

Improving the Business Model of Talent Agency Industry

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Abstract:- Modeling agencies all across the world have a low level of market share concentration, accounting for less than 20% of total industry income according to IBIS World. While one of the Talent Agencies in Indonesia also had a considerable decline in overall sales income after one year of operation. Providing young and fresh models with special interests does not grow attractively for the customers.

The business's internal condition reveals a low attractiveness in value offers, despite the business's great authenticity. As a result of the present value offers in the talent agency competition, the business is still lagging behind the other agencies. Various components in advertising and promotion assistance are demanded by the past customers, thus according to interviews. A qualitative technique was used to get these facts, which comprised a structured interview, actual observation, and a literature review.

The analysis of this research shows that Lifestyle SMEs require assistance in advertising and promotion services, instead of only modeling services. Through the business model innovation process, there are three possible prototypes for a Talent Agency, beginning with the Creative Agency, Modelling Services Platform, and KOL Agency (Key Opinion Leader). It turns out the integrated prototype between the Creative Agency and the KOL Agency is proved to be the best business model for a Talent Agency, based on market demand for both value offerings.

Eventually, the Talent Agency should consider being developed into a Creative Agency business model with one-stop advertising, promotion, and micro-influencer services. Angel investors, banks, the government, and personal funds are all expected to invest in these creative initiatives. To support such new resources, a new professional's recruitment will be required soon.

Keywords:- Business Model Innovation; Small Business Enterprises; Talent Agency; Value Propositions.

I. INTRODUCTION

The talent agency is a service-based company that offers professional modeling for B2B customers (lifestyle, advertising, and entertainment industry). The talent agency industry works with a profit-sharing system through a deal proposed between the female or male model and the management caused by the fluctuating number of projects. These industries belong to a business that needs modeling services in representing their brand for a fashion show and product shoots.

The talent agency industry worldwide leads by several agency brands in modeling services competition. There are IMG models, Wilhelmina International, Elite World, Ford Models, and DNA Model management. The condition of modeling agencies worldwide shows a low level of market share concentration, within less than 20% of total industry revenue (IBIS World, 2020). Figure 1 shows the business growth of leading model agencies in the US, Wilhelmina International, from 2014 to 2019.

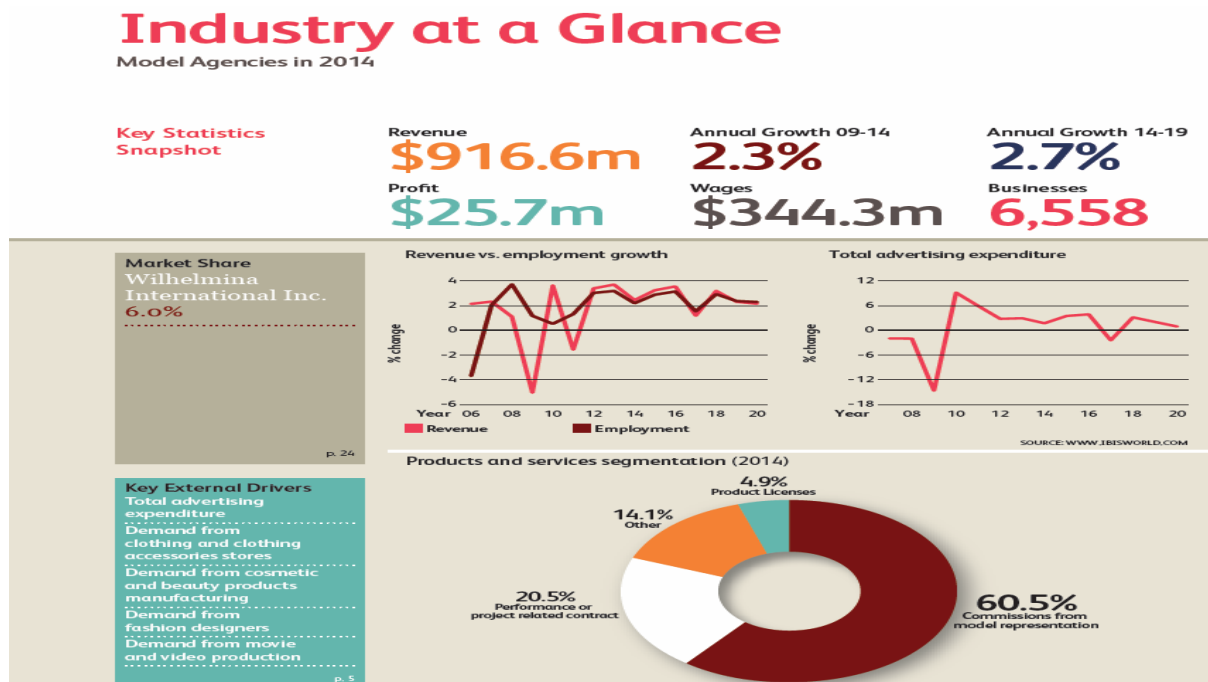


Fig. 1: Wilhelmina International Statistic Report in 2014 to 2019 (Solodkiy, 2019).

Figure 1 indicates the fluctuating growth and also the profit source of Wilhelmina International. Even they are in fluctuating growth for profit, they are still one of the top four leading talent agencies in the US earning a profit of about \$ 25.7 million for one year of operations in 2014, and their most significant profit source is coming from the compensations that share with their talents. Furthermore, through 6% of market share, Wilhelmina International as a US talent agency achieved 2.7% annual growth for 2014 until 2019.

Essential roles of being a talent are shaped into two ways of purpose. Firstly, it is flaunted and contributes to promoting their works which are called the basics of a model. Secondly, they can create a statement by giving feedback on their designs. Feedback on the design considerations as the product review for the brand is called influencer services. This feedback is usually posted on their accounts such as Instagram or TikTok.

The fashion show is an event when fashion designers display their various creations. Models do the catwalk clothed in apparel designed by that designer. The ramp walk in a fashion show is the platform from which a model receives his or her first opportunity. Furthermore, models have many opportunities in the terms of career growth, whether for

commercials, movies creation, brand endorsements, or even reality shows.

The fashion industry is also using talent in Indonesia on a fashion show to represent their fashion design. The existence of several prestigious fashion events such as Indonesia Fashion Week and Jakarta Fashion Week influences a designer in using modeling services to demonstrate their products through those fashion show events. They need male or female representation to wear the products and do the catwalk modeling with their fashion masterpieces.

There is no restriction nowadays for age limit, skin type, and body shape for a talent used by a designer nowadays (Indra, 2017). They are looking for unique characteristics in representing their creation to engage their audience. The designers mostly believe the unique characteristic of skin type and body shape of talent will be a benefit for their product sales. They usually try to match the lifestyle of their audience with the talent's characteristics, and sometimes they are using an influencer to represent their brand caused by the higher exposure benefits. Moreover, Figure 2 illustrates the textile and apparel industry trends in Indonesia from Q1 2010 to Q4 2020.

