

Assessing the Feasibility of Online Business Models: A Comparative Study

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Abstract: *Online business models are becoming increasingly popular in today's digital era. However, not all online business models are successful and survive in the long term. Therefore, it is important for online business owners to evaluate the feasibility of their business model before deciding to launch or develop it further. This comparative study aims to provide online business owners with insight and inspiration in evaluating their own business model, as well as considering ways to develop or improve it. The online business models discussed in this comparative study include e-commerce, subscription services, online advertising, and affiliate marketing. Each of these business models is analyzed in terms of feasibility, advantages and disadvantages. Through this comparative study, it is hoped that online business owners can understand better about how to assess the feasibility of their online business model, and make better decisions in developing their business. By understanding the uniqueness and challenges of each online business model, business owners can choose the right business model for their business and increase the chances of success in the long term. The method that can be used is through qualitative methods, namely interviewing business owners, online surveys. Such data may include information about sales levels, revenue sources and other relevant factors.*

Keywords: Business, Model, Comparative Study

Introduction

In today's digital era, many businesses are switching from conventional business models to online business models to increase efficiency and effectiveness in doing business. However, not all online business models have the same feasibility to be implemented in a business. Therefore, it is necessary to assess the feasibility of an online business model that is accurate and comprehensive so that businesses can make the right decisions in choosing an online business model that suits their business needs.

According to Jumingan (2009), a feasibility study is a comprehensive assessment of the success of a project. Project feasibility studies aim to avoid excessive investment in projects or business activities by evaluating, analyzing and determining whether or not a business project is feasible. One method that can be used to assess the feasibility of an online business model is a comparative study. Comparative studies allow businesses to compare

different online business models and evaluate the advantages and disadvantages of each of these online business models. By conducting comparative studies, businesses can choose the most suitable online business model for their business and can increase their chances of success in doing business online.

In a comparative study of online business models, there are several theoretical foundations that can be used, such as the Online Canvas Business Model, SWOT Analysis, Freemium Business Model, and Marketplace Business Model. The theoretical foundation can help businesses to evaluate the feasibility of online business models in a systematic and comprehensive manner.

In this article, we will discuss further about assessing the feasibility of online business models through comparative studies using the theoretical foundations mentioned above.

Online business models have become increasingly popular in recent years due to advances in technology and easier access to the internet. However, not all online business models are successful and able to survive in the long term. Therefore, it is important for online business owners to assess the feasibility of their business model before deciding to launch it or develop it further.

In this comparative study, several online business models that have been proven to be successful and survive in the long term will be discussed. This study aims to provide online business owners with insight and inspiration in evaluating their own business model, as well as considering ways to develop or improve it.

Literature Review

The online business model is a way of building and managing a business in the digital world. In the context of online business, a business feasibility model refers to the ability of a business model to generate profits and survive in the long term. Comparative studies can help in assessing and comparing various online business models. Several studies have been conducted to evaluate the feasibility of online business models. Research by Hamdan and Hasanah (2018) compared different online business models and found that e-commerce, online advertising, and marketing consolidation business models have high profit potential. However, subscription and freemium business models can be more difficult to achieve significant profits.

Research by Nambisan and Watt (2011) identifies factors that can affect the feasibility of online business models, such as market needs, added value offered by online businesses, and the ability to create trust and a good reputation. They also feel how important it is to understand the difference between online and offline business models. Another study by Laroche et al. (2012) evaluated the feasibility of online business models for retail businesses. They found that factors such as product quality, transaction security, and customer service are critical to creating customer trust and loyalty in online businesses.

In addition, research also shows that online business feasibility models can vary depending on the type of business and the target market. For example, subscription and freemium business models can be more effective for mobile apps and social media, while e-commerce business models can be more effective for retail businesses. Overall, the research on the feasibility of online business models shows that the success of online businesses depends on a number of complex and varied factors. Comparative studies can be helpful in assessing and comparing different business models online, but keep in mind that results may vary depending on the type of business and the intended market.

