

# 1 Mass customisation

Mass customisation is the combination of mass production and custom-made products. It is the best of both worlds: the specific needs of each customer can be met at a low cost and with fast delivery times.



## *Example*      **Adidas**



With miadidas, Adidas lets customers design and purchase their own shoes and apparel. The scheme enables people to customise shoes with various elements; they can mix and match colours and even have their own name printed on their shoes.

## 2 Solution provider

A solution-provider offers a complete package that fulfils a customer's needs. The solution can consist of multiple products and related services, such as maintenance, installation, problem-shooting and support from a helpdesk.



*Example*

## Geek Squad



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

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# 3 Experience selling

With experience-selling, a company is not just selling a product or service, but it also gives its customers an experience. Usually this experience is created by the ambience that surrounds the offering. A memorable event will be created, increasing the perceived value and thus allowing prices to be set at a higher level.



*Example*

## Disney World



Disney wants to stage a magical experience for its guests, who are mostly families. The company provides the thrill of rides and staged entertainment. A key part of the ambience is created by the lovable Disney characters with whom guests can have their picture taken. Visitors pay to have a memorable experience.

# 4 User-generated content

User-generated content refers to any form of content that is produced by users of a website or service. The content, such as videos or reviews, can be viewed and shared by other users, and potentially even sold to third parties.



*Example*

**Youtube**



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

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# 5 Open source

Open source refers to software products that are freely available to anyone. In some cases, people can also contribute to open source products.



*Example*

## Wikipedia

**WIKIPEDIA**  
*The Free Encyclopedia*



Wikipedia is an online, free encyclopaedia that is published in many languages. Anyone can contribute to the content of Wikipedia. A non-profit foundation established by volunteers, the Wikimedia Foundation, supports the platform. Donations are the main revenue source. Wikipedia contains millions of articles in 287 languages.

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# 6 Eco & Green

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



## *Example* Starbucks



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

# 7 Anything as a Service

‘Anything as a Service’ refers to products that are offered as services. This is the case when people do not buy music or software, for instance, but pay to use it over the Internet. Physical products such as cars can be rented or shared instead of bought.



## *Example* Philips



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

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# 8 Self-service

With self-service, customers take care of part of the product or service delivery themselves. This results in lower prices, as employees are replaced by automated systems or self-service counters.



## *Example*      **IKEA**



Furniture provider IKEA offers low-cost furniture. The furniture is delivered to the store in flat packs that are cheaper to transport. The furniture stays in the flat packs, because IKEA expects some work from the customer in order to keep prices low. Customers carry the flat packs home and assemble the furniture themselves.



# 9 Platform

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



*Example*

**Uber**



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

# 10 Leveraging customer data

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



*Example*

# PatientsLikeMe



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

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# 11 No-frills

No-frills services or products are services or products with a minimal set of features, so as to keep the price as low as possible.



## *Example*      **Aldi**



Aldi is a well-known chain of supermarkets that follows a strict no-frills approach. The shops have a simple, undecorated design. The range of products is limited. Products are left in cardboard boxes and on pallets along the aisles. Queueing at the checkout is common.

# 12 Data as a Service

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



*Example*

**TomTom**



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

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# 13 Long tail

Long tail is a strategy of selling a large number of unique products for which there is relatively low demand. Together, these products can take a substantial part of the market share.



*Example*

**Spotify**



Spotify is an online music streaming service. Users can select songs from a vast catalogue. Some songs are popular and played by many, but most songs are only played by a few users. The sheer number of these less popular songs nevertheless attracts many users, which accounts for a substantial part of Spotify's revenues.

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# 14 Sharing Economy

A sharing economy occurs when individuals or companies rent out or share assets that they do not use all the time. This works best when assets are expensive and are not utilised all the time.



*Example*

**Peerby**



**peerby**

Peerby is a platform that allows people to borrow products from other people in their neighbourhood. After signing up, users can offer or borrow products that they only need occasionally, such as drills or cocktail glasses.

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# 15 Cross-selling

Cross-selling refers to selling new products or services to an existing customer base. This creates more revenue per customer. In this way, more sales are made without having to search for new customers, which is costly and time-consuming.



