

MART330:
Business Models

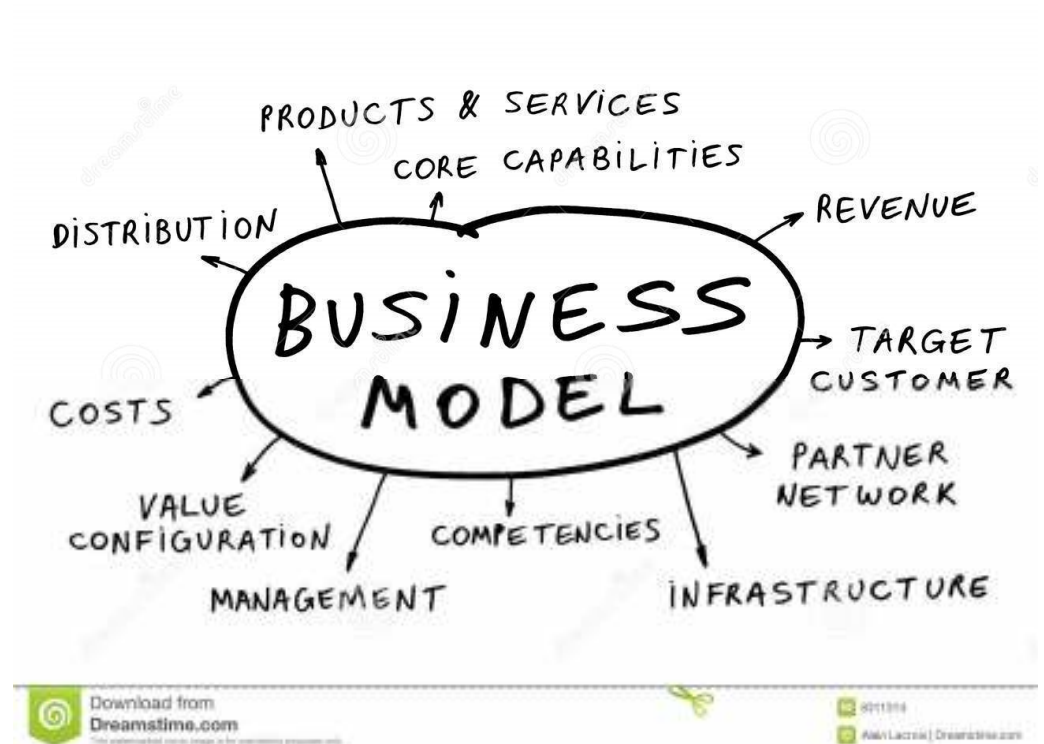
Tony Garry

11th September



Agenda

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

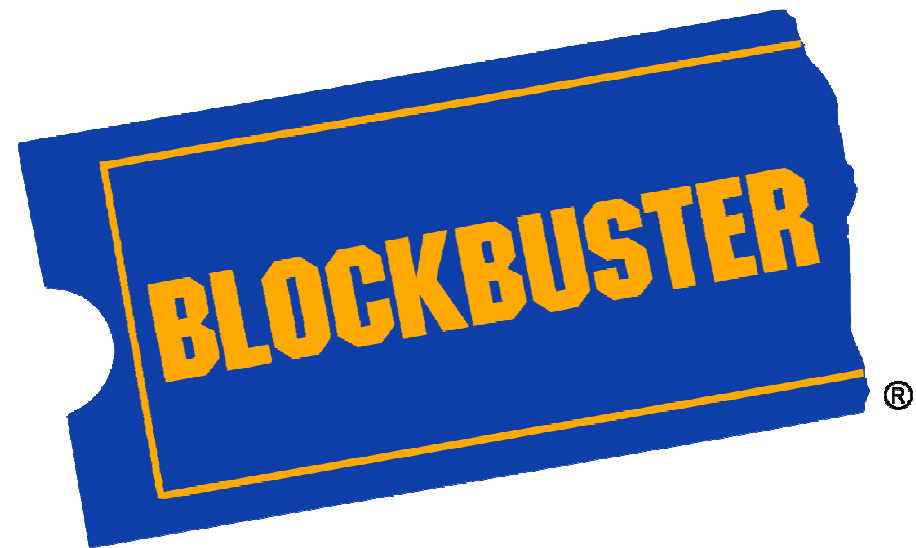


Business Model

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

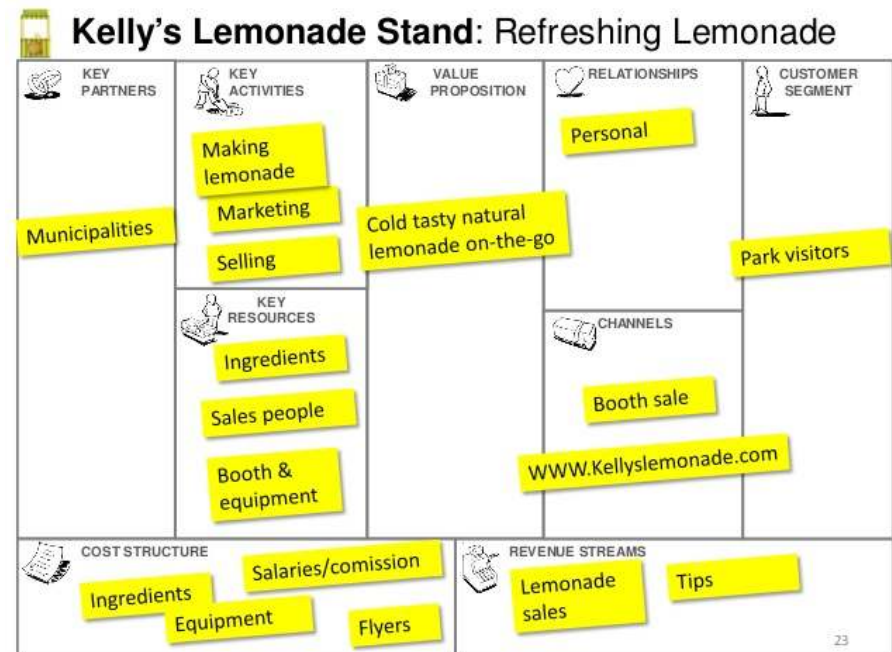
Sustainable competitive advantage





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.

