



The Government's Efforts to Improve the Local Economy Through Empowerment of Micro, Small, and Medium Enterprises (MSMEs) and Sustainable Branding Education

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ABSTRACT

This community service activity aims to strengthen the local economy by empowering Micro, Small, and Medium Enterprises (MSMEs) through sustainable branding education. The program was conducted at Coffee Shop Galery Gora, Baubau City, using a qualitative descriptive approach involving problem identification, activity implementation, and evaluation. The activities included product innovation training, branding education, packaging improvement, and digital marketing assistance. The results indicate that participants improved their entrepreneurial skills, developed innovative products based on local resources, enhanced product branding and packaging, and increased their ability to utilize digital marketing platforms. These improvements contributed to higher product competitiveness and broader market opportunities. The program also highlights the importance of collaboration among government, universities, and business actors to ensure the sustainability of MSME empowerment and support long-term local economic development.

Kegiatan pengabdian kepada masyarakat ini bertujuan memperkuat ekonomi lokal melalui pemberdayaan Usaha Mikro, Kecil, dan Menengah (UMKM) berbasis edukasi branding berkelanjutan. Kegiatan dilaksanakan pada Coffee Shop Galery Gora Kota Baubau dengan menggunakan pendekatan deskriptif kualitatif melalui tahapan identifikasi masalah, pelaksanaan kegiatan, dan evaluasi. Program meliputi pelatihan inovasi produk, edukasi branding, perbaikan kemasan, serta pendampingan pemasaran digital. Hasil kegiatan menunjukkan adanya peningkatan pengetahuan dan keterampilan peserta dalam mengembangkan produk berbasis potensi lokal, membangun identitas merek, memperbaiki kemasan produk, serta memanfaatkan media digital sebagai sarana pemasaran. Program ini turut meningkatkan daya saing produk dan membuka peluang pasar yang lebih luas. Sinergi antara pemerintah, perguruan tinggi, dan pelaku UMKM diperlukan untuk menjamin keberlanjutan program pemberdayaan serta mendukung pertumbuhan ekonomi lokal.

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A. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a key driver of Indonesia's economy due to their significant contribution to national economic growth, employment, and community welfare. MSMEs contribute more than 60% of the national Gross Domestic Product (GDP) and absorb approximately 97% of the workforce, making them an essential pillar of inclusive economic development (Yolanda, 2024). Beyond their economic contribution, MSMEs promote innovation and strengthen the competitiveness of local products in both domestic and global markets. Nevertheless, sustaining MSME growth requires supportive policies, including access to financing, entrepreneurial training, and market development through collaboration among government agencies, financial institutions, and other stakeholders (Novitasari, 2022).

Despite their strategic role, many MSMEs continue to face structural constraints such as limited capital, inadequate managerial capability, and insufficient knowledge of marketing strategies. These limitations reduce business competitiveness and hinder sustainable growth, particularly in regions with considerable but underutilized economic potential (Bakrie et al., 2024). Baubau City, Southeast Sulawesi, is one of the regions with strong local economic potential supported by the MSME sector. In 2023, MSMEs contributed around 37% of the city's Gross Regional Domestic Product (GRDP), equivalent to approximately IDR 4.2 trillion, while nearly 18.54% of the local population depended on this sector for their livelihoods. However, the competitiveness of local MSMEs remains relatively low due to limited branding capabilities and the low adoption of digital marketing technologies. Only a small proportion of MSMEs have integrated digital platforms into their business activities, indicating the need for capacity-building programs focused on sustainable branding and digital marketing (Anugrah & Wahyono, 2021).

Branding has become an important strategy for strengthening product identity, increasing consumer trust, and enhancing market competitiveness. In this program, sustainable branding is understood as building product identity in ways that simultaneously (a) valorize local resources and production by-products into new value-added goods, (b) strengthen the MSME's long-term economic viability, and (c) build durable consumer trust – rather than treating branding as a one-time cosmetic exercise. However, many MSME owners in Baubau still have limited awareness of branding as a strategic business asset. Consequently, educational activities on branding and product packaging are essential to improve the competitiveness and long-term sustainability of MSMEs (Rakhmawati Arsj, 2021).

