

GOING POSTAL



Design Project 2019



Aalto University

Revenue models

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What's the universal goal of any startup?



There is no business model without revenue



=



The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners



Who are our key partners?
Who are our key suppliers?
Which key resources are we acquiring from partners?
Which key activities do partners perform?

WHY ARE WE COOPERATING?
Reduce costs
Reduce risk and uncertainty
Increase performance and activities

Key Activities



What key activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Channels?

OPERATIONS
Production
Production Support
Infrastructure

Key Resources



What key resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Channels?

WHAT DO WE NEED TO HAVE?
Human
Financial (cash, accounts, supplies, etc.)
Physical
Intellectual

Value Propositions



What value do we deliver to the customer?
Which one of our customer problems are we helping to solve?
Which bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

WHAT DO WE OFFER?
Performance
Customization
Convenience
Reliability
Risk Reduction
Cost Reduction
Integration
Flexibility

Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which channels are most important?
How are they integrated with the rest of our business model?
How costly are they?

HOW DO WE RELATE?
Personal Assistant
Self-Service
Automated Services
Communities
Co-creation

Channels



Through which channels do our Customer Segments want to be reached?
How can we reach them most easily?
How do our Channels integrate?
Which costs are highest?
Which customer segments do we reach most effectively?
How do we integrate them with customer touchpoints?

HOW DO WE REACH THEM?
1. Direct sales
Use an in-store salesperson to sell our product or service directly to the customer.
2. Indirect sales
Sell our product or service through an intermediary organization to reach the customer.
3. Resellers
Use an established business to purchase and sell products to our customer.
4. Self-sell
Use an established sales organization to reach our customer.
5. Other sales
Use an established sales organization to reach our customer.

Cost Structure



What are the most important costs inherent in our business model?
Which key resources are most expensive?
Which key activities are most important?

HOW DO WE MANAGE COSTS?
Use economies of scale, economies of scope, process automation, location advantages, vertical integration, flexible manufacturing, etc. to reduce production costs per unit.

WHAT ARE OUR COST STRUCTURES?
Production
Production Support
Infrastructure
Human
Financial
Physical
Intellectual

Revenue Streams



For what value are our customers really willing to pay?
For what do they currently pay?
How do they currently pay?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPE	PRICE MODEL	CHANNELS
Asset Sale	Flat Price	Direct (in-store)
Usage Fee	Pay-as-you-go	Self-Service
Subscription Fee	Customer segment	Self-Service
Licensing Fee	Usage-based	Self-Service
Advertising Fee	Usage-based	Self-Service
Referral Fee	Usage-based	Self-Service

Revenue models vs. revenue streams

A **revenue model** is a framework for generating revenues. It identifies which revenue source to pursue, what value to offer, how to price the value, and who pays for the value. It is a key component of a company's business model. It primarily identifies what product or service will be created in order to generate revenues and the ways in which the product or service will be sold.

A **revenue stream** is an amount of money coming in to a business or organization from a particular source.

Revenue Streams



For what value are our customers really willing to pay?

For what do they currently pay?

How are they currently paying?

How would they prefer to pay?

How much does each Revenue Stream contribute to overall revenues?

TYPES

Asset sale

Usage fee

Subscription Fees

Lending/Renting/Leasing

Licensing

Brokerage fees

Advertising

FIXED PRICING

List Price

Product feature dependent

Customer segment

dependent

Volume dependent

DYNAMIC PRICING

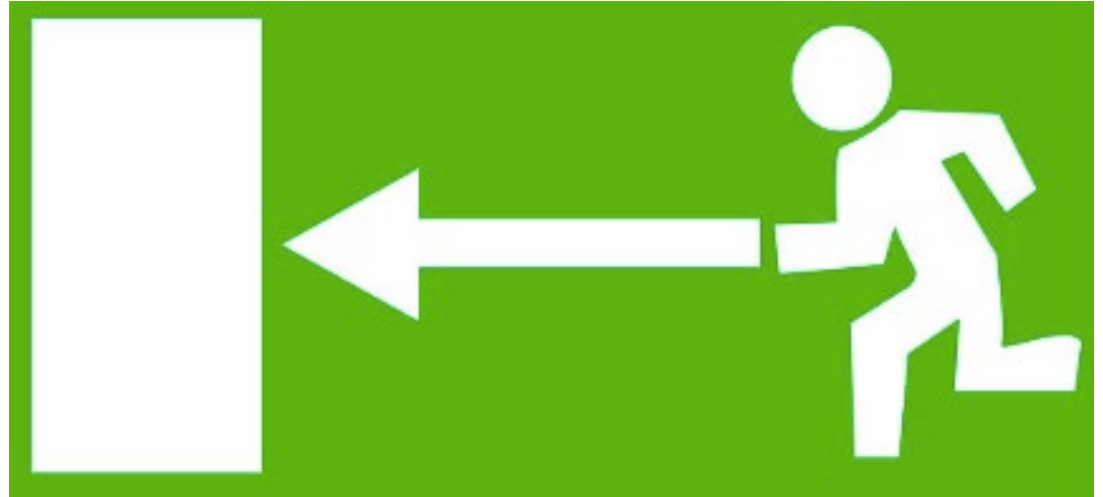
Negotiation (bargaining)

