

# PRODUCT STRATEGIES

*lesson 5*





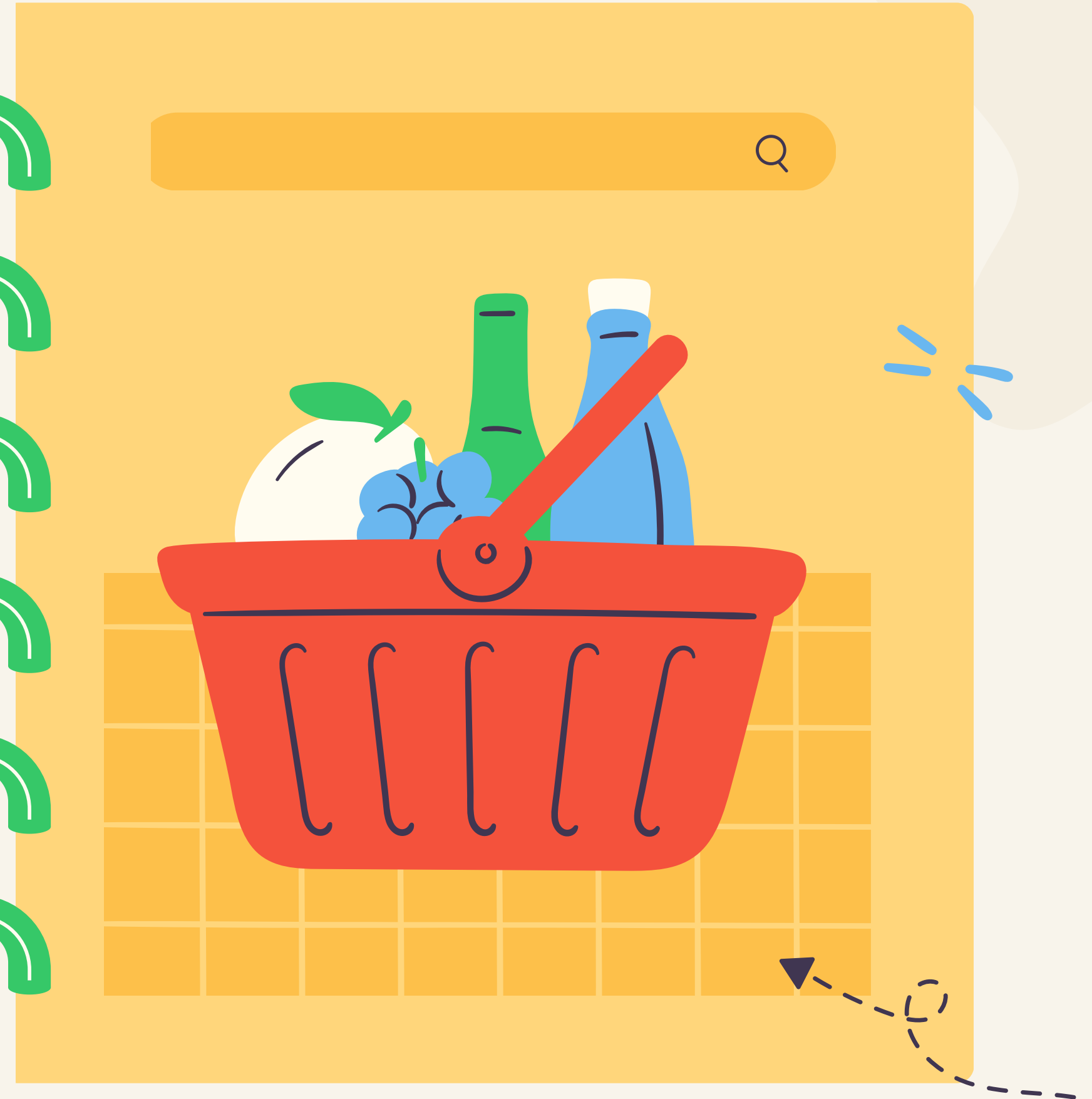
## CREATING THE BUSINESS MODEL

Business model refers to the mode by which the product concept seeks to make money so that it can have a sustainable operation. You can think of a business as a machine that generates revenues. In order for it to continue going, it should be generating enough revenues to cover both its costs of operations, as well as providing a decent return on its investment.



