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# CUSTOMER VALIDATION FOR STARTUP

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**Abstract:** Indonesia in 2020 is predicted to experience a demographic bonus. This generation is predicted to be more active in entrepreneurship because the protective nature of the millennial generation does not like attachments. Minister of Cooperatives and Small and Medium Enterprises (UKM) Anak Agung Gede Ngurah Puspayoga said the growth of entrepreneurship in Indonesia is increasing. The purpose of this study is to present Startup XYZ as a solution to these problems. Startup XYZ is a startup pioneer in Indonesia that offers online stall rental facilities that bring together stall providers and stall tenants. Present in answering complaints in the community, making it easier for customers with convenience, practicality, security, comfort for both stall providers and stall tenants. In addition, when users register as premium customers, users will get access to complete market analysis along with customer traffic data at each kiosk. This will make it easier for users to meet their target customers. The point that will be discussed is that every start-up needs to carry out a Customer Validation process. To analyze and examine the research methodology the author uses qualitative methods. Primary data was collected from the founders of Startup XYZ through interviews with 25 respondents. For the analysis technique, descriptive analysis was carried out. In order to be successful in building a start-up, the Customer Validation process plays an important role in the success of a startup, of course, with assumptions that match the assumptions of customer needs.

**Keywords:** start-up; MSMEs; customer validation; entrepreneur

## INTRODUCTION

In the era of President Joko Widodo, inviting higher education institutions in Indonesia to play a role from an early age in developing as well as giving birth to entrepreneurs who are able to create jobs ([Greenwood](#), Hinings, & Whetten, 2014), lowercase Startup XYZ sees this momentum as a golden opportunity to contribute to the achievement of the mission towards gold Indonesia 4.0. In order to grow, novice entrepreneurs and support job creation and poverty alleviation, the Ministry of Cooperatives and SMEs provides assistance in the form of grants to 2,500 micro-scale startup entrepreneurs (WP) up to Rp. 12,000,000 for each WP ([Alexakis](#), Izzeldin, Johnes, & Pappas, 2019). With data on recipients of assistance, more than 67% are engaged in the culinary field. And the number of government support programs in addition to grant funds ([Nylén](#), Agbola, Miles, & Mahmood, 2020), shows the government's strong commitment to encouraging entrepreneurs. The basic component of entrepreneurship is none other than the place of business. U.S. sees the process of leasing a place of business as very manual and complicated by bureaucracy ([Benta](#), Wilberg, Hollauer, & Omer, 2017). The current high demand for business place rentals has not been sufficiently matched by the availability of business premises ([Teece](#), 2010).

Startup XYZ which has been in the property business since ([Brocato](#), Voorhees, & Baker, 2012) tries to use its experience and various research results related to the opportunities described earlier as business justification to then start developing

technological innovations for the stall rental platform that is being proposed ([Tidd](#) & Bessant, 2020). The methods that will be used is to conduct deep interview with founders and interview with 25 respondents who then will be processed through Content Analysis so that a Value Proposition Canvas can be found and determine Product-Market Fit (Dennehy, Kasraian, O'Raghallaigh, & Conboy, 2016). The target market of Startup XYZ is from the Demand side (Entrepreneur) 70% of Indonesia's economic supporters come from MSMEs, therefore, targeting FnB and Fashion actors in Bandung and Solo. Economic census data from the Central Statistics Agency ([Zheng](#) & Zhao, 2017), the number of non-agricultural SMEs in West Java reached 4.6 million. Market potential from the demand side comes from outside Bandung. And within Bandung itself, 0.17% of the population of Bandung as much as 629,000 are FnB business actors ([Rahman](#) & Haryati, 2016). The potential for SMEs in Surakarta is 43,700. And according to the Central Statistics Agency in 2020 it is predicted to grow by 10%. From the Supply side (Property Owner) ([Euchner](#) & Ganguly, 2014). The main result of the work is how academic tools can provide an overview of how customer validation for Startup XYZ ([Nylén](#) & Holmström, 2015).

## METHODS

Primary and Secondary Data – These are two types of data that can be processed and analyzed to obtain high quality research results. the first researcher, secondary data is data that has been processed beforehand and only obtained

from other sources as additional information that strengthens the research. Some secondary data sources are books, journals, publications released by the government. In this study, the author used a research design in the form of a case study, where the implementation of this research will only be carried out with a focus on one start-up, namely Startup XYZ.

