APPLICATION OF BUSINESS MODEL CANVAS (BMC) IN THE DEVELOPMENT OF HOME INDUSTRY RIKA BAKERY DESAMARYKE, KUTAMBARU DISTRICT, LANGKAT REGENCY

Rasykah Fakhirah Balqis[1], Suryadi[2*], Irada Sinta[3]

[1]Agribusiness Student, Faculty of Agriculture, Malikussaleh University, North Aceh

[2.3]Lecturer of Agribusiness Study Program, Faculty of Agriculture, Malikussaleh University, North Aceh

E-mail:suryadi@unimal.ac.id

Abstract

Home industry Rika Bakery is a company engaged in the processing of flour raw materials into products. It was established in 2020 and is based in Maryke Village, Kutambaru District, Langkat Regency. Product sales are still subject to fluctuations because the products are not durable, a clear accounting system is not implemented, and the business strategy for business development is not clear. These are obstacles that homeowners face. This research aims to determine the application of Business Model Canvas (BMC) in the development of Rika Bakery cottage industry in Maryke Village, Kutambaru District, Langkat Regency. This research uses a qualitative research approach using the Business Model Canvas (BMC) as the data analysis method. The results of this research show that the Rika Bakery home industry has implemented the Canvas business model, but it is not optimal because there are segments in the existing key partnership block that use important resources as their own resources and whose main activity is the creation of product value, utilization of fixed costs and variable costs in carrying out business activities, in the value proposition block, lack of diversity to strengthen the value offered to consumers, use of only one marketing channel, namely direct, use of customer relationships as a form of consumer loyalty, potential present to consumers in product sales to generate revenue only from the achieved product sales.

Keywords: Application, Business Model Canvas, Home Industry Rika Bakery.

1. INTRODUCTION

Industry is a business or activity of processing raw materials or semi-finished goods into finished goods that have added value to gain profit. Therefore, the food industry can also provide added value to agricultural products and help increase the productivity of the agricultural sector. The development of the food industry can be one strategy to increase economic growth and public welfare in Indonesia. In encouraging the development of the food industry in an area, it can be done through Home industry activities which are a business or activity of processing raw materials or semi-finished goods into goods that have added value to gain profit (Ananda, 2016). One of the Home Industries that can advance and prosper the region is the bread industry which is one of the food industries that processes agricultural products with wheat flour as the raw material. The many business opportunities that exist will increase the number of similar businesses causing increasingly tight competition, so to face such situations and 2 conditions, business actors must be able, fast and responsive in making decisions. In making decisions, business actors can use a strategy, one of which is the Business Model Canvas, a strategy in business development that contains nine elements that discuss how to describe, visualize, assess, and change the business model in a company.

As a business, Home industry Rika bakery faces problems that can hinder the development of the business being run, starting from the business not being well known enough among the public, because the promotional media used by the home industry such as Facebook and WhatsApp began

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to be used in 2023 and were not used optimally, therefore consumers in this business are still only people in the surrounding area. Many competitors of similar businesses have previously used the same promotional media and used it optimally to promote their products because at this time social media is very much needed in marketing products so that their products are widely known by consumers.

One of the business models that can be used is the Business Model Canvas (BMC) which can be explained very well through nine basic building blocks that show how to think about how companies make money. The nine building blocks consist of: Customer Segments, Value Propositions, Channels 5, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships, Cost Structure. These parts are then mapped into 2 sides, namely the right side (creativity) and the left side (logic). Business activities carried out by both large and small businesses have indirectly implemented the Business Model Canvas in carrying out their business activities (Osterwalder & Pigneur, 2012). Therefore, to find out the business model in the home industry business, it can be found out by using the Nine Business Model Canvas blocks so that it will be clearer to determine the company's steps in order to compete.

