

Using Business Model Canvas Approach as a Tool To Support New Venture Strategy: The Case of Dakgè as Healthy Culinary Smes

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Abstract

This research aimed to use the business model canvas approach as a kind of business strategy planning to establish the stages of DAKGÈ's business development. The stages of research carried out are as follows: (1) conducting market research and determining business ideas, (2) creating a business model canvas and value proposition canvas, (3) validating business models, (4) running business processes and implementing several plans for business model canvas, too (5) analyzing business performance. The research design used is applied research with an action research approach and qualitative and quantitative data collection methods. From the results of this study, it was found that the business model canvas has an important role to support the overall business process and help DAKGÈ to achieve fairly optimal performance.

Keywords

Applied Research, Business Development Strategy, Business Model Canvas, Business Performance.

1. Introduction

Nowadays, customers connect with the company with various platform channels, online and offline, especially in online media, which offer many opportunities for the company to develop their communication for many objectives to their target market, such as increasing sales volume and increasing number of customers (Deborah et al., 2021). Moreover, the Covid-19 pandemic that occurs in 2020 remains a global issues emphasis the company to conduct their business creatively to attract their customers and better than competitors to gain competitive advantages. Many small creative businesses can survive pandemics by developing their product and finding opportunities based on the behavior of their target market (Alvin et al., 2021; Putri et al., 2021). Creating a business also needs deep knowledge, known as hard-skill and soft-skill. Entrepreneurs who have both hard-skill and soft-skill are persistent in the volatile business environment (Sudirman et al., 2020). Creating a Business Model Canvas (BMC) before establishing a business is very important to help the entrepreneur better understand how the business works, internal factors, and external factors (Brittney, 2021). The entrepreneur also can create a mind mapping to elaborate their idea to support their business model and create value for their business (Ratnapuri et al., 2021).

Therefore, as a new small business, DAKGÈ arranged its strategies and plans using Business Model Canvas (BMC) approach before entering the culinary industry. The culinary industry in Indonesia is multiplying. The citizens increasingly favor various types of unique foods and beverages, such as bubble tea, coffee, dessert boxes, salmon mentai, various kinds of street food, and other types of fusion food. However, without realizing it, these viral culinary delights also seem to have side effects that are not good for health (Pamelia, 2018).

Moreover, most people still face difficulties living a healthy lifestyle caused by various factors, such as limited knowledge, the comparatively high cost of healthy food, its difficulty in obtaining, and a lack of commitment to changing lifestyles (Rezkisari, 2015). To solve those problems, DAKGÈ comes up with innovative solutions through various practical and affordable healthy culinary. The development of this healthy culinary business aims to encourage young Indonesians to start living a healthy lifestyle.

1.1 Objectives

The followings are the objectives of creating a business model canvas and completing a business development analysis for DAKGÈ::

1. Determining whether the business idea has an opportunity in the market and is viable to launch.
2. Understanding the customer behavior and finding out if the products offered to correspond to the target market's wants and needs.
3. Determining whether the business model canvas effectively supports business performance and obtains the best results.

2. Literature Review

Before establishing the business, a Value Proposition Canvas (VPC) approach was used to test the company idea. The Value Proposition Canvas is a method for ensuring that a business's product or service is centered on customer value or needs (Alexander Osterwalder et al., 2014). Dr. Alexander Osterwalder created these techniques as a framework to ensure that product and market demand are in sync. After the business idea is viable to launch, the Business Model Canvas (BMC) is created to plan the business model and strategy. Business Model Canvas (BMC)—invented by Alex Osterwalder—is a strategic management tool that helps businesses to describe their value and analyze their business model (Mansfield, 2019). There are nine building blocks in the business model canvas, including:

1. Value Propositions

The term "value proposition" refers to a company's benefits when selling its products or services. Osterwalder and Pigneur (2010) state that the value proposition must solve an issue (problem-solving) or satisfy customer wants, which is accomplished through a combination of products and services from a company that can deliver more excellent value or benefits specific to target consumers.

