

Analysis of Online Retail Business Development Using Business Model Canvas

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Abstract:- The advancement of information and communication technologies that impact the change in the behavior of consumer buying from offline becomes online. Besides that the majority of Internet users are millennials and Z, who want purchase transactions effectively and efficiently. Therefore, it is necessary for retail managers to improve their business model in order to survive in the future.

The research aims at:

- (1) Knowing and analyzing current retail business models and proposing new retail business models using the business model canvas approach;
- (2) Analyzing and determining the appropriate business strategy to apply to Indomaret retail. This type of research is qualitative-descriptive with the case study method. The research was analyzed using SWOT analysis and the approach of business model Canvas.

Based on the results of the SWOT analysis on Indomaret Online Retail, a number of alternative business strategies that can be run include:

- (1) Upgrading the retail application system to make it easier, more comfortable and safer for customers;
- (2) to socialize the application of Indomaret Online to the public through print, electronic and internet intensive media;
- (3) Strengthen and reproduce cooperation with product suppliers, partner companies, courier services, payment services both banks and electronic money services, as well as cooperation with some other online retailers. While based on the results of the BMC analysis on Indomaret'S online Retail by using business model canvas, there are 3 blocks that must be maintained (no improvement needed) such as value proposition, customer segment, and key resources. While the other 6 blocks need to be done improvement and development include key partnerships, key activities, customer relationship, channels, revenue stream, and cost structure.

Keywords:- Online Retail, Business Model Canvas.

I. INTRODUCTION

Indonesia has a sixth rank in the world after China, US, India, Brazil and Japan in terms of Internet users amounting to 112.6 million in 2017 and 123 million in 2018, in addition, Indonesia also ranks second in the world After China in terms of growth in e-commerce sales by 22 percent in 2017 (emarketer.com). This indicates that Indonesia is a potential market for e-commerce businesses.

The Internet in current form is primarily a source of communication, information and entertainment but increasingly the Internet is also a vehicle for commercial transactions. Internet commerce involves the sales and purchases of products and services over the Internet. This new type of shopping mode has been called online shopping, e-shopping; Internet shopping, electronic shopping and web based shopping (Qinghe, 2014). According to iResearch report In (Qinghe, 2014) concludes that online shopping has become one of the ways the mainstream consumer society. The development of online business or e-commerce in Indonesia in addition to fast enough is also very promising. Almost all sectors of the business have leverages the Internet for business transactions, ranging from the banking sector, transportation services, hospitality services, education sector to the retail sector. This is because of the ease provided by the Internet, so it affects the change of shopping behaviour from offline to online. Nowadays, especially young people want to shop comfortably, easily, efficiently, time and energy efficient.

Internet utilization is also done by retail selling Fast Moving Consumer Goods (FMCG) in the form of online sales. It corresponds to the statement of Roy Mandey Chairman of the Association of Indonesian Retail Entrepreneurs (APRINDO), which said that the association of Indonesian retail entrepreneurs amounting to about 600 members and 36,000 stores, which is about 90% decided Change towards online sales that were from previously offline (CNBCIndonesia 2018). However, based on the results of Nielsen's research report that online transaction contributions from FMCG sales worldwide amounted to 6-7 percent, while in Indonesia, the online transaction contributions from sales of FMCG products by 1 percent from FMCG Product Sales globally (Lubis 2018). This means that the growth of FMCG e-commerce will be able to thrive in the future as consumer behaviour changes from traditional trade to the online market. In addition to the increasing penetration of smarphone, Internet access, online Banking, shipping infrastructure and the need for convenience has encouraged consumers to purchase FMCG products online in various countries. This is according to

(Nair, 2015), which says that there are four factors that promote the growth of electronic retail (online retail) in a country including (1) Internet technology advances that include increased Internet users, increased use of data, Internet tariff reduction and increased broadband and 3G penetration; (2) Increased use of smartphone electronic devices such as mobile phones and tablets; (3) Lifestyle changes from people who want to shop comfortably, easily, quickly and securely; (4) A large choice of payment methods and provide convenience for consumers.

