

# Enhancing MSMEs Competitiveness via Product Innovation and Digitalization: An Asset-Based Community Development (ABCD) Approach in Pesucen Banyuwangi

Dinda Rima Rachcita Putri<sup>1</sup>, Denia Hanny Ad'ha<sup>2</sup>, Sitta Lutfiyana Zahroh<sup>3</sup>,

Azzah Nurmala Fadillah<sup>4</sup>, Airlangga Bramayudha<sup>5</sup>

<sup>1, 2, 3, 4, 5</sup>UIN Sunan Ampel Surabaya

[bram@uinsa.ac.id](mailto:bram@uinsa.ac.id)

## ABSTRACT

*Through product innovation and the application of digital technology, this community service seeks to support the sustainability of MSMEs development in Pesucen Banyuwangi. One of the main activities is to introduce new nutmeg products, namely nutmeg syrup, as an innovative alternative product to the long-known candied products. In addition, marketing digitalization was carried out through the creation of a website and the use of WhatsApp Business features as a digital storefront. This program was implemented using the ABCD (Asset-Based Community Development) approach, which consists of five stages: Discovery, Dream, Design, Define, and Destiny. This approach enables the exploration and strengthening of local assets as the basis for sustainable development. The program succeeded in encouraging the MSMEs actors' awareness of the importance of digitalization and product innovation. The idea of utilizing solar-powered dryers to support production was welcomed by the community, who also enthusiastically participated in the training. Overall, this program had a positive impact in encouraging economic independence based on local potential and strengthening community capacity in facing the challenges of the digital economy.*

**Keyword:** MSME, nutmeg, product innovation, digitalization, ABCD approach

## A. INTRODUCTION

Community service is a form of practical activity aimed at helping to resolve issues within the community and promoting positive change. This activity is carried out through an educational, participatory, and solution-oriented approach so that its benefits can be felt directly. Community service also aims to develop the local potential of an area so that it can provide added value and improve the welfare of the community. Through this activity, it is hoped that appropriate, sustainable solutions can be found that are in line with the needs and potential in the field.

One implementation of community service was carried out in Pesucen, Kalipuro District, Banyuwangi Regency. This area has a natural rural environment with extensive agricultural and plantation lands. Several hamlets such as Krajan, Padangbaru, and Bangunrejo serve as the center of community activities. The area has significant potential in its plantation products, particularly nutmeg (pala). Until now, nutmeg has been traditionally processed into nutmeg candies (manisan pala), which have become a signature local product. However, this processing is limited to a single product type. Through community service activities, an innovation was introduced in the form of processing nutmeg into syrup (sirup pala). This innovation aims to expand product diversity, increase the market value of nutmeg, and open new business opportunities.

As part of community business development in Pesucen, digitalization efforts were implemented to assist in marketing products from Micro, Small, and Medium

Enterprises (MSMEs). One approach taken was creating a simple website to showcase the area's flagship products, such as nutmeg candies and nutmeg syrup. Through this website, residents can introduce their products to a wider audience in a more modern and practical way. Additionally, residents were introduced to the use of WhatsApp Business. This application helps businesses display product catalogs, list contact information and opening hours, and provide automatic responses to customers. This makes communication with buyers easier and more professional. Such efforts have proven to help MSMEs in various regions increase sales and market reach. A study shows that the use of WhatsApp Business is very effective in facilitating marketing, especially for small businesses that are new to the digital world.

## **B. METHOD**

This study uses qualitative research using the Asset Based Community Development (ABCD) approach, which is one of the methods used in community service that focuses on the assets owned by the community. The steps involved in the ABCD method are Discovery (the process of researching assets), Dream (the process of building aspirations), Design (the process of formulating/strategic planning), Define (program implementation), and Destiny (evaluation of achieved aspirations). This study was conducted in Pesucen, Kalipuro Subdistrict, Banyuwangi Regency. The ABCD method was implemented by optimizing existing potential through various assets, one of which is the natural asset of nutmeg trees. By utilizing this asset, the research could be conducted more effectively and sustainably. Data collection was carried out through surveys, participatory interviews, community mapping, and transect surveys. Subsequently, analysis and validation were conducted in coordination with the local community to ensure the accuracy of the data obtained. The analysis technique used was thematic analysis, which involves identifying, grouping, and analyzing data based on key themes relevant to the research objectives, namely the theme of MSMEs support through potential assets.

