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**OPTIMIZATION OF DEMAND FOR LEADING SMI PRODUCTS IN  
PACITAN DISTRICT****Kunto Inggit Gunawan, Mataji****Universitas 17 Agustus 1945 Surabaya****(Naskah diterima: 1 Januari 2022, disetujui: 30 Januari 2022)****Abstract**

*Empowerment of Micro, Small and Medium Enterprises as defined in Republic Act No. 20 Year 2008 About the Micro, Small and Medium Enterprises need to be conducted in a thorough, optimal, and sustainable through the development of a climate that is conducive, giving the opportunity seeks, support, protection, and development business as wide as possible, so as to be able to improve the position, role, and potential of the business Micro, Small and Medium Enterprises in realizing economic growth ,equity and increasing people's income , creating job opportunities , and alleviating poverty. The principle of empowering Micro, Small, and Medium Enterprises as mandated by Law of the Republic of Indonesia No. 20 of 2008 is: a. Growing independence, togetherness, and entrepreneurship for Micro, Small and Medium Enterprises to work on their own initiative; b. The realization of transparent, accountable and fair public policies ; c. Regional potential -based and market- oriented business development in accordance with the competencies of Micro, Small, and Medium Enterprises; d. Increased power competitiveness Enterprises Micro, Small, and Medium Enterprises; and e. Implementation of planning, implementation, and control in an integrated manner. The crucial issue is that not only SMEs in Pacitan Regency are able to produce superior products, but what is more important is how superior products can be marketed effectively and efficiently so that on a macro level it encourages regional economic growth and on a micro scale it encourages an increase in the income of IKM business actors. On this basis, a rational study based on existing regulations is needed to determine a marketing strategy for developing superior products in the Pacitan Regency area . Based on the identification of strengths, weaknesses, opportunities and threats, it shows that: strengths and opportunities have a larger portion when compared to threats and weaknesses, even though weaknesses and threats have a smaller portion but should not be ignored, so the Department of Trade and Industry must be able to optimize development superior products as a support for income in order to improve the welfare of the community.*

**Keyword:** *Optimization – Featured Products – IKM*

**Abstrak**

Pemberdayaan Usaha Mikro, Kecil dan Menengah sebagaimana dimaksud dalam Undang-Undang Republik No. 20 Tahun 2008 Tentang Usaha Mikro, Kecil dan Menengah perlu

dilakukan secara menyeluruh, optimal, dan berkelanjutan melalui pembangunan iklim yang kondusif, memberi kesempatan mencari, mendukung, melindungi, dan mengembangkan usaha yang seluas-luasnya, sehingga mampu meningkatkan posisi, peran, dan potensi usaha Mikro, Kecil dan Usaha Menengah dalam mewujudkan pertumbuhan ekonomi, pemerataan dan peningkatan pendapatan masyarakat, penciptaan lapangan kerja, dan pengentasan kemiskinan. Prinsip dari pemberdayaan Usaha Mikro, Kecil, dan Menengah sebagaimana diamanatkan oleh Undang-Undang Republik Indonesia No. 20 Tahun 2008 adalah: a. Menumbuhkan kemandirian, kebersamaan, dan kewirausahaan bagi Usaha Mikro, Kecil dan Menengah untuk bekerja atas inisiatif mereka sendiri; B. Terwujudnya kebijakan publik yang transparan, akuntabel, dan berkeadilan; C. daerah pengembangan usaha berbasis potensi dan berorientasi pasar sesuai dengan kompetensi Mikro, Kecil, dan Usaha Menengah; D. Peningkatan daya saing Usaha Mikro, Kecil, dan Menengah; dan e. Pelaksanaan perencanaan, pelaksanaan, dan pengendalian secara terpadu. Masalah krusialnya adalah tidak hanya UKM di Kabupaten Pacitan yang mampu menghasilkan produk unggulan, namun yang lebih penting adalah bagaimana produk unggulan dapat dipasarkan secara efektif dan efisien sehingga secara makro mendorong daerah pertumbuhan ekonomi dan dalam skala mikro mendorong peningkatan pendapatan pelaku usaha IKM. Atas dasar ini, diperlukan kajian yang rasional berdasarkan regulasi yang ada untuk menentukan strategi pemasaran bagi mengembangkan produk unggulan di wilayah Kabupaten Pacitan.

