Product Development Strategy Based on Local Wisdom to Strengthen the Identity of SMEs during Ramadan

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Abstract. Ramadan is a crucial period for SMEs. During this month, consumer demand for Ramadan-specific products significantly increases. The objective of this research is to develop concrete strategies that can assist SMEs in leveraging local wisdom to produce products that reinforce their identity and enhance competitiveness in the market, particularly during Ramadan. This research method involves a literature review with a qualitative approach, focusing on descriptive analysis. Data for this study were extracted from scholarly articles published between 2001 and 2024, accessible through Google Scholar. The study findings indicate that product development strategies based on local wisdom to strengthen the identity of SMEs during Ramadan demonstrate significant value in supporting SME growth and preserving local cultural heritage. By harnessing the uniqueness of Ramadan culture and traditions, SMEs can create products that not only meet market needs but also reinforce local identity. A holistic approach involving deep understanding of cultural values, careful market analysis, cross-sector collaboration, and continuous evaluation are key to the success of this strategy.

Keywords: Product, Local Wisdom, SMEs, Ramadan

1. Introduction

The Ramadan period marks a crucial phase for the Micro, Small, and Medium Enterprises (MSMEs) sector in various parts of the world with a majority Muslim population [1]. During this holy month, consumer demand for a variety of specific Ramadan products experiences a significant increase, encompassing various types of food, beverages, handicrafts, and items for worship purposes. Therefore, the primary strategy for MSMEs is to develop products that cater to the needs and traditions of Ramadan in order to boost their income.

Micro, Small, and Medium Enterprises (MSMEs) often directly leverage the intellectual wealth stored in cultural heritage and local traditions [2]. In fact, this includes the application of distinctive manufacturing techniques, the use of locally sourced raw materials, and the embodiment of cultural values in every aspect of the products produced [3]. Exploiting this intellectual wealth not only serves as a distinguishing resource providing a competitive advantage for MSMEs but also proves to be an extremely effective strategy in strengthening their product identity amidst increasing market competition.

In the context of an increasingly demanding era of globalization, there is a significant trend towards product homogenization, which potentially threatens the diversity and uniqueness of local products. Many MSME players are pressured to follow global trends and implement uniform production standards [4]. Consequently, this could result in the blurring of the distinctive characteristics of the products produced and lower their competitiveness in the market [5]. This implies the need for strategies focused on the preservation and strengthening of local aspects inherent in products, whether through the use of local raw materials, the application of traditional production techniques, or the promotion of cultural values in product marketing. Such strategies not only play a role in maintaining the sustainability of MSMEs but also reinforce local identity in the increasingly competitive global market.
During Ramadan, consumer consumption patterns often undergo significant transformations, including shifts in preferences towards favored product types, emphasis on attractive packaging, sensitivity to pricing, and preferences for product presentations that highlight Ramadan values [6]. Understanding these dynamics of change deeply and being able to adjust product development strategies appropriately is a crucial factor that can be the key to success for MSMEs in responding to the ever-changing market needs. By adopting an adaptive and responsive approach to changes in consumer behavior during this holy month, MSMEs can enhance their competitiveness and capitalize on emerging market opportunities, thereby strengthening their position in the dynamic business ecosystem.

Developing products rooted in local wisdom is not only a wise business strategy for MSMEs but also has broad impacts on local economic growth. By prioritizing the production and sale of local products that leverage cultural heritage and traditional wisdom, MSMEs can play a leading role in regional economic development [7]. Additionally, through these activities, they can also make significant contributions to local job creation, reduce unemployment rates, and strengthen the local economic network. Furthermore, the development of locally inspired products can serve as a foundation for sustainable economic development, providing a more robust basis for regional economic self-reliance and reducing dependence on external product supplies [8]. Thus, this initiative not only brings economic benefits but also plays a role in building a more stable and sustainable foundation for local economic growth.

