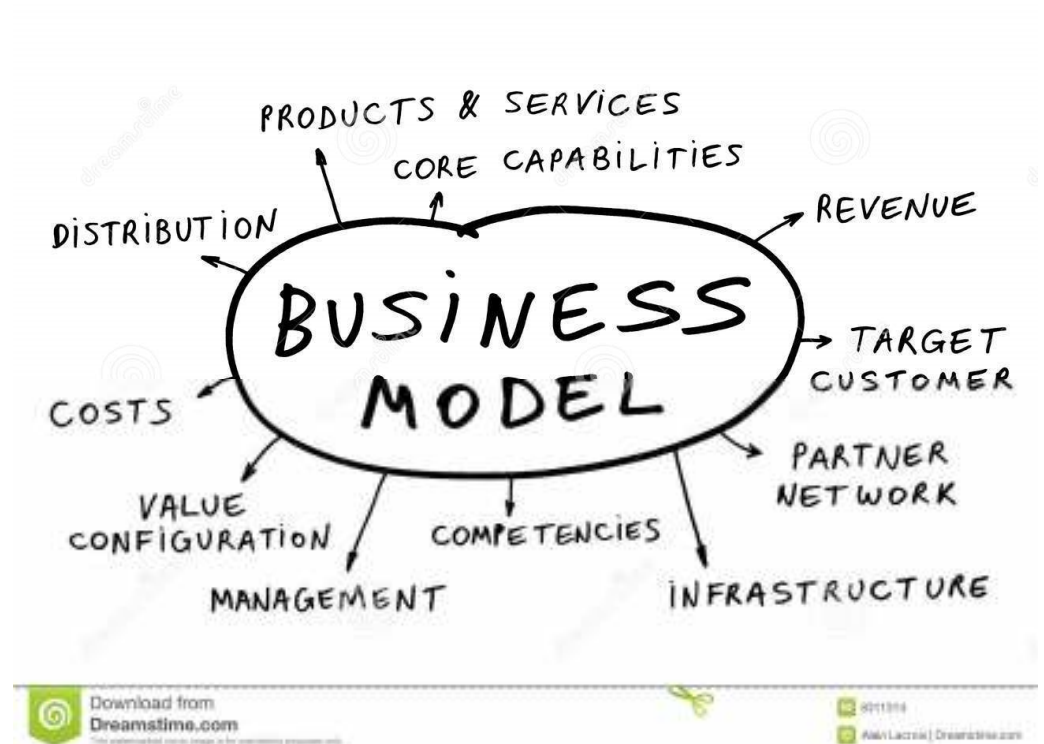# MART330:
Business Models

Tony Garry

11th September

Agenda

- What Business Models are
- The Canvass Business Model
- Components of the Canvass Business Model
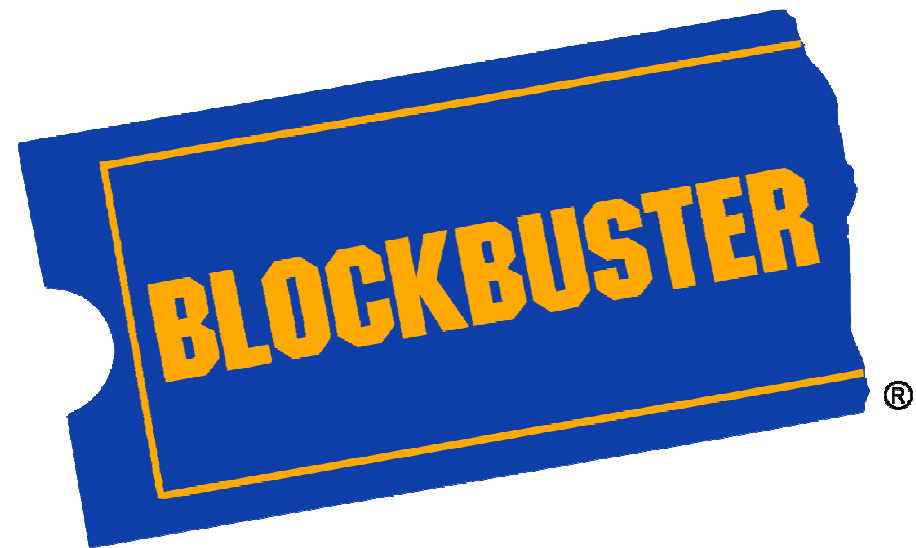- Questions

Business Model

A plan for the successful operation of a business, identifying sources of revenue, the intended customer base, products, and details of financing.
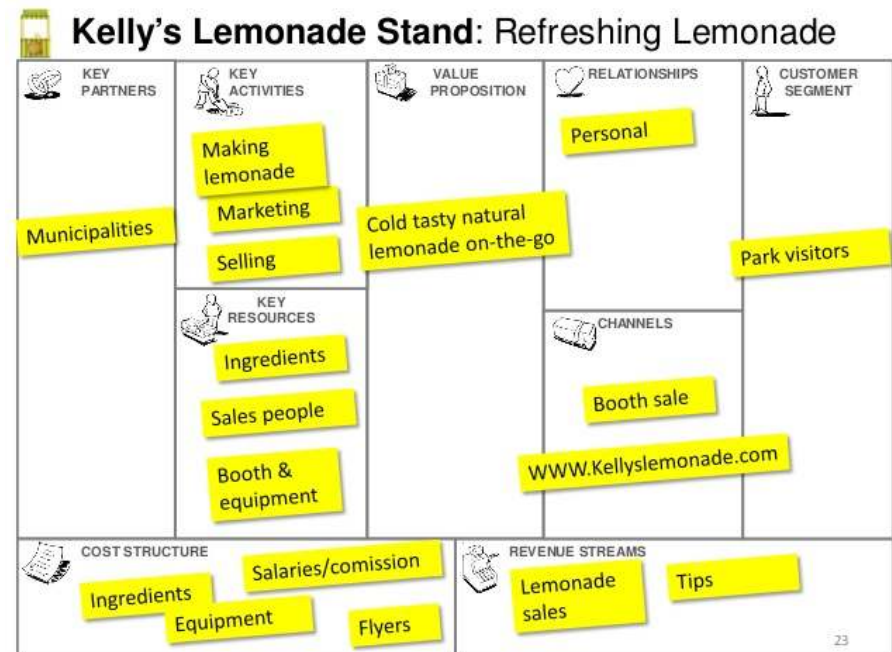
Value proposition

and

Sustainable competitive advantage

The Business Model Canvas

a strategic management and lean startup template for developing new or documenting existing **business models**.

