

# DIGITAL MARKETING STRATEGY

Prepared by Dr. Heba Ziad

Digital Marketing Strategy  
COURSE CODE –MKT711

## Lecture 2





مجموعة جامعة  
الجميع الذكية  
للتعليم القابضة



## ALIGNING WITH YOUR BUSINESS STRATEGY

### WHAT WE WILL COVER IN THIS CHAPTER

- The Business Model Canvas
- The Nine Building Blocks of Business Model Canvas
  - Digital Business Model Types
- 7 patterns of Digital Business Model
- Subscription-based business model
  - Freemium Business model
  - peer-to-peer business model
  - Ecommerce business model
  - Hidden revenue through data
- On-Demand Business Models

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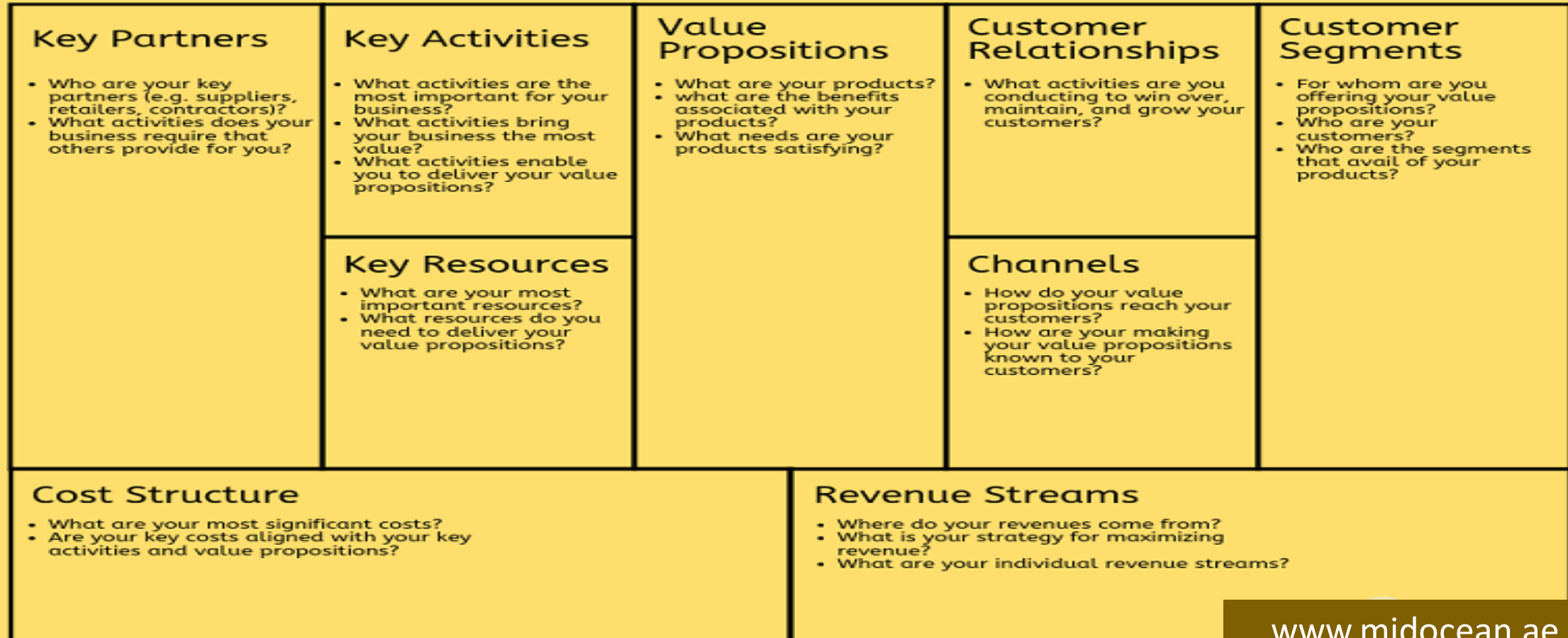
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## What is Business Model Canvas

### The Business Model Canvas

The business model canvas or BMC was proposed by the Swiss business theorist Alexander. It is a tool used to map out business models. Composed of a single sheet, the canvas offers a concise overview of the entire business model in a way that a viewer can easily understand. Moreover, it helps show the connections between the various building blocks. Because of its simplicity, the business model canvas is suitable not only for viewing business models in a single glance, but also for mapping out and modifying other existing business models, such as the [BCG matrix](#), as well as creating new ones. In other words, the business model canvas offers a simple but effective way for developing, visualizing, and communicating business models.

# The Business Model Canvas



## The Nine Building Blocks

The business model canvas is a template composed of nine segments that correspond with the nine building blocks of a business model. They are arranged as tables, with the left side representing the costs of conducting business and the right side representing the revenues for the business.

**1.Customer Segments.** Customer segments represent the clientele of the business—that is, the people who use the goods and services offered. Customer segments can be composed of only one type or many types of clients. For instance, assume that your business involves the design, manufacture, and distribution of cosmetics. Your customer segments, therefore, involve the general public. But more specifically, you may have [various types of customers](#), from individuals who buy your products for personal uses to groups who make purchases out of necessity. A good way of identifying customer segments is asking who avails of your products.

## Value Propositions:

Refers to the value that a business provides to its customers, covering not only the products but also intangible characteristics and benefits associated with the product.

**Value Propositions.** Value propositions refer to the value that a business provides to its customers. Note that value here pertains not only to the product itself, but also to intangible characteristics and benefits associated with the product. For instance, if your actual product is cosmetics, you may also be offering other benefits that come with these such as competitive prices, high quality, variety, convenience, and even brand image and reputation.

**Channels.** This building block refers to the ways by which a business reaches out to customers and delivers products. A business may have its own channels such as a storefront, via partner channels such as distributors, or a combination of the two. Channels vary among businesses, but some of the more common ones are through storefronts, retail locations, direct selling, and delivery. More recent channels are through digital mediums such as websites and mobile applications. Going back to the example provided, cosmetics can be delivered in a number of ways. You may have your own stores, employ a sales force, or consign your products to retailers.

**Customer Relationships.** This segment covers the activities that a business conducts to acquire, maintain, and expand its clientele. These activities vary depending on the aims of the business. Firstly, acquiring clients involves introducing your value propositions to your clients in order to enable an initial purchase. For instance, your cosmetics business may place ads on television and magazines. Secondly, maintaining clients involves keeping them loyal to your business. For example, providing excellent customer service and high quality products are some of the ways to keep your customers satisfied. Finally, growing the clientele involves getting your customers to purchase more. Going back to the example, you can encourage your customers to buy more cosmetics by keeping them informed of developments, launching new products, and offering promos such as discounts and bundles.

