

Conference Paper

Creating the Violetta Stationary Startup Business Using the Value Proposition Canvas

Maria Violetta Handoyo¹ and Johannes Gerardus Nirbito²¹Magister of Management Program, Universitas Ciputra, Surabaya East Java Indonesia²Faculty of Management and Business, Magister Management Program, Universitas Ciputra Surabaya, Indonesia**ORCID:**Johannes Gerardus Nirbito: <http://orcid.org/0000-0002-4033-713X>**Abstract**

The value co-creation function is a tool for the industry to increase the value added of their offers to increase the level of satisfaction and customer loyalty. Value in this study refers to the service quality required of companies that operate based on consumer advocacy services. The aim of this study was to identify from consumers the value of retail stationary, to assist researchers in finding suitable strategies for opening a stationary store. This study used a qualitative approach with purposive sampling with a research subject of consumers. There were 8 informants in this study. The study found the service quality suitable based on Value Proposition Canvas (VPC). These results can be used to open an online shop platform such as shopee.

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Maria Violetta Handoyo
violettahandoyo95@gmail.com

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1. Introduction

At the moment, the retail industry is one of the types of business that actively drive the economic activity in Indonesia. Retail business encompasses all activities which involve selling of product or service directly to the end consumer (Utami, 2017:6). Retail is the most important chain in the product distribution process, and the final chain in the process distribution (Soliha, 2008). Retail business provides the need of consumers which offers comfort and ease for them to obtain items that they need. The growth of the retail industry in Indonesia tends to be dynamic and sensitive to fluctuate (Cahyadin, 2017). Bank Indonesia (BI) in 2019 reported that retail sales increased in December 2018. Despite the growth of the modern retail business considerably slow, it continues to offer a promising opportunity in the future (Arifiani, 2018). According to a researcher, the growth of industry 4.0 also creates a strong impact, whether positive or negative. The negative impact on the retail growth, especially on stationary due to it becoming out of date, not economical, and impractical. However, industry 4.0 is able to bring

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positive impact in the world of trade because it drives innovation and creating business model that is more modern, practical, and economical. This is supported by Gat (2018), the growth of technology has a significant impact on the trading world, especially with markets shifting from conventional method to digital or online market.

According to Gat, many businesses assume that online business encourage business owner to become closer to their consumers. This is further supported by the E-Commerce Association Survey Indonesia (idEA) found in the MARS marketing magazine in 2016, where only 35.4% of Indonesia population actively uses the internet. According to this figure, 29% of them uses the internet to purchase digitally or online, and the Association of Internet Provider Indonesia (APJJ)(2016) stated that the number of people using the internet in Indonesia reached 132.7 million people out of the 256.2 million total population. Online shop is the most accessed content, with 82.2 million or 65% of population. The explanation above indicate that Indonesians is welcoming online online shop openly, along with the growth of industry 4.0.

Violetta Stationary is a stationary start up business that will be designed in the form of stationary specific retail in Kutoarjo, Central Java, in the form of retail of offline stationary and then expand the marketing reach online. This study found values from the middle-class society with professions such as students, teachers from a small stationery retailer. The explanation of industry 4.0 above indicate that the growth of stationary retail is considered slow however retailers believe that stationary still has a good opportunity in the future. The shift of industry 4.0 does not demoralise stationary retailers however motivates retail business to continue growing the business to offer competitiveness for the coming future by looking at a model business of Value Proposition Canvas (VPC) that is within the Business Model Canvas (BMC) block.

2. Method

This study utilizes the post-positivist paradigm because this study uses an existing theoretical basis. This study is based on literature review, formulation of a problem, and the aim of the research explained above, therefore this research uses a qualitative descriptive approach useful to obtain the desired result. According to Meolong (2017: 6) qualitative research referring to research to understand the phenomenon experienced by the research subjects, for instance, behavior, perception, motivation, action, and others, holistically in the form of pictures, words, and language that make use of the scientific method.

3. Results

The interview numbers of informants is 8. In the current era, the development of advanced technology is needed, and more importantly uses it to grow a business especially a start up as a promotion media.

The items often used based on the highest number of product variation conclusion (PVC) are the various use of paper and ballpoint, followed by watercolour paint, eraser, pencil, and various rulers.

