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CAWANGAN SELANGOR



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## BUSINESS MODEL CANVAS

**PRINCIPLES OF ENTREPRENEURSHIP (ENT530) : BUSINESS MODEL CANVAS**

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Secondly, we would like to express our sincere gratitude to everyone involved in supporting us throughout our study by helping us finalize this study, giving feedback, help with more information and many other assistances given to us during the completion of this study.

## EXECUTIVE SUMMARY

This report was written to create a business by using guidelines of Business Model Canvas (BMC). The business that has been created and named as BAKAT & Co, which was founded by a partnership involving 5 people to manage the company. The company can be found at Taman Damansara Aliff, Johor Bahru that produces and sells batik fabrics with a lot of various patterns. Other than that, this report also contains the problem statement and solution to solve it that is faced by BAKAT & Co to sell the batik fabrics nowadays. Furthermore, SWOT analysis is included for BAKAT & Co to identify and plan the business for the present and future which have strengths, weaknesses, opportunity and threat. Next, there is the business proposal for BAKAT & Co to change the business plan by using BMC. First, for value propositions, the best way to take the attention of the targeted market about batik fabrics is exposure and raise awareness of the forgotten tradition, increase the demand for batik, generate sources of income, and the government has enforced a policy requiring public servants to wear batik on Thursdays. Hence, for the customer segment, BAKAT & Co has targeted people who treasure national heritage, the local customer and Malaysian employees. Further, BAKAT & Co uses a few channels to spread the brand awareness which is through social media, the official website and a physical store. Besides, for channel relationships, BAKAT & Co maintain the relationship forged with each of its customers through how to get their customers, how to keep the customers and grow their customers. Additionally, the main revenue streams in BAKAT & Co are from product sales, advertising and outfit rental. BAKAT & Co also operate their business successfully by using key resources. For example, physical resources, financial resources, human resources, and intellectual resources. Moreover, BAKAT & Co also grows by forming collaborative ventures with marketing agencies, expert designers, and suppliers using the key features. Then, in order to reap the company's profits, BAKAT & Co prioritizes the main business activities that have been divided into 4, which are production, problem solving, software tools and platform or network. Last but not least, for the cost structure, BAKAT & Co attaches great importance to the expenses incurred by the company to make sure everything is under control to build a successful company. Therefore, BAKAT & Co uses several measures such as company strategy, cost categories (fixed and variable), and business economics.

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## 1.0 INTRODUCTION

### 1.1 BUSINESS BACKGROUND



<b>Business name</b>	BAKAT & Co.
<b>Business main activity</b>	Selling and weaving various patterns of batik fabric.
<b>Website</b>	<a href="http://BAKAT.com">http://BAKAT.com</a>
<b>Business Email</b>	<a href="mailto:Bakatco@biz.com.my">Bakatco@biz.com.my</a>
<b>Contact Number and Fax</b>	03-88767890 / 03-88760056
<b>Business Entity</b>	Partnership
<b>Operational Date</b>	17 June 2020
<b>Address</b>	Taman Damansara Aliff, Johor Bahru.

✓  
“Mewarisi Budaya dan Adat Melayu Kita” is the slogan of BAKAT & Co in which can directly be translated as preserving the Malay culture and heritage, since the company primarily produces only the best and high quality Batik. Batik is part of the nation's pride as it is ingrained in the local culture, subsequently becoming the symbol of local heritage that needs to be preserved for many more years to come. The word Bakat means Talent. The name was picked to emphasize that BAKAT & Co offers the best Batik through the best talents in producing fabrics as the process requires great knowledge and talent in block printing and hand-drawn techniques. ✓

