

# Business Development Strategy, Ready-to-Drink Tea, Your Tea, with Business Canvas Model Approach

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**Abstract-** Tea is one of product wealth of natural resources owned by Indonesia that should be utilized by entrepreneurs to develop their business. One of the players in the industry of ready to drink tea is Your Tea. Your Tea need to have models and business development clear and detailed in order to compete and continue to grow facing the intense market competition. This research is descriptive qualitative with case study approach. The research approach is based on nine elements of the business canvas model. The result of the study showed business model partnership Your Tea through business canvas model, determine the business canvas model improvements, and develop a strategy and business development programs.

**Index Terms-** Your Tea, Business Development Strategy, Business Model, Business Canvas Model

## I. INTRODUCTION

Indonesia is a country that rich in plantation crops. One commodity crops produced are tea. Soemantri (2011) in his research shows tea as a second favorite drinks in the world after water, and also known as 'the drinks for million people'. Even in cafes or any restaurants, this drinks is always chosen by the consumer. In addition to being a favorite drinks, tea is also beneficial to prevent cancer, improve oral health, protect the body from free radicals, boost the immune system, lowers the risk of diabetes, and prevents blood clots that capable adversely affects cardiovascular health. Acreage and production of tea plantations in Indonesia continues to increase. As an illustration, acreage and production of tea in Indonesia can be seen in table 1 below.

Table 1 Land area and production of tea in Indonesia in the last five years

Year	Land Area (ha)	Production (tonnes)
2009	123.506	153.971
2010	122.898	156.604
2011	123.938	150.776
2012	123.769	150.180
2013	125.373	152.726

Source: General Directorate of Plantation (2014)

In the economic development in Indonesia, MSMEs (Micro, Small and Medium Enterprises) becomes a vital role as a driver of the economy. MSMEs also plays a major role in overcoming the problem of unemployment in Indonesia today because it can absorb a lot of labor. MSMEs sector support provides employment opportunities for those who can not be accommodated in the government work world or large and medium scale of private companies.

Table 2 Number of MSMEs and the number of workers absorbed by MSMEs

Year	Number of MSMEs (units)	Number of workers (people)
2008	51.409.612	94.024.278
2009	52.764.603	96.211.332
2010	53.823.732	99.401.775
2011	55.206.444	101.722.458
2012	56.534.592	107.657.509

Source: Central Bureau of Statistics (2014)

One of the MSMEs that become a player in the industry of ready-to-drink tea is Your Tea, a brand of tea drinks from Bogor. Your Tea partnership since its foundation from 2008 to now already has 142 partners spread across various cities in Indonesia such as Bogor, Jakarta, Depok, Tangerang, Bekasi, Sukabumi, Karawang, Bandung, Cirebon, Madiun, Surabaya, Sidoarjo, Jember, Kediri,

Malang, Ponorogo, Prabumulih, Lampung, Medan, Riau, Balikpapan, Samarinda, Bontang, Sangata, Tanjung Selor, Bulungan, Denpasar, Makassar, to Papua. The number of players in ready-to-drink tea industry is currently making Your Tea partnership need to have models and business development strategy clear and detailed in order to compete and continue to grow facing the intense market competition. Ready-to-drink tea industry in Indonesia is currently growing rapidly. Based on data from Euromonitor, stated that growth in the production of ready-to-drink tea in 2014 is 10 percent, or with an estimated volume is 1.2 billion liters. This is shown by the increasing number of new businesses have sprung up in that kind of industry. Ready-to-drink tea businesses are now attracts a lot of people.

Eppler et al (2001) states that in the world of fierce competition makes companies must have a vision, mission, ideas, and business models that are clear and detailed in order to adapt to environmental changes. Wheelen and Hunger (2010) states that the business model is the method used by the company to make money or value in the business environment in which the company is operating. Osterwalder (2004) mentions one successful business models that transform complicated business concepts into simple and understandable is the business model canvas. The picture that is expected in this business model is able to identify company internal and external factors so it can produces solutions based on what the most important things that need to know, fast, simple, easy, and in a visual format (Saksono, 2013). Chesbrough (2010) mentions the business model canvas is believed to be explained best through nine basic building block that shows a way of thinking about how a company earns money. Nine of these elements are customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure.<sup>7</sup>

Based on the background of the problems above, the purpose of this research is to create a strategy and business development partnership program ready-to-drink tea, Your Tea, that can be directly applied by the internal management of Your Tea. Approach to the business model used is the business canvas model that were analyzed through nine elements, then performed a SWOT analysis to enhance the current business canvas model, and then will generate appropriate strategies and programs for the development of business partnerships tea drinks, Your Tea.

