



WHAT ARE THE BUSINESS MODELS PATTERN CARDS?


The Business Model Pattern Cards includes the representation of the 55 business patterns described by Oliver Gassman, Karolin Frankenberger and Michaela Csik in the Business Model Navigator book.

If you want to organize a business model workshop, or just want to do a brainstorming, the BMI Pattern Cards are a handy tool. The cards contain all 55 business model patterns plus five new patterns with a brief description, illustration and some examples of companies that successfully applied the pattern. They also provide enough information to understand each concept fully. For your information, below you will find a sample of the Business Model Pattern Cards. For information where to buy those cards, please follow the link: bmilab.com/resources/

For further questions, please email us to info@bmilab.com

55+ Pattern Cards

St. Gallen
Business Model
Navigator™



Institute of Technology Management
University of St. Gallen

BMI Lab

Add-on

1

The core offering is priced competitively, but there are numerous extras that drive the final price up. In the end, the customer pays more than he or she initially assumed. Customers benefit from a variable offer, which they can adapt to their specific needs.

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SAP
One module for a specific function is offered at a competitive price, while additional modules and customizations cost extra.

Ryanair
The basic fares are offered at very low rates. Additional services are offered at an extra charge, which significantly raises the prices.

Affiliation

2

The focus lies on supporting others to sell products and directly benefiting from successful transactions. Affiliates usually profit from some kind of pay-per-sale or pay-per-display compensation. The company, on the other side, is able to gain access to a more diverse potential customer base, without additional active sales or marketing efforts.

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Uber
The mobility platform offers free rides or monetary compensation to members for each referred sign-up to the service.

Amazon Affiliate Program
Online users are able to place links to Amazon products, and earn advertising fees from qualifying purchases.

Aikido

3

Aikido is a Japanese martial art in which the strength of an attacker is used against him. As a business model, Aikido allows a company to offer something diametrically opposed to the image and mindset of the competition. This new value proposition attracts customers who prefer ideas or concepts opposed to the mainstream.

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The Body Shop
With its radically different approach, the cosmetics firm formed an entirely new market for natural and environmentally friendly cosmetics.

Nintendo Wii
With its technically inferior Wii products, the video game company attracted a broader customer range than its competitors, because it better understood the needs of noncustomers (e.g. mothers).

Auction

4

Auctioning means selling a product or service to the highest bidder. The final price is achieved when a particular end time of the auction is reached or when no higher offers are received. This allows the company to sell to those customers who are willing to pay the highest price. The customer benefits from the opportunity to influence the price of a product and pay its value.

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Ebay
The biggest online auction site enables people and businesses to sell a wide variety of goods and services worldwide, on which interested buyers are able to bid.

Google AdWords
Each time an ad is eligible to appear in search results, it goes through an ad auction, which determines if it will be shown, and at which position on the page.

Barter

5

Barter is a method of exchange in which goods are given away to customers without the transaction of actual money. In return, they provide something of value to the sponsoring organization. The exchange does not have to show any direct connection and is valued differently by each party.

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Miles & More (Lufthansa)
Passengers collect miles by purchasing flight tickets, which they can exchange for rewards such as upgrades or other benefits.

Sponsoring
The application of barter is essential for sponsoring activities, e.g. in sports, where corporations supply teams with equipment in return for a chance to market their brand.

Cash machine

6

In the cash machine concept, the customer pays upfront for the products sold to the customer before the company is able to cover the associated expenses. This results in increased liquidity which can be used to amortize debt or to fund investments in other areas.

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Paypal
The online provider performs payment processing for commercial and private vendors, receives an upfront fee for payments, and earns interest on users' funds.

Dell
The company's build-to-order strategy enables a negative cash conversion cycle, because suppliers are paid after customers receive and pay for their order.

Cross selling

7

In this model, services or products from a formerly excluded branch are added to the offerings, thus leveraging existing key skills and resources. In retail especially, companies can easily provide additional products and offerings that are not linked to the main branch on which they were previously focused. Thus, additional revenue can be generated with relatively few changes to the existing infrastructure and assets, since more potential customer needs are met.

