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## DESIGNING FROZEN FOOD BUSINESS MODEL USING CANVAS BUSINESS MODEL

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### ABSTRACT:

The COVID-19 pandemic forces everyone to do most of their activities at home to prevent the spread of COVID-19. The lack of revenue causes many food and beverage businesses are in decline, some are even going bankrupt. It is due to the fact that people are afraid that the food and beverages that are served are contaminated by the COVID-19 virus. This study is aimed at designing a business model of frozen food by using Business Model Canvas (BMC). The research method used is descriptive method. The results indicated, based on business plan using Business Model Canvas such as: Customer Segments, value Proportions, channels, channels, Revenue Stream, Key Resource, Key Activity, Key Partnership, Cost Structure, that the design is safe to be operated in the midst of COVID-19 pandemic and New Normal.

### INTRODUCTION

Bandung as the capital of West Java Province becomes one of the big cities, in Indonesia, so it has a large population. In 2019, Bandung has a population of 2,507,888 people (BPS Bandung, 2019). The heterogeneity of the people of Bandung is not only a challenge for the city of Bandung in managing the large population, it also provides opportunities for culinary development in the city of Bandung.

Table 1. Population of Bandung 2019

Subdistrict	2019		
	Population		
	Male	Female	Male and Female

Kota Bandung	1.263.916	1.243.972	2.507.888
Bandung Kulon	73231	72875	146106
Babakan Ciparay	78333	75084	153417
Bojongloa Kaler	57.860	55353	113213
Bojongloa Kidul	44515	42103	86618
Astana Anyar	31254	31397	62651
Regol	3.617	40038	79655
Lengkong	32488	33413	65901
Bandung Kidul	35223	35430	70653
Buah Batu	51654	51752	103406
Rancasari	405.88	40806	81394
Gedebage	19.226	19.490	38716
Cibiru	42479	41431	83910
Panyileukan	23747	23524	47271
Ujung Berung	43352	42535	85887
Cinambo	14228	13730	27958
Subdistrict	2019		
	Population		
	Male	Female	Male and Female
Arcamanik	33464	32885	66349
Antapani	46062	46183	92245
Mandalajati	38917	38070	76987
Kiaracondong	63470	63562	127032
Batununggal	55992	54393	110385
Sumur Bandung	16152	16083	32235
Andir	44253	43351	87604
Cicendo	49860	49784	99644
Bandung Wetan	13972	14402	28374
Cibeunying Kidul	49219	48536	97755
Cibeunying Kaler	33096	31829	64925
Coblong	67017	61354	128371
Sukajadi	53364	53576	106940
Sukasari	39900	40470	80370
Cidadap	31383	30533	61916

Source: BPS Bandung 2019

However, since the Covid-19 pandemic began to spread, Bandung is experiencing a health problem, namely as many as 264 people are exposed to the Covid-19 virus. This has a huge impact, especially in the economic sector.

Table 2. Residents of Bandung Exposed to Covid-19 Virus

Nama Kota / Kabupaten	Pondok Aren			Lembang			Parunggal		
	13 Mei 2020	14-17	Total	13 Mei 2020	14-17	Total	13 Mei 2020	14-17	Total
	Kota Depok	0	40	290	0	1	28	0	1
Kota Bekasi	0	24	276	0	4	28	0	2	4
Kota Bandung	0	50	264	0	8	26	0	2	28
Kabupaten Bekasi	0	24	101	0	0	20	0	1	8
Kabupaten Bogor	0	18	96	0	11	16	0	1	7
Kota Bogor	0	12	87	0	8	17	0	2	12
Kota Cimahi	0	18	66	0	4	18	0	0	1
Kabupaten Bandung	0	4	17	0	1	9	0	0	4
Kabupaten Bandung Barat	0	7	41	0	1	1	0	0	1

