

DEVELOPMENT OF THE BAKPIA 'MBAH WIRO 378' INDUSTRY THROUGH BUSINESS MODEL CANVAS AND BLUE OCEAN STRATEGY AT CLASS IIA YOGYAKARTA PRISON



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ABSTRACT

This research aims to develop the business strategy of Bakpia 'Mbah Wiro 378' at Yogyakarta Class IIA Correctional Facility using the Business Model Canvas (BMC) and Blue Ocean Strategy (BOS) approaches. The research method used is descriptive qualitative with a case study approach. Data were collected through interviews, observations, and documentation related to bakpia business operations in the Class IIA Correctional Facility. The BMC approach was used to analyze nine key business elements, while BOS was applied to identify new opportunities in untapped markets. The research results show that the application of BMC and BOS can provide effective strategies to improve product quality, production efficiency, and marketing. Additionally, these strategies help the 'Mbah Wiro 378' bakpia industry face competition with similar products in the local market, while also opening opportunities for expansion into wider markets.

Keywords: Business Model Canvas; Blue Ocean Strategy; Business Strategy; Bakpia; Correctional Facility; Yogyakarta



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INTRODUCTION

In this era of openness, every country cannot escape the influence of globalisation. The process of globalisation is defined as the economic fusion of the world's nations into a global economic tool. Globalisation occurs when the formation of global social formations is carried out by the implementation of global trade mechanisms through free trade schemes. The process of economic globalisation occurs massively in all parts of the world, including Indonesia. In the face of liberalised trade, Indonesia needs to design strategies to help multinational companies survive and thrive in the global market. Every company has the right to attack rivals and defend their market space. Strategy as a management plan to strengthen the organisation's position, satisfy customers, and achieve performance targets. (Thompson & Strickland in Angelica, 2023)..

Business Model Canvas and *Blue Ocean Strategy* are two approaches that can be used to formulate an adequate, effective, and efficient business development *model* design. This method has *nine basic building blocks* and a *four-action* framework, making the process of analysing a business development model more structured. This approach has the characteristics of being straightforward and quick to implement at any time, making it easier for business people to know the status of their company and create a business development strategy that suits their needs and circumstances.

Yogyakarta is part of the Joglosemar triangle, Jogja-Solo-Semarang, which has been named a super priority tourism destination. Super Priority Destinations (DSP) itself is a National Tourism Strategic Area (KSPN) that has extraordinary potential, uniqueness, and tourist attraction, but still needs development. This designation has an impact on accelerating economic growth driven by the energy and creativity of Micro, Small and Medium Enterprises (MSMEs).

Class IIA Correctional Institution Yogyakarta, which is better known to the public as Wirogunan Correctional Institution. Law No. 22 of 2022 Article 1 Paragraph 17 explicitly explains that correctional institutions, which are then abbreviated as prisons, are institutions or places that carry out the function of fostering prisoners. The form of coaching itself is regulated in Government Regulation No. 31/1999 Article 2 that the coaching and mentoring programme contains personality development and independence development activities. . Wirogunan Correctional Facility has a superior independence coaching product, namely bakpia 'Mbah Wiro 378' which is recognised as a specialty of Yogyakarta.

The high level of competition in the bakpia industry makes it very important to analyse the development strategy of the bakpia industry 'Mbah Wiro 378' assisted by Wirogunan Correctional Facility using the *Business Model Canvas* approach and *Blue Ocean Strategy* so that the culinary industry, which was only established in 2022, does not die and remains as one of the leading bakpia culinary producers in the city of Yogyakarta.

LITERATURE REVIEW

Priilaid et al's (2020) research stems from the Cape's underdeveloped and unprofitable wine tourism, as there is no variety of experiences available to wine tourists. So far, the experience offered is wine tasting from one wine estate. The same wine tourism scheme by tour companies forced them to lower tour prices and continue to compete for profits to keep the business running.

The *blue ocean strategy* approach resulted in recommendations for wine tourism development. Wine tourism operators should conduct marketing by offering a series of attractive tourism experiences for visitors. The promotion of genuine, authentic and immersive wine tourism experiences presents a significant market opportunity especially if driven by tour operators and industry experts with deep levels of experience and knowledge.

Research from Daou et al (2020) this study aims to develop a closed-loop model in wine production and consumption activities which is an alternative step to overcome environmental damage due to organic wastewater disposal. The analysis was built on the *business model canvas*, the authors extended the economics-centred approach by adding three blocks, namely economic and legal, environmental, and social forces. Through the entire methodology, it is hoped that this small and medium-sized winery will be able to develop a product life cycle and create corporate *value* that prioritises sustainability by integrating environmental, social and economic aspects.

