



29 business model strategies to inspire you

Research shows that serial entrepreneurs develop business models more successfully than others by building on proven strategies. Innovate like a serial entrepreneur!

Least satisfied

Instead of focusing on customers who are satisfied with the status quo regarding your solution, focus on the ones who are very unhappy.

Least satisfied

Examples

Mrs.Sporty

Mrs.Sporty offers specially designed sports training concepts exclusively for women of all ages. This provides them with the opportunity to train in a friendly group atmosphere with a high level of assistance. At the heart of the Mrs.Sporty concept is a strong focus on setting and reaching goals. It's not necessarily about losing weight; rather, it's about making the body healthy, together with the soul: something that does not exist nowadays in traditional fitness centers.

Zara

The fast fashion retailer Zara sets itself apart from other fast fashion companies, such as H&M and Forever 21, by focusing on agility and flexibility, thereby offering its customers the latest fashion trends in a very timely manner. The highly integrated business model allows for a very quick response to fashion changes, reducing or increasing production as necessary, introducing new lines, etc., all of which its competitors have not been able to offer their customers.

Niche market

Successful companies typically start out in niches before going for mass markets. To be successful in a niche, companies typically offer very specific products. However, focusing on a niche could make it difficult to transfer your solution to other markets later on.



Niche market

Examples

Segway

The Segway is a two-wheeled, self-balancing personal transporter that was initially developed for personal public transportation, but is today mostly used for in-house warehouse transportation, thereby improving worker mobility and maximizing productivity.

Polaroid

At a time, where digital technology has made the mobile phone most people's instant camera of choice, Polaroid has managed to position itself as a niche player by offering instant cameras and films dedicated to people who feel a passion for analogue instant photography.

Non-customers

Try to identify which group of people is currently not buying or consuming your product or service. Sometimes, there could be a chance to win them over as customers with a slightly different value proposition/product offering.

Non-customers

Examples

Nike Pro Hijab

Nike developed the Nike Pro Hijab, the brand's first hijab for athletes and the first ever hijab produced on a mass-market scale. It provides Muslim women with easier access to sport by addressing a core need.

Nestlé

As demand for halal food and drinks is growing increasingly around the world, Nestlé has started to display a certifying symbol on some products in order to attract customers that are conscious about purchasing according to halal standards.

Collaborative Consumption

Collaborative consumption is about sharing the consumption of certain goods among a group of people. Typically, the asset is capital-intensive, but only required on an occasional basis. While the customer benefits from the rights as an owner, the entire capital does not have to be provided by one person



Collaborative Consumption

Value Proposition

Examples

Payuca

Via its platform, Payuca offers smart parking in large cities by connecting drivers, who are looking for parking options, and home- and real-estate owners, who have free parking space available. Both sides equally benefit from more efficiency, as well as time and money savings.

Boatbound

Boatbound is an online boat rental marketplace, which allows everyday boat owners the ability to monetize their boat when it's not being used. With over 16,000 boats listed across the US, the company claims to be 'your friend with a boat', allowing boat owners as well as people in search of a temporary boat to benefit from their service.

Convenience/ Job to be done

This is all about finding new ways to increase convenience for customers. Sometimes, this may involve extension of the value chain or getting the job done in more holistic ways. What can you offer to help your customer get more of the job done?



Convenience/ Job to be done

Value Proposition

Examples

Interspar

Customers do not have to limit their shopping to physical stores, as they now have the option to order from the Interspar online store. Customers can choose from a about 20,000 products, while their purchases can be collected from centrally located pick-up boxes or delivered to their home.

UberEATS

UberEATS delivers high-quality food from a wide selection of local restaurants to people's home, right when they want it. So, when people want to eat their favorite dish, there is no need for them to leave their homes, while, at the same time, restaurants do not have to factor food delivery costs into their operating costs.

Amazon Dash

The Amazon Dash Button is a Wi-Fi connected device that reorders people's favorite items with the press of a button. Customers can push the button, e.g., when they run out of toilet rolls or washing powder, and within 24 hours a package will arrive at the front door. Hence, the Dash Button offers a shortcut to quickly finding and reordering customers' favorite products, making their shopping experience as convenient as possible

Positive feeling

Can you help to create positive emotions for your customers? Stimulating pleasant feelings typically resonates with consumers more than negative, neutral, or information-based ones.



