

Enhancing Mamanda Product Sales Through Business Model Innovation (BMI)

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ABSTRACT

The research aimed to assist the micro-enterprise Mamanda in achieving sustainable improvements in product sales, addressing the challenges posed by the post-COVID-19 era. Operating in the children's toy rental services field, Mamanda faced a significant decline in sales due to the pandemic's impact on consumer behavior. The researchers collected data through interviews, meetings, and observations using qualitative methods and a business coaching approach. The analysis involved internal and external assessments, Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis, Business Model Canvas (BMC) evaluation, gap analysis, and Pareto analysis. From the results, the Pareto analysis identifies two critical issues: the lack of a customer database and the absence of a customer loyalty program. Business coaching effectively guides Mamanda in developing a new and adaptive business model to enhance sales sustainably in the post-COVID-19 landscape. Importantly, the research contributes to the literature by emphasizing key findings, highlighting the importance of adapting business models, effectively utilizing customer data, and implementing customer-centric strategies to foster growth and sustainability in the context of Micro, Small, and Medium Enterprises (MSMEs). Practical implications include the significance of Business Model Innovation (BMI) and customer-centric approaches for MSMEs in navigating evolving and competitive markets, ensuring resilience and viability in evolving business environments.

Keywords: product sales, Business Model Innovation (BMI), Micro, Small, and Medium Enterprises (MSMEs)

INTRODUCTION

The global economy has long recognized the pivotal role played by Micro, Small, and Medium Enterprises (MSMEs) in driving economic growth and development. In Indonesia, MSMEs significantly contribute to the Gross Domestic Product (GDP), comprising about 99% of all businesses in the country and playing a vital role in employment, with nearly 97% of the national workforce (Juwitasari, 2023). In light of this statement, fostering the growth of MSMEs is paramount as it bolsters a nation's economic prosperity and fosters social development within communities, leading to a broader global impact (Fitriani et al., 2021).

However, the onset of the COVID-19 pandemic

has profoundly disrupted the global economy. The pandemic's fallout, characterized by lockdown measures and shifting consumer behaviors, has led to a worldwide economic downturn, affecting both developed and developing nations (GlobalData, 2022). MSMEs are the most susceptible entities to these repercussions, which have been significantly affected during crises (Kraus et al., 2020). One such MSME in the repercussions of this crisis is Mamanda, a micro-enterprise specializing in children's toy rental services. The pandemic's impact on consumer behavior has resulted in a significant decline in Mamanda's revenue. During times of crisis, consumers often adapt their spending patterns, transitioning from spontaneous and indulgent purchases to more budget-conscious choices (Rayburn et al., 2022).

Businesses like Mamanda must engage in strategic introspection and adapt to the evolving market conditions to navigate these challenging times successfully. Drawing insights from Wenzel et al. (2020), companies facing crises typically adopt four strategies: retrenchment, resilience, innovation, or exit. In the current context, MSMEs like Mamanda must embrace Business Model Innovation (BMI) to enhance their competitiveness.

A business model is a strategic framework delineating how a company generates revenue and operates within its specific business environment. The rapid transformation of the external landscape accelerated by advanced technology integration is reshaping the competitive landscape and altering the fundamental structures of business entities. For MSMEs to navigate these changes successfully, reconfiguring or adapting their systems or business models becomes imperative (Purusottama et al., 2022). An effectively designed business model considering shifting consumer behaviors and evolving market dynamics is pivotal for ensuring long-term growth and profitability. This process often involves strategic planning and the development of innovative operational approaches, encompassing internal adjustments, enhancements, and external collaborations to achieve greater efficiency and organizational objectives, as highlighted by Amit and Zott (2012). Furthermore, the findings presented by Xue et al. (2019) indicate a positive and statistically significant relationship between business model innovation and a firm's performance.

