

ANALYSIS OF THE IMPLEMENTATION OF THE CASH ON DELIVERY (COD) SYSTEM AND ITS ROLE IN SUPPORTING ONLINE BUSINESS DEVELOPMENT AT FLAMBOYAN SMES, GORONTALO CITY

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ABSTRACT

This study aims to analyze the application of the Cash on Delivery (COD) payment system in increasing online business sales and to identify the strategies employed by Flamboyan SME in Gorontalo City to mitigate operational risks associated with COD transactions. The research adopts a qualitative descriptive approach using in-depth interviews, field observations, and documentation techniques. Informants consisted of the business owner and operational staff directly involved in managing online sales activities. Data were analyzed through data reduction, data presentation, and conclusion drawing. The findings reveal that the implementation of the COD system has significantly expanded market reach and increased sales by attracting consumers who prefer secure payment methods and have limited trust in digital transactions. Flamboyan SME successfully mitigates common COD-related risks through personalized communication via WhatsApp, which strengthens customer trust and loyalty, as well as through strict product quality control and premium packaging differentiation. These strategies minimize product returns, reduce customer complaints, and encourage repeat purchases. Despite challenges related to limited third-party logistics availability during late-night hours, the enterprise maintains customer satisfaction through responsive communication and consistent service quality. The study concludes that the integration of COD, digital trust-building, and product differentiation contributes positively to online sales growth and business sustainability.

Keywords : *Cash on Delivery (COD), Online Sales, Digital Trust, Product Differentiation, MSMEs.*

INTRODUCTION

The radical transformation of the global commerce landscape is driven by the rapid growth of the digital economy, where e-commerce serves as the primary engine for modern economic development. In Indonesia, the digital marketing trend has experienced a massive surge. The number of e-commerce users reached 139 million in 2017, scaled up to 193 million in 2021, and is projected to hit 212.2 million users by 2023, encompassing approximately 75.3% of the total market population. This digital acceleration offers significant opportunities while simultaneously compelling Micro, Small, and Medium Enterprises (MSMEs) to transition from conventional setups toward online-based systems to ensure business survival.

At the regional level, Gorontalo Province exhibits a progressive growth potential for MSMEs across various sectors. Based on business unit development data across regencies and cities, Gorontalo City holds the second-largest proportion with 12,045 business units, just below Pohuwato Regency which records 15,160 units. Out of the total 36,465 business units spread throughout Gorontalo Province, the trade sector in Gorontalo City stands out as the most dominant cluster. Nevertheless, various literatur points out that a primary obstacle to the competitiveness of local MSME products is their limited mastery of information technology. In fact, utilizing the internet and communication technology is highly crucial for expanding market reach, reducing

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transaction costs, and improving promotional effectiveness.

One local business in Gorontalo City attempting to seize this digital opportunity is Flamboyan SME. To mitigate a decline in sales turnover, Flamboyan SME implemented an online sales strategy through social media platforms and adopted the Cash on Delivery (COD) payment system. The implementation of the COD method is highly relevant to domestic markets, as it effectively bridges the gap for consumer segments that do not possess a bank account (*unbanked*) or a digital wallet [1][2]. Beyond improving access inclusivity, this pay-on-the-spot system significantly boosts purchase intentions by offering a sense of control, security, and minimizing perceived financial risks for consumers who remain skeptical of digital transaction security [3][4].

However, despite its positive contribution to sales volume, the field application of the COD method triggers complex operational challenges. On a macro level, the COD system is frequently confronted with detrimental consumer behaviors, such as high rates of unilateral order cancellations, fraud risks, and delayed corporate cash flows [5][6]. Furthermore, this payment scheme often provokes horizontal conflicts in public spaces due to misguided public perceptions regarding COD regulations, which frequently result in consumers refusing to pay for opened packages and intimidating delivery couriers [7].

