

# 1 Mass customization

Mass customization is the use of flexible production systems to enable individualization of products. As a result, the needs of individual customers can be fulfilled within mass production circumstances at competitive prices.

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## *Example* miadidas



Adidas lets customers design and purchase their own shoes and apparel: miadidas. It enables people to customize shoes with various elements - people can mix and match colours and even have their own name printed on them.

## 2 Solution provider

A solution provider offers a complete package that fulfils the needs of a customer. A solution can consist of multiple products and related services like maintenance, installation, problem-shooting, or helpdesk support.

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## *Example* Best Buy



Geek Squad is an American based company that provides technical home support for various electronics. Electronics company Best Buy works with Geek Squad to sell solution packages to consumers. When customers buy a PC from Best Buy, they get a Geek Squad warranty that ensures maintenance and 24/7 technical support.

# 3 Experience selling

With experience selling, a company is not just selling a product or service but it gives their customers an experience. Usually this experience is created by the ambience surrounding the offering. This opens the door to higher customer value, so higher prices can be asked.

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## *Example* Disney World



Disney wants to stage a magical experience for its guest, mostly families. They provide the thrill of rides and staged entertainment. However, a key part of the ambience is formed by the lovable Disney characters with whom guests can have their picture taken. Visitors pay for a memorable experience.

## 4 User generated content

User generated content refers to any form of content that is produced by users or customers of a website or online service. The content, like videos or reviews, can be viewed, consumed and shared by other users – and maybe even sold to third parties.

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## *Example* YouTube



YouTube is the largest platform for video sharing. Registered users can upload content and share it with friends or provide it to the public. Others can view, rate, share, and comment on videos. YouTube earns money mainly with advertising placed around the uploaded content.

## 5 Open source

Open source refers to (software) products that are not kept proprietary, but are freely available to anyone. Sometimes people can also contribute to open source products.

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## Example Wikipedia



Wikipedia is a collaboratively edited, multilingual, free Internet encyclopaedia that is supported by the non-profit Wikimedia Foundation. Volunteers worldwide collaboratively write Wikipedia's 30 million articles in 287 languages. Anyone who can access the site can edit almost any of its articles. Money comes almost completely from donations.

## 6 Eco & Green

An Eco & Green organization ensures that its processes and products are environmentally friendly, while maintaining a profit. Customers increasingly value companies that reduce their ecological footprint.

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## *Example* Starbucks



In addition to purchasing certified organic coffee, Starbucks is focusing on creating 'green' stores. The 'green' stores adjusted store temperature to save on air-conditioning. Purchased furniture is made with 90% recycled material and low-flow water valves have been incorporated. All this makes the store more environmentally friendly while reducing operating costs.

# 7 Anything as a Service

Anything as a Service refers to products that are offered as services. For instance, people don't buy music or software but pay for using it over the Internet. Physical products like cars can be rented or shared instead of bought.

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## *Example* Light as a Service



Philips Lighting is a global provider of innovative (LED) lighting solutions. Philips offers light as a service, which means that customers pay for the light they use, while Philips remains the owner of all fixtures and lamps.

## 8 Self service

With self-service, the customer takes over a part of the delivery process in exchange for a lower price for the service or product. This is suitable for process steps that add relatively little value for the customer, but incur high costs.

## *Example* IKEA



The IKEA business idea is to offer a wide range of home furnishings at prices so low that many people can afford them. The furniture comes to the store in flat packs that are cheaper to transport. The furniture stays in that flat pack because Ikea expects some work from the customer to keep the prices low. Customers carry the flat packs and assemble the furniture themselves at home.

## 9 Platform

A platform connects two or more interdependent groups of users and enables them to interact with each other. A platform operates an infrastructure to facilitate such interactions. The platform typically earns from advertisement or from a percentage of the transactions made on the platform.

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## *Example* Uber



Uber enables taxi drivers to connect with passengers through a mobile app. The app shares location data with each party and helps conduct the transaction. Uber charges their drivers a service fee for the provision of the app.

# 10 Leverage customer data

Leveraging customer data is the process of collecting and analyzing data about customers. The collected data can be sold to third parties.

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## Example PatientsLikeMe



PatientsLikeMe helps patients to connect with others who have the same disease or condition and share their experiences. This generates data about diseases that help researchers and companies develop more effective products, services and care. PatientsLikeMe sells these data to their partners.

