

Business model innovation is about  
creating new business models and  
replacing out-dated models

Membership fees are  
generally a larger  
part of the profit  
for Costco



Even though things might  
look cheaper, it would be  
because you've paid the price  
upfront



TARGET





TM/MC

McDonald's  
earlier had pre-  
made food, and  
just used to put  
it in the bag  
but now they  
"prepare"

McDonald's business  
model changed  
but Harvey's hasn't





Tim's is more process dependent

Starbucks offers  
1. Location  
2. Wifi  
3. Ambience etc









© The Local Data Company

How is blockbuster different?  
Guaranteed to be there for  
BlockBuster, where they had a  
different deal for the studio  
where they would pay the studio  
only based on the rent that the  
people were paying rather than  
the purchase price









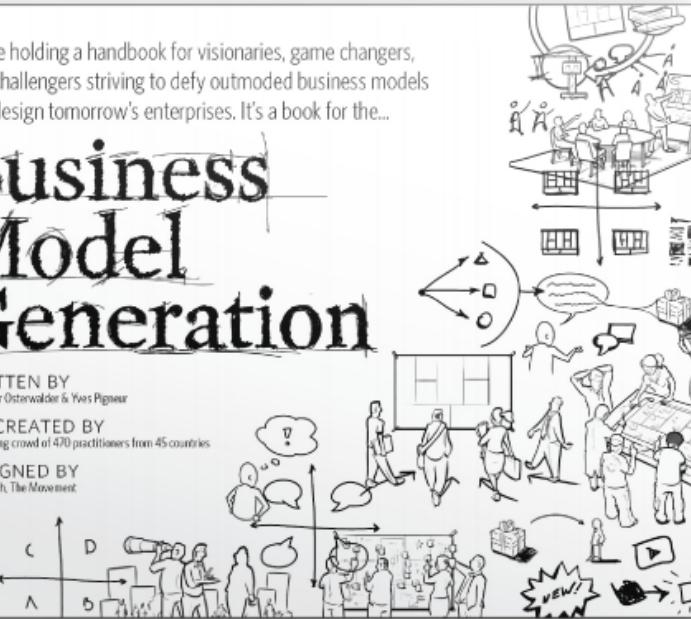
You're holding a handbook for visionaries, game changers, and challengers striving to defy outmoded business models and design tomorrow's enterprises. It's a book for the...

