

Rising Sales, Shrinking Margins: Evaluating Shopee Marketplace Costs and Profitability of a Toraja Coffee Business

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ABSTRACT

Background: Sales growth can obscure marketplace margin pressure for coffee MSMEs; how mandatory and participation-based platform charges shape margins is unclear.

Purpose: To examine sales growth, platform costs and contribution margins in one Toraja coffee business.

Design/methodology/approach: A descriptive single-case study, chosen for access to internal cost records, analyzed 3,420 orders (July 2024–June 2026) in the seller's Shopee channel, the unit of analysis, using transaction reports, advertising records and unit-based COGS estimates. Cost classification, margin decomposition and sensitivity analyses were applied.

Findings/Results: Annual sales rose 137% and contribution before fixed costs 90%; the contribution margin fell from 17.05% to 13.68%. A lower COGS ratio added 4.94 percentage points; higher mandatory fees and program, affiliate and advertising costs absorbed 2.43 and 5.92 points, respectively. Treating Promo XTRA as platform-determined reversed this ranking. The 50 g pack was most sensitive to advertising allocation.

Conclusion: Sales growth accompanied higher absolute contribution but a lower margin. The seller should monitor contribution by product and cost source, not sales alone; incremental advertising returns remain undetermined.

Originality/value: Cost records show that sales and absolute contribution can rise while the margin falls, and that whether the decline reflects platform or seller decisions depends on program classification.

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INTRODUCTION

Digital platforms expand Indonesian MSMEs' market access (Purnomo et al., 2024; Yacob et al., 2021). By November 2025, about 25 million of Indonesia's 64.2 million MSMEs, or approximately 39%, had onboarded to e-commerce (Djailani, 2025). Market access, however, does not guarantee retained margin: sales can grow while the contribution margin falls if variable costs per rupiah of sales rise (Drury, 2018), and survey evidence links Shopee administration fees to sellers' income and profit (Hapsari & Sarwono, 2024). Hartono et al. (2025) show that owner support, compatibility and competitive pressure shape MSMEs' intention to adopt TikTok as a sales channel. For an established seller, a further question is how much revenue remains after product, platform and advertising costs.

The issue matters for Toraja coffee producers moving into direct retail. Tana Toraja Regency has approximately 10,784 ha of arabica coffee producing 3,701.2 t of market coffee (BPS Tana Toraja, 2024, as cited in Sammane et al., 2025). In Gandangbatu Sillanan, a bean-sourcing area for this case, Sammane et al. (2025) identify simple cultivation and processing technology, aging trees and price fluctuations

among the constraints reported by 40 surveyed farmers; their study describes the production context rather than marketplace profitability. Value-added and marketing studies in Tana Toraja show the importance of processing and distribution (Gabryaldo et al., 2022, 2025), while transaction costs influence coffee-channel choice (Juliaviani et al., 2022). Indonesian coffee MSMEs increasingly build digital-platform capability to improve agility (Suzianti et al., 2024), and online buyers of Indonesian coffee respond to sensory attributes such as flavor and aroma (Chaldun et al., 2024), which gives differentiated roasters a basis for price premiums. Selling online, however, exposes this premium positioning to price and visibility competition on platforms and adds marketplace and advertising costs whose effect on retained margins requires examination.

In cost–volume–profit terms, contribution equals revenue less variable costs and is available to cover fixed costs and profit (Drury, 2018). For a marketplace seller, these variable costs include COGS, fulfillment, platform fees charged as a share of price and advertising. Price adjustments can partly offset higher input or platform costs; evidence on tax pass-through shows that the share passed to prices varies with competition (Dimitrakopoulou et al., 2024), but such evidence does not

prove the mechanism here. Platforms also control product visibility and can respond to fee constraints by reallocating recommendations and consumer fees, so seller outcomes depend on the whole fee-and-visibility package (Etro, 2024; Li & Wang, 2025a). Program participation and advertising may support demand, but their incremental value depends on additional contribution, not on expenditure or observed sales alone. Participation decisions and tariff-setting authority are distinct: joining a program does not mean that the seller controls its rates.