It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances.
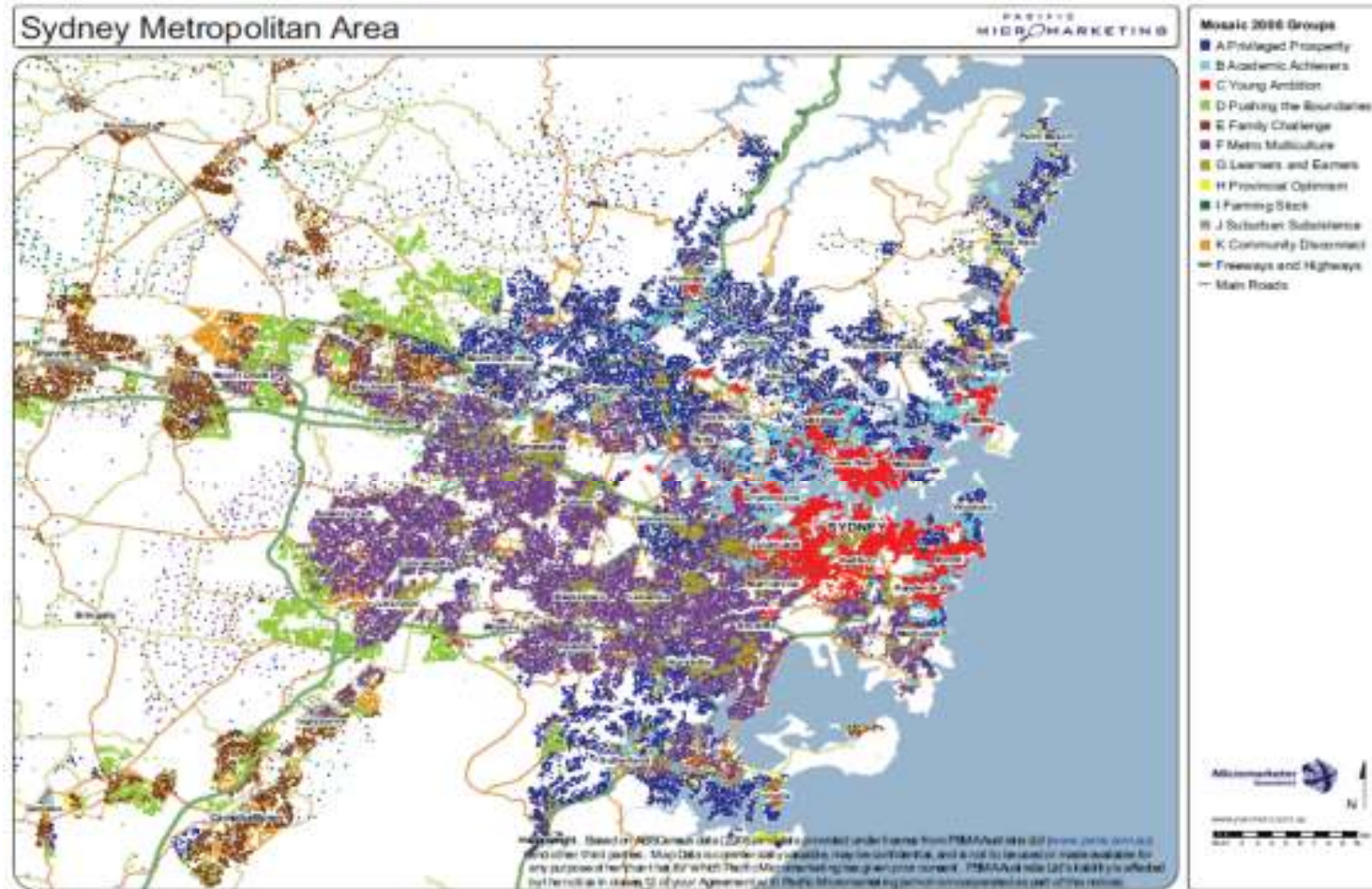

Kelly's Lemonade Stand: Refreshing Lemonade

Key Partners

- Who are our key partners?
- Who are our key suppliers?
- Which key resources are we acquiring from partners?
- Which key activities do partners perform?

Key Activities

- What key activities do our value proposition require?
- Our distribution channels?
- Customer relationships?
- Revenue streams?

Key Resources

- What key resources do our value proposition require?
- Our distribution channels?
- Customer relationships?
- Revenue streams?

Value Propositions

- What value do we deliver to the customers?
- Which one of our customer's problems are we helping to solve?
- What bundles of products and services are we offering to each customer segment?
- Which customer needs are we satisfying?

Customer Relationships

- What type of relationship does each of our customer segment expect us to establish and maintain with them?
- Which ones have we established?

Channels

- Through which channels do our customer segments want to be reached?
- How are we reaching them now?
- How are our channels integrated?

Customer Segments

- For whom are we creating values?
- Who are our most important customers?

Cost Structure

- What are the most important costs inherent in our business model?
- Which key resources are most expensive?
- Which key activities are most expensive?

Revenue Streams

- For what value are our customers really willing to pay?
- For what do they currently pay?
- How are they currently pay?
- How would they prefer to pay?
- How much does each revenue stream contribute to overall revenues?

Customer Segments

Geo-demographic lifestyle analysis?

Determinants of Lifestyle

Lifestyle Dimensions

Activities	Interests	Opinions	Demographics
Work	Family	Themselves	Age
Hobbies	Home	Social issues	Education
Social events	Job	Politics	Income
Vacation	Community	Business	Occupation
Entertainment	Recreation	Economics	Family size
Club membership	Fashion	Education	Dwelling
Community	Food	Products	Geography
Shopping	Media	Future	City size
Sports	Achievements	Culture	Stage in life cycle

Socialisers

- Characterised by recreational in terms of 'small talk' with others, but the users' participation level is high. They score high on 'writing messages', 'posting photos' 'contacting others', and 'looking for a new friend'

Activists

- Engaged in almost all kinds of participation activities within the community, which includes being a member and publishing and sharing relevant content and picture

Technophobe

a person who fears, dislikes, or avoids new technology.

Tech-Savvy

well informed about or proficient in the use of modern technology, especially computers.

The Rise Of Silver Surfers

How To Optimise Marketing For Older Generations

Target Profiles

User Profile Template

- **Demographics**
  - Age
  - Gender
  - Education
  - Income
  - Family Life
  - Geographic Location
- **Buying Habits**
  - Role
  - Frequency
  - Online / Mobile / Offline
  - Social Proof

- **Psychographics**
  - Attitudes
  - Values
  - Lifestyle
  - Personality
  - Interests / hobbies
- **Persona Types**
  - Competitive
  - Spontaneous
  - Methodical
  - Humanistic

Name
Occupation

> Then think about messaging, content, and conversion goals

Carol Morgan Cox   InterMedia4web.com   @CivicLink

Example User Profile #2

- **Demographics**
  - Mid-20s
  - Single; no children
  - College degree
  - Assistant Manager
  - Earns $45K
- **Buying Habits**
  - Doesn't rush to make a purchasing decision
  - Spends time on Facebook, Etsy, and fashion sites
  - Uses mobile phone for texting, talking, and apps

- **Psychographics**
  - Humanistic persona
  - Gets recommendations from friends & others on social networks
  - Values time with friends
  - Likes to save money / get a good deal
- **Content & Messaging**
  - Customer testimonials
  - Photos of people
  - Conversion goals = Sign up for email newsletter, like Facebook page, and download mobile app

