

Business Improvement Strategy Using Digital Marketing In The Informal Sector Of A Stove Factory In Joyo Agung Malang

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Abstrak: Pengabdian kepada masyarakat merupakan kewajiban penting perguruan tinggi yang harus dilakukan oleh dosen untuk memberikan informasi dan memperluas wawasan masyarakat dalam berbagai bidang. Kegiatan pengabdian kepada masyarakat ini dilaksanakan di pabrik kompor yang berlokasi di Jl. Joyo Agung No. 60, Tlogomas, Kec. Lowokwaru, Kota Malang. Salah satu contoh kegiatan pengabdian kepada masyarakat adalah dengan menggunakan metode pemasaran yang memanfaatkan teknologi informasi untuk membantu sektor informal. Peneliti menggunakan pendekatan Participatory Action Research (PAR) dengan melibatkan secara aktif pelaku industri kompor di lapangan dan memberikan edukasi kepada mereka tentang pemanfaatan media sosial untuk pemasaran kompor secara online.

Kata Kunci : Strategi Peningkatan Bisnis; Pemasaran Digital; Pabrik Kompor.

Abstract: Community service is an essential obligation of higher education that lecturers must do in order to impart information and broaden the public's understanding in numerous domains. The activities scheduled take place in the stove plant located at Jl. Joyo Agung No. 60, Tlogomas, Kec. Lowokwaru, Malang City. An example of a community service activity is using marketing methods that utilize information technology to assist the informal sector. The researchers employed the Participatory Action Research (PAR) approach to actively engage with stove factory players in the field and educate them on the utilization of social media for online marketing of stoves.

Key Word : Business Improvement Strategy; Digital Marketing; Stove Factory.

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Introduction

Community service is an essential obligation of higher education that lecturers must do in order to impart information and broaden the public's understanding of numerous areas. One potential community service activity is implementing marketing tactics through the use of information technology to assist the informal sector in several areas, including technology adoption in manufacturing, utilization of social media, and integration into the field of education. Currently, society is facing a scenario that demands significant innovation in marketing tactics for items from the informal sector, which are created to fulfill client requirements. When putting anything into action, individuals' preferences are always evolving, which means that those involved in the informal sector must be innovative in marketing their products in terms of both quality

and quantity. Significant innovation is required to enhance comprehension and capacity for promoting their items. (Wibawa et al., 2020, p. 25).

The informal sector significantly contributes to the development of countries, including Indonesia. The informal sector refers to a disorganized, sporadic, and predominantly lawful but unrecorded sector. Approximately 30-70% of the urban labor force is employed in the informal sector. The informal sector is characterized by a significant presence of small-scale businesses owned by individuals or families. It relies on simple and labor-intensive technology, has low levels of education and skills, and has limited access to regional financial institutions. The labor productivity in the informal sector is low, resulting in relatively lower wage levels compared to the formal sector. The informal sector is closely associated with the rural sector when compared to other sectors. The informal sector offers avenues for surplus labor in rural regions to transition out of poverty and unemployment. The informal sector in metropolitan areas is strongly interconnected with the formal sector. The formal sector relies heavily on the informal sector, particularly for cost-effective inputs and the supply of commodities to formal sector employees. In contrast, the informal sector relies on the expansion of the official sector. The informal sector occasionally supports the formal sector by offering inexpensive items and essential commodities to formal sector employees (Ramdan, p. 3).

Urban areas consist of two interdependent sectors: the formal sector and the informal sector. These sectors play a crucial role in shaping the economic prosperity of both suburban and city center communities, as they contribute to the sustainability of the local economy. Furthermore, it is well acknowledged that the population issue is a significant challenge of the 20th century, characterized by a surge in population growth in several nations, including Indonesia. Consequently, this has led to intense competition in the job market, necessitating the establishment of new facilities in the employment sector (Dharmayuni & Khairuddin, p. 109).

The informal sector serves as a viable solution to address employment challenges in Indonesia. Given the prevalent small-scale farming and trading activities within Indonesian culture, the informal sector emerges as a strategic alternative during this period of uncertainty. Examining Malthus's perspective on population issues, one of the societal conflicts arises from the expansion of the population, necessitating the provision of adequate resources to meet everyone's requirements (Rini, 2012, p. 201).

In the context of metropolitan civilization, particularly those impacted by materialism, three crucial aspects exist: 1. Factors related to the economy, 2. Factors related to development, 3. Factors related to needs. This leads to a high level of materialism in urban society, with the economy primarily prioritizing the formal sector. However, this situation has diverged from the reality faced by the majority of people who rely on the informal sector for their livelihoods. Researchers assert that the informal sector has significant promise for society, since it offers a greater number of employment opportunities due to its labor-intensive nature, in contrast to the capital-intensive formal sector. (Umiarso & Rijal, 2019, p. 61).