## **C. RESULT AND DISCUSSION**

### **1. Pesucen Resources**

In this view, resources are equivalent to community wealth, i.e. the potential of the community itself. Communities can implement empowerment initiatives by utilizing their potential or wealth. Community resources come from initial wealth, purchases, or acquisitions made possible by the Community Budget, or other legal rights that are often material in nature (Sidik et al. 2023). So on this occasion, the community service team tried to encourage Pesucen resources by assisting MSMEs. The community service process is carried out by identifying Pesucen resources through initial communication with several MSMEs partner groups that focus on superior resources from Pesucen. The purpose of this community service work program is to equip the target audience with the necessary information and skills. Weekly program implementation will begin with the identification, management, and utilization of digital marketing for product marketing.

Based on observations of the potential of MSMEs in the Pesucen area, the majority of MSMEs players produce sweets from fruits that are managed independently by

the community. The program is planned with an effort to increase the selling price and make sweets from a variety of typical Pesucen fruits a popular snack. In addition to sweets, the team also socialized new innovations that can be calculated to be produced by utilizing the typical nutmeg of Pesucen, namely Nutmeg Syrup. The demonstration of how to make nutmeg syrup was carried out in the Hall of Pesucen Hall which was attended by PKK mothers (Family Welfare Education Women's Group) and Pesucen MSME players. The profit from nutmeg syrup production was also explained from the results of the team's trials in the nutmeg syrup making process.

Furthermore, the team also offered training sessions to the target audience, regarding digital marketing, branding, digital markets, and digital platforms (website and WhatsApp Business) were introduced in the sessions. To help Pesucens reach their full potential and improve the local economy through MSMEs, the program aims to provide them with information, inspiration, and innovation.

## 2. ABCD Implementation with 5D Approach

The Asset-Based Community Development (ABCD) approach is a community development method that focuses on the local strengths and potentials that the community already has. Instead of highlighting shortcomings or existing problems, this approach emphasizes the importance of recognizing, collecting, and managing community assets as the main capital for development.

*Table 1: Pesucen MSMEs*

No.	Nama Toko	Jenis Produk	Dusun
1.	Manisan Buah Fefina	Manisan Buah	Krajan
2.	Gula Merah Pak Rohmat	Gula Merah	Padang Baru
3.	Pak Mul Tape	Tape	Krajan
4.	Lepet Ibu Mauludiyah	Lepet	Padang Baru
5.	Rejeki Moro	Manisan Buah	Krajan
6.	Bakso Man Lanik	Bakso	Krajan
7.	Seblak Njongor	Seblak	Krajan
8.	Sale Barlin	Sale Pisang	Krajan
9.	Maar Manisan	Manisan Buah	Krajan
10.	Kue Kering Asri	Kue Kering	Padang Baru
11.	Rezky Buah	Manisan Buah	Krajan
12.	Kayla Cookies	Cookies / Kue Kering	Padang Baru
13.	Alfanita	Manisan Buah	Krajan
14.	Lilis Manisan	Manisan Buah	Krajan

The ABCD approach is applied to develop the potential of local fruit-based micro, small and medium enterprises (MSMEs) such as nutmeg and other tropical fruits that have been processed by residents. 7 out of 14 MSMEs (50%) in Pesucen are involved in fruit processing. The ABCD implementation process is carried out through five main stages known as 5D - namely Discover, Dream, Design, Define, and Deliver.

### a. Discover (Finding Community Assets)

The first stage began with the identification of assets and strengths owned by Pesucen. Nutmeg as a superior commodity is the main focus, considering that residents have long processed it into sweets. However, the potential of other derivative products has not been widely explored. This process involved group discussions with local MSME players to map the skills of residents, available production tools, as well as social networks such as PKK women's groups and community leaders. In addition to physical assets, community values such as the spirit of gotong royong and local culinary traditions were also identified as important social capital.

b. Dream (Formulating Shared Ideals)

Inviting residents to imagine the ideal condition of Pesucen in the future. In this session, the hope emerged that Pesucen could be known as a nutmeg processing center capable of penetrating the digital market. This aspiration strengthens the sense of ownership of the program and fosters a collective spirit to build a local economy based on existing potential. The Dream session was facilitated with a survey method to meet MSME players, where residents envision Pesucen as an agro-tourism and nutmeg product innovation center. This aspiration involved a cross-section of groups, including MSME players who were interested in digital branding and PKK mothers who wanted to expand the market for their processed products.

c. Designing an Action Strategy

Based on shared assets and dreams, the community together with the service team designed a realistic work program. The focus of activities is directed at training in making new products, namely nutmeg syrup, as well as training in calculating the profit and loss of these products. The training is structured in stages so that it is easy to follow and relevant to the needs of the community.

d. Define (Determine Priority Steps)

After various ideas were gathered, the community and the team determined the most feasible actions to take immediately. It was decided that training in nutmeg syrup making and product packaging would be the first priority. This was based on the availability of raw materials, existing skills, and the community's eagerness to try new things. This was followed by training on profit and loss of the nutmeg syrup products that had been made.

e. Deliver/Destiny (Implement and Maintain Sustainability)

The final stage of the ABCD process focuses on implementing sustainability plans and strategies. In Pesucen, the training on nutmeg syrup making was successfully implemented with high enthusiasm from the community, especially the MSME players and PKK mothers. After conducting a nutmeg syrup demonstration, the service team and residents tried the products that had been made. Residents feel that this is an interesting new innovation and can be a business opportunity for Pesucens.

