

The Role of the Malang City Government in Building Digital Marketing Innovation for Craft Creative Industry SMEs

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Abstract

This study aims to analyze the role of the Malang City government in building digital marketing innovations for SMEs in the creative craft industry. Innovation in digital marketing in Indonesia continues to grow along with changing trends and market needs, including the craft creative industry. In addition to the cities of Bandung, Bali and Yogyakarta which are known for their craft creative industry SMEs, Malang City is also one of the important cities in Indonesia in the craft creative industry SMEs. To examine more deeply the role of the Malang City Government, descriptive qualitative research methods are used. Descriptive qualitative research methods include the use of observation, interviews, case studies, or document analysis. The collected data is then systematically analyzed and interpreted to describe and explain the observed phenomena. The results show, in addition to being supported by the ecosystem, demography, geography and tourism in Malang City, the Malang city government also has a significant role in efforts to Build Digital Marketing Innovation for SMEs in the Creative Industry Kriya. This can be seen from holding a Technical Workshop on Creative Craft and Fashion Industries for Small and Medium Industries (IKM), and the construction of the Malang Creative Facility (MCC) Building located on Jalan Ahmad Yani Utara Malang City, East Java, used as an incubation facility for Micro, Small and Medium Enterprises (UMKM) and the creative economy sector.

Keywords: Digital Innovation; Creative Industry Crafts; Malang City; Small and Medium Enterprises

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INTRODUCTION

Indonesia has experienced rapid growth in the field of digital marketing in recent years. Innovation in digital marketing in Indonesia continues to grow to face challenges and take advantage of opportunities in the digital era. (Apriyanti, 2018). The use of Social media platforms such as Facebook, Instagram, Twitter, and YouTube has become very popular in Indonesia. SMEs and companies can leverage social media to build an online presence, interact with customers, share creative content, and promote their products or services.

Interesting and relevant content is key in digital marketing (Choirina et al., 2022). Innovation in content strategy involves creating engaging, diverse, and informative content. Videos, infographics, blogs, and podcasts are some forms of content that can be used to reach an audience in an engaging way. In addition, influencer marketing has become a popular trend in Indonesia. They are well-known individuals or figures with a large following on social media. Collaborations with influencers relevant to your product or service can help increase brand awareness, expand reach, and build credibility.

The rapid growth of e-commerce in Indonesia is also a strong factor behind the reason for digital marketing innovation (Yunus et al., 2022). Platforms such as Tokopedia, Bukalapak, Shopee, and Lazada are strategic places to sell products online. Companies can take advantage of innovations in e-commerce, such as digital payments, loyalty programs, and efficient inventory management.

Innovations in digital marketing also involve personalizing messages and targeting market segments (Mogaji et al., 2021). By using customer data and analytics tools, companies can deliver relevant and specific messages to potential customers, improve the customer experience, and obtain better results. Local-based marketing, such as in Indonesia, has great cultural richness and diversity. Innovation in digital marketing can take advantage of local culture and present messages that are relevant to the local community. This can include using local languages, celebrating local traditions, or collaborating with local artists and creators. Technological developments such as artificial intelligence (AI), chatbots, and virtual reality (VR) also open up new opportunities in digital marketing in Indonesia. Companies can leverage this technology to improve interactions with customers, provide more immersive experiences, and provide more efficient customer service.

Innovation in digital marketing in Indonesia continues to grow along with changing trends and market needs (Jayanti & Artiningsih, 2020). Companies that are able to adapt and use these innovations will have a competitive advantage in expanding their reach and optimizing their marketing efforts. Innovation in the field of digital marketing has become the key to success for SMEs (Small and Medium Enterprises) in the creative industry around the world, including in Indonesia (Febriyantoro & Arisandi, 2018). By utilizing digital technology, creative industry SMEs can access a wider market, increase brand awareness, and optimize marketing efforts at a more efficient cost.

