BMC (Business Model Canvas) and SWOT Analysis Approach on the Development of Farmer Prosperity: A Study on Business Strategies of "Labu Madu" Enterprises

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Abstract

This study is aimed to seek the role of micro Enterprises Labu Madu in Banyoksah, Sampang in prospering the farmer of pumpkin with BMC approach method and SWOT analysis. This study employed descriptive qualitative with SWOT analysis and BMC approach. The data was collected through observation, interview, and documentation. The result show that SWOT analysis with BMC approach found that the best strategy of Labu Madu enterprise to improve the welfare of pumpkin farmer is SO strategies which are first; products of Labu Madu need to displayed in the stores and use other social media as marketing such as: IG, and Shopee. Second, it is necessary to add variations to the menu of processed products from honey pumpkins, and customer requests to become resellers are a chance to increase sources of income. Third, it is necessary to take part in marketing training to increase level of producing of processed Labu Madu. Fourth, it is necessary to replace more sophisticated or modern technology so that the Labu Madu production process is easier and more efficient. Fifth, apart from having an outlet, it is necessary to open a branch to increase the source of income. To ensure the welfare of pumpkin farmer, Islamic empowerment principles needs to be applied. Moreover, sharecropping contracts also necessary to be conducted with strengthen the transparency and religiosity aspect which are ease to implement in religious culture of the farmer. Furthermore, building the café an establishing with mesmerizing view also would affect to income of the enterprise which in turn would increase the income of the farmer. In connection with that, hospitality, product diversification, and customer service should be considered for future development of the company.

Keywords: SWOT analysis; BMC; Labu Madu
A. INTRODUCTION

Banjoksah village is located in district of Ketapang, Sampang Regency, Madura Island, East Java. In the beginning there is no development of pumpkin farmer to develop their welfare in this village. Then, on 2018 a millennial farmer develop small enterprises called Labu Madu or Honey Pumpkin which he have a sight on it potential with no rival in the neighborhood. Along with his success there are many young farmer followed his footstep exploiting the local resources.

Business model canvas (BMC) is commonly used not only to summarize the business plan, it is also to show how effective the business in short explanation as well as a method to analyze how proper a business that has been running or going to running. Based on the BMC analysis, a support for company or MSMEs can be mapped or fitted. Also, the result of analysis can determine the investor decision to support or invest the company or MSMEs or to decline the investment.

The main purpose of creating BMC for a company is to support financial funding in expanding or maintaining the business especially MSMEs. One of the MSMEs that needs the support in maintaining the business as well as for segmenting the market is "Labu Madu" in Banyoksah village, Sampang Regency. Moreover, Labu Madu enterprise is also supporting in developing the prosperity of farmer in it area. As it is an agricultural processed product original from Banyoksah village.

Therefore, the high competition in business requires MSMEs such Labu Madu to develop their business to compete with similar businesses. In accordance with that, the right strategy is necessary in order to survive and sustain the business. However, it is undeniable that various uncertainty obstacles would occur in the future. Hence, BMC is needed to be supported with SWOT analysis as well to determine the proper strategies.

Based on the discussion above, this study is aimed to seek the role of micro Enterprises Labu Madu in Banyoksah, Sampang in prospering the farmer of pumpkin with BMC approach method and SWOT analysis.

B. LITERATURE REVIEW

Previous Studies

Several studies on BMC as a strategy for business development have been conducted. Setijawibawa (2015) with analysis SWOT found that there are several element of business model in order to support business climate. For example, company is able to utilize MLM scheme for hierarchy of position in company, developing special services to customer through discount and customer point, also expanding to tenancy services.

Similarly, Kosasi (2015) also evaluate business model in seafood restaurant with BMC approach and found that the new segmentation of the restaurant is required especially youth generation with small family as well as develop their product innovation through differentiations. Furthermore, website usage also needed to extend the consumer and inform the costumer about the restaurant. Indeed, addition staff for managing “eye catching” website also required. In accordance with that, Alamsyach & Ratnanto Fitriadi (2017) studied about on Gethuk Lawu in Karanganyar with BMC approach and SWOT analysis. The result of the study shows that in order to accomplish the BMC on the company WO strategy is required. Therefore, the company needs to assess their weakness and opportunity to develop their business.

