

# BUSINESS MODEL VALIDATION OF MICRO BUSINESS IN READY-TO-WEAR CLOTHING INDUSTRY (CASE STUDY: AULEEA.OS IN SURABAYA CITY)

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## ABSTRACT

Microbusiness has evolved into one of the key areas for Indonesia's economic expansion, including the ready-to-wear clothing industry. The large number of ready-to-wear clothing industries has created intense competition, driving them to innovate their products. This research focuses on testing the prioritized elements of the business model. The validation of this business model is conducted to develop the product of the microbusiness Auleea.os, which operates in the ready-to-wear clothing sector. A qualitative case study research approach is used as the research strategy. Interviews and observations will be employed as data collection techniques for the study. To validate the relevant values, information obtained from interviews and observations will be analyzed through business idea testing. This analysis will be utilized to provide recommendations and further actions in the development of Auleea.os microbusiness. The main validation process will be conducted on the prioritized business model hypotheses, which are identified by their high impact and lack of supporting evidence. The research findings indicate that the new business model ideas used by Auleea.os have been validated and can meet the needs and desires of potential consumers. In subsequent similar research, this study is expected to serve as a reference guide. The findings from this analysis are used to provide input in the production of Auleea.os business products.

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## 1. INTRODUCTION

In Indonesia, the microbusiness sector has become a crucial part of the country's economy. The number of microbusinesses in Indonesia continues to increase each year. According to the Ministry of Cooperatives and Small and Medium Enterprises, there were 63.4 million microbusiness units in 2021, compared to 46.6 million units in the previous year, indicating a 36% increase (Ekon.go.id, 2021).

The significant role of microbusinesses supports Indonesia's economic growth. The percentage of microbusinesses in the Gross Domestic Product (GDP) has increased from 57.8% to 60.5% in the last five years. This makes microbusinesses a critical support network and the main driving force behind Indonesia's economy. Besides its impact on the national GDP, microbusinesses also play a significant role in job creation, employing approximately 109.8 million people, which is 88.97% of the total workforce (KemenkopUKM, 2022). While some microbusinesses have shown significant recovery, there are still others that struggle to sustain their operations. In 2020, the World Bank and Bappenas reported that around 75% of businesses experienced a decline in profits during the pandemic, 43% faced a reduction in human resource costs, and 22% struggled with loan repayments (Ekon.go.id, 2022).

Data obtained from the Ministry of Finance showed that at the beginning of 2020, microbusinesses experienced a decline with a contribution to GDP at 37.3% and employment absorption at 73%. However, they quickly recovered, and in 2021, microbusinesses rose again with their contribution to employment reaching 88.97% and GDP at 60.5%. This data indicates that while many microbusinesses can recover significantly, not all of them can do so, and some may even experience a decline (Ekon.go.id, 2021).

The textile and related products manufacturing is one of the many industries where microenterprises in Indonesia are involved. Indonesia's economy greatly benefits from this industry, as it is closely connected to other sectors, from raw materials to ready-to-wear clothing. Recognizing its

importance and contribution, the government encourages the use of the textile industry to return to pre-pandemic levels to support national exports (Kemenperin.go.id, 2022).

Based on data from the Central Statistics Agency (BPS), the textile and textile product industry experienced an increase of 48,806 units from 2018 to 2019 but declined by 28,976 units from 2019 to 2020. In 2020, there were a total of 853,974 microbusiness units recorded in East Java's textile and ready-to-wear clothing industry (Jatim BPS, 2020). Hence, the government needs to pay attention to and continue supporting the development of microbusinesses to ensure their survival and competitiveness in the market.

The Covid-19 pandemic had a significant impact on microbusinesses, leading to a sharp decrease in demand for goods and services in the economy. During the pandemic, the government implemented Large-Scale Social Restrictions (PSBB), resulting in a decline in people's purchasing power. In other words, the Covid-19 outbreak affected all business operational activities [1]. The clothing industry faced various challenges, including distribution limitations, declining sales, and difficulties in obtaining raw materials. Additionally, due to PSBB measures, consumers became more cost-conscious during the pandemic, and most activities shifted online, leading to reduced interest in fashion trends. The change in consumer trends resulted in a buildup of unsold stock and significant losses for clothing industry entrepreneurs.

