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СМАРТ-БИЗНЕС: ОТ БИЗНЕС-МОДЕЛИ ДО МАРКЕТИНГА И БРЕНДИНГА

SMART BUSINESS: FROM BUSINESS MODEL TO MARKETING AND BRANDING

Пособие для реализации образовательных программ I и II ступеней

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PREFACE

This handbook is designed to practise and further improve the entrepreneurial skills that are so necessary for doing business in the modern world.

The handbook was developed by a team of authors of Minsk Innovation University as a part of the Erasmus+ project № 585620-EPP-1-2017-1-EL-EPPKA2-CBHE-JP "Fostering university-enterprise cooperation and entrepreneurship of students via SMART Caffes".

It is intended for students who want to properly develop new ideas and become active participants in the labour market. The book can be used for trainings and other forms of intensive teaching in a SMART cafe, and in the educational process in the following disciplines: Marketing, Marketing and Pricing, Marketing in the IT sphere, Management of start-up projects, etc.

Our small team would like to express our sincere gratitude to Argyrios Spyridis and Adriane Thrash from the International Hellenic University (IHU, Greece). It is thanks to them that a modern guide to business development was written. Thank you for your time, energy and the enthusiasm with which you accepted the project and took part in it. Your success stories supported us in creating the handbook for future entrepreneurs.

We are also grateful to everyone who took an active part in the process, participated in surveys, trainings, conferences, competitions step by step, from the very start to its finish.

INTRODUCTION

As soon as you found a business idea, evaluated its effectiveness, and know what minimum viable products are, you need to get ready for launching a startup. You cannot do it only because you like a certain business idea, you must build / choose and test a business model. This handbook will help you with this.

The handbook consists of three parts and appendixes. The first part deals with the main issues related to the assessment of market needs and marketing approach to developing and launching a new product.

The second part of the handbook focuses on building a business model for a startup. It considers the concept of a business model, and gives various classifications of business models. It also describes business model canvas, techniques for working with them, examples of their application.

The third part shows the need for marketing and branding for startups.

Appendixes include a diverse material that allows you to develop and improve a business model for a startup systematically based on market analysis and marketing approach to launching a new product, promotion and branding.

PART 1 MARKET ANALYSIS AND MARKET APPROACH TO NEW PRODUCT LAUNCHING

If you're solving an important problem, make sure your solution stands out in the crowd.

Bob Dorf

Chapter 1. Market Need Assessment

Once you start thinking about launching a new product or setting up your own business you realise that it requires more than just enthusiasm, hard work, and a distinct conception or to be more accurate a business idea. Testing the real need and demand for your future product is of enormous significance, and it is probably the most important aspect when starting a business.

About 90 % of all startups fail. The reasons for that could differ. The most common of them is the lack of connection with the real needs of the market.

In 2018 **CB Insights**, one of the largest analytical platforms that monitors investment market trends and performance of venture capital companies and startups, studied 101 failed startups. The company's experts concluded that projects lose out due to just one reason very rarely; it is usually a combination of various problems. The company managed to determine 20 most common reasons for a startup to fail [14] (Figure 1.1).

The main and most significant reason is the lack of demand on the market (42 %). it means that nobody has conducted market research. The project deals with the problems that are relevant just for itself. According to the CB Insights analysis, it is the № 1 reason of a startup failure. It is linked to 42 % of all cases.

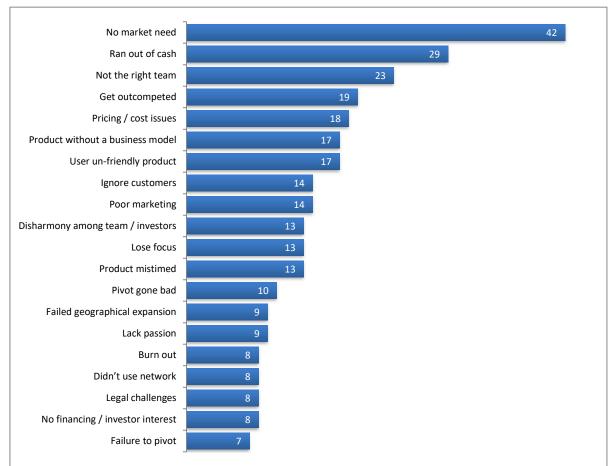


Figure 1.1. – Top 20 reasons startups fail, %

Problem and Need - Two Different Things

The first and most common reason is that conceived plan exceeds the market needs. The market needs analysis reveals the bitter truth for company founders, as sometimes they cannot always identify problems when launching and managing their startups. The main problems are:

- overcoming communication barriers to information sources;
- determining the right market for research;
- defining the need in and recruiting right people for the job;
- searching for industry experts who can help;
- considering and assessing various points of view;
- doing qualitative and quantitative research;
- possibly denying your own ego.

The fact that there is a problem on the market does not necessarily mean that the targeted clients need it to be solved or that they are not already solving it in any way. For that reason, it is important to study and find out how they (the clients) satisfy their requirements and who or what helps them deal with the problem now.

Understanding all aspects of the problem and how the client sees them is of immense significance. Most likely, you did not consider those when developing your product and respectively did not interpret the problem chart. Therefor you need to:

- identify all the components of the problem and start tackling the most important;
- find out what is the most important part of the problem and for whom;
- > realize that not all parts of the problem are a priority for the clients.

Many startups still fail even though it is much easier and cheaper to set up a business now than before. The lack of connection with the real needs of the market is the most common reason for a startup to fail.

Addressable Market Analysis before Starting Business – Minimizing Mistakes at Launch

A cool business idea is half the battle; the other half is painstaking analytical work and meticulous planning.

Before launching a project you should focus on studying the market, it will help to choose the niche, make a financial model and business plan, as well as measure all risks and asses prospects.

Lean Startup Methodology

The lean startup methodology is based on the theory worked out by Steve Blank who points out the problems when an emphasis is accorded to developing the product and not to the customer development, as well as on the early study of customers and their problems. The Steve Blank's theory is outlined in his book "The Four Steps to the Epiphany: Successful Strategies for Products that Win" (2005, fifth edition in 2013). It coins the term 'Customer Development', a new broad concept of a customer-oriented approach for early ventures; it covers all startup aspects: a certain logic of market research, product development, and quick hypothesis testing. In-depth interviews with customers were also included but they were just an integral part.

Later another entrepreneur Eric Ries developed a concept of 'a lean startup' in his must-read "The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses". With time Western economists stopped using the term 'CustDev' as it was largely replaced by the term 'Lean Startup'. Therefore, if you decide to discuss CustDev with an American, do not be surprised by their baffled look.

The lean startup methodology [35] coined by Eric Ries within his main Build-Measure-Learn concept can help startups to conduct marketing research much cheaper and easier than before. It was calculated that thanks to the combination of Internet access to secondary data

and more effective techniques of business development and introduction (using IT) the cost of startup launch has decreased from \$ 5 million in 2000 to \$ 5 thousand today.

Lean Startup Methodology and Marketing Research Interconnection

Marketing research is more flexible, rapid, profitable and targeted for startups to carry out with minimal resources than "traditional" research conducted by large companies. The quick use of secondary data combined with the correct sequence of primary data for your hypothesis validation can speed up the process and effectively set up the Build-Measure-Learn loop. It would be better and cheaper to test your hypothesis, but before that, you need to carry out market research into available solutions and its size. This will show how lucrative the chosen market is. It also makes sense to find out the potential customers' current and past opinion as to the problem you try to solve. Using qualitative and quantitative data, the company founders can make the necessary adjustments, and if everything goes well bring the product to the market and test its efficiency with the Build-Measure-Learn loop (Figure 1.2).

Quantitative **SCALE** testing **Problem & Solution Hypothesis** Hypothesis Confirmation Secondary Research and Solution Formulation Testing your Core Assumptions To identify problem but also the need to solve it "your way" 1. BUILD MVP Qualitative Quantitative Riskiest assumption testing testing Method to test it Minimum Success criterion 2. MEASURE MVP 3. LEARN FROM MVP **GROW**

Figure 1.2. – The lean startup methodology and marketing research interconnection

"Get Outside"

"Get outside" is one of the phrases often used by scientists and experts in lean startup. It emphasises the need for startup founders to interact with the market directly and promptly. Before writing any line of code or developing a business plan, startup teams and companies should decide on the pattern of communication with the potential customers and other market players.

While communicating with the real market, users, customers, suppliers and other interested parties in the value chain can early determine the market size and mechanisms, problems and their significance, alternative solutions and barriers to entry.

When observing and interacting with other market players, startup founders often deal with the reality and personal feelings about their new product or idea.

Smart Startup: Interpreting Originality

Most startup developers are proud of the "originality" of their solution and often consider it an advantage. However, it is not always the case. The product is often not as original as it was thought, or its originality is the result of the market demand lack. Both startups and tutors should be extremely careful with the "originality" argument when they analyse the advantages of a particular solution.

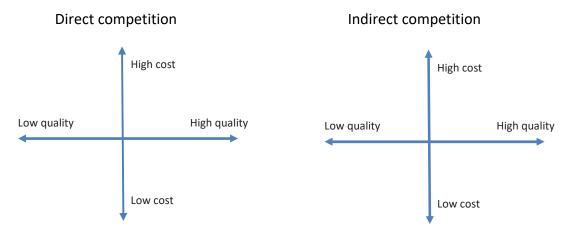
Smart Startup: Secondary Data Analysis

It is sensible to start with the already available information when learning on the market. Nowadays diversity of information sources makes secondary research considerably easier for startup developers allowing them to get down to business and avoid enormous expenses. Many sources contain important data and analytical information about market changes and trends. Interpretation of the analysed information and understanding how competitive the market is give a business analyst valuable information and can save from problems caused by product introduction based on wrong assumptions. Read and analyse reliable sources on market competition, but always filter them. There are many Internet publications, websites about startups, innovations, IT, business and entertainment (TechCrunch, Mashable, AngelList, etc.), Internet-platforms to analyse the IT market, data on venture capital, startups, patents, partnerships, business information about private and state companies (VentureBeat, CbInsights, Crunchbase, F6S, etc.).

Smart Startup: Perceptual Map

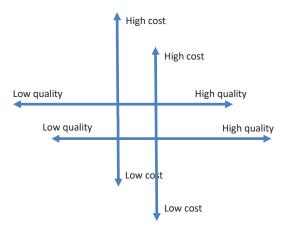
After analysing the market competitive environment, it is helpful to draw a map of its main "measurements" when there is direct and indirect competition. This can be achieved through a perceptual map that provides a lot of information for an "imitating" business. To this end, build comparison charts of direct and indirect competitors using quality-cost coordinates (Figure 1.3).

Figure 1.3 – Comparison charts of direct and indirect competitors



To overlap / merge the perceptual maps could also be useful (Figure 1.4).

Figure 1.4 – Perceptual maps merger



Why Startup Needs to Assess Market?

As early as XVI century, Shakespeare rightly wrote in his famous tragedy "Romeo and Juliet": "A right fair mark, fair coz, is soonest hit". Which is why the main aim of market assessment is to understand at an early stage of the company's development how much money can be earned in a given market.

This aim is followed by other equally important objectives that every startup faces:

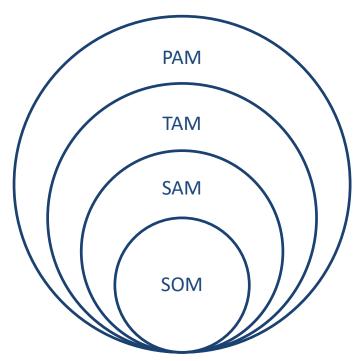
- > to assess the feasibility of achieving financial goals;
- to show your startup's potential in figures;
- > to develop a strategy of the company's development.

What is Startup Market?

Startup market is the amount of money that customers spend or ready to spend on satisfying their needs.

To assess the market four indicators are used: PAM, TAM, SAM, SOM (Figure 1.5).

Figure 1.5 – Main indicators of market assessment



PAM (Potential Available Market) is the potential market, the amount of money spent globally by potential clients who might need your product.

Example: in case of the Coca-Cola Company, PAM is all the money spent by world population to buy drinks for quenching their thirst.

TAM (Total Addressable Market) is the total addressable market, money spent by clients who are interested in your product including those who cannot afford to buy it.

Example: In case of the Coca-Cola Company, TAM is all the money spent by clients to quench their thirst with the help of fizzy drinks. TAM is a part of PAM.

SAM (Served/Serviceable Available Market) is the available market or the annual amount of money that is already spent on purchasing your product or the product of your competitor.

Example: In case of the Coca-Cola Company, SAM is money already spent on Coca-Cola and drinks of other companies of the same price level (Pepsi Co, etc.). SAM is a part of TAM.

SOM (Serviceable & Obtainable Market) is the obtainable market or, in other words, your share of the market, the money spent by the clients who use your product as well as money spent by clients you plan to attract in the near future.

Example: In case of the Coca-Cola Company, SOM includes customers who already drink Coca-Cola and those who the company plans to attract in the near future according to its plans and opportunities [11, 15, 24].

Ask "Right" Questions

Asking right questions is extremely important for decoding the truths concealed by secondary data and available information, as well as for confirming a hypothesis. A right set of questions adheres to the rule: we do not ask if the people accept or buy the offered service in the future. This is a classic and potentially dangerous mistake as customers rarely answer honestly. Searching for signs and guidance in the customers' / users' behaviour in the past and present helps with the research into the market's genuine problems, necessity for a better solution and eagerness to achieve it. This is because nobody can just tell you how they are going to behave in the future.

Start with *determining the necessity:*

What is the problem?

How important is it?

How urgent is the need to its solution?

Describe the situation:

Could you tell me in detail when was the last time you did [X]?

Why do you do [X]?

How often do you do [X]? Why?

Describe the problem:

What are you trying to achieve / accomplish doing [X]?

Could you describe step by step how you do [X]?

What stage is the most laborious / difficult / expensive?

Could you assess it quantitatively? (e.g. "wasting 20 minutes a day".)

Why so?

Problem parameters:

If you could remove one step, what would it be?

Why did you decide to do exactly that?

How often do you face the problem [X]?

What happens before / after you face the problem [X]?

Studying the development necessity

Have you ever compared the alternative solutions to the problem [X]?

What do you dislike about [X]?

How would you compare this (negative) experience with [X]?

Could you show how you [X]?

Have you ever tried to improve [X]?

Could you describe your solution?

How strong is your necessity:

Would you do anything today?

Have you ever paid for the solution to this problem in the past?

What is the highest price you have paid for the solution to the problem [X]?

Do you pay for the solution today?

If you follow the suggested process of your hypothesis testing, you will be able to:

- a) profile the need better;
- b) define the minimum viable segment;
- c) avoid unnecessary and wrong solution;
- d) find the right solution to the problem next time.

Chapter 2. Fundamentals of Competition

Competitive Environment Analysis

Adapted from Scott Lenet article "Scouting the Competition", 2018 [4].

Competition analysis is one of the most important things that need to be taken into account when planning a new business. This is true for all kinds of businesses: developing or IT companies, mining and processing small and medium-sized enterprises, small and one-person businesses. Nowadays there are few problems that are not solved or needs that are not satisfied. Considering competition, we essentially answer the question: "How do people address the problem / need today?" In other words, what solutions / products are there on the market right now, which ones do people prefer to buy / consume / use for satisfying their needs, which ones does your business / product / service intends to address?

Example: you developed a new design that displays time differently than the existing means (a clock with a dial, hourglass, sundial). Your design shows not only the passage of time (as we are used) but also how time exists in other dimensions (based, for instance, on Einstein's theory of relativity). Let us see the competition in your sector in its various forms.

Primary competition. This is your direct competition, competitors that are targeting the same audience, have a similar product offering, or both.

Secondary competition. These competitors offer a variation of your product, either at the high or low end of the spectrum. They may offer something similar but to a different audience. For example, Timex secondary competitors are the shops selling Rolex watches.

Tertiary competition. These competitors have products tangentially related to yours. They may produce merchandise or provide services useful for you. You can become partners with such companies. For example, it could be suppliers of jewellery components for those who sell jewellery.

ATTENTION: In many cases, indirect competition can be stronger than direct. For example, the toughest competitors for a watches seller are not other sellers or brands, but mobile phones. They are major competitors because most people already have a phone and they can use it to determine the time.

In order to understand your competitors you need to study their products, business model (including prices), sales channels, customers' / users' opinions, marketing strategies / positioning, etc. The more you know about them, the more chances there are to find the missing part of the problem that nobody has solved yet – something that helps you to stand out, your competitive advantage.

As soon as you find your competitive advantage, you need to do additional research to understand why this part of the problem / need has not been addressed yet. Probably, the reason why nobody created a watch displaying time in different dimensions is that its production cost is higher than the amount of money the customer will pay for it or that clients do not care to see time in other dimensions.

After you compare yourself with other competitors, you will be able to work out your own production, marketing and sales strategies.

There are different classifications of competition: perfect and imperfect, price and non-price, fair and unfair, etc. The following is the classification (Scott Lenet, 2018), according to which there are three main types of competition related to the way you compare your product / solution with the available ones (table 1.1).

Table 1.1 – Competition classification

Competition Type	Focus	Consideration		
Technology	Product	Emphasized technical features / functions.		
		 Can be quantitative and objective. 		
		Few products differentiation		
Solution / Product	Customers /	Incorporates the perception of customers.		
	clients	 Includes product, but also pricing, distribution, and messaging. 		
		The best technology does not necessarily win		
Capital	Enablers	 Incorporates the perception of employees, VCs and M&A* buyers. 		
		 Highly influenced by momentum and reputation. 		
		 The best product or solution does not necessarily win 		

^{*} M&A buyers – buyers in a merger or acquisition, their aim is to the development of their business or investment.

You can compare yourself with your competitors understanding three main types of competition.

Technology competition. It focuses on the product itself: what are the main / significant technical features or functions and what products have many or all features? As far as all these functions are concerned, what product (from different companies) has what function? (That is, product X has 4/7 functions.) The best way to represent this information is to use feature grids (Figure 1.6).

Figure 1.6 – Feature grid

	SUPPORT	SERVICE	EVENTS	REPORTING	ANALYTICS	SALES
Competitor #1						
Competitor #2						
Competitor #3						
Competitor #4						
Your Company						
Competitor #5						
Competitor #6						
Competitor #7						

Feature grids focus on the product itself, typically comparing technical features. It is important to try to be objective about whether a competitor's product offering includes a particular feature. Often, feature grids are shown with green light, yellow light, and red light scoring. Green means a feature is present, yellow means partially present, and red means the feature is not present. Since you may be showing the feature grid to team members who are colour blind, there are other options, including simple check boxes.

Solution competition. It focuses on customers / clients: popularity of the product (i.e. product X holds 30% of the total market), price range of the solution (i.e. product X is expensive, product Y is cheap, and product Z is mid-priced), prevalence, etc. The best way to present this information about competition is to create a market map. Here is an example for a software-as-a-service company discovering social trends (Figure 1.7).

In this market map, the competitors have been organized as follows:

direct: companies that primarily develop software to identify trending post or stories on social media;

- adjacent: companies that allow customers to manage social content and provide analytics to identify successful posts;
- > tangential: companies that identify social trends on their own networks.

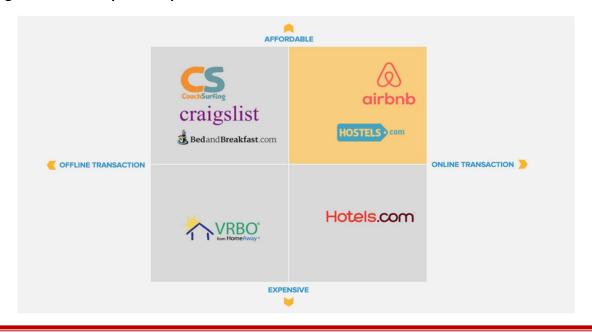
Figure 1.7 – Market map



Capital competition. It focuses on influencing factors, i.e. people / organizations that are interested in the company's success or failure. This type of competition shows how customers perceive the market: company A is leading in its market sector. The best way to arrange this information is to use a perceptual map.

In contrast to feature grids, perceptual maps tend to show perceived benefits. In the example below, we have built a perceptual map for the hospitality market, specifically for renting hotel rooms or vacation properties (Figure 1.8).

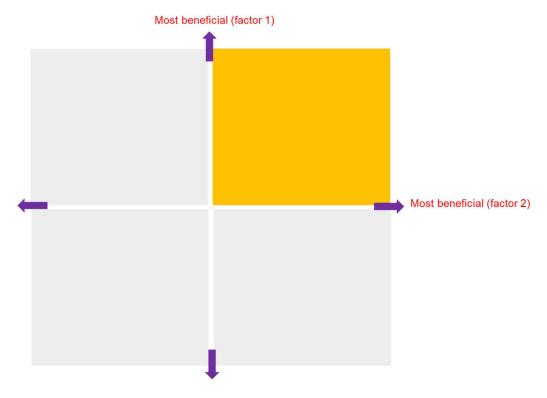
Figure 1.8 - Perceptual map



In this perceptual map, the two most important customer benefits are affordability, and convenience (in the chart, convenience is represented by whether it is possible to conduct the transaction entirely online). It is possible to determine what are the two most important benefits when validating a market with potential customers, or analysing the existing customers.

Figure 1.9 gives a template for building a perceptual map.

Figure 1.9 – Perceptual map template



Target Audience Determining and Segmenting

The right target audience is half the battle. If the startup does not have any interested paying customers, disappointment and failure are inevitable.

The startup budget is limited, that is why it is not a good idea to commission costly marketing research. The immediate question is where can we get any information about the target audience at the lowest cost or for free?

There are many ways to get information about the startup's target audience. Let us examine six of them that are free of charge (Figure 1.10).

Figure 1.10 – Ways to get information about target audience



Expert Survey. People around you may be your target audience and they may want your new product. Ask them what is important for them while using the product, what do they focus on and how do they decide to buy it. They are not experts in the ordinary sense of the word but you should consider their opinion.

Current Customers Survey. If you already have customers, ask them your questions. The main thing here is not to go overboard creating big questionnaires; they will ruin the research. It is better to phrase 2-3 main questions that will help you to formulate a simple-to-test hypothesis.

Search Query Analysis. Visit Yandex Keyword statistics and find out what your target audience is interested in. You can also analyse trends using Google Trends.

Business Statistics Analysis. Consult freely accessible marketing research and conferences proceedings. Data could be corrupted, so it is better to use multiple sources to get a complete picture. You should obtain information over time; it helps notice trends.

Social Networks Analysis. There are over 250 social media monitoring services. Analyse social media profiles of your competitors and companies with similar products, study reviews and attitude towards topics of interest for you. Many such services offer a free trial period for

10-14 days; it is enough time to get all the necessary information. Try using the following services: YOUSCAN, IQbuzz, JagaJam, Brand Analytics, Semanticforce.

Your Expert Opinion. Trust your intuition. Your experience is a valuable resource. You have studied the product, most likely worked with it, enjoyed success or made mistakes.

Target Audience Segmentation

The segmentation of the target audience helps to understand its needs and behavioural models better. The audience can be segmented in various ways. We will consider three stages of segmentation: personal data description, 5W method, Khramatrix method.

1. Describing personal data of the target audience

To determine its target audience a company can use the following methods of segmentation:

- geographic: where people live, study, work, use the product;
- demographic: gender, age, marital status, occupation, education;
- economic: employment, income level;
- > psychological: temperament, social group, personality, attitudes, lifestyle, system of values;
- behavioural: loyalty to the product, how often the product is used, reaction to promotional campaigns.

