

Combine Business Model Canvas, Blue Ocean Strategy, and Analytical Hierarchy Process to Develop Business Model of Malkita Mall Jakarta

Maria Muliana*, Andi Ilham Said
 Sekolah Tinggi Manajemen PPM
 Jakarta, Indonesia
 *maria_muliana@yahoo.com

Abstract—In the midst of the issue of shifting the mall's function from shopping to gathering places, Malkita Mall is trying to increase occupancy so that it can increase company margins. To achieve this goal, Malkita Mall needs a new business model. The design of the business model was prepared using the Business Model Canvas. Qualitative research is applied to carry out internal and external analysis. Internal analysis is carried out to get the company's current condition. Whereas external, macro and industry analysis are used to identify opportunities and threats in the next few years. Based on opportunities and threats, an ideal business model was formed for Malkita Mall. Next is an analysis of the gap between the current business model and the ideal business model. If the current conditions have reached the ideal conditions will be the strength of the company, but if there is a gap will be a weakness of the company. To close this gap, three new business model prototypes were developed using the Blue Ocean Strategy, the "Unicorn Frappuccino" prototype, the "Thai Tea" prototype, and the "Milkshake Monster" prototype. Looking at the company's strengths and weaknesses, not all prototypes can be used. Therefore, an objective election is carried out using the Analytic Hierarchy Process method to get the right business model. The "Thai Tea" prototype offers a value proposition in the form of a new variety of tenants is combined with the layout of the outlets displaying branded goods. This value proposition is offered to millennial visitors who have the potential to increase tenants' turnover. In the long run, an increase in sales turnover will trigger an increase in the number of tenants which results in an increase in occupancy. The high occupancy rate has an impact on increasing rental income, service charges, and utilities, as well as lowering operational costs, especially for public areas. An increase in revenue accompanied by a decrease in costs will automatically increase the company's margins.

Keywords—mall, business model, business model canvas, blue ocean strategy, analytic hierarchy process

I. INTRODUCTION

Malkita Mall (a pseudonym) is a shopping, recreation, entertainment and sports place in North Jakarta. The rapid development of e-commerce business has led to increased choice of ways for consumers to shop. The establishment of Tokopedia, Lazada, Bukalapak, and the e-commerce business which is a marketplace that slowly but surely erodes the mall visitors who come with the aim of shopping. Because of that,

in recent years there has been a shift in the function of the mall from shopping places to where people gather to look for entertainment, culinary, and to exercise. If the mall does not follow this change, visitors will switch to another mall. The decline in the number of visitors will have an impact on the decline in tenant sales turnover, which causes a decrease in tenant satisfaction. Tenant dissatisfaction will impact on the tenant's business sustainability in Malkita Mall. The inclusion of tenants is a factor affecting the mall occupancy rate. Looking at the background that has been described, the formulation of the problem to be discussed is "What is the right business model for Malkita Mall in order to increase occupancy so as to increase company margins?"

II. ANALYSIS FRAMEWORK

First, an internal analysis is carried out to identify the current Malkita Mall business model and map it to the Current Business Model Canvas. Next is an external analysis, which includes macro analysis and industry analysis, to identify opportunities and threats to Malkita Mall. Looking at the opportunities and threats facing Malkita Mall in the next few years, an analysis of the ideal business model is carried out to obtain the Ideal Business Model Canvas [1-5]. The gap analysis is then performed between the Current Business Model and the Ideal Business Model using the Business Model Audit. This gap analysis will result in the strengths and weaknesses of the company that are input for the development of 3 alternative new business models using the Blue Ocean Strategy [6-10]. Then do the selection using the Analytic Hierarchy Process method to get the selected business model, the Malkita Mall Business Model for the Period of 2020-2023. In summary the subjects in this paper are illustrated in the analytical framework shown in Figure 1.