Existing studies examine marketplace sales growth (Amelia & Sudrartono, 2023; Hajiku et al., 2025; Lestari & Cahyono, 2025), commission and pricing decisions (Hasiloglu & Kaya, 2021; Dai & Zhang, 2025) and competitive promotions (Li & Popkowski Leszczyc, 2025). Advertising research cautions that observational measures can differ from experimental estimates, that sponsored listings can divert organic purchases, and that sellers benefit mainly when a sponsored listing replaces a lower-ranked organic one (Gordon et al., 2019; Joo et al., 2024; Moshary, 2025). What remains unclear is how platform charges that differ in who set them (mandatory tariffs and participation-based programs) combine with advertising and price adjustment to shape a seller's contribution margin. Commission models treat platform charges as a single rate, MSME studies measure sales or perceived burden, and advertising experiments come from large advertisers. This study addresses that gap with seller-level evidence that sales and absolute contribution can rise while the margin falls, and that attributing the decline to platform or seller decisions depends on how participation-based programs are classified. It does not claim that one cost category causes margin decline in general.

Kopi Toraja Gandangbatu provides access to a rapidly growing Shopee channel and its internal cost parameters. Three research questions guide this descriptive-evaluative study: (1) How did marketplace fees change under alternative program classifications? (2) How did sales, estimated COGS and contribution margins change? (3) How do channel and product margins compare with advertising break-even benchmarks and alternative cost assumptions? Because the design is descriptive, three working hypotheses are examined against the accounting evidence rather than tested statistically. H1: higher mandatory fees are more than offset by a lower COGS ratio as prices are adjusted. H2: the margin decline is associated more with program, affiliate and advertising costs than with mandatory fees, conditional on program classification. H3: as advertising intensity rises, total sales per rupiah of advertising move toward the break-even level, most closely for small packs. The expected results are evidence on whether sales growth translated into margin growth and case-specific margin indicators (margin before advertising, break-even ratio and minimum incremental advertising share) for pricing, program and advertising decisions.

METHODS

A quantitative descriptive-evaluative single-case design was used (Yin, 2018). The unit of analysis was the Shopee

channel of Kopi Toraja Gandangbatu, a Star+ seller of roasted robusta, arabica, blends, drip bags and ancillary products. Access to normally private transaction and cost records made this a revelatory case and motivated its selection; the aim was analytical rather than statistical generalization (Yin, 2018). The census covered 3,420 orders and 4,292 product lines from 81 listings over eight quarters, July 2024–June 2026. Sources comprised quarterly income reports, monthly advertising top-ups, actual advertising expenditure for February–June 2026 and owner-supplied annual COGS parameters. Completeness within this channel did not establish representativeness of other sellers.

Orders were assigned by fund-release date to align final revenue, fees and refunds. The reported release lag had a median of 3 days, a mean of 4.3 days and a 90th percentile of 9 days; 96.4% of revenue was released in the order quarter. Quarterly fee ratios based on order dates differed by no more than 0.13 percentage points. These checks reduced concern about timing for fee comparisons but did not validate the timing of prepaid advertising expenditure.

Reports were exported with the owner's consent. Owner-supplied parameters for 2024, 2025 and 2026 captured annual green-bean and packaging prices; product mix entered through line-level mapping. Robusta prices ranged from IDR 56,000 to IDR76,000/kg, and carbonic-maceration and peaberry arabica from IDR200,000 to IDR240,000/kg. Roasting cost was IDR10,000/kg of green beans; assumed roasting losses were 22% for robusta and 18% for arabica. Packaging cost was IDR1,800–5,500 per pack. Taracasta, Arabusta and Rostabika contained 30%, 50% and 70% robusta by roasted weight, respectively, with espresso arabica making up the balance. Prices were not independently audited, and within-year cost fluctuations and variation in roasting losses may have been missed.