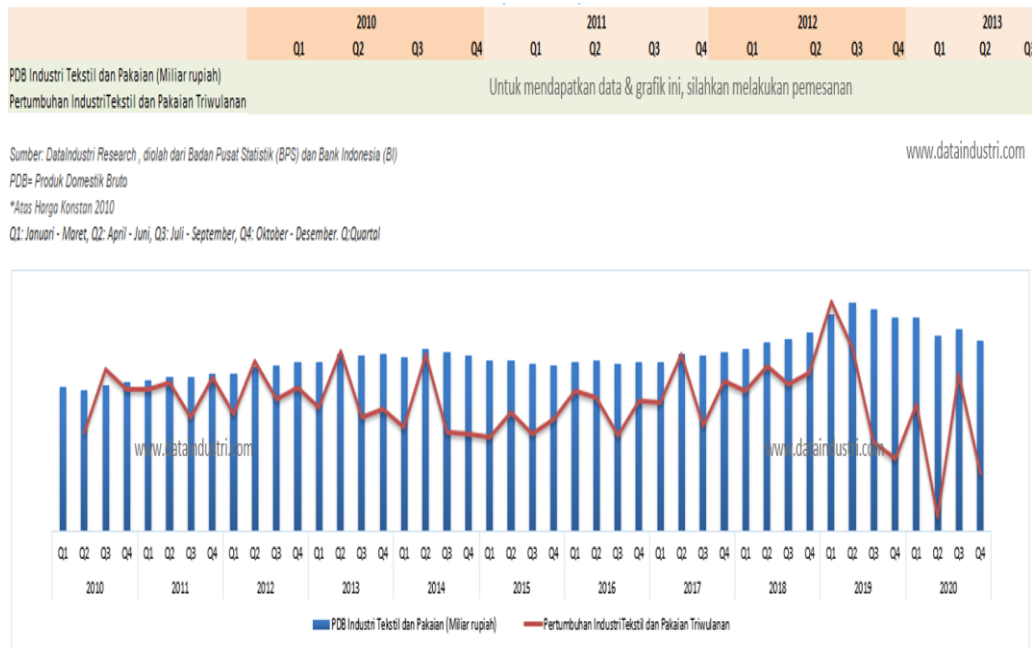


Fig. 2: Textile and Apparel Industry Trends in Indonesia on Q1 2010 to Q4 2020 (BPS, 2020).

Situations of fashion industry revenues currently in Indonesia have been dropped from last year due to the COVID-19 pandemic. Figure 1.2 illustrates the growth data trends for Indonesia's textiles and apparel industry from Q1 of 2010 until Q4 of 2020. The data above shows the most significant revenue dropped for the fashion industry located in Q2 of 2020 when Indonesia started large-scale social restrictions (PSBB) for the first time based on Minister of Health Regulation number nine of 2020 to prevent the COVID-19 spreads. The limitations of the business operation, entrepreneurs try to shift their offline sales strategy into the digital strategy. Opportunities of e-commerce and website channels are the only chance they had to survive in this situation.

Fashion entrepreneurs are still optimistic about growth in the middle of the COVID-19 pandemic through digital system opportunities. Through the easiness of e-commerce used in product sales, small business enterprises (SMEs) show their attractive growth rather than the textile and apparel industry. The reverse situation happens in online sales through marketplaces, such as Shopee's 2,5% growth in fashion product sales and a 2% increase in the number of merchants. It may have been disturbed during the pandemic, but on *Lebaran* and *Harbolnas*, it also grew, with a 150% raise (Andriani, 2021).

Surprisingly, the number of creative agencies in Indonesia is growing during the pandemic. As a result, SMEs will have no trouble selling their items online. They are

helping SMEs in searching for their customer's needs, offer a different approach from every channel, compete with the bigger competitors, are more affordable, and offer a structured return of investment (Ideoworks, 2020). Then, this agency might be assigned to develop a creative solution as their value-added rather than just a talent agency.

The talent agencies industry faces the same customers as the creative agency. The lifestyle industry (fashion, beauty, food, and beverages business) consider gaining more benefit from the intermediaries. The creative content that they are needed nowadays might be fulfilled by these creative agencies. These industries faced more challenging situations in terms of offering the services caused by the business and market situations. The unattractiveness of business conditions in talent agencies is currently considered for any developments that contribute to their sustainability. Talent agencies have to adapt to these new changes if they want to survive in the business competition.

The business was launched in August 2020 in Bandung, West Java, Indonesia, with seven partners for the first campaign collaboration. The core team planned those first campaign collaborations to introduce the talents. Partners of these collaborations benefit from photo results that the brand will use for their social media advertising. Thus, after 1 year of operations, the growth in sales has been decreased significantly. Furthermore, Figure 3 illustrates the overall sales growth condition in one of the talent agencies in Indonesia since the business launched.

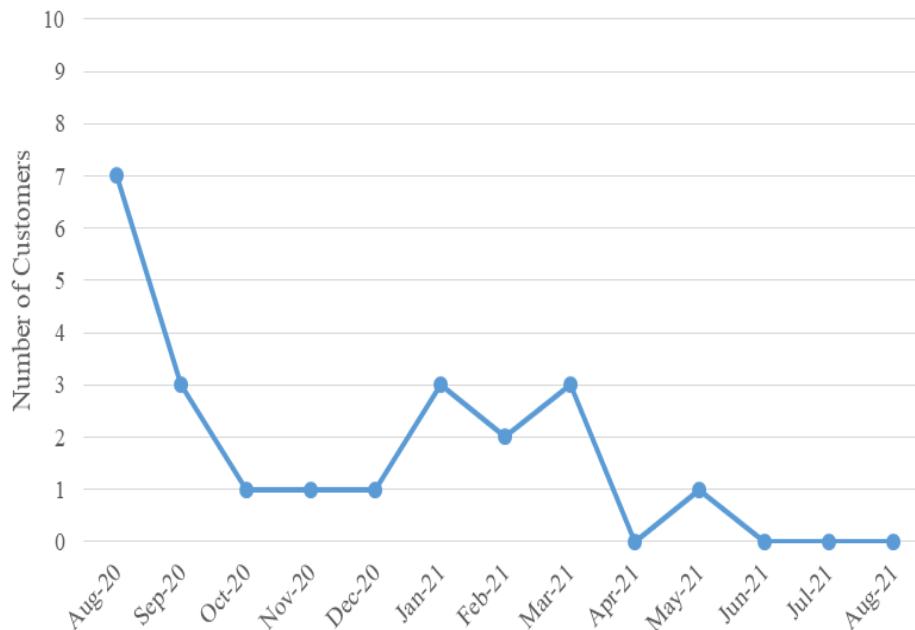


Fig. 3: Sales Growth in one of Indonesia's Talent Agencies from 2020 to 2021.

Along with the agency's industry trends, the business competes with the talent agency industry in the business competition and other promotion partners such as creative agencies or even production houses who offer the same talent service. They already have a business portfolio through popular and reliable local brands, and the business is located in a low business portfolio for the first-year business operations. As the business target market, SMEs are looking for more beneficial services in their promotion projects. Unique campaign ideas, campaign planning, and social media management services are essential for their brand's development. Those benefits are what the market currently seeks, then not only modeling services of their promotions project caused by every agency already have their talents.

The creative agency comprises professionals focusing on advertising, design, technology, and strategy for SME campaigns and other promotional projects. They are also offering creative solutions services to SME problems that require a third party to be contributed. Fashion, F&B, and beauty business (lifestyle category) as the business target market will consider using those agency services to improve their awareness until product sales, which currently the business still just offering talent and modeling services. In other words, the business is facing the same market with creative and advertising agencies with a low level of unattractiveness.

The business needs an improvement strategy in competing with the business competitors and maintaining long-term business continuity. Nevertheless, there is still an opportunity to grow in the market demand for promotional partners. Based on the degradation of sales growth in service offerings, the business should improve the current business model of a talent agency industry.