**Facebook** began its first years purely as a social media site with no clear business model in place. But eventually the model became clear: claim as many users as possible (now over a billion worldwide) and then utilize them as a massive pool of captive viewers for attracting advertising revenues.

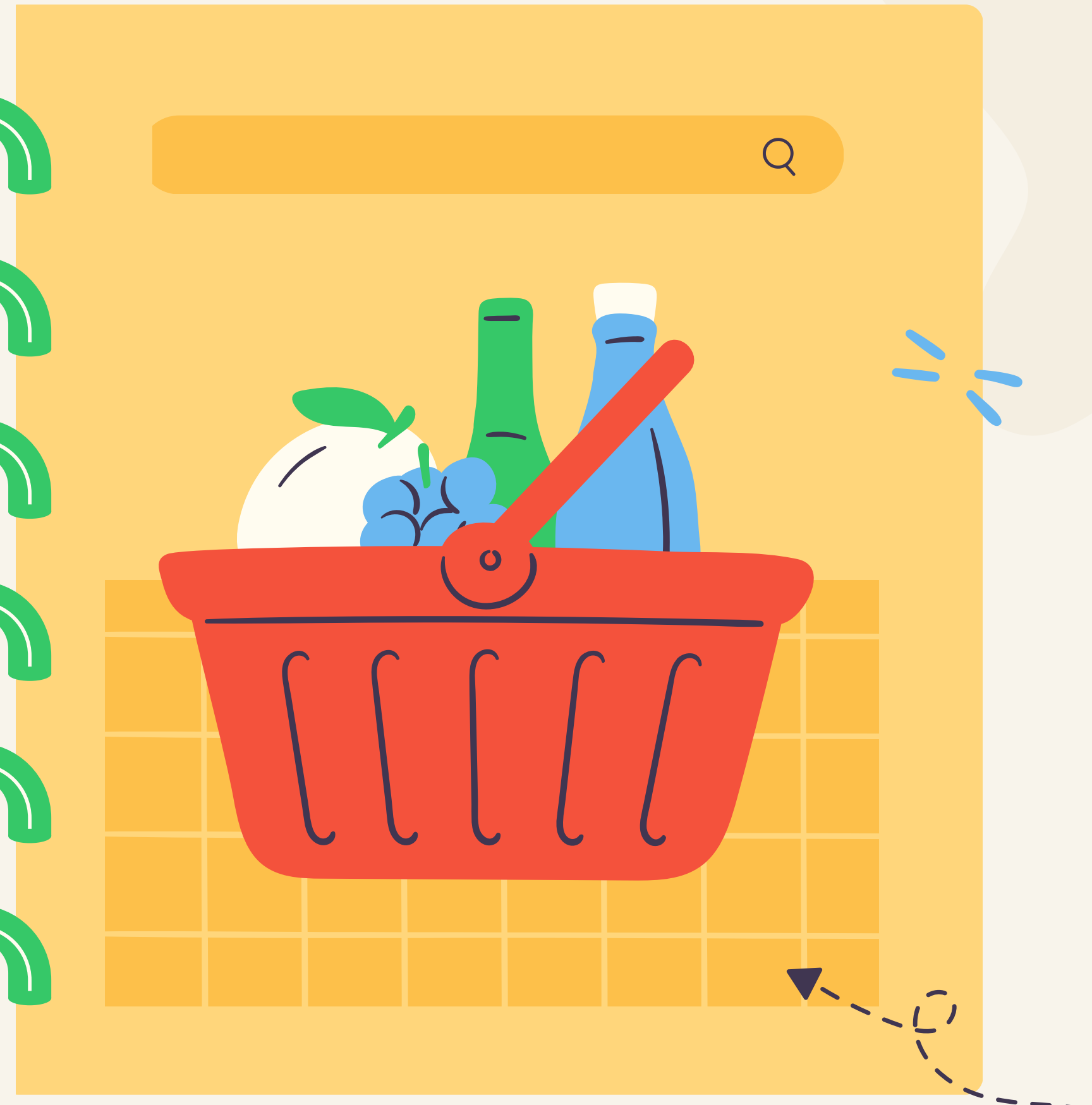
**Newspapers** and Magazines have always been funded by advertising placements. But as fewer and fewer people read the papers (because of TV and the Internet), advertising here has become less and less attractive.