$\text{COGS/kg} = (\text{green bean price} + \text{roasting fee}) / (1 - \text{roasting loss})$ (1)

Pack COGS equaled roasted-coffee cost per gram multiplied by pack weight plus packaging. Income reports lacked quantities and variants, so units were estimated from line value divided by the listing's annual modal unit price, with a minimum of one unit and adjustments for sparse listings, multi-packs and 500 g variants listed under 1 kg products. Items without purchase prices represented 2.4% of sales and were assigned 70% COGS, close to the 68.71% observed for resold items with known costs. June 2026 validation matched 313 orders: estimated coffee units were 498 versus 499 actual units; 99.1% of coffee lines matched exactly. COGS differed by 0.4%, with ratios of 46.84% and 47.03%. This validation checked unit reconstruction for one month, not the accuracy of all input prices or earlier periods.

Advertising cost was estimated as top-up count × IDR111,000, comprising IDR100,000 credit plus the 11% tax recorded in the source model. The tax was included as a cost borne by the business. February–June 2026 top-ups excluding tax totaled IDR29.80 million, 2.8% below actual advertising expenditure of IDR30.65 million. The short validation window and carried-over balances limited its use as a full-period

proxy; $\pm 10\%$ advertising scenarios were illustrative stress tests, not confidence intervals. Revenue, fees and released funds were reconciled to the platform totals in each quarter.

The framework combined transaction, cost and advertising records to estimate contribution and assess alternative assumptions (Figure 1). Revenue P was defined as product value less refunds and seller vouchers. Mandatory fees W comprised administration and order-processing fees; program and affiliate costs E comprised Free Shipping XTRA, Cashback XTRA, Promo XTRA and affiliate commissions. Net shipping S was included separately; total marketplace fees $B = W + E + S$. This baseline grouping described participation categories, not complete seller control. Free Shipping XTRA and Promo XTRA were also reclassified separately as platform-determined costs.

Estimated COGS H was the sum of units $\times$ unit COGS. Fulfillment O was IDR 1,250 per order for outer packaging, tape and packing labor; advertising was denoted I . Channel contribution $C = P - B - H - O - I$ excluded fixed costs and some unrecorded production costs. The margin before advertising was $m_o = (P - B - H - O)/P$; the contribution margin was $m = C/P$. For Year 1 (July 2024–June 2025) and Year 2 (July 2025–June 2026), the accounting bridge was:

$$\Delta m = -\Delta w - \Delta e - \Delta h - \Delta o - \Delta i \quad (2)$$

Lower-case letters denoted revenue ratios; o combined fulfillment and net shipping. The bridge used revenue-weighted annual totals and could not isolate interactions among pricing, program participation, advertising and volume.

$$R = 1/m_o; s = i/m_o \quad (3)$$

R was the advertising break-even ratio; s was the minimum share of total sales that advertising had to generate incrementally, and $i = I/P$. Equation 3 assumed that incremental sales carried the observed margin before advertising. Total sales/ I included organic sales and could not identify advertising-generated revenue. Product-group margins allocated quarterly channel costs in proportion to gross product sales. Selected-product scenarios instead assumed one unit per order and used the 2026 average

marketplace-fee ratio. Advertising was stressed one product at a time at 0.5, 1.0, and 1.5 times the April–June 2026 channel ratio; these were not simultaneous reallocations preserving total spend. H1 and H2 were evaluated with the annual bridge and the classification scenarios, and H3 with the break-even benchmarks and product scenarios; because (total sales/ I)/ R equals m_o/i , H3 was judged by how close this ratio came to 1 and by product break-even ratios.

RESULTS

Sales Growth and Marketplace Costs

Quarterly revenue increased from IDR 20.88 million to IDR 122.89 million and orders from 195 to 882 (Table 1). Annual revenue grew 137.0%, from IDR 123.20 million to IDR 291.96 million, while advertising grew 164.2%, from IDR 19.20 million to IDR 50.73 million. Consequently, the annual sales-to-advertising ratio declined from 6.42 to 5.76. Cumulative advertising (IDR 69.93 million) was comparable to marketplace fees (IDR 71.84 million).

