



## Business Model Innovation with a Business Model Canvas Approach at Martabak MM

<sup>1\*</sup>Nanda Cahya Muhamad, <sup>2</sup>Sunu Puguh Hayu Triono

<sup>12</sup>Telkom University, Bandung

**Corresponding Author:** [nandacahyamhammad@gmail.com](mailto:nandacahyamhammad@gmail.com)

### Article History:

Submit:

2023-03-27

Publish:

2023-04-14

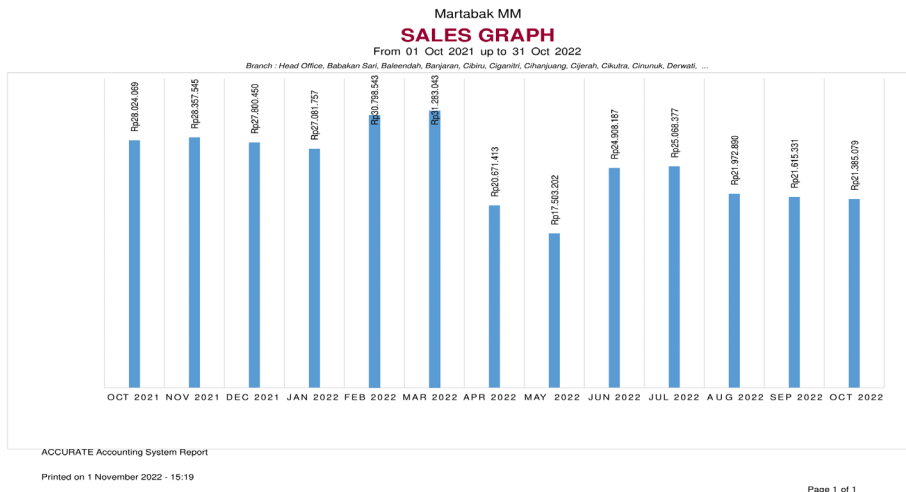
### Abstract

**Abstract:** CV. MM Satu Tujuan is a company engaged in the food & beverage sector located in Bandung with the main product selling martabak called Martabak MM. Martabak MM has 11 branches spread across the city of Bandung. To improve competitiveness, the company can evaluate its business model. This study aims to determine the current business model and propose a new business model for Martabak MM using the Business Model Canvas approach. This business model allows mapping using nine interconnected blocks. The steps needed to map this business model are first conducting observations and interviews to obtain data, after that, designing a Value Proposition Canvas to find out the benefits that customers expect from the products and services that customers need (fit between value proposition and customer segment). After the Value Proposition Canvas, the next step is to analyze the business environment to find out the internal strengths and weaknesses of Martabak MM and the Opportunities and threats of the external environment that are being faced, and the last step is to design a new business model to be proposed to Martabak MM using the Business Model Canvas.

**Keywords:** Business Model Canvas, Value Proposition Canvas, Business Model

## Introduction

CV. MM Satu Tujuan is a company that focuses on the food and beverage sector, with the main product being selling martabak. CV. MM Satu Tujuan was founded by Fery Dwi Maryanto in 2016 at Venus Raya No. 21 Bandung. Until now, Martabak MM, under the auspices of MM Group, already has 11 branches spread across the Bandung area and employs around 25 employees. The flagship product of Martabak MM is the classic martabak with various traditional toppings at an affordable price. That is proven by Martabak MM, which continues to proliferate in the Bandung area. As time goes by, Martabak MM continues to proliferate, proving that in 2 years, Martabak MM has opened 11 branches to meet high consumer demand and spread throughout Bandung.



It can be seen from the sales graph in the period October 2021 to March 2022 that there is a significant upward trend. That proves that the business model run by Martabak MM has been running quite well. However, in the April 2022 period, there was a significant decline due to an increase in the price of cooking oil, which resulted in changes in consumer behavior toward their spending allocation. The fall also occurred from August to October 2022 due to the increase in fuel prices, which impacted operational costs and ultimately impacted the increase in COGS costs.

