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Business Model Optimization of Pangus Bali Decoration Through the Business Model Canvas Approach to Enhance MSME Competitiveness

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Abstract

Business model innovation is essential for improving the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) in the increasingly competitive creative industry. This study aims to analyze the existing business model of Pangus Bali Decoration and formulate optimization strategies using the Business Model Canvas (BMC) approach. A qualitative case study method was employed through observation, in-depth interviews, and documentation. The analysis was conducted based on the nine elements of the Business Model Canvas. The findings indicate that Pangus Bali Decoration possesses competitive strengths through its unique Balinese-themed decoration concept, flexible services, and customer-oriented approach. However, several aspects require improvement, including digital marketing, customer relationship management, partnership development, revenue diversification, and operational digitalization. The proposed Business Model Canvas provides strategic recommendations to enhance business competitiveness, improve operational efficiency, strengthen customer relationships, and support sustainable business growth. This study offers practical insights for MSMEs seeking to optimize their business models in the creative service industry.

Keywords: Business Model Canvas; Business Model Innovation; MSMEs; Event Organizer; Competitive Advantage

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in Indonesia's economic development by contributing significantly to gross domestic product (GDP), employment generation, and poverty reduction. MSMEs also enhance economic resilience due to their flexibility in adapting to market changes and technological developments (A. Osterwalder & Y. Pigneur, 2010; D. J. Teece, 2021). In Indonesia, MSMEs account for more than 99% of all business entities and contribute substantially to national employment and regional economic growth. The rapid expansion of the creative economy has intensified competition among businesses operating in the event organizer and decoration industry. Customers increasingly expect innovative concepts, personalized services, high-quality execution, and memorable experiences instead of merely purchasing decoration products. Consequently, MSMEs are required to continuously innovate their business strategies to maintain competitive advantage in an increasingly dynamic market (Michael E. Porter, 1985; Philip Kotler & Kevin Lane Keller, 2021). Pangus Bali Decoration is an MSME specializing in event decoration services in South Lampung. The company offers Balinese-inspired decoration concepts for weddings, birthdays, corporate events, graduations, and other ceremonial occasions. Although the business has successfully differentiated itself through unique decoration designs and flexible service customization, several managerial challenges remain. These challenges include limited digital marketing implementation, insufficient customer relationship management, unclear market segmentation, and a lack of integrated business planning, all of which potentially reduce the firm's competitiveness. Business model innovation has become one of the most effective approaches for improving organizational performance in highly competitive industries. According to A. Osterwalder and Y. Pigneur (2010), a business model describes how an organization creates, delivers, and captures value through nine interconnected building blocks. Similarly, D. J. Teece (2021) argues that business model innovation enables firms to respond to environmental changes while sustaining competitive advantage. Therefore, the Business Model Canvas (BMC) provides a practical and systematic framework for evaluating existing business models and designing strategic improvements.Previous studies have demonstrated that the Business Model Canvas is an effective strategic tool for identifying organizational strengths and weaknesses, improving value creation, and supporting sustainable business development. However, most previous studies primarily focus on describing the existing business model rather than proposing comprehensive optimization strategies across all nine BMC elements. Furthermore, research specifically examining business

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model optimization within Indonesia's creative decoration industry remains limited. Therefore, this study addresses this research gap by proposing a comprehensive Business Model Canvas optimization strategy for Pangus Bali Decoration. Unlike previous studies, this research not only analyzes the existing business model but also develops practical strategic recommendations for each of the nine Business Model Canvas components**.** Accordingly, this study aims to analyze the current business model implemented by Pangus Bali Decoration and formulate strategic business model improvements using the Business Model Canvas framework to enhance MSME competitiveness and ensure sustainable business growth.

Literature Review

Business model innovation refers to the process of redesigning an organization's business model to create superior customer value and improve organizational performance. Unlike product innovation, which focuses on developing new products, business model innovation emphasizes improving the mechanisms through which businesses create, deliver, and capture value (Teece, 2021).

Previous studies have demonstrated that business model innovation positively influences organizational competitiveness, financial performance, and long-term sustainability. In highly competitive industries, innovation in customer relationships, digital marketing, partnership development, and revenue generation enables firms to respond more effectively to market changes while improving customer satisfaction (Clauss, 2017; Foss & Saebi, 2018). For MSMEs, business model innovation provides opportunities to maximize limited resources through strategic collaboration, digital transformation, and service differentiation. Therefore, continuous business model evaluation has become increasingly important in maintaining competitiveness within rapidly evolving markets.

Competitiveness refers to an organization's ability to create superior value compared to competitors while maintaining sustainable performance over time. For MSMEs, competitiveness is influenced by several internal and external factors, including innovation capability, customer orientation, service quality, operational efficiency, technological adoption, and strategic partnerships (Porter, 1985). The rapid advancement of digital technology has significantly transformed the competitive landscape of creative industries. Consumers increasingly rely on digital platforms to search for information, compare services, and evaluate customer experiences before making purchasing decisions. Consequently, MSMEs are required to strengthen their digital capabilities by utilizing social media, online marketing, and customer relationship management systems

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to remain competitive. For creative businesses such as Pangus Bali Decoration, competitiveness extends beyond pricing strategies. Businesses must continuously develop unique value propositions, maintain service quality, establish strong customer relationships, and optimize operational processes to achieve sustainable growth.

