

## **THE INFLUENCE OF BRAND AWARENESS AND LOCAL CREATIVE ECONOMY PRODUCTS ON MICRO SMALL MEDIUM ENTERPRISES IN SOUTH BORNEO**

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### **Abstract**

Brand recognition is essential to MSME items and serves as a foundation for introducing a product's brand. With the right branding plan, consumers will have an easier time choosing a product from the wide range of alternatives and features available, and entrepreneurs will enter the national market with a positive perception of their business. However local products in some regions in Indonesia are often seen by the eyes, so the role of brand awareness of local creative economy products is very important to MSME. This study aims to investigate how to improve the local creative economy's branding in South Borneo so that MSMEs' may be improved, whether to educate the next generation about local creative products, as well as the impact of creative products on MSMEs' consumers' purchasing power. The research method used in this journal is a quantitative approach with the technique of Simple Random Sampling using data collection through a questionnaire. 50 testable samples were obtained from this study where 76% of them were students and 82% were aged 17 – 22 years. The data was analyzed using the IBM SPSS 27 application.

*Keywords: Brand Awareness, Creative Economy, Local Product, MSME's, South Borneo*

### **INTRODUCTION**

The MSME sector, which includes the consumer sector, food, fashion, photographers, art, and local products, is one of the areas that underpin Indonesia's economy. Through this sector, all aspects that reject patterns linked to human lifestyles are sourced (Siagian & Cahyono, 2021). BOP Consulting (2010) the primary idea of the creative economy is the importance of making the greatest use of resources, like ideas, abilities, and creativity, which are not only limitless and renewable. The direction of growth of the creative economy focuses on the area of creative culture business, creative enterprise, or proprietary rights that are constantly directed with cooperation

from the public sector, private sector, community, and educational institutions, also referred to as the quad helix. Technology capabilities and global connectivity have enabled MSMEs to reach wider markets. Brand awareness can help MSMEs differentiate themselves in an increasingly competitive global market (Laili & Dewi 2017). The impact of brand awareness on local creative economic products at Micro, Small & Medium Enterprises (MSMEs) in Southern Kalimantan is a relevant and interesting topic. Because Local products are often seen by the eye (Tanjung & Djailani, 2022) and often underestimated by people.

Durianto et al., (2004) state that brand awareness is an aspect of equity that is very important to a business because brand The reputation of the brand can be directly impacted by recognition. The brand awareness of consumers can be utilized by businesses to help them learn more about their products. By improving brand Awareness, MSMEs can expand their market reach, strengthen their local identity, and increase the competitiveness of their products in the market. MSMEs based in South Borneo may seek to promote local culture and identity through their creative products. Brand awareness can help strengthen that image and identity in the eyes of consumers. Consumers will be more interested in the story behind the product and its social impact. A strong brand awareness can help enhance the emotional relationship between the product and the consumer. Some examples of locally produced crafts in South Borneo include Agate Stone, Sasirangan Batik, and Purun Woven Crafts.



The role of brand awareness is very important because, with the presence of a brand, consumers will be able to distinguish one product from another. Branding management is required to help SMEs' brands expand and establish solid connections with their target markets (Rahab, 2009). Hermawan (2021) local products are an essential component in the MSME sector by offering goods or services produced by domestic business activities. The development of local businesses becomes an opportunity for job opportunities and will affect the Gross

Domestic Product (GDP). Therefore, this study will address several issues related to how to strengthen the branding of local creative economy products so that MSMEs can be enhanced, how the new generation can know more about local creative products, and how the impact of creative products on the purchasing power of MSMEs consumers.

Out of some of the issues that have been mentioned, it is expected that this research can explore the role of social media and digital marketing in raising brand awareness of creative economy products, to attract the attention of younger generations to participate in the development of local creative economy product, to get a strong branding impact in enhancing the presence of local creativity products.