With the decline in sales that resulted in a decrease in revenue caused by the increase in cooking oil and fuel prices, Martabak MM needs to innovate the business model that has been run today to overcome existing problems, especially problems in sales. In innovating and evaluating the current model at Martabak MM, several tools can be used, including the Business Model Canvas.<sup>1</sup> Business Model Canvas (BMC)<sup>2</sup> is the language used to describe, visualize, assess, and change business models.<sup>3</sup> Business Model Canvas is used to describe the current business model and to suggest new business model plans.<sup>4</sup> With this tool, businesses can easily visualize a company's rationale in creating, delivering, and capturing value. BMC consists of nine basic blocks: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure.

By innovating the existing business model at Martabak MM, the determination of strategies in the proposed BMC is associated with the Value Proposition Canvas (VPC) and business environment analysis at Martabak MM. Value Proposition Canvas (VPC) analysis is intended to increase the value or value in the existing business model of Martabak MM. At the same time, environmental analysis is intended to identify the strengths, weaknesses, opportunities, and owned by Martabak MM.

## Literature Review

### Business Model

A business model is a model that explains how a business or company earns or achieves profits and determines who the customers are in the industry.<sup>5</sup> The business model can be well described through 9 blocks related to each other

---

<sup>1</sup> Harfiani, R., & Pasaribu, M. (2019). Implementasi Business Model Canvas Pada CV. Media (Penerbit dan Distributor Buku Pelajaran PAUD). *Prosiding Seminar Nasional Kewirausahaan*, 1(1), 200–208. <https://doi.org/>

<sup>2</sup> Yuran Jin et al., "Business Model Innovation Canvas: A Visual Business Model Innovation Model," *European Journal of Innovation Management* 25, no. 5 (January 1, 2022): 1469–93, <https://doi.org/10.1108/EJIM-02-2021-0079>.

<sup>3</sup> Jakarta : Elex Media Komputindo.

<sup>4</sup> Maghfirah, A. D., Prasetyo, A., Prabowo, F., & Ramdhani, A. (2012). E-Business analysis of Garut University (UNIGA) using the business model canvas. *International Journal of Science and Research*, 3(6), 529-534.

<sup>5</sup> Putri, M. K., & Utama, A. D. (2017). Evaluasi Model Bisnis pada Laundry Bar dengan Pendekatan Business Model Canvas. *Jurnal Manajemen Indonesia*, 17(2), 137-148

that will display a way of thinking about how the architecture of a company makes a profit. Business models can also describe, explain, or articulate and incorporate knowledge that is difficult to verbalize, such as knowledge based on experience, self-learning, and influenced by individual perspectives and views or tacit knowledge.<sup>6</sup>

### **Business Model Canvas**

Business Model Canvas (BMC) is a tool that aims to design and provide value in the innovation of a business model. Based on Osterwalder & Pigneur<sup>7</sup>, the business model described through the canvas method will be easier for business actors to build and develop a business or business that is run. The Business Model Canvas (BMC) consists of nine building blocks, each of which is interrelated and useful for creating a business model that can provide new added value in each block designed. The Business Model Canvas is a tool with a common language and can be used for stakeholders to discuss business models.<sup>8</sup> The Business Model Canvas (BMC) answers four core or critical questions on blocks that are interrelated with each other: what values are created by the business, how a company can organize itself in creating value, how a company can provide value to customers, and how the industry captures some of the value created.<sup>9</sup> The following is an explanation of the nine blocks of the business model canvas:

### **Customer Segments**

The Customer segment describes several different people to be served by the company. Consumers or customers are the main focus of the business model. With consumers and customers, a business can run and even develop. Companies must know about the customer segments they want to target to generate maximum profits.

---

<sup>6</sup> Sparviero, S. (2019). The case for a socially oriented business model canvas: The social enterprise model canvas. *Journal of social entrepreneurship*, 10(2), 232-251.

<sup>7</sup> Alexander Osterwalder & Yves Pigneur. (2010). *Business Model Canvas*. (T. Clark, Ed.). New Jersey: John Wiley & Sons, Inc.

<sup>8</sup> Qastharin, A. R. (2016). Business model canvas for social enterprise. *Journal of Business and Economics*, 7(4), 627-637.

<sup>9</sup> Tricahyono, D., Alamanda, D. T., Anggadwita, G., Prabowo, F. S., & Yuldinawati, L. (2018). The role of business incubator on cultivating innovation on startups: The case study of Bandung techno park (BTP) Indonesia. *International Journal of Engineering and Technology (UAE)*, 7(2), 226-235.

