INNOVATION STRATEGY ANALYSIS IN UD. X USING BUSINESS MODEL CANVAS AND TEN TYPES OF INNOVATION TOOLS

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ABSTRACT

The ever growing Indonesian real estate industry has enticed businesses to take advantage of the current hype, in which one of them was UD. X. however, contrary to the overall market, UD. X has not achieved its management – set sales objectives for months on end. This issue is what started this study. This study, which is qualitative by nature, intends to analyze the system and business model of UD. X through tools Business Model Canvas, Blue Ocean Strategy, dan Ten Types of Innovation, based on sales perspective of UD. X. This study began with data foraging across a number of sources in order to more vividly conjure the actual business model of UD. X. From the business model, this study will further scrutinize each of its segments, which will then be processed by Blue Ocean Strategy tools so that the study can reveal which elements need to be improved, eliminated, or established. After the model is processed through BOS, there will indeed be a set of key elements to add, eliminate, and/or establish – in which these elements need to be mapped further into TTI. Through TTI, it was revealed UD.X needs to focus on customer experience aspect, in order to improve their business.
Keywords: innovation strategy, business model canvas, blue ocean strategy, ten types of innovation, marketing mix, strategy analysis.

INTRODUCTION

The growth of Indonesia's property industry is blooming as of late, encouraging businesses to exploit the uptrend. One of those is UD X, which was established back in 2015 and working in roof construction. UD X offers steel based roof installment for homes and other buildings, in which its flea and weather resistant as well as fairly affordable components made it highly favored for modern home constructions. In addition, wood materials are also getting scarce – putting steel roofs industry in a favorable condition.

However, the current condition speaks otherwise. UD X has been fairly vacant – only taking 2-3 projects a month, whereas they were able to finish 10 monthly projects in regular. In order to survive within this increasingly competitive environment, the business requires accurate marketing and strategic analysis. According to Philip Kotler, marketing strategy is "a logic used by a business to achieve business objectives"(Kotler, 2001: 76).

One of the tools often used to analyze business models is *Business Model Canvas (BMC).* In BMC, a business will be scrutinized from nine interconnected perspectives, be it from owner's perspective as well as customers'. These aspects will then be analyzed further through Ten

Types of Innovation tool, where a proper innovation strategy can be laid out through the mentioned nine perspectives. As such, the author will attempt to formulate a strategy with the hepkl of BMC and Ten Types of Innovation.

LITERATURE REVIEW
Previous research
One of the journals used as a basis of this study is by Suharti on 2015, titled *'Penerapan Business Model Canvas Pada Perumahan Galaxy Regency Malang'*. This study used qualitative approach, based on the actual facts in the field. This study explains in detail the business activities of Galaxy Regency Malang. After processing its business model through BMC, Suharti concluded that Galaxy Regency Malang need only focus on its key activities.
Business Model Canvas
Business Model Canvas is a strategic management and lean startup template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances. It assists firms in aligning their activities by illustrating potential trade-offs.

BMC defines basic thoughts on how a company operates. BMC illustrates a detailed steps on this matter. Osterwalder divides a business into nine important aspects, called nine building blocks: *Value Prepotitions, Customer Segments, Customer Relationship, Channels, Key Resources, Key Partnership, Key Resources, Cost Structures* dan *Revenue Streams.* According to Osterwalder (2010), innovation ideas can be sourced from any kind of sources. Osterwalder divides a business model innovations into five parts: *Resource-driven* (based on infrastructure developments)*, Offer-driven* (based on increased value add)*, Customer-driven* (based on customer requirements)*, Finance-driven* (based on cash flow and cost management)*,* and *Multiple-epicentre* (based on multiple factors as above)*.*
Ten Types of Innovation
According to Keeley et al., (2013: 16) *Ten Types* is a tool to diagnose and enrich the current innovation processes, or to analyze the current competition and come up with a solid concept. Ten Types of Innovaton is divided into three categories: *Confinguration* (emphasis on internal business systems – marked in blue in the model)*, Offering* (depth of product/service concept – marked in orange in the model) dan *Experience* (emphasis on customer experience and satisfaction – marked in red)*.* (Keeley, 2013)

RESEARCH METHODS
Research methods are the approaches used to gather, process, and deduce the data in a research. There are two big methods: qualitative, which emphasizes deep understanding on an issue through descriptive analysis, and quantitative, which depends on systematic, structured, and planned approaches along with quantifiable variables as its data references.

In this research, the author chose qualitative approach, with descriptive study case. This research was conducted within April to November 2016 in Surabaya.

All researches focus on a certain subjects. A research subject can be defined as a person, place, or object in focus of a research (Kamus Bahasa Indonesia, 1989:862). To acquire appropriate information, the source has to be appropriate as well. In this research, the author established a number of criterions on choosing the sources. One of the better sources are the employees from its respective companies, and also its customer. The criterions can be seen as below:

Table 1. Specific criteria for determine the research subjects

Source	Criteria
Company employee	Minimum two years of working
Customer	Two times buying or more

On the other hand, research object is basically the objectives of the research (Kamus Bahasa Indonesia; 1989:622). According to Supranto (2000), research object is a set of elements (person, place, or object) being researched. In this research, the object is UD X.

