SCANNING RITEL STORE USING THE BUSINESS MODEL CANVAS METHOD

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Abstract: The retail industry in Indonesia is currently experiencing unpredictable ups and downs. Many retail stores are closed and new ones keep popping up. Changes in the environment that keep happening make retail management have to understand the changes themselves. For this reason, the business model must be determined in order to be able to compete with competitors. The purpose of this study is to determine the Wendys retail store business model using the Business Model Canvas method. This research method uses descriptive analysis with the Business Model Canvas method using primary and secondary data. The customer segment of the Wendys retail store is local residents. Its value proposition is friendly service and product completeness. The main channels used are shop buildings and social media. Customer Relations is a delivery service for certain customers. Key activities are processing products for sale (sorting, packaging), and keeping merchandise clean, well-maintained and resaleable. Main Resources owned are shop buildings, shop facilities and shop attendants. Its main partners are consumer goods suppliers and retail store communities. The cost structure includes operational costs which include product maintenance and maintenance, electricity, water. Non-operational costs depreciation of building value. The revenue stream is only from product sales.

Keywords: *Ritel Store, Business Model Canvas, Consumer Goods*

1. Introduction

The retail business is all business activities that involve the sale of goods or services, or goods and services, which are carried out by companies or business institutions directly to end consumers which are used for personal, family or household purposes, with a sales volume of more than 50 or more. % of these end consumers and a small portion of the business market (Joko Utomo, 2009).

(Utami, 2013) states that retail can be understood as all activities involved in selling goods or services directly to end consumers for personal use and not business use. Retail is also a tool for business activities that add value to products and sales services to consumers in the use or consumption of individuals and families.

According to the results of research conducted by Rahanta (Basri, 2012), it was found that not all consumers who live in urban areas are getting used to paying attention to the place and type of product to be purchased. Respondents think that the place and products purchased have a big influence in making food product purchasing decisions.

State / Region	Last data	Frequency	time span
Australia (%)	5.6 Sep-20	Monthly	Apr 1983 - Sep 2020
Hong Kong SAR, China (%)	-9.1 Oct 2020	Monthly	Jan 1982 - Oct 2020
Indonesia (%)	-10.0 Oct 2020	Monthly	Jan 2011 - Oct 2020
Japan (%)	6.2 Oct 2020	Monthly	Jan 2001 - Oct 2020
South Korea (%)	1.4 Oct 2020	Monthly	Jan 1996 - Oct 2020
Macau SAR (%)	-52.5 Sep-20	Quarterly	Mar 2002 - Sep 2020
Malaysia (%)	-1.5 Aug 2020	Monthly	Jan 2014 - Aug 2020
New Zealand (%)	6.2 Sep-20	Quarterly	Sep 1996 - Sep 2020
Singapore (%)	-11.8 Sep-20	Monthly	Jan 1986 - Sep 2020
Taiwan (%)	3.1 Oct 2020	Monthly	Jan 2000 - Oct 2020
Thailand (%)	-5.7 Sep-20	Monthly	Jan 1996 - Sep 2020
China (%)	4.3 Oct 2020	Monthly	Jan 1994 - Oct 2020
Vietnam (%)	4.8 Sep-20	Monthly	Sep 2004 - Sep 2020

Tabel 1. Indonesia's Retail Sales Growth
Source: www.ceicdata.com

According to ceicdata.com, Indonesia's retail sales growth is reported to be minus -10.0% in 2020 in October. This record decreased compared to the previous one, namely minus -8.7% for September 2020. Indonesia's Retail Sales Growth Data is updated monthly, with an average growth of 8.6% from 2011 in January to 2020 in October, with 118 observations. This data reached a high of 28.2% in December 2013 and a record low of -20.6% in May 2020. Indonesian Retail Sales Growth Data remains active status in CEIC and is reported by CEIC Data. The data is categorized in the Global Economic Monitor World Trend Plus.

From the results of the recapitulation of retail sales growth in Indonesia (Table 1) and the results of the analysis conducted by ceicdata.com, it is clear that there has been a decline over time. This is very unfortunate considering the large population in Indonesia.