II. LITERATURE REVIEW

One of the Talent Agency Industry in Indonesia faced the sales growth degradation in talent and modeling service offers. The innovation should be conducted to survive the competition of the industry. The objectives of this research are to identify which business model that appropriate for a Talent Agency Industry and to design a new business model of a Talent Agency Industry. In conclusion, there should be several approaches in exploring the issues and finding the appropriate model for a Talent Agency Industry. The approach consists of the initial situation and business model innovation review.

A. Initial Situation Analysis

Analysis of the initial situation illustrates the current condition of the existing business model, which consists of external and internal analysis. Internal analysis on this research using SWOT analysis and business model canvas (BMC), and the external analysis using the porter five forces and competitor analysis framework. The result of this initial situation analysis will be used for the idea generation steps.

SWOT analysis in this research was used to evaluate the company's overall strength (S), weakness (W), opportunity (O), and threat (T). The strength defines internal capabilities, resources, and positive situational factors that contribute to reaching the market and achieving the company's vision. Weakness illustrates a list of limitations and negative situational factors that influence the company's performance. Thus, opportunity contain attractive trends in the external environment that the company desire to take those advantage of and the threat shows unattractive external trends that will challenge the company's performance (Kotler, 2018).

Business model canvas (BMC) is the control system of a business that considers as the recipe for an incredible taste. BMC is a tool used in solving formulas and postulates proposed by Alexander Osterwalder in 2008. BMC helps entrepreneurs find out what has gone wrong with their business (Tinku, 2020).

Michael Porter's Five Forces model uses microeconomic concepts to develop a framework for analyzing a market's competitive landscape and better equipping strategists to chart their future. It refers to the necessity to examine the always-changing dynamics and flow between and within the forces. The forces are the threat of new entrants, the threat of substitute products, the bargaining power of customers, the bargaining power of suppliers, and the competitive rivalry of the market (Cabbage, 2013).

The business should begin the external analysis by gathering all the strategies of a primary competitor. That information is collected by using public information such as social media. Through the growth of social media marketing by the competitors, the business can have a clearer understanding of competitive strategies (adapted from Porter, 2020).

B. Business Model Innovation

Business model innovation refers to the process of developing a widely adopted new business model on the market, which is followed by changes to the value proposition and/or value constellation and aimed at generating or securing a long-term competitive advantage (Wirtz, 2020). The process of business model innovation consists of eight stages. The steps start from the analysis of the initial situation, idea generation, feasibility analysis, prototyping, decision making, implementation, monitoring, and controlling, until securing sustainability. In this research, the author will use this business model innovation concept until the implementation plan only.

In the stage of idea generation, the author will determine the basic design characteristics of the business model orientation. Idea generation includes the design of value proposition and value constellation which plays an essential role. The idea generation includes the team brainstorming about the business model innovation.

The author will conduct a depth market survey of the potential business model innovation through a structured interview to analyze the market, environment, and positioning's development. The feasibility study includes the market structures, consumer behavior, and existing industry analysis. This survey will be conducted based on the market of the business, which is the Lifestyle SME.

In the stage of prototyping, the author will develop specific value creation components and builds a simple prototype of the future business model. There will be three main options for the business, in terms of the business model option. Each option will be analyzed through the strategic, customer, market, and value-added components.

The author will select and completes the model design. Furthermore, the author ultimately harmonizes the structure of the business model and finalizes the business model's design. Thus, there will be integrated business model innovation based on the option provided.

III. METHODS

The author used nonprobability sampling with the snowball sampling technique in this research. Nonprobability sampling shows every element doesn't have the same opportunities to be chosen as a sample for the research (Sugiyono, 2018). Snowball sampling was used by the author to define the sample number. This technique illustrates the number of samples that will be based on the interview result, which additional samples will be added if the result doesn't perfect enough in research exploration. In conclusion, the author chose one business of each Lifestyle SME to explore more about the innovation as the representative.

The collecting data technique used for the research is the interview technique. The author will be asking the list of planned questions to the representative of the Talent Agency's previous customers and target market to have a depth perspective in the business model field. Furthermore, depth interview is used to explore the ideas of the new business model according to the business model innovation process. Thus, Table 1 illustrates the operational variable for this research.

Categories	Variable	Indicator	Sub-Indicator	Interview Questions	Source			
Survey	Business Model Innovation	Strategic Components	Strategy Model	What is the main reason you choose the Talent Agency in your previous project?	Interview with the Previous Customers			
				Do you think that a small business enterprise currently needs a talent service to fulfill its promotion project?				
				Do a specific interest of the talent influence your brand decision in the previous project besides the appearance aspect (skin type, body, and face shape)?				
				Do you have any feedback for the Talent Agency's development?				
Research		Strategic Components	Strategy Model	Strategy Model	How is your business condition currently? Are there any challenges that you and your team face currently?	Interview with Potential Market		
					What is the result of your previous marketing campaign?			
					What is your future planning for your business and marketing strategy?			
			Resource s Model	Resource s Model	How many people that currently handling your marketing fields? Are they capable to handle your marketing strategy?			
					Network Model		Network Model	Have you ever used intermediary services or other partners in promoting your business? And what's the service result?
			Market and Customer Components	Market and Customer Components	Customer Model		Customer Model	What kind of channels that you and your team used to promote your products?
								Market Offer Model
					Revenue Model		Revenue Model	What kind of purchase types that you comfortable with for intermediary services?
How much budget that you spend on marketing cost in every month?								

Table 1: Operational Variable

As shown in Table 1, the survey and the primary research are the two sections of the operational variable for this study. The operational variable contains strategic, customer, and market components, as stated by Wirtz's concept of Business Model Innovation. It necessitates data from the business's previous customers and target market to investigate company difficulties and provide appropriate remedies. The structured interview is then required to obtain detailed results from each component. In addition, each component has prompted the respondent with several questions. Thus, the data triangulation in this research is illustrated in Figure 4.

Thus, the data triangulation of this research is shown in Figure 4. The analysis process for this research is supported by the data collection "technical" triangulation as the data collection technique. This technique means the author analyzed the data that comes from 6 sources, which include the structured interview to the previous customers and target market, actual observation, and the literature review that is relevant to this research (Sugiyono, 2018).

IV. RESULTS AND DISCUSSIONS

In exploring the degradation of sales growth of a Talent Agency, the author conducted depth survey interviews to find the root cause of that business issue. The respondent of these survey has been chosen because depth consideration that the author believes those respondent are a match. Thus, after the survey is conducted, the research continues with the business model innovation process, from idea generation steps until the decision-making process.

A. Research Survey

On the research survey, the author has interviewed the marketing manager of Allglows as the representative of the Beauty Industry. From the first and third questions, the content created by the business is different from the other agency. Creative content has been attracted Allglows a make-up brand based in Jakarta to use the business's service. It could be

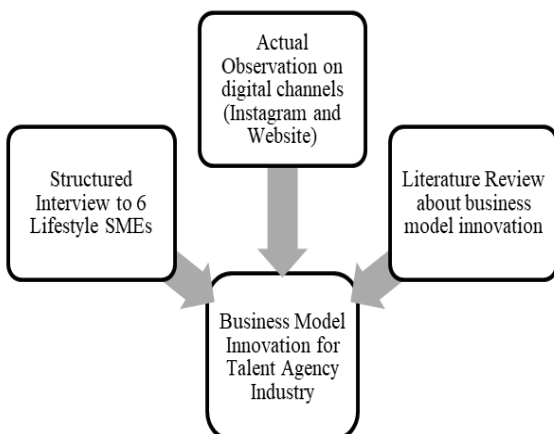


Fig. 4: Data Triangulation.

concluded that one of the previous customers in the beauty business field has been influenced by the value proposition offered by the business, which is young and fresh project partners for SME. Nevertheless, Allglows stated it depends on the branding of a business and how the talent agency is in modeling and endorsement service needs. They also stated it's not always using modeling and endorsement services through a talent agency because they like to try new things. It illustrates the fluctuated demand of a lifestyle brand as the target market because they love to try the new things that will impact higher to their business, especially for their sales growth.