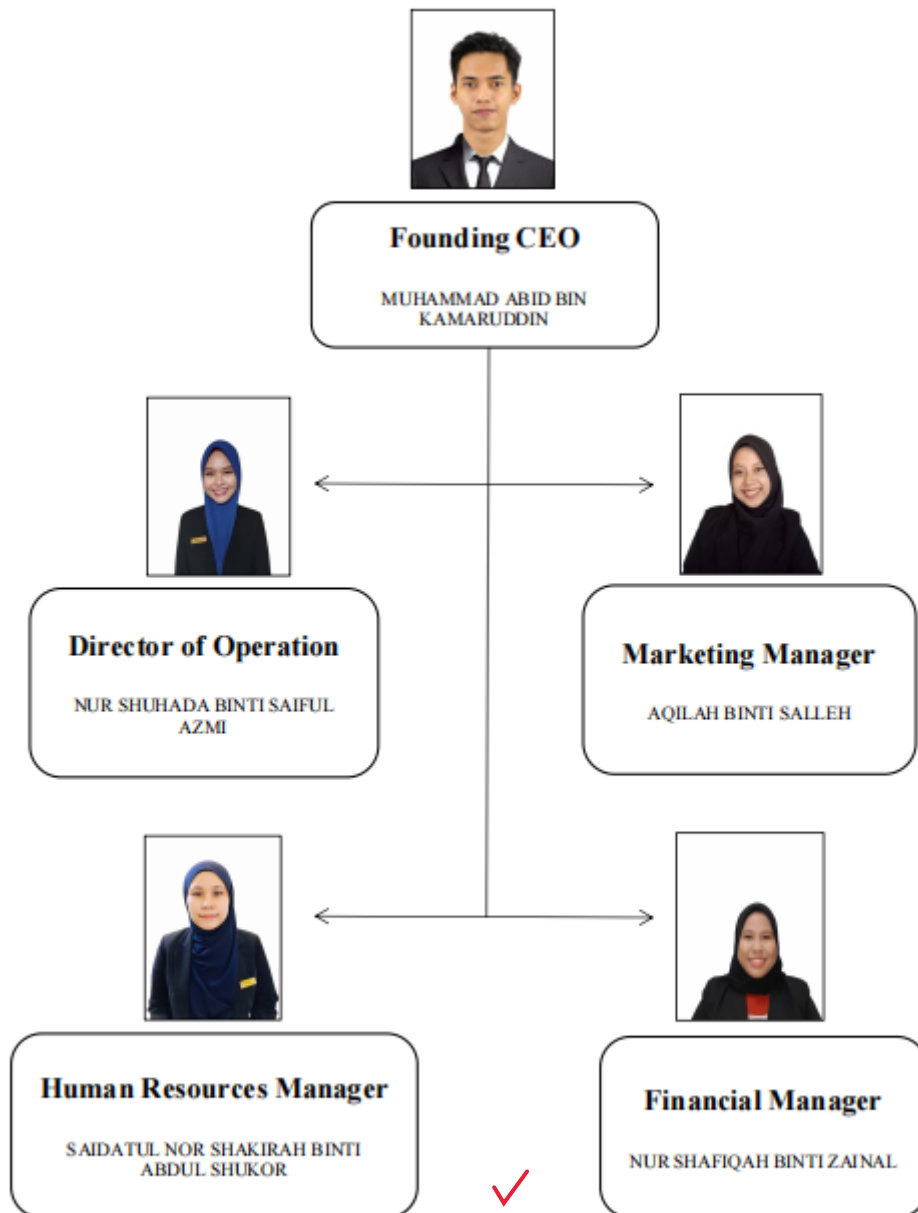
## 1.2 BUSINESS STRUCTURE

BAKAT & Co is a partnership company. A partnership company is made up of at least two members and not more than 50 members. BAKAT & Co in this case, the company comprises of five partners whom are Muhammad Abid, Saidatul Nor Shakirah, Aqilah, Nur Shuhada and Nur Shafiqah. These five members are holding the position of Founding CEO, Director of Operations, Marketing Manager, Human Resources Manager and Financial Manager.

There are many advantages when it comes to a business partnership. One of the focal partnership advantages is that it is less formal as compared to other business structures. Partnership has lesser legal obligations that will ease the management team to manage the company. Besides that, partnership allows partners to share both the benefits and burdens in the company, as compared to sole proprietorship or any other business structures. Next, a partnership company allows more exchange in knowledge, skills, experience and contacts to ensure better decision-making for the best of the company. Since there are many members in the company, a more unique perspective can be brought in to get the best solutions. Last but not least, when there are more partners in a company, that brings the meaning that there will be more capital for the company as each partner will contribute in the company's capital. Therefore, the company has more financial support to kick start for the first time.

However, there are also the downsides of being a partnership company. One of the downsides is the business has unlimited liability. This is because it has no separate legal entity, hence, putting all partners at risk of being seized in a situation of bankruptcy. Apart from that, partnership has bigger potential to face conflicts and differences as there are many individuals to contribute ideas to compromise. Lastly, decision-making of a partnership company may be difficult and slower to achieve. This is due to the conflicts and differences that may have occurred during the process of decision-making. Hence, a partnership requires crucial leadership to prevent unnecessary conflicts from happening.

### 1.3 ORGANIZATIONAL CHART



very good

## 1.4 PURPOSE OF BUSINESS MODEL CANVAS (BMC)

Business Model Canvas or BMC is used to allow businesses to describe, design, create and steer their business model. It mainly works as an entrepreneurial tool and helpful in a business's strategic management. Business Model Canvas comprises a total of 9 elements which are Key Partners, Key Activities, Key Resources, Value Propositions, Customer Relationships, Channels, Customer Segments, Cost Structure, and Revenue Streams. These elements allow a business to identify more possible problems or ideas they should act upon for improvements. It also allows a company to have a clearer path in building an innovative strategy for the company. ✓

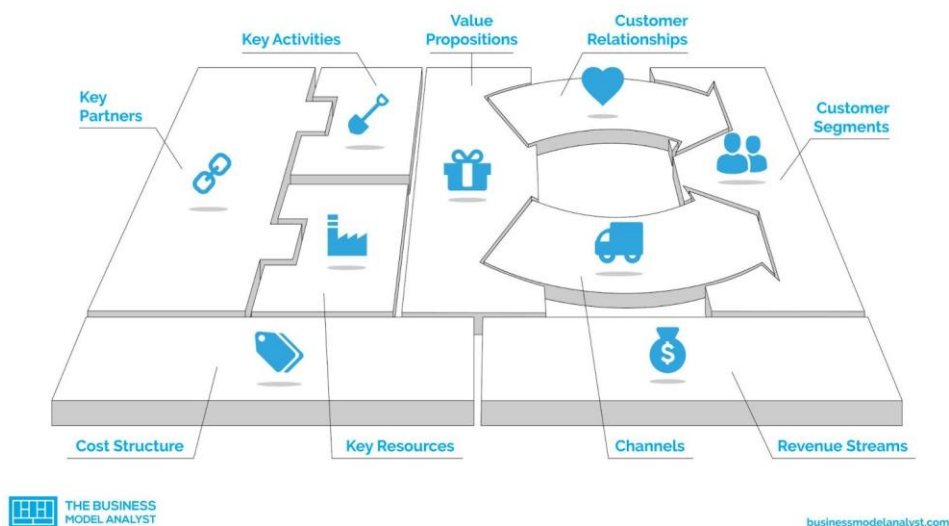


Figure 1: *Layout of Business Model Canvas (BMC)*

Basically, the purpose of building BMC is to help in describing, visualising, assessing and changing the business models. It helps a company to deliver and get the business's values through the nine elements. For example, Customer Segments allow a business to focus on specific segments. Value Propositions allow a business to understand the value of offered products or services to their targeted customers. Customer Relationships help to define the approach methods to be used with customers. While Channels helps to find ways to reach customers the best.



Next, Key Activities allow a business to find the core actions to maximise its value propositions and revenues. While Key Resources helps to identify the main resources to make the business work and Key Partners to identify the external parties needed to achieve the key activities. Next is Cost Structures that allow a company to manage monetary cost of operation and lastly, Revenue Streams helps to convert the value propositions into financial gain.

There are many reasons to develop a Business Model Canvas as mainly, BMC can be viewed as a mission statement for a business's roadmap. It can be a practical reference for a company to ensure the roadmap always reflects all the strategic elements required to achieve business's success. One of the reasons for developing BMC is to have a business's roadmap faster and more efficiently. Besides that, the constructed canvas allows a business to understand more of their business and to make a connection between the ideas and how to turn it into a business. It will also allow people to understand clearly what the business will likely be.