2. Mark Sherrington's «5W» method: target segmentation model

Метод позволяет основательно сократить расходы на деление по группам сбыта, от развития которых зависит специфика предложений. Марк Шеррингтон придумал оптимальную схему вычисления потенциального потребителя путем формирования ответов на пять вопросов: «What? When? Where? Who? Why?».

The method helps cut the costs substantially when differentiating sales groups that influence the nature of product offers. Mark Sherrington developed an optimal approach to determine your potential customer by answering five questions: "What? When? Where? Who? Why?".

What: product and its properties.

Who: potential customer.

Why: why the consumers buy your product, what influences their choice (price, necessity, originality).

When: when the consumers want to buy your product (morning, evening, season, holidays).

Where: where they buy your product (website, e-shop).

Application of the method using Gigster, platform to bring together freelance programmers, designers and product managers with customers, as an example (table 1.2).

Table 1.2 – Table version using 5W method

Question	Target Audience 1	Target Audience 2
What	Search for programmers, designers,	Job hunting in IT, design, product
	product managers	management
Who	Company owners, senior managers	Freelance programmers, designers, product managers
Why	Need for qualified experts	Need for work with a guaranteed salary and challenges
When	Constantly	Constantly
Where	website	website

3. KHRAMATRIX method

If it is not enough and you want to segment your customers in greater detail, you can use Khramatrix method. It is based on studying your target audience, model of its behaviour (specifically in Internet) and making a list of target steps, which comply with the problem solved by a potential customer.

Target function: why the customer needs your product.

Target steps: the customers may have four reasons to visit the product's website: read, compare, buy, use. What do they do on the site to implement them?

Lead*: how you evaluate the efficiency: application installation, purchase, etc.

When segmenting your target audience you can use not all the parameters, just the most important. To find out what parameter is unnecessary, think what will happen if you remove it. If you can take it away – do it.

Create Customer Profile

Unique selling proposition (**USP**) refers to the unique benefit exhibited by your product that enables it to stand out from competitors, your bold statement (about your product), competitive advantage, offer that nobody else has (nobody makes). Having developed a customer profile, you are able to create a sound USP, determine communication channels correctly, and make promotion effective.

When you describe people, you can give them names and even photos; it is always easier to do something for a specific person than for loads of people. You should start with common features and then add more details. State their gender, age, profession, income level, marital status, interests, hobbies, place of residence.

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 $^{^{*}}$ **Lead** is a potential client who responded to a marketing communication in one way or another.

After that:

- make a list of customers who can be satisfied with your product;
- determine motives for buying your product;
- find out what social networks your customers like, what forums and blogs they read (focus on your current clients or representatives of your target audience).

It will be of use to you when communicating with your audience. Keep in mind what this information cannot be permanent, it will change, you will need to update your customers' profiles during every advertising campaign.

Communication Channels for Reaching Your Target Audience

Having analysed your audience, you can find out where your potential customers spend their time, what they read, what they are interested in. Pay attention to cheap and free communication channels. Properly harnessed, they will lead to excellent results with a lasting effect, help attract and hold loyal customers.

Social Networks. There are various social media and novice startuppers often want to cover them all. Your unique content that is interesting to your target audience is essential for succeeding in social networks. Just reposting other people's content will not bring you success.

Create a community or profile in a social network, place ads in thematic communities. Your unique content that is interesting got your target audience is essential for succeeding in social networks. Just reposting other people's content will not bring you success.

Messengers. Instant messaging service is a great way of communicating with your audience. If you have a website place there a "Contact Us" VK widget or turn on Facebook Page Messaging for instant communication with your customers. You can use bots in Telegram, Skype, Viber, Facebook for the same purpose. Creating a bot requires spending some money, but not too much.

Using messengers, you can send out newsletters, of course, if you have the customers' consent. It is important to send only useful and interesting information; otherwise, your clients will unfollow you.

Create a **Telegram channel** – here you can publish your news and special offers.

Posting information on subject portals. Write a really interesting and useful material – some large online platforms may publish it free of charge. **VC** and **Cossa** are good examples. Their requirements are strict; but it is worth to try. **Pressfeed** can also be of use. Here journalists look for commentators for their articles. It is a great way to advertise your product.

Email-lists. Some services offer free tariffs for companies with a small amount of subscribers. Howev-er, even if you choose a paid service, it is not going to cost a lot at an early stage. Herein,

it is important to get the customers' consent. There are many services for email-lists: Unisender, Mailchimp, SendPulse.

Webinars. Organize a number of webinars to provide your target audience with valuable information. Thus, you will become an expert for your customers, their trust in your product will increase.

Blog. Start writing your blog. You can publish it on your site, but in this case only visitors will be able to read it. If you publish your articles on a popular platform, your audience will increase exponentially. LiveJournal is a well-known example of such a platform.

Determining Suitable Communication Channel

Do not try to cover all at once. Study the information about each platform's users. You can find such data in aggregated form on analytic agencies' websites (for example, Mediascope). Compare it with the data you have from your audience analysis, and based on this information draw up your communication strategy, plan.

If you think that a certain communication channel suits you, but all collected data suggest otherwise, put it aside for a while. Your opinion may change later on.

Growth Hacking

Growth Hacking is a term in modern marketing referring to a company's growth, expansion, and promotion. This requires not standard marketing tools, but uncommon and innovative solutions and approaches (hack). According to this concept, it is more important to master and apply new tools than to study them thoroughly. One of the main principles of growth hacking is to learn how to make mistakes quickly. The sooner a team understands that the chosen hypothesis does not work, the better.

Growth Hacking includes three main aspect:

- product value the customer's problem that the product solves;
- growth points the most strong product's features to develop;
- continuous testing forming and testing of hypotheses.

The main advice from marketers who use Growth Hacking is:

- do not use just one set of tools and methods. There are always new services available on the market, replacing the old ones sometimes. Exploit new tools if they help solve your problem quickly;
- use Web-analytics;
- > introduce automation where it is possible.

Use Growth Hacking principles for your startup's development and do not be afraid to try something new. First months are extremely important for an early-stage startup. This is the time when the first audience assesses the product. Its future depends on this assessment. If your customers trust you, they will buy your product, use your services and recommend you to their friends. Growth Hacking helps to make the right first impression on the customers at an early stage of a startup's development.

Establishing Contacts with Audience

People always hear what they want to hear. That is why if you violate this principle when communicating with your target audience, you will fail.

Speak the same language when talking to your customers. If you address programmers, it will be appropriate to use their slang, however if your audience is girls loving fitness, such language will scare them off.

I Talk about the benefits of your product and about solving the customers' problems with it. Do not describe the process without mentioning the result. Your product solves a certain problem and your clients need to understand it. Create a successful image for living up to which the customers will need your product.

Developing Unique Selling Proposition

Do no try to put everything in one proposition. Nothing good will come out of this – you will just confuse and push your customers away. USP should be:

Specific. It can contain numbers, dates and other characteristics. Avoid value judgements (beautiful, big, etc.) – they are not informative and relative.

Real. Do not promise what you cannot deliver. If you call your clients back in 5 minutes, do not tell, "Our manager will contact you in 30 seconds". Tell them the real time.

Concise. Be brief and use as few sentences as possible (preferably 2-3). Your customer may have only a couple of seconds to read your proposition; interesting solution to his problem should catch his eye.

Motivating. You need to explain to your customers what they should do. Do not suggest complicated and binding actions. Your proposition should not be ambiguous and imply obligations.

USP formula. Thanks to the product + you (the target audience) + will be able to solve the problem (the product purpose) + benefits (what do the customers get).

Getting Feedback

All your efforts can be futile if you do not monitor your target audience's responses. People who use your product may dislike something. Their comments are incredibly important. Study them carefully and use to improve your product.

I Track reviews in social media with the help of monitoring services, keep an eye on your product's mentioning. Respond to all messages, even negative ones. An unhappy customer will advocate your brand if you address his issues with care and respect [28].

Summery

We described the main aspects of working with a startup's target audience for market analysis using marketing approach to developing and launching a new product. So:

- use all freely available methods of target audience search;
- segment your potential clients;
- create customers profiles;
- determine communication channels;
- use Growth Hacking principles;
- speak the same language with your clients;
- make your USP specific, brief and concise;
- exploit every opportunity to get feedback from your customers and to improve your product.
- ! Keep an eye on market trends. Draw up a document with your clients' characteristics, communication strategy and update it annually. This will help you to develop and enhance your product's prospects.

PART 2 BUSINESS MODEL DEVELOPMENT FOR STARTUP

Building a successful business model doesn't mean you have to change everything. It's about understanding who to listen to and why.

Steve Blank

Attention to detail is critical to the successful implementation of business ideas.

Richard Branson

Chapter 3. Notion of Business Model

One of the reasons why many startups fail is choosing an unviable business model. Business model describes how a company creates, delivers to clients and increases value (economic, social, etc.).

For example, your business is to provide customers with bread. There are different business models possible depending on your answers to the following questions: what do you do? how do you do it? to whom and how do you sell it?

What do you do: the product – a thing (bread) or service (bread delivery)?

How do you do it: what resources do you need for production (bread = raw materials, place, equipment, electricity, etc.; bread delivery = car, petrol, etc.)

To whom and how do you sell it: who are your clients and how / when do they pay you? (Bread can be a wholesale or retail product sold to businesses such as hotels or restaurants paying you daily or monthly, or directly to customers paying you for each loaf; bread delivery can be organized between a bakery and another business or between the bakery's two stores paying you for each delivery or monthly.)

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What is Business Model?

To understand what a business model is, it is necessary to learn how business practices started.

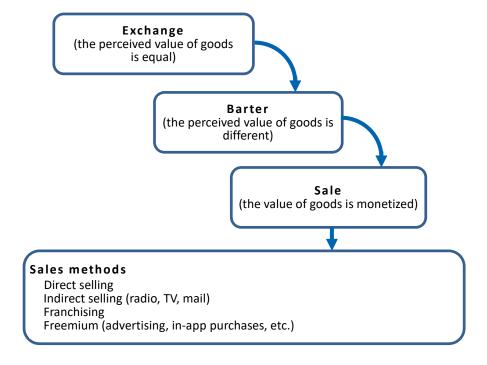
At first people were exchanging goods and services freely without differentiating their value: "I exchange my horse for your pair of shoes".

As soon as the perception of value started to change, people exchanged goods and services understanding that a horse does not have the same value as a pair of shoes, unless they are made from a certain material or in a certain way, or unless the horse is of a certain age or breed. Barter depends directly on the degree to which both sides need the goods that they give or get.

The usage of money meant that goods and services now had their own independent value and selling (or reselling) these goods and services became a method to increase the value at the cost of income, and not production.

Money and understanding of sales brought about the evolution of processes and structures that make goods and services accessible on the market (Figure 2.1).

Figure 2.1 – Evolution of processes and structures of goods and services production



Direct selling = "I sell bread in my bakery and you buy it from me" (direct contact between parties means that buyers get information about bread from the seller).

Indirect selling = "I advertise my bread on the radio and you come to buy it" (buyers find information about your product with the help of indirect means, such as the radio).

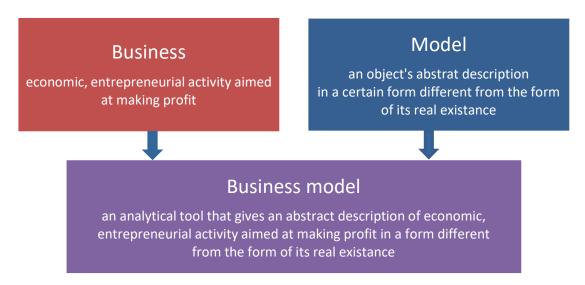
Franchising = "I manage one of the bakery chains belonging to another company; you can buy the same bread from me or from any other bakery in this chain".

Freemium is a business model by which a basic product or service is provided free of charge, but money is charged for other products or services, special or premium ones. The term is a portmanteau of the words "free" and "premium". This model is used mainly in apps (mobile or web) where a customer get something of low value free of charge (a game, language learning), and then they have to pay to get a more valuable product or buy thing in the app.

Defining Term 'Business Model'

The term 'business model' can be viewed as a combination of two concepts: business and model (Figure 2.2).

Figure 2.2 – Concepts 'model', 'business', 'business model' [20]



There are two approaches to define the term 'business model':

- focusing on business processes / roles (approach directed on a company);
- focusing on value / customer (approach directed on a company's environment).

The first approach considers a company's activities in terms of its business processes and technologies (the focus is on a company itself).

In contrast, *the second approach* addresses the value that a company has for external clients, as well as its performance results.

A business model helps to answer the questions: what should be done to get the desired results and how to do it?

According to the second approach, the key elements determining a company's business model are [38, P. 14-15]:

- value for external clients that a company has in terms of its products and services;
- system of creating this value including suppliers and target customers, as well as value chains;
- assets what a company uses to create value;
- > a company's financial model determining both its cost structure and profit-making techniques.

In addition to main partners, resources and channels, business models include business processes related to cost of producing a product or service (design, raw materials, production, maintenance/storage/delivery, etc.), as well as expenses to sell your product or service (finding and outreaching clients, retention/replacement of clients, trading, delivering the final product/providing the service).

We use certain "metrics" to understand different parts of a business model related to costs and profits.

Example

Cost of Goods Sold (COGS) includes costs related to production and storage of goods.

Costs related to attracting new clients and / or selling include:

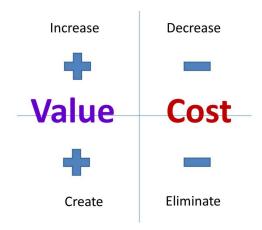
- > Customer Acquisition Cost (CAC): how much does it cost to attract a new client?
- Monthly Active Users (MAU): how many people use / buy my product each month?

Churn Rate: how many clients leave me each month? how much do I need to spend to replace them with new clients?

Business models that encourage and stimulate growth are generally successful. Growth is the function of value and costs (Figure 2.3). If you work with these elements increasing and / or creating value and decreasing and / or eliminating costs, you can potentially improve or make irrelevant a type of product, industry or sector.

Thus, if I have a new bread recipe that requires 30 % less time for baking (= less energy, = fewer costs), or a delivery service that is routed more efficiently (= less petrol, = less time), I can introduce a better product or service to the market and outperform my competitors. Occasionally, my competitors will try to copy me (for example, if the bread recipe is a secret), and it gives me a longer / stronger advantage.

Figure 2.3 – Growth as a function of value and cost



Defining Business Model with Customer Value in Mind

The term 'business model' is rather new, it appeared in the mid-1990s and was considered within the corporate business strategy. Nowadays there is no consensus on the definition and categorisation of business models. When researching the business model concept, authors offer different approaches, typologies and tools.

A considerable contribution to the development of the business model concept was made by Peter Drucker (1994) [13], Joan Magretta (2002) [18], Alexander Osterwalder (2004) [7], Clayton Christensen (2008) [9].

Here are some definitions of the term 'business model'.

Business model is a company's tool to make profit. It is a set of principles of a firm's internal functioning and customer service supported by the strategy (what a company plans to do) and methods of its realization (how a company is going to implement its plans) [22].

Business model is the way a company chooses its customers, formulates and differentiates its offers, allocates resources, determines what it can do itself and when to outsource, enters the market, creates value for the customers and makes profit [36].

Business model is the idea of how a company makes (or is going to make) money. Business model describes the value that a company offers to different clients, reflects the company's potential, list of partners for creating, promoting and delivering this value to clients, customer relations and capital required for steady streams of income [33].

The term 'business model' is used in a broad range of definitions to describe the main aspects of business including the business goal, product range, strategy, infrastructure, organisational structure, selling techniques, operational processes (table 2.1).

Table 2.1 – Different interpretations of the term 'business model'

The Main Point	Main	ne term 'business mode Distinguishing	Examples
of Definitions	Authors	Features	of Definitions
Business model is a configuration of a company's activi- ties ranges for creat- ing value (in a simpli- fied form – for mak- ing profit)	N. Venkatraman and D. Henderson, D. Tap- scott, D. Ticoll, A. Afuah, C. Tucci, R. Amit, C. Zott, R. Hawkins, M. Rappa, H. Chesbrough and R. Ros- enbloom, D. Debelak	Authors of such definitions see a business model as a certain process or form of a company's activity	Business model is an architectural configuration of operational components aimed at exploiting business opportunities (R. Amit, C. Zott). Business model is the way a company creates and maintains value (H. Chesbrough and R. Rosenbloom)
Business model is a system of elements and their interrelations that describes a company's efforts to create value	A. Slywotsky, P. Timmers, J. Linder, S. Cantrell, G. Hamel, B. Mahadevan, L. Applegate, O. Petrovic, C. Kittl, D. Hoffman and T. Novak, M. Tikkanen, X. Lecocq, D. Teece, A. Afuah	Authors of this approach define a business model not as an activity but as a certain set or system of elements of a company's business, presence or development level of which can attest to sustainability of business	Business model is an architecture of a product, services and information flow including the description of different business participants and their roles, description of potential benefits for different business participants and description of sources of income (P. Timmers). The term 'business model' refers to the description of relations between different components of a business model, or "building blocks", for understanding how to create value for customers, and thus, for organization (X. Lecocq)
Business model is a conceptual tool (scheme, design), that helps describe a company's activity on creating value in a simplified and aggregated form	A. Osterwalder, B. Wirtz, C. Tucci, L. Massa, C. Ba- den-Fuller	Authors of this approach state that a business model is a certain physical scheme (draft, design) describing a company's business and agreed upon after discus- sions	Business model is a conceptual tool that includes a set of elements and interrelations allowing to reflect how a company earns money (A. Osterwalder). Business model is a simplified and aggregated representation of a company's most important activities (B. Wirtz)

The Main Point of Definitions	Main	Distinguishing	Examples
	Authors	Features	of Definitions
Business model is a director's mental perception of a company's work on creating value	J. Magretta, J. Ricart, R. Casadesus-Masanell, S. Furnari	Authors of this relatively new conceptual approach think that business model is a certain way of a company's development in a director or entrepreneur's opinion	Business model is a story that explains how a company works (J. Magretta). Business model consists of specific decisions and results of these decisions. Different variants (of these decisions) have different specific operational logic and create different value for the parties concerned (R. Cadadesus-Masanell, J. Ricart). Business model is a cognitive representation describing a company's activity on creating and maintaining value (S. Furnari)

Source: [21, P. 190-196]

The above-mentioned interpretations of the term 'business model' state that an essential aspect of all definitions of the term include a certain configuration of a company's income-generating activity.

Business Models Evolution

The evolution of business models throughout the 20th century can be presented as following:

- the shop keeper model is the oldest business model that is still considered a basic one: opening the shop in a place where there are potential customers;
- ▶ bait and hook (also known as 'razor and blades') is another very popular business model from the beginning of the 20th century with a lot of new reincarnations. Examples: razor (bait) and blades (hook); cell phones (bait) and time traffic (hook); computer printers (bait) and cartridges (hook); cameras (bait) and printing of photos (hook);
- > 1950s new business models were developed by McDonald's and Toyota;
- > 1960s innovators were Wal-Mart and Hypermarket;
- > 1970s new business models were developed by Federal Express and Toys «R» Us;
- > 1980s Blockbuster, Home Depot, Intel and Dell Computer;
- ➤ 1990s Southwest Airlines, Netflix, eBay, Amazon.com, Starbucks, Microsoft and Dot-com.

Technological development is the main factor that contributes to economic changes resulting in business models changes. In 1994, first encrypted transactions over the Internet were carried out. It was a significant technological achievement, which brought to online payments and resulted in several revolutions in different spheres: finances, e-commerce, logistics, advertising, publishing, etc. (Figure 2.4).

Figure 2.4 – Technology as a main factor of business models changes



The growth of e-commerce signals a serious shift in the classical business model that most retailers used for centuries and that depended on a business location:

- offline Brick & Mortar (classical retail / manufacturer);
- online Amazon (e-commerce);
- > offline & online Click & Mortar (well-organized retail).

E-commerce allowed old models to thrive in new scalable forms:

- Customer to customer (C2C): customers can trade with each other directly; business is a platform that helps make transactions regardless of a buyer and seller's relations / location (ebay);
- Business to consumer or direct to consumer (B2C / D2C): customers buy a product or service directly from a company regardless of a buyer and seller's location (Zara, Microsoft);
- Business to business (B2B): a business sells its product or service to another business (AliBaba, IBM);
- **Crowdsourcing**: users themselves create a product (Wikipedia).

Chapter 4. Business Models Classification

Business Model Archetypes

Among approaches to classify business models, it is worth to mention Business Model Archetypes (BMAs) developed by a group of experts from Massachusetts Institute of Technology (2004) and Business model framework (BMF) proposed by Henry Chesbrough (2006).

Business Model Archetypes are based on **two** fundamental business dimensions of any company. **The first dimension** is types of rights to assets that a company sells. This dimension allows distinguishing four basic business models: *Creator, Distributor, Landlord and Broker*. **The second dimension** is assets involved in business. This dimension allows distinguishing four main types of assets: *physical, financial, intangible, human*. According to the main types of assets, *four other subcategories* of business models can be marked out within four main business models. In total, this typology consists of *16 types* of special business models; only seven of them have become popular with large companies in the USA nowadays. The typology in question and companies using various business models types are presented in table 2.2.

The business models can be applied in practise for [32]:

- assessing and analysing the business efficiency of a company in comparison with other similar companies;
- assessing a company's potential and investment appeal in the future;
- optimizing a company's business processes in terms of strategy and maximization and retention of value that a company crates for its customers and other interested parties.

Table 2.2 – Business Model Archetypes

What Rights are	Asset Types				
Sold	Financial	Physical	Intangible	Human	
Creator – possessing an asset with the right to its significant transformation	Entrepreneur (serial entrepreneurs, incubators)	Manufacturer (General Motors, Bethlehem Steel)	Inventor (Lucent's Bell Labs)	Creator and seller of human resource (illegal business)	
Distributor – possessing an asset with the right to its limited transformation	Financial trader (Merrill Lynch, Goldman Sachs)	Wholesaler / retailer (Wal-Mart, Amazon)	IP-trader (NTL Inc.)	Distributor of human resource (illegal business)	

What Rights are Sold	Asset Types			
	Financial	Physical	Intangible	Human
Landlord – right to use an asset	Owner of financial assets (Bank of America, Fannie Mae, Aetna, Chubb)	Owner of physical assets (Marriott, Hertz division of Ford)	Owner of intangible assets (Microsoft, Wendy's, New York Times)	Contractor (Accenture, Federal Express)
Broker – intermediary in transfer of rights in assets	Broker of financial assets (eTrade, Schwab)	Broker of physical assets (eBay, Priceline)	IP-broker (Valassis)	Broker of hu- man resource (Robert Half, EDS)

Source: [20].

Chesbrough's Business Model Framework

When analysing business models H. Chrsbrough uses two parameters under which business models can be differentiated: scale of the investment for supporting a business model, and a degree of openness of a business model. His classification includes *six* types of business models presented in table 2.3.

Table 2.3 – Chesbrough's Business Model Framework

Business Model Type	Innovation Process	Example
Undifferentiated	No	Family restaurants
Differentiated	Ad hoc	New technology companies
Segmented	Planned	Companies promoting a technology
Externally aware	Externally supportive	Company specializing in R&D and working under the prevailing conditions
Integrated with the innovation process	Within the business model	Leading financial companies
Adaptive	Reveals new business models	Intel, Wall-Mart, Dell

Source: [39].