2. LITERATURE AND THEORETICAL REVIEW

According to Daryanto (2016), defines that Business Model Canvas is one of the tools to help business actors see the accuracy of the business they are running. This Business Model Canvas seems to see the business from a big picture but remains complete and detailed what are the key elements related to the business, by evaluating the key elements one by one so that it is easier to analyze what is not right, and ultimately able to take steps to achieve business goals. The elements contained in the business model canvas consist of nine aspects of the business, namely Customer segments, Value proposition, Channel, Customer relationship, Revenue stream, Key resources, Key activities, Key partners, and Cost structure. Business Model Canvas is more popularly known as BMC is a tool to help us see more accurately the form of the business that we are or will run. Business Model Canvas (BMC) was first introduced by Osterwalder and Pigneur to explain the basic thinking of how a business is created, given, and captured its value.

Home Industry is all economic activities in the form of processing goods into high value for their users, carried out by entrepreneurs from the lower economic class or small companies such as home industries and crafts (Prasetyanto, 2021). Home Industry can be used as a medium by some people who can develop and grow on their own with a large contribution and strategic methods for economic development. In general, it can be said that this home industry is included in the informal sector, producing its goods in a distinctive and unique way, related to local wisdom, resources both from nature and humans are also from the local area, small capital and a workforce that must be truly professional (Fawaid & Fatmala, 2020).

3.IMPLEMENTATION METHOD

This research was conducted at Home Industry Rika Bakery in Maryke Village, Kutambaru District, Langkat Regency. The determination of the location of this research was carried out with the consideration that Home Industry Rika Bakery is the only bakery shop in Maryke Village, Kutambaru District, Langkat Regency. The object of this research is the owner of the home industry business Rika bakery. The data used in this study are primary and secondary data. Primary data was obtained from direct interviews with Mrs. Rika as the owner of the home industry

business. Secondary data was obtained from literature studies such as journals, theses related to the research topic, and data from various websites to strengthen primary data.

The data analysis method used in this study uses qualitative descriptive analysis, namely analyzing the Business Model Canvas through 9 elements, namely:

1. Customer Segment (Customer Segmentation). The first stage is to know the customer segment of Home industry Rika Bakery, namely to whom the products have been offered and sold. The company will survive if customers can provide benefits to the company.

2. Value Propositions (Value Proposition). This component analyzes what value the company has and will provide to its products in an effort to attract customers. This value proposition will influence which customers will be selected.

3. Channels (Marketing Channels). This component analyzes how the company has and will deliver products to customers. It should be noted that success in channel activities is largely determined by the effectiveness of key resources, key activities, and key partners.

4. Customer Relationships. This component analyzes how the company establishes relationships that have been and will be carried out by customers. Good relationships will result in customer loyalty.

5. Revenue Streams. The components analyzed are the income obtained by the company from any source. Then how is the payment system carried out by customers and how much contribution each income stream makes to the company's overall income.

6. Key Resources (Key Resources). The component analyzes what key resources have and will play an important role in the implementation of the business in the Home Industry.

7. Key Activities. This component analyzes what activities have and will have an important influence on value creation by the Home Industry.

8. Key Partnerships (Main Partners). This component analyzes who has been and will be the main partners of Home Industry Rika Bakery. What resources have been and will be provided by these partners, and what key activities are related to these main partners.

9. Cost Structure (Cost Structure). This component analyzes what costs have the greatest contribution to value creation. Then what key resources and activities cost the most in the company.

4. RESULTS AND DISCUSSION

The results of the research conducted by collecting and grouping the Home Industry Rika Bakery business model into nine components of the Business Model Canvas (BMC), namely Costumer Segments, Value Proposition, Channels, Costumer Relationship, Revenue Streams, Key Resources, Key Activities, Key Partnership, Cost Structure used in the business are explained as follows:

1.   Customer Segments

Home industry Rika Bakery has a potential customer segment where the targeted customers are from various circles, groups, genders, ages, professions, regions both local and regional. Therefore, the following is an explanation of the customer segments targeted by the home industry:

a. Birthday Cake Home industry Rika Bakery in carrying out the distribution of its products according to the products produced and offered to consumers, in this case, birthday cake products are mostly marketed to young people who celebrate their birthdays.