## **LITERATURE REVIEW**

### **Micro, Small, and Medium Enterprises**

MSME's is an abbreviation of Micro, Small, and Medium Enterprises. MSMEs means enterprises or businesses carried out by individuals, groups, small enterprise bodies, or households (Rosyda, n.d.). In many nations, micro, small, and medium-sized enterprises (MSMEs) are the backbone of the economy, accounting for the vast majority of employment and serving as a crucial agent of social inclusion (Paputungan et al., 2023). Saunila (2020) explains that Innovation is essential for MSMEs to improve products and retain customers. Innovation is the ability to continuously transform one's knowledge and ideas into new products, techniques, and processes that create value for a company's stakeholders. Innovation capacity is an essential skill for MSMEs to help them stay competitive. Innovation has become a process carried out on the products of MSMEs.

In the current era of information technology, MSME players must be able to adapt to managing their resources so as not to fall further behind their competitors. To keep up with the development of information technology, MSMEs need to understand that now is not the time to prioritize competition but rather consider the potential for cooperation (Mustafa, 2020).

### **Brand Awareness**

Aaker D, (1992) defines brand awareness as the ability of customers to recognize or remember a brand in a specific product category. As defined by (Aaker, 1996), there are four stages of brand awareness: (1) Unaware of Brand; (2) Brand Recognition; (3)

Brand Recall; and (4) Top of Mind (Rangkuti, 2006).

Keke, (2015) explains that brand awareness involves an attempt to distinguish product quality from competitors. Awareness is the basis of all brand associations with other parts which indicate familiarity and potential commitment to the brand. A product or service with a high level of brand awareness will result in higher sales earnings. Furthermore, brand awareness is the key for a brand to get its position in the eyes of consumers (Ramadayanti, 2019)

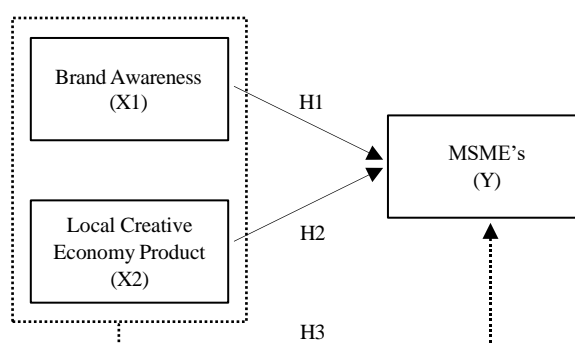
According to Hasan (2008), brand awareness is the capacity of a person to perceive the existence of a brand as a component of a product category. That's why promotion is one of the most essential tools that any business can use to develop, maintain, or change its reputation. Promotions that are creative and focused can help brands establish good consumer expectations and successful sales for their collections.

### **Local Creative Economy Products**

Creative economies and SMEs are inseparable and interrelated. Business people are asked to find innovation and creativity in developing their businesses. MSMEs need to innovate from products, marketing, and distribution, to the rest of the system (Siagian & Cahyono, 2021). A local creative economic product is a product or service that is created or produced in a particular local or regional area and has a strong relationship with the creative talent, cultural resources, and innovation of the community. Daulay, (2018) the development of the creative economy is an expression of hope and aspiration to help Indonesia achieve its goal of being a developed nation. It contains the ideas, goals, dreams, and aspirations of a highly educated, successful, and creative society. In an era that begins the creative economy makes human resources (HRM) a significant capital.