Yield Management

Real-time-Market

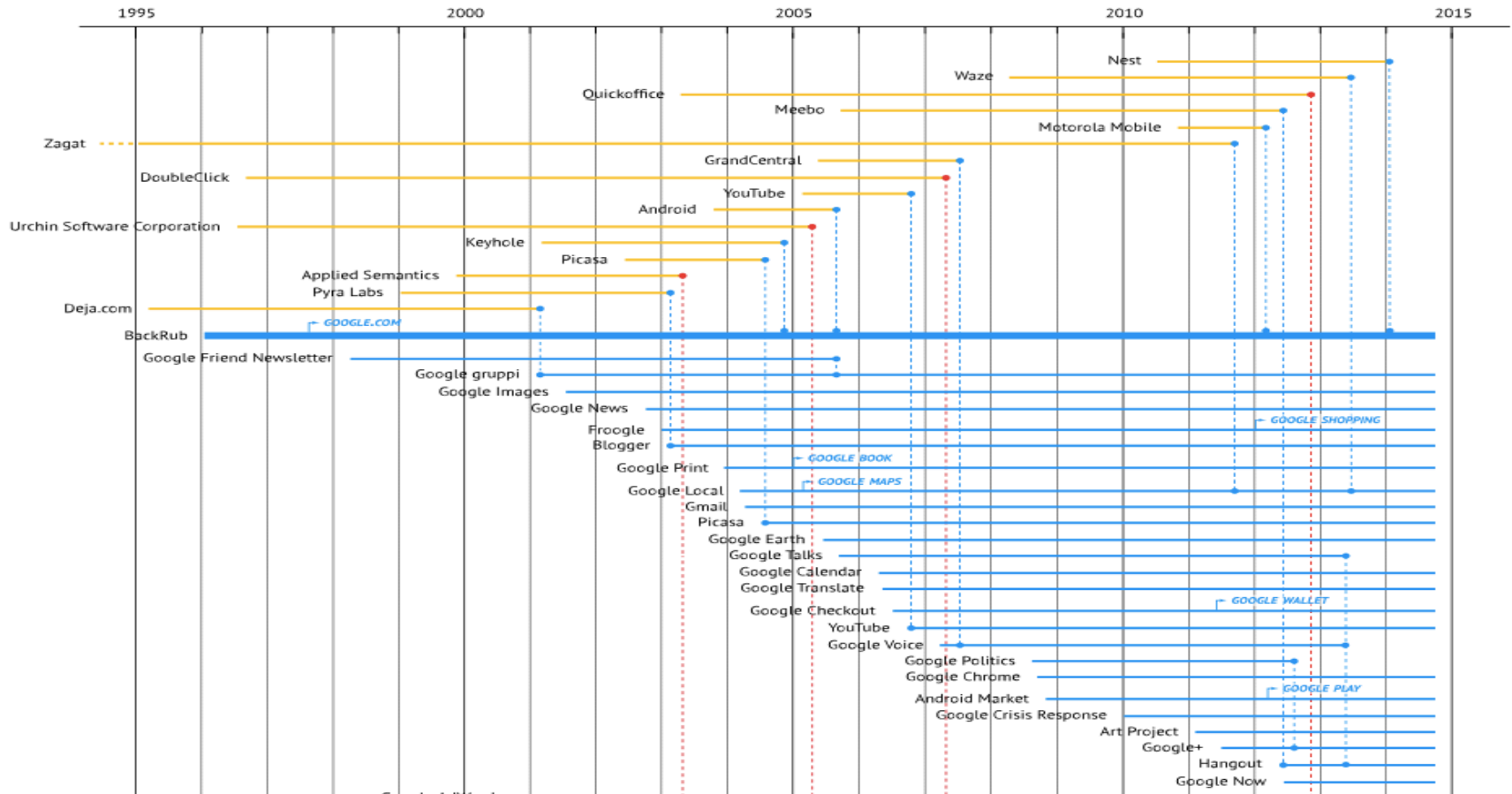
Revenue model pictionary

1. Free (or nearly free) for the user



Early exit strategy

The method by which a venture capitalist or business owner intends to get out of an investment that he or she has made in the past. In other words, the exit strategy is a way of "cashing out" an investment. Examples include an initial public offering (IPO) or being bought out by a larger player in the industry. Also referred to as a "harvest strategy" or "liquidity event".





Pay what you want

Pay what you want (or PWYW) is a pricing strategy where buyers pay their desired amount for a given commodity, sometimes including zero. In some cases, a minimum (floor) price may be set, and/or a suggested price may be indicated as guidance for the buyer.

STAR WARS Humble Bundle II

Pay What You Want!

⌚ Time is running out!

08:11:25:40

🎮 \$111 worth of awesome stuff

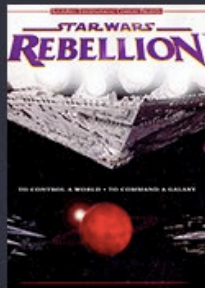
👛 Pay what you want

🎮 Redeem on Steam

👤 Support charity

👁️ 0 9 3 4 5 8 Bundles sold

Pay \$1 or more to unlock!



Star Wars
Rebellion™



Star Wars™:
X-Wing Alliance



Star Wars™: X-Wing
vs TIE Fighter -
Balance of Power
Campaigns™



Star Wars™ Galactic
Battlegrounds
Saga™



10% off Humble
Monthly



Tip jar / donation

The **donation** model is based on users donating to the organization to help towards operation costs.

Donate



**DONATE TO PROTECT
HUMAN RIGHTS
AROUND THE WORLD**

Monthly Once

Your monthly gift to Amnesty International UK Section Charitable Trust will fight injustice and human rights abuses every day of the year.

£5
a month

£10
a month

Supports human rights education projects to teach school children about their rights

£15
a month

£

DONATE NOW >



+



Freemium

Freemium is a pricing strategy by which a product or service (typically a digital offering or application such as software, media, games or web services) is provided free of charge, but money (premium) is charged for proprietary features, functionality, or virtual goods.