Furthermore, this shift highlights the need for companies to gain a deeper understanding of customer behavior. The utilization of Recency, Frequency, Monetary (RFM) analysis, which provides valuable insights into customer behavior and purchase patterns, can empower businesses like Mamanda to make data-driven decisions and customize their strategies to address customer needs effectively. This model assesses how recently a customer made a purchase (Recency), how often they make purchases (Frequency), and the total monetary value of their transactions (Monetary). Using the RFM model is recommended to analyze customer characteristics and better understand company customers (Doğan et al., 2018; Martínez et al., 2019; Sabuncu et al., 2020). RFM is a technique or model that predicts consumer behavior by transforming it into numerical values, thereby guiding more effective segmentation decision-making (Lubis & Rizan, 2018). This data-driven analysis empowers companies to adeptly categorize their customer base effectively, identify high-value customers, and customize their marketing strategies to meet their audience's evolving needs and preferences, particularly during economic uncertainty. By leveraging RFM analysis, companies can navigate crises more adeptly and make informed decisions to optimize their sales and marketing efforts for sustainable growth. The company's understanding of customer contribution to the business can help to make more appropriate actions to improve customer

satisfaction and retention and generate higher profits (Lemon & Verhoef, 2016).

Another essential aspect of post-pandemic recovery is the implementation of a loyalty program. This program can help businesses to cultivate more robust connections with their current customers while drawing in new ones. According to Kang et al. (2021), the COVID-19 crisis has created a challenge for companies, necessitating increased investment in customer relationship management processes and intensified sales promotions. However, as of now, Mamanda lacks such a program, highlighting the need for its development and integration into its business model.

In business studies, BMI has gained recognition as a fundamental catalyst for ensuring a company's endurance and ability to outshine competitors, particularly within industries characterized by rapid growth (Garzella et al., 2021). Notably, existing literature has primarily centered its focus on large corporations, leaving a considerable gap in understanding the impact of intrinsic qualities and enterprise-wide strategies related to collaborative innovation (Fjeldstad & Snow, 2018). The research strives to bridge this evident void by presenting an innovative business model that leverages customer data analysis and incorporates a loyalty program. The primary goal of the research is to offer pragmatic insights tailoring MSMEs to grapple with the intricate dynamics of a constantly evolving market. The researchers emphasize the importance of adapting business models, exploiting customer data, and fostering customer-centric approaches to stimulate growth and ensure sustainability in this context.

METHODS

The research adopts a qualitative approach complemented by business coaching techniques, providing a nuanced understanding of the challenges and opportunities faced by micro-enterprises. As highlighted by Wibowo et al. (2021), business coaching has proven invaluable in uncovering the intricate dynamics of small businesses, making it a methodologically sound choice for the research. The research subject is Mamanda, a micro-enterprise in Bogor, Indonesia, specializing in children's toy rental services. The research spans eight months and is conducted in five distinct stages: (1) data collection, (2) data analysis, (3) problem identification using gap analysis, (4) formulation of new business model, and (5) implementation and evaluation.

The research utilizes both primary and secondary data sources. Primary data are gathered through semi-structured interviews with Mamanda owner and direct observations of Mamanda office and social media presence. These interviews provide firsthand insights into the operations, challenges, and aspirations of Mamanda. Meanwhile, secondary data are obtained from Mamanda internal records, including financial and transactional data from 2021 to

2023. Additionally, existing research articles, books, and relevant literature are consulted to enrich the analysis and provide a broader context.

Given the qualitative nature of the research, the data analysis approach is flexible and tailored to the specifics of the research. The data analysis encompasses internal and external assessments, Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis, Business Model Canvas (BMC) evaluation, gap analysis, and Pareto analysis. Internal and external assessments provide insights into Mamanda operations and the broader business environment. SWOT analysis comprehensively evaluates Mamanda market position. Moreover, the SWOT analysis extends its scope to assess Mamanda business model thoroughly. To facilitate this assessment, researchers refer to the research of Osterwalder and Pigneur (2010) and employ a set of relevant questions developed by them. Pertinent questions derived from this framework guide interviews with Mamanda owners, facilitating an in-depth exploration of the intricacies of the business model and its underlying components. By utilizing this approach, the researchers aim to identify potential areas for improvement and enhancement within the business model, establishing the foundation for future improvements and optimizations (Osterwalder & Pigneur, 2010). Additionally, the researchers conduct a SWOT analysis on the business model to evaluate both current and historical levels of innovativeness and determine the anticipated or preferred level of business model innovation, as indicated by Shenta and Fontana (2023). Gap analysis identifies disparities between current and desired objectives, and Pareto analysis prioritizes key challenges for focused resolution. These analyses collectively inform data-driven recommendations to enhance Mamanda competitiveness and ensure sustained growth in a dynamic market.

