

Business model analysis on Zonnebloem souvenir using the business model canvas approach in the Covid-19 pandemic

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Abstract. The Covid-19 pandemic caused an economic shock, affecting the economy individually, micro, small businesses, and even globally. But excluding Zonnebloem Souvenir, its product is becoming more popular, and sales are increasing both nationally and internationally. Zonnebloem Souvenir is a creative enterprise inspired by idolizing K-Pop. Its owner decided to produce Snow Kit NCT, Crewneck, and others. The business was founded in September 2019 and used Twitter as its marketing tool. Currently, Zonnebloem Souvenir does not have a business model. By creating the appropriate business model, Zonnebloem can face the competition and grow its business. This research was conducted to map the business with a business model canvas. After that, a new business model design was produced as business development. The results of the processing state that the picture of the Zonnebloem Souvenir business model is good when viewed from the business model canvas. The SWOT analysis generates the strengths and opportunities that can be used to develop the business, and weaknesses and threats are found that must be alerted. As the result, Zonnebloem Souvenir is advised to be able to grow its business by increasing its customer segment, providing services by giving discounts, and increasing revenue by adding a variety of sales products.

Keywords. BMC; business strategy; SWOT Analysis; creative economy

1. Introduction

The creative economy has been (being) a part of Indonesian development. It is a new economic concept that intensifies creativity, information, ideas, and knowledge as its main factor. Restu (2018) revealed that creative economic activities spend a lot of time in resulting ideas instead of doing (regular activities) for its (progress) (*Creative Economic Development Model Based on Coconut Products Through Business Mentoring | Journal of Entrepreneurship, Business and Economics*, n.d.). According to Opus Creative Economy Outlook 2019, the creative economy has contributed around Rp 1.105 billion to Indonesia's Gross Domestic Product (GDP). Moreover, The Central Bureau of Statistics (Badan Pusat Statistik - BPS) said that the creative economy has absorbed 17 million workers, thus made Indonesia become the third biggest country -after the USA and South Korea- in the sum of creative economic contribution toward GDP. Based on BPS in 2019, the biggest creative economy subsector is culinary (41%), fashion (17%), and craft (14.9%).

In this Covid19 pandemic condition creative economy has been affected, especially during the enforcement of mobility restrictions. Indonesia Government Regulations Number 21 of 2020 regarding Huge Social Scale Restrictions, the enforcement of work from home policy oblige people, students, and workers stay at home. Place around schools, universities, and workplaces become vacant. A lot of creative economy entrepreneurs lost its consumer, and they have to struggle to adapt and survive their business during this pandemic. Some of them try to innovate using information, technology, and social media.

Zonnebloem Souvenir is an enterprise founded in this pandemic condition. It proves that Allah SWT always gives a lot of relief after difficulty. *"So, verify, with every difficulty there is a relief. Verily, with every difficulty, there is relief"*-QS. Al-Insyirah: 5-6. Zonnebloem Souvenir was inspired by the Korean wave, especially K-Pop, a popular Korean music genre and band which has been trending globally. From a hobby to collect K-Pop souvenir, in September 2019 Zonnebloem started importing Korean albums through an order group and resell them. Unexpectedly, a lot of youth welcome Zonnebloem's product. They bought imported albums, again and again, increasing this enterprise's income until March 2021.

In early 2020, Zonnebloem started to have a loss. Some products were not sold. Its owner tried to preserve Zonnebloem. Using graphic design skills, she created K-Pop souvenir such as cardholders, pins, and photocards of NCT, Seventeen, and Straykids. Zonnebloem optimized its social media to sell the product, especially using Twitter. Its product has been sold domestically and globally (to Canada, USA, UK, Spain, and Singapore). However, Zonnebloem still needs some strategies to survive, manage employees, and expand the partnership. Business processes such as raw material supply, marketing, and payment service require good networking. Innovation has to be developed to face business competition and fulfill consumers' urges.

