



## Value Co-Creation: An Exploratory Study of Sagala Multi-Brand Virtual Kitchen

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### Keywords

**Keywords:** Value Co-Creation, The DART Model, Cloud Kitchen, Virtual Kitchen, Culinary Business

### Abstract

Culinary businesses accounted for 40% of Indonesian MSMEs at the height of the COVID-19 pandemic, making them one of the most affected industries. The transformation of the business model into a cloud kitchen or virtual kitchen is one of the innovation methods that can benefit the post-pandemic situation. This business model is thought to offer a value co-creation strategy. The authors note that Sagala, one of the virtual kitchens, has both a strong future and a low entry barrier. In order to analyze and assess Sagala's value co-creation, this study will employ The DART approach. Interviews with individuals from the staff, delivery, and customer categories were done as part of this exploratory study. Furthermore, the results show that Sagala's value co-creation initiative is a success, but conversation, particularly with delivery personnel, still has to be enhanced. Therefore, it is advised to create a framework to accept complaints and suggestions from both customers and delivery personnel. It is advised to create the value co-creation mechanism for the cloud kitchen company as further research.

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### INTRODUCTION

The COVID-19 pandemic in Indonesia is now improving. At its peak in mid-2020 until early 2022, one of the most impacted industries was the culinary industry. Sandiaga Salahuddin Uno as Minister of Tourism and Creative Economy of the Republic of Indonesia stated that as much as 42% of state revenue was contributed by the culinary creative economy sector (Zhafira, 2021). LPEM FEB UI and UNDP Indonesia in 2020 also show that 40% of MSMEs are engaged in the culinary sector (Yusra, 2022). In a broader scope, the culinary industry is one of the fastest-growing sectors in Indonesia. It was noted that the food and beverage industry was still able to grow by 0.22 percent in 2019 during the Covid-19 pandemic (Hatammimi & Thahara, 2022). One of the forms of innovation that can help the post-pandemic condition is changing the business model into a cloud kitchen or virtual kitchen (Rheny, 2022). The virtual kitchen market is predicted to increase rapidly until 2025. The global virtual kitchen market is expected to increase due to increasing smartphone penetration, rapid urbanization, young population growth, the growing influence of social media, lower cost and

investment, and increasing preference of consumers for digital order. The market also faces several challenges such as data security and privacy issues, and the absence of human touch (ResearchandMarkets, 2021). The virtual kitchen can help culinary business conditions, especially during the pandemic and post-pandemic conditions because the business model is more economical in terms of operational costs, leaner human resources, and practicality. After all, it only accepts orders for delivery and take-away (Unilever, 2021).

Furthermore, Sagala Group is a company engaged in the culinary field since 2018 by carrying out the multi-brand virtual kitchen concept. The first brand launched by Sagala is Ayam Bang Dava. Sagala Group continues to grow until it can launch other brands such as Bronson Wings, Kaijoo, Katanya Bento, Nasi Telur Babak Belur, Sagala Kitchen, Nasi Goreng Rihuh Rasa, and Gyuban. Currently, Sagala has spread across major cities with 25 branches, consisting of 16 branches in Bandung, 8 branches in Jakarta, and 1 branch in Cirebon (Sagala, 2022). When viewed in terms of opportunities and threats, with the continuing development of the virtual kitchen trend, Sagala must have a strategy from

various aspects. A tough competitor for Sagala is the virtual kitchen which has a unique selling point (USP). The strategy or action taken by Sagala to deal with it is to optimize marketing in the digital world, especially on Facebook, Instagram, and TikTok because Sagala believes this can reduce existing threats. By optimizing digital marketing, one of which is advertising on Facebook ads, Sagala can create the buyer persona they want. Based on the background that has been described, the authors identify opportunities from Sagala Group, namely the belief that the virtual kitchen business has good prospects and the challenge is the emergence of competitors with their unique selling points. This study aims to determine the implementation of value co-creation in the Sagala Group and to evaluate value co-creation in the Sagala Group using the DART model.

## **LITERATURE REVIEW**

### **Startup**

A startup is not a small version of a large company. A startup is a temporary organization looking for a scalable, repeatable, and profitable business model. At first, the startup business model is a canvas filled with ideas and guesswork but lacks customers and minimal customer knowledge (Blank & Dorf, 2012). According to Thiel & Masters (2015), the startup is the largest group of people who can be trusted with plans to build a different future. The most important strength of a new company is new thinking which is even more important than agility. Meanwhile, according to Rose (2016), the startup is an effort that is deliberately made to create a measurable and rapidly growing business designed for the twenty-first century. Businesses that are likely to hire employees, issue stock options, raise money from outside investors, grow rapidly, and eventually become acquired by larger companies or go public through an initial public offering (IPO). Startups are growing rapidly because of their innovation in terms of products/services and processes through the help of IT/ICT-enabled services. The status of a startup depends on the age of the business establishment according to the regulations of the country (Ehsan, 2021).