## 1.5 PROBLEM STATEMENT

There are several problems faced by the business and one of the problems is that the batik tradition is being forgotten. This is because most young people today in Malaysia are less interested in using the traditional use of batik. For example, when celebrating Hari Raya Aidilfitri, young people prefer to order modern baju raya such as modern baju kurung, modern kebaya and others. This will result in a high risk for the batik tradition to disappear in the passage of modern times. ✓

Next is the declining demand for batik. This is due to the tendency of foreign entrepreneurs from neighboring ✓ countries to imitate the designs and motives of local entrepreneurs towards their products. Their batik sold at cheap prices has attracted Malaysians to buy it compared to locally designed batik. Apart from that, most people nowadays are not able to differentiate between local and foreign batik, especially Indonesia, which has combined local colors and designs with the country concerned, thus damaging the uniqueness of Malaysian batik.

In addition, it is difficult to find a batik maker. This problem is due to the lack of job opportunities in the batik industry ✓ and most batik entrepreneurs are too old and decrepit. Furthermore, nowadays, young ✓ people are more likely to work in other industries than to be young workers or heirs in the endangered batik industry. This will result in the batik industry being less known and batik skills cannot be applied to today's young people.

Furthermore, the policy practices the ethics of wearing batik on Thursdays. The policy has been issued by the government sector for all government and private sector employees where they have to wear batik clothing. This results in the difficulty of workers to find batik industrial companies as well as the relatively high expense of purchasing batik clothes for each bulk order. ✓

## 1.6 OPPORTUNITY RECOGNITION

Opportunity recognition refers to ideas or ways that can help to find new ideas and better solutions to solve any problems faced by a business.

There are several solutions that can be done by BAKAT & Co to make the opportunity recognition and among them is to provide exposure and increase awareness of the batik tradition that has been forgotten to the community. This is because it can help maintain the tradition of batik so that the Malaysian identity does not disappear despite the passage of modern times. Among the awareness activities that BAKAT & Co can do is to hold a Hari Keretapi Sarong campaign so that the community can take awareness and get to know batik products that have various interesting patterns, especially products produced by the local industry. Thus, this initiative can indirectly raise public interest to support Malaysian batik products and also lift back the glory of the Malaysian batik tradition.

Next, increase the demand for batik. There are various methods that can be done by BAKAT & Co and among them is to use an interesting and creative advertising sector on all platforms to promote BAKAT & Co batik products on television, radio, or on social media such as Instagram, Tiktok, Twitter and so on. This method will encourage anyone who sees the advertisement and indirectly the demand for batik items will increase dramatically. BAKAT & Co can also make promotions for batik products to get a high response from customers by buying batik BAKAT & Co based on the offer price that has been advertised.

To generate sources of income is also one of the opportunity recognitions in BAKAT & Co. This is because most of the industries for batik companies in Malaysia have helped a lot to increase the source of income for batik designers who have worked hard to produce the high quality of batik. The profit earned by the BAKAT & Co business by selling batik products not only helps the source income of batik designers but also increases the company's revenue. The profits can be used to expand the batik business throughout Malaysia in the future. In addition, with the availability of job opportunities that can generate income for batik designers, indirectly help reduce the problem of unemployment of skilled batik designers.

Furthermore, the next solution is to provide batik clothing such as baju kurung, shirts, dresses, and sarongs. This service is provided for employees in the civil servants and private sectors to meet the government's dress code for wearing batik clothes on Thursdays. Indirectly, it will increase the demand for BAKAT & Co batik clothes as there are many orders from them. BAKAT & Co can offer low prices if they order batik clothes in bulk and will cause them to be attracted to buy batik from BAKAT & Co repeatedly. Therefore, the orders that have been made will make these civil servants and private employees loyal customers who use BAKAT & Co. batik products. ✓

## 1.7 SWOT ANALYSIS

SWOT is a technique to formulate strategies in terms of strengths, weaknesses, opportunities and threats to identify internal and external factors that need to be emphasized by the company for current and future planning.

### STRENGTH

Strength is one of the key characteristics of SWOT adopted in BAKAT & CO. Among the strengths of BAKAT & Co is selling high quality batik products. Each batik product produced by BAKAT & Co has its own quality due to the manufacturing process to produce batik products is not easy, high quality raw materials and requires great experienced batik artists so that BAKAT & Co batik products can give satisfaction to the customers who have purchased them and are not easily imitated by any company.

The next strength is BAKAT & Co puts an affordable and reasonable price for all customers to own these batik items. This is because the price offered can attract more customers to buy batik products produced by BAKAT & Co. Indirectly, the affordable price set by BAKAT & Co can create an impression to customers that reasonable prices for high quality goods can not only be bought by the high class but also the middle class can afford to own batik goods by BAKAT & Co.

Thirdly, provide various types of interesting batik patterns. This is because BAKAT & Co can attract more customers regardless of gender to buy batik products BAKAT & Co. The attractive pattern design and specially designed by this experienced batik artist can also meet the demands of customers who have different tastes for batik products. Therefore, it is not surprising if BAKAT & Co has loyal customers buying the BAKAT & Co's brand.

## WEAKNESS

Weaknesses are the second most important in SWOT analysis where a weakness is something that has obstacles or shortcomings faced by the organization. An identifiable weakness in BAKAT & Co is the lack of employees. This is because experienced batik makers are hard to find because today's young generation do not have skills in batik making and most of the great batik artists are declining and getting older. This difficulty will prevent the BAKAT & Co business from producing a variety of attractive batik items.

In addition, the weakness faced by BAKAT & Co is the less attractive decoration of the premises. This is because BAKAT & Co does not provide attractive decoration as placed by current premises such as themed aesthetics or others. Besides that, the arrangement of decorations such as furniture that is not neatly arranged is also one of the causes of less attractive premise decoration. Unattractive decorative ornaments will also cause customers to be uninterested in entering the premises and buying BAKAT & CO's batik items.

Not having another branch is also one of the weaknesses of BAKAT & Co. This is because BAKAT & Co can only be found in the state of Johor and cannot maximize the sale of batik products to foreign customers such as Melaka, Negeri Sembilan and others. If foreign customers other than in the state of Johor want to buy BAKAT & Co batik products, the customer has to pay the delivery charge price and cause the payment price to be more expensive than the product price. In addition, the lack of branches in the state of Johor and limited resources also prevented BAKAT & Co from expanding its business more in the market segment. This is because, in the state of Johor, there are not many skilled batik designers like in the east coast state of Kelantan. If there are other batik branches in Johor, BAKAT & Co will be easier to get resources such as raw materials, batik designers and so on.