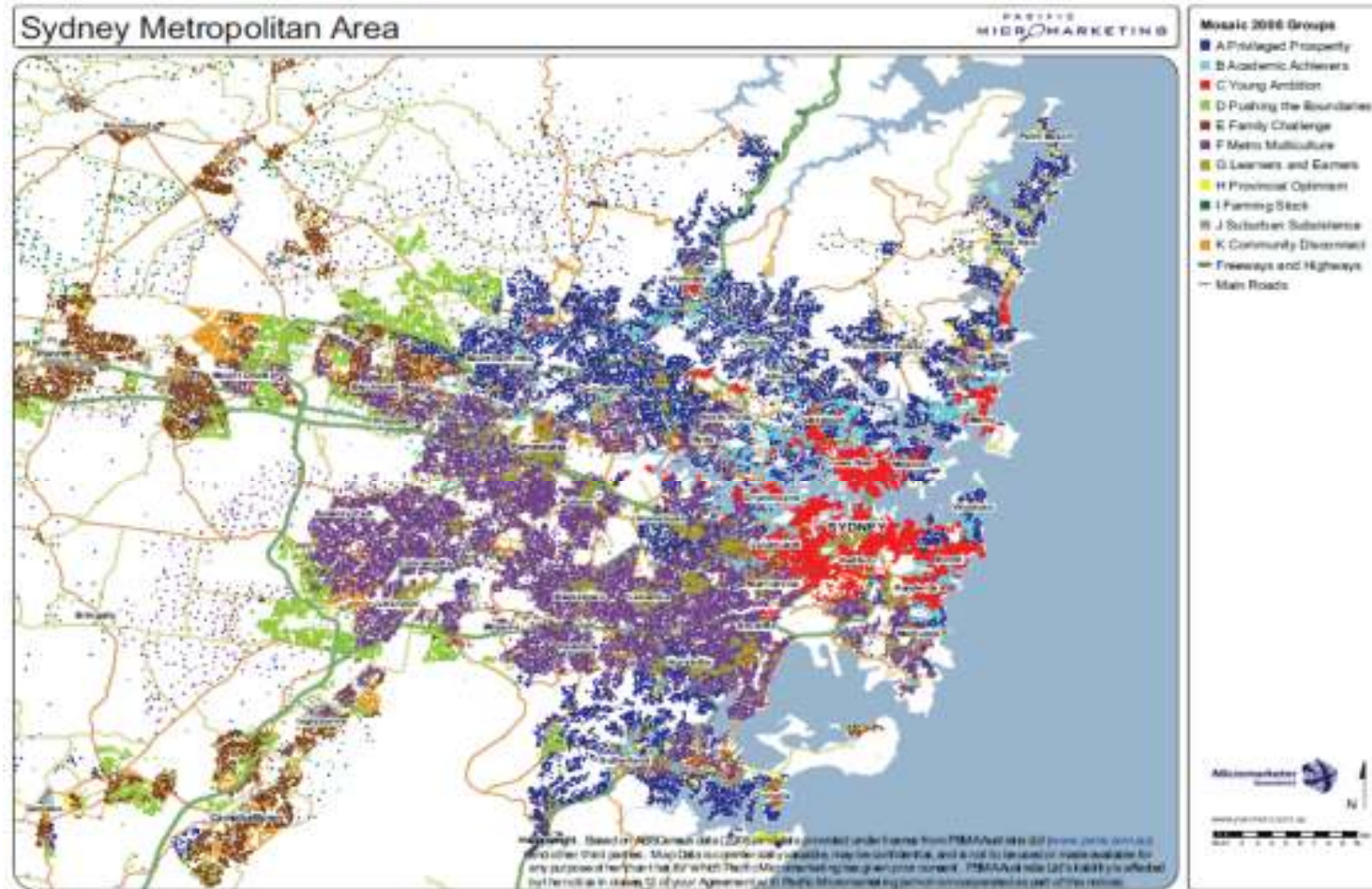


<p><i>Key Partners</i> </p> <ul style="list-style-type: none"> • Who are our key partners? • Who are our key suppliers? • Which key resources are we acquiring from partners? • Which key activities do partners perform? 	<p><i>Key Activities</i> </p> <ul style="list-style-type: none"> • What key activities do our value proposition require? • Our distribution channels? • Customer relationships? • Revenue streams? 	<p><i>Value Propositions</i> </p> <ul style="list-style-type: none"> • 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? 	<p><i>Customer Relationships</i> </p> <ul style="list-style-type: none"> • What type of relationship does each of our customer segment expect us to establish and maintain with them? • Which ones have we established? 	<p><i>Customer Segments</i> </p> <ul style="list-style-type: none"> • For whom are we creating values? • Who are our most important customers?
<p><i>Cost Structure</i></p> <ul style="list-style-type: none"> • What are the most important costs inherent in our business model? • Which key resources are most expensive? • Which key activities are most expensive? 	<p><i>Revenue Streams</i> </p> <ul style="list-style-type: none"> • 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?



Source: Copyright Pacific Micromarketing Pty Ltd. Based on ABS Census data (2006), data provided under licence from PSMA Australia Ltd (www.pasma.com.au), Mosaic Australia segmentation data and other third party data.

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.



Target Profiles

User Profile Template



Name
Occupation

•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

➤ Then think about messaging, content, and conversion goals

Carol Morgan Cox

InterMedia4web.com

@CivicLink

Example User Profile #2



Kim Harris

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

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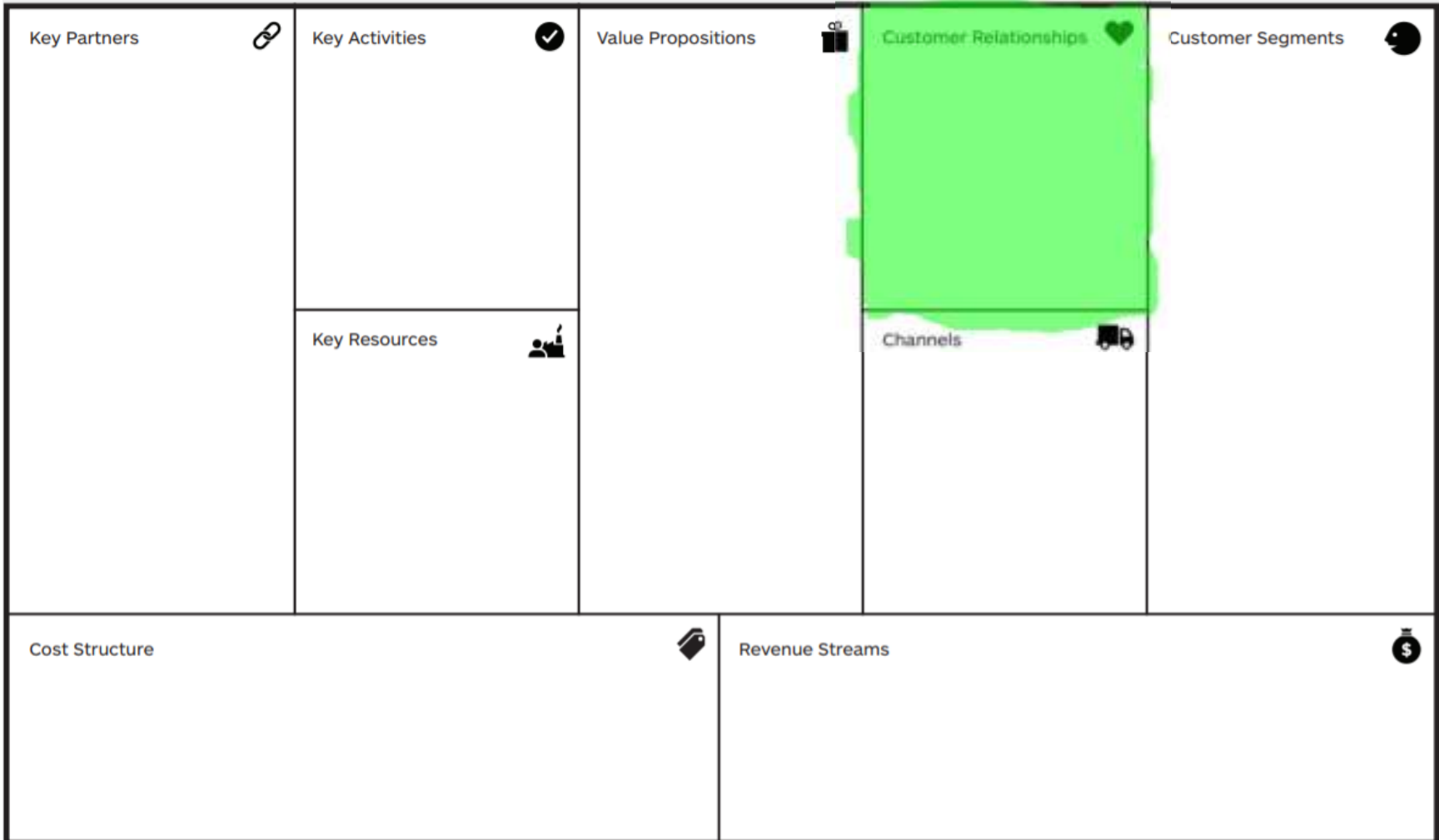
The Business Model Canvas

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Version:



What Kind of Exchange?

