



INCREASING THE COMPETITIVENESS OF WET CAKE SMEs THROUGH PRODUCT DIVERSIFICATION AND PACKAGING RE- BRANDING IN PANDANSARI VILLAGE

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Abstract

The micro-scale culinary sector in Pandansari Village, Bogor Regency, has promising economic potential. However, nine small and medium-sized cake-making small and medium-sized enterprises (SMEs) in this region are experiencing stagnation due to a lack of product innovation, both in terms of flavor variants, shapes, and conventional packaging. This condition reduces product competitiveness and hinders penetration into modern markets and the digital marketing ecosystem. This Community Service (PKM) activity aims to increase the capacity of SME partners in diversifying products and re-branding packaging to increase added value (*perceived value*) and product competitiveness. The approach used is *Participatory Action Research* (PAR) which includes the observation stage, education (product management training), production assistance (*prototyping*), and evaluation. This activity resulted in a significant increase in partners' understanding of the strategy, *line filling* and packaging. Practically, 100% of partners succeeded in creating innovative new flavor variants (*matcha, premium cheese, red velvet*) and modify the shape of the cake into *bite-size*. In addition, partners have successfully implemented packaging *food grade various window box* complete with informative labeling as brand identity (*branding*). Product diversification and packaging standardization interventions have proven effective in transforming SME products into high-value products that meet aesthetic and hygiene standards to compete in modern retail and marketing markets *online*.

Keywords: Product Diversification, Packaging Innovation, *Line Filling*, *Participatory Action Research*, MSMEs.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role as the backbone of the local and national economy, including in employment absorption and value-added creation (Tambunan, 2019). In Bogor Regency, particularly in Pandansari Village, Ciawi District, the home industry sector (Small and Medium Industries/SMI) specializing in traditional snacks and cakes has flourished. These products have become a primary source of livelihood for some residents, targeting local markets such as nearby food stalls and orders for community events (Mulyani & Firmansyah, 2022).

Despite having a relatively stable market share at the grassroots level, a situation analysis conducted by the Community Service Team (PKM) of the Faculty of Economics and Business at Pakuan University identified fundamental obstacles. The nine partner SMEs in Pandansari Village are trapped in a commoditization trap (*commoditization trap*) (Pratama & Haryanti, 2021). The products offered have experienced innovation stagnation; they are produced in conventional flavors (such as standard chocolate and pandan) and formed using large traditional baking tins. Furthermore, the packaging is still very minimal, generally using only plain clear mica plastic without any labeling or brand identity (*brand*). This causes the product to be categorized as a regular staple food (*convenience goods*) with a low selling value, not as *Shopping Goods* which has the appeal of differentiation (Kotler

& Keller, 2016). As a result, partner products are highly vulnerable to price wars, have difficulty setting a profitable Cost of Goods Sold (COGS), and struggle to penetrate modern retail distribution channels (minimarkets/souvenir centers) and digital marketing.

Based on marketing management theory, the product is a key element in the offering mix. The core of a strong brand is a great product capable of delivering a superior hierarchy of customer value (Tjiptono, 2015). To overcome stagnation and respond to modern consumer preference trends, MSMEs need to adopt an efficient new product development strategy (Wibowo & Arifin, 2023). One of the most rational approaches for MSMEs with limited capital is *Line Filling* (line filling), namely a strategy of diversifying and adding variants to existing product lines to maximize customer utility, achieve additional margins, and prevent consumers from switching to competitors (Kotler & Armstrong, 2018; Yuliana & Hakim, 2024).

Packaging (*packaging*) in the modern food industry, it is no longer just a physical protective container to maintain durability, but rather functions strategically as a silent sales force (*silent salesman*) on display shelves. Labeling that includes brand identity, ingredients, and expiration date is essential for building consumer trust and justifying higher product selling prices (Alma, 2018; Susanti & Rahmawati, 2021).

Based on the rationalization of the problem and the literature review, this PKM activity is designed to intervene in the weaknesses of partners through the "Product Diversification Training and Mentoring and Packaging Re-Branding" program. The main objective of this service is to increase the capacity of 9 IKM partners in Pandansari Village in innovating flavors, modifying shapes, and standardizing labeled packaging, so that IKM products have higher selling value, increase profitability, and are ready to compete in the modern market and ecosystem. *e-commerce*.

ACTIVITY METHODS AND PROCEDURES

This community service program is designed in a participatory manner, placing partners as the primary stakeholders in the change process. The approach employed focuses not only on knowledge transfer but also on sustainable business capacity building through the active involvement of all MSMEs. The entire series of activities will take place over one month, starting in September 2025, with systematic and measurable stages to ensure optimal program objectives are achieved.