Customer relationships involve activities that foster your relations with customers. These activities are intended to win them over, sustain their loyalty, and encourage them to continue availing your products.

**Revenue Streams.** Revenue streams refer to where the money comes from. Revenue streams usually come from the customers who purchase the products, but this is not always the case. This building block also goes beyond identifying where the money comes from; it is also about forming a strategy of getting the most value from your customers. For instance, search engine companies primarily cater to the needs of the general public by providing their services for free, but their revenue generally comes from other companies who purchase space for advertisements. As for the cosmetics business, customers represent the biggest source of revenue since they pay directly for your products.

**Key Resources.** Key resources refer to the most crucial assets you utilize. Resources come in different forms, namely physical, intellectual, human, and financial. Physical resources involve tangible infrastructure such as buildings and machinery; intellectual resources include brands, copyrights, technologies, and patents; human resources pertain to key personnel that drive the business; financial resources include credit and cash reserves. For example, some key resources for your cosmetic business involve your brand image, technologies that you have developed, and creative properties.

A successful business should be able to identify its most crucial assets. Key resources include physical, intellectual, human, and financial assets. For example, brand image is a form of intellectual asset.



Key activities are the activities that are most important for operating the business. Some examples are research and development, logistics, and manufacturing.

**Key Activities.** This segment refers to the most important activities a business conducts to operate the business. These activities should be the ones delivering the most value to the business. Key activities vary depending on the business. For example, logistics is a key activity for a company handling perishable goods whereas a company offering cloud computing would consider software development as indispensable. As for the example provided, key activities for a cosmetic company include research and development, logistics, and marketing among others.

**1.Key Partners.** This building block pertains to parties who provide tools, materials, and services that you need to run your business. A good way to identify key partners is by determining the external entities that your business works with. For example, key partners for a cosmetics business would be suppliers of raw materials, retail shops who distribute your products, and celebrity endorsers.

**2.Cost Structure.** This segment refers to the main costs entailed by your business operations. Every company has operating costs, but where its money goes depends on the nature of the business. The important thing, however, is to align the costs with the key activities and value propositions—that is, to ensure that you are spending money on the most important activities, and these activities in turn should be geared towards delivering your value propositions. Alignment of these building blocks helps ensure that your costs and activities are maximizing value for your business. For instance, the most crucial costs for your cosmetics company would likely include marketing, [research writing](#) and development, and product distribution.

**The business model canvas is a simple but highly effective way to map out a business model. It is also valuable for being applicable to virtually every business, regardless of size and type. Learning more about the business model canvas can help you develop a streamlined, coherent, and successful business model.**

**Digital strategy** is the application of digital technologies to business models to form new differentiating business capabilities. In the future, all business strategy will be digital strategy.

### **Digital Business Model Types**

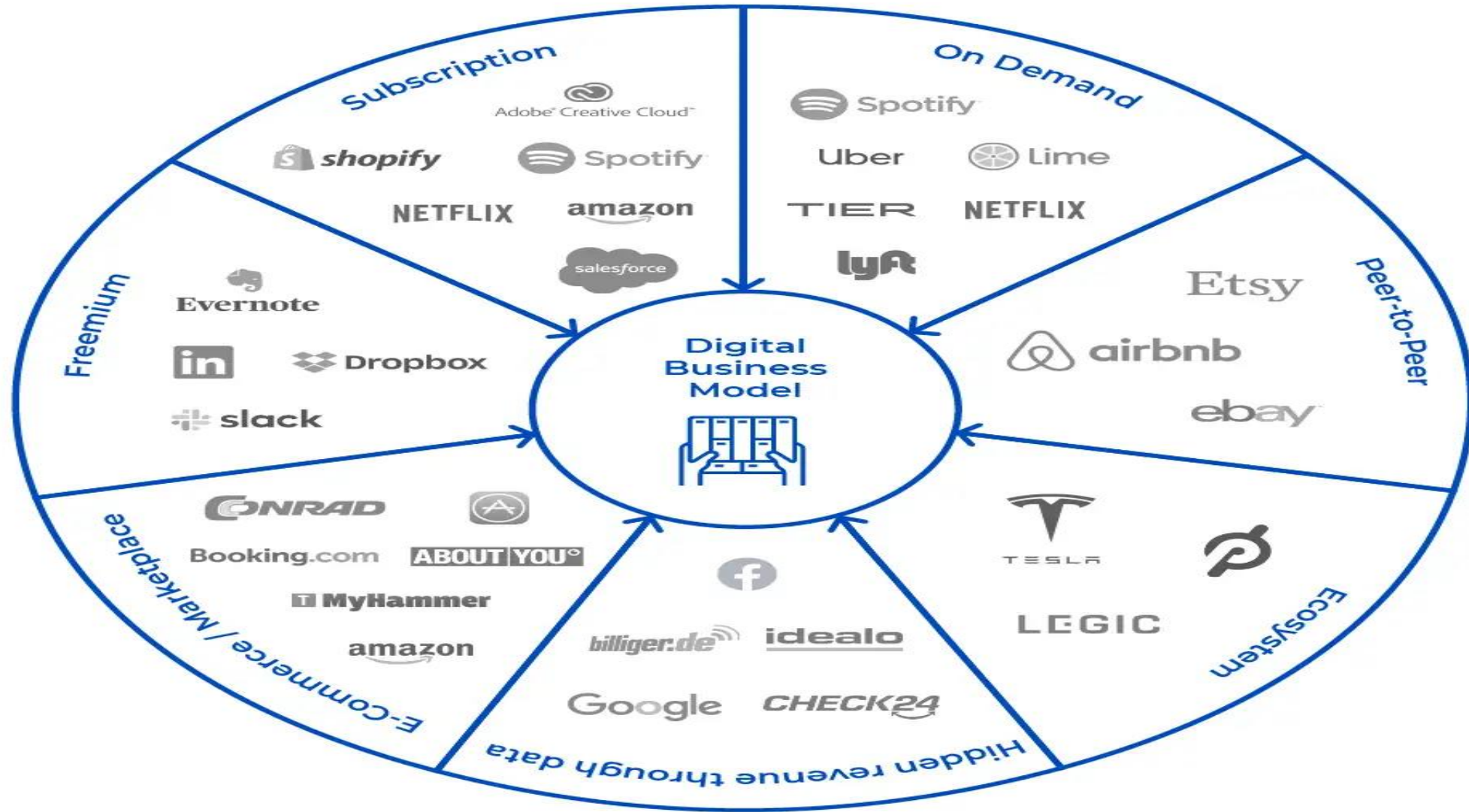
A digital business model might be defined as a model that leverages digital technologies to improve several aspects of an organization. From how the company acquires customers, to what product/service it provides. A digital business model is such when digital technology helps enhance its value proposition.