Leveraging social media platforms like Facebook, Instagram, Twitter, and LinkedIn can help creative industry SMEs build a strong online presence (Yusuf et al., 2023). Leveraging social media platforms like Facebook, Instagram, Twitter, and LinkedIn can help creative industry SMEs build a strong online presence about their products or services, hold special promotions, and interact directly with potential customers. Visual Content: Creative Industry SMEs can use attractive images, photos, videos, and infographics to reinforce their marketing messages. They can create an online portfolio that showcases their work, uploads snippets from the creative process, or provides insight into the products or services they offer.

Working with influencers or well-known figures in relevant creative industries can help creative industry SMEs reach a larger audience. Influencers can recommend SME products or services through their content or through creative collaborations. E-commerce and Marketplaces: Setting up an online store or utilizing popular e-commerce platforms and marketplaces like Shopee, Tokopedia, Bukalapak, or Etsy can help creative industry SMEs sell their products online



more easily. The platform can also help when it comes to inventory management, payments, and shipping.

Creative industry SMEs can use digital analytics tools to understand customer behavior, measure the effectiveness of marketing campaigns, and optimize their strategies. Data gained from analytics can help SMEs make smarter decisions about directing their marketing efforts. Using chatbots or automated customer service can help creative industry SMEs improve their customer service quality and answer questions quickly. It can also help manage high volumes of customer requests without the need for direct supervision.

Creative industry SMEs can establish partnerships or collaborations with other SMEs, related industry players, or educational institutions to support each other and expand their marketing reach. For example, fashion SMEs can collaborate with photography SMEs to create engaging visual content.

Innovation in digital marketing continues to grow rapidly along with economic growth and technological advances. The Craft Creative Industry is an industrial sector that focuses on the production and development of creative products based on hand skills or hand (Mulyani, 2018). Craft involves traditional arts and crafts, such as the making of handicrafts, textiles, ceramics, jewelry, and various other creative products (Marlena, 2018). The Craft and creative industries have an important role in preserving the cultural heritage and traditions of an area. It has also become a source of livelihood for local artisans and contributes to economic growth through the production and sale of craft products. Although Kriya involves traditional hand skills, the utilization of technology is also an important part of this industry. For example, the use of computer-aided design (CAD) and digital machinery can help craftsmen achieve a more efficient design and production process.

Creative Industry Kriya continues to innovate in product design to attract a wider market (Ismayanti, 2019). The use of unique patterns, colors, and materials can give a distinctive feature to craft products and increase their selling value. Craft products appeal to consumers who are looking for unique, quality items that have a story behind them. Market opportunities can be found in local markets, specialty shops, arts and crafts fairs, and e-commerce platforms.

Collaboration between craftsmen, designers, and marketers is important in the Craft and creative industries. Through collaboration, new ideas can emerge, and networks can be expanded to expand the marketing reach of products. In addition, digital marketing and social media are effective tools for promoting craft products. By using platforms like Instagram, Facebook, and websites, artisans can expand their reach and increase the visibility of their products.

Education and training are important factors in developing the Craft and creative industries. Training programs can help artisans hone their skills and learn the latest techniques and innovations in the industry. The Creative Industry of Craft has great potential to produce high-quality products with strong cultural values. With the right innovation and marketing, this industry can continue to grow and develop in both local and international markets.

Local governments such as the Malang City Government (Pemkot) have played a role in this context by organizing Technical Workshops on Creative Industries, crafts, and Fashion for Small and Medium Industries (IKM). Workshops are held to expand and improve the business potential and products of SMEs. The event organized by the Department of Cooperatives, Industry, and Trade (Diskopindag) was attended by 700 SMEs from Malang City in Craft and Mode. The training was held in waves at the Atria Hotel Malang City from September 28 to October 2, 2020. The class features products as diverse as clothing, masks, and many accessories, among others.

Sutiaji, Mayor of Malang, stated that Malang's handicraft and fashion sector players can compete with goods from other places. The work of the fashion sector, with various core items, is of high quality and competes on a global scale. "The results are satisfactory, and the quality is already export quality. "We will present buyers for these items after the pandemic is over," said Sutiaji. Presenting resource persons from business actors with export-quality products during training. So that experience and information can be transferred to increase capacity. The program will provide education for beginners and enrichment for the intermediate level, after which they

can interact. The goal is that collaboration occurs, which was once a small industry that can develop into a medium, and so on. They connect to help each other grow.