Berdasarkan identifikasi kekuatan, kelemahan, peluang dan ancaman, terlihat bahwa: kekuatan dan Peluang memiliki porsi yang lebih besar jika dibandingkan dengan ancaman dan kelemahan, meskipun kelemahannya dan ancaman memiliki porsi yang lebih kecil namun tidak boleh diabaikan, sehingga Dinas Perdagangan dan Perindustrian harus mampu mengoptimalkan pengembangan produk unggulan sebagai penunjang pendapatan guna meningkatkan kesejahteraan dari komunitas.

**Kata Kunci:** Pengoptimalan, Produk Unggulan, IKM

## **I. INTRODUCTION**

The enactment of the Asean Economic Community ( AEC) or the Citizens Economic Asean (MEA) region Asean, requires every county to increase the potential ekoominya, because if not, then the implementation of the AEC is actually a country or a region into a potential market ( potential market ) for the countries of ASEAN more .

Pacitan is one of the regencies in East Java that has comparative advantages which are not inferior to the regencies/cities in East Java. Such potentials include exotic natural tourism, regional, handicrafts, potential for marine and land products, abundant natural resources and so on. The most basic problem is how to explore the potential strength and provide maximum touch value ( value added ) so that every superior product commodity in Pacitan Regency has a competitive price ( price competition ). In order for any product featured has the price competitiveness of the competitive need superior product development strategy Regional marketing Pacitan effective based on existing conditions and regulations that exist Development philosophy Regency Pacitan is "Tata Pramana Hargeng Praja". Philosophy has a meaning that the

government and society Pacitan create a government that is wise, bijakan and able to protect and realize a just and prosperous society, governance tentrem Kerto raharjo in the region which is filled hills.

The development vision of Pacitan Regency is to realize : "People Pacitan Forward, Prosperity, Faith and cautious in the Rules of Life The Insight Environment" . To implement the vision of the government district Pacitan set of steps seb agai follows:

1. Increase appreciation and practice of religious values accompanied by the practice of the values of Pancasila are consistently in the life of society, nation, and state.
2. Encouraging the role as well as the society in development.
3. Improving the quality of service to the community.
4. Implementation of Development in to District Pacitan always principled to the conservation and preservation of the environment of life.
5. Empowering potential areas of both related to human resources, natural resources, and culture as a mainstay major in development.

6. Creating dynamic community conditions to be more advanced and developing in a society that is religious, democratic and aware of the law.
  7. Realizing the welfare of the people as indicated by increasing the quality of life and dignity and basic needs of food, clothing, board, and education as well as field work.
- mandated by the Act of RI No. 20 Year 2008 are:
- a. Growing independence, togetherness, and entrepreneurship Enterprises Micro, Small, and Medium Enterprises to work with the initiative itself;
  - b. Embodiment policy public that is a transparent, accountable, and equitable; Development efforts based on the potential for regional and market-oriented in accordance with the competence Enterprises Micro, Small, and Medium Enterprises;
  - c. Increased power competitiveness Enterprises Micro, Small, and Medium Enterprises; and
  - d. Implementation of planning, implementation, and control in an integrated manner .

Empowerment Enterprises Micro, Small, and Medium Enterprises , as referred to in the Act of RI No. 20 Year 2008 About the Business of Micro, Small and Medium Enterprises need to be conducted in a thorough, optimal, and sustainable through the development of a climate that is conducive, giving the opportunity seeks, support, protection, and development businesses the widest, so it is able to improve the position, role, and potential enterprises Micro, Small, and Medium enterprises in realizing the growth of the economy, equalization and improvement of income of the people, job creation, and poverty alleviation. The principle of empowerment of Micro, Small, and Medium Enterprises as that

The principle of empowerment Enterprises Micro, Small, and Medium Enterprises are in line with the Decree of the Regent of Pacitan Keppup No. 118.45 / 2674 /408.21/2010 concerning Stipulation Products Featured Priority Regency Pacitan. Where consider that:

- a. In order to increase the participation of Small and Medium Industries

(SMI) in the economy, the welfare of the people and reduce unemployment, need diingkatkan effectiveness;

- b. To increase the effectiveness of IKM development, it is necessary to have a superior product approach in its guidance and development;
- c. Based on the considerations as referred to in letters a and b, it is necessary to stipulate:

Decree of the Regent of Pacitan Kepbup Number 118.45/2674/408.21/2010 concerning Determination of Priority Leading Products for Pacitan Regency , includes:

1. Precious Stone Industry .
2. Coconut Sugar Industry.
3. Batik Craft Industry.
4. Fish Processing Industry.
5. Pottery Industry.
6. Wood Processing Industry.
7. Cassava Processing Industry.
8. Bamboo Weaving Industry.

