**Model Economics**

- Expected customers through GET-KEEP-GROW funnel

**Get**

• Posting advertisements on school notice boards

• Handing out advertising leaflets to pedestrians in the street

• Advertising on social media apps

**Keep**

• Weekly emails to customers

• Gifts for the holidays

• Handle offline enquiry points and talk to customers face to face

**Grow**

• Members have access to more services

• Produce a website to put members' information electronically

○ **Get**

**Posting advertisements on school notice boards**

The school's notice board is a public area with many students who pay attention to its contents, making it a low-cost and high-traffic way to broadcast.

**Handing out advertising leaflets to pedestrians in the street**

Because of the limited amount of liquidity at the beginning of the business, hiring people to distribute leaflets in the street is also a good way to spread the word.

**Advertising on social media apps**

We can place ads every month on popular social media outlets such as facebook, twitter, instagram etc.

○  **Keep**

**Weekly emails to customers**

Each subscriber receives a weekly email from us with information about the services, discounts, and benefits we offer.

**Gifts for the holidays**

We give our clients gifts every holiday season, including treats, umbrellas, keychains and more.

**Handle offline enquiry points and talk to customers face to face**

If funds permit, we will also rent a shop and open an offline consultation point to provide service consultation, customised services and other services.

○  **Grow**

**Members have access to more services**

We offer premium support to our members, including priority service, customer-appointed service personnel and creative design.

**Produce a website to put members' information electronically**

When the number of members is high, we will create a website where we will store the members' information in a cloud database and members can log on to the website to access the service and new customers can register as members through the website.

- Generating Demand

Ways of generating demand include advertising and working with some schools.

Our demand generation strategies are manifold:

• Advertising

We choose to work with well-known social media companies such as twitter, facebook and instagram to promote our company and services. We will also be showcasing our company and services on a number of high traffic sites including google, youtube.

• A Partner with schools

We work with some high schools to promote our services to help them become more effective. We also work with universities to optimise the placement of images on their bulletin boards to increase the effectiveness of their displays.

- Estimated Customer Acquisition Cost

Following is a rough estimate for the total cost.

All the estimates are in euros and for a period of one month.

|  |  |  |
| --- | --- | --- |
| **Medium** | **Cost** | **New Sign-ups** |
| Product Development | € 500 | 50 |
| Operating Cost | € 500 | 10 |
| Marketing Cost | € 1000 | 20 |
| **Total** | **€ 2000** | **80** |

Thus the total customer acquisition cost for a period of a month would be approximately **€25** (Cost/Conversion).

- Revenue Stream Type

(per customer segment and estimate of what unit price the customer will pay)

Our online platform will have two main sources of revenue stream.

1. Subscription
2. Advertising

**• Subscription**

If users like our service, they can choose to subscribe to us and pay us a monthly subscription fee to receive our content push, which is delivered by us putting the content live on our website and by supporting users to subscribe via RSS feeds, where we automatically send updates to their email inbox.

Estimated unit price paid by per user per month for subscription is € 10.

**• Advertising**

When our website or app has accumulated a certain number of users, for example 100,000, we start to pay for advertising with content that is as relevant as possible to graphic design.

Estimated unit price paid by per advertiser is € 100.

- Estimated LifeTime Value

(per customer for each segment)

For calculating the lifetime value per customer we will be using the following formula

*Lifetime Value per Customer (CLV) = (average value of purchase) \* (number of times customers will buy each year) \* (average length of the customer relationship (in months))*

For our platform, there will be three different types of users with different length of relationships.

1. Readers
2. Media Companies
3. Advertiser

**Readers (Individuals that watch news)**

|  |  |
| --- | --- |
| Average Value of Purchase | 10 |
| Number of subscription | 10 |
| Length of custom | 12 |

CLV = 10 \* 10 \* 12 = 1200 euros per year

**Media Companies(News media check the bias of their coverage)**

|  |  |
| --- | --- |
| Average Value of Purchase | 100 |
| Number of subscription | 2 |
| Length of custom | 1 |

CLV = 500 \* 2 \* 1 = 200 euros per year

**Advertiser (Businesses or individuals that place ads on plug-in)**

|  |  |
| --- | --- |
| Average Value of Purchase | 100 |
| Number of subscription | 2 |
| Length of custom | 1 |

CLV = 500 \* 2 \* 1 = 200 euros per year

- Itemise business costs

(comparison of total to planned revenue stream)

**Business Cost**

Business cost estimation per year include cost of product development and operating as well as marketing cost. As calculated above the total estimated marketing cost of the product is € 2000 per year.

We have two planned revenue stream for the product one is subscription and other is advertisement. Subscription will cost € 10 per month per user and there woul d be approx 10 new subscriptions every month. Thus the total revenue from subscription will be € 1200 from subscription revenue stream.

From advertising the estimated revenue per advertiser would be € 500. So the total revenue estimate for the business would be € 1200 + € 200 + € 200 = € 1600 per year and business cost would be $ 2000. Thus the total cost to run the business excluding the profit from the business cost would be € 2000 - € 1600 = € 400.

Considering that this is an initial estimate chalked up to get an idea about the economic viability of the product, it can be safely assumed that as the number of users grow, the revenue from the number of subscription will also increase and subsequently the revenue from advertisements will increase.