



## LOCAL PRODUCT BRANDING STRATEGY TO PENETRATE THE NATIONAL MARKET FROM THE PERSPECTIVE OF CONSUMER PROTECTION LAW AND INTELLECTUAL PROPERTY RIGHTS

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### ABSTRACT

*In an era of increasingly tight market competition, local products face major challenges to be able to compete at the national level. Branding strategy is an important key in increasing competitiveness, expanding market reach, and building consumer trust. However, the success of this strategy cannot be separated from legal protection, especially in the context of the Consumer Protection and Intellectual Property Rights (IPR) Law. This article aims to analyze how local business actors can design an effective branding strategy by utilizing the legal framework as a basis for protecting and strengthening brand identity. The approach used is qualitative descriptive with a literature study of applicable regulations and case study analysis. The results of the study show that understanding and implementing legal aspects such as trademark registration, industrial design protection, and transparency of product information are determining factors for branding success. The synergy between marketing strategy and legal protection not only maintains product originality, but also increases consumer trust and the competitiveness of local products in the national market.*

**Keywords:** Branding, Local Products, National Market, Consumer Protection, Intellectual Property Rights, Business law

## 1. INTRODUCTION

Branding strategy planning is a thorough process for establishing a solid foundation for a brand. This process includes structured steps to identify, formulate, and define the vision, mission, and core values that will form the core of the brand's identity. During this stage, a thorough analysis of the market, competitors, and consumers is carefully conducted to ensure that every strategic decision aligns with the needs and expectations of the target market.

The initial stage of strategic planning begins with a thorough understanding of the business environment in which the brand will operate. This includes a thorough review of market conditions, identification of industry trends, and potential opportunities and challenges. Furthermore, understanding competitor strategies and positions is crucial for a brand to identify unique strengths or advantages that differentiate it from its competitors.

The next step is to formulate specific and measurable objectives. These objectives can include increasing brand visibility, expanding market share, or strengthening customer loyalty. In this process, it is also crucial to define the core values that underpin the brand. This includes building a strong brand identity, both visually through logos, colors, and slogans, and narratively through consistent messaging across all forms of communication.

Finally, the branding strategy is formulated into a detailed and measurable action plan. This plan ensures that the brand identity is integrated into all forms of interaction and communication with consumers, from promotional campaigns and digital presence to direct experiences with the product or service. Another key focus is creating meaningful consumer engagement, thereby building a strong emotional connection between the brand and its audience.

Local products play a crucial role as a foundation for strengthening the national economy, particularly through their role in creating jobs and improving the economic well-being of the community. However, in the face of increasingly fierce domestic market competition, many local products face obstacles in expanding their market reach. One of the main causes of this obstacle is the weak implementation of branding strategies, which results in lower consumer appeal and trust in local products compared to products from large companies and global brands.

Furthermore, branding is not merely a matter of visual marketing or promotional activities; it is also closely related to the legal aspects that protect brand identity. Consumer protection and intellectual property rights (IPR), particularly trademarks and geographical indications, are legal dimensions often overlooked by micro, small, and medium enterprises (MSMEs). However, without adequate legal protection, local products are at risk of becoming victims of counterfeiting, unauthorized brand use, and other unethical business practices that harm both consumers and producers (Rambe et al., 2023; Rambe et al., 2024).

This article aims to review local product branding strategies from a legal perspective, with an emphasis on consumer protection and intellectual property rights (IPR). The writing is conducted using a juridical-normative approach and literature analysis to explain

how legal instruments can act as a means of empowerment in strengthening the ability of local products to compete in the domestic market.

## **RESEARCH METHODE**

This research employs a juridical-normative method with a conceptual and regulatory approach. This approach is used to examine relevant legal regulations, particularly those related to consumer protection and intellectual property rights, and to explore the concept of branding in the context of local product development.

This research utilizes secondary data obtained through a literature review. This data includes primary legal sources such as laws, government regulations, and court decisions, as well as secondary legal sources consisting of scientific literature, academic articles, and other official documents. The study focuses on Law Number 8 of 1999 concerning Consumer Protection, Law Number 20 of 2016 concerning Trademarks and Geographical Indications, and various government policies supporting the micro, small, and medium enterprise (MSME) sector and domestic product development.

