

**Building Financial Resilience**

**Action Plan: Test Two New Revenue Models**

Part 1: Our revenue model describes how we charge for the different modes of delivering our products and/or services to different segments. **Review the attached 50 revenue models. Which two best describe the top two revenue models used by our business?**

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| **#** | **Revenue Model?** | **What happened to this model over the past 60 days?** |
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Part 2: Experimenting with new revenue models is key to getting better compensated for the value that a business delivers to customers. **Going forward, what two new revenue models could our business experiment with?**

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| **#** | **Revenue Model?** | **What do we have to do for a meaningful test with new customers? (What support is needed? What new competency would we need to build? How will we measure success?)** |
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***50 Alternative Revenue Models***

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| Ref. | **Revenue** **Model** | Characteristic Feature | Examples |
| 1 | **Add-ons** | Promote extras to increase margins. | Want frys with that? Extra Collision Insurance?Upgrades? |
| 2 | **Advertising** | Sell access to the demographics. |  TV, Magazines, Facebook, Google AdSense. |
| 3 | **Affiliate** | Referral Commissions- A performance-based marketing model where you compensate one or more affiliates for each referral generated by affiliate's marketing efforts. | Amazon Affiliate Program, Cost per Click. |
| 4 | **Affinity Marketing** | Partnerships between a company and an organization (the affinity group). | Affinity Credit Cards. |
| 5 | **Association** | Charge membership dues for access to peer industry or function members. | Associations. |
| 6 | **Auction** | Generating bids within a time frame for commission on the transactions. | eBay, Auction houses. |
| 7 | **Bait & Hook**  | Cheaply promote the base, to sell 'refills' over time. | Printer Ink, blades, Keurig Coffee Maker. |
| 8 | **Broker** | Charging a fee or commission for arranging transactions between buyers & sellers. | Expedia, Real Estate Agents. |
| 9 | **Bundling** | Packaging related goods/services together | Gift Hampers, Microsoft Office Suite  |
| 10 | **Club** | Generate membership fees to serve member’s needs. | Golf Clubs, single product or interest clubs. |
| 11 | **Commission** | Receiving payment as an agent for services rendered, usually a % of the deal. | Recruiters, RE Brokers. |
| 12 | **Crowd-sourcing** | Aggregating crowd contributions to create value. | Wikipedia. |
| 13 | **Customer Involvement /Burden Shifting** | Have customers complete tasks themselves as part of the service delivery- to keep costs down. | Self-checkout in supermarkets, self-check-in at airlines, assemble your own furniture (IKEA). |
| 14 | **Direct Sales** | Selling directly away from a fixed retail location, door to door, one-on-one demonstrations, direct internet sales. | Encyclopedia Britannica. |
| 15 | **Dis-intermediation** | Provide a platform to cut out traditional middlemen and go direct. | UBER, Hotels.com, Amazon. |
| 16 | **Fractional Ownership** | Several unrelated parties share in **ownership** of a high-value asset ( jet, yacht real estate) | Timeshares, Jetshare,  |
| 17 | **Franchise** |  Licensee Fees & Royalties - to use a firm's successful business model and brand for an agreed term. | McDonalds, Dunkin Donuts. |
| 18 | **Freemium** | Basic version is free. Charge for the "upgrades"  | Pandora, LinkedIn. |
| 19 | **Leasing** | Use of high price items for fixed time and terms.  Three parties: the seller, the buyer (lessee) and the financier (lessor) | Cars, Photocopiers, Modems. |
| 20 | **Limited Usage Rights** | Licensing. | Movie distribution, patents. |
| 21 | **Loss Leader** | Subsidized/loss making core product to stimulate sales of more profitable offerings. | Kindle / iTunes. |
| 22 | **Low Cost Leader** | Bury cost-cutting methods within the business model. |  Ryanair. |