### RESULTS AND DISCUSSION

This proposal will use the Business Model Canvas to describe from upstream to downstream the business processes that have been carried out by Startup XYZ. After knowing what components are owned by Startup XYZ, the research will proceed to Value Proposition Design.

<b>Key Partners</b> <ul style="list-style-type: none"> <li>Event Organizer</li> <li>Interior Designer</li> <li>Photographers (property &amp; event)</li> <li>Google Maps</li> <li>Developer Property</li> <li>Property Broker</li> </ul>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>Analyze Market</li> <li>Analyze customer traffic</li> <li>Develop Platform</li> <li>Marketing, sales, and financial planning</li> <li>Business Development</li> </ul>	<b>Value Proposition</b> <ul style="list-style-type: none"> <li>Trusted and Accurate</li> <li>Ease of transactions</li> <li>Ease of renting property</li> <li>Best ways to advertise property via Online Platform</li> <li>Informative and Up to date</li> </ul>	<b>Customer Relationship</b> <ul style="list-style-type: none"> <li>Manage Interactions</li> <li>Own the relationship</li> <li>Social Media Integration</li> <li>Entrepreneur Workshop</li> <li>Customer care</li> </ul>	<b>Customer Segments</b> <ul style="list-style-type: none"> <li>Entrepreneur (Food, Fashion)</li> <li>Property Owner (Shophouse, Canteen, Street Stalls)</li> </ul>
<b>Key Resources</b> <ul style="list-style-type: none"> <li>Customer Database</li> <li>Algorithm</li> <li>Brand</li> <li>Website &amp; App</li> <li>Analytic Intelligence</li> <li>Server hosting</li> <li>Peralatan &amp; perlengkapan</li> <li>Retail &amp; SCM</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>Social Media</li> <li>Seminars and workshops with cooperatives &amp; SMEs</li> <li>Exhibition</li> </ul>		
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>Website Development Services</li> <li>Server Hosting</li> <li>Marketing</li> <li>Salary</li> </ul>		<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>Subscription Account</li> <li>Premium Package</li> <li>Business Premises Rental</li> </ul>		

Figure 1 Business Model Canvas

The Value Proposition is an academic tool to help create profitable value for customers. The purpose of the Value Proposition is to help sketch customer desires in more detail in a simple but powerful and structured way. By mapping through the Value Proposition, it will be easier for founders to listen to complaints/criticisms from their target consumers. So that the founders of Startup XYZ can be concluded as the position of Startup XYZ in the eyes of its consumers.

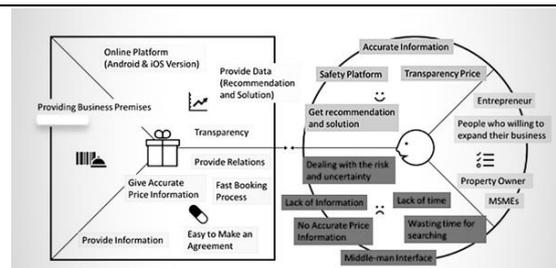


Figure 2 Value Proposition for Startup XYZ

### CONCLUSIONS

After doing Customer Validation, it can be said that the business from Startup XYZ is quite well received by their customers, so there is no need to pivot because it represents what their customers/targets want. As is well known, Customer Validation is a very important initial stage to test whether a startup/SME business is worth continuing or not. The solution presented by Startup XYZ is included in the Tier 1 problem of the market in Indonesia. It was stated that Startup XZY was the first startup to present solutions in the property rental world, which still encountered serious obstacles. Especially the presence of thugs in control, the non-disclosure of data and prices, and all the processes so far are still offline so it is very impractical. With validation, customers can also anticipate uncertainty and ignorance through a data-based approach and continuous learning. With Customer Validation, it can also help founders and teams shorten the product development process by eliminating feature development that has been confirmed not to be needed or desired by the user. Shorter product development processes also mean budget efficiency. Founders and teams can also focus more on things that are really needed by users. Also, with Startup XYZ making it easier for

users to search for properties, real time access so as to ensure data accuracy and also transparent prices without intermediaries, this is a solution faced by the market before. For recommendations that must be made by Startup XYZ is good and accurate marketing because as a new player, awareness is needed so that the market can be expanded. It is also necessary to develop the scale of Startup XYZ. It is hoped that the existence of Customer Validation can give confidence to the founders of Startup XYZ to take further development steps.

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