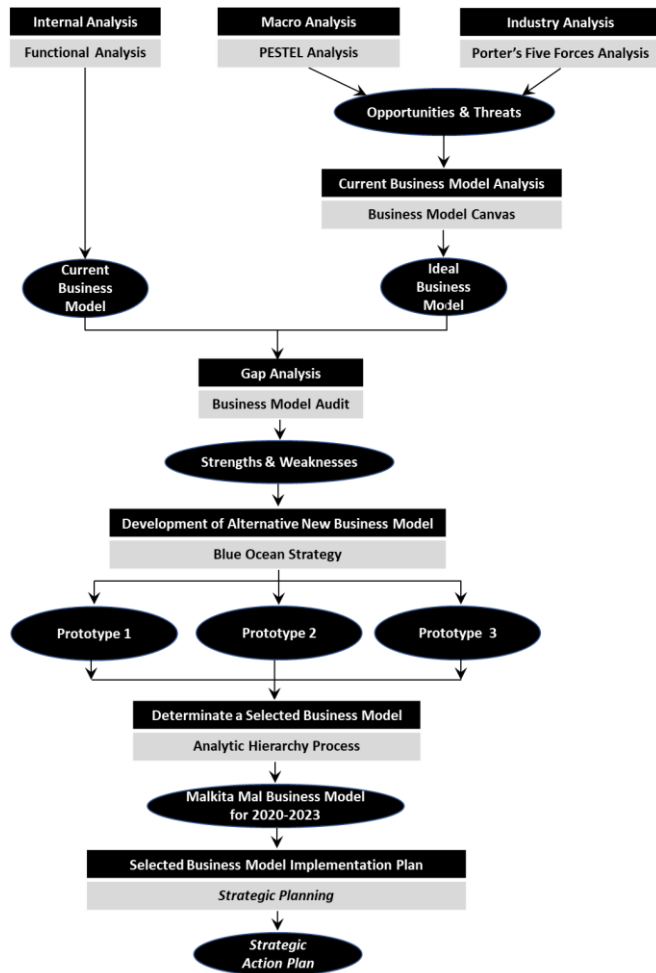


Fig. 1. Analysis framework.

III. IDENTIFICATION OF CURRENT BUSINESS MODEL

Based on the scope of the business, the customers of Malkita Mall are tenants and mall visitors. Since the beginning of its operation, Malkita Mall positioned itself to visitors as an entertainment mall for families. To realize this goal, Malkita Mall completes its infrastructure so that all the needs of family members can be met. The location of the mall that is easily accessible is also more value offered by Malkita Mall to visitors. To attract prospective tenants, the value offered by Malkita Mall is a large place of business with a unique and thematic design. Considering the tenant's primary need is sales turnover, visitor traffic that has the potential to increase tenants' turnover is also a value proposition for Malkita Mall to tenants. Figure 2 describes the mapping of the current Malkita Mal business model to the Canvas of the Current Business Model [11-15].

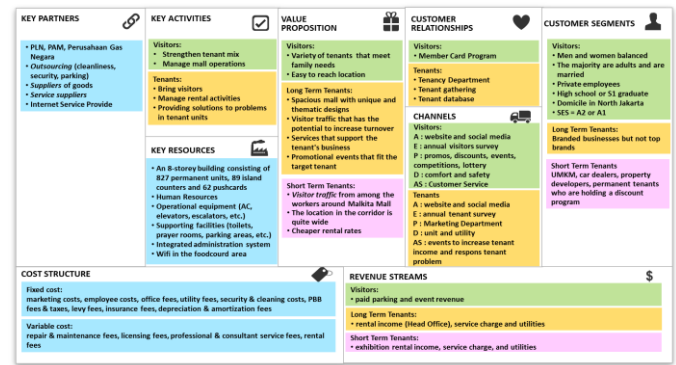


Fig. 2. Current Malkita mall business model canvas.

IV. OPPORTUNITIES AND THREATS

Based on macro and industry analysis, we get opportunities for Malkita Mall for the next few years.