Arm's-length



Relational

Digital Considerations

Objectives


Communal and social engagement

versus

Instrumental (information sharing)

The screenshot shows a digital interface for 'BLOKE', a brand with the tagline 'WHERE MEN COME FIRST'. The main content area features a story titled 'ABOVE AND BEYOND' with a photo of a man and a text block. To the right, there is a 'BROWSE THE STORIES' section with three smaller story thumbnails. At the bottom, a navigation menu includes icons for 'CUT', 'CLIPPER', 'HOT TOWEL SHAVE', 'HEAD SHAVE', 'BEARD SHAVE', and 'GIFT VOUCHERS AVAILABLE'. The footer contains contact information and social media links.

ABOVE AND BEYOND



As Gary Wetzol sits in his modest South Milwaukee home watching a TV special about Vietnam War veterans from Wisconsin, a small wooden box rests inconspicuously on a table nearby, next to a picture of his granddaughter. The contents of the box gives Wetzol reason to pay extra attention. Inside is Wetzol's Congressional Medal of Honor, awarded for valor, the highest honor a soldier can receive.

The words on the citation he received describe an act of extraordinary heroism. They make you think, "How in the world... could anybody do what he did?"

[Download Story](#)

BROWSE THE STORIES

SCREW IT, LET'S FLY
The F12 rolls by high in the blue over Afghanistan.

ONE WET RIDE
H.O.G. members go "Shred" into Harley military history in Guam.

HONOR THE FATHER
A son retraces his father's epic ride - and finds some old friends.

ABOVE AND BEYOND
Meet Gary Wetzol. Harley enthusiast and winner of the Congressional Medal of Honor.

BLOKE
WHERE MEN COME FIRST

CUT CLIPPER HOT TOWEL SHAVE HEAD SHAVE BEARD SHAVE GIFT VOUCHERS AVAILABLE

Men. Hair. Skin. Grooming. We have you. Get. Hair. Grooming. Done. 2100 Irving Street, Milwaukee, WI 53207. Email: customerservice@broke.com

Digital Considerations

The nature of the 'scapes'

Rich, vivid sensory platforms

versus

Text heavy information bases
platforms



WHY CHOOSE US ?

- We have over 10 years of aluminium products since 1981
- We are an ISO 9001 accredited business
- We have a fully in-house CNC/CAD/CAM of international competitive pricing
- We offer up to 40 working days (1 - 10,000) with each individual casting weighing up to 250kg.
- We call our Bronze Alloy our top job - including Heat Treated Aluminium (H116), A319, H18, 6061
- We export 70% of our product base
- We carry a full Certificate of Conformity including material code and can arrange full audits and on-site electronic testing
- We can get patterns made and take care provided from a drawing through to a finished finished product

GILTECH PRECISION CASTINGS (2004) LTD

Founded in 1981, Giltech is today one of the largest heat-treated casting businesses in the world, producing 20,000 tonnes of castings per year for customers in 15 countries and throughout the world. Add and to 15000 tonne.

Our expertise in a wide range of castings at a competitive price and our reputation are the reasons why our customers are the primary of our success.

Our commitment to our customers' needs is the core of our business and the primary objective of our products. We are continuing to grow our customer base and our product range to a better service.

BRONZE & ALUMINIUM CASTINGS

Castings are made to order for most of our customers in quantities between 100kg to 10,000kg. Contact us for a free quote.

TAPPING BANDS

Our tapping bands are made to order for most of our customers in quantities between 100kg to 10,000kg.

FITTINGS

Our fittings include: 1/2" to 2" diameter, 1/2" to 2" length, 1/2" to 2" diameter, 1/2" to 2" length, 1/2" to 2" diameter, 1/2" to 2" length.

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

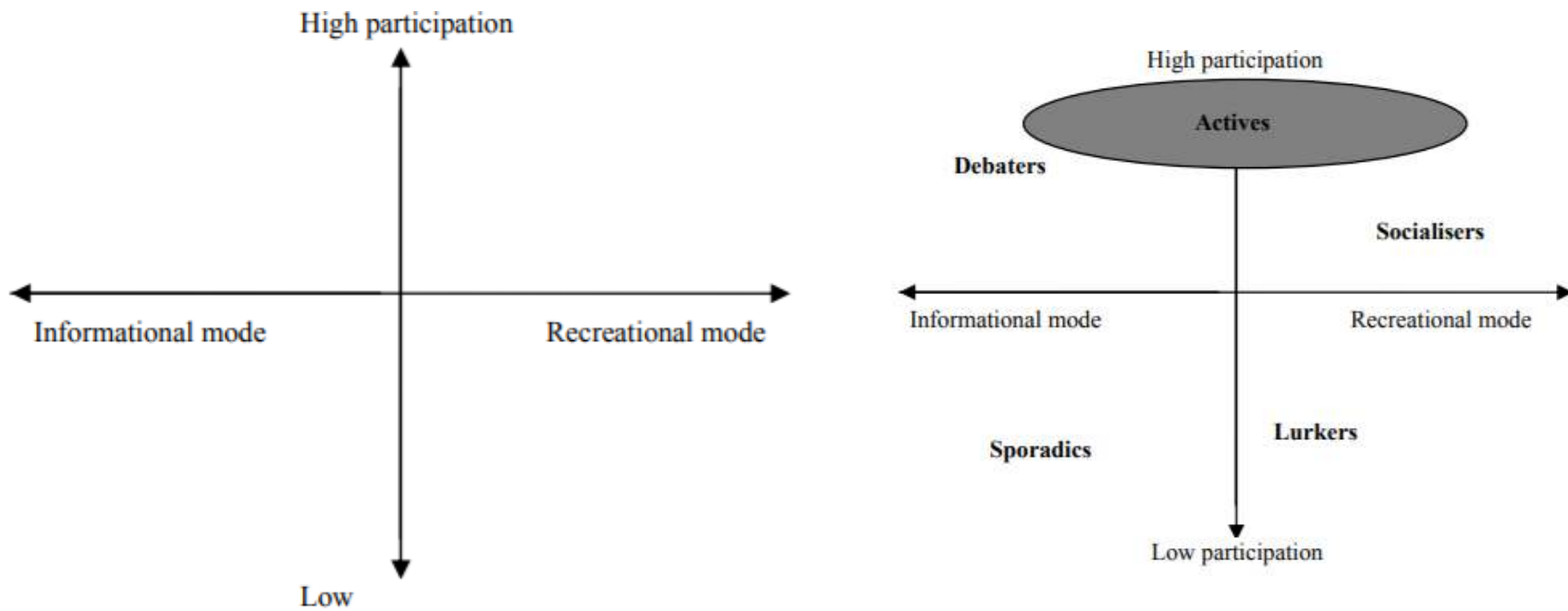
High C2C Engagement



DORITOS® Mix Cheese Explosion Flavored Tortilla Snacks



Bringing it Together (Brandtzaeg, 2011)



