



## Innovative strategies for MSME business growth with the business model canvas approach

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### ABSTRACT

The urgency of the research is the importance of the ability to adapt and innovate in the face of dynamic changes in the business environment to make MSMEs achieve better growth so that this study aims to identify innovative strategies that can support the business growth of vegetarian diet culinary MSMEs with a Business Model Canvas approach. Business Model Canvas is a framework consisting of nine main interrelated elements to plan, develop, and optimize business strategies. Through a case study approach and qualitative research methods, this research explores information from several successful vegetarian diet culinary MSMEs. The results showed that the Business Model Canvas provides flexibility in long-term business planning, increases focus on the important points of business planning, and allows companies to update existing models or elements according to the situation. This research contributes to developing innovative strategies for vegetarian diet culinary MSMEs and can be a practical guide for business owners in achieving sustainable business growth.

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## INTRODUCTION

The growth of the MSME business (Micro, Small and Medium Enterprises) has a very important role in driving the economy of a country. SMEs are often considered as the backbone of the economy, as they contribute a large proportion of employment, drive innovation and improve societal well-being (Cakranegara et al., 2022; Rumbrawer et al., 2023; Supatmin et al., 2022). In this era of

globalization, MSMEs must be able to compete in an increasingly competitive market. By implementing innovative strategies that use the Business Model Canvas approach, MSMEs can identify their competitive advantages, create added value for customers, and increase their competitive advantage in the global market. However, the challenges faced by MSMEs in achieving sustainable growth are often complex and require innovative approaches (Rachmad et al., 2023; Sugiana et al., 2023).

One of the innovative approaches that can be used to increase MSME business growth is to apply the Business Model Canvas (BMC). The Business Model Canvas is a popular and effective tool for describing and analyzing a company's business model. In the context of innovative strategies for MSME business growth, BMC can be a strong foundation for formulating and implementing appropriate steps (Naim, 2023; Rifani & Sadikin, 2020). The BMC approach enables MSMEs to improve their business models, find new opportunities, identify weaknesses, and optimize existing assets (Sadikin, 2020). By gaining a better understanding of how their business operates and relates to customers and partners, MSMEs can take strategic steps to overcome challenges and achieve sustainable growth.

The application of BMC in the initial strategy of MSME businesses has been studied in several studies by (Hartatik & Baroto, 2017; Sadikin et al., 2023; Zulkarnain et al., 2020) This research explores the importance of innovative strategies in achieving sustainable business growth. Other research by (Hierdawati, 2022; Patiran et al., 2023; Suwarni & Handayani, 2020) This study examines the role of business model innovation in MSME growth. The results of the study show that the adoption of innovative business models significantly contributes to business growth and increases the competitive advantage of SMEs (Humaidi et al., 2022; Sawitri & Suswati, 2019; Wijaya et al., 2022). The importance of the ability to adapt and innovate in dealing with changes in the dynamic business environment makes MSMEs achieve better growth. Other research by (Ermaya & Darna, 2019; Sudarwati & Naim, 2022; Sukarno & Ahsan, 2021) shows that business model innovation based on BMC helps MSMEs in expanding market share, increasing customer satisfaction, and improving overall business performance. The difference in current research lies in the research focus, namely on SMEs that are pioneering in the business world, so it is necessary to develop innovative strategies so that they can start a business by considering various aspects of the BMC approach such as the use of digital technology (Fauzi et al., 2023; Widjajanti et al., 2022; Zebua et al., 2023), e-commerce, or sustainability in the context of innovative strategies. MSMEs.

Based on the importance of applying BMC to MSMEs described in several previous studies, the purpose of this research is to be able to analyze the needs of MSMEs, especially pioneering businesses in starting businesses so they can design innovative business models. This research aims to design innovative business models for vegetarian culinary MSMEs. By using the BMC approach, there are implications from the research, namely that MSMEs can identify and integrate key elements such as value propositions, market segments, distribution channels, and sources of income that match the business characteristics of the MSME segmentation. It is expected to find out the factors that contribute to sustainability in the context of vegetarian culinary MSMEs and can contribute to the development of more effective and innovative business models for vegetarian culinary MSMEs.

## RESEARCH METHOD

Qualitative research methods with a case study approach are used to deeply understand specific and complex phenomena in real contexts (Ibrahim et al., 2023). In the context of research on vegetarian culinary MSME businesses, qualitative research methods with a case study approach can help understand the innovative strategies implemented by successful vegetarian culinary businesses and the factors that influence their success. Observation and interview data collection methods are carried out to several vegetarian culinary businesses to find out the factors that influence business growth, so that it can be a consideration for new business development in the field of vegetarian culinary, especially diet menus. Qualitative research methods with a case study approach provide

the ability to gain in-depth insights into the phenomenon being studied (Sugiyono, 2017) and allow researchers to explore the context and complexity of cases in depth. This method allows for a richer and more comprehensive understanding of innovative strategies in a business context.

