

# Business Model Canvas of Honey Soap Industry: Case Study at CV Madu Apiari Mutiara

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**Abstract:** *The objective of this study was to design a prototype of new business model that can be used as a strategy of honey soap business development CV Madu Apiari Mutiara in the future. This research is focused on creating a new business model right through Business Model Canvas approach. The results show through the development of this business model, entrepreneurship training for students and post-grads will provide knowledge of honey derived products, as well as increasing community interest to entrepreneurship. This entrepreneurship training will increase the company's revenue and increase business competency CV Madu Apiari Mutiara.*

**Keywords:** business model, honey, BMC, BOS

## 1. Introduction

Timber forest product potential is 5 percent, while non-timber forest products are 95 percent. One of the non-timber forest products is beekeeping. Beekeeping has many benefits, among which can produce products such as honey, pollen, royal jelly, beeswax, propolis, bee bias, bee larvae, bee colony and queen bee. Beekeeping also helps to increase the production of agricultural crops by assisting pollination, especially fruit and vegetable crops (Baharuddin and Taskirawati 2009). The products of bees that have many benefits are honey. According to Novandra and Widnyana (2013) the benefits of honey as a health supplement, beauty, anti-toxin, wound drugs, and as raw materials in the food and beverage industry.

The need for honey in Indonesia reaches 150,000 tons per year (Indonesian Beekeeping Association 2016). The need for honey is not only to meet the needs of consumption alone, but also to produce derived products from honey. Products derived from honey began to be widely used in cosmetic products, one of them soap.

Soap has an important role in everyday life, therefore people begin to notice the content in the soap used. People are beginning to switch to using natural soaps such as honey soap. Honey soap manufacturers are required to present various variants of quality honey soap that is able to meet the needs of consumers. CV Madu Apiari Mutiara able to capture these opportunities by presenting a product of beauty and health soap made from natural honey. CV Madu Apiari Mutiara able to capture these opportunities by presenting a product of beauty and health soap made from natural honey.

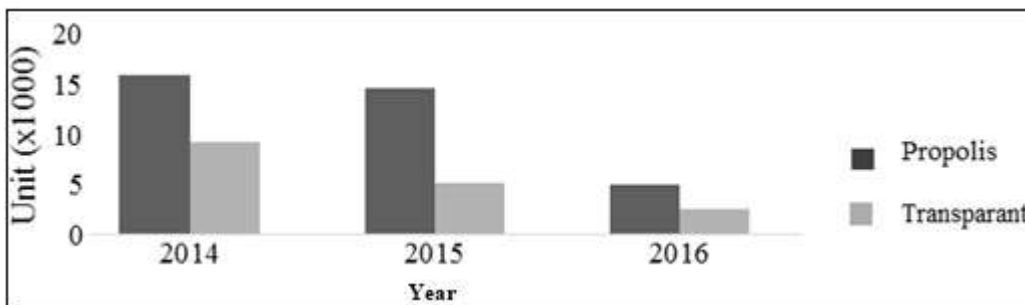
Competition in the natural soap industry in Indonesia is now quite tight. In natural honey soap products, CV Madu Apiari Mutiara still have to compete with some other producers who have previously built a brand and gain the trust of consumers. People tend to be interested in products that have a trusted

brand, good quality, attractive designs, labels that can explain the full composition of the product, and unique packaging. The decision to buy soap is also influenced by several factors. This is the problem and challenge that must be faced by CV Madu Apiari Mutiara if you want to compete in the business of natural beauty soap.

Figure 1 shows the sales of honey soap CV Madu Apiari Mutiara annually experience a decrease caused by some problems that may occur due to a mistake company strategy in running its business. Companies need to develop appropriate strategies according to the conditions and changes that may occur in the business. Business changes that occur can be an opportunity or threat for the company, for that company requires a proper business model. Business model is a description of the relationship between the advantages and resources owned by the company, as well as activities undertaken to acquire and create value that makes the company able to generate profits (PPM Management Team 2012)

One business model used to formulate company strategy is Business Model Canvas (BMC). Business Model Canvas is a business model that illustrates the rationale of how organizations create, deliver, and capture value (Osterwalder and Pigneur 2014). Business Model Canvas can be applied to companies that will do the development in order to create new business models that have more value excellence.

