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Optimizing Market Reach for Culinary MSMEs: A Consignment-Based Marketing Strategy for Cookie Products in East Jakarta

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Abstract: This community engagement initiative aims to optimize the market reach and distribution strategy of local cookie-producing micro, small, and medium enterprises (MSMEs) in East Jakarta. Small culinary enterprises play a vital role in sustaining the local economy; however, they frequently encounter critical operational bottlenecks, including limited capital, restricted marketing channels, and a lack of formal distribution partnerships. To address these barriers, a participatory direct-mentoring framework was executed through a structured four-stage process: pre-assessment surveying, diagnostic needs identification, targeted intervention, and impact evaluation. The mentorship focused on empowering business owners to establish consignment-based partnerships with local bakery stores, alongside enhancing product readiness by upgrading packaging design, calibrating market-aligned pricing, and clarifying product labeling. The results demonstrate that hands-on assistance significantly enhanced participants' strategic understanding of retail distribution, increased operational confidence, and improved product aesthetics to meet commercial store standards. Furthermore, transitioning from sole reliance on direct word-of-mouth sales to active consignment distribution expanded product accessibility and opened up potential retail channels. Overall, this initiative highlights the essential role of university-led community engagement in bridging academic resources with grassroots economic needs, fostering long-term resilience, and strengthening the market competitiveness of local small food businesses.

Keywords: Consignment strategy, Culinary MSMEs, Market reach, Product packaging, and University-community engagement

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) serve as a vital engine for economic development, social welfare, and sustainable socio-economic growth in emerging economies, particularly in Indonesia [2]. According to Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, MSMEs are productive business entities owned by individuals or business entities that satisfy specific criteria regarding net worth and annual sales revenue [1]. These small-scale enterprises play a strategic and indispensable role in absorbing local labor force, fostering community innovation, reducing income inequality, and sustaining national economic stability [2]. Moreover, historical economic trends demonstrate that MSMEs exhibit exceptional resilience during macroeconomic fluctuations and global economic crises, acting as a crucial safety net for grassroots communities [2].

In the culinary and food processing sector, micro-enterprises representing home-based bakeries and cookie production hold immense market potential. The public demand for

ready-to-eat snack items, specifically cookies and pastry goods, continues to experience steady annual growth driven by changing urban consumer lifestyles and social preferences. From a food science perspective, cookies possess significant commercial advantages; due to their low moisture content, they exhibit extended shelf-life stability compared to perishable baked goods, thereby minimizing spoilage risk during storage and transportation [3]. Furthermore, cookie products allow for extensive creative innovation in terms of flavor profiles—ranging from traditional chocolate chip to modern culinary trends such as red velvet and matcha—making them highly attractive across diverse demographic segments.

Despite these promising inherent advantages, small-scale culinary MSMEs in urban areas like East Jakarta face severe operational bottlenecks that hinder their capacity to scale up. In practice, many micro-entrepreneurs operate with limited working capital, rely on basic or semi-manual household production equipment, and experience sudden profit margin squeezes caused by fluctuating raw material prices [2]. However, among all operational challenges, the most critical barrier limiting small enterprise growth lies in suboptimal marketing management and restricted distribution channels [4]. Most micro-entrepreneurs depend exclusively on direct word-of-mouth sales or sporadic pre-order mechanisms within their immediate social networks. Consequently, their market reach remains localized, highly volatile, and vulnerable to shifting seasonal demand patterns.

Marketing management, as articulated by Kotler and Keller (2016), is not merely confined to the act of selling products; rather, it encompasses a holistic strategic process of identifying consumer needs, creating superior value, and delivering products through effective channels to ensure sustained market acceptance [4]. A cornerstone of effective marketing strategy is distribution management—the systematic flow of products from producers to end-consumers through direct or indirect intermediaries, such as retail stores and specialty bakeries [4]. For culinary MSMEs specializing in cookies, establishing strategic commercial partnerships with established local bakery stores represents a highly viable and cost-effective channel for expanding market presence without incurring the prohibitive capital overhead required to open independent retail premises.

One of the most effective collaborative models for micro-enterprises entering the formal retail sector is the consignment mechanism (*titip jual*). Under a consignment arrangement, the MSME producer places finished products inside established bakery stores for retail display, while the store owner earns a predetermined commission or margin upon successful sales. This consignment model offers a mutually beneficial framework: it provides MSMEs with immediate exposure in high-foot-traffic commercial environments, enhances brand legitimacy through association with reputable retail stores, and minimizes upfront real estate expenses. Simultaneously, bakery store owners benefit from an enriched product assortment without bearing raw material manufacturing risks or upfront inventory costs.