There is a growing global trend where consumers increasingly seek products that not only have local relevance but also reflect sustainability values and traditional wisdom [9]. In this context, initiatives specifically focusing on the development of products rooted in local wisdom show great potential to attract consumers sensitive to these aspects. By offering products that combine elements of local wisdom, sustainability, and tradition, MSMEs can open doors to new untapped market segments, thus expanding the reach of their products [10]. In this regard, it is important for MSMEs to take strategic steps that not only accommodate increasingly diverse consumer demands but also have a positive impact in supporting environmental sustainability and preserving local cultural heritage. Therefore, the aim of this research is to develop concrete strategies that can help MSMEs leverage local wisdom to produce products that strengthen their identity and enhance competitiveness in the market, especially during Ramadan.

1.1 Product

Product refers to goods or services produced by an entity, whether large corporations or SMEs, to fulfill consumer needs or desires [11]. In a business context, products encompass not only physical goods but also services, experiences, or a combination thereof offered to the market. Products can include a wide range of items, from food and beverages, clothing, electronic equipment, to consulting services and care. The importance of products lies in their ability to satisfy consumer needs or desires and provide the expected value addition [12]. The product development process involves market needs identification, product research and development, design, production, marketing, and distribution [13]. Successful products are those that meet consumer expectations, provide effective solutions to the problems faced, and have added value that sets them apart from similar products in the market [14]. In the context of this research, products refer to goods or services produced by SMEs utilizing local wisdom as the foundation for their development, to strengthen their identity and enhance competitiveness in the market, especially during Ramadan.

1.2 Local Wisdom

Local wisdom refers to the knowledge, cultural values, traditions, and practices passed down from generation to generation within a specific community or society [15]. It encompasses various aspects of life, ranging from traditional agricultural methods, distinctive food processing techniques, handicrafts, to local beliefs and customs. Local wisdom reflects the close relationship between humans and the environment and wisdom in utilizing natural resources sustainably [16]. It also involves a deep understanding of the social and spiritual values that shape the cultural identity of a community. Local wisdom is often an invaluable asset that forms the basis for producing unique goods and services that differ from mass-produced products [17]. In the context of this research, local wisdom is the focal point in the development of SME products to reinforce identity and meet market needs during Ramadan, thus supporting local economic growth and preserving cultural heritage.

1.3 Small, and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) refer to the business sector consisting of companies with relatively small-scale operations, including limited numbers of employees, low turnover, and limited assets [18]. SMEs play a significant role in a country's economy as they often serve as the backbone of the local economy by
making significant contributions to job creation, income distribution, and overall economic growth [19]. SMEs can operate in various economic sectors, including trade, services, manufacturing, agriculture, and tourism [20]. The existence of SMEs also reflects economic diversity and the diversity of products and services offered to society [21]. In many countries, SMEs often receive special attention from governments and economic institutions due to their strategic role in strengthening an inclusive and sustainable economic structure [22]. In the context of this research, SMEs are an important subject in the development of product strategies based on local wisdom because they often have direct access to local wisdom and have the potential to produce unique and competitive products in the market.

1.4 Ramadan

Ramadan is the holy month in Islam considered a period of increased spirituality, introspection, and self-restraint for Muslims worldwide [23]. Ramadan is marked by obligatory fasting for Muslims who have reached puberty, involving abstaining from food, drink, and prohibited activities from dawn to sunset for about a full month [24]. Besides fasting, Ramadan is also a time for increased worship, such as night prayers (tarawih), reading the Quran, charity, and increased supplication and remembrance. Ramadan is considered a blessed time when the rewards for good deeds are multiplied, and the opportunity to draw closer to Allah is widely open [25]. During this month, Muslims also celebrate the night of Laylat al-Qadr, believed to be the night when the Quran was first revealed to Prophet Muhammad (peace be upon him). Besides its spiritual dimension, Ramadan also has distinctive social and cultural aspects, where Muslims gather with family and friends to break their fast (iftar) and have pre-dawn meals (suhoor), strengthening social bonds and enhancing solidarity within the community.