During October–December 2025, revenue increased 35.5% from the preceding quarter, whereas fees increased 68.8% and contribution 13.1%. This quarter coincided with the 11.11–12.12 campaigns and higher Promo XTRA rates. In April–June 2026, revenue increased 106.4%, advertising 121.6% and fees 104.9%; contribution increased 88.3%. Fees plus advertising reached 41.34% of revenue. These comparisons described concurrent changes and did not establish campaign or advertising effects. Figure 2 showed that revenue rose in almost every quarter, whereas the contribution margin moved opposite to the advertising ratio in six of the seven quarterly changes. The exception, October–December 2025, combined a lower advertising ratio with a fee ratio that rose from about 14.4% to 17.9%.

The marketplace-fee ratio increased by 9.50 percentage points between the first and last quarters (Table 2). Under the baseline classification, mandatory fees added 4.28 points and program and affiliate costs 5.21 points. Promo XTRA (+4.50 points) and affiliates (+1.47 points) outweighed the discontinuation of Cashback XTRA (–1.40 points).

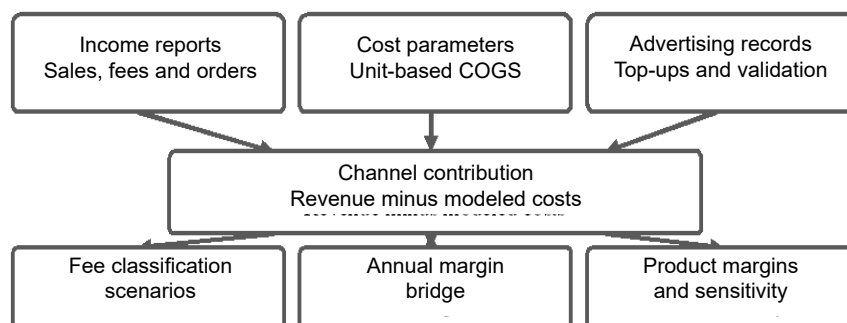


Figure 1. Framework for channel contribution analysis

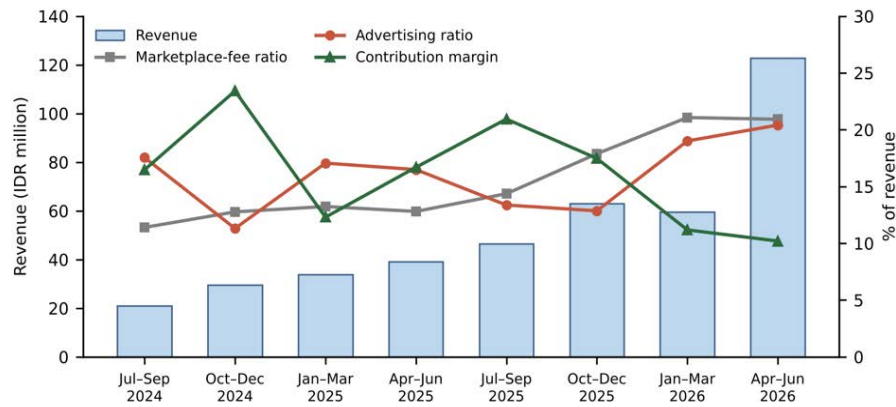


Figure 2. Quarterly revenue, marketplace fee ratio, advertising ratio, and contribution margin