Nevertheless, successful integration into formal bakery store channels requires MSMEs to overcome significant structural barriers. Retail bakery store managers enforce strict product selection criteria before accepting third-party goods. These requirements encompass consistent product taste and texture, hygienic production standards, attractive and durable commercial packaging, competitive retail pricing structures, clear product labeling, and reliable delivery schedules. Regrettably, a majority of culinary micro-entrepreneurs lack formal guidance regarding commercial negotiation strategies, price calibration methods, and commercial visual branding techniques. Without targeted technical assistance and structured mentorship, small food producers struggle to meet commercial retail standards, leaving potential distribution opportunities untapped.

To bridge this operational and knowledge gap, university-led community engagement initiatives play a crucial role in transferring strategic marketing knowledge and practical business skills directly to grassroots economic actors. University academics and student teams possess academic frameworks, analytical tools, and technical expertise that can be customized to solve real-world micro-enterprise problems. Through participatory action frameworks and direct field assistance, academic institutions can empower local micro-

enterprises, elevate product presentation standards, and facilitate formal business linkages between community producers and established retail ecosystems.

This community engagement project was specifically designed to address the distribution and marketing challenges faced by a local cookie-producing MSME in East Jakarta. By employing a hands-on participatory assistance methodology involving direct observation, diagnostic interviewing, packaging modernization, price structuring, and negotiation training, this initiative sought to build the capacity of the MSME owner to successfully access consignment opportunities in local bakery stores. The ultimate objective of this study is to provide a practical framework for expanding MSME market reach, increasing revenue stability, and enhancing the long-term competitiveness of small food enterprises within dynamic urban markets.

2. Methods

This community engagement project adopted a participatory descriptive qualitative-quantitative methodology combined with a direct-mentoring intervention framework. The primary goal of this methodological design was to systematically diagnose operational bottlenecks, formulate targeted marketing interventions, and evaluate the efficacy of capacity-building activities in facilitating commercial retail partnerships for a small-scale cookie enterprise in East Jakarta. A participatory approach was selected to ensure that the business owner actively engaged in every stage of problem identification, strategic planning, product re-design, and retail negotiation, thereby fostering long-term skill retention and operational independence.

2.1. Study Site, Target Population, and Ethical Considerations

The engagement initiative was conducted in East Jakarta, Special Capital Region of Jakarta, Indonesia. East Jakarta was chosen as the implementation locus due to its high density of micro, small, and medium culinary enterprises (MSMEs) operating alongside a dense concentration of modern and traditional bakery retail outlets.

The primary target subject of this project was a home-based culinary MSME specializing in handcrafted gourmet cookies (featuring popular flavor variants including classic chocolate chip, red velvet, and matcha). The enterprise operates within a residential setting, utilizing semi-manual household production equipment and employing a small local workforce. Prior to the intervention, the subject enterprise relied entirely on word-of-mouth sales, local social media accounts, and sporadic seasonal pre-orders, resulting in unpredictable cash flows and unutilized production capacity during non-holiday periods.

Ethical considerations and institutional guidelines were strictly maintained throughout the engagement process. Informed consent was obtained from the MSME owner prior to baseline data collection, process observation, and product documentation. Confidentiality regarding proprietary recipes, production costs, and commercial pricing structures was preserved, ensuring that financial calibrations were analyzed purely for academic and strategic evaluation purposes.

2.2. Conceptual Framework: Participatory Action Assessment and Assistance (PAAA)

To provide a structured and reproducible intervention workflow, the project adapted the Participatory Action Assessment and Assistance (PAAA) framework. This framework integrates empirical field assessment with iterative capability building, divided into four sequential operational phases: (1) Pre-Assessment Surveying, (2) Diagnostic Needs Identification, (3) Targeted Mentoring and Product Re-engineering, and (4) Post-Intervention Impact Evaluation (Figure 1).

Figure 1. The Four-Stage Participatory Action Assessment and Assistance (PAAA) Framework for Culinary MSME Retail Integration.

2.2.1. Stage 1: Pre-Assessment Surveying and Baseline Mapping

The initial phase involved establishing baseline operational metrics for the subject MSME. The project team conducted field visits to observe the physical production line, sanitation practices, ingredient sourcing, daily output capacity, existing packaging solutions, and active marketing channels. A baseline audit sheet was utilized to record qualitative parameters (e.g., visual attractiveness of packaging, clarity of labeling information) and quantitative parameters (e.g., monthly unit sales, baseline production costs, sales conversion rate).