Furthermore, Ermaya & Darna (2019) investigate business model design through BMC and SWOT analysis. The result found that BMC is applicable in the company and the proper strategy for the company is turnaround strategy. In the same line, Anggraini (2020) investigate 9 elements of BMC with SWOT analysis on MSMEs. The result found that the strength of MSMEs is product novelty, online market through social media, and tester for consumer in the store. Meanwhile, the weakness of MSMEs there is no strategy on consumer retention, the product is replicable, and simple tools as well as machine utilization. Moreover, the opportunity of MSMEs is there is no threat in the similar product in the city, unique packaging, and website utilization for wider market. Lastly, there is competitor from other city with effective and efficient machine as well as more unique packaging.
SWOT Analysis and BMC

SWOT itself is an acronym from strength, weakness, opportunity, and threats which became tools or model of analysis for an organization or company with profit or non-profit oriented to discover the state of organization comprehensively (Novianto, 2019, p. 252). SWOT analysis also defined as the identification of various factors systematically to formulate corporate strategy. This analysis is based on the relationship or interaction between internal elements, namely strengths and weaknesses, to external elements, namely opportunities and threats (Rachmat, 2014, p. 285). Therefore, the factors of SWOT analysis is strength which defined as special competencies contained in the organization that result in the ownership of a comparative advantage by business units in the market. It is said so because the business unit has a source of skills, mainstay products and so on that make it stronger than competitors in satisfying the market needs that have been planned to be served by the business unit concerned (Siagian, 1995, p. 172).

Also, weakness which is limitations / deficiencies in one or more resources / capabilities of a company relative to its competitors, which become obstacles in meeting customer needs effectively. In practice, these limitations and weaknesses can be seen in the facilities and infrastructure that are owned or not owned, low managerial abilities, marketing skills that are not in accordance with market demands, products that are not in demand by consumers or potential users and the inadequate level of profit (David, 2011, p. 17). Then, opportunities are favorable situation in a company's environment. The main trend is one source of opportunity. Identification of previously overlooked market segments, changes in competitive/regulatory conditions, technological changes, and improved relations with buyers/suppliers can be opportunities for the company (Sedjati, 2015, p. 156).

Lastly, threats are the main unfavorable situation in a company's environment. Threats are the main barrier for a company in achieving its current or desired position. The entry of new competitors, sluggish market growth, increased bargaining power of major buyers/suppliers, technological changes, and revised or updated regulations, can be obstacles to a company's success (Sedarmayanti, 2014, p. 109). On the other hand, The BMC is a business model describing the rationale for how organizations create, deliver, and capture value. Business Model Generation explains how companies are actually able to respond quickly to customer desires by providing the best values in the company. In short, BMC explains in a simple way through visualizations that are displayed on how companies make money through 9 elements (Osterwalder, & Pigneur, 2012, p. 13).

Those 9 elements are Customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. These elements are related each other which describes in simple terms how an organization delivers and captures the value of its business activities to make money (Royan, 2014, p. 20).

C. RESEARCH METHOD

This study is descriptive qualitative study means a study that is descriptive and aims to obtain a complete (descriptive) picture of something being researched. Based on the above understanding, the descriptive approach that the author means is research that describes events that occur in the field. The descriptive approach is research that aims to describe, describe, record, and analyze existing and current conditions (Moleong, 2018, p. 6). Thus, researchers can find out firsthand the actual situation or conditions in the field about the MSME Labu Madu. This information is expected to be the basis for formulating a Labu Madu business development strategy through a business model canvas approach and a SWOT analysis of several internal and external factors. As presence of the researcher, the researcher acts as an instrument as well as collects data. By observing, researchers know and understand the complete picture of the object of research. This means that the researcher acts fully as a researcher and there are researchers who know and there are parties who do not know about the presence of the researcher that the researcher is researching (Sugiyono, 2005, p. 143).

The data was collected through observation on the field, interview, and documentation. The collected data then analyzed through triangulation technique. Triangulation technique is a technique that combines various data collection techniques and existing data sources. Testing the validity of the
data in qualitative research using triangulation will further increase the strength of the data when compared to one approach (Sugiyono, 2008, p. 240-242).

D. DISCUSSION

The findings of this study are based from the interview of SWOT analysis with BMC approach. It is showed from strength, weakness, opportunity, and threats that cross analyzed with 9 elements of BMC. The SWOT analysis required to remapping the BMC. The SWOT analysis then limited by the 9 elements of BMC to recreate the alternative strategies. The result is displayed in the table below:

<table>
<thead>
<tr>
<th>BMC Elements</th>
<th>Strength (S)</th>
<th>Weakness (W)</th>
<th>Opportunity (O)</th>
<th>Threats (T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CS</td>
<td>Applicable for all groups of society</td>
<td>Pumpkin pudding can't be consumed by babies</td>
<td>There are no competitors selling the same product in the same village</td>
<td>Many competitors sell agricultural processed products such as &quot;love&quot; melon, cashew etc.</td>
</tr>
<tr>
<td>2. VP</td>
<td>✓ It sweet's tastes</td>
<td>✓ Pudding products are easy to rot and do not have BPOM</td>
<td>Collaborate with the local health department to maintain product safety quality</td>
<td>There is no BPOM brand for product safety, so customers tend to choose other products.</td>
</tr>
<tr>
<td>3. CH</td>
<td>Owned outlet</td>
<td>No delivery service</td>
<td>✓ Distributing to retailers. ✓ Using other social media as marketing such as: IG, and Shopee</td>
<td>If social media is disturbed, it will affect the sales process of the Labu Madu business</td>
</tr>
<tr>
<td>4. RS</td>
<td>Source of income only from product sales</td>
<td>Revenue depends only on customers</td>
<td>✓ Opening business branch to increase income sources ✓ Varying the processed products from Labu Madu. ✓ Reseller request from consumer.</td>
<td>Disloyal customers who don't come back.</td>
</tr>
<tr>
<td>5. KR</td>
<td>The existing human resources are able to meet the demand for production ✓ The equipment is still simple. ✓ No patents</td>
<td>✓ Replacement with more advanced technology. ✓ Attend to marketing training. ✓ Availability of capital loans to increase business such as: cooperatives and BMT.</td>
<td>There are no patents, so the product is easy to copy</td>
<td></td>
</tr>
</tbody>
</table>
Table 1 above described the SWOT analysis with 9 elements of BMC approaches. As continuity of SWOT analysis, further step is determining the internal and external factor then match the indicators of strength with indicators of opportunities, match indicators of weakness with indicators of threats, and match indicators of opportunities with indicators of threats.

### 6. KA
- The production process carried out by the honey pumpkin business until the pudding processing is correct sequentially
- The equipment used is still simple.
- More sophisticated Labu Madu and pudding production technology.
- Competitors from one village or outside the village who are able to produce more with the latest technology and large capital.

### 7. KP
- The business of Labu Madu cooperates with a supermarket called Nada Swalayan, which is a shop supplier selling pudding ingredients and tools.
- Seed and fertilizer partners are still limited, hence purchased by online.
- In collaboration with the local Department of Agriculture.
- Have a good relationship with the government; hence can be included in the exhibition.
- Collaboration with other partners such as sponsors.
- If the relationship is disrupted then the opportunity to advance the business will be closed.

### 8. CR
- Part of profit of Labu Madu and pudding products are always donated
- There is no promo for Labu Madu
- The promo system must also exist on Labu Madu products.
- Implement a member card system to achieve customers’ loyalty.
- Customers are tend to move if there is no promo system for honey pumpkin products

### 9. CS
- The raw materials cost production is cheap hence it provides profitability.
- Inefficient farmer costs and electricity
- Replacement to modern technology in order to minimize farmer costs.
- The company can streamline all usage in the company such as turning off water and electricity that is not in use.
- Farmer costs and unstable electricity make profits also not fixed.

Source: Processed data (2022)
opportunities, match indicators of strength with threats and match indicators of weakness with indicators of threats, then form a strategy. The matrix of SWOT analysis showed in the table below:

**Table 2. SWOT Analysis Matrix**

<table>
<thead>
<tr>
<th>Internal</th>
<th>STRENGTH (S)</th>
<th>WEAKNESS (W)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pumpkin can be consumed by all groups of people</td>
<td>Pudding cannot be consumed by babies</td>
</tr>
<tr>
<td></td>
<td>The taste is very sweet and the price is very cheap</td>
<td>Pudding products are easy to rot and do not have BPOM</td>
</tr>
<tr>
<td></td>
<td>owned an outlet</td>
<td>No delivery service</td>
</tr>
<tr>
<td></td>
<td>The human resources used have been able to meet the demand for production</td>
<td>Revenue depends only on customers</td>
</tr>
<tr>
<td></td>
<td>The production process carried out by the honey pumpkin business until the pudding processing is correct sequentially.</td>
<td>Equipment that is still simple and does not have a patent</td>
</tr>
<tr>
<td></td>
<td>The business of Labu Madu cooperates with a supermarket tone shop, which is a shop supplier selling pudding ingredients and tools.</td>
<td>The equipment used is still simple and the production process or pudding processing is easy to imitate.</td>
</tr>
<tr>
<td></td>
<td>The profit of Labu Madu and pudding products are always donated</td>
<td>Seed and fertilizer partners are still limited hence depends on online purchasing.</td>
</tr>
<tr>
<td></td>
<td>The cost of producing raw materials is cheap so they can make a profit.</td>
<td>There is no promo for Labu Madu</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inefficient costs of electricity and farmers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OPPORTUNITIES (O)</td>
<td>SO STRATEGIES</td>
</tr>
<tr>
<td></td>
<td>There are no competitors selling the same product in the same village</td>
<td>Distribution to stores and use other social media as marketing such as: IG, and Shopee.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>WO STRATEGIES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partners for seeds and fertilizers are still limited, so buying through online, it is necessary to work together with the agricultural office to have a good relationship with the government so that they can be included in exhibitions and collaborate with other partners such as sponsors.</td>
</tr>
<tr>
<td></td>
<td>Collaborating with the health department</td>
<td>Because pumpkins can be consumed by all ages, it is necessary to add variations to the menu of processed products from honey pumpkins, and customer requests to become resellers to increase their source of income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pudding products are perishable, there needs to be cooperation with the health department</td>
</tr>
</tbody>
</table>
There are many shops around the business area that can be used as a marketing place. Because the human resources used have been able to meet the demand for production, it is necessary to take part in marketing training to be better at producing honey pumpkins. The absence of promos on honey pumpkins needs to implement a member card system to gain customers loyalty.