Method

The method that can be used is through qualitative methods, namely interviewing business owners, online surveys. Such data may include information about sales levels, revenue sources and other relevant factors.

Result and Discussion

The best business model for one business actor is certainly different from the choices of other business actors. Each business model has its own advantages and disadvantages and is also feasible or not the business undertaken by these business actors. In addition, it also really depends on the product or service you want to market. The advantages of a business model can become a major weakness if applied to inappropriate products or services. Therefore, it is important to use mature business considerations before actually running the business you want to do in the future. To make it easier, let's categorize the existing business models into offline and online business models.

1. The online business model is a business that is marketed via the internet in various ways so that it can generate money by utilizing online shopping features such as WhatsApp, Facebook and Instagram. If capital and business sensitivity are important factors in offline business models, online business models actually demand creativity and strong connections from every business actor who wants to be involved in this business. There are several positions that can be taken in the online business model. Starting from the field of advertising and content creation, intermediaries, or market relations. Online business models are often associated with forms of indirect marketing, so high creativity is needed to make potential customers interested in buying the products being marketed. A strong connection is also an important factor that must be included in business considerations because it can make it easier for you to connect the distribution chain between producers and consumers. Unlike the offline business model, which requires more material capital to ensure that goods and services are always available whenever customers want them.
2. An offline business model is a business that has a physical shop or in person where buyers/consumers can immediately see the products being sold or offered. This business model is more suitable for business actors who want to focus on the business of providing goods and services. In the offline business model, business actors can choose to take positions in manufactures, producers, partners, or merchants. Because of its nature that requires direct marketing, the business consideration needed is how much capital can be collected to prepare products that will be marketed later. In addition, extensive knowledge related to the business that will be involved is also very necessary in this one business. By operating in the manufacturing sector, for example, a business actor needs to have good knowledge of suppliers of raw materials in order to increase production cost margins. In addition to selecting suppliers of raw materials, those engaged in the manufacturing industry also need a distribution chain to distribute products that have been produced. Not much different, business actors who take the position of traders also need good knowledge to find distributors to provide quality products. Profit margins can be even greater if traders can directly partner with manufacturers. Business rigor and sensitivity is needed for those who want to pursue this business model.

Advantages and disadvantages of online business

1. Sales can still run without a physical store

Disadvantages and advantages of selling online The first thing that becomes an advantage of selling online on the web is that sellers can sell products without having to have a physical store. Before the trend of buying and selling online developed rapidly as it is today, buying and selling transactions were carried out face to face between the seller and the buyer. Now, sellers and buyers can make transactions without having to meet. Online stores are substitutes for physical stores that are more efficient in terms of time and cost. Sellers can more easily monitor product stocks, seller transactions, buyer data and so on through an online system.

2. Suitable for limited capital sales

For entrepreneurs who are just starting a business selling on an online shop website, it is a solution to overcome the minimal capital budget they have. Online sellers can start a business by creating their own online store website and joining the marketplace. This is far more cost-effective than having to rent a shop on a monthly or yearly basis. The cost of creating and maintaining a website is relatively cheaper than the cost of renting or buying a shop for sales. In addition, selling online on the web can be done at home. Online shops can also be started from the bottom without having to worry about a lot of operational costs such as paying a lot of employees and so on.

3. Can Set Competitive Selling Prices

The advantages of selling on this online shop website are still related to point number two. Shipper friends can save on business capital budgets so they can set competitive selling prices. The reason selling prices in offline stores can be more expensive than online stores is because the operational costs of offline stores are higher. There are building rental and maintenance costs, higher employee costs, transportation costs and others.

Selling online on an online shop website allows you to save on operational budgets. Especially if you become a reseller or dropshipper, you don't need to stock a lot of goods. Selling at home is enough without having to have a large place to store goods. This allows you to get greater benefits from competitive prices and more efficient operational costs.

4. Broad Consumer Reach

Selling online on the web is increasingly in demand by sellers because it can reach a wider range of consumers. In contrast to offline stores, which can only reach areas or locations around the store. The internet can be accessed from anywhere and at any time so online buying and selling transactions are more flexible and fast. Capturing more target consumers opens up greater opportunities to increase sales and business profits.