*Example*

**Amazon**



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

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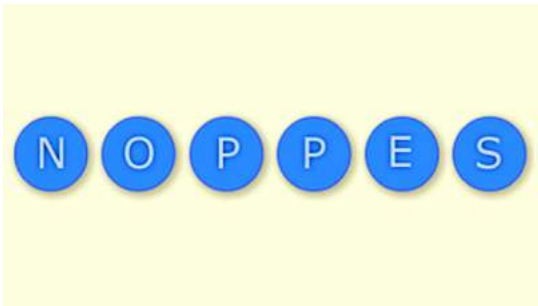
# 16 Barter

Barter means that products or services are directly traded for other products or services. With barter, there is no money involved in the trade.



*Example*

## Noppes



Noppes is an Amsterdam-based local barter system. Noppes enables its users to trade all kinds of items with each other, including computer services, babysitting, food and transportation. There is no money involved in the trading.

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# 17 Lock-in

In a lock-in model, a customer depends on a particular supplier for products or services. Switching to another supplier is very costly or creates a lot of inconvenience.



*Example*

**Apple**



**Authorised  
Reseller**

Apple effectively creates a customer lock-in with its ecosystem, which includes smartphones, tablets, laptops, operating systems, apps, and proprietary accessories such as power cables. If you switch to an Android smartphone or Windows PC, you not only have to pay for the device, but you also need to pay for the apps, music and software again, not to mention the time it takes to familiarise yourself with the new system.

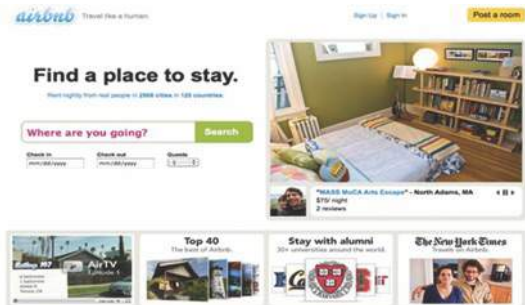
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# 18 Peer-to-peer

In a peer-to-peer model, individuals exchange products or services directly with each other. The matchmaking and exchange may be facilitated by an intermediary.



# Example AirBnB



Airbnb provides an international platform for renting other people's apartments and houses online, bringing supply and demand together. On the one hand, it enables people to earn extra money by renting out their property. On the other hand, it enables travellers to rent unique properties, save money and interact with locals. Airbnb charges hosts a 10% commission for every booking and an additional 3% for payment processing.

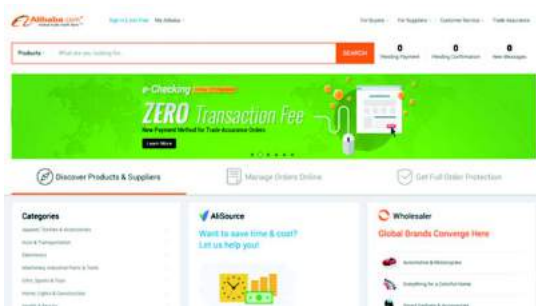
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# 19 e-Commerce only

With 'e-Commerce only', products and services are sold online only; a physical store is not needed. This saves money and it is possible to sell to customers all over the world. Customers can access the online shop 24/7.



# Example Alibaba



Alibaba is the world's biggest online e-commerce company. It has created Chinese versions of online retailer Amazon (Tmall), online auction eBay (Taobao), discount website Groupon (Juhuasuan) and payment service Paypal (Alipay)

# 20 Reselling

Reselling means that a company distributes another business' products. Typically, resellers also provide advice on these products.



*Example*

**Optomed**



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

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# 21 Shop-in-shop

A shop-in-shop is literally a store in another store. Stores with a large area can create additional revenue by renting out some space to other small shops. At the same time, this attracts more customers by providing a wider range of products and services.



*Example*

## Deutsche Post



Instead of operating large, separate post offices with limited opening hours, the German postal service Deutsche Post has moved to many smaller offices in shopping centres and other convenient locations.