According to the Ministry of Home Affairs through the Directorate General of Population and Civil Registration released data on Indonesian population for Semester I 2020. Based on the Population Data for Semester I 2020, the total population of Indonesia as of June 30 was 268,583,016 (kompas.com).

For this reason, this study aims to analyze the business models used by retail entrepreneurs in maintaining their existence. Being a change driver struggles to challenge outdated business models and design businesses for the future.

Wendys retail store is a retail store that is engaged in trading daily necessities. The product categories sold in this shop are in the form of basic necessities and daily necessities such as rice, cooking oil, sugar, office stationery, food, drinks etc. Wendys retail store is located in the eastern Surabaya area, in the middle of a densely populated residential area and close to several campuses and offices. With this, in addition to having a large enough potential in terms of growth of prospective customers, it is also accompanied by increasingly tough competition in the retail industry, particularly retail development which is quite fertile in the area.

This situation is certainly an advantage in itself as well as a challenge for Wendys retail store in an effort to develop its business. As a retail store that has been established since the 1980s, Wendys retail store has quite a long experience compared to its competitors. So the Wendys retail store must always optimize its resources carefully to continue to innovate and be creative. Able to optimize the resources owned by the business model in accordance with the character of the business.

In assessing and understanding business models, (Osterwalder & Pigneur, 2016) offer a method called the canvas business model. It is one of the appropriate business strategy models for Wendys retail store to implement to continue to innovate and be creative in developing and maintaining its business existence. The elements contained in this canvas business model, including value proposition, customer segments, channels, key resources, customer relationships, revenue streams, key activities, key partners, and cost structure can be used as a business model. The research objective is to identify and analyze business conditions at the Wendys retail store with a canvas model business approach.
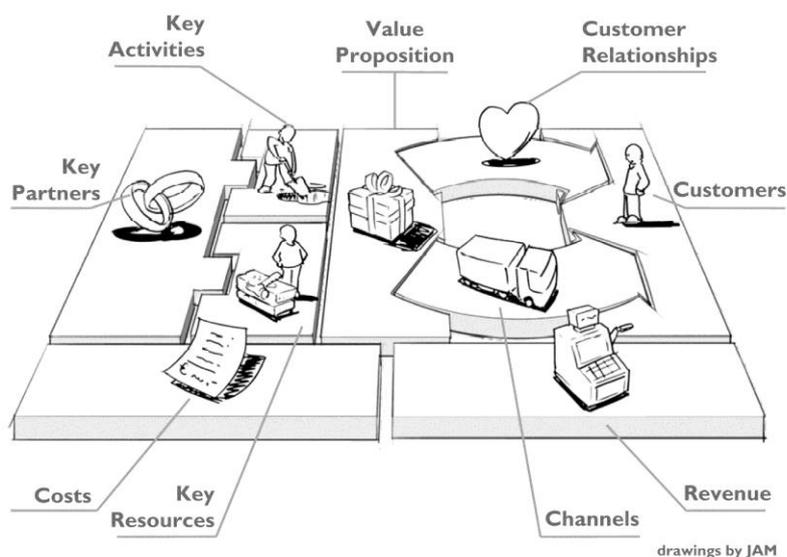
The business model canvas (BMC) has advantages in business model analysis, which is able to describe simply and thoroughly the current condition of a company based on consumer segments, value offered, value supply channels, relationships with customers, income streams, vital assets, partners. , as well as the cost structure it owns (Rainaldo et al., 2017).

The canvas business model can also be used as a tool to propose a new business model design that will be implemented by one of CV's new business units. OAG which produces spinach chips (Rukka et al., 2018).

(Permadi et al., 2016) reports that through analysis of BCM (business model canvas) on CV. Kandura Ceramics Bandung, there are 7 recommended improvement programs including the formation of segmentation, corporate collaboration and art activists to form contemporary ceramic communities, forming personal websites, collaborating with supplier partners, couriers, investors, and competent experts, registering products, forming a quality control subdivision and coloring techniques, as well as recruiting potential human resources.

