

BUSINESS MODEL OF ESTABLISHED PUBLISHER ANALYSIS TO CONDUCT NEW BUSINESS MODEL FOR ATARU PUBLISHER CASE STUDY: KAIFA PUBLISHER

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Abstract. Publishing business is one of creative industry which grow rapidly, especially in Bandung city. As we know, Bandung is famous as a “creative city”. That is why there are so many creative and innovative business in Bandung such as fashion and culinary. Include publishing business. Despite being hit with technological developments bit much harm business book publishers, but publishers still businesses can adapt to the technology even use technological advances and information to run their business. Ataru as a new player in this business quite stumbled in running the business. Ataru main problems facing today is a business model that is less feasible. In this final project will be presented shortage of Ataru of the business model was not relevant applied this current publishing business condition. The aim of this research is to conduct new business model for Ataru. Kaifa Publisher is a book publishing company that was founded in 2012 and be a role model for Ataru to improve its business model. The results of the identification of this business model will then be compared with the business model of Ataru to see where the weak parts of the business owned Ataru. After obtained the results of the analysis of the gap between Kaifa and Ataru, researchers will adapt the business model of Kaifa Publisher with Ataru as a new business model. Researchers will not implement the whole business model of Kaifa on Ataru without adjustment, but adjust Ataru capabilities in terms of capital and resources. After that, it is expected to be able to run back Ataru business book publisher with a new business model that is better than the previous model. From this new business model, the researchers derive each business aspect into the implementation plan. This implementation plan will be used to run a new business model Ataru.

Keywords: business model, book publisher, role models, Bandung, creative industries.

Introduction

Ataru is a start up publisher who just published a fiction book titled “Escapee” on August 2015. Ataru faced a lot of problem during run the business. Such as operational, marketing, and financial problem. It influence towards the performance of Ataru both internal to the company itself and external to the customer. Based on those phenomenon, Ataru needs to adapt new business model. Benchmarking is one way to conduct new business model. Through benchmarking, we will know what we have not done and what next to do. Researcher will do a benchmark towards certain publisher. The benchmarking object needs to fulfill some success indicator and research requirement.

To select the appropriate benchmark object, there are some requirement to fulfill. In order to find an appropriate publisher to be the benchmark object, researcher needs some requirements as the indicator. These indicators will explain what kind of publisher that can be a role model for Ataru. As the role model for Ataru, researcher needs publishers that have

been ran for 4 until 6 years as a publisher. The second indicator is revenue that generated by the company. Researcher is filtering publishers with revenue less than 30 million per month. The next indicator is market segmentation. Researcher wants to focus on author as the market segmentation. Researcher would get online publisher as a platform that would be a benchmark.

Apart from the above indicators, there are some similarities between Kaifa and Ataru about the starting point they run the business. When inception in 2012, Kaifa adapt business model which is traditional book publishers. It is the model that they received the manuscript and publish the book with all the capital from Kaifa. But along its running, Kaifa change its business model for capital constrained. This is also the background of Ataru want to change its business model. However, with the limited experience of the owner of Ataru about publishing industry, Ataru owners need a role model as a reference to create a new business model that is more feasible.

Business Model

Based on *Business Modeling* (2009) by Bridgeland and Zahavi business model is a simple representative of a complexity of a business. Refer to them, there are four business model disciplines. They are business motivation models, business organization models, business process models, and business rule models (Bridgeland & Zahavi, 2009). Another definition of business model are coming from Osterwalder and Pigneur in their book, *Business Model Generation* (2010). Business model describes as how an organization creates, delivers, and captures values. Business model describes as the blueprint of business strategy that will be applied and tested. It covered all about business organization, process and system. (Osterwalder & Pigneur, 2010). Researcher uses business model canvas as the tool to conduct the the research because it is more simple than four business model disciplines by Bridgeland and Zahavi. Nevertheless, business model canvas by Osterwalder and Pigneur is very comprehensive consist of business operational, marketing, financing, and human resources. Osterwalder and Pigneur detailed them into nine boxes that visualize how is the business ran or will be running. It is also easy to communicate or tell to people such as partner(s), investor, even to customer. The visualization of business model canvas is very attractive, so it gets our audience's attention. To verify whether the business model is feasible or not, it can be evaluate or assess by some tools that provided by Osterwalder on his book.