This research aims to: 1) Identify honey soap business model CV Madu Apiari Mutiara currently using business model canvas approach; 2) Designing a prototype of a new business model that can be used as a strategy of honey soap business development CV Madu Apiari Mutiara in the future.



**Figure 1:** The sales of honey soap CV Madu Apiari Mutiara

## 2. Research Elaborations

The research was conducted at CV Madu Apiari Mutiara located in Depok, West Java. the approach of this research is descriptive qualitative based on case study. The type of data used in this study consists of two types, namely primary data and secondary data. Primary data includes information, opinions, policies, and considerations derived from the management of CV Madu Apiari Mutiara, and the views of experts. While secondary data obtained from documents owned by CV Madu Apiari Mutiara, as well as literature study and internet literature related to research. The number of respondents in the study were 11 people.

Data and information deduction technique is done through: 1) observation by observing directly at research location to know activity and activity happened at CV Madu Apiari Mutiara; 2) Interviews with questionnaires are used to extract information pertaining to ideas, opinions, and thoughts of the respondents in accordance with the research focus; and 3) Focus Group Discussion (FGD) or internal corporate group discussions aimed at evaluating current business and designing business models to come.

Processing techniques and data analysis in this study is divided into two stages. The first stage is the mapping of the

current business model, the second stage is to design business model prototype with business model canvas (BMC) starting with deepening of 4 (four) strategic areas, namely business environment analysis, business model evaluation, business model perspective with blue ocean strategy, and how to manage business model in Osterwalder and Pigneur company, 2014).

## 3. Result and Discussion

### 3.1 Mapping The Current Business Model

The first step to mapping the current business model is to observe and deepen the internal environment of CV Madu Apiari Mutiara consisting of nine elements of Business Canvas Model: Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Activities, Key Resources, Key Partnerships, Cost Structure Figure 2 is a mapping of CV Madu Apiari Mutiara's current business model which will become a reference for the development of new business models.

Similar research has been conducted by Yuliasih and Wendrawan (2013), the results show that the idea of developing a business model is seen from the nine blocks of business model canvas on the current business model.

Key Partnership	Key Activities	Value Proposition	Customer Relationship	Customer Segment
Bee farmers	Production (purchase of raw materials, soap production, and packaging)	The product is safe for all skin types	personal assistance (after sales service)	middle and upper consumers
PT Reotaco	Marketing (promotion and distribution)	Product contains original honey		13 serambi botani's outlets
chemicals store		Product varies (fragrances, shape, and color)		100 herbal store
Incubie IPB	<b>Key Resources</b>		<b>Channels</b>	
Government	Human (experienced and professional)	makdoon service (customize order)	Outlet: Bogor, Depok	
	Physical: production building, mixer machine and packaging machine		Exhibition	
	Financial: personal and loan capital		Website	
			Social media: FB	
<b>Cost Structure</b>			<b>Revenue Streams</b>	
Operating costs (raw materials, quality control, labor, production, and marketing)			Direct sales: end consumer	
Investment costs (purchase and maintenance of equipment / machinery, building depreciation, and legality)			Direct sales: agents and resellers	
			Sales of makdoon services: Serambi Botani	

**Figure 2:** Current BMC of CV Madu Apiari Mutiara

### 3.2 Design Prototype Business Model

The design of a business model prototype begins with a SWOT assessment of the current business model. Table 1 shows the SWOT assessment of the current CV Madu Apiari Mutiara business model. This SWOT assessment will be used as a reference and one of the considerations in developing the business model that will come.

SWOT assessment on research conducted by Singka et al. (2014) concerning small industry development efforts, prioritizing key business development strategies implemented are organizational restructuring and management systems, promoting promotion, establishing cooperation with banks, establishing market pricing strategies to address competition and improve service quality to customers. The priority of CV

Madu Apiari Mutiara strategy based on the SWOT business model is to improve the weakness and capture the existing opportunities in the value proposition block

The idea of designing a new business model prototype CV Madu Apiari Pearl is in line with Presidential Instruction R.I. Number 4, 1995 on "The National Movement of Socializing and Entrepreneurship Entrepreneurship" and in 2008 the government through the Department of Cooperatives and SMEs has launched GETUKNAS (National Movement of Entrepreneurship Program) for high school students and college students (Murtini 2008). Therefore, the initial idea of designing the prototype CV Madu Apiari Mutiara pointed to the added value offered in the form of industrial visits and entrepreneurial training intended for students and retirement.

