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Digitalization of Traditional Products to Optimize Market Opportunities: Challenges and Strategies of Rengginonk MSMEs

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ABSTRACT

This study analyzes the impact of digitalization on market opportunities and marketing strategies of traditional products in Rengginonk MSMEs, rangginang producers in Subang Regency. Despite facing challenges related to digitalization, including limited technological knowledge and marketing constraints on social media, the sales volume of Rengginonk products continues to increase significantly. Using qualitative and quantitative approaches in analyzing sales volume, this study aims to identify market opportunities faced by Rengginonk MSMEs, understand the challenges of digitalization in traditional product marketing, and suggest marketing strategies that can be implemented to increase sales. The results of the analysis show that the right marketing strategy and the use of digital platforms can help overcome existing obstacles, although technological limitations are still a challenge.

Keywords: Digitalization, Traditional Products, MSMEs, Marketing, Rangginang, Challenges, Market Opportunities.

INTRODUCTION

The role of MSMEs (Micro, Small, and Medium Enterprises) in the Indonesian economy is becoming increasingly substantial. With 99% of all business units in Indonesia represented (Munthe et al., 2023), its significance is undeniable. According to data from the Chamber of Commerce and Industry, 2024 there were 64.19 million MSME participants, compared to 66 million from 2018 to 2023 (Partini, 2024). Data from the Central Bureau of Statistics (BPS) as of September 2024 indicates that micro-business operators significantly outnumber small enterprises, with the highest concentrations located in East Java, Central Java, and West Java provinces. Besides its impact on GDP, it facilitates labor absorption and generates foreign exchange (Kencana, 2024). In the accelerating digital age, the proliferation of MSMEs utilizing innovative and sophisticated marketing strategies intensifies competitiveness. MSMEs in Indonesia encounter distinct hurdles when confronting this competition. Challenges generally arise from internal and external factors. The restrictions encompass deficiencies in human resource abilities, a predominant concentration of business actors on production rather than marketing expertise—particularly about the latest technology—restricted capital, product quality,

and inadequate supporting business infrastructure, among others (Raja et al., 2023).

MSMEs producing traditional snacks branded as "rangginang," located at Jl Letnan Jendral S Parman, Blok Jeding No. 180, Soklat, Subang Regency, West Java, also encounter this issue. Rangginang is derived from sticky rice and is produced through steaming, molding, and drying. After drying, it may be marketed either in its raw form or as a ready-to-eat product, specifically fried.

Rengginang, ranginang, or raginang is a typical snack product that is being processed. This cuisine is widely favored and popular throughout multiple regions in Indonesia. The author can locate this in diverse research findings across multiple places. For instance, in West Java Province, a study conducted by the author in Subang Regency examined the Rangginonk brand, while in Pandeglang Regency, the local variant 'ranginang' or rengginang was analyzed alongside other traditional processed foods such as opak, peyek, banana chips, and blok menes (Adiyanto, 2020). Rengginang under the Rengginang Coret brand is located in Lemahmukti Village, Lemahabang District, Karawang Regency (Utomo, 2022). Besides West Java Province, a rengginang producing center exists in Ampelgading District, Malang, East Java

(Junita Sinaga et al., 2020). This product, known as rengginang crackers, is also located in Biringere Village, North Sinjai District, Sinjai Regency, and is composed of seasoned glutinous rice, according to a study (Ridwan et al., 2020). Besides Java and Sumatra, rengginang products were examined in MSMEs in West Kalimantan, featuring four variants: black glutinous rice rengginang, onion rengginang, salty rengginang, and spicy rengginang (Rahmawati et al., 2023). The province of South Kalimantan is home to MSMEs specializing in rengginang craftsmanship (Muhammad Alfin, Lamsah, 2022). This product is also a home industry in South Sulawesi (Suriyati et al., 2023), Southeast Sulawesi Province (Hamid et al., 2025), and other regions. This condition indicates that the rengginang product embodies a typical flavor of the Indonesian populace while suggesting significant and expansive commercial potential. Rengginang producers, particularly MSMEs, encounter challenges in production management due to the predominantly manual production process, which adversely affects production capacity and quality. Additionally, seasonal disruptions, particularly during the rainy season, further complicate production efforts—insufficient understanding of digital marketing and reliance on meteorological conditions for the production process. The capacity to implement marketing, mainly through digital channels, poses a challenge for MSMEs, as indicated in recent research (Yuniarti et al.,

