

# The BUSINESS MODEL CANVAS

You're holding a handbook for visionaries, game changers, and challengers striving to defy outmoded business models and design tomorrow's enterprises. It's a book for the ...

## Business Model Generation

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CO-CREATED BY  
An amazing crowd of 470 practitioners from 45 countries

DESIGNED BY  
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## Management of Innovation 2024/2025



# Agenda

- A (short) introduction of myself
- The Business Model
- The Business Model Canvas
- The 9 Building Blocks
- Some practical exercises
- Resources and material



# Defining the Business Model

The business model describes the rationale of how an organisation **creates, delivers, and captures value**

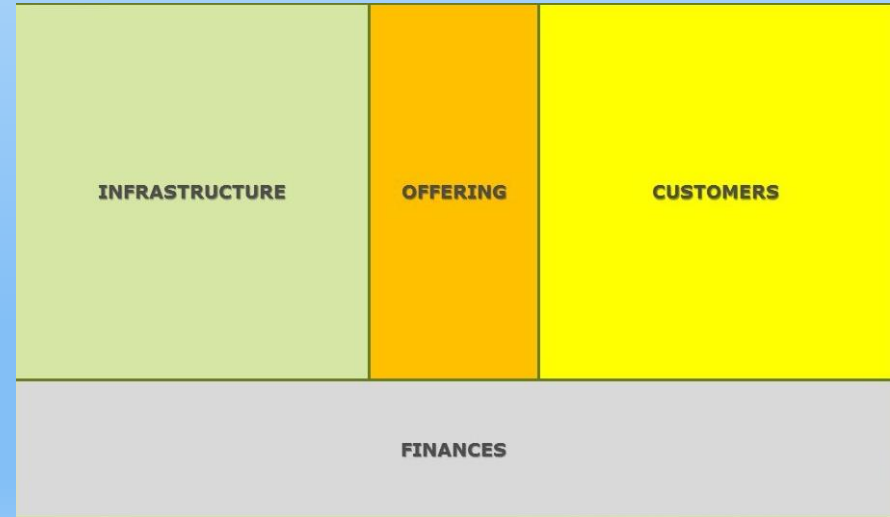


how a company intends to **make money**



# The Business Model Canvas

- It is a tool for **strategic management** and entrepreneurship
  - Nine building blocks for the **four main areas** of a business
  - It allows to:
    1. visualise and communicate
    2. design and invent
    3. challenge
    4. exploit and explore
    5. pivot
- the business model



8

Key Partners



7

Key Activities



2

Value Proposition



4

Customer Relationship



1

Customer Segments



6

Key Resources



3

Distribution Channels



9

Cost Structure



5

Revenue Streams



# The nine Building Blocks

Customer  
Segments



It seeks to solve customer problems and satisfy customer needs with value propositions.

Customer  
Relationships



Value propositions are delivered to customers through communication, distribution, and sales Channels.

Value  
Propositions



Customer relationships are established and maintained with each Customer Segment.

Channels



An organization serves one or several Customer Segments.

## Revenue Streams

Revenue streams result from value propositions successfully offered to customers.



## Cost Structure

The business model elements result in the cost structure



## Key Partners

Some activities are outsourced and some resources are acquired



## Key Resources



Key resources are the assets required to offer and deliver the previously described elements...

## Key Activities

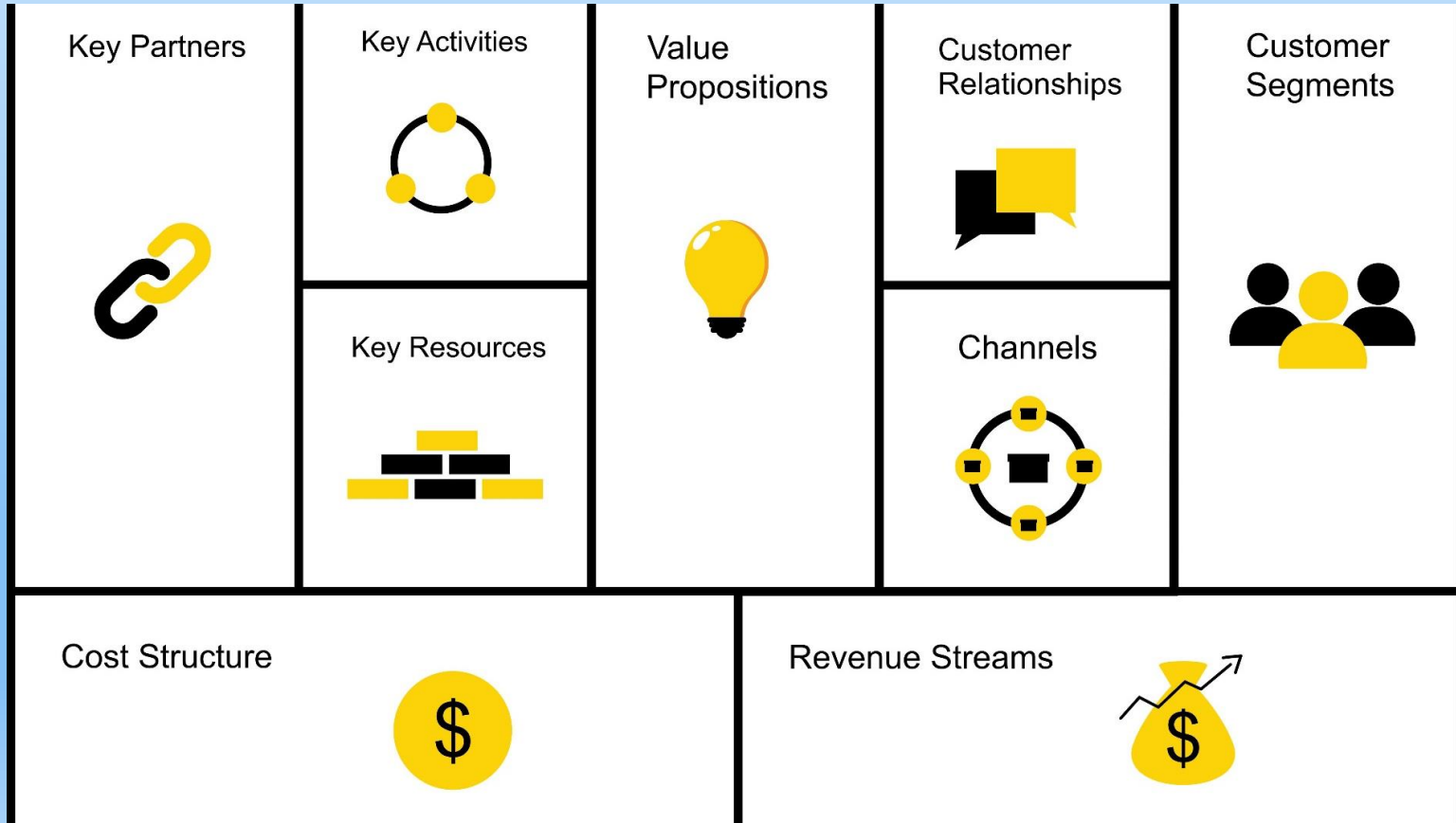


...by performing a number of Key Activities.

# Consistency is the keyword

**Left canvas:**  
Cost, efficiency

**Right canvas:**  
value, emotion

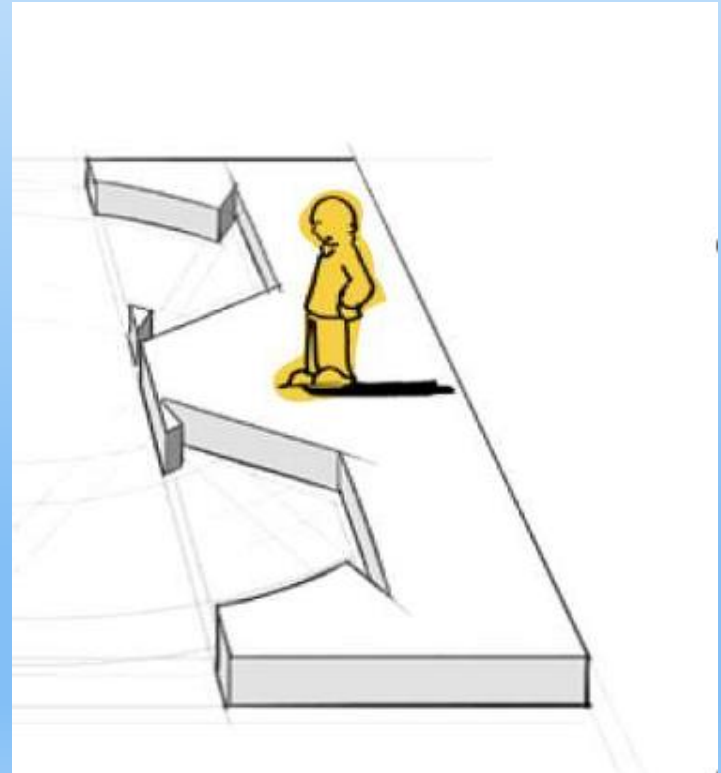




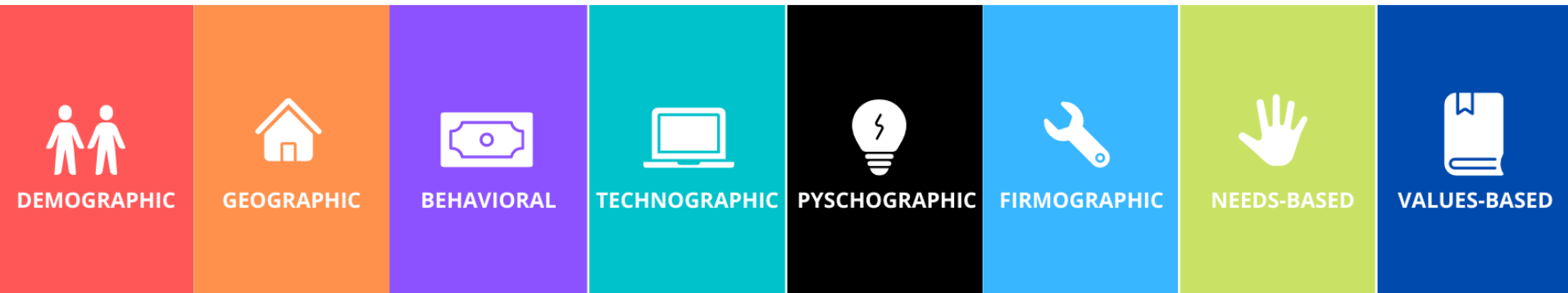
# 1. Customer Segments

For whom are we creating value? Who are our most important customers?