Top Grossing Games



1. Clash of Clans
Supercell



FREE



2. Game of War - Fire Age
Machine Zone, Inc.



FREE



3. Candy Crush Soda
King



FREE



4. Candy Crush Soda
King



FREE



5. Farm Heroes Saga
King



FREE



6. Castle Clash
IGG.COM



FREE



7. Big Fish Casino
Big Fish Games



FREE



8. Hay Day
Supercell



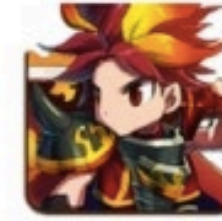
FREE



9. Slotomania - FREE
Playtika



FREE



10. Brave Frontier
gumi inc.



FREE



Barter

Exchange (goods or services) for other goods or services without using money. Trading in equity can be considered a form of barter.

craigslist

US

[US](#) [Canada](#) [Europe](#) [Asia/Pacific/Middle East](#) [Oceania](#) [Latin America](#) [Africa](#)

Alabama

[auburn](#)
[birmingham](#)
[dothan](#)
[florence / muscle shoals](#)
[gadsden-anniston](#)
[huntsville / decatur](#)

Idaho

[boise](#)
[east idaho](#)
[lewiston / clarkston](#)
[twin falls](#)

Illinois

Missouri

[columbia / jeff city](#)
[joplin](#)
[kansas city](#)
[kirksville](#)
[lake of the ozarks](#)
[southeast missouri](#)

Pennsylvania

[altoona-johnstown](#)
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[erie](#)
[harrisburg](#)
[lancaster](#)
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2. Paid (direct sales) revenue models

But now, let's identify the revenue model from the example

Purchase a single issue

« [Back to help](#)

To purchase a single issue of *The Economist* print edition, please contact your local [print service centre](#).


You may also purchase a single digital issue within our [mobile apps](#).

- [How to purchase a single digital issue within our iPhone app](#)
- [How to purchase a single digital issue within our iPad app](#)
- [How to purchase a single digital issue within our Android smartphone app](#)
- [How to purchase a single digital issue within our Android tablet app](#)

Single purchase model

The traditional method: buy something and pay for it, once.

