

Analysis of the Business Model for Independent Fish Feed Manufacturing Using the Business Model Canvas Approach

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ABSTRACT

One of the main obstacles in fish farming is the problem of feed. Feed absorbs up to 70% of the production cost of fish farming, where most of the feed needs are met from fish feed manufacturers. The price of factory feed currently circulating is still considered high by fish cultivators, especially freshwater fish cultivators. Thin profit margins do not provide adequate incentives for freshwater fish farmers to develop their businesses so as to increase their level of welfare. Therefore, there needs to be an effort from the government to overcome feed problems, especially in terms of providing quality fish feed at affordable prices so that feed is no longer an obstacle in the development of aquaculture, especially freshwater aquaculture. The purpose of this study was to analyze the business model of making fish feed using the canvas method. The method used in this study uses a qualitative approach. Data obtained through research, be it interviews, observations, etc., are reliable, contain honesty, are objective and can be accounted for. This qualitative approach is used as a research procedure that produces descriptions in the form of written words. or verbal from people and observable behavior. The results of this research are very good and have potential for the community.

Keywords: Business Model; Independent Fish Feed; Canvas Model.

INTRODUCTION

Fisheries are human activities related to the management and utilization of aquatic biological resources (Islam, Nahiduzzaman, dan Wahab 2020; Kamau et al. 2021; Kar 2021a, 2021b). Fisheries are divided into two, namely capture fisheries and aquaculture (Bryhn et al. 2021; T. Chen et al. 2020; J.-L. Chen, Hsu, dan Chuang 2020; Du, Xie, dan Wang 2021; Halim et al. 2020; Hu et al. 2021; Huang dan He 2019; Kleitou et al. 2021; Nurani et al. 2018; Xu et al. 2021). While capture fisheries continue to experience a decline in production due to the imbalance between fishing activities and the availability of fish stocks at sea, aquaculture is considered to be one of the pillars of the national fishing industry to be able to compete in the era of the ASEAN Economic Community (AEC).

One of the main obstacles in fish farming is the problem of feed. Feed absorbs up to 70% of the production cost of fish farming, where most of the feed needs are met from fish feed manufacturers. The price of factory feed currently circulating is still considered high by fish cultivators, especially freshwater fish cultivators. Thin profit margins do not provide adequate incentives for freshwater fish farmers to develop their businesses so as to increase their level of welfare. Therefore, there needs to be an effort from the government to overcome feed problems, especially in terms of providing quality fish feed at affordable prices so that feed is no longer an

obstacle in the development of aquaculture, especially freshwater aquaculture.

The Ministry of Maritime Affairs and Fisheries has made various efforts to reduce the price of fish feed, including the elimination of the import tax on imported fish feed raw materials. Although this policy has been used by large-scale fish feed entrepreneurs, the price of feed at the cultivator level has not decreased significantly. Another effort made by the government in the last 5 years (2015 – 2019) is to continue to develop an independent fish feed manufacturing business through the Independent Fish Feed Movement (GERPARI) program, namely by providing machinery and capital for making feed for cultivators or other community groups who have businesses. fish feed production. The GERPARI program seeks to reduce dependence on imported feed raw materials, by making more use of local raw materials. GERPARI is expected to be able to reduce dependence on factory feed.

Seeing the large need for fish feed and the high price of fish feed manufacturers make the independent fish feed manufacturing business a solution for cultivators to reduce the very high cost of feed. Fish cultivators can develop the manufacture of independent fish feed into a group or commercial business. The high cost of feed in the cultivation process indicates that the feed products produced by independent fish feed have good prospects.

The development of an independent fish feed manufacturing business requires the concept of management as a business strategy. Strategic management can be said to be the art and knowledge of formulating, implementing, and evaluating cross-functional decisions that make an organization achieve its objectives (Sunarsi 2017). Strategic management is also said to be a series of managerial decisions and actions that determine the company's long-term performance in both the business and economic fields of the company (Yuangga dan Sunarsi 2018)(Budi et al. 2015; Daraba et al. 2018; Rachman et al. n.d.; Sari 2017; Smith dan Akib 2015).

This management strategy is known as the business model (Crick dan Crick 2020; Fischer et al. 2020; Lamine et al. 2019, 2020; Sestino et al. 2020; Shad et al. 2019; Svensson dan Funck 2019; Wigmore-Álvarez, Ruiz-Lozano, dan Fernández-Fernández 2020). In general, a business model can be defined as a description of the relationship between the advantages and resources of the company, as well as the activities undertaken to create or add value so that the company earns a profit. A company that wants to improve its business sustainability must change its business model (Zhou dan Wen 2020). The business model concept offers new strategies and ways to deal with unpredictable and fast-moving environments .

One approach in making a development is to use a business model approach. Business model approach is one of the critical factors for the success of an organization. The business model approach must be innovative so that an organization can survive in the midst of rapid developments (Shad et al. 2019). There are many kinds of business model approaches, but one that is currently quite popular, especially for small and medium-sized businesses, is the Business Model Canvas (BMC). This business model was developed by Alexander Osterwalder and Yves Pigneur in 2010. BMC consists of 9 elements of building blocks that are used to help map an organization's business model to be refined into a better business model. Thus, it is expected to create an appropriate development program for the organization.