A business model is a framework for finding a systematic way to unlock long-term value for an organization while delivering value to customers and capturing value through monetization strategies. A business model is a holistic framework to understand, design, and test your business assumptions in the marketplace.

## **Business model**

Your business model could be one of many and ensuring your digital strategy fits into this is crucial. Creating an aggressive e-commerce strategy for a relationship-based B2B business would not be a good fit. Likewise, leading with a pure content and social media strategy for a sales-focused retailer is highly unlikely to deliver the sales volumes you need to achieve. It is vital that you therefore fit your strategy to your business model. There are many different definitions of business model and within those there are many models. Below is a list of common business models, some of their qualities and how they apply to your digital marketing strategy.

# 7 patterns of digital business models



## Subscription-based business model

The subscription model has been around since the 18th century. Many people are familiar with it through the local newspaper or a mobile phone contract. The customer pays a constant amount to the seller of the product or service on a regular basis (e.g. monthly). In recent years, many new digital business models based on the subscription model have emerged – and changed entire industries in the process. Instead of the one-time purchase of a DVD or CD, customers gain unlimited access to the entire library of films, series, or music tracks through a monthly payment. Prominent examples here are Spotify (music) and Netflix (video). Amazon is represented in several categories at once: music, videos, audio books, and eBooks. Increasingly more software solutions are also being offered as subscriptions. These include the Creative Cloud from Adobe, CRM systems such as Salesforce, and shop systems like Shopify.

**The advantage** of a subscription is that customers get used to the service and are reluctant to give it up if they get a lot of added value from it. Thus, bounce rates are relatively low, and the providers can expect regular revenues.

However, if a provider wants to switch to the subscription model, this means a fundamental change in both the business model and the structures behind it. The product or service may have to change completely in order to justify the recurring fees.

Subscription-based business models are built on a recurring customer base, where customers rather than own, usually have access to the product or service. The customer can have the upside of the service, without owning the good underlying it, which is maintained by the company running the subscription-based business.

## E-commerce/marketplace

E-commerce should be a household word by now: the online sale of goods. However, what few realize is that most e-commerce shops are also marketplaces. First and foremost Amazon: This is a platform for goods that are sold directly by Amazon as well as a marketplace where other commercial sellers can sell their goods. For the end user, it is a uniform portal, and the items are not sorted by supplier. This makes it seem as though Amazon can offer “everything”, even though the goods are often sold by independent retailers and not Amazon itself.

Other specialized marketplaces include About You for fashion and Conrad for electronics. There are also marketplaces for services such as my Hammer and hotels (Booking.com). The App Store from Apple is also a marketplace. Very few applications are developed by Apple itself. Instead they are developed by third-party providers who use the App Store as a sales platform.

Here, the marketplace providers also generate their revenues in the same way as the peer-to-peer providers: They receive a commission on the sales.

210.24

1,218.38

456.60

2510.41

7,513.08

2,168.02

29,240.68

## What is Ecommerce?

As the name suggests, ecommerce is the ability to buy or sell goods or services via electronic means. While there are many electronic means out there, we usually mean the internet when we say ecommerce. Also called electronic commerce or internet commerce, it can be conducted over computers, tablets, smartphones, and other smart devices.

Unlike retail businesses that ask sellers and buyers to meet in person in a physical location for the sale of goods or services, ecommerce doesn't require stepping out of your home. You can literally make transactions by sitting on your sofa.

Nearly every imaginable product and service is available through ecommerce nowadays, including books, clothes, music, plane tickets, and even consulting services.

## **What are Different Types of Ecommerce?**

Now that all of us understand the meaning of ecommerce, let's learn about the different types of e-commerce. Yes, you read it right! Just like there are different retail models, several ecommerce business models also exist.

**The following are types of electronic commerce models:**

- Business-to-Business ecommerce (B2B)
- Business-to-Consumer ecommerce (B2C)
- Consumer-to-Consumer ecommerce (C2C)
- Consumer-to-Business ecommerce (C2B)

### #1 Business-to-Business ecommerce (B2B)

The Business-to-Business (B2B) is a type of ecommerce model that involve the exchange of products, services, or information between businesses via online channels. Instead of taking orders through traditional methods like paper sale orders or retrieving products from shelves at a distribution center, businesses carry transactions digitally.

Unlike the traditional B2B model, B2B ecommerce helps both sides in eliminating plenty of overhead costs. It also embellishes the purchasing efficiency for wholesalers, manufacturers, distributors, and other types of B2B ecommerce sellers.

The following are some of the best examples of this type of ecommerce model:

**Alibaba:**

A popular global B2B ecommerce platform, Alibaba let manufacturers and retailers represent and supply their products to other businesses. It serves around 18 million buyers and sellers across 240 countries and territories.

## #2 Business-to-Consumer ecommerce (B2C)

One of the highly valued and fastest-growing ecommerce types of all time. Business-to-Consumer ecommerce (B2C) is the exchange of goods or services between online stores and individual customers. With this type of ecommerce model, businesses don't have to pay for brick-and-mortar stores since transactions take place online.

With B2C ecommerce, entrepreneurs can easily avail themselves of more business opportunities since they are not tethered to a specific location or business opening times. Business-to-Consumer ecommerce also lets businesses track their performance and gather data from customers and visitors.



### Examples of B2C ecommerce

Sellers or manufacturers that sell directly to consumers are some typical examples of B2C ecommerce. Even online retailers like clothing stores or grocery stores also follow this type of ecommerce business model.

Here's a popular example of the B2C ecommerce model:

#### Amazon:

Okay, we all have shopped from Amazon. But do you know it falls under the B2C ecommerce category? Yes, Amazon is the world's largest online retailer that sells its products directly to consumers. The company sells consumers goods like books, clothing, furniture, electronics, jewelry, and games.

### #3 Consumer-to-Consumer ecommerce (C2C)

As the name suggests, consumer-to-consumer (C2C) ecommerce is a commerce model in which one consumer sells his goods or services to other consumers, typically in an online environment. Their transactions are led by a third-party business or platform like online auction, classified advertisements, social media websites, or ecommerce websites.

The third party looks after the transaction, payments, and other ecommerce aspects. It helps sellers, as well as buyers, find each other by imposing a small fee or commission.