**Table 1: SWOT assessment**

Element	Strength	Weakness	Opportunities	Threat
<i>Customer Segmen</i>	Companies are constantly getting new customers	The customer base has not been well segmented	Consumers turn to herbal and natural cosmetic products	Peningkatan persaingan dalam produk sabun herbal tinggi
<i>Value Proposition</i>	The products offered are safe for all skin types  The company receives a costumize order	The resulting product does not have BPOM license and Halal MUT (on process)  only produce soap	Increased needs of herbal and natural products  government regulation	Competition with other honey soap producers offering the same price and licensed
<i>Channels</i>	Good communication	Website use less	Potential to open an herbal beauty salon	Competitors are more active using online media
<i>Customer Relationship</i>	Good customer relationship	no special social media	Using social media	Competitor product offerings are more interesting
<i>Revenue Stream</i>	High product margin	Soap product income is still mixed with other honey products	Variations of soap products can increase revenue	Customers prefer competitors' products
<i>Key Resources</i>	Having experienced and professional human resources (pharmacist)	No license and registered merk	Honey is easy to get	Weather affects the quality of honey
<i>Key Activities</i>	The main activities are efficient	Soap production activities are easy to imitate	soap is a daily necessity	Product results are not good during the rainy season
<i>Key Partnership</i>	Maintain good relationships with all partners	Outright sale	Potentially increase collaboration with partners to focus on business	Dependent on partner
<i>Cost Structure</i>	Costs can be predicted	Soap product costs are still mixed with other honey products	Companies can reduce costs for raw materials because they have their own bees	Production costs are increasing

Previous research conducted by Marahakim and Wandebori (2012), on the development of EPIK Magazine business, resulted in business development starting from the idea of changing channels and key partnership. And other research by hariwan silviatni (2014), about the design of the business model cafe, set the idea of the design of the business model cafe in value offered that ease culinary customers to shop at the same time. Research Cidhy et al. (2016) on creative tourism and bamboo extracurricular activities in the development of business model CV Suratin Bamboo, show through the development of this business model, in addition to increased revenue, bamboo training is expected to increase the company's growth for the long term. The opportunity to maneuver in the development of a business model.

