

CHAPTER I

INTRODUCTION

1.1 Background

According to Fauzi (2018), a startup is a business that has just been initiated or has not been operating for a long time and has been planned to be developed. This term is often associated with technology companies such as GoJek, Tokopedia, Grab, and others. Even though there is no requirement for a startup to be a technology-related business, any company that is just operating and is still in the development phase to find markets and develop products can be called a startup. There are several characteristics of a startup, namely: 3 years of business age, number of employees 20 people, still in the development stage, and usually operate through the website or online media. Using technology does not mean having a technology-based business (Fauzi, 2018).

Based on the Indonesian Startup Report (2018), it is concluded that in Indonesia there are more than 992 startups. Many new businesses emerged in the 2013-2018 period, which had a percentage of 60.89%.

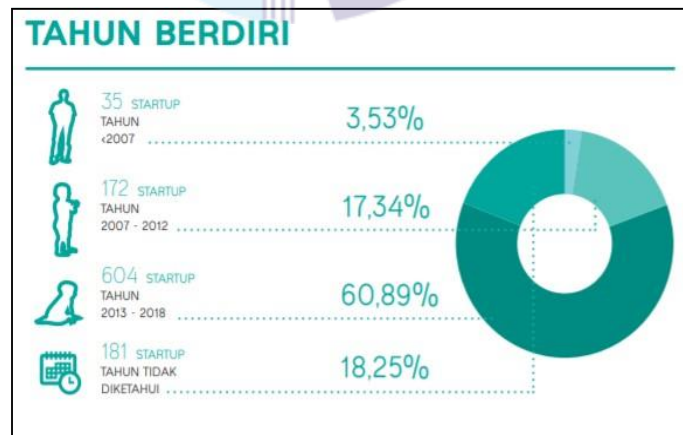


Figure: 1.1 Years of Establishment of Startup Businesses in General
Source: Indonesian Startup Report, 2018

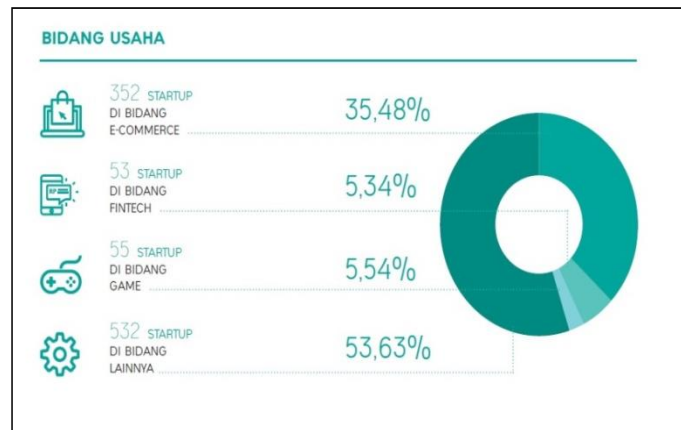


Figure: 1.2 Startup Business Fields in Indonesia
Source: Indonesian Startup Report, 2018.

Based on Figure 1.2, the distribution of the startup sector in Indonesia in 2018, the business fields that are classified as less popular are financial technology and games, while the second most popular field is e-commerce.

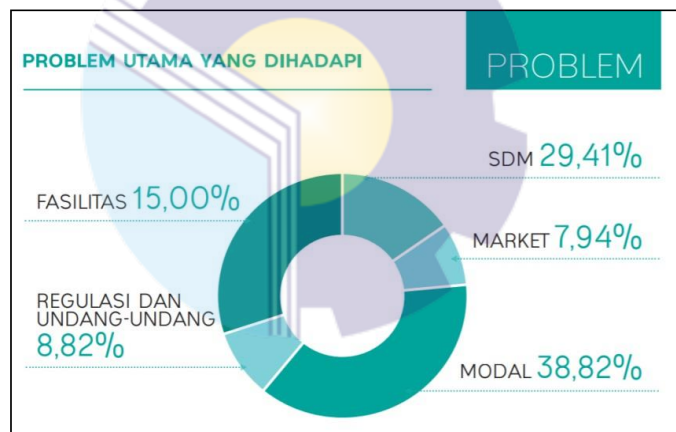


Figure: 1.3: Main Problems Startups Face
Source: Indonesia Startup Report, 2018

In developing a business, of course, it does not always experience positive growth, but of course there are many problems faced. Based on Figure 1.3, the main problems faced by startups are related to capital and human resources, which have a percentage of 38.82% and 29.41%, respectively. These two factors cause many startups to fail and close. Of course, the closure of businesses will have an impact on the country's economy.