Furthermore, the author also interviewed the representative of the Fashion Industry with Shadara. The owner stated that the previous project with the business was beyond her expectation. Shadara as the hijab fashion brand based in Tangerang satisfied with the service offered by the business. Thus, she stated the photo result was a match with her planning. As the representative of a fashion brand, the owner illustrates a need for talent services in creative advertising in their online channels, especially during this pandemic era. Besides the talent's specific interests, fashion brands require excellent body gestures of a talent that should be matched with their brand's campaign concept. The brand thinks of body gestures as one of the key factors of their campaign's result.

Shadara suggests the talent should have strong personal branding to support their marketing campaign. Personal branding is the persona of a person based on their specific interest which shaped their audience perspectives based on social media content. In the other words, every talent should creatively promoting their self on social media account to shape strong personal branding currently every talent still have weak personal branding to support their marketing campaign. Besides, it will contribute to their campaign results, the talent will engage their audiences with attractive social media content. Furthermore, the number of their followers will be also positively growing.

Moreover, the author has interviewed the representative of the Food and Beverages (F&B) business sector. The owner stated his previous project the business was impressive for a new start-up level. Furthermore, the business viewed the management as very professional and warmly welcoming to discuss the concept. As the representative of the F&B sector, the owner thinks the talent agency industry became one of the turning points of today's marketing style. In the other words, talent agencies are placed as the current marketing style of the F&B sector on an SME scale.

SME's F&B sector thinks the talent with hobby will help agencies to build an idea, creativity and also will easily help focus on how the business reaches the audience wants and meets client's expectations. Nevertheless, the business still has to produce more business portfolios and promote that portfolio as social media creative content. F&B sector thinks the audience might need and like to see excellent projects through those creative content in social media.

The survey interview with these previous customers shows the business located in fluctuating demand of a talent agency in SME needs. Degradation of sales that the business has currently might come from the statement of an SME love to try new things. They have an interest in intermediary's services for promoting their product, they still figuring out all of the services offered by an agency to find the perfect way that matches their current condition. In the other words, the business needs some innovation that attracts the target market to do the new things with the talent. The business might consider being an agency that not only offer modeling and endorsement services to fulfill these needs.

B. Idea Generation

The business is facing several challenges in the talent agency industry, such as weak service offerings, company low awareness, and the power of the market leader. The business is positioned in unsafe conditions if the business still works through the current business model with the same market. An external and internal analysis in the previous chapter shows the urgent needs of a business model innovation. The competitor has to lead the SMEs, then the business should have a further strategy to take over the market with new business model innovation.

In generating the business model idea, the author used the team brainstorming technique in business model modification. The brainstorming team consists of five people, there are the researcher, sales and marketing specialist, photographer, fashion stylist, and talent representative. Brainstorming was conducted for about 90 minutes which focused on generating new business model ideas. Each team member has the same opportunities to give their creative opinion about business model innovation.

As a result, the core team decided on the three ideas based on the team's discussion considering the current opportunities in the market. Those incredible ideas are a creative agency, modeling services platform, and KOL (influencer) agency. Each business model innovation idea has a different value in service offerings for SMEs, but there is a possibility that the other innovation that was not selected will be added as supporting features of each option.

The business model innovation option includes a creative agency, modeling services platform, and KOL (key opinion leader/influencer) agency. Every concept has a unique value proposition for SMEs. Through these options, the company may continue to provide clients with a service-based product. The first choice is Creative Agency, which provides Lifestyle SMEs with one-stop campaign and content management services (both digital and commercial). These innovations might include services such as advertising and design, digital and interactive solutions, and consultancy. In contrast to the Modeling Agency Platform, the second innovation option will focus on the digital platform's talent services center. It wraps up the broad range of talent agency services, talent agency partnerships, as well as in-house photo product services, and professional resources. Last but not least, the KOL Agency (key opinion leader/influencer) is the third innovation choice. The micro-influencer services center is how the business model works. These innovations work with influencers on a

smaller scale, as well as brand ambassador services and in-house photo product services, and professional resources.

C. Feasibility Study

The analysis will illustrate the feasibility of each generated idea in the previous sub-chapter. This analysis includes the environmental analysis (technological, regulatory, economic, and social environment), industry and market analysis (market structures, consumer behavior, and existing industries), and competitive analysis (competitor behavior and intensity of competition) of the three generated ideas. The generated ideas are Creative Agency, Modeling Services Agency, and KOL Agency. The analysis will be based on the research technique

tools (structured interview, actual observation, and literature review).

D. Environmental Analysis

Environmental analysis is the steps of analyzing the external environment of the generated ideas which influence the business model feasibility. The external environment aspects include the technological, regulatory, economic, and social environment. This analysis will be based on the current condition of the business trends, especially in West Java, Indonesia. Thus, Table 2 shows the Environmental Analysis for the New Business Model Innovation.

No	Environmental Aspects	Creative Agency	Modeling Services Platform	KOL Agency
1	Technological	<ul style="list-style-type: none"> Website features New UI/UX trends Motion graphic skills New laptop/PC features New editing software New gadget features Employee training system New analytics tool 	<ul style="list-style-type: none"> Website features New UI/UX trends New laptop/PC features New gadget features New analytics tools 	<ul style="list-style-type: none"> Existing user-generated content features on TikTok and Instagram (For You Page and Reels) Social media advertising (Instagram Ads and Facebook Ads) New digital marketing channels
2	Regulatory	<ul style="list-style-type: none"> COVID-19 restrictions for the campaign shoot Legal entity 	<ul style="list-style-type: none"> COVID-19 restrictions for the campaign shoot Legal entity 	<ul style="list-style-type: none"> COVID-19 restrictions for the campaign shoot Legal entity
3	Economic	<ul style="list-style-type: none"> Government tax Salary increment 	<ul style="list-style-type: none"> Government tax Salary increment 	<ul style="list-style-type: none"> Government tax Salary increment
4	Social	<ul style="list-style-type: none"> Existing community referral Senior Agency 	<ul style="list-style-type: none"> Existing community referral Existing similar business competition 	<ul style="list-style-type: none"> Existing community referral Senior KOL Agency

Table 2: Environmental Analysis

Creative Agency is influenced by several factors in the external environment which could affect its business operations. The Creative Agency is keeping up with the technological trends as the main aspect of its business growth. These aspects are categorized as the main aspects that should consider by the business in developing the business model. Furthermore, the Modeling Services Platform looks similar to the KOL platform which offers Influencer services through website-based transaction and data information. The key aspect of environmental analysis of this innovation is located also in the technological fields. Thus, KOL Agency includes several micro or macro Influencers that would have different characteristics and personalities, which makes the agency more challenging in business operations.

E. Industry and Market Analysis

These phases will cover the industry and market analysis of the business model innovation in terms of feasibility research. This stage includes three major analyses: market structures, consumer behavior, and current industry analysis. Data from the market interview will be used to support these measures.

