

SEIZING THE WHITE SPACE

BUSINESS MODEL INNOVATION *for* GROWTH AND RENEWAL ■■ MARK W. JOHNSON

■■ BUSINESS MODEL ANALOGIES

TYPE	EXAMPLE	DESCRIPTION
AUCTION	Sotheby's, Priceline, eBay	Customers name their own price for a product/service. Unwanted products are sold to a large customer base.
ALTER THE USUAL FORMULA	Amazon	Amazon generates high profits on its positive working capital, because it holds little inventory and yet enjoys long payables like traditional booksellers do
BRICKS + CLICKS	Home Depot, Tesco, REI	Integrate both an online (clicks) and an offline (bricks) presence to browse, order, and pick up products.
BUNDLE ELEMENTS TOGETHER	iPod and iTunes, fast food value meals	Make purchasing simple and more complete by packaging related products together.
CREATE USER COMMUNITIES	Angie's List	Grant members access to network of quality information about services or goods; generate revenue through membership fees and advertisements.
CELL PHONE	Sprint, Better Place	Give away the "cell phone" for little to no cost but gain high margins by selling the "minutes" on a per-usage fee.
DEVELOP UNIQUE PARTNERSHIPS	MinuteClinic	MinuteClinic enables CVS to make money in ways other than visit fees (i.e., it gets customers into stores and exposes them to other CVS products).
DIAL DOWN FEATURES	Motofone	Target less-demanding consumers with products or services that may not be superior but are adequate and perhaps more convenient, simple, etc.
DO MORE TO ADDRESS THE JOB	UPS	Look beyond your typical offering and address other jobs your customers are trying to get done.
DISINTERMEDIATION	Dell	Deliver your standard product or service more directly to the customer through a new, non-standard channel.
FREEMIUM	LinkedIn, Skype, Pandora	Offer basic services for free but charge for upgraded or premium services.
LEASE INSTEAD OF SELL	Xerox	Allow customers the opportunity to pay for performance.
LEVERAGE NEW INFLUENCERS	Hindustan, Unilever	Identify new influencers that make the delivery of your offering more convenient, far-reaching, or affordable.
LOW-TOUCH APPROACH	Xiameter	Offer standardized, low-price version of a product or service that is traditionally customized and higher priced.
MULTI-LEVEL MARKETING	Amway, Avon, NuSkin	Market and sell products or services direct to consumers, outside of retail locations.
OWN THE UNDESIRABLE	AllLife	Seek to serve segments of the market that may not appear to be immediately attractive.
RAZORS/BLADES	Gillette, personal printers	Give away the "razors" for essentially no cost but make profits by selling higher-margin "blades."
REVERSE RAZORS/BLADES	iPod/iTunes	Give away the "blades" (iTunes) for essentially no cost but make profits by selling higher-margin "razors" (iPod).
SERVITIZATION OF PRODUCTS	IBM	Provide not only a one-time product offering but also an ongoing service offering attendant to the product.
SUBSCRIPTION	Magazines, Netflix, BabyPlays	Consumer pays a subscription price to gain access to the product or service.