## Value Proposition

The Value proposition is a block that visualizes the combination of products and services that can create value for specific customer segments. The Value proposition can cause customers or consumers to switch from one company to another.<sup>10</sup> Value proposition is the uniqueness of a product offered by a company to consumers so that these consumers can solve their problems.

## Channels

Channels are customer touch points that play an essential role in they experience.<sup>11</sup> Channels describe how companies communicate and engage with customer segments to deliver value propositions.

## Customer Relationship

This block describes how the company manages the relationship model with its customers and how it builds interest with specific customer segments.

## Revenue Streams

According to Osterwalder & Pigneur<sup>12</sup>, revenue streams represent the company's cash generated from each customer segment. Represents the company's cash generated from each customer segment.

## Key Resources

Key resources describe the resources required in the current operating model. Every business model requires key resources. With these resources, companies can create and offer value propositions, reach a market, maintain customer relationships, and generate revenue.

## Key Activities

Key activities describe the most important things a company needs to do for its business model to function. Every business model requires several key functions. These actions are essential things that a company must do to succeed in its business.

---

<sup>10</sup> Alexander Osterwalder & Yves Pigneur. (2010). *Business Model Canvas*. (T. Clark, Ed.). New Jersey: john wiley & sons, inc

<sup>11</sup> Alexander Osterwalder & Yves Pigneur. (2010). *Business Model Canvas*. (T. Clark, Ed.). New Jersey: john wiley & sons, inc.

<sup>12</sup> Alexander Osterwalder & Yves Pigneur. (2010). *Business Model Canvas*. (T. Clark, Ed.). New Jersey: john wiley & sons, inc.

## Key Partnership

The key partnership block visualizes the network of suppliers and partners that make the business model work for the company. Companies form alliances to optimize their business model, reduce risk, or acquire resources.

## Cost Structure

The cost structure block visualizes all costs incurred using the company's business model. It depicts the main expenses that the company incurs while operating by the current business model. Creating and delivering value, maintaining customer relationships, and generating revenue involve costs. These costs are relatively easy to calculate once key resources, key activities, and key partnerships have been identified.

## Value Proposition Canvas

Value Proposition Canvas is a tool used to visualize customer expectations regarding the products and services offered by the company.<sup>13</sup> Value Proposition Canvas consists of a customer profile and value map. The Customer profile is a tool that can explain specific customer segments in a more structured and detailed company business model. The customer profile is divided into three parts, namely jobs, pains, and gains. The Value Proposition Canvas is a tool that discusses the relationship between the value proposition offered by the company and the customer segment and can be described and described in the Business Model Canvas as an essential element.<sup>14</sup>

## Business Environment Analysis

Osterwalder<sup>15</sup> suggests that a business model is a form designed and implemented in a particular environment. A company can identify a strong and competitive business model by understanding the environment well. Periodic environmental scanning is necessary and even more critical for several reasons, including the increasing complexity of the economic landscape (e.g., business models) and more significant uncertainty (e.g., economic turmoil, new value

---

<sup>13</sup> Osterwalder, A., Pigneur, Y., Bernarda, G., & Smith, A. (2015). *Value proposition design: How to create products and services customers want*.

<sup>14</sup> Kuhnau, J., & Nielsen, C. (2015). Value Proposition Design: How to create products and services customers want. *Journal of Business Models*, 3(1).

<sup>15</sup> Alexander Osterwalder & Yves Pigneur. (2010). *Business Model Canvas*. (T. Clark, Ed.). New Jersey: John Wiley & Sons, Inc.

propositions). Understanding these environmental changes can help adapt models more effectively to shifting external forces.

## Method

The characteristics of this research use a qualitative approach. The Qualitative method is research that emphasizes the process of inductive thinking related to the dynamics of the relationship between observed phenomena, and always uses scientific logic and emphasizes formal research thinking in answering the problems at hand. Qualitative research provides knowledge and meaning about a situation. This study explains the phenomenon as a series of words, not numbers.<sup>16</sup>

This type of research is a descriptive type of research. The Descriptive analysis investigates or explains a symptom, phenomenon, or existing social reality.<sup>17</sup> This research is included in the cross-section based on the implementation time. Cross-section is an exploration activity during a specific period.<sup>18</sup> In this study, the facts described are activities at a particular time. Similar to the concept of photographing an object.