# 22 Omnichannel

Omnichannel is about integrating online and physical channels. Customers can easily switch between channels and enjoy a seamless shopping experience.



*Example*

## Carrefour



Belgian supermarket chain Carrefour launched 'Connected Kitchen', a service that allows customers to compose their shopping lists at home using a self-scanner. Customers scan products into their shopping basket either by voice recognition or by scanning the barcode. Once a customer has completed their online order, the groceries can be shipped to their home or picked up at a local store.

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## 23 White label

The 'white label' strategy means that one company makes products or services that are then sold under another company's brand.



## *Example*

## **Foxconn**



Foxconn produces 'white label' goods and components for a variety of brands and retailers, such as Apple and Dell. Given the high volume of goods, Foxconn has an efficient production line, resulting in cheap goods and quick production. Other organisations can then sell the goods under their own brands, but without having to set up their own production lines.

# 24 Versioning

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



## Example

## Microsoft



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



# 25 Behavioural segmentation

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



## Example

## Fairzekering



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

# 26 Bricks & clicks

‘Bricks & clicks’ is a model whereby an organisation integrates the physical (bricks) and online (clicks) worlds. Customers can buy products in a physical store as well as in a web shop. Combining the two means that customers can order online, but pick-up in the physical store, or try a product in the store and order online.



*Example*

## Media Markt



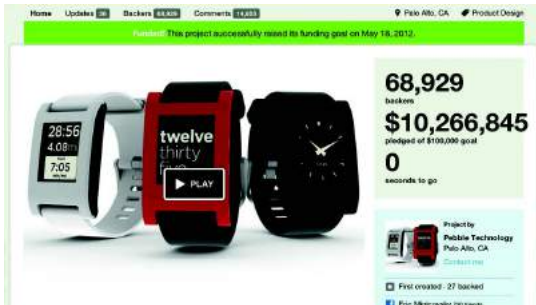
Media Markt has created a combination of physical store and web-shop experiences. The company focuses on service in its physical stores, combining this with a successful web shop.

# 27 Crowdfunding

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



# Example Pebble



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

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# 28 Razor & blade

‘Razor and blade’ refers to the model introduced by razor manufacturers. The razors are cheap, whereas the replacement blades are expensive. The model is about selling a one-time product for an attractive price and making money from repeated purchases of required complementary products.



## *Example*      **Nespresso**



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



## 29 Add-on

A basic product is offered for an attractive and competitive price. Subsequently, the customer is charged for each additional feature or service. In this way, customers can compose their own personal product.



## *Example* Ryanair



Ryanair is a low-cost airline offering low-cost flights with a minimum level of comfort and service. The company makes its basic service affordable for every customer. However, customers pay extra for comfort upgrades and for additional services. In this way, the customer can configure the total service package.

# 30 Pay what you want

‘Pay what you want’ is a pricing strategy whereby buyers decide how much a service or product is worth. This model is most useful for products or services with low marginal costs, such as digital products.



*Example*

**Humble Bundle**

# Humble Bundle

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

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# 31 Freemium

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



*Example*

## LinkedIn



LinkedIn has a free version of its networking service for finding and sharing professional contacts and profiles. Anyone can use the free version to create their own professional network. LinkedIn also offers a premium version with more options for contacting people, promoting your profile or searching for a new job. Customers have to pay for these premium features.

# 32 Revenue-sharing

Revenue-sharing refers to companies that work together to provide a product or service and share the revenues and risks. How the revenues are divided may depend on a partner's incurred costs or risks, or on how important the partner's contribution is.



## *Example*      **Groupon**



Groupon offers discount deals from (local) businesses, whereby businesses are promoted to the public via Groupon's platform. Groupon follows a 'no cure, no pay' strategy: the discount deal only goes ahead when enough people take it up. Groupon takes 50% of the revenue resulting from the promotion.



# 33 Licensing

Licensing means authorising the use of something. A licence is granted by one party (the licensor) to another party (the licensee) through an agreement. Licensing is commonly used for sharing intellectual property.