# 11 No-frills

A no-frills service or product is one for which the non-essential features have been removed to keep the price low.

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## *Example* Aldi



Aldi is a well-known chain of supermarkets that follows a strict no-frills approach. The shops have a simple design and are not decorated. The range of products is limited. Products are left in their cardboard boxes and on pallets along the aisles. Queueing at the checkout is common.

# 12 Data as a Service

Data as a Service refers to collecting, combining and interpreting data and transforming it into useful information that can be distributed and sold to third parties.

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## *Example* TomTom Traffic



TomTom uses the traffic flow of millions of mobile phone users and a million connected TomTom devices. This real-time data is combined with other traffic information sources, resulting in reliable traffic information that is also sold to third parties.

# 13 Collaborative consumption

Collaborative consumption occurs when individuals or companies rent out or share assets they do not use all the time. It is most likely to be used when the price of the asset is high and the asset is not utilized all the time.

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## Example NeighborGoods



NeighborGoods is an online platform that allows individuals to rent and borrow gear from others in their neighbourhood or network. Through transparency and peer ratings, NeighborGoods creates a community in which people can share safely.

# 14 Cross selling

Cross selling is the practice of selling an additional product or service to an existing customer. This will create more revenue per customer. In this way, more sales are done without having to search for new customers, which is costly and time consuming.

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## Example Amazon

### Customers Who Bought This Item Also Bought



When a customer purchases a book on Amazon.com, a list of recommended books is shown. Amazon reports that cross selling accounts for 35% of its sales.

# 15 Barter

Barter means that goods or services are directly exchanged for other goods or services without any money being exchanged.

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## *Example* Noppes



Noppes is an Amsterdam based local barter system. Within Noppes, members exchange goods and services with each other. The offers on the website are diverse: babysitting, transportation, writing, computer services, etc.

# 16 Lock-in

The lock-in model makes a customer dependent on a vendor for products and services. Going to another vendor leads to high switching costs.

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## *Example* Apple ecosystem



# Authorised Reseller

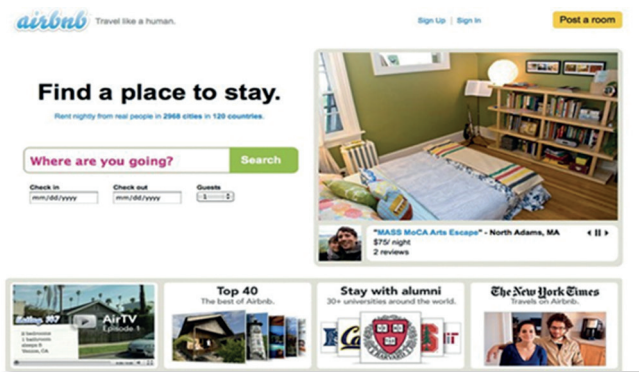
Apple effectively creates a customer lock-in with its ecosystem including smartphones, tablets and laptops, operating system, apps and AppStore, services like iTunes and proprietary accessories like power cables. When switching to an Android smartphone or Windows PC, you have to pay for the device but you also need to pay for apps, music and software again, not to mention the time it takes to familiarize yourself with the new system.

# 17 Peer-to-peer

A peer-to-peer model means that individuals exchange products or services directly with each other, with possibly an intermediary enabling the matchmaking and exchange.

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## Example Airbnb



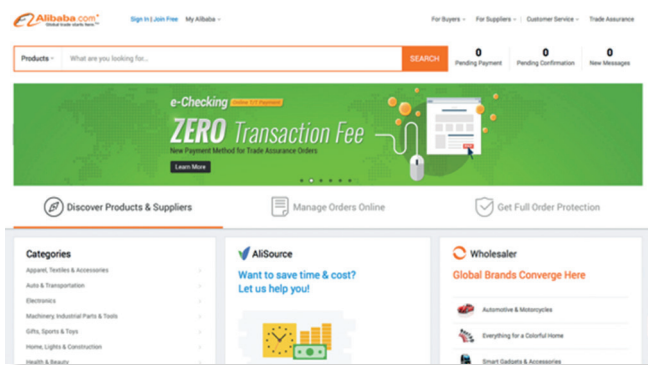
Airbnb provides an international platform to rent other peoples' apartments and houses online. Each property is associated with a host whose profile includes recommendations by other users and reviews by previous guests. Airbnb's primary revenue comes from service fees from bookings (range between 6% and 12%). Airbnb also charges the host 3% from each guest booking for credit card processing.

