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Optimizing Village Tourism Businesses with the Business Model Canvas: A Strategic Approach

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Abstract:

Purpose:
This study aims to optimize the management of Munggu Tourist Village through the application of the Business Model Canvas (BMC). By utilizing the BMC framework, it is hoped that tourist village development can become more focused, professional, and sustainable, thereby delivering positive impacts for both tourists and local communities.

Methodology:
This research employs a qualitative approach. Data collection is conducted through observation, in-depth interviews, and Focus Group Discussions (FGD). In-depth interviews are conducted with business managers in Desa Munggu. The FGD involves inviting the Village Head (Perbekel), the Traditional Village Head (Bendesa Adat Munggu), the Village Supervisory Board, the Chairperson of the Desa Munggu Tourism Awareness Group (Kelompok Sadar Wisata), the Chairperson of the Desa Munggu Tourism Business Management, and the Village Environmental Chairperson.

Findings:
This finding confirms that the Business Model Canvas (BMC) can serve as a flexible and relevant strategic tool to support the sustainable development of tourism villages based on local wisdom.

Implication:
This study confirms that the Business Model Canvas (BMC) is a strategic tool that effectively supports the sustainable development of tourism villages based on local wisdom. The findings provide practical guidance for tourism village managers and government authorities in designing effective business strategies, empowering local communities, and maintaining the attractions of the destination. Furthermore, this research encourages responsible tourism management to preserve culture and the environment while opening opportunities for further studies in other tourism destinations.

INTRODUCTION

Tourism is one of the leading sectors in Indonesia's economic development, significantly contributing to regional income, job creation, and community welfare. Amidst global tourism trends, destinations based on local wisdom are increasingly in demand as they offer authentic experiences for tourists while supporting environmental and cultural sustainability. In developing tourist villages, the role of the government is essential, but community contributions are equally important (Yunita & Sekarningrum, 2020). Tourist villages serve as a means for economic and local community development, acting as an effective source of income and employment. According to Saepudin et al. (2019), the development of tourist villages must adhere to three principles: alignment with local culture, a focus on improving environmental quality, and community empowerment.

Munggu Village is one of the tourist villages in Bali, rich in tourism potential ranging from the unique cultural traditions such as Mekotek, swings, scenic landscapes, culinary arts, dance and painting arts, to the daily life of locals who maintain their traditional wisdom. Despite its immense potential, Munggu Tourist Village faces

several challenges in achieving optimal management. Tourist villages are often regarded as effective means of fostering economic and community development, but they frequently lack a business framework that can be utilized to design sustainable and effective development strategies (Sumarjiyanto, 2020).

One approach to addressing these issues is the application of the Business Model Canvas (BMC). Introduced by Osterwalder and Pigneur (2010), BMC is a strategic framework that helps organizations map and analyze key components of their business models. This framework encompasses nine key elements: customer segments, value propositions, distribution channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structures. By adopting this approach, tourist village managers can more easily develop comprehensive strategies, from identifying potential tourist segments to optimizing available resources.

This study aims to optimize the management of Munggu Tourist Village through the application of the Business Model Canvas (BMC). By utilizing the BMC framework, it is hoped that tourist village development can become more focused, professional, and sustainable, thereby delivering positive impacts for both tourists and local communities. This research is also relevant to the government's efforts to achieve sustainable and inclusive tourism, as outlined in the Ministry of Tourism's Strategic Plan for 2020–2024. Furthermore, previous studies have demonstrated that the application of BMC can help tourist destinations maximize economic potential and create more effective business strategies (Sparviero, 2019; Carter and Carter, 2020; Becker and Bröcker, 2021). Thus, this study is expected to provide both academic and practical contributions in supporting Munggu Tourist Village to become a highly competitive leading destination.

Tourist Villages

According to the Ministry of Tourism and Creative Economy of Indonesia (Kemenparekraf), a tourist village is a tourism destination equipped with tourist attractions, supporting facilities, and ease of access. Tourist villages must present all of these elements in accordance with the customs and traditions of the local community (https://www.kemenparekraf.go.id). This concept not only emphasizes natural beauty but also encompasses cultural wealth, local wisdom, and the community's economic potential.