Similarly, after analyzing the Value Proposition Canvas and the business environment, this research intends to uncover the business model description of Martabak MM and the proposed business model innovation design for Martabak MM.

## Result and Discussion

### Current Business Model Canvas of Martabak MM

Based on the results of interviews conducted with the internal parties of Martabak MM, the Business Model Canvas that Martabak MM is currently running is obtained. The following is the current Business Model Canvas at Martabak MM:

- 1) Customer Segment: The customer segment at Martabak MM is almost all ages ranging from 16 to 70 years old and customer groups with

---

<sup>16</sup> Hermawan, S., & Amirullah, M. S. (2016). *Metode Penelitian Bisnis Pendekatan Kuantitatif & Kualitatif*. Media Nusa Creative.

<sup>17</sup> Samsu, S. (2017). *Metode Penelitian:(Teori dan Aplikasi Penelitian Kualitatif, Kuantitatif, Mixed Methods, serta Research & Development)*.

<sup>18</sup> Hermawan, S., & Amirullah, M. S. (2016). *Metode Penelitian Bisnis Pendekatan Kuantitatif & Kualitatif*. Media Nusa Creative.

- middle to lower social classes and a cart trader who needs some martabak raw materials;
- 2) **Value Proposition Canvas:** Low price with good quality. The price Martabak MM offers is one of the most affordable compared to other martabak in the Bandung and Cimahi area with equally good quality;
  - 3) **Channels:** Social Media platforms (Facebook, Instagram, and TikTok), Delivery platforms (Gojek, Grab, and Shopee) and outlets. Martabak MM uses social media to introduce its products, share promos, and create content. In selling its products, Martabak MM uses several delivery platforms, which are often used by people today. Martabak MM has 11 branches spread across three regions: Bandung City, Cimahi City, and Bandung Regency;
  - 4) **Customer Relationship:** Best service, Loyalty Program, and Customer Care. Martabak MM always tries to provide the best service so that the relationship with customers continues to be well established. Loyalty Program is a program where Martabak MM offers the latest promos, holds discounts on purchases, and gives greetings on specific days such as birthdays or New years. In maintaining good relations with customers, Martabak MM always responds to complaints or complaints from its customers;
  - 5) **Key Activities:** Selling martabak, promoting on social media, processing raw materials, and distributing raw materials to all outlets. Selling martabak is the main activity at Martabak MM. Doing promotions on social media is one of the main activities carried out by Martabak MM. Martabak MM processes raw materials into semi-finished raw materials to be distributed to all Martabak MM outlets. After processing raw materials, Martabak MM distributes them to all its outlets;
  - 6) **Key Resources:** Human Resources (employees) and martabak raw materials. Martabak MM employees are the company's primary resource, and the current employees can be further improved, especially the employees at the outlet, to make martabak with a consistent taste. Raw materials are one of the key resources for Martabak MM, which can be added or increased if Martabak MM makes new products such as thin dry martabak;

- 7) Key Partners: Delivery platforms (Gojek, Grab, and Shopee), raw material distributors, and packaging distributors. The delivery platform is one of the key partners for Martabak MM because sales are dominated through the delivery platform and can be increased if you see the current market trend where food and beverage delivery services are growing in the community. Martabak MM works with several raw material distributors and can be increased if Martabak MM makes new types of products, such as thin dry martabak. In providing packaging, Martabak MM cooperates with distributors;
- 8) Cost Structure: COGS or raw material costs, employee salary cost, and operating cost. Purchasing raw materials is a routine expense incurred by Martabak MM. Employee salary costs are regular expenses incurred by Martabak MM and are one of the most significant. Operating costs are one of the expenses incurred by Martabak MM; and
- 9) Revenue Stream: Martabak sales and martabak raw material sales. martabak sales and sales of martabak raw materials are the main income of Martabak MM.