RESULTS AND DISCUSSIONS

In the internal analysis, it is evident that Mamanda employs an undifferentiated targeting strategy, yet personalized marketing is needed. The positioning focuses on product diversity, offering no-deposit services, free consultations, and installations, potentially bolstered by data analysis. The company showcases diverse products, competitive pricing, and active promotion through online platforms like Instagram and WhatsApp, while its transactional database remains an untapped resource.

Examining Figure 1, which displays Mamanda's monthly revenue data, fluctuations in revenue over the observed period can be seen. The revenue generally increased in 2021, with some fluctuations, and followed a similar pattern in 2022. However, in the available data for 2023 (January to March), there was a noticeable decline in revenue. It is noteworthy that there was a remarkable month-to-month revenue growth of 55.46% from January 2021 to January 2022. Nonetheless, the data for 2023 (January to March) showed a significant decline of -12.14%. This decline suggests potential challenges or external factors influencing business performance. It implies that the impressive growth observed in the earlier period may have decelerated, possibly due to changes in customer behavior, economic conditions, or increased competition. However, it is essential to note that, alongside these revenue fluctuations, Mamanda maintains a positive net profit margin of 34%, highlighting the financial competency of the business. This robust net profit margin underscores the company's ability to manage costs effectively and remain financially stable even during periods of revenue variation.

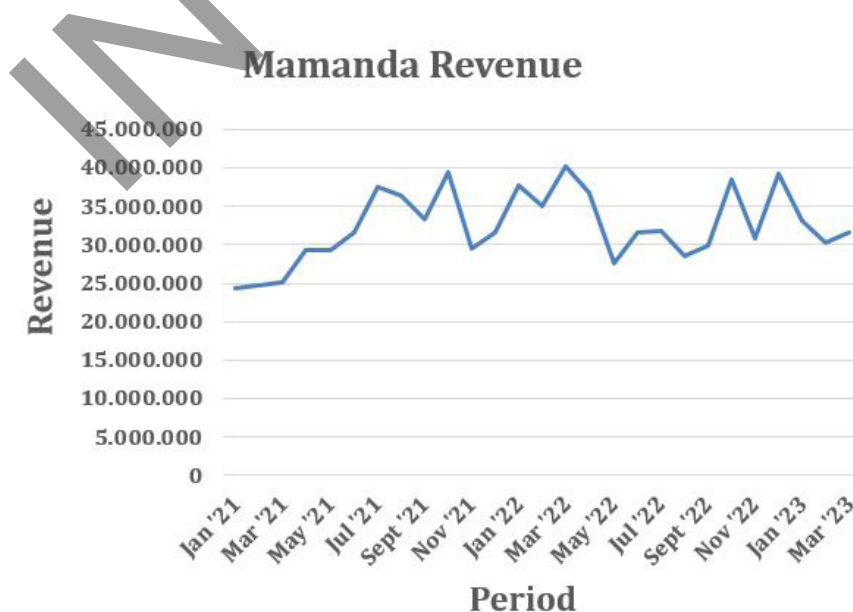


Figure 1 The Revenue of Mamanda

Source: Internal records of Mamanda processed by the researchers (2023)

In the external analysis, Mamanda faces a complex external landscape, analyzed through Political, Economic, Social, Technological, Environmental, Legal (PESTEL) and Porter's Five Forces. Politically, government policies, such as COVID-19 restrictions, affect the demand. Economically, pandemic-induced inflation impacts purchasing power but boosts toy rentals. Socially, a rising birth rate aligns with the preference for affordable rentals. Technologically, digital platforms enhance visibility. Environmentally, the zero-waste trend offers opportunities. Legally, strict adherence to regulations is crucial. In summary, Mamanda operates within a dynamic external environment, requiring a robust strategic approach to succeed and grow.