To expand marketing reach and modernize the sales system, the service team also assisted residents in developing a website that contains MSME profiles and catalogs of processed local fruit products and other MSMEs. The website is designed to be simple yet functional as an information medium as well as a digital storefront for

buyers from outside. There are original products of Pesucen and non-original products of Pesucen.

In addition, MSME players are also given the facility to create WhatsApp Business which is bridged by the service team using the main number of Pesucen services. This feature is used to facilitate communication with customers, especially Pesucen residents, introduce products, and build local brand identity. This initiative is important to encourage the digitalization of micro businesses so that they are not left behind in the digital economy. These steps not only address short-term marketing needs, but also equip residents with skills and tools that support the sustainability of the economy independently and community-based.

The MSME digitalization launch program is a concrete form of applying the Asset-Based Community Development (ABCD) approach that utilizes the potential and assets of the community, such as local commodities (nutmeg) and the entrepreneurial spirit of the community. This step is in line with the 5D stages (Discover, Dream, Design, Define, Destiny), especially in the Design and Define stages where technological innovations (website and WhatsApp Business) and product innovations (nutmeg syrup) are the result of the local potential mapping process.

This implementation also shows that digitalization is not enough just by providing technology, but it needs education, active participation of citizens, and product innovation based on local wisdom. Testimonials from MSME players who feel that they have received a "real footprint" from this service program are validation that activities are not temporary, but make an impression on community practices.

The positive response from the community to the solar dryer proposal shows a readiness to accept appropriate technological innovations that are relevant to the local context. Therefore, collaboration between residents, MSME players, and local governments needs to be strengthened so that the transition process towards independent and sustainable digital MSMEs can be achieved.

### **3. Program Execution**

#### **Nutmeg Syrup Demonstration**

As part of the local potential-based community empowerment initiative, a community service demonstration of nutmeg syrup production has been implemented in Pesucen. Through this activity, the community was introduced to nutmeg syrup, a healthier drink with higher economic value. It should be noted that nutmeg in Pesucen is typically processed into candied fruit. So on this occasion the service team built a new innovation so that nutmeg has a much wider value than before.

The nutmeg syrup demonstration which was held on July 11, 2025, was attended by PKK mothers and MSME players. The demonstration material contained an explanation of the steps for making and processing nutmeg into syrup. The audience was accompanied by the service team who were spread out to facilitate the process of syrup making practice.

The community service team provides direction while the process of making nutmeg syrup is completed directly and in stages. Washing and filtering the

nutmeg fruit to separate the pulp from the seeds is the first step in this process which has been processed by the team beforehand. To extract the juice and reduce bitterness, the nutmeg pulp is then sliced into small pieces and cooked for about half an hour. To balance the flavor and act as a natural preservative, sugar is added to the hot water after straining.



**Figure 1:** Assistance in Making Nutmeg Syrup (Sirup Pala)

After reheating, the nutmeg pulp is immediately put into sterilized bottles. Finally, the syrup is clearly labeled to identify the product. The team supervised each step to ensure participants understood the dosage of ingredients, hygiene concepts, and proper storage methods.



**Figure 2:** Group Photo of Nutmeg Syrup (Sirup Pala)

Nutmeg syrup is a creative method to utilize nutmeg, which was previously only used as sweets in Pesucen. Now, nutmeg is processed into a cold drink that is in demand by various groups, especially children and teenagers. Local products get added value from this innovation, and opportunities for small businesses with low start-up costs are created. About 8 100 ml bottles can be made from 1/2 kilogram of nutmeg, with a potential gross profit of around Rp10,000 per package. In addition to its economic value, nutmeg syrup also has health benefits due to its active ingredients, eugenol and myristicin, which have anti-inflammatory and antioxidant properties.