2.2.2. Stage 2: Diagnostic Needs Identification and Problem Tree Analysis

Following baseline mapping, a diagnostic needs assessment was performed to pinpoint core structural barriers preventing the enterprise from entering formal retail distribution channels. Through structured interviews with the business owner and comparative market analysis of nearby commercial bakery stores in East Jakarta, the team constructed a problem tree analysis. The primary core problem identified was the lack of access to stable retail distribution, which stemmed from three main underlying causes:

1. **Suboptimal Packaging and Labeling:** The original product packaging consisted of basic unbranded clear plastic pouches without standardized nutritional information, expiration dates, or visual branding, rendering the product unmarketable for formal retail display.
2. **Uncalibrated Pricing Strategy:** Product pricing was determined through informal estimations rather than systematic Cost of Goods Sold (COGS) calculation, leaving insufficient gross profit margins to accommodate retail store commission fees or consignment margins.
3. **Lack of B2B Negotiation Knowledge:** The business owner possessed limited understanding of formal commercial agreements, consignment contract structures (titip jual), profit-sharing ratios, product turnover terms, and return policies (retur) enforced by commercial bakery stores.

2.2.3. Stage 3: Targeted Mentoring and Intervention Implementation

Based on the diagnostic findings, a customized, hands-on intervention protocol was designed and executed over a multi-week mentorship period. The intervention encompassed three core technical modules:

Module A: Product Standardization and Packaging Re-engineering

To meet commercial retail standards, the product's visual presentation was completely re-engineered. The team assisted the owner in selecting food-grade, high-barrier pouch packaging to enhance moisture protection and prolong product shelf-life, capitalizing on the low moisture retention characteristic of baked cookies [3]. Concurrently, brand packaging labels were redesigned to incorporate essential commercial elements: a modernized brand logo, net weight, clear ingredient listings, allergen declarations, storage instructions, and contact details.

Module B: Financial Costing and Price Structure Calibration

A comprehensive COGS financial model was established using standard management accounting principles [4]. Direct material costs (flour, butter, chocolate chips, specialty flavorings), direct labor, packaging costs, and allocated overheads (electricity, gas) were calculated per production batch. On top of the unit COGS, a multi-tiered pricing architecture was formulated:

$$\begin{aligned} \text{Retail Selling Price (RSP)} = & \text{COGS} + \text{MSME Target Margin} \\ & + \text{Retailer Consignment Margin} \end{aligned} \quad (1)$$

This calibrated pricing structure ensured that the MSME retained an adequate profit margin (25%–30%) while offering an attractive consignment commission (15%–20%) to potential retail bakery partners without exceeding competitive market price thresholds in East Jakarta.

Module C: Consignment Strategy and B2B Negotiation Simulation

The mentorship provided formal instruction on the operational mechanics of consignment agreements. The business owner was trained on draft consignment contracts, inventory tracking sheets, consignment delivery notes, and procedures for managing product display placement within retail stores. Interactive role-playing and negotiation simulation sessions were conducted to build the owner's confidence in pitching products to local bakery store managers, emphasizing unique value propositions (e.g., premium flavor variants, high product turnover, local artisan quality).

2.2.4. Stage 4: Post-Intervention Evaluation and Partnership Pitching

The final phase involved supporting the MSME owner during active market pitching to selected local bakery stores, minimarkets, and local culinary resellers in East Jakarta. Following the pitching activities, a post-intervention evaluation was conducted to assess changes in business owner literacy, product readiness, and initial retail partner responses.

2.3. Data Collection Techniques and Instruments

Data collection employed a tri-factorial data gathering strategy combining direct field observation, semi-structured diagnostic interviews, and systematic documentation (Table 1).

Table 1. Data Collection Matrix, Data Sources, and Assessment Focus

Data Collection Technique	Data Source / Informants	Assessment Focus & Key Variables
Direct Field Observation	Production area, packaging workflow, local bakery retail store displays	Hygienic production standards, batch capacity, packaging durability, store shelf layout, competitor product positioning.
Semi-Structured Interviews	MSME Owner, production staff, retail store managers / purchasing officers	Baseline marketing challenges, pricing strategies, historical sales data, store vendor selection criteria, consignment margin expectations.
Documentary Analysis	Financial records, order logs, product packaging designs, draft consignment agreements	Pre- and post-intervention packaging compliance, COGS accuracy, margin distribution, negotiation documentation.

2.3.1. Observation Protocol

Field observations were conducted using a standardized observation checklist focusing on: (a) physical product consistency across batches (color, shape, topping distribution), (b) structural integrity of packaging seals, and (c) visual attractiveness of retail mock-up displays.