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b. Steamed Brownies Steamed Brownies products are mostly purchased by children and adults, where children are more interested in the delicious taste of brownies because they contain chocolate in them and are more melted than other types of cakes. Based on gender, it can be consumed by men and women and in terms of age, it can be consumed by children, teenagers, adults and the elderly.

c. Roll Cake This roll cake product can be enjoyed by all ages from children, teenagers to adults. Rika Bakery roll cake has various flavors such as strawberry, chocolate and pandan. Based on gender, it can be consumed by men and women and in terms of age, it can be consumed by children, teenagers, adults and the elderly.

d. Pandan Cake Pandan cake products are widely purchased by young people and adults, usually at Rika Bakery, young people buy this cake during Teacher's Day celebrations because the price is cheap and fits the students' pockets, while adults often buy it during Eid and Christmas.

e. Banana Cake Banana cake products are enjoyed by all ages from children, teenagers, and adults with a distinctive banana flavor. Banana cake products at Rika Bakery are classified as having a cheap price with a fairly large size so that they can satisfy customers, especially people in rural areas who like local flavors.

2. Value Proposition

The value offered is based on the quality of the raw materials, for the main raw materials that are of good quality can be seen from the color, aroma, and whether or not there are bugs, the product also does not use preservatives. On the product packaging, each product has the same packaging with a box packaging shape made of thick cardboard paper so that it can protect the sponge cake from damage and maintain cleanliness. Home industry Rika Bakery also has a Business License from the government in the form of Household Industry Food (P-IRT) with the number P-IRT 20612131280499-28 and already has a halal certificate that can convince consumers to buy the product and this product can be distributed legally.

3. Channels

The distribution channel used by the home industry Rika Bakery in reaching customers only uses one marketing channel, namely direct marketing channels, where consumers can directly obtain products by visiting the bakery shop located in Maryke Village. Home Industry Rika Bakery needs to add new workers to be used as product promotion admins so that products can be sold online with a wider market reach.

4. Customer Relationship

The relationship between customers and employees must be well established. This shows that the relationship formed is a personal assistance relationship. Personal assistance is a relationship based on the interaction between customers and employees of the company that serves. Customers who want to buy at the Rika Bakery store are served by the cashier. However, customers can also choose the desired product themselves. Home industry Rika Bakery provides discounts by reducing the price from the normal price to customers by way of if customers buy 10 boxes of products.

5. **Key Resources**
   a. Human Resources of Rika Bakery Home Industry, in the form of workers who can help Rika Bakery Home Industry in managing all production activities in this home industry, the workforce owned by the home industry consists of 1 wage worker who serves as a cashier or financial manager and 2 home workers who have duties and responsibilities in processing materials or making products, in the provision of raw materials and processing, Mrs. Rika is also involved in it.
   b. The natural resources owned by the Rika bakery home industry are in the form of raw materials obtained from several relevant partners, in the form of flour as the main raw material and supporting raw materials are bananas, pandan leaves as food flavoring and chocolate as a mixture of ingredients.
   c. Physical Resources owned by the Rika Bakery home industry are in the form of a shophouse building made of full concrete as the structure and foundation of the shophouse, has a roof in the form of tiles and has a building area of 5 x 10 square meters. These physical resources are intended for production activities in creating the products produced and are not far from Mrs. Rika's house so that it is easy for Mrs. Rika to carry out product processing activities. Then the Rika Bakery Home Industry has a refrigerator to store unsold cakes and there are two staging to place cakes that will be sold.
   d. Financial Resources used to run the home industry activities of Rika Bakery in the form of assets in the form of capital issued as much as Rp. 5,000,000. which is used to facilitate business activities, as in general business capital is very necessary for the sustainability of every business.
   e. Intellectual Resources related to Mrs. Rika's knowledge as a business owner in pursuing her education is a graduate of a vocational high school (SMK) majoring in culinary arts which is a formal education in gaining knowledge, Mrs. Rika has attended many training or baking classes in Medan City, this is supported by her hobby in making bakery so that it is easy to create the bakery business.