Developing a business requires identifying and evaluating prevailing business models as well as designing an appropriate business model. It is a hypothesis of expanding customer segmentation through several ways. Some of them are innovating product design, creating new products, expanding distribution channels, attending events, recruiting IT experts, and providing customer care (Rifa'i et al., 2017). To identify and evaluate the business model's element we can use Business Model Canvas (BMC) approach. It is a strategic management template to develop a new business system or to document the prevailing business model (Xing & Ness, 2016). BMC consist of nine block diagrams that can evaluate and solve complex business problems such as value proposition, infrastructure, customer, and finance. In this paper, the authors are intended to identify and evaluate prevailing Zonnebloem Souvenir's business model using the nine-block-diagram BMC approach. Afterward, the result of business model identification and evaluation will be analyzed using the SWOT model to understand business strengths, weaknesses, opportunities, and threat.

2. Literature Review

2.1 Souvenir

A souvenir is a thing that is kept as a reminder of a person, place, or event. It usually reflects the beauty and uniqueness of tourism destinations (Rifa'i et al, 2017). The main purposes of buying souvenirs are as follows: 1) as a reminder of tourism destinations and as a utilitarian

deduction, 2) as feedback of someone's gift, 3) as prestige and social status, and 4) as a spiritual and cultural practice (due to existing ancestors practices)(Paraskevaidis & Andriotis, 2015).

2.2. Business Model Canvas

The Business Model Canvas (BMC) is a strategic tool used to describe a business model. It is also used for describing the rationale an enterprise creates, delivers, and captures value. BMC can help to simplify a complex business concept by portraying a business plan in a nine-core-business-element. These nine key elements consist of well-integrated business value such as internal and external strategic analysis. (Koen, 2017)

Here are the nine elements of the Business Canvas Model:

1. Customer Segments

Customer Segments are groups of people or organizations using the enterprise's service or product. Meanwhile, the customer is an individual or business that purchases a business' services or products and generates revenue for the organization.

2. Value Proposition

Value Proposition is a value that answers 'why' a product or service deserves to be chosen. It helps to solve the customer's problem or fulfilling the customer's urges optimally. The value offered must provide a distinct standout compared to competing businesses and coveted by consumers.

3. Channels

Channels reveal how an enterprise communicates and delivers its value proposition to customer segments. Communication, distribution, and selling channels are the factors that enable companies to communicate with customers. However, to deliver a business' value proposition, an enterprise also requires to increase customer's awareness, facilitate customer's in assessing and buying products, deliver products or services, as well as provide after-sales assistance.

4. Customer Relationship

Maintaining customer relationships is required to obtain new customers (acquisition) and preserve existing customers (retention) by offering old and new products or services.

5. Revenue Streams

Revenue Streams describe how the organization earns money from each customer segment. It allows a business to keep alive. There are two types of business' income: transactional, and recurring income. A simple example of transactional income is product sales. While recurring income is a repeated income such as asset rentals, subscriptions, and memberships. Many businesses nowadays are trying to increase recurring income due to fewer marketing efforts, and certainty of revenue streams.

6. Key Resources

Key Resources describe the most valuable assets that determine the success of a business model operation. These valuable assets enable the organization to deliver the value propositions it promised to customers. Key resources can be physical resources (buildings, vehicles, equipment), money, intellectual assets (brands, copyrights, patents, customer databases), and human resources. The most valuable key resource from these four things is intellectual resources because they are difficult to imitate.

7. Key Activities

Key activities are activities that play an important role in realizing the value proposition. It requires certain business activities (instead of entire business activities) to have minimum standards.

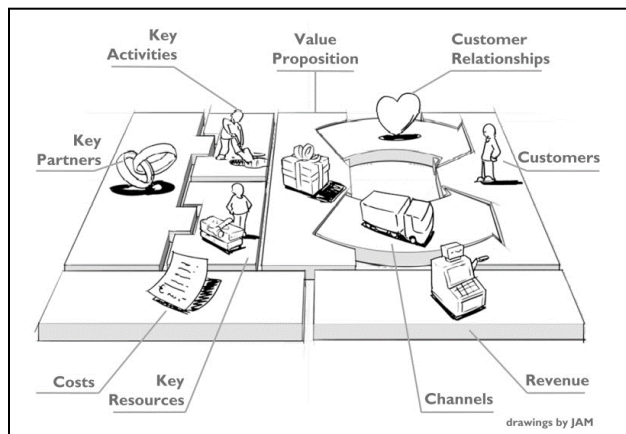
8. Key Partners (Key Partnership)

Key partnerships are business partners needed for reducing business' risk, acquiring resources, learning, as well as saving.