# Business Model Generation

WRITTEN BY  
Alexander Osterwalder & Yves Pigneur

CO-CREATED BY  
An amazing crowd of 470 practitioners from 45 countries

DESIGNED BY  
Alan Smith, The Movement



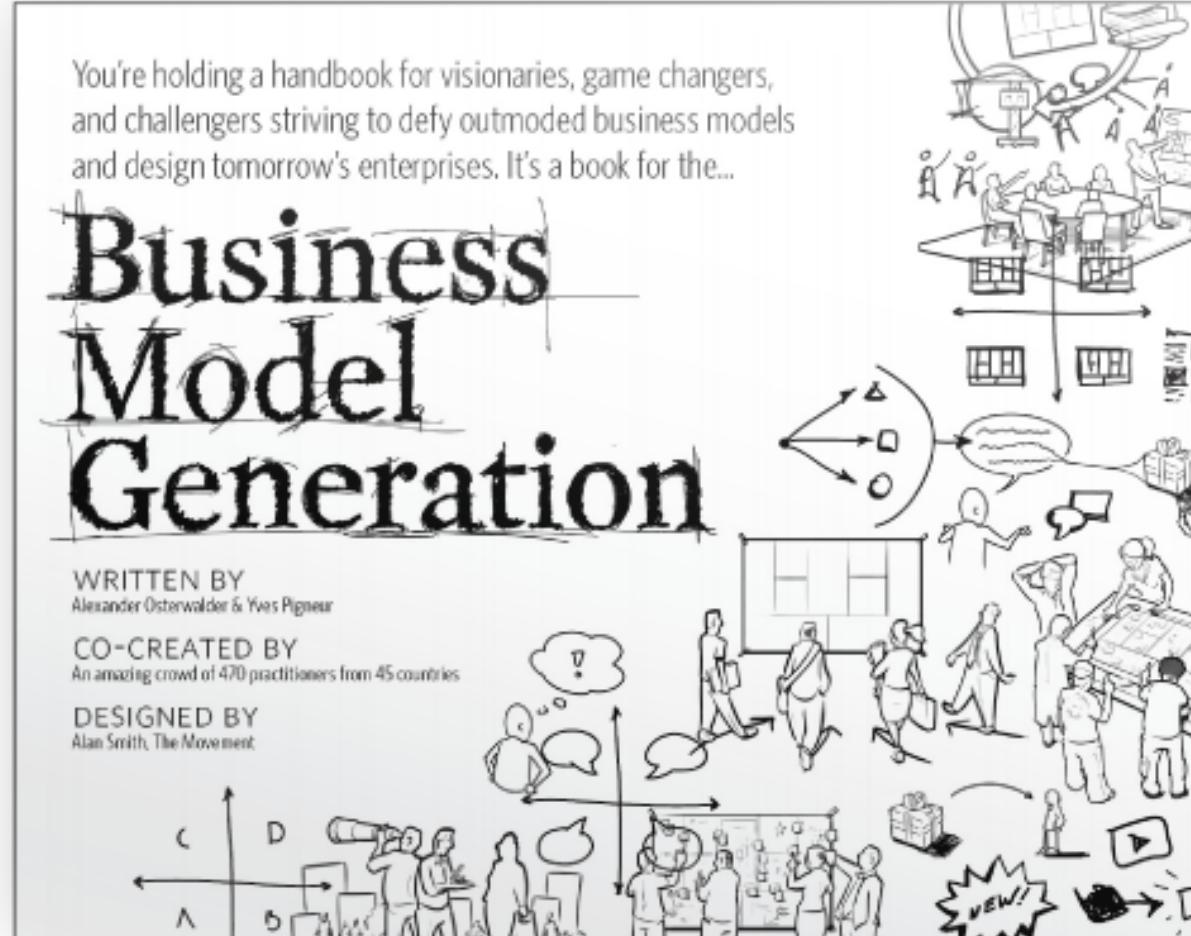
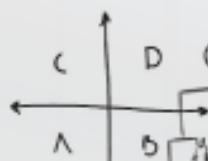
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# Business Model Generation