METHODS

According to Creswell (2014) qualitative method is a relatively flexible approach that is able to handle various types of research questions in general. Then produce an in-depth understanding of social phenomena through direct interaction with informants.

Qualitative research begins with area observation and describes the facts of the field. Then collect the findings in the field into research data that will be examined and analysed holistically and objectively. The results of the analysis are used by researchers to draw conclusions that produce novelty and recommendations. Qualitative research is research that emphasises the interaction between the researcher and the phenomenon that occurs and aims to gain a deep understanding of it.

RESULTS AND DISCUSSION

The author mapped and identified Bakpia Wiro 378's current business model using the *Business Model Canvas (BMC)* approach. Then the author analyses each element of Bakpia

Wiro 378's BMC with the *Blue Ocean Strategy (BOS)* approach through a four-step performance scheme, namely reduce, remove, improve, create. After that, the author formulates alternative strategies for the new business development of Bakpia Wiro 378 which serves as a recommendation for future business development strategies.

Current Business Model Overview

Bakpia 'Mbah Wiro 378' is a business within the Yogyakarta Class IIA Correctional Institution that is engaged in the culinary field of bakpia. The current *business model* applied by Bakpia 'Mbah Wiro 378' is B2C (*business-to-customers*), where customers are end-level consumers who purchase products for personal consumption. The value offered by bakpia 'Mbah Wiro 378' is in the form of bakpia products with different flavour variants with premium quality and without preservatives. Bakpia promotion and marketing activities are carried out through online media by contacting the *whatsapp*

application held by the officer. Bakpia marketing media can also be through related government agencies, families of prisoners, correctional officers, and related colleagues. Bakpia 'Mbah Wiro 378' in carrying out its business operations distributes products using a special *delivery* system for cooperation partners Tentrem Hotel and Sheraton Hotel.

Business activities in the bakpia business operation 'Mbah Wiro 378' begin with the procurement of raw materials. The purchase of raw materials is carried out by the officer in charge and then stored in the storage room. Meanwhile, the finance and administration officer is responsible for recording payments for raw material purchases. The human resources owned by bakpia 'Mbah Wiro 378' are recommended inmates and have passed the selection who run business operations consisting of production and packaging, while the distribution process is carried out by officers. Intellectual resources owned by bakpia 'Mbah Wiro 378' currently include halal certificate rights, brand rights, and company *databases*. Then the physical resources owned by bakpia 'Mbah Wiro 378' are production room, storage room, dough kneading machine, baking stove, and other production tools. The financial resources currently owned are cash.

Current Business Model Canvas of Bakpia Mbah Wiro 378

Key Resources

In running its business operations, Bakpia Wiro 378 uses physical resources in the form of building assets owned by Class IIA Yogyakarta Correctional Institution, including production rooms, cooking rooms, storage rooms, and washing rooms. The human resources used by Bakpia 'Mbah Wiro 378' in running its business operations come from recommended inmates who have passed the selection process with strict requirements. Bakpia 'Mbah Wiro 378' already has halal certificate rights, brand rights, and a company *database* as the company's intellectual resources. The company's financial resources are cash generated from the sales of bakpia.

Key Activities

The activities carried out in running the bakpia business operation 'Mbah Wiro 378' are a series of production activities. It begins with the procurement of premium quality raw materials. Then the raw materials are stored in a special storage room. Production activities such as dough making, bakpia baking, and packaging are carried out in the production room. Promotion and marketing are carried out through *online* and *offline* media. *Online* marketing and promotion of bakpia through the *YouTube digital platform* in collaboration with local content creators.

Customer Segments

Bakpia wirogunan is a small industry engaged in the culinary field that has a *mess* market segment with market services that reach almost all ages of society. Based on its geographical location, the majority of Mbah Wiro 378's bakpia customers are located in the city of Yogyakarta. It was recorded that this company once served orders from Jakarta, namely the Directorate General of Corrections as many as 500 boxes. In terms of psychography, the customers served at this time are customers who will travel out of town and bakpia 'Mbah Wiro 378' is used as a culinary souvenir of Yogyakarta City. There are customers who buy this bakpia just to satisfy their curiosity about the taste.

Value Propositions

The value offered by bakpia 'Mbah Wiro 378' is bakpia with five flavours: mung bean,

chocolate, cheese, black spice and purple yam. This culinary company produces bakpia with premium quality without a mixture of preservatives at a price below market standards. This advantage is a differentiator from bakpia in general. Bakpia Mbah Wiro 378 is the result of fostering the independence of inmates of the Class IIA Yogyakarta Correctional Institution. This proves that even though prisoners are serving criminal sentences, they can be productive by producing superior quality bakpia. This can increase the motivation and confidence of prisoners as an effort to prepare them to reintegrate with the community.