**Examples of C2C ecommerce**  
Here are some examples of this type of ecommerce business model:

**Etsy:**

A well-known C2C ecommerce platform, Etsy allows customers (especially those who are independent artists and crafters) to create their e-commerce shop and sell their products to other customers. If you are a huge fan of handmade or vintage products as well as unique factory products, this C2C website is made for you!

#### **#4 Consumer-to-Business ecommerce (C2B)**

Another popular type of ecommerce business model. Consumer-to-Business ecommerce (C2B) lets businesses and consumers build a fruitful relationship in conjunction. It's exactly the reverse of the B2C ecommerce model. C2B electronic commerce model let the end consumers sell their products/services to companies.

Consumers create value that organization uses to engage in an online business process or gain upper hand over competitors. This type of ecommerce business model is often used in crowdsourcing-based projects.

##### **Examples of C2B ecommerce**

Here is an example of the C2B ecommerce model:

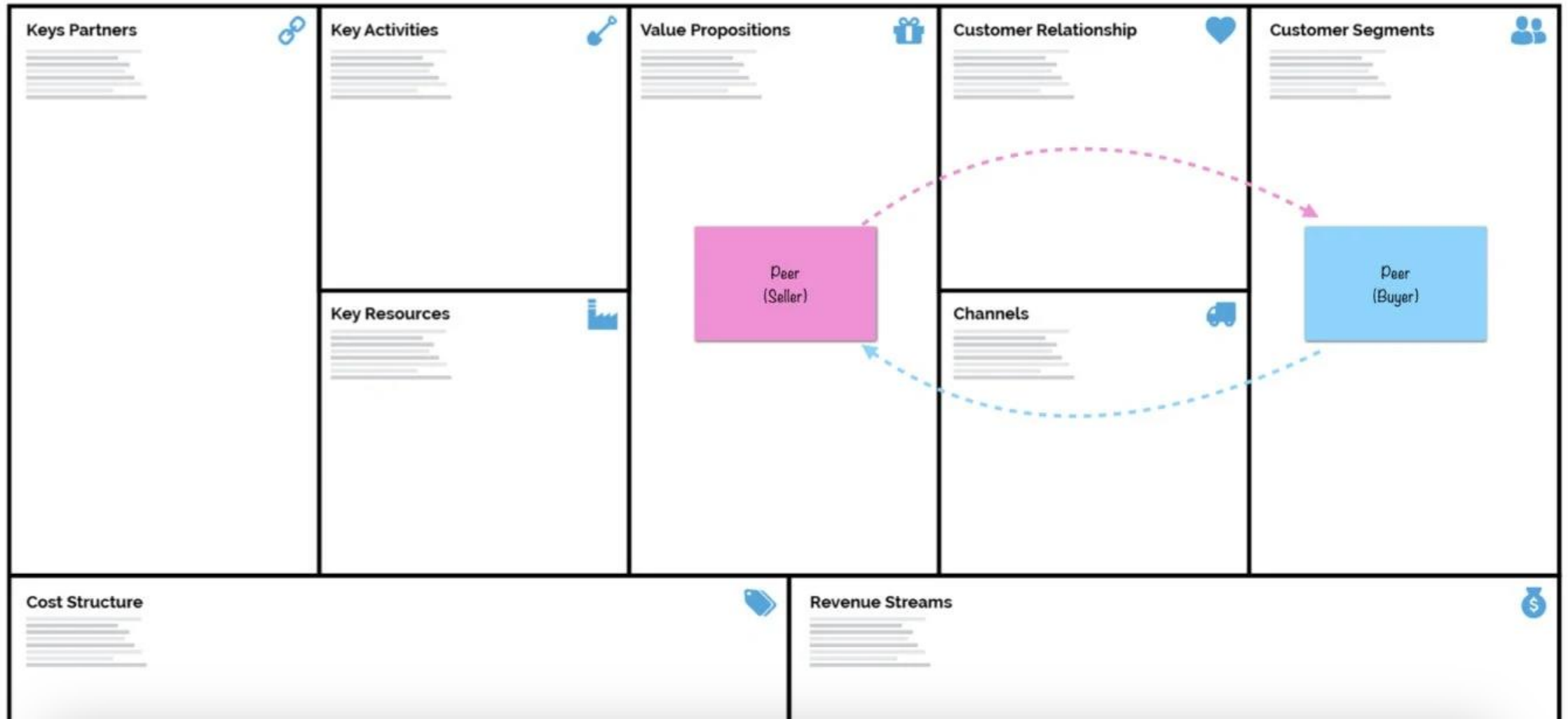
Shutter stock is a popular example of a C2B ecommerce business model. It is a vibrant community of creatives that hosts images and videos on the website. You will earn a percentage of the sale price after your content gets licensed by Shutter stock.

## **What is the peer-to-peer business model?**

The peer-to-peer business model's purpose is to act as an intermediary between individuals. It works as a matchmaker in the middle of two sides: one who has something to offer (a product or service) and others who can benefit from this offer. Usually, the peer-to-peer business model involves a kind of platform that provides contact between both sides, while establishes rules and regulations, payment systems, and any kind of process that may be necessary for the transaction to work out. This third party reduces the risk of the seller to fail on delivery as well as the buyer to fail on payment. Besides, it reduces production costs and investments, allowing lower prices for the consumer.