Source: Pikobar.jabarprov.go.id, 2019

Based on Table 2, it can be known that the spread of Covid-19 virus in Bandung is already at a dangerous stage. Therefore, the government is taking steps to reduce the Covid-19 virus so that it does not spread further by conducting PSBB (Large-Scale Social Restrictions). With the enactment of PSBB, a number of MSMEs in Bandung experienced a decrease in turnover and there were even some who chose to close their businesses. As a result of these conditions, one of the efforts to capture business opportunities in the midst of the Covid-19 virus outbreak is planning the business of Frozen Food distributors. The reason for choosing frozen food distributor planning is because it is one of the ready-to-eat menus that is growing during the Covid-19 pandemic. In addition, Frozen Food tends to be preferred because of the limitations of enjoying food on the spot so that Frozen Food or frozen food can be interpreted as a type of food through a freezing process that aims to preserve food until it is ready for consumption. The freezing process aims to slow decomposition or decay by converting the remaining moisture content into ice, and also serves to inhibit the growth of most bacteria. Therefore, frozen food is one of the choices of foods that have protein content, both vegetable and animal proteins. Given the potential of Frozen Food as a business opportunity, then before starting a business it is very important to develop a business model to know the feasibility of the business to be run. According to Eisenmann (2002: 12), the business model is a hypothesis of how a company makes money in the long run, i.e. what the company will sell, and to whom, how the company will collect revenue, what technology to use, when the company will depend on its business partners and how it will cost. Another definition of a business model is "A business model describes the rationale for how organizations create, deliver, and capture value" (Osterwalder and Pigneur, 2012). Based on that background, the study will use

Canvas's Business Model business planning to determine the feasibility of the Frozen Food venture.

### **Research Formulation**

Based on the above problems formulated research questions as follows:

How is Frozen Food's business planning using the Canvas Business Model?

### **Library Overview**

#### **Business Model Canvas**

Osterwalder and Pigneur (2012) states that the Definition of Business Model is a business model that combines the basics of thinking about how many organizations create, Givekan, and win. The Canvas Business Model can be interpreted simply, which is the accuracy of a business form that is being carried out or will be carried out. Canvas Business Model is a visual tool that helps us to be able to create customer profiles in a very easy and simple way. This business model is illustrated through nine basic building blocks that show the logic of how a company intends to make money. According to Alexander Osterwalder and Yves Pigneur in his book Business Model Generation there are nine basic building blocks on a business model that show how to think about how a company makes money, the combined nine blocks are called Business Model Canvas (BMC). The nine blocks cover four main areas of business: customer, supplier, infrastructure and financial viability (Alexander Osterwalder and Yves Pigneur, 2012: 15)

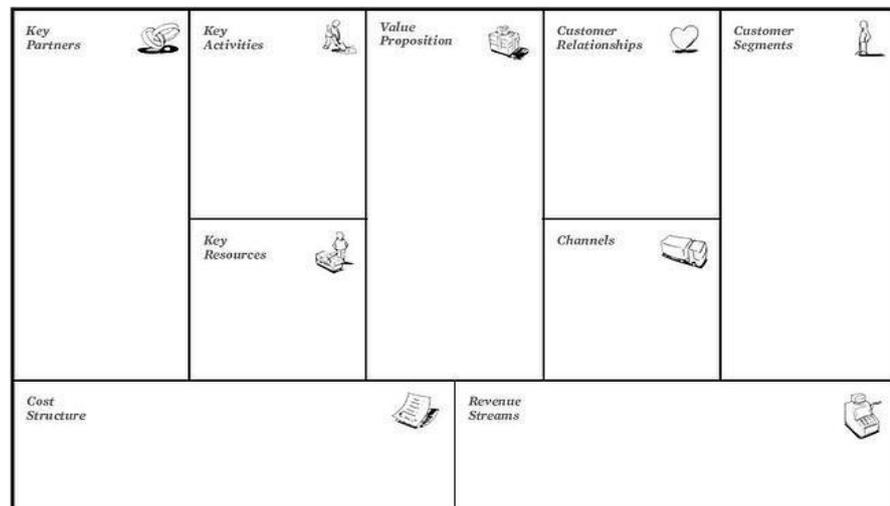


Figure 1. Business Model Canvas

Source: Osterwalder and Pigneur (2012:44)

### **Distributor**

According to Swasth (2002), distribution is a marketing network used by product makers to deliver their products to industry or consumers. The parties in the distribution network are producers, distributors, consumers or industries. In other words, a distributor or distributor is the party that buys the product directly from the manufacturer and sells it back to the retailer or retailer, or it can also sell directly to the end consumer. In addition, a distributor is a business entity or individual responsible for distributing or

distributing trade products, be it goods or services, to retailers or end consumers. In this case, distributors only take ready-made and ready-to-use products without the need to modify them.