## RESULTS AND DISCUSSIONS

### 3.1. Result

#### The Role of the Business Model Canvas in Business Strategy

The Business Model Canvas is a useful tool in planning, developing and optimizing business strategy. It is a framework consisting of nine main elements that are interrelated. Each of these elements describes key aspects of a business and helps in identifying opportunities and challenges related to business strategy. There are several important roles played by the Business Model Canvas in business strategy, namely (1) Flexibility in mapping long-term business. Usually, most business owners don't really think about the future of their business, with the business model canvas we can plan what kind of business we want in the future. (2) Increasing the company's focus on the important points of business planning, the business model canvas focuses on the important and strategic elements that have the greatest impact on driving the growth of the company. (3) Companies can easily update the model or one of the blocks in the business model canvas when the execution is not in accordance with the existing situation, besides that the business model canvas is also easier to share with business partners.

#### MSME Business Model

The Business Model Canvas created is a business selling food for vegetarian culinary delights packaged in contemporary dishes.

1. Key Partners: in the Business Model Canvas for vegetarian culinary MSMEs, Key Partners refer to individuals who play an important role in carrying out business operations, namely:
  - a. chef Chef who can process vegetarian ingredients
  - b. Local supplier specifically for the supply of vegetarian ingredients.
2. Key Activities in the Business Model Canvas refer to the tasks and activities that must be carried out by a business to carry out its operations and provide value to customers, namely:
  - a. Purchase the best quality vegetarian ingredients from local regional suppliers
  - b. Manage vegetarian ingredients so that they can produce delicious and healthy contemporary dishes.
3. Key Resources:
  - a. Secret recipes for vegetarian dishes.
  - b. Kitchen, and cooking equipment for producing vegetarian dishes.
4. Value Propositions:
  - a. Every nutritional value in the dish will be displayed transparently to support the customer's dietary needs.
  - b. Even though it has a diet food concept, the food sold follows current food trends, but still pays attention to nutritional value so that the customer's diet remains successful. Examples of dishes such as pizza, burgers, geprek using vegetarian ingredients.
5. Customer Relationships:
  - a. Free education about diet and healthy living to customers.
  - b. Provide consultation on a diet plan that suits your body condition
  - c. Customers.

- d. Forming a plant-based diet community.
6. Channels:
- a. Gofood, because the target market is local demographics.
  - b. Social media, such as Instagram and YouTube.
  - c. Local Influencers, work closely with influencers who have content
  - d. Health and fitness.
7. Customer Segments
- a. People with a vegan or vegetarian lifestyle.
  - b. Men and women over the age of 40 who want to start/maintain a healthy life.
  - c. Vegetarian body builders.
8. Cost Structure:
- a. Purchase of fresh vegetarian baguettes.
  - b. Employee salaries such as chef, admin, accounting, and marketing.
  - c. Marketing, such as fees for working with influencers, advertising on Gofood, and social media.
  - d. Packaging, buying and printing packaging according to the business brand created.
9. Revenue Streams
- a. Sales of plan base diet meals (vegetarian food for diet)
  - b. Selling protein shakes (plant based)
  - c. Selling mentoring services to support customer diet activities.