This classification divides business models according to the innovation process model and a company's external environment arising from it. The application of this classification is of particular relevance when companies' conceptual comparison regarding the maturity and progressivity of the innovative model takes place.

Classification of Business Models by C. Markides

Constantinos Markides outlines another broader classification of business models (table 2.4).

Table 2.4 – Classification of business models by C. Markides

Classification attributes	Business models types	
On the fundamental business	Creating a new market.	
concepts	Creating a new segment.	
	Creating new needs.	
On customers selection	Attracting customers of the existing market.	
	Forming a new market and attracting your own customers.	
On differentiation strategy	The same proposal as on the traditional market, but other types of services (car rental company Zipcar).	
	New proposal, old types of services (electric car).	
	New proposal, new service (payment system PayPal).	
On production system	Classic production technology, but new service technology (for exam-	
	ple, Dell).	
	New production technology and old service technology (site for renting apartments tripping.com).	
	New production and service technology (P2P-platforms).	
On organizational structure	When there is the organizational structure of a company.	
	When there is the organizational structure of a company and freelanc-	
	ers.	
	Mesh model and its users of a company's IT-platform.	
On distribution channels	Traditional.	
	Digital.	
	Combined.	

Source: [29].

M. Rappa's Classification of Business Models

The classification of business models offered by Michael Rappa is by industry and considers business models on the Web. The nine basic categories of business models discussed in table 2.5.

Table 2.5 – M. Rappa's Classification of Business Models

Type of Model	Description
Brokerage Model	Brokers are market-makers: they bring buyers and sellers together and facilitate transactions. Brokers play a frequent role in business-to-business (B2B), business-to-consumer (B2C), or consumer-to-consumer (C2C) markets. It includes several types, ranging from full-fledged commodity exchanges to highly specialized intermediaries represented by paying agents or auctions with one participants (e.g., priceline.com)
Advertising Model	The business model is based on web advertising. It enhances the possibilities of targeted advertising and includes all types of web advertising, registration and multidimensional interaction with a user (e.g., Yahoo!, Google, NYTimes)

Type of Model	Description
Infomediary Model	The business model aims to provide services for collecting, processing and analysing big data on customer behaviour. Data about consumers and their consumption habits are valuable, especially when that information is carefully analyzed and used to target marketing campaigns. (e.g., Nielsen, Edmunds)
Merchant Model	Sales may be made based on list prices or through auction to Internet users from all over the world (e.g., Amazon.com)
Manufacturer (Direct) Model	The manufacturer or "direct model" allows a manufacturer to reach buyers directly and thereby compress the distribution channel. The manufacturer model can be based on efficiency, minimization of logistics costs, improved customer service, and a better understanding of customer preferences (e.g., Dell Computer)
Affiliate Model	Affiliate model drives the targeted traffic to affiliated partner sites. It uses the tools of dynamic retargeting and allows to attract customers wherever they may be surfing (e.g., Barnes & Noble, Amazon.com)
Community Model	The viability of the community model is based on the value of collectively created product and user loyalty. This business model involves developing open software, open platforms for joint content generation, information services that form broadcasting on the basis of users' content, as well as social networking services (e.g., Red Hat, Wikipedia, Fasebook, VK, Flickr, etc.)
Subscription Model	Users are charged a periodic daily, monthly or annual fee to subscribe to a service. It is not uncommon for sites to combine free content with "premium" content (e.g., Listen.com, Netflix)
Utility Model	The utility or "on-demand" model is based on metering usage, or a "pay as you go" approach. Metered services are based on actual usage rates. (e.g., Slashdot)

Source: [8]

Business Model Classification Based on the Type of Relationship

Your business model directly depends on who is your customer. Let us consider types of customers and businesses that arise from it [19].

All market participants can be divided into three categories:

- business (B) business organizations;
- > consumer (C) end-users, private individuals: buyers / customers of services;
- government (G) government structures: ministries, budget organizations, state committees, etc.

Digit **2** is a short form of preposition '**to**', indicating the developer and recipient of a service. Table 2.6 presents nine types of such relations.

Table 2.6 – Types of relationship between business and client

Product (service)	Product (service) recipient			
developer	Business (B)	Consumers (C)	Government (G)	
Business (B)	B2B	B2C	B2G	
Consumers (C)	C2B	C2C	C2G	
Government (G)	G2B	G2C	G2G	

Source: [34]

Business organizations sell products or provide services

B2B (Business to Business) is a model when a *seller* and a *buyer* are juridical persons or individual entrepreneurs. Simply put, companies do not work for an average consumer, but for other companies.

Classic examples of B2B model in IT are software developers for organizations, web design studios, outsourcing companies.

One of the successful examples of using B2B model is German company SAP SE, enterprise software developers. It develops ERP software and adjusts its services according to legal framework of various countries. Besides selling software, the company provides services of its installation using their own methodology. The following company products can be noted: SAP Ariba Discovery, an open platform for finding suppliers and buyers; Remote Work Pulse from Qualtrics, a product helping organizations to understand how their employees work and what support they need when working remotely; Ruum by SAP, a tool for project management, cooperation organization, process improvement. The company has about 200,000 customers, mostly medium-sized and large enterprises.

B2C (Business to Customer) is a type of business specializing in sales to natural persons.

Examples of B2C model in IT are online shops where people buy goods for personal use, mobile apps and games, web-services.

For example, SeedSheet (USA) developed software where any user can design their dream garden and plant there seeds, which surely grow and give a good harvest in the continent's climatic zone. This software analyses geopositioning, chooses and offers cultures that can be ordered by mail together with all the necessary equipment and even soil.

Another example is Zenmoney app (Russia), which analyses the users' budget and helps them to save, put money aside for expensive purchases, and optimize the expenses.

B2G (Business to Government) is a model focused on the delivery of goods, services, business solutions for the state.

The model involves a complex multi-stage decision support system, tender purchases, complicated financial conditions and material support schemes of buying, great influence of the administrative resource.

In practice, this model can be related to having government contracts for the supply of goods / delivery of services (government procurement), equipment leasing, public-private partnerships; and in the case of IT companies, it is generally the development of automation services for the government.

For example, IBA Group developed a number of solutions for the Belarusian transport infrastructure, including contactless payment with bank cards for metro, electronic punches for Minsk land public transport, electronic screens for transport stops, self-service terminals to replenish electronic travel documents using bank cards in metro stations.

Consumers sell products or provide services

C2B (Consumer to Business) is a model enabling the customers to independently establish the value of various goods and services provided by companies.

One of the examples of companies using C2B model is Priceline.com (USA). Buyers themselves set the price for the product that they need, and then the company finds a supplier ready to sell the product at this price. Thus, Priceline.com acts as an intermediary.

C2C (Consumer to Consumer) or **P2P** (Person to Person) is a model implying that all participants are equal. The peculiarity of this model is that there is a "third" party, i.e. a marketplace for sellers to offer a product / service and buyers to purchase / get it.

For example, BlaBlaCar helps drivers to find fellow travellers and in this way offset the cost of petrol, and travellers to find a driver who can give them a ride to the city they need.

Another example is Couchsurfing. Using this service, people can travel without spending money on hotels / rental flats by staying at other users' houses. Moreover, this platform allows communicating with local people to get to know the city and see its sights.

C2C platforms are usually communities of interest: travelling, driving, pets, etc.

C2G (Consumer to Government) is a model reflecting relationships between natural persons and state. Paying taxes is an example of such relations.

Government provides services

G2B (**Government to Business**) is a model showing how the state provides services for business organizations. For example, using the e-procurement system.

G2C (**Government to Consumer**) is a model reflecting the services, which the state provides for its citizens: notices about fines, misdemeanours, changes in legislation.

For example, in Belarus after registering on the Ministry of Internal Affairs website, you can find out about unpaid DMV taxes, restriction on exiting the country, etc. In Russia, there is gosuslugi.ru website, with the help of which you can get information about misdemeanours, as well as the cost of required services.

G2G (Government to Government) is a model reflecting the services rendered by state institutions of the country to each other. They have a limited access that is why they are unavailable to the majority of the country's population.

Business Model Classification by A. Osterwalder and Y. Pignuer

The classification outlined by Alexander Osterwalder and Yves Pignuer captures modern business models developed by leading competitive companies [6]:

- 1) unbundling business models;
- 2) Long Tail;
- 3) multi-sided platforms;
- 4) free (as a business model);
- 5) open business model.

Unbundling. This type suggests that the business should be unbundled into three separate but complementary department or entities to make them more efficient. This concept includes three fundamental forms of business:

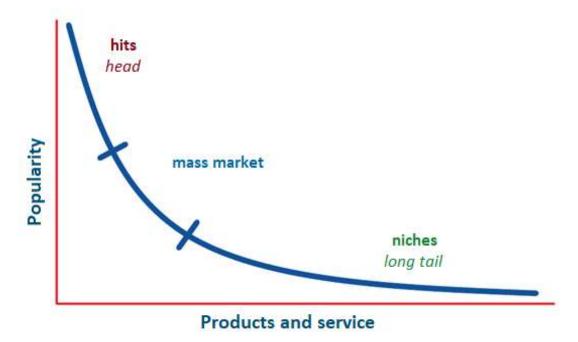
- customer relationship;
- product innovation;
- > infrastructure.

For example, a mobile network operator can unbundle its business into:

- infrastructure: providing services for several operators; economies of scale;
- > **service**: customer service (key function);
- **content**: innovation in providing end-users with content.

Long Tail. Selling a lot little by little: offering many niche products that sell relatively infrequently. Companies using this model can get up to 60 % of their profit from selling goods in low demand (Figure 2.5).

Figure 2.5 – Long Tail business model



This business model does not require high costs for storage and an efficient platform for quick product delivery to customers. Niche products can collectively be as profitable as the traditional model where a limited amount of bestsellers generates income.

Online Shop Amazon is one of the most well-known examples of using this model.

Multi-sided platforms combine two or more homogeneous groups of customers. The company helps to organize the effective interaction of complementary groups. Employment agencies, search engines (providing audience to advertisers) use this business model. It highlights the importance of an indirect network effect, the more people from one group use a certain platform, the more attractive it seems to the other group of customers. This effect works in both directions. If you arrange your customer groups wisely, you can maximize the indirect network effect and the customers will be extremely loyal to the company.

For example, in the case of Google there is a three-party market where Internet users, website owners and advertisers meet.

Free – **FREE-type** business model. **Freemium** (Free + Premium, "try for free") is an innovative business model by which a basic product or service is provided free of charge, but money (a premium) is charged for additional features, services, or goods. The aim of the basic product is to show the customer its functionality attracting the maximum amount of users, some of whom then buy the premium product, and the company gets its profit.

Examples are Spotify, Yandex.Music. Customers who use the service free of charge have to listen to advertisements, and the basic version has limited functionality.

Open business model can be used for creating and supporting value by cooperating with outside partners. This philosophy results in 'inside-out' vector: when a company gives its partners unused intellectual property or assets; and 'outside-in': when a company uses external ideas. For example, Procter & Gambler.

Some Prominent Business Models

Renting instead of buying is a business model by which a customer does not buy your product, but rents it. The benefit for the company is revenue from renting the product, the benefit for the customer is saving (they do not need to buy the product, think where to store it, etc.).

This business model is very ancient; it can be traced back to antiquity when the Romans rented livestock. Its modern examples are carsharing, letting of bicycles, motorized scooters,



and exercise machines on hire. For example, kolobike.by, service for sharing bicycles and scooters in Belarus.

Auction is a business model when customers influence the end price for a product. The product is sold to the buyer with the highest bid. This business model is also rather old, as livestock and slaves were sold at auctions in the BC era.



Payment and shipment happen without eBay participation. A seller pays a fee for using the platform. This fee is made up of a charge for introducing an item for auctioning and share of the revenues from sales; buyers use the service for free.

Another example is WineBid (California, USA), an auction house for selling wine. Individuals and dealers introduce their goods for auctioning for wine connoisseurs from all over the world. To prevent selling wine below its real value, sellers set a minimum acceptable price.

Subscription is a business model allowing customers regularly get goods and services. A company signs an agreement with a customer where the frequency, terms and conditions for the provision of services are specified.

This model saw its extensive use in 17th century when German booksellers started to supply their subscribers with multi-volume encyclopaedias and guides. Most newspaper and magazine publishers still use this business model now. Many mobile applications and web services also work on a subscription basis: Netflix, Spotify, etc.



Netflix is an American company offering online streaming of films and television series. Subscriptions are the company's source of income. Now Netflix has 60.6 million subscribers in the United States and 97.7 million in other countries. Users can choose one of the three types of subscription depending on the quality of streaming content: basic (standard definition), standard (high definition), premium (ultrahigh definition, simultaneous streaming on several devices).

F2P (Free to play) is a business model for monetizing computer / mobile games. Customers can install and use the product free of charge, but they need to pay for getting additional content.

Developers often introduce in-game currency: diamonds, coins, bonuses, which can be acquired by transferring money to the designated account (it is converted then into in-game money and added to the player's account), or by watching an ad, or by completing a game task.



This model is used to the developers of massively multiplayer games (MMORPG) to prevent piracy, for example, World of Tanks.

SaaS (Software as a Service) is a business model used in cloud apps with access through Web interface. Users do not need to install any software on their computer or download an app,



they do not have to check for updates and worry about compatibility. Customers pay and get access to the app as though renting it.

The main client of SaaS services is a general user.

Examples of SaaS projects include Bitrix24, a Russian service for business management; Zoho, an online office suite; Dropbox, a file hosting service from Dropbox Inc. that includes a personal cloud storage, file synchronization and a client programme; Google Docs, a free online word processor; Facebook, a social network.



PaaS (**Platform as a Service**) is a cloud business model that provides a platform for independent software development and deployment.

Cloud platform providers can charge the users according to the level of use: fee can be calculated based on app working hours, volume of processed data and number of transactions with them, Internet traffic.



PaaS models are actually Web servers or databases: a customer manages apps, and a provider manages the operating system. PaaS users are software developers.

Examples of PaaS projects are Google App Engine, a service for hosting websites and web applications on Google servers; Microsoft Azure, a cloud service

created by Microsoft for building, testing, deploying, and managing applications and services through the Microsoft-managed data centres.



Lock-In ("Razor and blades") is a model in which one basic item is sold at a low price, and its accessories at a high price.





\$8,8 \$27,9

Buying the main product cheaply (or even getting it for free), customers are locked into a vendor's world of products and services becoming dependent on him. After all, you cannot use the basic product without buying the disposables regularly. Gillette razor and blades to it is the most well-known example of this business model.

Low / high touch is a business model involving a lot of contact (high touch) or almost no contact (low touch) between a seller / other representatives of a company and a customer.

As far as the high touch model is concerned, the company team has a key impact on sales and customer retention. The business will not function without human interventions. Examples: wealth management companies, financial services organizations, accounting firms; personal services – beauty salons.

Low touch requires the least possible contact between a company and its customers, for example, Ikea.

Crowdfunding is a business model of funding a project by a large number of people. This model helps:

- start a business from scratch if you lack your own funds;
- analyse customer demand: if the potential clients are reluctant to spend even one dollar, the product is not interesting for the target audience;
- promote sales: those who funded your project can become your potential customers in the future;
- avoid involving professional investors in the project.

Crowdfunding implies that contributors get a reward for their financial support – the final product, preference in buying / using it.



Funding is based on the "all or nothing" principle: projects are implemented only if the necessary amount of money is raised by the set deadline. Crowdfunding platforms may claim a share of the money raised. Kickstarter, the most well-known crowdfunding platform in the world takes 5% of the money the project raised.

Self-service is a business model where customers partially create value getting in exchange a lower price of the goods. This model is traditionally applied in supermarkets, grocery stores, clothing shops. However, it can be used in IT as well. For example, Accorhotels, a French hotel chain, introduced this model in their hotels. They offer their guests rooms with a self-service option: people pay for a **ACCOR HOTELS** room through an automatic machine, which gives them keys; they also carry their luggage to the room themselves.

This model is implemented in self-service car washes, filling station, some coffee shops.

Aikido is a business model named after a Japanese martial art of unifying with an attacking opponent and redirecting his energy. Companies that use this model try to take a position opposite to their competitors' one in order to avoid direct confrontation. Such companies rely

CIRQUE DU SOLEIL.

on the product innovation giving the opportunity to avoid competition.



One of the most well-known examples of this model is Cirque du Soleil: after refusing the idea of performing animals, the circus focused on the combination of opera, ballet, theatre, performance with the classical circus.

Pay-per-use is one of the new business models where customers choose a set of services / goods and the time of their use. Thus, they do not waste their money. For example, if you have Wi-Fi at home or at work, you choose a package that suits you best: unlimited minutes within the network, 300 minutes to other networks and 2GB internet traffic. You do not spend your money on unlimited internet traffic and overpay your provider for calls to other networks.

Another example is a company that develops software with various packages of different functionality for their customers.

Chapter 5. Business Model Canvas

Classic Business Model Canvas and its Blocks

The **Business Model Canvas (BMC)** is a strategic management template used for the design of new business models and documenting existing ones. Alexander Osterwalder and Yves Pigneur initially proposed the model. They described it in their book "Alexander Osterwalder & Yves Pigneur: The Business Model Generation".

The blocks is a template with a range of 9 compartments describing various firm's or product's elements. These compartments represent four main aspects of business: customers, value proposition, infrastructure, finances. The BMC helps identify problem areas, find new growth points, monitor the interdependence of business processes and adjust them for better business efficiency.

The business model canvas is a one-page template (Figure 2.6).

I The blocks of the canvas are developed in a different order than presented in the template. The reason for this is that the forming order of the compartments and, hence, their numbering reflect the chain of creating a product (service) value for a customer, and the arrangement reflects the logical interdependence of elements. Such arrangement allows to place logically related elements together, which makes their interconnection graphically more visible.

Figure 2.6 – Business Model Canvas



Block 1. Customer segments

One of the key elements of BMC. Other parts of the model depend on your choice of the target audience. You need to understand clearly for whom the product is developed / sold. However, there are project types where you cannot identify the target audience at once, and sometimes it can be even harmful, as it limits the development of the project. Customer segmentation works better on the developed markets rather than new ones. Segmentation is really important if:

- customers' needs and demands vary greatly;
- production channels of goods vary;
- strategy of communication with customers differs;
- > number of sales in various customers' groups differs;
- different factors influence the decision to buy the product.

Main questions:

- 1. Which classes are you creating values for?
- 2. Who is your most important customer?

Block 2. Value proposition

This part is a key one when choosing a business model and positioning your product or service. You need to define your competitive advantages clearly. It is also important to remember that there are no unique products, and in most cases, any business has competitors, both direct and indirect.

Main questions:

- 1. What set of goods and services do you offer to each customer segment?
- 2. What core value do you deliver to the customer?
- 3. Which customer needs are you satisfying?
- 4. What problems do you help your customer to solve?
- 5. What work do you help your customer to do with your goods and / or/ services?

Block 3. Distribution channels

Here you need to describe how you will inform your customer about your value proposition, how you will sell your goods or services, how you will get feedback from your clients, and how you will make them listen to you. You can develop your own dealer network, use local distributors, and give them the opportunity to "taste" the market...

Main questions:

- 1. Through which channels do you communicate with your customer segments, inform them about and deliver value proposition?
- 2. How are your channels interrelated?
- 3. Which channels work best?
- 4. Which channels are the most efficient?

Block 4. Customer relationship

This block describes types of relationship that you establish with different customer segments: ways of attraction, retention and communication. There are several types of customer relationship:

- personal customer service (direct communication between a customer and company involving assistance in buying the product and afterwards);
- vip customer service (established relationship between a client and company);
- self-service;
- automated customer service (self-service with process automation);
- co-creation (consumers play a central role in creating the product design or content).

Main questions:

- 1. What types of relationship do you need to establish and will be able to maintain with each customer segment (or what expectations do your customers have)?
- 2. What relationships do you already have?
- 3. How are they integrated with the rest of your business model?
- 4. How costly are they?

Besides, this block should reflect the extent to which your product or service agrees with the customers' expectations. If the quality does not meet the customers' expectations, in addition to working on its improving you can pursue an alternative policy, for example on adjusting pricing policy or positioning.

Block 5. Revenue stream

This is what your business model is for. It can have two revenue streams: revenue from individual transactions; regular revenue from periodic payments. This block contains information about all types of revenue streams. Each category is characterized, its percentage is calculated, main and spin-off revenue streams are defined.

Ways to create revenue streams:

- asset sale;
- usage fees;
- user charge;
- after-sale services (delivery, installation);
- subscription fees;
- renting, leasing & lending;
- > advertising.

Main questions:

- 1. For what value are your customers willing to pay?
- 2. For what do they pay already?
- 3. How do they pay now?
- 4. How do they prefer to pay?
- 5. How much does every revenue stream contribute to the overall revenues?

Block 6. Key resources

The block describes resources necessary for your business model. There are the following types of resources: financial, physical, human, intellectual. They allow any company to create and inform customers about its proposition, enter the market, keep in touch with customer segments, and make profit. Inter alia, it is important to specify the resources that help you promote your product. It could be a brand, technology, etc.

Main questions:

- 1. What key resources does your value proposition require?
- 2. What are your distribution channels?
- 3. What is your customer relationship?
- 4. What are your revenue streams?

Make a list of key business assets that keep it alive and provide an opportunity for growth. Define the priority of investment. As a result you will find out what resources you do not need, leading to cost efficiency and risk reduction.

Block 7. Key activities

The block is a description of business model activities: listing of key processes related to business, impact assessment and establishing key activities.

Possible activities:

- Production: developing, manufacturing a product to the extent required and / or of the best quality, introducing it to the market;
- Problem-solving: service delivery;
- > Platforms and networks.

Main questions are:

- 1. What key activities does your value proposition require?
- 2. What are your distribution channels?
- 3. What is your customer relationship?
- 4. What are your revenue streams?

Block 8. Key partners

The block describes your likely suppliers and partners, without whom your business model will not work.

There are four main types of partnership:

- alliances between non-competitors;
- strategic partnership between competitors;
- joint venture to develop new businesses;
- buyer-supplier relationships

The main objectives of a partnership are:

- to streamline production processes;
- > to reduce risks and uncertainty;
- > to facilitate resource delivery and joint.

Thus, to fill in this block you need to answer the following questions:

- 1. Who are your key partners?
- 2. Who are your key suppliers?
- 3. What key resources do you get from your partners?
- 4. What key activities are your partners involved in?

Block 9. Cost structure

This block describes costs incurred by your business model. According to the cost structure, business models can be divided into two categories: cost-driven and value-driven (most business models are somewhere in between those two).

In order to fill in this block you need to answer the following questions:

- 1. What are the most important costs associated to your business model?
- 2. What key resources are the most costly?
- 3. What key activities are the most costly?

It is also advisable to compare the costs of the chosen elements of your business model with possible alternatives.

An example of a Business Model Canvas is the one used by UBER. The main distinctive feature of Uber BMC is that there are two customer segments: passengers and drivers (Figure 2.7).