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Shell Bistro
The oil and gas giant uses its network of petrol stations to sell a wide range of goods unrelated to the oil business, such as groceries and other everyday items.

IKEA
By offering a wide variety of additional services and products, such as interior equipment, home decoration, in-store restaurants, and car rental services, the company significantly increases its profits.

Crowdfunding

8

A product, project or entire start-up is financed by a crowd of investors who wish to support the underlying idea, typically via the Internet. If a critical mass is achieved, the idea will be realized and investors receive special benefits, usually proportionate to the amount of money they provided.

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Oculus
Oculus used Kickstarter to fund manufacturing and marketing operations of its Oculus Rift virtual reality headset for video games, raising close to USD 2.5 million from approximately 9,500 backers. The firm committed to rewarding its backers with headsets distributed before the pre-order phase.

General Electric Appliances
GE's First Build launched the "Opal Nugget Ice Maker" on crowdfunding platform Indiegogo, successfully raising close to USD 3 million and reaching more than 6,000 new customers through crowdfunding.

Crowdsourcing

9

The solution of a task or problem is adopted by an anonymous crowd, typically via the Internet. Contributors receive a small reward or have the chance to win a prize if their solution is chosen for production or sale. Customer interaction and inclusion can foster a positive relationship with a company, and subsequently increase sales.

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Wikipedia

The online encyclopedia is based on free usage, and gives everyone the chance to edit articles.

Hyperloop Pod Competition (SpaceX)

Sponsored by SpaceX, the globally open prize competition offers participating teams the chance to design and possibly build a small-scale prototype transport vehicle.

Customer loyalty

10

Customers and their loyalty are retained by providing them value beyond the actual product or service itself, i.e. through incentive-based programs. The goal is to increase loyalty by creating an emotional relationship or simply rewarding it with special offers. Customers are voluntarily bound to the company, which protects future revenue.

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Amazon Prime

For a fixed yearly fee, Amazon Prime users receive extra benefits, such as free shipping. Although they take losses from this program, they increase the frequency of transactions by Prime members at the same time.

Delta

The "Frequent Flyer Program" offers reward miles for flying frequently with Delta, which can be used to purchase future flights with the airline.

Digitalization

11

This pattern relies on the ability to turn existing products or services into digital variants, thus offering advantages over tangible products, e.g., easier and faster distribution. Ideally, the digitalization of a product or service is realized without harnessing the value proposition which is offered to the customer.

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Hotmail

Hotmail was one of the first to provide free electronic mail as an alternative to conventional letters. Users can access their email via a web browser. Emails can be composed, stored, and sent within the user interface.

Amazon Kindle

Amazon Kindle devices enable users to browse, buy, download, and read e-books, newspapers, and magazines via wireless connection to the Kindle Store.

Direct selling

12

Direct selling is where a company's products are not sold through intermediary channels, but are available directly from the manufacturer or service provider. This way, the company skips the retail margin and any additional costs associated with the intermediaries. These savings can be forwarded to the customer, while a standardized sales experience can be established. Additionally, the close contact can intensify the relationship with the customer base.

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Nestle Nespresso

The online "Nespresso Club," exclusive retail boutiques, and flagship stores give Nespresso direct customer contact and an exclusive brand image.

Dell

The company sells computers directly to businesses and end users, reducing costs by cutting out the "middle man."

E-Commerce 13

Traditional products or services are delivered through online channels only, thus removing costs associated with running a physical branch infrastructure. Customers benefit from higher availability and convenience, while the company is able to integrate its sales and distribution with other internal processes.

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Alibaba
The world's largest online business-to-business trading platform offers businesses of all sizes an online marketplace and payment system.

Amazon
The world's largest online retailer uses the e-commerce model to establish integrated ordering and distribution systems, as well as an online platform for other retailers.

Experience selling 14

The value of a product or service is increased with the customer experience offered with it. This opens the door for higher customer demand and commensurate increase in prices charged. This means that the customer experience must be adapted accordingly, e.g., by attuning promotion, shop, etc.

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Starbucks
The coffeehouse chain successfully takes a coffee purchase to a higher level by offering a wide range of food, beverages, and unique features in its cafés.