“... I often purchase ballpoint for notetaking, and buy the colourful, cute, or interestingly packaged ones for my younger sibling. Attractive colours are usually ones with glitter, gel, and matte. Ballpoint is the one used most, buying paper correction, HVS paper, folding paper, and wrapping paper. Besides ballpoint, paper, there’s also water colour paint with many varieties like water colour, water colour pencil, crayon but they are less frequent purchase, ther is also fine colour markers, and copic IN6-7.

At a minimum, it’s 2 pens per month... Besides that, I buy Post it, when the design and colour is nice regardless if I need it or not. In Year 8 and 12 ... because in fashion I have to buy a lot of paper, sometimes I buy plain papers like this in large amount... So I used a lot of paper the most. Ballpoint or certain mechanical pencils as well, but sometimes I still need to buy the regular wooden pencil. NP7

The requirements for UC are still a lot, thigns like documents we still need to be hardcopy, and require wet signature so we still order large amount of paper... Hmm for ballpoint we only request for artline which is only sold at Gading Murni. WN 29 the ones used at work are eraser, pencil (typically 2B), ballpoint (many colours) usually used to scribble on revision, sharpener.” AC1

Furthermore, it is not only about providing suitable product and service but also offering affordable price tend to be more competitive, and closer to the customer. The results are shown as follow:

“... If the price is only one or two-thousand-rupee difference, it’s not a problem for me as long as the service is great... for me price is not particularly expensive or cheap, just normal, not too expensive not too cheap, sometimes if a product is cheap I’d think whether the product is old or new. Old products are surely sold for cheaper; it feels different. IN8, IN10

So far I have not been disappointed when shopping at Grafis jaya and another one near my house, because the price of the same product is usually only have 500 rupiah difference... at Gading Murni the difference can reach a few thousands..., I buy at Gading Murni when it's an emergency if not I go to the one near my house. SD17.. If it is a one-time purchase, I'm not surprised, in my case I spend about half a million or a million in one day for all my stationary needs or other various expenses, I'm not surprised. It's scary if the expenses are beyond the expectation to get high quality products. NP20

It's easier, because we always ask for the same specified product, for instance we always request the artline ballpoint type, the vendor will give us that product so whichever is cheaper we use, if it's custom it's different of course, which one is cheaper and better. We know which types are cheaper so we buy the cheaper one. WN34 yes it's cheap, for example rotring and drawing pen are cheap, which one is easier to use and cheaper that's the one. AC7 cheap and closeby LN3."

Along with the increased competitors, offering competitive price only is not enough but also require additional good customer service. Competitors obtained from the 8 informants are Papyrus, Merbabu, Gading Murni, Gramedia, Grafis Jaya, Atlas, Purnomo, Wahana, Sarana Sukses, and Paperclip, each competitor has their own advantages and disadvantages however they are still able to satisfy different consumers.

"At a store called Papyrus in the Mulyosari Sukolito area and next to it a store called halim, just right next to Papyrus. Sometimes I buy from Gramedia because several products are not available in Papyrus and Halim. IN11 Usually in an emergency, I buy from Gading Murni behind here, if I'm not in a rush to find what I need I usually just buy from the store near my complex. Yes, at Kebraon area ... a private-owned stationary store Grafis Jaya, I forgot what it's called but also big ... Oo it's Atlas... SD4,SD5, SD6, SD17.

If I buy stationairy I go straight to Gramedia or Paperclip at the mall because of what I need or to a specialised store that offers the stationary. NP4 If UC's partnership ... oh so if UC stationairy tender is approved, we have 4, one is Purnomo, one is Gading Murni, one is Wahana, and one Sarana Sukses. WN3. The most often is Merbabu unless it's an emergency I go to the closest store." AC4

In conclusion, the interview about where purchasing stationaries can depend on time but collectively, the most is at the beginning of a university semester or school.

“There is no perfect timing to buy the things. But usually, once a month, things like sticky notes often runs out. (IN9) Usually, I buy at least two ballpoints each month. I buy post-it whether I need it or not. (SD8, SD13) I don’t buy it too often but when I do a lot for stock (NP8). If the tender for stationaries is confirmed, usually I buy collectively at the beginning of a semester, January and July (WN3, WN4). Depends on the need (AC3), once a week (AD4), 4-5 times a month (LN)”

In conclusion, there is not a significant time to buy stationaries because the items run out quickly, and they are able to buy them whenever except for universities or school who purchase collectively at the beginning of January and July semester. Violetta Stationary conducted this interview with a purpose of avoiding consumer disappointment, hence, there is a need to know the lack of other competitors such as follows:

“I’m disappointed with Gading Murni expect for the one in UC because the product selection is nothing special and expensive. In addition, the service is disappointing because they do not have the stock for the one I asked, and there are no connection between branches (SD22, SD23, SD29). When I go to Paperclip or Gramedia, there are always something missing for the things I’m looking for. (NP24) Sarana has so many sales person, so if one of them is absent I keep getting redirected to other sales person which makes purchasing issues difficult to settle until now. (WN76). Not very informative (AC8), the queue can be 5-10 minutes.