### **Value Co-Creation**

Value Co-Creation is the co-creation of stakeholders as the core of the entrepreneurial process that unites all stakeholders through collaboration, empowerment, and participation to achieve the common goal of value creation (Riad & Kaufmann, 2017). Meanwhile, according to Roser et al (2009), Co-Creation is an active, creative, and social process that includes interactions between

people such as companies and customers, not just customers with products, collaboration is not just involvement, co-creativity is not just co-construction or only co-production but a combination of all co-creation components that will produce value for users. Riad & Kaufmann (2017) also added that co-creation as fostering creativity, involvement and collaboration by providing equal opportunities for all stakeholders regarding their skills and abilities. In addition, value co-creation can identify direct interactions between companies and customers as a strong platform for shared value creation. Ramaswamy & Ozcan (2014) also explained that co-creation is the co-creation and evolution of value with individual stakeholders, intensified and enacted through involvement that arises from an ecosystem of capabilities, then actualized or manifested through experience, thereby expanding wealth and prosperity.

Value co-creation is identical with collaboration between companies and stakeholders. The goal is to create value that has been created together for the common good and benefit of all parties. To support this collaboration, according to Vega-Vazquez et al. (2013), customers need to have access to information related to the basic characteristics of the services they will receive to expedite the value co-creation process. The process consists of sharing information, responsible behavior, personal interaction, feedback, advocacy, helping, and tolerance.

### **The DART Model**

To maintain quality in both the quality of a company's products and processes, a company must build a flexible experience network that allows individuals to co-build and personalize their experiences. So that the roles of companies and consumers converge towards a unique co-creation experience or a unified experience. Fundamentally, co-creation is not a transfer or outsourcing of activities to customers or marginal customization of products and services, rather than scripting or staging customer events around the company's various offerings. Rather it involves the creation of shared value through meaningful and sensitive personal interactions for certain consumers (Prahalad & Ramaswamy, 2004). Consumer interaction with companies being a place of value creation, we need to understand the process of co-creation through its key building blocks: dialogue, access, risk assessment, and transparency or the DART co-creation model (Prahalad & Ramaswamy, 2004).

According to Habibullah & Fitria (2019), one of the keys to success in implementing value co-creation is to focus the company on new sets of building blocks or The DART model. The following describes the components of the DART model:

1. Dialogue

Companies and stakeholders have the same interest in this matter. When conducting dialogue there must be justice between the interests of the two parties. Both must make their voices and listen to the other side. So that there will be strong collaboration between companies and stakeholders in creating value for the common good.

2. Access

Information and tools are the beginning of access. The data provided from this access is in the form of processes and designs from the company to stakeholders. Generally creating and transferring ownership is the traditional focus of a company and its value chain. However, currently, product ownership is no longer the main focus of stakeholders but rather access to the experiences desired by stakeholders.

3. Risk Assessment

Currently, in dividing and estimating risks, there are no obstacles to obtaining this information. The demand for risk information will increase when companies and stakeholders become agents in value creation. Future risks can also be predicted better and faster by companies and stakeholders. The risks in question are possibilities that threaten or harm stakeholders.

4. Transparency

The trust of stakeholders and the company is created because of transparency. Transparency can minimize interference in interactions. Advances in technology and the interests of both companies and stakeholders are increasingly broad and in high demand, followed by easier access to make transparency between companies and stakeholders also increase.

**METHODS**

This type of research conducted by authors is exploratory qualitative research. Qualitative research is designed to explore the human element of a particular topic, in which specific methods are used to examine how individuals see and experience the world (Miles et al, 2014). Exploratory research is an attempt to find something new and interesting by working on a research topic and is the soul of good research (Elman et al, 2020). This study uses an inductive approach. The inductive paradigm begins by observing specific interactions, conceptualizing general patterns from observations, making tentative claims which are then re-examined in the field, and drawing conclusions that build theories or create interesting stories (Tracy, 2020).

Furthermore, in qualitative research, the population is also interpreted as an object that has certain characteristics and qualities to conclude

authors (Sugiyono, 2013:49-50). The sample selection in this study can be categorized into convenience sampling, which involves the use of sources that are comfortable for authors. There is no pattern whatsoever in obtaining these sources (Leonard, 2005). In this study, the selection of sources, especially online motorcycle taxis, was carried out once a week by selecting online motorcycle taxis located at the Sagala location. Next, the selection of employees is carried out according to the employee's capacity for the topic to be asked. As for consumers, the selection is based on people who have purchased one or more of Sagala Group's products. The data analysis technique in this study was carried out verbatim from the interview results which were then coded simply using Excel and categorized according to research needs. Then, the coding results are processed using The DART model. These results are then processed again using the dimensions of choice. The last is drawing conclusions and suggestions for the Sagala Group according to the results from The DART model and dimensions of choice.