Next, the SWOT analysis of Mamanda, as presented in Table 1, reveals several key insights. Strengths include diverse product offerings, competitive pricing, active online promotion, and a positive net profit margin of 34%, showcasing financial competency. However, there are areas for improvement, such as a need for personalized marketing due to an undifferentiated targeting strategy, untapped transactional data, and revenue fluctuation in 2023.

Regarding opportunities, the rising annual revenue (55.46% from 2021 to 2022) suggests growth potential. The company can leverage its positive net profit margin and financial competence to explore growth strategies. Moreover, the growing trend of environmentally conscious consumers offers opportunities, particularly with the company's focus on items for babies and children. Moreover, the rising birth rate further provides an opportunity to align with consumer preferences for affordable rentals. Embracing the zero-waste trend also offers environmental opportunities. Strategic data analysis also presents another avenue for Mamanda to capitalize on emerging trends. On the flip side, there are threats to consider. The competitive nature of the rental industry, with relatively low entry barriers, poses a threat. Additionally, economic factors impact purchasing power, evidenced by the revenue decline in 2023. Evolving consumer preferences and behaviors in response to external factors like the COVID-19 pandemic require adaptation and innovation. Furthermore, Mamanda must navigate potential difficulties in adapting to rapid technological advancements in the industry.

Table 1 Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> - Diverse product offerings. - Competitive pricing. - Active online promotion. - Positive net profit margin of 34%, indicating financial competency. 	<ul style="list-style-type: none"> - Lack of personalized marketing due to an undifferentiated targeting strategy. - Untapped transactional data. - Revenue fluctuations in 2023.
Opportunity	Threat
<ul style="list-style-type: none"> - Potential for growth shown by the 55.46% increase in month-to-month revenue from January 2021 to January 2022 - Possibility to leverage a positive net profit margin and financial competence for growth. - The growing trend of environmentally conscious consumers, aligning with the company's focus on baby and children's items. - Rising birth rate aligning with the preference for affordable rentals. - The zero-waste trend for environmental opportunities. - Opportunities for strategic data analysis. 	<ul style="list-style-type: none"> - Competitive industry with relatively low entry barriers. - Economic conditions affecting purchasing power. - Evolving consumer preferences and behaviors due to external factors like the COVID-19 pandemic require adaptation and innovation. - Challenges in adapting to technological advancements.

Source: Primary data processed by the researcher (2023)

At the beginning of the business coaching process, the researchers map Mamanda business model as outlined in Table 2. Based on interviews with Mamanda, the target customer segments are individuals who need children's toy rental services, value convenience, are middle to upper-class, are mothers with children under 10 of age, are residents in Bogor, Depok, Sentul areas, care about the environment, and care about brands and quality. In terms of value propositions, Mamanda offers a free consultation before rental and installation, no deposit required, various options in Bogor, an easy data verification process, and affordable shipping.

Moreover, Mamanda employs multiple channels to reach its potential customers through its website, social media platforms like Instagram and Facebook, and direct communication via WhatsApp. Customer relationships are a cornerstone of Mamanda strategy. Mamanda maintains good relationships with its customers by providing free consultations after placing orders to ensure that the products meet their needs and preferences. Mamanda also shares knowledge on child development psychology, tips for mother and child

activities, and exciting and educational places through its channels. Additionally, Mamanda implements giveaway programs and discounts to build customer relationships and enhance loyalty.

Currently, Mamanda primary source of revenue comes from the rental of children's toys. This core offering underpins the business's financial model. Key resources supporting Mamanda operations include children's toys, human resources, a website, social media platforms (Instagram and Facebook), and transaction databases. Mamanda has various key activities, such as acquiring new assets, marketing products, recording sales and finances, cleaning and packaging products, delivering and picking up products to/from customers, and maintaining the website. In its operations, Mamanda also collaborates with various parties, including courier services for product delivery and pick-up, children's toy rental communities, and suppliers of children's toys. To support its activities and maintain its resources, Mamanda incurs various costs. These costs encompass asset acquisition, marketing, salaries of permanent employees, warehouse rent, product maintenance, and courier fees.

