MARKETING | RESEARCH ARTICLE

Designing of Service Dominant Logic and Business Model Canvas: Narrative Study of Village Tourism

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Abstract: The purpose of this research is to design service design, design a canvas business model (BMC) based on the design of services that have been designed and know the role of society. The required data is divided into two, namely primary data and secondary data. Primary data was obtained by conducting interviews and observations to tourists, managers and the community around Siregar Aek Nalas. Primary data obtained such as access, amenities, safety and security, processes, physical or digital artifacts, stakeholders/stakeholders, and Village Tourism services. Secondary data is obtained by conducting literature studies. The strategy carried out to develop Siregar Aek Nalas is the design of Service Dominant Logic (SDL) by creating a map of tourist travel before the visit, during the visit and the completion of the visit from the primary data obtained then carried out the design of the canvas model business with the presence of nine components customer segment, value proposition, channel, customer relationship, revenue stream, key of resource, key of activities, key of partnership and cost structure. Service Design is done by co-creation of tourist travel map before visit, during visit and completion of visit. The creation of a tourist travel map is based on eight programs.

Keywords: Service Design, Business Model Canvas, Tourism, Entrepreneur, Village Tourism

JEL Classification Code: M21, M29, O31, O35

1. INTRODUCTION

The business process begins with the identification of business opportunities and continues until the negotiation of investments and agreements. Entrepreneurs use a business plan as the main framework for organizing and providing information set out in managing a business. Tourism village development uses a business plan by compiling a collection of information about challenges and opportunities (Sort & Nielsen, 2018). The need for a new framework can help entrepreneurs in forming a collection of information useful for the purpose of developing a village tourism. Coordination between entrepreneurs and businesses is essential to create a positive investment process, for example, how the idea of customer value is a key element in innovation and creating successful start-ups/companies. However, no research has been found to focus on developing the business strategy of Siregar Aek Nalas Village Tourism recently. Siregar Aek Nalas village tourism located in Toba Regency North Sumatra Indonesia is one of the tourist attractions. Desa has a hot spring called aek rangat exactly on the shore of Lake Toba, so it is named Aek Nalas that warm water. Siregar Aek Nalas Village Tourism has the opportunity to be, judging by its potential. Siregar Aek Nalas as a water and nature tourism on the outskirts of LakeToba, the water is clean, clear, cold, some have warm water from inside the lake, the air is cool, the journey to the village is welcomed by the rice fields of the community are neatly arranged and natural. Although Siregar Aek Nalas has the potential does not guarantee to make tourists increase every year visiting tourist attractions. A number of tourists have not been recorded well but are expected to experience an increase in the holiday season and a decrease since the pandemic covid-19. By seeing the potential of Siregar Aek Nalas tourist attraction quite a lot, it is necessary to develop the attraction by making a service design, designing a canvas business model and inviting the surrounding community to participate. The design of the
service aims to describe existing and existing services. Service design is used by tourists before heading to the attraction, when in the attraction and leaving the tourist attraction so that tourists can know the services, facilities, facilities and infrastructure before heading to the attraction, while at the attraction and leaving the attraction. Business canvas models are used to see and know the services that have been created can run and grow. Therefore, it is necessary to play a role of the community in the development of Siregar Aek Nalas Village Tourism object. The role of the community can improve the economy, and increase the job openings of the surrounding community.

Apart from individuals from local communities having built a business model, it is necessary to undertake a series of coherent activities that create value for customers and define mechanisms for business model processes. In previous tourism studies, there have been several business model idea references, although they were not often directly applied. Their system definition of activity places value creation and value capture at the core of the business model. The canvas business model was adopted from the activity system to discuss the management business model of the management organization as the ideal type. Canvas definition (Segura, et al., 2020) is another conceptualization of the business model that offers an alternative approach to understanding how organizations work (Ladd, 2018). One of the challenges of using a business model canvas for academic purposes relates to how it relates to theory. Unlike other concepts, canvas models lack a consistent theoretical foundation that may explain why some studies that implement these "tools" fail to link their results and discussions with existing theoretical work. However, this is not to say that there is no way to use canvas theoretically and methodologically as a tool to study problems related to management and business model innovation (Reinhold, et al., 2019).