Start your free month!

Secure Server 
[Tell me more](#)

Your free month ends on 1/29/14. Cancel online anytime you want.
No commitments, hidden fees or hassles.

1 Select a plan that works for you. All plans offer:

Unlimited TV shows and movies. Netflix on as many devices as you want.

Watch on **1 screen**
at a time in standard
definition only

\$6.99 per month

Watch on **2 screens**
at the same time in high
or standard definition

\$7.99 per month

Watch on **4 screens**
at the same time in high
or standard definition

\$11.99 per month

Subscription model

The **subscription** model is a revenue model where a customer must pay a subscription price to have access to the product/service. The model was pioneered by magazines and newspapers, but is now used by many businesses and websites.



Premium model

The **premium** revenue model is the concept of offering high end products and services appealing to discriminating consumers. Brand image is an important factor in the premium business model, as quality is often a subjective matter. This business model seeks a higher profit margin on a lower sales volume.

@stevekatz



Monthly Fee	Drive	iCloud	Dropbox	Box
Free	15 GB	5 GB	2 GB	10 GB
\$0.99		20 GB		
\$1.99	100 GB			
\$3.99		200 GB		
\$9.99	1 TB	500 GB	1 TB	100 GB
\$15.00				Unlimited
\$19.99		1 TB		
Max File Size	5 GB	15 GB	10 GB	5 GB

Pay-per-use & pay as you go model

Pay per use services are payment structures in which a customer has access to potentially unlimited resources but only pays for what they actually use.

Choose A Plan That Works For You

ON DEMAND

No Daily Limit Standard Images, Editorial Images, EVO, Vectors, TIFF, Footage, Audio