Environmental conditions are changing dynamically, causing service providers to innovate to keep their competitiveness Amit and Zott (2012) in Lange & Velamuri (2014). One way to innovate significantly is the innovation of business models. The author focuses on the development of an online retail business model, where the retail industry has undergone many changes in the past few years in the form of multi-channel retail, high competition, and changes in customer demand (Dholakia et al., 2005; Grewal and Levy, 2007; Matsa, 2011) in Lange & Velamuri (2014). According to research Lange and Velamuri (2014), that business model innovation can help the retail industry in three ways, (1) it can lead to sustainable innovation, also in regards to the value proposition, which are difficult to imitate; (2) Business model Innovation can improve customer relationships with specific customer segments, and turn them into a more integral part of the existing business model; (3) the firm who successfully engage in business model innovation can identify novel sources of revenue stream.

There are 67.1 thousand publications focus on retail trade. Most of these authors investigate consumers' behavior and only 1.6 percent of authors incorporate analysis of online retail into their studies. Meanwhile, there are only 0,73 percent of scientific publication dedicated to both online and retail trade (Burinskiene & Daskevici, 2014). Therefore, authors need to conduct a study of the development of an online retail business model in a business perspective. Based on the background above, problems can be formulated as follows: (1) What business strategies are appropriate and are recommended to be applied to the management of Indomaret; (2) What is the current business model of online retail and designing a new Business model of online retail as a step of development.

II. LITERATURE REVIEW

A. Concepts of Business Models

There are some authors define a business model as a system for making money. In their opinion, business model is an economic concept, which “produces“ revenues and costs. However, there are some other opinions, who see the business model as a combination of economic and value view. The author concluded that the business model is a system of resources and activities, which creates useful value for customers and sales of this value making money for Company.

Zott and Amit (2010), suggest that firm's business model consists of the value proposition, its revenue stream sources, resources used to extract rents and the government system that links the different stakeholder groups. While according to John Mullins and Randy Komisar (2009) in Slávik and Bednár (2014), successful business model stands on five pillars, which predetermine the economic viability of the business. They are revenue model, Gross margin model, operating model, working capital model and investment model. The concept of Alan Afuah (2003) divides model into 4 components, which influence all the activities in company. They are industry factors, resources, Cost, and Positions. David Watson (2005) shows and evaluates business model through six components: competitors, customers, economy, management, products and suppliers. Another concept is made by author Teece (2010) who define business model as how a company provide value to customer and transfer payments to profit. Concept of authors Osterwalder (2010), called canvas, defines business model using nine components: customer segments, customer relationships, distribution channels, value proposition, key resources, key activities, partners, cost structure and revenue streams. Canvas is a powerful visualization tool and clearly shows all the components and their interconnections.

The following describes the nine components of the business model canvas according to Slávik and Bednár (2014): (1) customer segments are defined by five types of market: mass, segmented, niche, diversified and multi-sided; (2) value proposition describes the core product or service that the firm sells to the customer. The retailer can adds to primary value also “extra value“ which called value added, which increases a sense of the product or service for a customer; (3) retailers can decide about distribution channels, between selling through its own sales network (direct sales: store, salesman, website, application in smartphones, telephone) or outsource the sale (indirect: intermediary); (4) One form of relationship built between retail owners and their customers using Internet technology is a CRM system. Where retailers can clearly know their customers' needs and can respond quickly; (5) A component revenue streams describes cash flows. Among the most used include sale of goods and services, licensing fee, and advertising; (6) Key resources include tangible resources (production facilities, buildings, vehicles, and equipment) and intellectual resources (brand, knowledge, patents, copyrights, partnerships, customer databases and human resources-staff and managers); (7) Key activities describe the most important activities involved in value creating. It can be production, delivery of product, designing, marketing, selling; (8) A key partner describes the most important companies, authority or people cooperating with the company. Optimization and economies of scale lead to partnerships that serve for cost reducing. Sharing of know-how, finance or technology motivates companies to join the activities in a partnership. Acquisition of resources and activities also encourages companies to search for partners, because companies do not own all the necessary resources or do not execute all the necessary activities for their business; (9) Costs represent a monetary award of production.