- Pemda DKI Jakarta policy related to the construction of the TransJakarta lane and the inclusion of public services into the mall (political issue) take effect easy access by using public transportation modes and increase visitor traffic using public transportation modes.
- Conducive political condition that triggers business growth (political issue) take effect attracts new tenants who were "wait and see".
- Increased public purchasing power (economic issue) take effect attracts lower middle class visitor segments.
- Shifting the function of the mall to a gathering place for entertainment (social issue) take effect add tenants to the membership system; attracts millennial visitors in their productive age; and provides a working space, a gathering place for the hobby community, and a game vehicle.
- Technology issue take effect attracts visitors who need Wi-Fi; increase traffic to visitors of social media fans; and building awareness and purchase channels that are current
- The implementation of the Jakarta Provincial Government Moratorium (legal issue) and tenants are quite satisfied doing business at Malkita Mall (bargaining power of buyer's issue) take effect retain tenants.
- The level of visitor satisfaction is quite high (bargaining power of buyer's issue) take effect increase traffic loyal and enthusiastic visitors recommend.

Based on macro and industry analysis, we also get threats for Malkita Mall for the next few years.

- Increase traffic loyal and enthusiastic visitors recommend (technology issue) take effect reduced visitors for shopping purposes.

- Service charge rates increase because waste management fees are increasingly expensive (environmental issue) take effect less tenants.
- Plans to operate several new malls (threat of new entrant's issue) take effect less tenants.
- Spare parts have been discontinued or the brand holder company is no longer in operation (bargaining power of supplier's issue) take effect disturbing the convenience of visitors.
- The emergence of e-mall or market place (threat of substitute products issue) take effect increased online purchases.
- Tight competition between malls take effect less tenants and visitors.

V. ANALYSIS OF IDEAL BUSINESS MODEL

Looking at the opportunities available, the ideal visitor segment for Malkita Mall is of all ages but is more targeted by millennials. Ideal tenants are focused on tenants who can meet the needs and lifestyle of young people. The ideal segment for exhibition tenants is added by short-term tenants which include the creative business of young people. The ideal value proposition for Malkita Mall to visitors is the location of the mall that is easily accessible by private and public transportation; a variety of tenants who meet the needs of the whole family, follow a millennial lifestyle and sell branded goods that are rarely sold online; store layout that displays branded goods to attract visitors shopping interest; holding events for millennials; instagramable spots; working space; a place for gathering hobby communities; and unique game rides [16-20]. The ideal value proposition that Malkita Mall should offer tenants is potential visitors so that tenants can increase their turnover. The fact that there is a heavy threat from increasing online purchases we cannot deny. But lately it was realized that after all physical retail does not mean extinct. Therefore, ideally Malkita Mall collaborates with e-commerce businesses to build e-malls or market places to facilitate tenants selling their merchandise online. E-mall is offered to visitors as an alternative way of shopping and at the same time offered to tenants to increase turnover. Mapping the ideal business model into the Business Model Canvas is presented in Figure 3.

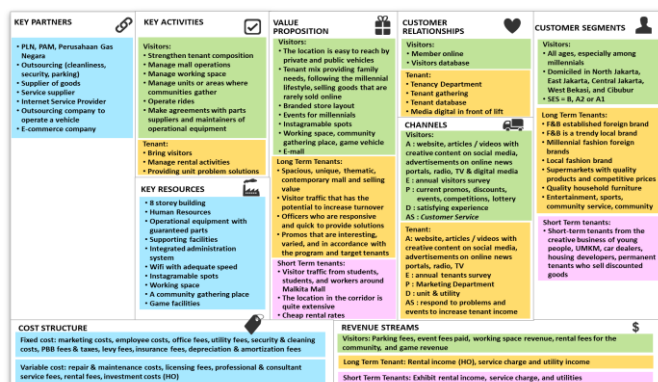


Fig. 3. Ideal business model canvas.

VI. GAP ANALYSIS

Looking at the current business model, which was formed from the results of internal analysis, and the ideal business model, which was formed from the results of external analysis, the gap analysis between the two business models was conducted. Gap analysis aims to find out what Malkita Mall has and the activities that have been and are being carried out. If the current conditions are the same or reach the ideal conditions then there are no more gaps, so these items become a strength for Malkita Mall. However, if the current conditions have not yet reached the ideal conditions, there will be a gap, so that it becomes a weakness for the company.