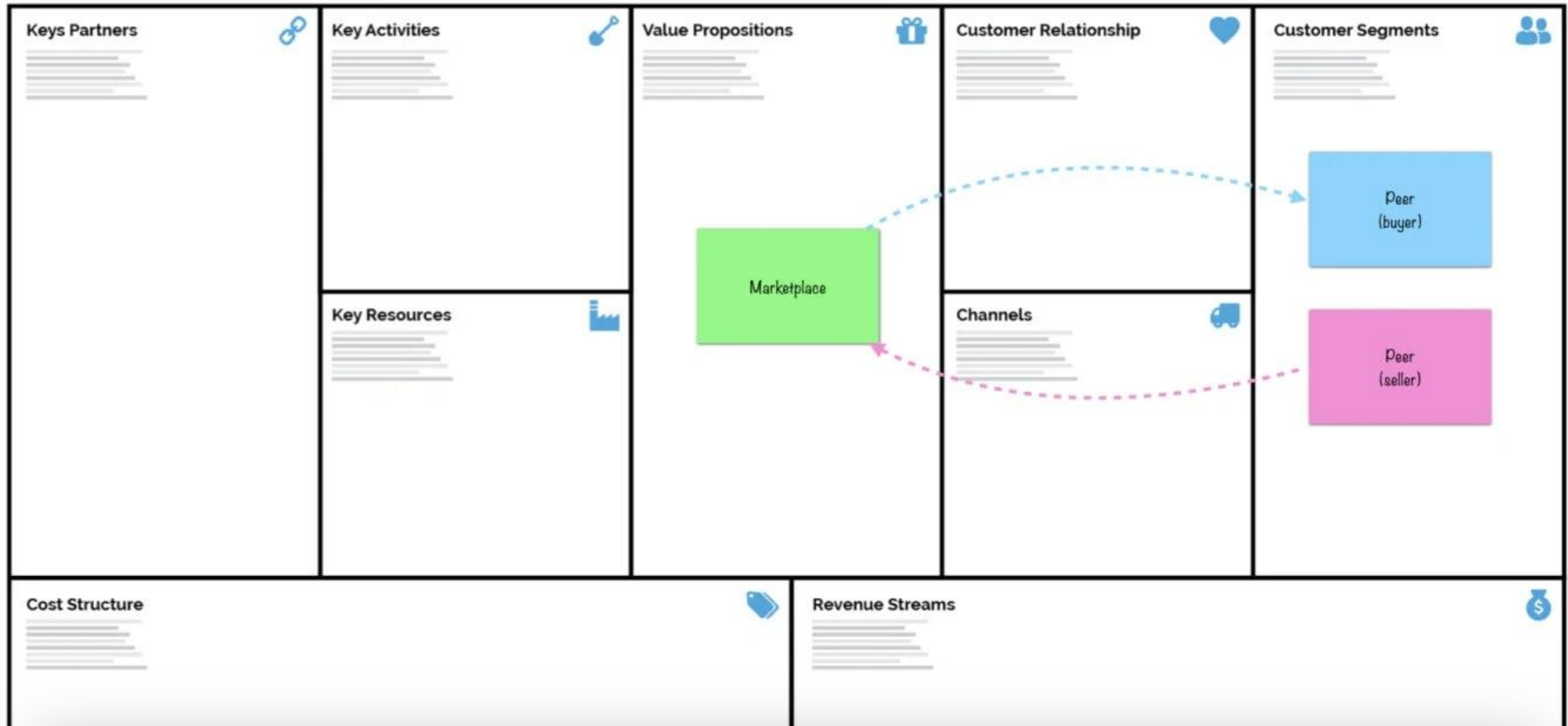


# Peer-to-Peer - Business Model Canvas



**The peer-to-peer business model canvas**

**In the ideal world the peer-to-peer business model canvas would be represented by the following canvas – no intermediaries, just direct relationship.**



But there's a business opportunity in organizing this relationship between peers (and profit from it). This opportunity gave rise to the so-called marketplaces (or platform) making the peer-to-peer business model canvas look a lot more like this:

### **How the peer-to-peer business model makes money**

There are some different kinds of revenue streams the P2P business model may employ. The most commons are transaction fees (fixed or percentage of the value), charge for access (or enhanced access), and advertisement.

### **Peer-to-peer business model's advantages**

#### **Costs**

On a regular basis, all the production process involves countless expenses and investments, which often cannot be afforded by the producers, especially when we are talking about goods and services delivered by individuals. Traditional firms have to invest in designing, manufacturing, hiring, transporting, negotiating, marketing, advertising, insuring and so many other assets and transaction costs, that it is not even worth enumerating here. But these P2P businesses have helped reduce this kind of expense, by offering individuals the structure they need to deliver their goods and services. They provide search engines and platforms that make it easier for people to share and filter data, in order to find each other and meet each other's' needs.

## Labor Specialization

The peer-to-peer business model allows individuals who are selling their products or services to specialize more deeply in their area of expertise. Because, as the specialist doesn't need to focus on other tasks necessary to commercialize their goods or activities, they can invest all their capital and energy to develop their expertise, improving, also, the quality of what they are delivering.

## Risk Reduction

Political, social, and economic conditions are always uncertain, unstable, and, therefore, involve risks. When major changes occur in the market, in customer behavior, or even when crises and natural disasters occur, it is the producers who need to take the loss. In the peer-to-peer business model, in addition to the cost reduction highlighted above, the company that acts as an intermediary also ends up embracing a good part of the direct risks arising from the management of a business. By comprehending a large part of the processes involved in offering goods and services, these platforms significantly reduce the losses and uncertainties that the producer would need to face.



## Freemium

Freemium is a portmanteau of “Free” and “Premium”. It describes a pattern for business models in which part of the product is accessible for free. As a rule, these are basic functions. However, if users want to activate more options of this product, they are forced to switch to the paid tariff. These can be various options such as using the app on multiple devices (Evernote) or the possibility to use additional communication methods (Slack). Dropbox has also chosen this model: a small amount of cloud storage is free; however, if you need more space, you must purchase a subscription. LinkedIn can also be used free of charge. However, only by signing up for premium membership do you get additional functions such as the ability to send messages to non-contacts.

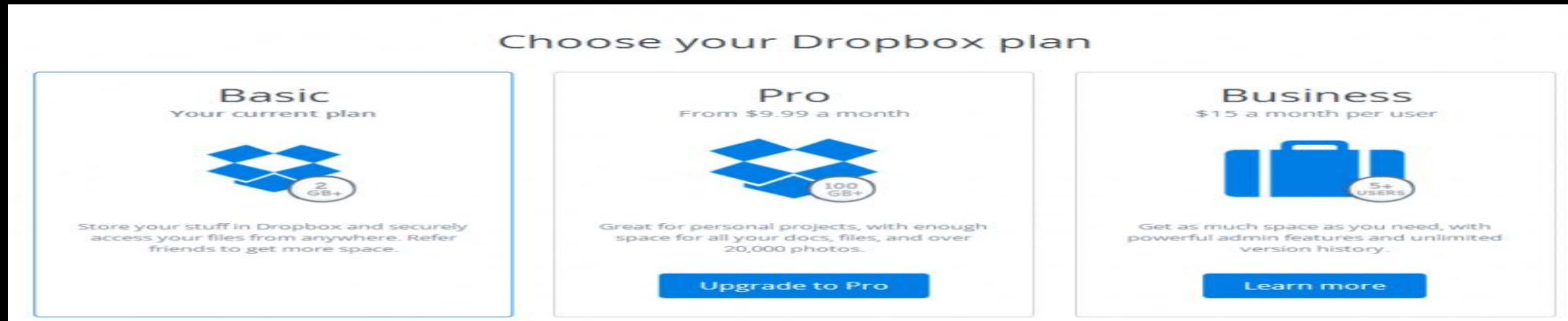
The challenge with the freemium model is that you offer a stripped-down version of your product that is still good enough that many users want to use it but at the same time still leaves enough room for improvement in order to create a premium version that is so valuable that users are willing to pay extra for it.

