
BUSINESS DEVELOPMENT STRATEGY OF HYDROPONIC MELON (CUCUMIS MELO L.) PRODUCTION AT PT INDIGEN KARYA UNGGUL THROUGH BUSINESS MODEL CANVAS

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ABSTRACT

The purpose of this research is to find the obstacles and threats that hinder the melon production process at PT Indigen Karya Unggul, formulate new strategies based on the advantages and opportunities owned by the company by minimizing the shortcomings and threats that exist, and create a new business model canvas prototype that can be applied by the company in the context of business development. The data collection technique that researchers apply is the interview and observation method accompanied by direct interviews. The type of research chosen is qualitative research. The analysis of the business development strategy that can be applied by the company with the new business model canvas prototype is the addition of human resources to run the existing business lines needs to be done so that existing human resources can be specialized according to the field of work so that the targets of each business line can be realized. In addition, PT Indigen Karya Unggul can use the new business model canvas prototype in carrying out its business activities. Especially in the customer segment block, including by expanding the intended market segment, reaching markets that have not been reached before, and creating attractive and creative marketing content.

Keywords: Melon Production, Business Development Strategy, Business Model Canvas

INTRODUCTION

The world is entering the industrial revolution 4.0 where technological advances are inevitable. The world of agriculture is a line of business that needs to continue to be developed and researched to be able to take advantage of these technological advances. Advances in agricultural technology can provide convenience in business development for entrepreneurs, especially start-up companies. One of the start-up companies studied is PT Indigen Karya Unggul, which was recently established in 2018. PT Indigen Karya Unggul is located on Jl Tajem Meguwo Depok, Maguwoharjo, Sleman, Yogyakarta Province. PT Indigen Karya Unggul is a start-up engaged in agriculture, especially melon plants. PT Indigen has five business lines, namely Indigrow (melon and lettuce production), Indifarm (providing installation services and cultivation infrastructure), Indifresh (selling production products), Indimix (making plant nutrients), and Indiacademy (providing training services). Even though it has been a start-up company for 5 years, researchers found problems experienced by PT Indigen Karya Unggul, one of which is regarding human resources and sources of company income. So, to help solve these problems, an analysis of strengths, weaknesses, opportunities, and threats through a business model canvas is carried out based on several alternative strategies formulated.

A business development strategy is a long-term process with the concept of creating value through expanding markets, multiplying business relationships, and retaining customers in a company. The field of business development also means the process of analyzing a potential that can be developed and controlling the implementation of the potential work. In a company, business development focuses on business development through existing and non-existing opportunities. These opportunities will later become new business lines. Business development strategies are important to expand the market and maintain customer loyalty for a long period. Business development is quite important in a company to create product advantages over competing companies' products, especially for start-up companies (David, 2016). Therefore, good planning and management are needed to create the right strategy that the company can implement.

RESEARCH METHOD

The research activities were carried out at PT Indigen Karya Unggul which is located at Jl. Tajem Meguwo Depok, Maguwoharjo, Sleman, Yogyakarta Province. The research time was 1 month, from January 16, 2023, to February 20, 2023. PT Indigen Karya Unggul was chosen because it is a start-up company that has a great desire to find a suitable business model for its business. The research conducted is qualitative research which is research that is not in the form of numbers or the form of sentences. This qualitative data comes from internal PT Indigen Karya Unggul. Qualitative data taken includes melon production activities and overall business activities. Primary data for this research comes from field observations and interviews with the CEO of PT Indigen Karya Unggul directly. Data collection techniques in this research are through several methods, namely field surveys, interviews, documentation, and literature studies. It was carried out by directly observing activities and conditions in the

company, including the production process of melon plants from preparation to marketing, finding problems faced during production activities, thinking about solutions to these problems, and designing new business development strategies that the company can do in developing its business and things by the objectives of the implementation of research activities. Data analysis was carried out using SWOT (Strength, Weakness, Opportunity, and Threat) on the business model canvas. Nine components in the business model canvas that will be analyzed, namely Value Proposition, Customer Relationship, Channels, Revenue Streams, Customer Segments, Key Activities, Cost Structure, Key Resources, and Key Partnerships. The results of the interview process will then be calculated for business development strategies that can be applied by the company. The preparation of this new business strategy is also through discussions with the company and literature studies from several literatures.