Key Partners Key Activities Value Propositions Customer **Customer Segments** Relationship Drivers who own Platform & Algorithm Taxi on Demand Automated **Passengers** Development Mapping Data Provid-Demand Balancing Cash free Drivers Hiring Drivers **Short Wait Time Local Authorities** Channels **Key Resources Payment Processors** Easy to order **Apps** Platform Passangers on Demand **Pricing Algorithm** Social Media Easy to make money Routing Algorithm E-mail **Cost Structure** Revenue Streams **Drivers Payouts** Platform Development \$/km Sales & Marketing **Employees Payroll Surge Pricing**

Figure 2.7 – The Uber Business Model Canvas

Source: [30].

Lean Canvas

The term 'Lean Startup' was defined in modern business literature mainly in the works of two authors: [5, 35]:

- > Eric Ries is an author of The Lean Startup, a book on how to start a business;
- Ash Maurya is an author of Running Lean, who combined three main methodologies (including Eric Ries' ideas) in one concept using BMC for planning.

Lean Canvas is a lean methodology, a flexible template for analysing possibilities at any stage of your business development (a startup or operating company). Compared to Alex Osterwalder's Business Model Canvas, Lean Canvas describes a more problem-driven approach and focuses on one group of customers: an individual template is created for each customer segment. It is centred on clients and problems that your product solves. Lean Canvas allows startups to analyse strengths and weaknesses of their business models, assess the market, and minimize the risk even before developing a product. This instrument is useful in describing value propositions and finding your competitive advantage that other companies cannot copy.

Lean Canvas is adapted from Business Model Canvas and optimized for a better analysis of the product itself:

- ➤ Key Partners → Problem;
- ➤ Key Activities → Solution;
- ➤ Customer Relations → Unfair advantage;
- ➤ Key Resources → Key Metrics.

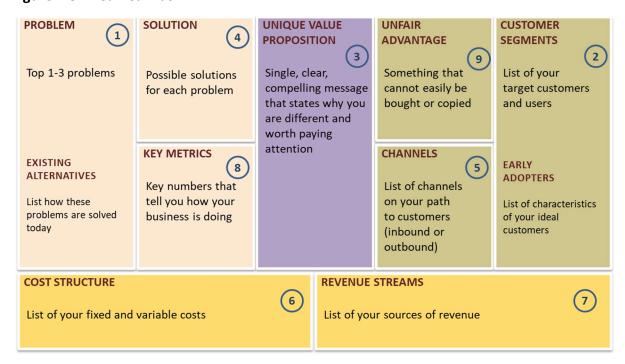
This approach focuses on solving the customers' problems, rather than on specific details of the product.

Lean Canvas and BMC are similar, but they differ in some significant aspects:

- In addition to costs and revenue streams, Lean Canvas describes ways to solve problems, and BMC describes infrastructure;
- competitive advantage. Lean Canvas focuses on "unfair advantage" allowing to conquer the market, and BMS focuses on qualitative and quantitative properties of the value propositions;
- customers. BMC strongly relies on customer segments, distribution channels and relationships, whereas Lean Canvas put less emphasis on these factors, as startups often do not have a real product yet, and they cannot analyse it through all the channels.

Lean Canvas template is presented in the figure 2.8.

Figure 2.8 - Lean Canvas



As a rule, when filling in the template, blocks 1 and 2, as well as blocks 6 and 7 are completed simultaneously.

Block 1. Problem and existing alternatives

A well-defined problem is a partly solved problem. Find out what problems your customers have and identify your competitors. This way you will find a possible solution and asses the way others deal with the problem. Surveys will help you to prioritize solutions. Avoid writing down high-level problems: large-scale and difficult. Focus on specific problems that require particular solutions. Only your target audience can define the functions of a product, problems solved by it and its value.

Block 2. Customer segments and early adopters

Identifying customers and users of your product or service. Analyse your target audience in detail. Select 3–4 profitable segments. Describe each segment: gender, age, interests, education, etc. The universal answer "it is for everyone" will not do. Every project has its definite segments of interested customers. It is also important to find out who buys the product and who uses it. The buyer is often a company, and users are its employees. It it is the case, analyse your product at two levels writing down the acquired information in different colours for each level. It will help read the templet easily in the future.

Early adopters. These are your first users and customers. Their feedback is essential for improving your product or service. At the very beginning, you will have very few early adopters, about 3.5 % of your possible audience. Therefore, do not hesitate to write about your startup everywhere. It will attract about 13.5 % of additional clients who bring others to your startup.

Block 3. Unique value proposition

Describe the value of your product for customers, based on this, create your unique selling proposition. These values will help you design your advertising campaigns and attract new customers. USP is a clear and concise description of the competitive advantage of your product and additional benefits from buying it. It should be a persuasive, brief and easy to understand description of your product or service. its is advisable to post your USP in social media, for example, Facebook or VKontakte (for Russian-speaking target audience).

Block 4. Solution

This is what your startup gives as a solution to the problem that a customer has. Make use of research, analytics, carry out a survey with the groups of your target audience, form and test your hypotheses.

Block 5. Channels

Determine how to build up relationships with your target audience and through what channels, how to advertise and sell your product or service. Describe all channels and methods of selling.

Block 6. Cost structure

This is a list of your fixed and variable costs that are incurred in the development of your product or service. Make a cost plan; try to take into account all business expenditures (salaries, office rent, hardware purchase, market research, customer engagement, promotion, sale, etc.).

Block 7. Revenue streams

Determine revenue streams and pricing for your proposition. Keep in mind similar products and peculiarities of your target audience when you decide on your pricing model.

Block 8. Key metrics

That are the indicators that show you how your business is doing. Fill in this block with the numbers essential for solving problems.

Block 9. Unfair advantage

This is what makes your product or service unique and difficult for your competitors to copy. For example, reputation, exclusive access to data, patents, valuable information, leading experts, etc.

Let's take a closer look at Lean Canvas elements using Uber as an example. Let's imagine that it starts its business.

Korolev, S. Product Discovery: Three Ways to Think Critically and Create a Unique Product [Electronic resource] / S. Korolev. – Mode of access: dou.ua/lenta/columns/product-discovery-methods/. (In Russian)

Let us analyse Lean Canvas elements by the example of Uber. Suppose it starts its business.

Problems. In the case of Uber, there are at least two kinds of problems: for passengers and drivers. Passengers' problems are: expensive taxi service, wait time, rude drivers. Drivers are looking for extra money, part-time employment; they want to know who is going to be their passenger. Here we should also mention alternative solutions that already exist on the market. In our case, it is public transport, other taxi services and being given a ride.

Customer Segments. Uber provides services to passengers and drivers. These customer segments should be described in details: demography, social status, and other aspects – for passengers; and work for those who own cars or who don't, full-time or part-time employment – for drivers.

Unique Value Proposition. Uber offers speed, affordable prices, and the opportunity to find a safe way to get to your destination 24/7/365 in just one click. This section should contain a high-level concept, a short and concise message for an elevator pitch that describes advantages of your product and attracts potential customers' attention. "Uber is like a taxi, but cheaper, safer and more flexible".

Solution. Uber offers a selection of cars, more affordable prices, rout tracking, as well as a rating system for drivers and passengers.

Channels – in our case, PR, reviews, and WOMM.

Cost Structure. All costs of product development, marketing, and salaries.

Revenue Streams. Uber charges 25 % fee on all fares.

Key Metrics. For Uber it is the amount of users, trips, and profit earned.

Unfair Advantage. At the beginning, Uber unfair advantage was trips at a low price available in one click.

Value Proposition Canvas

The Value Proposition Canvas (VPC) is an integral part of the Business Model Canvas (BMC). It allows to examine in detail the process of creating value for the customer (or USP in Lean Canvas). The canvas is perfect for testing product ideas, start-up projects and planning their functionality. The business model canvas includes 9 blocks that provide an overall view of the entire business.

The value proposition canvas focuses on two of them:

- customer segments (profiles) you are targeting;
- value propositions that your product or service delivers.

The canvas simplifies the process of describing these two blocks in more detail with a simple yet effective structure. Compact visualization makes it possible to better prepare for further testing of each of the blocks (Figure 2.9).

Key Partners

Key Activities

Value
Propositions

Relationship with
Customers
Segments

Distribution
Channels

Cost Structure

Revenue Stream

Figure 2.9 - Value Proposition Canvas Form

The purpose of the VPC is to help you find a match between your product's value proposition and the needs, wants and goals of your customers. This is what startups call product-market fit, or problem-solution fit.

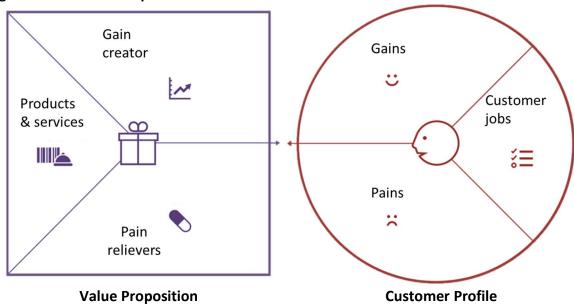
The canvas consists of two large blocks (Figure 2.10):

- value proposition product description;
- customer profile description of the customer's needs.

The value map includes the following sections:

- products and services list of products offered to the customer;
- pain relievers a description of exactly how the product or service alleviates customer pains. Characteristics (distinguishing properties) of the product are the actual description of the product's performance or benefits;
- > gain creators a description of how the product with its distinguishing properties improves the customer's life.

Figure 2.10 – Value Proposition Canvas



For a better understanding of the product, the value proposition includes not only the generally accepted marketing set of the product's characteristics and benefits, but also the customer's impressions (feelings and emotions) after using the product.

The customer segment includes the descriptions of:

- customer jobs purpose of using the product. The tasks can be both functional and personal. This sector also includes descriptions of the customers' wants - motives and emotions that affect the purchase or use of the product, and the needs they wish to satisfy;
- pains the customer's risks, barriers, and fears of making a mistake or failing;
- **gains** the results and benefits that the consumer will receive by using the product.

Danchenko, A. Value Proposition Canvas. Introduction [Electronic resource] / A. Danchenko.

- Mode of access: esputnik.com/blog/chto-takoe-value-proposition-canvas. (In Russian)

VPC example for an eco-friendly store

Customer segment: vegans, vegetarians, people who look after their health and nutrition, environmentalists, young mothers, nutritionists.

Customer gains:

- 1. Convenience: all eco-friendly products are collected in one place.
- 2. Natural cosmetics and food products.
- 3. Choice of eco-friendly products (without GMOs, sugar, soy, nitrates, glutamate, etc.).
- 4. Fresh food products.

Customer jobs:

- 1. Eat healthy.
- 2. Use eco-friendly products.

Customer pains:

- 1. Lack of a wide choice of environmentally friendly cosmetics brands in the mass market.
- 2. Lack of a wide choice of eco-friendly products in grocery stores. The issue is especially crucial for people with food intolerance to gluten, soy, lactose, etc. Supermarkets do not provide a sufficient range of such products.

What product or service do you offer?

- 1. Eco-friendly food products.
- 2. Natural cosmetics.
- 3. Convenient delivery means (courier / sufficient number of offline points of sale).

What creates value?

- 1. All eco-products can be bought in one store.
- 2. Selection of cosmetics that meet international eco-standards.
- 3. Wide selection of eco-friendly products.
- 4. Use by date tracking (environmentally friendly products have a shorter shelf life).

What solves the problem?

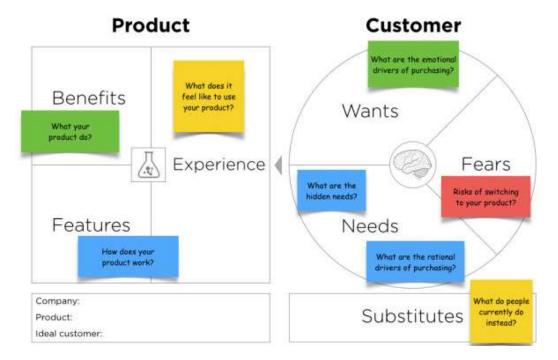
- 1. Large selection of both cosmetics and food.
- 2. Careful selection of food products, taking into account the shelf life and ingredients.

Peter J. Thomson believes a new canvas guides startups into examining the human experience of their customers. The canvas contains questions and sections that maneuver users of the canvas into thinking through the end-customer experience.

Thomson, P. Value Proposition Canvas Template [Electronic resource] / Peter Thomson. – Mode of access: www.peterjthomson.com/2013/11/value-proposition-canvas/.

Each section of the improved canvas includes questions to ask when filling in the chart (Figure 2.11).

Figure 2.11 – Improved canvas by Peter Thomson



In the new product section of the canvas, Peter Thomson uses the widely accepted marketing syntax of features and benefits with the addition of a box for experience.

Experience. The way that owning your product makes the customer feel. This section is different to features and benefits because it's more about the emotional reasons why people buy your product. The product experience is the kernel that will help identify the market positioning and brand essence that is usually built out of the value proposition.

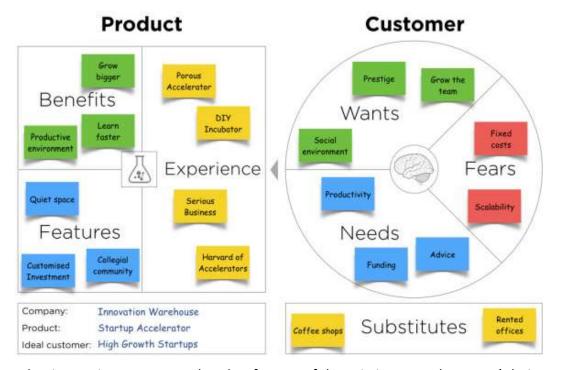
Substitutes for the client. This is not about the obvious competitors, you will have to look how people solve their problems in general. Peter Thomson added this box to the canvas because it may be shocking to realize that customers are real people with daily lives who have made it this far in life without our product. No matter how much better your product is than the competition, if it isn't better than the existing solutions then you don't have a real-world value proposition.

Value Proposition Canvas Example

The Innovation Warehouse is an angel investing syndicate with a co-working space for the member investors and their portfolio of startups. Building a value proposition canvas helped to identify that a key need for the startups is a quiet and productive space.

The Innovation Warehouse value proposition was adjusted to highlight productivity (Figure 2.12).

Figure 2.12 – Innovation Warehouse value proposition



The productive environment was already a feature of the existing space but wasn't being promoted in the existing marketing materials. The only thing needed was to start telling the customers how Innovation Warehouse could satisfy their core need.

Sources: [19, 37, 2, 31]

Summery

The business model is:

- a full study of all important aspects, the understanding of which is necessary in order to start and run an effective (profitable) business;
- a logical understanding and display of how the business functions at all levels, as well as how a startup attracts customers and makes money;
- > a foundation for the successful launch of your business.

Questions your business model should answer:

- What does your startup offer (product values that are of interest to customers)?
- Who is your target audience and pays for the offered product?
- ➤ How is the implementation (creation, distribution and sale) of this value ensured to customers?

The same product or service may be produced and offered to the customers using different business models. Business models that were effective yesterday may lose their competitiveness tomorrow.

Focusing on customer benefits, not just product properties and characteristics, is a key success factor.

Looking for innovation opportunities in a business model is about finding the elements that need to be "removed", "reduced", "increased" or "added".

The Value Proposition Canvas is a free way to understand your customers and offer them what really matters. The canvas will allow you to make a leap forward in business development. It will highlight the key benefits of the product and explain why the customer will buy it. The VPC makes it possible not only to clarify the essence of the whole business, it can also be applied in marketing to form USP.

PART 3 MARKETING AND BRANDING

Brand is just a perception, and perception will match reality over time.

Elon Musk

Build something 100 people love, not something 1 million people kind of like.

Brian Chesky

Chapter 6. Marketing for Startups – Starting with Strategy

Marketing strategy is the foundation of a startup. It helps to understand which markets to enter, how to present your product and what to expect in general.

It is important for investors and partners that your startup is a serious payback project, and not just another trendy ephemeral project. Only a strong marketing strategy can convince them of this. It will show that you are determined and have foreseen all the difficulties that you may face.

What is Strategy?

In a physical sense, a marketing strategy is a document that outlines the company's plans, market situation and the success forecast. It joins the efforts of each startup member and helps to avoid disagreements in the team.

Any strategy answers three main questions:

1. What should I do?

What actions or changes need to be taken to start getting profits? For example, to step away from competitors, change the product, introduce a sales funnel, launch ads, etc.

2. How should I do it?

What tools and methods to use? For example, targeted advertising, context, promotions, special offers and more.

3. In what order should I do it?

How to correctly plan a sequence of actions? For example, first you need to study the market, then – your competitors, their products and so on.

To summarize, it turns out that the main objectives of the strategy are a clear understanding: how to stand out from your competitors, how to attract the target audience, how to find and convert ¹ it.

Moreover, it is necessary to decide at the start who will help you to implement this strategy: outside contractors or just you.

The strategy is usually developed for 1–2 years, in some cases - for several years. The strategy must be adaptive. If there are any changes in the market or your competitor is up to something, you adjust it.

There are no strict requirements for drawing up a marketing strategy. It all depends on the type of the project, the structure of the company and even the resourcefulness of the marketer. However, this document has the same framework.

Clear Product Definition

Any marketing strategy starts with explaining the benefits of the product. It is not so easy as it seems.

First, you need to form a general understanding of the product, determine where it is in the market, and understand whether this product has a significant advantage among competitors.

Developers often explain the purpose of their product with complex expressions and professional terms. It's okay if potential users are professionals in their field: programmers, physicists, marketers. An ordinary user does not need such wording.

Service for delayed cross-posting in social networks (overloaded with terms).

A service that posts entries in all social networks at any time (simple and clear).

Application for setting a limit on transactions (overloaded with terms).

Application for setting a limit on money withdrawals and transfers (simple and clear).

The recipe is simple: choose a situation from the customer's life when your product would be useful. Then outline the benefits in a short phrase without complex phrases and professional terms.

The key task at this stage is to determine the capabilities of your product, exploit its potential and prepare yourself for drawing up an offer.

¹ Convert is a situation in which a user who visits a site becomes a client of the company that owns this web resource. The process of moving users from one category – visitors, to another – customers, is very important.

At this stage, it is necessary to highlight advantages, disadvantages, edge over competitors, possible use cases and when customers do not use the product, how long and often they use it, as well as its killer feature that will distinguish your product (service) from the rest.

Two core values to be analyzed:

Implicit (emotional) value. For example, the implicit value of Voss brand is that this water is always a premium table decoration and always associations with this product are based not only on personal experience of its consumption, but also on who uses it and in what circumstances. That is, the company always uses very expensive messages in advertising, which allows the brand to be promoted precisely through such value.

Explicit (logical) **value** is the value indicated on the price tag, as well as the reasons for buying. This value often needs to be explained through a website, newsletter, content, profile, or personal brand. You need to understand what prompted the client to buy, what is the motivation. The motivation is divided into two types: intrinsic and extrinsic. Intrinsic motivation is emotions and stories, and extrinsic motivation is logic and pressure.

Based on the data received, we draw up offers.

Here are 10 formulas for creating an offer [12]:

> {Product quality} [SEO phrase], created for (consumer benefit)

Example. Convenient online store builder designed to create a store quickly and save time.

{Adjective} + [Product / Service] for (target audience characteristics)

Example. A graphic designer of online stores for business owners who dream of their own website.

> {Product name} is [product category], which (work that it does better than others)

Example. NoName is an app, which finds offers from repair masters within a one-kilometre radius.

{Reduce pain / problem} [in an unexpected way]

Example. Increase your income by making purchases.

{Do something like [an inspiring example] without [undesirable consequences]}

Example. Learn to run fast like a marathon runner without exhausting training.

> {Do what you want} without [unpleasant emotions] / [in an unexpected way]

Example. Buy unlimitedly without withdrawing cash.

> {Product quality} + {product quality} [SEO phrase] that (a desired result)

Example. Unique designer phone cases that will protect your phone from damage.

{Action} + [SEO phrase], in (time)

Example. Create professional looking photos in 5 minutes.

Promise of a result in [time]. (Additional advantage)

Example. We will deliver, assemble and install a kitchen set in one day. We will treat the surface with a dirt-repellent agent for free.

We make + {product quality} + [product] that (consumer's advantage)

Example. We make accessible videos for your site that increase the sales of your business.

Market Research

Before running a startup, you need to study the market that the project enters: approximate sales volumes, required costs, demand.

And there is a slight hitch here. Many startuppers may argue that their product is innovative and there is no market for it. To some extent, this is true. In traditional marketing, a product enters the existing market and tries to beat the competition. Startups, on the other hand, may not have direct competitors. In such cases, it is said that new market value is being created.

However, any startup is about meeting existing needs. The project only solves these problems with a new approach. This means that the startup still has its indirect competitors - companies that satisfy these needs in the usual ways.

If you enter the market with a new product, always strive to ensure that the price you actually set for it is below the fair market price line. In other words, you must make sure that your product either has additional functionality compared to your competitors at the same price level, or can be sold at a lower price than competitive products of similar functionality, while providing the same level of quality [3].

High-value marketing research requires a large budget. But for new projects, a general understanding of the market is enough, and this calls for small expense.

Market Research Tools

Observation. Analyze how customers behave in their usual environment when using a competitor's product.

Surveys. There are two types - qualitative and quantitative.

There are no strict questionnaires and closed questions in qualitative ones. It's like a discussion: a moderator asks a question, and users answer in a free form. You can conduct qualitative surveys on dedicated forums.

To find them on the Internet, use a special web query:

[topic name] inurl:forum.

For example, application analytics inurl:forum.

For a quantitative survey, you must first draw up a questionnaire. The more detailed the questionnaire and the bigger amount of participants, the more accurate data you will get. Convenient services for conducting such surveys are:

- Google Forms;
- Surveymonkey;
- Testograf.

Interviews. They provide a deeper understanding of the market. Several people participate in the interview, who match your target audience profile as closely as possible. You talk to each of them separately. It is important to ask open-ended questions so that to get detailed answers.

There is a great book about interviews, The Mom Test. It will teach you to communicate with customers as efficiently as possible, receiving only relevant information about your product or business idea, correctly word questions and accurately interpret the answers.

Secondary research. We mentioned that doing your own research is very expensive. This will be the case with primary research: when you yourself collect all the data, verify it, conduct experiments and field research.

But, perhaps, the necessary research has already been carried out by another company or state statistics bodies. You just need to look for it:

- Statistika.ru;
- FSSS;
- UNISIS;
- Multistat;
- ICSS;
- Wikipedia;
- Statistics online.

Statistics in the Internet. Yandex and Google search engines provide the ability to view the history of search queries of users with WordStat and Google Trends services. Here you can check the demand for the product by entering a keyword in the corresponding search bar. It will also help you understand what potential users of the product think.

For example, you are launching a startup in cleaning and want to create a mobile application where a user can place an order for cleaning, track the status of the order, pay for the service.

You enter "robotic vacuum cleaner" into the search bar (Figure 3.1) and the services will show how many queries are recorded in two search engines. Accordingly, advertisers compete for these queries in contextual ads.

