

Packaging Innovation as a Strategy to Enhance the Added Value of MSME Products in Kapuh Village (UMKM Desa Kapuh Traditional)

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Abstract— This study aims to examine the role of packaging innovation as a strategy to enhance the added value of Micro, Small, and Medium Enterprises (MSME) products in Kapuh Village. This study employs a qualitative approach, using data collection techniques such as in-depth interviews, observations, and document analysis. The sample includes several MSME in Kapuh Village engaged in various production sectors. The collected data were analyzed descriptively to identify relevant packaging innovations and evaluate their impact on the added value of MSME products. The results indicate that packaging innovations, such as the use of eco-friendly materials, attractive designs, and clearer product information significantly influence consumer perception of MSME products. Additionally, these innovations have increased the product's market value and consumer loyalty. Based on these findings, it is recommended that MSME in Kapuh Village continue to develop packaging innovations to strengthen their product positioning in broader markets.

Keywords: packaging innovation; added value; MSME; Kapuh Village; marketing strategy.

I. INTRODUCTION

A. Background of the Problem

MSME (Micro, Small, and Medium Enterprises) in Kapuh Village, District Simpur, Hulu Sungai Selatan Regency, represents a sector important in the local economy. Most of the MSME are engaged in the production of food, handicrafts, and other local products with broad market potential. However, despite having quality products, many MSME in Kapuh Village face challenges related to product packaging. Insufficient packaging and failure to meet market standards often hinder efforts to improve product competitiveness (Smith, 2022). Innovation in packaging becomes important for increasing the added value of MSME products. Good packaging functions as a protective product and as a tool for effective marketing. Through innovation in design, materials, and information products, packaging can enhance consumers' perceptions of the products and ultimately improve its marketability (Johnson & Lee, 2023).

However, the main problem faced by MSME in Kapuh Village is the limitation in knowledge and resources for developing innovative packaging. This matter causes products to compete with products from other regions that have more attractive packaging (Kim et al., 2023). Therefore, it is necessary to conduct a study to identify relevant forms of packaging innovations and their impact on the improvement and enhancement of the added value of MSME products in Kapuh Village.

B. Problem Formulation

- How can packaging innovation increase the added value of MSME products in Kapuh Village?
- What are the relevant forms of packaging innovation for MSME in Kapuh Village

C. Research Objectives

- To identify appropriate forms of packaging innovation for MSME products in Kapuh Village.
- To analyze the impact of packaging innovation on enhancing the added value of MSME products.

D. Benefits of Research

- For MSME: Providing practical strategies to increase marketability through packaging innovation.
- For local government: Providing policy recommendations to support the development of MSME through the improvement in packaging quality.
- For Academics: Contributing to literature on packaging innovation and the development of MSME in rural areas.

II. LITERATURE REVIEW

Innovation in Packaging encompasses various aspects, ranging from design and materials to the functionality of packaging. The goal of packaging innovation is to increase product appeal, enhance product protections, and give clear information to consumers (Anderson et al., 2023). Current packaging innovations trends in the MSME industry include the use of eco-friendly material, minimalist design, and multifunctional packaging that can be reused (Miller & Thompson, 2023).

Value-added products refer to improvement in the market value and consumer perception of the product. Elements that enhance the added value include products' quality, competitive pricing, and visually appealing packaging (Green & White, 2022). Effective packaging can increase the perception of consumers about quality products and, thus, improve product sales (Brown & Taylor, 2023).

Case Studies and best practices from various MSME in Indonesia demonstrate successful application of packaging innovation to enhance product marketability. These case studies show that innovation in the use of

eco-friendly materials and unique design can increase the competitiveness of products in the market (Wilson & Harris, 2023). These best practices can serve as reference for MSME in Kapuh Village in developing their packaging.

III. METHODOLOGY STUDY

The research design of this study is qualitative, aimed at gaining deep understanding of appropriate packaging innovation for MSME in Kapuh Village and their impact on enhancing the added value of products. A qualitative approach was chosen to explore the perspectives of both MSMEs and consumers in greater detail. The population for this study consists of all MSMEs in Kapuh Village that produce goods for sale in the local market or beyond. The research sample was determined purposively, focusing on MSME with the potential to develop packaging innovation. Data were collected through interviews with MSME stakeholders to obtain information about the current packaging condition and the challenges they face. Observations of the packaging process were also conducted to identify weaknesses and strengths in that process. In addition, questionnaires were used to measure the perception of consumers regarding MSME product packaging. Data were analyzed in descriptively to understand the current packaging conditions in Kapuh Village. A comparative analysis was conducted to evaluate the impact of packaging innovation on enhancing the added value of a product.

IV. RESEARCH RESULTS AND DISCUSSION

The analysis shows that the packaging used by MSME in Kapuh Village is generally simple and lacks appeal. The main weakness is the lack of Innovative design and the use of low-quality materials, which can reduce the attractiveness of products in the eyes of consumers (Chen & Zhang, 2022).

Some simple packaging tools used by small and medium-sized enterprises (SMEs) in Kapuh village include items such as oil lamps (Figure 1.)