The research gap in this study lies in the contradiction between the theoretical dynamics of COD risks and the empirical

reality observed at Flamboyan SME in Gorontalo City. Based on the literature review and general phenomena, the implementation of COD typically incurs operational losses due to three main issues: buyers' misconceptions about the system, the risk of real-term goods disinformation, and complicated product return procedures that drain the business financially. However, preliminary observations at Flamboyan SME reveal an anomalous condition. Despite facing local consumers with similar misconceptions, this enterprise has successfully recorded stable sales growth and maintained customer loyalty without getting trapped in the downward spiral of operational losses caused by returned goods. The phenomenon of how a local SME in Gorontalo City optimizes the positive value of COD while simultaneously mitigating its operational risks remains largely unexplored in prior research.

Based on this background and research gap, the objective of this study is to analyze in depth the application of the Cash on Delivery (COD) payment system in increasing online business sales volume, while identifying the mitigation strategies employed by Flamboyan SME in Gorontalo City to address the operational challenges of the COD system. The success of Flamboyan SME in managing this system is expected to serve as a benchmark model for other MSMEs in the Gorontalo region when adopting digital payment technologies securely and sustainably.

LITERATUR REVIEW

1. E-Commerce Consumer Behavior (Trust/Risk vs. COD Preference)

Consumer behavior in digital marketplaces is heavily driven by the trade-off between digital trust and perceived risk, particularly when selecting payment mechanisms. In emerging e-commerce markets, the Cash on Delivery (COD) payment system remains highly preferred due to its capacity to mitigate transaction uncertainty and financial risk for risk-averse consumers who harbor low structural trust toward conventional digital banking or electronic transfer infrastructures [3][4]. Xu et al. note that while convenience-oriented buyers often adopt advance-payment methods, risk-averse consumers actively lean toward COD because it addresses security and privacy concerns by delaying financial settlement until physical product delivery [8].

This transactional dynamic directly applies to the empirical behavior observed among Flamboyan SME's consumers in Gorontalo. By offering a COD payment scheme, Flamboyan SME successfully captures a broader segment of local consumers who are hesitant to execute digital prepayment. The system provides these local buyers with a sense of transactional control and reduced perceived financial risk, thereby facilitating a more secure, accessible, and comfortable shopping experience that directly drives the enterprise's initial sales conversions.

2. Digital Trust & Loyalty (Repurchase Intention via Social Messaging Platforms)

Building sustainable online business growth relies heavily on establishing digital trust, which acts as a primary determinant of customer loyalty and long-term repurchase intentions. In online commerce, e-satisfaction and e-trust serve as vital precursors that stimulate customer loyalty and positive electronic word-of-mouth (e-WOM), which collectively shield an enterprise when minor service anomalies occur [9][10]. Recent studies emphasize that leveraging personalized communication channels such as social messaging apps like WhatsApp strengthens the relational bond between online merchants and buyers, effectively humanizing digital transformations and mitigating the fallout from minor fulfillment flaws [11][12].

This theoretical foundation mirrors the unique customer retention pattern discovered at Flamboyan SME. When minor product discrepancies or late-night delivery challenges arise, local consumers do not default to official, adversarial return protocols. Instead, they utilize direct, personalized direct communication via WhatsApp to voice complaints while consistently maintaining their repeat orders (*repurchase intention*). This dynamic demonstrates that the direct-interaction model fostered by Flamboyan SME converts potential service friction into collaborative feedback, strengthening customer loyalty despite minor operational flaws.

3. Operational Risk & Third-Party Logistics (3PL) Integration

Integrating Third-Party Logistics (3PL) providers offers significant operational flexibility and efficiency for small businesses, yet it introduces inherent operational risks that require strategic mitigation. While utilizing established 3PL networks helps micro-enterprises optimize resource allocation, reduce internal logistical overhead, and eliminate operational bottlenecks, it simultaneously exposes them to external risk factors such as delivery delays, cargo damage, and tracking discrepancies [13][14]. Consequently, small and medium enterprises must establish practical risk prioritization and robust logistical coordination mechanisms to safeguard final customer satisfaction without draining limited internal capital [15].