Table 2 Initial Business Model Canvas (BMC)

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none"> - Courier for pick-up and delivery - Babies' equipment and children's toy rental community - Babies' equipment and children's toy suppliers 	<ul style="list-style-type: none"> - Marketing - Recording sales and financial transactions - Cleaning and packaging products - Delivering and picking up products to/from customers - Purchasing new assets - Maintaining website 	<ul style="list-style-type: none"> - Free consultation - Free installation and dismantling - Free deposit - Varied product options - Easy data verification - Internal courier for more affordable shipping rates - Product safety and completeness assurance 	<ul style="list-style-type: none"> - Free consultation before placing an order - Sharing knowledge on child's psychology development - Sharing tips on activities for mothers and children - Giveaway and discount programs 	<p>Behavior:</p> <ul style="list-style-type: none"> - Needing babies' equipment and children's toy rentals - Preferring convenience <p>Demographics:</p> <ul style="list-style-type: none"> - Middle to upper-class society - Mothers with children aged 1-8 years <p>Geographics:</p> <ul style="list-style-type: none"> - Bogor, Depok, Sentul <p>Psychographics:</p> <ul style="list-style-type: none"> - Caring about the environment - Valuing brands/quality
<p>Key Resources</p> <ul style="list-style-type: none"> - Babies' equipment and children's toys - Website - Instagram - Facebook - Human resources - Transaction database 		<p>Channels</p> <ul style="list-style-type: none"> - Website - Instagram - WhatsApp - Facebook 		
<p>Cost Structure</p> <ul style="list-style-type: none"> - Marketing costs - Costs for purchasing new assets - Fixed employee salaries - Warehouse rental costs - Product maintenance costs - Courier costs 		<p>Revenue Streams</p> <ul style="list-style-type: none"> - Babies' equipment and toy rental fee 		

Source: Primary data processed by the researchers (2023)

Table 3 Strengths, Weaknesses, Opportunities, Threats (SWOT) of Initial Business Model

Key Components	S	W	O	T
Customer Segments	73%	47%	60%	73%
Value Propositions	85%	20%	60%	80%
Channels	83%	33%	65%	60%
Customer Relationships	67%	53%	48%	80%
Revenue Streams	78%	43%	55%	60%
Key Resources	73%	33%	60%	60%
Key Activities	60%	60%	53%	70%
Key Partners	80%	40%	76%	60%
Cost Structure	70%	35%	80%	60%
Average Score	74%	40%	62%	67%

Source: Primary data processed by the researchers (2023)

After conducting BMC analysis of Mamanda business model, the researchers assess it using a BMC SWOT analysis. This evaluation involves assigning percentages to each block in the BMC. The method for determining these percentages was derived from each block's SWOT assessment. Each block is subjected to several Likert scale questions ranging from 1 to 5, and the averages and percentages are subsequently calculated. In conducting this assessment, the researchers utilize a set of pertinent questions developed by Osterwalder and Pigneur (2010).

From Table 3, strengths obtain an average score of 74% based on the evaluation data in SWOT. Most of the building blocks obtain high scores for strengths, especially in value propositions (85%), channels (83%), revenue streams (78%), and key partnerships (80%). This score indicates the presence of strong aspects in the MSMEs' business model that can serve as points of advantage and growth potential.

Next, weaknesses have an average score of 40%. There are several building blocks with weaknesses that need attention, such as key activities (60%), customer relationships (53%), and customer segments (47%). Improvement and adjustments are needed in these aspects to overcome obstacles and enhance business performance. Meanwhile, opportunities have an average score of 63%.

Through a gap analysis, Mamanda is facing several issues, including the absence of Standard Operating Procedures (SOP), lack of financial reports, no analysis of customer transactional data, and the absence of marketing strategies for customer loyalty programs and campaigns. Meanwhile, based on the Pareto analysis results, the priority issues for resolution in this business coaching are those that contribute to or exceed 80% of the total problems and possess a low level of difficulty. The identified gaps that accumulate 80% of the problems include analyzing customer data at 40% and developing customer loyalty programs at 40%.

In response to the previous analyses and evaluation of the initial business model, the researchers have identified several solutions to address micro-enterprises' challenges. The proposal is derived from the Pareto analysis conducted earlier. The following is an explanation of the proposed business model canvas (BMC) as presented in Table 4: (1) black color represents the existing BMC that is already in place and implemented by Mamanda; (2) green color represents the processes and improvements implemented during the business coaching phase.

