

## PRODUCT LABEL INNOVATION DESIGN AS A FACTOR FOR INCREASING THE COMPETITIVENESS OF MSME PRODUCTS

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**Abstract:** In the era of industrial revolution 4.0 that is currently being experienced, it requires all aspects of life to be able to adapt to the modernization that is occurring, such as the rapid flow of information, globalization and the economy. The method used in this research uses SWOT (Strengths, Weaknesses, Opportunities, and Threats). Where the results of SWOT are a challenge for companies to survive amidst current developments, so as not to be swept away by the current developments. Companies are required to always innovate their products. SME competitiveness is reflected in product competitiveness and organizational competitiveness. The main indicators of product competitiveness are product value/price and consumer satisfaction, while the main indicators of organizational competitiveness are profit and human resources (HR). High innovation, both process innovation and product innovation, will increase the ability of SMEs to create higher quality products. High product quality will increase competitive advantage in SMEs which ultimately has an impact on the performance of SMEs themselves. Without a strong brand image or brand image, it will be difficult for a company to attract new customers and retain existing ones. Brand trust will determine consumer loyalty to the brand and trust will have the potential to create high-value relationships. Therefore, innovative product label design is used to increase product selling value.

**Keywords:** Labels, MSMEs, SWOT

## INTRODUCTION

### Introduction

In the era of industrial revolution 4.0 that is currently being experienced, it requires all aspects of life to be able to adapt to the modernization that is occurring, such as the rapid flow of information, globalization and the economy. This is a challenge for companies to survive amidst the times, so as not to be swept away by the current current of developments. Companies are required to always innovate their products.

SME competitiveness is reflected in product competitiveness and organizational competitiveness. The main indicators of product competitiveness are product value/price and consumer satisfaction, while the main indicators of organizational competitiveness are profit and human resources (HR). High innovation, both process innovation and product innovation, will increase the ability of SMEs to create higher quality products. High product quality will increase competitive advantage in SMEs which ultimately has an impact on the performance of SMEs themselves (Elfahmi & Jatmika, 2019).

An industry is said to be competitive if it has a level of total factor productivity (TFP) that is the same or higher than its foreign competitors. Innovation remains a demand and is very important with various innovations, both starting from the product and from the process and

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you can see how big the contribution of innovation efforts is to revenue and the process, especially innovation must be directed at the SME aspect itself, but must also be taken into account. with low costs, so innovation must be focused on product efficiency and deficiencies, including feasibility and better quality (Kahn, 2018; Kalil & Aenurohman, 2020). Product innovation in its development will produce new functions, new models and better competitiveness (Aksoy, 2017; Joly, 2019) for products produced by SMEs. One new model that can increase the competitive advantage of SMEs is redesigning product packaging labels.

Packaging is an important marketing tool, not just a wrapper. Packaging is the process of designing and making containers or wrappers for a product (Tjiptono, 2007). If business actors pay attention to these functions, the smoothness of product sales can increase. Charles A. Beresrin, an officer at the American Modern Packaging Magazine, in Alma (2002) said that "Wrapping is not only a service but also a salesman and bearer of trust, where a wrapper is the final vision of a trustworthy consumer."

### **Research purposes**

This research aims to provide a product label innovation model to increase the competitiveness of MSME products. Qualitative research has two objectives, namely analyzing product features and analyzing packaging features. The research design used is descriptive analytical which is used to accurately describe the conditions or symptoms that occur in individuals or groups.

The data analysis technique used is content analysis which aims to analyze research data related to product packaging label innovation in depth through information sources published in written or printed form in the mass media.

The results of this study aim to provide a design model for product label innovation that can increase competitiveness.

## **LITERATURE REVIEW**

### **1. Product**

A product is anything that is offered to satisfy a need and desire." Meanwhile, conceptually, Tjiptono (2000) states that "A product is a producer's subjective understanding of something that can be offered as an effort to achieve organizational goals, through fulfilling consumer needs and desires in accordance with organizational competence and capacity as well as market purchasing power".

Other experts provide the understanding that a product is a complex nature of the goods or services produced by a company. This is as expressed by Swastha & Irawan (1993) that "A product is a complex characteristic both tangible and intangible, including packaging, color, price, company and retailer prestige that is accepted by buyers to satisfy needs and desires." The product strategy that is generally applied is to focus attention on packaging and ways to attract consumer interest by influencing consumer decisions.