Malang City has been designated as a Creative City, and there will be other aspects that can be presented in the future, such as e-commerce. The abnormal economic development of Malang City cannot be separated from the function of the creative economy. As a result, to help the Indonesian economy, the creative economy sector must be further strengthened. The creative economy is currently the star of Indonesia's economic growth. Meanwhile, Wahyu Setianto, Head of Diskopindag Malang City highlighted that in the previous new normal adaptation phase, creative industry players in the craft and fashion sectors tried to exist again.

During the COVID-19 pandemic, the craft and fashion industries have struggled to promote. We also hope to improve marketing with this training. A total of 700 business actors were trained in stages, with approximately 100 business actors trained every day. This course will guide business people through the process of marketing their goods online. Previously addressed mostly through bazaars and fairs, it is now directed online. Diskopindag also collaborates with the Indonesian Hotel and Restaurant Association (PHRI). Hoteliers can sell IKM goods. As a result, products can be promoted in hotels. Therefore, this study aims to analyze the role of the Night City Government in building digital marketing innovations for Kriya creative industry SMEs.

RESEARCH METHODS

To further examine the topic of the role of the Malang city government in building digital marketing innovations, SMEs, creative industries, and crafts, descriptive qualitative research is used. This means research that aims to describe and understand the observed phenomenon or event in detail. This research focuses on collecting and analyzing data in the form of words, images, or sounds, with the aim of describing and explaining the aspects that exist in the phenomenon (Creswell, 2018).

Descriptive qualitative research methods include the use of observation, interviews, case studies, or document analysis (Lubis & Hasudungan, 2022). Researchers will collect data through direct observation of participants or research objects as well as through in-depth interviews with those involved in the phenomenon under study. The collected data is then systematically analyzed and interpreted to describe and explain the observed phenomena.

Descriptive qualitative research does not aim to test hypotheses or produce statistical generalizations (Sugiyono, 2017). Instead, the study focuses on an in-depth understanding of the contexts, relationships, processes, and experiences associated with observed phenomena. The results of descriptive qualitative research are often expressed in the form of narratives, quotes from participants, or findings that explain characteristics, differences, or patterns that appear in the data.

The advantage of descriptive qualitative research is that it allows researchers to delve into a deep understanding of complex and contextual phenomena (Heru Kurniawan & Budiyo, 2021). The study also allowed participants to share their views and experiences widely. However, limitations of descriptive qualitative research include the subjectivity of researchers in the process of data interpretation and the limitations of generalization of research results due to the limited use of samples. Overall, descriptive qualitative research helps us gain a deep understanding of the phenomenon under study and provides valuable insights in specific contexts.

RESULTS AND DISCUSSION

Craft Creative Industry SMEs

Since the 1980s, major shifts in the commercial landscape have seen the production of a creative entrepreneurial culture catapult to the center stage of government and corporate planning, research, and development. These shifts include (as we have seen) the growth of everyday life aesthetics, the emergence of the leisure and lifestyle economic sector, and the emergence of the copyright industry as a global market share driver. Alongside this mainstreaming of the cultural economy has emerged the marketing of 'cool' individuality as a commodity to be



bought, often alongside a career of self-realization as a creative professional. The craft industry is one of the subsectors that is very close to the tourism industry. (Harjawati, 2020). In general crafts include anything made of wood, metal, leather, glass, ceramics, and textiles that can be sold as souvenirs. The availability of abundant raw materials and the creativity of industry players are the main factors in the progress of this subsector.

Creative Industry Craft is a sub-field of the creative industry which includes the process of making ideas, creation, making works, to distributing the work produced (Jatmiko et al., 2022). Usually, the handicraft sector utilizes natural resources in the form of rattan, wood, bamboo, leather, and so on to make works of art that have high selling power. Handicraft production is not only an important part of our cultural heritage but also provides an important contact between human culture, creativity, and the material world. However, in recent decades, the status of the craft has been threatened by mass production and the perceived superiority of industrial design over traditional techniques. (Lita et al., 2022). While in some areas craft producers are able to re-scale their activities as an art form, in other cases makers need to find alternative forms of income, including articulation with the tourism industry. In this sense, craft has followed the path now often seen in the creative industries as a whole, which are increasingly closely linked to tourism. Creative industries related to craft positions, and develop case studies on the relationship between crafts and creative industries in different parts of the world.

