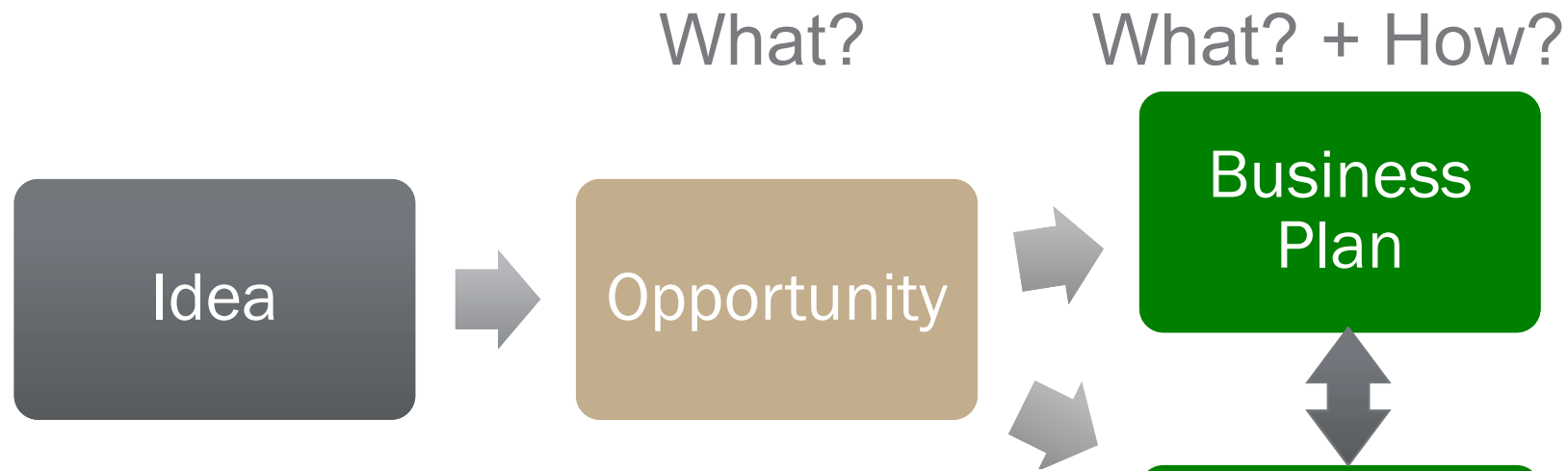




THE BUSINESS MODEL CANVAS & GLOBAL MARKETING

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Opportunity: What?

- What is the real need/problem?
- What market/customers are we after?
- What value is added?

Business Plan & Model Canvas:

What & How?

- How are the need addressed
- How do we target/serve our market/customers?
- How the value is added?