The use of social media and e-commerce applications has experienced rapid growth during the Covid-19 pandemic, and this is related to the increase in sales transactions for microbusiness founders. In other words, microbusinesses that successfully navigated the pandemic and conducted sales transactions were those that effectively integrated social media and digital sales platforms in their operations [2]. With digitalization, business owners require new innovations in their products to maintain sales results in the highly competitive clothing industry. The introduction of new innovations necessitates market research to determine the effectiveness of these ideas. The validation of the business model innovation is essential to understand if the innovative product ideas have a target market and are well-received by the market [3].

Auleea.os is a microbusiness in the fashion clothing line established in Surabaya City since 2020. Auleea.os's biggest challenge currently is the lack of information about the target market, how the product can be accepted by the general public, and what products are in demand by consumers. The founders of Auleea.os have made various efforts to develop the product, but these efforts were based on subjective perceptions of the owner, and the results of these innovations have not been validated before offering them to potential consumers. In improving the sustainability of their business, Auleea.os has decided to innovate their products to offer them to potential consumers. One of the changes in the value proposition is transitioning from fashion clothing products to adaptive fashion clothing, which would make it easier for the target consumers. To reduce business risks and create products that suit the taste of the target market, Auleea.os needs to validate its business model with prospective customers [4]. The questions asked are: what is the business model of the new product that Auleea.os will create? Which prioritized assumptions of the business model need validation as soon as possible? And what are the next steps taken as a product development strategy?

[5] microbusinesses are independent and profitable enterprises run by individuals or entities in various economic sectors. Meanwhile, according to Bank Indonesia, microbusinesses are commercial entities owned by Indonesian citizens in the form of individual or non-legal entity businesses, excluding subsidiaries or branches owned, controlled, or affiliated with medium or large companies directly or indirectly. Microbusinesses have a maximum net worth of Rp. 200,000,000, excluding land and buildings, or have annual income of less than Rp. 200,000,000. Law No. 20 of 2008 concerning SMEs sets regulations that determine the requirements for microbusinesses.

### **Business Model**

[6] a business model is a framework used to describe the concept of how an institution develops, delivers, and captures value. The business model can be considered as a tool used by organizations to generate profits in the business environment where they operate [7]. The business model is used as a reliable tool in management, business, and entrepreneurship analysis [8]. A business model needs to be understood by all business stakeholders; therefore, a concept that produces alternative strategies as a standard overview is necessary. Research using a business model can be used for market testing and testing assumptions used in product or service development [9]. This research will use the business model canvas, which refers to the literature written by [6]. The business model canvas design process consists of customer segments, value proposition, channels, revenue streams, customer relationships, key activities, key resources, key partners, and cost structure [10].

### **Business Model Validation**

*Business Model Validation Of Micro Business In Ready-To-Wear Clothing Industry (Case Study: Auleea.Os In Surabaya City. Astri Ghina, et.al*

Validation is an activity aimed at measuring the extent to which value differences reflect actual differences between individuals, groups, or conditions [11]. [6] a business model is a key representation of how an organization develops, delivers, and captures value. All business stakeholders must be able to understand the business model, hence a concept that produces alternative strategies as a basic framework is required.

Based on these definitions, it can be concluded that business model validation is an action of proving the alignment of product or service values with the needs and interests of the community or consumers. The validation of the business model is necessary so that consumers can understand the value that the product or service intends to deliver.

#### a. Determining Hypotheses

Hypotheses in business testing can be defined into two categories: assumptions and understandings about the likelihood of business ideas being successful [6]. When making assumptions believed to be true for the business, it starts with the phrase "We believe that..." and then followed by the assumed statement. Making assumptions requires precision as these assumptions will be continuously tested until valid results are achieved. Good characteristics of hypotheses should be testable, precise, and discrete.

#### b. Assumption Mapping

Assumption mapping is designed to make all risks clear in the form of hypotheses, so that prioritization of assumptions and focus on short-term experiments can be done. The assumption map can be used to prioritize hypotheses in terms of their importance and the existence or absence of supporting evidence [6].