Positive feeling

Value Proposition

Examples

Innocent

Innocent, a fruit drink brand, promises that everything it produces is 100% natural, delicious and nutritionally net-positive, thus making people physically and mentally better off after they have had their drinks than before.

TOMs

This shoe brand projects social responsibility by helping 'a person in need'; that is, with every purchase, a child in need in a developing country receives a pair of Toms shoes for free. Making 'change making' easy and affordable for customers, the company has become an internationally recognized brand.

Rent instead of buy

Sometimes, it could make sense to rent out your solution to customers, rather than selling it to them. This is particularly true if your products are expensive, such that owning them does not provide substantial additional value or is costly, e.g. due to high maintenance costs.



Rent instead of buy

Examples

Spotify

Spotify offers instant access to a rich variety of music with on-demand streaming, in return for a monthly subscription fee. Consequently, customers do not have to pay for each individual album they want to listen to, nor will they have to purchase and store CDs etc.

Sixt

With the Sixt rental car company, customers can book a high-quality and affordable car at one of its 4,000 locations worldwide. From renting a passenger van to a luxury vehicle and more, customers can choose from a big offer, making it an attractive alternative for many.

Risk Reduction

How can you reduce risk for your customers? Risk can include physical risk (risk of using the product), financial risk (cost and value of the offering), selection risk (finding the right product), delay risk (delivery in timely manner), functional risk (product does not perform as predicted or expected) and psychological risk (e.g. status, peer pressure).



Risk Reduction

Value Proposition

Examples

Intersport

By offering free ski testing for a day, this company reduces customers' risk of having selected the wrong product to match their needs.

Zalando

Clicking on 'Buy Now' does not necessarily mean the deal has been closed for good. Zalando has built its retail businesses on the model of free shipping and a painless return policy, thereby offering its customers greater purchasing power and reducing their fear of selecting something they do not want to keep in the end.

Aikido

Aikido is a Japanese martial art, which uses the strength of an attacker against them. As a business model, Aikido allows a company to offer something completely opposed to the image and mindset of the competition. This new value proposition attracts customers who prefer ideas or concepts, opposed to the mainstream.



Aikido

Value Proposition

Examples

Cirque du Soleil

Cirque du Soleil abandoned all of the factors that had long been taken for granted in the traditional circus industry. This included the use of animals, one of the most expensive elements and a source of increasing public discomfort. The lasting allure of the traditional circus came down to only three key factors: the tent, the clowns and the classic acrobatic acts. Instead of following the conventional logic of outpacing the competition by offering a better solution to the given problem, it sought to offer audiences even greater fun and thrills of the circus, as well as the intellectual sophistication and artistic richness of theatre at the same time. In turn, it redefined the problem itself.

The Body Shop

The Body Shop was one of the first cosmetics brands to prohibit testing on animals, as well as the first company to introduce fair trade to the beauty industry, as opposed to standard practices in the beauty industry.

Swatch

Developed primarily as a fashion product, Swatch has brought a new and innovative perspective to the world of watches, making its for the first time fun, fashionable, and collectible.

Gamification

Gamifying your service means employing game design elements, which are used in non-game contexts. This can improve, e.g., user engagement, organizational productivity, flow, learning, crowd-sourcing, and ease of use. It can also create a lock-in for your customers, e.g., by introducing rank lists or allowing them to connect with like-minded people.

Gamification

Examples

Duolingo

Duolingo is a free language learning platform that includes a language-learning website and app, as well as a digital language proficiency assessment exam. It highly effectively uses gamification elements like rewards, virtual currency, badges, and social areas in order to support its users in the learning process with an outstanding and entertaining user experience.

Treehouse

Treehouse is a virtual training academy for learning code, app development, and business skills that uses goal tracking and proof of achievement to engage its users. Students choose from various tracks for defined outcomes, while earning badges and points as they work through the library of courses in order to demonstrate their achievements and impress potential employers.