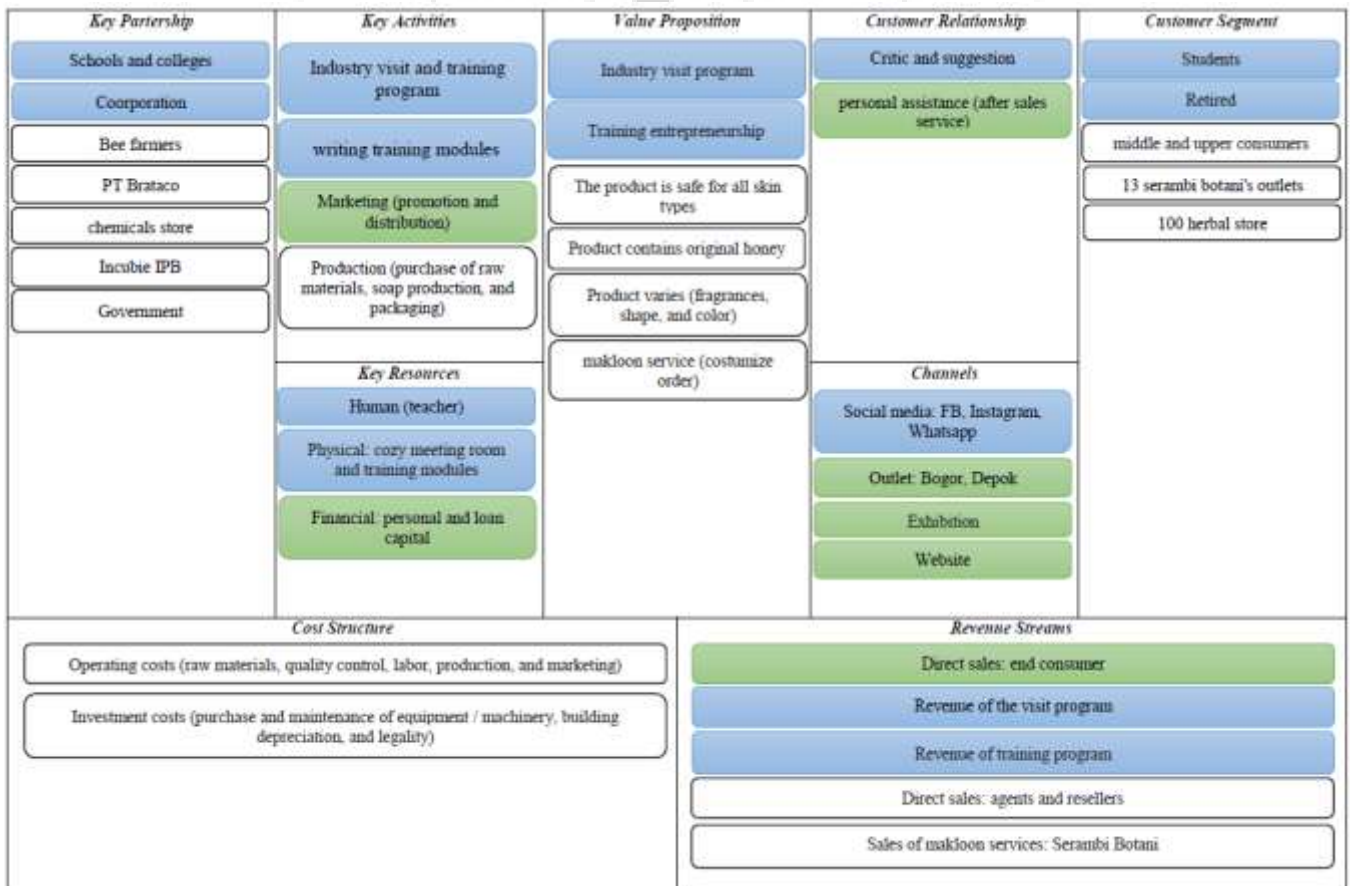
The business model design flow with BOS depicted in four main questions is anything that can be created, eliminated, improved and subtracted from the current business model to become a new business model in the future. Figure 3 shows an idea that represents a change in an important building block of another building block. Stages of change of building blocks ranging from the value offered by CV Madu Apiari Mutiara is a training service that is divided into two programs: industry visit and entrepreneurship training, which will become the target of training service customer is educational institution and retired.

Element Block	Improved	Created	Removed	Reduced
Who is the company and what does the company have? (Key Resources)		- Cozy meeting room - Training modules	6	
What does the company do? (Key Activities)	- Promotional activities	- writing training modules - Industry visit program - Training activities	5	
Who does the company help? (Customer Segments)		- Students - Retired	2	
How does the company help? (Value Propositions)		- Industry visit program - Training program	1	
How is the company known? (Channels)	- Website - Exhibition	- Social Media	8	
How does the company interact? (Customer Relationship)	- Personal assistance	- critic and suggestion	9	
Who helps the company? (Key Partnership)		- Schools - Colleges - Corporations	3	
What does the company get? (Revenue Streams)	- Product sales	- Revenue of the visit program - Revenue of training program	4	
What does the company provide? (Cost Structure)	- Promotion cost	- Investment costs	7	

**Figure 3: Blue Ocean Strategy**

Blue Ocean Strategy is implemented in the development of the current business model to design future business models, mapped back in one canvas as one prototype of CV Madu Apiari Muiara business model in the future (Figure 4). In Figure 4, coloring on the blocks of business model building blocks, the blue color designated for the building blocks

element created, the green color for the building blocks optimized or enhanced in its activity compared to the previous business model, and without color intended for block elements buildings that have not changed or remain in the future.