B. Business Model and Strategy

Strategy is defined as “a central, integrated, externally oriented concept of how the business will achieve its objectives” Hambrick and Fredrickson (2005) in (Sorescu, Frambach, Singh, Rangaswamy, & Bridges, 2011). While business model has been described as the “essence of a firm’s strategy” (Gambardella and McGahan 2010) and “a reflection of the firm’s realized strategy” (Casadesus-Masanell and Ricart 2010) in (Sorescu et al., 2011).

Nielsen and Lund (2015) considers that “A business model describes the coherence in the strategic choices which facilitates the handling of the processes and relations which create value on both the operational, tactical and strategic levels in the organization. The business model is therefore the platform which connects resources, processes and the supply of a service which results in the fact that the company is profitable in the long term”. Although business model and strategy share some common roots, they are different in important ways. This means that strategy is a certain goal, whereas the business model details the mechanisms that moves the organization towards that goal. Beside, If the strategy changes, it automatically changes the business model, but changes to the business model can be made within an existing strategic framework. Furthermore the business model takes a firm’s strategy from a relatively abstract level and translates it into a more specific interdependent mechanism that guides managers in fine-tuning their actions to realize the firm’s competitive advantage.

Strategic management is a series of managerial decisions and actions that determine the company’s performance in the long run (Wheelen & Hunger, 2012). Strategic management includes environmental observation, strategy formulation (strategic planning or long-term planning), strategy implementation, and evaluation and control. Strategic management according to David (2011) is the art and science of formulating, implementing, and evaluating cross-functional decisions that enable organizations to achieve their goals.

David (2011) explains that there are three stages in formulating a strategy, namely (1) the input stage, stage 1 summarizes the basic input information needed to formulate a strategy. At this stage use the EFE Matrix, IFE Matrix, and Competitive Profile Matrix (CPM); (2) stage 2, called the Matching stage, focuses generating feasible alternative strategies by aligning key external and internal factors. Stage 2 techniques include the Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, the Strategic Position and Action Evaluation (SPACE) Matrix, the Boston Consulting Group (BCG) Matrix, the Internal-External (IE) Matrix, and the Grand Strategy Matrix; (3) Stage 3, called the Decision Phase, involves a single technique, the Quantitative Strategic Planning Matrix (QSPM).

C. Business Model of Online Retail

The intermediary position of the retail industry, between the manufacturers of the products and the final consumers. Fundamental to the retailing business model are two unique characteristics of the retailing can be described as: (1) Retailers primarily sell products that are manufactured by third party suppliers. A successful Retailing Business Model, therefore, focuses not only on what a retailer sells, but more importantly on how the retailer sells; (2) Retailers traditionally engage in direct interaction with end customers. This underscores the importance of the customer interface, and requires that retail business models articulate how the retailer will optimize its direct interactions with end customers to strengthen relationships with them (Sorescu et al., 2011). Furthermore sorescu., et all (2011) propose that the Retailing Business Model has three interconnected core elements: *retailing format, activities, and governance*, which together with their interdependencies define a retailer’s organizing logic for value creation and appropriation.

The retailing format refers to the structures for sequencing and organizing the selected retailing activities into coherent processes that fulfill the customer experience. Specifically, the format represents a combination of particular levels of each element of the retailing mix, such as product assortment, pricing strategy, location, customer interface, and so forth (Levy and Weitz 2008) in (Sorescu et al., 2011). With regards to channel coordination, the multiplicity of touch points now available to reach the same customer, require retailers to coordinate online and offline channels using multichannel formats such as “click-and-mortar” (e.g., Dekimpe et al. forthcoming; Pentina et al. 2009; Rangaswamy and Van Bruggen 2005; Van Birgelen et al. 2006) in Sorescu et al., (2011). *Retailing activities* refer to acquiring, stocking, displaying and exchanging goods and services that fulfill the customer experience. Furthermore Past research has outlined the role of such activities, for example those related to (virtual) store design and atmosphere, product mix, pricing, branding, and communication. However Other research have explained that current retail activities such as the adoption of new technologies as well as supply chain optimisation (Sorescu et al., 2011). Meanwhile sorescu et al., also explained that *retailing governance* refers to the actors involved in creating and delivering customer experiences, as well as the mechanisms (such as contract and incentive systems) that motivate these actors to carry out their roles in fulfilling the customer experience. These actors not only include the retailer and its customers, but also the retailer’s network of partners throughout the supply chain.