2. Research Method

The research method uses descriptive analysis with a canvas business model using primary and secondary data. This research was conducted at the Wendys retail store in the city of Surabaya, from March 2020 to December 2020. Direct data sources were obtained from interviews, while complementary data were obtained from documentation studies from various appropriate sources. Collecting data using interviews, observation and documentation study. The analytical method used in this research is the canvas business model.

Picture 1. The concept of the business model canvas.

3. Results and Discussion

3.1. Results

Wendys retail store is a retail store located in East Surabaya, to be precise, Sukolilo district. Wendys retail store began operating in the 1980s to meet the daily needs of the surrounding community. The types of products offered are retail products in the form of household daily staples, such as rice, cooking oil, sugar, office stationery, various foods and beverages, etc.

From the results of interviews and observations that have been conducted, based on geographic location, the majority of Wendys retail store customer segments live not far from the retail location. Where around the retail there are many residential clusters. The majority of customer occupations work as housewives, students, and various other types of work. Its value proposition is shop building, convenience, product layout on the storefront, easy access, friendly service and product completeness. The main channels used are shop buildings and social media. Customer Relations is a delivery service for certain customers. Key activities are finding suppliers at low prices, making product purchases, processing products for sale. (sorting, packaging), and keeping merchandise clean, well maintained and worth selling. Main Resources owned are shop buildings, shop facilities and shop attendants. Its main partners are consumer goods suppliers and retail store communities. The cost structure includes operational costs which include product maintenance and maintenance, salaries, electricity, water. Non-operational costs depreciation of building value. The revenue stream is only from product sales.

The results of the same research were carried out by Jack Absalom Soselisa (Soselisa et al., 2018) at the XYZ Cileungsi supermarket, Bogor. From the results of the research conducted, most of the customers work as housewives, private employees and various other types of work. Its value proposition is access and convenience. The main channels used are physical stores as direct physical channels and promotional catalog channels, SMS / WA and email blasts as indirect channels. Membership programs are the main tool in building customer relationships. The main revenue streams consist of three types of income, namely sale of assets, leases and commissions. The key activity of XYZ Supermarket is in the field of service operations whose main focus is the management and sale of merchandise or retail products. Meanwhile, the key partnership is a buyer-supplier partnership in order to supply retail merchandise that will be resold to its customers. The buyer-supplier partnership model that has been developed consists of three types of cooperation, namely buying and selling, profit sharing or consignment and leasing cooperation. Its cost structure is a cost driven cost structure with a combination of fixed and variable costs. Fixed costs consist of employee salaries and store building rental. Variable costs consist of electricity, water and gas costs, as well as non-trade costs.

3.2. Discussion

By using the Business Model Canvas, an overview of the Wendys retail store business model is obtained as below.

1. Customer Segments

   The Customer Segments building block describes a distinct group of people or organization that a company wants to reach or serve. Customers are the core of all business models, without customers no company can last long. Customer segments at Wendys retail store are local residents at the store location. Currently, Wendys retail store still serves the purchase of consumer goods and other products manually. That is, the buyer comes directly to the store location. Given that the Wendys retail store neighborhood is a densely populated settlement, where there are many residential clusters, close to offices and educational institutions. The work backgrounds of Wendys retail store customers are also diverse. Starting from housewives, students and students, employees to children.

2. Value Propositions

   According to (Kaplan & Norton, 2001), a value proposition is a value that is channeled, communicated, and known. Value proposition can be applied to all organizations, consumers, products or services.

   Value proposition building blocks describe the combination of product types and types of services that can create more value for customer segments. The added value, for example the price and speed of service, can be categorized as quantitative. Meanwhile, for example, the design and customer experience can be categorized as qualitative. This value proportion creates more value for the customer segment by combining different elements that serve the needs of that segment. Value propositions Wendys retail store is a strategic location and convenience of the environment. A beautiful place is one of its advantages. Not only the location and environment, but the product layout on the storefront is also neatly arranged according to customer expectations. Easy to reach access and providing friendly service are also the advantages of this retail. The products sold are also more complete when compared to similar retailers.