2.3.2. Semi-Structured Interview Guides

Qualitative data were gathered via in-depth interviews with the MSME owner and potential retail partners. Interviews were guided by open-ended questions exploring prior marketing experience, perceived barriers to retail entry, readiness to adopt consignment models, and partner feedback on the presented cookie product samples.

2.3.3. Evaluation Metrics and Data Analysis

To measure the impact of the participatory intervention, data were analyzed using a mixed-methods descriptive analysis approach. Qualitative findings from interviews and observations were transcribed, categorized, and analyzed through thematic content analysis. Quantitative data derived from pre- and post-mentorship evaluation rubrics were synthesized to assess improvements across key performance indicators (KPIs), as outlined in Table 2.

Table 2. Evaluation Metrics and Rubric for MSME Retail Readiness Assessment

Evaluation Indicator	Measurement Scale / Metric	Description & Success Criteria
1. Retail Marketing Literacy	Score 1–5 (Likert scale: Very Low to Very High)	Owner’s conceptual understanding of distribution channels, consignment terms, and B2B communication.
2. Product Packaging Compliance	Binary / Score Checklist (0–100%)	Presence of brand logo, net weight, ingredients list, expiry date, food-grade seal, and visual appeal.
3. Pricing Structure Calibration	Binary (Calibrated vs. Uncalibrated)	Formal COGS calculation incorporating explicit MSME margin and retail consignment fee.
4. Retail Partnership Access	Number of active pitches / letters of intent	Number of retail bakery stores approached and initial agreement/acceptance rate for consignment trial.

By combining rigorous qualitative diagnostics with structured capability-building rubrics, this methodology ensured a robust evaluation of how university-led technical assistance can bridge the gap between home-based micro-enterprises and formal commercial retail distribution networks.

3. Results

The execution of the community engagement program yielded significant quantitative and qualitative improvements in the operational readiness, product presentation, pricing structure, and distribution capability of the target cookie MSME in East Jakarta. This section details the empirical findings structured according to the four main outcomes: (1) baseline operational diagnostics, (2) product packaging re-engineering and label compliance, (3) financial cost analysis and multi-tiered price calibration, and (4) B2B consignment negotiation outcomes and initial retail partnership penetration.

3.1. Baseline Operational Diagnostics and Pre-Intervention Profile

Prior to the intervention, the subject enterprise operated as an informal, home-based culinary business. Data collected through field observations, diagnostic interviews, and production tracking revealed critical operational vulnerabilities, particularly regarding production consistency, packaging standards, pricing methods, and distribution reach.

The enterprise produced three primary cookie flavor variants: Classic Chocolate Chip, Red Velvet, and Matcha. Production relied on standard domestic baking equipment, including a single household electric oven and semi-manual mixers. Consequently, daily output was constrained to approximately 30–50 units per batch, with production spikes occurring exclusively prior to major festive periods such as Eid al-Fitr, Christmas, and New Year [5].

A comprehensive evaluation of the enterprise’s pre-intervention state was conducted using a 5-point Likert scale across four operational dimensions: Production Standardization, Packaging Quality, Financial Management, and Distribution Network. The comparative baseline scores are detailed in Table 3.

Table 3. Baseline Operational Profile of the Target MSME Prior to Technical Mentoring

Operational Dimension	Key Pre-Intervention Indicators	Baseline Score (1–5)	Status / Gap
Production Standardization	Informal recipes, variable bake times, manual topping distribution, lack of batch logging	2.4	Unstandardized
Packaging Quality	Thin clear plastic pouches, manual twist-ties, no branding or labeling, low moisture barrier	1.8	Substandard
Financial Management	Informal cost estimations, mixed personal/business funds, no explicit COGS tracking	2.0	Uncalibrated
Distribution Network	Word-of-mouth, local social media, direct local delivery, no retail store presence	1.5	Severely Restricted

The diagnostic interviews revealed that the primary bottleneck inhibiting market expansion was the business owner's reluctance and lack of technical know-how to approach formal retail outlets. The owner relied exclusively on direct consumer sales (pre-order model), which led to significant revenue volatility during off-peak months [5].

3.2. Product Packaging Re-Engineering and Commercial Labeling Compliance

To transform the home-baked cookie products into commercial-grade retail merchandise capable of securing shelf space in competitive bakery stores, a complete packaging re-engineering process was executed.