## II. RESEARCH ELABORATIONS

This research was conducted by taking the research object of tea drinks, Your Tea business partnerships based on Business Incubator Center Building and Partnership IPB, Dramaga, Bogor. This research was conducted between February and July 2015. Location selection was done purposively in considering the research object is a growing ready-to-drink tea business.

This study used a descriptive approach with a case study. Descriptive research method used to obtain an overview of the information, explanations, and conditions related to the research object in a factual, accurate and systematic. According to Umar (2010) a case study aims to make a more detailed study, in-depth and thorough of a specific object that is usually relatively small in a certain period of time, including the environment.

The data used in this research are primary data and secondary data. Primary data was collected from in-depth and directly interviews with management tea drinks, Your Tea partnership as respondents. Secondary data was collected through company documents, websites, and literature. Data collection techniques used in this study were interviews, questionnaires, observation, and literature. The number of respondents that used in this research is 7 people from internal management Your Tea which consists the Chief Executive Officer (CEO), production manager, marketing manager, human resources manager, finance manager, admin, and field operators. After getting the full data, then analyzed using a business approach canvas model to see the condition of the company from nine elements, then perform a SWOT analysis on each element so will be known its strengths and weaknesses, even opportunities and threats owned by Your Tea. The result of SWOT analysis is used to repair current Your Tea business canvas model. The final step is to formulate strategies and programs based on business model improvements that has been perfected.

## III. RESULTS

### **Identification Elements Business Partnership Model Ready-to-Drink Tea, Your Tea**

The first step in the business development strategy of business partnership ready-to-drink tea, Your Tea is to explore the business structure of Your Tea through the identification of nine elements of the business canvas model. Based on interviews with internal management of Your Tea, obtained a current management model of tea drinks business, Your Tea, through grouping the results into the nine elements of the business canvas model. The nine elements are interrelated to one another and give an accurate description of how the situation of current Your Tea business.

#### 1. Customer Segment

Customer segmentation of tea business, Your Tea, currently consists of employers, employees, housewives, and college students.

#### 2. Value propositions

The value proportion that are the hallmark of Your Tea consists of price, as the price of Your Tea partnership packages are cheaper by 30-40% compared to other competitors. The next value is the support, Your Tea provide excellent service and support to its business partners. Next is quality product, with a basic material of qualified tea leaves, with no artificial sweeteners, using pure sugar, and without preservatives.

#### 3. Channels

Your Tea uses two channels in delivering products to consumers. Direct channel through the office and the three showroom Your Tea outlets in IPB Dramaga Campus. An indirect channel through the website, social media, and the market place.

#### 4. Customer relationship

Customer relationships built through telephone communications, BBM, SMS, e-mail, social media, and the market place.

5. Revenue stream

Your Tea source of income comes from three transactions. The first is the sales transaction in the showroom of Your Tea outlets. The second transaction is from selling the partnership package. The third transaction is from the repeat order transaction of raw materials such as glass, manual glass lid, sealer, tea, and flavors.

6. Key resources

Tangible resources means that resources are able to be seen and measured directly such as office, showroom Your Tea outlets, warehouse storage of raw materials, and human resources. Intangible resources own by Your Tea is a form of knowledge related to entrepreneurship, tea production, human resource management, and marketing through internet marketing.

7. Key activities

Your Tea's key activities consists of raw material supply, sales in the showroom outlet, the operations of the office, and maintenance partner.

8. Key partnership

Your Tea partnering with tea and flavors supplier, tea wagon maker, packaging factory (cups, lids, and sealer), outlet's support equipments, expedition or cargo, and the franchisee.

9. Cost structure

Your Tea's cost structure is raw material costs, employee salaries, office rental costs, and marketing costs.

**SWOT Analysis Business Canvas Model of Your Tea**

After identification of the nine elements that are owned by the tea business Your Tea then the next step is to conduct a SWOT analysis on each element of the tea business Your Tea. This analysis was conducted to improve and perfecting the current business canvas model of Your Tea, in order to compete and continue to evolve to face the current development of science and technology that is so quick. The SWOT analysis business canvas model of Your Tea results can be seen in Table 3 below.