Hypotheses placed in the left quadrant are those that are impactful, observable, and have much evidence to support them. Hypotheses placed in the right quadrant are those without evidence, thus requiring further evidence-seeking. The prioritized hypotheses are the ones in the right quadrant, i.e., hypotheses with little supporting evidence and high risk [6].

#### c. Experiments

[6] experiments are used to reduce risks and uncertainties in business ideas. In testing business ideas, the main focus is on business experiments that reduce risks and uncertainties in the business idea, producing weak or strong evidence to support or reject hypotheses, and can be done quickly or slowly, and inexpensively or expensively. A good experiment is one that is sufficient and appropriate so that it can be replicated and yield valuable data for comparison.

A well-planned business experiment consists of four components: hypotheses from the upper right quadrant on the assumption map, experiments to be conducted to support or refute the hypotheses, data matrix to be measured from the experiments, and criteria as a reference for the success of the experiment matrix [6].

#### d. Decisions

[6] decisions can be defined as turning insights into action. The business and technology markets move very fast, so the insights obtained can become obsolete in a matter of months, weeks, or even days. For the purpose of testing business ideas, decisions are defined as the next steps to make progress by testing and mitigating risks in business ideas, decisions based on information gathered from insights, and decisions to ignore, modify, and/or continue testing business ideas.

## 2. METHOD

Case Study Research (CSR) is used as the strategy in this research with a qualitative approach. [12] a case study is a research strategy that carefully examines a subject by collecting extensive information through various data collection procedures. [13] also states that this more in-depth case study approach aims to obtain a complete picture of the research subject, encompassing its entire life and specific aspects.

Qualitative researchers collect data in the environment where the research subjects experience the problems or issues being studied. Interviews with respondents are used to collect data, followed by observation and documentation. As a result, the unit of analysis in this research is the business development of the microbusiness Auleea.os. The characteristics of the interview respondents are as follows:

Table 1. Interview Date

No	Respondent	Interview Objectives	Interview Duration
1	Founder of Micro Enterprises	To collect Auleea.os' canvas business model data	20 minutes
2	Auleea.os consumers who have purchased 2 times or more	To collect information based on the consumer's point of view as insights in the development of validated products	20 minutes
3	Expert in the apparel industry	To collect information based on an expert's point of view as insight in the development of validated products	20 minutes

Online or face-to-face interviews are used as data collection techniques. There are three types of respondents in this research: Auleea.os business founders as the main respondents, Auleea.os customers as a standard for measuring the business's value, and experts in the clothing business who have been running for a long time with the aim of obtaining more valid results according to real market conditions. Interview data collection is conducted directly or indirectly (online) with a 20-minute interview duration to achieve maximum data collection.

In addition to testing using interviews, observation will also be conducted as a data collection method. This involves collecting data on the number of ratings and positive comments or testimonials from consumers about Auleea.os products on the marketplace used by Auleea.os. The researcher will review data from previous studies to select the research focus before entering the field. The qualitative research focus is temporary and changes after field research is conducted [14]. In qualitative field research, data analysis is conducted simultaneously with data collection and has a specific time limit. Figure 1 illustrates the research steps.



Figure 1 Research Steps

### Validity and Reliability Test

This research employs a qualitative approach. The reality in qualitative research is not singular but diverse and depends on the researcher's ability to realize the observed phenomena [14]. Valid data [14] is data that does not have discrepancies between the data in the field and the data presented by the researcher. These three aspects are listed in :

Table 2 for validity and reliability.

Testing	Definition	Method
<i>Validity</i>	This method is used to demonstrate the objectivity and control bias applied by the researcher.	The triangulation method is used to assess the results of data from sources other than interviews, while the data sources are triangulation is used to verify the information obtained from interviews with several respondents.
<i>Credibility</i>	The term validity describes the extent to which the research results accurately describe the actual situation.	Do explanation building, namely to increase internal validity, each statement is accompanied by an interview excerpt.
<i>Reliability</i>	This test is carried out to ensure that researchers have followed legal, traceable, and well-documented procedures in conducting research (Neergaard & Ulhøi, 2007).	Using research protocols and research database development.