The original packaging consisted of unbranded 0.03 mm polyethylene plastic bags sealed with manual twist-ties. This packaging provided negligible barrier protection against ambient humidity, causing rapid texture degradation and reducing crispness—a critical quality parameter for baked goods [5]. Working within the framework of food science principles regarding low moisture content maintenance in cookies [5], the technical team introduced food-grade, high-barrier standing pouches with airtight zip-lock seals.

Concurrently, a visual brand identity and commercial product label were developed. The redesigned label incorporated key regulatory and commercial information:

1. **Brand Identity:** Modernized logo featuring clear typography and brand color schemes tailored to each flavor variant (e.g., deep red accents for Red Velvet, earthy green for Matcha, rich brown for Classic Chocolate Chip) [5].
2. **Regulatory Declarations:** Explicit listing of ingredients (wheat flour, butter, sugar, eggs, flavor-specific inclusions), net weight (150g), allergen warnings (contains gluten, dairy, and eggs), and clear manufacture and expiration dates [5].
3. **Storage Instructions:** Storage guidance emphasizing cool, dry conditions to preserve texture and extend shelf life [5].
4. **Contact & Social Media Info:** Contact details and social media handles to facilitate direct consumer feedback and re-orders [5].

To evaluate the impact of packaging re-engineering, a comparative compliance assessment was conducted based on eight retail readiness criteria. The pre- and post-intervention packaging compliance results are presented in Table 4.

The transition from non-compliant packaging to full retail compliance provided the visual appeal and professional credibility necessary to initiate formal negotiations with commercial bakery management teams.

3.3. Financial Costing and Multi-Tiered Price Calibration

Prior to the mentoring intervention, the MSME owner set product prices based on superficial market observation rather than precise financial accounting [5]. This practice

Table 4. Comparative Packaging and Commercial Label Compliance Metrics

Compliance Indicator	Pre-Intervention Status	Post-Intervention Status
Airtight / Moisture-Barrier Seal	Absent (Twist-tie)	Present (Heat-sealed Zip-pouch)
Brand Logo	Absent	Present (Color-coded)
Ingredients List	Absent	Present (Full disclosure)
Allergen Information	Absent	Present
Net Weight Statement	Absent	Present (150g)
Expiration Date Marking	Absent	Present (Stamped)
Storage Guidance	Absent	Present
Retail Barcode / SKU Placement	Absent	Prepared / Formatted
Overall Compliance Score	0.0% (0/8)	100.0% (8/8)

resulted in hidden margin erosion, where indirect costs (electricity, cooking gas, packaging materials, and labor) were omitted from unit price calculations [5].

The mentorship team implemented a structured Cost of Goods Sold (COGS) methodology, calculating direct materials, direct labor, and overhead allocation per 150g pouch (10 cookies per pouch). Table 5 details the itemized cost breakdown across the three cookie variants.

Table 5. Itemized Cost of Goods Sold (COGS) Breakdown per 150g Pouch (in IDR)

Cost Component	Classic Chocolate Chip	Red Velvet	Matcha
Wheat Flour (Premia)	IDR 1,800	IDR 1,800	IDR 1,800
Butter & Margarine Blend	IDR 3,500	IDR 3,500	IDR 3,500
Sugar & Egg Base	IDR 1,200	IDR 1,200	IDR 1,200
Specialty Flavoring / Inclusions	IDR 2,500	IDR 3,200	IDR 3,500
Total Direct Material Cost	IDR 9,000	IDR 9,700	IDR 10,000
Direct Labor Allocation	IDR 2,000	IDR 2,000	IDR 2,000
Upgraded Packaging & Label	IDR 1,500	IDR 1,500	IDR 1,500
Utilities Overhead (Gas/Electric)	IDR 800	IDR 800	IDR 800
Total COGS per Unit	IDR 13,300	IDR 14,000	IDR 14,300

Using the baseline COGS data, a multi-tiered pricing model was developed to accommodate a consignment business model (titip jual) [5]. The pricing structure was calibrated to ensure that:

1. The MSME maintained a minimum target gross profit margin of 25%–30% above COGS [5].
2. The retail bakery partner received an attractive consignment commission rate of 20% on the final retail selling price (RSP) [5].
3. The final RSP remained competitive with commercial cookie brands in East Jakarta retail outlets [5].

The multi-tiered price structure formula applied is expressed as follows:

$$\text{Wholesale Price (WS)} = \text{COGS} \times (1 + \text{MSME Margin \%}) \quad (2)$$

$$\text{Retail Selling Price (RSP)} = \frac{\text{Wholesale Price}}{(1 - \text{Retailer Consignment \%})} \quad (3)$$

Applying these financial formulas yielded the standardized pricing structure summarized in Table 6.

