Innovative Business Model Canvas for Foreign Entrepreneurship in Food Service Industry

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This study aims to utilize the business model canvas to explore foreign entrepreneurial strategies in Taiwan. The contribution of business model canvas is expected to assist entrepreneurs to build up more effective decisions and judgements as well as increase the probability of success. This study is divided into three major phases. First, the research framework and interview outline were established on the basis of relevant literatures review. Next, this paper used semi-structured interviews for six foreign entrepreneurs. Through the content analysis of interview results, a new 10 building blocks of business model canvas in the food service industry for foreign entrepreneurship was thereafter developed. The results of the analysis would enable foreign entrepreneurs who would like to establish business in Taiwan to review as potential strategies, as well as a further reference to attract foreigners who would like to start new business ventures in Taiwan.

Keywords: business model canvas, foreign entrepreneurship, food service industry, qualitative method

Introduction

In recent years, the number of foreigners in Taiwan has increased year by year (DGBAS, 2018). More and more foreigners launched business, set up stores and restaurants, or led foreign brands into Taiwan market. The ratio of successful entrepreneurs was gradually increased as well. Past literatures mostly focused on the factors of successful entrepreneurs in foodservice industry (Ardichyli, Cardozo, & Ray, 2003; Chandra, Styles, & Wilkinson, 2009), but rarely discussed the entrepreneurial strategies of foreigners in Taiwan. This study aims to discuss foreigners’ entrepreneurial strategies in Taiwan with the business model canvas. Practicality and predictive ability of business models are expected to assist entrepreneurs to build up more effective decisions and judgements as well as increase the probability of success.

Through the analysis of six foreign foodservice industry entrepreneurs’, nine building blocks of business model canvas, and a new 10 building blocks of business model canvas was thereafter developed.

Literature Review

Business Model

Business models have been discussed in the literature (Osterwalder, 2004; Johnson, Christensen, & Kagermann, 2008; Al-Debei & Avison, 2010; Maglio & Spohrer, 2013; Lüftenegger, 2014; Kindström &
As the blueprint which is used to transform resources and deliver business owners’ value to consumers, business model assists entrepreneurs to know the capture mechanisms they have, solve the confuse they meet in uncertain environment or fast-moving industry, and then achieve their goals (McGrath, 2010; Taran, Boer, & Lindgren, 2015; Massa, Tucci, & Afuah, 2017).

**Business Model Canvas**

The business model canvas proposed by Osterwalder and Pigneur (2010) is by far the most effective, concise, and easy-to-understand tool in developing new or documenting existing business models. For all entrepreneurs today, the business model canvas must be mastered, as it can make the entire business model formulation process simpler and clearer. Understanding and using the business model canvas is also the core of constructing and enhancing entrepreneurial EQ.

The business model canvas is composed of nine blocks, each of which represents a key element of doing business, and all blocks are inseparable and mutually influential (see Table 1). Each block is not only related to the one next to it, but to all other blocks. These rich connections are the true meaning of the business model.

| Key Partners | Key Activities | Value Proposition | Customer Relationships | Channels | Customer Segments |
|--------------|----------------|-------------------|------------------------|----------|-------------------|
| Key Resources | Revenue Streams | Customer Segments |
| Cost Structure | |

The business management advantageous aspects and distinguishing features of the operations in this research can be categorized as:

1. **Customer Segment**: Entrepreneurs determine the customer segmentation based on the business concept and product features to focus on business and foreign customers;
2. **Value Proposition**: Besides satisfying target customers by customizing items and pricing, product and service quality are strictly demanded;
3. **Channels**: Sale model and distribution channels are decided by entrepreneurs’ financial status, and marketed through social media or commercial films;
4. **Customer Relationship**: Attracting new customers is as important as retaining existing customers;
5. **Revenue Stream**: Flexible merchandise combination is necessary to increase per customer transaction;
6. **Key Resources**: Entrepreneurs develop feature products or professional service based on their own cultural background and expertise/professions;
7. **Key Activities**: Apply marketing strategy theories, maintain product quality, develop new products, and manage new and existing customer relationships through advertising, marketing, and public relationship promotions;
8. **Key Partners**: Develop proper partnership between entrepreneurs and its suppliers;
9. **Cost Structure**: Broaden sources of income and reduce expenditure without damaging the startup capital is critical.

