



## **GREEN MARKETING INNOVATION AS MSME'S COMPETITIVE ENHANCEMENT STRATEGY IN PEMATANG SERAI VILLAGE**

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**Abstract :** *Green Marketing is defined as a marketing strategy that emphasizes environmental and sustainability aspects in products, promotions, and business practices. Pematang Serai Village was chosen as the research location because it is an area with MSME potential involving the local economic sector and the natural environment. Through a field research approach involving 50 MSME business with various types of businesses in Pematang Serai Village. The results showed that the implementation of Green Marketing had a positive impact on the competitiveness of MSMEs in Pematang Serai Village. MSMEs that implement sustainable marketing practices can differentiate themselves, attract environmentally conscious consumers, and gain a competitive advantage. Supporting factors include awareness of MSME owners about sustainable practices, government support, and access to resources and information that support Green Marketing. Barriers include limited resources, limited understanding of Green Marketing, and challenges in changing consumer behavior. This research is important to expand the understanding of the implementation of Green Marketing in MSMEs in rural areas. The implication is the importance of government and stakeholder support in facilitating sustainable MSME development and encouraging the adoption of environmentally friendly marketing practices.*

**Keywords :** *Green Marketing, Competitiveness, MSME*

### **INTRODUCTION**

Increasing industry is causing more hazardous chemical waste to flow into rivers. Due to this phenomenon, many business practices have shifted to an environmentally friendly approach, otherwise known as green marketing. According to , green marketing means integrating environmental issues into strategic marketing. As stated by (Gopalakrishnan et al., 2014), green marketing strategies are not only limited to products or services that do not harm the environment but also the entire process involved from the beginning of the process to arrive at the final consumer. (Eneizan BM, 2016)

Green marketing strategies can generate lasting competitive advantages, according to Thus, green marketing strategies must be tailored to the goals and focus of the green marketing value chain. Green value chains include green products, green placement, green logistics, adequate waste management, green communication, green collaboration, and customization of the marketing mix. This alignment is done with the aim of making customers believe that products derived from green marketing strategies have a strategic position. (Desy Surya & Ario, 2023).

In addition, companies have the ability to improve the company's reputation, which is usually viewed negatively by stakeholders due to its negative impact on the environment (Rodriguez, 2016). In green marketing strategies, companies can use "environmental marketing" as a business opportunity to win the market for their goods and services. The implementation of Green Marketing is not only carried out by large companies, but all business actors such as micro, small and medium enterprises (MSMEs) are required to be able to run their business by creating safe and environmentally friendly products. The demand to produce environmentally friendly products is an important issue and can be used as strategic competitiveness. This is an opportunity that must be considered for business people, and can be used for national industries to increase exports. Various efforts are made by the Indonesian government which is expected to increase the country's foreign exchange sources through export activities from local companies. (Sanny et al., 2023)

As is known, MSMEs have a strategic role in the structure of the national economy. Micro, Small and Medium Enterprises (MSMEs), which are an important pillar of Indonesia's economic development, continue to be encouraged so that they can move up in class, so that they can make a greater contribution to the economy, and absorb more workers. The MSME sector contributes to Gross Domestic Product (GDP) of 61%, or worth Rp9,580 trillion, even the contribution of MSMEs to labor absorption reaches 97% of the total workforce. Based on data from the Ministry of Cooperatives and SMEs, Indonesia has 65.5 million MSMEs, which account for 99% of all business units. (www.ekon.go.id) (Encouraging MSMEs to Upgrade and Go Export, Government Prepares Integrated Financing Ecosystem, n.d.). The presence of MSMEs in Indonesia is expected to suppress the development of creative industries that are able to drive the people's economy, open jobs, and reduce unemployment and poverty (Sari et al., n.d.)

Pematang Serai Village, Langkat Regency, Tanjung Pura District is one of the villages in North Sumatra Province, based on the results conducted by the research team that there are products produced by community creativity from the potential results in the village. However, these MSME products have not been managed in such a way using the concept of green marketing which will provide a step in increasing the competitiveness of these products.