Red Bull
A broad range of marketing activities associate the popular energy drink with an active lifestyle and extreme sports, taking it from a beverage to a way of life.

Flatrate 15

In this model, a single fixed fee for a product or service is charged, regardless of actual usage or time restrictions of the consumption. The user benefits from a simple cost structure while the company benefits from a constant revenue stream.

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Netflix
For a monthly fee, customers gain unlimited access to a large selection of movies and TV shows.

Vodafone
Like other telecommunication service providers, Vodafone's flat rate model provides customers with unlimited consumption and full control over their costs.

Fractionalized ownership 16

Fractionalized ownership describes the sharing of a certain asset class among a group of owners. Typically, the asset is rather capital intensive but only needed on an occasional basis. While the customer does benefit from the rights he has as an owner, he does not have to provide the entire capital alone.

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Mobility Carsharing
Customers can access private transportation, bearing only the costs of fuel, insurance, and a membership fee, and avoiding the commitment and expense of an outright purchase.

NetJets
Multiple customers own shares in a specific aircraft from the NetJets fleet, based on annual flight hours. They benefit by "owning" a personal aircraft at a fraction of the cost.

Franchising

17

The franchisor owns the brand name, products, and corporate identity, and these are licensed to independent franchisees who carry the risk of local operations. Revenue is generated as part of the franchisees' revenue and orders. The franchisees benefit from the usage of well known brands, know-how, and support.

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McDonald's

The fast food giant offers entrepreneurs the chance to open a McDonald's store, while supplying them with the necessary information and equipment.

Marriott International

Franchisees benefit from Marriott's globally recognized brand, validated accommodation concept, and marketing activities in exchange for fees and royalties.

Freemium

18

The basic version of an offering is given away for free, with the hope of eventually persuading the customers to pay for the premium version later on. The free offering is able to attract the highest amount of customers possible for the company. The generally smaller amount of paying "premium customers" generate the revenue, which also cross-finances the free offering.

Learn more: bmlab.com

DropBox

A limited amount of free cloud storage space is offered, which can then be expanded any time for a monthly fee.

Spotify

Users can stream music with advertising breaks for free, or they can upgrade to a paid premium membership, which offers ad-free listening and other benefits.

From push-to-pull

19

This pattern describes the strategy of a company to decentralize, which adds flexibility to the company's processes in order to be more customer-focused. To quickly and flexibly respond to new customer needs, any part of the value chain – including production or even research and development – can be affected.

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Zara

Instead of traditional biannual updates, the clothing retailer stocks very little and updates collections frequently based on the most current and popular fashion trends.

Toyota

The car manufacturer is well known for producing only when an actual order exists.

Guaranteed availability

20

Within this model, the availability of a product or service is guaranteed, resulting in almost zero downtime. The customer can use the offering as required, which minimizes losses resulting from downtime. The company uses expertise and economies of scale to lower operation costs and achieve these availability levels.

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Hilti Fleet Management

The company takes full responsibility for all maintenance and repairs of its customers' fleets of tools, and guarantees to either repair or replace at once.

IBM

IBM has evolved into a solution-oriented service provider by becoming responsible for maintaining the computer infrastructures of other businesses.

Hidden revenue

21

The logic that the user is responsible for the income of the business is abandoned. Instead, the main source of revenue comes from a third party, which cross-finances whatever free or low-priced offering attracts the users. A very common case of this model is financing through advertisement, where the attracted customers are valuable to the advertisers who fund the offering. This concept facilitates the idea of "separation between revenue and customer."

Learn more: bmlab.com

Google

The company is able to maintain its register of free services by cross-financing through AdWords, which allows companies to purchase targeted advertisements that appear in Google's search listings.

JCDecaux

JCDecaux works with city authorities and public transportation operators to provide "street furniture" bus shelters, self-service bicycles, and electronic message boards for free or at a reduced price. In exchange, they receive exclusive advertising rights for these prime locations, which can then be sold to advertisers.

