

Business Model Design With Blue Ocean Strategy Approach For CV. Dwipa Nusantara Tobacco

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ABSTRACT

This study aims to analyze the business model and SWOT of CV Dwipa Nusantara Tobacco (DNT) as cigar factory from Jember. This research was conducted using a qualitative descriptive method and categorized based on research nature, research philosophy, research approach based on goals, approach based on model and research strategy. The results of this study will create a re-design of the Business Model Canvas for Blue Ocean Strategy to obtain an overview of the Future BMC on DNT in terms of Customer Segments including the segmented type by creating new market segments with minimal competition. Value proposition element creates quality cigar. Channel elements by adding retail sales team to create demand, digital marketing support increasing number of distributors. Elements of customer relationships continue to maintain existing services and continuous improvements. Revenue streams element drives income from more than one revenue stream. Key resources element has physical, human and intellectual resources in enhancing the brand image. The key activity element is creating a subsidiary company to fulfill packaging support materials. Elements of key partnerships have a permanent supplier of tobacco. Elements of the cost structure are included in economies of scale with expenditure costs divided into fixed costs and variable costs.

Keywords : Keywords are your own designated keywords separated by semicolons (“;”) minimal 3 keywords and maksimal 5 keywords.

1. INTRODUCTION

The agro-industrial sector is one of the drivers of the economy in Indonesia, one of which is the processed tobacco sector, namely cigars. The Besuki Na-Oogst (BNO) type of tobacco is very well known among world cigarette and cigar manufacturers. Even Cuba or the US, which are famous for their cigars, also import BNO tobacco. This is real tobacco grown in Jember.

Jember as one of the best cigar producers in the world has the most number of factories when compared to other cities in Indonesia, there are 4 national scale cigar companies namely Mangli Djaja Raya (MDR), Kopkar Kartanegara, Dwipa Nusantara Tobacco and Boss Image Nusantara Cigar , besides that 2 international scale cigar manufacturers Burger Sohne AG and Villinger Sohne AG. Cigars have a segmented market to be exported with a lot of demand after the pandemic resulted in competition in the same industry, so that in facing the same industry competition and growth, namely cigars. So companies must have appropriate and adaptive strategies and business models, by systematically identifying how business models fulfill a strong value proposition in a profitable way using key human resources and key processes (Porter, 1995), understanding a business model like this will be very important. help in the VUCA era: Volatility, Uncertainty, Complexity, Ambiguity, but VUCA is not a new situation for the business world. Organizational leaders are faced with a changing and unpredictable environment, to meet a Customer Value Proposition that is different from competitors and what the company must do to make something new or innovative, and if necessary to take advantage of existing opportunities. The current business model can create new innovations for companies through the Business Model Canvas

One of the companies experiencing problems in the business model is Dwipa Nusantara Tobacco which is engaged in the tobacco processing industry, namely cigars. In its journey, this company has become a cigar brand that is known nationally and abroad, although it is the newest compared to competitors for cigar factories in Jember and nationally. with a production capacity that is quite large and equivalent to foreign production, which market segmentation has also carried out a pricing strategy based on cigar products that have been issued, both premium cigars, middle or beginner cigar products at affordable prices, Dwipa Nusantara Tobacco does not currently have an ideal business model in accordance with current guidelines for cigar business and must not forget continuous improvement for the level of product and service innovation that is owned so that it can remain competitive and adaptive in the cigar market with approach Blue Ocean Strategy

2. METHOD

Based on the purpose of this qualitative research with deep interview with director/owner, the exploratory method was used to find something new in the form of a grouping of symptoms, certain facts from the object of research because the nature of exploratory research is to map an object in a relatively deep manner. Through basic data needed as a basis for further research or a basis for making a decision in cigar industry with using tools Business Model Canvas, SWOT analysis and making the future model business with Blue Ocean Strategy.