**Buffets** have become very popular as alternatives to à la carte fare in restaurants. Places such as Vikings and Buffet 101 use a business model that is based on a bit of statistics;

**advertising** You get to consume the product with no cash outlay and with the costs of providing the product being covered for by a number of third party advertisers.

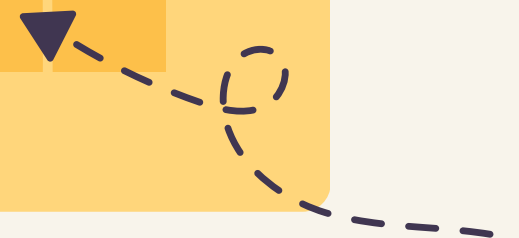
**Sponsorship** Alternately, instead of constantly finding a number of small advertisers to support ad-based businesses, you may opt to focus on a few big sponsors instead. This leads to less “clutter” in the media (as there are fewer advertisers) and more focused messages from the sponsors.

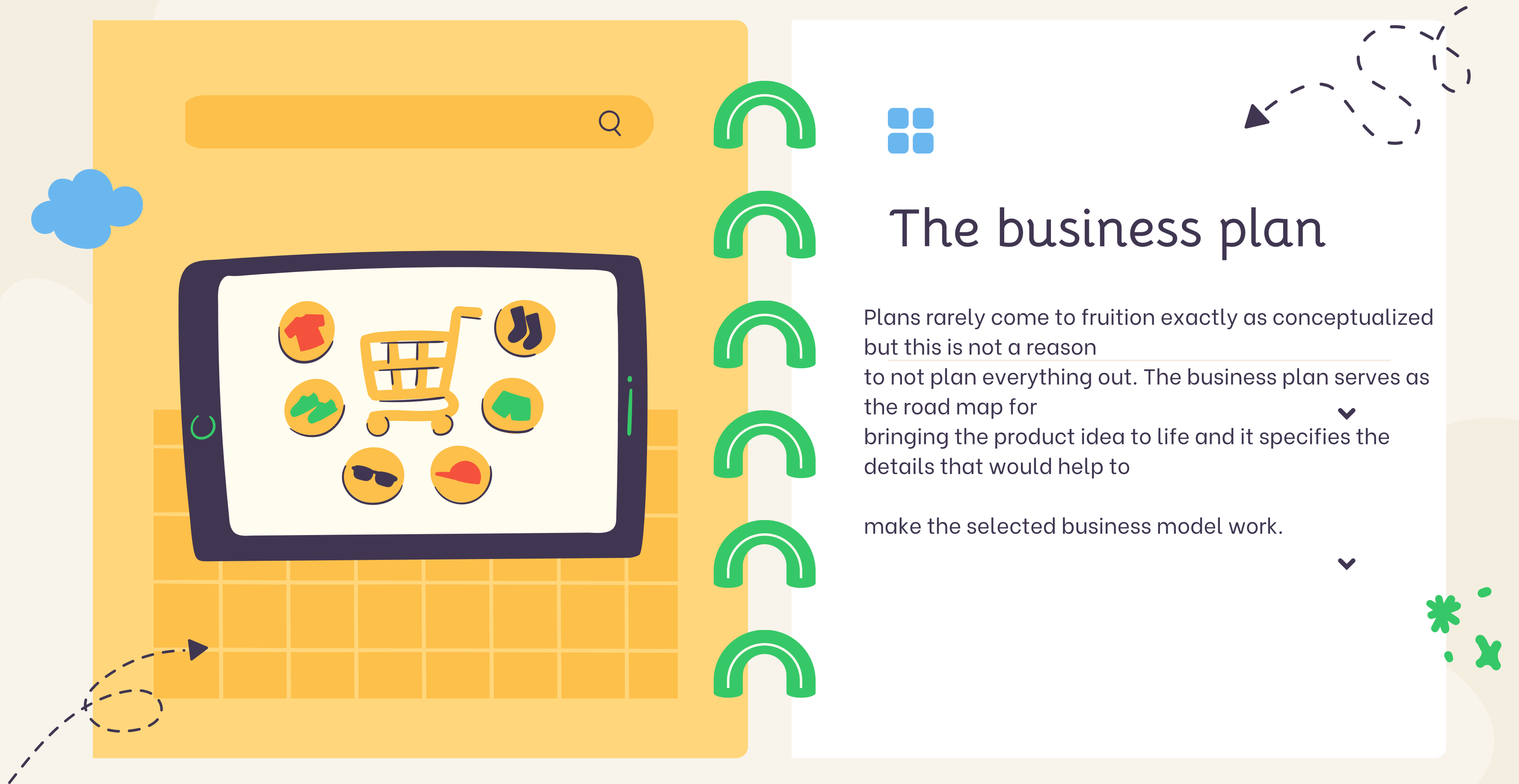


**Donation** This is often the business model of choice for non-profit organizations but also the model that fuels a number of online and mobile products such as games and productivity apps. These organizations and developers hope that while their products or services are being offered for free, enough people will be grateful and provide a sufficient pool of funding to keep the services going on.

**Rent or Lease** For expensive assets, such as machinery or vehicles, they sometimes become more attractive for the market to consider through renting rather than outright ownership.

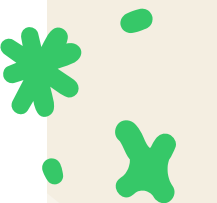
**Subscription** Certain products and services lend well to a subscription model. Instead of consumers buying the product at stores, a subscription business sends the products regularly to their door in exchange for a fixed monthly fee.

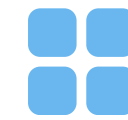




