

IMPLEMENTATION OF MARKET SEGMENTATION DETERMINATION IN THE CANVAS BUSINESS MODEL IN ZAFAS KNITTING HANDICRAFT BUSINESS IN MEDAN CITY

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Abstract: This study aims to analyze the implementation of market segmentation in the context of Business Model Canvas (BMC) in Zafas handicraft business located in Medan City. Market segmentation is an important element in BMC that helps businesses to understand and target customers effectively. In this study, qualitative methods were used to collect data through in-depth interviews with business owners and analysis of related documents. The results showed that Zafas has successfully identified two main market segments: local consumers looking for artistic handicraft products and tourists who are interested in regional handicraft products. Determining this market segmentation plays a crucial role in determining marketing strategies, resource allocation, and product adjustments. This study provides practical insights for handicraft entrepreneurs in Medan and its surroundings in optimizing their business models by determining the right market segments, so as to increase business competitiveness and sustainability.

Keywords: Handycrafts, Business Plans, Canvas Models

Introduction

In the handicraft business, market segmentation is very important, especially when creating a business strategy. In the canvas business model, determining market segmentation can show who the customers will be reached and how best to meet their needs. Each handicraft product made has special features that can attract certain consumers. Therefore, identifying market segmentation is an important first step in creating a successful business model.

Market segmentation is the activity of dividing the general market of a product into specific market units or market segments. A market segment consists of a group of customers who have a similar set of needs and desires. Market segmentation is needed so that companies can serve their consumers better, communicate more persuasively, and most importantly, satisfy the needs and desires of the target consumers (Putri et al., 2024) . The application of market segmentation using the Business Model Canvas (BMC) provides a more comprehensive approach to understanding broader business dynamics, and one important element of this model

is the customer segment (Yeza et al., 2025) . Meanwhile, customer segmentation is one example of how market segmentation can be done in the handicraft business.

In the handicraft industry, this customer segment refers to a group of customers who have needs and preferences that are comparable to the products available. Having a clear segmentation allows a handicraft business to be more concentrated and focused on selling products that match the market's desires. The process of designing and producing products shows the importance of market segmentation in the handicraft industry. For example, a business that makes knitted bags will have a different market than a business that makes wooden crafts. Customers for knitted bags may consist of young people who follow fashion trends or people who are looking for unique and handmade products.

Craft businesses may be more likely to appeal to a market that favors functional items or home decor, but if they do not segment properly, they risk targeting the wrong market, which can lead to ineffective product sales and marketing. Businesses can gain a deeper understanding of their desired customer demographics by segmenting their markets properly. In BMC, this is directly related to the “Value Proposition” component, which refers to the value of the product or uniqueness that will be offered to each market segment. Value Propositions in BMC refer to the value of the product or uniqueness offered to each segment. *Value Propositions* are an overall view of products and services, a uniqueness in the form of value or benefits offered to customers. This *Value Proposition* provides value to customers by satisfying their needs (Purnomo & Munggaran, 2023) . For example, the approach to handicraft products aimed at the upper middle class market will be different. compared to products aimed at the lower class market. Upper middle class consumers may prioritize material quality, sustainability, and unique designs, while lower class consumers may prioritize low prices while still wanting practical and attractive products. The relationship between handicraft businesses and their distribution channels shows the importance of market segmentation. Business owners can identify the most effective distribution channels, either through offline sales such as physical stores, bazaars, and exhibitions or through online sales such as markets or social media. For example, Generation Z and millennial customers may prefer to shop in physical stores, while older customers may prefer to shop through digital platforms.

Literature Review

Market Segmentation is the process of dividing a large and heterogeneous market into more homogeneous consumer groups based on specific needs, preferences, or characteristics (Kotler & Keller, 2016) . Market segmentation in the knitting craft business can be done by considering demographic factors such as gender, age, education, and work experience of a person that influence the desire to become an entrepreneur. Demographic factors are one aspect

that needs to be considered in a marketing strategy to reach the right target market (Siswanti et al., 2020) . There are several criteria in market segmentation. In the context of the knitting craft business, market segmentation can be done by considering factors such as demographics (for example, young people who are interested in knitting accessories or adults with an interest in home decoration), geographic location (for example, local or international markets), and style preferences (for example, traditional or modern knitting). The implementation of market segmentation in the BMC is very important because through the Customer Segments element, a business can determine the right customer group for their products or services.