Noor Muhammad (2017) The process of making handcrafts requires the ability to recognize, identify, and create the process of making the handcraft. Making handcrafts can also mean an activity not only to develop psychomotor aspects but also to develop cognitive and affective aspects so that the three aspects are balanced. Creative individuals tend to enjoy challenges and tend to see problems as a means of achieving goals. (Rakib, 2017)The idea of developing a creative economy based on local knowledge aims to maximize the potential of local communities' natural resources,

cultures, and traditions. The festival as a contributor to economic development states that the festival has the potential to provide opportunities for sustainable local economic development. This is due to the high participation of local communities in the festival to promote local products (O’Sullivan & Jackson, 2002). Based on the theories, data, and literature review presented in the introduction and methodology sections, the conceptual framework in this study is as follows :



Based on the conceptual framework above, the hypotheses in this study are as follows: H1: Brand Awareness influences the MSMEs in South Borneo

H2: Local Creative Economy Product influences the MSME’s in South Borneo

H3: Brand Awareness and Local Creative Economy Products have a combined influence on the MSMEs in South Borneo

## RESEARCH METHODS

The research method used in this journal is a quantitative approach with the Simple Random Sampling technique using data collection through a questionnaire. Sugiyono (2001) defines the basic random sampling technique as the method of randomly selecting samples from members of a population without taking into account the population's dominant categories. The study's target group consists of management-degree holders and employees of STIE Pancasetia Banjarmasin's private campus. It is expected that those who fill in this questionnaire will understand and know the potential of the local product of the creative economy that exists in South Borneo

## RESULTS AND DISCUSSION

## Results

**Table 1.** Respondent Descriptive

| Respondent Data | Description   | Total | Percentage |
|-----------------|---------------|-------|------------|
| Gender          | Man           | 22    | 44%        |
|                 | Woman         | 28    | 56%        |
| Age             | 17 - 22 Years | 41    | 82%        |
|                 | 22 – 27 Years | 3     | 6%         |
|                 | 28 – 34 Years | 3     | 6%         |
|                 | >34 Years     | 3     | 6%         |
| Occupation      | Student       | 38    | 76%        |
|                 | Lecturer      | 9     | 18%        |
|                 | Employee      | 3     | 6%         |

50 tested samples were collected for this study through a survey that was sent forward over WhatsApp. From the table above, it appears that the majority of respondents (56%) are female and the rest (44%) are male. Based on age the majority (82%) were respondents between the ages of 17 – 22 years, 22 – 27 years (6%), 28 – 34 years (6%), and >34 years (6%). According to the table, 76% of the respondents were Students, followed by Lecturers (18%) and Employees (6%).

**Table 2.** Validity and Reliability Test

| Variable                       | Question Details | R <sub>table</sub> | R <sub>calculated</sub> | Cronbach's Alpha | Status             |
|--------------------------------|------------------|--------------------|-------------------------|------------------|--------------------|
| Brand Awareness (X1)           | BA1              | 0.278              | 0.760                   | 0.708 > 0.6      | Valid and Reliable |
|                                | BA2              | 0.278              | 0.754                   |                  |                    |
|                                | BA3              | 0.278              | 0.728                   |                  |                    |
|                                | BA4              | 0.278              | 0.543                   |                  |                    |
| Local Creative Economy Product | LCEP1            | 0.278              | 0.842                   | 0.656 > 0.6      | Valid and Reliable |
|                                | LCEP2            | 0.278              | 0.847                   |                  |                    |
|                                | LCEP3            | 0.278              | 0.741                   |                  |                    |

Based on Table 2, each item of variable Brand Awareness (X1) and Local Creative Economy Product (X2) has a value of  $r_{count} > r_{table}$  of 0.278. So, the conclusion is that all points of variable question X are statistically declared valid and worthy to be used as a variable measuring tool and can be used in the next analysis. For the reliability test, the table shows that Cronbach's Alpha value is greater than the value of 0.60. So it can be concluded that all variables are declared reliable and can used for research data.