The logistical framework of Flamboyan SME highlights a practical manifestation of this 3PL risk-reward dynamic. To resolve local delivery constraints, Flamboyan SME intentionally leverages on-demand 3PL services like Gojek and Maxim. This approach stands in stark contrast to more rigid, manual courier models such as the localized, self-managed family delivery system used by competitors like the *Aneka Camilan Murah* business in Tapa. While Flamboyan SME's 3PL model drastically accelerates delivery speed and expands market reach during peak business hours, it faces external logistical constraints, particularly a shortage of active drivers during late-night hours (e.g., past 11:00 PM). This pattern underlines the need for

balanced hybrid logistical scheduling for small businesses.

4. Product Differentiation and Structural Packaging Strategies

Michael Porter's generic competitive framework states that small businesses can bypass aggressive price wars and secure market sustainability by deploying a differentiation strategy that builds unique product attributes and elevates perceived value. Within the competitive agro-industrial snack market, tangible differentiation is heavily achieved through two dimensions: superior product quality and advanced structural packaging [16][17]. Empirical food science studies prove that utilizing moisture-proof, high-barrier laminated packaging materials significantly extends the shelf life of snack products like banana chips by preventing lipid oxidation and moisture absorption, while visual packaging design heavily sways consumer buying behavior at the point of sale [18][19].

This focus on structural differentiation explains why Flamboyan SME remains resilient against high product return rates a risk typically associated with COD transactions. Flamboyan SME aggressively invests in product quality control for its signature banana chips, crispy nike, and sambal rowa, while sourcing premium, high-quality packaging materials specifically from manufacturing hubs in Bandung. By enhancing both the functional preservation (moisture prevention) and visual appeal of its packaging, Flamboyan SME elevates

its product's perceived value. This rigorous differentiation ensures that when a COD package arrives, the actual product matches or exceeds consumer expectations, effectively reducing product rejection and maintaining a near-zero return rate.

Based on the background and the empirical findings outlined above, a significant paradox emerges within the implementation of the Cash on Delivery (COD) ecosystem. While macro-level literature frequently highlights systemic vulnerabilities in national COD transactions such as deep-rooted consumer misconceptions regarding package unboxing regulations, widespread product disinformation, and complex, friction-ridden return protocols that heavily burden buyers the micro-level reality at Flamboyan SME in Gorontalo City demonstrates a starkly contrasting narrative of operational resilience. Despite experiencing localized logistical constraints, such as late-night driver shortages on third-party digital platforms (Gojek and Maxim), the enterprise effectively eliminates product rejection and formal returns through direct WhatsApp communication, strict material quality control, and premium packaging differentiation. This clear divergence between general digital marketplace risks and the specific operational success of Flamboyan SME underscores the need for a targeted academic investigation. Consequently, this study formulates the following research questions to guide the analysis:

1. How does Flamboyan SME navigate and mitigate the prevalent consumer

misconceptions regarding transaction regulations within the Cash on Delivery (COD) payment framework to optimize online sales?

2. What strategic communication and digital trust-building mechanisms are utilized by Flamboyan SME via personalized social messaging platforms to maintain customer loyalty and repurchase intentions despite minor operational flaws?

3. How does Flamboyan SME deploy product differentiation strategies specifically regarding packaging standards and material quality control to neutralize product disinformation risks and completely eliminate customer dissatisfaction and formal product returns?

RESEARCH METHODS

Research Design and Approach

This study employs a qualitative descriptive-analytic research design to explore the application of the Cash on Delivery (COD) payment system in accelerating online business sales at Flamboyan SME in Gorontalo City. Qualitative methodology is selected because it enables an in-depth, contextual exploration of complex operational behaviors, strategic risk mitigation, and interpersonal communication patterns that cannot be fully captured through numerical indicators [20]. In this research framework, the researcher acts as the primary instrument (*human instrument*) for data collection and analysis, playing a critical role in interpreting field realities, establishing thematic patterns, and deriving rich, descriptive meanings directly from the source data.