Online business in terms of promotion is even easier and more efficient. The website used for selling can be optimized using digital marketing concepts such as SEO, content marketing, copywriting for product descriptions, aesthetic product photos, digital advertising, social media and so on.

5. Can Be a Side Business

Online shop can be a side business because the time is flexible. If you are still working and want to increase your income, opening an online business is a smart solution. Online business does not require someone to always be in the store to monitor buying and selling transactions like selling in offline stores. Shipper friends can more easily monitor buying and selling transactions through gadgets and the internet.

6. Greater Fraud Risk

Apart from the many advantages of selling online on the web, of course there are also disadvantages. One of the drawbacks of online business is that there is a greater risk of fraud

than selling in a physical store. Sellers and buyers do not meet in person when online transactions occur, but only interact via electronic communication media.

Not a few cases of fraud that occurred. For example, there are buyers who say they want to buy goods but have not made the transfer. There are also cases where the product has been sent but it turns out that the proof of payment is fake. In another case, the buyer wanted to make a purchase using the COD (cash on delivery) system but when the product was delivered it turned out that the buyer did not come without any news and so on.

7. Consumers Cannot See Products Directly

From an online perspective, sellers selling products at online stores need more attention in explaining products to consumers because consumers cannot see the product directly. The problem is, even though the seller has tried to provide clear and detailed product descriptions, misunderstandings may still occur.

Buyers often feel dissatisfied because the product is not as expected and then complain to the seller. The level of complaints selling online is greater risk than selling offline. If there is a product refund, it can cause losses in terms of shipping costs and time.

8. Need More Perseverance and Patience to Handle Customers

The disadvantages of this online shop business are still related to point number eight. Because consumers cannot see the product directly, sellers need to be extra patient and diligent in serving customers. Often there must be interaction via chat between the seller and the buyer to ask for product information. Long interactions through online media such as chat between sellers and buyers do not necessarily guarantee that buying and selling transactions actually occur. Therefore, as an online seller, you have to be more patient and diligent. Sellers must still provide the best customer service to be able to compete to attract more consumers.

9. Greater Customer Complaint Risk

The risk of customer complaints is much greater in online buying and selling transactions. One form of customer complaint is because the product does not meet expectations, packaging and delivery times are long, products are damaged in transit and so on.

10. Must Always Connect to the Internet

The drawback of selling online on the next web is that sellers must always be connected to the internet so they can provide fast service to customers. A seller's response that takes a long time can cause potential customers to cancel the transaction. An online business with a poor internet network is likely to have many obstacles. Shipper friends, those are the advantages and disadvantages of selling online on the web that you need to know.

Conclusion

The advantages of a business model can become a major weakness if applied to inappropriate products or services. The online business model is a business that is marketed via the internet in various ways so that it can generate money by utilizing online shopping features such as WhatsApp, Facebook and Instagram. If capital and business sensitivity are important factors in offline business models, online business models actually demand creativity and strong connections from every business actor who wants to be involved in this business. A strong connection is also an important factor that must be included in business considerations because it can make it easier for you to connect the distribution chain between producers and consumers. Unlike the offline business model, which requires more material capital to ensure that goods and services are always available whenever customers want them. An offline business model is a business that has a physical store or in person where buyers/consumers can immediately see the products being sold or offered. This business

model is more suitable for business actors who want to focus on the business of providing goods and services. In the offline business model, business actors can choose to take positions in manufactures, producers, partners, or merchants. Because of its nature that requires direct marketing, the business consideration needed is how much capital can be collected to prepare products that will be marketed later. Sellers can more easily monitor product stocks, seller transactions, buyer data and so on through an online system.

This allows you to get greater benefits from competitive prices and more efficient operational costs. Online business does not require someone to always be in the store to monitor buying and selling transactions like selling in offline stores. Greater Risk of Fraud Apart from the many advantages of selling online on the web, of course there are also drawbacks. One of the drawbacks of online business is that there is a greater risk of fraud than selling in a physical store.

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