9. Cost Structure

The cost structure describes the entire cost needed for realizing a value proposition through the right channels, key resources, and reliable key activities. The cost structure is influenced by the chosen company strategy (whether prioritizing low costs or prioritizing special benefits), the size of fixed costs, variable costs, economic scale, and economic scope.

Figure 1 The Nine Block Business Model Canvas.(source: google.com)



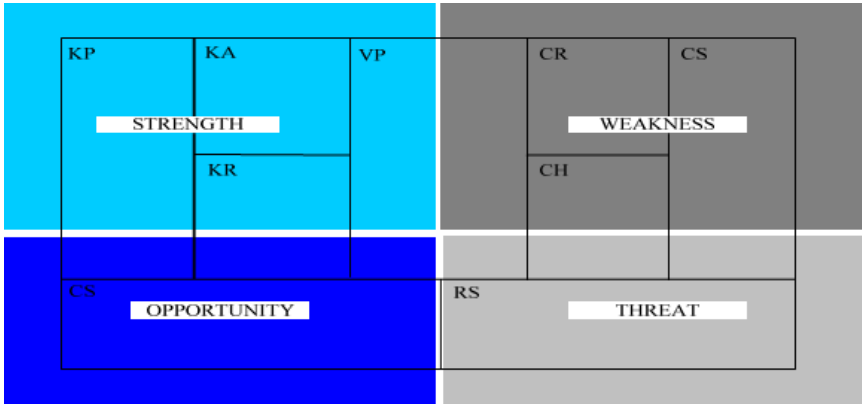
Some research proved that the BMC approach is useful for analyzing, resolving, as well as developing both profit-oriented and non-profit-oriented organizations. Research conducted by (Díaz-Díaz et al., 2017) using the BMC approach for public service in smart city ecosystems helps identify important aspects such as social and environmental issues which are not covered by other frameworks. Another research by (Prameswari & Nurhidayah, 2020) used the BMC approach to map SMEs business implementation strategy. In this research, the BMC approach assesses the prevailing business model and helps SME facing business competition. It also suggests a new business

model design by increasing customer segment, increasing service's quality by providing discounts and souvenirs, as well as increasing revenue streams by creating a new product.

2.3. SWOT Analysis

According to Rangkuti (2015), SWOT analysis is the identification of various factors systematically to formulate corporate strategy. This analysis is based on a logic to maximize strengths and opportunities while minimizing weaknesses and threats at the same time. The strategic decision-making process is always related to the development of the company's mission, goals, strategies, and policies. Thus the strategic planner must analyze the prevailing company's strategic factors (strengths, weaknesses, opportunities, and threats). Research conducted by Osterwalder, et al., (2010) combines the SWOT analysis with the Business Model Canvas (BMC) to assess and evaluate BMC's nine key elements. The illustration is as follows:

Figure 2 SWOT in BMC. Source: SWOT analysis with Business Model Canvas – business process



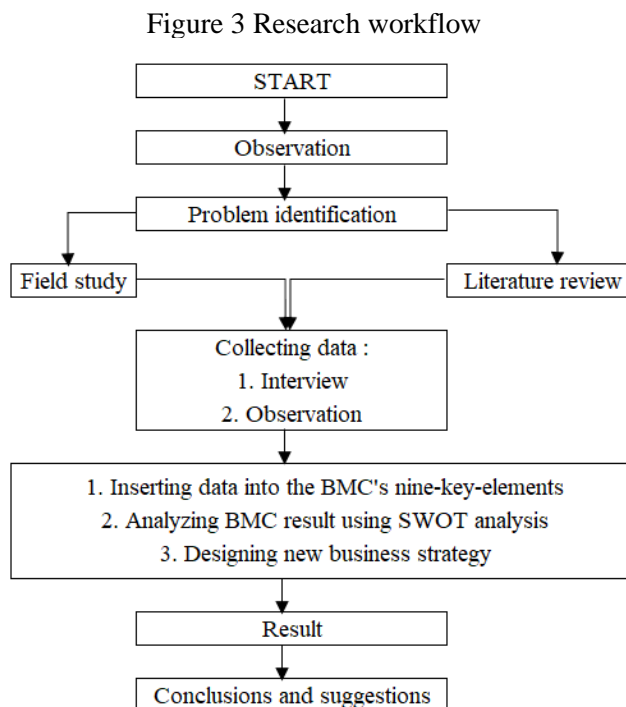
3. Research Methodology

3.1. Types of research

This qualitative and descriptive research focused on using the Business Model Canvas to create a business strategy to develop Zonnebloem's business.