F. Market Structures

A lifestyle SME is a company that sells a range of items depending on the behavioral preferences of its clients. These products are divided into three categories: fashion, cosmetics, and food and beverage (Food and Beverages). The fashion industry encompasses both men's and women's styles, clothes, and apparel. This industry, unlike the beauty industry, comprises a wide range of skincare, personal care, make-up, and fragrance products for both men and women. Furthermore, F&B comprises restaurants, coffee shops, cafés, and handmade snacks, as well as businesses that provide a variety of culinary and beverage options. Those bunch of business categories is potential for the business as a target market, which is illustrated with the total available market in the current business location. The whole possible market for Lifestyle SME in Bandung, West Java, Indonesia is shown in Table 3

No	SME Sector	Quantity
1	Fashion	907
2	Food and Beverages (F&B)	1.533
3	Beauty	453
Total		2.893 SME

Table 3: Total Available Market

Source: DinasKoperasi UMKM Bandung, 2021; BPOM, 2021.

Based on DinasKoperasi UMKM and BPOM Bandung, Table 3 displays the entire available market in Bandung for the Lifestyle SME sector. It is estimated that the business accessible market consists of 2.893 small enterprises, with the food and beverage industry being the largest among them (1.533 business). Furthermore, compared to other industries, beauty enterprises have the least number of the available market. The business should continue to pursue these potential markets for future business model innovation, which would be helpful to the company's revenue.

The business target market is classified as B2B customers. The business should direct the team's efforts on contacting the marketer and owner of those Lifestyle SMEs. Every Lifestyle SME has a separate decision-maker in terms of advertising and marketing who will decide on the buying stage. If the company is still small and new to the market, the business will be able to target the owner of that company. Furthermore, owing to the team's increased size and extended business operations, the business will need to prioritize reaching out to the marketing team before the owners.

G. Consumer Behavior

Based on the author's interest in business potential, an interview was held with one of each Lifestyle SME. The fashion brand paired with Savoirfaire Attache, a Bandung-based women's tote bag brand. As a consequence, for the F&B brand, Dough We, a home-made brownies company located in Jakarta and Bandung, was chosen. The author also performed an in-depth interview with Kala Sunara, a unisex skincare product headquartered in the Bali and Java Islands, for the beauty brand.

The author had an interview with one of the owners of Savoirfaire Attache, a women's fashion firm situated in Bandung. They have a selection of colorful tote bags for females. This business is controlled by three people since 2020. The owner is also in charge of the company's creative design and marketing strategy. They maximize the business efforts in social media campaigns, KOL services, and e-commerce merchants, but the growth is still constant.

The owners remarked that owing to a lack of marketing abilities, she and her staff are unable to handle effective advertising and promotion. Furthermore, the team's basic expertise and experience are not relevant to the fashion brand, but they all share a common passion for marketing women's fashion items. Due to the modest size of the firm's operations and their busy personal lives, the owner believes the company might use some help with advertising and marketing. The team had previously met with a Bandung-based marketing agency, but the meeting did not go well. The team felt that the agency's benefits were not worth the money when compared to the price. They believe that the offering process should be open to discussion. In terms of their cost abilities in a month, they can spend up to Rp 2,500,000 on marketing costs.

Aside from fashion businesses, the author conducted an in-depth interview with Dough We, a food and beverage business headquartered in Jakarta and Bandung. The company began operations in 2021, with the greatest chocolate brownie recipe and a one-of-a-kind cookie box. As the owner of this SME, He works alongside his wife as the chef or production team. He's presently concentrating on selling brownies via social media, as well as KOL services, but business is still steady. Their account engagement is still behind the other brownies' business in the current location.

The owner claimed that he, likewise, is unable to dedicate his complete attention to his own business. Outside of this business, he and his wife have other major obligations as employees. The business then begins to move into product sales as a result of its internal communication with its coworkers. They urgently want the firm to expand, but they only have so much time to manage it on their own. As a result, they recognize the potential of this business provided they acquire a variety of business aid, particularly in social media management, as well as campaign assistance. They also stated their need for motion video to attract more the audience.

Last but not least is the beauty business. Kala Sunara has interviewed by the author to explore more about the beauty business behavior. The owner of Kala Sunara, currently managing the small team of five persons in homemade skincare productions and operations. This business operate since 2020 in the early pandemic, because of the potential of skincare recipes in the Millenials market. Thus, the owner is currently focusing the business for their rebranding during the pandemic to improve more about their brand awareness in the business location. Kala Sunara also uses reseller systems on the business operations, and the owner needs some improvements in the business and marketing strategy to increase the number of sales. She also stated that she was the single fighter for this business, due to the team's lack of skills in brainstorming.

The owner of this business stated that she is unable to do proper brainstorming with the current team. Although her background in business, the owner still needs some people to discuss in terms of a long-term strategy for Kala Sunara, together with the marketing strategy planning and production. Due to the team's double responsibilities outside the business, the owner also stated that she needs the proper design assistance for her branding process. Previously, she already had the intermediary services through a giveaway, but the result also didn't go well. The design is can't be customized, and there is no discussion about the ideas, which the ownerneeds these steps in the business campaign. Through this bad experience, the owner was concerned with the agency portfolio.

H. Existing Industry

Strength (S)	Weakness (W)
1. Authentic and original 2. Talent’s hobby as the business exposure 3. Customize a package for the customers	1. Low of talents quantity in service offerings 2. Company low awareness 3. Unstable talent’s social media engagements
Opportunity (O)	Threat (T)
1. SMEs needs authentic and original talents 2. SME’s campaign requires talents for the projects 3. SME’s needs of campaign concept management	1. Popular talent agency 2. A creative agency that offers talent and modeling services with campaign concept management 3. Micro social media influencer that offers modeling services

Table 4: SWOT Analysis of one of the Talent Agencies in Indonesia.

Table 4 shows a comprehensive study of the Talent Agency business model. The strength of the agency's authenticity comes first. The models' abilities are new, and their personalities are uncommon in the modeling world. As a result, the business provides various exposure from the talent, which is molded by the creative package. Unfortunately, the company still has significant disadvantages in terms of awareness, talent quantity, and account interactions, resulting in lower revenues.

According to interviews with the business’s prior customers as well as target market interviews, the company still can expand its value offerings more than only modeling services. SMEs today require advertising and promotion

services, which the business may be able to provide in the future. The Agency should explore developing new market offerings, implying that the business must provide several values added.

However, there is one aspect on which the business should concentrate to grow the business; there will be other well-known agencies that provide talent and modeling services as well as campaign idea management. These firms would compete with the business in the same market. Then, to compete with those linked and future agencies, the business will need to develop a strong business strategy. To summarize, the business needs a new strategy to target Lifestyle SMEs.

I. Competitive Analysis

Variable	Creative Agency	Modeling Service Platform	KOL Agency
Strength	One-stop advertising services (360) Creative SME package offerings Professional resources	Easy access Higher exposure	Broad audience in every account Strong personal credibility
Weakness	Lack of brand awareness Lack of business portfolio	Business credibility Lack of business portfolio	KOL benefits Business portfolio projections
Opportunity	Lack of SME’s creative mindset Lack of SME’s advertising skills Lack of SME resources	Lack of information in modeling services Lack of talent’s credibility	SME needs of huge promotion impacts SME needs of KOL package offerings Assistance needed by KOL
Threat	Senior Creative Agency Weak taste Team turnover	Brand’s partnership Brand’s turnover	Senior KOL Agency Bad reviews

Table 5: SWOT Analysis of the Innovation Options.