**Figure 4: The new BMC of CV Madu Apiari Mutiara**

Here is an explanation of each of the building blocks on the prototype of the new business model CV Madu Apiari Mutiara:

Customer Segment CV Madu Apiari Mutiara adds target customers of educational institutions and retirement. Educational institutions targeted, ranging from kindergarten to college, while for retirement is a worker who will face a

retirement that requires an idea to build a business by knowing how to manufacture and the ins and outs about the honey soap business.

The proposition value offered is to receive an industry visit dedicated to educational institutions and entrepreneurship training services intended for retirement. The duration of the industry visit is only about 2 hours for company introductions, production room tours, soap cutting simulations, and discussion sessions. As for training, duration of time provided for 8 hours with for company introduction, production room tour, soap making training, packaging training, and discussion. Trainees will be given a module containing the company profile, tools and materials to prepare, how to make honey soap, and details of costs incurred in one production.

Channels needed to promote industry visitation programs and training can be through the social media of CV Madu Apiari Mutiara, no longer using social media company owners. Social media accounts created are Facebook, Instagram, and Whatsapp. In addition, promotional programs should be upgraded to outlets, exhibitions and websites. It aims to make more people know that CV Madu Apiari Mutiara opens a visit and training program. On the website written the date of the program and participants who follow the program to make sure that the program visits and training is very attractive and interesting to follow.

Customer relationship needs to be improved by adding special personnel to serve customers, because previously most customers are served by the direct owner. In addition, discussion sessions on training and visits, program participants are expected to write down criticisms and suggestions that aim to be an evaluation material for the company to be able to develop and improve ongoing programs.

This prototype will create revenue from industry visits and training activities. the cost for industry visit is 50.000 IDR per person, while for training 150.000 IDR per person. Other income streams that will increase are direct sales at outlets.

Resources needed are comfortable meeting rooms and training modules. Other resources are human resources such as the teaching team. and other major resources needed is capital for renovation of the meeting room.

Key activities that need to be implemented are the owners taking the time when the program is able to meet face-to-face with the participants, in addition owners and employees jointly develop training modules and operational standards of procedures on the implementation of entrepreneurship visits and training, as well as the establishment of a teaching team. Key Partnership on this prototype is needed new partners. CV Madu Apiari Mutiara needs to work with schools, colleges and companies.

Implementation of this prototype has consequences that is the addition of operational costs for promotional activities and

investment costs to renovate and the cost of module material preparation.

Implementation of this business model prototype will change and not the production process, therefore the owner can try CV Madu Apiari Mutiara need schedule and training held so as not to disrupt the business. In addition, the prototype of this business model is a considerable cost for operational costs and operational costs, for which financial managers need to review the costs and revenues that may arise from the implementation of this business model. Table 2 shows the advantages and disadvantages when a new business model prototype is applied by CV Madu Apiari Mutiara:

**Table 2:** The advantages and disadvantages of applying prototype business model

Advantages	Disadvantages
- Income	- It's time to prepare the necessary needs for a long time
- It can be applied to other products	- Company activities it can be a bit distracted

#### 4. Conclusion

The mapping business model CV Madu Apiari Mutiara with canvas bussiness model it shows that the company's customer of CV Madu Apiari Mutiara is customer, 13 Serambi Botani's outlet dan 100 Herbals store with a proposal the value offered quality products, varitation products and receive makloon service. CV Madu Apiari Mutiara exploit of outlet, exhibination, website, and social media to reach the customer target. Customer relationship using personal service. The revenue stream is obtained from the sale of honey soap products. The main resource of CV Madu Apiari Mutiara is divided into three, human, physical and financial with the main activity that run is activity of production and marketing. The main partners in cooperation with CV Madu Apiari Mutiara are the main suppliers of raw materials, suppliers of supporting raw materials, Incubate IPB, and the Government. Cost structure incurred by CV Apiari Mutiara honey consists of operational costs and investment costs.

The prototype of the new business model is the development of Value Proposition and Customer Segment by looking at oportunities for the importance of entrepreneurship education for students and full-time.

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### Author Profile

**Diah Dwi Swastiati** who graduated from Yaspen Tugu Ibu High School in 2009 and at the same year passed in undergraduate Jenderal Soedirman University. She choose courses of agribusiness, the faculty of agriculture and graduated in 2013. In 2014, she listed as one of the students in School of Business Bogor Agricultural University, Indonesia.