The strengths of Malkita Mall are:

- In terms of visitors: Have conducted regular surveys to visitors every year as an evaluation and feedback for managers to improve business and performance; having Customer Service as an after sales service to visitors; obtain revenue from visitors in the form of parking revenue and income from paid events; and manage mall operations related to cleanliness, safety and comfort of visitors.
- In terms of tenants : Have tenants with a trendy local brand food and beverage business, local brand fashion, supermarkets with good and competitive prices, and quality furniture; conduct a survey of tenants every year as an evaluation and feedback for managers to improve business and performance; building relationships with tenants through the Tenancy Department, regularly holding tenant gatherings, and building tenant databases; provide after-sales service to tenants by providing solutions to tenants' complaints and holding events to increase tenants' sales turnover; obtain income from tenants in the form of rental income, service charges and utilities serving tenants; and manage unit rentals and promotional media, and find new tenants as the main activity to serve tenants.
- In terms of exhibition tenants: A large corridor as an exhibition site; cheap rental rates, and obtain income from exhibition rental.
- In terms of visitors and tenants: Has an 8-storey building consisting of 827 permanent units, 89 island counters, and 62 pushcards; have human resources to manage the mall; having operational equipment, such as air conditioners, elevators, escalators, and others; has supporting facilities, such as toilets, prayer rooms, parking areas, and others; and removing fixed costs and variable costs.

The weaknesses of Malkita Mall are:

- In terms of visitors : Lack of millennial visitors; lack of visitors from East Jakarta, Central Jakarta, West Bekasi, and Cibubur; lack of SES group B visitors; variety of tenants do not meet the lifestyle of visitors; there is no layout arrangement for branded outlets; lack of interesting events for millennial visitors; there is no value proposition in the form of new facilities; the channel has not maximally reached the targeted visitor

segment; don't have an online member program and a visitor database; not to maximize revenue from visitors; there is no guarantee of spare parts availability; and cannot accommodate the investment costs.

- In terms of tenants: Lack of tenant segments with outside branded food & beverage business, branded fashion that young people like, entertainment, sports, community service, and community tenants; the mall design is less up-to-date and has selling value; SDM is less responsive to responding tenants' complaints; the event organized by the manager is not in accordance with the target tenant; channels have not reached the tenants at a maximum
- In terms of exhibition tenants: There are no tenants who sell creative products for young people; and not yet able to offer visitor traffic from student and student segments to prospective tenants who sell creative handmade products.

VII. DEVELOPMENT OF THREE NEW BUSINESS MODEL PROTOTYPES

According to Osterwalder a good business model design will look at the business model from a customer perspective, which is an approach to finding opportunities that are truly new [11]. Therefore, in developing the three new business models, we pay attention to the strengths and weaknesses of the company, input from tenants regarding the strengths and weaknesses of Malkita Mall and suggestions for the future. Our basis for developing new business models is the triggers of the four blocks of the Business Model Canvas (Customer Segments, Value Propositions, Main Resources, and Finance), efforts to close gaps, and the Four Action Framework of the Blue Ocean Strategy.

A. "Unicorn Frappuccino" Prototype

The first alternative to developing a new business model for Malkita Mall is done by creating events that can attract millennial visitors. The Four Action Framework for the "Unicorn Frappuccino" prototype are:

- Create programs that are of interest to millennial visitors (such as live music or artist concerts) and investment cost.
- Raise millennial visitor traffic; visitor traffic from domiciles in Central Jakarta, East Jakarta, Cibubur, and West Bekasi; parking income; number of tenants; and rental income, service charges, and utilities.
- Reduce event for children and public area operational costs.
- Eliminate the program was less audience

B. "Thai Tea" Prototype

The second alternative is the development of a new business model by overhauling the variety of tenants combined

with the layout of the outlet layout to display branded goods. The Four Action Framework for the "Thai Tea" prototype are:

- Create new tenant mix who meet millennial needs and lifestyles; outlet layout for displaying branded products; investment cost.; negotiation fees for down-sizing or dismissing tenants that do not fit the intended visitor segment.
- Raise the number of tenants is mainly foreign tenants with branded products; rental income, service charges, and utilities; millennial visitor traffic; visitor traffic from domiciles in Central Jakarta, East Jakarta, Cibubur, and West Bekasi; and parking income.
- Reduce tenants who do not support the needs of the intended new visitor segment and public area operational costs.
- Eliminate tenants who are completely incompatible with the new segment of the intended visitor.