Ingredient branding

22

Ingredient branding describes the specific selection of an ingredient, component, and brand originating from a specific supplier, which will be included in another product. This product is then additionally branded and advertised with the ingredient product, collectively adding value for the customer. This additionally projects the positive brand associations and properties onto the product, and can increase attractiveness of the end product.

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Intel Inside

Many computer manufacturers use the Intel brand on their devices to indicate that high quality processors are installed.

Teflon

Marketed by Chemours, Teflon is an extremely versatile synthetic material, used by many companies to make their own products more attractive to customers.

Integrator

23

An integrator is in command of the bulk of steps in the value-adding process. The control of all resources and capabilities in terms of value creation lies with the company. Efficiency gains, economies of scope, and low dependencies from suppliers result in a decrease of costs and can increase the stability of the value creation.

Learn more: bmlab.com

Exxon Mobil

The multinational oil and gas corporation has a highly vertically integrated value chain, owning not only oilfields and drilling rigs, but also refineries and even petrol stations.

Zara

Unlike most of its competitors, Zara designs and produces the vast majority of its apparel in company-owned factories in Europe, in order to adapt quickly to fashion trends.

Layer player

24

A layer player is a specialized company limited to the provision of one value-adding step for different value chains. This step is typically offered within a variety of independent markets and branches. The company benefits from economies of scale and often produces more efficiently. Further, the established special expertise can result in a higher quality process.

Learn more: bmlab.com

Paypal

The layer player is focusing solely on online payment in e-commerce, which is one crucial activity in the value chain of online purchases.

TRUSTe

Specializing in data privacy management services, the US-based company operates a privacy seal program to certify customers' websites and increase their credence.

Leverage customer data

25

New value is created by collecting customer data and preparing it in beneficial ways for internal usage or interested third parties. Revenues are generated by either selling this data directly to others or leveraging it for own purposes, i.e. to increase the effectiveness of advertisements.

Learn more: bmlab.com

Facebook

Facebook uses customer data to efficiently present personalized ads by third parties on social network pages.

Google AdWords

By offering free services such as a search engine, Google leverages customer data for use in personalized advertising.

License

26

Efforts are focused on developing intellectual property that can be licensed to other manufacturers. This model, therefore, does not rely on the realization and utilization of knowledge in the form of products, but attempts to transform these intangible goods into money. This allows a company to focus on research and development. It also allows the provision of knowledge, which would otherwise be left unused and potentially be valuable to third parties.

Learn more: bmlab.com

IBM

IBM's research and development department creates innovations with specific intent to license them to other companies.

TV Sports

Television and media organizations pay for the exclusive right to broadcast top sporting events, which are licensed by sports organizations.

Lock-in

27

Customers are locked into a vendor's world of products and services. Using another vendor is impossible without incurring substantial switching costs, protecting the company from losing customers. This lock-in is either generated by technological mechanisms or substantial interdependencies of products or services.

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Gillette

The razor manufacturer was the first to lock customers in by selling razors cheaply and profiting from selling the fitting blades at a high margin.

Microsoft

Hardware manufacturers and software firms create applications based on the Windows platform. This creates high switching costs for any customers or application firms wishing to convert to other platform standards.

Long tail

28

Instead of concentrating on blockbusters, the main bulk of revenues is generated through a "long tail" of niche products. Individually, these neither demand high volumes, nor allow for a high margin. If a vast variety of these products are offered in sufficient amounts, the small scale profits can add up to a significant amount.

Learn more: bmlab.com

iTunes/App Store

Apple's two main online stores have attracted and retained a huge number of customers, thanks to their wide range of content and genres.

Amazon Store

Amazon offers a wide range of books, many of which are not available from traditional booksellers. Although these books are niche products, they add up to significant revenue generated.

Make more of it

29

Know-how and other available assets existing in the company are not only used to build own products, but also offered to other companies. Slack resources, therefore, can be used to create additional revenue besides that which is generated directly from the core value proposition in the company.

Learn more: bmlab.com

Festo Didactic

With its subsidiary, the automation specialist takes advantage of its expertise and offers technical educational training and consulting services.

Porsche Consulting

The automotive background and strong brand name allows Porsche Consulting to offer its customers manifold consulting and training services.