## **RESEARCH METHODS**

In this study, the authors collected data through field research (Field Research). Field research is research conducted in a place or location chosen to research or investigate something that happens in that place (Fathoni, 2006). Direct research collects field data to obtain data related to the problem under study in the form of (1) Observation, namely research that directly observes the object studied, (2) Questionnaire / questionnaire, in this study a list of questionnaires was used which was distributed directly to people who have MSME products in Pematang Serai Village, and (3) Interviews by conducting direct interviews with interested parties to obtain data and information used in this study. While literature research conducted in this study is a technique to obtain theoretical data or secondary data in research. Literature research is carried out by studying books, literature, official documents, notes and transcripts, which are related to research. Researchers took 50 respondents of MSME actors who have been running for at least 1 year. This research approach uses a qualitative approach with a type of descriptive research, which is research that seeks to describe a symptom of an event that occurs at a time where

researchers try to photograph events and events that are the center of attention to then be described as they are. In the form of a description that gives a clear picture. Qualitative research is research that produces analytical procedures that do not use statistical analysis procedures or other quantification methods (Moleong, 2017)

## **RESULTS AND DISCUSSION**

To increase competitiveness and adopt sustainable practices, the village government and local communities in Pematang Serai Village developed the following green marketing innovations: (a) Organic Product Development: Farmers in this village began to develop organic farming practices by reducing the use of chemical pesticides and switching to natural methods of controlling pests and plant diseases. They also use organic fertilizers and environmentally friendly processing methods. These organic agricultural products are then marketed under the label "Organic Pematang Serai", which attracts the attention of consumers who care about healthy food and the environment, (b) Ecotourism: Pematang Serai Village has unique natural and cultural wealth. To harness this potential, village governments and local communities develop ecotourism programs that aim to preserve the natural and cultural environment and provide economic benefits to rural communities. They offer nature adventure tours, culinary tours with local organic food, as well as learning experiences about organic farming practices to tourists. Thus, this innovation not only promotes a sustainable economy, but also increases consumer awareness of the importance of environmental conservation, (c) Environmentally Friendly Packaging: MSMEs in Pematang Serai Village also still need to innovate in terms of their product packaging. They are starting to switch from single-use plastic packaging to environmentally friendly packaging, such as recycled paper packaging or refillable packaging. This step helps reduce plastic waste and demonstrates the commitment of MSMEs in supporting sustainable business practices, (d) Partnerships with Environmental Organizations: Village governments and local communities partner with environmental organizations and educational institutions to obtain assistance and resources in implementing green marketing innovations. For example, they work with local environmental organizations to provide training on organic farming practices to village farmers and work with educational institutions to conduct environmental education programs for children in village schools.

Through this green marketing innovation, Pematang Serai Village experienced several positive impacts, including:

**Increased Income:** Farmers and MSMEs in this village experience an increase in income through the sale of organic products and sustainable tourism. This helps improve the overall economic well-being of the village community. (Daulay & Sanny (n.d.)

**Community Empowerment:** Green marketing innovation involves the active participation of rural communities in sustainable practices. Farmers and MSMEs are becoming more skilled in managing their businesses in an environmentally friendly way, and rural communities as a whole are becoming more aware of the importance of environmental conservation (Yanti et al., 2023 .)

**Village Image Improvement:** Pematang Serai Village has gained a reputation as a village that cares about the environment and upholds sustainability values. This attracts travelers looking for sustainable experiences and contributes to environmental preservation. This positive image can also help increase the

attractiveness of the village as a tourist destination and increase tourist visits.

**Drivers of Local Economic Growth:** This green marketing innovation provides a boost to local economic growth by driving the organic agriculture and sustainable tourism sectors. This creates new jobs, increases local incomes, and reduces dependence on environmentally risky sectors of the economy.

The case study in Pematang Serai Village shows how green marketing innovations can provide significant benefits for MSMEs and village communities as a whole. By adopting sustainable business practices and marketing their products or services as environmentally friendly, MSMEs can increase their competitiveness, empower communities, and have a positive impact on the environment and local economy.

## **CONCLUSION**

Based on a case study on green marketing innovation in Pematang Serai Village, the main findings that can be concluded are that green marketing innovation can increase the competitiveness of MSMEs by adopting sustainable business practices and marketing their products or services as environmentally friendly products, MSMEs can differentiate themselves from competitors and attract consumers who are increasingly concerned about environmental issues. Through this innovation, Pematang Serai Village experienced an increase in income through the sale of organic products and sustainable tourism. This helps improve the overall economic well-being of rural communities and promotes local economic growth. Through active participation in sustainable practices, farmers and MSMEs in this village become more skilled in managing their businesses in an environmentally friendly way. In addition, the village community as a whole has also become more aware of the importance of environmental conservation. MSMEs in Pematang Serai Village have gained a reputation as business people who care about the environment and uphold sustainability values. This attracts travelers looking for sustainable experiences and contributes to environmental preservation. Partnerships between village governments, local communities, environmental organizations, and educational institutions are key in implementing green marketing innovations. Through this collaboration, MSMEs can get support, resources, and training to develop sustainable business practices.

Thus, green marketing innovation has the potential to provide significant benefits for MSMEs and rural communities as a whole, both in terms of economy, social, and environment.

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