One of the innovations implemented in developing the new business model is analyzing the customer databases. By analyzing customer databases, Mamanda can gain a deeper understanding of customer preferences and behavior. It can facilitate more effective customer segmentation and allow the company to provide targeted and relevant offerings. A better understanding of customers enables the company to build stronger relationships through personalized marketing strategies and tailored service delivery.

Another significant development is the establishment of a customer loyalty program. The program can enhance customer retention by offering incentives and benefits to existing customers, which contributes to increased customer loyalty and reduced churn rate. It can positively impact the company's revenue stream. Furthermore, a loyalty program strengthens the company's value proposition by providing extraordinary experiences, discounts, or other benefits that make customers feel valued and committed to Mamanda. A loyalty program can also attract customers interested in the benefits and advantages offered. Thus, through the innovations of customer database analysis and the implementation of a loyalty program, Mamanda can better identify and understand customers, provide more relevant offerings, build strong relationships, and increase revenue through customer retention, achieving sustainable business growth.

Table 4 New Business Model Canvas (BMC)

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none"> - Courier for pick-up and delivery - Babies' equipment and children's toy rental community - Babies' equipment and children's toy suppliers 	<ul style="list-style-type: none"> - Marketing - Recording sales and financial transactions - Cleaning and packaging products - Delivering and picking up products to/from customers - Purchasing new assets - Maintaining website - Analyzing customer data 	<ul style="list-style-type: none"> - Free consultation - Free installation and dismantling - Free deposit - Varied product options - Easy data verification - Internal courier for more affordable shipping rates - Product safety and completeness assurance 	<ul style="list-style-type: none"> - Free consultation before placing an order - Sharing knowledge on child's psychology development - Sharing tips on activities for mothers and children - Giveaway and discount programs - Customer loyalty program 	<ul style="list-style-type: none"> Behavior <ul style="list-style-type: none"> - Needing baby equipment and children's toy rentals - Preferring convenience Demographics <ul style="list-style-type: none"> - Middle to upper-class society - Mothers with children aged 1–8 years Geographic <ul style="list-style-type: none"> - Bogor, Depok, Sentul Psychographics <ul style="list-style-type: none"> - Caring about the environment - Valuing brands/quality
	Key Resources <ul style="list-style-type: none"> - Babies' equipment and children's toys - Website - Instagram - Facebook - Human resources - Transaction database 		Channels <ul style="list-style-type: none"> - Website - Instagram - WhatsApp - Facebook 	
Cost Structure		Revenue Streams		
<ul style="list-style-type: none"> - Marketing costs - Costs for purchasing new assets - Fixed employee salaries - Warehouse rental costs - Product maintenance costs - Courier costs 		<ul style="list-style-type: none"> - Babies' equipment and toy rental fee 		

Source: Primary data processed by the researchers (2023)

Table 5 Strengths, Weaknesses, Opportunities, Threats (SWOT) of New Business Model

Key Components	S	W	O	T
Customer Segments	87%	20%	60%	20%
Value Propositions	95%	20%	60%	20%
Channels	87%	20%	65%	20%
Customer Relationships	87%	20%	48%	20%
Revenue Streams	78%	20%	55%	20%
Key Resources	87%	20%	60%	20%
Key Activities	75%	20%	53%	20%
Key Partners	80%	20%	76%	20%
Cost Structure	90%	20%	80%	20%
Average Score	85%	20%	62%	20%

Source: Primary data processed by the researchers (2023)

Similar to the assessment conducted for the initial Mamanda BMC, an evaluation is also performed for this new BMC. Subsequently, a SWOT BMC analysis is applied to this BMC using a set of questions developed by Osterwalder and Pigneur (2010). Based on evaluating the new business model, as depicted in Table 5, several conclusions can be drawn. First, there are significant strengths in the value propositions, cost structure, customer segments, channels, customer relationships, and key resource blocks. They indicate that the company has substantial value in delivering propositions to customers, efficient cost management, good customer relationships, adequate resources, good understanding of customers, and effective distribution channels. Regarding weaknesses, the values for each block are low, which suggests that the company can address existing challenges and has a solid foundation for conducting its business operation.