For handicraft knitting businesses, choosing the right market segment can affect all aspects of the business model, from the value proposition offered to how products are sold and distributed. Determining market segmentation in the context of the Business Model Canvas is very important for handicraft knitting businesses (Itta et al., 2021) . By understanding the right market segment, entrepreneurs can develop appropriate value propositions, choose effective distribution channels, and build better relationships with customers. Existing references can help in exploring the theory and practice of market segmentation and its application in creative business models such as handicraft knitting. Knitting is a knitting product that has begun to become a culture for lovers of *handmade product art* . Handmade product art lovers have seen the knitting culture grow. Knitting is one of the proud products of textile products in Indonesia. Currently, there are thousands of knitting motifs spread in Indonesia that have meaning and are associated in everyday life. However, there are still challenges in maintaining the skills of cultural handicrafts such as Noken among the younger generation (Rini & Wardhana, 2022) .

Knitted products were initially promoted as souvenirs in all tourist attractions such as Yogyakarta, Bali, Sidoarjo, and Surabaya. For knit observers, the characteristics of the region with its knit products provide their own value. The characteristics of the region with its knit products provide their own value for knit observers. Knitted products have various types such as knitted bags, knitted clothes, blankets, bed sheets, curtains, and others. Knitting is a product made from yarn using hands or machines. The *weaving technique* is one of the techniques in making knitted products. Commercial photography can be used to promote knitted products by communicating messages about the usefulness and values contained in the product (Andrea, 2023) . Some things that knit observers need to pay attention to are the manufacturing technique, motifs, aesthetics, and creativity of the maker. Undoubtedly, each knitted product made has unique characteristics that distinguish between products made by craftsmen from each other, perhaps being a characteristic of the local culture that produces knitted craft products (Rosdiana, 2018) . Instagram is one of the most popular platforms for businesses to do online marketing (Mustika & Maulidah, 2023) . Products, posters, and promotional videos can be shared by business owners. Content shared through social media must be packaged visually appealing for digital marketing to be successful. This is because customers will consider the quality of the product display before purchasing.

Method

Qualitative method is the research approach used in this study. This approach was chosen because the study aims to explore in-depth information about the implementation of market segmentation within the BMC framework in the specific context of Zafas' business. By understanding the specific needs of customers, Zafas can produce relevant and high-value handicraft products. Customers who feel their needs are met tend to be more loyal and provide positive reviews, which has an impact on business growth.

This research is a field research *and* uses a thematic analysis approach with steps to organize data obtained from interviews, observations, and documentation organized according to the Customer Segments elements in the BMC. Data coding identifies key themes related to market segments, such as customer preferences, purchasing power, and loyalty. Data interpretation draws conclusions about the effectiveness of market segments and their implications for other BMC elements. This research is expected to provide an in-depth understanding of Zafas' main market segments, strategies that can be implemented to improve the effectiveness of market segmentation, practical recommendations for the development of other BMC elements based on the research results. With this approach, the research is expected to produce relevant, weighty, and in-depth articles. The author collected data by interviewing research subjects directly to find out how the ZAFAS Knitting business marketing strategy is implemented.

Result and Discussion

Marketing implementation is the process of converting marketing strategies and plans into actions to achieve targets. Implementation includes daily and monthly activities that effectively use marketing strategies (Haque-Fawzi et al., 2021) . Marketing plans must be translated into organizational policies and procedures such as procurement of raw materials, human resources, market research, and production so that marketing implementation can be directed. The field of marketing management focuses on activities to reach the market so that the goods or services produced can be well received by consumers. There are several stages of implementing a marketing strategy, including; Implementation preparation, marketing strategy implementation, marketing performance control, marketing performance evaluation and marketing performance measurement. The ability to communicate the steps required for the application is critical to successful implementation, especially in the marketing department, where everyone does different tasks. Although planning is great, they may not change the organization. Therefore, to ensure that marketing runs successfully, the marketing team must turn marketing management plans and art into better actions, and concentrate on every step from the beginning of the implementation process (Mauliddiyah, 2021) .