C. "Milkshake Monster" Prototype

The third alternative is done by making a completely new value proposition, namely renting out working space, a gathering place for the hobby community, and operating a paid gaming vehicle. The Four Actual Framework for the "Milkshake Monster" prototype are:

- Create working space, a community gathering place, a game vehicle; investment cost; negotiation fees for down-sizing or dismissing tenants that do not fit the intended visitor segment; and collaboration with service companies to operate vehicles.
- Raise visitor traffic of all ages; visitor traffic from domiciles in Central Jakarta, East Jakarta, Cibubur, and West Bekasi; visitor traffic with SES class B; income from working space rental; income from rental of units or community gathering areas; income from admission for game rides; and parking income.
- Reduce public area operational costs and tenants who are lonely visitors.
- Eliminate tenants whose outlets are only used to display merchandise

VIII. SELECTING THE RIGHT BUSINESS MODEL

After obtaining three new business model prototypes, we then select the right business model objectively using the Analytic Hierarchy Process method. Five selection criteria are determined. The first criterion is conformity with the concept of Malkita Mall as a family entertainment mall because the current resources are in accordance with the concept. The second criterion is the level of profitability because it is a determining factor in the company's business continuity. The third criterion is investment costs because to realize the innovation of the business model costs are always needed so it is important to determine the amount of investment costs. The fourth criterion is the speed of execution because the shift in mall functions occurs following the rapid development of

technology, so that the faster it can execute the right business model, the company is more prepared to face further developments. The fifth criterion is the sustainability of the prototype because the industry will continue to grow and the market segment will continue to change, for this reason a sustainable business model is needed to be able to keep up with these developments. After determining the criteria, a hierarchical structure for the selection of the right business model is created as shown in Figure 4.

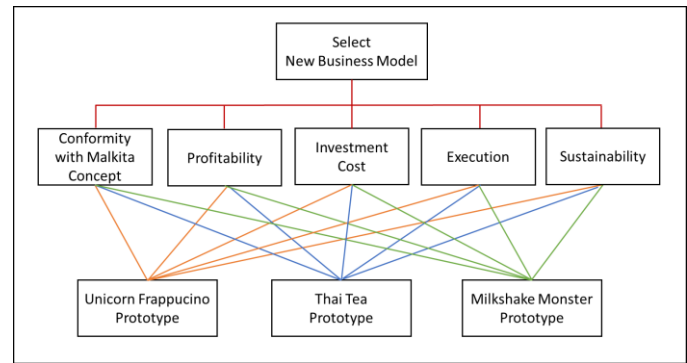


Fig. 4. Malkita's new analytic hierarchy process business model structure.

The next step is to weight between the criteria shown in Table 1 and do a pairwise comparison matrix for weighting between the criteria shown in Table 2.

TABLE I. WEIGHTING BETWEEN CRITERIA

	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept
Comformity with Malkita concept	1	0,2	0,25	0,333	1
Profitability	5	1	1,250	1,43	2,000
Investment cost	4	0,8	1	1,333	1,667
Execution	3	0,7	0,75	1	1,429
Sustainability	2	0,5	0,6	0,7	1
Total	15	3,2	3,850	4,795	6,595

TABLE II. PAIRWISE COMPARISON MATRIX BETWEEN CRITERIA

	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept	Priority
Comformity with Malkita concept	0,067	0,063	0,065	0,070	0,076	0,068
Profitability	0,333	0,313	0,325	0,298	0,303	0,314
Investment cost	0,267	0,250	0,260	0,278	0,253	0,261
Execution	0,200	0,219	0,195	0,209	0,217	0,208
Sustainability	0,133	0,156	0,156	0,146	0,152	0,149
Total	1	1	1	1	1	1

The calculation shows that the highest priority among the five criteria is the Profitability Level with a value of 0.314 while the lowest priority is Conformity with the Malkita

Concept with a value of 0.068. The weighting calculation between these criteria has good consistency with a Consistency Ratio (CR) value of 0.14% as shown in the calculations in Table 3 and Table 4.