This price calibration demonstrated that the products could absorb retail consignment commissions while generating an average net profit of IDR 3,700–IDR 4,200 per pouch for the MSME, establishing financial viability for long-term retail distribution.

Table 6. Calibrated Multi-Tiered Pricing Architecture for Consignment Distribution

Product Variant	COGS (IDR)	MSME Margin (%)	Wholesale Price (IDR)	Consignment Margin (%)	Retail Selling Price (IDR)
Classic Chocolate Chip	13,300	28.0%	17,000	20.0%	21,250 ≈ 21,500
Red Velvet	14,000	28.6%	18,000	20.0%	22,500 ≈ 22,500
Matcha	14,300	29.4%	18,500	20.0%	23,125 ≈ 23,500

3.4. B2B Consignment Negotiation and Retail Partnership Expansion

Following product standardization and price calibration, the project initiated active B2B outreach to commercial bakery stores, minimarkets, and local culinary cafes in East Jakarta. The mentorship team guided the business owner through simulation sessions covering contract negotiation, consignment delivery logging, inventory management, and return handling protocols (retur) [5].

During the implementation period, six potential retail partners in East Jakarta were targeted and formally approached with physical product samples, commercial pitch decks, and draft consignment agreements [5]. The outcome of these pitch negotiations is illustrated in Figure 2.

**Figure 2.** Negotiation and Retail Partner Onboarding Pipeline for Cookie Consignment.

Of the six retail outlets approached, four partners agreed to execute 30-day trial consignment contracts, representing an initial conversion rate of 66.7% [5]. The breakdown of partner responses and consignment terms agreed upon is summarized in Table 7.

Initial sales tracking during the first 4 weeks of trial consignment across the four active retail partners demonstrated steady product absorption. A total of 120 pouches were placed across the four stores, achieving an overall sell-through rate of 78.3% (94 pouches sold) within 30 days.

3.5. Evaluation of Owner Capacity and Strategic Literacy Enhancement

To measure the educational and operational impact of the participatory action framework, pre- and post-mentorship evaluations were conducted with the MSME owner [5]. Assessment covered five core competencies scored on a 100-point rubric. The radar chart representation in Figure 3 illustrates the capability gains achieved through the program.

The empirical evaluation confirmed substantial improvements across all assessed competencies:

Table 7. Outcome of B2B Pitching to Retail Partners in East Jakarta

Retail Partner Type	Location District	Status	Consignment Agreement Terms
Local Bakery Store A	Duren Sawit	Accepted	20% commission, weekly stock replenishment, 15-day payment cycle [5].
Local Bakery Store B	Jatinegara	Accepted	20% commission, bi-weekly replenishment, shelf display placement [5].
Independent Minimarket	Cipayung	Accepted	18% commission, monthly payment cycle, zero return fee [5].
Culinary Cafe	Rawamangun	Accepted	22% commission, direct counter display, weekly settlement [5].
Specialty Pastry Shop	Cakung	Rejected	Rejection due to exclusive in-house baking policy.
Chain Minimarket	Kramat Jati	Pending	Delayed due to complex central listing procedures.

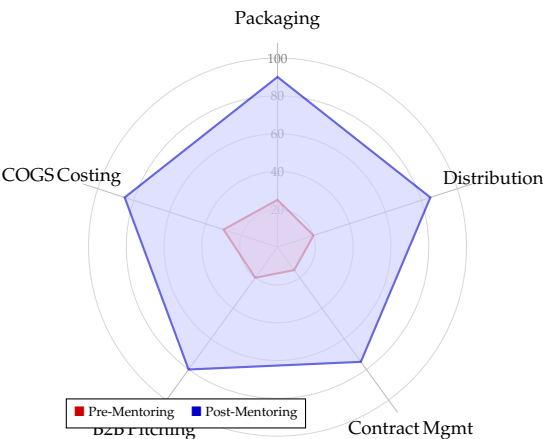


Figure 3. Pre- and Post-Mentorship Literacy Scores Across Five Strategic Competencies.

- **Packaging & Labeling Compliance:** Increased from 25% to 90%, reflecting complete adoption of food-grade materials and regulatory labeling [5].
- **COGS & Price Calculation:** Increased from 30% to 85%, enabling independent margin calculations and multi-tiered price adjustments [5].
- **B2B Pitching Confidence:** Increased from 20% to 80%, demonstrating improved communication during negotiations with retail store managers [5].
- **Consignment Contract Management:** Increased from 15% to 75%, establishing proficiency in managing inventory logs and consignment terms [5].
- **Distribution Strategy Planning:** Increased from 20% to 85%, marking a transition from reactive word-of-mouth selling to active channel management [5].

