Business Models

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Internet Marketing Plan: B2C

PHASE 1
Gathering and Analyzing Information about
Customers
Competitors
Evolution trends about my business
SWOT Analysis (coherence)

PHASE 2
Verbalizing The Strategy
Segmenting and Targeting
Business Model
Positioning

PHASE 3
Setting the Web Site Objective
How many customers do we want to attract?
Which actions do we want our customer to do online?
How can we measure them?

PHASE 4
Tactics
Actions to realize the objectives:
Which kind of web site are we going to build?
How can we attract our potential customers?
How can we create awareness?...

PHASE 5
Control and Measurement
How can we realized to have reached our objectives?
How can we control the results?

Data Analysis

Strategic Decisions

Operative Decisions
Segmenting and Targeting online

1. In order to segment the market we have to control:
   - Market dimension and growth trends
   - Unsatisfied needs or only partially satisfied needs
   - Weak competitors
   - Compatibility with traditional channels

2. Which are the most important benefits we can give to our customers?
   - We have to determine the concrete value delivered to our customers
   - The price is not the unique decisional priority…
What is a Business Model?

A business model consists of two elements:
(a) what the business does
(b) how the business makes money doing these things.

Corporate Value

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   - Market Dimension and Growth trends
   - Unsatisfied needs or only partial satisfied needs
   - Weak competitors
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2. Which are the most important benefits we can give to our customers?
   - We have to determine the concrete value delivered to our customers
   - The Price is not the unique decisional priority…

3. The firm is able to deliver this value?
   - Can do it better than competitors?
   - Which are our tangible and intangible assets?
   (the requirements change a lot between tangible and intangible products)
How firms make money online in B2C Business?

1. Broker
2. Advertising
3. Merchand
4. Manufacturer
5. Infomediary
6. Utility
7. Affiliation
8. Community
9. Subscription
1. Broker Models

Market-makers: they bring buyers and sellers together and facilitate transactions. Those can be business-to-business (B2B), business-to-consumer (B2C), or consumer-to-consumer (C2C) markets. A broker makes its money by charging a fee for each transaction it enables.

**Buy/Sell Fulfillment**
Examples: [www.etrade.com](http://www.etrade.com); [www.lastminute.com](http://www.lastminute.com); [http://www.mortgage-intelligence.co.uk/](http://www.mortgage-intelligence.co.uk/)
Some models work on volume and low overhead to deliver the best negotiated prices, for example, [CarsDirect](http://www.carsdirect.com).

**Market Exchange** -- common model in B2B markets. Good examples are World Chemical Exchange. In the exchange model, the broker typically charges the seller a transaction fee based on the value of the sale. Few of these kind of sites have been remained in the online marketing. They survive thanks to auction and support in scouting suppliers.

**Virtual Mall**
A site that hosts many online merchants. The Mall typically charges setup, monthly listing. The virtual mall model may be most effectively realized when combined with a generalized portal.

Elaborated from: [http://digitalenterprise.org/models/models.html](http://digitalenterprise.org/models/models.html)
1. Broker Models

- **Auction Broker**

- **Reverse Auction**
  The "name-your-price" business model and "shopping by request". In some models, the broker's fee is the spread between the bid and fulfillment price and perhaps a processing charge. [ex: www.priceline.com, www.eWanted.com]

- **Bid Auction**
  www.bidonline.co.uk, www.ubid.com

- **Classifieds**
  A listing of items for sale or wanted for purchase, typically run by local news content providers.

- **Search Agent**
  Traditionally, an agent (i.e., an intelligent software agent or "robot") used to search-out the best price for a good or service specified by the buyer, or to locate hard to find information. [Ex: www.DealTime.com, www.MySimon.com,]

  New generation Search Agents work like Virtual Mall
  An employment agency can act as a search agent broker, finding work for job-seekers or finding people to fill open positions listed by an employer. [CareerCentral]
2. Advertising Model

The web advertising model is an extension of the traditional media broadcasting model.

**Generalized Portal** (ex: search engines and directories like Google and Yahoo! or content driven sites like AOL).

**Personalized Portal** (ex: My.Yahoo!, iGoogle, Myspace) allow customization of the interface and content.

**Specialized Portal** These sites are self-targeted websites. Ex. only golfers, or home buyers, or new parents.

**Attention / Incentive Marketing** It is a webmodel in declining. “Pay for attention” model loyalty-based relationship marketing approaches is MyPoints.

**Free Model** Give users something for free: site hosting (ex: hotmail)

**Bargain Discounter** the most notable example is Buy.com, which sells its goods typically at or below cost, and seeks to make a profit largely through advertising.

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3. Merchand Model

Classic wholesalers and retailers of goods and services (increasingly referred to as "e-tailers").

**Virtual Merchant**
a business that operates only over the web and offers either traditional or web-specific goods or services (a.k.a., pure-play e-tailers). [ex: Amazon, OnSale]

**Catalog Merchant**
the migration of mail-order to a web-based order business. [ex: Avon]

**Surf-and-Turf**
traditional brick-and-mortar establishment with web storefront. The model has the potential for channel conflict.. [ex: Gap, Lands End, B&N]

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4. Manufacturer Model

**Model** This model is predicated on the power of the web to allow manufacturers to reach buyers directly and thereby compress the distribution channel (i.e., eliminate wholesalers and retailers).

The manufacturer model can be based on efficiency (cost-savings that may or may not be passed on to consumers), improved customer service, and a better understanding of customer preferences. Perishable products that benefit from fast distribution, like fresh flowers [ex: Flowerbud], may prove advantageous by eliminating middlemen.

The model has the potential for channel conflict with a manufacturer's established supply chain. [ex: Intel, Apple]

Source: http://digitalenterprise.org/models/models.html