

Canvas Business Model Analysis in Leather Crafts Business for Creative Industry Development

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Abstract

This study aims to analyze the leather craft business using the Business Model Canvas (BMC) approach. Indonesia has a strong potential for leather craft industry development due to the availability of natural resources and local craftsmanship. The study identifies key components of the BMC, including customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. The result shows that this business model offers strong competitiveness through unique, handmade, and customizable products. However, challenges such as limited production capacity and innovation require strategic solutions. This analysis provides insights into sustainable business growth in the creative industry sector.

Keywords: Business Model Canvas, Leather Craft, Creative Industry

INTRODUCTION

The leather handicraft business is one of the creative industry sectors that has great potential to develop in Indonesia (Putri, 2023). The country is rich in natural resources, including leather raw materials such as cow, goat, and sheep skins, which are spread across various regions. The availability of these raw materials is a distinct advantage for local leather craft business actors to produce high-quality and highly competitive products. In addition, the diversity of culture and traditional art heritage in Indonesia is also an inspiration in creating unique designs with high aesthetic value, making leather handicraft products not only functional but also have artistic and cultural value (Suharson, 2024).

In recent years, there has been an increase in public interest in local products, especially those that carry the concept of handmade, original, and environmentally friendly. This is in line with the development of a more personal and exclusive fashion trend, where consumers are no longer just looking for mass products, but want something that has character and quality. Leather handicraft products such as bags, wallets, belts, sandals, and other accessories are now not only in demand by domestic consumers, but also begin to penetrate the export market as part of a global lifestyle that values craftsmanship and uniqueness of design.

However, in the midst of this high potential, leather handicraft business actors face challenges in terms of business management, marketing, and product innovation. Therefore, a structured business approach is needed so that businesses can grow sustainably and compete healthily in an increasingly competitive market. One of the strategic tools that can be used to comprehensively analyze and design business models is the *Business Model Canvas* (BMC).

BMC helps to comprehensively describe the important aspects of a business, from customer segments, value propositions, distribution channels, to revenue sources and cost structures. Through this approach, business actors can more easily identify strengths, weaknesses, and existing opportunities and challenges, as well as formulate more effective business development strategies (Wicaksono, 2024).

Thus, business model analysis using the Business Model Canvas is an important step in optimizing the potential of leather handicraft businesses as part of the national creative industry that can contribute to the economy as well as preserve the nation's culture.

METHOD

The method used in this study is a qualitative descriptive approach with a focus on the analysis of the *Business Model Canvas components* in leather handicraft businesses. Data was obtained through literature studies and observations of the business model that was running, then studied according to the nine blocks of the *Business Model Canvas*.

RESULTS AND DISCUSSION

Business Model Canvas Leather Craft Business

This leather handicraft business business model is designed in a structured manner using the Business Model Canvas (BMC) approach, which includes nine essential elements in business development and management.

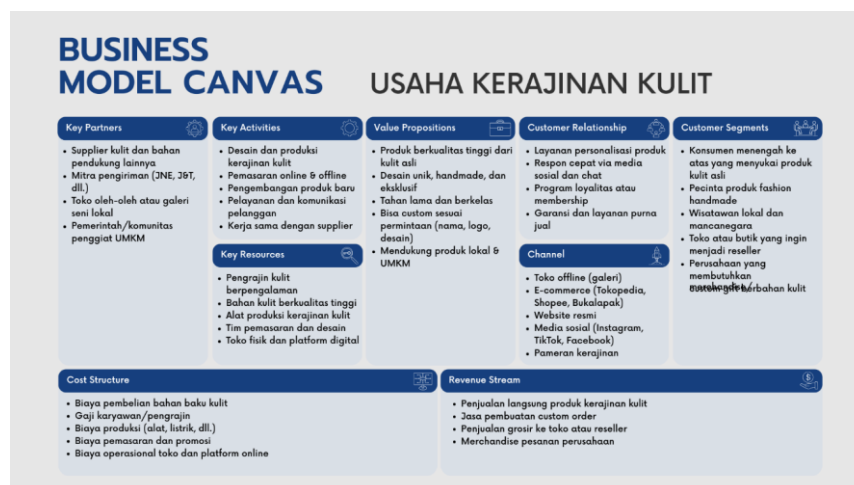


Figure 1. Business Model Canvas Leather Craft Business

In terms of Customer Segments, this business targets various consumer groups, including middle-to-upper consumers who like genuine leather products because of their quality and exclusive appearance, handmade fashion lovers who

appreciate the uniqueness of local products, local and foreign tourists who are looking for special souvenirs, and stores or boutiques who want to become resellers. In addition, the customer segment also includes companies that need custom merchandise made of leather for promotional purposes or corporate gifts.