Pizza Hero

Domino's Pizza has gamified the ordering process in order to create a lock-in effect. Pizza lovers are given the chance to learn about the magic of pizza creation through Domino's Pizza Hero, a gamified e-commerce experience that puts the pizza in the hands of the consumer. Pizza Hero lets users experiment with dough, sauces, cheese and toppings under almost real-life conditions, as if they were creating the perfect pizza for delivery right to their door. The best pizza chefs get to actually work at their local Domino's outlet.

Lock-in effect

Customers are locked into a vendor's world of products and services. Switching to another vendor is not possible without exposing yourself to substantial additional costs. Hence, this strategy protects the company from losing customers to competitors.



Lock-in effect

Examples

Kindle

When Amazon launched its Kindle, it not only enabled people to read digital books, but also locked them into buying digital books in a proprietary format.

Gillette

Gillette launched its Mach 3 razors at an attractive price and made profits on selling blades at a comparably high price.

Canon

As well as HP and other competitors, Canon sells ink printers at fair prices, then charges very high prices for replacement ink cartridges, while ensuring that third-party cartridges are either not applicable or less advantageous.

Long Tail

Instead of concentrating on blockbusters, the main revenues are generated through selling many different niche products (so called long tail products). Adding up small sales from such products generates significant revenue without the necessity of high volumes or high profit margins of single products. Long tails typically reduce the risk of failure by spreading their offers across a portfolio of many different products.



Long Tail

Examples

Netflix

Netflix licensed a huge library of content to target niche demand and build its subscriber base. It was able to use this 'tail' business to invest in original programming, from the Emmy Award-winning House of Cards to a recent Disney deal for four new Marvel shows.

iTunes

Since it is virtually costless for iTunes to store music, it can keep stocks of an almost infinite variety of songs, including absolute niches, thus being able to reach a high number of customers.

Audible

Audible's audio book library consists of more than 200,000 audio programs from leading audio book publishers, broadcasters, entertainers, magazine and newspaper publishers, and business information providers, hence targeting a significantly diverse range of potential customers.

Multi-sided Platform (Peer-to-peer)

Multi-sided platforms have become a very popular approach, whereby platforms act as intermediaries to connect offers and demand. Platforms typically support the match through customer ratings or matching algorithms. If community functionalities are being offered, they are often referred to as peer-to-peer approaches.



Multi-sided Platform (Peer-to-peer)

Examples

eBay

The company manages eBay.com, an online auction and shopping website, where individuals and businesses can buy and sell a wide variety of goods and services worldwide, thereby connecting offers and demand via the platform.

BlaBlaCar

BlaBlaCar is the world's largest long-distance ride-sharing community, connecting drivers with empty seats and people wishing to travel in the same direction, who are willing to travel together and share the cost of the journey. Members must register and create a personal online profile, which includes ratings and reviews by other members, social network verification and rate of response.

Shop-in-shop

Instead of opening new branches, a partner is chosen whose branches can profit from integrating the company's offerings in a way that imitates a small shop within another shop (a win-win situation). The hosting store can benefit from attracting more customers, while being able to gain constant revenue through the rent from the hosted shop. On the other hand, the hosted company gains access to cheaper resources, such as space, location, workforce, and existing customer flows.



Shop-in-shop

Examples

Tim Hortons

Among others, Tim Hortons made a deal with the Spar convenience store chain in the UK and Ireland, resulting in Tim Hortons coffee and donuts being sold at small self-service counters, leading to higher profit for both companies.

Billa

The cooperation between JET gas stations and supermarket chain REWE International AG makes it possible for consumers to shop at BILLA stop & shop stores throughout Austria at JET gas stations.

User innovation

Customers become manufacturers and consumers at the same time. The company typically offers an (online) platform facilitating the customer in creating new/individual solutions. These solutions are available to other customers, generating additional sales. The company benefits from the creation of a large community, while the customer benefits from interacting with peers, receiving feedback and/or bringing an idea to life.