The purpose of determining the Priority Leading Product of Pacitan Regency as intended by Kepbup Number 118.45/2674/408.21/2010 is as follows:

- a. Optimizing all the potential of existing resources in an effort to explore region-specific products.
- b. Accelerate product improvement and development.
- c. Increase the participation of the community, the business world and other stakeholders in improving the quality of production.
- d. Explore and promote local innovative and creative products.
- e. Increase the competitiveness of regional products.
- f. The increase in community and regional income.

The crucial issue is that not only SMEs in Pacitan Regency are able to produce superior products , but what is more important is how superior products can be marketed effectively and efficiently so that on a macro level it encourages regional economic growth and on a micro scale it encourages an increase in the income of IKM business actors. On the basis of that need to study the rational - based regulations that exist to determine the strategy of development of marketing of the products featured area of District Pacitan.

## **II. THE ORITICAL REVIEW.**

### **2.1 Efforts to encourage People's Economy.**

#### **2.1.1. Leveraging Potential Economic Growth Factors**

Two crucial things to do to achieve growth in the economy, the first sources that should be used is more efficient. This means that there should be no resources that cannot be utilized and the allocation of their use is less efficient. Second, Potential sources or elements of growth that must be cultivated pertambahannya ( *value added* ). Elements - elements that spur the growth of the economy that are as follows :

1. The sources Nature
2. Sources of Energy Work
3. Quality Manpower Employment which Low
4. Capital Accumulation

#### **2.1.2 Government For Drivers In the Growth Economy .**

Some developing countries experience social, political, and economic instability. This is a source that hinders economic growth. The existence of a strong and authoritative government guarantees the creation of security and law and order as well as unity and peace in the country. It is necessary for creating an environment to

work and strive that the engine of growth of the economy.

The main social obstacle in raising people's standard of living is the very large population and very fast growth rate . It is government programs that are able to intensively reduce the rapid rate of population growth through family planning programs and implement agricultural or rural development programs that can put the brakes on or slow the flow of urbanization of rural residents to big cities and cause social, political, and economic problems . and economy. The government can create a spirit or spirit to encourage the achievement of rapid economic growth and not only require the development of supply factors , which increase the production capacity of the community, namely natural and human resources, capital, and technology; but also foreign demand factors . Without an increase in production potential can not be realized.

#### **2.2. Regional Economic Optimization**

In each area certainly has a potential that can be used and be developed. This potential is sometimes different in Pacitan Regency with other regencies. In general, the potential contained in the territory

of Indonesia can be divided into three, namely as follows:

1. Natural Potential

Natural potential is everything that appears in nature along with the natural resources found in an area. Nature and natural resources that are contained in it. Potential nature in which there are in Indonesia can be differentiated into three namely as follows:

1) Potential nature area inland plains  
low

2) Plateau

b. The natural potential of the water area

1. sea

2. inland waters

c. Potential nature area air

2. Socio- Cultural Potential

Socio-cultural potential is the potential that exists in people's lives . Various types of regional arts and customs are socio- cultural potentials .

a. Regional art

b. Traditional music art .

c. Fine arts.

3. Potential Sources of Human Resources

2.3 Product Marketing Development Strategy

In running a business or business, the most crucial factor is the development of

a marketing strategy . Factors that quite determined compared with the yield of the product.

These strategies may include: Recognizing customers, Conducting promotions; Selecting the location of strategic, Using Media internet Marketing (E-Comerc).

The strategy recognizes the customer is recognized as the right market to be targeted, this can be done by conducting a survey or observation of anyone who became users of the products mentioned or prospective buyers of potential. Information that can be supported by the data that is relevant.