The design of the business model allows new businesses to articulate a holistic view. After getting a clear picture of how the business will operate, business development and marketing plans for implementation can adapt and by changing the business model has the potential to increase growth and resilience in the organization. Canvas is a tool that helps users to identify smaller elements of a business model and provides a visual map to record detailed strategy planning (Comin, et al., 2020). The Canvas model gives a one-page view of what businesses are doing to achieve their goals. In developing ontology for canvas, Ojasalo & Ojasalo (2018) demonstrated four areas of business operations (infrastructure management, products, customer interface and financial aspects) as frameworks for creating nine smaller blocks to aid deeper analysis during the business modeling process. To the left of the canvas, the primary partner, main activity, and main resource columns represent the business infrastructure management quadrant. On the right side of the canvas, customer relationships, customer segments, and channel columns form a quarterly customer interface that includes business customers and B2B interactions (Carter & Carter, 2020). The value proposition column represents the components of a business product, and finally, at the bottom of the page, the cost structure and revenue stream consist of the financial aspects of the business.

For optimization of service design and business model emphasized the creation of green sustainability (Ye, et al., 2020). SDL axiom emphasizes that all value providers or entrepreneurs and tourism village managers are those who are able to integrate and communicate various values as a service phenomenon (Ng & Vargo, 2018). SDL has described that transactional empowerment (Lindhult, et al., 2018; Ballantyne & Varey, 2018). This shows that the idea of SDL further strengthens the design of the services of the tourist god Siregar Aek nalas as a producer of added value and sustainability of village tourism, synchronizing with the creation of the value of products and services in accordance with the principles of conformity between the batak and human culture environment; so that the nature of the organization, market and community has a reciprocal relationship; the product of the village tourism is a service, with the concept of value i.e. co-creation process green sustainability (Vargo, 2018; Ballantyne & Varey, 2018; Swaminathan, et al., 2020).

The first phase of the study was by conducting a survey (Liao, et al., 2021) and interviewed several businessmen, tourists and community leaders in the village tourism of Siregar Aek Nasal at random. The question for entrepreneurs concerns what and how they start and do entrepreneurial development; tourists, what needs are adequate and that are still felt less? As for community leaders, what is their role in the development of Siregar Aek Nasal tourism village. A total of 12 micro-entrepreneurs are located there who are none other than local natives, 15 tourists from North Sumatra and 2 village leaders and...
keypersons. This study is supported by literature tracing to generate an understanding of development strategies with canvas business models. This study is a descriptive review (Hott, et al., 2020) as it begins with mapping and grouping topics around business strategy and canvas models (MacArthur, 2019), so the details of the questions during the interview include the business strategies applied and the urgent needs for travelers. As a result, no one understands the strategy holistically, but for them it is only enough to provide what tourists need. SDL design is an overview of the service (Kang & Wooten, 2020; Ojasalo & Ojasalo, 2018) which is accepted by tourists to the attraction, at the attraction and leave the attraction. Service Design designed consists of 8 programs, namely: Access is a means and infrastructure (de Araújo, Gonçalves, & Taveira, 2018), to be able to get to the tourist attraction Siregar Aek Nalas; 2. Amenities are facilities that can support tourist activities; 3. Attraction is something that can make tourists interested and visit attractions; 4. Safety and security is first aid in the event of an accident. Security is a state of freedom from accidents; 5. The process is the steps taken by tourists to be able to go to Siregar Aek Nalas, arrive at Siregar Aek Nalas, and leave Siregar Aek Nalas; 6. Physical or digital artifacts are physical components available at Siregar Aek Nalas tourist attraction; 7. Stakeholder sare people who participate in developing, managing and providing services; 8. Village tourism service is a service received by tourists before making a visit, when making a visit and finish the visit.