*Example*

**Adobe**



**Adobe®**

The Adobe suite is a package containing multiple software programs, such as Photoshop, Illustrator, InDesign and AfterEffects. The total package, as well as its individual components, can be obtained via a software licence. It is only possible to use the programs if you purchase this licence. As part of the licence, the licensee always gets the latest updates.

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# 34 Affiliation

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



*Example*

Amazon



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

# 35 Pay-per-use

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



## *Example*      **Car2Go**



Car2Go is a car-sharing service that allows customers to find and use available cars via an app. When they have finished using the car, they can park it anywhere within the operating area. Car2Go charges a one-time membership fee and a rate per minute. The rate is all-inclusive and covers rental, gas, insurance, parking and maintenance.

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# 36 Auction

An auction is a process in which a product or service is sold to the highest bidder. Auctions can be used to select customers that are willing to pay the highest price. Auctions are increasingly being held online.



*Example*

## Princess Hotels



Princess Hotels is a hotel-only holiday company. The company grew by offering holiday deals through the auction site Ebay. Although the initial transaction made it little money, the company realised that customers would return directly to its website each time they wanted to book a subsequent holiday.



# 37 Advertising

Advertising is about showing marketing messages on channels such as TV, newspapers or the Internet. The advertiser pays the owner of the channel a fee. The fee is based on the type of media, the audience, and measures such as number of clicks or views.



*Example*

## Google AdWords



Google AdWords helps companies to get their advertisements a higher ranking on the Google search page. Google AdWords matches search words to advertisements to make the latter relevant to search queries. As a result, companies achieve a more prominent place on the Google search page.

# 38 Dynamic pricing

Dynamic pricing is a pricing strategy based on flexible prices. Prices may change depending on external factors such as changes in competitor pricing or customer demand. Mechanisms are needed to track these changes on a constant basis.



*Example*

**TUI**



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

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# 39 Bundling

Bundling refers to the practice of selling multiple products together for a single price. Instead of buying separate products, customers can buy a package, often at a discount. Providers can enjoy economies of scope, i.e., selling multiple products at once.



*Example*

**Vodafone**



Telecom operators such as Vodafone are well known for bundling smartphones with a mobile subscription. They also provide subscription bundles with Internet access, television and landline services.

# 40 Business alliance

A business alliance is a collaboration between organisations to achieve a common business goal. The alliance may focus on cost reductions or on developing new products or services.



## Example

# Barnes & Noble



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

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# 41 Co-creation

Co-creation refers to the process whereby a community works together to develop a new product or solve a problem. Co-creation is often supported by a collaboration platform.



## *Example*      **LEGO**



LEGO has created a platform where fans can submit their ideas for new LEGO sets. With enough votes (above 10,000), the idea will be considered for production. The LEGO Group makes all final decisions on the final model design, applicable licences, production run size, sales channels, etc.

# 42 Franchising

A franchise is a type of licence that allows a party (the franchisee) to use a business' knowledge, processes and trademark. With franchising, the franchisee can sell a product or service under the franchiser's name. In return, the franchisee pays a fixed fee and a percentage of the revenue to the franchiser.



## *Example*      **McDonald's**



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

# 43 Outsourcing

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



## Example

# Unilever



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

# 44 Insourcing

Insourcing occurs when a company takes back a certain business process, activity or asset that had previously been assigned to another party. The company takes back control and avoids the hidden costs of outsourcing. Insourcing also reduces tax and transportation costs.



## *Example*

## General Electric



After years of offshore production, General Electric is moving some of its manufacturing operations back to the United States. Operating in low-income countries is less advantageous than it was, as labour and shipping costs have gone up. At the same time, product quality, time-to-market and reputation benefit from local production.



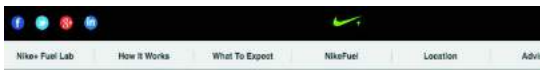
# 45 Orchestration

Orchestration refers to combining and coordinating the activities of independent parties with the aim to provide a joint solution for a problem or demand.