## OPPORTUNITY

The third SWOT analysis is the opportunity which means the external perspective in opening up opportunities to create competitiveness in the market and grow the company's business sector. First, to raise the business name of BAKAT & Co throughout Malaysia. When the business name becomes more known to many other than the state of Johor, it can also increase the company's source of income. The opportunity for BAKAT & Co to collaborate with famous people such as singers or actors to promote the batik products to the general public can also increase the opportunity for BAKAT & Co to grow rapidly in the future.

The second opportunity is a strategic business location. This is because the location of BAKAT & Co's premises is located in an urban area that has many target markets which will make it easier for BAKAT & Co to expand its business in the state of Johor. The strategic location can increase the revenue of the BAKAT & Co business sector as well as gain new customers to purchase the batik and maintain the satisfaction level of old customers to remain loyal using the BAKAT & Co. batik brand. ✓

Providing job opportunities is also one of the things in the SWOT opportunity. Nowadays, to find skilled batik making experts is increasingly difficult to find in Johor because not many people have the skills in making batik compared to the East Coast states. Through the opening of job opportunities, this will help BAKAT & Co to get new employees to design batik products and raise the brand name of BAKAT & Co. Apart from that, this opportunity can also help batik makers to generate their income by working under BAKAT & Co.

## THREAT

The fourth SWOT analysis is a threat that refers to external factors that can have a negative impact on an ongoing business. The first threat for BAKAT & Co is the source of materials used is relatively expensive. This is because BAKAT & Co does not have a large source of raw materials in Johor due to the lack of other branches in the batik industry and BAKAT & Co have to order and buy raw materials outside of Johor to meet the needs of customers. However, it will affect BAKAT & Co to incur high costs on delivery charges compared to the price of raw materials purchased. This threat will have a huge impact for BAKAT & Co to expand its batik business in the urban areas of Johor which lack raw material resources compared to the East Coast states. ✓

Next, the latest fashion trends. This threat has the biggest impact to raise the batik industry in Malaysia, including in the city of Johor, which is vulnerable to follow the fashion trends of foreign culture, especially among the young generation today. If this threat becomes more widespread, the batik industry will be marginalized and the BAKAT & Co business will not be able to grow rapidly in the Johor area. Therefore, BAKAT & Co needs to follow the latest fashion developments and use batik products as raw materials in order to raise awareness among the people of Johor to prevent the batik industry from disappearing from the passage of time.

Competitors with other businesses are also one of the items in the SWOT analysis threat to BAKAT & Co. This is because there are many unlicensed sellers selling counterfeit batik products in the market by placing cheap prices so that many customers can easily trust them without identifying the counterfeit or original batik. Furthermore, this threat will have an impact on the batik business in Johor, including BAKAT & Co to compete to sell original batik products. ✓



1.8 COMPARISONS BETWEEN BAKAT & CO WITH 2 OTHER COMPETITORS.

Competitors	Strengths	Weaknesses
BAKAT & Co	<ul style="list-style-type: none"> <li>● Selling high quality batik products. ✓</li> <li>● Puts an affordable and reasonable price for all customers to own these batik items. ✓</li> <li>● Provide various types of interesting batik patterns. ✓</li> </ul>	<ul style="list-style-type: none"> <li>● The lack of employees. ✓</li> <li>● The less attractive decoration of the premises. ✓</li> <li>● Not having another branch. ✓</li> </ul>
Competitor A: NOOR ARFA BATIK	<ul style="list-style-type: none"> <li>● Selling high quality goods. ✓</li> <li>● Features attractive premise decoration. ✓</li> <li>● Has its own source of raw materials. ✓</li> </ul>	<ul style="list-style-type: none"> <li>● Less following the latest fashion trends. ✓</li> <li>● Putting a ridiculous price on it.</li> <li>● Using traditional equipment to produce batik. ✓</li> </ul>
Competitor B: BATIK ORANG KITA	<ul style="list-style-type: none"> <li>● Has many highly skilled batik designers.</li> <li>● A well-known business in Johor. ✓</li> <li>● Has 4 branches and will add other branches.</li> </ul>	<ul style="list-style-type: none"> <li>● Has expensive prices.</li> <li>● Has limited selection of batik patterns. ✓</li> </ul>

## 2.0 BUSINESS PROPOSAL

In order for BAKAT & Co to efficiently visualise all the important keys and force the company to address the key areas, BAKAT & Co has identified relevant information about the company through the nine elements in Business Model Canvas.

