

# DIGITALIZATION AS A MSME MARKET INTEGRATION DEVELOPMENT SERVICE (STUDY IN PATAAN VILLAGE, SAMBENG DISTRICT, LAMONGAN REGENCY)

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**Abstract.** The development of digitalization technology needs to be utilized by the public to increase productivity both in terms of production and marketing. Efforts to assist the digitalization of technology and the integration of MSME actors can increase market expansion and overall digital application knowledge. The community empowerment effort is used for digitization for market development techniques for the distribution of production and promotion of local products. The methods used in the empowerment process are mapping, data collection and Forum Group Discussion (FGD). As well as making the application center for MSME products. The result of the empowerment is the emergence of 25 food versions of MSME products that are included in the pataan store application, it is hoped that MSME actors will be able to operate digital systems to facilitate the marketing concept of online product distribution.

**Keywords:** digitalization; development; market integration; MSME.

## I. INTRODUCTION

The development of digitalization today makes all sectors must move to follow the digital era. Digital activities that penetrate all sectors are no exception for micro, small and medium enterprises (MSMEs). Statistical data for 2020 shows economic development and an overall increase of 5.1%, one of which is the contribution of the growth of MSMEs in Indonesia. The contribution from the development of MSMEs is able to support the financing of regional revenues and Indonesian state revenues. Every appreciation should be aimed at the income of MSMEs which can be said to be economic heroes. The definition of MSMEs can be interpreted as individual businesses that are self-initiated and the impact of reducing the unemployment rate significantly in Indonesia (Law of the Republic of Indonesia Number 20 2008 [1]). Absorption rate. Of course, the relatively high workforce, MSMEs are starting to see an unlimited market. The industrial era 4.0 on challenges and opportunities encourages innovation and creation from all walks of life and is able to survive in the era of globalization.

Analytical skills and sharpness in visualizing products on social media should have been understood in a real and comprehensive manner. So that MSMEs can move dynamically to challenges and their environment. Embedding social media business context is needed for optimizing business solutions. With the rapid advancement of technology, the skills of MSME actors require continuous improvement to manage the adaptation to change and the relevance of market segments. Communication and interaction between business people and consumers in the era of globalization has shifted the paradigm from face to face. Bargaining becomes an efficient and effective loophole on

social media with images that find market information of the product and clear and low cost. This mix makes it clear that human behavior regarding the use of marketplaces on Google Internet is the main requirement for achieving products into the hands of customers. However, the limited knowledge of MSMEs regarding market place display features needs more in-depth touch and learning. Remembering the marketing process is how we can accommodate and intervene with buyers to like and be interested in our products [2] so that even though the market process is in the computer, the identification of product communication on emotional and interactive pressure is positive and well built so as to increase sales.

Our awareness of the appearance of big data, almost 70% of the economy in Indonesia is supported by the presence of MSMEs and in recent years MSMEs in Indonesia's performance has increased (Statistics). Meanwhile, the contribution of MSMEs to the formation of GDP has also increased from year to year. It is very encouraging that the challenges and opportunities of Industry 4.0 encourage innovation and creation from all levels of society, especially MSMEs. This industrial revolution also requires connectivity and digitization to be able to increase total manufacturing efficiency and product quality. MSMEs as a supporter of economic growth in Indonesia are expected to be able to control the costs of the production process and promotion costs in order to reduce prices and surveys in the market. The concept of product distribution through online sales should also be used by all MSMEs even in remote villages. In fact, this situation has not been utilized properly by MSMEs, especially in villages, therefore the online marketing network assistance program for making market places as product outlets needs to be carried out especially for rural

communities.

Pataan village, which is located in Sambeng sub-district, Lamongan district, is part of the Lamongan district which has access to the southern MSMEs that have the potential to be developed. Several types of superior products that can be identified as superior products are teak crafts, processed honey, Perhutani, loa frutas well as processed local materials such as corn, medicines and so on to raise the image of local MSMEs in Pataan Village as an effect of interest tourism specifically the discovery of the largest King Airlangga heritage site in Indonesia and to help the local community's economy. The role of the media is expected to be able to improve the pattern of relations between producers and consumers which in essence from year to year the number of MSMEs in Pataan Village is increasing day by day, especially in the food industry. The results of the mapping carried out by the Tokoreka team that there are 20 MSMEs in the digitalization era continue to be carried out to add MSME components, both in the trade service industry or the wood and confection industry.

The development of technology in digitization needs to be utilized by MSMEs to increase their business productivity both in terms of production and in terms of marketing. The current condition of MSMEs that still have limitations in the use of technology has caused many MSME businesses to be unable to compete with business actors from within and outside the country [3]. Network and access to proportions that can increase MSME productivity and market development of products. One of the efforts that can be carried out is by assisting digitalization of technology and the integration of digitizing MSME actors through assistance can increase market expansion and overall knowledge of digital applications.[4].

The purpose of this activity program is to empower the MSME community on the importance of digitalization for market development techniques, distribution of products and promotion of local products. The benefit of this activity is to increase the knowledge of MSME actors in Pataan Village in a series of marketing activities in accordance with technological developments.