Data Sources and Informants

To maintain data validity and structural depth, informants were selected purposively based on their direct involvement in the operational, managerial, and transactional workflows of the enterprise. The primary data sources consist of key informants within Flamboyan SME, including:

1. The Enterprise Owner (Ms. Sonya Yahya): Providing strategic insights regarding business model adaptation, digital trust-building via WhatsApp, and product differentiation.
2. Internal Operations and Fulfillment Staff (Sriyati and Nurindah): Providing empirical data concerning material quality control, product packaging protocols from Bandung, and localized logistical workflows.

Secondary data sources complement these interviews, including direct field observations of packaging and shipping processes, digital transaction logs (Gojek/Maxim configurations), and relevant academic literature.

Data Collection Techniques

To satisfy rigorous academic data standards and ensure comprehensive verification, this study utilizes a triad of qualitative data collection techniques:

1. In-Depth Interviews: Conducted using semi-structured interview guides to capture the nuanced experiences, operational challenges (such as late-night driver shortages), and relational dynamics between the enterprise and its digital consumers.

2. Field Observation: Active, non-participatory observation was executed at the Flamboyan SME research site to systematically record the physical packaging procedures, material management, and handling of direct consumer complaints.
3. Documentation: Gathering secondary evidence including WhatsApp communication patterns, operational field notes, and digital photography of premium laminated product packaging to substantiate the descriptive analysis.

Data Analysis Method

Data analysis was performed iteratively alongside the data collection process using an inductive approach. The raw qualitative data collected from transcripts, field notes, and documents were processed through a systematic workflow consisting of data reduction, data display, and conclusion drawing/verification [21]. The researcher actively synthesized the raw field data by enriching contextual information, mapping operational relationships, comparing conflicting logistical frameworks (e.g., Flamboyan SME's 3PL model versus traditional manual couriers), and identifying core behavioral patterns without converting them into statistical metrics. This rigorous process transforms qualitative field evidence into highly structured, actionable insights regarding SME risk mitigation strategies.

RESEARCH RESULTS

Consumer Misconceptions and Operational Dynamics of the Cash on Delivery (COD) System

The implementation of the Cash on Delivery (COD) payment system in Indonesia is systematically plagued by structural consumer misconceptions. A primary friction point within the domestic e-commerce ecosystem is the widespread buyer assumption that packages can be unboxed and inspected prior to executing financial settlement with the courier. Mechanistically, standard operating procedures for COD dictate that a transaction cannot be violated; the buyer must hand over the financial settlement to the logistical courier immediately upon arrival. Only after the payment is secured may the client open the package. Consequently, any subsequent product dissatisfaction remains a post-purchase issue that must be resolved directly with the seller, independent of the courier's completed logistical service.

Despite these nationwide systemic frictions, empirical evidence gathered from Flamboyan SME demonstrates a highly resilient operational model. The enterprise leverages COD not as a logistical burden, but as an aggressive market expansion tool. Ms. Sonya Yahya, the owner of Flamboyan SME, articulated her experience regarding COD implementation and customer relations as follows:

"Speaking of the COD system and online sales, thank God, I fully utilize digital platforms. In my opinion, adopting COD makes selling products incredibly easy and efficient; we simply publish our product posts on social media and wait for incoming orders. Our market reach is no longer confined to Gorontalo; our sales have

expanded nationwide, capturing consumers in Jakarta, Merauke, Java, Manado, and other regions. Sharing products via mobile phones onto social media platforms has drastically simplified the transactional process. Whenever we launch a new product line, I immediately notify my network or broadcast the update through our dedicated WhatsApp groups. Interestingly, when a product discrepancy occasionally occurs, my customers prefer to lodge a direct complaint with me via WhatsApp rather than initiating a formal item return. In fact, they usually proceed to place repeat orders for their previously purchased items." (Interview, September 19, 2022).