Business Model Canvas (BMC)

The Business Model Canvas (BMC) is a useful tool for planning, developing, and optimizing business strategies (Osterwalder and Pigneur, 2010). BMC is a technique that visualizes business models in a structured manner. It serves as a systematic guide for creating, evaluating, and refining the components within a business model (Braun et al., 2021; Lechuga et al., 2023). BMC consists of nine interconnected blocks used to understand how a business creates, delivers, and captures value.

The nine elements of BMC are as follows:
1) Customer Segments. This describes the target market for the goods or services offered.
2) Value Propositions. These are the benefits or value offered by a company to its targeted market segment, providing the reasons why customers should purchase the offered goods or services.
3) Channels. The means through which a company delivers its Value Proposition to its targeted Customer Segments, serving as the link between the company and its customers.
4) Customer Relationships. Strategies to build and maintain relationships with customers.
5) Revenue Streams. Income generated from each customer segment.
6) Key Resources. he essential resources that a company must have to operate its business effectively.
7) Key Activities. Core activities that a company must master to sustain its business operations.
8) Key Partnerships. Resources needed by the company to deliver its Value Proposition but are not owned by the company itself.
9) Cost Structure. The composition of costs associated with operating the business to deliver the Value Proposition to customers. This includes fixed and variable costs, maintenance costs, operational costs, and others.

Source: Osterwalder dan Pigneur (2010).
Figure 1. Business Model Canvas (BMC)

According to Sadikin et al. (2023), the Business Model Canvas plays several important roles in business strategy, including:

1) Flexibility in long-term business planning. The Business Model Canvas enables companies to plan the type of business they aim to develop in the future.

2) Enhancing the company's focus on key points in business planning. The Business Model Canvas emphasizes essential and strategic elements that have the greatest impact on driving company growth.

3) Ease of updating the model. Companies can easily update the model or any of the blocks within the Business Model Canvas when execution does not align with current situations. Furthermore, the Business Model Canvas is more convenient to share with business partners.

METHODS

This research employs a qualitative approach. Data collection is conducted through observation, in-depth interviews, and Focus Group Discussions (FGD). In-depth interviews are conducted with business managers in Desa Munggu. The FGD involves inviting the Village Head (Perbekel), the Traditional Village Head (Bendesa Adat Munggu), the Village Supervisory Board, the Chairperson of the Desa Munggu Tourism Awareness Group (Kelompok Sadar Wisata), the Chairperson of the Desa Munggu Tourism Business Management, and the Village Environmental Chairperson.

RESULTS AND DISCUSSION

The Business Model Canvas (BMC) mapping for Desa Wisata Munggu is as follows:

a. Value Proposition. Desa Wisata Munggu offers a unique experience to tourists, including the Mekotek cultural tradition, distinctive local cuisine, arts, and beautiful views of the beach and rice fields. There are workshops for painting, dancing, megambel (traditional Balinese music), and traditional cooking classes. Homestay accommodations provide an immersive local experience, offering insight into the daily life of the community. The combination of distinctive culture and beautiful nature makes it an attractive destination for tourists seeking unique cultural and natural experiences.

b. Customer Segments. The primary target customers are domestic and international tourists looking for cultural experiences and natural beauty. Students and researchers interested in Balinese culture are also a target segment.

c. Channels. Desa Munggu uses social media (Instagram, Facebook, TikTok) as promotional platforms, the village's website for information and bookings, and participates in tourism exhibitions organized by local, national, and international governments, bringing brochures to promote the destination.

d. Customer Relationships. Relationships with tourists are built through friendly, personalized service, ensuring a welcoming experience for visitors.

e. Revenue Streams. Main revenue streams include parking services at Pantai Munggu, kiosks selling goods at Pantai Munggu, and cleanliness fees from villas/homestays.

f. Key Resources Key resources include natural resources (beautiful beaches and agricultural land), local wisdom, rich cultural traditions, the unique Mekotek tradition, and human resources (local residents who are very open to the presence of tourists).