Component of Business Model Canvas

Value Proposition

Value proposition is the reason why customers choose that company over another.

Customer Segment

Customer segment defines the aim of the value proposition.

Customer Relationship

The company should identify what kind of relationship they want to build with their customer segment.

Channel

Channel is the way company communicates and reaches their customer segment to deliver their value proposition.

Key Activities

The most important activities company should do to make its business model work.

Key Partner

It describes the network between suppliers and partners that make business model work.

Key Resources

It contains the most important assets that make the business works.

Cost Structure

The most important costs incurred to operate the business model.

Revenue Stream

The cash company generates from each customer segments.

Types of Publisher Business Model

There are some different types of publisher business model that is applied in the industries. Here is the few of them. Researcher uses five business model that is applied commonly by publisher in Indonesia. These five model is based on Osterwalder in his book :Business Model Generation. The first model is Old Style. It can be seen from the name that this type of business model is an older model book publishers. The major characteristic is its market segment is readers. The second model is the "Do It Yourself" model. This type of business model is targeted writers or beginner writers who wants to publish their work. The value proposition is selling the services to publish book. The third model of the Co-created publishing. This type of model allows the company to publish a book of their own. Books they publish is book the results of the work in their own communities. The fourth model is Publish on demand. The model is similar as publisher of the pre-order, ie books printed in accordance with customer demand. Fifth model that book and online. Basically, this model is a platform that gathers writers in one community. Then they create a project to publish a book with multiple authors contributor.

Kaifa Business Model

As an indie publisher, Kaifa adapt "Do it Yourself" business model. Kaifa is producing book as their value to generate revenue. They offer a complete package of services to publish a book. They also offer a marketing and distribution for the book. Kaifa offers low price for their customer to publish a book. They also offer short in time process. Customer of Kaifa are both authors and readers, but the most important one is authors. Author here means beginner authors all ages with various genres of books. To deliver their value to the customers, Kaifa uses all online media such as website (kaifapublishing.com), Facebook (Kaifa Publishing), Instagram (Kaifa Publishing), Twitter (Kaifa Publishing). They also distribute books they publish to some bookstore.

Kaifa build good relationship with their customer by giving after sales service, discount, and some promo for their publishing service. Beside that, Kaifa treat their customer well. They have fast process, complete, and cheap. Kaifa generates their revenue through three ways. First, they sells services to authors for publishing. This is the main income of Kaifa. Second, their revenue from book selling. Kaifa are distributing and sells their author's books, so they get the profit. Third, selling from e-book provider. Kaifa and the e-book provider makes a deal to share profit from the e-book selling. Kaifa's business activities are including designing, editing, layout-ing, printing and publishing, marketing, selling, and distribution. Designing, editing, and making the layout are the activities before publish the book. In designing the cover of the book, it will require to keep communicate with the customer or the author of the book. It aim the appropriate design that fulfill the desire of the customer. Editing and making layout is aim to make the good quality of the book itself, both in the content and the physically of the book. Publishing the book means registering the book to National Library Collection and getting the ISBN, but if the book is not have the ISBN, it is still cab be published. The point is the book are being printed and can be owned by other people. Marketing activities includes offering the service to publish to authors and promoting the book to readers. Selling and distribution are activities related to sell the book to readers. Distribution activities are involved with third parties.

Resources that Kaifa has are employees, operational machine, and intangible assets. Employees consist of editor, designer, admin, and production unit. Operational machine

includes off-set machine which used for printing the content of the book. Intangible asset includes the legality of the company.

To run the business, Kaifa are having collaboration with others company. Key partners are the distributor, printing agent, e-book platform provider. Distributor is party who distribute the book to customer. Printing agent is partner who produce book cover, because Kaifa doesn't have the machine yet. E-book platform provider is partner in promotion and marketing digital book. E-book platform provider are Scoop, Wayang, Bookmate, Mahoni. Because Kaifa still doesn't have e-book platform yet, so Kaifa needs to collaborate. The most important cost related to Kaifa is production cost. Because it is the main activity to run Kaifa. Then to do production activities, off-set machine become the most expensive resource, but it really helps the business. Production become more quick and that is the value of Kaifa. Instead of production, distribution become the most expensive activity.