**Table 3.** Multiple Linear Regression and Hypothesis Testing

| Variable                       | Unstandardized Beta (B) | Std. Error | Standardized beta ( $\beta$ ) | t     | p     | F      | p     |
|--------------------------------|-------------------------|------------|-------------------------------|-------|-------|--------|-------|
| (Constant)                     | 9.748                   | 1.730      |                               | 5.635 | 0.151 |        |       |
| Brand Awareness                | 0.201                   | 0.138      | 0.274                         | 1.461 | 0.000 |        |       |
| Local Creative Economy Product | 0.324                   | 0.110      | 0.440                         | 2.954 | 0.000 | 13.145 | 0.000 |
| R <sup>2</sup>                 | 0.359                   |            |                               |       |       |        |       |
| Adjusted R <sup>2</sup>        | 0.331                   |            |                               |       |       |        |       |
| Observations                   | 50                      |            |                               |       |       |        |       |

The results in table 3 revealed that Brand Awareness and Local Creative Economy Products significantly affects Micro Small and Medium enterprises simultaneously by causing a variance of 33.1% (adjusted  $R^2 = 0.331$ ,  $P = 0.000$ ). This rejects the null hypothesis that there is no significant effect of Brand Awareness and Local Creative Economy Products on MSMEs and upholds the alternative hypothesis partially. The Brand Awareness variable have no significant influence on MSME's because  $t_{count} 1.461 < t_{table} 1.678$ . But the Local Creative Economy Product has a positive and significant influence on MSMEs ( $t_{count} 2.954 > t_{table} 1.678$ ). Based on the table above as well, the Sig. value is 0,000. Since the sig. value  $0,000 < 0.05$ , it can be concluded that the hypothesis of Brand Awareness (X1) and Local Creative Economy Product (X2) simultaneously influence the MSMEs (Y). It is also inferred that the value of the study's f count is 13,145 while the f table is 3,191.

## Discussion

Winarni & Mahsun, (2021) state that the growth of MSMEs has an essential impact not only in sustaining the employment of employees and the welfare of the populace but also in many other ways, stabilizing the issue of social inequality. The primary goals of development are MSMEs, which are supported by the government's commitment to and effective cooperation with entrepreneurs, charities, local communities, and institutions of the marketplace. Active approaches based on the network economy are used to accomplish these goals. Based on data from the Ministry of Cooperation and Small and Medium Enterprises, MSMEs were registered in 2022 and is expected to develop well in Indonesia, reaching 8.71

million units overall, with just 72.113 coming from South Borneo based data on Kemenkop UMKM (Putri, 2023). Through its locally produced goods like Agate Stone, Sasirangan Batik, Purun Woven Crafts, and other handmade items, the creative economy is anticipated to aid in the development of MSME in Southern Borneo.

The public still frequently overlooks or fails to notice the craftsmanship of local products. Where brand awareness can be helpful to local products. Consumer brand awareness can be used by companies as a means to give consumers a deeper understanding of a brand (Yanti & Sukotjo, 2016). According to (Duriyanto et al., 2004), the role of brand awareness in overall brand equity depends on the extent to which a brand has achieved a level of Awareness.

## CONCLUSION

Based on the research findings and discussion regarding the influence of Brand Awareness and Local Creative Economy Products on the MSMEs in South Borneo, the following conclusions can be drawn :

1. The Variable of Brand Awareness (X1) in this study has a positive and doesn't have a significant influence on MSMEs (Y). This means that if the Brand awareness of MSMEs increases or decreases, the MSMEs in South Borneo don't have a significant increase.
2. The Variable of Local Creative Economy Product (X2) in this study has a positive and significant influence on MSMEs (Y). This means that if the Local Creative Economy Product on MSMEs increases, the MSMEs in South Borneo will also increase.
3. The Variable of Brand Awareness (X1) and Local Creative Economy Product (X2) in this study, when considered together. Have a positive and significant influence on MSMEs (Y). This implies that a well-executed Brand Awareness and Local Creative Economy Product will collectively increase the MSMEs in South Borneo

The limitation of this research is the time and age limitations; as a result, the results are still flawed and there are still many areas that need improvement so that the research can be improved to become ideal. For further research, our team like to



suggest in the future research would be better if there's develop marketing research to market the local economy's creative product so that its branding is better known by the national and international citizens.

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