



**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?

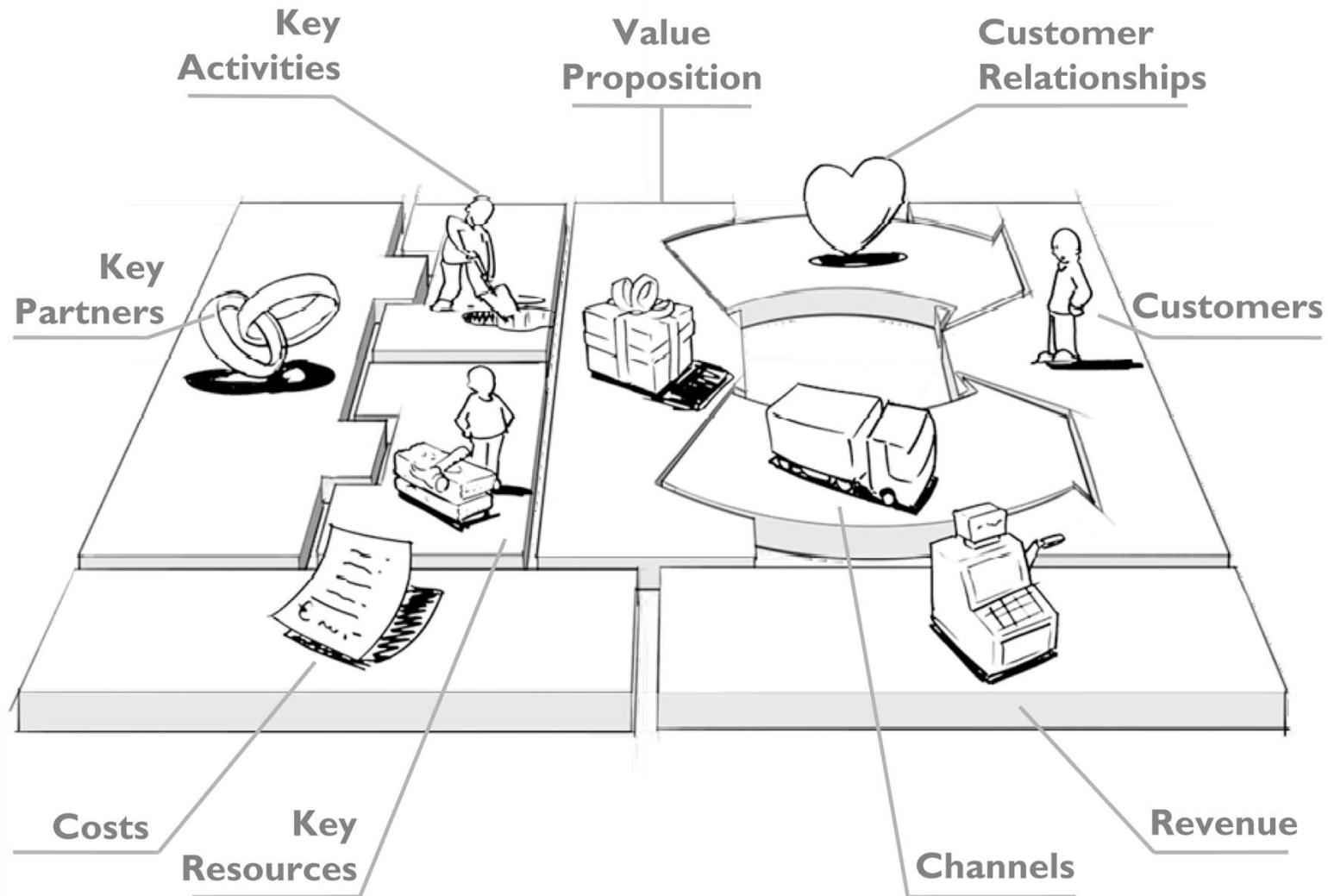


BUSINESS MODEL CANVAS: ALTERNATIVE APPROACH

- **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



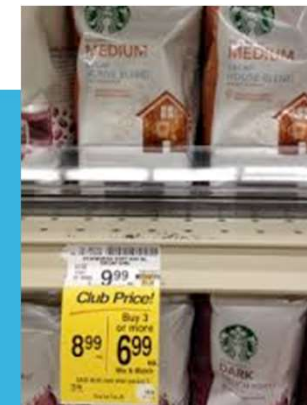
3. CHANNELS

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

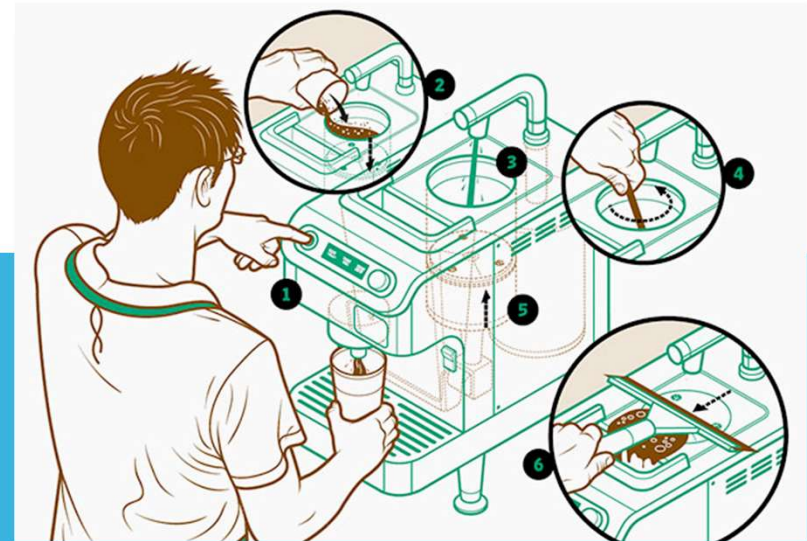
- Physical
- Intellectual
- Human
- Financial