# 18 e-Commerce only

“e-Commerce only” refers to selling products or services through online channels only. This eliminates costs from running a physical shop. Customers benefit from higher availability (24/7) and convenience.

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## Example Alibaba



Alibaba is the world's biggest online e-commerce company. The company operates several online marketplaces in China, including the Tmall, an Amazon-style online retailer; Taobao, an online auction site similar to eBay; and Juhuasuan, a Chinese version of Groupon. In addition, the company owns Ali-pay.com, the Chinese equivalent of Paypal.

# 19 Reselling

Reselling means that a company distributes the goods of another business. Resellers typically also provide advice on the products.

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## *Example* Optomed



Optomed is a Finnish medical technology company producing handheld retinal cameras for eye disease screening. The company partners with dozens of specialized eye care providers around the world to create a global distribution network.

developed by InnoValor

## 20 Shop-in-shop

Instead of opening new branches, a company can choose to open a small independent shop within an existing shop (a win-win situation).

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## *Example* Deutsche Post



The German postal service (Deutsche Post) has undergone dramatic changes. The old Bundespost, with large, dark post offices in old buildings, has given way to many smaller, brighter post offices in shopping centres and other convenient locations.

# 21 Omnichannel

Omnichannel is a multichannel approach integrating online and physical channels for a seamless shopping experience. Customers can easily switch between channels while shopping.

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## *Example* Carrefour



Belgian supermarket chain Carrefour launched 'Connected Kitchen', a service that allows customers to make their shopping list at home through a self scanner. Customers scan products into their shopping basket either by voice recognition or scanning the barcode. Once customers complete their on-line order, the groceries can be shipped to their homes or picked up in a local store.

## 22 White label

The white label strategy means that one company makes products or services, which are then sold under the brand name of other companies.

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## *Example* Foxconn



Foxconn produces ‘white label’ goods and components for a variety of brands and retailers, such as Apple and Dell. Because of the high volume, Foxconn can create a highly efficient production line. This means cheap goods and quick production. Other organizations sell the goods with their own brand, but without having to set up their own production line.

## 23 Versioning

Versioning refers to producing different versions of the same product for different customer segments and with different prices. Through versioning, companies benefit from the idea that different type of customers want to pay different prices.

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## *Example* Microsoft



Microsoft has released no less than seven different versions of Windows 10. Versions range from a Home edition, a Pro edition to a Student edition. Each version is targeted at a different user group and has different features and price. In this way Microsoft can address individual customers' needs and charge different prices for different segments.

## 24 Behavioural segmentation

Behavioural segmentation refers to identifying groups of people based on specific behaviour like how they buy, consume or act. This allows a company to focus their offering to specific segments.

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## Example Fairzekering



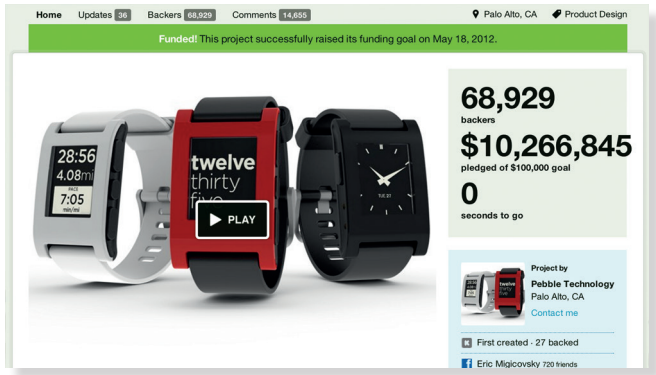
Fairzekering is an insurance company that offers customers a premium discount of up to 35% if they improve their driving behaviour. The driving behaviour is measured by a device in the car.

## 25 Crowdfunding

Crowdfunding means that a large number of people invests in a project, product or business. This is often done via internet-mediated platforms. People who back crowdfunded projects are offered rewards or discounts in exchange for their pledges.

