

Business Models

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Thanks for having the
cover page.

BUS313_Introduction to Entrepreneurship

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Introduction

A business model can be described as the central approach adopted by a business to ensure profitability in doing business. This brief paper's three highlighted business models include the brokerage model, advertising model, and affiliate model (Walaszczyk et., 2018).

Brokerage model: A brokerage model approach to business is a strategy to make 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 emphasizes the sale of advertising. As a result, the firm makes much of its profits through advertisements. For instance, an internet company that draws user traffic on their website then gets paid by other companies 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 company. The settlement usually is in the form of a commission paid to the affiliate. It can be through online affiliate links that are coded.

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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 the form of a commission is charged. There are several advantages associated with this model. They include the brokerage business model; profit is guaranteed regardless of whether the seller/buyer makes profits or loses the process. Another reason is that with the brokerage model, the business does not incur inventory-related costs.

Lastly, the business model is convenient because 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

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