Ms. Sonya's testimony reveals a critical structural insight: Flamboyan SME has successfully bypassed the traditional pitfalls of COD transactions by establishing a direct, highly responsive communication channel via WhatsApp. This localized digital trust framework shifts consumer behavior; buyers choose immediate personal communication over adversarial product rejections or formal returns. However, the operationalization of this system is heavily reliant on external Third-Party Logistics (3PL) infrastructure, which introduces specific timing constraints. This operational bottleneck was corroborated by an internal operational employee at Flamboyan SME:

"Utilizing the COD framework is highly effective and streamlined for our business. However, our main

operational hurdle arises when customers place orders late at night specifically around 11:00 PM and later to be shipped outside our immediate local area. At that hour, securing an on-demand courier becomes exceptionally difficult. Even though we continuously rely on digital application services like Gojek or Maxim, finding active drivers during these late-night hours presents a significant logistical constraint." (Interview, September 19, 2022).

This field data indicates that while digital trust and social messaging platforms optimize front-end sales conversions and resolve buyer-seller friction, the back-end sustainability of the COD model remains heavily dependent on regional 3PL driver availability, exposing a clear vulnerability during non-operational hours.

Mitigation of Product Disinformation and Preservation of Consumer Trust

In the broader e-commerce landscape, transaction failures frequently stem from product disinformation, where online merchants deliberately overstate or manipulate digital product displays, leading to sharp mismatches between consumer expectations and physical reality. This asymmetry often results in severe post-purchase cognitive dissonance and heightened return rates. Within Flamboyan SME's operational strategy, this market risk is proactively neutralized through strict transparency and a robust product differentiation framework. Ms. Sonya Yahya

detailed her strategy for maintaining information symmetry as follows:

"At Flamboyan SME, we strictly avoid any form of product exaggeration or misleading advertisements; everything displayed matches our exact production realities. We intentionally optimize the COD payment system to scale up our online sales by fiercely protecting consumer convenience and product quality. When a new batch is manufactured, we instantly communicate the exact specifications to our consumer network. Furthermore, to elevate our structural presentation and product preservation, we source our specialized packaging materials directly from manufacturing hubs in Bandung. Thank God, our customers consistently express high satisfaction and zero disappointment because Flamboyan SME prioritizes quality defense over short-term transaction volumes." (Interview, September 19, 2022).

By alignment of actual production outputs with digital marketing narratives, Flamboyan SME systematically eliminates the root causes of product returns. Sourcing high-barrier packaging from Bandung serves as a physical mechanism to guarantee that the quality promised digitally remains intact when the package arrives at the consumer's doorstep, effectively insulating the firm from typical COD disputes.

Simplification of Return Mechanisms through Total Quality Management (TQM)

Under Indonesian regulatory frameworks, specifically Government Regulation on Electronic Systems and Transactions (PP PSTE), digital merchants are legally mandated to provide structured windows for product returns due to hidden defects or contractual non-compliance. However, traditional return protocols in e-commerce are notoriously complicated and heavily burden consumers with additional shipping fees and bureaucratic verification steps. Flamboyan SME strategic response to this challenge is the implementation of rigorous internal quality controls that preemptively lower return rates to near-zero. Sriyati, an operational staff member, described the production standards:

"Flamboyan SME manages a diverse portfolio of localized agro-industrial products, ranging from premium cheese-flavored, balado, and original banana chips to specialized local delicacies like Crispy Nike and Sambal Rowa. We execute the entire manufacturing workflow using highly monitored tools and select raw materials available at our facility. Our team packs every single item carefully and meticulously to guarantee that customers face no disappointment upon unboxing. Because we fiercely guard this flavor and material consistency, we have attracted a highly loyal customer base, including substantial demand from outside the

Gorontalo region." (Interview, September 28, 2022).

