




Marketing and business model




Key activities

- Marketing and business model
 - Basic relations
 - How to create business model
 - Basic examples of business models
- 



4 questions to start with

- ▶ What service or product does your business provide and what needs does it fill?
 - ▶ Who are the potential customers for your product or service and why will they purchase it from you?
 - ▶ How will you reach your potential customers?
 - ▶ Where will you get the financial resources to start or run your business?
- 



Blocks to build business model

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- ▶ Customer Segments
 - ▶ Value Propositions
 - ▶ Channels
 - ▶ Customer Relationships
 - ▶ Revenue Streams
 - ▶ Key Resources
 - ▶ Key Activities
 - ▶ Key Partnerships
 - ▶ Cost structure



Marketing is essential part of the business model

- ▶ Key ideas must be included into business model from very beginning
- ▶ Part of business model related to marketing
 - ▶ Customer Segmentation
 - ▶ Customer Relationships
 - ▶ Value propositions
 - ▶ Channels




Customer segmentation

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- ▶ Mass market
 - ▶ Niche market
 - ▶ Barrier strategy
 - ▶ Specialized knowledge
 - ▶ Specialized market
 - ▶ Segmented
 - ▶ Micro marketing



Value proposition

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



Value proposition

- 
- Newness
 - Performance
 - Customization
 - Getting the job done
 - Design
 - Brand / Status
 - Price
 - Cost reduction
 - Risk reduction
 - Accessibility
 - Convenience



Channels



- ▶ Through which channels do our customers segments want to be reached?
- ▶ How are we reaching them now?
- ▶ How are our channels integrated?
- ▶ Which ones are most cost – efficient?



Chanel types

Partner

Own

Indirect

Direct

Wholesaler

Partner
Stores

Own stores

Sales Force

Web sales

Chanel Phases

Awareness

- How do we raise awareness about our company's products and services?

Purchase

- How do we allow customers to purchase?

After sales

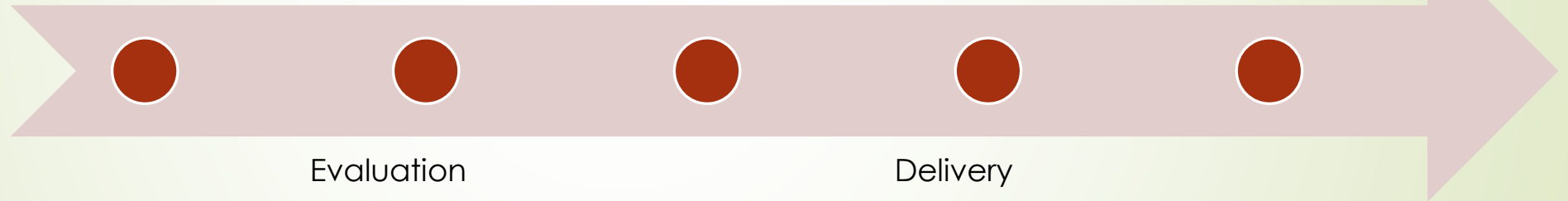
- How do we provide post-purchase support?

Evaluation

- How do we help customers evaluate our organization Value Proposition?

Delivery

- How do we deliver a Value Proposition?





Customer relationships



- ▶ What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
- ▶ Which ones have we established?
- ▶ How costly are they?
- ▶ How are they integrated with the rest of our business model?