Craft has always struggled to be recognized as part of the creative industry. It tends to have a relatively peripheral position in the creative landscape, away from the 'core' creative industries. Most of the development of the concept of creative industries takes as a starting point the sectoral definition of creative industries. The definition of a creative industry is "an industry that derives from the creativity, skills, and talents of individuals and that has the potential for wealth and job creation through the generation and exploitation of intellectual property. Crafts are among these industries, which also include advertising, architecture, art and antique markets, design, fashion designers, films, interactive entertainment software, music, performing arts, publishing, software, television, and radio.

These creative sectors are also widely reflected in the concentric circle model developed by Throsby (2008), who argue that creative ideas originated in the 'core creative arts' and then spread to the 'borderline' and 'fringe' cultural industries. The core creative arts deal with the production of 'texts', both in old and new art forms, such as literature, music, performing arts, and visual arts. The next layer includes industries such as film, television, publishing, and video games, which have strong cultural content, and beyond that are more remote circles with industries such as fashion, design, and advertising, where cultural content is arguably inferior. Craft is missing from the concentric circle model as well as the 'symbolic text' model.



Figure 1. Hand Embroidery with Heritage Theme Malang
(Source: Personal Documentation, 2023)

In essence, craft bridges older cultural industry concepts and newer creative industry paradigms (Malaikosa et al., 2022). The creative imagination of design involves creativity (usually

understood as an immaterial process associated with intellectual property) and the use of raw materials, which underlie craft in culture and cultural industries. Perhaps because of the strong connection between craft, place, and local culture, they have gradually disappeared from many creative industry analyses. In developed countries, creative industries are associated with the idea of innovation and contemporary production, whereas crafts are usually associated with tradition and preserving the past. Countries where craft is still seen as an important part of the creative industries tend to be new economies, where the temporal and cultural distance between craft and contemporary society is smaller. In many places, crafts must be preserved because they are threatened by their existence in the era of the Industrial Revolution 4.0.

The Indonesian Creative Economy Agency (BEKRAF) estimates that the growth of Indonesia's creative industry will reach new heights in 2018. This prediction is in line with the rapid progress of the country's e-commerce industry that has occurred in the last 5 years. In the future, the creative economy is expected to become a new economic driver. To achieve this, the government has prepared a number of incentives and supporting steps, among them issuing new regulations to facilitate investors who are interested in investing in this sector.

Social media has a significant impact on shifting lifestyle trends (Loxton et al., 2020). More and more Indonesians now prefer to spend their money on trips to tourist destinations, staying in hotels and resorts, particularly those that can cater to families and social gatherings, in addition to dining at upscale eateries and cafes (See Hotel Indonesia and The Hospitality Industry Has a Bright Future). This has proven positive for the creative industries, especially those engaged in the traditional food, hospitality, handicrafts, and restaurant sectors.

Financing and marketing are still the main obstacles to the development of the craft and creative industries. However, Indonesia's creative industry still faces severe challenges due to a lack of access to financing. Most players in this sector are small and medium enterprises (SMEs) with limited capital (See Indonesian SMEs: Increasing Government Support to Address Challenges). According to BEKRAF and BPS data in 2017, around 92.37% of Indonesian creative industry players are self-financed and have not received external funding such as bank loans. Since 53.49% of these companies are not regulated as limited liability companies and 88.95% of their products do not have intellectual property rights, these small businesses are not suitable for financing. Another obstacle to the development of Indonesia's creative industry is product development and marketing. As a result, 97.36% of players continue to sell their products only locally.

The growth of the creative industry sector is in line with the rapid growth of Indonesia's e-commerce industry. The latter has been growing at a very high rate of 60–80% per year and is expected to be a key driver of Indonesia's economic growth. Currently, national e-commerce transactions have reached \$25 billion USD and are expected to surge to \$130 billion USD by 2020.