Gap Between Kaifa and Ataru

Kaifa has a clear value proposition that makes them different from other publishers. Kaifa offers a complete publishing package to their customer. Compared to other indie publishers in Bandung, Kaifa is more cheaper. But, Ataru has no special offers. In the beginning of the running of Ataru, They just provide publishing service. But, actually it is not a service for author, because the author doesn't pay for publishing, they even get royalty. So, Ataru was so sick financially because they need to pay for producing the book in a several amount. Ataru is segmenting the readers as their customer. While Kaifa is segmenting the authors as their customer.

Refer to Kak Dodi, the founder and owner of Kaifa, Facebook is the most influence channels towards the sales. Beside for marketing and develop a brand awareness, Facebook is also selling tool. Whereas Ataru uses Instagram as their channel to grab customer and develop brand awareness. Actually, Instagram is effective enough for Ataru since there are several people who wants to publish their book to Ataru. But, because of the limited capital, Ataru can not handle all the demand. So Ataru focus on selling the book. But, there is no order through the instagram. Kaifa develop a great customer relationship by giving service to customer both pre- purchase and post-purchase services.

While Ataru maintain customer relationship only through community. But, Ataru doesn't have any services or product that can make a bonding between Ataru and customer segment. Revenue stream is also have a big gap between Kaifa and Ataru. This is the weakness of Ataru. They just sell the product of book alone. Whereas Kaifa, they sell the service, book, and digital book. The main activities that Kaifa do is publishing. But, to support their service for customer, Kaifa also provide designing, editing, layouting, printing, marketing, selling, and distribution. So, Kaifa do all customer needs to publish their book until distribution step. The main activities of Ataru is also publishing. Ataru also does editing, designing, printing, marketing, and selling. The difference is Kaifa get returns for that and Ataru doesn't.

The resources Kaifa needs are all fulfilled. Kaifa maintain their resources to improve their service for the customer. Kaifa does collaboration with other business line to support them. With distributors, printing agent to print book covers, and also e-book platform provider. Ataru only has printing agent to print the content of the book and also the cover, then designer, and author. Kaifa already has off set machine to produce the content of the book they publish. The most costly activities for Kaifa is distribution. While Ataru should pay for book production, author's royalty, and designer. The most costly activities is book producing because Ataru has no machine and to produce the book through printing agency , they require minimal number of book (50 exemplar).

Ataru New Business Model

After analyzing the gap between Kaifa and Ataru publisher, researcher conduct new business model for Ataru by adapting Do It Yourself Model. Considering the advantages and how it works well for Kaifa which have similarities with Ataru, researcher use this model for Ataru. It doesn't mean that the model of Ataru will be exactly the same as Kaifa. Because Researcher will adjust what Ataru needs to improve and how the external condition support them.

Ataru will apply value proposition in accordance with the current condition. Ataru will offer the book publishing services at an affordable price. Customer will receive full service publishes books ranging from editing, designing, layouting, and printing. Service publication of Ataru likely would not reject the any script. Because the value offered is in the form of book publishing service, a customer segmentation are aspiring authors who want to publish their work.

Channels which will be used to build brand awareness and marketing, Ataru will utilize social media. From previous experience Instagram social media has more influence on marketing than Facebook or other social media. Some prospective customers have contacted Ataru to ask what if they want to publish their work. Unfortunately, the contact is from a writer who wants to publish their work, instead of Ataru readers who expect to buy a Ataru's book.

In building a good relationship with the customer, Ataru will create a social media accounts are expected to be active at all times, so that it can serve the customer at any time via the social media accounts. Line messenger become one of the alternatives that can be utilized for this messenger could be used for direct communication with the customer. Additionally, Ataru will build an online community to get prospective writers who will spawn their work. Moreover, the after sales service will also Ataru do in order to meet customer satisfaction. After sales service as to promote their work in social media belonged to Ataru.

So far, the revenue generated only from book publishing services. In conducting its business, Ataru will focus on:

- a) Designing, namely the process of designing a book cover for the customer. It will be matched to the desires of the author.
- b) Editing, is the process of editing a script that includes editing spelling and grammar in Bahasa Indonesia.
- c) Layouting, which is the final process before the book was printed to spruce pages and paragraphs.
- d) Printing, the printing process of the book itself.
- e) Publishing, the book publishing process.
- f) Marketing, marketing here is not a book to be distributed to bookstores, but rather to promote the author's book on social media Ataru. Also the marketing from Ataru and for Ataru, marketing for the service to publish a book.