Mass customization

30

Customizing products through mass production once seemed to be an impossible endeavor. The approach of modular products and production systems has enabled the efficient individualization of products. As a consequence, individual customer needs can be met within mass production circumstances and competitive prices.

Learn more: bmlab.com

Miadidas

Adidas's business model extension offers customizable footwear and apparel with different color and design options.

Dell

The PC manufacturer offers its customers computers tailored to their own specifications.

No frills

31

Value creation focuses on what is necessary to deliver the core value proposition of a product or service, typically as basic as possible. Cost savings are shared with the customer, usually resulting in a customer base with lower purchasing power or purchasing willingness.

Learn more: bmlab.com

Aldi

The discount supermarket can sell groceries at very low prices by limiting the product selection and avoiding branded products.

Ryanair

As a low-cost carrier, Ryanair offers very cheap fares because its flights are less convenient and handled at smaller airports.

Open business model

32

In open business models, collaboration with partners in the ecosystem becomes a central source of value creation. Companies pursuing an open business model actively search for novel ways of working together with suppliers, customers, or complementors to open and extend their business.

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Valve Corporation

The firm's digital video game distribution platform Steam provides a freely available API, which developers can use to integrate functions into their products, including networking, matchmaking, and in-game achievements.

Procter & Gamble

The company's Connect + Develop program seeks out product ideas and knowledge from partners which they can then bring to market together.

Open source 33

In software engineering, the source code of a software product is not kept proprietary, but is freely accessible for anyone. Generally, this could be applied for any technology details of any product. Others can contribute to the product, but also use it free as a sole user. Money is typically earned with services that are complementary to the product, such as consulting and support.

Learn more: bmlab.com

Local Motors
Local Motors design network allows engineers from all over the world to contribute ideas for building new cars, and to develop them collaboratively on the company's online platform.

Linux
Red Hat generates most of its revenue through the sale of service agreements and complementary software applications for the Linux operating system.

Orchestrator 34

Within this model, the company's focus is on the core competencies in the value chain. The other value chain segments are outsourced and actively coordinated. This allows the company to reduce costs and benefit from the supplier's economies of scale. Also, the focus on core competencies can increase performance.

Learn more: bmlab.com

Nike
The sports equipment company outsources most of its manufacturing processes to low-wage countries.

Uber
Uber creates a network of peers who interact and share in the value creation, while Uber coordinates the activities.

Pay per use 35

In this model, the actual usage of a service or product is metered. The customer pays on the basis of what he or she effectively consumes. The company is able to attract customers that want to benefit from the additional flexibility, which they are willing to pay higher prices for.

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Car2Go
The car rental company charges customers per minute, with hourly and daily rates also available.

Rolls-Royce Turbines
The company does not sell engines per se, but offers a power-by-the-hour scheme.

Pay what you want 36

The buyer pays any desired amount for a given commodity, sometimes even zero. In some cases, a minimum floor price may be set, and/or a suggested price may be indicated as guidance for the buyer. The customer is allowed to influence the price, while the seller benefits from higher numbers of attracted customers, since the individual's willingness to pay is met. Based on the existence of social norms and morals, this is only rarely exploited, which makes it suitable to attract new customers.

Learn more: bmlab.com

Radiohead
The band marketed their album "In Rainbows" by giving fans the opportunity to decide independently if and how much to pay for it.

Wikipedia Donation
While use of the online encyclopedia is free, users can also donate as much as they want to support the organization.

Peer-to-peer

37

This model is based on a cooperation that specializes in mediating between individuals belonging to a homogeneous group. It is often abbreviated as P2P. The company offers a meeting point, i.e. an online database and communication service, that connects these individuals. These could include offering personal objects for rent, providing certain products or services, or the sharing of information and experiences.

Learn more: bnilab.com

Kickstarter

The global crowdfunding site offers a platform to gather money from the public, and charges a small percentage of the total amount raised.

Airbnb

The company runs a platform that connects people willing to rent out their property with people looking for affordable accommodation.

