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**STRATEGY DEVELOPMENT UMKM PRODUCT DURING THE COVID-19 PANDEMIC?  
CASE STUDY IN UMKM KERIPIK KULIT GARUT**

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**Abstract**

The Covid pandemic has a bad impact on UMKM business actors so that a strategy for developing MSME products is needed during the Covid pandemic, this strategy is an example for other business actors to survive this pandemic. The research method used a qualitative approach with case studies to see how the UMKM product development strategy for arrowroot skin chips. The results of the study explain that steps are needed to develop existing products and target product development carried out by skin chips UMKM, namely old products that are modified into products according to market and customer demand.

**Keywords: Strategy Product, UMKM & Covid-19.**

**PENDAHULUAN**

The Covid-19 pandemic has a negative impact on the economic sector and creative businesses in Indonesia, the imposition of large-scale social restrictions has restricted economic activity, this is aimed at keeping the spread of Covid-19. As a result of this pandemic, UMKM were affected so that many products were not sold.

Micro, small and medium enterprises (UMKM) make an active contribution to be able to develop a region so that they can increase their business and minimize the number of unemployed in an area (Ariani, 2017). A business can be said to develop well if the business process runs smoothly by maximizing workers in a productivity that is being carried out. In addition, small and medium enterprises also need a strategy in order to achieve a target so that everything will be well controlled (Suprianta, 2014).

The development UMKM is crucial considering that UMKM have such an important role for economic growth, including one in Indonesia. The activities of Small and Medium Enterprises (UKM) have a big role in national economic development and employment, UMKM also play a role in the distribution of development results and are the motto of driving

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the growth of national economic activity (Hubeis, 2015). In the development of the Micro, Small and Medium Enterprises (UMKM) sector, it provides its own meaning in efforts to reduce the poverty rate of a country. The growth and development of the UMKM sector is often interpreted as an indicator of successful development, especially for countries with low per capita income (Purnomo, 2015).

UKMM which is engaged in the food sector has been heavily affected by the Covid-19 pandemic so that in marketing its products, an entrepreneur must be able and clever to read the current and future changing situation. An entrepreneur must be responsive to what consumers want and need and when and where it is needed. In this case the company must be able to create products in accordance with the wants and needs of consumers in a timely manner. In addition, the company must be able to communicate the existence and advantages of the product compared to other products from competitors. Successful entrepreneurs are those who are good at adjusting to change (Amelia, 2017)

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consumers want and need and when and where it is needed. In this case the company must be able to create products in accordance with consumer wants and needs in a timely manner. In addition, companies must be able to communicate the existence and advantages of the product compared to other products from competitors (Nuraeni, 2018)

We operationalize the subsidiary's product development strategy as a three strategic focus, namely, breakthrough, platform and incremental focus. Each focus reflects the extent to which resources are allocated to projects that aim to develop high, medium, or low new products in terms of innovation (Budiarto, 2018). The use of knowledge by a subsidiary can be described in terms of the extent to which it uses knowledge from various sources, such as suppliers, customers, competitors, outside research organizations and consultants, universities, their parent companies, peer units, and so on. , in product development (Hidayah, 2019). Product innovation performance is the market reward for a new product in terms of the product's contribution to the sales or profits of the subsidiary. Previous research has shown that such measures can effectively differentiate best practice firms (Susilo, 2012). New products include completely new products, new product lines, modifications, and derivatives (Suparyo, 2018).

The results of previous research indicated that UMKM involved in skin chips gradually took a bigger role in the overall innovation of multinational companies (Pujiono, 2018). Their strategy involves different levels of exploration and exploitation (Arifah, 2017), which to some extent is reflected in the three strategic focuses of the subsidiary. If these multiple strategies have an impact on the innovation activities of the subsidiary (Hendrawan, 2019), it is reasonable to assume that the market will appreciate the superior allocation of resources among these focuses in some way. The right relationship will depend on the interaction between the resources needed to overcome the innovation barriers and

the benefits brought by the products of this innovation initiative.

It is also important to consider the mediating role of overall knowledge utilization in the relationship between the three strategic focuses and product innovation performance. On the basis of information theory (Hasbiyyah, 2018) and the fit-as-mediation strand of contingency theory (Setyanto, 2015), we can argue that different strategic focuses must have different information needs that determine the extent of knowledge needs. Thus, aligning these information needs with the appropriate information processing capacity indicated by the level of knowledge utilization is likely to result in better product innovation performance. More specifically, a match between knowledge utilization and a breakthrough or platform focus should lead to better product innovation performance. but additional focus depends less on the use of knowledge; therefore, there may not be a significant interaction between the two (Hanoenon, 2012).