Participatory Action Research (PAR) Approach

The Participatory Action Research (PAR) method is used because it fosters collaboration between the community service team and community partners in solving real-world business problems. This approach positions small and medium enterprises (SMEs) as active participants, involved in problem identification, solution planning, action implementation, and evaluation of results. Thus, community service activities are not top-down in nature, but rather based on the real needs of the community.

Through the PAR method, the mentoring process is conducted in a dialogic and reflective manner, allowing each partner to identify the business challenges they face. This approach also fosters a sense of ownership in the innovations generated during the program. Furthermore, PAR is effective in micro-enterprise development because it emphasizes social change and practical skills development directly in the field.

Situation Analysis and Problem Identification Stage

The initial phase of the activity involved field observations and in-depth interviews with nine wet cake SMEs in Pandansari Village. The observations aimed to obtain an overview of the partners' business conditions, including production capacity, product variety, packaging techniques, and marketing strategies. The interviews were semi-structured to provide in-depth information relevant to the program's needs.

The identification results showed that most partners still use simple packaging without a clear brand identity. The variety of products marketed is also limited, resulting in relatively low product competitiveness. Furthermore, some business owners do not yet understand the importance of branding and digital marketing strategies in increasing product sales value. Based on these conditions, the community service team developed a mentoring program focused on product innovation and strengthening business packaging.

Partner Education and Capacity Building Stage

The educational phase is conducted through interactive delivery using lectures, discussions, and simple case studies. The material covered the concept of customer value, product differentiation strategies, brand development, modern packaging techniques, and the importance of product labels that meet food safety standards.

The educational activities also provided an understanding of the importance of business innovation in facing market competition. Partners were provided with examples of more attractive and informative product packaging to increase consumer purchasing interest. Furthermore, participants were introduced to the use of social media as an affordable and accessible promotional tool for micro-entrepreneurs.

Practical and Implementation Mentoring Stage

The practical mentoring phase is the core of the community service program, as partners directly implement the planned innovations. During this phase, the community service team assists with product modifications, from adding flavor variations to altering the cake's presentation to make it more appealing to consumers.

Mentoring also covers packaging. Partners are guided in selecting safe, food-grade packaging materials and designing labels that include brand identity, product composition, and business contact information. The mentoring process is intensive, ensuring each business owner can independently implement the training findings upon completion of the program.

Evaluation and Reflection Stage of Activities

The evaluation phase was conducted to measure the effectiveness of the community service program implementation. The evaluation used triangulation techniques through direct observation, interviews, and documentation of activity results. The assessment focused on changes in product quality, improvements to packaging design, and partners' readiness to utilize digital marketing media.

Evaluation results indicate that partners have increased their understanding of the importance of product innovation and business branding. Furthermore, most SMEs are starting to produce products with more attractive packaging and a clearer brand identity. The program's success is also evident in partners' increased motivation to expand their product marketing to modern markets and digital platforms.

Table 1. Activity Implementation Schedule

Activity Stages	Activity Description	Execution time
Situation Analysis	Field observations and partner interviews	Week 1 September 2025
Education and Training	Delivery of product and packaging innovation material	Second Week of September 2025
Practical Assistance	Product innovation and packaging design practices	Third week of September 2025
Evaluation and Reflection	Monitoring results and evaluation of activities	Fourth Week of September 2025

Source: Data processed by the service team (2025).

Table 1 shows that the community service activities were implemented in stages over a full month in September 2025. Each stage was systematically structured to ensure effective and sustainable mentoring. The weekly time allocation facilitated the community service team's monitoring of partners' progress and provided opportunities for SMEs to directly apply training outcomes to their daily business activities.

RESULTS AND DISCUSSION

This community service program received a very enthusiastic response from nine small and medium-scale enterprise (SME) partners. The use of the PAR method enabled partners not only to receive theoretical knowledge transfer but also to directly implement product quality improvements in their production facilities. The results of the intervention are outlined as follows:



Figure 1 Participants of the Pandansari Village IKM Training

Strategy Implementation *Line Filling* through Innovation of Taste and Form

Initial analysis shows that partner products are stuck in a category *Convenience Goods* (everyday goods) with fierce price competition and very low margins. To upgrade the product class to *Shopping Goods* where consumers are willing to pay a premium price for aesthetics, taste, and features the dedicated team facilitates the implementation of the strategy *Line Filling*. This approach is particularly relevant for culinary SMEs because it allows them to increase product variety and prevent consumer saturation without requiring massive investments in new machinery (Kotler & Keller, 2016; Yuliana & Hakim, 2024).