RESULT AND DISCUSSION

1. Evaluation of the Nine Blocks in the Business Model Canvas

The business model canvas can describe the current business conditions, while the SWOT analysis contained in the previous explanation describes the elements of the business. The combination of SWOT analysis and business model canvas will be able to maximize benefits and opportunities, improve deficiencies, and minimize existing threats (Ali et al, 2022). The strategy that will be included in this business model canvas is a high level of urgency and can address the company's core problems. An explanation of the evaluation of the nine blocks is described as follows:

a. Customer Segment (CS)

Customer segmentation commonly referred to as customer segment refers to existing customers who are divided into several customer groups according to certain standards (Pratomo et al, 2029). The results of research by the University of Indonesia show the age group of internet users as follows: 18-25 years old as much as 49%, 26-35 years old as much as 33.8%, 36-45 years old as much as 14.6%, and 46-55 years old as much as 2.4%. Based on online sales, the 26-45 age group is the highest purchasing customer group. Identification of customer segments at PT Indigen Karya Unggul from direct sales with significant sales coming from housewives or those over the age of thirty. The weakness in the customer segment block is that PT Indigen Karya Unggul's melon products have not been able to enter several potential customer segments, in this case, 18-25 year olds who are the most internet users.

The opportunity in this customer segment block is the existence of technology 4.0 which facilitates marketing both online and offline. Easy accessibility also has an impact on the ease of reaching the desired customer segment. Another opportunity is that based on MOT 71/MDAG/PER/9/2015 on Import Requirements for Horticultural Products, melons are one of the horticultural commodities whose imports are restricted. In addition, there is a government program UPSUS or Special Efforts Program to increase the production of rice, corn, soybean, and horticultural

commodities. This is certainly an opportunity for PT Indigen Karya Unggul to be able to meet the demand for melons in various strategic customer segments. The threat in this customer segment block is the emergence of many competitors who also utilize digital technology in their marketing. In addition, the above-average price causes PT Indigen Karya Unggul's melon products to not be able to reach customer segments in all age ranges.

b. Value Proposition (VP)

Value Proposition is an element that contains the uses or benefits offered by the company for a predetermined customer (Santoso et al, 2022). Hydroponic products have recently become a product that is on the rise among the public. Products from PT Indigen Karya Unggul have a delicious taste quality and a relatively small shape like an apple so it is easy to carry everywhere. The increasing awareness of healthy living is a strength for PT Indigen Karya Unggul to continue selling its hydroponic melons. The melons sold are hydroponic melons that minimize the use of pesticides or are by Good Agriculture Practice (GAP) and are included in the premium melon category. The weakness of this block is that melon products at PT Indigen Karya Unggul have a high price according to their quality, making it difficult to reach all social castes in society. Another weakness of this block is the short lifetime of the product. Melon is a horticultural commodity that is easily rotten. Melons can last for about a week before spoiling.

The opportunity in the value proposition block is the trend of increasing public awareness to eat foods that have minimal pesticides. The threat in this block is that there are no processed products or derivative products from melon fruit that are sold. PT Indigen Karya Unggul has not been able to meet consumer needs for melons from its garden, so it still relies on partners.

c. Channel (CH)

The channel element describes how a company communicates with its customers, reaches customer segments, and adds value to its product offerings (Wardana & Sitania, 2023). The strength of this channel block is in the production and marketing process. PT Indigen Karya Unggul has a trusted and quality-assured melon seed supplier so good facilities and infrastructure channels increase the possibility of good yields as well. The marketing process has also been carried out with a variety of channels, such as Instagram, Facebook, WhatsApp Business, and the company website. The weakness in this channel block is the lack of interesting marketing content, which shows that there is still a lack of mastery of the various marketing channels that are carried out.

The opportunity in this channel block is the ease of expanding channels due to the increase in digital transactions in society. So it is easier for PT Indigen Karya Unggul to reach strategic channels and customer segments. The threat to the channel block is the increasing digital capabilities of society so it can be said that people are becoming more selective about promotion and buying and selling activities.

d. Customer Relationship (CR)

The strength of the customer relationship block at PT Indigen Karya Unggul is to provide discounts to customers who regularly make purchases. In addition, PT Indigen Karya Unggul also provides the "Try Melon Free" service. This service is used as a tester for prospective buyers. The strength of this block is also given by the existence of an exchange guarantee if the fruit is not sweet. Of course, this warranty is accompanied by applicable terms and conditions. The weakness in this block is the absence of specialized Human Resources (HR) who manage this field.

Opportunities in the field of customer relationships are the opportunity to make work contracts with large buyers and resellers to facilitate the work system. Technological advances can also be utilized by providing various payment methods to make it easier for consumers to make payments. Threats in this block are competing companies that provide large discounts to their customers.

e. Key Resource (KR)

Key Resource is a potential source of business that is used to make assumptions about value. Potential sources often come from people, technology, tools, channels, and brands (Aliwinoto et al, 2022). The strength of PT Indigen Karya Unggul lies in its employees who have a high school to undergraduate educational background with fields of science by the business being run. The melon production resources at PT Indigen Karya Unggul have also used smart technology. The weakness of this block is the limited number of human resources who are not well-specialized in each field of business carried out.