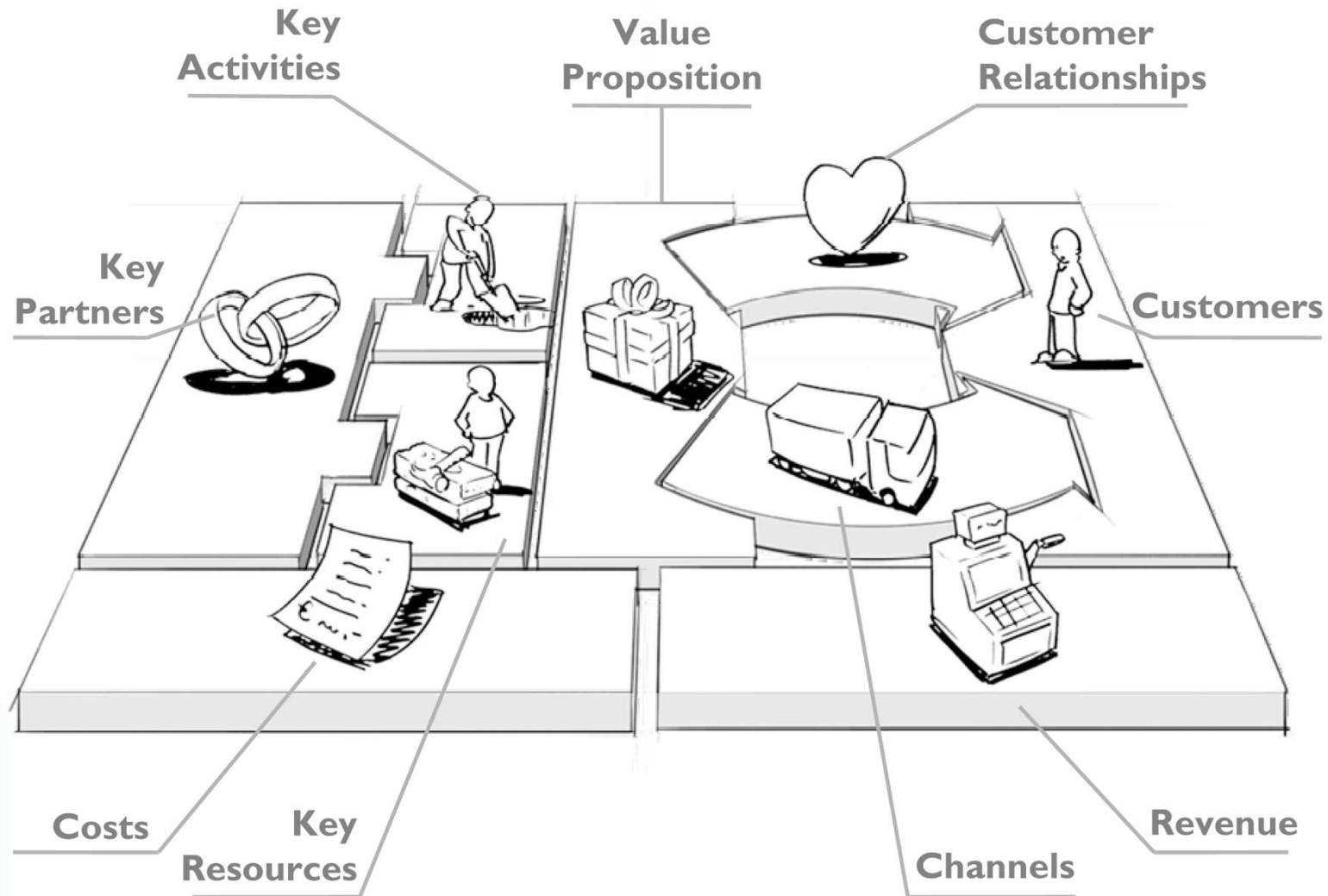


BUSINESS MODEL CANVAS: ALTERNATIVE APPROACH

- **Visual language** for business planning
- Describe the main business block of a business model
- Allows **continuous testing** of ideas/hypotheses (do not have to continuously re-write a business plan)
- Shows a **BIG PICTURE** – ROADMAP for business



BUSINESS MODEL CANVAS: 9 COMPONENTS



drawings by JAM

<http://www.youtube.com/watch?v=QoAOzMTLP5s>

1. VALUE PROPOSITION

*Value
Proposition*



- What is (are) the customers' problem(s)?
- How do you solve the problem(s)?
 - Convenience (e.g., fast free delivery of shoes)
 - Performance (e.g., faster and smaller processor)
 - Brand/Status (e.g., become a part of an exclusive club)
 - Cost reduction (e.g., free online telephone calls)
 - Etc.
- Describes the value your product and service (e.g., features, product life, customer support, etc.).
- How can you or how did they solve the problem better than your competitors?
 - Understand your competitors
 - Substitutes they are offering



2. CUSTOMER SEGMENTS

*Customer
Segments*



- Describe your customer segments or segment
- Who needs your product the most and will pay for it?
 - location (e.g., U.S., Nigeria)
 - Industry or demographics
 - characteristics and trends
- Market/industry Description
 - market size
 - market growth rate
 - market structure (e.g., fragmented)
 - Market share attainable



3. CHANNELS

Channels



How a company communicates and reaches its customers?