User innovation

Examples

Lulu

Lulu Press is an online print-on-demand, self-publishing and distribution platform, where authors upload their files for publication. Authors can buy copies of their own book and/or make it available for purchase in the 'Lulu Bookstore', receiving an 80% royalty for print books and a 90% royalty for e-books when sold.

Lego

Lego encourages its community to come up with new innovative ideas, while not being afraid to customize its sets and share creations. It has set up a website called Lego Ideas, where anyone can submit their ideas for new product set designs and, if the proposal gains more than 10,000 votes from the community, it is forwarded to the product development team for consideration.

Threadless

People in Threadless' community can make suggestions about new T-shirt designs as well as vote for which ones the company should manufacture. Engaging a consumer base in voting on shirt designs not only ensures that popular designs rise to the top, but gives consumers a stake in each day's winning design. This offers consumers a more topical, lively, participatory and personal T-shirt shopping experience, while allowing Threadless to ensure that the T-shirts offered by the site are the most popular ones with the highest profit potential.

Digitization

Digitization is about shifting existing products or services into the digital world. Advantages over tangible products could include higher accessibility or faster distribution, as well as reduced costs. The challenge often lies within finding a working revenue stream.



Digitization

Examples

Coursera

In contrast to traditional universities, Coursera is an educational technology company offering massive open online courses, which are focused on unlimited participation and open access via the Web. It works with universities and other organizations to make some of their courses available online in a wide range of subjects.

Spiegel Online

In 1994, Spiegel Online was set up as the Web offspring of the weekly German news magazine, Der Spiegel, in order to make quality journalism more accessible and cheaper. Today, it is one of the most widely read German language news websites.

E-Commerce

Online sales of products or services have allowed firms to establish a market presence, or enhance an existing market position, by providing a cheaper and more efficient distribution chain for their products or services. Almost any product or service can be offered via e-commerce, from books and music, to financial services and airline tickets.



E-Commerce

Examples

Dell

B2B as well as B2C consumers can shop online, using an electronic catalogue. In addition, Dell sells refurbished own-brand computers and other products at electronic auctions (dellauction.com).

Zalando

In contrast to most traditional stores, Zalando is an online fashion retailer only. They offer home accessories, sports gear, shoes and fashion from over 1,500 international brands for men, women and children.

Key Activities

Key Partners

Collaborative Production

Collaborative production is about creating a product or service in cooperation with partner companies or your customers. Typically, this reduces costs and/or adds value.



Collaborative Production

Key Activities

Key Partners

Examples

Google & Fiat

Google and Fiat are working together to build a fleet of self-driving minivans, marking the first time that a Silicon Valley firm has teamed up with a traditional car-maker to develop an autonomous vehicle. Fiat Chrysler decided to turn to an industry outsider in order to develop intelligent, self-driving cars, as it did not have the resources to do the work alone. On the other hand, working more closely with Fiat could help Google refine its systems as a step towards offering them in regular production cars.

Huawei & Leica

Huawei, a leading global information and communications technology solutions provider, and Leica, which is associated with some of the best cameras, have partnered on a long-term strategic partnership. Both companies work closely to develop a high-quality and enjoyable camera experience for mobile phones, adding new value for their customers.

Open Source

This strategy is about making the source code of a software product freely accessible to anyone. Generally, this could be applied to any technology details of any product. Others can contribute to the product, but also use it free of charge as a sole user. Money is typically earned via services that are complementary to the product, such as consulting and support.



Open Source

Examples

Mozilla

Mozilla is a free web browser and one of the largest open-source projects on the Internet. Whether one is a programmer, web designer, QA tester, translator or something in-between, there are many different ways people can contribute to Mozilla.

Tesla

In 2014, Elon Musk, the founder of Tesla, announced that he will make Tesla's patents open source, for the advancement of electric vehicle technology. He quoted "Technology leadership is not defined by patents, which history has repeatedly shown to be small protection indeed against a determined competitor, but rather by the ability of a company to attract and motivate the world's most talented engineers. We believe that applying the open source philosophy to our patents will strengthen rather than diminish Tesla's position in this regard."