Customer relationships



Personal
assistance

Dedicated
personal
assistance

Self service

Automated
services

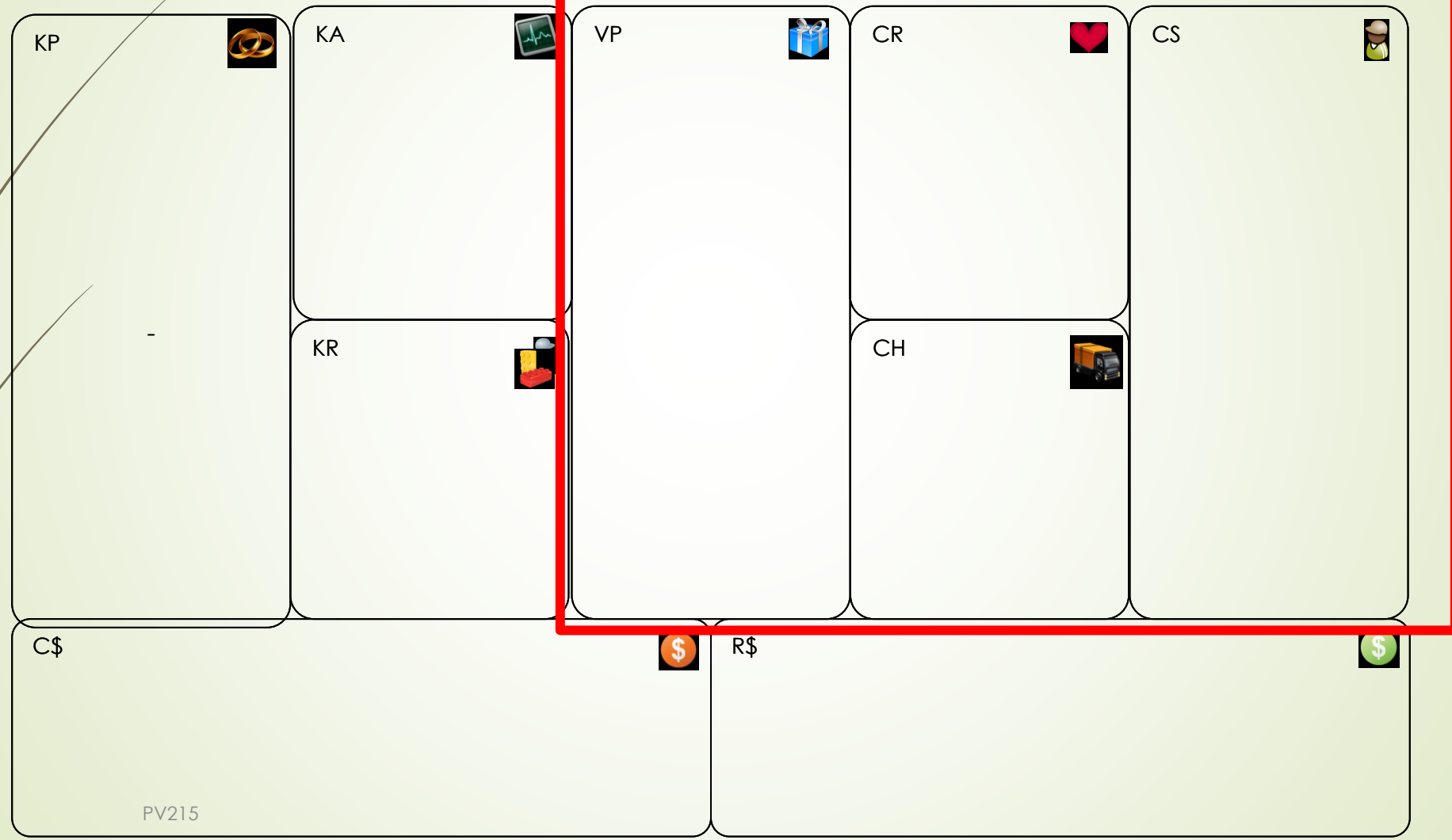
Communities

Co-creation

Business model

Marketing

By A. Osterwalder & Y. Pigneur





Revenue streams



- ▶ For what value are our customers really willing to pay?
- ▶ For what do they currently pay?
- ▶ How are they currently paying?
- ▶ How would they prefer to pay?



Revenue streams



Asset sale

- Selling ownership rights to a physical product

Usage fee

- Using of particular service
- More of service is used, more customer pays
- Phone operators

Subscription fee

- Selling continuous access to a service
- On-line games

Lending/Renting/Leasing

- To have exclusive right to use a particular asset for a fixed period
- Rent a bike