**RESEARCH METHOD**

This research is descriptive research with qualitative descriptive analysis. Data collection techniques used by other researchers: insights, documentary observations and triangles. The research instrument used is the researcher himself. The focus of research in this research is on the planning of the Business Model Canvas which is being carried out in the business of a Frozen Food Distributor.

**RESULTS AND DISCUSSION**

Here's planning the Frozen Food Distributor Business using the Canvas Business Model.

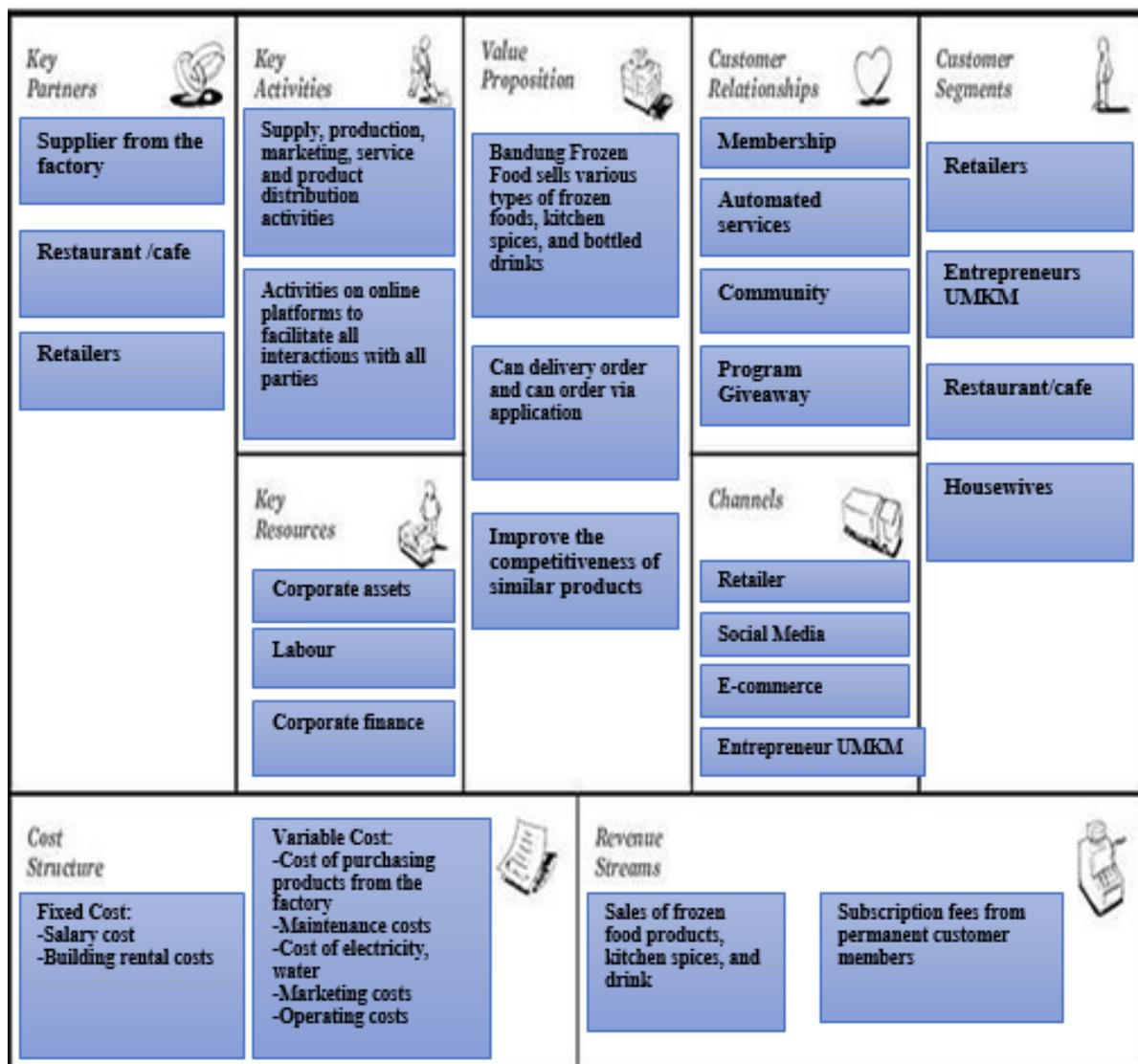


Figure 2. Business Model Canvas Distributor Frozen Food  
Source: Data processing results, 2020

Canvas Business Model planning that has been prepared include:

#### Customer Segmentation

Customer segmentation is parties that have a need in the use of a product or service of an organization. It is this customer segment that greatly contributes to an organization's earnings. In general, customers are the party that pays directly for the products they purchase. Customer segmentation of this business includes several circles, including retailers, entrepreneurs / MSMEs, several restaurants, cafés, and housewives. Among all these circles the most are from among retailers considering they are the main target and the party is more in making purchases in large quantities. These retailers will also mostly come directly to the store to make transactions so that the buying and selling process can be more efficient.

#### Value Proposition

The value proposition is a uniqueness that plays a big role in the determination of a product or service that can give more value to customers. The value proposition will provide an offer for customers in fulfilling the customer's wishes to the maximum. This uniqueness must be different compared to other competitors or can be better than competitors. The value proposition of Bandung Frozen Food business that distinguishes from other similar businesses is Bandung Frozen Food is not only focused on selling frozen food, but also selling a variety of kitchen spices, and some bottled drinks. In addition, to facilitate consumers in making purchases, especially in the midst of the current pandemic Bandung Frozen Food also makes various purchase options, including ordering can be made by delivery order, through online, website and social media. This is also done to increase competitiveness with similar businesses in terms of following and utilizing various platforms that are increasingly advanced today.