Based on the evaluation of the new business model, there have been significant changes in the scores for strengths, weaknesses, opportunities, and threats. The average strength score has increased from 76% (initial business model) to 85% (new business model), which indicates that the changes made in the new business model have successfully strengthened the identified aspects, such as value propositions (95%), cost structure (90%), customer segments (87%), Channels (87%), customer relationships (87%), and key resources (87%). Conversely, the average weakness score has significantly decreased from 40% (initial) to 20% (new), which shows that the changes made have successfully addressed and improved the weaknesses in the previous business model.

Moreover, the average opportunity score has increased from 63% (initial) to 82% (new). It implies that the changes made in the new business model have optimized the existing opportunities, particularly in customer relationships (92%), value propositions (93%), Channels (80%), and key activities (93%). Lastly, the average threat score has significantly decreased from 67% (initial) to 20% (new), reflecting a reduced perceived threat level in the revised business model.

The new business model has significantly improved compared to the initial business model.

These changes reflect a significant improvement in the overall business model, focusing on strengths and opportunities while effectively mitigating weaknesses and threats. This improvement indicates that the changes and developments made through the business coaching process will positively impact the business model.

A new business model is also implemented. In the implementation phase of the new business model, Mamanda conducts a comprehensive analysis of customer data, encompassing 1,769 transactions from November 2021 to March 2023, and underwent RFM analysis. This dataset comprises transaction details, including renters' names, transaction dates, and values. The data are scored using RFM metrics, as shown in Table 6. Recency is determined by the time elapsed since the last transaction, ranging from November 3, 2021 (scored 1) to February 8, 2023 (scored 5). Frequency measures the number of transactions during the period, scoring from 1 (least frequent) to 10 (most frequent). Monetary values represent the total amount spent by customers, with scores ranging from 1 (lowest spending) to 5 (highest spending). This scoring system facilitates the classification of customers based on their transaction patterns.

Subsequently, customers are categorized into six distinct classes based on their RFM scores, as presented in Table 7. High-Value Customers (HVC), customer segments with the highest RFM scores across all attributes, are highly loyal and frequently make high-value transactions. Loyalists are customer segments with RFM scores, ranking them second in significance, trailing only behind the HVC segment. Then, New Customers are customer segments that are recent purchasers but have yet to make regular or frequent purchases. Potential Loyalists are customer segments with high R scores and at least one high F or M score, indicating their potential to become loyal customers if provided with a satisfying experience. At-Risk Customers are previously frequent or high-value purchasers but show signs of disloyalty. Next, Lost Customers show prolonged inactivity in purchasing, putting them at a higher risk of permanent disengagement from the business and requiring strategic attention for potential re-engagement efforts.

Table 6 Metric of Recency, Frequency, Monetary (RFM)

	Metric RFM			Score
	Recency	Frequency	Monetary	
0 November 03, 2021		1	50,000	1
1 March 11, 2022		2	270,000	2
1 July 17, 2022		5	410,000	3
0 November 06, 2022		8	680,000	4
0 February 08, 2023		10	1,217,000	5

Source: Internal records of Mamanda processed by the researchers (2023)

Another key aspect of the new business model implementation is the introduction of a customer loyalty program. This business coaching focuses on the HVC and Loyalist classes as they have the highest value and contribute significantly to the business revenue. The customer loyalty program is designed to enhance customer loyalty and increase the revenue of Mamanda. Different rewards will be provided to the target customers each month, such as gifts, free shipping, and discounts. Additionally, marketing information and campaigns will be conducted through social media, website, and WhatsApp text messages to communicate with HVC and Loyalist customers. The predefined objectives consist of achieving a 10% growth in business revenue, a 10% improvement in customer retention, and a 10% increase in customer loyalty evaluation of the loyalty program at the end of each month. The results of the program evaluation demonstrate that Mamanda has not only met but exceeded its set targets for the loyalty program, as summarized in Table 8. Specifically, there has been a substantial 21% increase in revenue, a remarkable 20% improvement in customer retention, and an impressive 22% increase in customer loyalty.