Recorded administration rates rose from approximately 5.0–5.5% before September 2024 to 7.2–7.5%, then 9.3–9.5% from January 2026. The September 2024 step coincided with Shopee's administration-fee revision for all seller tiers (Jatmiko, 2024), and Shopee announced that the higher Free Shipping XTRA fee from May 2, 2026, was optional for sellers (Subekti, 2026). Processing fees of IDR 1,250 per order appeared from August 2025. Promo XTRA replaced Cashback XTRA in March 2025 and applied to almost all orders from April. Its rate on charged orders rose from 1.0% through August 2025 to 4.5% from December. In January–June 2026, service fees averaged 9.07% of revenue: Promo XTRA 4.50% and Free Shipping XTRA 4.57%. Promo XTRA appeared on 99.9% of orders. Thus, from April 2025 the increase reflected a higher charged rate rather than wider participation, whereas the change from the July–September 2024 baseline also included the switch from Cashback XTRA to Promo XTRA. According to the owner, Shopee set the Promo XTRA rate, whereas the seller decided only whether the store participated. Affiliates covered 261 orders in April–June 2026, with a mean commission of 4.7% of those orders' value.

Contractual choice should not be equated with practical discretion. Enrollment concerns discussed by Putra and Hasanah (2025), and competition over promotions (Li & Popkowski Leszczyc, 2025), reinforced the need to distinguish participation from tariff authority. Near-universal participation in this channel could not establish that the programs were necessary or freely chosen.

Estimated COGS and Channel Contribution

Cumulative estimated COGS was 50.14% of revenue. Its quarterly ratio fell from 53.39% to 47.57%, although it peaked at 56.37% in January–March 2025. For robusta 200 g, average price rose from IDR 39,610 in 2024 to IDR 58,122 in 2026 (+46.7%), while unit COGS rose from IDR 20,123 to IDR 22,931 (+14.0%). Espresso arabica 200 g showed price growth of 50.1% and COGS growth of 21.1%. These product comparisons were consistent with improved price-to-cost

ratios; aggregate COGS ratios also reflected product mix, and the analysis did not isolate pass-through.

Contribution was positive in all quarters, totaling IDR 60.95 million or 14.68% of revenue (Table 3). Absolute quarterly contribution increased 3.6-fold, compared with 5.9-fold revenue growth. Margin before advertising ranged from 29.36% to 34.71%, while contribution margin ranged from 10.20% to 23.41%. The relation $m = m_0 - i$ is an accounting identity; movements in correlated components should not be interpreted as independent explanatory shares.

The annual bridge showed a 3.37-point margin decline (Table 4). A lower COGS ratio added 4.94 points, while mandatory fees absorbed 2.43 points, program and affiliate costs 4.13 points, and advertising 1.79 points. The program increase comprised Promo XTRA (+3.40), affiliates (+1.03), Free Shipping XTRA (+0.59) and Cashback XTRA (–0.89). The identity quantified accounting components, not independent economic effects: price, volume and visibility may have changed together.

When Free Shipping XTRA was moved to mandatory fees, the remaining program, affiliate and advertising ratios still rose by 5.33 points. When Promo XTRA alone was instead treated as platform-determined, platform-determined costs rose by 5.82 points and the remaining program, affiliate and advertising costs by 2.52 points. These were separate scenarios. The relative attribution therefore changed with program classification; it could not support an unconditional claim that seller-controlled spending explained most of the decline.

Annual contribution nevertheless rose 90.1%, from IDR 21.01 million to IDR 39.94 million. A smaller retained percentage can coexist with a larger absolute amount, and platform channels can raise volume while intensifying price competition and limiting differentiation by independent sellers (Li & Wang, 2025b). Fixed costs and some production costs were excluded, so neither the channel's net profit nor its superiority to other channels could be determined.