This model is also quite valuable when it comes to building a platform that unfolds its full value only through a high number of users. It is easier to gain many users in the first step via the “Free” product.



## Freemium Business model explained

Freemium is a business model where a firm gives away its product for free with the aim of later converting some users to the paid version. Freemium is different to a trial offer because the user can continue to use the free version for a prolonged period. Freemium is like an indefinite free trial.



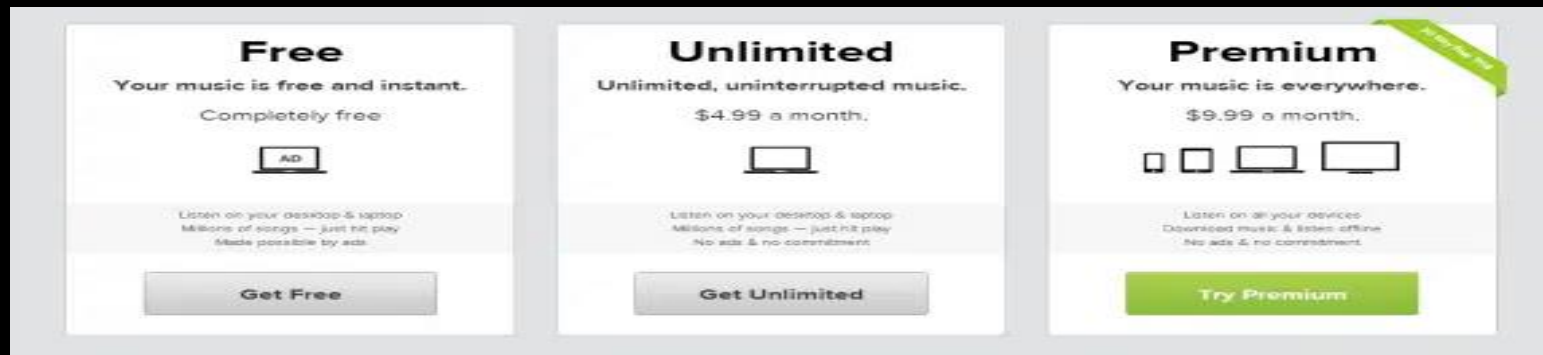
Dropbox is an example of a company that can give a very good free service. But if people become big users there is a strong incentive to upgrade to more disc-space.

## ORIGINS OF FREEMIUM

“Give your service away for free, possibly ad supported but maybe not, acquire a lot of customers very efficiently through word of mouth, referral networks, organic search marketing, etc., then offer premium priced value added services or an enhanced version of your service to your customer base.”

### Examples of successful companies using premium as basis

- Zoom – free video calls up to 45 minutes. Paid version for longer calls.
- Skype – free video/audio calls with premium services for calling phone numbers.
- Dropbox – Free storage up to 2GB, but then paying for extra storage.
- Spotify options – free and premium options



## Types of Freemium

**Ad-free versions.** Many newspapers are willing to offer free online articles because they can gain some revenue from **advertising**. Newspapers may insist on removing ad blockers. The premium version is free of ads. It is a similar case with Spotify with the free version supported by ads.

**More features.** The free version has basic functionality but limited features. The paid version can entice customers with extra features (e.g. Zoom longer calls)

**Number of users.** Many email senders may give free versions to those with less than 2,000 subscribers, but once number of users exceeds a certain number, charges begin.

**Indirect revenue** – Facebook's basic model is free. They monetize not by offering premium versions to users but by being able to sell advertising to its large captive audience. The great success of Facebook was becoming the dominant social media company, creating a captive market for new users. (there's no point in being on social media network that your friends are not)

### **Why Freemium is an attractive business model?**

**Market share.** Through offering the product for free, the firm aims to gain a large market share and user base, which it can then use to try to upgrade the free users to a premium version of the product at a later date.

**Gain information about potential consumers.** Freemium usually involves signing up with email and name. A valuable resource to firms.

**Low marginal cost.** Many internet services have low marginal cost. Once you have basic infrastructure and product development, allowing more users only increases total costs in a very limited way. Therefore, firms have little cost from giving away for free.

**Economies of scale.** In areas with large economies of scale, it makes sense to try and increase customer base as average costs fall.

**Viral nature of many internet services.** A key issue in many uses of technology is compatibility with other users. If your friends are using Strava, it makes Strava an attractive choice over less well-used services. By giving away services for free, it makes it easier for firm to gain viral growth and become a dominant firm in the industry.

**Entice customers.** Users may be uncertain how much they will use a service. If there is a cost, that will discourage the customer. By being able to use a free version, they may gain the confidence that they will really value it.

**Price discrimination.** Premium models enables firms to discriminate between large users and small users. A minor user will stay on the free version, but big companies which are heavier users will gravitate towards paying for premium versions which is.

**Good business/firm relationships.** Firms become rewarded for giving good service so there is a strong incentive to develop good relationship with consumers.

**“Subscription business model** is a business model where a customer must pay a subscription price to have access to the product and services. The model was pioneered by magazines and newspapers but is now used by many businesses and websites.”

Examples of Successful Subscription based businesses:

| Company                                                                                               | Business Model                                                                              | Subscription                        |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------|
|  Spotify           | Music Streaming service                                                                     | \$9.00/Month onward                 |
|  NETFLIX           | Online streaming of library of films and television programs                                | \$7.99/month onward                 |
|  DOLLAR SHAVE CLUB | Razor and personal grooming products by mail                                                | \$3/Month<br>\$6/Month<br>\$9/Month |
|  planet fitness    | Fitness club franchises                                                                     | \$10/Month<br>\$21.99/Month         |
|  box             | Cloud based content management and file sharing service                                     | \$5/Month onward                    |
|  amazon Prime    | Amazon shopping membership for free 2 days shipping and access to streaming music and video | \$99/year                           |

## Advantages of Subscription-based business model

| Advantages for Customer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Advantages for Business                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• The very <b>low recurring cost</b> in return to availability of continued supply of goods /services</li> <li>• <b>No ownership</b> of the product</li> <li>• Availability of <b>new content</b></li> <li>• <b>Low risk</b> for purchase decision as most of them have no penalty fees and <b>cancellation any time</b> policy</li> <li>• <b>Simple and clear</b> definition of the product/service offering</li> <li>• <b>Improved customer care</b> and grievances as the focus is on <b>customer retention</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>Simplified</b> business model</li> <li>• A continuous stream of business and <b>predictable revenue</b>.</li> <li>• Focus on providing a <b>better product and service</b> instead of acquiring a new customer</li> <li>• Reduction in <b>customer acquisition</b> and marketing <b>cost</b></li> <li>• <b>Long-term</b> customer engagement which is good for business</li> <li>• <b>Feasibility</b> to setup recurring payment system.</li> </ul> |