Kim Harris

Carol Morgan Cox   InterMedia4web.com   @CivicLink

The Business Model Canvas

Key Partners 🔗

Key Activities ✔

Key Resources 🏭

Value Propositions 🎁

Customer Relationships 💚

Channels 🚚

Customer Segments 😊

Cost Structure 🏷

Revenue Streams 💲
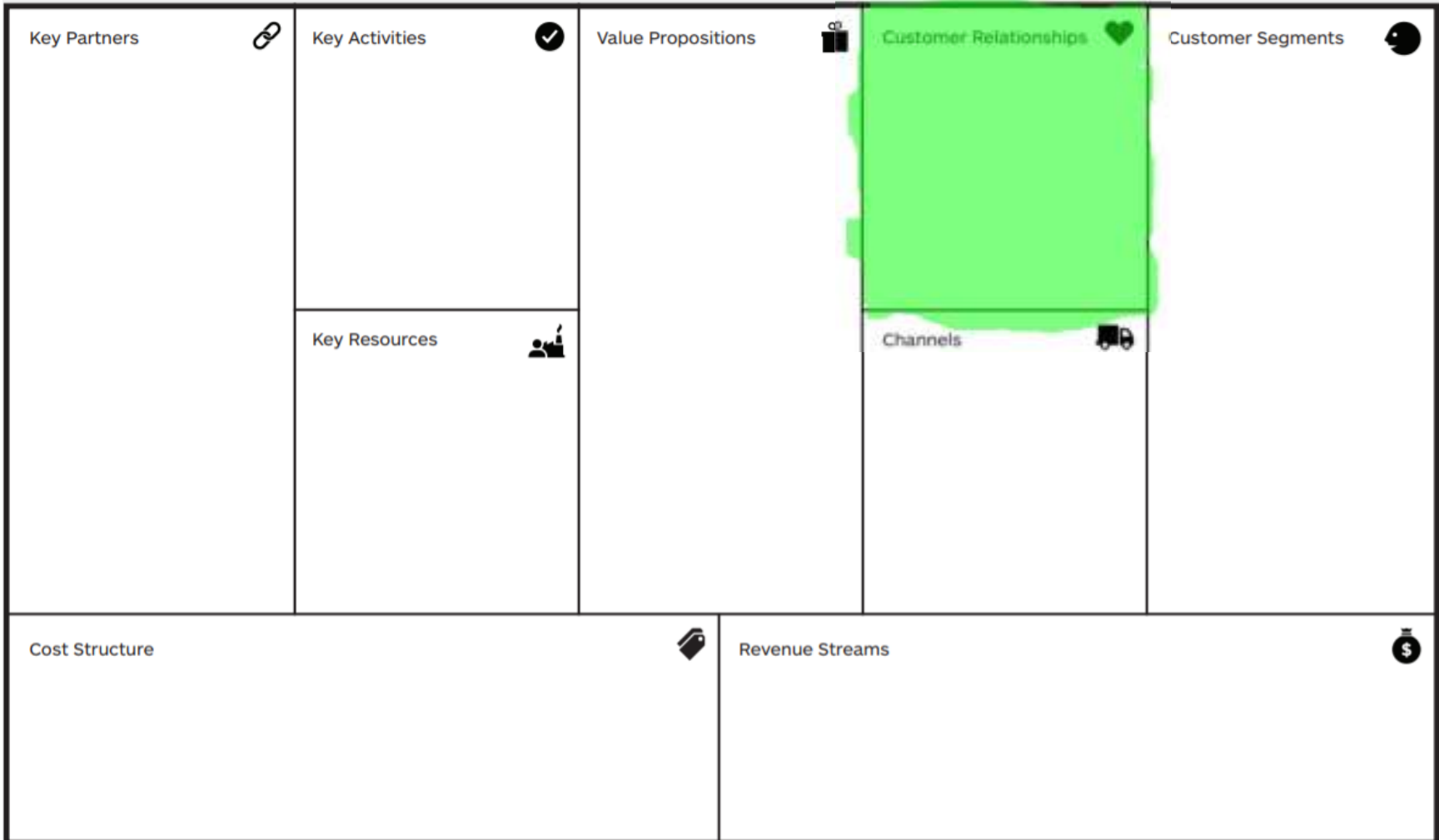
What Kind of Exchange?

Arm's-length

Relational

Digital Considerations

Objectives

Communal and social engagement

versus

Instrumental (information sharing)

Digital Considerations

The nature of the 'scapes'

Rich, vivid sensory platforms

versus

Text heavy information bases platforms

Digital Considerations

Extent of Overt Commerciality

Facebook

versus
Online brand communities

versus
e-commerce sites

Digital Considerations
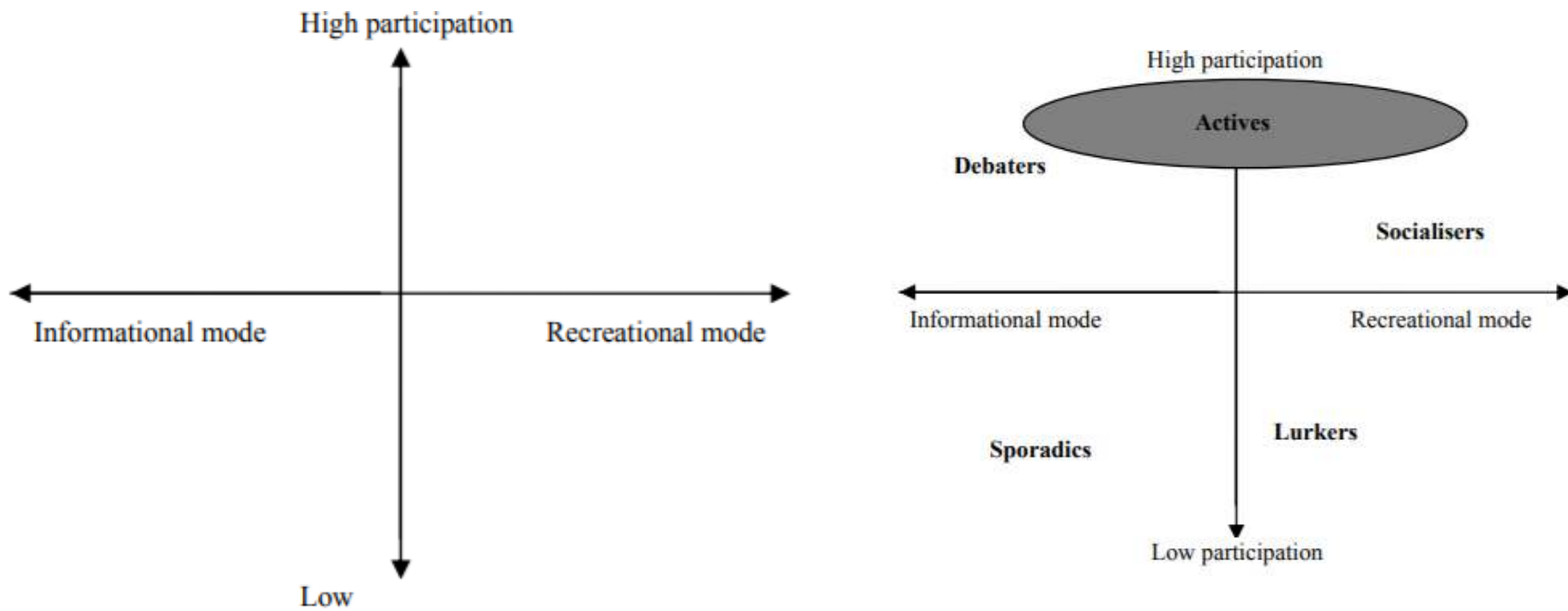
Extent of C2C Engagement

Low C2C Engagement

Versus

High C2C Engagement

Bringing it Together (Brandtzaeg, 2011)