Several previous studies have examined the application of the Business Model Canvas in various MSME sectors. Most studies conclude that the Business Model Canvas effectively assists business owners in identifying organizational strengths and weaknesses while providing strategic directions for business development.

Research conducted by Sari et al. (2023) found that implementing Business Model Canvas improved customer segmentation and marketing effectiveness among Indonesian creative MSMEs. Similarly, Pratama and Nugroho (2022) reported that optimizing the Value Proposition and Customer Relationship components significantly increased customer satisfaction and business performance.

Despite these findings, previous studies primarily focused on describing the existing business model rather than developing comprehensive optimization strategies across all nine Business Model Canvas elements. Furthermore, limited research has specifically investigated business model optimization within Indonesia's event organizer and decoration industry. Therefore, this study seeks to bridge this gap by proposing an integrated Business Model Canvas optimization strategy for Pangus Bali Decoration to enhance MSME competitiveness.

RESEARCH METHOD

This study employed a qualitative research approach using a case study design. A qualitative approach was considered appropriate because it enables an in-depth exploration of the existing business model implemented by Pangus Bali Decoration and facilitates the identification of strategic improvements based on real business conditions. The case study approach provides comprehensive insights into organizational activities, managerial practices, and business development strategies.

The research was conducted at Pangus Bali Decoration, a creative MSME operating in South Lampung, Indonesia. The business specializes in providing decoration services for weddings, birthdays, graduations, corporate events, and other ceremonial activities.

Primary data were collected through direct observation, semi-structured interviews with the business owner, and documentation of business activities. Secondary data were

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obtained from company records, government reports, scientific journals, books, and previous studies related to Business Model Canvas and MSME development.

The collected data were analyzed using the Business Model Canvas framework consisting of nine building blocks: Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships, and Cost Structure. The analysis involved identifying the existing business model, evaluating its strengths and weaknesses, and formulating strategic recommendations to improve business competitiveness.

DISCUSSION

Existing Business Model of Pangus Bali Decoration

The Business Model Canvas analysis indicates that Pangus Bali Decoration has established a relatively well-structured business model through the integration of the nine BMC building blocks. The business primarily targets individual customers requiring decoration services for weddings, engagements, birthdays, graduations, and other social events. In addition, the company has begun serving corporate institutions and government organizations, although this segment has not yet been fully explored. The company's primary value proposition lies in its distinctive Balinese-themed decoration concept combined with customized event designs, competitive pricing, and flexible service packages. These unique characteristics differentiate Pangus Bali Decoration from local competitors and create additional value for customers seeking personalized decoration services.

The current marketing channels rely mainly on Instagram, WhatsApp, word-of-mouth recommendations, and direct customer communication. Although these channels successfully generate repeat customers, they remain limited in reaching broader market segments because digital marketing activities are not systematically managed. Regarding customer relationships, Pangus Bali Decoration maintains close personal communication with clients before, during, and after event implementation. This personalized approach contributes positively to customer satisfaction and repeat orders. However, customer relationship management is still conducted manually without utilizing a customer database or digital Customer Relationship Management (CRM) system.

Revenue streams are generated primarily from decoration services, event packages, equipment rental, and additional decoration accessories. Nevertheless, income sources remain highly dependent on seasonal demand, particularly wedding events. The company's key resources consist of skilled human resources, decoration

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equipment, creative design capabilities, transportation facilities, and operational experience. Key activities include event consultation, decoration planning, production, installation, event execution, and post-event evaluation. Meanwhile, partnerships have been established with photographers, make-up artists, master of ceremonies (MCs), florists, and event vendors. Cost structures are dominated by decoration materials, labor costs, transportation, equipment maintenance, and marketing expenditures. Overall, the existing Business Model Canvas demonstrates that Pangus Bali Decoration possesses strong creative capabilities but still requires strategic improvements in several business components to strengthen its long-term competitiveness.

Discussion of Business Model Optimization

The analysis reveals several strategic issues affecting the competitiveness of Pangus Bali Decoration. These issues are discussed based on each element of the Business Model Canvas.

Customer Segments

The existing customer segmentation remains relatively broad and lacks strategic prioritization. Most customers originate from personal referrals, limiting opportunities to expand into corporate, educational, tourism, and government markets. Expanding customer segmentation would enable the business to develop more specialized service packages and improve marketing effectiveness. This finding is consistent with Osterwalder and Pigneur (2010), who emphasize that clear customer segmentation enables organizations to create more relevant value propositions for different customer groups.

Value Propositions

The company's strongest competitive advantage is its Balinese-inspired decoration concept and customized service design. However, these advantages have not been effectively communicated through digital platforms. The optimization strategy therefore focuses on strengthening brand identity by emphasizing unique decoration concepts, premium service quality, environmentally friendly materials, and complete event solutions. According to Porter (1985), sustainable competitive advantage is achieved when organizations successfully differentiate themselves from competitors by offering superior customer value.