After the subjects and objects are chosen, then it will come up to data gathering. In this research, the data will be gathered through direct interviews and observations. These data will then need to go through validity test, in order to determine whether the data has reflected the actual condition. One of the ways to make the data valid is through triangulation. According to Sugiyono (2010), data triangulation can be defined as a combination of existing data sources and gathering methods. There are three types of triangulation: technicality, time, and sources. In this research, the author will employ technicality triangulation, which is multiple data gathering methods towards UD X.

RESULTS AND DISCUSSION

The author has conducted interviews on four different sources:

Table 2. Criteria details for informant

Name	Age	Occupation	Relation to UD X	Code
Budiarta Arif	63	Contractor	Customer	BA
Suyanto Irawan	57	Entrepreneur	Owner	SI
Yuki Simon	32	Private Contractor	New Customer	YS
Mudji	37	Private Contractor	Employee	M

After a set amount of interviews towards all sources and the required data has been gathered, the author try to analyze the information and map it through nine blocks of BMC. The result is as follows:
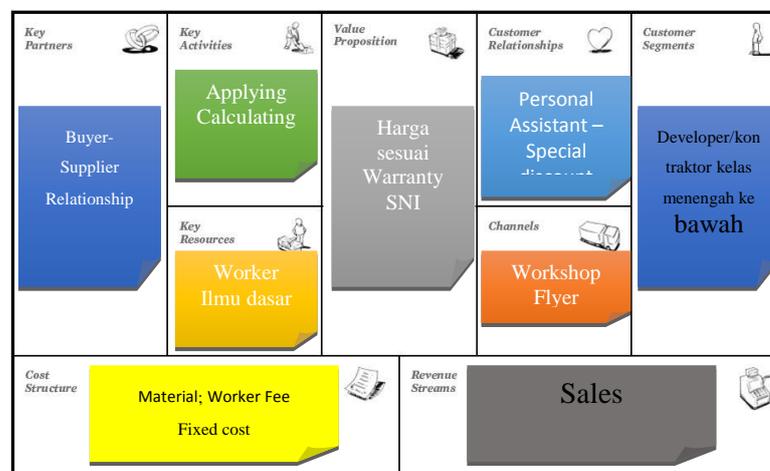

Figure 1. UD. X's Business Model Canvas

After the mapping of UD X, the author attempted to delve deeper for further data in aforementioned interviews, which will then analyzed with Blue Ocean Strategy, so that the aspects can be classified to the following:

Table 3. Blue Ocean Strategy results

Eliminate	Raise
-	>> Promotion and advertisment >> Service level
Reduce	**Create**
>> Selling price	>> New variant

From aforementioned four factors, the author will then attempt to construct new business canvas:
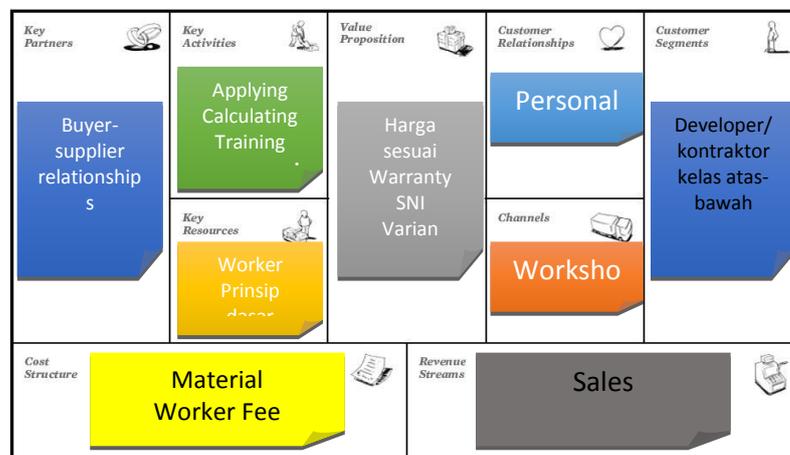

Figure 2. New version of UD. X's Business Model Canva

After the new business model is established, there are a number of factors singled out, in order to be improved or fixed, which will then be analyzed further through then types of innovation. According to Keeley et al (2013:16), ten types is a structure to analyze, diagnose, and enrich the current innovation attempts, as well as analyzing the current competition to develop solid concepts through ten specific aspects. Ten types structure is divided into three: *Confinguration* (emphasis on internal business systems – marked in blue in the model), *Offering* (depth of product/service concept – marked in orange in the model) dan *Experience* (emphasis on customer experience and satisfaction – marked in red). The result is as follows:

Table 4. Ten Types of Innovation of UD. X

Profit Model	
Network	
Structure	
Process	*Process Standardization
Product Performance	*Superior Product *Safety
Product System	
Service	*Superior Service *Loyalty Program
Channel	
Brand	*Brand Extension
Customer Engagement	

As seen in above table, UD X needs to focus on 4 out of 10 available innovation. 2 of them are in customer experience. As such, UD X needs to develop a Customer Experience Shift, which is innovation focused on customer relations. This needs to be done in order to develop a new strategic canvas, with elements previously not applied by the company.

CONCLUSIONS

This research succesfully showed us that UD. X really need some improvement in order to increase their sales or revenue, and through this study, we can notice that there are several tools to analyze the UD. X current problem and issues. According to the Ten Types of Innovation, which is the final tools to analyze what kind of improvement that should be implemented, UD. X needs to be more focused on the customer experience segments such as improve service level, loyalty program and more branding. This study also can be used as a reference or guidane to whom face this kind of situation as UD. X faced.

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