6. **Key Activities**

   The main activity carried out by Home Industry Rika Bakery is the procurement of raw materials by purchasing from partners providing raw materials. Home industry Rika Bakery has wholesale partners who can support the provision of raw materials. In the procurement of supporting raw materials such as pandan leaves and bananas are obtained from several related partners that have been established such as farmers and traders in Maryke Village. The process of making each type of sponge cake to the maintenance of tools and machines to avoid damage to the machine.

7. **Key Partnership**

   The main raw material partner works with Raja grosir which is a large wholesaler so that it makes it easier for Mrs. Rika to buy quality and cheap raw materials because if you buy a lot there will be a price reduction, with the price offered it can minimize expenses. Traders Traders become suppliers of supporting raw materials such as bananas and pandan leaves. This is done in order to facilitate the process of processing raw materials into products, so that the main raw materials in producing products produced by the Rika Bakery home industry can be met. The Rika Bakery

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home industry collaborates with three pillars of Packaging, namely as a supplier of product packaging and at the same time doing the design on the packaging.

8.   **Cost Structure**

The next block is about the explanation of the cost structure that must be incurred by the Rika Bakery home industry. Business costs are costs that must be incurred in every production process. These costs are divided into two, namely fixed costs and variable costs.

a. Fixed Costs Fixed costs in the Rika Bakery home industry are costs that are routinely incurred regardless of the amount of production. Fixed costs are defined as costs that do not change in total when activity increases or decreases (William, 2009).

- The fixed cost of renting a building from the Rika Bakery home industry is IDR 333,333 per product.

- The fixed costs incurred by the Rika Bakery home industry for birthday cake products are calculated at a percentage of 5%, this is obtained from the sale of 40 boxes of birthday cakes per month divided by the total number of products produced by the Rika Bakery home industry of 680 boxes per month, which is Rp. 130,400.62 per month.

- The fixed costs incurred by the Rika Bakery home industry for steamed brownies products are calculated at 11%, this is obtained from the sale of 80 boxes of steamed brownies per month divided by the total number of products produced by the Rika Bakery home industry of 680 boxes per month, which is Rp. 26,223.12 per month.

- The fixed costs incurred by the Rika Bakery home industry for roll cake products are calculated at a percentage of 20%, this is obtained from the sale of its products as many as 140 boxes per month divided by the total number of products produced by the Rika Bakery home industry of 680 boxes per month is Rp. 46,227.5 per month.

- The fixed costs incurred by the Rika Bakery home industry for pandan sponge cake products are calculated at 29%, this is obtained from the sale of the product 200 boxes per month divided by the total number of products produced by the Rika Bakery home industry of 680 boxes per month is Rp. 61,371.37 per month.

- Fixed costs incurred by the Rika Bakery home industry for banana cake products are calculated at 32%, this is obtained from the sale of the product as many as 220 boxes per month divided by the total number of products produced by the Rika Bakery home industry of 680 boxes per month is Rp. 73,839 per month.

b. Variable costs in the Rika Bakery home industry are costs that must be continuously paid by the home industry at certain times to pay for all variable inputs used in the production process.

- The variable costs incurred by the owner of the Rika Bakery home industry on birthday cake products per month are Rp. 1,820,500.

- The variable costs incurred by the home industry Rika Bakery on Steamed Brownies products per month are Rp. 1,628,000.

- The variable costs incurred by the home industry Rika Bakery on Bolu Gulung products per month are Rp. 1,999,000.

- The variable costs incurred by the home industry Rika Bakery on Bolu Pandan products per month are Rp. 2,827,000.