3. RESULT AND DISCUSSION

3.1 RESULT

Following are the results of data processing, the total obtained from the combination of each of the Nine Elements of the Business Model Canvas to SWOT as follows:

Table 1. Business Model Canvas

No	Elemen	SWOT				Total
		<i>Strenght</i>	<i>Weakness</i>	<i>Opportunity</i>	<i>Threath</i>	
1	Value Propositions	0,555	0,047	0,311	0,111	1,024
2	Revenue Streams	0,570	0,108	0,321	0,069	1,068
3	Cost Structures	0,202	0,124	0,051	0,061	0,438
4	Key Resources	0,219	0,034	0,198	0,060	0,511
5	Key Activities	0,165	0,158	0,150	0,052	0,525
6	Key Partnership	0,225	0,008	0,282	0,101	0,616
7	<i>Customer Segments</i>	0,240	0,040	0,189	0,168	0,637
8	Channels	0,065	0,170	0,331	0,076	0,642
9	Customer Relationships	0,120	0,054	0,217	0,018	0,409
Total		2,361	0,743	2,050	0,716	
		3,104		2,766		

The results of the analysis from the table above show that the total for each element of the business model in revenue streams is 1.068 which is the most influential element when compared to other elements. Then the next most influential element is the value proposition element with a value of 1.024; followed by channel elements with a value of 0.642; Customer Segments of 0.637; key partnerships of 0.616; key activities of 0.525; key resources of 0.511; cost structures of 0.438; and customer relationships of 0.409.

The positioning IFE-EFE Company performance can be determined by a combination of external and internal factors, and these factors must be considered in a SWOT analysis. SWOT analysis is a strategy used to determine the company's position as shown on the Positioning Map, with an IFE of 3.104 and an EFE of 2.766 with the following quadrants:

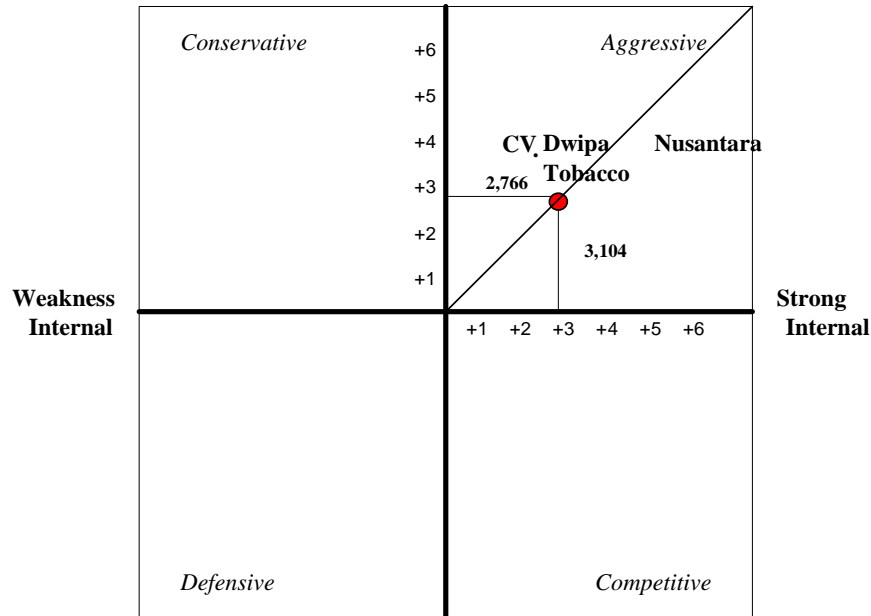


Figure 1. Positioning Map

Company position CV. Dwipa Nusantara Tobacco is located in quadrant I which is a very favorable situation because the company has opportunities and strengths so that it can take advantage of existing opportunities even though it is in the midst of competition in the cigar industry in Indonesia and in the international market. The strategy that must be implemented by the company in this condition is to support an aggressive growth policy (growth oriented strategy) by being responsive to the current market trend of cigar products and increasing activation on social media, so that companies are required to be able to quickly adapt and continue to innovate both in products and services, especially in the case of cigar toffee products, which are currently in great demand from both foreign and local, maximizing existing resources to accelerate response to opportunities in the market

This aggressive position was carried out by CV Dwipa Nusantara Tobacco by carrying out improvement timing through cigar products produced by taking into account cigar standards produced by competing brands and carrying out strict tobacco leaf quality control, as well as holding gatherings with cigar distributors and cigar connoisseurs in an effort to emotional bonding and create a new market share because it will meet a lot of new networks so that these aggressive efforts can create a good adaptation in business in the cigar industry

The Business Model that is actually used when an approach is taken to the 9 business elements used by CV. Dwipa Nusantara Tobacco :