<u>Direct Directory Metrica Advertising Network Market more</u> robotic vacuum cleaner Submit O By keyword O By region O Query history All Desktop Mobile Phones only Last update: 05.09.2019 Other searches containing the words «robotic Requests, similar to «robotic vacuum cleaner» vacuum cleaner» — 711 impressions per month Displays per month 3 Statistics by keyword Statistics by keyword Displays per month ? +ты +мое +все robotic vacuum cleaners 711 165 889 2 156 286 robotic vacuum cleaner 711 <u>+ты +все</u> пылесос robotic vacuum cleaner 145 +только +мой 214 596 135 2.168.391 робот пылесос robotic vacuum cleaner напольный 7.688.262 134 xiaomi robotic vacuum cleaner +это +такое 77 1.024 инструкция robotic vacuum cleaner +ты +только скажи где +ты находишься roborock robotic vacuum cleaner 66 889 тачскрин +что +это +такое robotic vacuum cleaner инструкция +на 51 11,580 ТЫЦ 26.093 +только +этого мало robotic vacuum cleaner отзывы 38 124,343 +как +он называется xiaomi d9 robotic vacuum cleaner 34 +чтобы забыть +что +я +один совсем robot vacuum cleaner robotic 33 76,383 +3T0 +BCE +MOE robotic vacuum cleaner купить 31 +мы +такие разные +но +все таки рядом 304 31 robotic vacuum cleaner s502 70 быт скъ 29 robotic vacuum cleaner s502 00 ну +а пока 6.596 29 robotic vacuum cleaner styti01zhm шли +всех +на +ты прекрасна 226 dreamed 9 robotic vacuum cleaner

Figure 3.1 – Example of statistics in WordStat

Use the received data as a starting point in building the primary marketing budget.

Goal Setting

When the basic information on the market has been collected, it is time to set goals. To begin with, mark the starting point - the way things are now.

Highlight key performance indicators (KPI) of the company. It can be:

- website traffic;
- number of leads;
- number of clients;
- number of employees.

Initial indicators are the starting point for your development path. Now you need a second point – where your path should lead. You already have a set of indicators, you need to set their value. Record the planned number of traffic, leads, and clients.

If there are many key indicators, choose which of the KPIs will be the most important. Investors and you will focus on them.

In addition to the numbers, you must also have a strategic goal. Some companies set strategic goals above KPIs.

Describe in a short capacious phrase what you want to achieve in the near future. For example, enter the top three fastest growing startups in Belarus.

Determine for all goals a time frame, within which they must be achieved. Set goals for no more than a year in advance. Market volatility or competitors' actions often make the goal unattainable or meaningless.

Identifying Competitors

Competitors are the main obstacle to achieving goals. You need to know all of them.

How to identify your competitors? The list of the most popular ones will be formed at the stage of market research. You can specify a point about competitors in a customer survey or clarify personally in an interview.

Internet services will also help in this matter. First of all, enter into the search bar the phrases by which users can find you. Analyze the result. What solution do the companies offer? In which region do they work?

Explore ads in Yandex. Go to ad search and enter the same phrases.

Another means is social media. Select a community search and experiment with keywords.

What to look for? First of all, note the audience size of your competitors. These are subscribers on social networks, and visitors on sites. Look for the attendance counter on the pages. If there is no counter, you can use outside services, but in this case, you will receive only approximate data:

- SEMrush;
- SimilarWeb;
- MegaIndex.

It is also important to know the number of orders. Place an order on a competitor's website, for example, at six in the evening. Order again after 24 hours. If the site platform does not mask orders with random numbers, then by the difference between the second and first

numbers you will receive an approximate number of orders. Attendance and the number of orders will tell you the approximate sales volume and conversion of your niche.

Pay attention to the characteristics of the competitor's products and the terms of their provision. Contact them as a customer and analyze their service and speed of work.

Thus, the most primitive table of competitors will consist of several columns: company name, market share, strengths and weaknesses.

To draw up a detailed table, you need to conduct a survey. First, make a list of criteria by which you will evaluate your competitors. Then assign points to each criterion in accordance with its level. For example, from 1 to 5.

A detailed table (table 3.1) will show the overall picture of the market: what to focus on in the first place and what you lack resources for.

Table 3.1 – Competitor table example

Criteria	Your company	Competitor A	Competitor B	Competitor C
Criterion 1				
Criterion 2				
Criterion 3				
Criterion 4				
Criterion 5				
Criterion 6				
Criterion 7				
Criterion 8				

Blue Ocean Strategy offers an original approach to beat your competitors. This is a modern approach to choosing a niche for a product or service. It involves abandoning the struggle for demand in the existing market and creating a new one. Many will say that this is unrealistically difficult. In fact, everything is much simpler than it sounds.

This strategy, developed by W. Chan Kim and Renée Mauborgne, was described in detail in the book of the same name. It also provides real-world examples of companies that have achieved overwhelming success.

So, we draw up a list of direct competitors in your niche, highlight three main competitors according to the following criteria:

- Benefit or advantage for the buyer;
- > Triggers, a psychological technique motivating the user to buy here and now;
- **Call-to-action**, appeal on the website or landing page of the company;
- ➤ **Lead magnet**, a special offer that you promote to your target audience in exchange for their e-mail. As a result, you have a legal mailing list with contacts of potential customers;

- > **Tripwire**, an inexpensive offer that complements the main product line. In the sales funnel, it comes after the lead magnet and helps to make the first purchase;
- **Pop-up**, an ad on the site with a call to action.

It is worth to look at the main queries of your competitors using WordStat and Google Trends. YouScan and Brand Analytics will help to monitor information in social networks: reviews, brand mentions, brand loyalty (considered in the next section) and other important criteria influencing the choice of users.

Next, you need to understand the product - to understand how competitive it is and whether it meets the needs of the target audience. To do this, you need to draw up a brief for communicating with the customers to understand: what they pay attention to when buying, what properties of the product they like the most, what they value in the company or brand, how important the service is to them. Thus, to determine what the client is guided by when choosing this product or this company.

Target Audience Definition and Segmentation

Target audience is people who can benefit from your product. Your task is to describe several representatives of your TA in as much detail as possible.

Compare two examples:

- 1. Male, 25, software engineer.
- 2. Male, 25 years old, software engineer. Already sent his CV to several companies. Lives in a rented apartment on the outskirts of Minsk. Travels by minibuses, prefers outdoor activities, uses a smartphone and tablet.

Obviously, it is easier to be in the "shoes" of the client with the second example. A detailed description allows you to evaluate a startup through the eyes of a software engineer, learn more about the points of contact with him.

Make a detailed questionnaire and fill it out on behalf of several representatives of your TA, focusing on the people whose problems your startup solves. For example:

- name;
- age;
- place of work;
- position;
- marital status;
- material wealth;

- how does he rest;
- what gadgets does he use;
- what applications and sites does he use;
- what does he fear;
- what are the expectations from the product;
- what will finally influence the decision;
- what will he definitely not try.

The questionnaires will overlap according to some criteria - this is normal. It is necessary to include such customers into segments - groups with common characteristics.

You can segment them by gender, age, geography, etc. After the segmentation, it becomes clear how to present your product in the best way.

For example, LinguaLeo, the service for learning English, has developed tariffs based on the audience segmentation.

The project team studied the market and realized that some users want to constantly study English – it is a part of their daily life. For others, it is enough to revise the language before a trip or an exam. Gradually, the service switched from the only paid subscription to two optional ones: for 3 and 12 months. The result is an increase in revenue by 15 %.

The success of LinguaLeo reaffirms the importance of having a clear product definition, which we mentioned earlier. The company analyzed the situation when the consumer needed their product (preparation for the trip), and proposed an appropriate solution.

How to draw up a portrait of a client is clear. But where to get information about the target audience? Here the monitoring service will be of assistance for you to get data on: all social activity, topics, thematic publics, publics of related products, consumer behavior, opinion leaders influencing the customer.

Product Positioning

The surest way to distance yourself from your competitors is to choose the right positioning. This is the image you present to the customer.

Highlight the main advantage of the product for its positioning. It should be significantly different from the advantages of your competitors. You must find a free sector in the market or take the place of a weak competitor.

One way to determine positioning is to make a map. Draw a coordinate system with axes (Figure 3.2). Each axis is a product property by which you can compare yourself with a competitor. Highlight five divisions on each axis.

Now evaluate your competitors in accordance with each property. Put points on the appropriate division, and when you have worked out all the axes, connect the points. Do the same for every competitor.

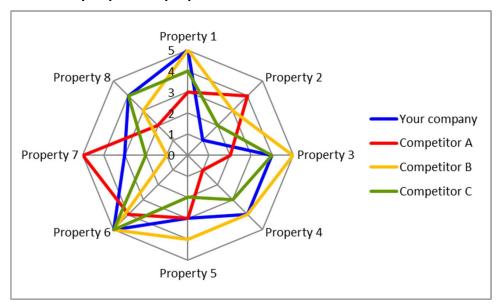


Figure 3.2 – Intensity of product properties

It is clear from the map what strengths your product has, and according to what parameters you still need to grow. Strengths are the basis for positioning.

An example of successful positioning is the GoLod food delivery app. The shift from the usual positioning of "food delivery service" to "instant lunch service" has caused a surge in demand. The startup figured out its main advantage — speed — and entered the market with this strength.

Summary

We've covered six essential points for developing a marketing strategy:

- give a clear definition of the product;
- analyze the market you are going to enter;
- set goals and deadlines for achieving them;
- identify and analyze competitors;
- profile your target audience;
- choose the correct positioning.

It is not enough to keep the strategy in your head. It needs to be accessible for any team member, investor or partner. Update the document every year and keep it visible – it will make your life much easier [27].

Chapter 7. Fundamentals of Marketing and Branding for Startups

Brand is a complex of the consumer's ideas, associations and emotions.

Branding is a marketing strategy, the main goal of which is to give the customer a specific idea, associations, emotions necessary for the company.

Branding is often portrayed as "destination" (when effective). In other cases, it is mistakenly viewed as the basis of marketing philosophy, but it is not. Branding tells who you are, supports positioning, generates emotions, helps differentiate efforts, creates affinity, i.e. closeness to the brand.

Brand affinity is the most admirable and valuable level of relationship a customer shares with a brand. It is based on the belief that the client and the company share common values and ideas. It can be measured using the **Affinity index**, which is the ratio of the target audience rating to the base audience rating and determines how much better the target audience perceived the message than the base one.

When you start a new business, **branding** is the least of your worries, as the validation, concept of proof, and market fit of your Minimum Viable Product (MVP) are likely to take your attention and resources. Leaving that aside, branding is a vital function as it may ultimately "be the product," but in the long run.

Starting a new business or launching a new product will require some communication constraint, and balancing your resources among multiple businesses and operational tasks is a major effort. Your communication strategy should be started with answering the questions:

- Who are you?
- Who is your audience?
- What problem are you solving?
- What makes you different from others?

Go2Market (*Go-to-market, GTM*) is a strategy for companies seeking to convey their value proposition to the target audience, gain advantages over competitors and sell their product or service. This technique is most often used when launching a new product that no one has heard of before. But consumer goods and long-standing services can also be sold with GTM.

In fact, it embodies the business model and helps determine whether such a project will be in demand among the target audience or not.

Go2Market goal is to first target your MVS (Minimum Viable Segment) at your chosen positioning strategy to achieve the best possible effect, i. e. how to serve your first selected customers in the best way.

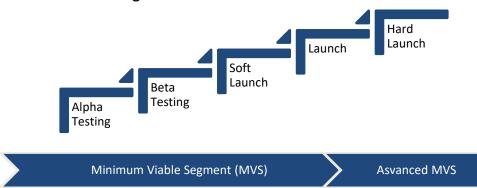
Startups often fail, or to be more precise, most of the time. This happens for a number of reasons. The most common of these is no need or no market for the proposed "solution". The Go2market plan usually includes a measure-learning aspect, so by testing a hypothesis with a minimum viable segment or even a smaller segment, a company quickly learns about the demand or flaws in its business model. Completing the Go2Market plan will help you confirm your main hypothesis.

Integrating alpha and beta tests into the broader Go2Market plan can be of significant help to business development and marketing teams as it puts early test items in the mix and helps get *prospects* for later use.

In addition, alpha and beta users can later reach out to supporters of good word-of-mouth publicity. The right campaign is important especially for beta releases, focussing on the incentives to attract them, pricing plans (at a later date), and how to get and use their feedback. Betas can also be an important source of feedback as well as momentum generators [10].

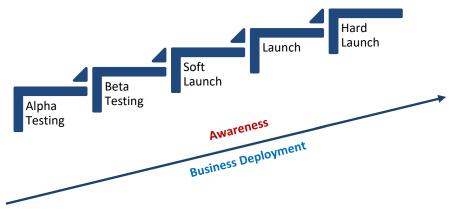
The next stages, such as launch and extended launch, follow as the company applies additional resources and rolls out its full plan. Most of the introductory period under the Go2Market plan is aimed at serving the minimum viable segment and learning from it (Figure 3.3).

Figure 3.3 – Go2Market Stages



One of the biggest challenges early stage startups face is building a customer base and driving sales. This usually follows a period of awareness raising, especially for products new to the market. The desire of founders (and investors) to see real sales, not just users, presents companies with the daunting task of choosing tactics in the early stages following a market launch. Limited resources can put even more pressure on decision-making. It is important for founders to be able to balance conflicting requirements without delaying results or wasting business resources (Figure 3.4).

Figure 3.4 – Balancing Awareness Building and Business Deployment



Completing a Go2market plan is more than launching a product or a company. It is a criterion for measuring or checking the market. The startup team needs to make sure it has clear and well-understood goals and measurable actions. Even if all parameters have been taken into account, efforts can still fail – market forces are complex and can be unpredictable [16, 17].

There are 2 main ways to use a Go-to-market strategy: the sales funnel and the flywheel. The first is traditional, which focuses on generating leads and converting them into buyers. The second involves inbound marketing and is aimed at building long-term relationships with the client (that is, stimulating sales with the subsequent transformation of the buyer into a regular customer).

Regardless of the strategy chosen – sales funnel or flywheel – the stages of GTM preparation and application are identical. First you need to learn more about your target audience, then use the received information to plan an advertising campaign and maintain customer satisfaction.

If you've already done your homework, defined your MVS and personalized your customers, then working out a communication strategy to deliver your positioned brand and messages will be an easier process.

When developing a communication strategy, it is a good idea to

- analyze the relationship of your MVS with various target audiences;
- describe "characters of the target group" and what they react to and how.

Thus, you can set your communication goals (what kind of message you want your audience to receive) and your advertising goals (what type of impact / result you want to achieve by delivering your main message to the target audience). Companies often confuse advertising goals with sales or marketing goals. This leads to incorrect measurement of results and a false understanding of the situation. You should separate marketing goals, communication goals, advertising goals, competition analysis, market positioning, budget, time.

It helps a lot to ask for professional help or advice in preparing your marketing resume. It can help develop branding or broader marketing plans and tactics.

In short, you have to do everything step by step, understand your business case very well (do not expect external consultants - advertising companies - to do this work for you) and exploit your resources wisely.

In general, the whole process looks like this:

- 1. Creation of your brand.
- 2. Target audience selection.
- 3. Goal setting.
- 4. Campaign planning.
- 5. Awareness Building.
- 6. Performance.
- 7. Measure (assessment).
- 8. Repetition.

Brand Relevance

In the conditions of fierce competition, business entities, particularly young startup teams, face quite a challenge: to hold their position in the market and maintain efficiency. As a rule, the management of companies carries out a number of measures to increase their market share, to reduce costs for price competition, and many others. But this is not enough to survive sometimes.

Many experts are increasingly inclined to conclude that the main factor in the success of most companies is the customer's loyalty. This concept appeared in our country not so long ago, but has already managed to attract interest. The highest degree of consumer loyalty is almost fanatical brand worship.

Nowadays, the topic of branding is becoming relevant. The range of goods is constantly expanding, the technological level of production has reached such a height that the quality characteristics of similar goods are nearly the same. Hence, it has become very important for manufacturers to give their product individuality, a memorable image that would distinguish it in their product group. This problem is successfully solved by branding, which gives the product a special value in the eyes of consumers, using various artistic, graphic, color possibilities in the design of the name, the combination of words and sounds triggering certain associations, and various advertising events. At the same time, there is an impact not only on the

consumers' rationality, but also on their emotions, which they are often guided by, especially when buying goods of daily use.

Key Brand Benefits

- 1. The brand allows you to get additional profit.
- 2. The brand protects the manufacturer when working with partners.
- 3. The brand simplifies the process of choosing a product by the consumer.
- 4. The brand facilitates the entry to adjacent markets with new products.
- 5. The brand is an investment in the future.
- 6. The brand itself defines the boundaries in which it exists.
- 7. The brand develops entire industries and product categories.
- 8. The brand provides an emotional connection with the customer.
- 9. The brand is a story that will never be fully told.

Why do You Need a Brand?

- 1. Extra profit depends on the brand.
- 2. The brand simplifies the process of choosing a product by the consumer.
- 3. The brand helps the company to mark out itself and its products among competitors.
- 4. The brand gives the opportunity to influence related areas.
- 5. The brand protects the manufacturer when working with partners.

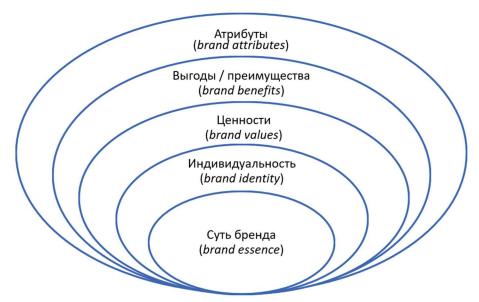
At the same time, branding is not easy. Its efficiency depends not only on the professional skills and entrepreneurial culture of the advertisers and their advertising agency, but also on their ability to work with intellectual property, trademarks, design, and texts. Branded packaging and a catchy name assert the buyers that they chose exactly what they wanted, regardless of the place of purchase, and the manufacturer - that the products will sell well.

Brand Wheel

Brand Wheel developed by Bates Worldwide, British advertising agency, is considered one of the world's most popular and successful brand building tools [1].

This method considers the brand as a set of five rims nested one inside the other (Figure 3.5). Brand wheel allows you to describe in detail and systematize all aspects of interaction between the brand and the consumer.

Figure 3.5 - Brand Wheel Model



A detailed description of all the constituent elements of this brand model will help present this concept better.

- 1. **Brand essence** is the core idea, total of brand characteristics communicated to the consumer; customers perceive all brand attributes in a complex, and on this basis a unique essence is formed, peculiar only to this brand, which cannot be faked.
- 2. **Brand identity** is what makes the brand unique, with individual memorable qualities. In order to make the brand more recognizable and provide an emotional connection with target consumers, advertisers use characteristics associated with a person (strong, kind, confident, courageous, gentle, etc.) to describe brand individuality. In other words, "if a brand were a person, who would it be"?
- 3. **Brand values** are sensory, emotional perception of the brand by the consumer; associations arising from using a particular brand. The brand should unite people who are committed to the same values. At the same time, these values must be selective, which makes the brand unique.
- 4. **Brand benefits** are what exactly the brand does for the consumer, what physical result the consumer gets from using the brand. Comparing these results with others allows you to identify and evaluate the benefits that the brand has.
- 5. **Brand attributes** are the real physical and functional characteristics of the brand, which consumers perceive with their senses. Attributes include name, logo, trademark, slogan, font, color combinations, packaging, uniforms, music, souvenirs, etc.

As an example of the brand wheel content, let's consider the characteristics of well-known car brands (table 3.2).

Table 3.2 – Brand wheel content for car brands

Brand	BMW	Mercedes-Benz	Range Rover
Attributes	Masculine, German, expensive, well-designed, high performance, heritage	ve, well-designed, expensive, elite, his-	
Benefits	The qualities of a sports car combined with the comfort of a luxury car	Prestige, reliability, confidence	High-powered, excel- lent in handling
Values	Young but experienced driver	Owner, superiority, safety	Dominates the road, "goes everywhere", ex- cellent on and off the road
glove", charismatic		Mature, reliable, authoritarian, conservative	Confident and independently thinking, aware of its benefits
Essence	Driving excellence	Superiority of design	Effortless ingenuity

Source: [26].

The relationship between the concepts of 'brand' and 'trade mark' is often discussed. There is no concept equivalent to a brand in the Russian language, however, the use of this term does not come to a trade mark, although the brand is directly related to it. Analyzing this relation, I. Krylov [25] defines the formed brand as an image of the trade mark in the mind of the buyer, which allows him to identify a certain product among competing goods and serves as a tool to choose "his" product.

For self-study: Generozova, E.How to invent a brand wheel yourself? [23].

Below are 5 tips to use in practice:

- 1. Start small to monitor, regulate, or correct the message and its impact. Focus on your MVS within your target market launch and learn from customer feedback. Concentrate on how to get feedback quickly and clearly. Adjust your budget and resources to meet the needs of this market. Don't even think about expanding without securing your base first.
- 2. Offer value to your very early adopters to make them "carriers" for further market penetration. Use incentives to attract your early adopters as they help you solve the chicken-and-egg problem. Think of it as a marketing activity, not an expense. Make sure you serve them well, get their feedback and recommendations.
- 3. Growth Hack hack your way up to penetrate the market at a lower cost. Find ways to conquer the waves. Partnering or creating synergies with any other business can help you reduce marketing costs and increase your market penetration rate. Do your research before deciding to switch to conventional marketing that will quickly deplete your budget and resources.

- 4. Avoid bad, premature exposure, so there is usually no need to blast news through the media early on. When pre-launching, you may need to troubleshoot issues with your product and customer service first. Blogs and portals can be a great source of advertising, but advertising is not always positive and under your control. Use broader PR and media exposure, but only after you've received enough validation to move forward. The exception to this rule is crowdfunding, where you need to generate interest and momentum around your project. Even then, you need to be very careful with what you promise.
- 5. Find and hire people who will protect you (apostles). Experienced consultants who are industry experts can open doors for you more efficiently than anything else does. You need to convince them to join your cause. It is sometimes helpful to offer them a token.

Brand Platform: Strategy for Building Company Recognition

A **Brand platform** is the basis on which the main principles of working with the company are built. The attributes of the company are based on it: associations, unique style, advantages over competitors, values, quality. This is a document capturing the characteristics that differentiate a brand from its competitors. A properly developed brand platform can outline an effective positioning strategy, win customer loyalty.

The **task** of the brand platform is to create an image of the product for the target audience that encourages them to purchase it.

Key elements of the brand platform are brand story and mission, personality, vision.

Brand story is the history of a trademark (and subsequently a brand) origin / creation, presented in the form of an interesting story and based on historical facts. The story defines the "age of the brand", tells its fate and largely determines the further development.

Brand mission is the purpose of a brand in the marketplace, presented in its most general form and often expresses the underlying reason for the company's existence.

Brand vision is a forecast of the future market, the place and role of the brand on it.

Brand personality is the expression of brand associations through personality characteristics. Most consumers perceive brands as living images. Brands as individuals have their own character, different from other brands, as well as values and attitudes. Therefore, individuality can also include typical products sold under a specific brand, and activities (advertising) performed by it.

A startup should begin developing branding after the first practical results. Usually by this moment, the startup has an idea about the target audience profiles, competitors, what works and what does not.

Branding is worth developing right away only if the product is fully ready and the company does not foresee global changes in its positioning and strategy. If you are still not sure about this, it is better to wait.

If you are just planning to launch a startup, try to do it with a logo and in a simple corporate style, and after a year, when it becomes clear in which direction the project is developing, deal with branding: develop positioning and choose an archetype.

Summary

If you try to develop your original brand platform, you will only benefit from this: you will have all the important information in one document, you will save time and money on advertising campaigns, you will be able to rise above your competitors.