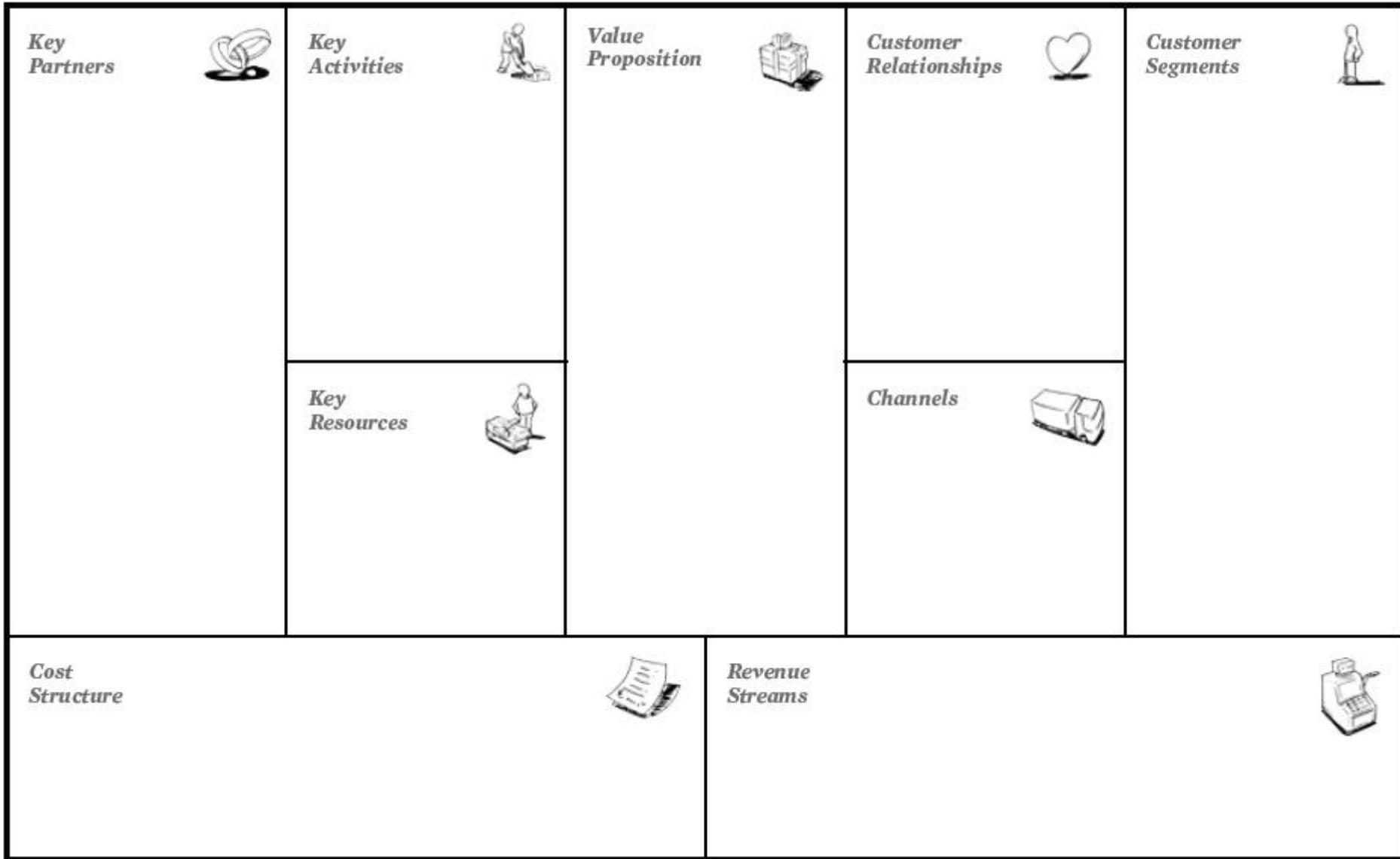
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