Purchasing products or services over the Internet (online shopping) become a new trend among the people of Indonesia, so that the internet has many advantages over retail store (Amitsaha, 2015). Online shopping activities include Business to Business (B2B) and Business to Consumers (B2C). While on this research, online shopping is associated with B2C because consumers make a purchase for themselves, not for resale. Because the basis of online shopping behavior related to retail shopping is strongly

connected with e-tailing, it is relevant to start the literature review with a brief conceptualization of e-tailing. Burt & Sparks (2003) in (Pedro & Ferreira, 2015) define e-tailing as a part of e-commerce that focuses on the business to end consumer (B2C) transactions of retail goods. According to Huang and He (2011) in Pedro & Ferreira (2015), e-tailing conveys benefits to both consumers and retailers. As far as consumers are concerned, e-tailing offers more vendors and product alternatives since, in theory, customers are able to reach all the e-tailers around the globe. Comparison of product features is much easier online and there is more information available to the customers. All these issues combined with a personalized shopping experience and flexible e-payment methods transform e-tailing in a time saving and convenient way of shopping. Regarding retailer's benefits, e-tailing has the potential of cost saving in physical store building and operation. Additionally, e-tailing allows e-tailers to reach a larger number of customers. At the same time (Raghunath & Mridulasahay, 2015; Qinghe, 2014) describes factors that differentiate between online and offline retail are: (1) Convenience: By purchasing online the customer wants just to log into an online shopping portal and just type a product that he wants in search bar. So that This reduces the cost of searching for a product; (2) Low price: The price of products in online store is low compared to other retail stores. Since there is no cost of marketing and the margins are very low in online retail; (3) Payments: The customers can make the payments through online by the use of credit or debit cards, and electronic money; (4) Availability: Today, with the advent of mobile devices the shopping has become much easier ; (5) online shopping reduce the need for shopping in the store, customer can save time and energy consumption; (6) customer online can refer to other users of the product evaluation and comments.

There are many ways for retailers to innovate their business model to suit market change and competitive environment. In this research, the authors focus more on the innovation of the retail business model by increasing the value for consumers. This can be done in three ways, namely *customer efficiency*, *customer effectiveness* and *customer engagement*. *Customer efficiency* involves making customers' access to products as easy as possible. The advent of the Internet has further increased the efficiency of the shopping experience by reducing customers' search costs and by allowing them to purchase products that were previously not geographically accessible. While *Customer effectiveness* refers to the degree to which the retailer is able to facilitate consumers' realization of consumption goals. Increasing customer effectiveness has traditionally meant increasing the likelihood that customers find products that truly meet their needs. Finally, *customer engagement* involves the degree to which the retailer is able to design customer experiences that evoke emotional involvement that goes "beyond purchase" (Sorescu et al., 2011).

D. SWOT Analysis

According to David (2011), that The *Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix* is an important matching tool that helps managers develop four types of strategies: SO (strengths-opportunities) Strategies,