Table 1. Quarterly sales and channel costs

Quarter	Orders	Revenue (IDR million)	Fees (IDR million)	Ads (IDR million)	Fees + ads (%)
Jul–Sep 2024	195	20.88	2.38	3.66	28.97
Oct–Dec 2024	262	29.45	3.76	3.33	24.08
Jan–Mar 2025	280	33.84	4.48	5.77	30.30
Apr–Jun 2025	313	39.04	5.00	6.44	29.29
Jul–Sep 2025	394	46.50	6.68	6.22	27.73
Oct–Dec 2025	575	63.02	11.27	8.10	30.75
Jan–Mar 2026	519	59.55	12.55	11.32	40.08
Apr–Jun 2026	882	122.89	25.71	25.09	41.34
Total	3,420	415.16	71.84	69.93	34.15

Table 2. Change in marketplace-fee ratios

Fee component	Jul–Sep 2024 (%)	Apr–Jun 2026 (%)	Change (points)
Administration fee	6.07	9.45	+3.38
Order-processing fee	0.00	0.90	+0.90
Subtotal mandatory	6.07	10.35	+4.28
Free Shipping XTRA	3.95	4.59	+0.64
Cashback XTRA	1.40	0.00	–1.40
Promo XTRA	0.00	4.50	+4.50
Affiliate commission (AMS)	0.00	1.47	+1.47
Subtotal programs and affiliates	5.35	10.56	+5.21
Net shipping cost	0.00	0.02	+0.02
Total marketplace fees	11.42	20.92	+9.50

Table 3. Quarterly contribution and advertising benchmarks

Quarter	COGS (%)	m_0 (%)	Ads (%)	C (IDR million)	m (%)	BE (×)	Sales/ ads (×)
Jul–Sep 2024	53.39	34.02	17.55	3.44	16.47	2.94	5.70
Oct–Dec 2024	51.40	34.71	11.31	6.89	23.41	2.88	8.84
Jan–Mar 2025	56.37	29.36	17.06	4.16	12.30	3.41	5.86
Apr–Jun 2025	53.02	33.18	16.49	6.51	16.69	3.01	6.06
Jul–Sep 2025	50.26	34.31	13.37	9.74	20.94	2.91	7.48
Oct–Dec 2025	50.63	30.34	12.86	11.01	17.48	3.30	7.78
Jan–Mar 2026	47.65	30.19	19.01	6.66	11.18	3.31	5.26
Apr–Jun 2026	47.57	30.61	20.41	12.53	10.20	3.27	4.90
Total	50.14	31.53	16.84	60.95	14.68	3.17	5.94

C = contribution before excluded costs; m_0 = margin before advertising; m = contribution margin; BE = $1/m_0$. The total row uses aggregated revenue and costs, not the means of quarterly ratios.

Table 4. Revenue-weighted annual margin bridge

Component	Year 1	Year 2	Margin effect (points)
Revenue (IDR million)	123.20	291.96	–
Channel contribution (IDR million)	21.01	39.94	–
COGS ratio (%)	53.62	48.67	+4.94
Fulfillment and net shipping (%)	1.07	1.03	+0.04
Mandatory fees (%)	7.20	9.63	–2.43
Program and affiliate costs (%)	5.48	9.61	–4.13
Advertising (%)	15.59	17.37	–1.79
Contribution margin (%)	17.05	13.68	–3.37

Year 1 = July 2024–June 2025; Year 2 = July 2025–June 2026. Program costs comprise XTRA program charges and affiliate commissions. Amounts and ratios are rounded.

Advertising and Product Margins

Total sales/I exceeded the break-even benchmark in every quarter, but the ratio of these two measures narrowed from 3.1 in October–December 2024 to 1.5 in April–June 2026. Assuming that the observed margin applied to incremental sales, advertising would need to generate at least 32.6% and 66.7% of sales, respectively, to cover its cost. The actual incremental share remained unknown. Positive channel contribution and high sales in high-advertising quarters did not establish advertising profitability or necessity.

Between January–March and April–June 2026, advertising increased IDR 13.76 million alongside IDR 63.34 million additional sales and IDR 5.88 million additional contribution. New product lines, including unbranded coffee for resellers representing 11.7% of final-quarter sales, also changed the sales mix. The resulting IDR 0.43 contribution increase per additional advertising rupiah was descriptive, not an incremental return estimate. Competition and budget allocation can affect observed ratios (Wang et al., 2025; Qin et al., 2024), but their effects were not identified here.