| 23 | **Marketplace** |  Enabling Buyers & Sellers for transaction fees. | Stock Exchange, Amazon, Upwork. |
| 24 | **Micro-transactions** | Transactions involving a very small sums of money and usually taking place online. | App Store, In-game purchases. |
| 25 | **Multi-Level Marketing**  | Sales force is compensated for sales they generate, but also for the sales of the other salespeople that they recruit known as the participant's "down-line". | Herbalife, Amway, Mary Kay. |
| 26 | **Negative Operating Cycle (Pay after you collect)** | Don’t pay for your inventory or materials until after you’ve sold the final product associated with them. | Dell Computer. Art Galleries. |
| 27 | **One Time Access Fee** | Initiation fees. | Disney, Country Club. |
| 28 | **Party Planning**  | Hosting 'social events' at which products will be offered for sale. (Type of direct selling) | Tupperware Parties. |
| 29 | **Pay per Play** | Event specific. | Ticket. |
| 30 | **Pay to Use** | Rental. | Hotel/ Car. |
| 31 | **PAYG (Pay-As-You-Go”)** | Consumption driven – Metered. | Taxi, professional services, Electricity. |
| 32 | **Per Transaction** | Sold by the unit – COGS. | Cup of coffee.  |
| 33 | **Platform-As-A-Service** | Enabling customers to develop, run and manage their business applications without the complexity of building and maintaining their own infrastructure. | Amazon Web Services, Salesforce.com. |
| 34 | **Pre-pay for discount** | Get $1,000 credit for $750 in cash now. | Seasonal Voucher promotions to help tide over a slow season. Restaurants at the holidays. Farm share stores.  |
| 35 | **Private Label** | Enable customers to rebrand completely and provide customer branded support. | Supermarket white label, Hosting services. |
| 36 | **Recurring Revenue** | Predictable revenue streams that can be expected to continue in the future. | Cable. |
| 37 | **Reverse Auction** | Sellers bid each other down to a price that buyers will accept. | Task-Rabbit, Open IPO. |
| 38 | **Sponsorship** |  Few Payers, many users. | Conferences. |
| 39 | **Standardization** | Offer very limited choices. | Minute Clinic. |
| 40 | **Standards**  | Platforms that are open to the development of complementary services while preserving the proprietary advantage to ensure lock-in. | IOS vs. Android vs RIM, CDMA vs. GSM. |
| 41 | **Streaming** | Content streaming services to monetize the entertainment experience. | Netflix and Spotify. |
| 42 | **Subscription - by Term Contract**  | Contract driven access– focus is on renewal rates. | Magazines, memberships, cell phone contracts. |
| 43 | **Subscription - to consume** | Pay regularly for regular access, until a customer tells it to stop. | Barrons.com. NYT.com NewYorker.com. FT.com. or Blue Apron. |
| 44 | **Sunk Cost**  | Requires the initial purchase of a high-cost proprietary platform. | Gaming platforms, Bloomberg Terminals. |
| 45 | **To-Go Consumption** | Prepare and package product for consumption elsewhere.  | Packaging and/or delivery, boxed meals, drinks and accessories |
| 46 | **To-Stay Consumption** | Prepare and serve for on-site consumption.  |  |
| 47 | **To-Relocate Consumption** | Full production unit can relocate to site of consumption | Chip Vans, Food Trucks, Juice Carts, Tent Catering, mobile libraries, mobile clinics, Mobile pet grooming. |
| 48 | **Value Add Conversion** |  "Buy by the ton, sell by the oz"Apply a manufacturing process to refine bulk material. | Paper Mills / coffee beans. |
| 49  | **Web Sales** | Customers complete transactions over the internet. Site is found via web search or outbound marketing. | Amazon.com |
| 50 | **X-as-service** | Install and/or maintain a device. Charge the customer by uptime, the volume of throughput or data storage plans. Leverage embedded IoT sensors to track 24×7 operational and pricing data. | Ring video doorbell services. Home temperature, moisture sensor services. |

Be creative in recognizing and continuously experimenting with different possibilities for creating, delivering and capturing value! Often, the most sustainable and innovative revenue models for any business come from combining more than one model.