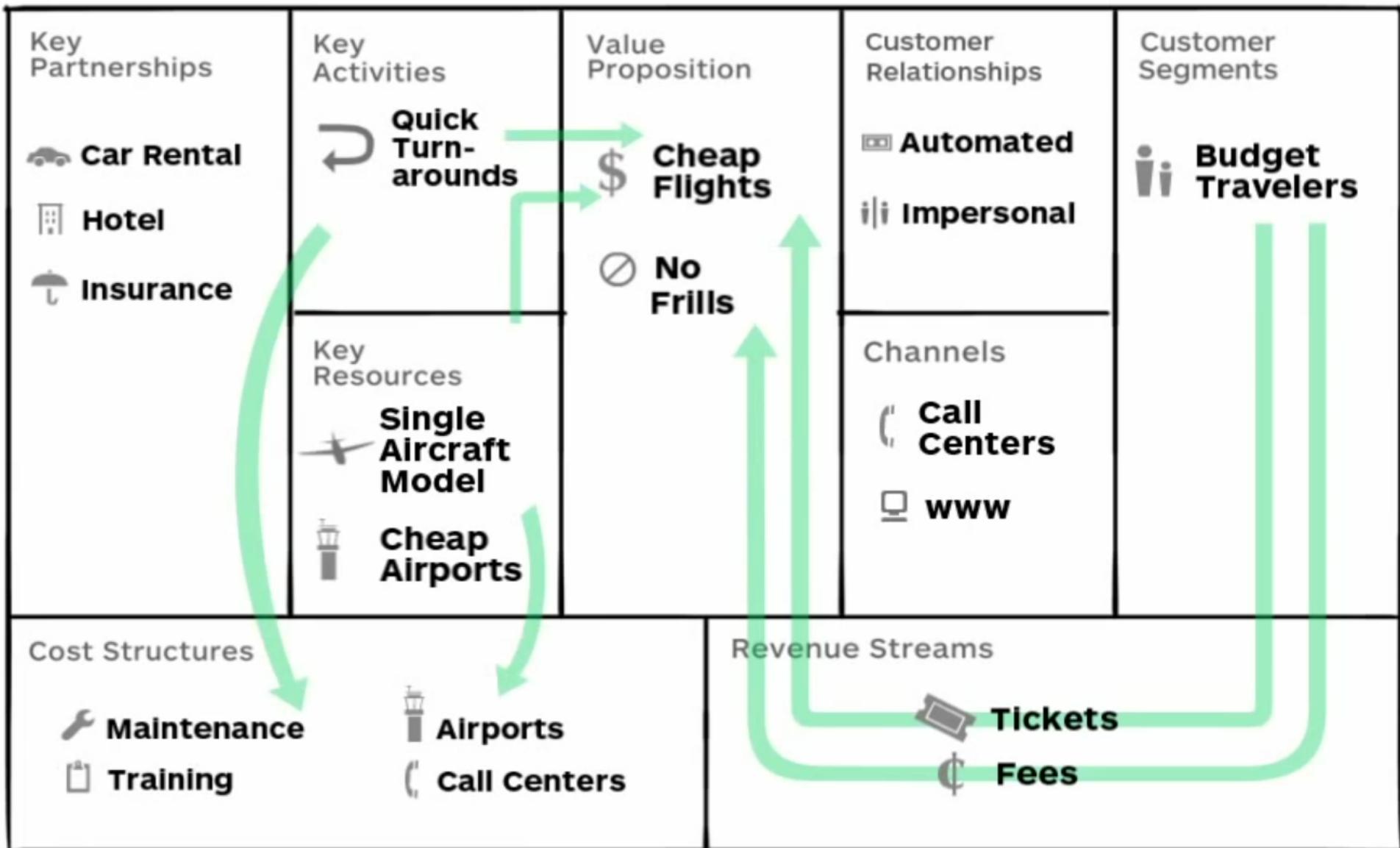
# Business Model Canvas