**Entrepreneurial Performance**

Entrepreneurship performance refers to the degree to which work goals are achieved. Entrepreneurs can weigh organizational performance and understand the execution results of its business strategies. It represents
the survivability of an enterprise’s operating conditions, and is also an indicator of entrepreneurs’ satisfaction with their business operations and achievements, as well as the company’s ultimate goal (Müller, 2019).

Sun, Yao, Zhang, Chen, and Liu (2016) believe that the basic for entrepreneurs to measure performance is whether they are satisfied with entrepreneurial achievements. This concept is based on Discrepancy Theory, which proposes that the level of satisfaction lies on the gap between the performance before and after implementation.

In the past, scholars have proposed many different indicators in measuring entrepreneurial performance, most of the indicators proposed by scholars can be divided into two categories:

Category 1: Financial performance indicators, which are mostly presented as measurable indicators in digital form.

Category 2: Non-financial indicators, which are measured in non-monetary form, rather more inclined to subjective satisfaction of entrepreneurs.

According to Zhang, Cooper, Deng, Parker, and Ruefli (2010), the entrepreneurial performance definition is divided into four dimensions:

1. Business expansion and success factors: Possessing the enthusiasm and sales philosophy, with pioneering traits, attitudes, values, and firm beliefs.

2. Educational and occupational factors: the special skills and learning needs that are required to start a career in a certain field; the required competency that manages the financial performance of a firm to a certain level; other factors that can enable employee to achieve desired performance (i.e., wages, stock options, or flexible work schedules to attract talent into entrepreneurs).

3. Regional factors: There are specific conditions to consider for improvement of the regional economic prosperity (i.e., goods or services that would drive the regional prosperity). Review the type of business that may be lacking or redundant in the area, and seek government or business support.

4. Health and lifestyle factors: Entrepreneurship is regarded as an activity that requires wholehearted investment. Examine issues related to health, medical insurance, and difficulties in entrepreneurial work.

Methodology

Qualitative Research

This study qualitatively explores how foreign entrepreneurs start and survive in the food service industry in Taiwan. Whole process of the study is divided into three major phases. First, the research framework and interview outline were established on the basis of relevant literatures review. Next, semi-structured interviews were used to interview six foreigner entrepreneurs, and the feedbacks provided by interviewees were transcribed for triangulation to validate the researches were used as secondary sources.

Semi-structured questionnaires were used to interview the six foreigner entrepreneurs. The backgrounds of interviewees are shown in Table 2:

Analysis

The transcripts of each interview were categorized based on nine building blocks from literature (Osterwalder & Pigneur, 2010) and one entrepreneurship performance according to the grounded theory method. Two investigators coded the transcripts independently and discussed their findings until reaching a consensus.
Empirical Results and Discussions

Li and Qian (2019) claimed that the entrepreneurs’ level of satisfaction towards their entrepreneurial achievements can also be regarded as an indicator of the entrepreneurial performance. Varied by the business operation conditions, entrepreneurs may use the financial indicators (e.g., business expansion in international market and customer-oriented approaches) and non-financial indicators (e.g., social contributions, giving back to consumers, and self-realization) to evaluate their satisfaction with the company’s performance. There is always a set of business model supporting each business operation. A business model describes how an organization creates, delivers, and captures value. Taking into account the original business model which consists nine elements that emphasize on the value of a business’ survivability, this study adds on “entrepreneur performance” as the 10th element in BMC to make up the inability to truly examine or understand how the entrepreneurs view their own business operation results.

Through the interviews, we conclude that the six interviewees are those who target high-end and business consumers, maintain good interactions with social media and consumers through word-of-mouth marketing strategy, and work well with long-term suppliers to control overhead costs. Table 3 shows the innovative business model canvas including a new building block “entrepreneurship performance” as the 10th element in BMC; the entrepreneurs’ feedbacks are: customer-oriented, international market expansion, giving back to consumers, social contributions, and self-realization.
Managerial Implications

After adding entrepreneurial performance as the 10th element of BMC, it is found that the interviewees viewed loyalty reward and social contribution/CSR as their own performance/achievement. In other words, the entrepreneurs are seeing the ability to fulfill their corporate social responsibility as an indicator of their business success. Furthermore, including "self-realization" as one of the successful business indicators coincidentally echoes Maslow’s Hierarchy of Needs theory, which is an unexpected and surprising discovery from the research.

The results of the analysis would enable foreign entrepreneurs who would like to establish business in Taiwan to review as potential strategies, as well as a further reference to attract foreigners who would like to start new business ventures in Taiwan.

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