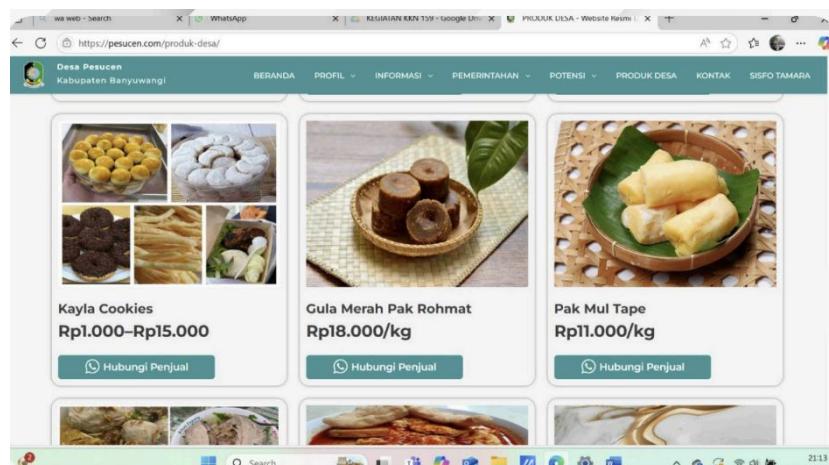
#### 4. Launch of MSME Digitalization Program

The launch of Pesucen's MSME digitization program, which was held on Saturday, July 19, 2025, was one of the important moments in a series of local potential-based community empowerment efforts. The event was attended by various stakeholders, including the local government, MSME players, and local residents. This activity was not only ceremonial, but also educative and applicable, where the service team presented several innovations that had been prepared as digital solutions and local product development.



*Figure 3: Launching Event of the MSME Digitalization Program*

##### a. Presentation of Pesucen MSMEs Website ([pesucen.com](http://pesucen.com))



*Figure 4 : Website with catalogue products of Pesucens MSMEs*

One of the main achievements introduced in this event was the official Pesucen website which has been modified to display local MSME products. In this session, it was conveyed that all recorded MSMEs have been included in the website page, complete with product information, owner

contact, and direct ordering links. This is in line with the spirit of digitalization and information technology-based local economic empowerment. As stated by the Indonesian Ministry of Cooperatives and SMEs, digitalization is an important step in improving the competitiveness of MSMEs, especially in facing the era of open markets and national digital transformation.

b. Optimizing *WhatsApp Business* as a Digital Storefront

Furthermore, the service team also introduced the *WhatsApp Business* feature that had been developed on the official service number of the Pesucen Government (+62 851-7960-4798).



Figure 5: Pesucen MSMEs catalogue integrated in WhatsApp Business

In the storefront feature, various MSME products have been included so that people from outside and inside the community can see the product catalog directly through the popular application. How this feature works was explained directly to the audience and accompanied by simulations so that the community can access and use it independently. *WhatsApp Business* is known as an effective and user-friendly platform for MSMEs, as it allows direct communication while displaying product catalogs in real-time.

c. Nutmeg Syrup Product Innovation from Nutmeg Local Commodity

Not only focusing on the digital aspect, the service team also introduced product innovations based on Pesucen's superior commodity, namely nutmeg. So far, nutmeg has only been processed in the form of sweets. The innovation introduced is a nutmeg syrup product, which is not only refreshing but also has economic potential. The product was introduced in the form of a demo, and the participants were given the opportunity to taste the syrup directly. The response received was very positive; one of

the MSME players even said that this innovation could be a new business opportunity that is relevant to current market needs.

During the discussion session, one of the Manisan MSME players gave a touching testimony. Manisan MSME players said that the service team did not only come to provide theory, but actually left tangible results in the form of products that could be developed by residents in the future. This is considered a form of concrete contribution that strengthens the enthusiasm of residents to continue to innovate and develop local potential.

d. Discussion on Product and Marketing Challenges



*Figure 6: Focus Group Discussion (FGD)*

One of the important issues that arose in the discussion with residents was about candied nutmeg, which is a typical product of Pesucen but is currently claimed as the property of another areas, this happened due to the lack of affirmation regarding the property rights of candied products as a typical Pesucen product. Residents said that the production of sweets is still actively carried out by the Pesucen community, although constrained by limited production equipment. The production of sweets still relies on the sun's heat, so in the rainy season, the drying process can take up to one month, which has an impact on the quality and capacity of production.

MSME players expressed their aspirations to the local government to be facilitated in terms of production equipment, especially alternative drying equipment. In response to this, the service team proposed a solution in the form of a solar dryer that is proven to be efficient, energy-saving, and environmentally friendly. The community's response to this idea was very enthusiastic, and many agreed. However, the local government stated that the implementation of the tool still requires further study due to the constraints of the current community budget.



*Figure 7 : Joint Photo Session between Community Service Team, The Pesucen Government and MSMEs*

#### **D.CONCLUSION**

Community Service in Pesucen has a positive impact through digitalization and product innovation. Digitalization is carried out by utilizing the *website* and *WhatsApp Business* as a means of expanding marketing strategies. In addition, the innovation of making nutmeg syrup is a new opportunity that is relevant to current market needs. This is a form of concrete contribution to continue to innovate in developing local potential.

#### **E. ACKNOWLEDGE**

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