WO (weaknesses-opportunities) Strategies, ST (strengths-threats) Strategies, and WT (weaknesses-threats) Strategies. Matching key external and internal factors is the most difficult part of developing a SWOT Matrix and requires good judgment and there is no one best set of matches. *SO Strategies* use a firm's internal strengths to take advantage of external opportunities. All managers would like their organizations to be in a position in which internal strengths can be used to take advantage of external trends and events. *WO Strategies* aim at improving internal weaknesses by taking advantage of external opportunities. Sometimes key external opportunities exist, but a firm has internal weaknesses that prevent it from exploiting those opportunities. One possible WO Strategy would be to acquire this technology by forming a joint venture with a firm having competency in this area. An alternative WO Strategy would be to hire and train people with the required technical capabilities. *ST Strategies* use a firm's strengths to avoid or reduce the impact of external threats. This does not mean that a strong organization should always meet threats in the external environment head-on. *WT Strategies* are defensive tactics directed at reducing internal weakness and avoiding external threats. An organization faced with numerous external threats and internal weaknesses may indeed be in a precarious position. In fact, such a firm may have to fight for its survival, merge, retrench, declare bankruptcy, or choose liquidation.

There are eight steps involved in constructing a SWOT Matrix: (1) List the firm's key external opportunities; (2) List the firm's key external threats; (3) List the firm's key internal strengths; (4) List the firm's key internal weaknesses; (5) Match internal strengths with external opportunities, and record the resultant SO Strategies in the appropriate cell; (6) Match internal weaknesses with external opportunities, and record the resultant WO Strategies; (7) Match internal strengths with external threats, and record the resultant ST Strategies; (8) Match internal weaknesses with external threats, and record the resultant WT Strategies.

III. METHODOLOGY

The research object is Indomaret online retail located in DKI Jakarta. The primary and secondary data retrieval process is conducted from January to March 2019. This research is a descriptive qualitative type with Case study method.

The data in this study is primary data and secondary data. Primary Data is obtained from interviews with several informant including (1) three informant derived from the internal management of Indomaret, namely manager, Supervisor and employee; (2) customer of Indomaret Online retail. Secondary Data on this study was obtained from some of Indomaret's annual report documents, Indomaret's website, past research related to research objects as well as from the Internet.

This research uses the following data collection techniques: (1) interviews conducted in the form of two-way discussions and communication by compiling a list of pre-prepared questions to the informant (2) observation of the Online transactions at Indomaret Retail; (3) Focus group discussion (FGD) on Indomaret Retail customers who have already made transactions online; (4) documentation obtained from both print and electronic (Internet) media.

Designing and developing business models in online retail Indomaret is conducted through a series of analyses as follows: (1) A descriptive analysis using SWOT analysis to determine the strengths, weaknesses, opportunities and threats as well as determine Effective business strategy to be applied to Indomaret retail management; (2) A descriptive

analysis of Indomaret's current retail business model using the Business Model Canvas approach; (3) Then by using the business strategy that has been set on the results of the SWOT analysis and the analysis results of the above business model, so the design of the online retail business model of Indomaret is effective and efficient to implement.

IV. RESULT AND DISCUSSION

A. SWOT Analysis Results in Indomaret Retail

The following is the overall evaluation of strengths, weaknesses, opportunities and threats on Indomaret retail (as seen in figure 1). This SWOT analysis is used to determine the proper business strategy at Indomaret Retail.