The Customer segments Building Block defines the different **groups of people or organisations** an enterprise aims to reach and serve.



# Customer segmentation strategies



## MAIN CRITERIA

- socio-demographic features (age, gender, etc.)
- geographic area
- benefits received (i.e. product attributes)
- purchasing behaviors (frequency, amount etc.)
- lifestyles
- needs
- ...and many more

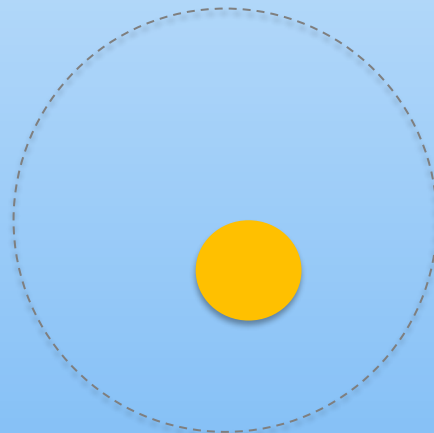
## COROLLARIES

- their characteristics require and justify a **distinct value proposition**
- they could be reached through different **distribution and communication channels**
- they could require different **types of relationships** to be managed
- they could have different **profitabilities**

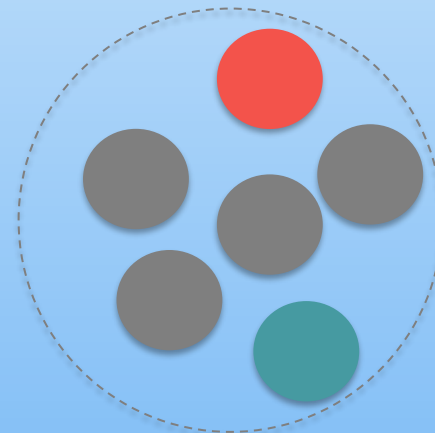
# Types of customer segments



**MASS  
MARKET**



**NICHE  
MARKET**



**SEGMENTED  
MARKET**

**DIVERSIFIED**



**MULTI-SIDED  
PLATFORMS**

# The toothpaste test

In 10 minutes:

**1. Identify 3 different brands** of toothpaste reflecting the **3 main segmentation types**:

- mass (one product for everyone),
- niche (a specific product for a specific user),
- segmented (many different products for different market segments)

**2. Then focus on each segmented brand:** in your opinion, what are the segmentation strategies behind them?

# Toothpaste choices and customer segments

cerned with the flavor and appearance of the product, a large portion of the brand deciders are children. Their use of spearmint toothpaste is well above average, and Stripe has done relatively well among members of this segment.

They are more ego-centered than other segments, and their lifestyle is outgoing but not to the extent of the swingers.

**The Independent Segment.** The fourth segment, the price-oriented segment, shows a predominance of men and tends to be above average in terms of toothpaste usage. People in this segment see very few meaningful differences between brands. They switch more frequently than people in other segments and tend to buy a brand on sale.

In terms of their personalities, members of this segment are cognitive and

demonstrable product superiority.

The depth-of-sell reflected by the copy will also vary, depending on the segment of interest. It will be fairly intensive for the Worrier and the Independent Segment, but much more superficial and mood-oriented for the Sociables and the Sensory Segment.

Likewise, the setting will vary. It will focus on the product for the Sensory Segment, on socially oriented situations for the Sociables, and perhaps on demonstration or on competitive comparisons for the Independent Segment.

Media environments also will be tailored to the segments chosen as targets. Those with serious environments will be used for the Worrier and Independent Segments, and those with youthful, modern, and active environments for the Sociable and Sensory Segments. For

haps aqua (to indicate fluoride) for the Worriers, and gleaming white for the Sociables because of their interest in bright, white teeth.

It should be readily apparent that the kinds of information normally obtained in the course of a benefit segmentation study have a wide range of marketing implications. Sometimes they are useful in suggesting physical changes in a product.

For example, one manufacturer discovered that his product was well-suited to the needs of his chosen target with a single exception in the area of flavor. He was able to make a relatively inexpensive modification in his product and, thereby, strengthen his market position.

The new product implications of benefit segmentation studies are equally apparent. Once a marketer understands the kinds of segments that exist in his market,

# B2B vs B2C

## B2B

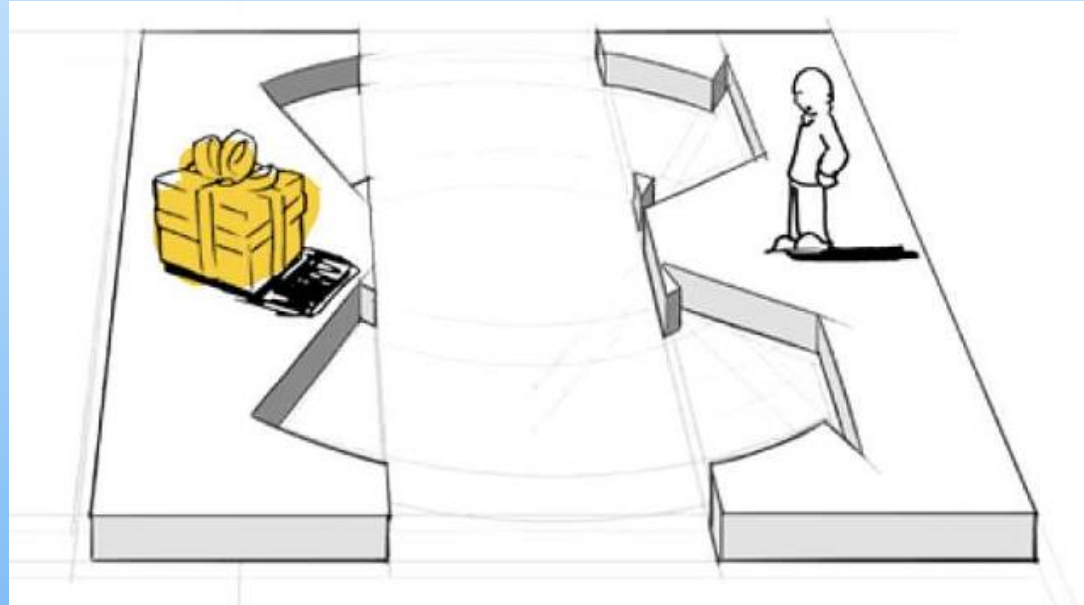
- Long sales cycle
- Long term goals
- Rational logic and expertise
- Relationships building with the target audience
- Niche market

## B2C

- Short sales cycle
- Short term goals
- Desires and benefits
- Brand awareness building across the market
- Large scale market

## 2. Value Proposition

The Value Proposition Building Block describes the bundle of **products and services** that create value for a specific customer segment.



What value do we deliver to the customer?  
Which one of our customer's problems are we helping to solve?



# Value drivers



## NEWNESS

The product or service satisfies **entirely new needs** not perceived before by users, as no similar offering existed



## PERFORMANCE

**Improving** existing product or service performance



## BRAND / STATUS

Users could value a **specific brand** and/or be "proud" to show others they belong to a certain "**community**"



## GETTING THE JOB DONE

Offering **solutions to users** instead of single products and services



## DESIGN

A product may stand out for **superior design/aesthetic**



## CUSTOMISATION

Tailoring products and services to the specific needs of individual customers or segments → **mass customisation** and **customer co-creation**



# Value drivers



## PRICE

Offering **similar values** to price-sensitive consumers but **at lower prices**



## COST REDUCTION

Offering products, services or solutions that help clients **to reduce their costs**



## RISK REDUCTION

**Reducing** the uncertainty and the risks consumers incur when they buy "complex" products



## ACCESSIBILITY

Making products or services **accessible to users** who previously lacked access to them (sharing economy)



## USABILITY

Make products **easier or more convenient** to use



# The Value Proposition Canvas



It is a part of the BMC aimed at helping companies to create value proposals which directly respond to client needs

# The value proposition canvas

## Customer profile

It includes the:

1. **Jobs-to-be-done** (the activities, problems, or desires of the customer)
2. **Pains** (the problems, risks, and obstacles faced by customers in achieving their goals)
3. **Gains** (the benefits and positive outcomes that customers seek)

## Value map

It explains how the product or service addresses the customer needs through:

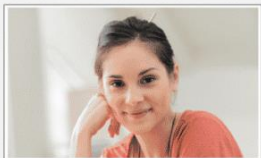
1. **Products and services**
2. **Pain relievers** (how the product reduces or eliminates customer pain points)
3. **Gain creators** (how the product generates additional value for the customer).