Example

Nike



Nike's mission is to bring inspiration and innovation to every athlete\* in the world.  
*"If you have a body, you're an athlete."*

With Nike+ and NikeFuel, our mission is to help athletes\* reach their true potential. We know this is an ambitious goal. We know that success takes dedication and teamwork. That's why we've launched the Nike+ Fuel Lab, a partnership program designed to connect Nike with industry leading companies who share our commitment to using emerging technologies to create better solutions for athletes\*.

Nike orchestrates the Nike+ Fuel Lab: a partnership programme with technology companies that aims to create better solutions for athletes. Partners bring complementary expertise, products and services.

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# 46 Customer analytics

Customer analytics refers to using data about customer behaviour to offer great products. The forecasting of buying habits and preferences is a process of data-mining and analysis. The results can be used for marketing and product development.



*Example*

**Netflix**



Netflix maximises its monitoring of how users select and watch their video content. With millions of users, this creates an enormous amount of data about viewer behaviour. This helps Netflix to provide users with better recommendations and an improved viewing experience. It also helps the company to decide which new series and movies to develop. Based on these data, Netflix decided to make a US version of House of Cards.

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# 47 Crowdsourcing

Crowdsourcing is the process of collecting ideas, services or content from a large group of people, often enabled by an online platform. Crowdsourcing is frequently organised in the form of idea competitions or innovation contests to provide a way for organisations to learn.



*Example*

**Quirky**



Quirky is a social network for product development. It collects product innovation ideas that might otherwise be lost. Users can submit product ideas and the Quirky community rate them. The selected ideas continue towards product development, with community members contributing to the development in every possible way. If a product goes into production, Quirky shares 30% of revenues with product creators.

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# 48 Content curation

Content curation is about gathering useful information around a specific topic. Content curators help their customers to find and select the information they find relevant, interesting or valuable.



*Example*

**Blendle**



Blendle is an online kiosk that provides access to articles from a large number of newspapers and magazines. Users can search for articles and pay per article to read them. Blendle gathers and aggregates articles for its users, based on users' previous reading behaviour. Blendle also provides a daily pick of articles and list of trending articles.

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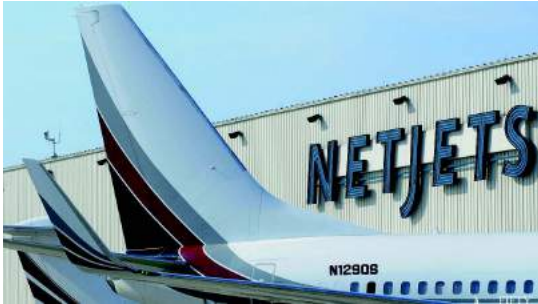


# 49 Fractional ownership

Fractional ownership is a method whereby multiple parties jointly own a high-value tangible asset. The parties share the acquisition and maintenance costs associated with the asset that is not used full-time by one owner.



## *Example*      **NetJets**



NetJets offers its customers a share in owning an aircraft. The share comes with 50 or more annual flight hours. The costs are lower than those associated with owning a whole aircraft and include a one-time acquisition fee, a monthly management fee and a per-hour flight fee.

# 50 Renting

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



## Example

# Rent the Runway



Rent the Runway is a dress-rental website. Women can rent high-fashion dresses and accessories on the website and have them delivered to their home by courier. This enables women to wear expensive clothes for special occasions without having to buy and own them.

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# 51 Leveraging resources

Leveraging resources is about selling some of your internal resources as separate products, instead of using them exclusively for your existing production process.



*Example*

## Sennheiser



Sennheiser is a large provider of audio equipment such as headphones, microphones and professional sound systems. One of Sennheiser's key resources is its expertise in sound and systems. This expertise is offered externally via the Sennheiser Sound Academy, in the form of training and e-learning modules.

# 52 Dis- intermediation

Disintermediation refers to shortening the supply chain by removing intermediate parties. Instead of purchasing a product from a store or intermediary, customers can order the product directly from the supplier or manufacturer.



*Example*

**Dell**



Dell computers eliminated retailers from the supply chain by selling its systems directly to customers. This contributes to customer loyalty and provides direct access to customer information.

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