Key Resources



MAKING RESPONSIBLE DECISIONS
Sustainable Procurement for Sustainable Growth



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

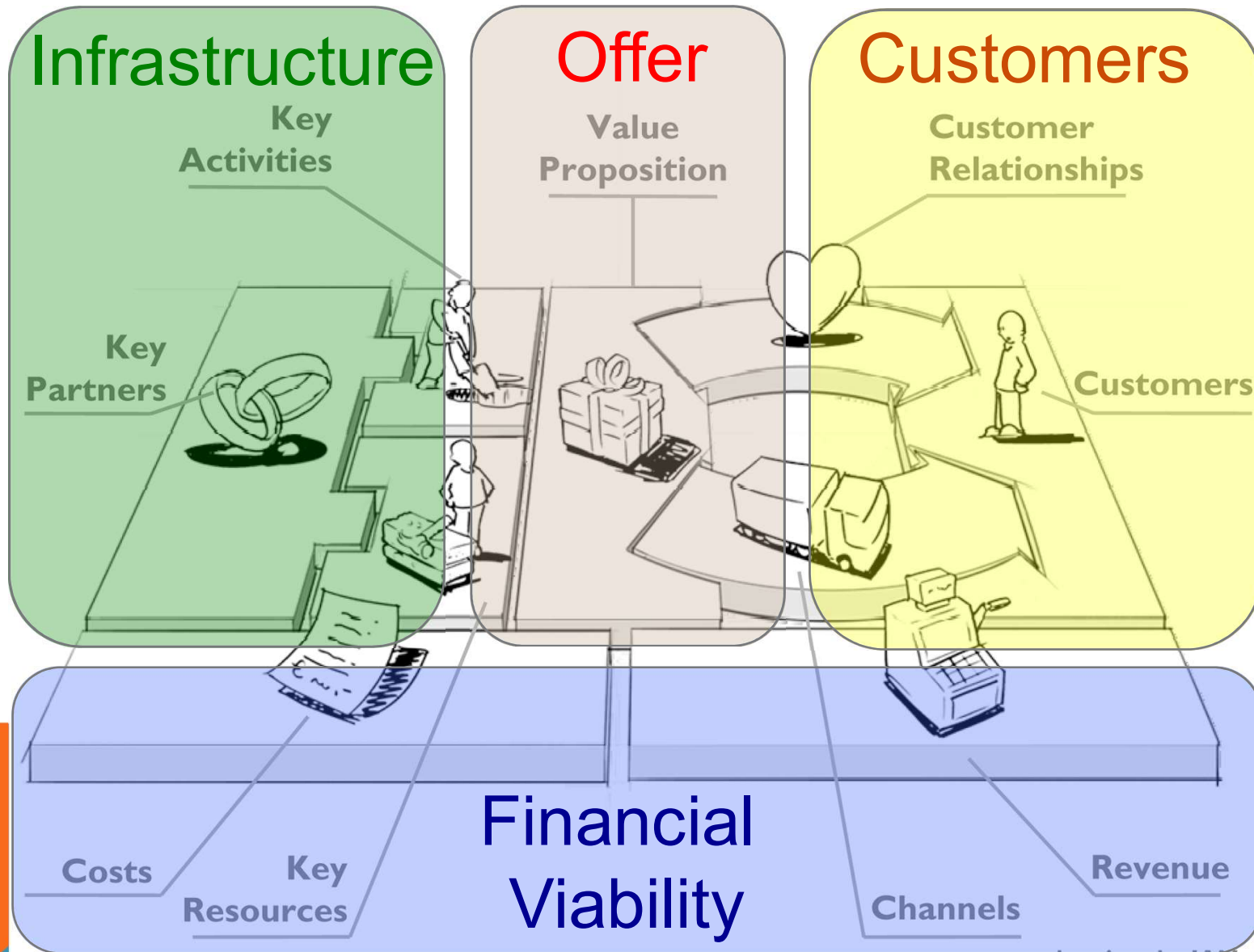
<u>Fiscal Year Ended</u>	Sep 29, 2013	Sep 30, 2012	Sep 29, 2013	Sep 30, 2012
			% of Total Net Revenues	
Cost of sales including occupancy costs	\$ 6,382.3	\$ 5,813.3	42.9 %	43.7 %
Store operating expenses	4,286.1	3,918.1	28.8 %	29.5 %
Other operating expenses	457.2	429.9	3.1 %	3.2 %
Depreciation and 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



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