<b>Key Partners</b> <b>Cheff</b> Cheff yang dapat mengolah bahan vegetarian <b>Supplier</b> Supplier lokal yang khusus untuk supply bahan-bahan vegetarian	<b>Key Activities</b> <b>Pembelian</b> Membeli bahan vegetarian kualitas terbaik dari supplier lokal (daerah denpasar) <b>Kelola Bahan</b> Mengolah bahan vegetarian sehingga dapat menghasilkan masakan kekinian yang enak dan sehat. <b>Key Resources</b> <b>Recipe</b> Resep rahasia hidangan-hidangan vegetarian <b>Tools</b> Dapur, alat-alat untuk memproduksi hidangan vegetarian MyDietMeals	<b>Value Propositions</b> <b>Nilai Gizi</b> Setiap nilai gizi pada hidangan akan ditampilkan secara transparan untuk mendukung kebutuhan diet pelanggan. <b>Makanan Kekinian</b> Walaupun berkonsep makanan diet, makanan yang dijual mengikuti trend makanan-makanan saat ini, tetapi dengan menjaga nilai gizi agar diet customer tetap berhasil. Contoh seperti Pizza, Burger, geprek dengan menggunakan bahan-bahan vegetarian	<b>Customer Relationships</b> <b>Edukasi Gratis</b> Tentang diet dan hidup sehat untuk mengedukasi pelanggan. <b>Konsultasi Diet</b> Memberikan konsultasi diet plan yang sesuai dengan kondisi tubuh pelanggan. <b>Komunitas</b> Membentuk Komunitas Base Plant Diet <b>Channels</b> <b>Gofood</b> Karena target market demografis lokal <b>Sosial Media</b> Instagram, dan youtube <b>Lokal Influencer</b> Bekerja sama dengan influencer health dan fitness	<b>Customer Segments</b> <b>Vegetarians</b> Orang-orang yang vegan atau vegetarian <b>Paruh baya</b> Laki-laki dan perempuan yang berumur diatas 40 tahun yang ingin memulai hidup sehat. <b>Body Builder</b> Body builder vegetarian
<b>Cost Structure</b> <b>Bahan Baku</b> Pembelian Bahan baku vegetarian yang segar <b>Gaji</b> Gaji pegawai seperti cheff, admin, accounting, dan marketing <b>Marketing</b> Bekerja sama dengan influencer, beriklan di gofood, dan sosial media. <b>Packaging</b> Membeli dan mencetak packaging sesuai dengan brand myDietMeals		<b>Revenue Streams</b> <b>Hidangan Diet</b> Penjualan Plant Base Diet Meals (Makanan Vegetarian untuk diet) <b>Protein Shake</b> Menjual Protein Shake (plant base) <b>Mentoring</b> Menjual jasa mentoring untuk diet plan		

Figure 1. Vegetarian culinary umkm business model canvas

### 3.2. Discussion

In the BMC for vegetarian diet culinary businesses, Key Partners are external parties that play an important role in helping the organization achieve its strategic goals. They can contribute through the resources, competencies, and support they provide. Key Partners can vary depending on the type of organization and industry in question. In this research, the key partners are chefs who can process vegetarian ingredients and local suppliers who are specialized in supplying vegetarian ingredients, suppliers can provide raw materials, components, or services that are essential in the production process or provision of products/services of the organization. Chefs and suppliers play an important role in maintaining the strategic goals of the business and the sustainability of the business.

In the BMC for a vegetarian diet culinary business, Key Activities refer to the set of activities that are essential to run the business. These activities focus on specific aspects related to the operation and management of vegetarian culinary businesses. In this research, there are key activities, namely the process of (1) Purchasing and Inventory: This activity involves the selection and purchase of ingredients required to serve vegetarian dishes. This requires working with suppliers of fresh and high-quality ingredients, as well as efficient inventory management to ensure sufficient availability of raw materials without wasting them. (2) Menu development and innovation: This activity involves planning, developing and testing various vegetarian dishes that will be offered to customers. It includes selecting high-quality ingredients, experimenting with new recipes, and tailoring the menu to customer preferences as well as adjusting to the tastes of the millennial generation segment. In the BMC of a vegetarian diet culinary business, Key Resources refer to the essential assets or elements needed to run the business and achieve its strategic goals. In this study, there are (1) Quality Recipes and Food Ingredients which are key resources in vegetarian culinary businesses are high-quality and fresh food ingredients. This includes various types of vegetables, fruits, grains, nuts, spices, and herbs needed to serve delicious vegetarian dishes. (2) Equipment and Devices In the cooking process that can support the operation of a vegetarian culinary business, cooking equipment and devices such as stoves, ovens, pans, pots, vegetable cutters, blenders, and other tools are essential. These resources help in the preparation and processing of food with high efficiency and quality.

## CONCLUSION

In conclusion, it can be concluded that the Business Model Canvas is a very useful tool in planning, developing and optimizing business strategy. Using this framework, businesses can chart their long-term vision and increase focus on the critical elements that have the greatest impact on business growth. In the context of vegetarian culinary MSMEs, the Business Model Canvas helps identify key roles such as chefs and local suppliers that support business operations. The main activity involves purchasing high quality vegetarian ingredients and managing ingredients to create delicious and healthy contemporary dishes. By using the Business Model Canvas, vegetarian culinary MSMEs can plan and optimize their business strategy, increasing their focus on crucial aspects. The results of the study can provide implications in terms of knowledge for MSMEs about flexibility in mapping long-term business, increasing MSME focus on important points of business planning, MSMEs can easily update existing models in the business model canvas. The limitations of this research can be attributed to the focus on business actors who are about to open their business, so the suggestion for future research is to apply this Business Model Canvas strategy to businesses that have been operating for at least a year and determine the implications of the Business Model Canvas analysis made in this study.

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