3. Channels

   Channels is a description of the way companies communicate and convey value propositions, distribution, and sales to customers. (Kotler & Keller., 2008), describes three kinds of marketing channels which include: communication channels, distribution channels, and service channels. The channel building blocks describe how a business organization communicates with its customer segments and reaches them to provide Value Propositions. Find the right mix of channels, through its own channel or through partners to meet how customers want to be reached. This is very important because it can bring its own value to the market. Channel is a way to reach customers. Wendys retail store currently operates single, meaning it does not open branches. Customers who need daily necessities can go directly to the location. Not only that, the owner of the Wendys retail store also provides communication channels in the form of social media. But the social media used is still one with the social media for the owner of the Wendys retail store.

4. Customer Relationships

   These building blocks relate to customers in describing the different types of relationships an organization builds with its more specific customer segments. An organization must describe the type of relationship it wants to build with Customer Segments. Customer Relationship that is implemented is almost non-existent. The manager of the Wendys retail store provides a free delivery service. However, due to limited manpower, not all customers get this facility.

5. Revenue Stream

   This building block is a revenue stream that describes the revenue stream that the company generates from each customer segment (costs must reduce revenue to generate revenue). The revenue stream for the Wendys retail store is through the sale of its products only. Because they do not have other business fields besides selling products needed by customers.

6. Key Resources

   These building blocks contain key resources that represent the most important assets required for a business model to function. Every business model requires a Primary Resource. These resources allow companies to create and offer Value Proportions, reach markets, maintain relationships with customer segments, and earn revenue. Key resources Wendys retail store is a supplier or supplier of products to be sold. In addition, shop buildings, good facilities and services are also the main capital for the Wendys retail store.

7. Key Activities

   These building blocks are the core activities that illustrate what a company must do for its business model to work. Every business model requires a number of key activities, namely the most important actions a company must take in order to operate successfully. Key Activities The Wendys retail store is to sell consumer goods in retail. To be able to sell good products at relatively cheap prices, you have to carry out several activities such as finding suppliers at low prices, then selecting which suppliers to buy the products from. Processing products to be sold, among others, is such as selecting products that are suitable for sale and products that are damaged during delivery which will then be repackaged if necessary. The next activity is to keep the products on the storefronts clean, well maintained and fit for sale.

8. Key Partnerships
   This building block contains about who is in a partnership relationship. Describes a network of suppliers and partners that make the business model work. Companies create alliances to optimize their business models, reduce risk, or acquire their resources. Key partners are parties who are invited to cooperate with the aim of Optimization and Economy: partner motivation to optimize resource allocation and activities considering that a company does not need to have all the resources and carry out its activities alone. Reducing risk and uncertainty in a competitive environment. Acquiring another company to improve the company's performance capabilities. Wendys retail store key partners are suppliers who have supplied Wendys retail store products. In addition, there is also a retail community which is used as a forum for communication between retailers in order to improve service to customers.

9. Cost Structure
   The cost structure is a description of all the costs incurred to run a business. It is not uncommon for any business model to minimize costs. However, the lower cost structure is more important for some other business models. The cost of the Wendys retail store structure is from operating costs and non-operating costs. Operational costs include product maintenance and maintenance costs, salary costs, water and electricity costs. Meanwhile, non-operational costs such as building depreciation costs.

   Based on the description of the Business Model Canvas above, the full Business Model Canvas can be described in the BMC standard format as in the image below.:

Picture 2. Nine blocks of business model canvas.

4. Conclusion

Based on the data and analysis carried out, conclusions can be drawn:

1. The current Wendys retail store business model is a retail business activity, namely, basic necessities and daily necessities such as rice, cooking oil, sugar, office stationery, food, drinks etc.

2. Wendys retail store is a long-established retail store, which is around the 1980s. With such a long period of time, there should be a change in strategy in approaching customers. Maybe by taking advantage of highly developed technology.

3. To be able to determine the right strategy in dealing with environmental changes, it would be better if you first analyze the strengths, weaknesses, opportunities and threats that exist both internally and externally.

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