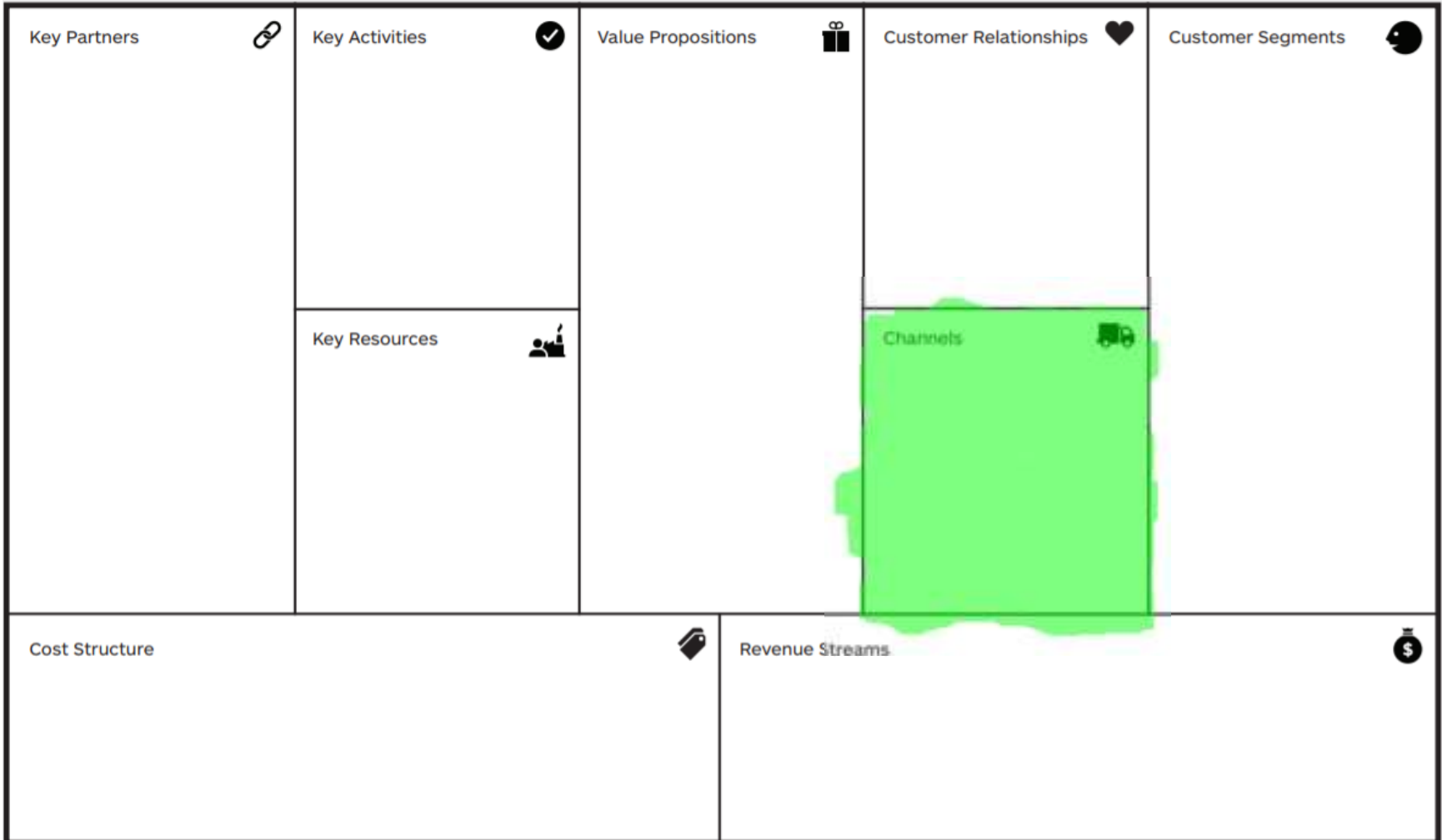
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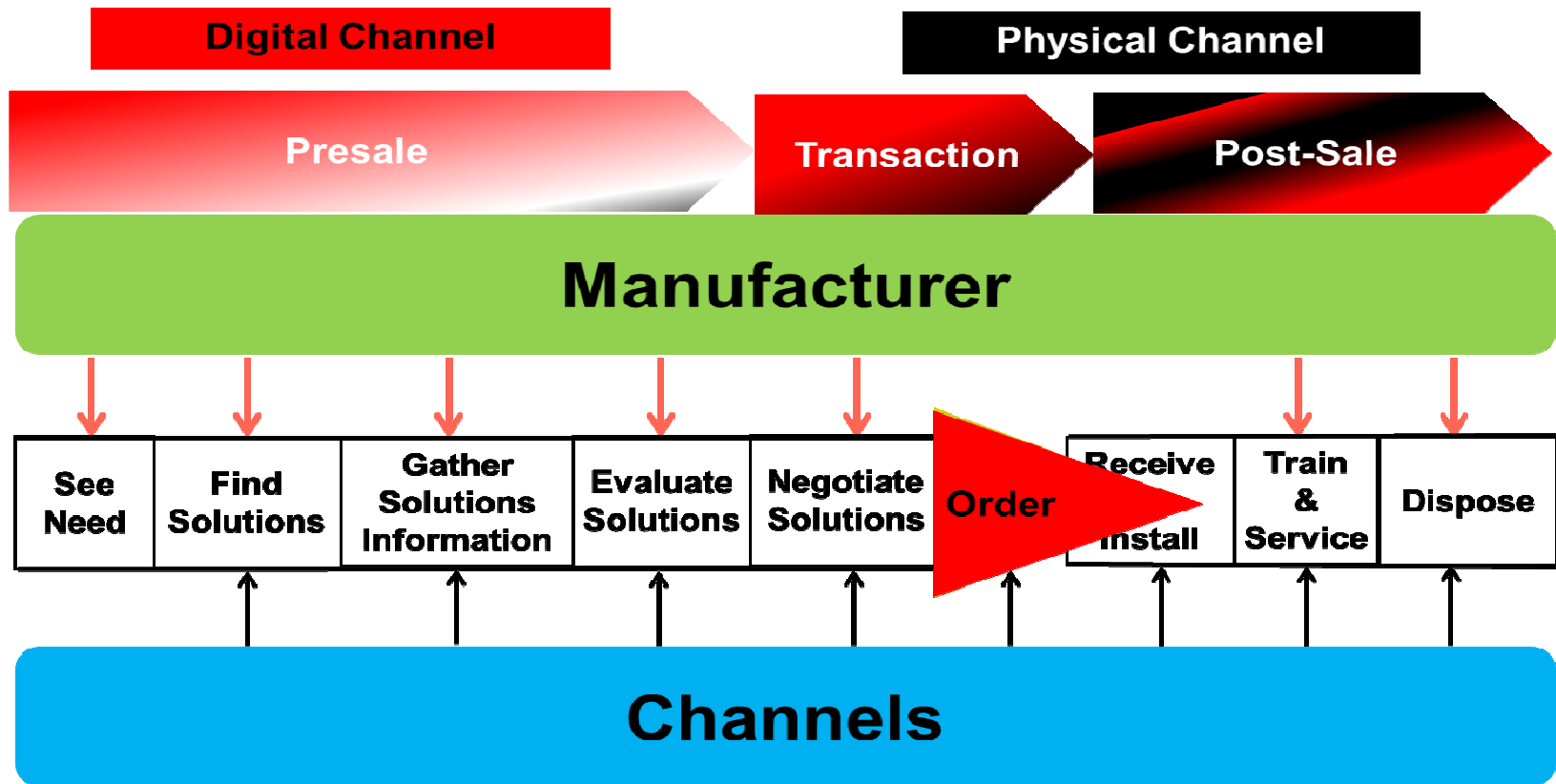