The stove industry operates within the informal sector due to its collaborative work system, which lacks formality. Consequently, workers in this industry typically engage in part-time employment, although some may work full-time. It is worth

noting that the stove industry is characterized by labor-intensive practices rather than capital-intensive ones (Fauzi, 2013, p. 59).

Employees at the Joyo Agung stove factory have been ingrained with the belief that stove manufacturing is an informal sector that offers employment opportunities. Researchers have observed that the stove industry is passed down through generations, meaning that if a father is a stove maker, it is probable that his son will also become one. This phenomenon is studied and cultivated as a cultural practice within the stove factory. By employing 20 to 30 individuals, a stove manufacturer may effectively alleviate unemployment in a suburb, thereby providing young people with job opportunities inside their local region and reducing the need for them to seek employment in the city center.

One potential enhancement for the stove manufacturing business is the implementation of digital marketing. Digital marketing refers to the utilization of digital media and online platforms, such as social media, to promote and conduct market research. Nowadays, social media not only facilitates the connection between individuals and their gadgets, but also enables people to communicate with others from all corners of the globe. Digital marketing encompasses interactive marketing and integrated marketing, enabling interaction between producers/suppliers, market intermediaries, and consumers. Digital marketing simplifies market research and enables businesses to cater to diverse consumer needs and desires. Similarly, consumers can conveniently search for and access product information through digital features, greatly facilitating the information retrieval process. Consumers now have the autonomy to make decisions based on search results. Digital marketing have the capacity to effectively target individuals across all societal strata, regardless of their location or the time constraints they may face (Purwana et al., 2017, pp. 2-3).

Social media possesses significant potential and is very capable of advancing the informal economy. Consistent use of social media has the potential to significantly enhance the productivity of the informal sector. Social media plays a crucial role in expediting the dissemination of marketing material, customer evaluations, and written content. It also enhances consumer interactions and enables access to a wide range of consumer groups (Haryono, 2017, p. 239). According to the aforementioned arguments, the stove factory is an informal sector with significant commercial worth that requires business enhancement, particularly in the marketing domain. Consequently, the researcher carried out community service, focusing on one specific stove factory located at Jl. Joyo Agung No. 60, Tlogomas, Kec. Lowokwaru, Malang City. This factory is categorized as a small-scale industry. The objective of community service activities conducted in this stove factory is to enhance the stove company by expanding production and marketing.

Activity Method

Initially, observations were carried out in early January 2024 at a specific stove factory located at Jl. Joyo Agung No. 60, Tlogomas, Kec. Lowokwaru, Malang City. In this preliminary observation, the researcher directly observed the research subject to gain a comprehensive understanding of the field. The researcher employed open observation, where the subjects willingly allowed the observer to witness the events

and were aware of being observed. This facilitated the researcher's exploration of the intricacies of the field. Furthermore, the researcher engages in Participatory Action Research (PAR), which involves direct interaction with the persons under investigation. Hence, researchers must directly engage in fieldwork to carry out Participatory Action Research (PAR). Providing and informing stove factory stakeholders about the strategy of using social media as a platform for marketing their stove company online. The topics under discussion include the advancement of social media, the use of social media for online business marketing, the advantages of stove factories in enhancing the informal sector economy, and the optimization of social media for stove factory businesses.

Results and Discussion

The stove plant went bankrupt due to a drop in market demand caused by the transition from kerosene stoves to gas stoves. Presently, the factory's state is improving, despite the fact that the inventory of items is being lowered to align with market circumstances. The present rate of stove production has significantly declined from its previous capacity of 140-600 stoves per day to an average of 480 stoves per day. This situation necessitates the corporation to significantly reduce expenditures that are seen relatively unimportant. Fortunately, Mr. Kabul, the plant manager, has successfully conserved resources for stove production.

The price rise is not directly equivalent to the increase in the price of stoves, as the price of stoves may only grow by a maximum of 50% due to market constraints. The stove factory's marketing efforts focus on locations where gas stove compensation has not yet been provided, such as Lombok, Lampung, Surabaya, Tuban, and Mojokerto. The stove being advertised is the ak 4 stove, which has a somewhat worse quality compared to the initial model made by the first stove business, known as the

ak 1 stove. The marketing of this stove may be expedited based on the need in each region, so augmenting the company's income and revenue, albeit to a modest extent.