To address these challenges, the Baubau City Government, through the Office of Cooperatives and MSMEs, has implemented various empowerment programs, including business training, mentoring, improved market access, and support for business development. Nevertheless, limited managerial competence, access to productive resources, and technology adoption continue to constrain MSME performance (Natalia, 2022) (Ramadhani et al., 2022). While prior government-led empowerment initiatives in Baubau have generally consisted of generic, often one-off business training and mentoring, this program is distinguished by an integrated product-to-brand pipeline: an underutilized local by-product (coffee husk) is converted into a marketable product (cascara tea), after which that product innovation is systematically coupled with branding, packaging, and digital marketing support within a single, continuous intervention. This integrated, resource-specific approach constitutes the program's primary contribution beyond conventional MSME training schemes. Based on these conditions, this community service program was conducted at Coffee Shop Galery Gora, one of the MSMEs in Baubau City. The program focused on product



innovation, sustainable branding education, packaging improvement, and digital marketing assistance. The objective was to strengthen the capacity and competitiveness of MSMEs by encouraging the utilization of local resources, improving product branding, and expanding market access through digital platforms. It is expected that this initiative will contribute to strengthening local economic resilience and promoting sustainable MSME development.

B. METHODS

This community service program employed a qualitative descriptive approach to identify partner needs, implement empowerment activities, and evaluate program outcomes. The activity was conducted at Coffee Shop Galery Gora, Baubau City, Southeast Sulawesi, involving MSME owners and employees as the main participants. Data were collected through observations, interviews, documentation, and participant evaluations to assess the effectiveness of the program (Rakhmawati Arsji, 2021). Program effectiveness was indicated by participants' self-reported changes in social media posting frequency and audience engagement (likes, comments, and direct inquiries), as well as self-reported changes in monthly sales, captured through structured evaluation interviews conducted at the end of the mentoring period.

The implementation was carried out systematically through three main stages to ensure that the program addressed the partner's needs and produced sustainable outcomes (Boari & Yuniwati, 2024).

1. Problem Identification

The initial stage focused on identifying the problems experienced by the partner through field observations and semi-structured interviews. The assessment revealed several key challenges, including limited knowledge of branding, unattractive product packaging, low utilization of digital marketing, and the underuse of local coffee resources as value-added products. These findings served as the basis for designing appropriate community empowerment activities.

2. Program Implementation

The implementation stage consisted of several integrated activities designed to improve the partner's business capacity.

a. Product Innovation Training

Participants received practical training on developing innovative products from locally available resources. One of the main activities was introducing the processing of coffee husk into **cascara tea**, a value-added product with economic potential. This activity aimed to encourage creativity, diversify products, and create new business opportunities.

b. Branding and Packaging Education

Branding education was provided to strengthen product identity and improve market competitiveness. The training covered brand and logo development, attractive packaging design, product labeling, and the importance of visual identity in building consumer trust.

c. Digital Marketing Assistance

Participants were trained to utilize digital platforms, including social media and online marketplaces, to promote their products. The mentoring emphasized content creation, online promotion strategies, and effective use of digital media to expand market reach and increase customer engagement.

3. Evaluation

Program evaluation was conducted to measure the effectiveness and impact of the community service activities. Data were collected through interviews, observations, and



participant feedback to assess changes in knowledge, skills, and business practices after the training. The evaluation also examined participants' ability to apply branding strategies, improve product packaging, utilize digital marketing, and develop innovative products. The results were analyzed to determine the overall impact of the program and to formulate recommendations for future community empowerment initiatives.

C. RESULTS AND DISCUSSION

The results of the activity show that the empowerment program consisting of product innovation training, branding education, and digital marketing has succeeded in having a positive impact on MSME actors in Baubau City. In the implementation stage, the community is taught how to make products based on local resources, such as cascara tea, which converts coffee husk waste into an economically valuable item. This training not only enhances people's creativity but also offers ways to make better use of previously underutilized resources. This outcome is consistent with a circular-resource-utilization mechanism: transforming an agricultural by-product into a sellable item both reduces environmental burden and opens a new revenue stream, which plausibly explains participants' sustained motivation to continue product innovation beyond the training sessions.