3.2. Research workflow

This research was conducted on Zonnebloem Souvenir's business at St. Langsep Number 50 RT.16 RW.04, Pakisaji, Malang Regency, East Java. The research workflow is as follows:



3.3. Data collection

The data obtained from the research are based on two data sources: a) primary data obtained directly either through observation, documentation, questionnaires, or interviews, and b) secondary data sourced from a thesis, journals, and the internet.

3.4. Data processing and analysis

3.4.1. Data processing using the BMC approach

Inserting primary data into BMC's nine-key-element (customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnership, and cost structure).

3.4.2 Data analyzing using SWOT analysis

- a) Inserting BMC's result into internal and external factors in the SWOT analysis
- b) Analyzing the result of SWOT and BMC combination to design a business strategy to be proposed in the Zonnebloem Souvenir business.

4. Results

4.1 Identification using Nine Elements of BMC

Zonnebloem's business identification using nine elements of BMC is shown in this table.

Table 1 Business Identification using BMC

No	Element	Items
1	Key Partners	<ul style="list-style-type: none"> • Acrylic Shop • Faux leather shop • Printing • Tailor
2	Key Activities	<ul style="list-style-type: none"> • Raw materials supply • Production • Packaging • Storage and Quality Control • Marketing and returns handling • Payment/ Billing
3	Key Resources	<ul style="list-style-type: none"> • Workshop • Production equipment: cutting machine • Raw and auxiliary materials • Packaging
4	Value Propositions	<ul style="list-style-type: none"> • Strategic location • Quality: More attractive products design and packaging • Satisfying service • Reasonable prices
5	Customer Relationships	<ul style="list-style-type: none"> • Buy 3 get a discount • Term of Payment • Online selling • Personal approach • Community membership

6	Channels	<ul style="list-style-type: none"> • Sales through social media, Facebook, Whatsapp, and marketplaces. • Custom order • Resellers
7	Customer Segments	<ul style="list-style-type: none"> • Middle-market segmentation. Products are available on Indonesia Online Marketplaces and K-pop stores. • High-end market segmentation. Products are available on the International Online Marketplace.
8	Cost Structure	<ul style="list-style-type: none"> • Raw materials supply • Production • Packaging • Storage and Quality Control • Marketing and returns handling • Payment/ Billing
9	Revenue Streams	<ul style="list-style-type: none"> • Cash and digital customers payment • Resellers payment

4.2 Analysis of the Nine Elements of BMC with SWOT

The results of BMC identification as the basis for SWOT analysis consisting of strengths, weaknesses, opportunities, and threats are used as inputs for the Zonnebloem Souvenir business, namely:

Table 2 Analysis of nine elements of BMC with SWOT

No	Element	Strength	Weakness	Opportunity	Threat
1	Key Partners	The owner is involved in business planning to marketing	Zonnebloem doesn't have an organizational structure yet	The owner can intensely monitor the business operation and fully take control of the business	Vendor consistency is not optimal
2	Key Activities	Efficient production and packaging processes	Consumer <i>pre orders</i> piling up	Innovation in fashion product design used by K-Pop groups	Other attractive new product designs
3	Key Resources	Sufficient raw materials, workspace, and employees	When raw materials are not available at business partners, products quality	Expanding the network of raw material providers and participating in training to	Vendors raise raw materials prices while the market price remains

			diminish, and or prices rise	improve product design skills	
4	Value Propositions	Attractive Export quality design products	The business ownership license process	Expanding export partners and networks. Updates on import/export condition	Lots of new attractive product design
5	Customer Relationships	Accepting customers suggestions	Payments prone to fraud	K-POP fan community participation	The online customer suddenly changes order
6	Channels	Having a specific social media page for promotion and communication with customers	No specific admin in handling social media	Using all social media for sales	Easy-to-plagiarize promotional language and products
7	Customer Segments	K-Pop Fans worldwide	Less popular in social media	New fashion design used by K-Pop groups	Business competitors issue similar products
8	Cost Structure	Efficient and predictable operational costs	Does not have structured financial records	Improving products quality	Rising prices of export cost and imported raw materials
9	Revenue Streams	Direct and online selling	Less stable continuity promotions	Develop marketing system	Decreased consumer interest