The Business Model Canvas

Key Partners 🔗

Key Activities ✅

Key Resources 🏭

Value Propositions 🎁

Customer Relationships ♥

Channels 🚚

Customer Segments

Cost Structure 🏷
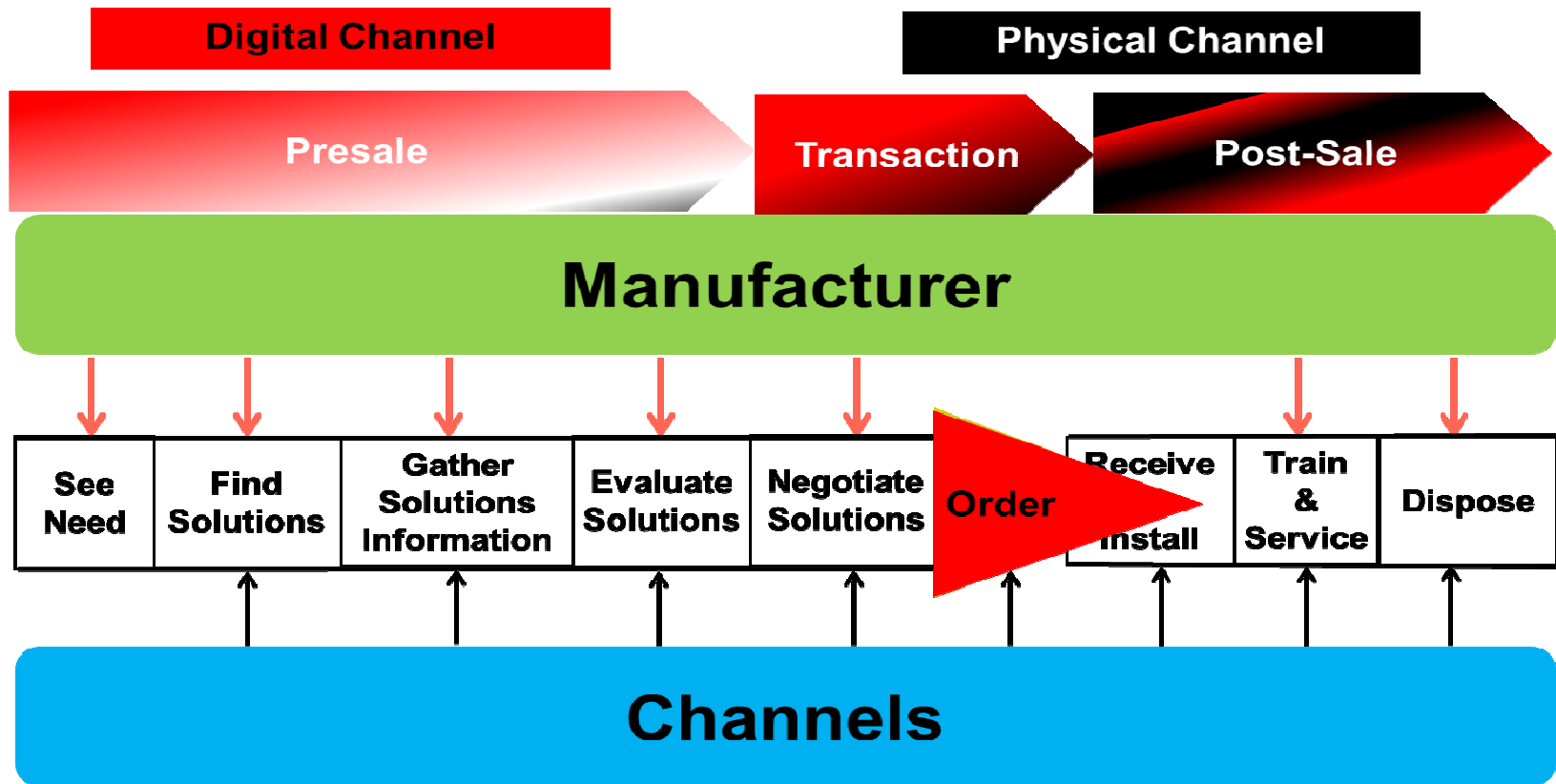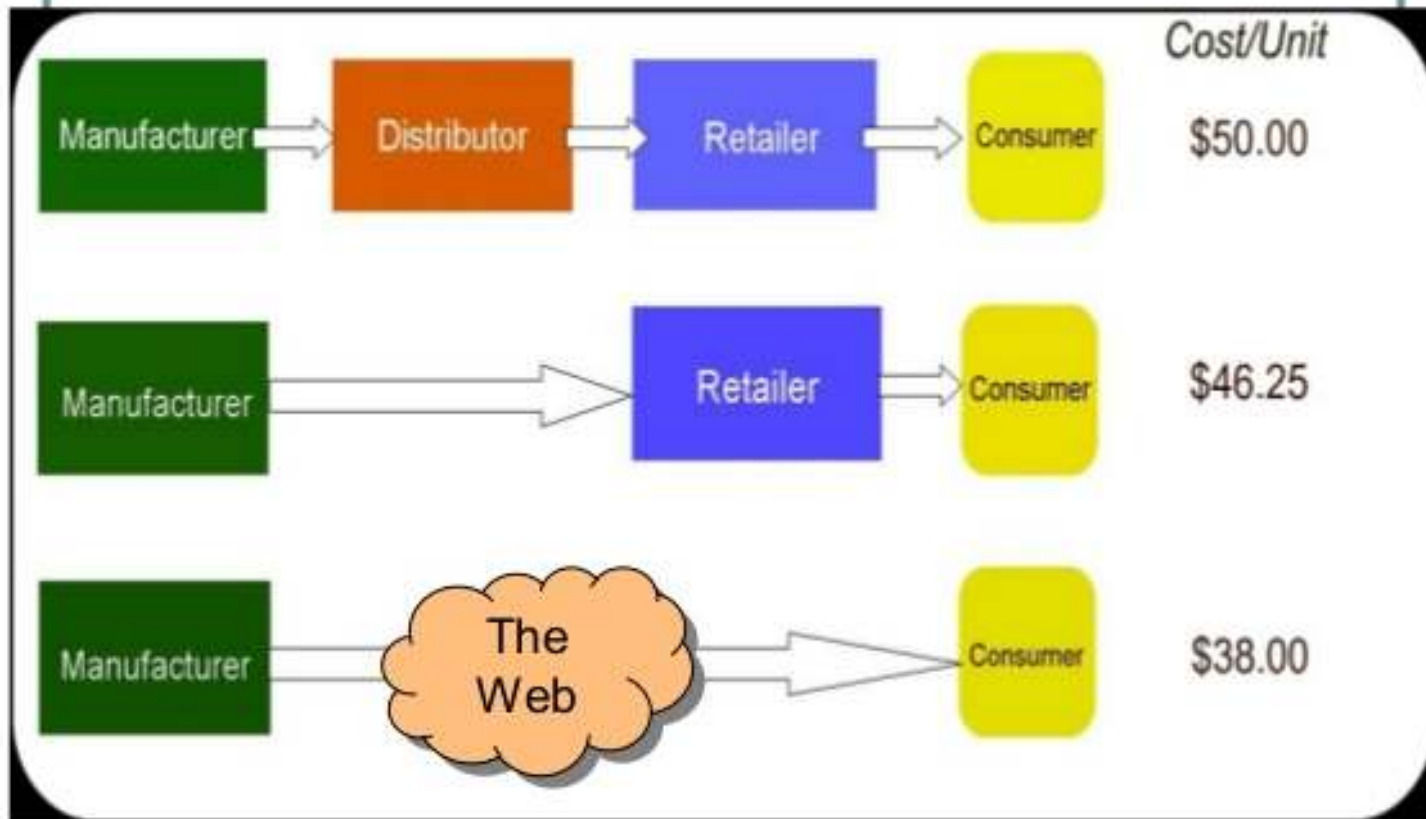
Revenue Streams 💰
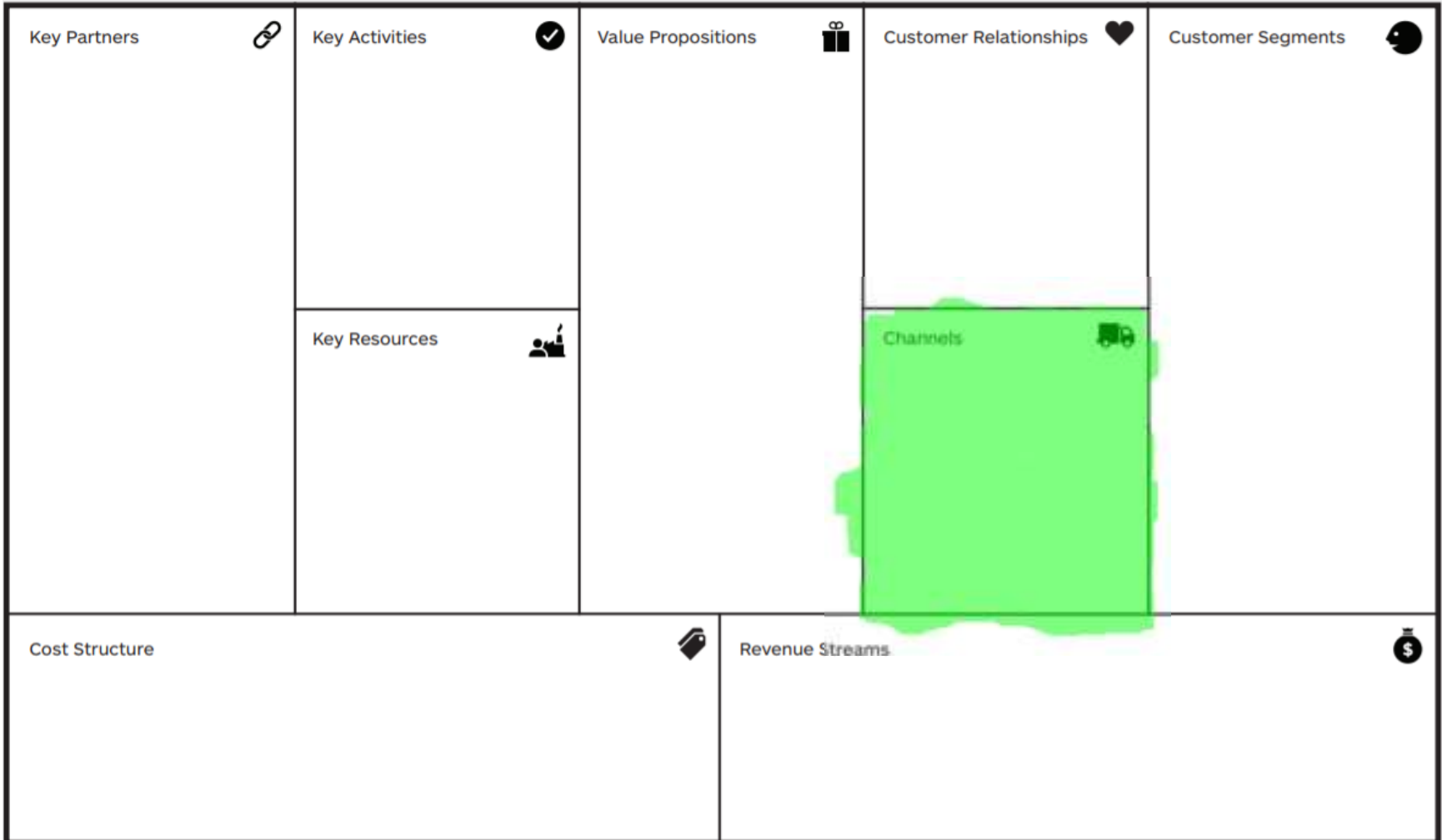
Channels