- The variable costs incurred by the home industry Rika Bakery on the Banana Cake product per month are Rp. 3,004,000.

9. Revenue Streams

Revenue Streams are cash inflows that describe how an organization earns income in the form of money from each customer segment. This cash flow is what keeps a company alive or survives (Wardhanie & Kumalawati, 2018).

- In the birthday cake product, home industry Rika Bakery earned a profit of Rp. 1,716,266.38 from sales of 40 boxes per month at a price of Rp. 100,000 per box.
- In the product of Steamed Browniess home industry Rika Bakery earned a profit of Rp. 2,012,443.38 with monthly sales of 80 boxes per month at a price of Rp. 50,000 per box.
- In the home industry roll cake product, Rika Bakery earned a profit of Rp. 2,808,439.5 with sales of 140 boxes per month at a price of Rp. 35,000 per box.
- In the pandan sponge cake product, home industry Rika Bakery earned a profit of Rp. 1,778,295.63 with sales of 200 boxes per month at a price of Rp. 25,000 per box.
- In the banana cake product, home industry Rika Bakery earned a profit of Rp. 2,048,828 with sales of 220 boxes per month at a price of Rp. 25,000 per box.

The income received by the Rika Bakery home industry is received from direct transactions, transaction income generated through cash payments through the cashier.

Here is a Visualization of the Rika Bakery Home Industry Business Model Canvas

Key Partnerships	Key Activities	Value Proposition	Customer Relationship	Customer Segments
• Pemasok Bahan Baku (Raja Grosir) • Pemasok Bahan Baku Penunjang (Pedagang Pasar) • Penyuplai Kemasan (Tiga Pilar Kemasan)	• Pengadaan Bahan Baku • Proses Produksi • Perawatan Alat dan Mesin	• Memiliki Bahan Baku Berkualitas • Menjaga Kualitas Produk (Jika sudah tiga hari produk tidak akan dijual lagi) • Memiliki Izin P-IRT dan Sertifikasi Halal	• Interaksi Konsumen (personal assistance) • Produk (Diskon Harga)	1. Bolu Ulang Tahun (semua kalangan gender, anak-anak, remaja dan orang dewasa , semua kalangan tingkatan profesi, wilayah kecamatan kutambaru) 2. Bolu Brownies Kukus (semua kalangan gender, anak-anak , remaja dan orang dewasa) 3. Bolu Gulung (semua kalangan gender , anak-anak, remaja dan orang dewasa) 4. Bolu Pandan (semua kalangan gender, anak-anak, remaja dan orang dewasa) 5. Bolu Pisang (semua kalangan gender, anak-anak, remaja dan orang dewasa)
	Key Resources • Sumber Daya Alam (Bahan Baku) • Sumber Daya Manusia (Tenaga Kerja) • Sumber Daya Fisik (Bangunan dan peralatan Mesin) • Sumber Daya Finansial (Modal Usaha) • Sumber Daya Intelektual (Pendidikan Formal dan Non Formal)	• Harga yang Terjangkau • Variasi Produk	**Channels** • Saluran pemasaran langsung (pelanggan bisa langsung datang ke toko Rika Bakery)	
Cost Structure • Biaya Tetap • Biaya Variabel		**Revenue Streams** • Sumber penghasilan (melalui penjualan produk) • Penerimaan penghasilan (melalui tunai)		

Sumber Data Primer : Diolah (2024)

5. CONCLUSION

Based on the results of research on the application of the business model canvas in the development of the Rika Bakery home industry in Maryke Village, Kutambaru District, Langkat Regency. The home industry has implemented the business model canvas by seeing that there are

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segments in the existing key partnership block and utilizing key resources as owned resources, having main activities in creating product value, using fixed costs and variable costs in carrying out business activities, in the value proposition block there is a lack of variants as a value enhancer offered to consumers, using channels or direct marketing networks as marketing channels, using customer relationships as a form of retaining consumers, having potential consumers in product sales, receiving income only from product sales.

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