**By Product/Service Offering**  
**Here the subscription model is categorized**  
**by the way the product/services are offered**  
**to the customer.**

| Subscription Type        | Description                                                                                                                                                                                                                                                                                                                                                                       | Companies                                                                                                                                                                      |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Replenishment            | Replenishment based subscription model is often used for everyday usage product for which the subscriber can rely on the product, brand, content etc. The model has taken the monthly recurring purchases of product and packaged into an elegant and interesting way.                                                                                                            |                                                                                             |
| Discovery                | Discovery model takes the replenishment model step ahead by packaging the product as a surprise gift. Subscription to this service is like personalized shopper surprising them every time with new goods, products and packaging. Subscribers are often encouraged to share the video of opening the package on social networking site.                                          | <br>     |
| Productivity/Usage-Based | This model allows the subscriber for the use of good/services in exchange for monthly low recurring fees. Traditionally, the user had to pay a huge lump-sum amount to buy a product/services. But with the evolution of cloud technology, most software business has moved to a subscription model whereby the user pays a monthly/yearly recurring fee for use of the software. | <br> |

## Types of Subscription Model

**Primarily, the subscription-based business model can be explained in two different ways. Although both derive the same meaning, it is just a way to look at the same business model from two different angles.**

### By Subscription Prices

**Let's review the subscription model categories by the price the customer pays for the good and services. The price of the subscription is the key components and provides the most customizable options available for the business units to offer it to their prospective client.**

| Subscription Type              | Description                                                                                                                                                                     | Companies                                                                                                                                                                |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fixed Price/ Fixed Service     | The subscriber pays one set predetermined price for a given period to avail the service.                                                                                        |    |
| Fixed Price/ Unlimited Service | The subscriber pays a one set of fixed price and intern they can have unlimited access to the product/services                                                                  |                                                                                       |
| Pay-as-you-go                  | As the name suggests, the subscriber pays only for the usage of the product/services.                                                                                           |    |
| Premium                        | The subscriber pays a monthly basic fee to avail the product/services and is usually charged extra fees for additional services.                                                |   |
| Freemium                       | The service provider offers their most of the service for free of charge but in exchanges of user information (mostly). Sometimes they do charge extra for additional services. |  WhatsApp                                                                           |



What is on demand business model?  
As the term already suggests, “on demand” means serving the consumers when they demand. An on demand business aims to provide prompt (or taking minimum time) delivery of goods and services at their doorstep.

[www.midocean.ae](http://www.midocean.ae)

## **On-demand**

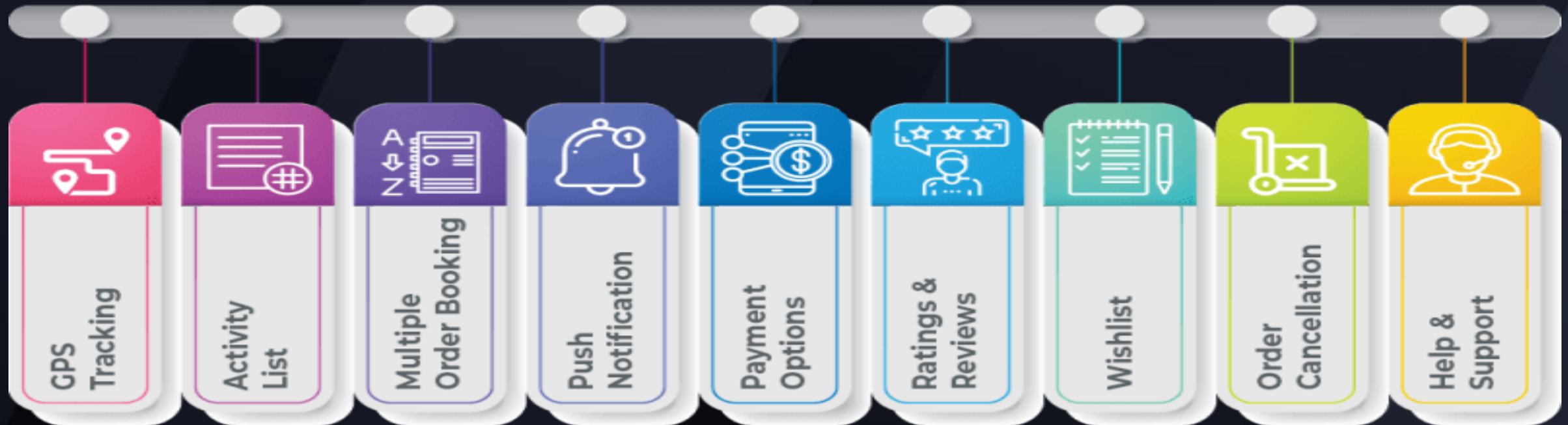
### **WHAT IS ON –DEMAND BUSINESS MODEL?**

On-Demand apps can be considered as a common ground or a platform which lets the businesses and consumers meet. The On-Demand apps cover a number of business sectors and it becomes easy for the consumers to get what they want in no time. In short, consumers can go ahead and purchase service or goods from the store seamlessly by following the secure payment options. All that consumers have to do is make a few taps on their smartphones and there they are - done! Today several businesses are making use of such platforms to reach their target audience easily.