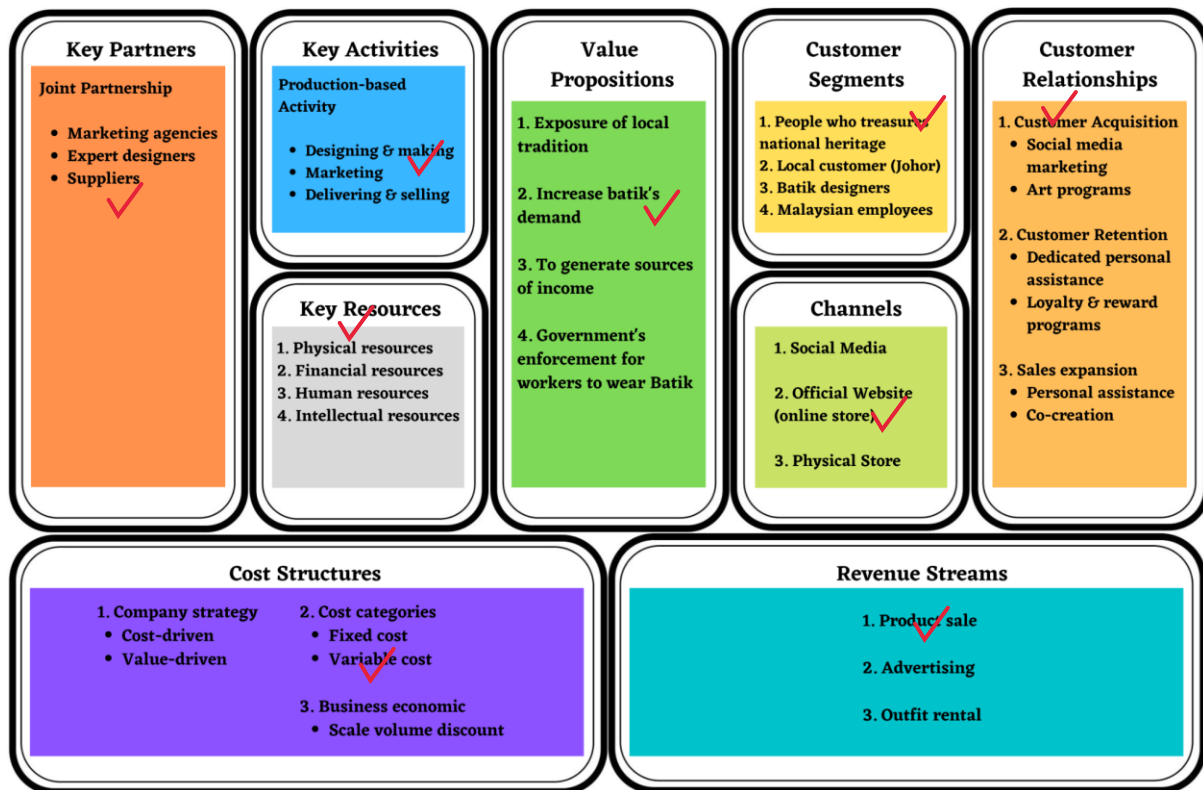


Figure 2: Business Model Canvas of BAKAT & Co

## 2.1 VALUE PROPOSITION

The value proposition is how a business is going to make its product capture its targeted customers' attention before the competitors. In this component, a business must identify the problems that people are facing in order to develop solutions. When the problems have been identified, the business can focus on meeting the needs and expectations of its target market. Value proposition is also correlated with customer segments. Thus, it is the first component to be discussed in BMC planning.

BAKAT & Co company is primarily focused on providing high-end quality batik clothing to locals at an affordable price range. The batik produced by BAKAT & Co is precisely made by experts in this field. BAKAT & Co's goal is to provide the market with original batik clothing designs. There are four batik products offered by BAKAT & Co, which are batik shirt, baju kurung batik, batik dress and sarong. Batik clothing can be worn for any occasion, including formal events and everyday wear. ✓

The best way to position a company's product is to identify the customer's problem and then look for solutions to that problem. Nowadays, many old traditions have been forgotten in Malaysia and one of them is the batik heritage. This would also have an impact on the younger generation, who are not being exposed to old Malaysian traditions. As a result, BAKAT & Co's solution to the problem is to produce batik clothing in order to give an exposure and raise awareness of the forgotten tradition, batik heritage. By bringing batik into the modern context, the tradition can be preserved and may pique the customer's interest as original batik is rarely produced these days. ✓

Second, to increase the demand for batik. The making and use of batik is famous in these three countries in Malaysia, which is, in Terengganu, Pahang and Kelantan. However, batik is difficult to get in other countries. Customers from other countries other than the three listed may encounter difficulty finding a company that produces original batik. Hence, to address the problem that this group of customers was experiencing, BAKAT & Co opened its store at Taman Damansara Aliff located in Johor Bahru. BAKAT & Co's purpose is to supply clothing with batik designs to Johor locals. There are also lesser competitors in the country, therefore, BAKAT & Co could easily reach and attract its target market. ✓

Third, to generate sources of income. When BAKAT & Co began operations, the company would need to hire employees to manage the operation. This will create job opportunities for batik designers because BAKAT & Co only produces original batik clothing and requires experts in this field to assist in the production of the products. Due to the declining demand for batik, job opportunities for experts in making textile batik are limited. Thus, by establishing a batik business, BAKAT & Co may contribute to the creation of more job opportunities for this expertise. ✓

Lastly, the government has enforced a policy requiring public servants to wear batik on Thursdays. This is only applicable for people that work as public servants in Malaysia. However, there have been suggestions in recent years proposing the private employees to wear batik every Thursday. Hence, employees are included as the potential customers for BAKAT & Co because they will be the ones to make demand for batik clothing.

BAKAT & Co's batik differs from other ✓ batik producers because of the value it provides to customers. The batik that BAKAT & Co produced is the original batik that is precisely made by the experts, which is difficult to find these days. There are many businesses on the market today that sell batik imitations at ridiculously high prices. It's possible since it's difficult to tell the difference between genuine and fake batik. BAKAT & Co, on the other hand, takes the time to make ✓ batik in order to deliver the best quality for its customers at an affordable price.

## 2.2 CUSTOMER SEGMENTS

The customer segment in BMC refers to the group of people or customers that a company aims to sell its products or services. It is essential for the company to identify its target market in order to understand the needs and wants of its customers then produce the product demanded. It can be divided into several segments, such as demographic, psychographic, geographic, and customer behaviour. A company can be successful if it can build its customer segment, which is the most important component in the BMC.

BAKAT & Co's targeted market is middle class individuals who place a high value on product quality. These customers prioritise convenience in almost all aspects of their lives and place an importance on their image. Therefore, BAKAT & Co ensures that its customers receive high-quality and low-cost batik garments. Moreover, the products offered by BAKAT & Co are targeting both genders, men and women. The geographic segmentation is mainly focused on reaching domestic customers. Targeted people that may turn to BAKAT & Co for solutions are divided into four categories based on their needs.



First, people who treasure national heritage. Despite the fact that local traditions are vanishing, there are still individuals and organisations who are interested in and concerned about the country's history and heritage. For example, Malaysian Batik Association, Malaysian Cultural and Art Heritage and Persatuan Ikatan Seniman Perpaduan Nasional. These associations endeavor to spread national heritage like batik consciousness in people's minds. For instance, Malaysian Batik Association established Batik Workshop, myBatik Online Shop and Tie & Dye Workshop to encourage people to participate in reviving the old batik traditions. These groups of people are the one that BAKAT & Co can entice to purchase its batik products because they are interested in and willing to spend on products related to national heritage.