1. Customer Segment: The target for selling cigars/cigars is customer profiles by making cigars a way of life with figures of entrepreneurs, officials and networking elites
2. Value Propositions: As a newcomer in the world of cigars compared to other companies, Dwipa Nusantara Tobacco is trying to explore the needs of beginner cigar customers by introducing the Johny Cigar variant as a cigar that can be smoked inhale like a cigarette
3. Channels: The distribution channels used are still limited to distribution partners in the cities of Surabaya and Jakarta with suitable market positions, without direct distribution directly to end users from factories
4. Customer Relationship: The pattern of relationships that are created from a strong network is the capital of the founders of CV. Dwipa Nusantara Tobacco
5. Revenue Stream: The source of revenue is from large value customers coming from distributors and export partners
6. Key Resources: Home based factory located in Ambulu District which is one of the tobacco-producing districts in Jember
7. Key Activity: The company's main activity is processing tobacco leaves into quality cigars
8. Key Partnership: Main partners are tobacco leaf suppliers and distribution channels, namely distributor
9. Cost Structure: Fixed Costs and Variable Costs are the basis for the company's operations CV. Dwipa Nusantara Tobacco

Table 2 Existing Business Model CV. Dwipa Nusantara Tobacco

The Business Model Canvas		<i>Company Name:</i> CV. Dwipa Nusantara Tobacco		<i>Date:</i>
8.Key Partners Optimization and economy of scale: -Supplier -Cigar Customer -Cigar Distributor -Government -Tobacco supplier	7.Key Activities <i>Production:</i> -Procurement of tobacco raw materials -Cigar production process <i>Problem solving:</i> - Cigar “Maklon” Services	2.Value Proposition <i>Performance:</i> - Quality cigar products -Cigar products with the distinctive taste of Jember tobacco <i>Customization:</i> -Product <i>custom</i> / maklon <i>Getting the job done:</i> -Cigar Manufacturer -Creating Cigar Merk	4.Customer Relationships <i>Distributor Excellence:</i> -Experienced cigar distributors	1.Customer Segments <i>Segmented:</i> -Cigar Aficionado -Governments Leaders -Cigar Beginner
	6.Key Resources <i>Physical:</i> -Factory Facilities -Machine and Equipment -Warehouse and Office -Vehicle -Tobacco Field <i>Intellectual:</i> -Cigar Merk		3.Channels <i>Partnerships (distributor):</i> -distribution product with selected distributors	
9.Cost Structure <i>Fixed costs:</i> -Employee salaries, production operational costs, factory procurement & maintenance, machine depreciation, tobacco planting costs <i>Variable costs:</i> -Distribution costs, raw material costs, marketing costs, risk costs for returning goods <i>Economies of scale:</i> -The procurement price is lower than applied			5.Revenue Streams <i>Asset Sale: Sales of products that are B2B</i> <i>Usage Fee: Tolling and branding services</i> <i>Lending: Working capital loans</i> <i>Brokerage fees: Partnership (distributor)</i> <i>Dynamic Pricing: Closed price quote</i>	

3.2 DISCUSSION

Re-design of the Business Model with the Blue ocean Strategy approach

Blue ocean Strategy is a method for reviewing the value proposition and business model and exploring new customer segments. By combining the Blue Ocean Strategy and Business Model Canvas tools, it provides a strong overview for reviewing each element of the Business Model Canvas that has been identified in CV. Dwipa Nusantara Tobacco.

Four Step Framework Method

From the results of BMC and SWOT identification, there are four key questions that question the logic of industrial strategy and business models that have been formed to reformulate the company's business model with the biggest factor in CV. Dwipa Nusantara Tobacco as follows:

1. What factors are considered existing in the industry that must be eliminated?
In research and from the results of interviews with the management of CV. Dwipa Nusantara Tobacco has no elements that will be eliminated, so it must be maintained
2. What factors should be reduced below the industry standard?
Whereas the reduced elements have not been found and even have to be added from the results of interviews conducted as a step towards the big vision from the Continuous Improvement side
3. Which factors should be raised above the industry standard?
- Customer Segments
Recruited New User: Increasing penetration through more variants for novice cigars, so that new customers can be recruited to expand the cigar ecosystem in Indonesia which is beneficial for sales

- Channels

Segmented: Increasing the number of direct sales force (B2B), Adding retail sales force because the market share is detailed and requires a good universe of course benchmarking with cigarette outlets/shops, as well as the use of the company's website with the addition of more massive online sales features and the need to frequently update content fresh cigars.