### Value Proposition Canvas

Value Proposition Canvas<sup>19</sup> is divided into two parts, namely, Customer Profile and Value Map. Based on the results of interviews that have been conducted with external parties of Martabak MM, which here are Martabak MM customers, the Value Proposition Canvas mapping is obtained as follows:

- 1) Customer Profile; Customer Jobs: Come to the outlet, order the desired menu, and pay, Customer Pains: Inconsistent martabak flavors, not enough waiting chairs, and not making martabak fast enough to make the waiting time longer, and Customer Gains: Additional portions of martabak, healthier and lower calorie martabak, and more variants and types of martabak.
- 2) Value Maps. Pain Relievers: Increasing the competence of outlet employees, adding waiting chairs, implementing SOP for making martabak in no more than 15 minutes, working with parking attendants

---

<sup>19</sup> Pokorná, Jitka, et al. "Value proposition canvas: identification of pains, gains and customer jobs at farmers' markets." *AGRIS on-line Papers in Economics and Informatics* 7.665-2016-45080 (2015): 123-130.

and maximizing the use of digital platforms, and improving geotagging on google maps. Gain Creators: Reorganizing the menu, using organic ingredients that are lower in fat and calories, and adding product types and variants. Product and Services: Guarantee of making martabak in no more than 15 minutes, martabak with organic raw materials that are healthier and lower in calories, and more varied types and flavors than competitors.

Products and Services are values that can be offered to customers based on the analysis of pain relievers and gain creators that have been designed. The following are products and services that Martabak MM can provide to its customers based on gains and pains, including a guarantee of making martabak no more than 15 minutes so that customers are not annoyed to wait; this can be done by implementing a clear queue SOP, adding martabak making tools, and pre-production such as preparing the dough according to the required portion of the manufacture. Furthermore, martabak with organic raw materials is healthier and lower in calories. At this time, it is still rare, or even no company that sells martabak paying attention to using raw materials that are healthier for consumption with low calories and fat so that customers who pay attention or care about the food they consume do not need to worry about eating martabak. And the last is the types and flavors that are more varied than competitors. The tastes and styles offered to vary so that customers can have more choices when buying martabak.

### **Business Environment Analysis**

Business Environment Analysis<sup>20</sup> is divided into four parts: Market Forces, Industry Forces, Key Trends, and Macroeconomic Forces. Based on the results of the analysis of the Martabak MM business environment that has been carried out, the following are the results of the research:

- 1) Market Forces: The increase in the number of people in the age range of 20-24 years old, the increase in people's monthly spending on food delivery services, changes in people's consumption patterns, and increased strategies on digital platforms;

---

<sup>20</sup> Ali Reza Montazemi, "Factors affecting information satisfaction in the context of the small business environment." *MIS quarterly* (1988): 239-256.

- 2) Industry Forces: The existence of competitors with differentiated menu flavors and product types, substitute products and services, several essential suppliers, and stakeholders;
- 3) Key Trends: Trends in food delivery services, regulatory trends in technology acceleration 4.0, trends in adopting a healthy lifestyle, and trends in population increase; and
- 4) Macroeconomic Forces: Challenging global market conditions, favorable capital market conditions, rising flour and cooking oil prices, ample transportation infrastructure, and festive food and beverage industry conditions.

### **Business Model Canvas Proposal**

Based on the results of the analysis on the Business Model Canvas to improve the business model with the Value Proposition Canvas approach and Business Environment Analysis, it results in formulating a proposed Business Model Canvas that Martabak MM can consider in developing its business. The following is a mapping of the proposed Business Model Canvas for Martabak MM:

- 1) Customer Segment: Teenagers to adults aged 16-70 years, consumer segments with middle to lower social class, and martabak cart traders;
- 2) Value Proposition: Low price with good quality, guaranteed martabak making no more than 15 minutes, martabak-making training service, and various product types and flavors;
- 3) Channels: Social media platforms (Facebook, Instagram, and TikTok), delivery platforms (Gojek, Grab, and Shopee), and outlets;
- 4) Customer Relationship: Best service, Loyalty Program, and Customer Care;
- 5) Key Activities: Selling martabak, promoting on social media, processing raw materials, distributing raw materials to all outlets, conducting martabak-making training, and conducting regular employee competency training;
- 6) Key Resources: Human Resources (employees) and martabak raw materials;

- 7) Key Partners: Delivery platforms (Gojek, Grab, and Shopee), raw material distributors, packaging distributors, parking attendants, and investors;
- 8) Cost Structure: COGS or raw material costs, employee salary costs, operational costs, and employee competency training costs; and
- 9) Revenue Stream: Martabak sales, martabak raw material sales, and martabak making training.