This stringent emphasis on material standardization and production precision is what prevents operational friction in the delivery stage. To further elaborate on this internal consistency, Nurindah, another operational employee, added:

"As Sriyati mentioned, our product consistency is deeply guarded because Ms. Sonya personally manages and arranges the exact material formulations prior to every single production run. While there are other local micro-businesses attempting to replicate similar banana chips within the region, our specific flavor profile and texture remain completely distinct. Even though market competition has intensified with new entries producing chips, our unique taste barrier keeps Flamboyan SME differentiated." (Interview, September 28, 2022).

The empirical data from the operations team demonstrates that Flamboyan SME addresses the challenge of complex return systems by shifting its focus entirely toward preventative quality assurance. By engineering a highly differentiated product evidenced by proprietary material mixtures and specialized packaging the firm creates a high perceived value. Consequently, this premium execution eliminates consumer incentives for product rejection during COD handovers, providing a practical model for small businesses navigating e-commerce risks.

DISCUSSION

Navigating Consumer Misconceptions within the COD Payment Framework

The empirical findings demonstrate that Flamboyan SME effectively navigates nationwide consumer misconceptions regarding Cash on Delivery (COD) unboxing regulations by transforming a potentially friction-ridden payment method into an aggressive market expansion tool. While the standard operation of COD in Indonesia strictly prohibits package opening prior to financial settlement, Flamboyan SME reduces transaction anxiety by capitalizing on social media publishing and immediate digital responsiveness. This strategy allows the enterprise to capture risk-averse consumer segments not only locally in Gorontalo but also across remote regions such as Merauke and Jakarta. However, the study uncovers an operational bottleneck in the back-end logistics: the reliance on on-demand Third-Party Logistics (3PL) like Gojek and Maxim creates a distinct vulnerability late at night (past 11:00 PM), when driver availability drops drastically, showing that front-end sales optimization must be balanced with hybrid logistical planning.

This phenomenon aligns with contemporary e-commerce literature highlighting that COD functions as a vital risk-reduction mechanism in emerging markets. According to Sharma et al., consumers with lower structural trust in digital payment architectures actively prefer COD because it provides tangible transactional control and minimizes immediate financial

exposure [3]. Similarly, Weei et al. note that offering a pay-on-the-spot option drastically lowers the buyer's *perceived risk*, which heavily influences initial online purchase intentions among skeptical demographics [4]. Flamboyan SME's capacity to scale its national sales footprint validates these theories, proving that COD successfully removes the structural barriers of digital distrust.

However, the logistical friction discovered during late-night hours underscores the complex operational risks associated with third-party networks. As articulated by Osorio-Gómez et al., small and medium enterprises integrating 3PL services gain immense operational flexibility but simultaneously absorb the operational uncertainties of external provider networks, such as labor shortages or timing constraints [15]. Wen and Wang argue that robust risk-control mechanisms and structured delivery scheduling are mandatory to mitigate these 3PL dependencies [13]. For Flamboyan SME, the localized shortage of active on-demand drivers after hours highlights the theoretical limitation where front-end digital trust outpaces back-end logistical infrastructure maturity.

Strategic Communication and Digital Trust-Building via Social Messaging

Flamboyan SME utilizes personalized communication via social messaging platforms, specifically WhatsApp groups, to build an informal digital trust framework that shifts consumer behavior away from adversarial return protocols. When minor product discrepancies or late-night delivery

delays occur, consumers completely bypass formal, complex e-commerce return workflows. Instead, they leverage direct access to the owner to lodge personal feedback while consistently executing repeat orders. This direct-to-owner interaction model effectively humanizes the transaction, transforming a standard commercial dispute into a collaborative relationship. Consequently, customer loyalty is preserved, and the platform serves as an interactive mechanism where service flaws are immediately neutralized, and customer repurchase intention is consistently maintained.