Channels

Bakpia 'Mbah Wiro 378' interacts with customers through direct and indirect channels. Direct interaction is done by offering bakpia to the public when participating in culinary exhibitions organised by the Yogyakarta City Cooperative and MSME Office. Bakpia Mbah Wiro 378 does not have an official store. Apart from exhibitions, *digital media platforms* such as *WhatsApp* and *YouTube* are also used to introduce Bakpia Mbah Wiro 378. Indirect interaction is carried out by establishing a cooperative relationship with Sheraton Hotel and Tentrem Hotel in Yogyakarta City. These two hotels are resellers of Bakpia Mbah Wiro 378. They buy in certain quantities and resell. The bakpia company does not have any partnerships other than with these two hotels.

Customer Relationship

The relationship formed between bakpia 'Mbah Wiro 378' and customers is a *personal assistance* relationship where interaction occurs due to communication between customers and admins through the *whatsapp digital platform*. The *whatsapp* account used is not an official company account, but an account of one of the prison officers. This form of interaction is classified as passive because the relationship is one-way where interaction can only occur if the customer communicates in the form of asking questions or ordering to the admin. If there are no questions or orders from customers, no communication will occur. Marketing media through application media on *smartphones* and *websites* cannot occur because there is still no development of these features. Apart from *whatsapp*, Bakpia Mbah Wiro 378 has no other marketing media.

Key Partnerships

In running its business operations, Bakpia 'Mbah Wiro 378' collaborates with a number of *supplier* partners and sales partners. *Supplier* partners are relatives of prison officers. While cooperation with sales partners with Tentrem Hotel and Sheraton Hotel. Bakpia Mbah Wiro 378 does not cooperate with other sales partners. The cooperation that occurs with partners is an effort to increase income and develop the market.

Revenue Stream

The current source of income for bakpia 'Mbah Wiro 378' is mostly obtained through repeated product sales. In addition, bakpia 'Mbah Wiro 378' still has a source of income from one-time transactions. Each bakpia flavour is sold at a different price. The selling price of mung bean bakpia is the cheapest compared to other bakpia with IDR 30,000 per box. Cheese and chocolate flavours are more expensive at Rp35,000 per box. Chocolate and cheese bakpia are sold at a higher price because the raw materials are more expensive than mung bean.

Cost Structure

'Mbah Wiro 378' bakpia production has business operational criteria consisting of fixed costs, variable costs, and *overhead costs*. Fixed costs that must be incurred every month are in the form of inmate premium costs, production equipment maintenance costs, promotion and marketing costs. Meanwhile, variable costs consist of raw materials and packaging. The purchase of raw materials is carried out when the raw materials purchased in the previous period have begun to run out of stock. The packaging budget is the cost of printing bakpia boxes. While the *overhead cost* is the cost of distributing bakpia to customers using an office car. The budget allocation in bakpia 'Mbah Wiro 378' is more emphasised on the importance of production quality, so that the *cost value* in this industry focuses on creating product value and customer satisfaction.

Blue Ocean Strategy

Eliminate

There are no aspects or strategies that need to be removed from Bakpia Wiro 378's current *Business Model Canvas model*. What needs to be done in Bakpia Wiro 378's business operations is to improve the existing business model.

Reduce

There are no aspects that need to be reduced in the business operations of Bakpia Mbah Wiro378.

Raise

In order to develop the business in the future, there are several elements that must be improved, including:

- a) Key Resources by rearranging production space and increasing the number of workers.
- b) Key activities with rearrangement of raw material storage space.
- c) Channels by developing digital platforms as marketing media.
- d) Customer segments by collaborating with sales partners to expand customer segmentation.
- e) Key Partnership by developing sales co-operation partners.

Create

There are several important elements that must be created in bakpia wirogunan business operations:

- a) Key resources by opening a savings book for convict workers through a partnership with one of the banks.
- b) Value proposition by creating new bakpia varieties and flavours.
- c) Customer segments by creating new market segments.
- d) Key partnership by entering into Memorandum of Understanding (MoU) with relevant partners.
- e) Revenue stream by charging bakpia delivery service fees, advertising fees on the company's digital platform, and marketing engineering.

New Business Model Canvas of Bakpia Mbah Wiro 378

Key Resources

The number of inmates working in the bakpia industry is relatively small. So it is necessary to increase the number of workers in order to achieve the production target.

The bakpia wirogunan production room is small and narrow to accommodate workers and production equipment. It is necessary to rearrange the bakpia production room which is separate and independent to maintain cleanliness and product quality. Bakpia wirogunan applies cash savings in providing premiums that are recorded in a savings book. The entire budget is stored in one bank account managed by prison officers. Perhaps in the future the prison can cooperate with one of the banks in terms of opening an inmate passbook.