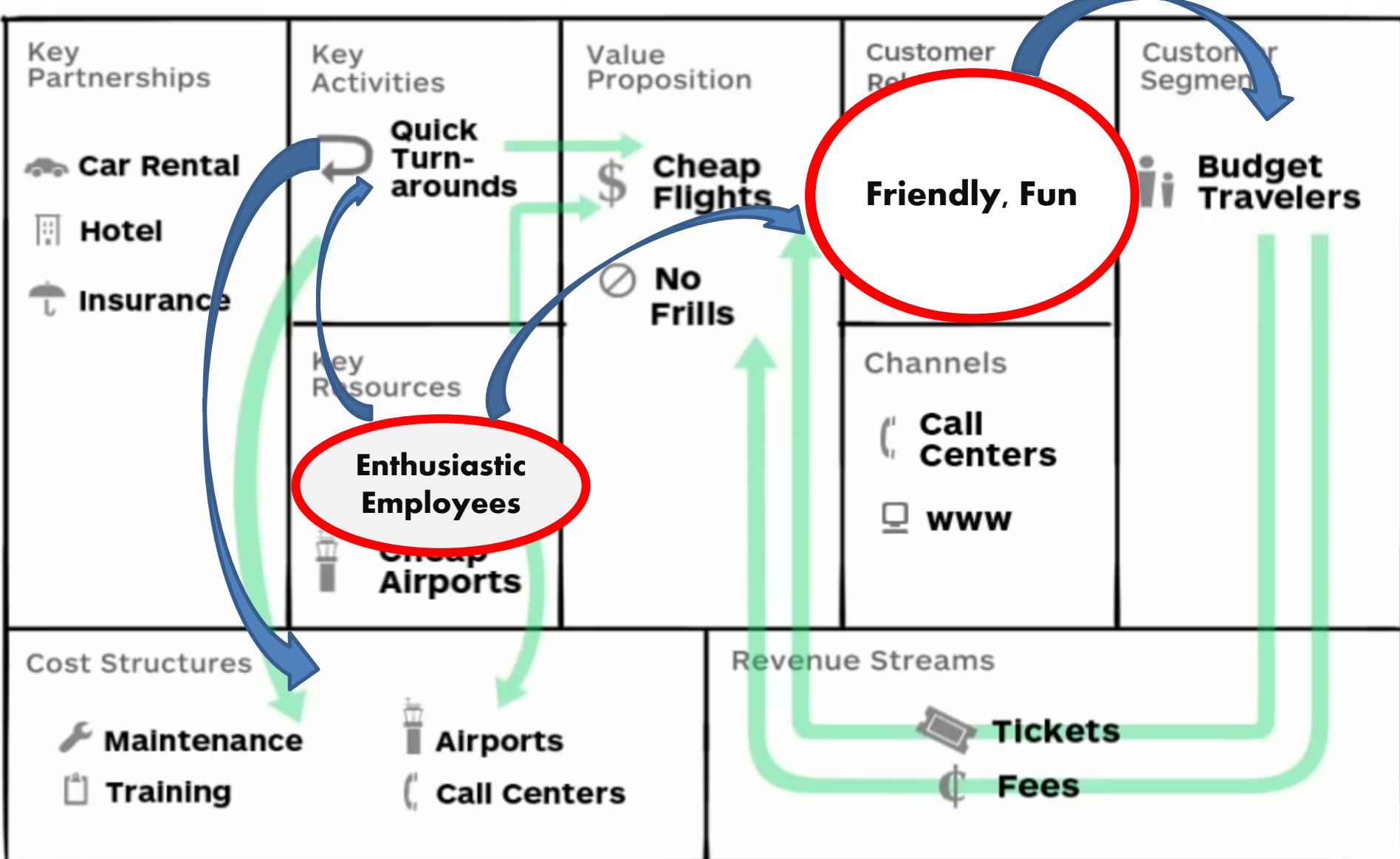


# Visualizing Your Business Model

<http://www.youtube.com/watch?v=wIKP-BaC0jA>

# DISCOUNT airlines





# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

## 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?

**MOTIVATORS FOR PARTNERSHIPS:**  
Optimization and economy  
Reduction of risk and uncertainty  
Acquisition of particular resources and activities

## Key Activities



What Key Activities do our Value Propositions require?  
Our Distribution Channels? Customer Relationships?  
Revenue streams?

CATEGORIES:  
Production  
Product Scaling  
Platform Network

## Value Propositions



What value do we deliver to the customer?  
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?

**CHARACTERISTICS:**  
Affordability  
Reliability  
Customization  
"Getting the Job Done"  
Delivery  
Brand/Status  
Price  
Cost Reduction  
Risk Reduction  
Accessibility  
Convenience/Usability

## Customer Relationships



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

**EXAMPLES:**  
Personal assistance  
Dedicated Personal Assistance  
Self-Service  
Automated Services  
Consultative  
Co-creation

## Customer Segments



For whom are we creating value?  
Who are our most important customers?

Mass Market  
Niche Market  
Segmented  
Diversified  
Multi-sided Platform

## Key Resources



What Key Resources do our Value Propositions require?  
Our Distribution Channels? Customer Relationships?  
Revenue streams?

**TYPE OF RESOURCES:**  
Physical (land, equipment, facilities)  
Intellectual (brand patents, copyrights, data)  
Human  
Financial

## Channels



Through which Channels do our Customer Segments want to be reached?  
How are we reaching them now?  
How are our Channels integrated?  
Which ones work best?  
Which ones are most cost-efficient?  
How are we integrating them with customer routines?

**CHANNEL PHASES:**  
1. Awareness  
How do we raise awareness about our company's products and services?  
2. Evaluate  
How do we help customers evaluate our organization's Value Proposition?  
3. Purchase  
How do we allow customers to purchase specific products and services?  
4. Deliver  
How do we deliver a Value Proposition to customers?  
5. After sales  
How do we provide post-purchase customer support?

## 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?

**OUR BUSINESS MODEL:**  
Cost Driver (Direct, Indirect, Sunk costs, low price value proposition, maximum automation, extensive outsourcing)  
Market Position (Focused on value creation, premium value proposition)

**SAMPLE CHARACTERISTICS:**  
Fixed Costs (Salaries, rents, utilities)  
Variable costs  
Economies of scale  
Economies of scope



## Revenue Streams



For what values are our customers really willing to pay?  
For what do they currently pay?  
How are they currently paying?  
How would they prefer to pay?  
How much does each Revenue Stream contribute to overall revenues?

TYPE	PRICE	STREAM PRICES
Affiliate sales	Unit Price	Product / Item dependent
Usage fees	Customer segment dependent	Yield Management
Subscription Fees	Volume dependent	Real-time Market
Licensing		
Branding fees		
Advertising		



DESIGNED BY: Business Model Foundry AG  
The makers of Business Model Generation and Strategyzer

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# Value Proposition Canvas

<https://www.youtube.com/watch?v=aN36EcTE54Q>

# The Value Proposition Canvas

Value Proposition



Customer Segment