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## Example Pebble



Pebble is a smartwatch maker that raised over 1 million dollars in 2012 via crowdfunding platform Kickstarter. Kickstarter helps to bring creative projects to life. Project creators choose a deadline and a minimum funding goal. If the goal is not met by the deadline, no funds are collected, as a kind of assurance. Kickstarter takes 5% of the funds raised.

## 26 Razor & blade

Razor and blade refers to the model introduced by razor manufacturers like Gillette. The razors are cheap, but the replacement blades are expensive. The model is about selling a one-time product for little and making money from repeated purchases of required complementary products.

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## *Example* Nespresso



Nespresso is applying the razor and blade model with its coffee machines and cups. The coffee machines of Nespresso are attractively priced when compared to other coffee machines. The coffee cups that fit into the machine are expensive. Nespresso generates a steady revenue stream from the repeated purchase of the required cups.

## 27 Add-on

A basic product is offered for an attractive price, but a lot of expensive extras drive up the final price. Customers benefit because they can choose which extras they really want.

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## *Example* Ryanair



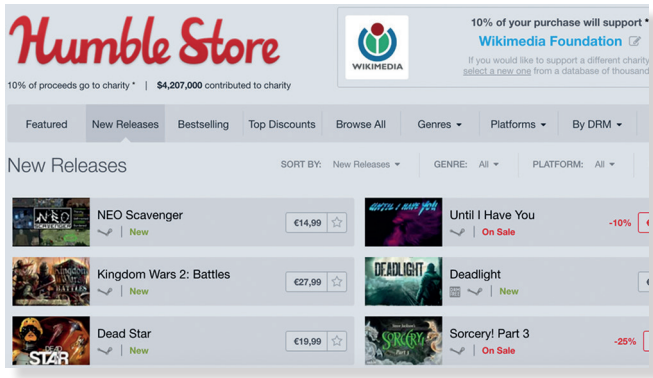
Ryanair is a low-cost airline with low basic flight prices with minimum comfort and service. They make their basic service affordable for every customer. However, customers pay extra to upgrade comfort and for additional services. In this way, the customer can configure the total service package.

# 28 Pay what you want

Pay what you want is a pricing strategy where buyers decide how much the service or product is worth. In some cases, a minimum price may be set or a suggested price may guide the buyer. This model is most useful for products or services with low marginal costs such as digital products.

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## Example Humble Bundle



Humble Bundle offers bundles of games sold at a price determined by the purchaser. A portion of the revenue goes to charity and the rest is split between the game developers and Humble Bundle.

## 29 Freemium

The term Freemium is a combination of the words 'Free' and 'Premium'. Most users have the free version of the product, while a small group purchases a premium version. Users only pay if they need advanced (premium) features.

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## *Example* LinkedIn



LinkedIn has a free version for finding and sharing professional contacts and profiles. With the free version, anyone can create their own professional network. LinkedIn offers a premium version with more options to contact people, promote your profile or search for a new job. Premium also allows recruitment professionals to find and approach candidates.

# 30 Revenue sharing

Revenue sharing is about distributing revenues between companies in a business alliance. Participants in revenue sharing models need to be clear about how revenue is collected, measured and distributed.

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## *Example* Groupon



Groupon offers discount deals from (local) businesses. Businesses get promoted to the public via Groupon's platform. Groupon uses a no cure no pay strategy. Only when enough people take the discount deal, the deal is on. Groupon takes 50% of the revenue resulting from this promotion.

# 31 Licensing

Licensing means authorizing the use of something. A license is granted by one party (the licensor) to another party (the licensee) through an agreement. It is especially used for sharing intellectual property.

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## *Example* Adobe



The Adobe suite, a pack with software programs like Photoshop, can be obtained via a software license. Only with this license it is possible to use the programs. Part of the license is that you will always get the latest updates.

## 32 Affiliation

Affiliation is about creating sales for others. A company sends visitors on its website to other businesses' websites. If the visitors buy a product there, the company will get a share of the revenue.

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## *Example* Amazon



A review site may sign up as an Amazon affiliate and start driving traffic to Amazon. If a visitor of the review site clicks on a product link, he will be redirected to the Amazon website. If the visitor purchases a product at Amazon, the affiliate (review site) gets 4-8% of the revenue.