Channels

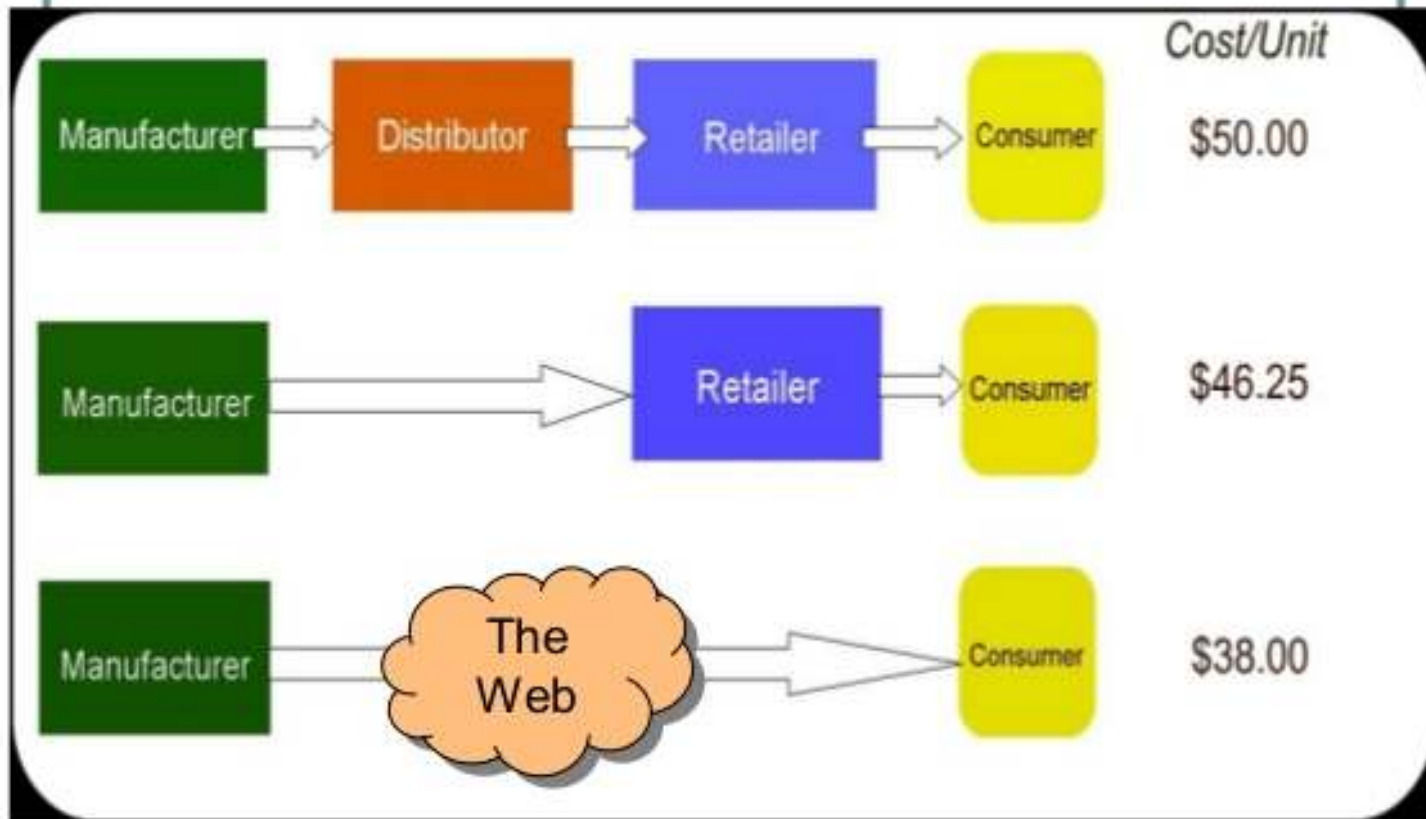
- Bricks?
 - *Pak n Sav*
- Brick and Clicks?
 - *Apple (brick & mortar & glass)*
- Clicks?
 - *Social Media platforms*
- Internet based Retailer?
 - *Amazon*