Performance-based contracting

38

A product's price is not based upon its physical value, but on the performance or valuable outcome it delivers, in the form of a service. Special expertise and economies of scale result in lower production and maintenance costs of a product, which can be forwarded to the customer. Extreme variants of this model are represented by different operation schemes in which the product remains the property of, and is operated by, the company.

Learn more: bnilab.com

Xerox

As opposed to other industry players, Xerox supplies and maintains their printers and other devices, while customers pay per page printed. Xerox's superior experience in this field enables it to operate with lower costs and increased profits.

Phillips Lighting

The firm's innovative saving programs have no upfront costs, so they are cash flow positive from the start. Instead of buying the lights or having on-balance sheet financing obligations, clients only make payments on the actual savings generated by the LED lights.

Razor and blade

39

The basic product is cheap, or given away for free. The consumables that are needed to use or operate it, on the other side, are expensive and sold at high margins. The initial product's price lowers the customer's barriers to purchase, while the following recurring sales cross-finance it. Usually these products are technologically bound to each other to further enhance this effect.

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Hewlett-Packard

HP launched the first inkjet printer in the world for private use at a relatively low price while profiting from the sale of compatible printer cartridges.

Gillette

While the razor is sold at a very cheap price, the consumable portion of the product (the blade) is more expensive and requires more frequent purchases.

Rent instead of buy

40

The customer does not buy a product, but instead rents it. This lowers the capital typically needed to gain access to the product. The company itself benefits from higher profits on each product, as it is paid for the duration of the rental period. Both parties benefit from higher efficiency in product utilization as time of non-usage, which unnecessarily binds capital, is reduced on each product.

Learn more: bnilab.com

Liebherr

One of the world's largest equipment manufacturers, the Swiss company offers rental services for construction machines.

Xerox

The US-based photocopier manufacturer has been tremendously successful at renting out its advanced copiers.

Revenue sharing

41

Revenue sharing refers to firms' practice of sharing revenues with their stakeholders, such as complementors or even rivals. Thus, in this business model, advantageous properties are merged to create symbiotic effects in which additional profits are shared with partners participating in the extended value creation. One party is able to obtain a share of revenue from another that benefits from increased value for its customer base.

Learn more: bmlab.com

Uber

The revolutionary on-demand transportation service runs a platform that gives people the opportunity to offer driving services, from which Uber earns a portion.

App Store

Developers can publish their apps on the App Store, and Apple receives a third of the revenue in return.

Reverse engineering

42

This pattern refers to obtaining a competitor's product, taking it apart, and using this information to produce a similar or compatible product. Because no huge investment in research or development is necessary, these products can be offered at a lower price than the original product.

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Gourmesso Coffee Capsules

The company offers cheaper coffee capsules that can be used with Nespresso machines.

Zalando

The e-commerce company, created as a clone of US-based retailer Zappos, shows that reverse engineering can also be applied to whole business models.

Reverse innovation

43

Simple and inexpensive products that were developed in and for emerging markets are also sold in industrial countries. The term "reverse" refers to the fact that new products are typically developed in industrial countries and are then adapted to fit emerging market needs.

Learn more: bmlab.com

Renault Dacia Logan

Developed mainly for low-income customers in the Eastern European market, the car was also successfully introduced and sold in Western countries.

Nokia

The Finnish telecommunications company designed the low-cost phone Nokia 1100 specifically for the Indian market. It became successful worldwide because of its simplicity.

Robin Hood

44

The same product or service is provided to "the rich" at a much higher price than to "the poor." Thus, the main bulk of profits are generated from the rich customer base. Serving "the poor" is not profitable per se, but creates economies of scale which other providers cannot achieve. Additionally, it has a positive effect on the company's image.

Learn more: bmlab.com

TOMS Shoes

For each pair of shoes sold, the company donates another pair to an impoverished person.

One Laptop per Child

The non-profit organization provides children in developing countries with inexpensive laptop computers for educational purposes, also on the "One for One" policy.

Self-service 45

A part of the value creation is handed over to the customer in exchange for a lower price of the service or product. This is particularly suited for process steps that add relatively low perceived value for the customer, but cause high costs. Customers benefit from efficiency and time savings, while putting in their own effort. This can also increase efficiency, because in some cases the customer can execute a value-adding step quicker and more effectively than the company.