The branding education offered is very effective in increasing MSME actors' understanding of the value of brand identification and attractive packaging. The majority of participants were able to design aesthetically pleasing trademarks and logos, as well as more professional packaging, so that their products could compete more effectively in the local and national markets.(Nurcholidah et al., 2024) This effect plausibly arises because a clearer, more professional brand identity lowers consumers' perceived risk in trying an unfamiliar MSME product, thereby easing market entry and supporting the competitiveness gains reported here.

The influence of digital marketing assistance is also important, as can be seen from the increase in participants' capacity to market products through social media and markets. The results of the evaluation showed that the majority of participants began to actively use digital channels, with some companies experiencing an increase in sales of up to 20%. This increase is best explained by the expanded reach and more direct producer-consumer interaction that social media enables, allowing participants to partially bypass the distribution barriers that previously constrained their market access.

1. Preparation Stage

In the preparation stage, social reflection was carried out with community leaders and MSME actors to identify the main problems faced. The identification results show: Lack of utilization of potential local resources, such as coffee husk waste, which should be processed into products of economic value, Lack of understanding of branding and digital marketing, which hinders the competitiveness of MSME products, both in the local and national markets.

The results of this stage show that most MSME actors have difficulty in utilizing local potential optimally, lack understanding of branding strategies, and have not been integrated with the digital economy. This reflection is the basis for designing training and mentoring programs that focus on increasing the capacity of MSME actors through product innovation and branding education.

2. Implementation Stage

The implementation of service activities is divided into three main components: product innovation training, branding education, and digital marketing assistance.

a. Product Innovation Training

Participants were taught how to turn local resources into innovative and commercially beneficial products, such as Cascara Tea, which turns coffee peel waste into healthy, nutritious, and environmentally friendly herbal teas.



Figure 1. Product Innovation Training

After educating participants about the use of coffee husks to make Cascara Tea, the team stated that the tea still had to be tested to meet food quality requirements. So that when it is marketed later, the product is safe for consumption.

b. Cascara Tea Training

Efforts to increase knowledge and understanding of post-harvest coffee and processed coffee Focus on learning about the handling of post-harvest coffee and processed goods made from coffee husks produced by MSMEs. Post-harvest processing of coffee into various types of coffee includes:

- a) Natura/Natural: Start by drying the coffee beans and the fruit skin naturally (fresh coffee fruits). After that, the coffee beans will be dried using sunlight or a dryer. After drying, the outside of the coffee (cherry) will change color to dark. However, these changes only affect the outer layer; The inside (also known as coffee beans) will remain green, which is referred to as the "Green Beans". The Natura technique produces a more fruity, sweet, and nuanced taste.



Figure 2. Coffee Bean Drying Process

- b) Honey: This process gives fresh coffee beans a sweet taste, as the name implies. The procedure begins with the selection of excellent cherries, which are soaked and only floating fruits are selected. Once separated, the fresh cherries are crushed until they break, and the mucus is allowed to stick to the coffee beans. This mixture uses icing, which allows the sweetness to seep into the coffee beans. These iced coffee beans are then dried in the sun for a few days. After that, the coffee beans are removed from the shell. The end product is raw coffee beans that are ready to be roasted.
- c) The full wash procedure involves the selection of high-quality cherries, peeling, and fermentation. Once sorted, the high-quality cherries are put into the peeling

machine (which removes the skin of the coffee beans). The purpose of this step is to remove the outer skin of the cherry. After that, it is soaked for 12-24 hours to remove mucus from the coffee fruit. The longer soaking time results in a more acidic flavor in the coffee. Fermented coffee is ready to be dried in the sun. This method produces a faint taste.



Figure 3. Coffee Bean Fermentation Process

c. **Branding And Packaging Education**

Participants learned about the relevance of branding in increasing product competitiveness. Branding and Logo Creation: Participants learn how to build a strong visual identity that customers can instantly recognize. Product package: Emphasizes attractive and informative packaging design, taking into account aesthetic and practical features.

