

BUSINESS MODEL GENERATION OF MAJALAH EPIK

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Abstract

This final paper is made to generate a new business model for *Majalah EPIK* in order to increase its sales therefore creating sustainability. This model is based on Business model canvas by Osterwalder (2010) that consists of Customer Segment, Customer Relationship, Distribution Channel, Value Proposition, Key Activities, Key Resources, Key Partners, Revenue Stream, and Cost Structure. The Magazine is chosen because it is in urgent need for further development after and the detail of the problem has to be located based on internal and external point of view. The theoretical foundation used in this paper is mostly from Osterwalder's Business Model Generation book, and the correlation of this business model with the actual condition of publishing business is based on the discussion and observation result of the team. the Business Model is broken down into aspects that considered being in need of customer's point of view and those in need of in depth observation. The questionnaire spread is based on the aspects that needed customer point of view. The result from in depth observation shown that the magazine has to create a value proposition that can answer market needs without degrading the ideals of the team, such as the writings and layout design quality. *Majalah EPIK* has to hire clerical worker and attain capital, as their key resource and as its main revenue stream, the magazine should not hope for any profit from advertisement yet, but to maintain a sustained publishing period using money gained from sales. The cost structure that needed to be decreased is the consignment fee with distributors. Free distribution points or drop spots would be a solution, and can only be developed using partnering activities. The result from the descriptive research shown that two most important parts is the DistributionChannel and Key Partners. The magazine has to add more distribution channel and the amount of exemplar in each of the spot. The Key-Partnering activity has to consider benefits *Majalah EPIK* could get, especially to make free or at least low cost

distribution points. The capital, whether acquired from investor or a bank loan, would be further used to print more exemplars of each edition, so it can cover wider area, therefore increasing the sales. Distribution channel does not only mean physical channels but also online publication. The website quality is still need to be further develop if the magazine wants to shift its positioning into a semi online publishing. Hopefully this new business model would create sustainability and then fame for MajalahEpik.

Keywords: Majalah EPIK, Business Model Canvas, Magazine, Publishing, Media Busines.

Introduction

The vision of *MajalahEpik* is to create a creative community, which is not only work in a single subject. The dream is to become a vessel for any creative idea, and the outcome of such idea could form into various kinds of products.

In order to reach this goal, the magazine has to at least publish one more edition by the end of this year,. This edition's funding must come from a third party such as investor or bank, so it no longer relies on personal fund. Internal organization structure must be specified, especially in term of compensation of each of the member. With this, *Epik* will finally work as a professional business.

Beside the magazine product, the team has to start establishing other branch brand. The theater brand has to be continued and by the next year, other branch brands such as the product design brand and the consulting firm brand must initiate their first project. Furthermore, acting as a creative vessel, *Epik*

need to be always fluid and portable, therefore able to provide any kind of ideas that could be further developed into a product whether tangible or intangible. For example, the kind of events that Epik able to made should not be rigid. Sometimes it could be theater, it could be photography event, it could be a musical exhibition, depends on the need of the community.

Strategies of MajalahEpik

Corporate strategy answers the question regarding which businesses MajalahEpik should be in and how does being in these businesses create synergy and/or add to the competitive advantage of the corporation as a whole.

MajalahEpik is now in a media Business. The business relies on two main revenue streams; therefore have to able to reach two types of customers. The end users are those who bought the magazine product. Giving the first revenue stream, which are sales. The second revenue stream relies on the advertisement. For this type, what MajalahEpik tries to sell is not a tangible product, but rather a promise that the party who advertise in the magazine would gain a certain promotional advantage (could be sales, could be brand image). Because of this, a certain image has to be built in order to make the promise believable, and the image is simply to outline that the magazine is famous enough to be read by many people, therefore gives a high promotional coverage.

Using 4P Paradigm, the magazine acts not only as a product, but also a promotional tool for other people's product. With the goal of becoming a creative vessel, Epik have a big chance of having its own product, therefore the magazine could be beneficial to promote these future products. Advertising could be really expensive, and by building the promotional product first, Epik is having a huge advantage of building synergy between each of the business line.