Licensing

- To use protected intellectual property
- Media industry

Brokerage fee

- Services performed on behalf two or more parties
- Credit card providers

Advertising

- Not product or service, but advertising is paid
- TV broadcast, software



3 Keys



Key
resources



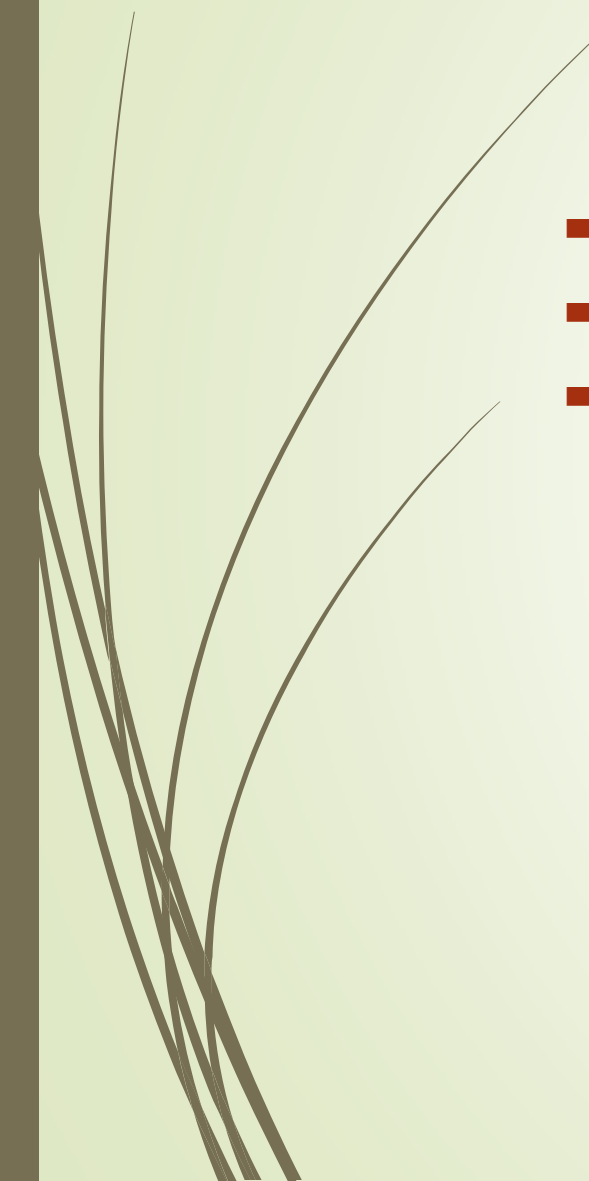
Key
activities



Key
partnerships



Key resources

- ▶ What resources do our Value Propositions require?
 - ▶ Our Distribution Channels?
 - ▶ Customer relationships?
- 