The product-group cross-tabulation compared coffee types and pack sizes (Table 5). Standard coffee packs recorded 33.38% margin before advertising and 17.06% after allocated advertising, versus 28.91% and 12.20% for small packs. Among bean and ground coffee groups, standard robusta had the highest margin. These group estimates used proportional allocation and should not be interpreted as the realized contribution from a one-pack order.

Channel costs are allocated quarterly by gross product sales before refunds and vouchers; therefore, the total margin differs from Table 3. The two all-coffee rows are subtotals and must not be added to the individual coffee groups; small packs (50–100 g) are blends only. Sales-based allocation can understate per-order cost burdens for small packs.

Selected-product scenarios used 2026 average prices and unit costs, the 20.99% average marketplace-fee ratio for

January–June 2026 and IDR 1,250 fulfillment per one-unit order (Table 6). The fee ratio already included processing fees, which were not deducted a second time. The 50 g Arabusta pack had a 21.9% margin before advertising and retained only 1.5% at the final-quarter advertising ratio of 20.41%. At 1.5 times that ratio its estimated margin was –8.7%; the other products remained positive. These were conditional product scenarios, not observed product-level advertising returns.

Fixed per-pack and per-order costs weighed more heavily on low-priced small packs and warranted explicit allocation before pricing or bundling decisions (Drury, 2018).

Sensitivity, Hypotheses and Implications

Cumulative contribution margin remained positive at 12.17% with COGS increased by 5%, 13.24% with fulfillment of IDR 3,000 per order, and 14.20–15.16% when the unknown-price items' COGS ratio varied from 50% to 90%. An advertising change of $\pm 10\%$ yielded 13.00–16.36% cumulatively and 8.16–12.24% in the lowest-margin quarter; applied equally to both years, it would alter the bridge's advertising term by only ± 0.18 points. These checks demonstrated positivity under the selected scenarios, not accuracy of the proxy or robustness to all omitted costs.

Against the working hypotheses, the evidence was consistent with H1: the COGS effect of +4.94 points exceeded the –2.43-point mandatory-fee effect, although pass-through was not identified. This held for contractually mandatory fees only: when Promo XTRA was grouped with them as platform-determined, their combined increase (5.82 points) exceeded the COGS effect. H2 was supported only under the baseline classification; the ranking reversed when Promo XTRA was treated as platform-determined (+5.82 versus +2.52 points), a treatment that better fit its Shopee-set rate. H3 was consistent with the data: the ratio of total sales/I to break-even fell from 3.1 to 1.5 while remaining above 1, and the 50 g pack's break-even ratio of 4.57 approached the final-quarter channel ratio of 4.90.

Table 5. Product-group margins over the study period

Product group and pack size	Sales share (%)	Before ads (%)	After ads (%)
Robusta, standard (150–250 g)	10.03	36.11	19.62
Robusta, large (500–1,000 g)	9.82	32.32	14.91
Blend, small (50–100 g)	9.27	28.91	12.20
Blend, standard (150–250 g)	11.20	32.00	14.71
Blend, large (500–1,000 g)	13.90	29.68	11.75
Arabica, standard (150–250 g)	26.62	32.94	17.08
Arabica, large (500–1,000 g)	13.79	29.40	12.63
All coffee, standard (150–250 g)	47.84	33.38	17.06
All coffee, large (500–1,000 g)	37.51	30.27	12.90
Drip bags	0.57	40.12	20.04
Other products	4.81	30.15	12.44
Total	100.00	31.68	14.84

Table 6. Selected-product costs and advertising stress scenarios

Product	Price / COGS (IDR)	Before ads (%)	BE (x)	After ads 0.5x (%)	After ads 1.0x (%)	After ads 1.5x (%)
Robusta 200 g	58,122 / 22,931	37.4	2.67	27.2	17.0	6.8
Espresso arabica 200 g	81,770 / 37,846	31.2	3.21	21.0	10.8	0.6
Arabusta 50 g	17,913 / 8,972	21.9	4.57	11.7	1.5	-8.7
Drip bag, 4 sachets	24,588 / 9,338	35.9	2.79	25.7	15.5	5.3

BE = $1/m_0$. Advertising scenarios subtract 0.5, 1.0, or 1.5×20.41 percentage points from the product margin. The baseline uses 2026 product averages, not product-specific April–June prices. Rounding explains minor differences.