## II. RESEARCH METHODS

Solving the problem of the decline in MSME actors when making sales is done by using the following methods: learning actions included in the FGD (Forum Group Discussion) from the results of mapping product advantages and the needs of MSME actors according to [5] FGD is a process and evaluation carried out in a participatory manner by listening and studying the needs of each problem raised. The results of the FGDs were followed by narrowing down the topic of management and maintenance which was then followed by actions and real activities that were relevant to the actions or actions to be taken.[6] From the problems presented by the community as well as the results of the feasibility test mapping and the needs of SMEs, the solutions offered are:

- 1) Socialization of the importance of using technology in the era of the industrial revolution 4.0 in industry 4.0 competition and the business competition they live in
- 2) Dissemination of digital use through digital applications as a medium for product development and market development
- 3) Making the pataan store application as a commercial stall that can be managed by the pataanpokdarwis to be used as an online shop for pataan products

The evaluation that will be carried out in this activity is the process and implementation as well as the outcome of the process evaluation using the Snyder evaluation method[7]with achievement indicators as follows:

Table 1. The Snyder Evaluation Method

No	Description of activities	Target	benchmark
1.	Increasing the awareness of MSME actors towards the use of technology in the digitalization era	25 SMEs	Awareness of the importance of using digitalization technology
2.	Improving marketing techniques for MSME products through digital media coverage by MSME actors in Pataan Village	25 SMEs	Able to market online
3.	Making an online management application, namely the Pataan Store for the Pataan Village MSME market	25 SMEs	Able to use digital market

## III. RESULTS AND DISCUSSION

MSME assistance is carried out to encourage MSME actors in digitizing the economy. In addition to reaching a broad market, digitization and the use of technology also facilitate business networks. The digitization of MSMEs is a change from conventional patterns to become more modern in order to encourage business effectiveness and efficiency. MSMEs, which are essentially pillars of the national economy and a major contribution to the state, treat digitalization as very vital to be developed for the advancement of the MSME sector. Pataan village which is located in the southern region of the district Lamongan, the province of East Java, Indonesia, has an area of 1,813 km<sup>2</sup> with a total of 58 MSMEs. Community activities that only rely on farming and gardening are very difficult to develop MSMEs. This is due to the lack of knowledge and utilization of local resources. Through the mentoring and coaching program, 25 MSMEs in the food sector were found that could be developed through digitalization for market expansion [9]. Given the extraordinary natural potential of the availability of raw materials and strategic geographical location with the discovery of the Airlangga royal heritage sites, namely Pataan Temple and Airlangga Park.

The accent left by King Airlangga has become a magnet for special interest tourists to get to know the area where this condition is automatically able to boost community

economic empowerment by optimizing MSME products. The process of collecting data on MSMEs from the snack food sector has registered 25 MSMEs for the digitization process [9]. This activity is carried out directly in the area where MSME actors live, namely Pataan Village with the following activity packages:

The initial stage of socialization regarding technological developments for MSME actors is carried out by delivering material on currently developing marketing technology. Market differentiation can be penetrated by digitization and information technology without having to incur distribution costs and small taxes. The ease of technology is able to increase product sales by providing examples of businesses around developing areas. Besides, it also inserts a good and attractive product packaging process for consumers. The current emphasis on the importance of technological progress makes it easier for business actors to make their products more effective and efficient as well as environmentally friendly. This activity fosters enthusiasm for MSMEs to innovate more and use technology for market sustainability.[10]

The second stage is mapping and collecting data for MSMEs that are eligible for the digitalization of the pataan economy. This activity requires a group of 20 students to comb the pataan area that has MSME businesses. Personal assistance by visiting MSMEs directly makes the results of data and product literacy more comprehensive for product information media at MSME stores. This activity offers an easy and hassle-free business management solution. The function of this data collection is to develop a more attractive Pataan Store application equipped with complete MSME features along with the management process and product application. This MSME data collection, apart from promoting MSME products, is also possible to control the business management more feasible for the target market that can be taken from the pataan store later. Assisting the operational management and marketing system for SME products due to technological advances and the millennial market segment demanding the use of digital applications in running their business in addition to low prices, other users are more efficient [4]. The third stage is the FGD (Forum Group Discussion) which is the final final result of finishing for MSME actors to complete product features at the pataan store. In which each MSME actor is shown the results of the web display. The following is product literacy and the prices offered on each product package so that the Pataan store is ready to be launched and submitted to Pokdarwis. Pataan village tourism awareness group to be managed. This strengthens the data report of 29.1% of MSMEs in Indonesia adding digital channels in the last 3 years. It is undeniable that MSME's need for the use of digital platforms has helped run businesses both in normal or pandemic positions efficiently and effectively. MSME digitization is a change from the conventional system to a digital system as an effort to increase the efficiency and effectiveness of MSME business processes and operations. The digitalization of MSMEs is aimed at making MSME business actors change their business management from conventional to modern practices.

#### IV. CONCLUSION

Pataan village MSME actors are able to operate a digital system to facilitate access to more affordable product distribution. The use of technology can control MSME market demand through online marketing and offline marketing. By taking advantage of current technological developments. So that marketing costs are more efficient and effective. Increasing the distribution of MSME products which were originally only marketed in local villages, namely Pataan villages through online markets (pataan stores) distribution can cover all parts of Indonesia and even abroad. Therefore, it can be said that digitalization with online is able to tread rapidly advancing economic growth. MSMEs that are digitizing consumer networks are getting wider, not just people around the business who know about the business. However, commodities on various digital platforms also know the existence of these MSMEs and their production. In fact, the online shopping trend is changing MSMEs to continue to adapt to consumer lifestyles so that the chances of survival are also high when a sustainable market is maintained.

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