During the mentoring session, partners were given formulation guidance to create flavor variants that are trending in the market. Successfully executed flavor innovations included the addition of new variants: *red velvet*, *matcha (green tea)*, and *premium cheese*. This product line addition has been proven to significantly fill the gap in market demand, particularly among Generation Z and millennials, who tend to seek new culinary experiences (Pratiwi & Anam, 2025).

Modification of shape (*form*) the physical product becomes a crucial output. The team educates partners to change the cake cutting method from large, asymmetrical pans to a rectangular shape: *bite-size* (bite-sized) and serve it in a format *dessert box*. This transformation of form not only makes it easier for consumers to consume, but has also been proven to instantly increase the product's visual appeal, making it highly photogenic and meeting the aesthetic criteria for visual marketing needs on social media (Hidayat & Suryana, 2021).



Figure 2.

Condition of the Al Barru Cake and Cookies Kitchen and the Adewaticake Kitchen at the Pandansari Village IKM.

Packaging Transformation (*Packaging*) and Labeling (*Labeling*)

The most massive and measurable improvement in this community service program occurred in the packaging aspect. Prior to the intervention, 100% (9 SMEs) used plain clear mica plastic sealed with tape. This conventional packaging model has fatal weaknesses: it is not airtight, which reduces cake durability, is prone to dents during distribution, and completely fails to represent the brand identity, ultimately reducing consumer purchasing interest and quality perceptions (Ariyanti & Iriani, 2022).

Based on the concept of packaging *assilent salesman*, the PKM team directed partners to switch to using packaging *corrugated box food-grade* with model *window box* (has a transparent mica window at the top). Design *window box* empirically proven to be effective in triggering *impulse buying* because it is able to show the texture and color of the product *bite-sized* directly while maintaining optimal hygiene (Kusuma & Sari, 2023; Wijaya & Gunawan, 2023).

Further guidance focused on label sticker design. The labels included the following mandatory elements, which are standard for entry into the modern retail market:

1. Brand Name/Logo: Provides intangible property rights and differentiation.
2. Flavor Variant Identification: Makes it easier for consumers to choose products.
3. Raw Material Composition: Ensures transparency and food safety.
4. Expiration Date (*Expired Date*): Reduce consumer health risks.
5. Marketing Contact: Include a number *WhatsApp* and account *Instagram*.

With this representative packaging and labeling, the perceived value (*perceived value*) by consumers has increased sharply. This provides legitimacy for SMEs to adjust the Cost of Goods Sold (COGS) and set new selling prices with more reasonable profit margins, which can cover packaging improvement costs while generating higher net profits (Setiawan & Lestari, 2022).



Figure 3. Presentation of Brand, Label and Packaging Training, and Preparation of Product HPP with Pandansari Village IKM

Readiness to Expand into Modern Markets and Digital Ecosystems

The success of partners in creating product prototypes with diversified flavors and shapes *bite-size*, and packaging *window box* Labeling has a direct impact on drastically increasing the level of self-confidence of SMEs. Wet cake products that were previously only distributed within the Neighborhood Association (RT) or small stalls, now clearly have commercial viability (*commercial viability*) to be submitted as a consignment product at the souvenir center in Bogor Regency and local minimarket display cases.

These product aesthetic updates and packaging standardization make these nine SMEs highly prepared to be facilitated in adopting digital marketing. Attractive product visuals are a key asset for creating digital catalogs. *WhatsApp Business* and promotional content *one-commerce*, thus changing the traditional operational paradigm of SMEs towards a broader digital business ecosystem (Nugroho & Wahyuni, 2025; Putra & Nabila, 2024).



Figure 4. Presentation of Digital Marketing Training for Products with IKM Pandansari Village

CONCLUSION

Community service activities in Pandansari Village have had a significant transformational impact on nine small and medium-sized enterprise (SME) partners producing wet cakes. The problem of innovation stagnation was successfully resolved through the implementation of this strategy. *line filling*, which results in a diversification of contemporary tastes (*matcha, premium cheese, red velvet*) and modify the presentation into a form *bite-size*. Fundamental changes were also successfully realized in the packaging aspect, with partners successfully switching from plain mica plastic to packaging *food-grade window box* which is equipped with a labeling sticker as a brand identity (*branding*). This comprehensive innovation directly succeeded in increasing *perceived value*, visual aesthetics, and product hygiene. Thus, SMEs in Pandansari Village now have high-value products and are significantly more competitive, enabling them to penetrate modern retail outlets and optimize their digital marketing strategies.

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