2020). Challenges in financial management often stem from the absence of financial reports or accounting records, hindering the calculation of cost prices and, consequently, the determination of corporate profit (Rayyani et al., 2020). A study identified an issue with the restricted capacity of an MSME, precisely a rengginang manufacturer, to comprehend product branding and digital marketing (Utomo, 2022). A study revealed that the internal strengths of rengginang MSMEs include traditional products, a positive community image, favored flavors, and competitive pricing, as determined by internal and external audits. Concurrently, internal deficiencies encompass a promotional mix lacking diversity, issues with production machinery, and limited product variation. Simultaneously, a broad market sector, diverse marketing channels, and the capacity for flavor innovation present significant prospects. Simultaneously, rising raw material costs, the simplicity of product imitation by competitors, and shifts in consumer preferences are among the issues jeopardizing rengginang products (Taufiqurrahman et al., 2023). Similar to other MSMEs, the market potential and challenges encountered by Rengginang MSMEs are the same. UMKM Rengginonk was established by Mrs. Ade Sri Sulastri and her husband in Subang Regency, West Java, and has been operational since 2016, initially producing ranging in limited amounts of approximately 2 liters with a basic formula.

The main issue encountered by Rengginang MSMEs is the weather, particularly during the rainy season. Production is impeded due to complications in the drying process. In overcast weather, the preparation of rangginang may require up to five days for a single batch of dough. The production challenges faced by Rengginang MSMEs are comparable to those encountered by other similar enterprises, particularly with adverse weather conditions or the onset of the rainy season. Cloudy weather causes the rangginang to flatten, impacting the product's quality. Despite ultimately acquiring an oven to facilitate the rangginang drying process, the limited availability of equipment results in a protracted drying duration during the rainy season, extending from night to morning over three days.

Micro, Small, and Medium Enterprises (MSMEs), such as Rengginang, face additional problems regarding competitiveness, particularly in digital marketing and product innovation. Competition within the small food industry intensifies as several new items and international culinary trends captivate customers. A robust and inventive marketing plan is essential for the survival and growth of MSMEs. The issue is that understanding digital marketing among MSME stakeholders remains constrained. Prior studies indicate that marketing techniques, namely product and entrepreneurial strategies, impact MSMEs' competitiveness within the industry (Polgan et al., 2024). A quantitative analysis of

170 MSMEs in Bandung City, West Java, revealed a substantial positive correlation between MSME competitiveness and the factors of market orientation, product innovation, and marketing strategy (Juminawati et al., 2024). A qualitative study on global marketing elucidates the significance of marketing strategy in achieving competitive advantage internationally (Sudirjo, 2023). The significance of a robust marketing strategy for enhancing global competitiveness is evidenced by various international studies during the Industrial Revolution 4.0 (Harahap et al., 2023).

Numerous experts have proposed various definitions of strategy, including its characterization as a long-term plan devised and compiled to achieve a company's objectives. Strategy pertains to the methods employed to fulfill an organization's objective and strategic vision. These objectives are accomplished via prevailing long-term rivalry against rivals through competitive advantage. Hitt (2011), as cited in Faruq & Usman (2016), underscores the importance of strategy in a company's capacity to identify and cultivate core skills and competitive advantages. Organizations must formulate pledges and actions to effectively leverage these talents (Faruq & Usman, 2016). Tull and Kahle (2016) assert that marketing strategy is essential for a corporation aiming to attain its objectives. An effective marketing strategy necessitates proper formulation or planning (Partini & Hasanah,

2024). Kotler and Keller assert that the execution of a marketing strategy necessitates the processes of segmentation, targeting, and positioning (together referred to as STP). In essence, recognizing market segments, defining the target market to be addressed, and communicating the product's advantages to ensure consumer awareness. McCarthy elucidated that marketing tactics for products are implemented by a 4P model or framework, encompassing a combination of product, price, promotion, and place (Siti Titta, 2024). With advancements in contemporary technology, digital marketing is a crucial element of marketing success. Jagdish N.S. and Sharma (2005) asserted that digital marketing techniques involve communication and data that facilitate interaction between organizations and their customers through digital technology (Mavilinda et al., 2021). Digital marketing can be conducted via websites, social media platforms, marketplaces, messaging applications, and affiliates (Makmur, 2018).

This study formulates the problem of how digitalization can assist Rengginok MSMEs in overcoming challenges and capitalizing on expanding market opportunities. It identifies the obstacles encountered by Rengginok MSMEs, the initiatives undertaken to implement digitalization in marketing traditional products, and the strategies that can be employed by Rengginok MSMEs to optimize digitalization in the marketing of their traditional products.

This study seeks to analyze and ascertain how digitalization can enhance the marketing of traditional Rengginok products in response to extensive market challenges, identify the obstacles encountered by Rengginok MSMEs, and evaluate the efforts undertaken in the implementation of digital marketing for traditional products, along with the appropriate strategies to surmount these challenges and capitalize on digital market opportunities.