The lack of some competitors has a purpose of asking for solution to them from the informants. The service of quality such as staff being more communicative, complete product selection, competitive pricing, and quick service from shopping to the delivery of product experience.

“I’m very happy at Papyrus because their service is very fast and and if I stop and stand somewhere the staff would come and ask what I need and they will bring it later (IN12) I’m never disappointed when buying at Grafis Jaya, the product variation is complete for ballpoints and Altas variety for notebooks, and the notebook prices are not that expensive. (SD18) “I’m the most frustrated when looking for a common brand available in the market

but they do not sell it in the store. Especially when the sales person or staff can't explain it to me, that's the most frustrating thing for me. Generally, I rather choose the products myself rather than having a sales person following except when I have a question. SD28. My suggestion is that if the salesperson communication is good, and can provide good information when the product requested is unavailable, and there are discounts (NP10). The criteria are price, and product but I kind of forgot, but definitely fast response, good communication, (WN36). Nothing much (AC6) Complete but the place is not big enough, the one in Darmo is bigger (AD) because it's simply more complete, and they have what I need. (BT9) Complete, cheap, and close to home."

Fast service can also be supported by website, online store or by adding delivery system or partnership with expedition service such as Gojek, etc.

"The service in Papyrus is already good, we use the service and we simply do the branding like Gramedia. If we have for our own technology we can and should utilise website. IN16, IN17. I like small stores better because they offer online shopping, so if the case where I can't go out of my house I can use Gojek" SD28.

Maybe it can be made ... the website of these 4 vendors does not look complete, searching for a marker from from the 4 websites is like searching from websites on Google, Shopee, what brands do they have besides these, for example in the store website itself we can check what they have ... that would be very helpful in providing. WN18. The processing are still manual ... maybe it's better to make it digital so the payment or quick checkout is consistent with the order." LN13

Determination of location becomes one of the important factors because on average consumer buys stationary to note important needs for their work, location itself typically lean towards the office or school or university locations that needs stationaries.

"The area of Papyrus and Halim is very strategic which is at Mulyosari near ITS, and the Kenjeran housing complex. Gramedia's location across Indonesia more commonly located in Malls (IN11), when in a rush I buy from Garding Murni downstairs. If I'm not in a rush, I buy near my complex at the Kebraon area, ther is a stationary store but its not big. (SD4, SD5). I directly go to Gramedia to a specialty store that has the stationary (NP4). Purnomo

vendor is located far but they do not have a minimum order for delivery. But there is another consideration if we only buy 30-100 thousand rupiah we look for additional items, and they are cheap. We look for other vendor. Gading Murni delivers for free. (WN41, WN42) Usually in Merbabu, but in an emergency I go to the nearest store (AC4). Near the Widya Kartika campus (AC4). Near ITS, I stay in the keputih area (BT11). Near Kenjeran house. (LN5)."

The conclusion drawn from all informants above is that there should be an appropriate product selection that suits the market, good service, and competitive pricing. Maybe the next development step is to develop a website, and create a store at a strategic location.

4. Discussion

There are interesting points that can be drawn from the interview results when it is connected with the literature review. The reduction result is suitable to identify the kind of jobs needs, and how to know potential consumer well. This VPC Customer profile aims to identify the accurate customer segment for Violetta Stationary case. This is consistent with the theory in Chapter 2 that explains the products offered are tangible products because the products sold are physical products, and service offered is online so it's called digital service.

The result and discussion obtained after the analysis through interview analysis of the type of consumers suitable for Violetta Stationary are consumers who emphasis more on the use, and prioritising value more than service. The factor that often makes consumer disappointed toward the competitors is the lack of information or guides within the store if the store is big and spreadout, experiencing long queues at particular times, staff not understanding the product knowledge well. The advantages that consumer themselves want so they can compete the lack of product, competitive price that is not too expensive, fast service in terms of changing from manual sytem to digital system.