## 33 Pay-per-use

With pay-per-use, a customer pays for the actual usage of a service. This model is only possible if usage can be measured in amounts such as time, distance, number of clicks, bytes, occasions or calls.

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## *Example* Car2Go



Car2Go is a car sharing service that skips the hassles of car ownership or conventional car rental. Users can find a car via an app and drive it in the operating area. When ready, they can park the car anywhere within the operating area. Car2Go charges a rate per minute and a one-time membership fee. The rates are all-inclusive and cover rental, gas, insurance, parking, and maintenance.

# 34 Auction

Auction is a pricing strategy where several potential buyers bid on goods or services. The item is sold to the highest bidder. A place, like an online platform, is needed to facilitate the auction.

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## *Example* **Princess Holidays**



Princess Holidays is a family run, hotel only holiday company. They have grown their company by offering holiday deals through the auction site Ebay. While this made them little money directly, they realized that customers would return directly to their website each time they wanted to book a subsequent holiday.

# 35 Advertising

Advertising means that a company creates visibility for another company. In return, the advertiser will receive a payment from the other company for its marketing efforts.

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## *Example* Google AdWords



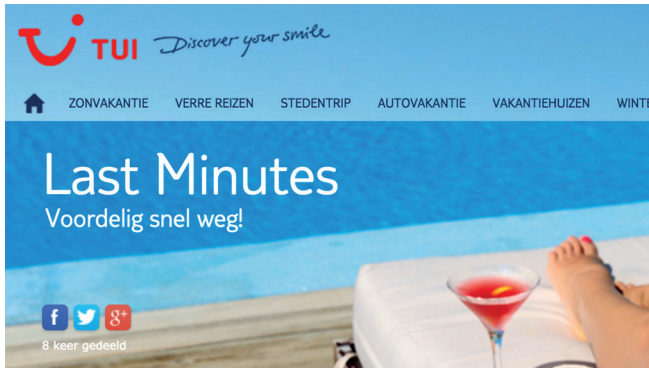
Google AdWords is an online advertising service that places advertising at the top, bottom or next to the list of results Google displays for a particular search query. The choice and placement of the ads is based on a proprietary determination of the relevance of the search query to the advertisement. AdWords offers pay-per-click, and site-targeted advertising for text, banner, and rich-media ads.

# 36 Dynamic pricing

Dynamic pricing is a pricing strategy where prices always remain flexible. Prices may change depending on changes in competitor pricing, customer demand or other external factors. Mechanisms are needed to constantly track these changes.

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## Example TUI



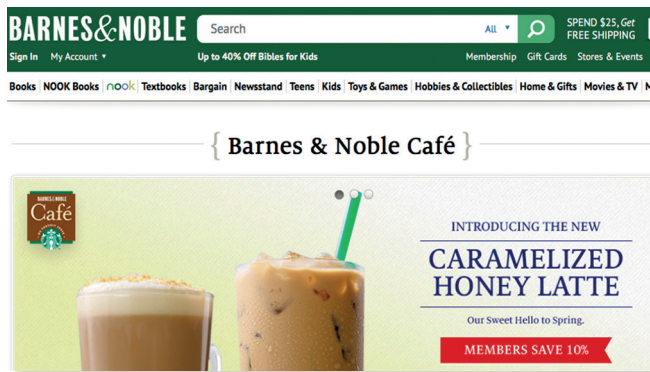
TUI is an example of a travel agency that uses dynamic pricing. Prices are adapted to customer demand. During holidays, demand is higher, so prices will rise. When there is the risk that a plane will lift off half-empty, tickets will go on sale.

# 37 Business alliance

A business alliance is an agreement between two or more companies. An agreement is made in which the benefits and risks for all participating companies are made clear. Reasons for an alliance can be cost reduction, improved customer service or economies of scale and scope.

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## Example Barnes & Noble Café



The online bookstore Barnes & Noble figured out that the educated, middle-class consumers who sat around cafes drinking lattes were the same people who bought books. They decided to collaborate with Starbucks and created the Barnes & Noble Café. In these cafés, Starbucks serves coffee and Barnes & Noble sells books. It resulted in more sales for both Barnes & Noble and Starbucks.