METHOD

This study employs a descriptive qualitative research approach, focusing on a case study of UMKM Rengginok in Subang Regency, West Java. Data-collecting methodologies employ organized interviews and observations to gather primary data, while document analysis is utilized to get secondary data. The research sample comprises the owners of UMKM Rengginok: Mrs. Ade Sri Sulastri (46 years old) and her husband, Mr. Irip Taip Syarifudin (50 years old), along with two employees and consumers of Rengginok. Qualitative analytical tools for collecting data on the execution of marketing strategy, including challenges encountered and efforts undertaken. Quantitative analysis is conducted to evaluate the progression of sales volume.

RESULTS and DISCUSSION

Rangginang Rengginonk is a micro, small, and medium enterprise situated at Jl Letnan Jenral S. Parman, Blok Jeding No. 180, Soklat, Subang Regency, West Java. This business has been operational since 2016, functioning for around 8 years with restricted manufacturing capacity. Gradually, rangginang output commenced to rise. Within one month, they can achieve a yield of one quintal of sticky rice with the assistance of two staff. The rangginang production process commences with the preparation of apparatus and raw materials. The primary source of rangginang is glutinous rice. The production method commences with washing pre-weighed sticky rice, followed by a soaking period of roughly 4 hours to ensure cleanliness and facilitate rapid cooking during steaming. The utilized equipment comprises a blender, bucket, pan or block, gas burner, LPG cylinder, basket, thermos, tiny plate, and regen or bedeck. The blender is utilized to puree the spices, while the bucket serves to wash and soak the sticky rice before steaming; the bucket is employed to amalgamate the spices with the sticky rice. The basket is utilized to drain the soaked and steamed sticky rice. The steaming process is conducted twice. The first steaming is completed until it is partially cooked. During the second steaming, the partially cooked sticky rice is extracted and combined with the prepared spices to facilitate the absorption of the spices into the rice. Upon cooking, the sticky rice is preserved in a thermos to maintain its warmth,

as a decrease in temperature complicates the manual printing procedure, which utilizes a small plate as a printing vessel.

Additionally, the rigen or bedek is used to hold the sticky rice that has been printed and dried. The drying process is highly contingent upon solar heat. In warmer conditions, the drying process lasts 1 day; however, during the rainy season, it may extend to 2 or 3 days.

The last procedure is packaging for consumer marketing. Some are sold pre-cooked. Geographical and demographic distinctions characterize the market sector of Rengginok MSMEs. Initially, the primary geographic market targeted was the end consumer market; however, the focus shifted more towards the business sector, including merchants, food souvenir vendors, and mini markets in Subang Regency. Consequently, following the implementation of digital marketing, the geographic target market expanded to encompass all of Indonesia, particularly Subang Regency and major urban centers such as Bekasi, Bogor, and Jakarta. The demographic profile of Rengginonk UMKM consumers includes individuals of both genders, spanning an age range from 10 years to the elderly. Rengginonk UMKM psychographically and behaviorally targets individuals who enjoy snacking on traditional items infused with contemporary flavors. The constructed image offers conventional enjoyment at modern, cheap rates.



**Figure 1. Rengginang Product Variants
 Rengginok Brand**

Source: Instagram ranginang/Rengginok

UMKM Rengginok's product strategy utilizes uncomplicated packaging, including transparent plastic in various dimensions, plastic packaging in bales or sacks, and giant jars. Alongside the traditional flavor, the available versions encompass inventive options such as onion, shrimp paste, kencur chili sauce, onion kencur, and melting chocolate. The goods offered are accessible in both raw and cooked states. The pricing of Rengginang items fluctuates according to the type and quantity acquired. Prices range from IDR 13,000 to IDR 17,000 per item or per package including 10 rangginang. UMKM Rengginang employs a price differentiation method by establishing varying pricing based on specific purchasing volumes. This method is typically employed to stimulate increased purchasing. Alternatively, it can be described as employing a bulk discount pricing approach to augment sales volume. This technique is appropriate for growing sales, given that the

primary consumers of UMKM Rengginang are predominantly retailers and establishments selling snacks or souvenirs.

Promotion tactics are executed by Word of Mouth (WOM), direct marketing by directly approaching stores or retailers, and adopting digital marketing. In its distribution approach, UMKM Rengginok employs two channels, physical and e-commerce, utilizing digital marketing. To date, it has provided supplies to numerous shops and restaurants distributed across Subang Regency, including 21 Indomaret locations, Amanda Mart, Resto Lampu Satu, Es Teler Benpas, Rifki Alamsyah souvenir shop, Bu Yati Gg. Palabuan Shop, Pak HJ. Maman Cikalapa Shop, among others.

The selected segmentation, targeting, and positioning strategies are suitable given the widespread popularity of this traditional product across various societal strata. However, the product strategy must become more adaptable and innovative, as digitalization resonates strongly with the youth, who are substantial technology users. Therefore, it is essential to diversify the product variants that appeal to this demographic.