Channels



Disintermediation Illustration



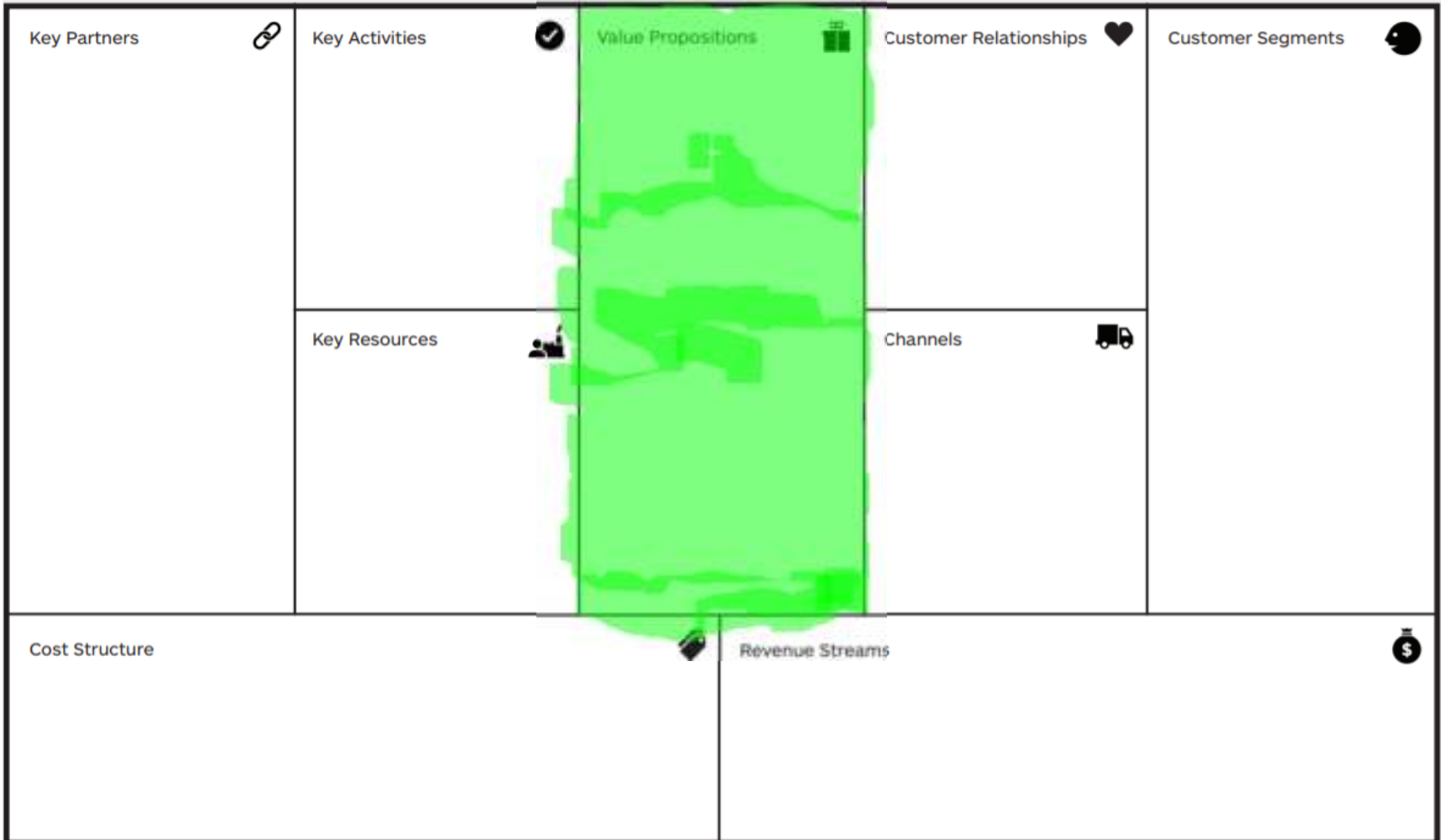
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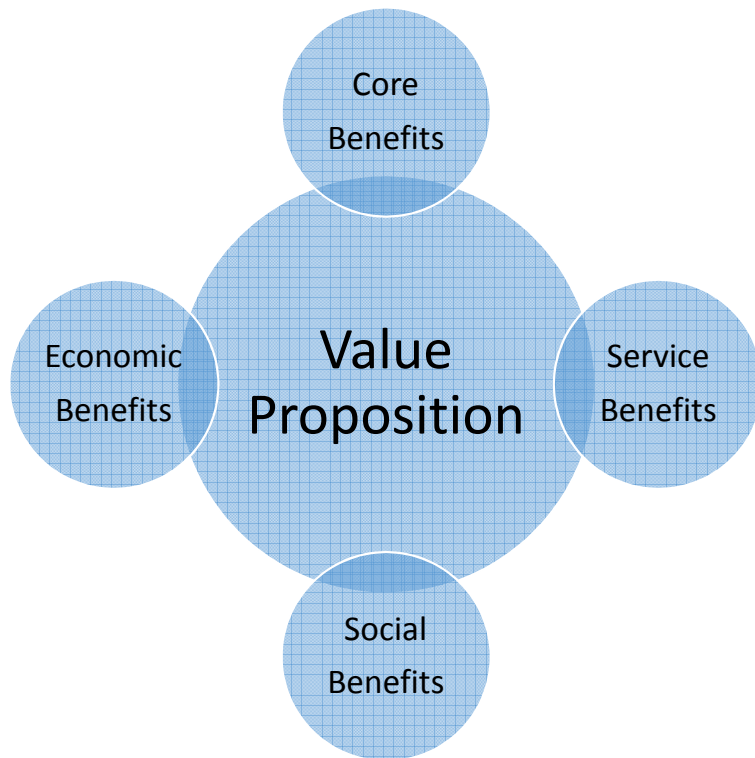
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Building Blocks of Value Propositions



- Cost and Efficiency
- Value and Quality

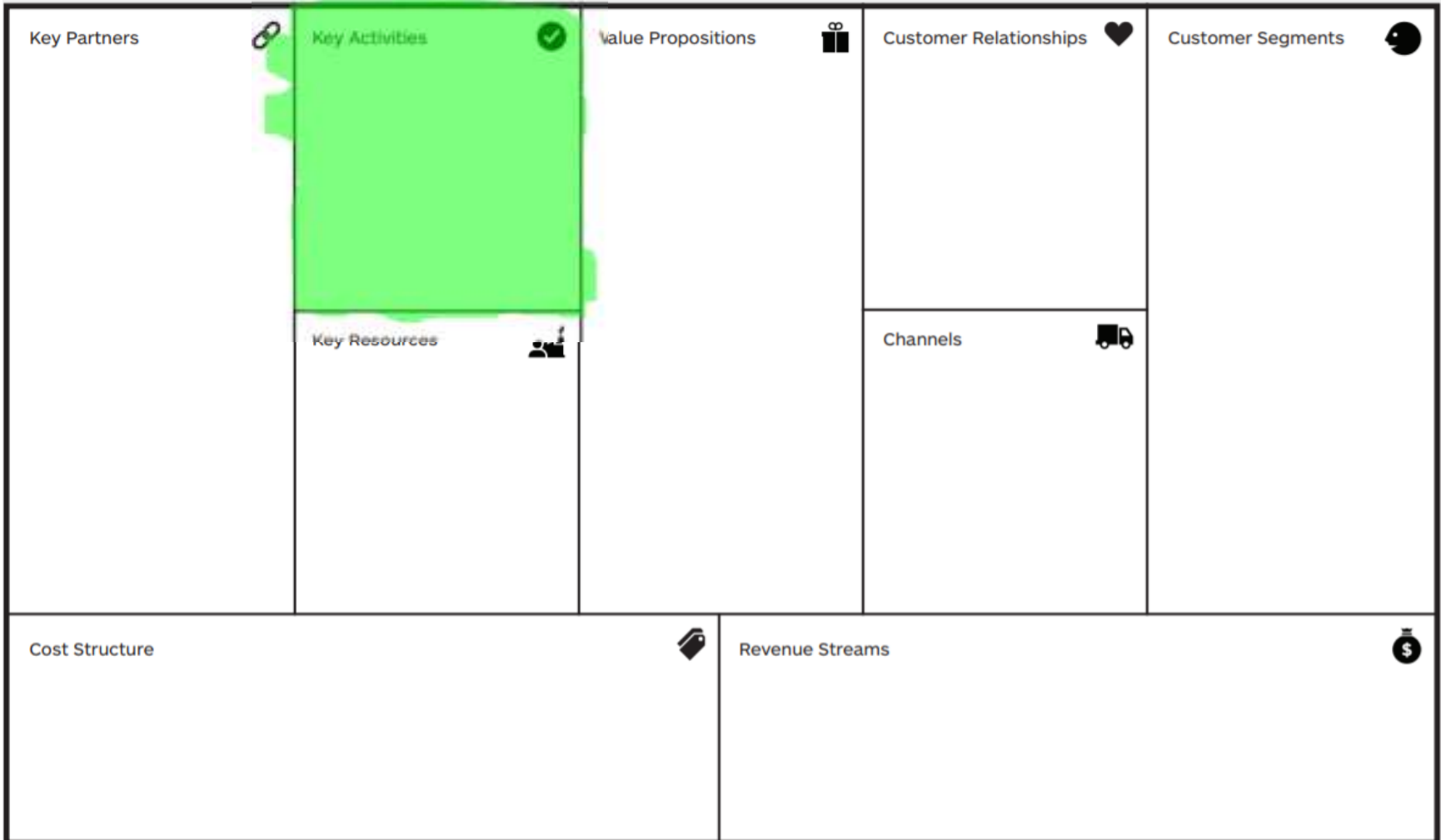
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PINTEREST