# 38 Collaborative production

Collaborative production starts with the idea that a community of users decides what to produce. The community and a company's professionals can work together to co-design new products. The collaboration is supported by a collaboration platform.

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## Example LEGO Ideas



LEGO has created a platform where fans can submit their ideas for new LEGO sets. With enough votes, above 10.000, the idea will be taken into review for production. The LEGO Group does make all final decisions on the final model design, applicable licenses, production run size, sales channels, etc.

## 39 Franchising

A franchise is a type of license that allows a party (the franchisee) to use a business's knowledge, processes and trademark. With franchising the franchisee can sell a product or service under the business' name. The franchisee usually pays a one-time fee plus a percentage of the sales revenue.

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## *Example* **McDonald's**



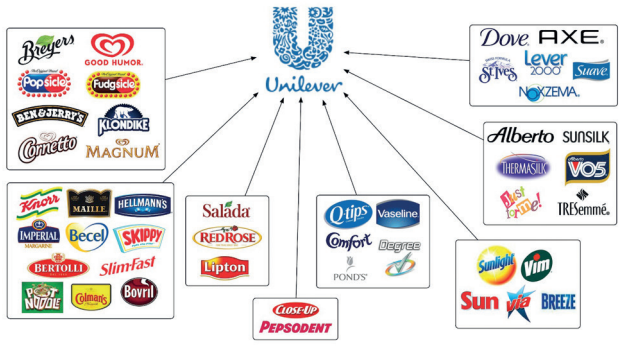
Hamburger chain McDonald's is a global franchising company (known as 'McFranchise'). More than 80% of the restaurants are owned and operated by McDonald's franchisees. New franchisees provide a portion of required initial capital in cash. In addition, franchisees pay a percentage of the sales revenue.

# 40 Outsourcing

Outsourcing involves contracting other companies to execute a business process or activity that was previously done by the company itself. Typically, non-core business processes are outsourced. Outsourcing helps to save costs and to focus on core activities.

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## Example Unilever



Unilever is a multinational company selling food, cleaning agents and personal care products. Unilever is moving hundreds of jobs in IT and finance to lower income countries like Mexico and Poland. With the relocation of the activities, Unilever wants to save costs and remain competitive.

# 41 Insourcing

Insourcing occurs when a company takes a certain business process, activity or asset back which was previously assigned to another party. The company takes back control and avoids hidden costs of outsourcing. Insourcing also reduces costs of taxes and transportation.

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## *Example* General Electric



After years of offshore production, General Electric is moving some of its manufacturing operations back to the United States. The advantages of low income countries have decreased, as labor and shipping costs have gone up. At the same time product quality, time-to-market and reputation benefit from local production.

## 42 Customer profiling

Customer profiling is a way to characterize groups of customers to help in selling a product. A customer profile can contain characteristics like age, gender, income and family status. But profiles can go further and include information about lifestyle and preferences and about buying and click behavior or purchase history.

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## *Example* Amazon



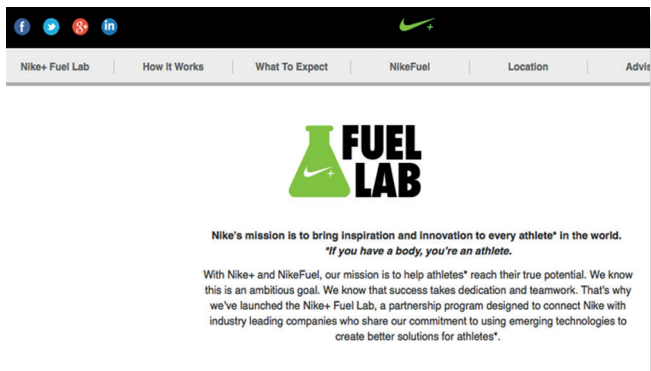
Amazon has created a personalized shopping experience for their customers. This saves their customers both time and money. They have created 360-degree customer profiles based on the very large set of data gathered from their customers. It allows Amazon to divide their customers into different groups to prevent generic mass emailing.

# 43 Orchestration

Orchestration means that in a collaboration, there is one company responsible for coordination.

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## Example Nike+ Fuel Lab



Nike+ Fuel Lab is a partnership program designed to connect Nike with industry leading companies. Nike orchestrates this program with technology partners to create better solutions for athletes. Partners add complementary expertise, products, and services while Nike is in control over reaching its goal: new ways to track, train, and triumph.