# The business plan

Plans rarely come to fruition exactly as conceptualized but this is not a reason to not plan everything out. The business plan serves as the road map for bringing the product idea to life and it specifies the details that would help to make the selected business model work.

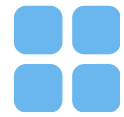




# COMPETITIVE STRATEGIES

Much of your business development plans will center around

the question of “How can I compete effectively in the market?” Even if you manage to create a new product or service idea that is very unique and with no pre-existing competition. this question will still be relevant because you still will have to determine how you can compete over the long term, especially once competition does come in.



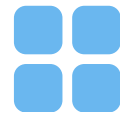
**least cost** his strategy involves producing goods or services at the least possible cost, and then passing these to consumers through low-priced, affordable

products. This strategy requires an obsessive attention to operational efficiency—finding the cheapest ways to produce a product or service, investing in the most

economical production methods and technologies,

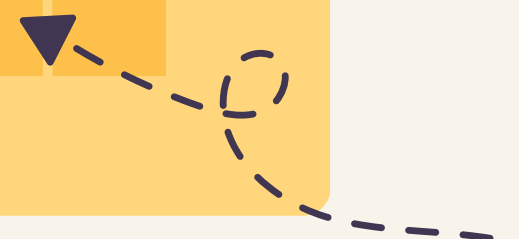


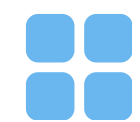




**Differentiation.** This strategy involves a lot of brand-building, with an effort to get the market to associate the brand with particular benefits that, hopefully, will be distinctly associated with the brand.

**Niche.** niche strategist is one that focuses on the needs of a very specific target market, usually a market that is small enough or specialized enough that it requires particular expertise.

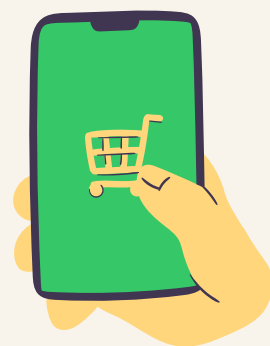
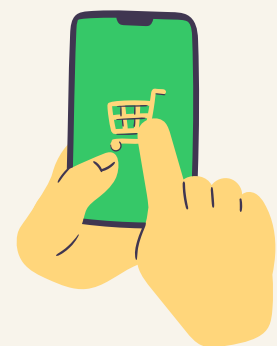




**Thank You  
So Much**



# Resource Page



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