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IKEA
Customers are integrated into the value creation process in many ways (for example, by purchasing self-assembly products), which lowers their costs.

McDonald's
The fast food chain's worldwide success is due in large part to its self-service restaurant concept.

Shop-in-shop 46

Instead of opening new branches, a partner is chosen whose branches can profit from integrating the company's offerings in a way that imitates a small shop within another shop (a win-win situation). The hosting store can benefit from more attracted customers and is able to gain constant revenue from the hosted shop in the form of rent. The hosted company gains access to cheaper resources such as space, location, or workforce.

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Tchibo
Many of the German coffee retailer's outlets are located in supermarkets or other retail businesses.

Bosch
Part of their sales occur in retail spaces within other stores. In these cases, they have a separate area comprising a branded design and special advertising materials, where customers can learn more about Bosch products.

Solution provider 47

A service provider offers total coverage of products and services in a particular domain, consolidated via a single point of contact. Special know-how is given to the customer in order to increase his or her performance. By becoming a full service provider, a company can prevent revenue losses by extending their service and adding it to the product. Additionally, close contact with the customer allows great insight to customer habits and needs which can be used to improve the products and services.

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TetraPak
The Swiss packaging company provides a complete one-stop solution, ranging from product reception to final treatment and packaging, even including the design of packaging plants.

SAP
The enterprise software provider offers its customers additional services such as consulting, maintenance, and training, which add to the basic software solution.

Subscription 48

The customer pays a regular fee, typically on a monthly or an annual basis, in order to gain access to a product or service. While customers usually benefit from lower usage costs and general service availability, the company generates a more steady income stream.

Learn more: bnilab.com

Blacksocks
The Switzerland-based online shop offers a subscription where customers receive three to six new pairs of socks at specified intervals throughout the year in return for regular payments.

Netflix
For a monthly fee, customers have access to streaming media, online video-on-demand, and DVDs by mail.

Supermarket

49

A company sells a large variety of readily available products and accessories under one roof. Generally, the assortment of products is large but the prices are kept low. More customers are drawn due to the great range on offer, while economies of scope yield advantages for the company.

Learn more: bnilab.com

The Home Depot

The American store chain specializes in home improvement supplies by offering tools, construction products, and related services.

Amazon

The world's largest Internet-based retailer can offer a wider range of products than physical supermarkets by far.

Target the poor

50

The product or service offering does not target the premium customer, but rather, the customer positioned at the base of the pyramid. Customers with lower purchasing power benefit from affordable products. The company generates small profits with each product sold, but benefits from the higher sales numbers that usually come with the scale of the customer base.

Learn more: bnilab.com

Grameen Bank

If applicants do not have adequate collateral, the bank offers small-scale loans that are easier to repay, while attaching conditions of repayment to instill discipline in borrowers and help them develop a strong credit standing.

Tata Nano

Relying on the low-cost Indian labor force and engineering cost-cutting innovations, the Tata Nano, launched as the "One Lakh car" (USD 2500), directly addressed the needs of impoverished people in India. The effort also contributed to the company's positive public image.

Trash-to-cash

51

Used products are collected and either sold in other parts of the world or transformed into new products. The profit scheme is mainly based on low to no purchase prices. Resource costs for the company are almost eliminated and, at the same time, the supplier's waste disposal is actually provided, or associated costs are reduced. This also addresses potential environmental awareness ideals that customers might have.

Learn more: bnilab.com

Freitag Lab

The firm uses a range of old materials, such as canvas covers from trucks and airbags, to manufacture bags and fashion accessories. The eco-friendly nature of the business attracts many ecologically aware customers, while the recycled raw materials keep sourcing costs low.

H&M Recycling Program

Customers can drop off their unwanted garments at H&M stores worldwide. Depending on their condition, the garments are either sold as secondhand clothes, reused, or recycled.

Two-sided market

52

A two-sided market facilitates interactions between multiple interdependent groups of customers. The value of the platform increases as more groups or individual members use it. The two sides usually come from distinguished groups, e.g., businesses and private interest groups.