Next, aimed for the local customer. BAKAT & Co store is located at Johor Bahru, where batik production is confined in that area. Hence, the opening of the BAKAT & Co store in those countries will ease the local customers to purchase authentic batik clothing without having to travel to other countries. This is because the store is close to their home, and they can simply visit the store to make a purchase. Aside from that, BAKAT & Co does not have to face a difficult time entering the market segment and to compete with many competitors to attract its targeted customers. Third is batik designers. Due to the decreasing demand for batik in the market, batik designers may encounter problems finding the job to make use of their expertise. Thus, they can be the people to go for the job opportunities provided by BAKAT & Co.

Finally, the Malaysian employees. The government has enacted a regulation where the public servants are required to wear batik every Thursday. In addition, a few years ago, the ministry also recommended that the use of batik should be mandated for private employees. This effort is to ensure that batik tradition is not forgotten in Malaysia and to encourage employees from all sectors, public or private, to work together in preserving the country's heritage and traditions. ✓

## 2.3 CHANNELS

The third component in BMC is the channel. Channel refers to how a company delivers its product and communicates with its customer segments. It is crucial for the company to understand the most effective channel for reaching out to the targeted customers. Others, channel functions include raising brand awareness among customers and to successfully delivering a value proposition to customers. Channels can be used either direct or indirectly. For instance, through advertising, social media, word of mouth and many more. BAKAT & Co are using three channels to communicate and deliver products to its customers.

First, through social media. The use of social media is very widespread nowadays. According to the statistics, 50.64 percent out of 7.82 billion people in the world are using social media. It is well-known among young entrepreneurs as it does not require any money to advertise the products. These platforms allow entrepreneurs to market their products using their own creativity. BAKAT & Co also sees this as an opportunity to spread its brand awareness. BAKAT & Co is a newcomer to the market, therefore, social media is the most effective channel for the company because it does not require the company's capital to advertise and attract potential customers. Among the social media platforms BAKAT & Co used are Instagram, Twitter, TikTok and Facebook as these platforms are frequently used for marketing purposes.



Others, through the official website. BAKAT & Co also provides an online store where customers can purchase its batik products through its official website. It is convenient for the customers to purchase or window shop as during this current pandemic, people are advised to stay at home to prevent the spread of the deadly virus, Covid-19. It will ease the customers because with the online store that's open for orders 24 hours a day, customers can visit it at any time and anywhere. Besides, this website also provides information about the company's background, how it was founded, the organizational chart and all of the activities it conducted. Thus, BAKAT & Co official website is used to deliver the products to the customers and educate them about the products offered.

The last channel used is a physical store. BAKAT & Co had opened its operation in Johor Bahru. Moreover, BAKAT & Co is a newcomer to the market, at the time it only has one premise that operated. The store that the company opened in Johor Bahru enabled the local people nearby to come and purchase the batik product directly. Physical store allows the customers that come to personally see the actual product and evaluate the quality of the batik clothing from their point of view without having to rely on online feedback. If BAKAT & Co manage to meet the customer's expectations, the word of mouth could quickly spread. As a result, it will increase brand awareness and indirectly could increase the company's sales.



## 2.4 CUSTOMER RELATIONSHIP

Customer relationship element is important as it deals with the type of relationships that a company establishes with each of the customers. The relationship built varies as it depends on three motivations which are how we get our customers, how BAKAT & Co keep the customers and grow their customers.



### 2.4.1 HOW TO GET THE CUSTOMERS

Going into the first motivation which is getting the customers, this stage of building customer relationships requires a customer acquisition strategy. Customer acquisition brings the meaning of getting new customers or a strategy that involves persuading any customers to pick our brand over other brands available in the same market. In order to make this strategy work, there are two main methods BAKAT & Co are practicing in order to get our customers from different groups or segments.

The first method is through content marketing using social media. This is crucial as social media has now become the most influential platform to digitally advertise our brand and products. With social media marketing, BAKAT & Co are able to connect and reach bigger markets with new potential customers as the advertisements can only be one click away. Social media marketing is more efficient as it requires much less cost than putting up advertisements on billboards or television and radio.



To name a few, TikTok and Twitter are two of the most powerful social media platforms for entrepreneurs to advertise our brand and products. This is because these two platforms currently have the easiest exposure and offer the most engagements for every content posted. BAKAT & Co can also easily reach more local and international artists through hashtags such as #ArtistMalaysia and #ProjekSeni on Twitter. These artists can potentially be BAKAT & Co customers in the future as they appreciate and have great interest in arts creation. Apart from that, with a creative 15-seconds long video advertising our brand and product, it can easily reach over thousands of users on TikTok. Hence, BAKAT & Co marketing team has a crucial role in creating creative and interactive contents to reach a bigger audience and build the interest to convince them of our brand image.

The second method is to market our brand and products through art programs. Since the past few years, Malaysians have started to be more aware and conscious of artistic values. With that, there is an increase in the number of art programs held by many art agencies to further raise the awareness amongst locals. Some of the art programs that have been held for this purpose are Bandar Aktiviti Seni Kuala Lumpur (BAS KL), Art Asia Expo and Art In The City campaign.



Figure 3: *Bandar Aktiviti Seni Kuala Lumpur (BAS KL)*

BAKAT & Co can take this opportunity to market its products of batik and introduce their brand to art enthusiastic visitors by opening booths at these programs. This allows BAKAT & Co to focus on our target market which is people who like and appreciate art while at the same time help organisers in advocating art with our Batik art.





#### 2.4.2 HOW TO KEEP THE CUSTOMERS

Keeping the customers involved is a good customer retention strategy in which the strategy is used to retain existing customers to continue purchasing our products. This strategy allows BAKAT & Co to build long-lasting relationships with the customers to encourage higher levels of loyalty to our brand.

In order for BAKAT & Co to constantly impress their existing customers and bring them back for more purchases and support, there are two techniques that will be used. The first technique is by offering dedicated personal assistance. Offering personal assistance allows us to be closer to our customers and help us to understand them better in many ways such as their demand and interest. By having a great relationship with the customers, it will also encourage them to constantly check out BAKAT & Co updates on social media platforms or websites, as they will try to support the brand and connect with BAKAT & Co.