# The Buyer Persona

- It is a detailed, semi-fictional representation of an **ideal customer**
- It is based on real data, including info on customers' demographics, behaviors, motivations and goals
- It helps businesses understand specific customer segments and handle all activities related to **relations with customers**

## BUYER PERSONA CANVAS

www.garyfox.co



Persona name: **Gail Porter**

Title: **Creative Director**

Segment: **Agencies**

Roles: **Creative lead major clients, manage team of designers, UX, CX, developers and board director**

Reports to: **Managing Director**

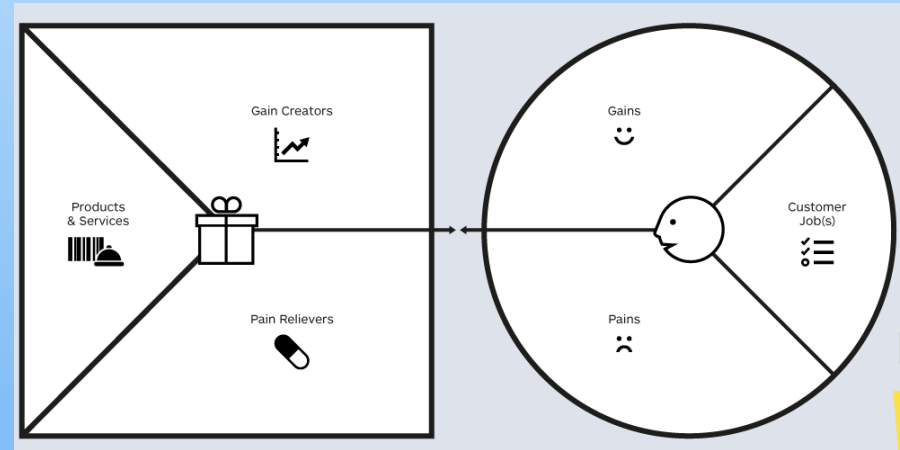
Industry: **Advertising**

PERSONAL INSIGHTS	RESPONSIBILITIES	MOTIVATIONS	TOP 3 GOALS	PROBLEM SPACE
<p><b>PERSONALITY</b></p> <p>Extrovert <span style="display: inline-block; width: 100px; height: 5px; background: linear-gradient(to right, red, grey);"></span> Introvert</p> <p>Sensing <span style="display: inline-block; width: 100px; height: 5px; background: linear-gradient(to right, red, grey);"></span> Intuition</p> <p>Thinking <span style="display: inline-block; width: 100px; height: 5px; background: linear-gradient(to right, red, grey);"></span> Feeling</p> <p>Judging <span style="display: inline-block; width: 100px; height: 5px; background: linear-gradient(to right, red, grey);"></span> Perceiving</p> <p><b>COMMUNITY</b></p> <p>Websites: Bloomberg, Forbes,</p> <p>Publications: Adweek, Advertising Age, Varom, Businessweek</p> <p>Brands: Apple, Adobe</p>	<p><b>SOFTWARE</b></p> <ul style="list-style-type: none"> <li>- global lead for software.</li> <li>- set standards for company.</li> <li>- research new technologies.</li> </ul> <p><b>TEAM</b></p> <ul style="list-style-type: none"> <li>- manage creative team (50).</li> <li>- report on projects</li> <li>- financial reports.</li> </ul> <p><b>COMPANY</b></p> <ul style="list-style-type: none"> <li>- set strategy and direction with board members.</li> <li>- creative lead.</li> </ul>	<p><b>MOTIVATIONS</b></p> <p>Achievement <span style="display: inline-block; width: 100px; height: 5px; background: linear-gradient(to right, red, grey);"></span></p> <p>Growth <span style="display: inline-block; width: 100px; height: 5px; background: linear-gradient(to right, red, grey);"></span></p> <p>Power <span style="display: inline-block; width: 100px; height: 5px; background: linear-gradient(to right, red, grey);"></span></p> <p>Incentive <span style="display: inline-block; width: 100px; height: 5px; background: linear-gradient(to right, red, grey);"></span></p> <p><b>PROJECTS</b></p> <ul style="list-style-type: none"> <li>- global lead for new CRM software.</li> <li>- new office in Dubai.</li> <li>- graduate trainee programme.</li> </ul>	<p><b>TOP 3 GOALS</b></p> <ul style="list-style-type: none"> <li>- Expand company and creative team</li> <li>- Improve data-driven creative insights</li> <li>- Become member of global board.</li> </ul> <p><b>TOP 3 PROBLEMS</b></p> <ul style="list-style-type: none"> <li>- Current set of analytics, CRM and AI tools have poor integration.</li> <li>- Little time to research all tech tools</li> <li>- Needs to recruit talent in data-science/AI</li> </ul>	<p><b>PROBLEM SPACE</b></p> <p>Clients are rapidly improving their own AI/machine learning capabilities.</p> <p>Clients expect agency to lead on these capabilities.</p> <p>New AI competent competitors are attacking client base.</p> <p>Fierce competition for data scientists and top talent.</p> <p>Company seeking aggressive global expansion.</p>



# The XXX test

- Work in pairs
- Choose one value driver
- Shape your entrepreneurial idea and identify your target customers
- Use the value proposition canvas to focus
- Present it to the rest of the class

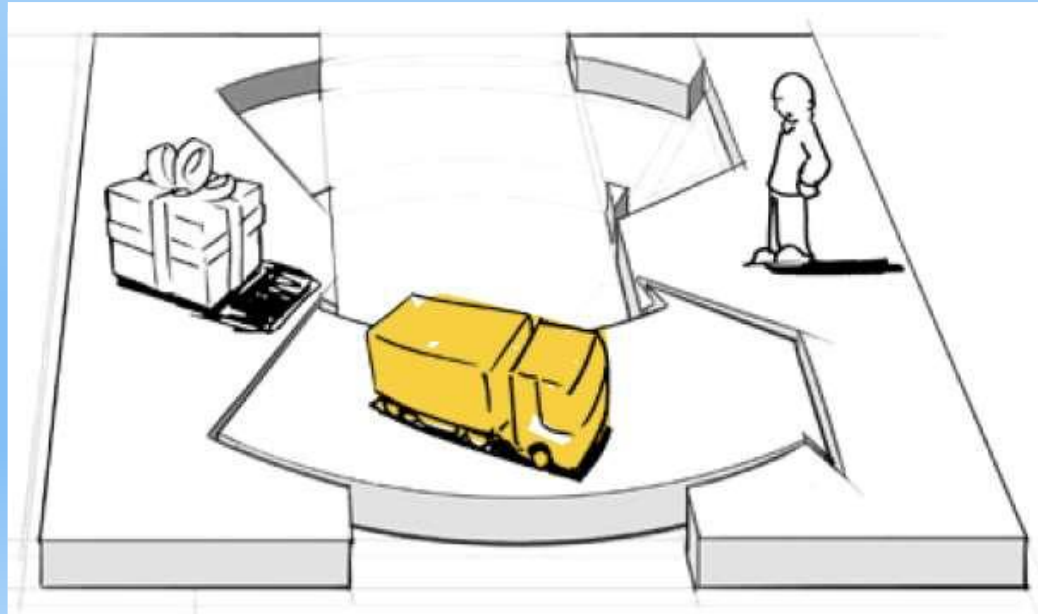


...remember to give your idea a name!

# 3. Channels

Through which channels do our customer segments want to be reached?  
How are we reaching them now? How are our channels integrated?

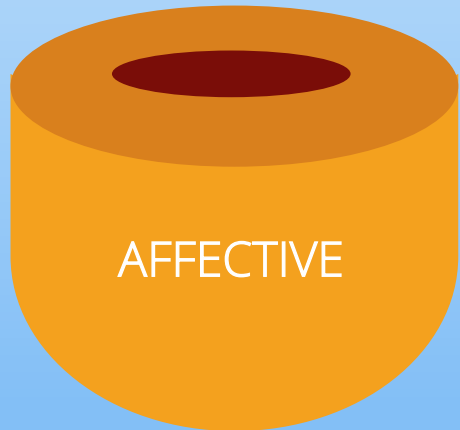
The Channels Building Block describes how a company **communicates with and reaches** its customer segments to deliver a value proposition.



# Communication objectives



COGNITIVE



AFFECTIVE



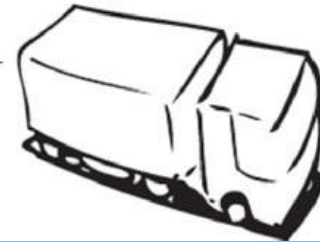
BEHAVIOR

1. **Inform customers and establish need for category:** especially for new-to-the-world products
2. **Build brand awareness:** supporting the consumer to recognise (or recall) the brand in sufficient detail to make a purchase
3. **Build brand attitude:** helping consumers evaluate the brand's perceived ability to meet a currently relevant need:
  - negatively oriented needs (problem removal, problem avoidance, incomplete satisfaction,...)
  - positively oriented needs (social approval, personal gratification, intellectual stimulation,...)
4. **Influence brand purchase intention:** triggering consumers to take purchase-related action.