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Diners Club

The credit card company was the first to charge cardholders a subscription fee, and charge merchants on every transaction made.

TripAdvisor

On one side, the American travel website serves customers, with hotel bookings and reviews of travel-related content. On the other, it acts as a platform for advertisers targeting tourism customers.

Ultimate Luxury

53

This pattern describes the strategy of a company to offer customers high-end solutions in return for maximum purchasing prices. Companies use high standards of quality or exclusive privileges in order to distinguish themselves from others and attract customers willing to pay for the "Ultimate Premium." The necessary investments for these differentiations are met by the relatively high prices that can be achieved – which usually allows for very high margins.

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Lamborghini

The small-scale, limited edition approach makes Lamborghini cars luxury products, and attracts customers with high purchasing power.

Patek Philippe

Considered the most prestigious watch manufacturer, the Swiss company designs some of the most complicated mechanical watches.

User designed

54

Within user manufacturing, a customer is both the manufacturer and the consumer. As an example, an online platform provides the customer with the necessary support in order to design and merchandise the product, e.g., product design software, manufacturing services, or an online shop to sell the product. The customer benefits from the potential to realize entrepreneurial ideas without having to provide the required infrastructure. Revenue is then generated as part of the actual sales.

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Lego Factory

The Danish toy manufacturer provides an online design tool that customers may use to realize their creative ideas and bring their products to the online marketplace.

Threadless

The e-commerce website offers artists the chance to upload designs and have an online community choose which ones should be printed (on clothing or other products).

White label

55

A white label producer allows other companies to distribute its goods under their brands, so that it appears as if they are made by them. The same product or service is often sold by multiple marketers and under different brands. This way, the various customer segments can be satisfied with the same product.

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Richelieu Foods

The food company's products are marketed and sold under the brands of various retail chains.

Foxconn

The Taiwanese technology company manufactures many electronic devices and components for well-known brands such as Apple, Dell, and Intel.

Sensor as a Service

New Pattern

The use of sensors permits additional services for physical offerings, or wholly new independent services. It is not the sensor that generates the primary revenue, but the analysis of the data that the sensor creates. Possibilities for real-time information can further strengthen the value proposition.

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Streetline

The smart parking system offers guidance for drivers, and parking analytics for cities. The required data is sourced from mobile apps, cameras, sensors, and external partners.

Google Nest

The self-learning thermostat builds a schedule according to your needs by referring to data from sensors and input from your mobile.

Virtualization

This pattern describes the imitation of a traditionally physical process in a virtual environment, e.g., a virtual workspace. The advantage for the customer is the ability to interact with the process from any location or device. In exchange, the customer pays for access to the virtual service.

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New
Pattern

Amazon Workspaces
The service relocates your desktop with all its functions to the cloud, accessible from all common devices.

DUFL
The online service packs and virtually ships your suitcase to your travel destination, composed with the help of an app.

Object Self-Service

Through the use of sensors and inclusion in an IT-structure, an object can generate orders by itself. This makes fully automated processes like replenishment possible, and increases the speed of interaction with the object. The customer is locked in, giving rise to recurrent revenue.

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New
Pattern

Würth iBin
The camera equipped box independently replenishes the dry running bin.

Felfel
The self-ordering office fridge provides healthy and sustainable food.

Object as Point of Sale

The point of sale of consumables moves to the point of consumption. This generates a stronger lock-in and results in higher customer retention. When the point of sale is shifted away from competing products, the customer becomes less sensitive to price.

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New
Pattern

Amazon Dash
Reorder groceries by the touch of an adhesive physical button connected to Amazon.

Ubitricity
The intelligent cable has a mobile electric meter for exact billing when recharging electric vehicles.

Prosumer

Companies enable customers to become producers themselves. The customer is integrated into the value chain and can profit from the resulting product, while the company has fewer investment costs for production and overhead. Since the consumer has a hand in production, the perceived value of the product increases.

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New
Pattern

Smart Grids
The independent energy community where consumers also act as energy suppliers and producers.

Blockchain
The protocol follows the model of a distributed ledger, where participants can utilize the system but also serve as an institution of confirmation for others.

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