The analysis process is conducted descriptively and qualitatively to outline the relationship between branding strategies, legal protection for consumers, and the importance of registration and protection of intellectual property rights (IPR) as supporting factors in increasing the competitiveness of local products in the national market.

## **2. RESULT AND ANALYSIS**

### **Planning and Implementing an Effective Branding Strategy to Increase the Competitiveness of Local Products in the National Market**

Achmad Umar Zen Purba (2005) states that "as part of Intellectual Property Rights, trademark rights are part of property rights, and as rights, trademark rights constitute property or assets in the form of intangible assets. As an intangible asset, trademark rights have significant economic value for their owners." This economic value is reflected not only in the brand's ability to attract customers and create loyalty, but also in its ability to become a stable and sustainable source of income for the company. A good brand inherently possesses a characteristic called a graphic mark. A graphic mark can be a logo, symbol, or other graphic design used to visually represent the brand. A graphic mark gives a brand its distinguishing power, also known as its distinguishing power. Distinctive power means that the use of a mark has the power to differentiate between one company's goods and/or services. To possess this distinguishing power, a brand's ability to generate determination or individuality related to goods and/or services must be strong (Alfons, 2017).

Branding is not only inherent in consumer products but also applies to all forms of marketing entities. These marketing entities include event organizers, venues, experiences, individuals, properties, information, and even ideas. Each entity manager strives to create a strong and credible brand, while simultaneously developing various strategies to ensure its performance in the market. One of the primary goals of this strategy

is to build consumer loyalty. Companies that manage these entities operate within a specific industry sector. Within a single industry sector, there are certainly many other players offering similar products or services. Therefore, the existence of a brand can help consumers make informed choices. Furthermore, brand naming is also crucial for companies operating in the Business-to-Business (B2B) segment. In this context, a strong brand reflects a high level of trust, which is a key factor in acquiring loyal and sustainable clients.

In Indonesia, brand development continues to increase, supported by various factors that encourage the emergence of new brands. One of these factors is the changing times and developments in the business world. These changes have led to the continued emergence of new brands in industry and commerce. According to Aaker (2016), one of the main factors supporting the rapid development of brands in Indonesia is the increasing population. However, not all established brands are sustainable. Many brands ultimately only survive temporarily. Therefore, this needs to be a crucial concern for business owners. They need to make efforts to rebuild existing brands to make them stronger and more relevant, while also educating them about the importance of implementing effective and targeted branding strategies. One form of brand development, or rebranding, often manifests through changes to the logo or brand symbol. However, rebranding is more than just a visual change; it involves transforming the values inherent in the brand itself. In other words, rebranding is the process of changing the products or services that represent a company, including its logo, name, public perception, marketing strategy, and communication and advertising themes.

In the face of global competition, steps such as patenting a logo, implementing product quality standards, and developing standard operating procedures (SOPs) are crucial for product acceptance and permitting entry into international markets. From a marketing perspective, brands play a crucial role that needs to be strengthened through appropriate strategies. The goal of brand strengthening is not only to differentiate a product from competitors but also to build consumer retention of the brand, thereby establishing it as a top-of-mind choice and fostering consumer loyalty as brand guardians.

President Joko Widodo once stated that "Indonesia has approximately 56 million MSMEs." However, MSMEs still face a number of challenges, such as building a strong brand identity, creating product designs that are acceptable to both local and global markets, creating attractive packaging for buyers, and various other obstacles related to capital and market access.

The home industry sector, particularly in the culinary industry, is experiencing significant growth, including businesses like Naturicha. This growth is driven by the ease of obtaining capital and the large market opportunity. However, this situation also increases the level of competition. Naturicha, for example, faces challenges in terms of bargaining power with suppliers because it does not yet have a permanent supplier partner. Therefore, it relies on finding raw materials at the lowest prices while maintaining product quality. On the other hand, consumers also have significant bargaining power

because Naturicha is a new brand still in the process of building brand awareness and customer loyalty.