### **2. Packaging**

Packaging can be defined as all activities of designing and producing containers or wrappers or packaging for a product. Packaging includes three things, namely the brand, the packaging itself, and the label. Kenneth R. Berger.2005. "A Brief History of Packaging". University of Florida. 28 February 2005. There are three main reasons for packaging, namely: a. Packaging meets safety and usability requirements. Packaging protects the product on its journey from producer to consumer. Packaged products are usually cleaner, more attractive, and more resistant to damage caused by weather. b. Packaging can implement marketing programs. Through packaging, product identification becomes more effective and automatically prevents exchange by competing products. Packaging is the only way for

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companies to differentiate their products. c. Packaging is a way to increase company profits. Therefore, companies must make packaging as attractive as possible. With attractive packaging, it is hoped that it can attract and attract the attention of consumers. Apart from that, packaging can also reduce the possibility of damage to goods and make shipping easier.

### **3. Packaging Function**

Hermawan Kartajaya, an expert in the field of marketing, said that technology has made packaging change its function. In the past, people said "packaging protects what it sells." Now "packaging sells what it protects." In other words, packaging is no longer a protector or container but must be able to sell the product it is packaging. The functional development of packaging doesn't just stop there. Nowadays, packaging functions as a communication medium. Packaging can also function to communicate a certain image. By looking at the very important function of packaging, the functional packaging concept must cover the entire marketing process from product concept to final use.

### **4. Packaging Design Objectives**

Generally, the aim of packaging design is specific to each particular product or brand. Packaging design can be aimed at: 1. Showing the unique attributes of a product. 2. Strengthen the aesthetic appearance and value of the product. Maintaining uniformity in product brand unity. 4. Strengthen the differences between product varieties and product lines. 5. Develop different packaging forms that suit the category. 6. Using new materials and developing innovative structures to reduce costs, be more environmentally friendly, or increase functionality. (Marianne Rosner Klimchuk & Sandra A. Krasovec, 2006:49)

### **5. Principles of Packaging Design**

There are many variables that influence how and why a packaging design attracts consumers. Consumer researchers spend a lot of time analyzing these variables. From a pure design perspective (removing other marketing variables such as price, location, and brand loyalty) there are important elements that capture consumer attention very well and break through the visual crowd in retail competition. (Marianne Rosner Klimchuk & Sandra A. Krasovec, 2006: 82)

## **RESEARCH METHODOLOGY**

This research is urgent because product label innovation design is a factor in increasing the competitiveness of MSME products. This is really needed by MSMEs in maintaining their existence in other MSME product lines. This research uses a descriptive approach.

### **Research Location and Time**

Research in implementing this research program was carried out at the Coffee MSME District. Semarang. This research was conducted for 6 months.

### **Research Stages**

The research method applied is a descriptive qualitative method which systematically describes the nature of an object, in this case the primary and secondary data obtained by the author. The data analysis carried out is inductive, namely that the data that has been collected is compiled and analyzed along with the data collection process. As a research instrument is developed, efforts are made to streamline its validation, which can be done using source triangulation techniques, namely matching data collected based on various sources, namely: content analysis that can be traced through reference and archive studies, interviews with experts and producers.

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The process of collecting primary data in this design is by interview and observation methods. Visit MSMEs' offline production and sales sites directly, ask for all detailed information regarding existing packaging designs. Not only in terms of design but also the weaknesses that have been found in existing packaging designs. Interviews were conducted directly with MSME owners. Apart from that, we also asked consumers who had tried MSME products about their satisfaction with the existing packaging design, whether it supported the taste of the product.

The data collection process used is the library and documentation method. Look for references from the internet or books to see packaging designs for similar MSME products. Learn how packaging design for homemade food products has developed recently. Document all products from MSMEs along with other supporting photos such as existing packaging.

### **RESULTS AND ANALYSIS**

The collected data is then carried out data analysis in the form of SWOT analysis and. SWOT analysis is carried out to analyze product features while VIEW analysis analyzes packaging features.

#### **1. SWOT analysis**

This SWOT analysis functions as a basis for making strategic decisions in company management. Therefore, in the context of packaging, SMEs also need to carry out a SWOT analysis to understand the environmental situation in more depth, especially in terms of the needs of consumers and business partners regarding the environmental conditions faced by the Company.

##### **1.1. Strength**

MSME Coffee Bean Products Kab. Coffee. Semarang has 2 superior variations, namely Robusta and Arabica coffee beans. It has coffee plantation land so that the processing is still traditional so that the quality of the resulting taste is still maintained. And the prices offered are quite competitive with premium quality.

##### **1.2. Weakness**

The weakness is the lack of digital marketing. Apart from that, the packaging for coffee products still uses standard packaging with sticker labels made from paper without lamination so they are easily damaged if exposed to water. The packaging does not contain detailed product information and the packaging does not convey its identity.