This relational dynamic is strongly supported by recent digital relationship marketing literature. Younes emphasizes that e-satisfaction and e-trust act as powerful mediators that stimulate long-term customer loyalty and positive electronic word-of-mouth (e-WOM), creating a psychological buffer that shields a brand during minor service anomalies [10]. Furthermore, Amado-Mateus et al. argue that young consumers in emerging markets increasingly seek relationship-based approaches over rigid corporate protocols, where personalized engagement directly reinforces online repurchase intentions [11]. Flamboyan SME's reliance on informal communication channels proves that personalized touchpoints successfully substitute for formal institutional trust.

The operationalization of WhatsApp as a primary conflict resolution tool highlights the evolving role of instant messaging in digital transformation frameworks. Bazzi observes that humanized, direct messaging

communication creates conversational commerce environments that significantly enhance brand attachment and customer retention [12]. When minor flaws are resolved transparently through personalized chat feeds, the interaction builds higher post-purchase satisfaction than an error-free but detached transactional process [22]. This directly explains why Flamboyan SME's customers choose immediate personal notification over product rejection, confirming that digital trust acts as a strategic shock absorber against operational friction.

Deploying Product Differentiation to Neutralize Disinformation and Return Risks

The research results indicate that Flamboyan SME eliminates product disinformation risks and drives customer return rates to near-zero by adopting a preventative Total Quality Management (TQM) approach anchored in aggressive product differentiation. Instead of overstating product characteristics digitally—a common cause of e-commerce dissatisfaction—the enterprise ensures absolute information symmetry by aligning its social media displays with actual production realities. Operationally, this is reinforced by sourcing premium, moisture-proof laminated packaging from Bandung and maintaining strict ingredient standardization overseen personally by the owner. By securing consistent flavor profiles for high-value items like cheese banana chips, Crispy Nike, and Sambal Rowa, the firm establishes a high *perceived value* that eliminates the consumer incentive to reject or return a package during a COD handover.

This operational success exemplifies Michael Porter's generic competitive framework regarding differentiation strategies. As André et al. state, small firms can successfully bypass destructive price wars and neutralize market risks by embedding unique, high-quality attributes into their physical products [16]. Sisodia adds that establishing a clear "point of difference" through superior material quality and presentation effectively elevates the product's value in the consumer's mind [17]. Flamboyan SME's strict quality defense acts as a practical deployment of Porter's theory, ensuring that the physical product matches or exceeds the expectations set by digital marketing channels.

Furthermore, the strategic focus on high-barrier packaging from Bandung reflects critical food science and consumer behavior principles. Khanvilkar et al. demonstrate that specialized laminated packaging is structurally essential for agro-industrial snack products like banana chips to prevent lipid oxidation and moisture absorption, thereby extending shelf life and retaining taste integrity [18]. From a marketing perspective, Claudel et al. prove that structural and visual packaging cues significantly dictate consumer buying decisions and post-purchase validation at the point of consumption [19]. By investing in premium packaging that preserves freshness and enhances visual appeal, Flamboyan SME structurally guarantees that when a COD package arrives, the unboxing experience matches consumer expectations, neutralizing return risks before they manifest.

CONCLUSION

Based on the findings and discussion, three main conclusions can be drawn:

1. The COD payment system has proven effective in increasing online sales at Flamboyan SME. By offering a payment method that reduces consumers' perceived transaction risk, the business successfully expands its market reach beyond Gorontalo and attracts customers who are hesitant to use digital payment systems.
2. Digital trust-building through personalized communication plays a crucial role in maintaining customer loyalty. The use of WhatsApp as a direct communication channel enables rapid problem resolution, strengthens customer relationships, reduces the likelihood of product returns, and encourages repeat purchases.
3. Product differentiation and rigorous quality control effectively mitigate operational risks associated with COD transactions. Through transparent product information, premium packaging, and consistent product quality, Flamboyan SME minimizes customer dissatisfaction and maintains a near-zero return rate. These practices demonstrate that integrating COD with customer-oriented communication and quality assurance strategies can support sustainable business growth for MSMEs in the digital marketplace.

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