- Bricks?
  - *Pak n Sav*
- Brick and Clicks?
  - *Apple (brick & mortar & glass)*
- Clicks?
  - *Social Media platforms*
- Internet based Retailer?
  - *Amazon*

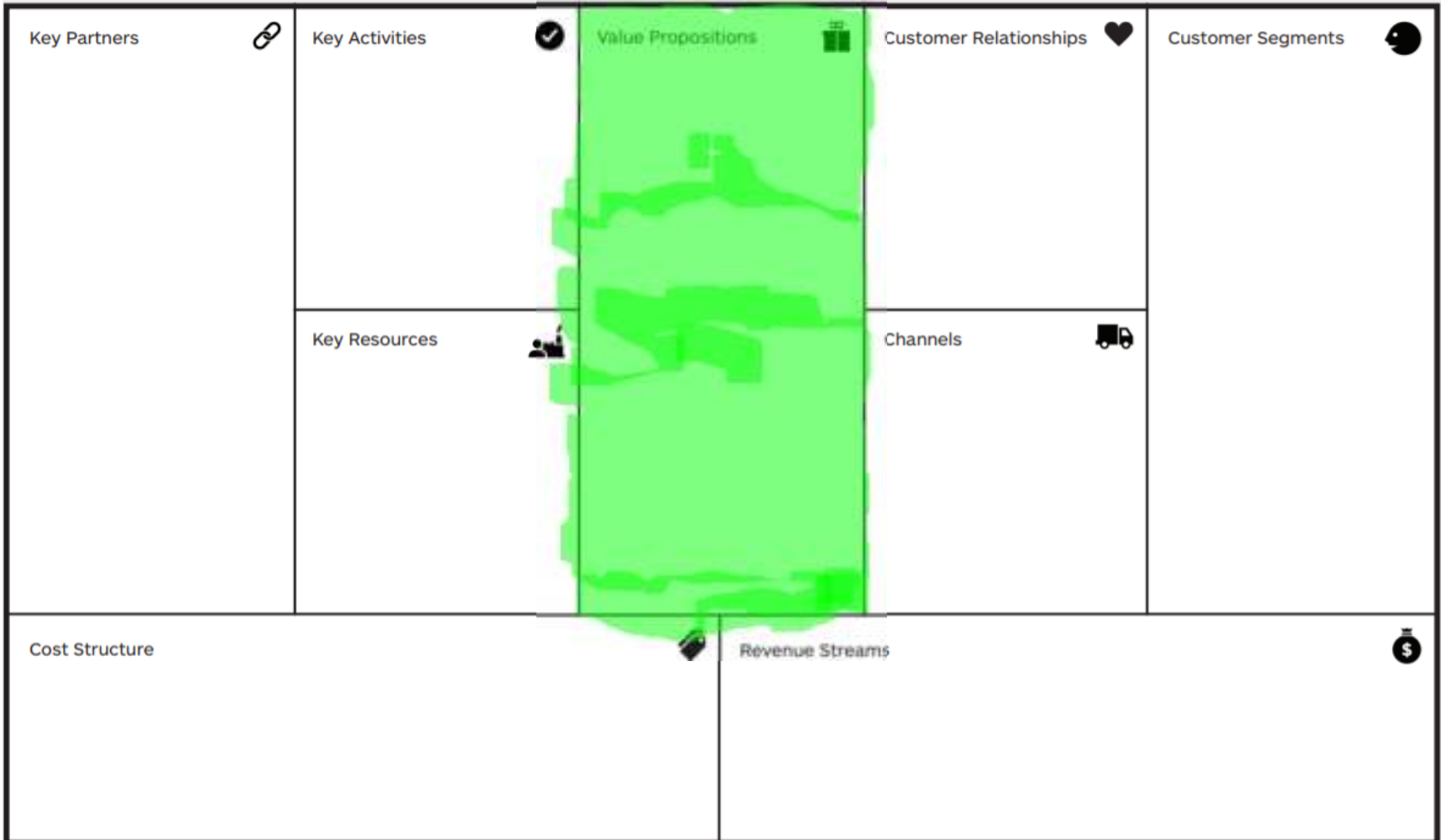# Channels

Disintermediation Illustration

				Cost/Unit
Manufacturer → Distributor → Retailer → Consumer				$50.00
Manufacturer → Retailer → Consumer				$46.25
Manufacturer → The Web → Consumer				$38.00

