Business Models

Name;

Institution Affiliated;

Course;

Professor;

Date;

Business Models

Introduction

A business model can be described as the central approach adopted by a business to ensure profitability in the process of doing business. The three highlighted business models in this brief paper include; brokerage model, advertising model, and affiliate model (Walaszczyk et., 2018). **Brokerage model**; A brokerage model approach to business is a strategy where the business makes profits by offering a common platform for both buyers and sellers. The profits are made through the charging of a commission when the buyers and sellers carry out transactions.

**Advertising model;** With this approach to business, the advertising model puts much emphasis on the sale of advertising. As a result, the business makes much of its profits through advertisements. For instance, an internet company that draws user traffic on their website then gets paid by other businesses for selling their advertisements to the users on the website is an example of an advertising model.

**Affiliate model;** An affiliate model is an approach to a business that earns revenue for selling products or services to target customers on behalf of another business. The settlement is normally in the form of a commission paid to the affiliate. It can be through affiliate online links that are coded.

The best business model for the start-up chosen is the brokerage business model. The business model involves facilitating buyers and sellers to carry out their transactions through a common platform then a fee in form of a commission is charged. There are a number of advantages associated with this model, they include; With the brokerage business model, profit is guaranteed regardless of whether the seller/buyer makes profits or loss in the process. Another reason is that with the brokerage model, the business does not incur inventory-related costs. Lastly, the business model is convenient in that it can be carried out virtually i.e. on the internet by just setting up a virtual platform where buyers and sellers can communicate.

References

Walaszczyk, L., de Angelis, E., Vucovič., Vlckova, G., Batzogianni, E., and Loannou, S. (2018). Business Models – Compendium. ProBm Understanding and Developing Business Models. Program of the European Union.