The second technique is by offering loyalty and reward programs. Undeniably, many people love gifts and rewards. This is because they will feel like they're benefitting from every one of their purchases from us. A loyalty and reward program may look simple but it has an immense impact on customer retention as our customers will return and continue purchasing from our shop and feel appreciated. Enjoyment and satisfaction level of our customers can at the same time be enhanced drastically every time they return for a new purchase.

#### 2.4.3 HOW TO GROW THE CUSTOMERS

Growing BAKAT & Co customers involves a good strategy in sales expansion whereby the strategy is used to successfully convince our current customers to buy more of our products and sell more of our products in new markets. To ensure this strategy works, understanding the customer segment really well is crucial.



There are two factors in sales expansion. The first factor is personal assistance where it is based on the interaction between BAKAT & Co brand and the customers, and the experience of the customers when they are making a purchase. To enhance this factor, BAKAT & Co can empower the batik art in the customers by connecting with the community or market segment. This includes engaging actively with regular or new customers on social media, blogs or any related events. As BAKAT & Co offer batik art to the customers, it also will invest some time in the batik artist community to develop better understanding on batik art creation with the artists so that it can deliver the best information and experience to customers.

Another way is by developing co-creation opportunities whereby creative customers will be given an opportunity to be part of creating a new batik design and pattern. This ranges from getting their creative opinions to designing and collaborating during the production process. Co-creation allows BAKAT & Co to have most points of views in the way of product making and delivering. At the same time, it allows our collaborative customers to have more income for their views and ideas.

## 2.5 REVENUE STREAMS

Revenue stream is important as it helps to identify the income sources of a company. There are few common sources of revenues such as revenue from the sales of goods, interest revenue, rent revenue and dividend revenue. Interest revenue is profit that is gained from investments, and rent revenue is profit that is obtained from renting out products, equipment and services. While dividend revenue is the profit gained from holding stocks of different companies.

BAKAT & Co has three main revenue streams which are from product sales, advertising and outfit rental. The first revenue stream is from the sales of products. BAKAT & Co offer customers apparel for both men and women. The men's apparel are batik shirt and sarong, while women's apparel includes baju kurung, batik dress and pareo. The sales of these apparels will bring in profits to the company as customers are paying for every product purchased. This more commonly known as sales revenue is the main operating revenue for our company.

The second revenue stream is from advertising. BAKAT & Co uses two types of digital channels in advertising the brand and products which are through official website and social media platforms. These channels can be turned into profit as well by offering a space for new entrepreneurs to advertise their brands. An advertisement space can be offered once BAKAT & Co has secured a high number of visitors and followers on both channels. Interested entrepreneurs can pay to advertise their brands on the provided space in the website or make advertisement posts on BAKAT & Co social media accounts.

The third revenue stream is outfit rental. As BAKAT & Co sells and produces apparels made of batik, more profits can be obtained by renting out the apparels to interested customers. This is because batik-based apparel can be a little over one's budget. As batik production requires exclusive materials, skills, and equipment, the price can be considered high to some people. Hence, outfit rental can be offered to customers who require an occasional outfit with a batik theme.

## 2.6 KEY RESOURCES

Key resources in the business canvas model are more to the importance of the assets needed by a company to operate as efficiently. Before starting a business, the company needs to prepare the company's assets to succeed in the business. There are 4 elements needed under key resources which are physical resources, financial resources, human resources and intellectual resources.

First of all, will discuss physical resources that are related to the structure, size or shape that can be touched and seen. BAKAT & Co Business Company started to have a building that is located at Johor Bahru for the organization and management to conduct operations well. Why the company needs to provide the building is because of all the documents, equipment needs to be placed in the building as a facility for employees and organization. Apart from that, all batik processing canting machines are the most important assets as it is the main product in the company which is batik design fabric. Otherwise, due to this current situation resulting in many customers preferring to place orders online, BAKAT & Co companies fulfil the requirement to provide vehicles for delivery to customers' homes.



Next, for effectiveness in building a business, financial resources are an important priority in a company with the aim of developing the business, buying assets, renting shops, hiring employees, etc. Therefore, among the financial resources that are used in BAKAT & Co company are cash, bank, and capital. Moreover, for business start -ups, our companies choose funds from banks to provide and prepare to rent the vendors and develop the batik business. Thus, as mentioned in the introduction company, this company is a partnership business. So, capital generated for the company is among the business partnerships in the company which has 5 partnerships under the same company. Furthermore, the organization also manages the cash flow used to purchase the company's assets and equipment or raw material.

In addition, the human resources associated in key resources are people who are able to work in the company with suitable knowledge and position. Therefore, these BAKAT & Co companies have a talented and professional person in making batik design. Other than that, we have marketing expert, financial manager, director of operation and human resources. Hence, the human resources in BAKAT & Co companies are the employees, organization team, professional designers, suppliers and buyers. With that, the company will be able to operate through the human resources. In fact, the purpose of having a human resource is how creative and talented their experience is to contribute to the company.

Furthermore, we have intellectual resources. These intellectual resources consist more of company brands, proprietary knowledge and databases. In fact, it is described as confidential information shared solely with the corporation and organisation. As in the BAKAT & Co Company, it has its own design and creativity to create batik made by talented designers in the company. So, all ideas are from the company and limited design. Other than that, the company kept the information secretly. BAKAT & Co kept the database privately as those are the intellectual resources that competitors should not know and it is only deal within the company.

## 2.7 KEY PARTNERS

The main partners and suppliers required to run a successful firm are known as key partnerships. In actuality, a partnership is an agreement between two or more persons to collaborate in the development of a firm. As an outcome, these two companies will be able to complete the objective successfully, which will benefit both sides. However, BAKAT & Co expands its company through joint partnerships with marketing agencies, expert designers, and suppliers.



First, BAKAT & Co formed a partnership with a marketing organisation to boost sales and provide value to customers, with the goal of making them recognise batik from generation to generation. Furthermore, it can advertise broadly using E-marketing, which is a means of introducing a company's business items to overseas and international markets through the usage of social media platforms.

Second, BAKAT & Co formed a partnership with a professional designer of making batik and worked together to create our own batik pattern design. Furthermore, our goal is to focus on the quality of batik cloth design, so that we can better convey the efficacy and uniqueness of design products by collaborating with designers and BAKAT & Co. In addition, this is one of the key differences between BAKAT & Co products as well as those of close competitors and the external market.