To be able to run a business of this publication, Ataru require some resources. These resources include human resources and resources for equipment to print books. Human resources needed are editors who have the task of editing the manuscript. This time the task editor Ataru held by the founder herself (Risa). The second is a book cover designer. When Ataru published their first book, a book cover was designed by parties outside Ataru. However, for the future, there is expected to be partners of designer to work on a book cover for customers Ataru. Another resource that is needed is the off-set machine. However, because the off set machine the price is very high, about 50 million, then Ataru have the

option of printing with conventional printing press or through cooperation with external parties. Researcher has made the observation that if it wants to cooperate with other parties, then the cost will be bigger, not to mention there is a minimum number of prints so burdensome for Ataru. For the researcher advised to do their own printing using ordinary printing machine with special techniques in order to remain qualified print books.

To perform all the activities of Ataru in running the business, Ataru needs supportive partner to provide what is required. The Partner is a provider of paper types named book paper for raw material content of the book. Ataru certainly need to make observations and surveys to multiple suppliers to get a supplier with reasonable price and quality. Next is a partner to print the book cover. Due to the type of paper and ink used to print the book cover is different from the material for the book section, then Ataru needs to get partnership with printing agency to get good quality of book. Running our business need some cost. Editing cost is for editor's fee. Marketing cost is for increasing brand awareness. Printing cost is the cost that we need to print our books. Other cost is for cover designer and editor.

Implementation Plan and Resources Required

To start running new business model, Ataru needs to get partner and resources. Ataru already identify the new value proposition that is publishing service and the target market is writers, so Ataru needs to get partner in producing the book in a low number. It would be just three or five books to be produced. Prospective partner that Ataru needs are printing agency to print book cover and the content of the book. Ataru needs to find printing agency who gives low price and Ataru will gives continuous order. Other recommendation is printing the content of the book by Ataru itself by using printer machine, not off-set machine. Then the cover will be printed in other agency.

Beside printing agency as the new partner, Ataru needs new cover designer. Ataru needs to hire cover designer or offer partnership to them. Hiring means the designer will be Ataru's employee who will work for them. If Ataru pick this recommendation, then Ataru needs to prepare working capital for the employee. It will be hard again, because one of the problem that Ataru faced is about capital. So, researcher recommend to get designer as a new partner for Ataru. Offers the designer to get involve in Ataru by giving shares. If getting a new partner is still hard for Ataru, then Ataru can hire design student to involve in Ataru's project. It can be seasonal job fro them, when there is a script that will be published, Ataru can ask that student to design the cover of the book. This will work for student because they need portfolio during their study.

Pricing strategy is important to make the business run well. To create pricing strategy, Ataru must know cost of production first. So, Ataru needs to survey to the suppliers and printing agency and find the affordable price. Ataru also can offer a partnership to them such as continuous order to them. Beside surveys for suppliers and printing agency, Ataru needs to do observations towards some publisher who has the similar business model as Ataru. Then Ataru can make some alternatives for pricing strategy by creating publishing package that customer needs. Ataru also can make a customize service depends on customer's capability to pay. It will increase the awareness of Ataru.

To customize the price towards customer's budget for publishing their book, Ataru needs to make some publishing package. These packages will provide publishing service. The basic of this business are online business, so Ataru needs to increase their awareness towards market segment. Ataru already has social media account such as Facebook Page and Instagram. Until 22 Desember 2016 followers of Ataru in Instagram is 509 and likers of Facebook page is 22. Based on Ataru's experience, the awareness is good in Instagram and previous customer came from Instagram. Ataru needs to increase the awareness thorough social media by

posting all about books, writing, reading, library, authors, and so on. It will help much. A few months ago, there are three people who asked Ataru that they would like to publish their work. But, because of the problem Ataru faced about the business model, and the limited of capital, Ataru hold from publish their book. Because it is too risky and Ataru can not make customer disappointed. After conducting new business model, Ataru needs to contact them again and offers new concept of this business model. Another recommendation is making promotion for publishing service. With some discount for certain package. For the return, Ataru can ask the customer to follow and like Ataru's social media account to win a prize. The prize is discount for publishing. It will trigger customer segment to get to know about Ataru and join the event. It will also increase the awareness of Ataru Publisher.

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