Summing up, the main reasons, why a brand platform is actually necessary, are worth mentioning:

- > To show individuality. It is very difficult to explain to the consumer what the uniqueness of your product is. But if you manage to do it, such a client becomes a regular one;
- > To gain the trust. Consumers are confident more in what they remember and know about. Think for yourself, what would you choose, Coca Cola or a caramel drink of an unknown manufacturer;
- > **To get profit**. The promoted brand has more opportunities. It has more customers and can set a higher price than the competitors without losing a consumer;
- > **To increase stability**. The reputation of a well-promoted brand serves as a safety cushion in an unstable market. After all, the consumer chooses a product he knows about;
- > To increase efficiency. A new employee, having read the provisions of the platform, immediately understands what to do. This reduces the training time, improves the company's results.

Go Ahead!!!

APPENDIXES

Case: The Role of Marketing Research in WW&H1 Law Firm

The situation became more and more tense in the luxurious office of the international law firm WW&H, which employs 400 lawyers. The company's management discussed all the pros and cons of investing in the study of the company's clients.

Bernand L., head of the financial department, believed that this was an absolutely "mediocre and uncontrolled use of funds." It was he who tried to stop paying the traditional year-end bonus to non-lawyers last month.

Shepherd Ch, one of the managing directors, turned down Bernand L.'s suggestion. And now Shepherd Ch. disagreed with the head of the finance department, "Think how much longer we will be able to make a profit. Let's start researching now while we are still in control."

Janet L. got into the conversation, "I agree that we need to know more about our clients. But what exactly do we hope to learn from these studies? How are we going to carry them out, and who will do it? My lawyers don't have time for this."

Shepherd Ch. suggested, "Let's ask Lauryn where to start. I don't know if she will be able to carry out this project herself, but, probably, she will be able to organize its implementation." Shepherd Ch. was referring to Lauryn Greene, head of marketing who came from finance firm D&S a year ago. Upon joining the company, she found the organization in complete disarray a few marketers who were spending money unaccountably, a few lawyers who strongly condemned marketing, and herself.

"So it's settled," Shepherd said. "I'll talk to Lauryn tomorrow morning."

Questions for consideration

- 1. What would you say to the lawyers to convince them of the value of marketing research?
- 2. If you were Lauryn Greene, what would you say to Shepherd when he asked for your advice on marketing research?

¹ Bizhanova, E.M. Marketing: workshop / E.M. Bizhanova, S.V. Zinchenko, N.N. Pronina. – Penza: PSU, 2019. – P. 43-44. (*In Russian*)

Case: SWOT analysis of an educational institution 1

The SWOT method is included in the set of basic and universal tools of a manager when carrying out a strategic analysis to determine the development plan of companies of various sizes, structures, forms of ownership and areas of activity.

A SWOT analysis examines and accumulates the current internal strengths and weaknesses of the company against competitors, as well as the opportunities and threats (risks) of the environment.

The *purpose of the SWOT analysis* is to identify internal strengths that allow the company to use the opportunities of the environment and avoid external threats, taking into account the existing weaknesses.

The *result of the SWOT analysis* is to formulate the strategic directions of the company's development.

2x2 matrix is the most common way to arrange four elements of the strategic analysis (SWOT matrix):

- > **S** (*strengths*) advantages, values, unique skills. Due to this, the company increases sales, market presence, feels confident in the competition, etc.
- W (weaknesses) disadvantages that make the company lag behind competitors.
 These characteristics inhibit profit growth, hinder development, pull back, etc.
- ➤ O (opportunities) leverage in the environment that is available to the company and can be used for its further development, for example, the development of information and communication technologies, the emergence of new sales and promotion channels, etc.
- > T (threats) difficulties and negative tendencies in the company's environment, which can be potentially dangerous for its success.

This analysis allows examining the current competitive position of the company in the market and the potential need for strategic transformations.

The characteristics of the company's strengths and weaknesses should include, first of all, internal factors, such as competencies, abilities, material and non-material assets and other resources (human, social, image, etc.) or lack thereof in the organization.

¹ Atrushkevich, E.B. Marketing Workshop: Study Guide / E.B. Atrushkevich – Saint Petersburg: HSTE SPbSUITD, 2017. – 50 p. (In Russian)

Katkalo, V.S. Guidelines for the preparation of the course project "SWOT-analysis" / V.S. Katkalo, A.S. Veselova, S.V. Smeltsova. – M.: Higher School of Business of NRU HSE, 2021. – 51 p. (*In Russian*)

The characteristics of opportunities and threats should be aimed at external factors that have an impact in the present and the future, and are outside the company's zone of influence (that is, they cannot be controlled, but it is possible and necessary to react to them).

The SWOT analysis results in many useful conclusions, for example:

- To what extent does the company's current strategy capitalize on the opportunities available in the market and in the industry?
- > Does the current strategy take into account the risks and threats emanating from the environment?
- ➤ How does the company intend to respond to these threats: avoid, prevent, manage, minimize, turn into benefits, etc.?
- How stable is the company's competitive position?

Practical task

1. Carry out a SWOT analysis for the educational institution where you are studying. At the first stage, make a list of parameters by which you will evaluate this educational institution. Determine what is the strength and weakness for each of them. Enter the result into the matrix.

		INTERNAL FACTORS		
		Strengths – S	Weaknesses – W	
EXTERNAL FACTORS	Opportunities – O	SO Internal strengths vs. external opportunities	WO Internal weaknesses vs. external opportunities	
	Threats – T	TO Internal strengths vs. external threats	WT Internal weaknesses vs. external threats	

- 2. When assessing market opportunities and threats, analyse the factors: demand, competition, sales, economic, political, legal, technological, socio-demographic, natural and international.
- 3. Compare the strengths and weaknesses of the educational institution with the opportunities and threats of the environment.

Case: UK market of low-profile tyres and Stanza Limited ¹

Stanza Limited has been the British subsidiary of the Italian international tyre conglomerate since 1908. The company currently accounts for 8 % of total UK sales of passenger car tyres with an annual turnover of over £ 100 million.

Historically Stanza has been associated with high quality tyres retailing at over £ 400 per unit. Simultaneously with the market for low-profile tyres, Stanza products begin to conquer the family car market.

Advances in tyre technology have more than doubled the life of an average tyre when calculated based on vehicle mileage. Consequently, the UK annual market remains static at 15 million units. However, within the general market, there has been an increase in the demand for high quality low-profile tyres, driven by the advertising of passenger car manufacturers. Unfortunately, the recession has limited sales of the product, but the existing demand leaves hopes for a market recovery.

Over the next five years, according to Stanza experts, the low-profile segment will occupy 30 % of the market compared to the existing 19 %. The potential demand for low-profile tyres from Stanza, which offers relatively high quality products within the same range of production, makes up a significant share.

At the same time, consumers, being the owners of high-class cars, buy cars with low-profile tyres. Instead of being a simple planned activity, changing tyres can become rather stressful for them than planned action.

Practical task

- 1. Carry out a SWOT analysis of the situation.
- 2. Build a SWOT matrix by distributing factors across the quadrants of the SWOT matrix.

Case: Keramin JSC and Russian building material market ²

Keramin JSC, as a leading enterprise of the Republic of Belarus, builds its strategy of sustainable development, taking into account the economic interests of the state and shareholders of the company.

Keramin JSC adheres to the decisions of the Ministry of Architecture and Construction of the Republic of Belarus, consistently solving the problems of ensuring the progressive and sustainable development of the society. This is evidenced by:

providing the stability of the main production indicators;

¹ Mishulina, O.V. Economic analysis and diagnostics of a small enterprise (management analysis). Study guide for speciality 38.03.02 Management / O.V. Mishulina, G.V. Panina. – Kostanay, 2019. – P. 126. (*In Russian*)

² keramin-company.by/sites/default/files/strategiya_oao_keramin_na_2018-2022_gody.pdf. (*In Russian*)

- expanding the technological capabilities of the production (the development, mastering and industrial implementation of new types of products is constantly being carried out);
- > increasing the efficiency of existing equipment and technological processes;
- > implementing programs for reconstruction and modernization of production;
- > ensuring environmental friendliness of production and technological processes;
- increasing production efficiency by saving raw materials, fuel, energy resources used in the production;
- diversification of product markets.

The *Mission of Keramin JSC* is to improve the quality of life through the production of high-tech sanitary ceramic products, facing ceramic and wall materials.

The most important areas of development (goals) of the enterprise for 2018–2022 are:

- > maintaining the market share in the domestic market of the Republic of Belarus;
- decrease in the share of exports to the Russian Federation market to 60–70 %;
- expansion of export markets;
- improving the financial condition of the company;
- renewal of enterprise assets;
- introduction of advanced technologies.

Maintaining the company's share in the domestic market and expanding export markets implies focusing the company's activities on costs in order to offer the most reasonable price on the market, optimizing the product portfolio and specializing in the production of highly marginal types of goods.

To achieve the goal of reducing the share of exports to the Russian market, the *task of creating distribution channels* in "new" markets has been set.

The basis of communication with the main sales channels will be service and the best price offer, and with the target audience - a new product portfolio.

The management of Keramin JSC conducted a study of the internal and external environment of marketing. As a result, it was found that the Russian market, as well as the Belarusian market of building materials, has sufficient potential for Keramin JSC. The Russian market has tougher competition though. At the same time, the state interference is more subtle than in the Belarusian market. Moreover, the study showed that:

- > the company's products are in demand in Russia due to the acceptable price and quality ratio;
- the product range is constantly updated and expanded;
- the Russian market of ceramic building materials at an affordable price is in the process of saturation;
- Keramin JSC is a monopoly in the production of ceramic granite Gress in the CIS countries;
- a decrease in the purchasing power of the Russian customers led to the substitution of imported goods by domestic ones and an increase in demand for inexpensive domestic goods;
- ➤ the demand for tiles in Russia is 2-3 times higher than the supply;
- > the demand for tiles and sanitary ware will increase in the coming years;
- although the growth rate of reconstruction has slowed down, the volume of work on the reconstruction of buildings and premises is growing;
- ➤ Keramin JSC as a manufacturer exporting products from the Republic of Belarus has favorable conditions for import to Russia;
- competition is growing in the Russian and Belarusian ceramic tile markets;
- > consumers began to pay more attention to fashion trends, attractive design, are more exacting when choosing ceramic products, especially in Moscow;
- Keramin JSC uses imported equipment, which makes it possible to produce a wide range of modern goods;
- the trademark of the enterprise strengthens its position, an associative connection is created between it and its products;
- an increase in the dollar exchange rate against the Russian and Belarusian rouble may adversely affect the competitive position of Keramin JSC;
- the company does not always adhere to the delivery schedule;
- goods ordered by trading companies are not always in stock;
- construction companies see the quality of the company's products as inferior in comparison with the products of foreign companies;
- > there are comments from consumers about marking and dimensional accuracy of products;

- there is an insufficient number of sample catalogs of Keramin's products, especially ceramic granite Gress;
- Keramin's products were awarded a number of awards at international exhibitions, a quality management system based on ISO 9000:2000 standards was introduced.

Practical task

- 1. Using a SWOT analysis, identify the strengths and weaknesses of Keramin JSC, as well as opportunities and threats.
- 2. Suggest the most acceptable marketing solutions for Keramin JSC based on the performed analysis.

Case: Logoplaste – a model of Buyer-Supplier relationship ¹

The concept of using external sources

The concept of using external sources is a business strategy in which the manufacturing company undertakes to fulfil one of the functions of the buying company in accordance with the concluded contract. At the same time, the manufacturer independently monitors the process and controls it. In other words, there is a strategic use of the services provided by third-party organizations to maintain those functions that were traditionally carried out at the expense of internal resources.

Subcontracting, i. e. hiring external specialists to carry out certain jobs or distributing the workload is not a new approach. The novelty of this concept is that the use of external sources becomes a part of the company's long-term strategy.

Market review

The production of plastic packaging in Portugal has been on the rise in recent years. After the country's accession to the EU, competitive products from European countries began to enter the internal market. Thus, the supply on the market now far exceeds the demand.

Today about 200 companies represent the Portuguese market of plastic products, the volume of production is about 200 thousand tons per year. Domestic family companies, including Logoplaste, dominate the hard packaging market.

This industry is known to be harmful to the environment. Concern about its condition is on the rise throughout Europe. End consumers value not only safe products, but also the image of the manufacturing company as an environmental protector. In accordance with European

¹ Trukhonovets, E.N. Buyer behavior: laboratory work / E.N. Trukhonovets [et al.]. – Pinsk: Polessu, 2017. – 32 p. – ISBN 978-985-516-496-9. (*In Russian*)

legislation, the supplier is responsible for packaging waste. A mandatory recycling minimum has been established, raw materials change (PET instead of PVC).

The Portuguese market is still moving from glass to plastic, not all consumers are loyal to the new industry. In addition, there is a standoff between plastic and other modern materials (for example, milk packaging made from a mixture of paper, plastic and cardboard).

Today Logoplaste is one of the six best European companies in the industry, with 32 factories in Portugal, Spain, Great Britain, France and Brazil. Logoplaste is the first in the industry to receive the ISO 2001 Certificate. Logoplaste is the main market player in Portugal and Brazil (60%). This became possible thanks to its customers – large companies, market leaders. The company's growth is an ongoing process. Over the past three years, sales have increased from 939 thousand to 2,800 thousand units per year. The number of workers increased from 6 in 1976 to 876 in 2000.

Business strategy

The main distinctive feature of Logoplaste is an innovative approach to business: all the company's activities are focused on its consumers. A new integrated packaging department (IPD) is created for each buyer, new equipment and human resources are allocated.

The goal of this strategy is high quality services, and the development of partnerships. Since the IPD sets production within the customer's premises, it has the ability to perfectly adapt to its needs and provide the required level of service.

This method of doing business allows Logoplaste to avoid a number of costs: transportation, warehouse accounting, additional construction and maintenance of production facilities. Economies of scale and synergies can be used. Each IPD is rather independent, and its director is responsible for the effective operation.

However, working within the customer's premises also carries a risk: creating an IPD requires a lot of investment. Logoplaste must know about its buyer's plans and new products in advance for a successful cooperation. And since Logoplaste works with different consumers, who may be competitors, there is the problem of keeping information confidential.

Strategy implementation

Quality is the company's philosophy. Logoplaste provides its customers with all new guarantees, in particular, for delivery in any situation; implements programs for quality control, efficiency and productivity improvement.

In general, the annual investment in IPD equipment is about \$ 28 million. As the risk is high, Logoplaste is not interested in all customers. Criteria are demand above the established level, requirements for the quality of packaging and delivery schedules. The majority of its clients

are large companies. Contracts are concluded for at least 5 years, they are usually medium and long-term:

- Nestle and Yoplait for 23 years;
- Santo Domingo for 20 years;
- Coca-Cola for 10 years;
- Danon for 5 years.

Contracts are written in detail to avoid misunderstandings. If the annual income of Logoplaste from cooperation exceeds the agreed amount, part of it can be transferred to the buyer.

The relationship between the buyer and the IPD is built on partnership and trust – this is the foundation of success. An impeccable reputation and 24 years of serious and professional work on the market are the only Logoplaste's guarantee. A buyer allocates space for an IPD. Annual targets are agreed upon, the IPD workload is determined and the results reported to Logoplaste. Logoplaste employees regularly visit departments and analyze the situation. The company buys raw materials for all its divisions, finances R&D. Logoplaste implements an open price book policy for all types of goods. This builds trust and contributes to more accurate pricing. The company does not use wide promotion and special advertising to attract potential buyers. This is carried out through direct contacts.

Logoplaste is a partner of the non-profit organization Sosiedade Pronto Verde, which aims to promote sorting and recycling of packaging waste at the national level. Each IPD has a waste recycling plant. Moreover, Logoplaste uses a special design that reduces the amount of plastic in the package. The company has recently decided to produce molds - this provides an opportunity for growth and increases the competitiveness of products. A plant was built for this purpose.

Internationalization

In 1991, the company dominated the domestic market, but growth prospects were bleak. Portugal joined the EU, competition intensified, mergers took place, the company needed a lasting advantage. Logoplaste had three strategic options: to develop autonomously, to sell the company to an international corporation or to merge with it. The first was chosen and internationalization began.

Spain. There was a belief that it would be quite easy to conduct the management process here – the buyer's plant was located only 300 km from Portugal. It was decided to build an IPD, as dependent on the center as possible. But the Portuguese managers did not know the peculiarities of culture, business and management style adopted in Spain (long payment terms, difficult negotiations). The company faced a number of problems, the facility was closed.

The analysis showed the need to provide branches with greater independence and recruit local personnel who understand the business culture of the country. This is how the partner-ship between Logoplaste and a Spanish company was set up. The Logoplaste Spain branch had a sufficient degree of autonomy. This approach paid off and was used in the subsequent expansion of the company.

Procter & Gamble, the world's largest food, beverage and homeware company, has recently chosen Logoplaste to build a new IPD in Spain. This is the first time this company has agreed to a comprehensive contract. Products will enter the Portuguese, Spanish and French markets.

Brazil. Danon, already working with Logoplaste, offered to open a joint venture in Brazil. The agreement was signed 24 hours later. The Brazilian market is less developed and less sensitive to innovation, there is no language barrier. Today Logoplaste is the leader in it. There are four IPDs working with Danon, Nestle and local companies. About 1 billion packages are produced per year, 400 people are employed (and only one of them is Portuguese).

The UK and France. In 1999, the company saw the opportunity to enter the UK market through a joint venture with Procter & Gamble. However, the opinion about Logoplaste was low due to the insufficient economic development of Portugal. A group of Procter & Gamble employees received information about Logoplaste and visited its branches. The agreement was signed. Another IPD was created with Sunny. Logoplaste was named the first investor in the West of Great Britain. Another IPD opened in France through the same model, to produce bottles for Coca-Cola. Each step brought new experiences. Today Logoplaste has 32 factories – 22 of them outside Portugal.

Information Technology

The internationalization at first faced a number of problems associated with the exchange of information between IPDs located in different countries. Logoplaste developed, but its information technology remained the same: standard control procedures, communication via the Internet.

Today it is necessary to interconnect not only all IPDs, but also to connect Logoplaste with buyers and suppliers. Therefore, a new project is being developed (MySAP.com) aimed at integration into the Internet. Project highlights:

- the ability to access the required information for employees, partners, suppliers and buyers;
- two-way communication with companies: the ability to contact managers, discuss stock quotes, product life cycle and business news;
- development of e-commerce;
- reduction of temporary risks.

All components of the project meet the requirements of the client companies. Its implementation will result in flexibility in management and cost reduction. According to the management, these are "strategic investments".

Questions and task

- 1. What are the advantages and disadvantages of the concept of using external sources?
- 2. What is peculiar about Logoplaste using this concept?
- 3. Describe the strategy and tactics of Logoplaste's marketing.
- 4. Prepare a presentation on the case (brief overview).
- 5. Conduct a SWOT analysis of the company.
- 6. Can Logoplaste's large buyers independently start packaging production? What are their advantages of working with Logoplaste?
- 7. Describe the risks faced by the company in the process of internationalization. How can they be overcome?
- 8. Develop recommendations for the company in case internationalization covers the domestic market.
- 9. Assess the strategy for updating the information base.
- 10. Does it make sense to diversify Logoplaste into a new business? Focus on core business?

Case: Kinetoscope or cinematograph?¹

In 1891, the American inventor Thomas Edison designed a unique device that allows you to view moving images — a kinetoscope (kinematograph). Thus, Thomas Edison managed to anticipate the era of the Lumière cinematograph, equipped with a projector. "In 1887," the inventor writes in 1894, "the idea came to me of the possibility of constructing an apparatus that would be the same for seeing as a phonograph is for hearing, and which would both record and reproduce sound and movement at the same time". In the late 19th and early 20th centuries, Edison's kinetoscope competed with varying degrees of success with Lumière's cinematograph, as well as other film and camera manufacturers.

The kinetoscope is essentially a small "mobile cinema" showing moving pictures with a phonogram heard through headphones, recorded on a phonograph. Immediately after inventing the device, Edison began negotiations on its commercial use. Therefore, in 1892, the joint-

¹ Fundamentals of Entrepreneurship. Collection of cases: teaching aid for the department "Management" / ed. Doctor of Economics, prof. N.P. Ivaschenko – M.: Faculty of Economics Lomonosov State University, 2018. – 144 p. – ISBN 978-5-906932-01-3. (*In Russian*)

stock company "Kinetoscope" was created, which in fact gave Edison a monopoly on the commercial use of the apparatus. Renowned businessmen Norman Raff and Frank Gammon ran the company.

In 1894, in West Orange (New Jersey), Edison's studio was named the Edison Manufacturing Company, which was directly involved in the manufacture of devices. Thomas Edison himself did not take part in the management, he appointed William Gilmore as Vice President and General Manager. William Dixon directed the production of the films. The company brought a good profit. In 1894, the cost of Edison's work for the Kinetoscope Company was \$ 7,940 for kinetoscopes and \$ 369.35 for the film subjects, while the company's revenues from screenings in the same year amounted to \$ 15,878.56.

Edison's company started experiencing problems at the beginning of the 20th century, firstly, with the arrival of the Lumière cinematograph on the market and, secondly, with the development of handicraft production of films and cinema cameras (mutoscope, phantoscope, etc.). The Edison Manufacturing Company, on the one hand, benefited from the protectionist policy pursued by William McKinley, thanks to which Lumière had problems entering the American market. On the other hand, there was no one to protect the company from the increased internal competition (in the last years of the 19th century, America saw a real boom of film companies: Edison, Biograph, Vitagraph, Selig, Essanay, Lubin, Kalem, etc.). Edison and his executives therefore took the following steps to gain a foothold in the market:

- Purchase of devices and patents from competitors with subsequent "rebranding" (for example, the purchased phantoscope was renamed into Edison's vitascope and positioned as a new product from Edison).
- The "war of patents" that went down in the history of the film industry was started. Gilmore essentially began to dispatch throughout the country the lawyers of Dyer & Dyer, who handled the West Orange cases. Their tasks were, firstly, to destroy foreign competition, secondly, to suppress the production of devices and films outside Edison's company, and, thirdly, to impose a special percentage on film producers, which was calculated from their profits and sent as income to Edison. Gilmore's lawyers came to many big businesses of that time: for example, the International Film Company of Webster and Kuhn, the firm of Maguire and Baucus, the famous theater producers Klaw and Erlanger, and so on.

The situation in the market was in many ways reminiscent of a special type of competition, in which they competed not so much with the help of prices or quality, but by proving their priority patent rights. Edison's strategy resembled that of Rockefeller in the oil industry (with establishing Standard Oil Co.). The essence of this policy was as follows: Rockefeller did not prohibit the development of fields throughout the country and closely followed this process,

but as soon as a large field was developed, Rockefeller immediately acquired a monopoly on all oil produced.

Edison's attempts to gain a foothold in the market were unsuccessful, it was impossible to keep track of all the new film companies. The last attempt to regain the former position was made in 1909 with the creation of the Motion Picture Patents Company, which united Edison with other major filmmakers of the time. The new company was a trust that intended to control the industry in the following areas:

- production of raw film;
- manufacture of motion pictures;
- manufacture of projecting equipment;
- film distribution (in the early stages);
- exhibition.

The trust faced a number of significant problems soon. Firstly, the greater number of cinemas stimulated an increase in demand for films, while the MPPC could not satisfy such demand. Besides, so-called independent film companies appeared on the market, which refused to coordinate their activities with the MPPC. In the first decades of the 20th century, the "independent" rushed to the state of California, where Hollywood was subsequently founded — the center of the US film industry. This resulted in the MPPC liquidation.

