

## **ABSTRACT**

*The SME sector in the contemporary beverage industry is favored by current millennial entrepreneurs. According to the Indonesian Creative Economy Agency, the creative industry sector has the potential to contribute to national growth for business practitioners in Indonesia. The current challenge faced by Buah SMEs is a drastic decline in revenue over the last two months, despite the promising start of the Buah SME outlet openings.*

*The objective of this research is to explain to be more comprehensive the business model of Buah SMEs through business model validation methods, to identify hypotheses of the innovative product and service business model of Buah SMEs considered a priority for immediate validation, and to determine business development strategies based on digitization services in the core activities of Buah SMEs.*

*Business model validation is a structured series of activities aimed at assessing the validity of a business idea and measuring the alignment of products and services with consumer desires. Business model validation utilizes a testing business idea framework comprising hypotheses, assumption maps, experiments resulting in test cards and learn cards, and ultimately, decision-making.*

*This research is descriptive in nature with a qualitative approach. Data collection is conducted using three methods: observation, interviews, and documentation. The initial stage involves identifying the Business Model Canvas of the existing Buah SMEs and attempting innovation on the existing Business Model Canvas, followed by validation using testing business ideas to determine the alignment of desired products and services with customer expectations. The final outcome will yield development strategies for the researched business, namely Buah SMEs.*

*The research findings indicate that there are four (4) Business Model Canvas blocks focused on innovation, subsequently experimented with and validated. These include the customer segment, value propositions, customer relationship, and revenue streams blocks. Practical suggestions derived from the conducted research are also formulated for consideration by Buah SMEs for future business development.*

*Keywords: Business Model validation, SMEs, Entrepreneur*