SOCIAL SITE THAT IS ALL ABOUT **DISCOVERY**

LARGEST OPPORTUNITIES



USERS ARE:

♂ 32% MALE
♀ 68% FEMALE

70 MILLION ACTIVE USERS



TWITTER

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

LARGEST PENETRATION



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

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

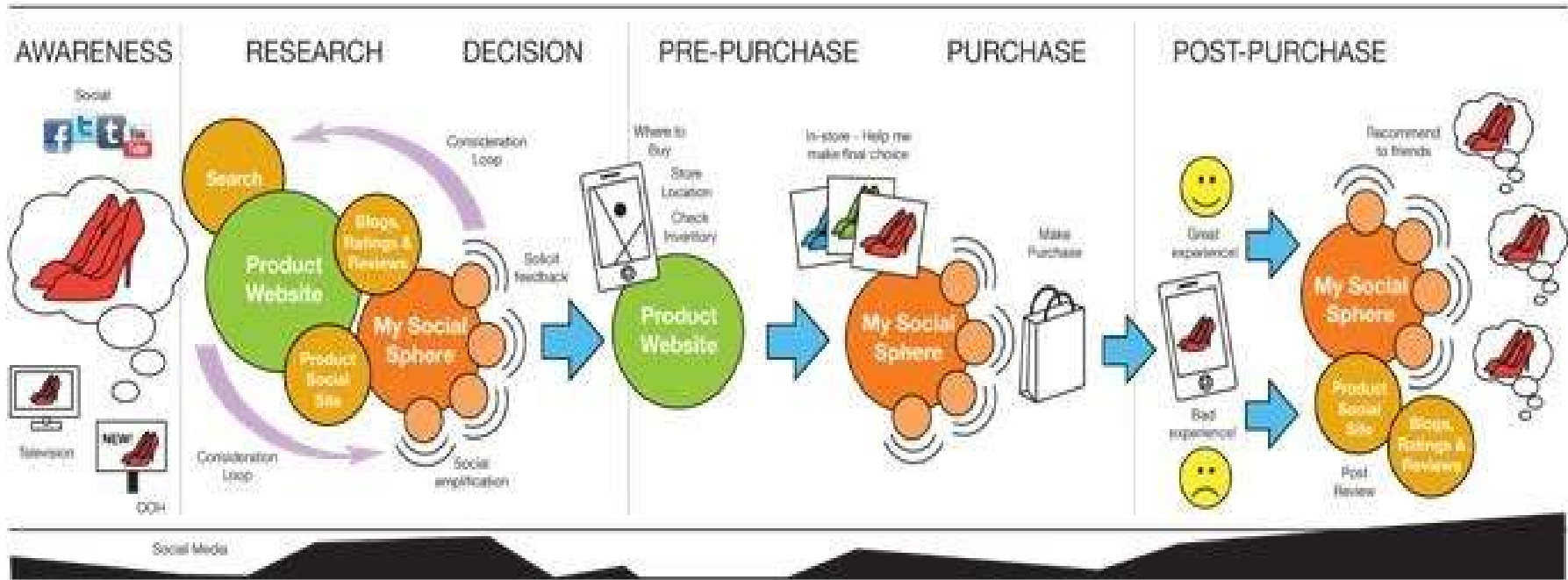
BRANDS THAT ARE PARTICIPATING ARE **CORPORATE BRANDS** GIVING POTENTIAL AND CURRENT ASSOCIATES A PLACE TO **NETWORK & CONNECT**



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

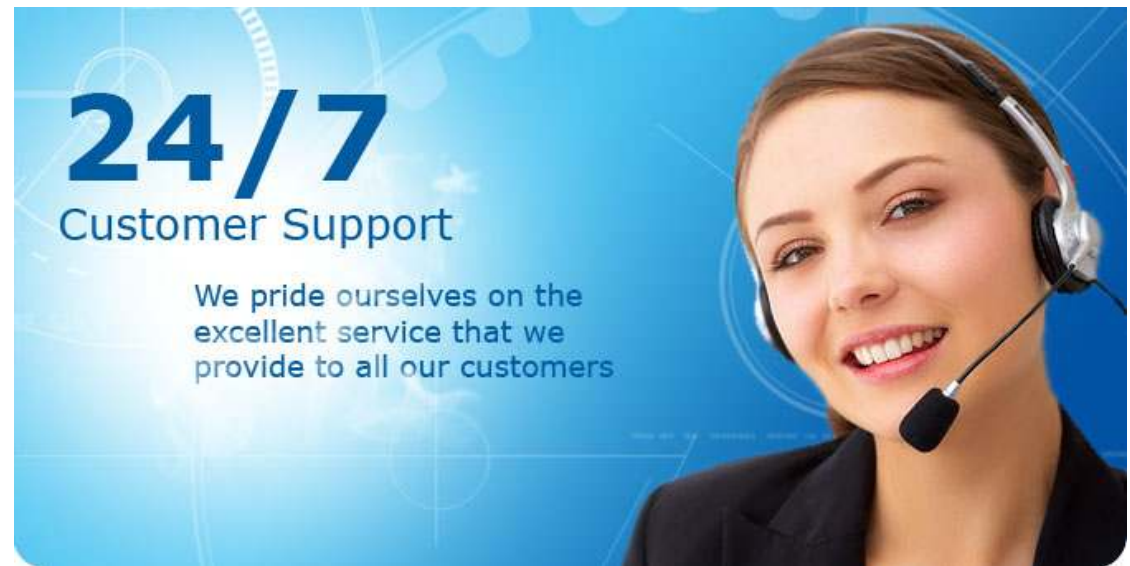
240 MILLION ACTIVE USERS

THE CUSTOMER JOURNEY



Key Activities

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






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Key Partners 	Key Activities  <div data-bbox="562 711 898 1075" style="background-color: #00FF00; padding: 5px;">Key Resources </div>	Value Propositions 	Customer Relationships 	Customer Segments 
Cost Structure 	Revenue Streams 			
		Channels 		