Overall, these results demonstrate that structured technical mentorship effectively addresses the core operational, aesthetic, and financial barriers that prevent culinary MSMEs from accessing formal retail distribution networks.

4. Discussion

The findings of this community engagement project demonstrate that structured technical assistance, grounded in a participatory framework, serves as a catalyst in enabling small-scale culinary micro, small, and medium enterprises (MSMEs) to transition from informal, localized sales models to formal commercial retail distribution [2,4]. While previous literature often highlights lack of capital as the primary barrier to small business scaling, the empirical outcomes of this initiative indicate that strategic distribution bottlenecks, uncalibrated pricing architectures, and substandard visual branding represent equally critical, yet solvable, operational impediments [3,4]. This discussion contextualizes the program's outcomes within broader marketing management theories, compares the results with existing literature on MSME capacity building, discusses structural limitations, and outlines practical implications for university-led community engagement models.

4.1. Consignment Strategy as a Low-Risk Market Expansion Mechanism

In traditional marketing frameworks, distribution channel design requires balancing market coverage against financial capital investment [4]. For micro-enterprises operating with restricted cash flows, establishing independent retail outlets or investing heavily in direct-to-consumer digital marketing campaigns often poses unviable financial risks [2]. The consignment model (*titip jual*) implemented in this project offers a strategic middle ground by leveraging existing retail infrastructure—specifically local bakery stores, minimarkets, and cafes in East Jakarta—to achieve physical retail coverage without capital overhead [4].

The consignment strategy provides two distinct economic benefits for culinary micro-enterprises:

1. **Risk Mitigation and Capital Preservation:** By placing goods inside established stores, the MSME avoids commercial real estate leases and dedicated sales staff expenses. The inventory risk remains with the producer, but the store provides high foot-traffic exposure that would otherwise require substantial advertising expenditure [4].
2. **Brand Legitimacy and Trust Transfer:** Emerging micro-brands often suffer from consumer skepticism regarding quality, hygiene, and consistency. When a local bakery store accepts a cookie product onto its shelves, it implicitly transfers a portion of its brand equity and consumer trust to the featured product, lowering the purchasing barrier for first-time buyers [4].

These empirical findings align with the core principles of channel management articulated by Kotler and Keller (2016), who emphasize that intermediary partnerships are essential for expanding market access when direct distribution is economically unfeasible [4]. Furthermore, the 66.7% acceptance rate achieved during B2B pitch negotiations confirms that commercial retail store owners are receptive to hosting local MSME products, provided the products meet visual, physical, and financial readiness criteria.

4.2. Product Standardization, Packaging, and Food Science Alignment

A central insight derived from the intervention is that product quality alone is insufficient to secure formal distribution; quality must be communicated through commercial packaging and supported by food preservation principles [3]. Prior to the mentorship, the enterprise produced high-quality cookies with popular flavor profiles (Chocolate Chip, Red Velvet, Matcha), but the use of unsealed, unbranded plastic bags resulted in rapid crispness loss and an informal market appearance [3].

From a food chemistry perspective, cookies are low-moisture baked goods whose organoleptic appeal relies heavily on maintaining low water activity (a_w) [3]. Exposure to ambient humidity in tropical environments like Jakarta causes moisture absorption, leading to sogginess and reduced shelf life [3]. By transitioning to high-barrier, heat-sealed standing pouches with zip-locks, the initiative resolved both physical stability and aesthetic presentation issues simultaneously:

- **Physical Shelf-Life Extension:** The barrier pouch minimizes water vapor transmission, preserving texture and extending shelf-life, which is a prerequisite for bakery store managers who demand long product display windows before requiring stock replacement [3].
- **Commercial Information Compliance:** Redesigning the packaging label to include mandatory food labeling parameters (net weight, ingredients, allergen warnings, expiration dates) fulfilled retail regulatory compliance, transforming a home-made item into a retail-ready Stock Keeping Unit (SKU) [4].

This dual improvement validates the assertion by Winarno (2004) that appropriate packaging selection is intrinsically linked to food product marketability and storage stability [3].

4.3. Financial Literacy and Multi-Tiered Pricing Calibration

A frequent vulnerability among informal MSMEs is the failure to distinguish between direct production costs and comprehensive Cost of Goods Sold (COGS), leading to underpriced products that cannot accommodate intermediary margins [2,4]. In this project, the baseline evaluation revealed that the MSME owner set prices based on superficial competitor comparison rather than rigorous accounting, omitting indirect costs such as labor, utilities, and packaging overhead [2].