# Channel classification

Channel Types		Channel Phases					
Own	Direct	Sales force	<b>1. Awareness</b>  How to raise awareness about the product?	<b>2. Evaluation</b>  How to help customers evaluate the product's value proposition.	<b>3. Purchase</b>  How do we allow customers to purchase specific products and services?	<b>4. Delivery</b>  How do we deliver a Value Proposition to Customers?	<b>5. After Sales</b>  How to provide post-purchase customer support?
		Web sales					
Partner	Indirect	Own stores					
		Partner stores					
		Partner web sales					
		Wholesaler					



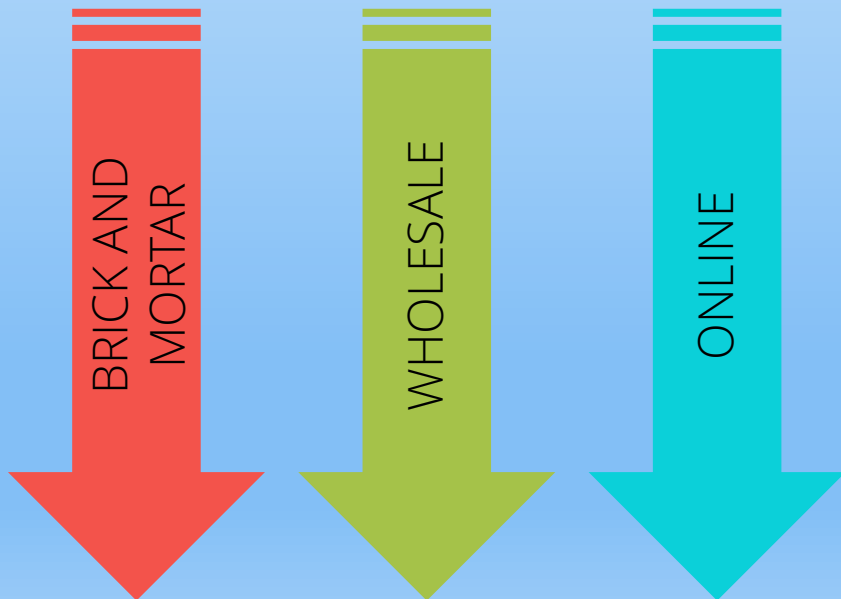
Finding the **right mix of channels** can be determinant to satisfy how customers want to be reached and deliver them the company's value proposition

# Distribution channels: types

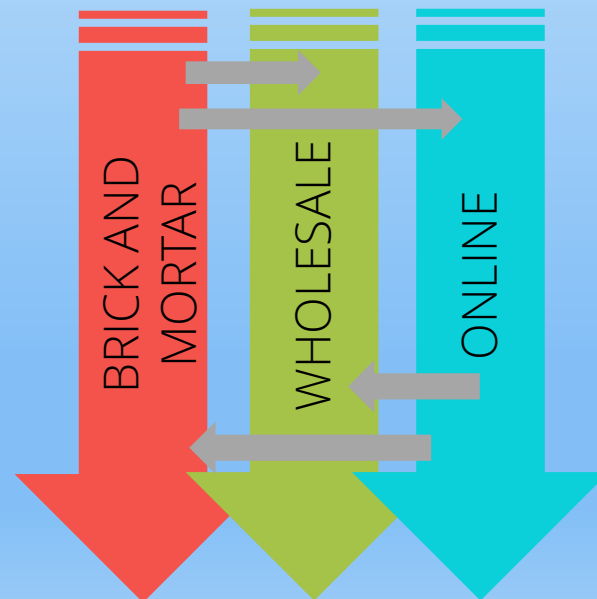


# Channel strategies

## Multichannel



## Omnichannel



# Channel phases



## 1 AWARENESS

How do we raise awareness about our company's products and services?



## 2 EVALUATION

How do we help customers evaluate our organisation's value proposition?



## 3 PURCHASE

How do we allow customers to purchase specific products and services?



## 4 DELIVERY

How do we deliver a value proposition to customers?

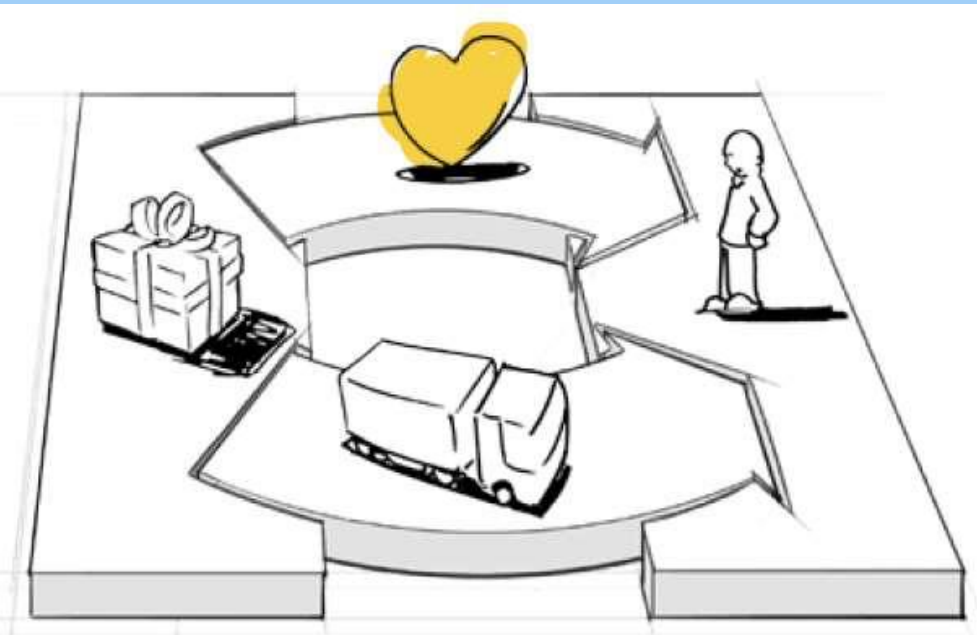


## 5 AFTER SALES

How do we provide post-purchase customer support?

# 4. Customer Relationships

What type of relationship does each of our customer segments expect us to establish and maintain with them? Which ones have we established? How costly are they?



The Customer Relationships Building Block describes the **type of relationships** a company establishes with specific customer segments.

# Why customer relationships?



Because of the need to:

- **Acquire** (new) customers
- **Retain** (old) customers
- Apply **Up-selling** or
- Apply **Cross-selling** strategies

# What type of relationships?



## PERSONAL ASSISTANCE

Based on human interaction: live, call-centers, e-mail, chat, etc.



## DEDICATED PERSONAL ASSISTANCE

PA dedicated to specific clients on a one-to-one basis



## SELF-SERVICE

Providing to customers all the information to help themselves



## AUTOMATED SERVICE

More sophisticated as it can recognise the client and personalise the service



## COMMUNITY

Facilitating information exchange among the members of a community



## CO-CREATION

Customers co-create value (products, assistance etc.) with the company

What are the **advantages** and the **disadvantages** of each type?

# Let's start!

Let's start putting the 4 building blocks together in a consistent way:

- Hypothesise we want to start up with our startup **XXX**
- Think to a **combination of:**
  - target market
  - value proposition
  - customer relationships
  - channels

that make sense

- Explain your idea to your colleagues

Alternatively, you can analyse an **existing company**

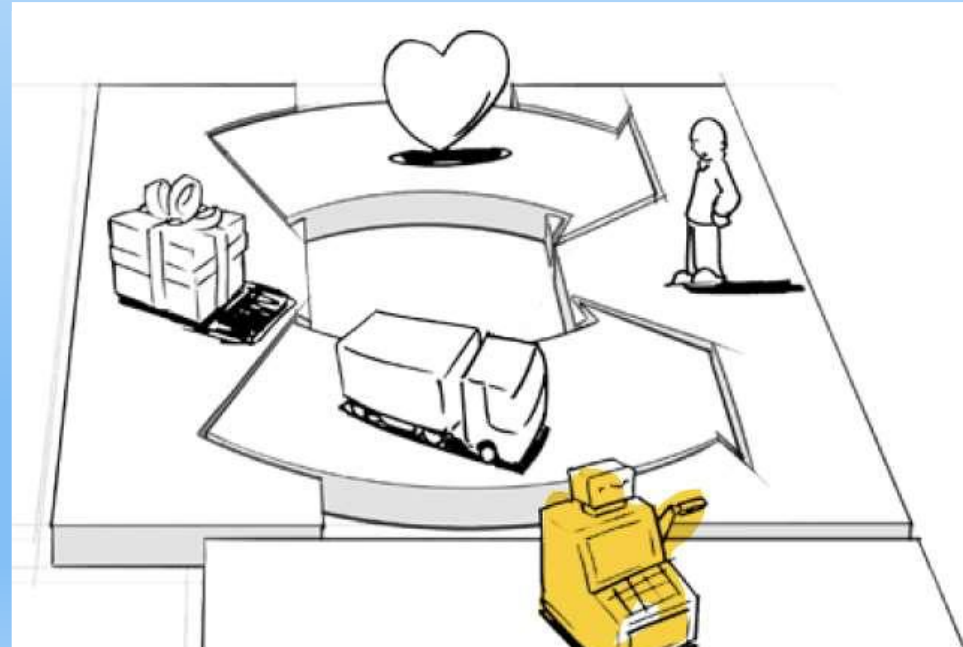




# 5. Revenue Streams

What value are our customers willing to pay? For what do they currently pay? How are they currently paying and how would they prefer to pay?

The Revenue Streams Building Block represents the **cash** a company generates from each customer segment.