The value propositions offered are very strong and relevant to market needs, namely high-quality products made of genuine leather, with unique, handmade, and exclusive designs. These products are durable and classy, and can be personalized to the customer's request (e.g. with a name or logo). In addition, this business also highlights social values by supporting local products and empowering MSMEs.

In terms of Channels, product distribution is carried out through various channels, including offline stores such as galleries, e-commerce platforms (Tokopedia, Shopee, Bukalapak), official websites, and social media (Instagram, TikTok, Facebook). In addition, participation in craft exhibitions is also an effective means of promotion and sales.

Customer relationships are built through product personalization services, quick responses through social media and chat services, and loyalty or membership programs. Customers are also provided with guarantees in the form of warranty and after-sales service to increase customer trust and satisfaction.

Revenue Streams or revenue streams come from several sources, including direct sales of leather handicraft products, custom product manufacturing services to order, sales in bulk to stores or resellers, and the manufacture of leather merchandise at the company's request.

In terms of Key Resources, the business relies on experienced leather craftsmen, high-quality leather materials, craft production tools, and a creative marketing and design team. The existence of physical stores and digital platforms is also the main resource in running business operations efficiently.

Key activities carried out include the design and production process of leather crafts, product marketing both online and offline, new product development to always be relevant to market trends, and active service and communication with customers. Cooperation with suppliers and partners is also an important part of the activity.

To support all business activities, there are Key Partnerships that have been built, including with suppliers of leather and other supporting materials, delivery service partners such as JNE or J&T, local souvenir shops or art galleries as distribution partners, as well as the government or MSME driving communities that support local business development.

Finally, the cost structure includes the cost of purchasing leather raw materials, salaries for employees or craftsmen, production costs such as electricity and tools, marketing and promotion costs, and also operational costs of physical stores and online platforms used.

Business Objectives

The purpose of this leather craft business is to create and present leather craft products that not only have functional value, but also high aesthetics and culture. The products produced are expected to have uniqueness and superior quality so that they are able to compete in the national and international markets. In addition, this effort aims to increase the value of the local economy by empowering leather artisans in the region. Through training, mentoring, and job creation, it is

hoped that it can encourage creative economic growth and improve the welfare of the local community.

Furthermore, this business also has a target to reach a wider market through an effective digital marketing strategy. The use of e-commerce platforms, social media, and official websites is expected to expand market reach both domestically and abroad. Finally, this business wants to grow into a strong local brand, widely known both nationally and internationally, and able to bring a positive image to original Indonesian handicraft products.