Key resources

Physical

Buildings

Vehicles

Machines

Systems

Intellectual

Patents

Knowledge

Copyrights

Customer databases

Human

Specific education

Knowledge-intensive and creative industries

Financial

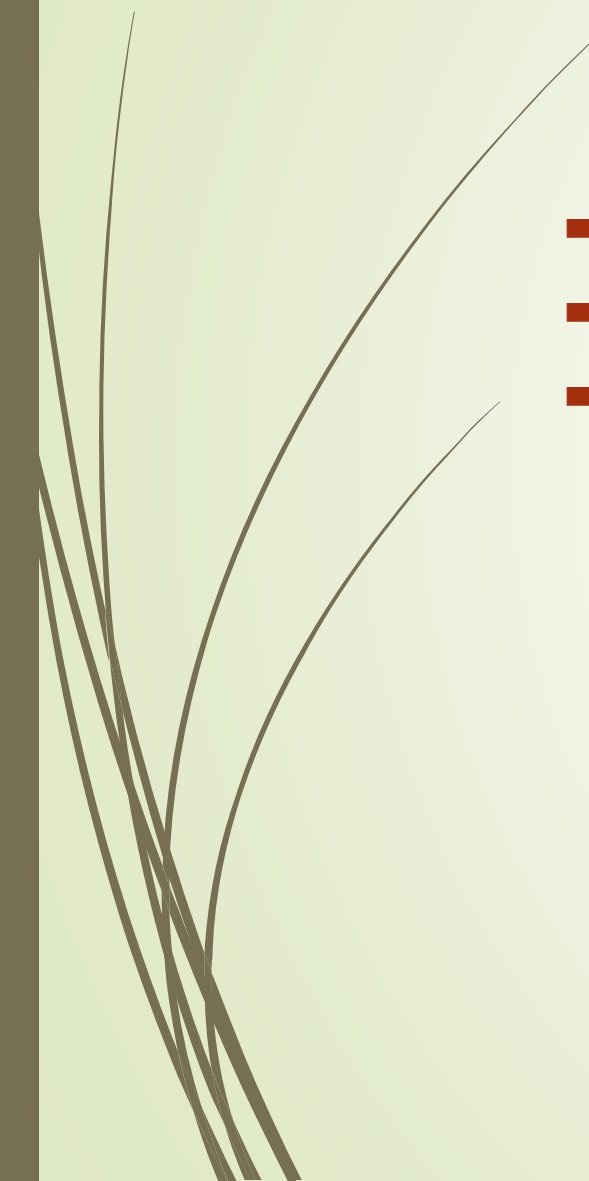
Stock options

Loans

Other financial resources



Key Activities

- ▶ What activities do our Value Propositions require?
 - ▶ Our distribution channels?
 - ▶ Customer relationships?
- 



Key activities



Production

- Designing, making and delivering the product
- Dominates in manufacturing firms

Problem solving


- New solutions to individual customer problems
- Consultancies, hospitals and service organizations

Platform/network

- Platform or networks need continual development
- Software, networks, matchmaking platforms



Key partnerships

- ▶ 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 Partnerships



Optimization and economy of scale

- Based on optimization of allocation of resources and activities

Reduction of risk and uncertainty

- Strategic alliances

Acquisition of particular resources and activities

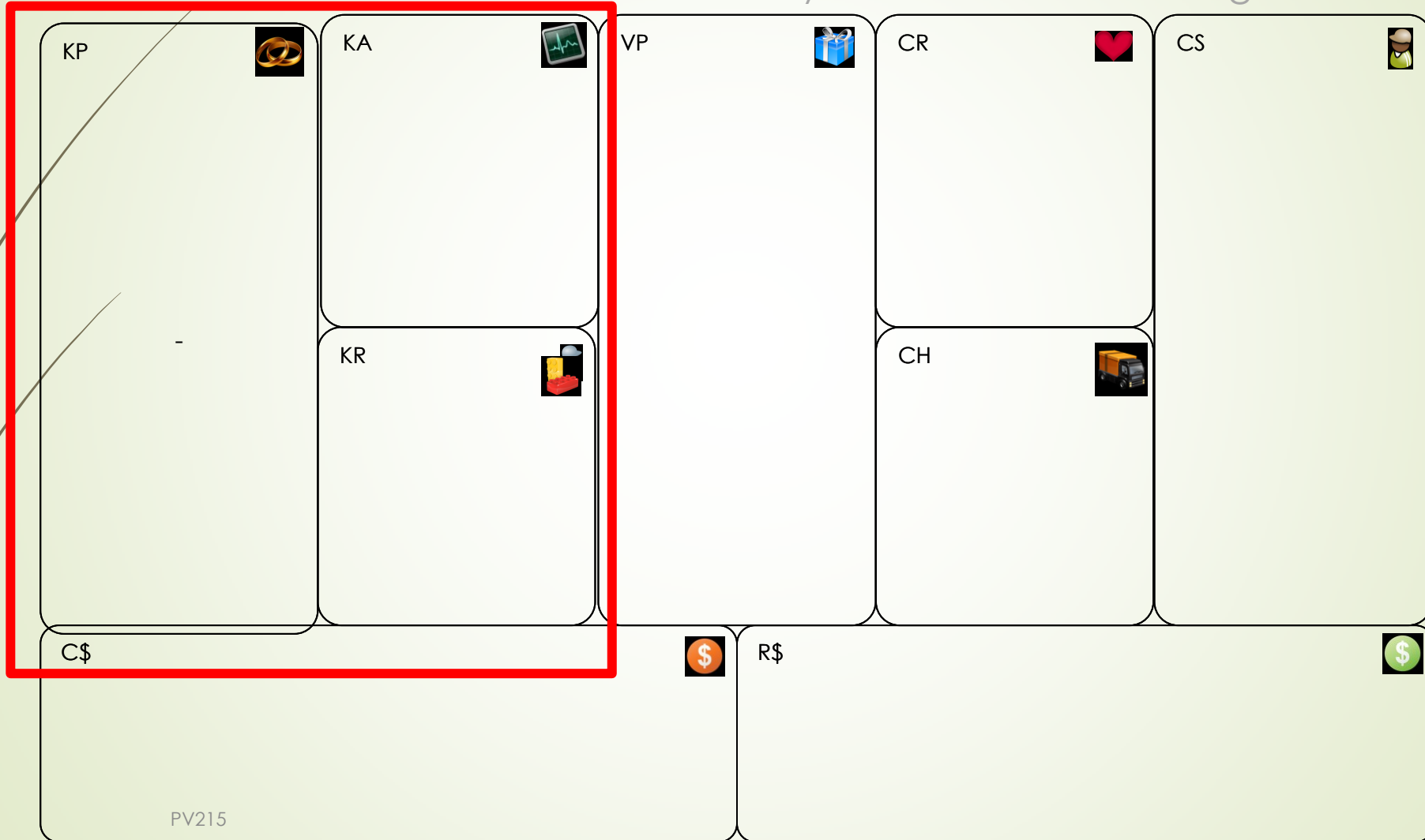
- Few companies own all the resources
- They extend their capabilities by relying on other firms to furnish particular resources