# Ways to generate revenue streams

€

## ASSET SALE

Simple selling of physical products

€

## USAGE FEE

Fee derived from the use of a service (the more the use, the higher the revenues)

€

## SUBSCRIPTION FEES

Revenues coming from selling access to a service (physical or digital)

€

## LENDING/RENTING/LEASING

Revenues coming from a temporal grant given to someone to use a particular asset

€

## LICENSING

Giving customers permission to use protected intellectual property in exchange for licensing fees

€

## BROKERAGE FEES

Revenue Stream derives from intermediation services performed on behalf of two or more parties (credit cards, real estate agents)

€

## ADVERTISING

Revenue Stream results from fees for advertising a particular product, service, or brand



# Different types of revenue streams...

Revenue streams can be:

- **Transaction revenues** resulting from one-time customer payments
- **Recurring revenues** resulting from ongoing payments to either deliver a value proposition to customers or provide post-purchase customer support

Each revenue stream can have **different pricing mechanisms**



# ...and pricing mechanisms

## FIXED PRICING

(predefined prices based on static variables)

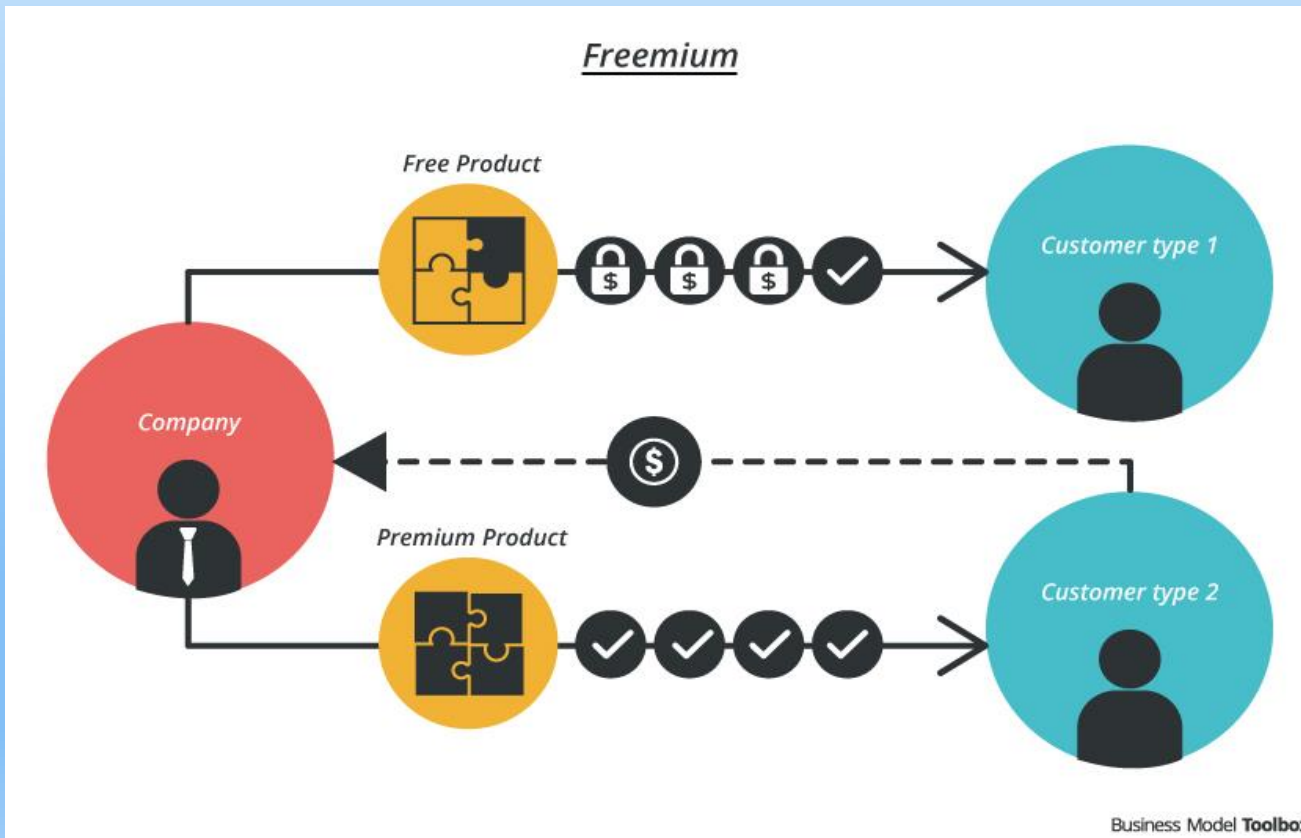
List price	Fixed prices for individual products, services, or other value propositions
Product feature or dependent	Price depends on the number or quality of value proposition features
Customer segment dependent	Price depends on the type and characteristic of a customer segment
Volume dependent	Price as a function of the quantity purchased

## DYNAMIC PRICING

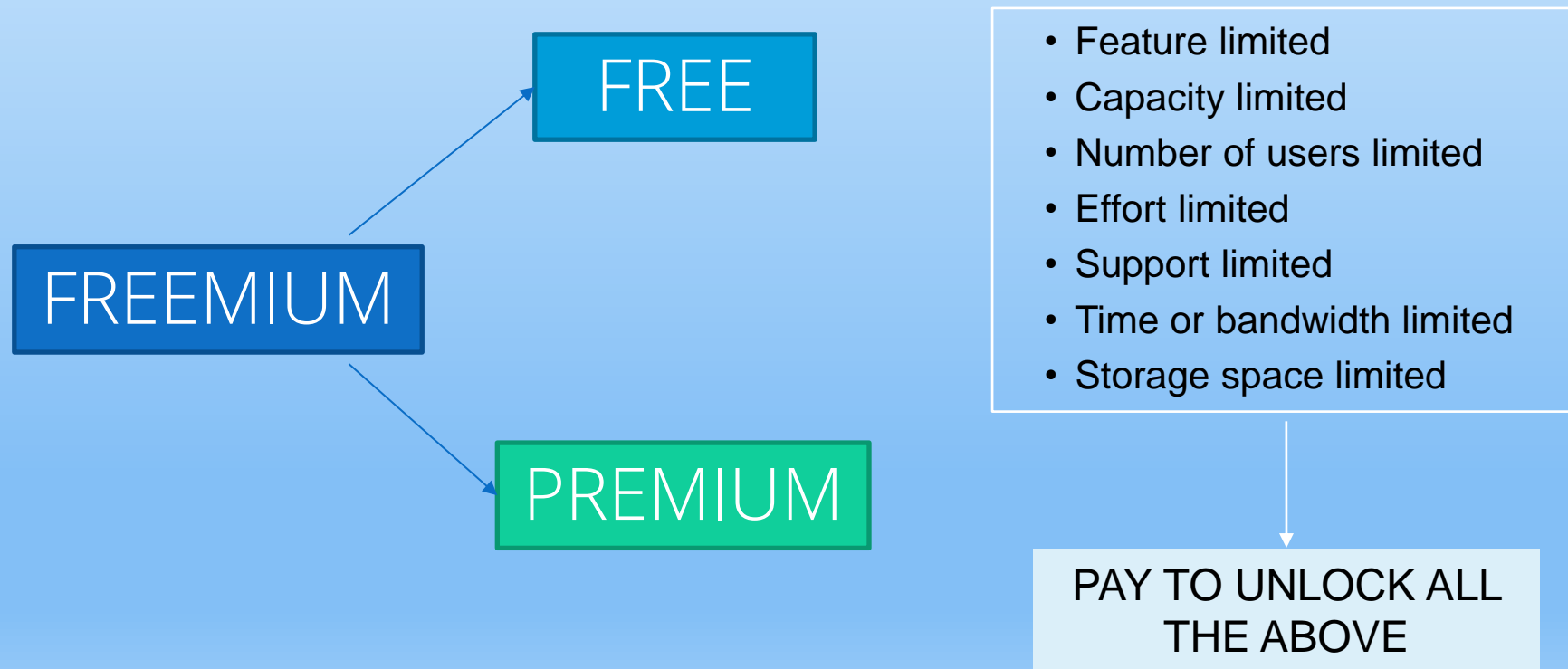
(prices change based on market conditions)

Negotiation (bargaining)	Price negotiated between two or more partners depending on negotiation power and/or negotiation skills
Yield management	Price depends on inventory and time of purchase (normally used for perishable resources such as hotel rooms or airline seats)
Real-time-market	Price is established dynamically based on supply and demand
Auctions	Price determined by outcome of competitive bidding

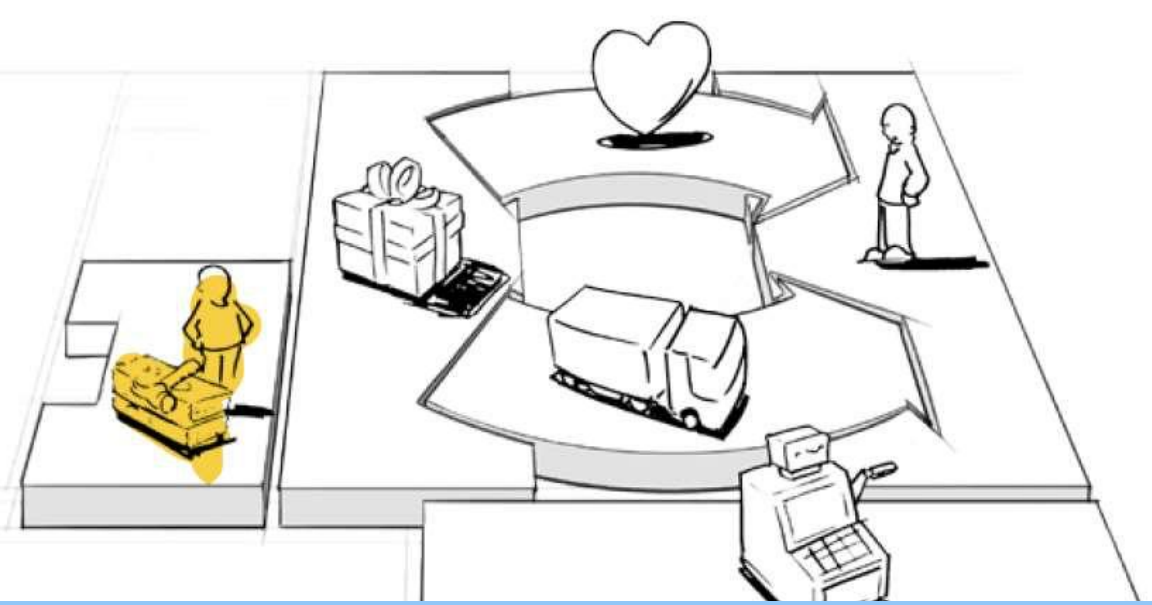
# An (emerging?) revenue model



# The “Freemium” revenue model



## 6. Key Resources



The Key Resources Building Block describes the **most important assets** required to make a business model work.