TABLE III. PAIRWISE COMPARISON MATRIX BETWEEN WEIGHTED CRITERIA

	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept	Comformity with Malkita concept
Comformity with Malkita concept	0,068	0,063	0,065	0,069	0,074	0,340
Profitability	0,339	0,314	0,327	0,297	0,297	1,575
Investment cost	0,272	0,251	0,261	0,277	0,248	1,309
Execution	0,204	0,220	0,196	0,208	0,212	1,040
Sustainability	0,136	0,157	0,157	0,145	0,149	0,744
Total	1,018	1,006	1,007	0,996	0,980	5,007

TABLE IV. CALCULATION OF CONSISTENCY VECTORS FOR WEIGHTING BETWEEN CRITERIA

	Consistency Vector
Comformity with Malkita concept	5,003
Profitability	5,009
Investment cost	5,007
Execution	5,005
Sustainability	5,005
Average (λ)	5,006

$\lambda = 5,006$
 $CI = 0,002$ $CI = (\lambda - n) / (n - 1)$ with $n = 5$
 $RI = 1,12$ see RI value in table 2.1 with $n = 5$
 $CR = 0,14\%$ $CR = CI / RI$

Then weighting is carried out when the prototype for a new business model is on the five established criteria. This step is carried out to determine the priority of the three prototypes against each criterion. After that, the combined weight is

calculated. The final step is to add together the combined weights of the five criteria for each chosen prototype. The sum is the final priority for each prototype. The prototype with the highest Final Priority value is the selected prototype. Table 5 shows the calculation of Final Priority.

TABLE V. FINAL PRIORITY CALCULATIONS

Prototype	Conformity with Malkita concept	Profitability	Investment cost	Execution	Sustainability	Final Priority
Unicorn frappucino	0,008	0,039	0,146	0,105	0,019	0,317
Thai tea	0,036	0,167	0,032	0,028	0,088	0,352
Milkshake monster	0,024	0,108	0,084	0,074	0,041	0,331
Total	0,068	0,314	0,261	0,208	0,149	

Based on the calculations in Table 5, the new business model chosen for Malkita Mall is the "Thai Tea" prototype with a final priority value of 0.352. The second option is the "Milkshake Monster" Prototype with a final priority value of 0.331. Whereas the final choice is the Cappuccino Unicorn Prototype with a final priority value of 0.317.

increase in revenue accompanied by a decrease in operating costs will automatically increase the company's margins.

IX. CONCLUSION

The right business model for Malkita Mall is the "Thai Tea" prototype which offers a value proposition in the form of a variety of new tenants combined with the layout of the outlet that displays branded goods. This value proposition is offered to millennial visitors in their productive age who have the potential to increase tenants' turnover. Increased sales turnover will increase tenant satisfaction which has the potential to extend the rental period. This brings opportunities for managers to increase rental prices. Satisfied tenants will also become promoters to attract new tenants. The cost of implementing the "Thai Tea" prototype is estimated at Rp. 16,915 billion. The implementation plan starts in January 2020 until December 2021. The target to be achieved is an increase in the number of visitors in December 2022. For weekends it is expected to increase by 40% to an average of 85,400 people per day while for working days it increases by 30% to 46,800 people per day. With the increase in visitors, it is expected that in December 2023 there will be a 10% increase in tenants consisting of permanent tenants and exhibitions. The increase in tenants is expected to trigger an increase in mall occupancy of 4% or an area of 4,354 m². An increase in occupancy has the potential to increase rental and service charge income which includes: an increase in rental income and service charge from an area of 4,354 m², an increase in rental income from the opportunity to increase rental rates for old tenants that extend the rental period, and increase revenue from exhibition rents. An increase in occupancy also has the potential to reduce operational costs because more tenants will increase utility income from tenants. This causes a decrease in the burden of public area utilities that must be borne by the manager. An