Promotion strategy is an effort to introduce products to potential buyers . Although also the promotional strategy is intended to be more and more convincing to loyal customers. Promotion strategies can be carried out by actors, advertising through print and electronic media, IT -based promotions and others.

Strategies poll locations strategically is the strategy of marketing who choose a place that is positioned to attract consumers to buy a product. Choosing a

strategic location with access to infrastructure which facilitates buyers to locations selling the product, means infrastructure which facilitates, design displays that attract and others.

Strategy using internet marketing media (E-Comerc). This strategy is considered crucial along with the development of IT. This strategy is intended to bring the products sold closer to the buyers by utilizing IT facilities.

#### 2.4 Definition of Featured Commodities

Commodities featured is a commodity mainstay of the most favorable for cultivated or developed on an area (Depkimpraswil, 2003). According Saragih (2001), a commodity seed agribusiness is defined as a commodity base agribusiness which is produced in excessive in the sense of more to be used by people in a particular area, so that the excess can be sold to outside the region such.

In the framework of regional economic development efforts inventory of potential areas/ communities/ areas is absolutely necessary in order to set policy pattern pengembangan well as sectoral as well as multi-sectoral. One of the steps to inventory/identify regional economic

potential is to identify potential, mainstay and superior products of the region in each sub-sector. Regional superior products describe the ability of the region to produce products, create value, make real use of resources, provide employment opportunities, generate income for the community and government, have prospects for increasing productivity and investment. A product is said to be superior if it has the power of competitiveness that is able to ward off a competitor's product in the domestic market and / or penetrate markets export (Sudarsono, 2001).

The criteria for superior products are commodities that meet local resource adequacy requirements, commodity linkages, competitive position and competitive potential. Of criteria have led to the grouping of commodities following:

- a. Commodities potential is a commodity area that has the potential to evolve as a comparative advantage. Comparative advantage occurs, for example, due to the adequacy of the availability of resources such as local raw materials, local resource skills, local production

technology and other local facilities and infrastructure.

- b. b. Commodity is a commodity that is deemed potentially can dipersandingkan with similar products in other areas, as well as having the advantage of comparative also has the efficiency of a business that is high. Business efficiency is reflected in production efficiency, worker productivity, profitability and others.
- c. Commodities featured is a commodity which has the advantages of competitive, since has won the competition with a product similar in the other. Such competitive advantage can occur because of its high production efficiency due to its high bargaining position both against suppliers, buyers, and its high competitiveness against competitors, new entrants and substitute goods.

### **III. RESEARCH METHODOLOGY**

#### **3.1 Research Location**

The research location was conducted to explore the Leading Potential of SMEs in Pacitan Regency.

#### **3.2 Research Approach**

Approach study which used is the approach of descriptive qualitative, by using the help of data secondary and interviews.

#### **3.3 Data Collection Techniques**

The technique of collecting data is done by interview and documentation

#### **3.4 Data Analysis Method**

Processing of the data is done by descriptive qualitative by using the tool analysis covering the SWOT.

Strength (S) ie analysis of strengths, situation or condition which is a strength that is associated segalah potential for the development of the products featured in Regency Pacitan. Weaknesses (W) is analisis kelemahan / obstacles or situations or conditions that are associated segalah potential for the development of the products featured in Regency Pacitan. Opportunity (O) is an analysis of opportunities, situations or conditions which are outside opportunities related to all potential for superior product development in Pacitan Regency. Threats (T), namely threat analysis, how to analyze challenges or threats that must be faced related to all potential for superior product development in Pacitan Regency.

Will become a barrier for a business that is concerned both in the past present and future that will come.

#### **IV. DISCUSSION**

The Pacitan area is an area that is rich in potential, including the potential for main food sources containing protein (especially animal protein from fish, shrimp and the like). One of the outstanding potentials to be developed is superior products. Therefore, the development of superior products is a strategic step to be empowered to increase local revenue. The step of developing a superior product is a process that is carried out gradually and continuously. This is one of the tasks of the government in carrying out the mandate of national development which

is carried out in realizing national goals, as enshrined in the 1945 Constitution of the Republic of Indonesia.

The results showed that the superior product development strategy includes the formulation of strengths, weaknesses, opportunities and threats. The development of superior products is a strategic issue for Pacitan Regency, especially because the management of its natural resources has not been optimal.