2. Literature Review

According to Kotler and Armstrong (2010) Marketing is a process by which companies create value for customers and build strong relationships with customers with the aim of capturing value from customers in return. There are two objectives of marketing, namely attracting new customers by promising value advantages and maintaining and growing existing customers by providing satisfaction. Marketing must be understood in the modern sense of satisfying customer needs. If marketers understand customer needs, develop products and services that provide superior value to customers, set prices, distribute and promote products and services effectively, the product or service will be easy to sell. There are 10 types of entities marketed in marketing according to Armstrong et al (2014), namely: goods, services, events, experiences, people, places, property (ownership rights), organizations, information, and ideas. According to Rauschnabel et al (2016), the goal of marketing is to attract new customers by promising superior value, setting attractive prices, distributing products easily, promoting effectively and retaining existing customers while still adhering to the principle of customer satisfaction (Firman et al., 2020; Nguyen et al., 2019). Garmann-Johnsen et al (2021), Sezerel & Tonus (2014) says that business success in marketing is if the company is able to sell products in accordance with the targets set by the company or even exceed the target of the sales volume set by the company. The marketing function according to Höflinger et al (2018) can be measured in terms of the quality of the products marketed, the suitability of the prices given to consumers and the timeliness of delivery of goods. The business model explains how organizations create, convey and capture value as in the Service Dominant Logic (SDL) perspective to create value through certain economic, operational and strategic approaches. Most of the business models noted by the literature include blocks or sets of elements with operational roles, but there is no consensus on how canvas should be (Canestrino, et al., 2019). Some authors prefer to call it building blocks, components or just elements, although the former is the most commonly used (Almeida, et al., 2019). Building blocks provide a way to set the framework of a business model and define logic to generate profits for the company, as well as develop and deliver value to customers. Canvas models are widely used in many types of organizations due to their ease of application and management (Drejerska, et al., 2019; Franzidis, 2019; Kadir, 2018), canvas is a way to visually set business logic to guide the prototype generation phase (Ladd, 2018), gather feedback, and review iterations about innovations in business models (Segura, et al., 2020). The success factor of business development model includes well maintained building facades, uninterrupted sidewalks, trees that contribute to a pleasing microenvironment and the creation of well-maintained, signed and signaled open areas. The key is to appeal to all senses including taste, sight, sound, touch and smell. It is for this reason that ambient variables such as air quality, cleanliness, lighting, comfort, signage and window displays are important (McKercher, 2020), accommodation management (Rasoolimanesh & Seyfi, 2020), establishment of management system (Susilo, 2020), resource development (Voinova, et
al., 2019) so that entrepreneurship can compete. Service dominant businesses focus on customer value and provide new opportunities for entrepreneurs to develop business strategies. SDL (Vargo & Lusch, 2007) emphasizes on the creation of shared values, values in use and values in context, has been proposed as an alternative view of traditional ideas about value in exchange (Maglio & Spohrer, 2007; Vargo & Lusch, 2004). The central idea of SDL is that there is no value until the offer is used and experienced by the customer (Chan, Yim, & Lam, 2010). SDL argues that companies can offer a value proposition and the value is always created together (Bagdoniené & Valkauskienė, 2018; Grönroos, 2011) has provided an alternative view, service logic, which shows that the customer is the value creator during the value generating process and in the interaction that supports the value. The company is a facilitator and co-creator involved in the customer process. Customers not only determine the value, but also control the creation of the value and participate in the process (Grönroos, 2017). When entrepreneurs focus on value-in-use, suppliers offer a value proposition that can support the customer value creation process, but it’s the customer who actualizes that value. The role of the company has shifted from value producer to value support because customers are responsible for value creation (Grönroos, 2011). SDL represents a more advanced enterprise-based view where customers are seen as partners in co-creation, but offers an incomplete understanding of what customers do with those services.

2.1. Business Model Canvas

According to Osterwalder and Pigneur in (Müller, 2019), the canvas business model consists of nine blocks that help one formulate a business idea into a business model (Almeida, et al., 2019; Canestrino, et al., 2019; Carter & Carter, 2020; Ojasalo & Ojasalo, 2018). Here are nine blocks on the business model canvas e.g., Customer Segments, the customer segment block describes a group of different people or organizations that the company wants to reach or serve. Value Proposition, the value proposition block describes a combination of products and services that creates value for a specific customer segment.

<table>
<thead>
<tr>
<th>Business Model Canvas</th>
<th>Service Design</th>
<th>Core</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Segment</td>
<td>Process</td>
<td>Customer Segment is obtained based on the process program</td>
</tr>
<tr>
<td>Value Proposition</td>
<td>Physical or Digital Processes, Attractions and Artifacts</td>
<td>Value Proposition obtained based on process, attractions and Physical or Digital Artifacts</td>
</tr>
<tr>
<td>Channels</td>
<td>Access</td>
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<tr>
<td>Customer Relationships</td>
<td>Attractions and Stakeholders</td>
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<tr>
<td>Revenue Streams</td>
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<td>Key Resources obtained based on Access, Attractions and Stakeholders</td>
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<tr>
<td>Key Activities</td>
<td>Access and Stakeholders</td>
<td>Key Activities obtained based on Access and Stakeholders</td>
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<tr>
<td>Key Partnerships</td>
<td>Key Partnerships obtained by Stakeholder</td>
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<tr>
<td>Cost Structure</td>
<td>Access, Stakeholders, Amenities</td>
<td>Cost Structure obtained based on Access, Stakeholder and Amenities</td>
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</tbody>
</table>

Customer Relationship block describes the different types of relationships the company builds with specific customer segments. Revenue Stream, the revenue stream block describes the cash the company generates from each customer segment (costs must reduce revenue to generate revenue). Key Resource, key Resource blocks describe the most important assets needed for a business model to work. Key Activities, the Key Activities block illustrates the most important things companies need to do in order for their business model to work. Key Partnerships, key Partnership block describes the network of suppliers and partners that make the business model work. Cost Structures, the Cost Structures block describes all the costs incurred to operate the business model. The eight components of the Canvas Business Model are based on the eighth Service Design program.

