



ORIGINAL PAPER

# Labelling System in Digital Marketing in the Development of Processed Seafood Products in Demak Regency

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## ABSTRACT:

**PURPOSE:** The purpose of this study was to determine the implementation of food labels used by Micro, Small and Medium Enterprises (MSMEs) for processed seafood in Demak Regency in digital marketing.

**DESIGN/METHODOLOGY/APPROACH:** This research was conducted on 25 MSMEs through interviews and surveys to digital platforms. Descriptive analysis was conducted to determine the implementation of food labels in digital marketing.

**FINDINGS:** The results showed that 19 MSMEs already used labels in digital marketing, while 6 MSMEs only used regular packaging without labels on product packaging. The use of labels in digital marketing provides clear information to consumers and increases sales.

**ORIGINALITY/VALUE OF THE PAPER:** Food labels are one of the important elements in increasing competitiveness and realising food safety in digital marketing. Food labels provide information about products that are marketed and become product identities.

**RESEARCH LIMITATIONS/IMPLICATIONS:** The limited access of MSMEs to resources, understanding of digital marketing, and finance is a challenge for MSMEs.

**KEYWORDS:** *Food label; Digital marketing; MSME*

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## INTRODUCTION

Food labels are a source of information for consumers about food products and are provided because consumers cannot meet the producers directly. They only include the name of the food; there is no other information such as expiration date, ingredients of manufacture, nutritional composition, and often the name of the producer is not included. The purpose of food labelling is so that people who buy and consume the food obtain clear and correct information about packaged food products, be it safety, nutritional content, or other information needed before consumption (Ningrum, 2015). Consumers need labels to make choices by comparing labels on other products before deciding to buy a product.

With the condition of the Indonesian economy, currently affected by the COVID-19 pandemic, many Micro, Small, and Medium Enterprise (MSME) players are experiencing difficult times. Meanwhile, the government is also trying to restore the economy through the new normal phase. In this new normal situation, MSME actors adapt in various ways. Among these is by developing businesses through digital marketing so that products can be reached more broadly (Rahmana *et al.*, 2021). In addition, for micro business owners to be able to continue to survive and grow, they must improve product packaging by improving the appearance of product labels (Irrubai, 2015).

Technological developments in the internet era encourage changes in many aspects of daily life, one of which is the change in Indonesians' consumer behaviour who prefer things that are instant and practical, which in turn improves online shopping models. 'We Are Social' data show that the percentage of Indonesians who buy products and services online reached 41% in 2017, growing 15% from the previous year (Kama, 2018).

Digital technology has a big role in business and marketing for MSMEs. The use of digital technology in digital marketing is a combination of online and offline strategies. The purpose of this combination of strategies is that marketing on online media must be supported by offline marketing so that it can create engagement with consumers. In addition, it can help MSMEs expand the reach of their business (Krisnawati, 2018).

The use of labels in food packaging is an important identity and characteristic for products marketed by MSMEs through digital marketing. In this study, we will discuss the implementation of seafood processing MSMEs in Demak Regency using labels on digitally marketed products.

## MATERIALS AND METHODS

This research was conducted on 25 MSMEs processed seafood products in Demak Regency through interviews and surveys to digital platforms. The respondents' criteria are MSME actors who process marine products, have conducted digital sales for more than six months, and have a production site. The digital platform survey was conducted to discover seafood MSMEs that have been digital for more than six months, are willing to be interviewed, and have a production site. After obtaining 25 MSMEs, direct interviews and visits to business locations were conducted.

Data from interviews and surveys were analysed to determine the extent to which MSME actors use labels in digital marketing.

## DISCUSSION

Demak Regency is bordered by the Java Sea in the west, Jepara Regency in the north, Kudus Regency in the east, Grobogan Regency in the southeast, and Semarang City and Semarang Regency in the west. It has a beach of 34.1km, spanning 13 villages. Along the coast of Demak, there are 476 hectares of mangrove vegetation. Although the leading potential in Demak Regency is agricultural and plantation commodities, other sectors, such as small and medium-sized fish processing industries, are starting to grow. It is feasible that sector can be developed for the welfare of the community (Retnawati *et al.*, 2021).