Opportunities in this block are technological advances that are more efficient for human resource activities. Threats come from competitors who have more stable finances and specialized human resources.

f. Key Activities (KA)

The strength of the first key activities block is the production process that always pays attention to Good Agriculture Practices (GAP). In addition, the existence of production operational standards applied by PT Indigen Karya Unggul accompanied by a timeline of production activities is also a strength in this block. The weakness of the key activities block is the procurement of raw materials from suppliers and continuity has not been well maintained. Raw material suppliers also still often provide high prices due to low purchasing power. Opportunities in this key activities block are the restrictions on melon imports, which can be used as an opportunity to continue to increase production tonnage along with increasing consumer demand. Threats in this production process are the easy access to melon seeds, which can lead to competition with non-greenhouse farmers or conventional farmers.

g. Key Partnership (KP)

A key partnership is a partnership that describes the network of suppliers and partners that make the business model successful. Companies enter into partnerships for various purposes, and partnerships have become the basis of many business

models (Wijaya & Indriyani, 2016). The strength of this key partnership block is the existence of several melon farmer and supplier partners who always communicate intensely. The existence of contracts with partners also helps PT Indigen Karya Unggul to meet market demand and sell its products. The weakness of this block is that it cannot directly supervise partner performance due to the distant location of partners. The opportunity for this key partnership block is the ease of information technology, making it easier for companies to continue to communicate online with partners. The threat to this block is competing companies that have specialized human resources to handle this partnership.

h. Revenue Stream (RS)

Revenue stream (RS) is a representation of the path of receiving money that will be received from each customer segment (Herawati et al, 2019). The strength of this revenue stream block is the smoothness of receipt or it can be said that there is no payment tempo. PT Indigen Karya Unggul gets its payments directly from both online sales and direct sales. PT Indigen Karya Unggul also has business diversification, not only through the sale of melon products but also in other business fields. The business diversification of the company is Indigrow which sells cultivation needs. Indifresh sells its garden products not only melons but also various types of vegetables. Indi mix which is a business diversification of PT Indigen Karya Unggul that specializes in selling nutrients for plants. Finally, there is Indiacademy, which sells training services and visits to the company's garden. The weakness of this block is that there is no fixed revenue stream from each business source.

The opportunity of this revenue stream block is the wider market that can be reached with the diversification of the business being run. The threat of this block is the difficulty of building loyalty with customers. Maintaining the stability of the quality of products and each field of business carried out also needs to be considered.

i. Cost Structure (CS)

Cost Structure is an analysis of the most important costs you incur to perform key activities and create value propositions (Pratami, 2016). The strength of the cost structure block is good operational cost management due to the recording of financing or financial history reports. PT Indigen Karya Unggul has also calculated the COGS (Cost of Goods Manufactured) of each project carried out in each of its business fields. The weakness of this block is that PT Indigen Karya Unggul is a start-up company that is still focused on building the market. Opportunities in the cost structure block are increasing sales through expanding business channels, cooperation with various business partners (marketing partners and farmers), and effective marketing strategies. With these three things, it is expected that economies of scale can be achieved. The threats are the fluctuating purchase price of raw materials depending on the season and consumer tastes that can change at any time.

2. Strategies carried out by the company PT Indigen Karya Unggul

Alternative strategies can help the process of fixing your shortcomings and minimizing the threats that the company will face or is facing. Alternative strategies that will be carried out will also maximize existing strengths and explore opportunities that can be taken. The following are details of each strategy that can be carried out by the company:

a. SO-Strategy

SO-Strategy is a combination of Strengths and Opportunities where in this matrix method conclusions will be drawn that produce the best decisions that can build and support the company's progress (Fristasya et al, 2021).

The first strategy is product differentiation. The purpose of product differentiation is to reach all age segments and maintain existing market segments. Based on the data on internet users above, 18-25 years old is the highest internet user, to reach this segment, there is a need for product differentiation where the price can be reached by this age group. Product differentiation makes consumers more interested and not bored or it can be said that product differentiation can increase customer loyalty.

The second strategy is to improve the quality of the marketing content of the products or services offered. Attractive marketing content is proven to increase insight (content performance: viewers, likers, profile visits, and frequency of content viewed) characteristics that potential consumers do to view marketing content. Increased audience insight will certainly increase the chances of buying the product or service offered.

The third strategy is to maximize the use of the company website. In the all-digital era, of course, maximizing the use of websites to integrate sales, services, and business cooperation. The company website is also one of the marketing channels that is quite easily accessed by many people. Based on Bank Indonesia data in Indonesia during the same period, there was an increase in digital transactions by 64.48% each year (Evalia, 2015).