Based on these problems, the government provides assistance and encouragement, in addition to increasing the number of startups, it also provides guidance for startup business entrepreneurs, one of which is the startup business

KopiKAP Bengkalis. KopiKAP Bengkalis is a business that sells various coffee and milk-based drinks and has a variety of other flavors. KopiKAP Bengkalis is a new business that was initiated in 2019 and has 2 outlets to date.

Research ToFIN (2020) with MIX MarComm Magazine and SWA Media Group explained that there was an increase in the number of coffee shops in Indonesia in August 2019, reaching more than 2,950 outlets, an increase of almost three times compared to 2016 which was only around 1000 outlets. This increase at least makes the conditions of coffee shop competition even tighter. The existence of a metamorphosis of market situations and conditions that are increasingly developing, along with changes in technology and the emergence of new competitors, is one of the reasons for the need to evaluate existing business strategies to suit the company's goals. The ever-increasing income and promising business projections are a consideration for potential investors. According to Berns (2016), the two most cited criteria for investors are the expected return and the perceived risk of the individual concerned.

The very tight business competition in the coffee shop sector requires companies to continue to develop creativity, ideas, and uniqueness which is one of the efforts to attract customers. Creative businesses will produce innovations that become advantages and competitiveness in facing current and future conditions. One of the steps in determining the right business strategy to increase revenue is to innovate business models. According to Amit and Zott (2012), business model innovation is a competitive tool that has strong potential to increase the company's sustainable performance advantages.

Business model innovation can be an effective way to take advantage of opportunities during the transition from periods of economic turmoil to prosperity. (Giesen et al., 2010). According to Magretta (2002), a good business model remains critical to the success of any organization, be it a new venture or an established player, through the value it offers to customers.

One approach to understanding business models is the business model canvas. According to Osterwalder and Pigneur (2012), the business model canvas is a common language for describing, visualizing, assessing, and changing business

models. Tjitradi (2015) explains that the business model canvas is a business model that can be used as an evaluation and design of a new, better, and more modern business model for sustainable efforts in the future. According to Chesbrough and Rosenbloom (2002), a company cannot run optimally if it is not based on an assessment of the right business model. The business model canvas is a promising tool to support the modification or creation of new business models at a more appropriate speed (Wallin et al., 2013).

According to research conducted by Blank (2013), the business model canvas is able to provide a more comprehensive and holistic perspective of all company stakeholders effectively and efficiently. This is the basis of this research, namely evaluating the business strategy that has been carried out by KopiKAP Bengkalis at this time and developing a new business model through a business model canvas approach. Osterwalder and Pigneur (2012) have developed the concept of a business model canvas and simplified it into nine building blocks consisting of: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure.

Based on the description above, the author chose the title: "**Start Up Business Development Strategy Using the Business Model Canvas Approach (Case Study: KopiKAP Bengkalis).**"

1.2 Formulation of the Problem

Based on the background described above, the researcher formulates the problem to be studied, namely: How to create a startup business development strategy using the canvas business model approach at KopiKAP Bengkalis?

1.3 Purpose of the Study

Every research carried out must have a purpose and purpose. Specific research in empirical science generally aims to find, develop, and test the truth of a science. The aims of this research are: To find out the strategy for developing a startup business using the Canvas Business Model at KopiKAP Bengkalis?

1.4 Significance of the Study

This research is expected to provide benefits for various parties. These benefits include:

1. For researchers, as a learning media related to BMC integration.
2. For observers, as an insight into information related to the BMC strategy model.
3. For readers, as an insight into the application of Business Management, especially the BMC strategy.

1.5 Scope and Limitation of the Problem

Based on the background that has been described previously, the authors make a problem definition so that the scope of this research is clear. The limitation of this research problem is to analyze the coffee shop business in Bengkalis with the Business Model Canvas method.

1.6 Writing System

The systematics of research writing carried out for research on Start Up Business Development Strategies Using the Business Model Canvas Approach (Case Study: KopiKAP Bengkalis) are as follows:

CHAPTER I : INTRODUCTION

Chapter 1 explains the background of the problem, problem formulation, research objectives, research benefits, research scope and problem boundaries, as well as report writing systematics.

CHAPTER II : LITERATURE REVIEW

Chapter 2 describes the literature review and the previous theoretical basis that will be used in completing the research.

CHAPTER III : METHODS AND ACHIEVEMENT PROCESSES

In Chapter 3, the implementation plan will be explained, starting from the location, time and object of research, types and sources

of data, data analysis methods, types of research, research schedule and budget.

CHAPTER IV : RESULTS AND DISCUSSION

In Chapter 4, we will describe the results and discuss the research.

CHAPTER V : CONCLUSIONS AND SUGGESTIONS

In Chapter 5, we will explain the conclusions and suggestions that resulted from the research conducted.

