systematics:

CHAPTER I : Introduction

In chapter 1 explains the background of the problem, problem formulation, purpose of study, significance of study, the scope and limitation of problem and the systematic writing of a study in the final research report.

CHAPTER 2 : Literature Review

In chapter 2 explains about previous research and theoretical basis in this final research contains the theory that underlies the research that comes from books / literature published nationally or internationally for at least the last 5 years.

CHAPTER 3 : Methods And Process Of Research Completion

In chapter 3 explains the identification of the location, time and object of research, types and sources of data, population and samples, sample collection techniques, data collection techniques, data processing techniques, scale measurement, data analysis methods, types of research, concept definitions and operational variables.

CHAPTER 4 : Results And Discussion

In chapter 4 explaining the results of testing, discussion and limitations of research results, discussion of the results obtained is made in the form of theoretical explanations, either qualitatively, quantitatively or statistically.

CHAPTER 5 : Conclusion And Regulation

In chapter 5 explains the conclusions and suggestions from the research that has been carried out