2. Method

This research method involves a literature review with a qualitative approach, focusing on descriptive analysis. The qualitative approach was chosen to gain an in-depth understanding of concepts, theories, and issues related to the research topic. Descriptive analysis is used to outline and explain in detail the information obtained from selected articles, with the aim of identifying patterns, trends, and significant findings emerging from the existing literature. Data for this study were extracted from scholarly articles published between 2001 and 2024, accessible through Google Scholar. Initially, 50 relevant articles were found on the research topic, but after a rigorous selection process based on established inclusion and exclusion criteria, only 36 of the most relevant and high-quality articles were used for further analysis. The article selection process was conducted by considering the quality, relevance, and novelty of the information presented in each article. After selection, the chosen articles were then analyzed in-depth to uncover findings relevant to the objectives of this research. This method is expected to provide rich and in-depth insights into product development strategies based on local wisdom to strengthen the identity of SMEs during Ramadan.

3. Result and Discussion

The development of product strategies rooted in local wisdom during Ramadan is not only appealing but also significantly contributes to the growth and preservation of cultural wealth in the Micro, Small, and Medium Enterprises (MSMEs) sector. In this context, MSMEs leverage the unique cultural aspects and traditions of Ramadan as a foundation for designing products that not only meet market demands but also contribute to strengthening local identity. With this approach, MSMEs are expected to integrate local values with adequate product innovation, thus driving economic growth while preserving cultural heritage within their communities.

First and foremost, this strategy aims to enhance competitiveness and build a strong identity for Micro, Small, and Medium Enterprises (MSMEs) in the market. In pursuit of this goal, the implementation of this strategy relies on local wisdom as its primary foundation. This is reflected through the use of time-tested traditional recipes passed down through generations, the utilization of distinctive and high-quality local ingredients, and packaging designs inspired by deep-seated local cultural values. This approach enables MSMEs to create products that are not only unique but also differentiate themselves from competitors in an increasingly competitive market [26]. The competitive advantage gained encompasses not only product quality and uniqueness but also significantly contributes to strengthening the sense of pride and local community identity closely associated with the products produced.

The approach to product development involves highly holistic aspects and requires a profound understanding from MSME entrepreneurs of the cultural values relevant to Ramadan and consumer preferences.
Micro, Small, and Medium Enterprises (MSMEs) during Ramadan involves significant efforts in building culture and strengthening social bonds within society. Thus, the implementation of product development strategies based on local wisdom during Ramadan becomes a crucial foundation for driving the growth and sustainability of MSMEs and enhancing their contribution to the local and national economy.

In the context of product development strategies based on local wisdom during Ramadan, market analysis plays a crucial role. MSMEs are expected to conduct in-depth research to identify existing market potential for products rooted in local values. This process involves a deep understanding of market demand levels, ongoing consumer trends, and competitive dynamics within it. By conducting meticulous market analysis, MSMEs can gain deeper insights into consumer preferences and market needs related to locally inspired products [28]. The results of this analysis can then be used as a basis for adjusting marketing and product development strategies, enabling MSMEs to respond appropriately to evolving market demands and enhance their competitiveness in an increasingly competitive market.

However, product development strategies based on local wisdom are not solely focused on commercial aspects but also carry significant implications in the social and economic realms that need to be carefully evaluated. There is a profound understanding of how this strategy can contribute substantially to increasing MSMEs’ income, creating new job opportunities, and strengthening local economic sustainability. Furthermore, through the preservation of local culture, this strategy also plays a role in building a strong local identity and reinforcing solidarity within the community. With this holistic strategy in place, MSMEs are not only economically empowered but also play an important role in preserving and enriching cultural heritage and local identity, which are valuable assets to a community. Evaluating the social and economic impact of this strategy is essential in understanding the importance of integrating local values in the context of sustainable economic development [29].