The Business Model Canvas

Key Partners 🔗

Key Activities ✓

Value Propositions 🎁

Customer Relationships ♥

Customer Segments

Key Resources

Channels 🚚

Cost Structure

Revenue Streams 💲

Building Blocks of Value Propositions
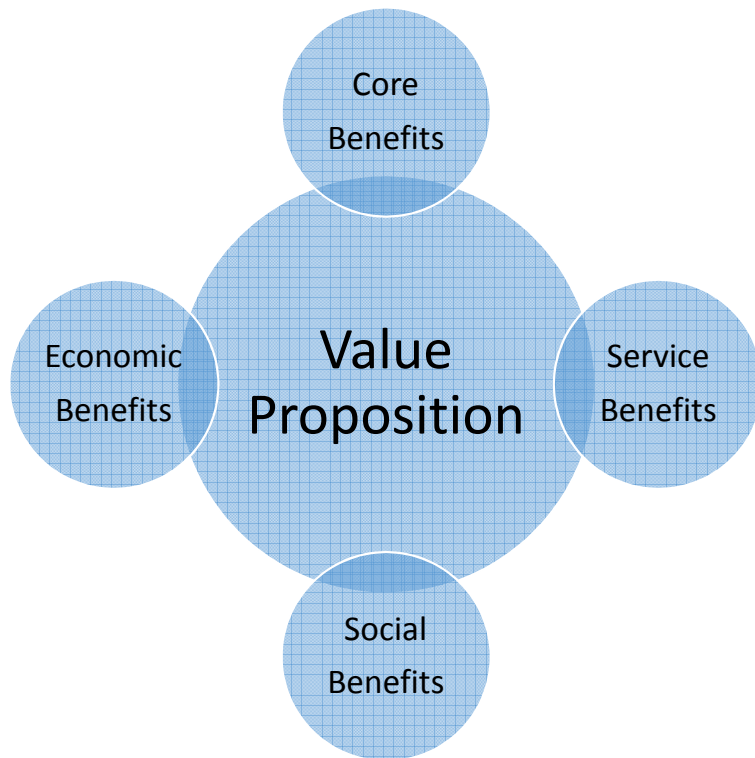
- Cost and Efficiency
- Value and Quality