When compared to other business model innovations, the Creative Agency is the most powerful, as shown in Table 5. These innovations might develop innovative package solutions for SMEs in the business existing position through one-stop advertising services (360 campaign). Furthermore, professional resources will be recruited for these business model innovations, starting with the creative team and ending with the management. As a result, the Agency’s credibility may be enhanced.

Apart from the innovation’s greatest offer, these agencies have certain reservations about the business. New agencies must take certain steps to enhance their lack of market recognition. Because there are so many creative agencies in the same place, competition is fierce. Each firm has its distinct

value offer. The business should have more compelling value propositions to compete with the other agencies, particularly the Senior Agency, which is now leading the industry. As a result, the Agency should form unique partnerships to expand its business portfolio.

J. Decision Making

The following steps will reflect the integrated business model innovation's ultimate decision. The final prototype's strategic components include the business’s general company strategy, resources, and network model. Every aspect has its major point which as enterprises concerned, which are founded on previous analysis and supported by market data. Furthermore, Figure 5 illustrates the latest challenges faced by the Creative Agency innovation model.

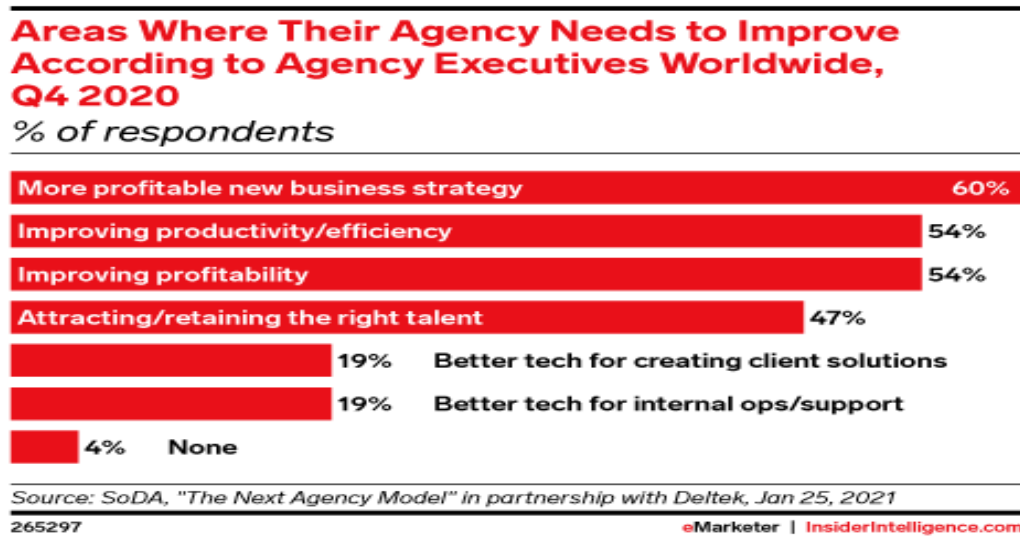


Fig. 5: Latest Challenges for Creative Agency (Emarketer, 2021).

Figure 5 illustrates the current challenges for the final innovation model. The research of Agency Executives held by Emarketer in 2021 shows that about 60% of their research respondents think that the agencies need to have a more profitable new business strategy while in pandemic situations. It illustrates the needs of the business innovation model should not only offer the usual creative planning solutions for Lifestyle SMEs but there is an urgent need to provide another service as the new business strategy.

By merging the Creative Agency’s characteristics with the KOL Agency’s, the value proposition could be completed. Customers want one-stop advertising and promotion services. Content management, campaign planning, and promotion strategy should all be handled by the agency in terms of full-services in these sectors. Furthermore, the Agency should make every effort to include micro-influencer services as part of the Agency’s campaign preparation. Services may be added features for these model innovations, resulting in a more robust development.

The best ways to approach SMEs will be through social media and social communities, as this is how they search for agency services. The term "social community" refers to groups of individuals who have common interests in their everyday activities, including hobbies. Finally, the social community's networking channels are critical to this company's success.

The one-stop advertising and promotion solution helps to meet the marketing demands of SMEs. Based on a market interview, they presently said that they lack abilities in advertising and promotion design for their firm, implying that the business could capitalize on these prospects as unique qualities for a creative agency. Finally, these propositions are intended to meet the marketing needs of SMEs.

The alignment of the ultimate value proposition with current market potential is based on SME demands for creative ideas and marketing support to help them expand. Based on the interview with the market, they indicated that they lacked marketing abilities and therefore that didn't have enough time to manage the technical aspects of marketing tools. As a result,

the business has a potential possibility in the clients’ offer models by giving one-stop advertising and marketing support.

Basic systems of value creation is the emotional desire needed by innovation. The business should package the services offerings into a more digital way instead of the conventional methods. Website application shall be a good start for the business to reach the market of a creative agency. There should be creative features on the website application in an online purchase and live scheduling.

The fundamental ideas of this service business are based entirely on the demands of small businesses in terms of creative idea development and advertising help. These principles will always be part of the company philosophy to assist consumers in their journey from zero to hero. As a result, the business should develop a customized strategy to increase client satisfaction. From the business’s campaign conception till manufacturing, the approach signifies the inner personality gives. When it comes to receiving and talking with consumers, the workforce should be welcoming.

Team wage, office and photographic equipment, marketing plus operating expenditures, as well as tax and other legal payments, will all be covered by sources of financing. There will be more pitching with possible investors in the future, which will demand the business to create precise financial predictions with realistic account objectives. In terms of future income estimates, the number of accounts handled will be critical for the Agency. The business estimates will be investigated by the investor.

Furthermore, the team salary contains the fundamental characteristics of the cost structure model. Greater individuals will be drawn to these innovative models as future workers, necessitating more financing. The business should determine which roles are required to be compensated. As a result, the business might think about recruiting a few trainees to help with the company development budget.

V. CONCLUSION

There are numerous created summaries for the study completed by the author based on the prior business model innovation analysis for Talent Agency Industry, including:

- In solving the business issue, there is three innovation model option for the business, including Creative Agency, Modeling Services Platform, and KOL Agency.
- The first option of the business model innovation is Creative Agency. This business model works as a one-stop service, providing the full set of advertising and promotion services through a creative package with a long-term contract for the SMEs.
- The second option for the business model innovation is the Modeling Services Platform. This innovation offers the full-stack talent center in modeling services for SMEs through a website application, which includes several top talent agencies in Indonesia as business merchants.
- The third option for the business model innovation is KOL Agency (Key Opinion Leader). This agency offers micro-influencer endorsement and modeling services for SMEs with a commission-based system.
- As a result, the Creative Agency that is integrated with the KOL Agency value offers is the appropriate model for the Talent Agency Industry, because of the needs of the market in full service of advertising and promotion. Thus, the final prototype will combine Creative Agency and KOL Agency's business model.
- Eventually, the business should develop the business into a Creative Agency that offers one-stop advertising and promotion services, including micro-influencer services, specialized for Lifestyle SMEs (Fashion, F&B, and Beauty businesses) through professional resources.

Creative Agency is the solution for the business model innovation. The Creative Agency business model formulation breaks into two parts, the first one is with the prototype model and the second is the business model canvas. The prototype model describes the strategic, customer, and market, also value-added components of a Creative Agency. Therefore, the business model canvas illustrates the Creative Agency's value propositions until the Agency's revenue streams.