Questions and tasks

- 1. What role did Thomas Edison play in the emerging film business (owner, manager)?
- Describe the type of market that, in your opinion, was typical for the studied situation (monopoly, monopolistic competition, oligopoly, free competition). Justify your answer.
- 3. Describe Edison's strategy in the late 19th early 20th century. What were his strengths and shortcomings, in your opinion?
- 4. Was it legitimate to use Rockefeller's experience (oil industry) in the strategy of the film company? Why?
- 5. Why, in your opinion, did the "independent" film companies, fearing sanctions from the trust, start production in Hollywood (California)?

Case: Expensive beer1

The Pivoindustriya Primorye Company has developed and is launching its own new brand of expensive elite beer for a narrow segment of consumers. The estimated cost of 0.5 liters is in the range from 100 to 120 roubles. The company can spend 2 million roubles on a communication campaign to promote a new brand in Vladivostok.

Practical tasks

- 1. Describe the profile of a narrow segment in terms of consumer characteristics.
- 2. Model the properties of the product (organoleptic properties of the beer, packaging design, cans or bottles, etc.).
- Develop a catchy memorable name of the beer and the main idea (slogan) of the entire communication campaign, which will run like a red thread through all events (3 options).
- 4. Plan activities to promote the new brand.

Example of case execution

Segment profile: men, from 25 to 55, with above average income, owners of yachts and boats (small crafts), who prefer active holidays at sea.

Product properties: strong "live" beer (7 days storage), the bottle is decorated in a nautical style (anchors, ropes, sails, shells, etc.), a screw cap shaped like a captain's cap; or a can in a nautical style, a plastic container with salted nuts is screwed up from the bottom.

Option 1. Name: Captain's. Slogan: "Egoist for you".

Option 2. Name: Tsunami. Slogan: "Extreme of your vacation".

Option 3. Name: Breeze. Slogan: "They won't catch up with us", "It is impossible to stop you".

Brand promotion activities: Promotions (tastings and contests with prizes) on the Central Embankment, at elite boat parking lots and in yacht clubs in Vladivostok.

Case: Inexpensive beer

The Pivoindustriya Primorye Company has developed and is launching its own new brand of inexpensive beer. The estimated cost of 0.5 liters is in the range from 20 to 25 roubles. The company can spend 500 thousand roubles on a communication campaign to promote a new brand in Vladivostok.

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¹ Marketing: workshop / E.B. Kmety [et al.]. – Vladivostok: VSUES, 2012. – P. 59–62. (In Russian)

Practical tasks

- 1. Describe the profile of a narrow segment in terms of consumer characteristics.
- 2. Model the properties of the product (organoleptic properties of the beer, packaging design, cans or bottles, etc.).
- 3. Develop a catchy memorable name of the beer and the main idea (slogan) of the entire communication campaign, which will run like a red thread through all events (3 options).
- 4. Plan activities to promote the new brand.

Example of case execution

Segment profile: fans of FC Luch-Energiya Vladivostok.

Product properties: the beer is light, an ordinary bottle of transparent glass, the label uses elements the football team branding, on the neck of the bottle there is a cardboard label in the shape of a football (on the front side - the calendar of matches, on the back side – the number for the drawing of prizes).

Option 1. Name: Luch-Victory. Slogan: "Luch's victory is near and we're having a beer".

Option 2. Name: "FabuLuch". Slogan: "It's not raining, Luch is gaining".

Option 3. Name: "The Energy of Luch". Slogan: "On we go with Luch".

Brand promotion activities: There is a prize draw at the end of every football match. The prize is a photo album with autographs of FC Luch-Energiya players and free admission to the match.

Case: Beauty salon with a minimum set of services

A residential area (microdistrict 64 or 71) of Vladivostok has a beauty salon opened with a minimum set of services, but for a narrow segment of consumers. The salon can spend 100 thousand roubles on a communication campaign.

Practical tasks

- 1. Describe the profile of a narrow segment in terms of consumer characteristics.
- 2. Model the range of services.
- 3. Develop a catchy memorable name for the salon and the main idea (slogan) of the entire communication campaign, which will run like a red thread through all events (3 options).
- 4. Plan events to promote the salon.

Case: Elite beauty salon

An elite beauty salon with services for a narrow segment of consumers has opened in the center of Vladivostok. The salon can spend 1 million roubles on a communication campaign.

Practical tasks

- 1. Describe the profile of a narrow segment in terms of consumer characteristics.
- 2. Model the range of services.
- 3. Develop a catchy memorable name for the salon and the main idea (slogan) of the entire communication campaign, which will run like a red thread through all events (3 options).
- 4. Plan events to promote the salon.

Case: Expensive ice cream

The Vladivostok Ice Cream Factory has developed and is launching its own brand of expensive ice cream. The estimated cost of a 70-gram item is about 20-30 roubles. The manufacturer can spend 2 million roubles on a communication campaign to promote a new ice cream brand.

Practical tasks

- 1. Describe the profile of a narrow segment in terms of consumer characteristics.
- 2. Model the properties of the product: the organoleptic properties of ice cream (color, flavours), and packaging design.
- 3. Develop a catchy memorable name of the ice cream and the main idea (slogan) of the entire communication campaign, which will run as a red thread through all events (3 options).
- 4. Plan activities to promote the new brand.

Case: Inexpensive ice cream

The Vladivostok Ice Cream Factory has developed and is launching its own brand of inexpensive ice cream. The estimated cost of a 70-gram item is about 10 roubles. The manufacturer can spend 500 thousand roubles on a communication campaign to promote a new ice cream brand.

Practical tasks

- 1. Describe the profile of a narrow segment in terms of consumer characteristics.
- 2. Model the properties of the product: the organoleptic properties of ice cream (color, flavours), and packaging design.

- Develop a catchy memorable name of the ice cream and the main idea (slogan) of the entire communication campaign, which will run as a red thread through all events (3 options).
- 4. Plan activities to promote the new brand.

Case: Evaluating options for choosing cameras (model of expectations when buying)¹

Anna Flores made the decision to buy a camera; she learned in the process of searching that there are many different brands of cameras on sale. Based on the information collected, Anna excluded a number of brands from further consideration and left only four of them. She was interested in four main properties in the devices – the quality of photographs, ease of use, size and price. Anna gave 40 % of her preferences for image quality, 30 % for ease of use, 20 % for camera size and 10 % for price.

Consumer opinion on different brands of cameras

Camera brand	Properties and their ranking				
	Quality of photographs	Ease of use	Camera size	Price	
Nikon	8	8	9	10	
Olympus	8	10	7	4	
Pentax	8	10	9	6	
Recon 6		8	9	9	

Practical task

Determine Anna's preferences when buying a camera.

Freemium Business Model

The basic version of the product is offered for free, but you have to pay for additional features in the premium version. Spotify, YouTube, LinkedIn, Skype and many others are making money on this idea.

Case: File hosting by Dropbox Inc.

The hosting provides each user who signs up for free, two gigabytes of cloud storage. It can be used for an unlimited period of time. But if you run out of storage, you can increase it for a monthly fee.

When and how to apply this model

Think about whether it is possible to do something for free in your value proposition, but it should be already beneficial for your clients, and after they start using the free product, offer them an improvement that will give even more values.

¹ Kotler, P. Marketing Essentials: A Short Course: Translated from English / P. Kotler – M.: Williams Publishing, 2007. – 656 p.

⁻ ISBN 978-5-8459-0376-1. (In Russian)

Questions for consideration

- 1. What do your customers need?
- 2. How to improve the customer experience? Can you somehow make them loyal to you?
- 3. What functions bring added value and increase the willingness of customers to pay for your product or service?

Long Tail Business Model

The company relies not on a limited number of expensive "hits", but on a variety of cheap niche products. And the total revenue from the sale of rare goods is huge. The iTunes music service works according to this principle, where you can buy a single song (including little-known artists). The same applies to the large platforms such as eBay or Amazon, where various sellers trade for a small fee. This model is good for consumers because you can find anything you want there.

Case: Etsy marketplace

Etsy specializes in selling handmade and vintage items. In 2018, the resource's revenue was \$ 603.7 million, and the net income was \$ 41.25 million. Sellers pay 20 cents for the placement of each item of goods and a 5 % commission for each completed transaction.

When and how to apply this model

You may be confident that selling everything from A to Z will make your life easier by eliminating the need to select products to focus on. But by and large, too many mature companies are mired in competition due to the inability to single out a few key products and aspects for specialization. If you still managed to find a competent application of your knowledge about mass production – products, technologies and markets – and keep the costs of mass production below the level of your competitors, then the Long Tail model will open up great prospects for you. This is especially true for highly specialized or individual offers.

It is ideal for online stores and services offering any valuable content. A high-quality search, filtering and recommendation system is very important for this business model.

Questions for consideration

- 1. Will your customers get additional value if you offer them absolutely everything?
- 2. Are you able to manage the mass production better than your competitors?
- 3. Can your processes and IT systems work with a huge variety of products?
- 4. Can you handle internal processes such as purchasing, order processing, logistics and IT?

Lock-in Business Model

Customers are locked into the product because it costs too much to go to a competitor. The most famous examples are Apple and Microsoft. A patented ecosystem of hardware, software and related products makes the transition extremely expensive and time consuming. The same can be said about the products of Gillette: a cheap razor requires special expensive blades. And the brand change will cost a packet.

Case: LEGO

LEGO's construction sets are more expensive than similar products from competitors. But LEGO offers not only high quality, but also plot solutions (for example, construction sets based on Star Wars). Since only one plot can be assembled from such sets (you cannot make a castle out of a starship), customers are involved in a regular shopping cycle.

When and how to apply this model

This example of a business model is well known in the B2C segment, it can be found in B2B now, especially in mechanical engineering and after-sales service. This model is a good protection against imitating competitors. To get the most out of this model, you need a mature and scalable sales funnel. You should also take care of reliable copyright protection and branding.

If, after purchasing your product, consumables or related materials are needed, think about how you can lock a client into them. This can be, for example, a technological or design feature protected by a patent.

Questions for consideration

- 1. Can you protect the after-sales service with features and functions created during the product development phase (for example, a remote diagnostic device that requires service from the head manufacturer)?
- 2. Will unique and non-copyable components prevent competitors from replicating your service or spare parts business?

Subscription Business Model

This model was previously suitable mainly for the media. But thanks to the Internet, the model of monthly payment for content has become widely used by online cinemas (Kinopoisk), software services (Adobe), and even retail companies (Blacksocks). If the user has regular expenses (watching movies, buying clothes), then a monthly subscription is more profitable than individual purchases. In addition, many companies offer a free trial or discount on long term subscriptions.

Case: Netflix

When Disney is producing a film, the main indicator of success after its release is the box office. It's not very informative. On the other hand, the subscription-based streaming service Netflix builds close relationships with users and carefully monitors which movies and series a person has watched, whether they have switched halfway through, whether they continued to watch more content in the same genre and with the same actors. This customer-centric approach allows Netflix to dominate the market.

When and how to apply this model

This model is perfect for businesses when customers regularly need your products or services. The subscription should bring additional value to customers, say, saving time when buying your products, continued availability or reduced risks. The benefits of this template can be experienced in a wide variety of industries.

Questions for consideration

- 1. What products and services do your customers need regularly?
- 2. What are your products or services suitable for the Subscription model?
- 3. Could this business model bring more value than one-off product sales?

Crowdfunding Business Model

This business model is characterized by the financing of a project by a large number of individuals and has several goals:

- raise money to implement the idea;
- check the demand and make sales;
- > limit the influence of professional investors.

The most popular crowdfunding platforms are Kickstarter, Indiegogo, Boomstarter.

Case: Pebble Technology

Pebble Technology startup launched its Kickstarter project in 2009. The company was tasked with raising \$ 100,000 for the production of Pebble watches, a digital device that can connect to smartphones via Bluetooth, allowing users to receive calls and read messages or emails right on the watch screen. The project was such a resounding success that Pebble raised the required amount in just two hours. In total, they raised \$ 10 million, a hundred times more than the originally planned amount.

Questions for consideration

- 1. Is your idea good enough to raise the necessary funds?
- 2. Should you offer sponsors a reward, in cash or otherwise, and how to ensure that it complies with applicable law?
- 3. How to protect your intellectual property?
- 4. Can crowdfunders become your new customers or even fans of the product?

Renting instead of buying

Instead of buying a product, the customers rent it. In this case, they need much less money. The company's gain is more revenue from each product, since payment is made for the entire period of use. Both parties benefit from the efficient use of the product, given the reduction in downtime that freezes funds.

Case: Car2Go

Car2Go, subsidiary of Daimler AG, is a German short-term car rental company. It provides carsharing services in Europe, North America and China. The company's vehicle fleet consists of cars of its own production: Mercedes-Benz and Smart.

In 2008, DaimlerAG came up with the idea of providing a car as an on-demand service. The key for the success of a corporate startup was the ease of use and the economic feasibility for the user - paying for trips turned out to be not only more convenient for many, but also cheaper than owning a car.

The Car2Go infrastructure is based on the IBM Softlayer cloud, which provides the customer with resources according to the PaaS model, as well as services for automating the development, deployment and support of IT systems. A significant advantage of Softlayer for Car2Go is Pay-as-you-use ¹ model, which means that you pay only for the resources you use.

Questions for consideration

- Do your customers really want to own your product, or are they completely content with using it?
- 2. How should you finance your products to ensure a stable cash flow?
- 3. What products can you rent and not sell to customers?
- 4. How will the new approach create value for your customers?

¹ Pay-as-you-use is the latest cloud computing payment model.

Case: Tsvetochnyy Ray 1

Tsvetochnyy Ray is a startup, which is an online platform for the sale of flowers, flower arrangements, fruit bouquets, etc. The platform works with the B2C segments (buyers, private manufacturers / designers / florists) and B2B segments (organizations). The startup staff is three people, located in St. Petersburg.

The business idea of the startup is to provide a service for buying unique designer compositions of flowers and fruits. The service is free for private orders, and paid for artisans.

Practical task

Build a business model according to Business Model Canvas by Alexander Osterwalder and Yves Pigneur given in the theoretical part (see Figure 2.6) for Tsvetochnyy Ray company.

Recommendations for filling in the blocks of the business model

Main types of customer segments:

- Mass market. FMCG business models do not differentiate between consumer segments.
- 2. *Niche market*. Niche market business models target specific customer segments.
- 3. *Fractional segmentation.* Some business models distinguish market segments that slightly differ in terms of needs and requests.
- 4. **Diversified enterprise.** A company with a diversified business model serves two very different customer segments with different needs and demands.
- 5. *Diversified platforms.* Some companies serve two or more interconnected customer segments.

Some of the elements that make up the value of a product or service to the consumer:

- 1. Novelty.
- 2. Performance.
- 3. Customization.
- 4. Design.
- 5. Brand / status.
- 6. Price.
- 7. Cost reduction.
- 8. Risk reduction.

¹ Innovative Economics and Technological Entrepreneurship: A Study Guide for Students / editors: F.A. Kazin, D.Yu. Matvienko. – SPb: ITMO University, 2019. – 231 p. (*In Russian*)

- 9. Availability.
- 10. Ease of use.

Main distribution channels:

- direct (sales agents, online sales, brand stores);
- > indirect (affiliate stores, wholesalers).

Sales stages:

- 1. Information. How do we raise consumer awareness of our products and services?
- 2. *Evaluation*. How do we help clients evaluate our company's value proposition?
- 3. *Sale*. How do we provide customers with the opportunity to purchase certain goods and services?
- 4. **Delivery**. How do we deliver our value proposition to our customers?
- 5. *After-sales*. How do we provide our customers with after-sales service?

Types of customer relations:

- 1. Personal support.
- 2. Self-service.
- 3. Automated service.
- 4. Communities.
- 5. Co-creation

There can be two types of revenue streams in a business model:

- revenue from one-off deals;
- > recurring revenue from recurring payments received from customers for value propositions or after-sales services.

Ways to generate income:

- 1. Sale of assets.
- 2. Pay per use.
- 3. Subscription fee.
- 4. Rent / Lease.
- 5. License.

- 6. Brokerage interest.
- 7. Advertising.

Classification of key resources:

- 1. Material resources.
- 2. Intellectual resources.
- 3. Staff.
- 4. Finances.

Classification of key activities:

- 1. Production.
- 2. Problem solution.
- 3. Platforms.
- 8. Key partners.

There are four types of partnerships:

- 1. Strategic partnerships between non-competing companies.
- 2. Co-competition: strategic partnerships between competitors.
- 3. Joint ventures to launch new business projects.
- 4. Relations of the manufacturer with suppliers to ensure that quality components are received.

Basic methods for building partnerships:

- 1. Optimization and savings in production.
- 2. Risk and uncertainty reduction.
- 3. Supply of resources and joint activities.

Cost structure:

- 1. Fixed costs are costs that remain the same regardless of the volume of goods or services.
- 2. Variable costs are costs that change depending on the volume of goods or services.

Case: Building A. Osterwalder's business model canvas¹

Long Tail business model canvas

KP	KA	VP		CR	CS
Niche content providers Users who create content	Platform support Service provision Platform promotion KR Platform	A wide rai of niche c Content c tools	ontent	DC Internet	Many niche segments Niche content providers
CS			RS		
Management + development of the platform			Selling a lo	ot of a little	

Long Tail business model canvas for LEGO Factory

KP	KA	VP		CR	CS
Buyers creating new LEGO sets and posting them on the Internet	LEGO offers platform and logistics. Allows the delivery of sets created by other customers	LEGO Factory significantly expanded the range of products, providing LEGO lovers with the tools to create, demonstrate and sell their own sets		Using the Long Tail model, LEGO Factory built a business for those buyers who are interested in a niche offer	Thousands of new user-designed sets perfectly complement the standard ones. LEGO Factory allows customers to create games for others, i. e. becomes a salesboosting platform
	Platform			Internet	
CS Lego Factory carries the same production costs as the traditional retail model			RS The goal of LEGO Factory is to make a small profit on every set the buyers design. These revenues prove to be a valuable addition to traditional retail revenue streams		

¹ Building business models according to A. Osterwalder: a case for students [Electronic resource]. – Mode of access: https://slide-share.ru/postroenie-biznes-modelej-po-aostervalderukejs-dlya-studentov-290918. (*In Russian*)

Business model canvas for diversified platforms

KP	KA	VP		CR	CS
	Platform support.	Value proposition 1.			Customer segment 1.
	Service provision.				Customer segment 2.
	Platform promotion	Etc.			Etc.
	KR			DC	
	Platform				
CS		RS			
Management + development of the platform			Revenue stream 1.		
		Revenue stream 2.			
			etc.		

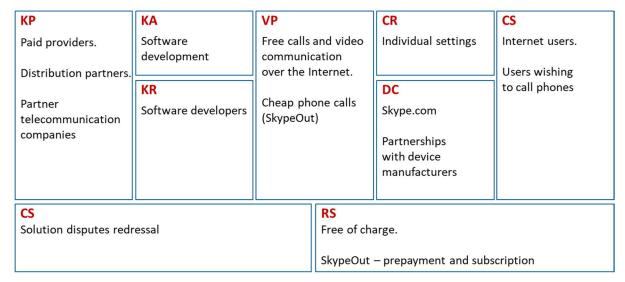
The "FREE" business modeling style can be divided into three types:

- 1. Free offer on a diversified platform (ad-based).
- 2. Free minimum of services with additional paid services at will (freemium).
- 3. The "razor and blades" model, in which the initial free or very low-cost offer pushes the consumer towards subsequent purchases).

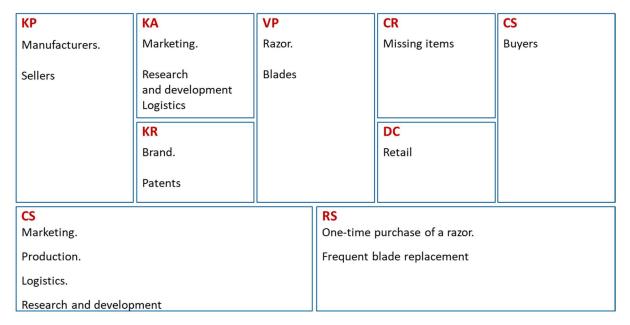
Metro business model canvas

KP	KA	VP		CR	CS
Distribution agreement	Creation of material and production	Advertising space in a high-circulation		Attraction.	Advertisers.
with public	of a daily newspaper.	free newspaper.		Retention	Passengers
transport companies	Di e il e i	F			
	Distribution	Free city newspaper to read on public			
		transport			
	KR			DC	
	Brand.			Ad agents.	
	Distribution network and logistics			Public transport, railway stations, bus stops	
CS			RS		
The materials, design and printing of the daily newspaper.			Ad space payments.		
Distribution			Free newspaper		

Skype business model canvas



Gillette business model canvas



Practical task

Fill in business model canvas for the following companies (at your choice):

- 1. Publishing platform lulu.com
- 2. Google
- 3. Facebook
- 4. Photo application Flickr
- 5. VISA
- 6. Mircosoft
- 7. Non-profit organization REGA
- 8. Organization of your choice (for future entrepreneurs)

Practical task: Lean Canvas building

Choose one of the proposed business ideas and develop a business model based on Lean Canvas (see Figure 2.8):

- 1. Development of websites and mobile applications.
- 2. Organization of sports and recreational activities.
- 3. Production and / or sale of souvenirs.
- 4. Sports equipment renting.
- 5. Opening an Anti-cafe for youth.
- 6. Design and printing services.
- 7. Organization of celebrations and excursions.
- 8. Landscaping and gardening.
- 9. Room cleaning.
- 10. Repair and maintenance of gadgets.
- 11. Installation of vending machines.

Be ready to present your business idea.

Case: How research helps fill in Lean Canvas¹

Let's look at the role of research using the Lean Canvas as an example.

PROBLEMS List of people's problems or needs ALTERNATIVES How is the problem solved now	SOLUTIONS Solution List METRICS Key indicators of business health	from the CONCEPT Solution for altern Clarificat	oncise, ndable, ng on that s interest audience	ADVANTAGE Which is hard to copy CHANNELЫ Where do we contact clients	TARGET AUDIENCE Describe target customer groups EARLY ADOPTERS Description of ideal ones
COSTS List and structure of fixed and variable costs			REVENUES List of rev	enue sources	

The colour marks the main areas where research is needed or where it can be of great help.

¹ Consumer and user research [Electronic resource]. – Mode of access: https://tiburon-research.ru/metodichka/lean-startup-lean-canvas. (*In Russian*)

Problems and alternatives

This area of the canvas contains a description of the problems or needs that the product will solve. This is a concise and clear description of the dilemma that people face on the way to solving their problem.

When solving a problem, a person may face a large list of problems, may have a wide list of wishes and needs. However, the product needs focus. Keep the list of problems small. The author of the canvas recommends focusing on a maximum of three key issues.

This block cannot be adequately filled without research. Research is needed to identify the problems and needs of people, and to determine which ones are most important to them.

There are two tasks to solve here:

Find problems or needs to address. **Method**: interview, observation.

We learn about past experience, form a list of difficulties, barriers, the success of the

result.

Choose the most relevant. **Method**: survey.

We obtain a quantitative assessment of the importance of problems and select the most relevant. That is, those that are relevant to a larger number of people from the target

audience.