#### Distribution

Distribution is an element that describes how the communication of the organization with the customer segment and how the organization conveys the value proposition of its efforts. Distribution is very important in interacting with customers so that it becomes easy in performing the service process. This distribution includes how to increase customer awareness, deliver products, facilitate customers in the purchasing process, and provide services to customers in providing their assessment or aspirations. The distribution of Bandung Frozen Food business includes retailers, MSME entrepreneurs, e-commerce, and through social media. Of all these elements, the most focused is in handling product marketing to retailers and e-commerce. These two elements are very influential in the income of this business in general. Consistency in establishing good relationships with retailers and management in e-commerce is a very important thing to note so that the process of marketing goods can run well.

#### Customer Relationships

Customer relationships are about how interactions between organizations and customers can run optimally. Foster relationships with customers in order to

gain loyalty from customers, maintain regular customers, offer products to customers, and accept customer aspirations.

Customer relationships from this business include relationships by providing membership to customers, providing automated services by utilizing CRM, farming communities, and providing giveaways to customers. Providing good automated services is the main focus because the Bandung Frozen Food highly prioritizes customer satisfaction. Customer loyalty, input, and assessment are very influential on the continuity of this business. For good service, it can also be known what the customer wants and how the customer responds so that it can take action in fixing the shortcomings and errors in this business.

#### Key Resources

The main resource is the most important asset that determines a success in business operations. These assets will help the organization in realizing the value proposition of this business. The resources of this business include company assets (buildings, equipment, vehicles, equipment), financial condition of the company, and workers and human resources. All these resources are just as important in supporting business processes, there is nothing more important to one or the other because they are all complementary. Physical company is an asset owned by the company, financial companies is useful to facilitate the process of corporate activities, and human resources themselves are very supportive in carrying out the company's business activities consisting of drivers, shopkeepers, admin section, marketing section, packing section, and others.