Fish is one of the catches of fishermen in Demak Regency and is a sector that deserves to be developed because of its strategic location close to the sea. Judging from the nutritional content, fish is a food that is suitable for consumption because of its high nutritional content. People generally consume fish in processed form: it is relatively rare that fish is consumed in fresh form. Fish processing aims to provide flavour, preserve and diversify products so as to increase selling value. The processed form of fish produced from marine fish-based food craftsmen in Demak Regency can be seen in Table 1.

**Table 1: Types of Processed Seafood Products for SMEs in Demak Regency**

Product	Frequency
Pressure Milkfish*	4
Milkfish Brains	4
Milkfish Chips	1
Crispy Shrimp	1
Smoked Fish	1
Shrimp	1
Squid Crackers	1
Fish Crackers	9
Crab Crackers	1
Milkfish Shredded	1
Squishy Fish Crispy	1
Fish Maw Crackers	2
Ingkung Milkfish*	1
Grill Bandeng	1
Cath Fish	5
Stingray	2

(continued)

**Table 1: Types of Processed Seafood Products for SMEs in Demak Regency (continued)**

Product	Frequency
Mackerel Tuna	3
Salem Fish	3
Bagong Fish	1
Semar Fish	1
Salted Fish	2
Sweet Fish	2
Petek Fish	1

Notes: \*Pressure Milkfish with local name Bandeng Presto. Milkfish cooked with high pressure/local name Ingkung Milkfish: Milkfish cooked with various spices

Source: Constructed by authors

The highest number of MSMEs (9) processed fish into fish crackers among other processed fish. Next highest are MSMEs that processed fish into presto milkfish and milkfish brains (4). Processed food with fish-based ingredients becomes more attractive for consumption because it has a varied taste, has a longer shelf life, and is practical in its presentation (Retnawati *et al.*, 2021). Business actors need to realise that labels are an important tool that must be attached to products sold to consumers. Based on Table 2, it can be seen that 19 MSMEs already use labels in their product packaging; however, 6 MSMEs do not. Through these labels, consumers obtain a great deal of important information about the products they buy.

**Table 2: Labelling System in Food Packaging**

Label	Frequency
Yes	19
No	6
<b>Total</b>	<b>25</b>

Source: Constructed by authors

The benefits of labels attached to products are as follows (Pulungan *et al.*, 2019; Artaya *et al.*, 2021):

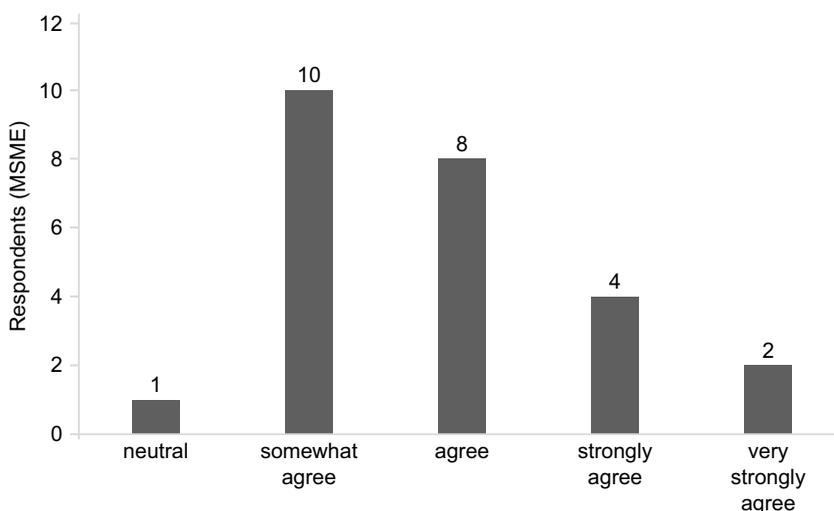
1. it is easier for consumers to recognise a specific product;
2. the product has a good aesthetic value compared to those without labels;
3. increased competitiveness against competitors;
4. labels cultivate trust in consumers;
5. increased competitiveness when entering a wider market;