What key resources do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?

# Resource types

## INTELLECTUAL

Include brands, knowledge, patents, copyrights, partnerships, and customer databases



## HUMAN

HR are particularly important in certain business models (i.e., knowledge-intensive and creative industries)



## PHYSICAL

Include physical assets such as manufacturing facilities, machines, systems, point-of-sales systems, and distribution networks

## FINANCIAL

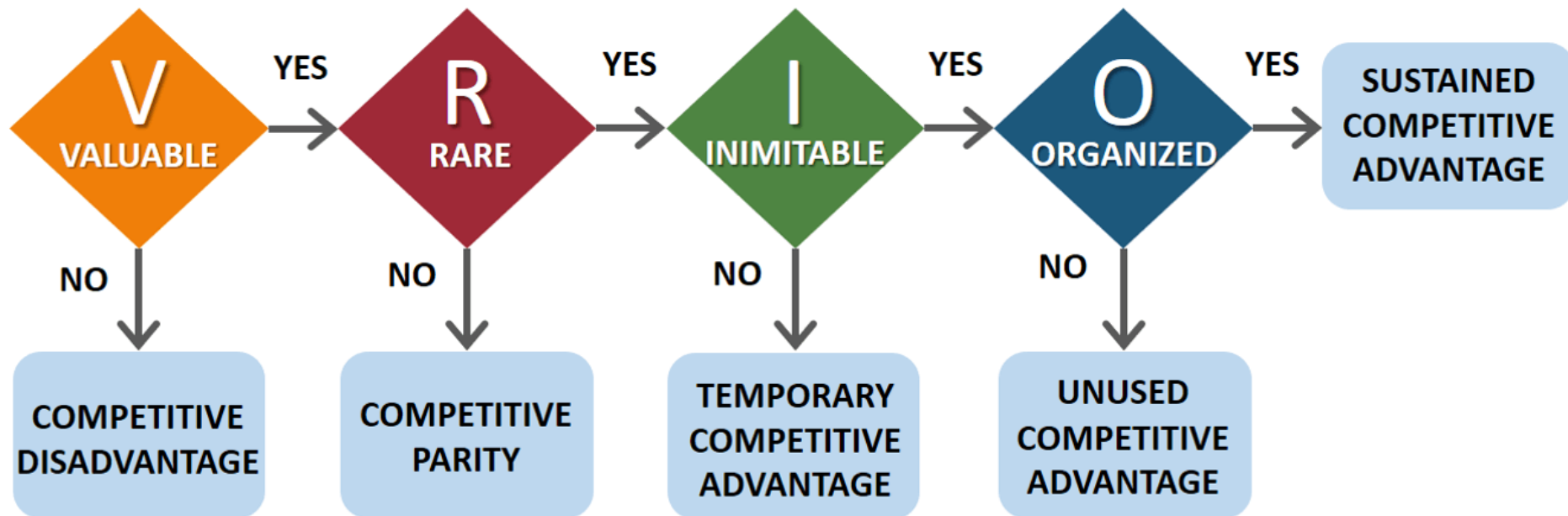
Financial resources (or lines of credit) can be key (i.e., to finance equipment bought by customers)



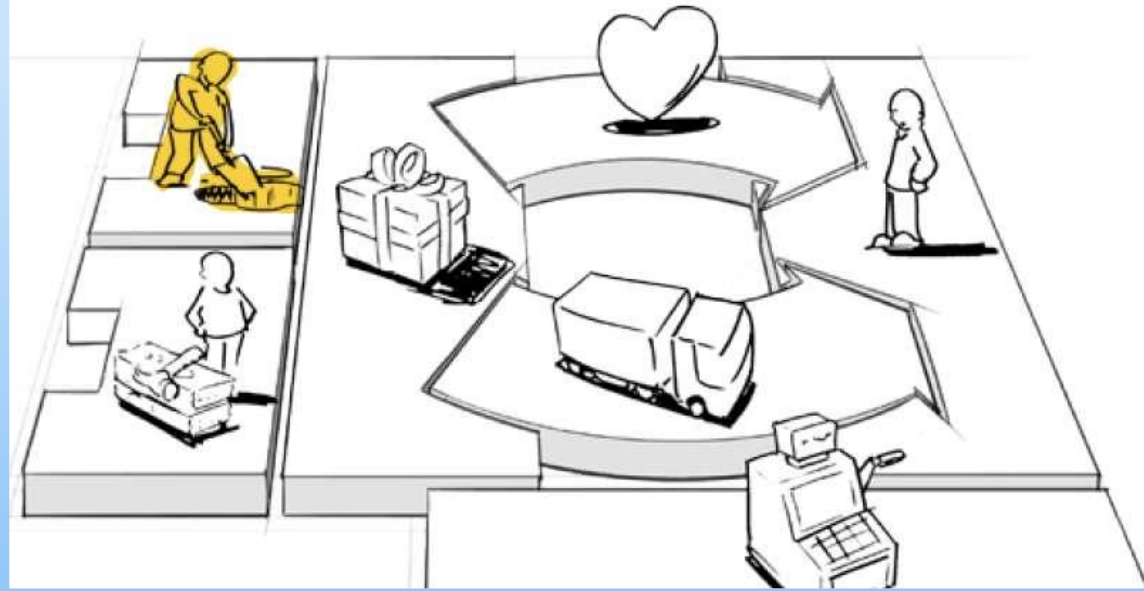
# The VRIO model

IS THE RESOURCE OR CAPABILITY...?

IS THE COMPANY WELL...?



## 7. Key Activities



The Key Activities Building Block describes the **most important things** a company must do to make its business model work.

What key activities do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?

# Types of key activities



## PLATFORM/NETWORK

Some business models manage the interface between multiple actors as a key activity (i.e., Airbnb, MasterCard)



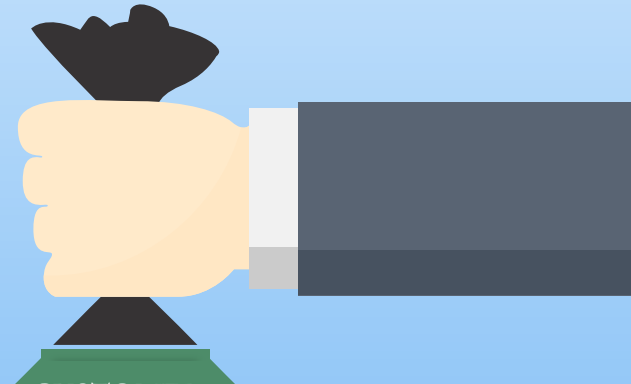
## PROBLEM SOLVING

Some BM require to come up with new solutions to individual customer problems. Typically, services.



## PRODUCTION

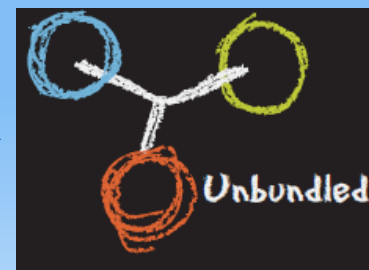
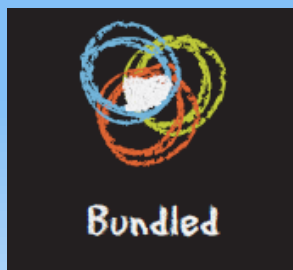
These activities relate to designing, making, and delivering a product in substantial quantities and/or of superior quality. Typically, manufacturing



**Pay attention to mixing up activities that are too different: unbundling could become necessary**

# Unbundling

- Assumption: three fundamentally different **types of businesses**, namely customer relationship, product innovation and infrastructure businesses
- Each type has different economic, competitive and cultural imperatives
- The three types may co-exist within a single corporation, but ideally they are **“unbundled” into separate entities** in order to avoid conflicts or undesirable trade-offs

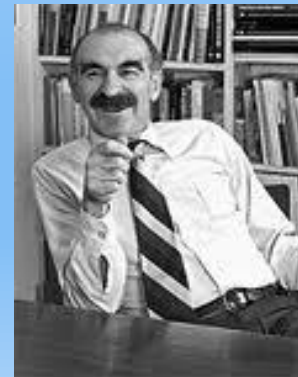


# Servitisation



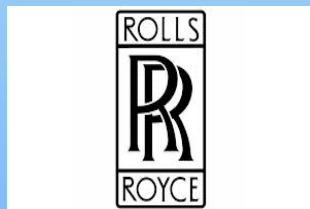
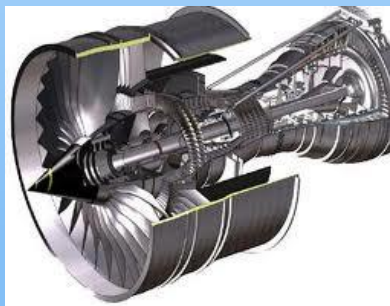
Levitt T. (1960):