A. Prototype Model Formulation

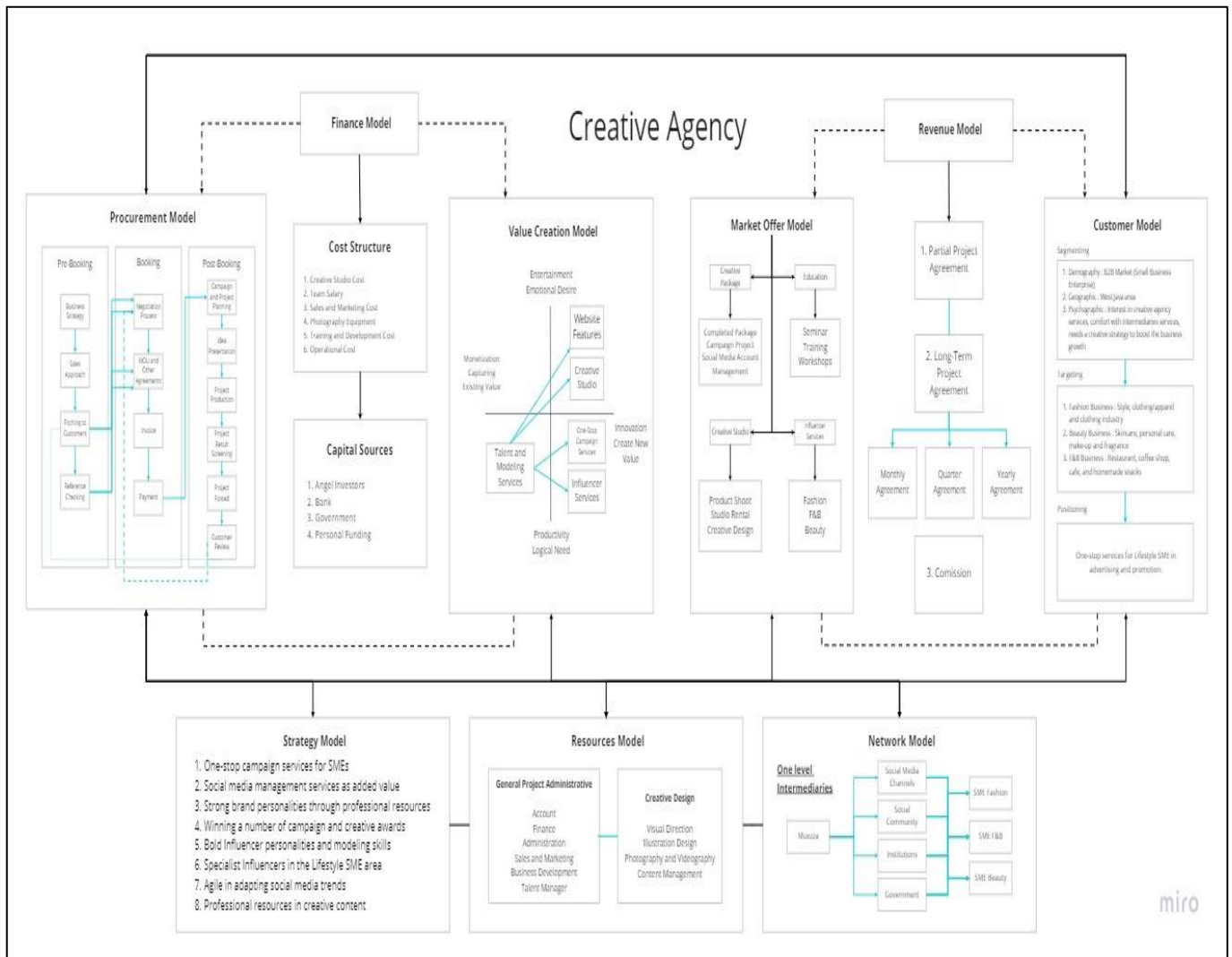


Fig. 6: Prototype Model of Talent Agency Development (Personal Documentation, 2022).

B. Strategic Components Formulation

As shown in Figure 6 about the overall formulation prototype, the Agency's strategy model should include the full-stack creative house in advertising and promotion services for Lifestyle SMEs, as well as micro-influencer services (modeling and endorsement services). These strategies may be useful in meeting the market's demand for full-service advertising and promotion services.

The agency will operate in three areas: creative idea fulfillment, top service quality via professional resources, and high societal contribution in terms of accomplishing the main business aim of becoming the center of creative people. Finally, the Creative Agency will focus on SMEs and society in terms of creative concept fulfillment and support.

The business should build a new team to support the service offers to support the value offers. The Creative Agency was tasked with shaping numerous departments, including the administrative and creative teams. Account management, business development, sales and marketing, KOL management, talent management, and financial management

are all part of the administrative team. Meanwhile, the SME's account is managed by the creative team, which comprises the creative design for production and the social media team.

The one-level intermediate network model that these prototypes require connects the social community, social media outlets, institutions, and the government. To engage these partners, some involvement will be required through project collaborations and social projects. As a result, in the future, significant service suggestions would be formed.

C. Customer and Market Formulation

The business still needs to reach across to the Lifestyle SME market, which includes the fashion, food and beverage, and beauty businesses. The business may approach SMEs in West Java, Indonesia, which would be a better target market location than before. The market will be larger, and the business will be more comfortable reaching out to a larger audience than it used to be.

The creative bundle, KOL services, education services, and the creative studio should all be more desirable to business

owners than previously. The specialized advertising and promotion services are included in the creative package, which is provided through a partial or long-term contract with the SME. As a result, KOL services refer to micro-influencer services for promotion purposes. To assist their business growth, the Agency will aim to give qualified fashion, food and beverage, and beauty influencers. The business also offers education services in the form of deliberation to society. The Creative Agency will offer a list of seminars, webinars, and workshops in advertising and promotion knowledge to help businesses improve their competencies. Last but not least, the creative studio functions as a content creation center.

The business's income structure will be derived from a variety of sources, including partial project systems (short-term contracts), long-term contracts, and commission sharing systems. The offered partial project was built as a first trial service for the SME because the business still requires a larger portfolio of full services ranging from planning to production to account management. Following the initial trial, the long-term contract will be implemented. Commission systems will be determined in terms of micro-influencer services, with the business receiving 40% of the profit share from the influencer services.

D. Value Added Formulation

The Agency's value-added as a one-stop-shop for advertising and promotion is found in its creative studio offerings, micro-influencer services, and website application capabilities for SMEs. These various value developments aided Agency in enhancing their emotional demands. Through this value generation, the business will position itself as a full-service provider for SMEs.

To build the Creative Agency, the company will need to make many purchases, including studio preparation, staff recruiting, and photographic equipment. The fulfillment of furniture, equipment and other support assets for the studio construction is referred to as studio preparation. Furthermore, there will be new team recruiting in terms of professional resource procurement to get additional resources in advertising and promotion services. As a result, the business needs photographic equipment to complete its work in the creative studio. The Agency might also be forming agreements with photographers and videographers to fulfill orders for photographic equipment.