The Business Model Canvas

Key Partners

Key Activities

Value Propositions

Customer Relationships

Customer Segments

Key Resources

Channels

Cost Structure

Revenue Streams
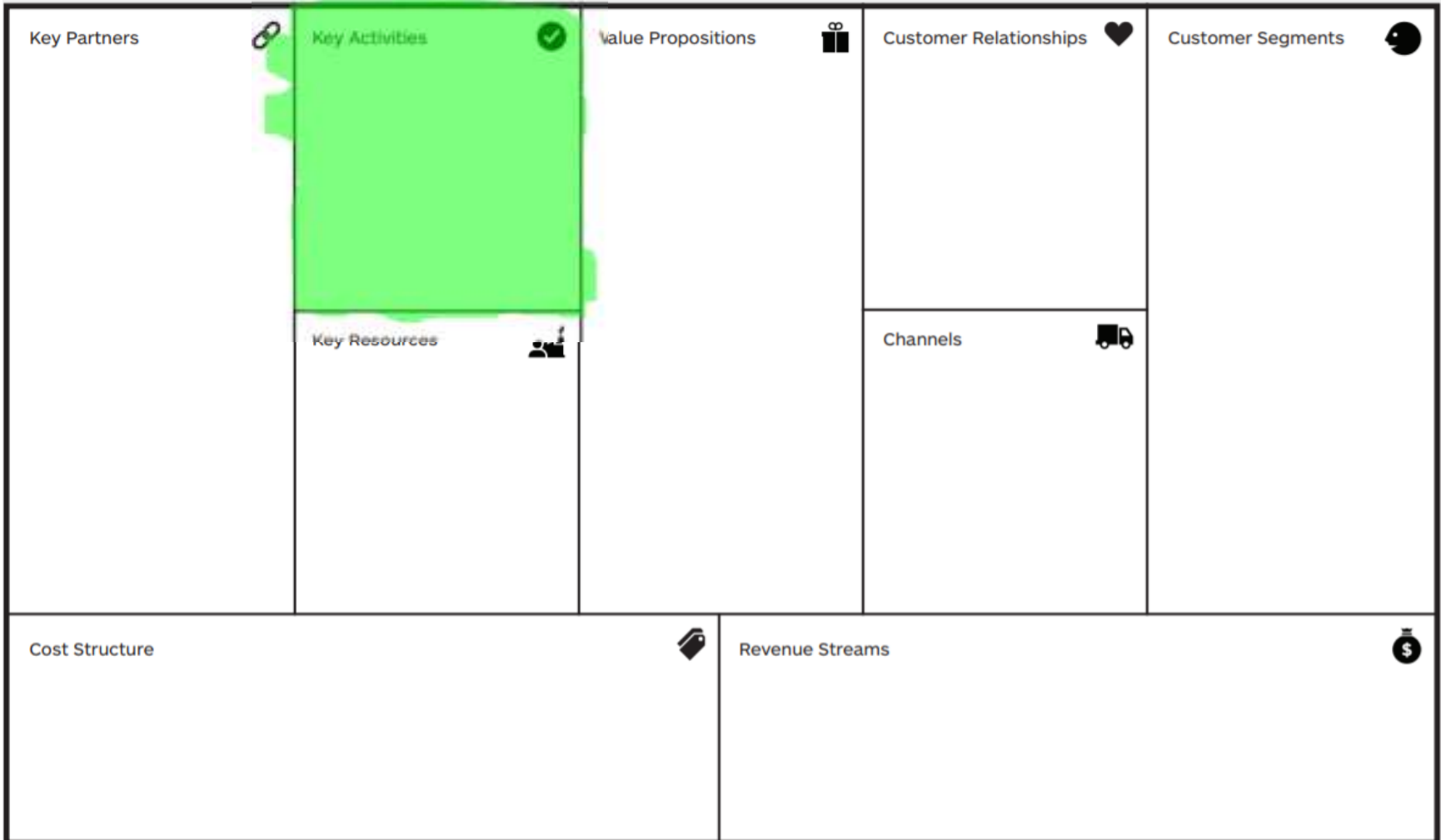
PINTEREST

SOCIAL SITE THAT IS ALL ABOUT **DISCOVERY**

LARGEST OPPORTUNITIES

decor · babies · recipes · wedding · fashion

USERS ARE:
32% MALE
68% FEMALE

70 MILLION ACTIVE USERS

TWITTER

MICRO BLOGGING SOCIAL SITE THAT LIMITS EACH POST TO **140 CHARACTERS**

LARGEST PENETRATION

in the US

BUT SPREADING SLOWLY AND STEADILY

5,700 TWEETS HAPPEN EVERY SECOND

560 MILLION ACTIVE USERS

FACEBOOK

SOCIAL SHARING SITE THAT HAS 1 BILLION USERS WORLDWIDE

LARGEST OPPORTUNITIES

COMMUNICATING WITH **CONSUMERS** IN A NON-OBTRUSIVE WAY

USERS SHARE **2.5 BILLION** PIECES OF CONTENT EACH DAY

1 BILLION ACTIVE USERS

INSTAGRAM

SOCIAL SHARING SITE ALL AROUND **PICTURES** AND NOW 15 SECOND **VIDEOS**

MANY BRANDS ARE PARTICIPATING THROUGH THE USE OF **# HASHTAGS**

AND POSTING **PICTURES** CONSUMERS CAN RELATE TO

MOST FOLLOWED **BRAND IS** MTV

150 MILLION ACTIVE USERS

GOOGLE+

SOCIAL NETWORK BUILT BY GOOGLE THAT ALLOWS FOR **BRANDS** AND **USERS** TO BUILD CIRCLES

NOT AS MANY **BRANDS** ACTIVE, BUT THE ONES THAT ARE **TEND TO BE A GOOD FIT** WITH A GREAT FOLLOWING

GROWING RAPIDLY WITH **925,000** NEW USERS EVERY DAY

400 MILLION ACTIVE USERS

LINKEDIN

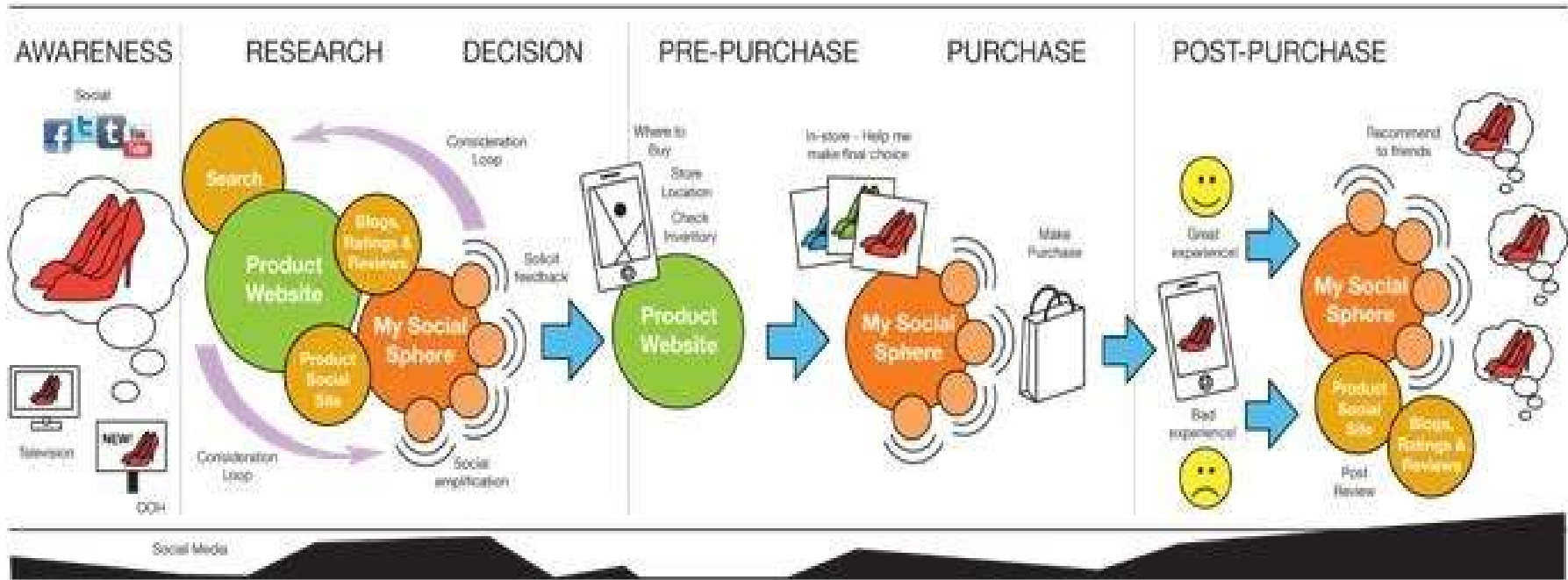**BUSINESS ORIENTED** SOCIAL NETWORKING SITE

BRANDS THAT ARE PARTICIPATING ARE **CORPORATE BRANDS** GIVING POTENTIAL AND CURRENT ASSOCIATES A PLACE TO **NETWORK & CONNECT**

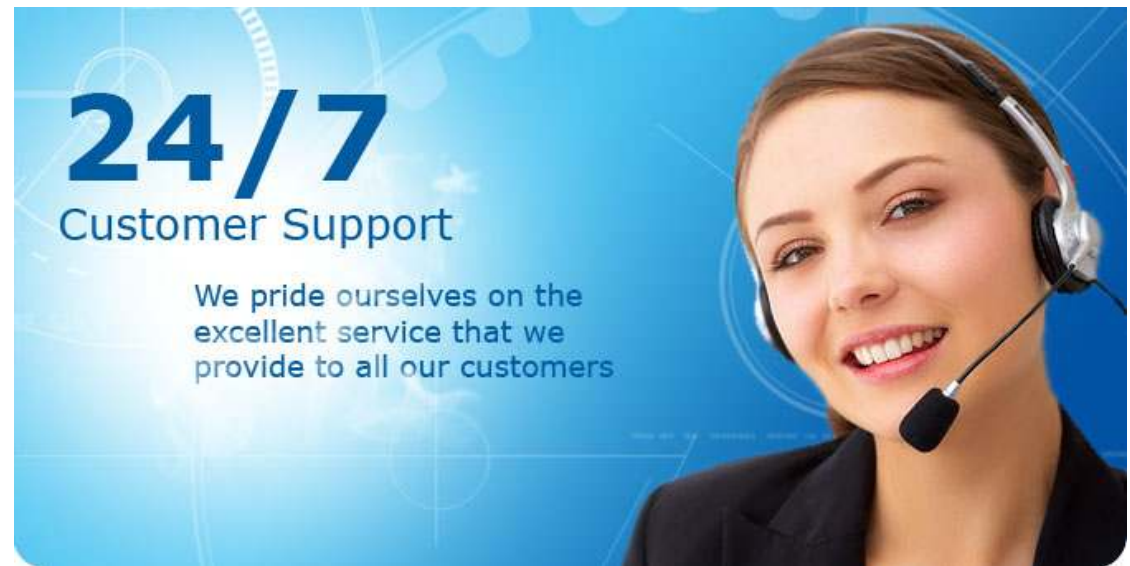**79% OF USERS** ARE **35** OR OLDER

240 MILLION ACTIVE USERS

THE CUSTOMER JOURNEY

Key Activities

- Customer Support
- Supply chain management
- Content creation
- Games development
- CRM
- Production

The Business Model Canvas

Key Partners 🔗	Key Activities ✓	Value Propositions 🎁	Customer Relationships ♥	Customer Segments

Key Resources 🏭

Channels 🚚

Cost Structure 🏷	Revenue Streams $

Key Resources

- Skills and competencies
- Experience
- Intellectual Property
- Technical and digital assets

The Business Model Canvas

Key Partners 🔗	Key Activities ✓	Value Propositions 🎁	Customer Relationships ♥	Customer Segments
	Key Resources 🏭		Channels 🚚	