Table 3. SWOT analysis of business canvas model of Your Tea

No.	Elements	Strengths	Weaknesses	Opportunities	Threats
1.	<i>Customer segments</i>	Various background	Limitation of human resources	-Many database of potential partners -Entrepreneurship climate in Indonesia increased -Support from the government, State-owned enterprise (SOE), and banking	Emergence of competitor
2.	<i>Value propositions</i>	- Price - Support - Quality product	Follow up after sales	Sensitivitas about price	Emergence of competitor
3.	<i>Channels</i>	- Effective Marketing - Pilot project successful - Partners scattered around Indonesia	- Communication - Low human resources	People are increasingly aware of internet	Be emulated by competitor
4.	<i>Customer relationship</i>	Email marketing	Maintenance partners	-Many database of potential partners -Keyword research	Partners did not repeat order raw materials
5.	<i>Revenue stream</i>	Continuous source of income	Distrust of potential partners	Selling Your Tea tester package	Partners did not repeat order raw materials
6.	<i>Key resources</i>	Guaranteed raw materials	High delivery fee	Master partnership Internal Showroom outlet	Business development is slow
7.	<i>Key activities</i>	Autopilot	Still need to	A lot of new	Comfort zone

	system	improve the partner's follow up	opportunities to increase income	
8. <b>Key partnership</b>	Term of payment is long enough	Has not yet find a competitive expedition	Partnership opportunities with many parties	"Naughty" partners
9. <b>Cost structure</b>	Effective and efficient maketing	Product development investment costs	Mentoring business and entrepreneurship development program	The increase in raw material costs

**The Improvement of the Business Canvas Model of Your Tea**

Mansfield and Fourie (2003) in his research stated that development of a business model becomes more perfect as well as how to implement it requires caution and should consider the influence of internal and external companies. After doing the SWOT analysis of each elements of the business canvas model of Your Tea, it is known what are the prospects for the company that supposed to be maintained and developed, also the obstacles encountered and a solution to fix it.

<b>Key Partnership</b>	<b>Key Activities</b>	<b>Value Propositions</b>	<b>Customer Relationship</b>	<b>Customer Segment</b>
Tea Suppliers	Raw material supply	Price	Communication: - Telephone - BBM - SMS - E-Mail - Social Media - Market Place	Entrepreneur
Outlet Maker	The sales in the showroom outlets	Support		Private Employees
Packaging factory	Office operational activities	Quality Product		Housewives
Outlet's support equipments	Partners maintenance	Follow up after sales	Direct visit to partners	College Students
Expedition / Cargo	Observating strategic location	Inovation and continous improvement	The annual gathering	Schools
Master Partnership	Following the exhibitions, expos, fairs and seminars		Birthday Gift	Campus
Media Partners				The general public
<b>Key Resources</b>	<b>Channels</b>	<b>Cost Stuctures</b>	<b>Revenue Streams</b>	
<b>Tangible:</b> - Office Building - Showroom outlet - Warehouse storage - Human resources	Direct: - Office - Showroom outlet	Raw material costs	Sales in the showroom	
	Exhibitions, expos, fairs and seminars	Employees salary	Selling partnership packages	
	Indirect: - Website - Social Media - Market place	Office rental costs	Repeat order of raw materials	
<b>Intangible:</b> - Entrepreneur experience - Tea production - Management - Marketing	Social media and market place optimization	Marketing costs	Opening many showroom outlets	
Improving the quality of human resources		Human resources training	Selling Tester Packages	
			Selling drinks flavours	



Figure 2 The improvement of the Business Canvas Model of Your Tea

### Strategy and Business Model Canvas Development Program of Your Tea

Strategy according to David (2006) is a selection of what is want to be achieved by the organization in the future and how to achieve that desired conditions. After conducting the SWOT analysis and improving the business model canvas, the next step is to do an alternative strategy that can be done by Your Tea management to support improving company's business canvas model.