Frame of Mind

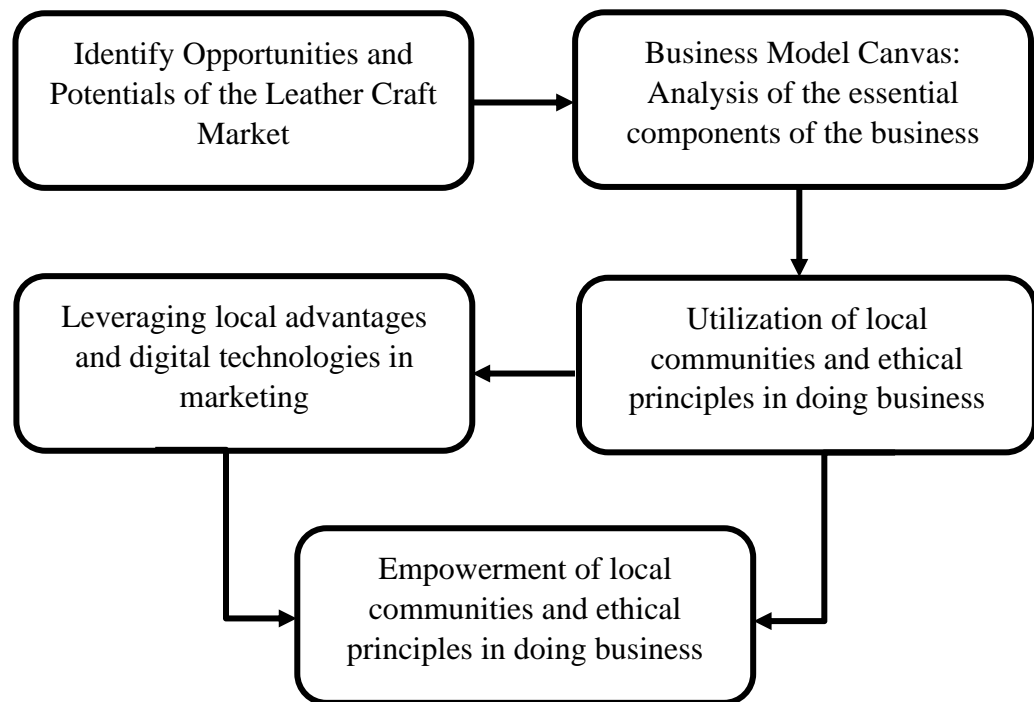


Figure 2. Thinking Diagram

The framework for thinking in the analysis of leather handicraft business starts from identifying opportunities and market potentials for leather-based handicraft products that continue to experience increasing demand. This demand comes not only from the local market, but also from foreign consumers who appreciate high-quality and art-value products.

Furthermore, to map and develop this potential, the Business Model Canvas approach is used as a strategic tool in describing the important components of the business. Elements such as customer segments, value propositions, distribution channels, customer relationships, revenue sources, key resources, key activities, key partners, and cost structures are thoroughly analyzed to ensure the fit of the business strategy with market needs and internal capabilities.

By taking advantage of local advantages, such as the availability of leather raw materials and skilled craftsmen, as well as the application of digital technology in marketing, it is hoped that this business will be able to form a competitive and sustainable business model. The use of social media, marketplaces, and official websites allows businesses to reach a wider range of consumers, while building a strong brand image.

This frame of mind also places the empowerment of local communities as an important part of the social business strategy. By involving local artisans in the production process, this business not only contributes to the preservation of local wisdom and culture, but also creates a positive social impact in the form of improving community welfare. This is in line with the global trend that prioritizes ethical and sustainability principles in doing business, where consumers are increasingly aware and concerned about responsible production processes.

CONCLUSION

Based on the analysis that has been carried out through the *Business Model Canvas* (BMC) approach, it can be concluded that leather handicraft businesses have great potential to develop and compete in national and international markets. This business has a strong value proposition in the form of high-quality, unique, handmade, and personalized products, which are in line with today's consumer trends that prioritize exclusivity and originality.

The business model has also covered all important aspects of business management, ranging from customer segments, diverse distribution channels, close customer relationships, to a clear cost and revenue structure. The main strength of this business lies in the existence of skilled local craftsmen, quality raw materials, and the use of digital technology in marketing.

However, there are several challenges that must be faced, such as the limitation of product innovation, price competitiveness with mass products, and limitations in production capacity and distribution range. Therefore, sustainable business development requires a planned strategy and support from various parties, including the government and the MSME community.

ACKNOWLEDGEMENT

To support the development of the leather handicraft business to be more optimal and sustainable, there are several strategic suggestions that can be considered. First, business actors need to continue to encourage product innovation by creating varied designs and following market trends. Combining elements of local culture in a modern touch can be a special attraction for consumers, both domestic and international.

Furthermore, strengthening branding and utilizing digital marketing is an important step in reaching a wider market. Social media, marketplaces, and official websites must be used to the fullest to build a strong brand image, increase product visibility, and strengthen relationships with customers. In addition, the empowerment of human resources, especially craftsmen, through training and work capacity building, is also very important so that product quality continues to improve and is able to compete globally.

Collaborations with strategic partners such as souvenir shops, local art galleries, designers, and exporters also need to be expanded. This not only helps to expand the distribution network, but it can also open up new market opportunities. Finally, more professional business management is needed, including in terms of financial management, stock, production, and customer service, so that businesses can run more efficiently and are ready to develop into highly competitive local brands.

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