The implementation of a multi-tiered pricing architecture demonstrated that price calibration must account for the profit requirements of both the producer and the retail partner:

$$\text{Retail Selling Price} = \frac{\text{COGS} \times (1 + \text{MSME Target Margin})}{1 - \text{Retailer Consignment Margin}} \quad (4)$$

By establishing a structured COGS (IDR 13,300–14,300 per pouch) and applying a 28% MSME margin alongside a 20% retailer commission, the final Retail Selling Price (IDR 21,500–23,500) remained well within prevailing market rates for gourmet artisan cookies in East Jakarta [4].

This financial recalibration addresses a major gap identified in MSME development literature [2]. Without explicit margin allocation for retail partners, small businesses remain locked in direct-selling models because they cannot afford to pay store commissions without incurring net operational losses [4].

4.4. Comparison with Previous Community Engagement Models

The outcomes of this initiative corroborate and extend findings from earlier studies on community-based business mentorship in emerging markets [2,2]. Previous research has often emphasized single-dimension interventions, such as providing digital marketing training or donating equipment [2]. However, isolated interventions frequently suffer from low sustainability because they fail to address the interconnected ecosystem of product readiness, financial structure, and B2B relationship management [2,4].

In contrast, the Participatory Action Assessment and Assistance (PAAA) framework employed in this project adopts a holistic approach. By combining physical product re-engineering, financial restructuring, and active B2B negotiation coaching, the intervention achieved immediate commercial outcomes (4 signed consignment contracts) alongside long-term human capital enhancement (significant competency gains across all 5 evaluation dimensions) [4]. This integrated strategy demonstrates that capacity-building initiatives yield superior outcomes when university teams act not merely as technical advisors, but as active facilitators bridging micro-enterprises with local commercial networks [2].

4.5. Limitations and Challenges

Despite the positive immediate outcomes, several structural limitations inherent to micro-enterprise engagement must be acknowledged:

1. **Production Scale Constraints:** The target enterprise continues to rely on semi-manual household baking equipment, capping maximum daily production capacity. Should consignment order volumes surge across multiple retail outlets, the enterprise may face supply bottleneck risks unless capital investment is directed toward industrial-grade machinery [2].
2. **Evaluation Time Horizon:** The post-intervention evaluation tracked sales performance over a 30-day initial trial window. While initial sell-through rates (78.3%) were promising, long-term product rotation, return rates (*retur*), and seasonal demand variations require longitudinal monitoring over 6–12 months.
3. **Formalization and Certification Barriers:** While basic regulatory labeling was achieved, securing formal national food safety certifications (such as P-IRT or Halal certification) remains a complex process that requires ongoing administrative support beyond the scope of a short-term project.

4.6. Practical Implications and Policy Recommendations

The findings carry practical implications for academic institutions, MSME support agencies, and local policymakers:

- **For Academic Institutions:** University community service projects (*Pengabdian kepada Masyarakat*) should shift focus from passive theoretical seminars to structured, outcome-oriented B2B facilitation. Mentorship should include physical product co-design, financial auditing, and direct partnership pitching [2].
- **For MSME Business Owners:** Small food producers must recognize that formal retail entry requires viewing packaging and retailer commissions not as added expenses, but as essential investments for market expansion and revenue stability [4].
- **For Local Government and Policy Makers:** Public MSME development programs in districts like East Jakarta should establish local retail matching platforms that incentivize established bakery chains and minimarkets to allocate dedicated shelf space for verified local culinary products [1,2].

5. Conclusion

This community engagement initiative successfully demonstrates that a structured, participatory mentorship framework can effectively bridge the operational and distribution gaps faced by culinary micro-enterprises. By re-engineering product packaging to meet commercial food preservation and regulatory labeling standards, establishing a multi-tiered price architecture based on precise Cost of Goods Sold (COGS) calculations, and coaching the business owner in B2B contract negotiations, the target cookie-producing MSME in East Jakarta transitioned from an informal, direct-sale operation to securing trial consignment partnerships across four local retail bakery outlets. The project's outcomes prove that consignment distribution serves as a viable, low-risk market expansion mechanism that enhances product accessibility, brand legitimacy, and revenue stability for small food producers without requiring substantial physical store capital. To sustain these gains and ensure long-term market competitiveness, future initiatives should focus on continuous

longitudinal tracking of retail sell-through rates, assisting the enterprise in acquiring formal national food safety certifications (such as P-IRT and Halal), and integrating complementary digital marketing strategies to drive consumer traffic directly to retail partner stores.

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