The service that is improved to fulfil consumer wants, the researcher adds a number of innovations for the service because it fits with the purpose and the identification of problem. The innovation developed from the suggestions given by the consumer which is building a retail store that is strategically located and also offer additional service of delivery service. Not only that, but also adding a few trained staff to be able to provide clear information on consumer's needs.

The researcher found a number of suggestions from consumers to develop a complete website to enable ease of use for consumer when providing products be it in small or large scale. Website and retail store will be developed after 3-5 years of evaluation, if it has a good potential and enough capital, it will be given a complete website to easily provide products to consumer. The research result will then be referred to previous journals that many VPC is able to identify and highlight several company elements that can be developed well, however, not all elements can be developed simultaneously.

Prastiwi et al. (2018) used the VPC theory on this case study. This case study refers to the TAPP Market in the city of Malang, state that the majority of Malang continue to have an issue among the Indonesian community. The issue is about people not wanting to buy products online does not apply the same as in Surabaya and Semarang. There are many potential consumers who want to change manual service to digital because it quickens the store service, and suggests Violetta Stationary to open an online shop.

Pratama and Liliani (2018), this study uses a case study of a business start up, Parani Car Wash, that dwells in the field of service offering car wash with an innovative system of call in. VPC is proven to explore information about the weakness of Parani Car Wash, and also proven to be able to increase the quality of Parani. It's not only online stop that can found VPC. Parani Car Wash is also able find problems with the level of consumer satisfaction even though not all the elements can be developed well but the quality of Parani Car Wash can increase the level of consumer satisfaction with VPC.

Prayogo (2017). The evaluation of value proposition of Samal Noesantara. *Journal of Management and Start-up Business*. The research result indicates that value proposition of Sambal Noesantara is unable to answer the majority of consumer's want. VPC in this journal is able to find the weakness of the business that requires revision to be able to advance the market.

Hass (2018). *Developing a Generic Retail Business Model*. This study confirms that there are several elements in value proposition that are different. There are several elements that is not valid in an organisation and government. The similarity in this study is that VPC does not always fulfil all the elements being observed, instead, it can help to grow particular sector in the modern retail.

Muller (2018). *Business Model Innovation in Small-and Medium Enterprise*. This paper found that the main resource and value proposition are the elements that are significantly impacted by business model, meanwhile pathway is the one significantly affected. The different characteristics between the supplier and the user of Industry 4.0 can be illustrated. In general, the business model of Industry 4.0 supplier significantly affects the user, except for key partners, and consumer network. This is related to UMKM or

the retail store itself are able to develop with the existence of Industry 4.0 and the development of technology.

The finding of the triangulation itself can be said that VPC significantly help companies to find the problems that need to be solved so companies are able to endure and find consumer loyalty. Violetta Stationary has successfully found several solution plans, and the suggestion that will be developed moving forward even though not all elements can be included in the early stage, and will be included in the development stage.

4.1. Managerial implication

The managerial implication drawn from this study is that value can increase the speed of service such as developing a store on platforms such as Shopee. If there is enough capital, an informative website as accordance to consumer expectation can be developed. Developing a retail store, and implementing a delivery system using their own fleet when the investment capital is enough. The satisfaction value to enable consumer by adding 2-3 staff with good product knowledge thus help consumer faster.

The value of cost reduction is the courage to take steps to reduce 30% of price from the benchmark by searching for a cheaper supplier because of online. This value relating more towards accessibility is the target location to grow retail store within a school, university or near offices in Kutoarjo. Branding the retail store with a system like Gramedia.

The result and implication of this research can be developed after the research has enough experience, as for no the researcher will partner with a family business in Kutoarjo for 2- 3 years. The aim of working in the family business is to gain knowledge in selling stationaries, and to earn a capital to grow Violetta Stationary. Hoepfully, the capital is gained quickly so Violetta Stationary is able to develop the implication of this research faster.

4.2. Limitations and Future Research

This research is limited by the small variety of informants hence the early design is limited and less calid on VPC that is only 3 blocks from BMC the location limitation from the informants is collected from Surabaya padahal stationary that is built in Kutoarjo is likely different with habits and culture.

The implication regarding informants after observing the limitation of research, hence it is a review of informants from both Surabaya and Kutoarjo that is required to identify the similarities between Kutoarjo and Surabaya informants. The next step is to develop every blocks of BMC to be more optimal.

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