# 44 Customer analytics

Customer analytics refers to using data about customer behavior to deliver offers that are anticipated, relevant and timely. The forecasting of buying habits and preferences is a process of data mining and analysis. The results are used for direct marketing, site selection and customer relationship management.

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## *Example* Netflix



Netflix has a very large user base allowing Netflix to gather a tremendous amount of data. With this data, Netflix can make better decisions and ultimately make users happier with their service. Netflix tracks when you pause, rewind, fast forward, what day you watch, the date you watch, etc. Based on data they decided to make a U.S. version of House of Cards.

# 45 Crowdsourcing

Crowdsourcing is the process of collecting ideas, services or content from a large group of people, especially from an online community. Crowdsourcing is often organized as idea competitions or innovation contests to provide a way for organizations to learn.

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## Example Quirky



Quirky is a place for social product development. A user submits an idea. Other users (the community) vote on all of the submitted ideas and can contribute to the development of the product: e.g. opinions on product naming, design and concepts. Quirky will be sharing 10% of all revenues. The inventor is entitled to about 40% of that sum, the other 60% will be divided by the influencers.

# 46 Content curation

Content curation is the process of gathering information relevant to a particular topic or area of interest. A company offering content curation helps their customers by selecting, analyzing and valuing information so that the customers do not have to do it themselves.

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## *Example* **Blendle**



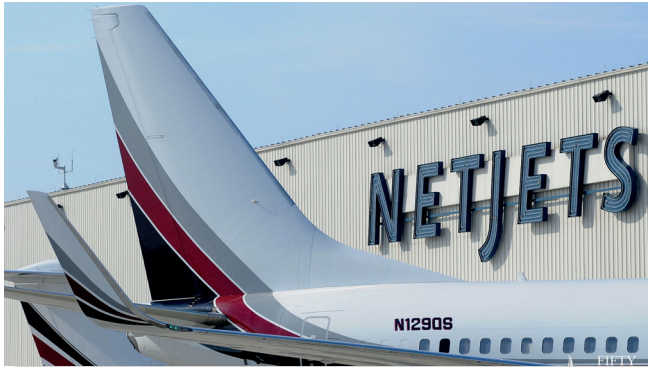
Blendle is an online news platform that offers a variety of newspapers and magazines and sells them on a pay-per-article basis. Blendle assembles articles per section, provides staff picks and has a list of trending articles. A transaction occurs when a user opens an article. The price is deducted from the user's account balance.

# 47 Fractional ownership

Fractional ownership is a method in which multiple parties jointly own a high-value tangible asset. The parties share the costs of acquisition and maintenance for an asset that will not be used full time by one owner.

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## *Example* NetJets



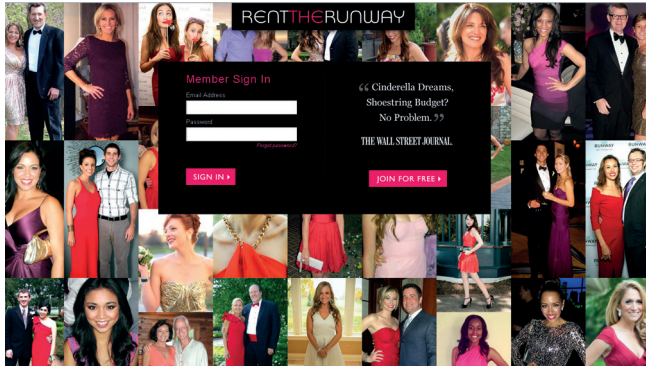
NetJets offers their customers a share in owning an aircraft. A NetJets Share costs customers a fraction of the price of owning a whole aircraft. It provides them with greater flexibility than owning a single aircraft and customers don't have to worry about managing it. The costs are predictable and include a one-time acquisition fee, a monthly management fee, and an occupied hourly fee.

# 48 Renting

Renting is an agreement where a payment is made for the temporary use of a product, service or property.

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## Example Rent the Runway



Rent the Runway delivers high-end couture fashion—by mail. Rather than selling \$5,000 dresses, they rent them out for the weekend. They’re not selling dresses but rather providing access to luxury fashion experiences.