### 3. RESULT AND DISCUSSION

The first step in this research is to gather information about Auleea.os's business model canvas from the founder of the business, who will be the main respondent in this study. The research will involve 10 respondents who meet the criteria of being female and aged between 16 to 65 years to be selected and interviewed to collect information from a consumer perspective. The interview results will be used as insights into the prioritized and validated product development.

Table 3 shows the characteristics of the respondents.

Kode	Gender	Age	Work
R1	Female	22	Business Founder
R2	Female	22	Customer
R3	Female	22	Customer
R4	Female	22	Customer
R5	Female	22	Customer
R6	Female	20	Customer
R7	Female	22	Customer
R8	Female	21	Customer
R9	Female	22	Customer
R10	Female	22	Customer
R11	Female	51	Expert

The interviewer asked about the business model currently implemented by the founder to gather initial data about the form of the business model canvas that needs validation. Respondents were interviewed to collect information based on three hypotheses with a duration of 20 minutes per interview.

#### Establishing Hypotheses

##### a. Formulation of Hypotheses

Hypotheses are assumptions obtained through interviews with the founder of Auleea.os. The interview results provide the developed business model canvas, and from each block of the business model canvas, hypotheses will be formulated using the phrase "We believe that...".

Table 4 shows the hypotheses from each block of the business model canvas of Auleea.os.

		hypothesis
<i>Customer Segment</i>	H1	We believe that our consumers consist of teenage and adult women who are actively seeking information about women's fashion products.
	H2	We believe that our customers are the general public who are looking for information related to women's fashion products
<i>Value Proposition</i>	H3	We believe that products that always follow fashion trends can attract customers to shop

hypothesis		
<i>Channels</i>	H4	We believe that magnetic button shirts can attract customers to shop
	H5	We believe that Shopee Auleea.os is an online sales platform that is easy enough to make transactions securely
	H6	We believe that Instagram Auleea.os is a fairly easy platform for doing marketing and transactions securely
	H7	We believe that Whatsapp Auleea.os is an online sales platform that is easy enough to make transactions securely
<i>Customer Relationship</i>	H8	We believe that by using Instagram social media we can attract customers who want to find information and shop about products
	H9	We believe that by providing discounts or free shipping at certain events, we can increase customer loyalty
<i>Key Activities</i>	H10	We believe that Auleea.os can efficiently oversee the entire operation process to develop a successful and long-lasting business strategy
<i>Key Resource</i>	H11	We believe that Auleea.os can optimally manage all resources to create a profitable and sustainable business model
<i>Key Partner</i>	H12	We believe that Auleea.os can optimally manage all partners to create a profitable and sustainable business model
<i>Revenue Stream</i>	H13	We believe that customers are willing to spend between 100,000 and 200,000 for a magnetic button-down shirt.
<i>Cost Structure</i>	H14	We believe that Auleea.os can effectively control the company's operational costs to build a successful and sustainable business strategy
<i>Profit</i>	H15	We believe that Auleea.os can generate significant profits

#### b. Mapping Hypotheses

Each obtained hypothesis needs to undergo assumption mapping activities by analyzing the hypotheses that have impact and evidence.

Table 5 Displays The Analysis of The Tested Hypotheses.

hypothesis		Highly Impactful / Less Impactful	Presence / Absence of Evidence
<i>Customer Segment</i>	H1	We believe that our consumers consist of teenage and adult women who are actively seeking information about women's fashion products.	Very Impactful Sufficient evidence with 78.8% of customers being teenage and adult women based on the insights of the Auleea.os Instagram account
	H2	We believe that our customers are the general public who are looking for information related to women's fashion products	Very Impactful Sufficient evidence with the average customer being the general public based on the insights of the Auleea.os Instagram account
<i>Value Proposition</i>	H3	We believe that products that always follow fashion trends can attract customers to shop	Very Impactful Enough evidence through positive customer testimonials
	H4	We believe that magnetic button shirts can attract customers to shop	Very Impactful Less evident with sales made to close associates
<i>Channels</i>	H5	We believe that shopee Auleea.os is an online sales platform that is quite easy to make transactions safely	Very Impactful Enough evidence with the most sales through the shopee platform