€ 39,00 40 Credits

€ 82,00 90 Credits
You Save € 5,75

€ 180,00 200 Credits
You Save € 15,00

€ 353,00 400 Credits

SUBSCRIPTION PLAN

Standard Images, Editorial Images, Vectors

■ 5 JPEG/EPS files per day

€ 59 per month 12 months
You Save € 253

€ 69 per month 3 months
You Save € 30

€ 79 1 month

SELECT 

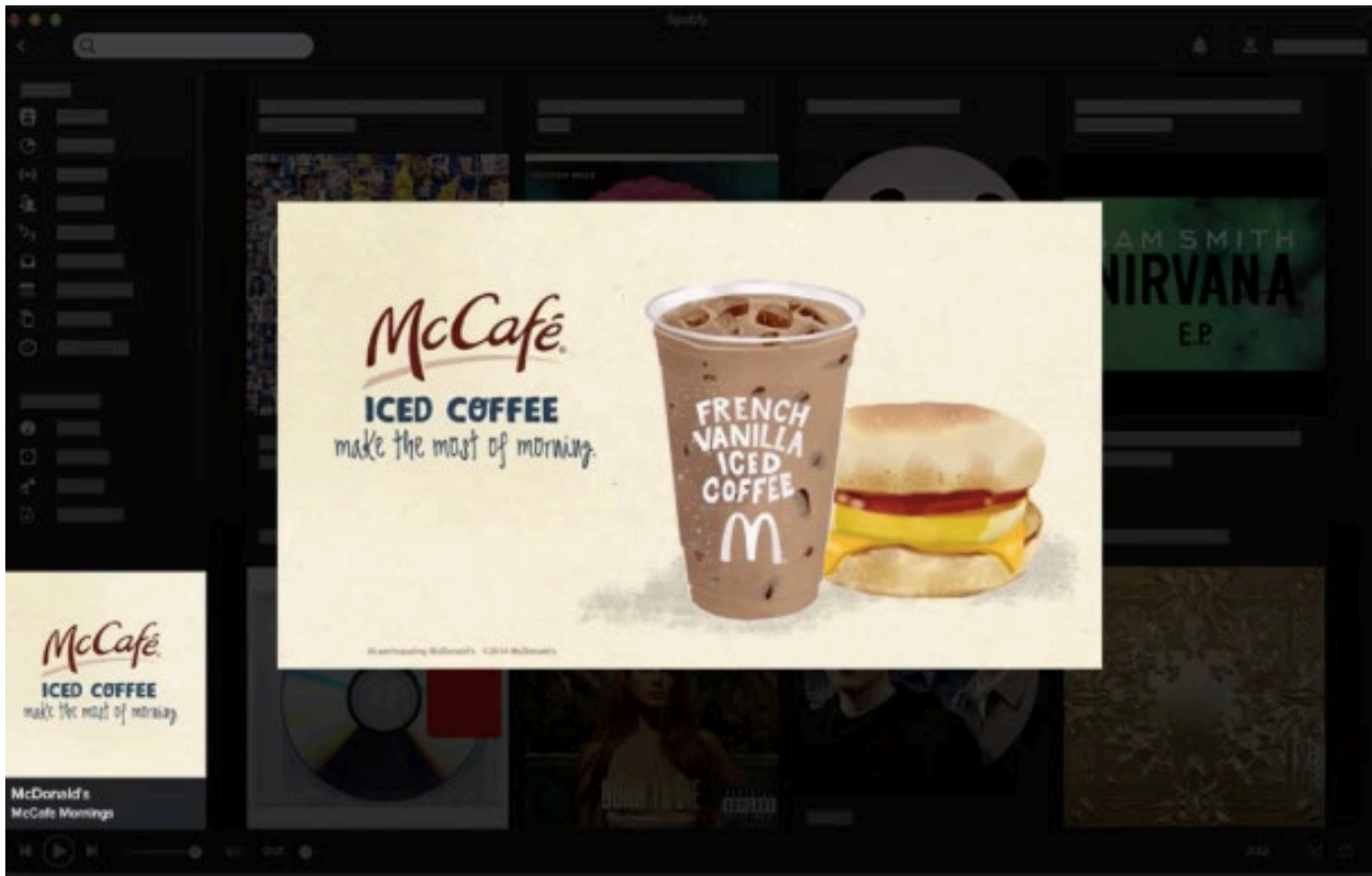
License fees

Licensing fees are paid as part of an agreement that defines the terms under which a tangible property is licensed for use by one party (a “licensor”) to another (the “licensee”). Royalties and license fees are generally paid on: Trademarks. Copyright. Patents.

A!

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Third party & mixed options



Advertising-based model

Many companies sell goods, services or a combination of the two. Online businesses and media companies often look to advertisers for most or all of their revenue. This is known as an **advertising-based** revenue model.

Trending
See All



ROCKETMAN: A Documentary
182 Backers



TRAKLINE EXPRESS BELT
71 Backers



Winter of 1971
68 Backers



Deported - A Comedy Feature Film
50 Backers



Iron Sky The Coming Race



Helsinki, Finland



Film

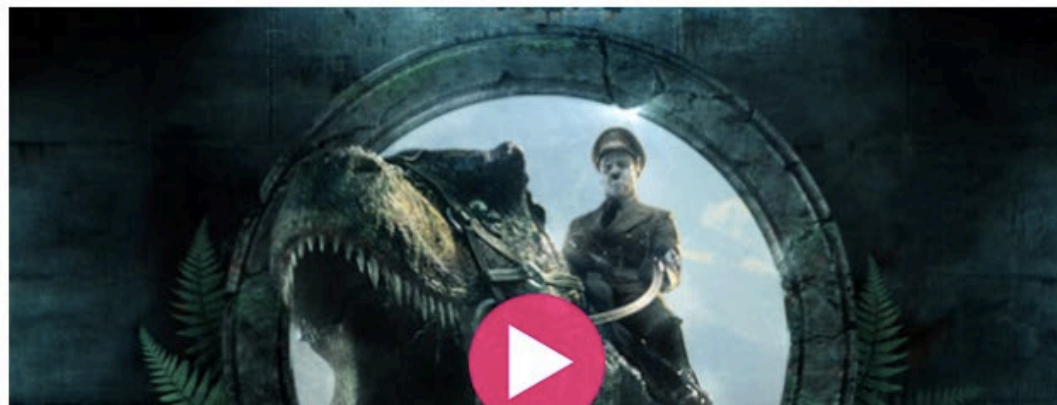
Story

Updates 57

Comments 257

Backers 9055

- 19.6k
- Tweet
- Embed
- Link
- Follow



\$639,357 USD

total funds raised

InDemand

Original campaign was 112% funded on January 5, 2015

Crowdfunding

Crowdfunding is the practice of funding a project or venture by raising monetary contributions from a large number of people, often performed via internet-mediated registries, but the concept can also be executed through mail-order subscriptions, benefit events, and other methods.

Things to remember when choosing your own revenue models

- You don't need to choose just one type of revenue model
- This is not an exhaustive list, new revenue streams turn up all the time.
- The names of revenue models vary wildly
- Ultimately, what matters is customer satisfaction