In an effort to face competition and attract consumer interest, Naturicha implemented a differentiation strategy by highlighting the unique taste of the business owner's quality concoctions while still being offered at friendly prices. This strategy is expected to strengthen Naturicha's position in the competitive culinary industry and build a loyal customer base. Naturicha also successfully implemented Porter's generic strategies, particularly in the aspects of cost leadership and focus strategies. With efficiency in production costs, Naturicha is able to offer cold press juice products at lower prices than major brands, without sacrificing quality of taste that is still considered comparable by consumers. This advantage becomes an added value in the eyes of customers because they get a quality product at a more affordable price. In addition, the focus strategy is also implemented by targeting specific market segments and limited geographic areas. This approach allows Naturicha to maintain product quality through an optimal delivery system (excellent delivery), considering their products have a limited shelf life outdoors. The combination of these two strategies provides Naturicha with a competitive advantage in the local market.

The world has now entered the digital era of the Industrial Revolution 4.0. The Industrial Revolution 4.0 is described as a comprehensive transformation of various aspects, such as the integration of digital technology and the internet with conventional industry. This phenomenon is evident in the increasing number of companies utilizing digital technology. Digital technology is an automated operating system that uses computers, eliminating the need for human-powered tools. This digital technology has had a significant impact on people's lives, making daily activities much easier (Savitri, 2019).

The internet, closely linked to increasingly sophisticated technology, has made communication easier, and its reach is vast and reaches across the globe without distance limitations. The internet offers the advantage of disseminating information widely, conveniently, practically, and efficiently, without taking up too much time or space. Furthermore, technology has also successfully influenced the advertising and marketing aspects of business, both in Indonesia and internationally. Global marketing has undoubtedly become inevitable, where business competition is now increasingly fierce, with several brands competing to capture consumer attention, particularly in the fashion world. Several activities have been carried out to communicate products issued by a brand by carrying out advertising activities and gaining brand awareness (Mayasari, 2019).

Marketing efforts, such as advertising a product or implementing various branding and marketing strategies, can make consumers aware of the brand and its products. The idea for this strategy led to the emergence of integrated marketing communications. Integrated marketing communications is a marketing planning process that embraces a comprehensive planning concept to strategically assess the role of various elements in marketing communications.

### **The Role of Legal Instruments, Specifically the Consumer Protection and Intellectual Property Rights Law, in Supporting the Strengthening of Local Product Brand Identity**

Copyright is an exclusive right granted to creators over their intellectual works in the fields of science, art, and literature, including computer software. Copyright protection includes the right to control the use of these works, such as copying, distribution, utilization, and adaptation. Examples of works covered by copyright protection include books, music, films, fine art, visual designs, and software. In Indonesia, copyright is regulated by Law Number 28 of 2014 concerning Copyright. This law defines copyright as a legal right granted to creators to prevent unauthorized use or imitation of their works. This right not only provides economic benefits but also serves as an incentive for creators to continue producing new works. Furthermore, copyright plays a crucial role in preserving cultural diversity and encouraging innovation in various fields such as art, literature, and technology. Although the digital era presents new challenges to copyright protection, this right remains crucial in supporting intellectual progress and modern economic growth.

Ownership rights relate to an individual's control over an asset, which in a broad sense can include knowledge or skills. A person who owns an asset has the right to use it or transfer it to another party. These ownership rights are also closely linked to productivity and efficiency in the economy. In the context of legal protection, ownership rights are crucial for safeguarding inventions or innovations, such as new technologies. Countries that are able to guarantee the protection of ownership rights for innovations through patents typically reap significant benefits in the form of increased productivity and economic efficiency (Djubaedillah, 2003).