2. Customer Segments

The customer segment pillar defines various groups of people or organizations that the company wants to reach and serve (Osterwalder and Pigneur, 2010). Several customer segments include mass market, niche market, segmented, diversified, multi-sided platforms (or multi-sided markets).

3. Customer Relationships

According to Choiri (2020), the customer relationship is the key to maintaining good customer interactions. This pillar outlines the various ways businesses can interact with their customers through their products and services.

4. Channels

Distribution channels allow businesses to deliver their products or services to customers. According to Choiri (2020), the channel is a promotional medium used by entrepreneurs to promote their businesses. Meanwhile, Osterwalder and Pigneur (2010) said that this channel pillar explains how a company communicates and reaches its customer segment to convey the value proposition it offers. In the digital era, social networks can be considered a channel that effectively increases business performance and innovation in the organization (Astuty and Nugraha, 2020).

5. Key Activities

According to Choiri (2020), key activities are effective activities that can increase the value of a business. On the other hand, Osterwalder and Pigneur (2010) claimed that this pillar represents the most crucial things a company must perform to make its business model work. Key Activities can be categorized into several activities, including production, problem-solving, and platform or network.

6. Key Resources

Key resources describe as the most important assets required for a business's business model to function (Osterwalder and Pigneur, 2010). Key resources can be physical, financial, intellectual, or human assets.

7. Key Partners

Key partners describe the suppliers and partners who help the business model succeed (Osterwalder and Pigneur, 2010). Partnerships can be divided into four categories: strategic alliances among partners who are not competitors/competitors, strategic cooperation between competitors/competitors, joint ventures to develop new businesses, and relationships between suppliers and buyers to ensure reliable supply.

8. Cost Structure

Osterwalder and Pigneur (2010) defined cost structure as "all costs incurred in the operation of a business model." The cost structure is split into two categories: cost-driven and value-driven. Cost-driven focuses on lowering expenses in any industry to achieve and maintain the lowest possible cost, utilizing a low value-price ratio, maximizing automation, and expanding outsourcing. When building a company strategy, value-driven is more concerned with value generation than cost consequences.

9. Revenue Streams

According to Osterwalder and Pigneur (2010), revenue streams represent the revenue earned from each customer segment. Several things can generate revenue streams, including selling physical assets, usage fees for services provided, subscription fees to become members, borrowing goods or rentals, selling licenses, brokerage fees, or interest from transactions using credit cards or the like. Another thing to consider is advertising by selling services to promote a product.

3. Methods

This research was conducted using applied research methods. Applied research is research designed to offer practical problems or produce new products. According to Neuman (2003), there are three types of research methods: action research, experiment and evaluation, and research and development. In the applied research conducted through the establishment of DAKGÈ, the applied research method used is action research. Action research is a form of practical research that allows people from various fields of work to investigate and evaluate their work (McNiff, 2017). The stage of action research represents in figure 1.

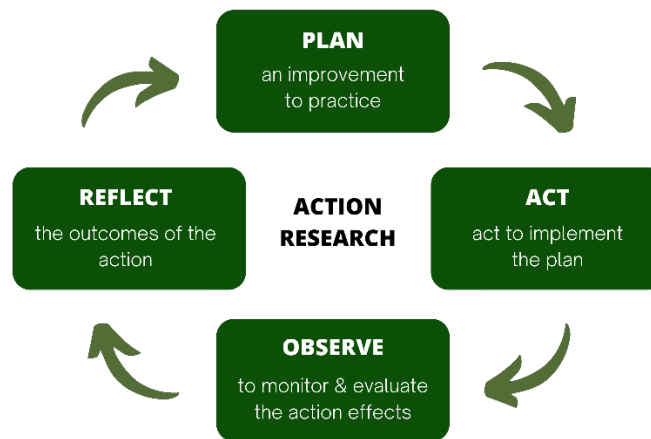


Figure 1. Action Research Process

The development of DAKGÈ as a new business is the implementation of the action research stages, from planning the business idea, running the business, monitoring, and evaluating the business idea, until arranging the future strategies and plan for growing the business.