-Key Resources

Intellectual: Stronger brand branding by adding promotional channels in mainstream media and frequent exhibitions or trade missions as a source of growth

4. What factors must be created that the industry has never offered?

- Customer Segments

Segmented: Creating a retail customer segment for cigar products, because they are so exclusive

- Value Propositions

Newness: Creating cigar products that are affordable and very young people, even making packaging like cigarettes

-Key Activities

Platform: Create a subsidiary in the field of tobacco raw materials, cigar packaging and cigar shipping for export commodities, so that cigar diplomacy can be lifted followed by coffee and other export commodities can be sent as well as export destination countries

- Customer Relations

Communities: Organize cigar night events or cigar gatherings to create emotional bonding with customers

-Revenue Streams

Licensing: Creating a standard tobacco license that is ready to be processed into cigars and actualized in the form of paid training

-Key Partnership

Optimization and economy of scale : Increasing business scale by establishing more partners and derivative products

Table 3. Business Model Canvas

No	Business Model Canvas	Blue ocean Strategy			
		Reduce	Eliminate	Raise	Create
1	Customer Segment -Mass market -Niche market -Segmented -Diversified -Multi-platform	—	—	Recruited New User: -Create more variants of cigar starters with the favorite aroma of young people	Segmented: - Creating a retail customer segment for affordable cigar products
2	Value Proposition -Newness -Performance -Customization -Getting the job done -Design -Brand -Price -Risk reduction -Accessibility -Convenience	—	—	—	Newness: -Creating cigar starter products with packaging designs like cigarettes
3	Channels -Awareness -Evaluation -Purchase -Delivery -After sales	—	—	Sales: -Increase the number of direct sales force (B2B) -Adding retail sales force with the help of data based outlets/cigarette shops -Using the company's website with the addition of online sales features and updating cigar content	—
4	Customer Relationship - Personal Assistance - Dedicated Personal - Self-service	—	—	—	Communities : - Organizing cigar night events or cigar gatherings to create emotional

No	Business Model Canvas	Blue ocean Strategy			
		Reduce	Eliminate	Raise	Create
	<ul style="list-style-type: none"> - Automated Services - Communities - Co-creation 				bonding with customers
5	Revenue Stream <ul style="list-style-type: none"> - Asset Sale - Usage Fee - Subscription Fee - Lending - Licensing - Brokerage fees - Advertising 	—	—	—	Licensing: - Creating a standard tobacco license that is ready to be processed into cigars and actualized in the form of paid training
6	Key Resource <ul style="list-style-type: none"> - Physical - Intellectual - Human - Financial 	—	—	Intellectual: - Stronger branding by increasing activation and participating in exhibitions/trade missions	—
7	Key Activities <ul style="list-style-type: none"> - Production - Problem solving - Platform/ Network 	—	—	—	Platform: -Created a subsidiary in the field of tobacco raw materials
8	Key Partnership <ul style="list-style-type: none"> - Optimization and economy of scale - Reduction of risk and uncertainty - Acquisition of particular resources and activities 	—	—	—	Optimization and economy of scale : -Increasing business scale by establishing more partners and derivative products
9	Cost Structure <ul style="list-style-type: none"> - Fixed costs - Variable costs - Economies of scale - Economies of scope 	—	—	—	—

Table 4. Future Business Model Canvas

The Business Model Canvas		Company Name: CV. Dwipa Nusantara Tobacco		Date:
8.Key Partnerships Optimization and economy of scale: -Supplier -Cigar Customer -Cigar Distributor -Government -Tobacco supplier Optimization and economy of scale :	7.Key Activities Production: -Procurement of tobacco raw materials -Cigar production process Problem solving: - Cigar "Maklon" Services Platform : - Creating a subsidiary in the field of tobacco raw materials and packaging	2.Value Proposition Performance: - Quality cigar products -Cigar products with the distinctive taste of Jember tobacco Customization: -Product custom / maklon Getting the job done:	4.Customer Relationships Distributor Excellence: -Experienced cigar distributors Communities : - Organize cigar night events or cigar gatherings	1.Customer Segments Segmented: -Cigar Aficionado -Governments Leaders -Cigar Beginner Recruited New User: -Create more variants of cigar starters with the favorite aroma of young people