	H6	We believe that Instagram Auleea.os is a fairly easy platform for doing marketing and transactions securely	Very Impactful	Lack of evidence with no sales through the Instagram platform
	H7	We believe that Whatsapp Auleea.os is an online sales platform that is easy enough to make transactions securely	Very Impactful	Enough evidence with the product sold as many as 71 pieces
<i>Customer Relationship</i>	H8	We believe that by using Instagram social media we can attract customers who want to find information and shop about products	Very Impactful	Enough proof by going through customer testimonials on the sales platform
	H9	We believe that by providing discounts or free shipping at certain events can increase customer loyalty	Very Impactful	Lack of evidence with the number of sales of 184 products
<i>Key Activities</i>	H10	We believe that Auleea.os can efficiently oversee the entire operation process to develop a successful and long-lasting business strategy	Very Impactful	Sufficient evidence of sales profits, even if not yet at its best
<i>Key Resource</i>	H11	We believe that Auleea.os can optimally manage all resources to create a profitable and sustainable business model	Very Impactful	Sufficient evidence of sales profits, even if not yet at its best
<i>Key Partner</i>	H12	We believe that Auleea.os can optimally manage all partners to create a profitable and sustainable business model	Very Impactful	Enough Evidence that cooperation between material suppliers, convection, and expeditions can go well
<i>Revenue Stream</i>	H13	We believe that customers are willing to spend between 100,000 and 200,000 for a magnetic button-down shirt.	Very Impactful	Lack of evidence with the sale of clothing using magnetic buttons is still among close associates
<i>Cost Structure</i>	H14	We believe that Auleea.os can effectively control the company's operational costs to build a successful and sustainable business strategy	Very Impactful	Sufficient evidence of sales profits, even if not yet at its best
<i>Profit</i>	H15	We believe that Auleea.os can generate significant profits	Very Impactful	Sufficient evidence of sales profits, even if not yet at its best

### Assumption Map

After assigning codes to each hypothesis, the researcher will identify the most risky hypotheses, which are the ones with little evidence but significant impact. Once the most 'risky hypotheses are identified, assumption mapping will be conducted by placing the assumptions with little evidence but significant impact in quadrant 1, the upper right part of the assumption map. Hypotheses or assumptions will be labeled with codes R1 to R15. Figure 2 displays the results of the assumption map.

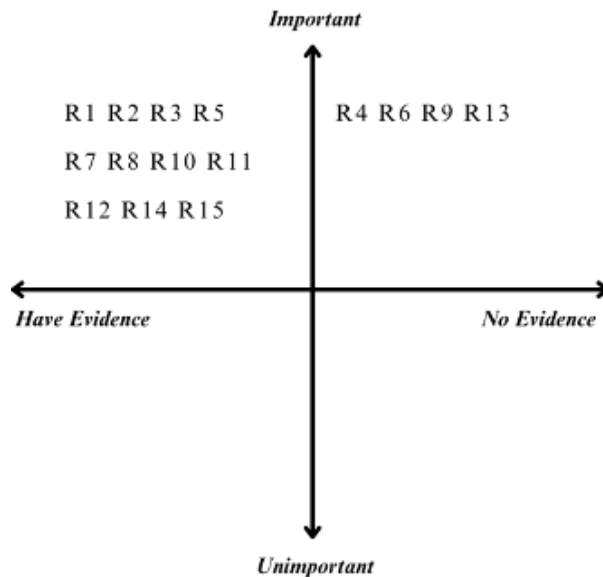


Figure 2 Assumption Map

Conclusions have been drawn to test three of these high-risk hypotheses for the next month based on four high-risk hypotheses, which are hypotheses with little evidence but significant impact. The following are the three selected hypotheses:

H4: We believe that magnetic-button shirts can attract customers to shop (Value Proposition).

H9: We believe that providing discounts or free shipping for certain events can increase customer loyalty (Customer Relationship).

H13: We believe that customers are willing to spend between 100,000 to 200,000 for a magnetic-button shirt (Revenue Stream).

The three hypotheses for business model development that will be validated focus on three blocks: value proposition by testing customer interest in the proposed magnetic-button shirt product, customer relationship by validating Auleea.os customer loyalty using discounts and free shipping, and revenue stream by testing the price feasibility of the offered products.