3. Result and Discussion
3.2. Business Model Canvas (BMC)

Based on the observations in Siregar Aek Nasal Siregar customer segment Aek Nasal are tourists around Toba, Sumatra and outside Sumatra. Tourists come from various circles ranging from children,
teenagers, adults to seniors. Value Proposition received by the manager that tourists can enjoy the panorama of rice fields and along the entrance surrounded by beautiful rice fields and passing buildings and carvings monuments or cemeteries that are worth history and customs; Very clear pool water; there are shady trees in some points on the outskirts of Lake Toba that can see the view of Siregar Aek Nalas pond from above; There is a souvenir shop selling souvenirs there are food stalls serving national and local food. Channels conducted by the manager to promote and market Siregar Aek Nalas is have a google map account, blog, social media accounts such as facebook, page and Instagram. There are banners or billboards on the side of the road; Advertisement on the radio containing location information, tourist facilities information and access to Siregar Aek Nalas; has a blog Siregar Aek Nalas. Customer relationships conducted by manager Aek Nalas to add and maintain tourists, namely hospitality provided by the manager to tourists such as making direct contact, greeting tourists and thanking tourists when doing tourist activities. The manager helps tourists when tourists need the help of the manager such as conveying information about the history of Siregar Aek Nalas to tourists, informing tourists about other tourist attractions around Siregar Aek Nalas, providing first aid in the event of an accident to tourists; Provide security systems; Use of photo spots, tires, rafts, boats, bathrooms and trees where two. Revenue Streams earned by the manager i.e. revenue from direct sales such as admission sales; Income from rental facilities such as tires, boats, parking fees; Revenue from the sale of food and beverages; Revenue from the sale of swimwear and toiletries. Public transportation from Porsea is available cost of tourists to take public transportation is Rp 8,000. The manager is the person who manages, cleans, and develops Siregar Aek Nalas; Parking guards who are the community around Siregar Aek Nalas who provide parking; Head of security; Natural resources such as Siregar Aek Nalas pond, fish pond, and trees around Siregar Aek Nalas. Key Activities provided by the manager is the manager conducts promotional activities to the public through advertisements on the radio, banners on the side of the road, blogs, google map, YouTube and social media Siregar Aek Nalas; The manager performs maintenance and cleaning of Siregar Aek Nalas pond; The manager performs maintenance, cleaning and maintenance of the Siregar Aek Nalas facility. Key Partnerships Siregar Aek Nalas namely the Community around Siregar Aek Nalas; Food and beverage distributors; Swimwear distributor and toiletry distributor. Cost Structure issued to operate Siregar Aek Nalas i.e., Promotion and marketing costs; Variable costs such as repair of public facilities, toilets, entrances, and the addition of mats.

4. Conclusion

Service Design is done by co-creation of tourist travel map before visit, during visit and completion of visit. The creation of a tourist travel map is based on eight programs. Eight programs of formulating tourist travel maps are process, physical or digital artifacts, stakeholders, attractions, amenities, access, village tourism services, safety and security. The advantage of Service Design is to help tourists to know the facilities and services that tourists receive when visiting. The weakness of Service Design is that there are some services that are not available in Siregar Aek Nalas so that some services such as security systems are added, the manager does not record the number of tourists Siregar Aek Nalas, the manager does not promote and market Siregar Aek Nalas so that the addition of services such as the manager provides a security system in the form of a security chief in Siregar Aek Nalas, the manager provides a special worker to record the number of tourists visiting Siregar Aek Nalas and the manager promotes and markets Siregar Aek Nalas through the website, social media in the form of Facebook and Instagram, banners and google map. From the results of service design designed then done business design Canvas Model. Canvas Model Business Design is based on all eight Service Design programs. Based on the design of Business Canvas Model is very necessary special attention to the value proposition because value proposition is the reason for tourists to make tourist visits. In addition, to develop Siregar Aek Nalas needed the role of the community in developing the village tourism. Efforts are made to involve the role of the community, namely by counseling about the importance of tourism activities in improving the economy of the local community, training counseling in making handicrafts to be used as souvenirs and hospitality coaching in Siregar Aek Nalas. To be able to design the Service design of Siregar Aek Nalas tourism village towards green sustainability, it is necessary to improve coaching and

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mentoring for the community, especially entrepreneurs, tourism village safety counseling, and training skills and specialties. In addition, it is recommended to make improvements and addition of tourist facilities. The improvement of tourist facilities can be in the form of road repairs to Siregar Aek Nalas, the addition of tourist facilities such as making souvenir shops and making historical stories of monuments or large grave buildings along the entrance of Siregar Aek Nalas village tourism.

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