Collaboration with various stakeholders is key to ensuring the success of this strategy. In this context, collaboration with other MSME players, local communities, government agencies, and non-governmental organizations is crucial. Such collaboration enables MSMEs to expand their market reach by leveraging existing networks and accessing greater resources, such as technology, capital, and infrastructure [30]. Moreover, through this collaboration, MSMEs can also strengthen social support for their business development, including financial support, training, and promotion. Thus, strong and sustainable collaboration among various parties is a crucial foundation for driving the growth and sustainability of MSMEs and enhancing their contribution to the local and national economy.

Periodic evaluation of the performance of this strategy is a crucial aspect that cannot be overlooked to ensure long-term success. This evaluation process involves careful monitoring of product sales, gathering feedback from consumers, and analyzing the socio-economic impact of the strategy's implementation. By utilizing data and information collected from various sources, MSMEs can identify areas that need improvement in their strategy and design appropriate corrective actions to adapt to the changing dynamics of the market and consumer needs [31]. Moreover, periodic evaluations also enable MSMEs to measure their progress in achieving strategic goals, identify new opportunities, and anticipate challenges that may arise in the future. Thus, systematic and comprehensive evaluation serves as a crucial foundation for developing adaptive and sustainable strategies for MSMEs to cope with the dynamic business environment.

Therefore, the strategy of developing products based on local wisdom during Ramadan has broader dimensions than just creating unique products. This strategy also involves efforts to build an ecosystem that supports the growth and sustainability of MSMEs and preserves the local cultural heritage, which is an integral part of the common heritage. Within this ecosystem, MSMEs not only act as product producers but also as active players in preserving, developing, and implementing local cultural values in their business processes. Thus, this strategy provides opportunities for MSMEs to not only be economic agents but also as agents of social and cultural change within society. Moreover, through collaboration and synergy among various parties, including MSMEs, government, non-governmental organizations, and local communities, this strategy also has the potential to create broader impacts in enhancing economic and social welfare at the local and regional levels.

Thus, the implementation of product development strategies based on local wisdom during Ramadan becomes a strategic step that is not only economically relevant but also essential in maintaining the sustainability of local culture and strengthening social bonds within society.

Substantially, the strategy of developing products based on local wisdom to strengthen the identity of Micro, Small, and Medium Enterprises (MSMEs) during Ramadan involves significant efforts in building
effective communication networks between local cultural wealth and the increasingly interconnected global market. Essentially, this initiative aims to create a convergence between rich local cultural values and the dynamics of a broad market, creating opportunities for MSMEs to participate more actively in global trade. Besides the clear economic benefits, this strategy also has broader impacts in strengthening cultural diversity and preserving valuable traditional heritage for society. By building a strong bridge between local identity and the global market, MSMEs not only develop their businesses but also contribute to promoting cultural diversity and enriching intercultural dialogue on a global scale [32]. In this context, the strategy of developing products based on local wisdom during Ramadan is not just a business step but also an effort to build an inclusive and sustainable network of relationships between the local community and the global world.

By adopting a product development approach that draws on local wisdom, Micro, Small, and Medium Enterprises (MSMEs) have a golden opportunity to transform Ramadan into a strategic momentum that can be used to introduce and expand markets for their products. More than just selling goods, MSMEs in this process act as narrators, conveying the stories and cultural values contained in each product they offer. Thus, the marketing process goes beyond mere commercial transactions, becoming a medium for building deeper emotional and social connections between producers and consumers. Through the stories presented, consumers not only purchase products but also become part of a living and evolving cultural narrative [33]. As a result, the relationships formed become closer, and consumer loyalty to the brand and products of MSMEs is organically formed. Therefore, product development based on local wisdom during Ramadan is not only about generating commercial profits but also about building a solid foundation for business sustainability and cultural preservation amid the increasingly complex dynamics of the global market.