*“when customers buy 1/4 inch drills what they really want are 1/4 inch holes”*



# The servitisation trend

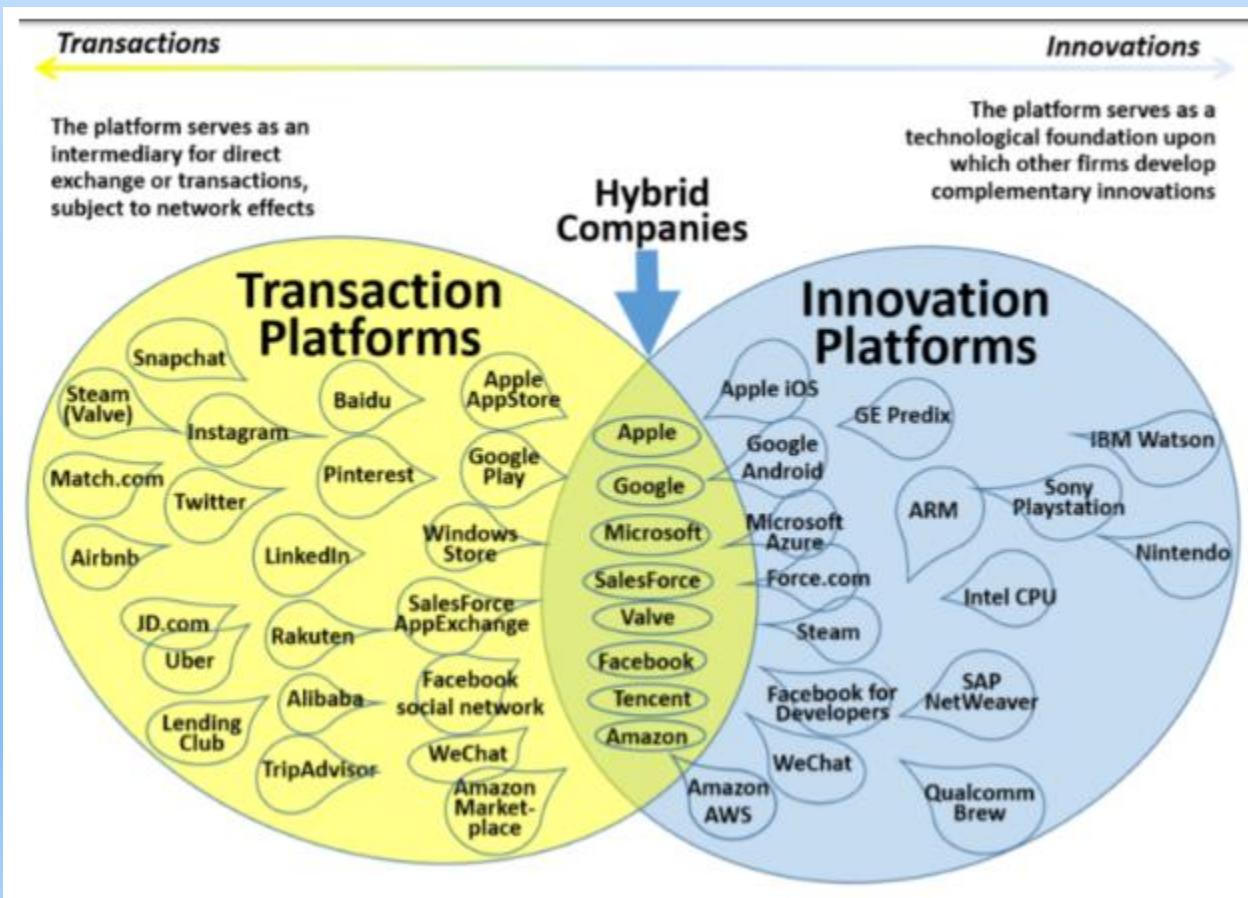
From one product,  
many services:



Looking at products as they were  
services helps to focus on the **benefits**  
provided to clients

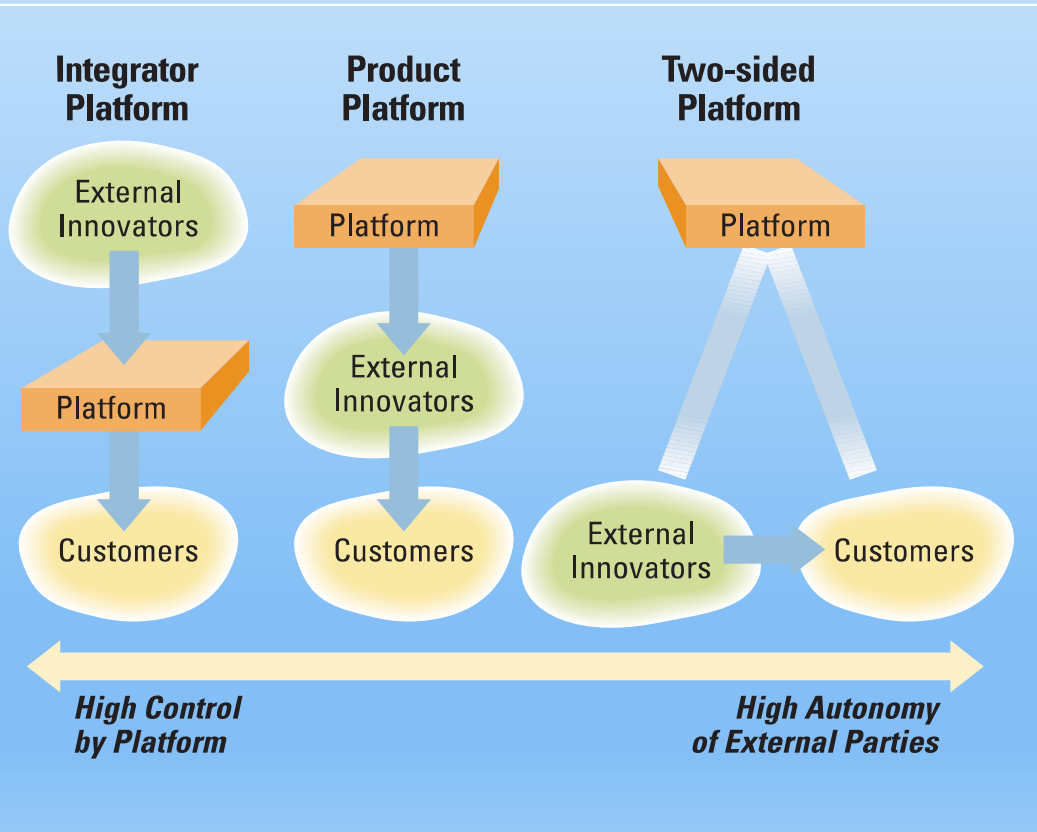


# Transaction and innovation platforms





# Platform typology



When a company opens up its product to **outside innovation**, the product becomes a **platform**. To **generate revenues** from that platform, executives need to think about what type of business model makes the most sense.



# Platform strategies

- **“Jump on the bandwagon” strategy**

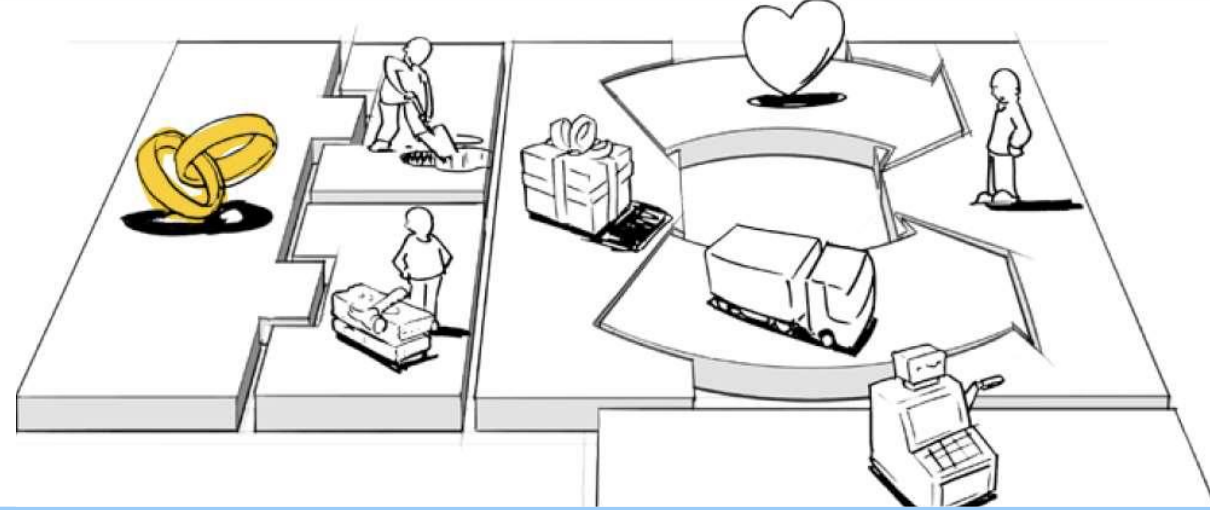
Simply use existing and "winning" platforms.

- **“Embrace-and-extend” strategy**

Embrace existing winning platforms, as far as they go, then rapidly extend them with proprietary/unique features.

- **Create new/alternative platforms (if possible)**

- **Avoid platforms (possible?)**



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

## 8. Key Partnerships

The Key Partnerships Building Block describes the **network of suppliers and partners** that make the business model work.