<p>External Environment on Indomaret's online retail</p> <p style="text-align: center;">I</p> <p>Internal Environment on Indomaret's Online Retail</p>	<p style="text-align: center;"><u>Opportunities</u></p> <ol style="list-style-type: none"> Indonesia has the largest Internet user in Southeast Asia amounting to 150 million people from 350 million people (Southeast Asia) because it has access to the Internet via 4G broadband and 4, 5G Indonesia has internet users with the largest smartphones in Southeast Asia, which is 44.16% from 90% (Southeast Asia) Indonesia currently has a population of more than 257 million people, with a total age of over 15 years reaching 186 million. In addition, Indonesia has an average online shopping expenditure of US \$228. This means that the condition of Dayabeli is very good. Change shopping lifestyle from offline to online because community people want high value such as comfortable shopping, time saving, energy saving, easy to get information about product, and price of product in detail and fast, and provide ease of payment processing. Based on the results of the survey APJII (2017) that frequent service activities in access by Internet users in Indonesia including social media, search engines and download videos and music and e-commerce. This provides an opportunity for effective and efficient advertising activities. 	<p style="text-align: center;"><u>Threats:</u></p> <ol style="list-style-type: none"> There are hundreds of online shopping sites with various types of products ranging from electronics, clothing, health, to travel so that the high competition in selling online. The Indonesian government imposes tax on e-commerce. Based on the results of Snapcart surveys, shows that 35.9% of transactions or shopping outlets due to promotions and discounts offered. It can be interpreted that the majority of Indonesians are sensitive to the price, so that they are not loyal to one store. High security and fraud risks in e-commerce. Beside that e-commerce have not had or protected by legal umbrella
<p style="text-align: center;"><u>Strengths</u></p> <ol style="list-style-type: none"> Indomaret Retail has a strong retail brand in Indonesian society. Indomaret Retail has the most number of outlets spread across Indonesia. Indomatet Retail has a wide range of product variance such as grocery, fashion, technology, electronic, pulse, 	<p style="text-align: center;"><u>SO Strategies</u></p> <ol style="list-style-type: none"> To do the positioning of Indomaret Online retail in the form of product transactions of household needs are easy, fast and secure Expanding delivery area of Online product sales Expanding the type of products sold 	<p style="text-align: center;"><u>ST Strategies</u></p> <ol style="list-style-type: none"> Price strategy adjustment for FMCG product type Improve security on Indomaret application. So that consumers can transact securely. Implement a bundling strategy, and create a consumer loyalty program in

<p>Internet Data package, game voucher, train ticket (KAI ticket).</p> <p>4. As well as a variety of virtual products such as: Electricity (PLN), Payment BPJS, Internet & Cable Tv, Gas, earth Tax & Building, Water (PDAM), Telkom & Telephone (postpaid), IPL (tuition maintenance), insurance, and payment of education bills.</p> <p>5. Sales Promotion Program in Indomaret Retail is very interesting.</p> <p>6. Indomaret Retail provides ease, speed, and security transactions on its customers</p> <p>7. Indomaret Website/Application provides detailed and understandable information to its customers such as product information, how to transact, payment processing, policies, terms and conditions.</p> <p>8. Product price in Indomaret retail can be reached by customer</p>	<p>online, especially virtual products</p>	<p>the form of vouchers, points, and prizes</p>
<p style="text-align: center;"><u>Weakness</u></p> <p>1. Indomaret Retail does not provide information about the authenticity of electronic and fashion products to its customers.</p> <p>2. Indomaret's retail has a very minimal number of partnerships with product suppliers, courier services and banking services.</p> <p>3. Indomaret App/website does not provide testimonial and survey service (Customer assessment of online transactions at Indomaret) .</p> <p>4. Not many payment methods especially in terms of electronic money.</p> <p>5. Indomaret Retail does not provide product sales services for large-scale</p> <p>6. Lack of promotional activities about Indomaret online in both printed media (brochures), Electronics (TV, radio), sosmed</p>	<p style="text-align: center;"><u>WO Strategies</u></p> <p>1. Strengthen and reproduce cooperation with suppliers of electronic, fashion and virtual products</p> <p>2. Increase cooperation with online delivery services (Grab, Gojek), and electronic payment services</p> <p>3. Frequent socialization and promotion of online transaction of Indomaret on social media, banner in several famous marketplace and online store.</p>	<p style="text-align: center;"><u>WT Strategies</u></p> <p>1. Strengthen security system to transact online</p> <p>2. Provide testimonial service to every customer who finishes to make online shopping transaction at Indomaret, and always upgrade system, and response to customer complaints</p>

Fig 1:- SWOT Analysis Results In Indomaret Retail

Based on the results of the above SWOT analysis, so acquired several alternative strategies proposed for Indomaret retail manager. Some of these strategies are (1) To do the positioning of Indomaret retail in the form of product transactions of household needs are easy, fast and secure; (2) Expanding delivery area of Online product sales; (3) Expanding the type of products sold online, especially virtual products.

B. The Analysis Results of Indomaret's Current Business Model

The following is an overview of the Indomaret's business model seen from the business model canvas aspects derived from interviews with informant, observation and literature study (figure 2).