Fig. 1. UMKM Desa Kapuh Traditional packaging tools

The image illustrates the packaging process, where women use basic tools such as hand sealers, manual labeling, and oil lamps as adhesives. The products are neatly packed, wrapped in plastic, and labeled manually.



Fig. 2. The Packaging process

The appropriate packaging innovation implemented for MSME products in Kapuh Village include the use of eco-friendly materials, improved design quality, and the inclusion of more comprehensive products. Case studies from several MSME that have adopted these innovations show positive results, including improvement in sales and increased customers' loyalty (Nguyen et al., 2023). To implement this, packaging training sessions and the distribution of packaging tools were organized for the MSME groups in Kapuh Village.



Fig. 3. Packaging Training

The distribution of packaging tools can be seen in the image below.



Fig. 4. Distribution of Packaging Tools

The provision of modern packaging tools to the MSME groups in Kapuh Village serves as a strategic solution to address the challenges they face. By introducing advanced tools such as hand sealers, labeling machines, and eco-friendly packaging materials, the initiative aims to improve the quality, durability, and marketability of local products. This approach enhances the efficiency of the packaging process and helps meet market standards and increase consumer satisfaction. The new tools provide a significant boost to the competitiveness of MSMEs, enabling them to measure their businesses and resolve long-standing issues related to packaging.



Fig. 5. Modern Packaging Tools

The results of the interviews showed that prior to the service activities related to packaging, the participants relied on manual packaging methods, which resulted in longer process of packaging, lower efficiency, and less visually appealing packaging. However, after receiving the packaging tools, they reported a significant improvement.

One of the participants stated, "I understand better how packaging can increase the selling value of products. I used to just use ordinary plastic, now I know how to choose more attractive packaging." This statement illustrates that, in addition to simplifying the packaging process, the activity also increased participants' understanding of the importance of packaging design in attracting consumers and increasing product marketability.

This main finding aligns with the Results and Discussion section, which shows an increase in the effectiveness and efficiency of packaging after the intervention. This supports the conclusion that the use of packaging tools contributes to improving product quality and sales potential.

After the implementation of packaging innovation, there was an improvement in customer perception of Kapuh Village MSME products. The analysis shows that this innovation increases product sales and improves the competitiveness of products in broader markets (Garcia & Martinez, 2023). The evaluation of the success of packaging innovation indicates a significant improvement in the added value of the products (Kim et al., 2023).

The data collection was conducted in several stages to ensure the accuracy of the results. Data were collected through observation, interviews, and Pre-Test and Post-Test assessments. Observations were conducted to assess the initial conditions of participants before the packaging intervention, including how they manually packaged products. Interviews were conducted to gain direct insight from participants regarding the obstacles they faced before and after using the packaging tool.

The measurement method involved comparing the results of the Pre-Test and Post-Test using several instruments. An assessment scale was used to evaluate participants' responses to a series of questions related to the basic principles of packaging, its objectives, and its impact on marketing. In addition, a practical evaluation was conducted by asking participants to practice packaging before and after receiving a packaging tool, allowing for the observations of differences in speed, quality, and attractiveness of the packaging. The results of the Pre-Test and Post-Test were analyzed to assess the improvement in participants' understanding of packaging, both in its functional and aesthetic aspects.

The evaluation results from the pre-test and post-test conducted for the MSME groups indicate significant improvements in knowledge and skills. The pre-test results revealed a lack of understanding in key areas such as packaging techniques, product labeling, and environmentally friendly materials. However, after the training sessions and hands-on practice, the post-test results demonstrated notable improvements. Participants were able to apply innovative packaging methods, incorporate better product information, and use eco-friendly materials effectively. This positive change highlights the success of the training program in empowering MSMEs to enhance their packaging strategies and improve their overall business performance.

Table 1 Evaluation Results from Pre-Test and Post-Test Packaging Knowledge

| Description | Pre-Test | Post Test |
|---------------|----------|-----------|
| Average Score | 65 | 90 |

The conclusion of this study demonstrates that packaging innovation has proven effective in increasing the added value of MSME products in Kapuh Village. Through changes in packaging design and materials, MSMEs can increase product appeal, marketing opportunities, and competitiveness in a broader market. This answers the first question regarding how packaging innovation can increase product added value. The study findings confirm that more attractive and functional packaging can improve consumer perceptions of product quality and strengthen the position of MSMEs in market competition. Regarding the second research question on the form of packaging innovation relevant to MSMEs in Kapuh Village, the study found that the use of higher-quality packaging materials, attractive visual designs, and more practical and environmentally friendly packaging were the most influential innovations. These factors help MSME products stand out more and have greater appeal to consumers.

Recommendation:

- For MSME: It is recommended to continue developing packaging innovations as a strategy for increasing product marketability and enhancing competitiveness in the market.
- For Local Government: It is recommended to support MSME initiatives in packaging innovation through ongoing training and mentoring programs.

Suggestions for the Study: Furthermore, the study can identify areas of need for the development of more advanced packaging innovation, including new technologies and more environmentally friendly materials, to increase the competitiveness of MSME products.

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