The next step of strategy formulation is to identify strengths, weaknesses, opportunities, threats. Based on the results of interviews with the Department of Trade and Industry, the identification is:

1. Strength.
  - a. The potential of superior products that are unique, attractive and of good quality are in demand by the general public.
  - b. People who like the superior products of Pacitan Regency.
  - c. A government that has a high concern for superior products by providing small and medium business loans.
2. Weakness.
  - a. Internal human resources and product management with good quality standards are still weak, for example; level of education, and skills acquired from generation to generation.
  - b. Limited facilities and infrastructure, such as traditional production machines and inadequate access to transportation for marketing.

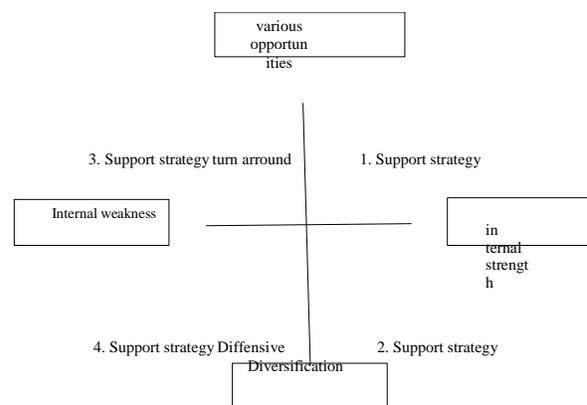
- c. Limited funds and lack of understanding of how to get funding from the government/banks.
  - d. Limited marketing capabilities in the field of technology and information.
3. Opportunity.
- a. A superior product development system that knows no time and boundaries.
  - b. The attractiveness of a superior product that is managed well will be an endless source of income.
  - c. The market share of superior products, if developed properly, will have an area that is not limited to the local market and can even penetrate the international market.
4. Threat.
- a. Waste from the production process if not managed properly it will disturb the community and result in demonstrations from the community.
  - b. Local culture that is still attached to regional culture will hinder the

development of a market that will change rapidly.

- c. The entry of large companies that produce the same products with local superior products.

Based on the identification of strengths, weaknesses, opportunities and threats, it shows that: strengths and opportunities have a larger portion when compared to threats and weaknesses, even though weaknesses and threats have a smaller portion but should not be ignored, so the Department of Trade and Industry must be able to optimize development superior products as a support for income in order to improve the welfare of the community. One way to formulate a strategy is to conduct a SWOT analysis as indicated by Siagaan (2011, 176) as follows:

Figure : SWOT Analysis Diagram



Source: Siagaan ( 2011,176 )

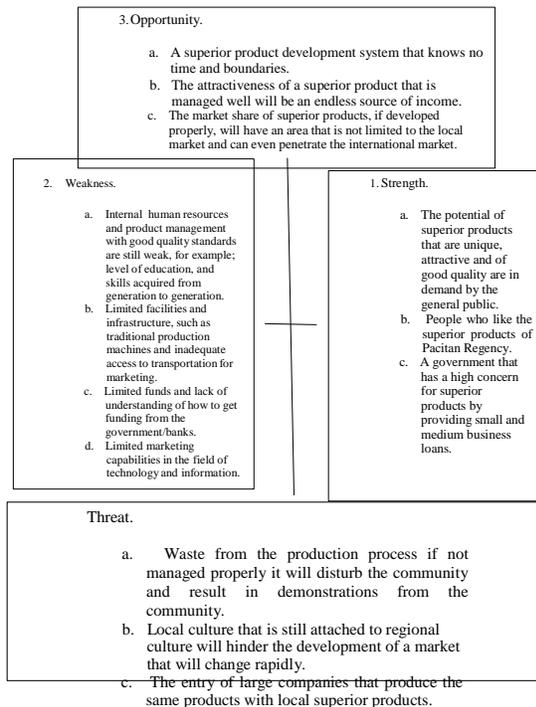


Figure 2 : Swot analysis diagram of Pacitan's superior product development.