Value Proposition	Customer Segments	Customer Relationship
Online shop that provides easy, fast and safe household needs.	young mothers, young people millennial generation and generation Z	<ol style="list-style-type: none"> 1. The availability of detailed and clear information (products, transactions and payment procedures, policies and terms and conditions) in the website/application 2. Provide communication services with customers (customer service) in the form of claims, advice and facilities QnA, call center, email and sosmed (IG and FB) 3. Provide ease, speed and security in transaction in Indomaret application 4. Interesting Promotion Program 5. (Flash sale, promo giveaway, payday promo, promo only three days, promo Eid, etc.)
Key Resources	Key Activities	Key Partnership
<ol style="list-style-type: none"> 1. ICT Device (Website/application, server, computer device). 2. Money for the maintenance and development of ICT applications. 3. Various product types from some famous brands 4. The reputation/Brand Image of Indomaret that has been well known 5. Easy, fast and secure transaction methods, as well as clear policies 	<ol style="list-style-type: none"> 1. Online sales Transaction (order checking, delivery order) 2. Marketing program (Promotion of online retail application in Medsos, sales promotion strategy. 	<ol style="list-style-type: none"> 1. Supplier of products consisting of (Gadgets & Electronics, fashion, mothers and children, fresh products, food & Drink, Health & Beauty, Home & Living, Puspita Nusantara) 2. Courier services: I delivery, JNE, Indo package 3. Payment services consist of: <ul style="list-style-type: none"> • Banking: BCA Click Pay, Mandiri click Pay, ATM virtual Account • Electronic Money: CIMB-Niaga Mobile account, I_saku, XL Cash, link_aja • Cash on delivery
Channels	Cost Structure	Revenue Stream
<ol style="list-style-type: none"> 1. Direct channel using Indomaret app and website 2. Using sosmed media, website, phone, email to communicate with customers 	<ol style="list-style-type: none"> 1. Fixed cost (ICT maintenance, and ICT investment, Internet fee, and electricity fee) 2. Variable cost (employee salary, cost of delivery of goods, price of goods) 	<ol style="list-style-type: none"> 1. Major revenue from FMCG product sales, electronics, fashion 2. Commission/fee from Business partners (payment services of banking and electronic money, as well as fees of virtual products) 3. Indomaret App License and trademark

Fig 2:- Analysis of Indomaret's Retail Business Model in Current Conditions

C. Indomaret's Online Retail Business Model Offered

Based on the results of the SWOT analysis and the business model above, so obtained the new business model of Indomaret, as seen in Figure 3 below.

Value Proposition	Customer Segments	Customer Relationship
online shop that provides easy, fast and safe household needs.	young mothers, young people millennial generation and generation Z	<ol style="list-style-type: none"> 1) The availability of detailed and clear information (products, transactions and payment procedures, policies and terms and conditions) in the website/application 2) Provide communication services with customers (customer service) in the form of claims, advice and facilities QnA, call center, email and sosmed (IG and FB) 3) Provide ease, speed and security in transaction in Indomaret application 4) Interesting Promotion Program 5) (Flash sale, promo giveaway, payday promo, promo only three days, promo Eid, etc.) 6) Provide fast-response customer care services such as chats, and forums. 7) Provide information about the transaction status in the Indomaret app. 8) Provide customer assessment facilities to Indomaret services and products such as testimonials and asterisks. 9) Provide free drop-off service. providing warranty of electronic and household products 10) Create loyalty programs such as card members who get discounts, points/vouchers
Key Resources	Key Activities	Key Partnership
<ol style="list-style-type: none"> 6. ICT Device (Website/application, server, computer device). 7. Money for the maintenance and development of ICT applications. 8. Various product types from some famous brands 9. The reputation/Brand Image of Indomaret that has been well known 10. Easy, fast and secure transaction methods, as well as clear policies 	<ol style="list-style-type: none"> 1) Online sales Transaction (order checking, delivery order) 2) Marketing program (Promotion of online retail application in Medsos, sales promotion strategy. 3) Create a CRM program by utilizing additional features in Indomaret application or using social media (IG, FB and Twitter). 4) Development of Indomaret Application (Application upgrade: addition of shopping process condition information, forum facility, chat, survey/assessment, and Testimonie) 	<ol style="list-style-type: none"> 1. Supplier of products consisting of (Gadgets & Electronics, fashion, mothers and children, fresh products, food & Drink, Health & Beauty, Home & Living, Puspita Nusantara) 2. Courier services: I delivery, JNE, Indo package 3. Payment services consist of: <ul style="list-style-type: none"> • Banking: BCA Click Pay, Mandiri click Pay, ATM virtual Account • Electronic Money: CIMB-Niaga Mobile account, I_saku, XL Cash, link_aja • Cash on delivery 1) Cooperation with multiple Online and Offline Media, as well as marketplace for promoting Indomaret's online application. 2) Cooperation with courier services: Online Transportation (Grab and Gojek), PT Pos, etc. 3) Cooperation with banking services: BRI, BNI, Permata (ATM, electronic), and electronic money (Doku wallet, funds, Ovo, etc.)