1. Market development strategy
  - a. Expansion to open outlets managed by own management  
The program needs to be done by the management to increase the company's revenue and Your Tea *brand image*. Management needs to make observations and cooperation to open Your Tea outlets in campus IPB Dramaga canteens. After the *image* on campus Dramaga formed strong, management could make cooperation with schools in city and districts of Bogor. Schools with enrollment above 1,000 could be a priority of cooperation. Management also needs to survey strategic locations in the city and district of Bogor to open a tea drinks outlets, Your Tea.
  - b. Selling Your Tea tester package  
Traffic data shows that people who visiting the Your Tea website every day reached over 100 people and it can be used by management to sell the Your Tea tester package. This is because the potential partners who visit the website Your Tea is not entirely convinced of Your Tea products. By direct try to Your Tea tea, will arise trust of potential partners to join the Your Tea tea business partnership. Potential partners are also given information, insights and potential of running a tea business Your Tea through the ebook.
  - c. Selling Your Tea powdered drinks  
Management may also establish a special division for selling powdered drinks. This based on the number of consumers who are looking for an agent of powdered drinks. Your Tea has nine variants, lemon tea, strawberry tea, grape tea, green tea, taro tea, milk tea, chocolate tea, moccaccino tea, and cappuccino tea.
  - d. The formation of partnerships master  
Management needs to establish a master partnership into the areas of Your Tea expansion. Based on secondary data from management of Your Tea, Kalimantan, especially Balikpapan and Samarinda is a main target to forming Your Tea master partnerships because of the number of potential partners from those areas. With the partnership master course will save the cost of raw materials distribution and strengthen brand image Your Tea in a faster time.
  - e. Participating in exhibitions, expos, fairs and seminars  
Management must also follow exhibitions, expos, fairs, and seminars that related to business opportunities, entrepreneurship and franchise to increase the sales of Your Tea partnership package.
2. Strategy of improving human resources quality  
Management needs to do training programs to improve own human resource capacity, so it can service the partners and potential partners better. So far Your Tea has limited employee so oftenly have to do task and work concurrently. Management need to recruit employees who have a good quality. According to Nielsen and Montemari (2012) the role of human resources that competent become an important factor in the success of a company or organization. Management can focus to increasing marketing capabilities through the marketing internet because with affordable costs can produce maximum benefit.
3. Strategy of improving *pre* and *after* sales services  
Management need to create a program to increase sales conversion of tea drinks Your Tea partnership package both online or offline. The online program done by creating a free ebook that given to potential partners in order to know the overview of tea business and potential advantage of seriously running the tea business 'YourTea'. Auto program follow up via marketing email for 40 days also important to make relation continuously with potential partners. The offline program can be done by doing direct communication with potential partners by phone to ask whether they ready to join tea business partnership or not yet. If not, what's the obstacle that need to be helped to resolved. Potential partners who are in Jabodetabek area can be invited to direct visit to the Your Tea office and to Your Tea outlets around IPB Dramaga Bogor campus.  
As for service improvement after sales management need to create a program of annual gathering. The program can be carried out once a year by gathering active Your Tea partners, giving awards to outstanding partners, listen to advices from partner for the development of tea business Your Tea. In addition, management also need to create a birthday gift program that is giving gifts birthday in the form of cake or stuff and greeting cards to the birthday partners of Your Tea. The program can increase loyalty of Your Tea partners in order to continue to repeat order of raw materials to the head office. Another program that can be done by management is referral fee, it is giving the commission to the partners who have joined the tea business Your Tea, and referring this business to their family or their friends to also join the tea business Your Tea, that is equal to 10% of the value of package tea business Your Tea.
4. Strategy to innovating continously  
According to Liem (2009) innovation is a blood for an institution to be able to live a sustainable and profitable life. Innovation in the form of new discoveries in a systematic begins with empathy, the ability to see the world through the eyes of others, and an optimal utilization of existing technology advances. Your Tea Management need to do innovation in a continously in order to compete with competitors. Innovation programs that can be done such as, create unique new flavour variants that consumers preferred, do some promos such as, during a particular month, give a 10% discount or free shipping costs for partners in



jabodetabek area, marketing promo such as buy 5 outlets will be entitled as a master partnership city, canvasing YourTea in the bottle to shops or supermarkets.

#### IV. Conclusion

Development strategy that can be done by Your Tea involves 4 strategies. First, market development strategy with expansion program, open outlets managed by own management, selling Your Tea tester package, selling Your Tea powdered drinks, forming a master partnership, participating in exhibitions, fairs, expo, and seminars. Second, the strategy of improving the quality of human resources with a focus on improving marketing program through internet marketing. Thirdly, the strategy of increasing pre and after sales services with email marketing programs, the annual gathering, birthday gift and a referral fee. Fourth, the strategy to innovate on an ongoing basis with the program creating unique new flavour variants and preferred by consumers, doing promos during a specific month, such as a 10% discount or free shipping for partners in Jabodetabek, marketing promo, buy 5 outlets will be entitled city master partnership, canvasing Your Tea in bottles and sell it to stores or supermarkets.

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