Reverse Innovation

Simple and inexpensive products, which were developed within and for emerging markets, are also sold in industrialized countries. The term 'reverse' refers to the process by which new products are typically developed in industrialized countries and then adapted to fit emerging market needs.



Reverse Innovation

Examples

Levi's

The company first launched its Denizen brand in Asia, targeting Indian and Chinese consumers. It sought to make inroads in those markets, while learning how to best produce an affordable product, taking into account the features and fit details that are most important to consumers. Denizen jeans retail for one-third to one-half of the cost of a pair of Levi's at the roll-out stage in the US.

Procter & Gamble

The company developed a lower-price nappy line without all the bells and whistles for its Brazilian market. A basic tier of products now exists around the world under different brand names, such as Simply Dry in Western Europe.

Unique Resources

This strategy is about creating key resources or gaining access to critical resources that nobody else has on the market.



Unique Resources

Key Resources

Examples

Tesla

Tesla has built its own Supercharger network; nothing else compares to it. Tesla understands that electric car consumers want very fast charging stations, an issue that competitors have left to the market to solve.

Google

Google has used customer data, collected from its search engine and its analytics program, to develop its unique and successful Google services.

Ingredient Branding

Ingredient branding describes the specific selection of an ingredient, component and brand originating from a specific supplier, which will be included in another product. This product is then additionally branded and advertised with the ingredient product, collectively adding value for the customer's benefit. In turn, positive brand associations and properties about the product are projected, which can increase the attractiveness of the end product.



Ingredient Branding

Examples

Teflon, Gore-Tex and Dolby

Teflon is associated with the 'non-stick' attribute, the Gore-Tex brand is known for its trusted weather protection, and Dolby denotes high-quality audio. However, none of these ingredient brands manufactures its own lines of products. Instead, they are content to use their marketing resources to reinforce their positioning and attract host brands.

Carl Zeiss

Carl Zeiss is a manufacturer of high-quality optical systems, industrial measurements and medical devices. Today, mobile phones from Sony and Nokia are sporting Carl Zeiss lenses, thus reinforcing product quality. Cameras with Carl Zeiss lenses are often sold at a premium.

Crowd-funding/ Crowd-investing

Crowd-funding and crowd-investing have proven to be interesting forms of financing for many businesses. Instead of relying on a bank to finance your business, you can try to attract money from a crowd of people (typically 100+ people). The funders/investors then act as your promoters, resulting in positive marketing effects.

Crowd-funding/ Crowd-investing

Examples

Kickstarter

Kickstarter is a global crowd-funding platform, focused on creativity. It allows people to choose a funding goal and a set number of days to reach that goal. This way, people do not get stuck without sufficient funds to realize their project. If the goal is not met by the deadline, no funds are collected.

Pebble

Lacking working capital, Pebble asked its future customers to fund the development of its innovative watch, which has the capacity to read text messages and email. The campaign raised EUR 10m in the first two hours. In addition, it helped to build up a 'first crowd' of consumers.

Conda

Conda is the connecting link between entrepreneurs and investors. If entrepreneurs have an innovative business idea for which they require funding, they can place their crowd-investing project on Conda's website and give interested parties the opportunity to invest in the project from as little as EUR 100.

Donation

If you give your products or services away for free, asking for donations could be a viable approach to generate revenues.



Donation

Revenue streams

Examples

The Wikimedia Foundation

This non-profit organization behind the free, openly editable online encyclopaedia asks its millions of readers to donate money in an effort to help keep the site free of ads. Donations are also funding, e.g. a major expansion in the number of professional administrative staff and research projects.

The Guardian

The paper's online readers are being encouraged to sign up as 'members', donating anywhere from £ 49 to £ 599 per year, in exchange for privileged access to the paper's events and functions. Loyal readers of the paper could contribute as much as one third of the company's revenue within three years. In time, members may also be granted access to content unavailable to non-paying readers.

Free

Giving away products or services, which are of high value to the customer, for free can help to increase the popularity of your offer. There are various ways in which you can still make money though: someone else pays, e.g., Google services are free, but people pay for AdWords, cross-subsidization (another product covers the cost of the free offer), freemium (see freemium), buy one get one free, pay what you want (see pay what you want), and donations.