## **Conclusion**

Martabak MM has implemented a business model that has fulfilled the nine essential elements described in the Business Model Canvas theory, so it can be said that Martabak MM has fulfilled and applied aspects related to business development. After analyzing the Martabak MM business model using the Value Proposition Canvas approach and the business environment, it can be concluded that several things need to be added, such as guaranteeing martabak making in no more than 15 minutes, opening martabak making training services, variations in product types and flavors, conducting martabak-making training, conducting regular employee competency training on key activities, working with parking attendants and openly cooperating with investors in key partners. In addition, several things need to be improved so that Martabak MM's business development is better, namely increasing the utilization of delivery platforms such as Gojek, Grab, and Shopee on channels, increasing the purchase of raw materials to make new types of products, and increasing employee competence and improving martabak raw materials. This research uses the Business Model Canvas approach, Value Proposition Canvas analysis, and Business Environment Analysis. The author suggests that future researchers can conduct more in-depth studies by formulating implementation strategies using quantitative and qualitative methods on different objects.

## Reference

- Alexander Osterwalder dan Yves Pigneur. 2009. *Business Model Generation*. Amsterdam: Self Published ISBN: 978-2-8399-0580- 0.
- Alexander Osterwalder & Yves Pigneur. (2010). *Business Model Canvas*. (T. Clark, Ed.). New Jersey: john wiley & sons, inc.
- Harfiani, R., & Pasaribu, M. (2019). Implementasi Business Model Canvas Pada CV. Media (Penerbit dan Distributor Buku Pelajaran PAUD). *Proseding Seminar Nasional Kewirausahaan*, 1(1), 200–208. <https://doi.org/>
- Hermawan, S., & Amirullah, M. S. (2016). *Metode Penelitian Bisnis Pendekatan Kuantitatif & Kualitatif*. Media Nusa Creative.
- Jin, Yuran, et al. “Business Model Innovation Canvas: A Visual Business Model Innovation Model,” *European Journal of Innovation Management* 25, no. 5 (January 1, 2022): 1469–93, <https://doi.org/10.1108/EJIM-02-2021-0079>.
- Kyhnau, J., & Nielsen, C. (2015). Value Proposition Design: How to create products and services customers want. *Journal of Business Models*, 3(1).
- Maghfirah, A. D., Prasetyo, A., Prabowo, F., & Ramdhani, A. (2012). E-Business analysis of Garut University (UNIGA) using the business model canvas. *International Journal of Science and Research*, 3(6), 529-534.
- Osterwalder, Alexander dan Yves Pigneur, (2012), *Business Model Generation*. Jakarta : Elex Media Komputindo.
- Osterwalder, A., Pigneur, Y., Bernarda, G., & Smith, A. (2015). *Value proposition design: How to create products and services customers want*.
- Montazemi, Ali Reza. “Factors affecting information satisfaction in the context of the small business environment.” *MIS quarterly* (1988): 239-256.
- Pokorná, Jitka, et al. “Value proposition canvas: identification of pains, gains and customer jobs at farmers’ markets.” *AGRIS on-line Papers in Economics and Informatics* 7.665-2016-45080 (2015): 123-130.
- Putri, M. K., & Utama, A. D. (2017). Evaluasi Model Bisnis pada Laundry Bar dengan Pendekatan Business Model Canvas. *Jurnal Manajemen Indonesia*, 17(2), 137-148.
- Qastharin, A. R. (2016). Business model canvas for social enterprise. *Journal of Business and Economics*, 7(4), 627-637.
- Samsu, S. (2017). *Metode Penelitian: (Teori dan Aplikasi Penelitian Kualitatif, Kuantitatif, Mixed Methods, Serta Research & Development)*.

- Sparviero, S. (2019). The case for a socially oriented business model canvas: The social enterprise model canvas. *Journal of social entrepreneurship*, 10(2), 232-251.
- Tricahyono, D., Alamanda, D. T., Anggadwita, G., Prabowo, F. S., & Yuldinawati, L. (2018). The role of business incubator on cultivating innovation on startups: The case study of Bandung techno park (BTP) Indonesia. *International Journal of Engineering and Technology (UAE)*, 7(2), 226-235.