### Experiment

During the experiment phase, the selected high-risk hypotheses will be tested for validation. Value proposition, customer relationship, and revenue stream are the three hypotheses that will be tested.

#### H1: Value Propositions

In this hypothesis, which states "We believe that magnetic-button shirts can attract customers to shop," two tests will be conducted using different tools: customer interviews and Instagram ads.

##### a. Customer Interviews

The assumption testing tool in the value proposition block will be conducted through interviews. Nine out of ten respondents showed interest in the new product after the interview, as stated by R6 "interested, especially if the material used is of better quality than regular shirts," indicating alignment with the reported customer benefits. Respondent R11 stated, "yes, very interested because it will add a unique impression when worn for hangouts or lectures," indicating alignment with customer needs, as consumers need shirts that can adapt to their activities. The conclusion obtained is that this testing has exceeded the minimum target percentage of 65% and can be categorized as interested.

##### b. Instagram Ads

The goal of this tool is to support the previous analysis results. This testing will examine customer interest in the new product to be developed. The results of the testing, conducted through a 4-day ad campaign on Auleea.os' Instagram channel, will be based on the number of views of the ad content and compared with the target audience set during the ad campaign design. The results showed 4,861 visitors

out of the total targeted impressions of 6,400 (75.9%) were interested in the content of the new Auleea.os product posts. Therefore, it can be concluded that the hypothesis testing in the value proposition block aligns with the interest of potential target customers, namely women aged 15 to 65.

Based on the conducted test results, it is evident that the product targeted for the magnetic-button shirt market is sought after by the appropriate consumers according to the target market. According to the concept of product-market fit by [6] there is evidence that the offered product and services, pain relievers, and gain creators are valuable to customers and have market appeal. Another theory proposed by Isotalo (2018) states that value is the evaluation of customers regarding the quality of products or services that can fulfill customer desires. Value represents the customer experience with the quality of products and services (Setiawati, 2012). Based on the conducted test results, decisions can be made regarding the assumptions related to the interest of target customers in the magnetic-button shirt product, which is proven to be valid.

#### H5: Customer Relationship

In this hypothesis, which states "We believe that providing discounts or free shipping for certain events can increase customer loyalty," two tests will be conducted using different tools: customer interviews and observation.

##### a. Customer Interviews

To validate the assumptions regarding customer loyalty in making purchases, the testing using this tool revealed that all ten respondents stated their willingness to make repurchases after the interviews. Respondent R5 stated, "Yes, sometimes I make repurchases during certain events because there are many offers such as free shipping or discounts." Additionally, respondent R6 added, "Yes, I am more interested in making repurchases at stores that always provide such discounts." The same sentiment was expressed by other respondents: R2, R3, R4, R7, R8, R9, R10, and R11, all expressing their willingness to repurchase during discount or free shipping events. From these results, it can be concluded that the hypothesis testing in the customer relationship block obtained strong evidence and is therefore valid.

##### b. Observation

The next hypothesis testing is observation, which measures how often customers make repurchases and the level of positive testimonials from customers. The testing using data on customer ratings and positive testimonials in the marketplace showed that out of 46 ratings on Auleea.os marketplace, 45 received 5 and 4 stars, and 90% contained positive testimonials about Auleea.os products. The percentage of this testing result exceeded the minimum target percentage of 65%. Thus, it can be concluded that the hypothesis testing in the customer relationship block obtained strong evidence and is valid.

Another business development that this micro-business aims to implement is enhancing customer loyalty in addition to existing services. According to Kotler's theory (Laksamana, et al., 2018), Customer Relationship Management is the process of optimizing customer loyalty through efficient customer data management. Laksamana (2015) further explains that Customer Relationship Management is a customer-centric strategy to benefit from interactions with customers. Therefore, based on the conducted testing, it is evident that holding discount or free shipping events to enhance customer loyalty is proven to be valid according to the target consumers, as such events can create more sales opportunities.

#### H8: Revenue Stream

In the assumptions of the revenue block for Auleea.os, the hypothesis "We believe that customers are willing to spend between 100,000 to 200,000 for a magnetic-button shirt" will be tested using two methods: online ads and customer interviews.