Solution

This is a short description of the solutions, how our product solves the selected problems. It must reflect all the crucial characteristics of the solution. What is the solution? How exactly and on what terms can the solution be used?

You cannot formulate an adequate solution to the problem without understanding the needs, and it is impossible to understand the problems and needs without research. However, you will not find explicit solution ideas in the research. It will provide the necessary background and prerequisites to help you find a solution. The problem may have several solutions. The research will help you choose the best one. In addition, research allows you to make sure that the solution you have come up with has potential in general and at least someone is interested.

Tasks:

Find, test or formulate adequate solutions

to problems.

Method: interviews (focus groups).

We get refined ideas of solutions and their

formulations.

Choose the most promising solutions,

features.

Method: survey

We get a quantitative assessment of the attractiveness, potential success of the

solution and its variants.

Value Proposition

This is a clear, concise, understandable, motivating description of the product, its main properties, product offer that generates interest from the audience. It differs from the description of solutions in that we describe the benefits, the value that the audience gets when using the product. This is the heart of the canvas and product.

The form of such a description does not have rigid rules, but it must describe the product in such a way that people can decide whether they want to use it or not.

People don't always think and buy rationally. Therefore, the description should have both rational and emotional messages. As a result, your description should be of interest to a user who is not familiar with your product. You may end up with several description options with different focuses.

Ideally, the proposition description should be unique. This makes products stand out from the crowd. The higher the uniqueness, the higher the chance to stand out and interest potential clients. This block is called the Unique Value Proposition in the classic Lean Canvas. The uniqueness of the proposition can be achieved both by individual unique properties, and by a unique combination of individual properties, which themselves may not be unique.

Research helps to find an approach to word a proposition, to check how much the product description attracts your target audience. Moreover, you will need to choose the most promising option.

Tasks:

Find the wording, approaches to descrip-

tion, language of the concept.

Method: interviews (focus groups).

We get refined ideas of solutions and their

wordings.

Check the viability of the product concept.

Method: survey.

We get a quantitative assessment of the attractiveness, success of the product concept and its variants.

Choose the most promising unique options for product properties.

Target Audience

Your product's target audience is all potential users. For example, if you are creating a recipe app, your target audience might be anyone who cooks at home.

TA = who needs it at least in theory, and who can physically use it.

Research can help refine your target segment, estimate its size, and specify it as you develop your idea.

Tasks:

Find the characteristics of the target audience by needs.

Method: interviews (as different people as possible).

We get a range of characteristics of the target audience, individual users, to whom the problem or solution is relevant.

Check the size of the target audience by needs or solutions.

Method: survey.

We get a quantitative estimate of the percentage of people for whom needs or solutions are relevant.

Example¹

Let's consider a specific example with clarification of the target audience for a recipe search app. You spoke to people who cook at home and revealed an interesting difficulty with choosing a recipe for the ingredients available at home. This need was expressed by very different people: single and married, of different age groups, who cook often and rarely, etc. But they all tried to search the internet for recipes.

After that, you conducted a survey and found out the following:

> 50 % of people cook at home, 80 % of them are looking for recipes on the Internet;

¹ Consumer and user research [Electronic resource]. – Mode of access: https://tiburon-research.ru/metodichka/lean-startup-lean-canvas. (*In Russian*)

the need to choose a recipe for the ingredients they have at home is relevant for 50 % of them.

Now you can determine the size of the segment and use it as the basis for calculating the economy of the product. The need is relevant to 20% of the population ($50 \% \times 80 \% \times 50 \% = 20 \%$) – this is a large segment that has good potential for scaling your product.

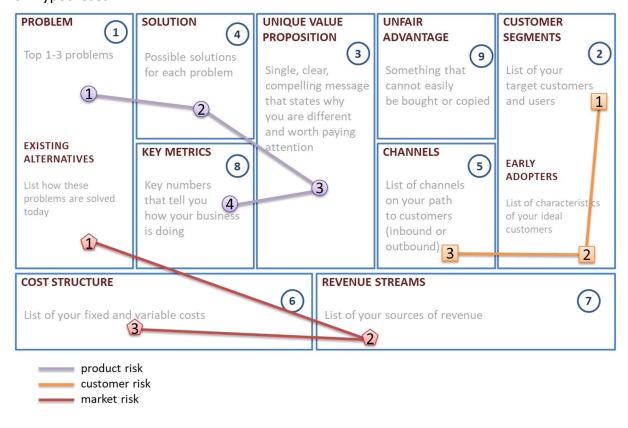
We also learned that 90 % of those people for whom this need is relevant have a family and cook at home several times a week. That is, we can clarify our initial target audience "cook at home" to "cook at home + look for recipes on the Internet + family + cook at home several times a week". This will help focus the product, communication and promotion.

Practical task

Do research to refine the target audience for your business idea. Change Lean Canvas business model accordingly.

Case Three risk trajectories in Lean Canvas¹

As soon as you filled out the Lean Canvas, you have a business model. To move forward, you need to understand the risks. And they certainly exist, since the model of any startup is based on hypotheses.



¹ Why Lean Model Canvas is Better than a Business Plan (Business Model Canvas)? [Electronic resource]. – Mode of access: http://salestrack.agency/tpost/1n7ji2p2g8-pochemu-luchshe-lean-model-canvas-a-ne-b. (*In Russian*)

Three trajectories around which MVP is built:

- customer risk: wrong audience or segment of early adopters, or channels from which they learn about the product;
- product risk: a mistake in the product description, overestimating the problem or incorrectly evaluating the success;
- > market risk: underestimated or overestimated alternatives, competitors have strong positions, no place in the market, too expensive to enter the market.

Customer risk case: you don't even have to create a basic product. It is enough to create a visual prototype and test it on users and channels.

Product risk case: you need to build an MVP. Users and interviews with them won't tell you anything, you need to have something more material. Then you will understand that you can offer a better solution than the alternatives on the market.

Market risk case is the most difficult one. It will manifest itself only when you launch the product on the market and try to make money. In this case, you need both to make a product and start showing it, and also run the business and see if it grows or falls, makes a profit or not.

Task

Identify the risks of your Lean Canvas business model, consider risk mitigation options.

Practical task: Lean Canvas building

- Based on the Peter Thompson canvas (see Figure 2.11), develop a value proposition for the Lean Canvas business model, created in accordance with the practical task "Building a Lean Canvas".
- 2. Develop a value proposition for your business model.

Case: Lateral marketing¹

At the end of the 20th century, two well-known marketers Philip Kotler and Fernando Trias De Bes were inspired by the then famous idea of the psychologist Edward de Bono, called "lateral thinking". *Lateral thinking* is a method of non-standard approach and problem solving. As a result of this, a concept emerged that was called "lateral marketing".

Lateral marketing is a technique used to obtain innovative products and services based on existing ones, by transforming the latter and creating new markets.

¹ Fundamentals of Entrepreneurship. Collection of cases: teaching aid for the department "Management" / ed. Doctor of Economics, prof. N.P. Ivaschenko – M.: Faculty of Economics Lomonosov State University, 2018. – 144 p. – ISBN 978-5-906932-01-3. (*In Russian*)

In accordance with this method, it is possible to create new products without being particularly creative. Instead of creative abilities, scientists suggested using a special algorithm consisting of three steps.

The algorithm, in its most general outline, is as follows.

Step 1. Choosing a focus. The focus should be on a product or service, its specific properties, market segment, or any other component of your business model or commercial strategy. You should focus on one crucial thing that your competitors do not focus on or do it badly.

Step 2. Lateral shift. At this stage, you need to do a rather unusual thing - to change the habitual state of affairs for what you are focusing on. As an example, Philip Cotler and Fernando Trias De Bes cite lateral shift in the tradition of sending a bouquet of roses to the beloved on Valentine's Day. And here are some lateral marketing ideas offered by Philip Kotler and Fernando Trias De Bes:

- Substitution: to send lemons, not roses.
- > Inversion: send a bouquet on all other days of the year, but not on Valentine's Day.
- Combination: send roses and something else.
- > Exaggeration: send a hundred roses or just one (exaggeration and understatement).
- > Elimination: not to send roses at all.
- > Reordering: the loved send roses to the loving one.

All these 6 types of transformations can be applied to anything, and as a result you will get rather strange and illogical statements, but just at first glance. After all, they will inspire you to look for logic where it was broken.

Step 3. *Making connections*. You deliberately violated logic in the previous step in order to create a mental stimulus that spurs our creativity. Now look at each statement and try to think of where it is logical and commercially interesting.

For example, for the second point (Inversion: send a bouquet on all other days of the year, but not on Valentine's Day) you can come up with a business idea when a man is invited to pay attention to his significant other not only on Valentine's Day, but throughout the next year. To do this, he can buy a subscription at a flower shop. The buyer will get a discount for a year in advance, and you — a regular customer who will not go to another store with such a discount. If you formulate this idea correctly, you can find a solvent segment for it. This will allow you to benefit from the fact that men are especially romantic on the eve of Valentine's Day.

Thus, you can create a potential commercial idea from each illogical statement created in the second stage, which will be significantly different from the traditional version.

In addition, the creators of the concept of lateral marketing give the *following example*.

In the early 1970s, the Italian firm Ferrero decided to launch a new chocolate product for children on the market. There were many opinions regarding the product itself: they suggested adding more sugar, creating an extraordinarily bright wrapper, producing chocolate in the form of your favourite cartoon characters. However, the Ferrero entrepreneurs came up with an ingeniously simple idea: "Why should they just eat our products? The children's favourite pastime is to play! And if we make a product for children, then they should get not only a delicious chocolate bar, but also a toy!" Such a seemingly illogical combination was implemented in 1972 in a world-famous product called "Kinder Surprise".

Of course, the company could have gone the standard way. In order to create a new product, some new ingredient is usually added to the old product, for example, chocolate covered strawberries. But, chocolate essentially remains chocolate. And such a product continues to lie on supermarket shelves among dozens of other similar brands. Even if Ferrero could brew very tasty chocolate and combine sugar, cocoa, raisins, cookies, etc. in the most delicious way, then the company could get no more than 3–4 % of the market even under the most favourable circumstances. But as soon as they looked at the process from the outside, a new idea was immediately born – to entertain children.

It is impossible to clearly define what "Kinder Surprise" is - sweets or a toy. This is a completely new product and should not be compared. As a result, the company has almost 100 % of the new category market. According to A.C. Nielsen's Billion Dollar Brands, Kinder Surprise is one of the world's most popular chocolate brands, with annual sales over a billion dollars.

Practical task

- 1. Choose a product or market segment you want to focus on and go through all *three* steps of lateral marketing.
- 2. Find at least three ideas that you could commercialize.

Case: Marketing approach to improve business efficiency¹

The goal is to work out solutions to problematic business situations, to reveal creative abilities. The assignment contains a specific business problem that a real company experienced. It is necessary to analyse the situation and give your recommendations on how to resolve it.

Introductory information. Two fashion designers founded a company producing exclusive accessories for wedding and evening dresses three years ago. Despite the growth of the business, profitability is still low. Retailers who charge an exorbitant mark-up take most

¹ Marketing: workshop / E.B. Kmety [et al.]. – Vladivostok: VSUES, 2012. – P. 59–62. (In Russian)

of the margin. The company's activities could be more efficient, but the management does not know how to achieve this.

Problem. The company uses manual labour, which is highly valued in the clothing and accessories market. The demand for such products in Minsk is high and today is clearly not satisfied: design firms offer them in small volumes. There is an empty market niche. The quality of the company's products is not inferior to Western ones, and its products are much cheaper. The company buys materials for its products (Czech and Venetian beads, Austrian crystal) from Western Europe. The release of unique products is associated with high production costs, but reducing them means losing originality and high quality.

The target audience of the company is businesswomen, party girls, brides, stage bohemians and men who are preoccupied with finding gifts for the fairer sex. The client base is at least 360 people. The company could well earn about \$ 700 thousand a year, but today this figure is about ten times less - the expected revenue at the end of 2021 is about \$ 65 thousand.

The company sells its products through boutiques and its own workshops. Its profits are barely enough to cover staff salaries. Pricing in the capital's trade market implies too high trade margins – 150 % or more. It hinders business development.

There is no money to open a brand store. It is necessary to find more effective schemes of working with boutiques that the target audience visits. The company recently launched its first promotional campaign, but the results did not live up to expectations. The management sees the reason in the absence of a clear positioning strategy and corporate style of the company. The management is also considering the possible release of accessories for the ready-to-wear line (mass production).

Questions and tasks

- 1. How to improve the efficiency of the company using a marketing approach?
- 2. At the level of ideas, offer specific activities that will allow you to implement the paths you have outlined.

Case: Sales funnel – working with website promotion¹

The sales funnel is one of the most popular tools for assessing site performance. It is the process of selling goods to customers, which is divided into certain stages. Some customers are eliminated at each stage.

The marketing department specialists of the hotel "X" analysed the efficiency indicators of the corporate website. They made a number of suggestions on how to optimize the site so that

¹ Businesslandia: Collection of business cases / O.R. Chepyuk [et al.]. – Nizhny Novgorod: N.I. Lobachevsky State University of Nizhny Novgorod, 2015. – P. 41–42. (*In Russian*)

more customers visit it. The monthly data of the Sales funnel analysis prior to site optimization are given in the table.

Site Visitors	1200
"Interested"	620
"Made a decision" (filled out the web form for booking a room, or called the phone	109
number)	
"Bought the service" (paid for the booking online)	10

The marketing consultant has prepared a number of proposals for improving the structure, content and design of the hotel "X" corporate website. He got some valuable tips on internet marketing from Will Digital Agency, which provides technical support for the site. The agency has introduced a new, more convenient booking form for free. The context placement was on a free Yandex.Direct account. Of course, SEO hasn't been forgotten either. At some point, the marketing team decided to use Call.Touch to assess the effectiveness of advertising: they did, the cost is 5000 roubles per month. As a result, the content of the most visited sections was improved, photos and texts were added in the sections about special offers, the "Internet coupon" service was introduced, and the restaurant menu was posted in the format of a video presentation. Added "Order a call" option – to enhance the feedback.

After upgrading the site, the following statistics were collected. The number of visitors grew by 53 %. The interest in the site increased by 18 %, the average time spent on the site and the number of pages read almost doubled. Site visibility has increased by about 50 % compared to the pre-optimization period. Conversion increased significantly – from 0.83 % to 4.8 %.

Practical task

Determine how much the number of orders from the site has grown in a month under the new conditions.

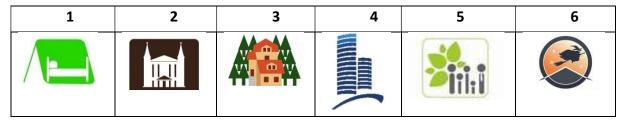
Case: Choosing a logo¹

Where competition is significant, the recognition of its products or services is very important for a company. It is necessary for any client to be able to quickly distinguish the company from competitors. This is the purpose of the company's brand book, which, among other things, includes a logo.

According to a study by the marketing department, the recognition of Hotel X with its current logo and the name "Hotelika" is very low. The entrepreneur (hotel owner) decided to form a new corporate identity for the hotel. It was decided to start by choosing a new name and

¹ Businesslandia: Collection of business cases / O.R. Chepyuk [et al.]. – Nizhny Novgorod: N.I. Lobachevsky State University of Nizhny Novgorod, 2015. – P. 47. (*In Russian*)

logo that would best reflect the target audience, their values. The Marketing developed the following six sketches for the logo.



Practical task

- 1. Choose one of the logos based on the following selection criteria:
 - matching the target audience;
 - matching the hotel level;
 - matching the hotel image;
 - matching the hotel location;
 - appeal.
- 2. Justify your answer (based on the five criteria proposed by the hotel's marketing department, the logo under the number _ is best for us, because ...).

Case: Russian brand¹

Introduction. A large Russian clothing factory, built in Soviet times, decides to choose marketing as a management concept taking into account the difficult competitive situation and new business trends. To successfully conquer the market, the company's management considers it necessary to create not just a trademark, but a regional brand, which in the future can become a tool for conquering other markets.

Market situation. Enterprises with their own brands are actively developing in Russia – Sela (brand of the same name), Paninter ("Paninter" brand), Avgust (OGGI brand), Vassa ("Vassa" brand), Russkiy Trikotazh ("Yours" brand), Enton (brand of the same name), Pervomayskaya Zarya ("Zarina", "Kellermann", "Ci Mi", "Di piu" brands), FOSP ("FOSP", "Onegin" brands), Tver Garment Factory ("Kavalier", "Gintron" brands), Gloria Jeans (brand of the same name). The products of these companies can be found in many prestigious shopping centres, their boutiques are in line with Benetton, Mango, MEXX, etc. These manufacturers are divided into two groups.

The first ones – such as Sela, Paninter, Gloria Jeans, Pervomayskaya Zarya – focus on the mass segment of the branded clothing market (the price of one item is no more than \$30–40).

The others – such as FOSP, Enton, Vassa, Oggi – set themselves a more ambitious task: to conquer the middle segment of the clothing market (from \$ 50 per item).

¹ Marketing: workshop / E.B. Kmety [et al.]. – Vladivostok: VSUES, 2012. – P. 70–72. (In Russian)

If we talk about the mass segment of the market in general, it is the largest in all countries, including Russia: hundreds of companies work here, their turnover amounts to tens and hundreds of millions of dollars. Such well-known clothing brands as Benetton, Zara, H&M, Colins, MEXX of the companies of the same name work in this segment. They offer mostly casual-style goods at relatively low prices. These companies use inexpensive fabrics (usually Asian) and standard patterns for their collections. Since the profit in the mass segment depends on the turnover, each model is sewn in thousands of batches.

The middle segment of the market offers a higher quality of goods, including more expensive fabrics, a variety of collections, complex design solutions, more advanced tailoring technologies. Here we are talking about exclusivity: an item, as a rule, is sewn in no more than a few dozen pieces (for comparison, Benetton produces at least 500 pieces). Industrial production and the designer's vision are combined, which ensures the recognition of the concept of a particular manufacturer. The output in the middle segment is planned more thoughtfully than in the mass segment.

Today, Russian brand owners have no more than 3–4 % of the sewing market (mass and medium segment), but they are aggressively expanding their share, opening dozens of stores every year (both their own and franchised) and increasing their turnover by 1.5–2 times. In terms of growth rates, they are now ahead of even Asian manufacturers working for the Russian market.

The share of foreign manufacturers annually increases by 3–5 %, and this indicator will continue to grow in the near future. The Russian clothing market is one of the most attractive for foreign companies today. Its capacity is about US \$ 23–25 billion, and the growth rate is about 25 % per year.

The luxury clothing segment remains underdeveloped. Its production requires more expensive fabrics, as well as sewing collections in even more limited batches, following fashion trends.

Some firms in the middle segment plan to enter the luxury one. Despite the abundance of Western brands, the assortment in Russian luxury is rather dull. Today, suppliers of expensive clothes in Russia offer mostly overly smart clothes, but this is not a long-term trend. Now, the luxury segment of the Russian clothing market has a lot of promising, little-developed niches, for example, the segment of clothing for business women.

Business situation. The company previously worked in the lowest segment of the market, producing cheap unbranded clothing. The old equipment, gap between clothing and the fashion industry did not allow the factory to compete in the market – neither in terms of costs, nor in quality, nor in design. The company was forced to fulfil orders of foreign manufacturers, using their raw materials and patterns.

However, now the company has decided to choose a new development strategy, focusing its efforts on the production of branded clothing. At the same time, the company plans to abandon the usual for Russian factories warehousing and build a business according to the Western model. Namely, to establish contacts with foreign suppliers of fabrics, regularly attend international textile fairs and Fashion Weeks and, most importantly, to create big collections of fashionable clothes.

Practical task

- 1. Based on the market and business situation, formulate the company's mission.
- Conduct a SWOT analysis (identify favourable and unfavourable business trends in the marketing environment, strengths and weaknesses of the company against its competitors).
- 3. Determine the type of competition in the market.
- 4. Plan the company's competitive strategy.
- 5. Segment the market; create a portrait of a potential consumer of our company.
- 6. Choose a positioning strategy and describe it, develop a "positional statement".
- 7. Determine the type of decision making on the purchase of our product, typical for the majority of target consumers, model the process of making a decision to purchase.
- 8. Develop an idea and brand identity.
- 9. Analyse the sensitivity of the demand for the company's products to the price (based on the analysis of factors of elasticity of demand).
- 10. Give recommendations regarding the sales of the company's products.
- 11. Suggest methods of brand promotion; determine their ratio in the promotion-mix.
- 12. Choose placement techniques and types of advertising. Offer advertising arguments to influence your target audience.

Case: STM brand recognition in the market of the Republic of Belarus¹

In the Republic of Belarus, RALADOS plus LLC (Minsk) and TamozhProektSoft LLC (Minsk) are the official dealers of software for railway transportation, logistics and foreign economic activity from STM (St. Petersburg), the largest Russian developer of specialized programs in B2B-market segment.

You can get more detailed information about the companies on their official websites: ralados.by, www.proect.org and www.ctm.ru, respectively.

¹ Atrushkevich, E.B. Marketing Workshop: Study Guide / The Higher School of Technology and Energy of Saint Petersburg State University of Industrial Technologies and Design. – Saint Petersburg: HSTE SPbSUITD, 2017. – P. 47. (*In Russian*)

STM has more than 35 software products, developed and supported by several departments of different sizes.

There is an information gap between these departments and the Marketing.

Practical task

- 1. Describe the necessary steps to organize a system for collecting information for the subsequent analysis, development and promotion of these software products.
- 2. Several software products of the company have a fairly high level of recognition among the audience, while the brand of the company itself and most of the other products are not recognizable enough. What solution would you suggest in this situation? Justify your opinion.
- 3. Check out the level of representation of STM and its products on the Internet. What positive and negative points can you highlight? What further actions should be taken to increase the STM brand awareness in the market of the Republic of Belarus?

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СМАРТ-бизнес: от бизнес-модели до маркетинга и брендинга = SMART c 50 business: from business model to marketing and branding: пособие для реализации образовательных программ I и II ступеней / В.В. Гедранович [и др.]; под ред. В.В. Гедранович. — Минск: Минский инновационный университет, 2021. — 126 с. ISBN 978-985-593-014-4

Пособие разработано в рамках реализации международного проекта «Содействие сотрудничеству университет—предприятие и студенческому предпринимательству через СМАРТ-кафе» программы Erasmus+. Содержит теоретические сведения и материалы для проведения тренингов в области построения бизнес-моделей, анализа рынка и маркетингового подхода к запуску нового продукта, маркетинга и брендинга.

Издание предназначено для студентов и магистрантов, может быть использовано для проведения тренингов и других форм обучения в СМАРТ-кафе.

УДК 339.13 ББК 65.290

The handbook was developed as a part of the Erasmus+ project "Fostering university-enterprise cooperation and entrepreneurship of students via SMART Caffes". It contains theoretical information and materials for delivering trainings in building business models, market analysis and marketing approach to launching a new product, its promotion and branding.

The book is intended for students and postgraduates, and can be used for providing trainings and other forms of instruction in a SMART cafe.

Учебное издание

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СМАРТ-БИЗНЕС: ОТ БИЗНЕС-МОДЕЛИ ДО МАРКЕТИНГА И БРЕНДИНГА

Пособие для реализации образовательных программ I и II ступеней

На английском языке

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