# Types of key partnerships



**1. Strategic alliances**  
**between non-competitors**  
(“Rete”, Non-competitive network)



**2. Coopetition:**  
Strategic partnerships  
between competitors



**3. JV**  
Normally used to  
develop new  
businesses or to  
enter new  
markets



**4. Buyer-Supplier relationships**  
Not only to  
assure reliable  
supplies...

# Key partnerships: why?

1

## OPTIMIZATION OF RESOURCES AND ECONOMY OF SCALE

Typical of supply relationships. It could make not much sense for a company to internalize all the assets, especially when demand is unstable

2

## REDUCTION OF RISK AND UNCERTAINTY

Typical of coopetition and JV. Entering new markets, launching new standards can be extremely costly for a single company.

3

## ACQUISITION OF PARTICULAR RESOURCES AND ACTIVITIES

Typical of strategic alliances. Such partnerships can be motivated by needs to acquire knowledge, licenses, or access to customers

# 9. Cost Structure

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

The Cost Structure describes **all costs** incurred to operate a business model.



# Cost structure types



## COST DRIVEN

**Minimising costs is key.**

This approach aims at creating and maintaining the leanest possible cost structure, using low price value propositions, maximum automation and extensive outsourcing.

In between solutions are, of course, possible



## VALUE DRIVEN

**The focus is on value creation.**

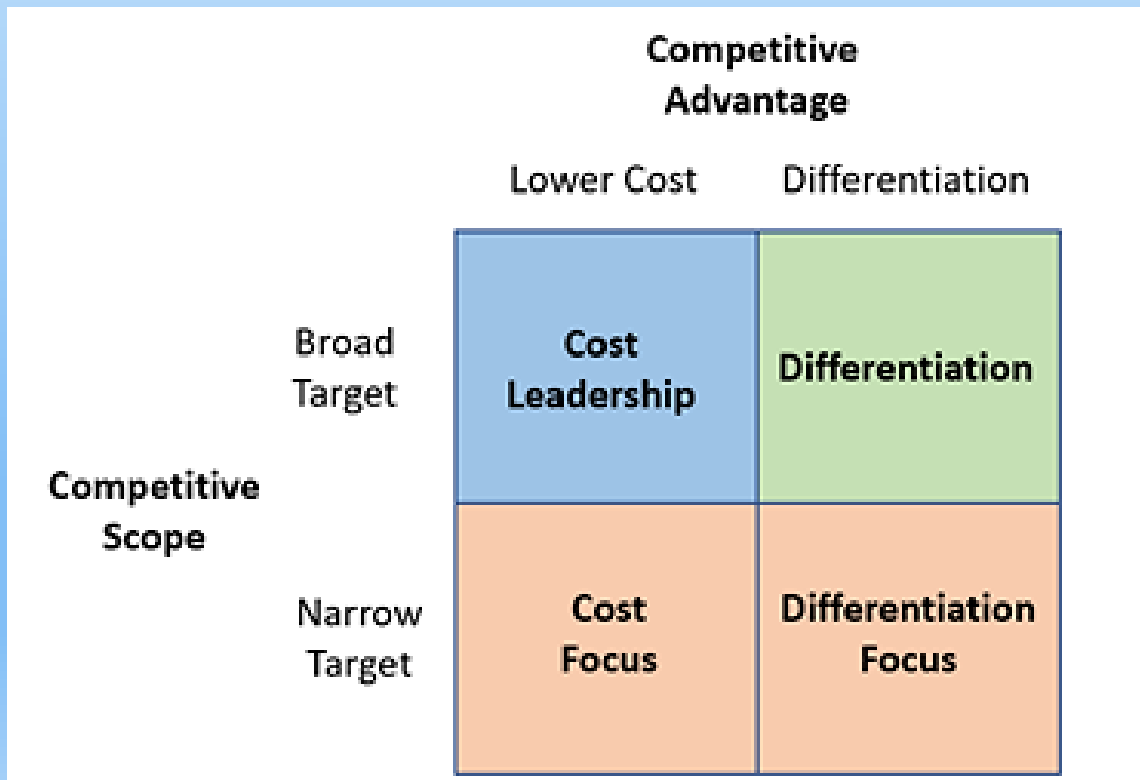
Premium value propositions and a high degree of personalised service usually characterise value-driven business models.

# Cost structure features

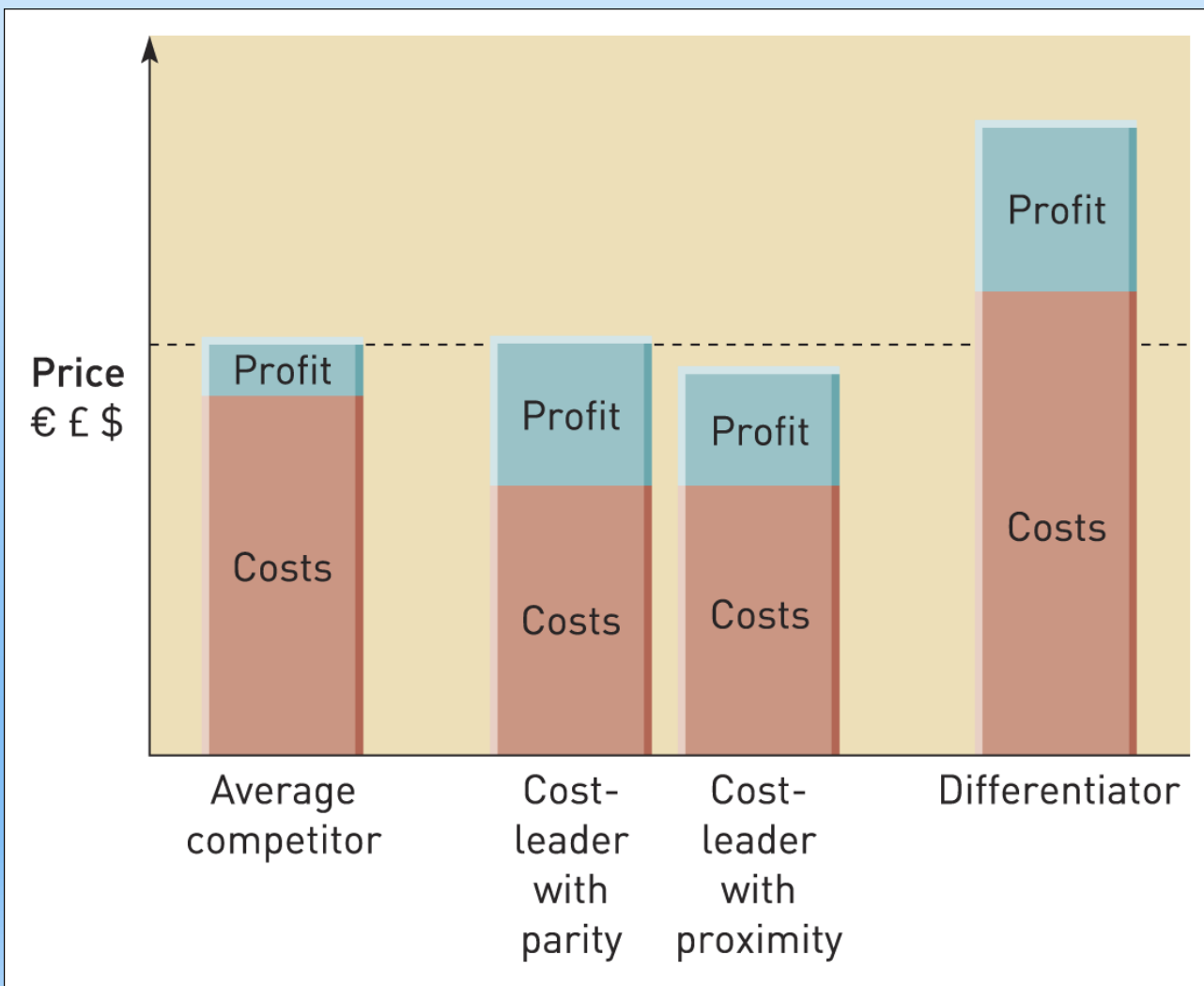
Cost structures can have the following characteristics:

- **Fixed costs:** Costs that remain the same, despite the volume of goods or services produced
- **Variable costs:** Costs that vary proportionally with the volume of goods or services produced
- **Economies of scale:** Cost advantages that a business enjoys as its output expands, making the costs per unit fall
- **Economies of scope:** Cost advantages that a business enjoys due to a larger scope of operations

# The base competitive strategies for Michael Porter







# Ryanair's BMC analysis...

- **KEY RESOURCES:**
- **KEY ACTIVITIES:**
- **KEY PARTNERS:**

What makes Ryanair so profitable? Examine the left-wing part of its BMC and let's discuss about it!

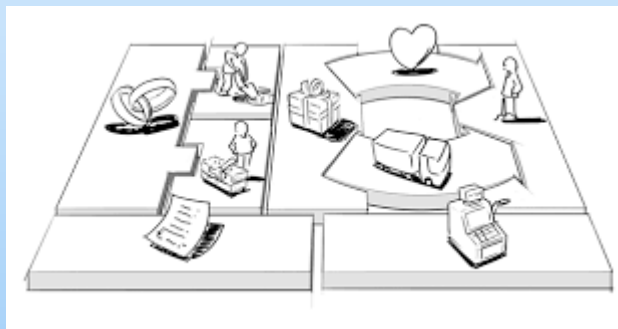


# ...and how about the competitors?

- **KEY RESOURCES:**
- **KEY ACTIVITIES:**
- **KEY PARTNERS:**

How about the competitors? What makes them different from Ryanair?





# Thank you for your attention

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