Key Activities

The storage of raw materials is still messy and not well organised and correct. It is important for bakpia Mbah Wiro 378 to rearrange the storage space to meet the predetermined standards. Often bakpia wirogunan is faced with the problem of rising raw material prices. This condition encourages the industry to create new recipes while still paying attention to product quality.

Customer Segments

The customer segmentation served by bakpia wirogunan is divided into two groups, namely customers with small-scale and large-scale purchases. In the future business development, it is important for bakpia wirogunan to develop customer segmentation in the form of local and foreign tourists, which is realised through cooperation with souvenir shops in Yogyakarta City.

Value Propositions

Bakpia 'Mbah Wiro 378' offers bakpia products with five flavours, namely green bean, chocolate, cheese, black spice, and purple sweet potato. Today's bakpia industry is growing and industries are competing to produce new bakpia flavours. This dynamic is an impetus for bakpia Mbah Wiro 378 to add bakpia flavours. Thus, customers get a new experience feeling the new bakpia flavour.

Channels

Bakpia wirogunan does not have a physical shop to sell its products. Bakpia-making services are only provided to customers who have previously ordered. If the order has been completed, the customer will be contacted by the prison officer. In the future, Bakpia Mbah Wiro 378 needs to have a physical shop as an additional building asset that can support business operations. Bakpia wirogunan does not yet have *digital platform* accounts such as social media and *smartphone* applications. This fact is an encouragement for bakpia wirogunan to immediately develop *digital platforms* as marketing media in the future. The customer segmentation served by bakpia wirogunan is still small-scale. So to reach a wider customer segment, bakpia wirogunan needs to increase cooperation with sales partners, such as resellers and agents.

Customer Relationship

The relationship formed between bakpia 'Mbah Wiro 378' and its customers is *personal assistance*. *Personal assistance* relationships do not facilitate two-way communication between companies as service providers and customers as service recipients. Through information technology, bakpia wirogunan can develop *automated services* interactions, namely interactions that occur automatically with customers, such as chatbots, automated ordering and complaint systems, and automatic notifications. In addition to *automated relationships*, bakpia wiroguna can develop *co-creation* interaction

relationships by inviting customers to participate in creating value through product idea research or joint business development.

Key Partnerships

Bakpia 'Mbah Wiro 378' has conducted strategic collaborations with several *suppliers* and salespartners. In the future, every form of cooperation with partners must be written in a *memorandum of understanding (MoU)*. With an *MoU* agreed by both parties, the cooperation will be of higher quality and minimise the risks that may occur.

Revenue Stream

Bakpia wirogunan earns income by selling bakpia to customers. An opportunity that can be utilised by Bakpia Wirgunan is by implementing a bakpia delivery service *fee*. This facility can increase customer service satisfaction with the company. Then bakpia wirogunan can earn additional income through ad placement on social media *digital platforms*. Bakpia wirogunan can do marketing engineering by providing package prices and big day discounts. In the future, bakpia wirogunan can sell package products at a price that is not too expensive, but still offers profitable products for customers.

Cost Structure

The operational components of the bakpia business 'Mbah Wiro 378' consist of fixed costs and variable costs. Fixed cost indicators in bakpia wirogunan are the premium budget or inmate labour wages and product marketing operational costs. Variable costs are the cost of procuring raw materials and packaging. In developing the business in the future, Bakpia Mbah Wiro 378 needs to increase the budget allocation to open a bakpia shop. In addition, Bakpia Mbah Wiro 378 also needs to allocate their budget for marketing and promotion purposes in expanding market segmentation.

Business Operational Constraints

- a) The small number of inmates working in bakpia production is overwhelming when large-scale orders are received.
- b) The equipment used is small and medium capacity. It can be overwhelming to cook a large number of bakpia in a short period of time.
- c) The small bakpia production space makes the movement of production activities inflexible.
- d) Differences in vision and working principles between the departments involved in the business operations of bakpia Mbah Wiro 378 cause internal company conflict.

CONCLUSION

Based on the research and analysis conducted by the author regarding the production activities of the Mbah Wiro 378 bakpia industry at the Yogyakarta Class IIA Correctional Institution using the *Business Model Canvas* and *Blue Ocean Strategy* approaches, it can be said that it is running well. The description of the Mbah Wiro 378 bakpia business model with the *Blue Ocean Strategy* approach shows that this industry is still playing in the red ocean zone. In carrying out business operations referring to the four-step performance analysis, there is no elimination and reduction of each business element. However, bakpia Mbah Wiro 378 needs to make some improvements and creations to its business elements, such as in the *value propositions* element by adding new bakpia flavours and *customer segments* by creating new market segments. Obstacles are

common and naturally experienced by every company. Therefore, companies are required to respond to obstacles by becoming potential that increases productivity.

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