4.3 Discussion of Development Strategy based on Al-Quran and Al-Hadist

4.3.1 SO Strategy (Strengths and Opportunities)

SO strategy is a strategy executed using all strengths to take and use existing opportunities. In the Al-Qur'an, Allah SWT commands humans to use various chances on the earth. *"He is the One who made the earth easy for you, so walk in all its corners and eat some of His sustenance. And only to Allah you (return after) the resurrection."* (Surah al-Mulk: 15).

The implemented Zonnebloem business strategies can be improved through several SO strategies as follows:

- a) Introducing the various products of NCT Snow Kit (Cardholder, photocard, pin, sticker, pouch, notebook, polaroid, keyring), Seventeen, and Straykids
- b) Maintaining the quality of materials and designs
- c) Always update on customer preferences

- d) Adapting product designs to customer age group
- e) Meet buyer expectations
- f) Open job vacancies and provide skill training to manage human resources. Good quality workers can help maintain products and services quality for customers.

4.3.2 WO Strategy (Weakness and Opportunities)

This strategy takes advantage of existing opportunities by minimizing weaknesses. Allah SWT always gives humans chances to solve problems, His word *"It is obligatory for you to fight, even though it is not pleasant for you. But it may be that you do not like something, even though it is good for you, and it may be that you like something, even though it is not good for you. Allah knows, while you do not know."* (Surah Al-Baqoroh: 216)

Zonnebloem can be improved by WO strategies as follows:

- a) Resolving business legality
- b) Active social media communication to get close to buyers
- c) Continuity promotion to attract consumers
- d) Promoting new products to the K-Pop fan community

4.3.3 ST strategy (Strengths and Threats)

ST strategy uses existing strengths to prevent future threats. Allah SWT. grants favor to whom grateful for the results of his efforts and continuing to innovate to survive. Allah says: *"And [remember] when your Lord proclaimed, 'If you are grateful, I will surely increase you [in favor]; but if you deny, indeed, My punishment is severe.'"* (QS Ibrahim: 7).

At this point, Zonnebloem business can be improved by ST strategies as follows:

- a) Keep innovating K-pop-based fashion products
- b) Cooperating with new raw materials suppliers
- c) Expanding relationships with the KPop fan community
- d) Increase products quality and competitiveness

4.3.4 WT strategy (Weaknesses and Threats)

WT strategy seeks to minimize existing weaknesses and avoid threats. In this case, Zonnebloem can improve business through WT strategies as follows:

- a) Maintain consumer trust and loyalty
- b) Collaborating with other entrepreneurs and business partners in promoting products
- c) Provide discounts or bonuses at certain times to attract consumer interest

5. Conclusion

Zonnebloem Souvenir is a new creative business founded during the Covid-19 Pandemic inspired by K-Pop. K-Pop is a term for globally popular music groups from South Korea. This paper takes Business Model Canvas (BMC) approach and SWOT analysis to help improve Zonnebloem's business. The results of BMC and SWOT analysis for improving Zonnebloem's business are as follows: 1) optimizing business strengths to take opportunities (SO strategy), 2) optimizing business strengths to prevent threats (ST strategy), 3) minimizing business weaknesses to optimize opportunities (WO strategy), and 4) avoid business threats (WT strategy).

6. Suggestions

The Business Model Canvas provides good results for business analytics. It can generate better analysis results when combined with SWOT analysis. As a result of these two approaches, there are some suggestions for improving Zonnebloem's business: a) increase the customer segment, b) provide discounts and souvenirs, c) increase products varieties, d) expand key resources' network, and e) increase customer relationships.

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