Third, BAKAT & Co formed a supplier partnership. This is where the business may build strong relationships with suppliers and communicate effectively. In this regard, the company has successfully managed the asset requirements with suppliers. Furthermore, cooperating with suppliers allows BAKAT & Co to meet the needs and wants of the customer. Furthermore, it can reduce stock delays and ensure that operations function smoothly at all times.

## 2.8 KEY ACTIVITIES

Key activities are important as they are the main activities for a business with a sole purpose of making a profit for the company. Key activities can be divided into four different categories which are production, problem solving, software tools and platform or network. The key activities of BAKAT & Co is the production, as it produces and sells its own batik products to the customers.

BAKAT & Co, a production company, consists of three main activities which are designing and making, marketing, and delivering and selling. In the designing and making phase, the company will acquire all staff to have the skills, knowledge and understanding of how a batik must and should be produced in order for us to design and make the best quality of products. In this phase, BAKAT & Co will be working closely with artists in creating new and attractive patterns. Other than that, the company also works together with batik makers and manufacturers to produce products in bulk. ✓

While in the marketing phase, BAKAT & Co will advertise the final products through several channels which are the official website, physical store and social media platforms. The marketing involves creating appealing posts and contents to gain public interest for the company's products. Details will also be delivered through the posts to pull in interested customers via product price, materials used and all other pulling points and marketing statements.

The last phase of BAKAT & Co's key activity is the selling phase. It will deliver the final products to customers safely in their best conditions. Apart from purchasing through the online store, BAKAT & Co products can also be purchased from its store that is located in Taman Damansara Aliff, Johor Bahru. Customers will be given dedicated personal assistance during their visit. Customers will be offered trustworthy opinions and information such as materials, price, production process and more, as BAKAT & Co employers are equipped with the skills and knowledge of batik production. ✓

## 2.9 COST STRUCTURE

There many types of expenses a business incurs are referred to as its cost structure, which is often made up of fixed and variable costs. Fixed costs are a cost which does not change depending on how much output a company produces, whereas variable costs change depending on how much output it produces. The purpose of structural costs is to determine prices based on production costs and also maximize profit. However, it is important for companies to keep the cost under control. Thus, at this stage will be discussed company strategy, cost categories (fixed and variable), and business economics. ✓

The first is strategy, which is divided into two categories under the cost structure: cost-driven and value-driven. BAKAT & Co, on the other hand, uses a value-driven approach, in which the firm develops so much product value that it generates a considerably higher return on investment. This batik fabric product is particularly created by professional employees, and it includes high-quality fabric, a distinctive design pattern, canting machine weaving, and, of course, the original batik fabric. In addition, a high-quality output can contribute to customer satisfaction. Despite the premium and high quality of this batik fabric, the BAKAT Company always assures that the price of this batik apparel is competitive in the global market.

Following that are cost categories in firm manufacturing, both fixed and variable costs. Employee salaries and renting are two fixed costs in the BAKAT Company. Salaries and rentals, as we all know, are fixed and never change. Meanwhile, the firm uses raw materials such as fabric, office equipment, sewing equipment, packaging items, etc for variable costs. Additionally, there are server use fees that come under variable costs such as electricity bills, which include internet, data, and other electrical services.

Apart from that, there are two levels of economies, the first is scale of discount volume and second is scope of vertical integration. BAKAT business applies the economies of scale discount volume where the economies that company gets as the volume increases. These economies of scale allow our company to get better deals with suppliers by purchasing the raw materials.

### 3.0 SUMMARY conclusion

A business model canvas (BMC) had been created by BAKAT & Co to organize and understand the business idea from every angle in the simplest way possible. There are nine building blocks in BMC which are value propositions, customer segments, channels, customer relationships, revenue streams, key resources, key partnerships, key activities and cost structure. It is essential for the company to determine the key components of the business model. BMC also can be used as a guidance for the business's future growth.

Every nine components in BMC is very important, especially the channel which is used as a medium to deliver our business information and any promotion to provide a good service for customers. In addition, this medium channel can also offer jobs in the required department. The key activities of BAKAT & Co business are also designing and making batik clothing, marketing, delivering and selling batik. To add, in key partnerships we contribute with joint partnership marketing agencies, expert designers and fabric suppliers. Last but not least in value proposition, with this business can increase the demand for batik fabric, can generate sources of income for workers, require workers to wear batik every Thursday and also give exposure about the local tradition.

Thus, BAKAT & Co will ensure to identify every aspect in the business including the company's strength and weakness to improve customers' experience and to expand the company's brand in the future. Besides, BAKAT & Co will work harder to assure that the batik business will operate successfully and effectively. Even though BAKAT & Co is new to the market segment, we aspire to be the best and become successful in the fashion industry one day.





## APPENDICES

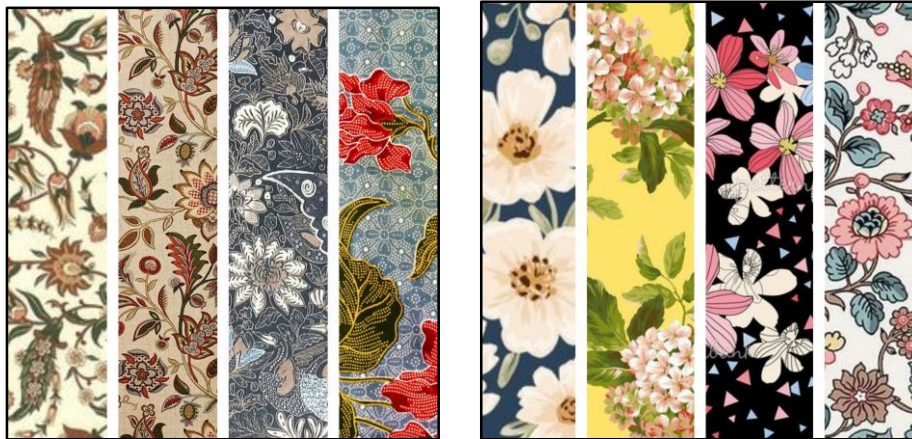


Figure 4: *Batik Fabric with Floral Theme*



Figure 5: *Batik with geometric pattern and mixed with floral*



Figure 6: *Process of making Batik Fabric*

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