- Raising awareness among customers
- Helping a customer make a purchase decision
- Purchase
- Delivery
- After sales support



4. CUSTOMER RELATIONSHIPS

*Customer
Relationships*



Type of relationships a company wants to establish with the customers:

- Personal
- Self-service
- Communities (e.g., AVON)
- Co-creation (e.g., YouTube)



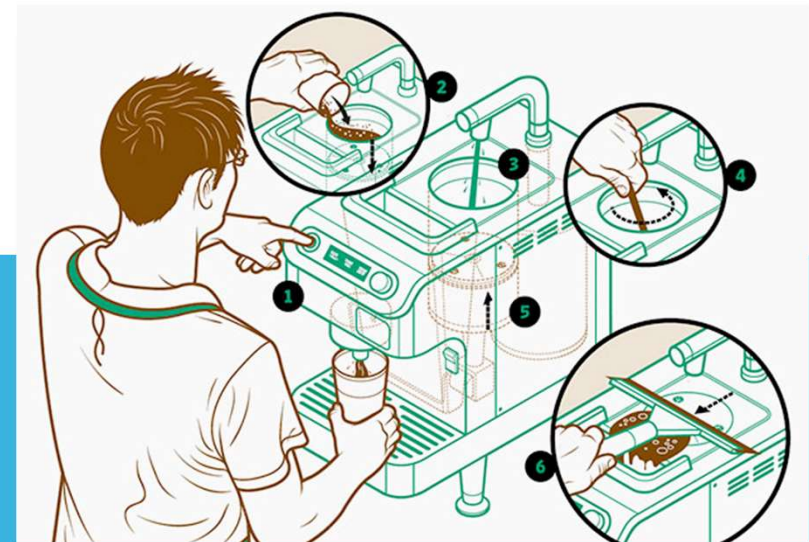
5. KEY RESOURCES

Most important assets to make value

- Physical
- Intellectual
- Human
- Financial



*Key
Resources*



6. KEY ACTIVITIES

*Key
Activities*



Most important actions an organization must make to operate successfully (think distinctive competencies, value chain)

- Production
- Outsourcing, Import/Export
- Recruiting, Training, Retaining
- Market analysis & Marketing
- Supply Chain Management
- Software design
- R&D



7. KEY PARTNERSHIPS

*Key
Partners*



Describe the key network of suppliers, distributors, strategic alliances, joint ventures, etc.

- Motivations for partnerships
 - Optimization and economies of scale
 - Acquisition of particular resources
 - Strengthening brand
 - Reducing risk and uncertainty



8. REVENUE STREAMS

Revenue Streams



Cash that the company generates from each Customer Segment

Revenue Streams

- Asset sale
- Usage fee
- Subscription fee
- Licensing / Franchising
- Leasing/Renting/Lending
- Advertising
- Brokerage fee

Pricing Mechanisms

- Fixed Pricing
 - ✓ List Price
 - ✓ Feature Dependent
 - ✓ Customer segment dependent
 - ✓ Volume dependent
- Dynamic Pricing
 - ✓ Bargaining (RFP)
 - ✓ Real-time Market

9. COST STRUCTURE

- Cost associated with creating value for customers
- Can be calculated easily after defining Key Resources, Key Activities, and Key Partnerships
 - Fixed costs (physical manufacturing facilities, rent, etc.)
 - Variable costs (marketing, insurance, etc.)