g. Key Activities. Main activities to attract tourists include organizing festivals related to local culture, such as the Mekotek Festival, developing programs like painting workshops, traditional dancing, making simple 'canang' offerings, and other interactive activities for tourists. Marketing and promotion efforts are conducted both online and in-person through exhibitions organized by the government and private sectors to attract new visitors.

h. Key Partnerships. Partnerships with local government, central government, and tourism organizations. Desa Wisata Munggu collaborates with government institutions, local communities, and business actors to support the development and promotion of the destination. Partnerships with travel agencies, both local and international, as well as an online tourism platform like Jadesta. The village also collaborates with universities and NGOs for training and human resource development.

i. Cost Structure. Common costs include village tourism management fees, training and skill development costs for local residents, marketing and promotional expenses, and costs related to the maintenance and preservation of the environment and culture.

In summary, the Business Model Canvas of Desa Wisata Munggu is presented in Figure 2.
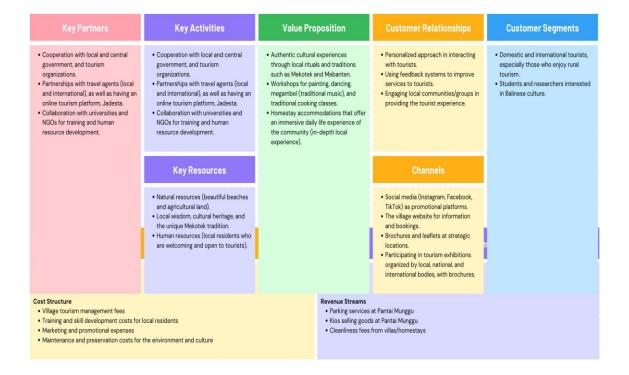
Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
• Cooperation with local and central government, and tourism organizations. • Partnerships with travel agents (local and international), as well as having an online tourism platform, Jadesta. • Collaboration with universities and NGOs for training and human resource development.	• Cooperation with local and central government, and tourism organizations. • Partnerships with travel agents (local and international), as well as having an online tourism platform, Jadesta. • Collaboration with universities and NGOs for training and human resource development.	• Authentic cultural experiences through local rituals and traditions such as Mekotek and Mebanten. • Workshops for painting, dancing, megambel (traditional music), and traditional cooking classes. • Homestay accommodations that offer an immersive daily life experience of the community (in-depth local experience).	• Personalized approach in interacting with tourists. • Using feedback systems to improve services to tourists. • Engaging local communities/groups in providing the tourist experience.	• Domestic and international tourists, especially those who enjoy rural tourism. • Students and researchers interested in Balinese culture.
	Key Resources		**Channels**	
	• Natural resources (beautiful beaches and agricultural land). • Local wisdom, cultural heritage, and the unique Mekotek tradition. • Human resources (local residents who are welcoming and open to tourists).		• Social media (Instagram, Facebook, TikTok) as promotional platforms. • The village website for information and bookings. • Brochures and leaflets at strategic locations. • Participating in tourism exhibitions organized by local, national, and international bodies, with brochures.	

Cost Structure	Revenue Streams
• Village tourism management fees • Training and skill development costs for local residents • Marketing and promotional expenses • Maintenance and preservation costs for the environment and culture	• Parking services at Pantai Munggu • Kios selling goods at Pantai Munggu • Cleanliness fees from villas/homestays

Figure 2. Business Model Canvas of Munggu Tourism Village

CONCLUSION

Based on the research conducted, it can be concluded that the Business Model Canvas (BMC) facilitates Desa Wisata Munggu in designing a detailed and easy-to-understand business model. The application of BMC helps the management of Desa Wisata Munggu visualize the business model in a structured manner. The findings suggest that:

a. The uniqueness of local culture is the main competitive advantage. Tourist responses to cultural experiences rich in local wisdom indicate that strong local values can trigger positive emotions, such as admiration and satisfaction.
b. Collaboration with strategic partners, such as travel agents and the government, is effective in expanding marketing reach.
c. Planned management through BMC encourages operational efficiency and product innovation, such as the development of culture-based and ecotourism travel packages

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