The theoretical contribution was to connect platform participation and tariff-setting with product-level contribution, within a literature concerned with platform competition (Rietveld & Schilling, 2021). Pricing, program choice and advertising interacted; assigning a program to an elective category could not establish control over its tariff or demand effects. Read as tentative propositions for multi-seller testing, H1–H3 pointed to three mechanisms: price adjustment that offset mandatory fees for differentiated products, dependence on participation-based programs whose rates the platform set, and per-pack and per-order costs that weighed more on low-priced packs. A single case could not establish these propositions or rank their causes.

For this business, the evidence supported monitoring quarterly and product margins, reviewing the 50 g pack's price and bundle options, and separating mandatory fees, program charges and advertising in cost reports. Decisions on advertising or program participation should use incremental contribution where feasible. Management may choose a safety buffer, but the study validated no universal multiplier, trigger or optimal budget. More selective evaluation was warranted; a blanket reduction or expansion of advertising did not follow from these data.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

In this channel, sales and absolute contribution grew, while the contribution margin declined. Regarding the first question, fees rose through administration, processing, program and affiliate charges, and, from April 2025, the higher Promo XTRA charge reflected a higher rate set by Shopee rather than wider participation. Regarding the second, improved price-to-cost ratios coincided with lower aggregate COGS ratios that more than offset higher mandatory fees, but not mandatory fees and Promo XTRA combined (H1); causal pass-through is not demonstrated. Program, affiliate and advertising costs were the larger burden only under the baseline classification (H2), a ranking that reverses once the Shopee-set Promo XTRA rate is treated as platform-determined. Regarding the third, total-sales advertising benchmarks narrowed, and small-pack margins were vulnerable under stronger advertising assumptions (H3); incremental advertising returns and net profitability remain undetermined.

The findings agree with reports that administration fees raise sellers' costs (Hapsari & Sarwono, 2024; Trisnawaty & Herianingrum, 2026), although here price adjustment more than offset the mandatory-fee increase. The inability to infer advertising returns from total-sales ratios is consistent with evidence that observational measures can overstate advertising effects (Gordon et al., 2019; Joo et al., 2024; Moshary, 2025). The findings qualify, rather than contradict, studies that judge marketplace success by sales growth (Amelia & Sudrartono, 2023; Hajiku et al., 2025; Lestari & Cahyono, 2025): in this case, sales grew, yet the retained margin fell.

Recommendations

Recommendations supported directly by the case are for Kopi Toraja Gandangbatu to reconcile product and channel costs quarterly, review the 50 g pack's price and bundle options, and judge programs and advertising by the contribution they add. For other MSMEs, the guidance is more tentative: training can include unit costing and contribution analysis, with thresholds calculated to each business.

The single seller, eight-quarter period, one-month quantity validation, annual cost assumptions and prepaid-advertising proxy limit interpretation. Some production costs and all fixed costs are excluded; other channels are not compared. Broader seller panels are needed to test H1–H3 and assess generalizability. Full-period quantity, variant, expenditure and program-option records would improve measurement. Experiments or credible quasi-experiments are needed to estimate incremental advertising, participation and pricing effects.

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CONFLICT OF INTEREST: Kopi Toraja Gandangbatu is a family business of the first author, who therefore has a potential financial interest in it. The owner consented to the use and publication of the business data. Platform reports were reconciled to platform totals and all assumptions are disclosed; these steps reduce but do not eliminate possible bias. The other authors declare no conflict of interest.

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