REFERENCES

- [1] R.N. Anthony sand V. Govindarajan, Management Control System. New York: McGraw-Hill Education (Asia), 2007.
- [2] H. Kerzner, Project Management: A System to Planning, Scheduling and Controlling. John Wiley & Sons, 2001.
- [3] W.C. Kim and M. Renée, Blue Ocean Streatgey (Strategi Samudra Biru): Ciptakan Ruang Pasar Tanpa Pesaing dan Biarkan Kompetisi Tak Lagi Relevan. Boston: HBSP, 2005.
- [4] P. Kotler and A. Gary, Principals of Marketing. Pearson Prentice Hall, 2012.
- [5] P. Kotler and L.K. Kevin Marketing Management. Person Education Limited, 2009.
- [6] Jones Lang LaSalle Indonesia, Jakarta Property Market Review First Quarter 2018, 2018.
- [7] P. Lorange and RF. Vancil, Strategic planning systems. Englewood Cliffs, NJ: Prentice-Hall, 1977.
- [8] J.W. Mullins, C. Orville and J. Walter, Marketing Management: A Strategic Decision-Making Approach. New York: McGraw Hill Education, 2013.
- [9] M.E. Porter, Competitive Strategy. New York: The Free Press, 1980.
- [10] Proxima Online Research, Mal Visitor Survey of Malkita Mall, 2018.
- [11] A. Osterwalder and P. Yves, Bussiness Model Generation. New Jersey: John Wiley & Sons, Inc., 2010.
- [12] A. Osterwalder, P. Yves, B. Greg and S. Alan, Value Proposition Design. Hoboken: John Wiley & Sons, Inc, 2014.
- [13] T.L. Wheelen, J. David Hunger, A.N. Hoffman and C.E. Bamford, Strategic Management and Business Policy: Globalization, Innovation and Sustainability. Harlow: Person Education Limited, 2018.
- [14] T.L. Saaty, "Decision Making with the Analytic Hierarchy Process," International Journal of Services Sciences, vol. 1, no. 1, pp. 83-98, 2008.
- [15] S. Adi, Gap Analysis (Analisa Kesenjangan) [Online]. Retrieved from: <https://sis.binus.ac.id/2015/07/28/gap-analysis-analisa-kesenjangan/>, Accessed on: 24 May 2019)
- [16] Firmanzah. (2015). Inflasi dan Pertumbuhan Ekonomi di <http://www.neraca.co.id/article/62490/inflasi-dan-pertumbuhan-ekonomi> (diakses 24 Mei 2019)

- [17] A. Gunawan, Gugur Satu Tumbuh Sepuluh, Ini Calon 5 Mal Baru di Jakarta [Online]. Retrieved from: <https://www.cnbcindonesia.com/news/20190304121326-4-58722/gugur-satu-tumbuh-sepuluh-ini-calon-5-mal-baru-di-jakarta>, Accessed on: 1 June 2019.
- [18] E. Simorangkir, Mal Jakarta Makin Penuh Pasca Moratorium [Online]. Retrieved from: <https://finance.detik.com/properti/d-3411093/mal-jakarta-makin-penuh-pasca-moratorium>, Accessed on: 1 June 2019.
- [19] dnl/qom, Pemprov DKI Stop Sementara Izin Pembangunan Mal [Online]. Retrieved from: <https://finance.detik.com/properti/d-1680694/pemprov-dki-stop-sementara-izin-pembangunan-mal>, Accessed on: 1 June 2019.
- [20] R. Iqbal, <https://www.idntimes.com/food/dining-guide/reza-iqbal/8-minuman-kekinian/full>, Accessed on: 24 July 2019.