Another factor that contributes to the growth of the creative economy sector in Indonesia is lifestyle changes, especially among the millennial generation, because this segment now prioritizes leisure over goods. This can be seen from a survey conducted by the Central Statistics Agency (BPS), which revealed that spending on recreation, including recreation and lifestyle, continued to increase from 5.5% in the first quarter of 2017 to 6.25% in the second quarter of the same year.

More Government Support is Needed.

Based on Presidential Regulation Number 6 of 2015, Indonesia's creative economy is one of the main business sectors that needs to be encouraged, strengthened, and advanced in order to increase national economic growth. The creative economy in Indonesia consists of 16 subsectors: application and game development; Architecture; interior design; Visual Communication design; product design; mode; film, animation, and video; photography; Handicrafts; Culinary arts; music; Publishing; advertisement; performing arts; Art; television; and radio.

To further boost the growth of this sector, the government needs to overhaul its regulations. BEKRAF has engaged global research institutions such as Nielson, PwC, and Intel to study Indonesia's local creative industries and identify key areas for improvement, including in current



regulations. In addition, to facilitate investment, BEKRAF recently introduced the Investment Readiness Levels (IRL) framework for the development of fashion, handicrafts, applications, and games, in addition to the culinary subsector. IRL will be the benchmark for assessing investment readiness as well as anticipating technology life cycles and market competition.

In addition, investors can use IRL as a reference to invest their money in the creative industry. In recent years, a number of non-banking institutions, such as angel investors, philanthropic investors, and venture capitalists, have aggressively approached local startups. Furthermore, the government, through BEKRAF, continues to provide assistance to create a creative environment through the revitalization of facilities and infrastructure, including communication and information technology used for creative development, exhibitions, and business incubator centers. To attract more international investors, BEKRAF, together with related ministries and institutions, plans to organize a World Conference on the Creative Economy in 2018. The event will focus on four aspects: the role of the creative economy in the social conditions of society in the future; the new marketing paradigm where the digital economy and e-commerce are the drivers of the creative economy; the lack of support from global finance; and the improvement of political diplomacy and regulation. The World Conference on Creative Economy will be held in Bali on May 3–4, 2018 and will be attended by 1,500 practitioners, academics, Silicon Valley executives, and government agencies from 100 countries. Its officers include Canadian Prime Minister Justin Trudeau, Amazon's Jeff Bezos, and Alibaba's Jack Ma.

The Role of the Malang City Government in Building Digital Marketing Innovation for Craft Creative Industry SMEs

Malang is the second-largest city in East Java after Surabaya. Malang City has great potential in the field of creative industries, and its growth from year to year is increasing. It has received awards from the Surya Daily Media (2019), the Indonesian Creative (2021) Award (2021) from the Ministry of Tourism, and the 2022 Regional Development Award at the national level from Bapenas. Malang City also seeks to encourage economic recovery in the creative industry sector through the construction of the Malang Creative Center (MCC). MCC is considered an inclusive innovation that is able to accommodate various creative industry communities to collaborate, train, and produce so as to open job opportunities and increase income and competitiveness. This is in line with the theme of the 2023 Government Work Plan (RKP), namely increasing productivity for inclusive and sustainable economic growth.

The competitiveness of the creative industry in Malang City continues to be improved by means of the synergy and collaboration of various parties carried out by forming a SEZ (Creative Economy Commission) consisting of elements of the Government, academia, business, and Community. Creative economy actors are members of several communities, including those specialized in the field of craft creative industries, such as APKM (Malang City Craftsmen Association), Plat N Community, Among Tiwi, Amazing Malang, Persadir, etc. This community formed a forum called MCF Malang Creative Fusion. This community synergizes a lot with various parties.