Indramayu Regency and Tangerang City are regencies/cities that received GERPARI program assistance from 2015 to 2019. These districts/cities have different characteristics both in terms of the potential of local raw materials and the utilization of fish farming potential. These differences in characteristics can lead to different business models applied to each group of

independent feed producers.

METHOD

The research will be conducted in August 2020 and September 2020 in the Mina Perkasa Cangkring Group, Indramayu Regency and the Mujaer Lele Nila Group, Tangerang City. The research approach is based on the perspective of the problems that occur, in this case the authors approach through a qualitative approach. Qualitative approach is data obtained through research, whether it's interviews, observations, etc., can be trusted, contains honesty, is objective and can be accounted for. This qualitative approach is used as a research procedure that produces descriptions in the form of written or spoken words of people and behavior which can be observed.

Research design is a tool that guides researchers in conducting research. The research design is used as a guide or direction for researchers in collecting data, analyzing, and interpreting or translating the data collected and then making conclusions. This research design begins with preliminary activities through literature studies and document studies. From literature studies, and document studies, it will be found a discrepancy between theory and practice in the field.

RESULT AND DISCUSSION

Costumer Segments

The segmentation of the feed manufacturing business of the Mina Perkasa Cangkring Group is semi-intensive vaname shrimp cultivators in the Mina Perkasa Cangkring group and semi-intensive vaname shrimp cultivators located around Cantigi and Losarang subdistricts. Based on the results of observations and interviews that have been carried out, the customer segments in the Mina Perkasa Cangkring Group are included in the Segmented Market model. According to (Lamine et al. 2020), the Segmented Market Model is a model that is directed to serve customers who are classified again based on needs and problems.

Characteristics of semi-intensive vaname shrimp cultivators generally have sufficient working capital but are still sensitive to feed prices. This is because in intensive fish farming, artificial feed contributes greatly to the production cost structure of around 40-89% (Suprayudi, 2010), so that almost all farmers, both fish and shrimp, will always be sensitive to feed prices..

Value Propotitions

Based on the interviews conducted, the value propositions offered to customer segments include the price of feed offered is relatively cheaper than "manufactured" feed with field-tested feed quality. In general, the value propositions of the feed manufacturing business in the Mina Perkasa Cangkring Group are as follows:

1. **Accessibility.** is a way of providing value to customers who were previously unable to obtain services or products. The location of the Mina Perkasa Cangkring Group is in the middle of a shrimp farming area, so customers don't have to go far to buy feed.
2. **Quality.** The quality of feed offered is relatively good. This is because apart from selling the feed they produce, the Mina Perkasa Cangkring Group also uses the feed it produces in their own pond. This is important because customers can see firsthand the quality of the feed

produced, thus customers can assess the quality produced, even though there are no official test results from an accredited laboratory.

3. Price. The Mina Perkasa cangkring group offers shrimp feed prices which are relatively much cheaper than the factory feed prices.

Basically, each customer segment served needs to be offered a different and specific value proposition. This is necessary because basically each customer segment has different needs and motivations

Channels

Based on observations and interviews that have been carried out, the Mina Perkasa Cangkring Group uses direct and indirect distribution channels. The direct distribution channel in the Mina Perkasa Cangkring Group is owned by using network facilities owned by shrimp cultivators in Cangkring District. The indirect distribution channel is to make group members and other customers as agents. If they can sell the feed, they will get a commission of Rp. 3000,- per sack sold. This strategy is considered very helpful for the group, especially in terms of promotion because for cultivators, word of mouth promotion is a powerful way to attract customers.

Customer Relationship

Customer relationship describes the type of relationship the Group builds with a particular market segment. The source of group revenue comes from its customers so that customer relationships are an important factor in maintaining the sustainability of the group. Basically, customer relationships are the company's way of attracting new potential customers and retaining existing customers and encouraging existing customers to buy more products/services. In customer relationship, not only pay attention to the number of customers but also the quality of customers. The quality of the customer can be assessed based on the value of revenue that can be contributed by the customer during their relationship with the company.

Based on the results of the interview, the customer relationship they have is by doing a discount for members of the Mina Perkasa Cangkring Group. Relationships like this fall into the category of Dedicated Personal Assistance, namely the group gives preferential treatment to customers as special individuals, in this case special treatment as group members.

In addition, the Mina Perkasa Cangkring Group also has a customer relationship with customers other than group members, namely involving them in the sales process by giving commissions. Relationships like this fall into the category of Co-creation, where the company/group returns to the traditional company/group-customer relationship to provide added value. In this type of relationship, the group engages the customer to create value for the customer himself.

CONCLUSION

Based on the results of the research, the identification of business model elements in the Mina Perkasa Cangkring Group and the Mujaer Lele Nila Group. Improving the business model for the Mina Perkasa Cangkring Group and the Mujaer Lele Nila Group by looking at the resources owned by the group and the market potential around the group. Identification of BMC elements in the Mina Perkasa Improvement of the business model for the Mina Perkasa Cangkring Group and the Mujaer Lele Nila Group by looking at the resources owned by the group and the market potential around the group.

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