**RESULTS AND DISCUSSION**

Name	DRP	DF	K	HM	TPD	MF	AH
Age	26 y.o	40 y.o	30 y.o	40 y.o	25 y.o	21 y.o	21 y.o
Gender	Male	Male	Male	Male	Female	Male	Male
Profession	Business Analyst Sagala	Driver of motorcycle taxi	Driver of motorcycle taxi	Driver of motorcycle taxi	Consumer of Sagala	Consumer of Sagala	Consumer of Sagala

**Table 4.1 Profile of The Source Person**  
**Sumber:** Own Elaboration

Table 4.1 above shows the background of the selected source person using the convenience sampling method, which involves the use of sources that are comfortable for authors. There is no pattern whatsoever in obtaining these sources (Leonard, 2005). Selecting sources, especially online motorcycle taxis, is held once a week by selecting online motorcycle taxis located at the Sagala location. Next, the selection of employees is carried out according to the employee's capacity for the topic to be asked. For consumers, the selection is based on people who have purchased one or more Sagala Group products.

Variable	Existing Value Co-Creation in Sagala
Dialog	1. Sagala's management always indirectly communicates with consumers via social media. Next, when communicating with partners is done directly and indirectly. Meanwhile,

	<p>online motorcycle taxis interact more directly with Sagala employees.</p> <ol style="list-style-type: none"> <li>When communicating, Sagala parties with consumers, partners, and online motorcycle taxis are carried out formally.</li> <li>The main topic that is always discussed by both conversations from Sagala to consumers and consumers to Sagala is about the menus in Sagala. Sagala often carries out interactive communication through their social media to find out consumer needs or desires. Meanwhile, Sagala and partners, the topics that are more frequently discussed are sales reports and other reports.</li> </ol>
Access	<ol style="list-style-type: none"> <li>Platforms or tools used by customers, partners, and online motorcycle taxi drivers to get information about Sagala are conducted through online platforms or tools, namely WhatsApp, Instagram, TikTok, website, google workspace, and on-demand delivery apps such as Shopee food, Gofood, and Grabfood.</li> <li>The use of platforms or tools as a whole is good because they can help the business processes of both Sagala and consumers, partners, and online motorcycle taxis.</li> <li>Sagala periodically recaps reviews or feedback provided by consumers through on-demand delivery apps and also complaints via WhatsApp which are then used as learning/evaluation for Sagala in the future. Next, according to an online motorcycle taxi statement, online motorcycle taxi drivers often complain about the queues that occur at Sagala's kitchen, so they ask employees to set up a reception system through the application to avoid long queues.</li> </ol>
Risk Assessment	<ol style="list-style-type: none"> <li>Sagala always conducts trial and error before running a project, be it a big or small project so that there is no product knowledge gap at every Sagala's branch. Sagala accommodates all feedback provided by stakeholders before the project is fully running.</li> </ol>

	<p>Next, the management of Sagala often validates online motorcycle taxi drivers if there is a decrease in sales. The form of validation is asking about the actual conditions in the field because after all online motorcycle taxi drivers are more often in the field and interact more often with consumers. In addition, Sagala has created an order acceptance system based on on-demand delivery apps so that the queue for each application will be different to minimize long queues. However, queue complaints from online motorcycle taxis still occur due to a surge in orders.</p> <ol style="list-style-type: none"> <li>For complaints from consumers, Sagala has provided a means to submit these complaints, namely the QR code on product packaging that is directly connected to Sagala's WhatsApp, and Sagala has its own Standard Operation Procedure (SOP) to answer and provide solutions to consumer complaints. The form of the solution provided by Sagala if the complaint from the consumer is valid, namely Sagala will replace the product with a new product.</li> </ol>
Transparency	<ol style="list-style-type: none"> <li>Transparency of Sagala's information to stakeholders is good. The form of openness with partners is by having weekly reports or monthly reports. However, several things are indeed charged or become the responsibility of the commercial division or high-level management with partners, namely related to sales targets at each branch. In this case, the crew or other employees do not have access to this information. According to online motorcycle taxi drivers, when dealing with consumers and orders, the employees in the kitchen will provide this information. According to online motorcycle taxis, when dealing with consumers and orders, the employees in the kitchen will provide this information. However, this information will only be provided if asked.</li> </ol>