In the midst of the COVID-19 pandemic, the creative economy sector continues to grow and is able to contribute to the Indonesian economy. The city of Malang, East Java, is spreading its wings to the international arena, as seen in the creative industry. Malang Mayor Sutiaji said Malang City handicraft and fashion sector players could compete with goods from other locations. (Rasti R, 2021). The fashion sector is of high quality and competitive, not only in its home market but also internationally. Sutiaji stated that the anomaly of Malang City's economic development could not be separated from the influence of the creative economy. The creative sector is currently the prima donna of Indonesia's economic growth, and Malang as a creative city has enormous potential, especially in the handicraft and fashion subsector (Haris Kurniawan, 2020).

The small and medium industry (IKM) of handicrafts and fashion in Malang City is booming. House of Diamonds (HoD) is one of them. It is a community-based venture that involves and empowers a number of women as textile artists in the production of various hand-stitched



products. HoD, which was founded by two brothers, Nur Cholidah (Ida) and Noor Fadillah (Lila), carries the idea of sociopreneurship and aspires to provide a social and sustainable impact on problems in the surrounding environment. Ida, one of the Founders of HoD, said it wanted to make a social impact for mothers who did not have the option to work in large companies or had difficulty making a living by letting them work from home. There are currently 30 people working as freelancers. There are also housewives who were previously migrant workers, victims of human trafficking, and so on.



Figure 2. House of Diamonds (HoD) Craft Production
(Source: Personal Documentation, 2023)

HoD products are textiles such as blankets, bed covers, and home appliances, and its market potential is considered international. Kimono, scarf, bandana, clutch, mask, the word refers to simple tasks that HoD mothers can solve. All products are handmade and slow fashion because we haven't used high level technology and still work on them by hand (Indiekraf.com, 2021). The background is that consumers will buy goods sold by the HoD. However, its products are now sold both domestically and internationally, including in the United Kingdom, the United States, Canada, Australia, Singapore, Taiwan, and Finland. Ida admitted that the majority of her customers come from outside Malang, such as Jakarta.

Customers can also place orders online. We also produce retail locations that benefit community-based small businesses. There are many of them overseas, which is why we contact stores or groups that deal with retailers who want to take advantage of local Indonesian goods, such as one in Canada, three in America, one in Australia, and three in Singapore. (tempo.co, 2021).

There are several HoD sales systems, including wholesale. First of all, HoD will provide traditional products, usually made by HoD, to wholesalers or businesses that buy in bulk. Typically, distributors purchase products directly or place special orders based on stitching patterns and models that impact the HoD business due to the COVID-19 outbreak.

At the beginning of the outbreak, HoD made batik and non-batik cloth masks to be distributed to various grocery stores outside Indonesia, including Jakarta and Malang. Although it is acknowledged that there are challenges related to the outbreak, such as the loss of raw material suppliers, It aspires to be more efficient in creating and selecting products to be sold through community-based HoD companies that can continue to exist in the future. Malang Mayor Sutiaji said Malang City handicraft and fashion sector players could compete with goods from other locations. (Maris, 2020). The fashion sector is of high quality and competitive, not only in the domestic market but also internationally.

In addition, there are products from Marsalia Embroidery, an individual company (home industry) located in Malang City, East Java, specializing in making famous embroidery dasters in Malang and its surroundings. The Marsalia embroidered daster is renowned for its unique designs, high-quality fabrics, and hand stitching. Ibu Sri Rahayu founded Marsalia Embroidery in 2010. Sri

Rahayu's mother grew up in a merchant household and had a keen interest in fashion and tailoring from a young age (Ratri, 2018).

Mrs. Sri Rahayu saw the commercial potential in making embroidery dasters after getting married and living in Malang City and decided to stop working as an employee at one of the leading private campuses in Malang City and open her own business. Marsalia Embroidery initially only made embroidered dasters for personal and family use. However, when the demand from friends and acquaintances grew, Ibu Sri Rahayu decided to expand her embroidery business.

Along with the development of her business, Mrs. Sri Rahayu continues to innovate in designing and producing embroidery dies. She uses high-quality materials and employs skilled labor to sew and embroider by hand. The result is Marsalia embroidery daster, which is very famous not only in Malang and its surroundings but has spread throughout Indonesia. Today, Marsalia Embroidery has grown into a larger company with more than 80 employees skilled in making embroidery dies and other textile products. This company also serves orders from all over Indonesia and even from abroad. (www.marsalia.co.id, 2023).