Packaging

The packaging serves to protect and ensure the longevity of the product. The packaging is intended to describe the product. Cascara Linang packaging uses the main packaging. The main container is made of plastic, which is aluminum foil standing bag. Aluminum foil is a material in food packaging that functions to block the migration of water vapor, oxygen and other gases, and volatile odors, as well as generally higher light impacts, limiting physical disturbances such as friction, impact, and shock, stabilizing the shelf life of food, and information related to the content of the product composition.

Labeling The next step after packaging is the labeling of goods. This labeling is done by attaching stickers to the packaging of goods. The sticker on the packaging serves as a form of identification as well as a representation of Lintang Cascara products. Labels are product components that provide information about the product and its vendor. The label can be applied to the product or put in the packaging. Without a label, the product cannot be identified or distinguished from other products, whether identical or not. In addition, labeling determines the grade level and quality of a product.

The results of this program show that there is an increase in the creativity of participants in developing new products that are not only in accordance with local needs, but also have the potential to be marketed outside the region.



Figure 4. Product Packaging Process

The results of this education:

- Most of the participants managed to create a brand and logo for their products, with better aesthetic value than before.
- Business products are starting to use more attractive and professional packaging, which is expected to increase consumer buying interest.

d. Digital Marketing Assistance

This training helps participants understand marketing strategies using digital media. The materials provided include: Creating Engaging Marketing Content: Participants are taught how to promote products using interesting photos, videos, and descriptions, Using Social Media and Marketplaces: Intensive mentoring to utilize platforms such as Instagram, Facebook, and Tiktok, Digital Data Analysis: Participants are taught to read and analyze data from social media to understand consumer behavior and improve marketing strategies.

Mentoring results:

- Most of the participants started actively using social media to promote their products.
- Business products that are marketed online showed increased visibility, operationally reflected in higher posting frequency, greater audience engagement (likes, comments, and direct inquiries), and self-reported growth in customer inquiries and sales.

3. Evaluation Stage

The evaluation was carried out to assess the impact of the program on increasing the capacity of MSME actors. Some of the key evaluation outcomes include:

- a. Improvement of Understanding and Skills; Participants showed a better understanding of the importance of branding and digital marketing., There was an increased ability to create new products based on local potential.
- b. Product Innovation; The trained participants managed to create new products such as cascara tea and natural hand sanitizers, which began to receive a positive response from the market.
- c. Economic Impact; This program has succeeded in increasing the income of some MSME actors who have utilized branding and digital marketing strategies, Some participants reported an increase in sales of up to 20% after practicing the training results.

The results of the activity show that product innovation and branding strategies play an important role in increasing the competitiveness of MSMEs.

This program has succeeded in providing solutions to several main obstacles, such as:

- a. Increasing community creativity in creating products based on local resources.



Figure 5. Results of Community Creativity Activities

This program has succeeded in encouraging people to be more creative in creating products based on local resources. By utilizing local potential, MSMEs can produce unique and attractive products for consumers.

- b. Helping MSME actors understand the importance of brand identity and digital marketing to attract consumers.

MSME actors are given a better understanding of the importance of brand identity and digital marketing strategies. This is very important to attract the attention of consumers in an increasingly competitive market.

- c. Encourage MSME actors to be more proactive in taking advantage of digital market opportunities.

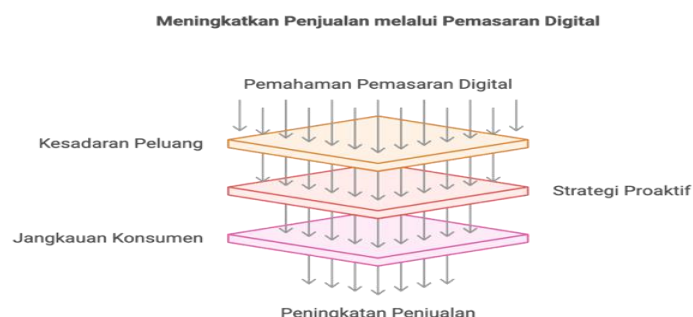


Figure 6. Sales Results through digital Marketing

This program also encourages MSME actors to be more proactive in taking advantage of opportunities in the digital market. With a better understanding of digital marketing, MSME players can reach more consumers and increase their sales. However, there are several challenges to consider for the sustainability of the program:

- a) Limited Access to Capital: Some participants still face capital constraints to produce on a large scale.
- b) Consistency of Knowledge Application: Not all participants consistently apply the results of the training, so continuous assistance is needed.