There are many choices of online media to market goods. The production process carried out by the honey pumpkin business until the pudding processing is correct sequentially, it is necessary to replace more sophisticated or modern technology so that the honey pumpkin production process is easier and more efficient. Electricity costs and inefficient farmers, need sophisticated technology to minimize farmer costs and companies can streamline all uses at the company such as turning off water and electricity that is not in use.

Opening a business branch to increase income sources, adding variations to the menu of processed products from Labu Madu, customer requests to become resellers. In addition to having own outlet/place, opening a branch to increase the source of income is necessary.

Replacement of more sophisticated technology, participate in marketing training, and the availability of capital loans to increase business such as: rural banks and BMT.

More sophisticated of Labu Madu and pudding production technology

Cooperates with the local agriculture department, good relations with the government so that they can be included in exhibitions and collaboration with other partners such as sponsors.

Creating promo system on Labu Madu products and apply a member card system to gain customers loyalty.

<table>
<thead>
<tr>
<th>THREATS (T)</th>
<th>ST STRATEGIES</th>
<th>WT STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many competitors sell agricultural processed products such as love melon, cashew, etc</td>
<td>Because Labu Madu can be consumed by all groups, it is necessary to promote or introduce the product to the surrounding community in order to remain competitive with other processed agricultural products.</td>
<td>It is necessary to have a BPOM brand on Labu Madu products to maintain product safety so that they can compete with competitors who sell agricultural processed products such as Love melon, cashew etc.</td>
</tr>
</tbody>
</table>
If social media is disturbed, it will affect the sales process of the business of Labu Madu. Because the human resources used are able to meet the demand for production, it is necessary to replace the latest technology and large capital in order to be able to produce more and be able to compete with competitors from one village or outside the village.

Competitors from one village or outside the village who are able to produce more with the latest technology and large capital. Pumpkin and pudding products, apart from being donated, need good communication and relationships with the government or customers so that business advancement is not closed.

If the relationship is disrupted with the government and customers, the opportunity to advance the business will be closed. It is necessary to create an active community with a membership system for the marketing process so that when social media is disturbed, the source of income is still running.

Promotion of Labu Madu is needed so that customers can be retain. It needs the help of sophisticated technology to produce Labu Madu.

Patent of the product is necessary hence the product is not easily imitated.

Source: Processed data (2022)

The table 2 above is the identification result of 9 elements of BMC approach. Furthermore, alternate strategies can be formed. Therefore, a new BMC model can be formed based on the SWOT analysis that can be used by the Labu Madu enterprises as alternate strategies for developing the business and expanding the market. Indeed, increasing the level of selling which in turn would increase the level of profit and income. Based form the result of SWOT analysis, it can be summed that the proper strategy for Labu Made enterprise is SO strategies. SO strategy is to take advantage of the strengths that have been identified or also referred to as aggressive strategy (Wijayati, 2019, p. 20).

The SWOT analysis also formed the diagram that determined which part of strategies to solve the problems of the business. Rangkuti (2006) described the diagram of SWOT matrix as follow:

**Figure 1.** SWOT Matrix (Rangkuti, 2006)

Based on the result on SWOT analysis and SWOT matrix, the SO strategy is necessary employed by the company in order to sustain. The result of SWOT matrix as follow:
The SO strategies that need to be employed are first, products of Labu Madu need to be displayed in the stores and use other social media as marketing such as: IG, and Shopee. Second, it is necessary to add variations to the menu of processed products from honey pumpkins, and customer requests to become resellers are a chance to increase sources of income. Third, it is necessary to take part in marketing training to increase level of producing of processed Labu Madu. Fourth, it is necessary to replace more sophisticated or modern technology so that the Labu Madu production process is easier and more efficient. Fifth, apart from having an outlet, it is necessary to open a branch to increase the source of income.