Cooperative strategy of MajalahEpik is dealing with the partner network and distribution agents. Cooperation with partner could be formed as a media partner, event coverage, or free advertising. So far these cooperation has been made yet higher profile partner needs to be acquired in order to create better image of the

magazine. Cooperative strategy with distribution agent has not been established very well. The kind of special cooperation has to be made is regarding the display on each of the distribution channel. The first is to make sure that the magazine is not put down before the release of the next edition. This special deal has to be made because of the magazine's bi-monthly release schedule that is unusual for Indonesian magazine. The second kind of special cooperative dealings is caused by the size of the magazine. Because of the relatively small size, there has to be a higher amount of magazine displayed in each of the distribution spot.

Competitive strategy of MajalahEpik is in its goal itself. Because of the objective of creating a creative community, the magazine has different format of products such as the theater, giving itself a huge competitive advantage caused by its uniqueness. Strategies of making branch brand such as consulting firm could also become its own competitive advantage. Basically, because the overall concept of the brand is different than any other Magazine brand, Epik's biggest advantage over their competitor is these differences themselves. With high quality goods and slightly more expensive price, the magazine is actually competing with non-campus based magazines. The magazine's weaknesses is still regarding unprofessional work system such as the absence of funding while other magazine in its league already have a healthy financial condition. Therefore as being suggested in the new business model of the next part, the magazine has to acquire a certain amount of capital.

Purpose

The research is meant to find out which aspect that causes the low sales of MajalahEpik throughout its 3 years of establishment. The aspect is based on Alexander osterwalder's Business model canvas. Design/methodology/approach: The 7 aspects of the business model are researched through different methods. During the first phase of the research, all of these aspects are discussed within the team using interview, observation and focused group discussion. As the result of this discussion, the data regarding several aspects considered to be inadequate for the research. These aspects are: customer segment,

customer relationship, distribution channel, key activities, and key partners. Based on the discussion, customer point of view is needed to develop these aspects. Therefore, the author conducts a descriptive research, using questionnaire.

The questionnaire consists of 150 questions and the result and has passed validity and reliability analysis method. After the data is fully gathered, the further analysis is based on frequency analysis, factor analysis, and regression analysis. Include the main method(s) used for the research. What is the approach to the topic and what is the theoretical or subject scope of the paper?

Findings

The research are testing two main thing regarding the sales, first is what kind of action that could directly boost the sales, while the second question is whether previous and future planned activities of the magazine would actually work to increase this sales. The research conclude that some marketing activities is actually very effective in increasing the sales and creating demands for the magazine, but one of the planned activity, which is a subscription program proven to be unworthy of people's attention.

The aspect that could actually increase the sales is better distribution system, and more capital. These solutions is inter correlated with each other since without the increase of capital, the distribution system could not be repaired. There are two ways to develop such system, which is by making sure the magazine is visible in each of the drop spots, and increasing the amount of drop spot themselves. In order to make the magazine visible, the amount of exemplar dropped in each spot must be increase. Furthermore, the increase of the distribution channel would also be pointless if the circulation amount of the magazine cannot cope with the increase. Therefore, more exemplars have to be printed, and without capital, it is impossible to conduct this action.

Research limitations/implications

The research is only conducted in Bandung, even though some of the additional data also came from cities outside Bandung such as Jakarta, Surabaya, Palembang and Lampung. Therefore, even though it is not impossible to

do the magazine's development outside Bandung using the same method, it would be more appropriate if the research further reviewed before it is applied in other cities.

Practical implications

A new business model would suggest a new way of conducting different aspect within the business. If this paper's recommendation applied by the board member of MajalahEpik, there are different possible implications.

- Cost structure and revenue stream need to be rebuilt, especially because of the newly hired employees and acquired capital.
- The business has to be treated seriously as the team is now dealing with bigger amount of funding. In each of its activities there has to be strict and detailed budgeting even to its smallest part such as accommodation fee that never counted in the earlier business conduct.
- The team has to be ready for a full time commitment by the time the new business model is applied. It can no longer be treated as a side activity; it has to be the main job for each of the member.
- All of the events the magazine conducts can no longer be done in an individual manner. New partners have to be acquired in each of new events so it could spread the name of MajalahEpik.