Business model

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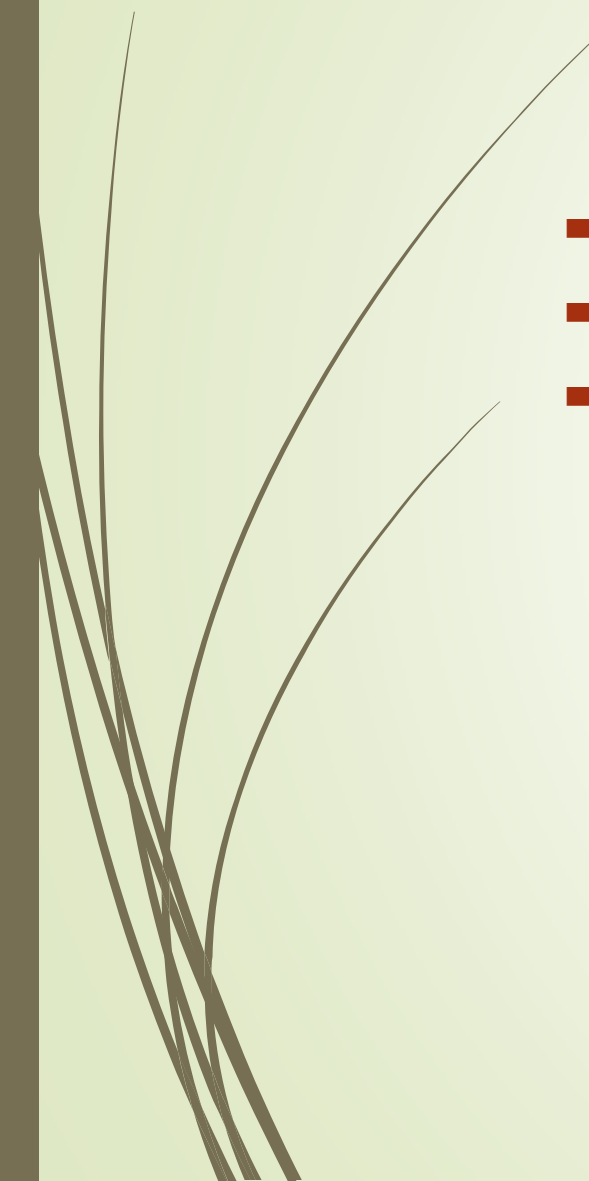
3 Keys

by A. Osterwalder & Y. Pigneur





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?
- 



Cost structure



Cost driven

- Focus on minimizing costs

Value Driven

- Premium Value Proposition
- High degree of personalized service

Fixed costs

- Costs remain the same despite the volume of goods or services produced

Variable costs

- Costs that vary proportionally with the volume of production

Economies of scale

- Cost advantages related to output expansion

Economies of scope

- Large scope of operation
- One activity can support more products



Summary

- Business model structure
 - Relation with marketing
 - How to create business model
- 