6. they are a means of good communication between producers and consumers;
7. show implementation of the moral responsibility of business owners;
8. they act as a reminder tool for buyers and cultivate product image;
9. comparison with similar products.

The main benefits of using labels for product packaging that contain important information must include the following information (BPOM, 2018):

1. product name, logo or picture;
2. information on materials used;
3. product net weight;
4. manufacturer's name and address;
5. halal information, expiration date, month, and year.

If studied more broadly, the obligation to add a label to each product's packaging becomes the full responsibility of the producer as the party who has responsibility for the moral and legal consequences of bringing the product to market. Manufacturers need to understand that packaging labels on a product have many benefits. Packaging labels on MSME products can increase product feasibility in the eyes of consumers, increase added value and selling value, provide opportunities for business continuity and wider marketing. In addition, labels can also improve product quality in terms of packaging because through labelling the product display will be more aesthetic. They can also attract consumers that can then increase consumers' willingness to buy (Artaya *et al.*, 2021).

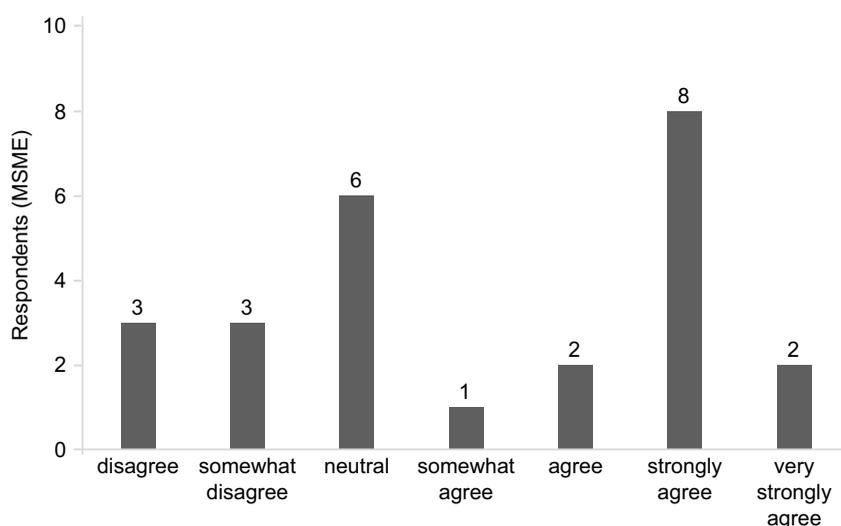


**Figure 1: Diagram of Respondents' Responses**

Source: Constructed by authors

Labels on packaging are becoming even more important in digital marketing. Digital marketing allows consumers to get all information about products. From Figure 1 it can be seen that 10 MSMEs somewhat agree, 8 MSMEs agree, 4 MSMEs strongly agree, and 2 MSMEs very strongly agree that digital marketing should provide clear information on the products being sold. In a study conducted by Moreira *et al.* (2019), food labelling is a communication and interaction between business actors and consumers and can influence consumer purchasing decisions. The existence of a policy on food labelling aims to increase the guarantee of food safety and public health by providing mandatory information and the nutritional value of each product. However, Moreira *et al.* (2019) found that consumers did not read the labels on food packaging. Lack of time and information overload were cited as the main factors for consumers not reading food labels. Notwithstanding, it was also found that food labelling is more beneficial for certain consumer groups, such as athletes and consumers who are concerned with lifestyle. Fadlillah *et al.* (2015) stated that there was a correlation between education and the habit of reading labels. The same applies to income: the higher the education and income of the respondents, the higher the frequency of reading labels. The level of knowledge of respondents on packaging labels was quite good; most are in the age group above 24 years. In addition, the elderly group is also more selective in choosing food products, due to health factors.