4. Data Collection

There are two types of data: primary and secondary (Sekaran and Bougie 2019). Primary data for this study comes from quantitative and qualitative research. We observed directly in the field, such as on-campus, schools, and malls. Then, we interviewed the target markets and brainstormed ideas with the team (qualitative). In addition, we handed out surveys to over 200 people (quantitative). In the meantime, we gathered secondary data from study findings through books, journals, and the internet. The following, in figure 2, is one of the results of the interviews and surveys of the target market that we summarize in the Value Proposition Canvas to validate the business idea.

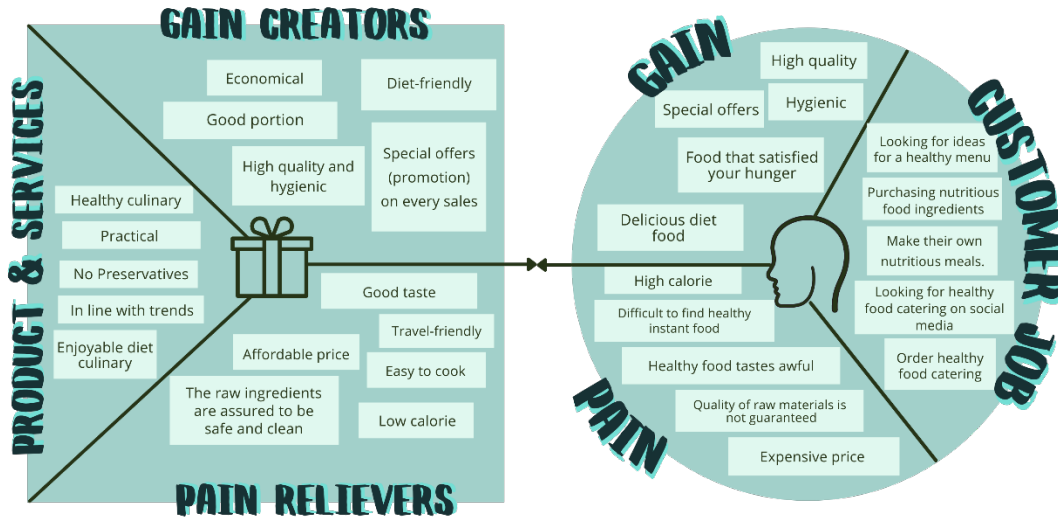


Figure 2. Value Proposition Canvas of DAKGÈ

5. Results and Discussion

Based on the survey, we found that 81.6% of respondents are interested in living a healthy lifestyle and 95.4% of respondents are interested in the products that DAKGÈ offers. However, before launching the business, we created a Business Model Canvas to represent the flow of the value to be offered by DAKGÈ. Business Model Canvas (BMC) compiled contains business plans for DAKGÈ that will be carried out both in the short and long term. As a result, some of the items on the list have been completed successfully, while others have yet to be implemented. The following is a business model canvas of DAKGÈ as represented in figure 3.



Figure 3. Business Model Canvas of DAKGÈ

5.1 Overall Business Performance

After running the business for about seven months—from March until September 2021—and implementing the plans based on the Business Model Canvas created, we did the analysis and evaluation related to DAKGÈ’s business performance. Although some of the plans could not be implemented during the period, the business process still could run smoothly. The business growth performance dashboard summarizes DAKGÈ’s overall business performance, including the financial and marketing aspects, as represented in figure 4.