One of Marsalia's uniquenesses is zero waste, meaning that all materials are not wasted and are used properly. For example, the remaining material of the daster is transformed into a patchwork bag with beautiful embroidery, and there is also a bed cover with a touch of embroidery material that is smooth and cool when used. The success of Marsalia Embroidery and Ibu Sri Rahayu as founders and owners cannot be separated from their dedication and hard work in developing this business so far. They are constantly innovating and producing high-quality products that are in demand by many.



Figure 3. MCC Building (Malang Creative Center) is one form of the contribution of the Malang City Government in managing and maintaining the Creative Economy ecosystem, as well as a forum for EKRAF actors to collaborate and grow together between Creative Industries.

(Source: Personal Documentation, 2023)



Figure 4. MSME Products Marketed Through Instagram marsaliaembroidery (Source: Marsaliaembroidry Instagram, 2023)

The Malang Creative Facility (MCC) building, located on Jalan Ahmad Yani Utara in Malang City, East Java, is used as an incubation facility for Micro, small, and Medium Enterprises (MSMEs) and the creative economy sector after it was built. Malang Mayor Sutiaji said Friday that the establishment of MCC was not for profit but as an incubation center or forum for MSME players and 17 creative economy subsectors. "This structure was built to become an incubator for MSMEs and 17 subsectors of the creative economy," explained Sutiaji.

Subsectors of interior design, product design, fine arts, game development, crafts, music, fashion, culinary, and other creative economies will be given space at MCC Malang City. Sutiaji noted that although MCC Malang City will later be used as an incubation center for MSMEs and the creative economy, the Malang City Government also provides space in the facility for private companies to do business. He noted that the total amount of space available at MCC Malang City that can be shared with private parties is no more than 20%.

Meanwhile, it will be used for MSME public space and the creative economy, with the possibility of additional space. There will be little cooperation, except for public spaces. "Only 20% can cooperate," he claimed. Regional Owned Enterprises (BUMD) Aneka Pangan will serve private parties who will collaborate to do business at MCC Malang City facilities. The establishment of BUMD is intended to help the residents of Malang City, as is the existence of MCC. Later for private and BUMD cooperation. Our focus is not profit but the empowerment of MSMEs and the creative economy. The dedication of the Malang City Government to advancing the creative economy sector, which focuses on providing infrastructure, building ecosystems, and improving marketing, is exemplified by the existence of MCC, whose construction cost Rp 98 billion.

CONCLUSION

The development of the craft industry in the city of Malang has shown positive growth in recent years. This city is known as one of the centers of the craft industry in East Java, Indonesia. Various factors have contributed to the development of the craft industry in Malang, including the potential for creative human resources, cultural diversity, and support from the government and local community. One of the advantages of the craft industry in Malang is the diversity of products produced. Various types of traditional and modern crafts are produced in this city, such as woven bamboo, wood crafts, batik, weaving, embroidery, and ceramics. The craftsmen in Malang have high expertise and skills in producing quality products with unique and distinctive designs. In recent years, the craft industry in Malang has also experienced developments in terms of marketing and promotion. The many events and craft exhibitions held in this city become a place for craftsmen to exhibit and sell their products to local visitors and tourists. In addition, the development of technology and social media has also helped the craftsmen expand their marketing reach. The Malang city government also plays an active role in developing the craft industry. They provide support through training programs, technical guidance, and mentoring for local artisans. In addition, the existence of craft production centers and craft training centers in this city also provides a place for craftsmen to collaborate, exchange ideas, and improve their skills. The positive impact of the development of the craft industry in Malang can be seen in the increase in the income of craftsmen, the empowerment of the local economy, and the preservation of cultural heritage and traditions. The craft industry has also become an attractive tourism resource for tourists interested in the beauty and uniqueness of craft products. However, there are still several challenges faced by the craft industry in Malang, such as competition with imported products, difficulties in marketing products online, and sustainability in passing traditional skills to the younger generation. Therefore, collaborative efforts between the government, the community, and craft industry players are important to continue to develop and strengthen the craft industry in the city of Malang.

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