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Channels

Digital marketing remains underutilized despite increasing customer dependence on online information. Marketing activities are still concentrated on Instagram and WhatsApp, while platforms such as TikTok, Facebook, Google Business Profile, and professional websites have not been fully optimized. Developing an integrated digital marketing strategy is expected to increase brand awareness, improve customer engagement, and expand market coverage. This finding supports Kotler and Keller (2021), who argue that digital marketing significantly enhances customer acquisition and business competitiveness.

Customer Relationships

Customer relationships currently depend on personal interaction between the owner and clients. Although this approach creates customer trust, it becomes increasingly difficult to manage as business operations expand. Implementing Customer Relationship Management (CRM), customer databases, loyalty programs, and post-event feedback systems would strengthen long-term customer retention while improving service quality.

Revenue Streams

Current revenues are largely generated from decoration services and event packages. Such dependence exposes the business to seasonal fluctuations. Revenue diversification may include equipment rental, decoration workshops, event consultation, digital decoration design services, subscription packages for corporate clients, and collaboration with tourism businesses. Diversified revenue sources improve business resilience and reduce operational risks.

Key Resources

Human creativity remains the company's most valuable resource. However, technological resources require further development, particularly in digital marketing, online portfolio management, customer databases, and business information systems. Investment in employee training and digital capabilities would significantly improve service quality and operational efficiency.

Key Activities

Core business activities include consultation, design development, decoration production, installation, and event execution. Future improvements should emphasize

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project management standardization, quality control, digital content creation, and continuous customer evaluation. These improvements would increase operational effectiveness while ensuring consistent service quality.

Key Partnerships

Current partnerships mainly involve photographers, florists, make-up artists, and equipment suppliers. Although these collaborations support service delivery, broader strategic partnerships should be developed with hotels, tourism agencies, wedding organizers, educational institutions, and government organizations. Strategic partnerships create additional market opportunities while reducing operational costs through resource sharing.

Cost Structure

Operational costs remain dominated by decoration materials, labor, transportation, and equipment maintenance. Implementing digital business management systems, inventory management, and supplier collaboration can reduce unnecessary operational expenses and improve overall profitability.

Proposed Business Model Canvas

Based on the findings, an optimized Business Model Canvas is proposed to strengthen Pangus Bali Decoration's competitive position. The proposed model emphasizes market expansion, digital transformation, customer relationship enhancement, service diversification, and operational efficiency. These strategic improvements are expected to increase customer satisfaction, expand revenue opportunities, improve resource utilization, and support sustainable business growth.



Figure 1. Proposed Business Model Canvas of Pangus Bali Decoration

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The proposed Business Model Canvas integrates all nine building blocks into a more comprehensive business strategy. Compared with the existing model, the optimized framework expands customer segments, strengthens the value proposition through service differentiation, utilizes multiple digital marketing channels, enhances customer relationship management through CRM implementation, diversifies revenue streams, improves digital capabilities, expands strategic partnerships, and optimizes operational cost management. Consequently, the optimized Business Model Canvas is expected to improve organizational competitiveness while enabling Pangus Bali Decoration to adapt more effectively to changing market conditions and customer preferences.

CONCLUSION

This study analyzed the existing business model of Pangus Bali Decoration using the Business Model Canvas (BMC) framework to identify business strengths and formulate strategies for enhancing MSME competitiveness. The analysis revealed that the company has established a strong competitive position through its distinctive Balinese-themed decoration concept, customized service offerings, and customer-oriented approach. These strengths have enabled the business to differentiate itself within the local event decoration industry.

Despite these competitive advantages, several aspects of the business model require improvement. The findings indicate that digital marketing activities remain underutilized, customer relationship management is still conducted manually, revenue streams are highly dependent on seasonal demand, and strategic partnerships have not been fully developed. Furthermore, the absence of integrated digital business management limits operational efficiency and market expansion.

Based on the Business Model Canvas analysis, this study proposes an optimized business model focusing on expanding customer segments, strengthening value propositions, improving digital marketing channels, implementing Customer Relationship Management (CRM), diversifying revenue streams, enhancing digital capabilities, developing strategic partnerships, and optimizing cost management. The proposed business model is expected to improve operational performance, strengthen competitive advantage, increase customer satisfaction, and support sustainable business growth.

Theoretically, this study contributes to the literature on business model innovation by demonstrating the practical application of the Business Model Canvas in optimizing the business model of a creative MSME. Practically, the findings provide valuable strategic recommendations for Pangus Bali Decoration and other MSMEs operating in

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the event organizer and decoration industry to improve competitiveness through continuous business model innovation. Future research is recommended to combine the Business Model Canvas with complementary strategic tools, such as SWOT Analysis, Value Proposition Canvas, or Blue Ocean Strategy, and to quantitatively evaluate the impact of business model optimization on organizational performance and financial outcomes.

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