##### **1.3. Opportunities**

Results of coffee beans from UMKM Kopi Kab. Semarang can produce up to 557.06 tons with a harvest area of 717 Ha. With such a large income, it can open up wider reseller opportunities.

##### **1.4. Threats**

There are many competitors in the area and they are not easily recognized because they do not have a distinctive identity. From the results of the SWOT analysis, there are considerations in designing the packaging design, namely that the materials used in the packaging must treat the product well and the visuals designed must reflect the identity of the District Coffee MSMEs. Semarang.

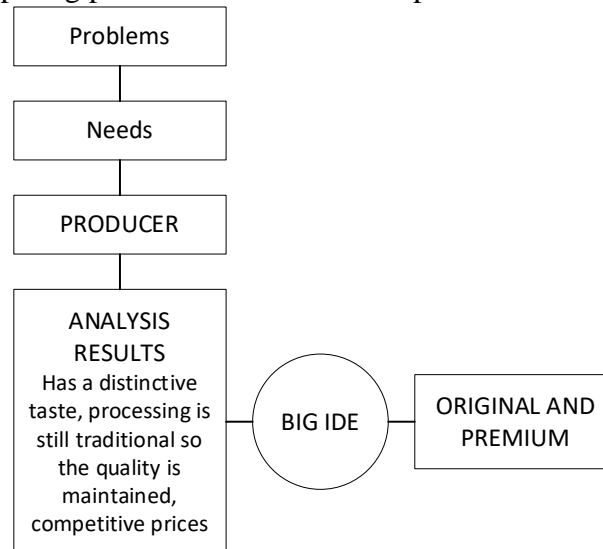
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## 2. Design Concept

Based on data analysis, the design plan that will be created will produce a new packaging design that is attractive, matches the characteristics of the product, creates a strong brand identity, and provides comprehensive product information to create a unique impression compared to competing products as shown in the picture. 1.



**Figure 1.**  
**Design Concept**

## 3. Implementation of Packaging Design

Standing pouch with flat bottom type and has a valve feature was chosen to apply coffee packaging for MSME Kab. Semarang. This packaging is often found for packaging coffee that has been roasted to remove carbine dioxide and prevent air from outside from entering so that it retains the aroma of the coffee well while it is packaged. Standing pouch packaging, as the most popular type of packaging commonly used for MSME products, has many advantages. Apart from being able to stand on its own, having a zipper, and quality materials that can protect the product, standing pouches can make it easier for you to sell and make the product look more attractive. Some products actually look more prominent when using a standing pouch. Coffee products (including beans and grounds) are all the rage these days. The lifestyle of people who consume a lot of coffee has recently caused Indonesia's coffee production to increase sharply. It cannot be denied that authentic Indonesian coffee has a very unique quality and taste. For details of the Standing Pouch with flat bottom type and has a valve feature, see Figure 2.



**Figure2.**  
**Standing pouch with flat bottom type and valve feature**

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**4. Packaging Labels**

Usually this packaging label contains information about the food being sold, it can be in the form of pictures, writing or both and can also be in the form of a sticker that is attached to the packaging. The product label design contains important content, including the brand, logo, expiration date, production company name, composition, PIRT number, and other additional ingredients. District Coffee MSME Label Design. Semarang can be seen in figure 3.



**Figure 3**  
**Label Design**

**5. Design after changes**

After analyzing using the SWOT method and implementing packaging and labeling design, the results obtained are in accordance with table 1.

**Table 1**  
**Table Details of Packaging Innovation**

Product name	Logos and Mascot	Text/Typography	Color	Image	Physical Structure
Jurang Coffee District. Semarang	The logo is clearly visible in the top center showing the year it was founded	Text is used as a tag <i>Name</i> and also information about coffee. There is also a PIRT code	The dominant color is black to strengthen the coffee symbol  and brown to display information	There is an image of a picture of coffee beans as a marker for the type of coffee, namely robusta	The physical packaging uses a STANDING POUCH with FLAT BOTTOM type and has a side VALVE feature

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### **CONCLUSION**

In the packaging design process, many design and research steps are required that must be considered so that it suits the packaging's purpose. Effective packaging is packaging that takes into account aspects of comfort, safety and ease of use. Apart from that, if the coffee SMEs in Kab. Semarang pays attention to product packaging that is attractive, informative, and can protect the product from damage during shipping, so this can increase the selling value of the product. It is hoped that with the new packaging containing diverse information and an attractive design, this can function as an indirect marketing tool while raising the image of Kab.'s coffee SMEs. Semarang.

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