Creativity-based MSMEs (Micro, Small, and Medium Enterprises) play a diverse role in each country. In developed countries, creative MSMEs are a key driver of economic growth. However, in many developing countries, the role of this type of MSME is still underdeveloped compared to other economic sectors. In Europe, particularly in the United Kingdom (UK), creativity-based MSMEs even outperform similar MSMEs in other European countries in terms of job creation and economic contribution. The UK's success in developing this sector is supported by the high level of respect for and protection of the intellectual property of MSMEs. This protection covers new ideas arising from creativity in identifying opportunities or problems, images, symbols, designs, cultural expressions, new products, and even new technologies used in business. In the UK, protection of intellectual property, such as copyright and the expressive value of a work, has been shown to significantly impact the growth and development of creativity-based MSME

Geographical Indications (GIs) are a form of Intellectual Property Rights (IPR) protection that has begun to develop in recent years. Unlike other types of IPR, GIs are characterized by communal ownership and generally reflect the distinctive characteristics of a particular region (Masrur, 2018). According to Article 1, number 6 of Law Number 20 of 2016 concerning Trademarks and Geographical Indications, a GI is defined as a sign that identifies the origin of a product or goods influenced by geographic conditions.

These geographic conditions can originate from natural elements, human activities, or a combination of both, which uniquely impart a certain reputation, quality, and characteristics to the product. To protect consumers, it is crucial for the public to have the awareness, knowledge, concern, and ability to protect themselves as consumers. Furthermore, business actors also need to be raised to be honest, responsible, and fair in providing services.

According to Law Number 8 of 1999 concerning Consumer Protection, every consumer has the right to comfort, security, and safety when consuming goods or services. Consumers also have the right to choose products or services that align with the values and promises provided, and the right to be served honestly and without discrimination. If the goods or services received do not match the agreement, consumers have the right to receive compensation or reimbursement for losses.

Legal protection is a protective measure provided to legal subjects through preventive and repressive mechanisms, both verbally and in writing. In other words, legal protection reflects the fundamental function of the law itself, which aims to achieve justice, order, legal certainty, benefit, and peace. To implement and realize this legal protection, a forum or facility is required to serve as a medium for its implementation, commonly known as legal protection (Djulaeka, 2016). Legal protection facilities consist of two distinct types: preventive legal protection and repressive legal protection. Preventive legal protection provides legal subjects with the opportunity to express objections or opinions before a government decision is finalized. Its primary goal is to prevent conflict. This type of legal protection relates to discretionary government actions, thus encouraging the government to be more cautious in its decision-making. However, to date, there are no specific regulations in Indonesia governing preventive legal protection. Meanwhile, repressive legal protection aims to resolve disputes that have already occurred.

The enforcement of legal protection by the General Courts and State Administrative Courts in Indonesia falls under this type of legal protection. The basis for legal protection against government actions is the principle of recognizing and protecting human rights. This is because historically, the concept of human rights developed in the Western world aimed to limit power and establish responsibilities for both society and the government. Another principle that underpins legal protection against government actions is the principle of the rule of law. In this context, the recognition and protection of human rights occupy a crucial position and align with the primary objectives of a state based on the rule of law (Yustika, 2006).

## CONCLUSION

Branding is not only applied to consumed products but also encompasses all forms of marketing entities. These marketing entities include event managers, venues, experiences, individuals, property assets, information, and even ideas. Each manager strives to build a strong brand and devise various strategies to ensure optimal performance, including building consumer loyalty. Companies managing these entities operate within the same industry sector.

The role of creativity-based MSMEs varies across countries as economic drivers. In developed countries, creative MSMEs occupy a strategic position as a major force in driving economic growth. Conversely, in a number of developing countries, the contribution of creativity-based MSMEs to economic growth remains relatively low compared to other sectors.

For local products to compete in the national market, simply having a good product is not enough. An appropriate branding strategy is needed, for example, by creating a catchy brand name, distinctive packaging design, and a product image that is easily remembered by consumers. But branding alone is not enough. Products and brands must also be protected legally, such as by registering trademarks or intellectual property rights (IPR). This is crucial to prevent products from being easily copied or counterfeited by others. Furthermore, businesses must also respect consumer rights, such as providing clear information, selling safe products, and taking responsibility for any issues. This ensures consumers feel secure and confident in the products they purchase. If branding strategies, legal protection, and consumer protection are implemented in a balanced manner, local products have a significant opportunity to grow and succeed in the national market. Government support is also essential, particularly to assist MSMEs in managing intellectual property rights and understanding consumer protection regulations.

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