	<p>Meanwhile, consumers say that the information contained in on-demand delivery apps is quite complete, but not too much information is included on social media.</p> <ol style="list-style-type: none"> <li>2. Information that consumers have the right to know is the condiments in the product. Meanwhile for partners are sales reports and sales progress. For online motorcycle taxi drivers, the information that they have the right to know is about ongoing menus and promos. In addition, consumers can easily find information about the franchise on the website.</li> <li>3. If partners, online motorcycle taxi drivers, and consumers want to ask for information from management or employees, they can do so freely, there are no specific rules for asking for information about Sagala.</li> </ol>
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**Table 4.2 Existing Value Co-Creation in Sagala**  
 Sumber: Own Elaboration

In table 4.2 above, the authors mention Sagala employees and Sagala management. The difference between the two titles is that employees are kitchen staff such as cashiers and chefs, while Sagala's management is high-level management and middle-level management. Both have different levels of intensity of interaction with consumers, partners, and online motorcycle taxis.

## DISCUSSION

The results of the analysis and evaluation that the authors carried out have differences and similarities from the research by Habibullah & Fitria (2019). These two studies both discuss value co-creation in the culinary industry. However, the object of this study is the virtual kitchen culinary industry, namely the Sagala Multi-Brand Virtual Kitchen, while in Habibullah & Fitria's research (2019) it is the Coffee Shop. Next, the findings in Habibullah & Fitria's (2019) research have deficiencies in the access variable, while in this study there are deficiencies in the dialog variable. Therefore, it is hoped that this research can complement previous research to help the culinary industry apply value co-creation, especially in virtual kitchens.

## CONCLUSION

The conclusions from the analysis of the application of Value Co-Creation using The DART Model in the Sagala Multi-Brand Virtual Kitchen are as follows:

### 1. Dialogue

Based on the results of the analysis above, Sagala has communicated both directly and indirectly. This communication is carried out by Sagala to continue to improve the company's performance so that all stakeholders, especially consumers, are satisfied. The dialogue conducted by Sagala as a whole has been good however, Sagala's management does not communicate intensely with online motorcycle taxis so this needs to be improved because after all online motorcycle taxis are more often in the field and deal directly with consumers. If Sagala communicates intensely with online motorcycle taxi drivers, Sagala will get feedback or reports that can be used as evaluation material for the company in the future.

### 2. Access

Based on the results of the analysis above, access to Sagala information using Whatsapp, Instagram, Tiktok, Websites, and On-Demand Delivery Apps such as Shopee food, Gofood, and Grabfood is running well and is informative. According to stakeholders, access to information available at Sagala through social media, On-Demand Delivery Apps, and Google Workspace is good and informative. So that it can help the business process properly. However, there are still complaints from online motorcycle taxi drivers regarding settings in the On-Demand Delivery Apps which often have an impact on queues in the kitchen.

### 3. Risk Assessment

Based on the results of the analysis above, Sagala has taken several good actions in the co-creation process including trial and error, validating conditions in the field, creating an order acceptance system, and creating a QR code for product complaints. The steps taken by Sagala in minimizing the risk are good. The possibility of complaints from customers will decrease if Sagala continues to carry out trial and error as well as validation with stakeholders. However, the order-taking system, which still tends to cause queues, can be improved further so that there are no complaints from online taxi drivers waiting too long in the kitchen.

### 4. Transparency

Based on the results of the analysis above, Sagala's openness to products, financial reports, sales reports and others has been good according to stakeholders. Important aspects of Sagala's openness are good. All stakeholders can ask for information about the company directly without any specific

rules. However, there is one thing that needs to be improved, namely regarding information on Sagala's social media which still does not include all information such as information about the franchise. Even though almost everyone now owns social media, especially Gen-Z.

Based on the conclusion above, the authors suggest to the management of all aspects should be more interactive and communicative with online motorcycle taxis because after all online motorcycle taxis are stakeholders who have a big role in their business processes. Sagala can create a form for online motorcycle taxis to provide criticism and suggestions at each Sagala branch, besides that Sagala can also do the same thing for online motorcycle taxis as it does for consumers, namely by providing a means to scan a QR code that is directly connected to Sagala's Whatsapp. This will certainly help Sagala in developing. Furthermore, the authors also advise Sagala to add kitchen employees or expand the kitchen at outlets where long queues often occur due to spikes in orders even though the order acceptance system has been set up. Lastly, the authors also suggest Sagala to manage Sagala's social media even better because currently, social media is a great opportunity to market products, communicate, and also to develop a business. Sagala can create concepts or branding according to Sagala's customer profile and advertise these contents to be able to attract more customers from various sales channels. Cloud kitchen company can arrange their business processes linked to The DART Model. The more stakeholders contribute the more improvements company can make for its business because the most important thing for a cloud kitchen company is its product and consumer. So, if the company can well connect with their consumer, they can create value together and it will benefit both parties.

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