**Discussion Analysis**

Based on the data analysis, Labu Madu enterprise has been develop well and maintains to survive in the era of digitalization industry and economy. Therefore, the best solution to face rapid global competition especially MSMEs like Labu Madu are to expand the market through online platform or social media as mentioned. There is no doubt, the utilization of social media would increase the market segmentation and reach not only local consumer but also national consumer across the island and nation. Ease of use in online market platform provided also support MSMes like Labu Madu to sell the product to the costumer. Moreover, most of costumer in Indonesia is tend to purchase the product through online market place due to the ease of use and common in payment.

On the other hand, to support the welfare of the farmer the model of Islamic empowerment also can be employed. The principles of Islamic empowerment that easy to implement in the society are justice, equity, participation, recognition, and ta’awun or mutual assistance (Susilo, 2016, p. 207-208). The principles are easy to implement and to accept due to society expectation as well as common in the society. Moreover, in the Banyoksah village religious culture is already ingrained.

Furthermore, since the Labu Madu is an agricultural sector and involving farmer of pumpkin in the village of Banyoksah, Sampang, it is important to implement and determine the sharecropping system and factors that drive the farmer to participate on the pumpkin farm. There are several factors that able to implement in sharecropping for example, socio economic factor, production factor, as well as transparency of the sharecropping contract (Arief & Susilo, 2019, p. 211). Accordingly, sharecropping contract in East Java is operated and customize based on the habits of the local society (Arief, Hamid, Syamsuri, Susilo, & In’ami, 2021, p. 412).

Since the religious culture of Banyoksah society is very strong, it is important also to observe and notice the transparency and religious aspect. Definitely, Labu Madu enterprise has took part on religious aspect by donating it profits to the needy. Indeed, transparency aspect need to be concern since the farmer that executed sharecropping contract expected earning as the company expected.
production. Consequently, transparency and religiosity aspect significantly influence the production which indeed related to sharecropping contract (Arief, Susilo, & Fajaruddin, 2022, p. 27).

There is no doubt, Labu Madu as an enterprise of MSMEs implement the type of organizational culture. In Islam organizational culture is based on usefulness to the society. Therefore, the concept of amanah also needs to be considered by the company. In Islam, amanah in organization is about commitment, deposit, entrust, obligation, and consistency. Hence, the innovations made by Labu Madu and its efforts in the welfare of farmers are the implementation of the amanah as an organizational culture (Hakim & Susilo, 2020, p. 141).

Meanwhile, in the aspect of costumer or consumer retention as well as their loyalty, the company should consider also several aspect of their satisfaction beside the membership, discount, and social media approach for marketing. For example, diversification of processed product from pumpkin beside Labu Madu, additional object of tourism in the pumpkin plantation, building a café or restaurant for customer that enjoy the pumpkin plantation view with it hospitality. Therefore, additional product and customer service is necessary in Labu Madu enterprise (Kurniawan & Abidin, 2020, p. 102: Susilo, 2020, p. 9).

E. CONCLUSION

Summary

To conclude, SWOT analysis with BMC approach found that the best strategy of Labu Madu enterprise to improve the welfare of pumpkin farmer is SO strategies which are first; products of Labu Madu need to displayed in the stores and use other social media as marketing such as: IG, and Shopee. Second, it is necessary to add variations to the menu of processed products from honey pumpkins, and customer requests to become resellers are a chance to increase sources of income. Third, it is necessary to take part in marketing training to increase level of producing of processed Labu Madu. Fourth, it is necessary to replace more sophisticated or modern technology so that the Labu Madu production process is easier and more efficient. Fifth, apart from having an outlet, it is necessary to open a branch to increase the source of income.

To ensure the welfare of pumpkin farmer, Islamic empowerment principles needs to be applied. Moreover, sharecropping contracts also necessary to be conducted with strengthen the transparency and religiosity aspect which are easy to implement in religious culture of the farmer. Furthermore, building the café an establishing with mesmerizing view also would affect to income of the enterprise which in turn would increase the income of the farmer. In connection with that, hospitality, product diversification, and customer service should be considered for future development of the company.

Suggestions

Based on the result, further study needs to be conducted. For example, determine the result of SWOT matrix to seek the exact point of strategies. Quantitative method also suggest to be conducted to seek the exact variable that affect to customer loyalty and customer retention through EFA approach.

REFERENCES


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