Figure 1. Socialization of community service activities

Employee welfare is reasonably ensured by the provision of overtime bonuses. However, in times of decreased demand, permanent workers get compensation in accordance with established norms. The present state of employee welfare may be described as satisfactory, since all permanent employees get weekly pay, resulting in little employee complaints. Although initial issues arose, they were successfully resolved via discourse. The neighboring neighborhood comprises workers from the stove manufacturer, resulting in an improvement in the well-being of the community.

In order to enhance company operations, stove manufacturers in the informal sector might make use of digital marketing strategies. Through the utilization of digital marketing, individuals operating in the informal sector may expand their market reach and attract new clientele. Informal sector actors require comprehensive training to gain a thorough understanding of the principles and tactics of digital marketing, enabling them to effectively execute it. In order to confront the growing competition in the digital market, the local economy may enhance the quality of goods and the competitiveness of informal stove factories through this type of community service (Ulum et al., 2023, p. 629).

Digital marketing refers to the use of digital media to promote a company's name, brand, or product range. The objective of this marketing campaign is to efficiently, effectively, and relevantly target a wide range of customers. This may be accomplished through digital advertising or social media platforms such as Facebook, Youtube,

Twitter, Instagram, and other platforms that are widely used by business owners. Since its inception in 2000, digital marketing has gained popularity and become the most often used and preferred form of advertising for organizations seeking to promote their products and services. Its great adaptability contributes to its widespread adoption. Business owners are increasingly adopting digital marketing as a more efficient alternative to old approaches. Due to the benefits of digital marketing, which include increased convenience, comfort, adaptability, and speed compared to traditional systems. Consequently, consumers see it as uncomplicated, while marketers may efficiently access their intended audience (Purba & Trianovie, 2023, p. 61).

The significance of employing digital marketing as an effective marketing strategy utilizing digital technology has been extensively debated in several prior scholarly works. Online marketing strategies are known for their ability to market products with precision, effectiveness, and efficiency due to their highly communicative nature. They are also faster in gathering consumer responses and disseminating information to consumers. By leveraging social media platforms, stove factory operators in the informal sector can increase their profitability and engage in more frequent and direct communication with customers. This is particularly advantageous as people are increasingly dedicating more time to social media. Consequently, informal sector actors in stove factories have the opportunity to effectively reach their marketing goals (Purwati et al., 2022, p. 29).

Essential digital marketing information may be conveyed through presentations, conversations, and question & answer sessions. The attendees of the Google My Business digital marketing training mentoring event were also proficient in establishing Google My Business and utilizing its feature to enhance visibility. In order to enhance income and attract a larger customer base, organizations can augment their promotional efforts for all the products they offer through digital marketing on their Google Business accounts (Kamil et al., 2022, p. 523).

Training on the utilization of digital marketing for promoting business items. In addition, presenting instances of successful utilization of digital marketing to enhance business capability. This training aims to enhance the stove factory's understanding, ability, and knowledge of digital marketing in order to improve business operations in the informal sector. By participating in the community partnership program, the stove factory can effectively utilize digital marketing strategies to maximize promotional activities. Offering an instruction on how to create an account on digital media platforms, which might enhance the marketing outreach of the stove factory. The specific form of digital media utilized in this context is Social Media, namely the platform known as Instagram. The culprits received instruction on tutorials and techniques for optimizing Instagram accounts to promote their business and expand their marketing reach, so increasing their commercial capacity.

Conclusion

The informal sector possesses some benefits over the formal sector in terms of its labor-intensive nature. Therefore, it is hoped that the informal sector can persist throughout all sectors of the Indonesian economy, as a larger proportion of the

Indonesian population is employed in the informal sector compared to the formal sector. The informal sector, represented by the Joyo Agung stove factory, is facing a crisis due to insufficient demand in certain areas. This is primarily because the factory focuses on producing oil stoves rather than gas stoves. Consequently, when there was a shift in consumer preference from oil to gas stoves, the industry faced some confusion. However, the factory managed to overcome this challenge by identifying markets outside the local region.

In order to enhance company operations, stove manufacturers in the informal sector might make use of digital marketing strategies. Utilizing digital marketing enables informal sector participants to tap into a broader market and expand their consumer base. Informal sector actors require comprehensive training to gain a deep understanding of the principles and tactics of digital marketing, enabling them to effectively execute it. The significance of employing digital marketing as an effective marketing strategy utilizing digital technology has been extensively debated in several prior scholarly works. Online marketing strategies are known for their ability to market products with precision, effectiveness, and efficiency due to their highly communicative nature. They are also faster in gathering consumer responses and disseminating information to consumers.

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