E. Business Model Canvas Formulation

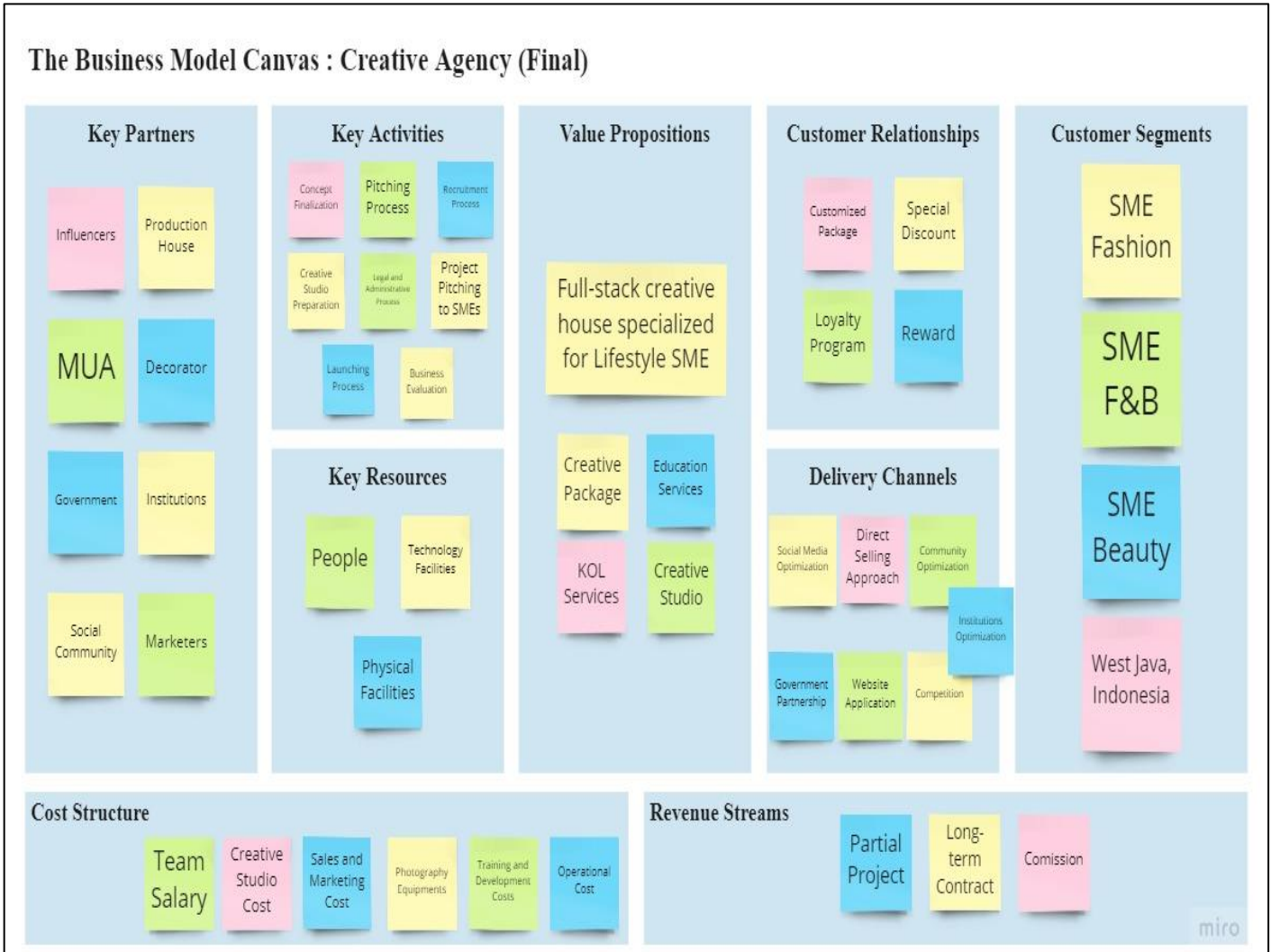


Fig. 5: Business Model Canvas of Talent Agency Development (Personal Documentation, 2022).

F. Value Propositions Formulation

As shown in Figure 5 about the proposed business model canvas, a full-stack creative house specializing in Lifestyle SME is the proposed value proposition. The creative bundle, KOL services, education services, and creative studio features are among the new unique features available to SMEs. The personalized package for SMEs in advertising and promotion services is known as a creative bundle. In addition, KOL services imply micro-influencer services for SME growth promotion. In terms of advertising and promotion knowledge, the education services include seminars, webinars, and workshops. Additionally, the creative studio serves as the hub for content creation.

G. Customer Segments

The Agency still needs to reach out to West Java-based Lifestyle SMEs in the fashion, food & beverage, and beauty businesses. As a result, the business could think about reaching out to company owners and marketers to obtain access to these B2B segments. The business may be a good fit for SMEs who are familiar with Intermediary services and are interested in the offers.

H. Delivery Channels

The business should employ a variety of channels to target those market groups, such as a social media campaign, website application, social community and influencer's optimization, government cooperation, direct selling, and campaign or business competition. The digital method of reaching Lifestyle SMEs through Instagram and TikTok advertising is referred to as a social media campaign. In addition, the website application is another digital channel for providing online information about service offers and meeting schedules. As a result, government partnership refers to project partnerships involving advertising and marketing services for SMEs. Likewise, the competition is being held to raise brand awareness.

I. Customer Relationships

Customized packages, loyalty programs, special discounts, and reward systems are all ways to engage the B2B market. The customized package refers to services tailored to the specific needs of SMEs in terms of advertising and marketing support. Thus, loyalty and a unique discount program are also required to retain the Creative Agency's repeat consumers in the future. Likewise, as a business affirmation, reward

schemes for those SMEs that are already devoted to Agency will be required.

J. Key Partners

Influencers, production houses, MUAs, campaign decorators, government, institutions, the social community, and lifestyle SMEs marketers are among partners who needed to be approached in terms of collaborations. The list of KOLs (key opinion leaders) who will be a member of the Creative Agency is referred to as influencers. As a result, the production house, MUA, and campaign decorator will continue to help content creation in the future. Furthermore, the government, institutions, and social communities all have a part in societal business knowledge. In addition, every Lifestyle SME marketer should be a Creative Agency partner since it is easier to offer unique features.

K. Key Activities

The Creative Agency should begin developing the business by finalizing the concept, pitching to investors, recruiting, preparing the creative studio, legal and administrative processes for the business entity, project pitching to SMEs for the first customers, and finally launching and evaluating the business. The pitching process for investors and SMEs is where the main activities for innovation are based, thus the Creative Agency has to design a great pitch deck and presentation to generate an engagement.

L. Key Resources

People, technology, and physical facilities are the major resources of this innovation. The list of personnel who should be accessible in the Agency's team to assist with the planning, production, and account management processes are referred to as "people". As a result, technology and physical infrastructures, such as devices, photographic equipment, a picture studio, and other operational support assets, must be provided in the construction.

M. Cost Structure

Team salaries, creative studio expenditures, sales and marketing costs, photographic equipment costs, training and development costs, and operational costs make up the Creative Agency's cost structure. The Agency's most significant expense is his team wage. Thus, to reduce wage costs, the Agency should hire a combination of full-time and internship positions, as indicated in the organizational sections.

N. Revenue Streams

The Creative Agency will earn from partial projects (short-term contracts), long-term contract systems, and micro-influencer commission systems. These short-term contracts serve as a trial period for clients to try out The Agency's new features before committing to a long-term commitment. As a result, commission schemes imply a profit split between the influencer and the Agency in terms of service offers.

O. Grant information

The author writing this paper to express the special thanks of gratitude of Institut Teknologi Bandung for the help and support in completing this research. This research aims to help the Talent Agency development in Indonesia.

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