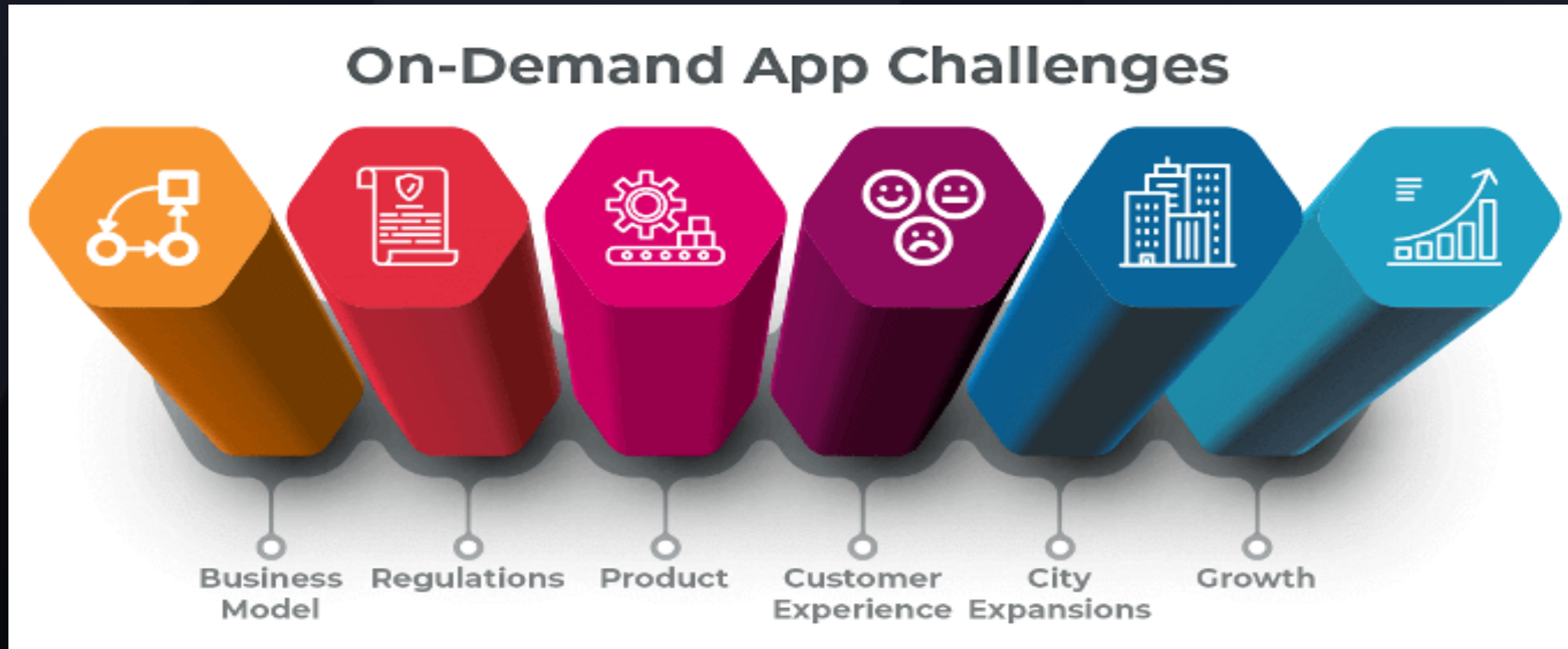
## What are the Types of On-Demand Business Models?

| TYPE                              | USE                                                                         | EXAMPLE                               |
|-----------------------------------|-----------------------------------------------------------------------------|---------------------------------------|
| <b>CUSTOMER TO CUSTOMER (C2C)</b> | Here a customer requests a service or a product from a person               | Uber, Airbnb, eBay, OLX               |
| <b>BUSINESS TO CUSTOMER(B2C)</b>  | Here the customer can avail of the services or buy products from a business | Dominos, Starbucks, Nike, Amway       |
| <b>BUSINESS TO BUSINESS(B2B)</b>  | These are the mobile platforms used to connect businesses.                  | Amazon, Flipkart, Walmart, Urban Clap |

## WHAT ARE THE FEATURES OF ON – DEMAND APPS?



## KEY CHALLENGES FACED BY ON – DEMAND STARTUPS



## KEY CHALLENGES FACED BY ON – DEMAND STARTUPS

### THE ON – DEMAND BUSINESS MODEL 2023

On-Demand companies bring on the table a new role in operations for the tech startups. Right from launching the business to taking care of supply operations, every company builds its own rules to manage things. Today more than just knowledge and science, the work of creating a profile for the launch, determining the rules and managing it has become more of art.

### REGULATIONS

When starting On-Demand business, startups should work towards implementing some regulations. Whether it is about maintaining safety in kitchens or following transportation regulations, they need to know what to follow and when.

### READY TO GO ON DEMAND PRODUCT DEVELOPMENT

Startups always look for ways of how to start an on-demand business and build the right product. The On-Demand startups work towards bringing together everything in a manner that the final piece looks right.

When your startup is focused on delivering services, user experience plays a very crucial role. It is important to know the things that the in-house team can handle and what you need to get outsourced. Once you are clear about this, you will get a clear on-demand startup idea about how you can move your resources for carrying out important tasks like growth, operations, customer experience, etc.

## **CUSTOMER EXPERIENCE**

When we talk about user experience, there has been tremendous growth in terms of technology in the fields of mobile and web applications. However, when we speak about On-Demand services, much effort is needed to learn and perfect it. Whichever line or business you choose, only if you can offer unmatched customer experience, you will be appreciated and praised by the mass

## **CITY EXPANSIONS**

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## **GROWTH**

A large number of On-Demand app services currently is local, which means that they are limited geographically. This means opting for the standard marketing channels for growth is not going to do much good. Moreover, if you plan to go ahead with the mobile-first strategy, then you will not get many results from the efforts of SO as your business is spread across the country. So the only means you have is to take it to the social media sites like Twitter or Facebook and attract local users for increased Rol .

### Hidden revenue through data

It is not only the direct transactions with customers that bring in revenue. Even if you are the operator of a service or platform that is free of charge for the end customer, income can be generated. This is done by generating income streams based on user data.

A first option is to serve highly targeted ads to users based on their interests and behavior. This highly relevant targeting option is worth a large budget to advertisers as can clearly be seen in the sales figures of Facebook and Google. Spotify also uses the ad model to finance its free memberships.

Another way to monetize user data is the affiliate model. Here, the advertising or mediating platform receives a commission when customers buy the product. Well-known examples are comparison portals such as Check24, Ideal, and billiger.de. The beauty of these portals is that they ideally show users the products that are most relevant to them. To ensure this, a considerable amount of (user) data is analyzed.

**A hidden revenue business model** is a pattern for revenue generation that keeps users out of the equation, so they don't pay for the service or product offered. For instance, Google's users don't pay for the search engine. Instead, the revenue streams come from advertising money spent by businesses bidding on keywords.

## Chapter checklist

- ✓ The Business Model Canvas
- ✓ The Nine Building Blocks of Business Model Canvas
- ✓ Digital Business Model Types
- ✓ 7 patterns of Digital Business Model
- ✓ Subscription-based business model
- ✓ Freemium Business model
- ✓ peer-to-peer business model
- ✓ Ecommerce business model
- ✓ Hidden revenue through data
- ✓ On-Demand Business Models





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# DIGITAL MARKETING STRATEGY

CUSTOMER

Thank You