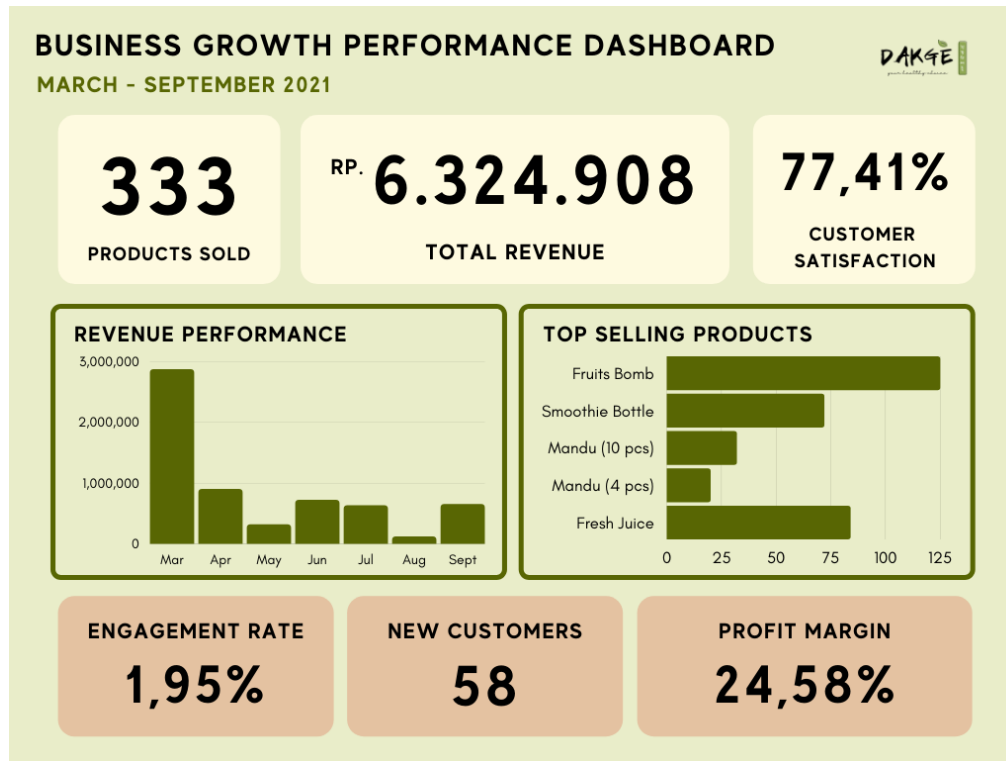


Figure 4. Business Growth Performance Dashboard of DAKGÈ

From March until August 2021, we sold the products with the pre-order system held at least once a month. We created the promotional content on social media and shared it with our friends also family. The highest sales performance is on March 2021 because we did the sales activity every week, while from April until August 2021, we could not do it consistently due to the pandemic and other problems we faced. So, the sales performance was not stable, and we were looking for a way to solve the problems. Then, from September 2021, we successfully became a partner of Indonesia's online food delivery platforms, such as GoFood and GrabFood. It was also one of the plans based on the Business Model Canvas. From the revenue performance chart, we could see that the online food delivery platform showed a significant increase in September, and we got some new customers from the platforms. As shown in the picture, the total products sold was 333 with total revenue of Rp. 6,324,908, and the average profit margin percentage was 24.58%, classified as good. We successfully got 58 new customers during the period, and based on the survey, 77.41% of the total customers were satisfied with our products. Our top-selling product was Fruit’s Bomb, a bottled layered juice with popping boba and silky pudding. We did the marketing activities through our social media platforms, especially Instagram. We actively uploaded some engaging and informative content and successfully gained a 1.95% engagement rate. The overall business performance based on implementing the Business Model Canvas could be considered good. However, we still need to improve our business strategy and performance to develop the business in the future.

6. Conclusion

DAKGÈ is a new small-medium enterprise in the healthy culinary industry based in Bandung, Indonesia. It is important to create Value Proposition Canvas and Business Model Canvas as a new business to validate the business idea and analyze the business model. Based on the research, DAKGÈ's business idea aligns with the target market's

needs and wants since they are looking for practical, affordable, delicious, and more variety of healthy culinary products. Moreover, there are many opportunities to enter the industry where people start to realize the importance of a healthy lifestyle due to the pandemic. During the implementation, Business Model Canvas (BMC) helps DAKGÈ to arrange its plans and strategies. Although many things could not be realized due to the lack of resources, cost, and time, Business Model Canvas (BMC) is adequate to support DAKGÈ's overall business performance.

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Biography

Clarissa Arthamevia Gusindatama is a final year undergraduate student of the entrepreneurship department at Bina Nusantara University. She and her friend have a food and beverage business, namely DAKGE, and have run their business since 2019.

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