##### a. Online Ads

This testing employs a simple website that provides product information and prices. No actual transactions occur during this testing; instead, it serves as a benchmark to determine whether customers are willing to purchase products at the specified prices. The benchmark for this testing is the number of visits that click on the product page and the number of votes provided. The result showed that out of 93 visitors who clicked on the product page, 24 (24.7%) of them were willing to make purchases at the offered price. The result indicates that the evidence obtained is not sufficient and further testing is needed.

#### b. Customer Interviews

The purpose of this testing is to support the previous analysis. In this testing, the analysis is conducted to determine whether customers are willing to purchase products at the offered price. Out of 10 respondents interviewed, 8 stated that the product price was suitable and affordable. Respondent R7 said, "Yes, with that price, it is certainly affordable, especially if it is a premium product, so it is reasonable." Similarly, respondents R2, R3, R4, R5, R6, R8, and R11 expressed the same sentiment, while 2 respondents stated that the offered product price is expensive and unaffordable. From these testing results, it can be concluded that the price offered for the product is suitable for potential customers' interests.

The testing results align with the price perception theory, where price fairness is evaluated based on perceived benefits. [15] argue that price dimensions can be identified through their correspondence with benefits, where consumer purchasing decisions depend on the perceived benefits compared to the cost incurred to obtain those benefits. If consumers perceive the product as expensive, they will think twice before making another purchase. The testing results confirm the validity of the revenue stream hypothesis, indicating that it aligns with the target consumers.

#### Follow-Up Decisions

Validation is an activity aimed at measuring how much the difference in values reflects the actual differences between individuals, groups, or conditions [11]. [6] a business model is a key representation of how an organization develops, delivers, and captures value. The business model needs to be understood by all business stakeholders, thus requiring a concept that generates alternative strategies as a standard overview.

The information generated from testing each experiment using different methods leads to follow-up actions that can be used as recommendations for the founder of Auleea.os to develop their business. The follow-up actions from this testing are as follows:

#### a. Value Proposition

The follow-up action for this hypothesis is to add new value without removing the existing value that was previously there. This addition of value aims to make Auleea.os attract a more diverse target audience and broaden its reach. For example, by coordinating with partners to start producing adaptive clothing with magnetic buttons and promoting it through Auleea.os channels.

#### b. Customer Relationship

The follow-up action for this hypothesis is to hold discount or free shipping events on the channels used to maintain customer loyalty. By doing so, Auleea.os can obtain significant opportunities in product sales.

#### c. Revenue Stream

The follow-up action for this hypothesis is to recalculate and set the prices for the new products offered at prices between Rp 100,000 to Rp 200,000, which is proportional to the product's quality, to meet the potential customers' desires.

### 4. CONCLUSION

Based on the research results on the object Auleea.os, there are three risky hypotheses that need immediate testing. These hypotheses are: value proposition in the form of adaptive clothing with magnetic buttons, customer relationship in the form of discount or free shipping events, and revenue stream related to the suitability of tariffs for the offered products. These three assumptions are considered to be the riskiest as they have high impact but little evidence. The testing is conducted on potential target consumers. The first hypothesis, "We believe that magnetic-button shirts can attract customers to shop," shows valid results, as potential consumers targeted showed interest in magnetic-button shirts. The second hypothesis, "We believe that providing discounts or free shipping for certain events can increase customer loyalty," also proves to be valid, as there is alignment between the proposed idea and the potential target customers. The validity of the testing results proves that customers are willing to make repeat purchases during discount or free shipping events. Therefore, the creation of regular events is necessary to increase customer loyalty and create significant sales opportunities. The third hypothesis, "We believe that customers are willing to spend between 100,000 to 200,000 for a magnetic-button shirt," shows valid results, as potential target customers are willing to make purchases at the offered price of Rp. 100,000 to Rp. 200,000. The research results are expected to serve as a guideline for Auleea.os in making decisions regarding the

sustainability of its innovative ideas. Future researchers in related fields can use the methodologies used in this study as a guide. The qualitative approach used as an initial exploration suggests that regular testing should be conducted by the business founder using surveys to assess the success of the innovative ideas.

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