This strategy reflects a deep level of awareness of the importance of preserving and conserving local culture in the midst of globalization. By utilizing local wisdom as a foundation in product development, Micro, Small, and Medium Enterprises (MSMEs) not only contribute to the sustainability of the local economy but also serve as a bulwark against the risk of cultural homogenization that often arises in the context of fierce global competition. In turn, this approach strengthens local identity and creates space for communities to better appreciate and preserve their cultural heritage [34]. By voicing and promoting the uniqueness of local culture through the products they produce, MSMEs not only become economic agents but also agents of cultural diversity capable of providing significant added value to the local community and making a positive contribution to preserving global cultural diversity. Therefore, product development strategies based on local wisdom not only create sustainable business opportunities but also form a strong foundation for the preservation and appreciation of local cultural heritage in the face of globalization.

In a broader context, this product development strategy not only embodies the spirit of responsible social entrepreneurship but also reflects the important role of MSMEs in supporting social development and environmental preservation. In addition to creating economic value, MSMEs also actively contribute to sustainable social development efforts and environmental conservation [35]. Through close engagement with the local community and various stakeholders, MSMEs can serve as positive agents of change in society. By prioritizing the principles of social entrepreneurship, MSMEs not only focus on financial profit but also consider the social, environmental, and cultural impacts of their business activities. Therefore, product development strategies based on local wisdom are not only smart business steps but also a firm commitment to sustainable development and the overall welfare of society.

However, to achieve sustainable success, continuous commitment and support from various stakeholders are required, including the government, non-governmental organizations, and the community as a whole. These stakeholders play a crucial role in providing various forms of support, ranging from supportive policies, financial assistance, to technical assistance, which can help MSMEs overcome challenges and seize opportunities in the market [36]. Additionally, MSMEs are also required to continually enhance their skills and capacities in business management, marketing, and product innovation to remain relevant and competitive in the ever-evolving and changing market. This requires a strong commitment to continuous learning and adaptation to dynamic business environments. Thus, joint efforts from various parties and continuity in developing the capacities of MSMEs will be key to creating a conducive environment for the long-term growth and sustainability of MSMEs.

From a broader perspective, the strategy of developing products based on local wisdom to strengthen the identity of Micro, Small, and Medium Enterprises (MSMEs) during Ramadan is not merely seen as a smart business move but also considered as a strategic investment in cultural preservation and the development of inclusive and sustainable communities. In this context, product development is not only viewed as a process of creating economic value but also as a tool for preserving and passing down rich local cultural values to future generations. Furthermore, this strategy is expected to serve as a catalyst for creating equal and inclusive economic opportunities for all layers of society, thereby promoting sustainable growth and reducing socio-
economic disparities in society. Thus, this step not only provides short-term benefits for MSMEs but also has significant long-term impacts on cultural sustainability and the overall well-being of society.

4. Conclusion

Developing product strategies based on local wisdom to strengthen the identity of SMEs during Ramadan demonstrates significant value in supporting SME growth and preserving local cultural heritage. By leveraging the unique culture and traditions of Ramadan, SMEs can create products that not only meet market demands but also reinforce local identity. A holistic approach involving deep understanding of cultural values, meticulous market analysis, cross-sector collaboration, and continuous evaluation is key to the success of this strategy. Recommendations arising from this research analysis include:

1. Encouraging SMEs to actively engage in understanding and utilizing local wisdom in their product development.
2. Promoting collaboration among SMEs, local communities, government, and non-governmental organizations to support SME growth and cultural preservation.
3. Providing training and mentoring to SMEs in business management, marketing, and product innovation to enhance their competitiveness.
4. Encouraging the government and relevant institutions to provide policy support and infrastructure that foster SME growth and cultural preservation.
5. Motivating the community to support local SMEs by purchasing products based on local wisdom.
6. Conducting routine evaluations of this strategy’s performance to identify areas for improvement and adjust strategies according to market changes and consumer needs.

References