<p>-Increasing business scale by establishing more partners and derivative products</p>	<p>6.Key Resources</p> <p><i>Physical:</i></p> <ul style="list-style-type: none"> - Physical: -Factory Facilities -Machine and Equipment -Warehouse and Office -Vehicle -Tobacco Field <p><i>Intellectual:</i></p> <ul style="list-style-type: none"> - Stronger branding by increasing activation and participating in exhibitions/trade missions 	<p>-Cigar Manufacturer</p> <p>-Creating Cigar Merk</p> <p><i>Newness:</i></p> <ul style="list-style-type: none"> -Creating cigar starter products with packaging designs like cigarettes 	<p>3.Channels</p> <p><i>Partnerships (distributors):</i></p> <ul style="list-style-type: none"> -Marketing products with selected distributor partners <p><i>Sales:</i></p> <ul style="list-style-type: none"> -Increase the number of direct sales force (B2B) -Adding retail sales force with the help of data based outlets/cigarette shops -Using the company's website with the addition of online sales features and updating cigar content 	<p><i>segmented:</i></p> <ul style="list-style-type: none"> -Creating a retail customer segment for affordable cigar products
<p>9.Cost Structure</p> <p><i>costs:</i></p> <ul style="list-style-type: none"> -Employee salaries, production operational costs, factory procurement & maintenance, machine depreciation, tobacco planting costs <p><i>Variable costs:</i></p> <ul style="list-style-type: none"> -Distribution costs, raw material costs, marketing costs, risk costs for returning goods <p><i>Economies of scale:</i></p> <ul style="list-style-type: none"> -The procurement price is lower than applied 			<p>5.Revenue Streams</p> <p><i>Asset Sale: Sales of products that are B2B</i></p> <p><i>Usage Fee: Tolling and branding services</i></p> <p><i>Lending: Working capital loans</i></p> <p><i>Brokerage fees: Partnership (distributor)</i></p> <p><i>Dynamic Pricing: Closed price quote</i></p> <p><i>Licensing: Creating a standard tobacco license that is ready to be processed into cigars and actualized in the form of paid training</i></p>	

So the results of the re-design of the Business Model Canvas for the Blue Ocean Strategy get an overview of the Future Business Model on CV. Dwipa Nusantara Tobacco in the Customer Segments element which belongs to the segmented type by creating new market segments in the retail segment by adding cigar variants for beginners at affordable prices. In the value propositions element on the CV. Dwipa Nusantara Tobacco creates quality cigar products for the beginner cigar segment with a packaging design like cigarettes in general. Channel elements on the CV. Dwipa Nusantara Tobacco Increasing the number of direct sales force (B2B), Adding retail sales force with the help of data-based outlets/cigarette shops, using the company's website by adding online sales features and updating cigar content. Elements of customer relationships on the CV. Dwipa Nusantara Tobacco should continue to maintain the existing distributor excellence service model. The elements of revenue streams are known that the income of CV. Dwipa Nusantara Tobacco sources more than one revenue stream from B2B and retail with credit, cash and transfer payment systems and models. It is known that the key resources element is the resource CV. Dwipa Nusantatara Tobacco consists of physical, human and intellectual resources in enhancing product brand branding through brand activation and participating in many exhibitions or trade missions. Elements of key activities on the CV. Dwipa Nusantara Tobacco is a production, procurement, service and creation of subsidiary companies from the platform and core business in the tobacco sector, especially in terms of raw materials through the factory's own tobacco plantations. Elements of key partnerships are known by CV. Dwipa Nusantara Tobacco has consistent suppliers for tobacco leaves, packaging and so on to run its business. The last element on the CV. Dwipa Nusantara Tobacco is a cost structure element included in economies of scale with expenditure costs divided into fixed costs and variable costs in carrying out operations as a whole, while in the revenue streams element it is necessary to create units that serve certification or training related to ready-to-use tobacco for cigars so that it becomes an additional business unit service competency for the company.

4. CONCLUSION

Industry structure analysis, market share and business strategy planning CV. Dwipa Nusantara Tobacco (DNT) is used to find out the company's position, the company's internal and external conditions, the company's competitiveness with competitors, the right strategy and proposed strategies that can be carried out by the company, which can be used as long-term steps but can still be adaptive, by know the SWOT of DNT Cigar in order to find out the company's competitive position combined with the nine elements of the business model canvas with the Blue Ocean Strategy approach

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