After identifying strengths, weaknesses, opportunities and threats and drawn with a swot analysis diagram, the opportunities and strengths are more so that in the analysis they enter quadrant 1. Quadrant 1 is a very profitable situation for the organization so that it can take advantage of existing opportunities and strengths . The strategy applied in this condition is a strategy that supports an aggressive growth policy (growth oriented strategy). Aggressive growth strategy can occur because of the factors of strength and great opportunity. This condition allows the organization to optimize

the existing strategy. Optimizing aggressive growth strategies has the potential to better manage superior products. In addition, an aggressive growth strategy can provide greater benefits, for example: wider publication of Pacitan's superior products and generate more optimal local revenue.

To determine the right strategy in developing superior products, after a SWOT analysis, it is necessary to minimize existing weaknesses and threats. Weaknesses in developing superior products are internal resources that do not meet the criteria both in quality and quantity, limited facilities and infrastructure as well as funds. Weaknesses related to internal human resources can be overcome by organizing training, seminars and other forms of development that can increase knowledge capacity as well as practical work skills.

To overcome the limitations of facilities and infrastructure, for example regarding roads, it can be done by repairing roads and widening roads. Some access roads that are felt to be too narrow are widened by increasing the width on the right and left of the road.

For limited funds, the Department of Culture and Industry can raise funds through

bank loans or other organizations that provide cheap business loans such as savings and loan cooperatives and others with low interest rates.

The threat that is predicted to occur in the development of Pacitan's superior products is the disposal of industrial waste that comes from the rest of the industrial processes that cause odor pollution. To anticipate this threat, it is better if all production of Pacitan superior products build industrial waste processing facilities in collaboration with the Pacitan Regency government as well as by utilizing industrial waste into something useful, such as using plant fertilizers and others.

The regional culture inherent in closed communities that becomes an obstacle does not need to be removed, but there is a need for cultural collaboration in developing the local market into an open market that is more advanced and modern.

The entry of companies that make products that are the same as Pacitan's superior products is indeed a big problem that must be addressed. For this reason, Pacitan superior product companies must form a partnership between entrepreneurs who support each other in every step in

developing their business both in terms of marketing, production, human resources and finances so that Pacitan superior product manufacturers are able to create cheap and quality superior products and have advantages that is unique which is not owned by other producers, by doing so it will automatically increase competitiveness in local, national and international markets.

Furthermore, the determination of long-term goals is to develop the functions and main tasks of the cultural and industrial service. The determination of these long-term goals is stated in the regulation of the Regent of Pacitan number 43 of 2007 concerning the Order of Duties, Functions, and Work Procedures of the cultural and industrial service. To search for alternative strategies, the government of Pacitan Regency is intensifying marketing through promotions in various media. In the end, the development of Pacitan's superior products is based on which priority is prioritized.

## **V. CONCLUSION**

Based on the research objectives, data presentation and discussion, it can be concluded as follows:

- a. Based on the identification of strengths, weaknesses, opportunities and threats, it

shows that: strengths and opportunities have a larger portion when compared to threats and weaknesses, even though weaknesses and threats have a smaller portion but should not be ignored, so the Department of Trade and Industry must be able to optimize development superior products as a support for income in order to improve the welfare of the community.

- b. After identifying strengths, weaknesses, opportunities and threats and drawn with a swot analysis diagram, the opportunities and strengths are more so that in the analysis they enter quadrant 1. Quadrant 1 is a very profitable situation for the organization so that it can take advantage of existing opportunities and strengths . The strategy applied in this condition is a strategy that supports an aggressive growth policy (growth oriented strategy). Aggressive growth strategy can occur because of the factors of strength and great opportunity. This condition allows the organization to optimize the existing strategy. Optimizing aggressive growth strategies has the potential to better manage superior products. In addition, an aggressive growth strategy can provide greater benefits, for example: wider

publication of Pacitan's superior products and generate more optimal local revenue.

#### **VI. SUGGESTION.**

1. Facilities and infrastructure that support the sale of superior products need to be improved, including roads leading to product sales points.
2. The skills of the internal workforce need to be improved through several trainings, either conducted on an internship basis or sent to training institutions outside the region.
3. The use/utilization of raw materials needs to be carefully considered, especially raw materials that cannot be cultivated so that their diversity can be maintained.
4. It is necessary to have good cooperation with institutions providing funds such as banks, savings and loan cooperatives and others.
5. Inadequate waste treatment.

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