#### Main Activities

The main activity is the activity that is the key to the success of a business model. This activity plays an important role in realizing the value proposition of a business. Not all activities are included in this activity, but only for activities that play an important role in supporting the success of the organization. The main activities of this business include supply, production, marketing, service and distribution of products and activities on the online platform to facilitate all interactions with all parties. In this effort physical activity is carried out for 12 hours and divided into two shifts, namely 8 am to 2 pm and 2 pm to 8 pm. Meanwhile, online activities are carried out from 8 am to 4 pm. The activities carried out in the store are divided into 5 activities in which there is a division of several employees who are responsible for their part amusing. This section consists of the supply of goods, production of goods, marketing and services, and distribution of goods. Meanwhile, for online activities handled by the online admin section.

#### Main Partner

The main partners are those who cooperate in the operation of the business activities of an organization. Every organization always needs this partnership to achieve the organization's goals in terms of savings because it does not achieve economies of scale and reduces various risks in obtaining resources. The main partners that support this business include suppliers from

factories, restaurants/cafes, and retailers. The supplier becomes the main element of this business activity. Bandung Frozen Food collaborates with several producers of frozen food brands that are quite famous in Indonesia, including Fiesta, So Good, Champ, Gold Star, Nugget 808, and others.

#### Cost Structure

A cost structure is a structure that describes the costs that arise after the operational activities of a business are carried out. All efforts made to realize the value proposition through good channels, key resources, and key activities certainly require a cost it. This fee structure is influenced by the company's own strategy. This fee structure includes two main expenses, namely fixed cost expenses covering salary costs and place rental costs. Variable cost expenses include product purchase costs, maintenance costs, electricity and water costs, operational costs, and product marketing costs.

#### Revenue Stream

Revenue streams describe how organizations derive revenue from each customer segment. This revenue stream will enable the sustainability of the company as well as support the smooth running of the company's operational activities. The revenue stream of this business comes from two factors, namely from the sale of frozen food products, kitchen spices, and beverages and subscription fees from members. From these two, of course the focus on selling frozen food products takes precedence and plays a big role in the sustainability of the company's business.

### **CONCLUSION**

From the research of Canvas Business Model planning for Frozen Food Distributor business can be concluded as follows:

**Customer Segment:** The targeted segments of the Bandung Frozen Food include retailers, MSME entrepreneurs, restaurants and cafés, and housewives. The reach of this customer throughout Indonesia, especially the city of Bandung.

**Value Proposition:** The value proposition prioritized by Bandung Frozen Food is to provide convenience for customers in buying and selling various types of frozen foods, kitchen spices, and bottled beverages.

**Distribution:** Distribution used by the Bandung Frozen Food, namely through direct and online. Of these, two types of distribution, the most concern and focus of the marketing section are retailers and e-commerce.

**Customer Relationships:** Relationships by providing membership to customers, providing automated services by utilizing CRM, farming communities, and giving giveaways to customers. Providing good service is the main focus of this business because various other elements such as community, give away, membership will also center on the success of the service provided.

**Key Resource:** The main resources of the Bandung Frozen Food include company assets (buildings, equipment, vehicles, equipment), the financial condition of the company, and workers and human resources.

**Main Activity:** The main activities of Bandung Frozen Food business are supplying products from factories, product production, marketing products, serving customers in stores and distribution of products to customer segments as well as activities on online platforms to facilitate all interactions with all parties.

**Main Partner:** Bandung Frozen Food has cooperation and partnerships with several parties, including suppliers, several restaurants / cafés, and retailers.

**Cost Structure:** The cost structure owned by Bandung Frozen Food is used for two main expenses, namely fixed cost load and variable cost load. The fixed cost consists of the cost of salary and the cost of renting the building. Meanwhile, variable costs include product purchase costs, maintenance costs, electricity and water costs, operational costs, and marketing costs.

**Revenue Stream:** The revenue stream that occurs in Bandung Frozen Food comes from the sale of frozen food products, kitchen spices, bottled drinks and income from regular customer membership.

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