By including the label on the packaging, consumers get clearer information before consuming the product. This will certainly give the right to safety in terms of consumer health (Artaya *et al.*, 2021). In relation to consumers who do not read labels correctly, it is also important that the government disseminates information about the importance and benefits of reading food labels to the public. In addition, it is essential that food labels with important information are not only quickly and clearly visible but also easily understood by consumers (Moreira *et al.*, 2019).



**Figure 2: Diagram of Respondents' Responses to the Increase in Sales Volume**

Source: Constructed by authors

Srinivisan *et al.* (2016) show that the use of technology in MSMEs has many advantages. First, business owners can get immediate feedback, second, social media provides real-time market trends and opportunities, and third, business owners can monitor their products, whether they are in accordance with consumer preferences or not, and can also explore which products consumers want the most. Mokhtar *et al.*'s (2017) research shows that the use of technology in MSMEs can also increase market size, reduce marketing costs, increase sales, and establish greater relationships with consumers. Figure 2 shows that 1 MSME somewhat agrees, 2 MSMEs agree, 8 MSMEs strongly agree, and 2 MSMEs very strongly agree regarding increasing sales volume in digital marketing. The increase in sales volume can reach 70-85%, especially when approaching the holidays. However, from Figure 2 it can also be seen that there are 6 neutral MSMEs, 3 MSMEs somewhat disagree, and 3 MSMEs disagree. They said that the level of sales volume tends to be stable and some have even decreased by up to 50%.

The use of technology in MSMEs allows business owners to obtain detailed information about consumer behaviour, preferences, needs, and spending patterns. This information is very important for pricing, promotion, and product development (Bhayani and Vachhani, 2014). The use of digital media in marketing food products has proven to be more effective in boosting MSME profits compared to conventional marketing (Khairani *et al.*, 2018). Setiawan *et al.* (2018) and Srirejeki (2016) show that digital marketing can increase the profits of MSMEs in the food sector by 10%-32%.

In addition, the transaction process also becomes easy and allows sellers to monitor and provide for the needs and wants of consumers without time or geographical limits. Digital marketing is used to acquire consumers, build preferences, promote brands, maintain consumers, and increase sales, which ultimately increases profits (Martoyo, 2020).

It is known that MSMEs have limitations on costs, human resources, and knowledge about the use of labels on packaging. They assume that the sales made so far have been running smoothly even without packaging labels. This can be input for government institutions and academics to be able to provide assistance and training for MSMEs. Several studies have shown that there are many benefits when products marketed digitally have a label on their product packaging. This is evident in MSMEs in Demak Regency who have used labels on their product packaging in digital marketing; these have increased sales volume and provided clear information to consumers. In addition, MSMEs' desire to be able to compete in the market is a reason for continuing to attract customers.

## CONCLUSIONS

Demak Regency, which is located adjacent to the Java Sea, has the potential to increase the prosperity of the community through fish catches that are then processed into processed seafood products. The fishery processing industry sector is quite promising. In addition to being rich in nutrients, fish can also increase immunity. The variety of processed fish products circulating in the market creates

challenges for business actors to maintain their identity and continue to exist through labelling their product packaging. Of the 25 MSMEs that were sampled, 19 MSMEs already use labels on the product packaging they sell, while 6 MSMEs only use plastic packaging without any labels. With labels on product packaging that are marketed digitally, MSMEs are better prepared to compete. Digital marketing has a good impact in improving marketing performance. Sales volume increased and market coverage became wider. The limited access of MSMEs to strategic resources such as understanding of marketing digitalisation, finance, food processing skills, and food innovation processes, could affect the labelling system for processed seafood products.

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