Digital marketing has significantly enhanced the marketing process and augmented sales volume. As elucidated in the aforementioned Introduction section, the digitalization of conventional products by MSMEs encounters specific hurdles. MSME Rengginok has

endeavored to implement digitization ² using social media platforms like WhatsApp, Instagram, and TikTok. The constraints faced by MSME Rengginok in implementing digitalization encompass inadequate knowledge of digital technology, challenges in producing engaging marketing material for digital platforms, and difficulties in comprehending and leveraging social media platform algorithms. The issues encountered with the product include the seasonal impact, particularly during the rainy season, which disrupts production and consequently affects product marketing.



Figure 2. Social Media for UMKM Rengginok Instagram and Tiktok

The observation of traditional product development, particularly in major cities with tendencies in traditional food consumption, suggests a significant potential for the rangginang

market. The preceding description indicates that the traditional rengginang product aligns with the palates of individuals throughout many areas in Indonesia, facilitating its widespread acceptance. The market category encompasses a diverse range of groupings and age demographics. Before the digital era, increasing geographic markets was challenging; however, it is now significantly facilitated through digital platforms to enhance market reach. Using social media, Rengginok MSMEs can promote heightened customer awareness of local or traditional items. The digitalization approach implemented by Rengginok MSMEs to address challenges and capitalize on market possibilities includes utilizing social media platforms (Instagram, TikTok, WhatsApp) and enhancing the quality of digital content through product models and videos. Furthermore, Rengginok MSMEs collaborate with e-commerce platforms and delivery services, including Grabfood. Simultaneously, numerous online training and educational programs are conducted to enhance technological competencies in digital marketing.

Table 1. Development of Rengginok MSME Sales Volume and Percentage Increase, 2016-2023

No	Year	Sales Volume (packs)	Increase (%)
1	2016	300	-
2	2017	400	33.33
3	2018	500	25.00
4	2019	900	80.00
5	2020	2.000	122.22

6	2021	3.500	75.00
7	2022	4.500	28.57
8	2023	8.000	77.78

Source: Interview Results with Owner. 2024.

The evolution of sales volume from 2016 to 2023 is derived from interviews conducted with the proprietors of Rengginok MSMEs. Table 1 indicates that in 2019 and 2020, there was substantial growth, attaining 80% and 122.22%, respectively, compared to the preceding year. The rise in 2019 was probably attributable to heightened public knowledge of distinctive traditional products, as the marketing strategy of Rengginok MSMEs yielded favorable outcomes, mainly due to the successful use of digital marketing that expanded regional reach. While MSMEs generally faced a downturn in 2020 due to the COVID-19 pandemic, Rengginok MSMEs witnessed the most significant growth. Rengginok MSMEs capitalized on shifts in online buying behavior prompted by government rules and concerns regarding transmission during that period. Concurrently, Rengginok MSMEs augmented their utilization of digital marketing through GrabFood and numerous other digital channels. During that period, customer demand for traditional meals that were convenient and suitable for home snacking also fueled the increase in sales due to government regulations on PSPB. Research indicates that online shopping serves as a remedy for boredom, restrictions, and safety concerns during the COVID-19 pandemic, as many adhere to

government mandates in effect at that time, including the 3M protocols (Masks and Washing Hands), WFH (Work from Home), and stay-at-home orders (Partini, 2021). The growth between 2021 and 2023 remained remarkably consistent, notwithstanding a decrease. Rengginok MSMEs are categorized as capable of sustaining elevated sales volumes, although numerous hurdles are related to technological constraints and an increasingly competitive market. This result demonstrates the business's resilience in reacting to shifts in consumer demand for heightened digitalization and taking into account the years into the post-pandemic recovery phase, which presents significant challenges for MSMEs overall. In 2022, despite an increase in sales volume, the percentage growth witnessed a notable fall to 28.57%. The cause may stem from the shift of consumer preferences favoring innovative, contemporary cuisine more assertively marketed online than traditional food produced by MSMEs. Moreover, the intensifying competitiveness in the conventional product sector coincides with a slower adoption of digital marketing and digitalization than non-traditional items.

CONCLUSION

In conclusion, digitalization offers a significant opportunity for Rengginok MSMEs to broaden their market reach. A notable rise in sales volume

indicates that digitalization can enhance the visibility and sales of conventional items, notwithstanding challenges related to insufficient technological skills and the adaptation of digital marketing strategies. The endeavors undertaken involve engaging in diverse digital marketing training programs. The digital marketing strategy employed via social media by Rengginok MSMEs accelerates business growth; however, further expansion of the strategy can be achieved through the utilization of websites, search engine optimization (SEO), pay-per-click (PPC) advertising, affiliate marketing, online public relations, email marketing, and additional methods. The study aims to offer an overview of digitization in MSMEs involved in conventional products; nevertheless, it is confined to a single MSME. Analogous study is anticipated to be more extensive to enhance its accuracy.

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