Different for Value-Driven vs. Cost-Driven companies





Operating Expenses

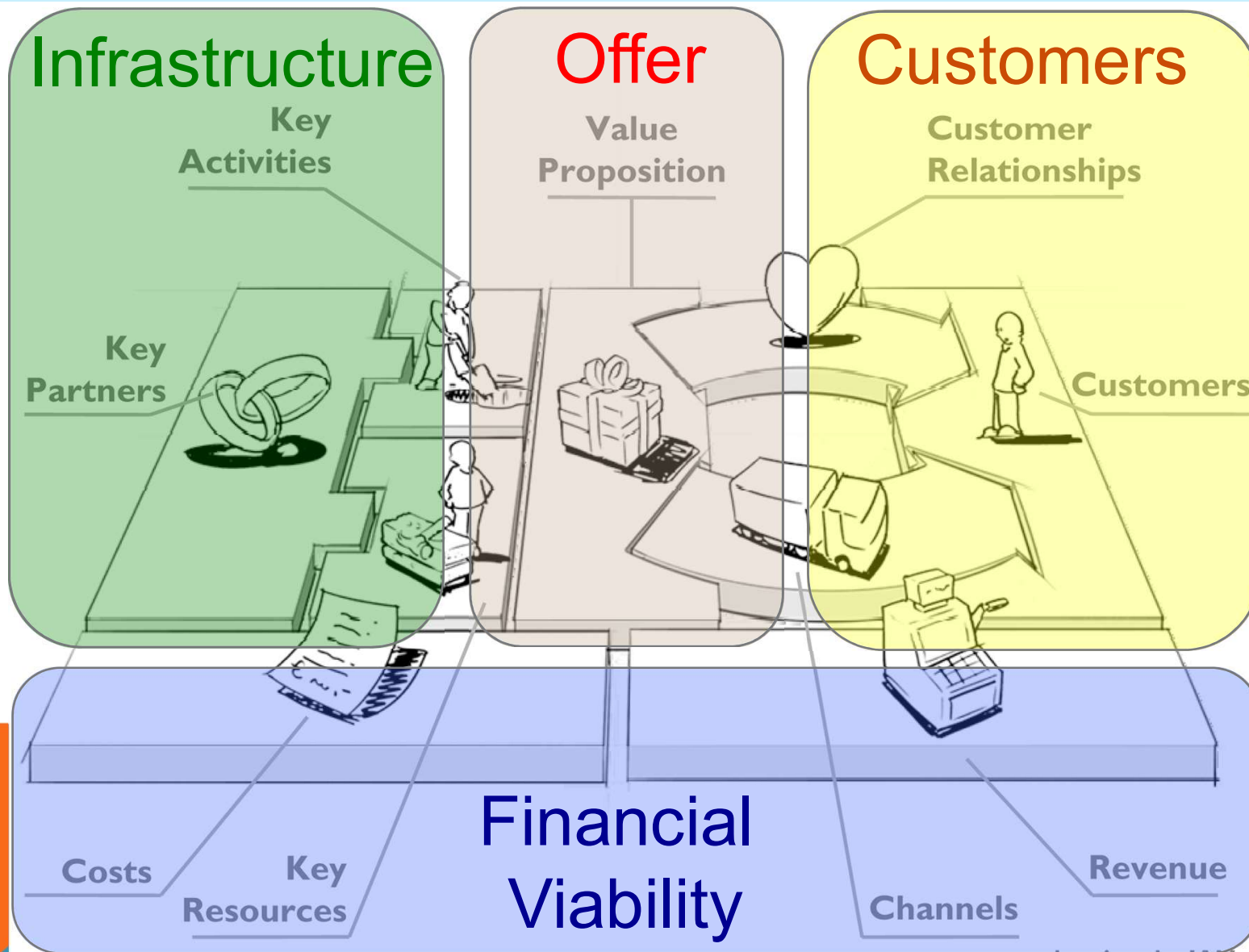
<u>Fiscal Year Ended</u>	Sep 29, 2013	Sep 30, 2012	Sep 29, 2013	Sep 30, 2012
			% of Total Net Revenues	
Cost of sales including occupancy costs	\$ 6,382.3	\$ 5,813.3	42.9 %	43.7 %
Store operating expenses	4,286.1	3,918.1	28.8 %	29.5 %
Other operating expenses	457.2	429.9	3.1 %	3.2 %
Depreciation and amortization expenses	621.4	550.3	4.2 %	4.1 %
General and administrative expenses	937.9	801.2	6.3 %	6.0 %
Litigation charge	2,784.1	—	18.7 %	—%
Total operating expenses	15,469.0	11,512.8	103.9 %	86.6 %
Income from equity investees	251.4	210.7	1.7 %	1.6 %
Operating income/(loss)	\$ (325.4)	\$ 1,997.4	(2.2)%	15.0%
Supplemental ratios as a % of related revenues:				
Store operating expenses			36.3 %	37.2 %

Source: Starbucks 2013 Annual Report

BUSINESS MODEL CANVAS

Key Partners 	Key Activities 	Value Proposition 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 			Revenue Streams 	

BUSINESS MODEL CANVAS



drawings by JAM

BUSINESS MODEL CANVAS & YOUR BUSINESS PLAN

Infrastructure

- 8. Management Team and Company Structure
- 9. Schedule and Key Activities

Offer

- 2. Problem
- 3. Solution
- 4. Business Model
- 5. Underlying Magic

Customers

- 6. Market Analysis and Marketing
- 7. Industry and competitor analysis

Financial Viability

- 10. Financial Projections

1. Executive Summary

drawings by JAM

The End