The fourth strategy is the use of production technology or full automation. The use of technology can certainly increase the efficiency of the company, whether from time, labor, or long-term production costs. The industrial revolution 4.0 can make human activities effective and efficient due to the easy mobility of movement and of course the exchange of information (Khastini et al, 2021).

b. WO-Strategy

The WO strategy is a WO strategy that minimizes weaknesses to take advantage of opportunities (Hidayat, 2022). The first strategy that can be used is to maximize the performance of partnerships that have been implemented or will be implemented. PT Indigen Karya Unggul has not been able to meet the demand for melons from its garden, therefore a partnership strategy can be an opportunity. The partnership can be applied in scheduling production time and operational production

activities to maintain quality according to the standards of PT Indigen Karya Unggul. Optimizing key partnership blocks by having suppliers who can guarantee continuity, quality, price, and service will reduce the risks that often occur in the agricultural sector (Dudin et al, 2015).

The second strategy is channel expansion to several strategic locations such as horeka (hotels, restaurants, and cafes), fitness places, and health centers (clinics and yoga places). Melon itself is one type of fruit whose import is restricted by the state, so expanding the domestic market for melon products through channel expansion is certainly an opportunity. This channel expansion can also be done by maximizing the reseller system. Increasing sales can be done by opening new channels with a reseller system (Rukka et al, 2018). This reseller system can increase market expansion because products are easily spread.

The third strategy is to increase the budget to add employees. Increasing production activities, business expansion, and increasing sales certainly require more human resources. Increasing the number of human resources will increase the focus in each sector or part of the company so that the company can work optimally. With this strategy, the company will move better and faster because it will focus on certain areas.

c. ST-Strategy

ST-strategy makes companies try to avoid or reduce the impact of external threats (Arifianto, 2017). The first strategy that can be done is to conduct offline or direct promotions to potential customers. Promotion can be done by submitting an offer letter (promotion of fresh products such as melons and vegetables as well as home-scale hydroponic equipment such as installations, seeds, rock wool, etc.) to the village to target PKK and KWT mothers. Meeting in person is one of the most effective ways to convince consumers of the product's superiority.

The second strategy is to maintain the quality of melon products sold. Asking consumers about product testimonials can also be used as evaluation material. As discussed earlier, PT Indigen Karya Unggul has not been able to meet consumer demand for melon products from its garden, so quality control of products obtained from partners also needs to be considered. The factor that needs to be considered to maintain customer loyalty is to maintain product quality and safety (Sangadah et al, 2021).

The third strategy is to set production schedules and increase melon production capacity continuously as a strategy to control the market. Competitors from melon farmers and melon distributors who are also increasing need to be watched by making a production timeline so that the price of melons that will later be sold remains stable.

The fourth strategy is the formation of a community of both consumers and partner farmers. The purpose of forming this community is to exchange information and maintain the loyalty of consumers and potential consumers. This community can

discuss good melon cultivation, tips and tricks to become entrepreneurs, and share experiences, and share knowledge. The formation of this community will certainly increase potential customers' trust in the company.

d. WT-Strategy

WT strategy is based on defensive activities and seeks to minimize weaknesses and avoid threats (Haerawan & Magang, 2019). The WT strategy aims to minimize internal weaknesses by avoiding external threats. The first strategy is to increase the number of human resources. The addition of human resources aims to maximize existing business lines. Generalization in the company will make company management not run well. The competence and loyalty of each employee will continue to make the company exist and the competitiveness of the company will continue to increase (Mujiyono & Taufan, 2021). The increasing quantity of resources is also based on work specialization and company finances, where the addition of these employees needs to be done in line with the increasing company targets.

CONCLUSION

Based on the results of the analysis, strengths, weaknesses, opportunities, and threats were found which were then arranged to create a strategy that could be applied by the company. S-O strategy that focuses on value proposition by differentiating products, creating better marketing content, maximizing the use of the company website mainly for buying and selling, and improving cultivation technology. The W-O strategy that takes advantage of opportunities to minimize threats can be done by conducting scheduled partnership activities and meeting the operational needs of partners to maintain production, adding channels to several new places developing a reseller system, and increasing the workforce or Human Resources (HR). The S-T strategy utilizes strengths to overcome threats through offline promotions to increase customer trust, increasing customer relationships to increase customer loyalty by maintaining the quality and quality of melon products sold and asking for product testimonials, keeping melon prices stable by scheduling production activities, and the last is the formation of a community to maintain good relations with consumers and partner farmers. Alternative W-T strategies focus on adding human resources (HR) who are specialized in their fields, of course, by paying attention to increasing the cost structure.

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