- c) Limited Market Reach: Although digital marketing has been introduced, some participants still find it difficult to reach markets outside the region.



Figure 7. Challenges of MSMEs

Therefore, this program recommends closer synergy between the government, educational institutions, and MSME actors to provide further assistance and wider access to capital.

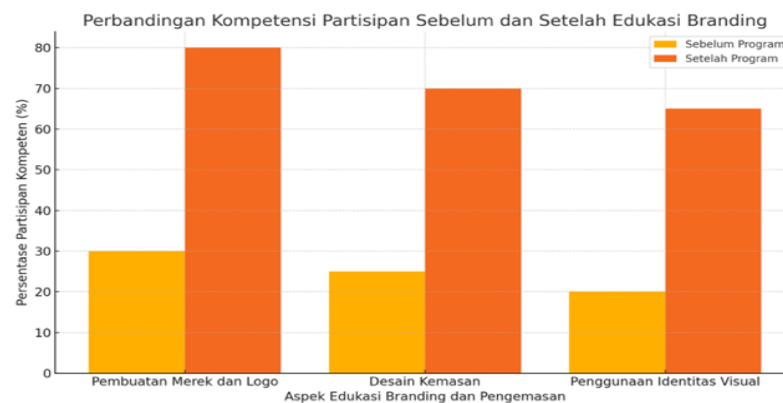


Figure 8. Comparison of Participant Competency Before and After Branding Education

The graph above shows a comparison of participants' competencies in the aspects of branding and packaging education before and after the program. It can be seen that there is a significant improvement in all aspects, namely:

1. Brand and Logo Creation: From 30% before the program to 80% after the program.
2. Packaging Design: From 25% before the program to 70% after the program.
3. Use of Visual Identity: From 20% before the program to 65% after the program.

D. CONCLUSION

This community service program successfully addressed the main challenges faced by Coffee Shop Galery Gora through product innovation training, sustainable branding education, and digital marketing assistance. The program enhanced participants' knowledge and practical skills in developing value-added products from local resources, strengthening product identity through branding and attractive packaging, and utilizing digital platforms



to expand market access. These improvements contributed to increased business competitiveness and encouraged greater entrepreneurial confidence among MSME actors.

The implementation of this program demonstrates that collaboration between universities, government institutions, and business actors plays an important role in strengthening the capacity and sustainability of MSMEs. To maximize long-term impacts, continuous mentoring, advanced training, and broader stakeholder support are recommended, particularly in product standardization, digital marketing, business networking, and access to financing. Such efforts are expected to enhance the resilience and competitiveness of local MSMEs while contributing to sustainable economic development in Baubau City.

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F. AUTHOR CONTRIBUTIONS

The contribution of each author in the implementation of community service activities 572572and the preparation of articles 572are as follows:

1. Hastuti (HT): Conceptualization of activities, preparation of service methods, coordination of the implementation of activities, supervision, data analysis, preparation of manuscripts, as well as revision and improvement of articles.
2. Anwar Sadat (AS): Design of service materials, implementation of activities, partner assistance, validation of activity results, preparation of discussions, as well as review and revision of manuscripts.
3. Nur Nadia Aswal (NNA): Field data collection, activity documentation, participant assistance during the implementation of activities, data processing, and assisting in the preparation of manuscripts.
4. Nur Andhini (NA): Documentation of activities, data collection, preparation of visualization of activity results, processing evaluation data, compiling bibliography, and assisting in the manuscript editing process

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