Cost Structure 🏷	Revenue Streams 💰
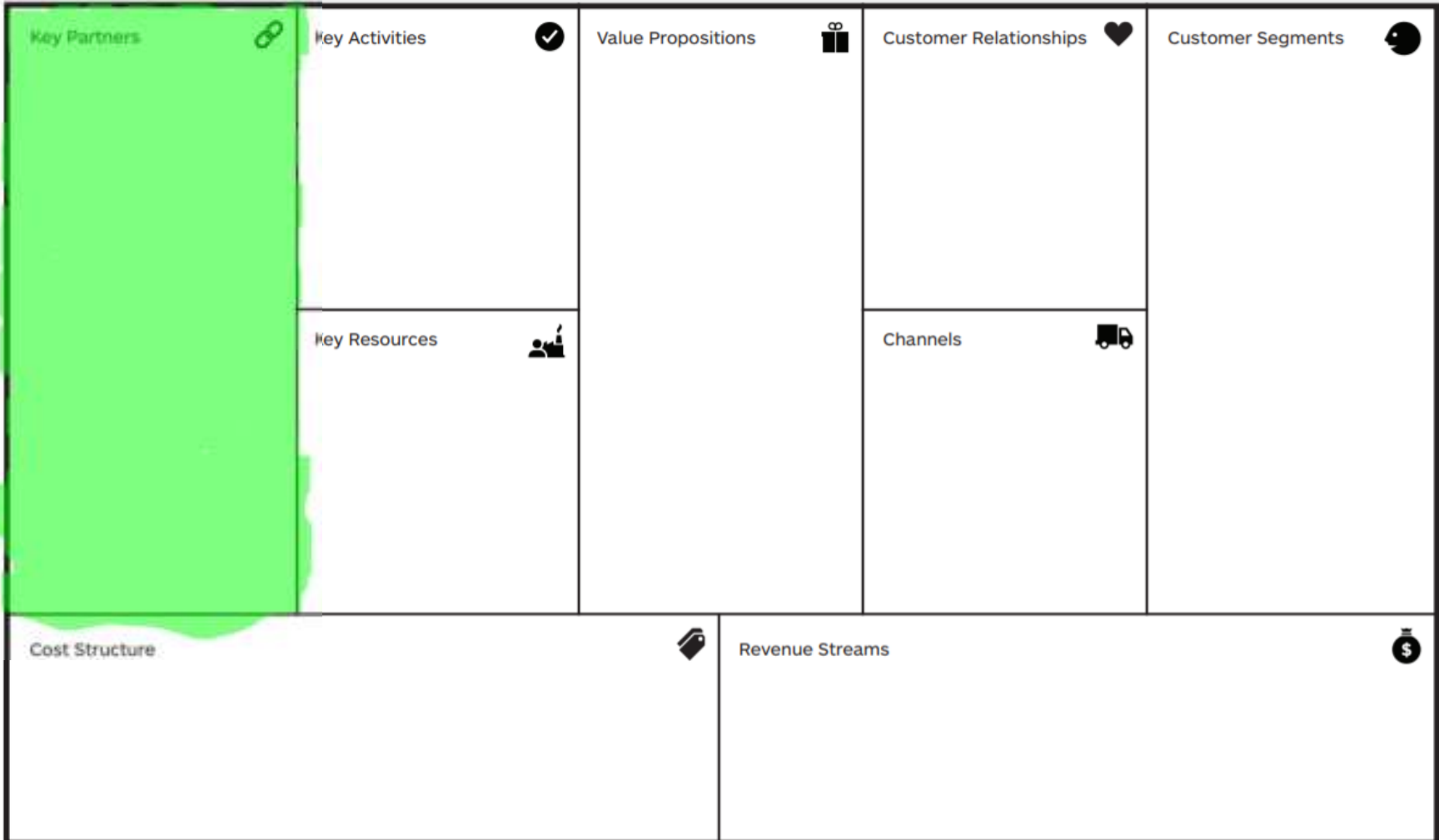
Key Partners

- Suppliers
- Distributors
- Retailers

The Business Model Canvas

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	

Cost Structure	Revenue Streams

Revenue Models

Clicks, clicks
& bricks and bricks
And mortar retailers

Trade Me 44%
The Warehouse 21%
Amazon 20%
Mighty Ape 21%
eBay 16%
Ali Express 14%

Online Revenue Models

- Subscription to access content

An Overview of Content Analysis

- Pay per view (access to particular documents)

Online Revenue Models

- Revenue from CPM advertising
  - Banner ads
  - Skyscrapers
  - Rich media etc.

- CPC (cost per click)

What is CPM?
It depends on the website publisher on how much they will charge the advertisers for the set of impression. If their website is often clicked by the visitor, it has a possibility that they might charge them on a bigger cost per impress

Online Revenue Models

- Sponsorship of Site Sections (content sponsorship)

- Cost per acquisition (affiliate revenue)
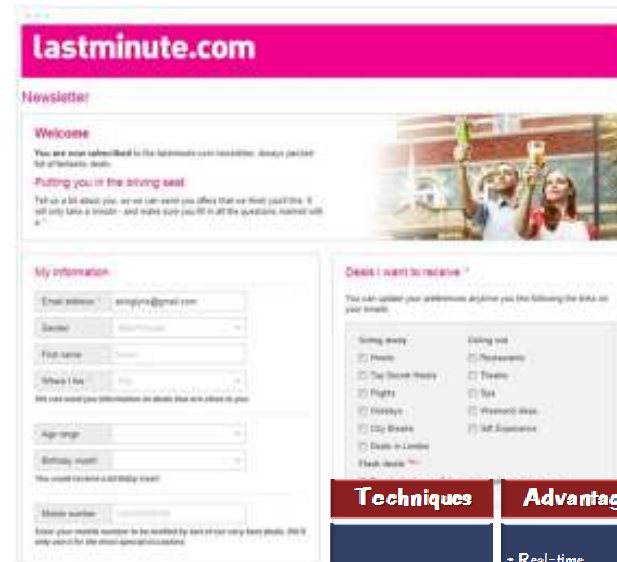
Online Revenue Models

- Subscriber data access for e-mail marketing

- Access to customers for online research

The Business Model Canvas

Key Partners 🔗	Key Activities ✓	Value Propositions 🎁	Customer Relationships ♥	Customer Segments
	Key Resources 🏭		Channels 🚚	

Cost Structure 🏷	Revenue Streams 💰

Cost Structure

- Cost driven or value driven

- Fixed Costs
  - Salary
  - Hosting and software costs

- Variable Costs
  - Content creation
  - Advertising fees

The Business Model Canvas

Key Partners

Facebook

PayPal
Amex

Zazzle

SVNetwork

Advertisers (Bing, McDonalds, General Mills etc..)

7-Eleven
Target
Best Buy
GameStop

InComm

Key Activities

Game Creation Processes

Customer Support

Maintaining existing games

Key Resources

Game Designers / Artists / Developers / Testers

Sales & Marketing teams

Existing Games for Cross Promotion

Value Propositions

Free To Play

Mindless Entertainment

Social Interaction

Customer Relationships

Customer Support and Forums on Zynga.com

Zynga's facebook page

Channels

Facebook

Zynga Live (Coming soon)

Customer Segments

Casual Gamers
(60% Female & 40% Male according to CNN Tech)

Advertisers

Cost Structure

Usual cost of operating a business (Rent, Salaries etc..)

R&D on new Game Ideas

Maintenance

Acquisition of competitors

Generating fresh content for existing games

Promotional Events (Fan Meetups etc..)

Revenue Streams

Traditional Advertising Revenues

Revenue from Advertiser sponsored offers (Lead Generation)

In-app Virtual Goods sales

And Finally.......

Any Questions?