So the purpose of this study is to describe the strategy of developing umkm products during the Covid-19 pandemic in MSMEs of arrowroot skin chips.

## RESEARCH METHODS

Method The approach used in this research is a case study research with a qualitative approach that aims to describe product development strategies by diversifying products and new product strategies to increase sales products. Research subjects and research locations were determined by purposive sampling method. The owner of the arrowroot skin chips, the research site was in the village of Leles, Garut Regency. Data collection methods used consisted of interviews, observation, and documentation. The data analysis method used was descriptive qualitative about product development strategies on arrowroot skin chips in increasing sales products.



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## RESULTS AND DISCUSSION

### Product Development Strategy

Product development is the creation of new products or by developing existing products. The new product development process is usually very important to long-term business success. This is what UMKM do with arrowroot skin chips in the face of fierce competition and the Covid-19 pandemic so that what these skin chips MSMEs do is to maintain the quality of their products. Successful new product development requires companies to build effective organizations to manage the new product development process.

UMKM arrowroot skin chips in producing their products also adjust to market dynamics so that their products can compete in the market and the main thing is to meet customer desires which are always changing from time to time. This change requires UMKM to create new products. This is in line with the opinion (Faizah, 2015) that in order to adjust the market competition, we must look at the dynamics and needs of the market.

The obstacles that are often experienced during the Covid-19 pandemic by UMKM are season and cost problems, because if the rainy season it is difficult to get the expected drying results. Regarding the costs faced, they often experience ups and downs, so the costs they own are small, automatically producing goods is also small, but on the other hand, if the costs are large, then the production of goods is also a lot. The form of product development carried out by skin chips MSMEs is based on market penetration by incorporating product modifications into existing product lines. This handicraft is intended to maintain the quality of its products in the management of product development from the start to the end, including extracting ideas, screening ideas, concept development and testing processes, business analysis,

### Strategies to Survive During the Covid-19 Pandemic

Product diversification is a strategy carried out to increase the types of products owned. Product diversity can be done by adding

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and making various kinds of products that vary according to customer demand. This skin-peel-chip UMKM In the beginning of its establishment in 2008, its products were skin chips made of sapid and flower skin. Keeping up with market developments makes UMKM Skin chips try to keep up with the dynamics. There are a variety of products owned to support market competition. Various kinds of products that are owned maintain their quality, so that the products continue to be sold in the market. The kinds of products they have have different benefits. Tasbih products have more small advantages than necklaces, bracelets and sticks. But the selling process is easier.

In terms of product diversification, the UMKM skin chip industry also carries out new products that have a relationship in terms of marketing or technology with existing products, for example if the market or customers want high quality products.

The product development strategy carried out in the skin chip UMKM industry is in creating new products by developing existing products, with the aim of anticipating customer saturation. Besides that, it is also to anticipate the saturation of a certain product. According to (Sri, 2017) that product development is one way so that consumers do not feel bored and want to constantly buy existing products.

Product development carried out by UMKM, skin chips, catfish village, Garut district is trying to improve the quality of the products they have. The quality of a product will be a great attraction to customers. The strategy he does is to create a variety of products that are owned, so that the products that are owned still exist in the market.

Marketing a new product that is owned, the producer cannot be separated from the existing competition. The existence of competition is very important in knowing the difference from the products produced by competitors' products. Therefore, according to (Rosyadi, 2014) the success of new products requires more than just thinking about some new products, making them products and finding



customers for those products. New product success requires a holistic approach to finding new ways to create valuable experiences for customers, from creating and filtering new product ideas to creating and producing products that satisfy customer desires. From MSMEs, skin chips always try to make new innovations to remain competitive in the market.

## CONCLUSION

The product development strategy in the UMKM keripik kulit garut skin chips is a strategy carried out for the product development system by way of product diversification and new product strategies. Product development through products owned by UMKM skin chips is only one product, but a variety of products include spicy, medium and salty skin chips. The attributes it has always experience development, namely from the motive, the animal that adapts to market dynamics. The target of product development carried out by skin chips UMKM is that old products are modified into products according to market and customer demand. The existence of product development is aimed at maintaining the existence of skin chips UMKM, The global sales level proves that skin chips UMKM have an advantage in their products.

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