The increase of 21% in revenue indicates that the loyalty program has successfully stimulated business growth, enhanced the attractiveness of Mamanda's services, and improved the effectiveness of sales and marketing strategies. The observed revenue increase follows the research conducted by Fiddiny and

Suhaimi (2021). According to Fiddiny and Suhaimi (2021), the COVID-19 pandemic sees a significant rise in MSMEs' sales in Indonesia by effectively implementing a promotion mix and loyalty programs.

Furthermore, the increase of 20% in customer retention indicates that the loyalty program has successfully retained existing customers. It suggests that more customers have chosen to continue using Mamanda services compared to the previous period. It indicates that the business has built more robust customer relationships and maintained its customer base. The increase in customer retention aligns with the findings of previous research conducted by Magatef and Tomalieh (2015), emphasizing the effectiveness of loyalty programs in fostering and sustaining customer retention. This conclusion is further supported by Pal Bariha (2020), which is in line with the research results. It asserts that all forms of loyalty schemes are valuable and play a significant role in retaining customers.

Moreover, the 22% increase in customer loyalty signifies an improvement in customer loyalty towards the business. It indicates that customers become more committed to the business and experience higher satisfaction. This result aligns with the findings of Khairawati (2019). It reveals that the customer loyalty initiative implemented by Alfamart, whether through a membership card or promotional discounts, significantly influences customer satisfaction and positively impacts customer loyalty.

Table 7 Recency, Frequency, Monetary (RFM) of Customer Class

Customer Class	Characteristics	Number of Customers	% of Contribution to Revenue
High-Value Customers (HVC)	High RFM scores in all factors	37 Customers	22.9%
Loyalist	Second highest RFM scores after HVC	55 Customers	19.5%
New Customers	High R score, low F and M scores	126 Customers	5.8%
Potential Loyalist	High R score, high F or M score	174 Customers	26.6%
At-Risk Customers	Low R score, high F or M score	129 Customers	19%
Lost Customers	Low R, F, and M scores	133 Customers	6.2%

Source: Internal records of Mamanda processed by the researchers (2023)

Table 8 Evaluation of the Loyalty Program

KPI	Value		% of Change
	April	May	
Revenue	Rp28,855,000.00	Rp34,923,000.00	21%
Retention	80 customers	96 customers	20%
Royalty	88 transactions	107 transactions	22%

Source: Internal records of Mamanda processed by the researchers (2023)

CONCLUSIONS

The research focuses on developing a new business model for Mamanda, a micro-enterprise renting toys to children. The research addresses the challenge of fluctuating sales and customer retention levels that Mamanda faces. The research identifies two main priority problems for Mamanda: customer data analysis and loyalty program development. The research applies the RFM analysis and devises a loyalty program to enhance customer retention and boost revenue to address these issues.

The results reveal a new and improved business model for Mamanda, with strengthened strengths and minimized weaknesses. The new model capitalizes on opportunities and reduces threats, paving the way for long-term success. The implementation of customer data analysis and the loyalty program yields positive outcomes. The RFM analysis allows the company to segment customers effectively, leading to personalized marketing strategies and better service delivery. The loyalty program significantly increases revenue, customer retention, and loyalty, exceeding the set targets. The research highlights the significance of business coaching and innovation for micro-enterprises. Understanding customer behavior and implementing loyalty programs are vital for sustainable growth in the competitive rental sector.

Nevertheless, the time constraints of the business coaching process impose certain limitations on its effectiveness. As a result, there are several recommendations for further actions that Mamanda can consider. Firstly, it is crucial for Mamanda to regularly analyze customer databases to understand customer preferences and behaviors better and track changes in customer segments. Secondly, if the existing loyalty program has shown positive results, Mamanda should continue maintaining it and ensuring it remains relevant and engaging for customers. Thirdly, there is an opportunity to explore new loyalty programs that target different customer segments based on their specific needs and preferences. Lastly, expanding the scope of the customer database to include information such as product preferences and children's ages can significantly enhance the effectiveness of marketing efforts, allowing for more personalized and tailored approaches.

Future research can focus on the long-term effects of the new business model and explore additional factors affecting sales and customer retention. Investigating the correlation between customer satisfaction and business growth will also provide valuable insights for MSMEs striving to excel in their markets.

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