Originality/value

A business model for a magazine that does not have a specific subject; yet differentiate itself with a writing style and layout design. It is targeting a niche market of young readers. The paper tries to overcome an online world by reviving printed magazine business. A Proposed solution that is a result from three years experience, in depth observation and descriptive research is given, in order to make sure the magazine could sustain and gain fame in the society. This paper could be valuable for MajalahEpik team, and also those who wants to begin a magazine business. The content of the paper is not only for a college level magazine because the knowledge and findings in the thesis contains could speak for the overall magazine industry.

Conclusion

Key Partners (7) <ul style="list-style-type: none"> • More Partners as a free of consignment Distribution Point. • Every activity must involve outside party to create more stakeholder. • Add high profile Partners. 	Key Activities (5) <ul style="list-style-type: none"> • Continue doing the activities. • A subscription program is not needed. 	Value Proposition (4) <p>Magazine that talks about world issues and philosophical subjects with a touch of poetic writing style. combines urban design with deeply contemplated articles to create a unique and high quality reading sensation.</p>	Customer Relationship (2) <ul style="list-style-type: none"> • Early invitation. • Privilege ID user 	Customer Segment (1) <ul style="list-style-type: none"> • No segment shift. • Decrease the number of poetries, but rather make use of poetic writing style. • Do not increase the price.
	Key Resources (6) <ul style="list-style-type: none"> • Add clerical workers. • More capital from bank loan or investor. 		Distribution Channel (3) <ul style="list-style-type: none"> • More Exemplar. • More Drop spots. • Less Consignment Price. 	
Cost Structure (9) <ul style="list-style-type: none"> • Minimize the cost of activities. • The change in Cost structure would be based on the implementation of other aspects. 			Revenue Stream (8) <ul style="list-style-type: none"> • No subscription fee as the program will not be implemented. • could only gained if capital is present. 	

New Business Model for MajalahEpik

1. Customer Segment

With no shift in the segmentation, to be able to fulfill the needs of the designated target market, the product should not be more expensive than it already is, and the poetic content should be decreased to make room for other preferred type of content (essay, actual news, or urban lifestyle report).

2. Customer Relationship

Several treatments such as early invitations and privileged user ID would give even more closure for the customer, because the customer relationships are meant to create loyalty for those who already a customer. It is not meant to make new customers as the programs established before already acting as customer lures.

3. Distribution Channel

3.1 Increase the amount of drop spots that does not need any consignment deal, while decreasing those who needs.

3.2 Increase the amount of the magazine printed for each edition. The presence of a single issue of the magazine in a drop spot is not enough; people would not be able to see it especially because of the size of the magazine.

3.3 Go online

4. Value Proposition

Magazine that talks about world issues and philosophical subjects with a touch of poetic writing style. It also combines urban design with deeply contemplated articles in order to create a unique and high quality reading sensation. The magazine also provide a full packaged experience of such content, it provides not only a printed product, but also events that come alongside with the launching that celebrate each of the volume’s designated theme.

5. Key Activities

Continue activities that have been done before (Theatrical shows, performances in universities, joining as a tenant in university events, inviting new talents for the theater performance and unpopular young writers for the magazine content), and if a new program has to introduce, it is *not* a subscription program.

6. Key Resources

6.1 Needs more human resource; especially to make sure the distribution activity works smoothly as The board needs to be focusing on the strategic aspects of the magazine instead of doing the little things that simply a waste of talent for them.

- 6.2 Has to go beyond self-funding; they need bigger capital that can come from bank or investor.
7. Key Partners
All the activities have to be partnership based, with a joint commission as the committee. With this, then people would have better involvement with the events, and eventually with the product, making themselves acting as the magazine's indirect agent of promotion.
8. Revenue Stream
 - 8.1 A new revenue stream of advertising should be expected when the magazine finally become well known. This when MajalahEpik finally gain profit, even though the amount of it can be varied.
 - 8.2 Subscription program will not make much benefit as people who reads Majalah EPIK is not acting as a regular reader.
9. Cost Structure
 - 9.1 More distribution channel will cause an increase in operational cost such as accommodation.
 - 9.2 The salary for our clerical workers is also need to be counted as cost, while the board is acting as a shareholder, having no structured regular payment

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