Channels	Cost Structure	Revenue Stream
1) Direct channel using Indomaret app and website 2) Using sosmed media, website, phone, email to communicate with customers 3) <i>Communication with customers using the forum and chat facilities and quickly responded to</i>	3. Fixed cost (ICT maintenance, and ICT investment, Internet fee, and electricity fee) 4. Variable cost (employee salary, cost of delivery of goods, price of goods). 5. <i>Maintenance and upgrading of online store application system</i> 6. <i>Training costs for adding skills, knowledge to employees about the use of online applications and service training to customers.</i> 7. <i>Cost of shipping products to customers</i>	1. Major revenue from FMCG product sales, electronics, fashion 2. Commission/fee from Business partners (payment services of banking and electronic money, as well as fees of virtual products) 3. Indomaret App License and trademark 4. <i>Additional inclusion of banner ads on Indomaret application.</i>

Fig 3:- Design of The New Business Model on online retail Indomaret

Note:
 Black writing: Improved
 Blue writing: Created

V. CONCLUSION

Based on the results of the analysis and discussion above, the conclusion in this study is:

- Based on the results of the SWOT analysis on Indomaret Online Retail, a number of alternative business strategies that can be run include: (1) Upgrading the retail application system to make it easier, more comfortable and safer for customers; (2) to socialize the application of Indomaret Online to the public through print, electronic and internet intensive media; (3) Strengthen and reproduce cooperation with product suppliers, partner companies, courier services, payment services both banks and electronic money services, as well as cooperation with some other online retailers.
- Based on the results of the BMC analysis on Indomaret's online Retail by using business model canvas, there are 3 blocks that must be maintained (no improvement needed) such as value proposition, customer segment, and key resources. While the other 6 blocks need to be done improvement and development include key partnerships, key activities, customer relationship, channels, revenue stream, and cost structure. That means online stores that conduct transactions online, first determine and establish who the target consumer will be served; The second knows what value the target consumer wants; Third creates and assigns a high value to the target consumer. This can be done, if the online store increases the resources in the form of ICT application system that is reliable and easy, and provide the products needed by the target consumers. Beside that, online store need to increase key activity in the form of (1) Provide online transaction facility with convenient, safe and easy; (2) Provide a fast, friendly and safe delivery facility; and (3) respond quickly to any customer complaints. Besides the online store must build a good relationship with its customers to achieve satisfaction and loyalty by adding additional features to the website in the form of chat services, forums, Testimonie, information about the status of consumer transactions, Provide warranty for electronic products, as well as providing free delivery facilities. Online store owners also need to form good

cooperation with various parties, especially with the suppliers of products, company partners, courier services, payment services (both Bank and non bank), as well as cooperation with other online retailers. Online stores that conduct online transactions have an impact on adding new income in the form of advertising fees in the application system as well as adding additional cost structures in the form of ICT maintenance system.

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