Following is example results knitting zafas :



Figure 1. Results knitting Zafas

Marketing is Wrong one of the most visible aspects in a series of business activities, covering all the roles and actions involved in it. This activity is an effort that is often faced in daily work routines. Marketing can also be interpreted as an effort to build market trust in a product so that it is well received (Swastha & Irawan, 2005) . In addition, marketing can be viewed as a social interaction process that involves important activities, allowing individuals and companies to meet each other's needs and desires through exchanges between two or more parties, while strengthening relationships between the parties involved (Siregar, 2018) .

Obstacles in implementing market segmentation determination in the canvas business model in the Zafas Medan knitted handicraft business are the lack of features in the product posting time algorithm on Instagram and the difficulty of choosing the right product communicator. No matter how good the content is when it is posted at the wrong time, it will not be optimal in reaching social media users. The content created must be posted at the right time in order to be optimal in reaching social media users (Ansa & Susanti, 2023) .

Another problem is that Instagram does not yet have an e-commerce platform, so when launching a product, it is necessary to upload the product to the marketplace first and then upload new product information via Instagram. The selection of Influencers in promotions is also a problem where not a few *influencers* have many followers but *the feedback* obtained is less than satisfactory (Ansa & Susanti, 2023) . Furthermore, there are limited resources, facing major challenges due to lack of funds, time, and manpower.

Difficulties in product distribution or distribution are also often a challenge for owners in selling knitted products. (Saifuddin & Purwokerto, 2024) . Sellers must use promotional strategies to achieve all their goals, especially in creating sales because the most important part of a business is that sales get extra attention. Sellers also consistently prioritize achievement and good reputation and strive to be the best in their industry. The spirit of innovation and mastery of technology continues to grow for sustainable business growth and development that produces high-quality and high-value-added products.

Choosing the right promotional strategy for sales activities can affect sales growth and achieve seller goals. Promotional strategies consisting of advertising, sales promotion, personal selling, publicity, and direct marketing will have a positive impact on sales. Choosing the right promotional strategy will increase sales, while choosing the wrong one will reduce sales volume (Martowinangun et al., 2019) . Generally, the type of promotion used by the seller will affect product marketing; determining the type of promotion must be done properly and in accordance with the policy because it will provide guarantees in marketing activities. Determining the type of promotion used by the seller is one part that affects the achievement of sales goals, both in achieving long-term and short-term goals (Amanah, 2015) .

Conclusion

The conclusion of the study on the implementation of segmentation in the Business Model Canvas (BMC) in the handicraft knitting business emphasizes the importance of market segmentation as a fundamental element in building and managing a business. Market segmentation provides clear direction to business actors in identifying consumer groups that are most relevant to handicraft knitting products. By understanding the demographic, psychographic, geographic, and behavioral characteristics of consumers, business actors can develop more focused and effective business strategies.

Knitting products can be tailored to meet the needs of a specific demographic, such as young people who want unique and trendy items, or housewives who want eco-friendly decorative items. Thus, market segmentation helps determine the value proposition of knitting crafts. Therefore, businesses can create relevant and competitive products using segmentation. In addition, BMC segmentation helps find the best distribution channels. For example, more conventional consumers may prefer to go to a physical store or craft fair, while a young demographic active on social media can be served through online sales and digital promotions. Methods that meet the needs of each segment improve operational efficiency and increase opportunities to reach a wider market. From a customer relationship perspective, structured segmentation helps businesses build more personalized customer relationships.

Business actors can create loyalty programs or special communications for each segment, which will ultimately increase customer loyalty and improve customer experience. In addition, understanding segmentation also has an impact on more effective resource management, because businesses can concentrate on segments that have the greatest profit potential. Overall, the application of BMC segmentation to the handicraft knitting business shows how this strategy can be an important basis for the sustainability and growth of the company. Business actors can compete effectively in a competitive market by using segmentation as a market analysis tool. By using segmentation, they can adjust goods and services to customer needs, generate greater

value, and build long-term relationships with customers. Therefore, segmentation is not just a tool, but a strategic approach that must be continuously developed by business actors. Determining clear segmentation facilitates resource management and customer relationship development, thereby increasing sales potential and customer loyalty.

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