Key Resources

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



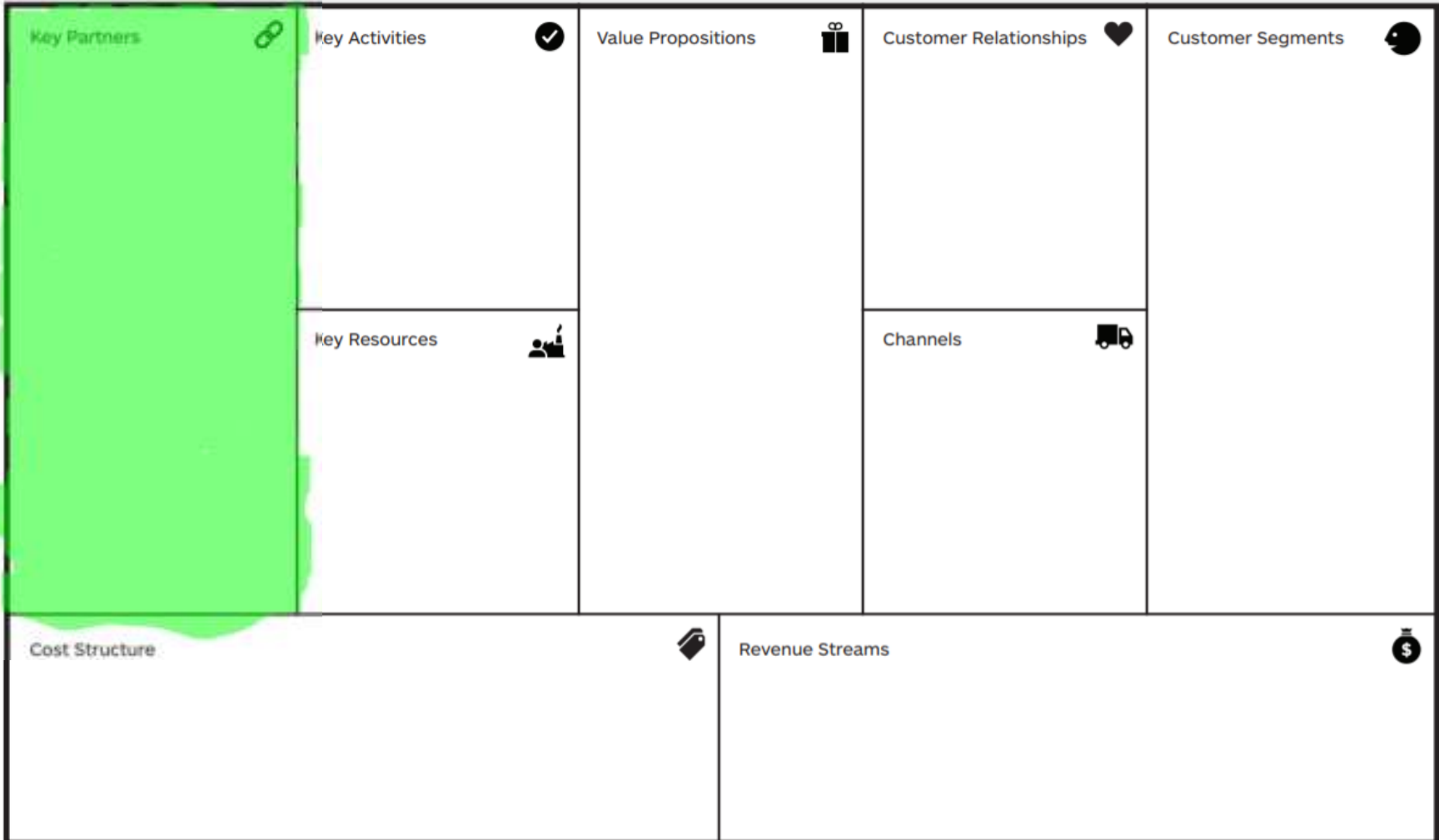
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Key Partners

- Suppliers
- Distributors
- Retailers












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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



Online Revenue Models

- Subscription to access content



- Pay per view (access to particular documents)

The image is a screenshot of a journal article page. On the left, there is a small thumbnail of the journal cover, 'The Marketing Review'. The main title of the article is 'An Overview of Content Analysis'. Below the title, there is a 'Buy Article' box with the price '\$22.76 plus tax' and two buttons: 'ADD TO CART' and 'BUY NOW'. Below the buy box, there is a metadata section with the following text: 'Authors: Harwood, Tracy G.; Tansy, Tony', 'Source: The Marketing Review, Volume 3, Number 4, 1 December 2003, pp. 479-482(0)', 'Publisher: Westburn Publishers Ltd', and 'DOI: https://doi.org/10.1352/14693403.771910000'. At the bottom, there are navigation links: 'previous article', 'view table of contents', 'next article', and 'ADD TO FAVOURITES'. Below these links is a horizontal menu with tabs for 'Abstract', 'References', 'Citations', 'Supplementary Data', 'Full Media', and 'Metrics'.

Online Revenue Models

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

- CPC (cost per click)



Online Revenue Models

- Sponsorship of Site Sections (content sponsorship)
- Cost per acquisition (affiliate revenue)



Make Money Advertising Amazon

Earn up to 15% in referrals by advertising Amazon products.

Advertise products
on your web page



People follow the
links to Amazon

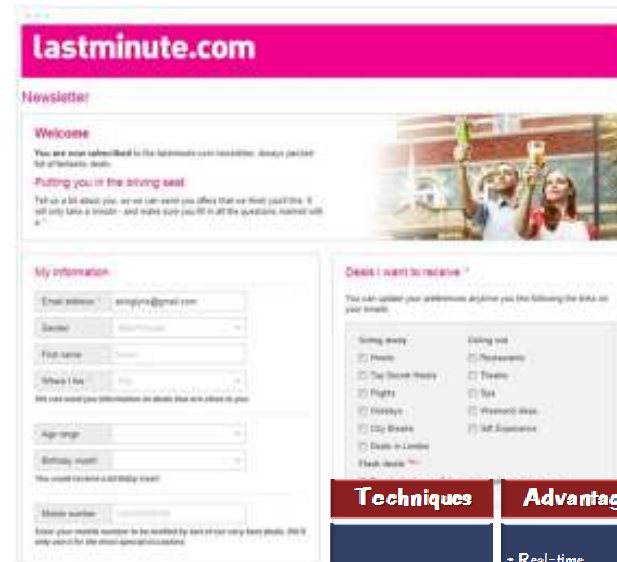


Earn up to 15%
when they buy



Online Revenue Models

- Subscriber data access for e-mail marketing
- Access to customers for online research



Techniques	Advantages	Disadvantages	Applications
Webcam interviewing	<ul style="list-style-type: none"> - Real-time - Get sights & sounds - Flexible whiteboard - Set appointment time 	<ul style="list-style-type: none"> - Some of the body language nuances are lost since the webcam often focus on the faces 	<ul style="list-style-type: none"> - IDI/Focus Group Replacement - Website Usability - Concept Testing - CRG Product/ - Packaging Testing
Online Journaling	<ul style="list-style-type: none"> - Deep feedback - Longitudinal insights - Unstructured - No moderation required 	<ul style="list-style-type: none"> - There is no moderation and no control of the data collection environment 	<ul style="list-style-type: none"> - Longitudinal studies - Face-to-Face "Homework" - Sensitive topics
Bulletin Boards Focus Groups	<ul style="list-style-type: none"> - Deep feedback - Longitudinal insights - Can use Multi-media - Most flexible platform 	<ul style="list-style-type: none"> - No top-of-mind feedback as participants have time to think and react 	<ul style="list-style-type: none"> - Longitudinal studies - Iterative Development - Sensitive topics - Contacting difficult groups
Online Research Communities	<ul style="list-style-type: none"> - Deep, engaged conversations - "Listen in" - Fast panel access 	<ul style="list-style-type: none"> - Can be very expensive - Requires constant management and maintenance 	<ul style="list-style-type: none"> - Tactical Research - Listening - Preliminary Research Testing
Social Network Monitoring	<ul style="list-style-type: none"> - Free - Authentic - Anyone can participate 	<ul style="list-style-type: none"> - There are not tools yet for managing all the data social media generates 	<ul style="list-style-type: none"> - Listening to brand and product attitudes - Discovering trends





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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



And Finally.....

Any
Questions?