Free

Examples

Facebook

Facebook's offers its core service, being a social network, for free to its customers, while charging for advertising on the platform.

Spotify

In return for listening to music for free, consumers receive short advertisements in chronological order for the basic version of the offering. Premium customers can listen to music without advertisements in return for a monthly subscription fee (freemium).

Freemium

The basic version of an offering is given away for free in the hope that customers will eventually be persuaded to pay for the premium version. The free offering is able to attract the highest volume of customers possible to the company. The generally smaller volume of paying 'premium customers' generate the revenue, which also cross-finances the free offerings. The challenge lies in understanding what to offer for free and what to offer in the premium version.



Freemium

Revenue streams

Examples

Dropbox

Dropbox offers 2 GB of free cloud data storage. But if one wants more space, one has to pay for it. This attracts potential customers to test the service and, at the same time, promotes repeat usage (increasing loyalty), which results in users wanting to use its full range of services and signing up for the premium version, thus generating revenue.

Evernote

Evernote is an application that allows users to save snippets from web pages and notes from a wide range of devices. The company's strategies are focused on encouraging users to stay rather than to pay, as it strongly believes that, once Evernote gets under their skin, they will never want to stop using it and will sign up to its premium version.

Subscription/ Membership

Selling subscriptions has become a very popular revenue stream. Customers pay a regular fee, typically on a monthly or an annual basis, in order to gain access to a product or service. While customers mostly benefit from lower usage costs and general service availability, the company generates a more steady and upfront income stream. Subscriptions are valuable if the goods and services provide ongoing value.



Subscription/ Membership

Revenue streams

Examples

Salesforce

Salesforce popularized a new approach known as software as a service (or SaaS) by selling software as a subscription service, which runs on Salesforce's own data centers, similar to the way in which Netflix Inc. streams films to consumers. Customers pay less up front, but they may stick around for a long time, generating recurrent revenue and bigger profits over the long term.

Dollar Shave Club

Dollar Shave Club delivers razors and other personal grooming products to customers by mail at a frequency of their choosing. This allows customers to profit from significantly lower costs compared to purchasing razor blades individually.

Barter

Goods are given away to customers without actual money changing hands. In return, they provide something of value to the sponsoring organization. The exchange does not have to show any direct connection and can be valued differently by each party.



Barter

Examples

Fiat

Fiat Brazil has partnered with Use Taxi on Wi-Fi Salva Vidas (Wi-Fi Lifeguard) to educate passengers about the importance of using seat belts. In-taxi Wi-Fi devices detect when the belt is buckled before enabling free Wi-Fi, which is available for the duration of the journey.

The Commercial Bank of Dubai

This bank launched the CBD Active Saver mobile app, which rewards users with higher interest rates on their saving accounts when linked with a Fitbit or Jawbone activity tracker device. Higher interest rates and transaction limits are tied to the number of steps taken in a day, which the free app sets as goals. These goals start at 5,000 steps and increase up to 15,000 steps. Interest is accumulated according to customers' average monthly balance.

Robin Hood

The same product or service is provided to 'the rich' at a much higher price than to 'the poor'. Thus, the main bulk of profits is generated from the wealthy customer base.

Serving 'the poor' is not profitable per se, but creates economies of scale, which other providers cannot achieve. Additionally, it has a positive effect on the company's image.



Robin Hood

Examples

TOMs Shoes

The company's promise is to deliver a pair of free shoes to a child in need for every sale of its retail product. When Toms sells a pair of shoes, a new pair of shoes is given to an impoverished child in a developing country.

One Laptop per Child

This non-profit initiative was established with the goal of transforming education for children around the world. This goal was to be achieved by enabling children in low-income countries to have access to content, media and computer-programming environments. At the time that the program launched, the typical retail price for a laptop was considerably in excess of \$1,000 (US), so it was not practically possible to achieve this objective without also bringing a low-cost machine to production. This became the OLPC XO Laptop. This project was originally funded by large organisation like eBay, Google, Red Hat etc.



Innovate like a serial entrepreneur!

Let's find the right innovation program for you

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