

*Notes & Note taking template*

## **Course - Best Digital Technology Business Models Today**

### M1.4: Value Chain & Types of Integration

## **Overview**

### **Value chain tool**

The **value chain tool** is one of the most popular tools to decompose a firm's value creation activities. And we will show that it can also be used for tech firms.

### **Industry value chains**

We can use value chains not only for firms but also to map entire industry value chains. We can compare how competitors are positioned, where profits are made within the industry and more

### **Types of integration**

Industry value chains are great tools to analyse company expansions, mergers & acquisitions which fall under one of the **types of integration**:

- **Horizontal integration**
- **Vertical integration**, including **forward** and **backward integration**

This time we will conclude our focus vertical eCommerce and use in-depth examples from the Asset & Service sharing as well as Content & Media verticals.

## Key Objectives

With that, the **Key Objectives** of this submodule are to understand:

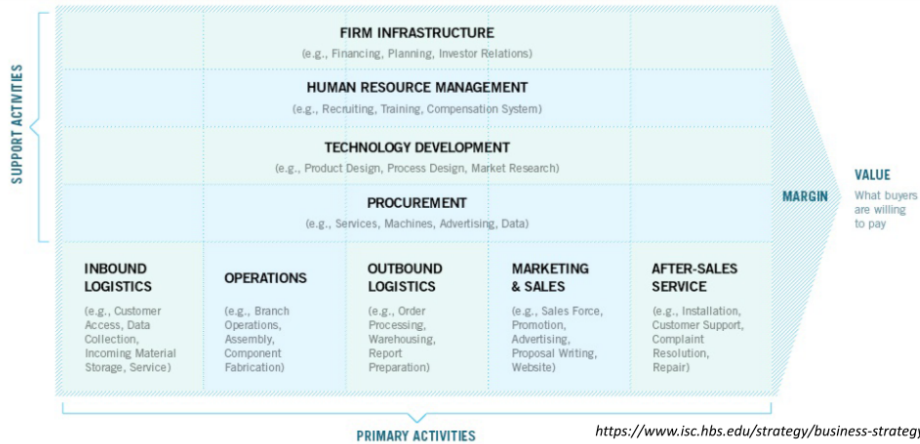
- Value Chain tool
- Industry value chains
- Types of integration
  - Horizontal integration
  - Vertical integration
    - Forward integration
    - Backward integration
- Focus verticals
  - Conclude eCommerce with Amazon's key value propositions
  - Asset & Service Sharing example Airbnb
  - Content & Media example Netflix

# Intro / Theory Video

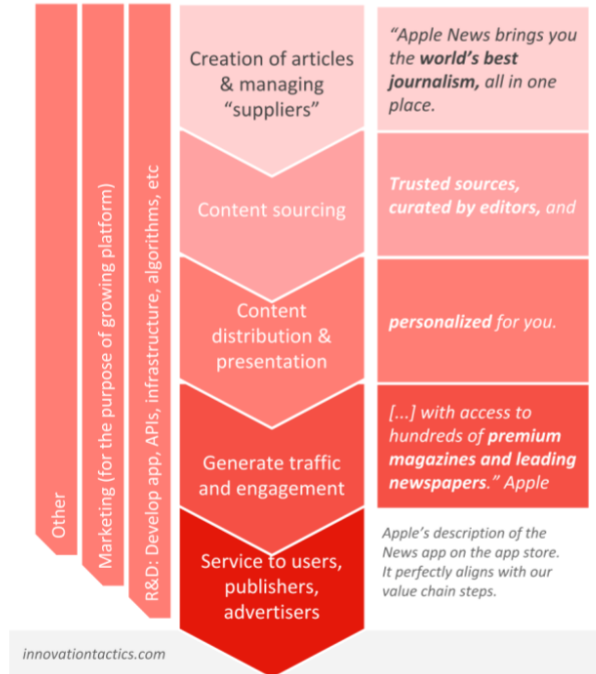
## The Value Chain

Developed by Michael Porter and used throughout the world for nearly 30 years, the value chain is a powerful tool for disaggregating a company into its strategically relevant activities in order to focus on the sources of competitive advantage, that is, the specific activities that result in higher prices or lower costs.

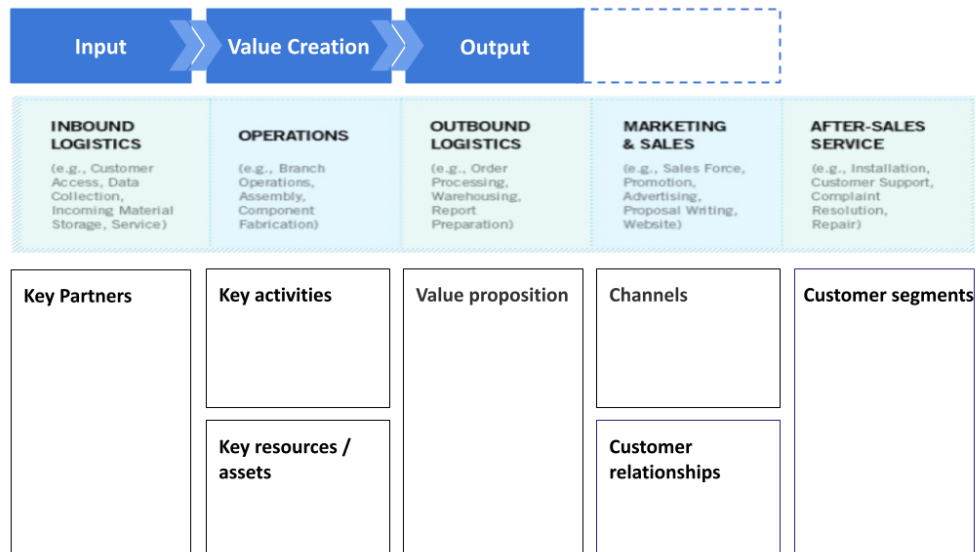
A company's value chain is typically part of a larger value system that includes companies either upstream (suppliers) or downstream (distribution channels), or both. This perspective about how value is created forces managers to consider and see each activity not just as a cost, but as a step that has to add some increment of value to the finished product or service.



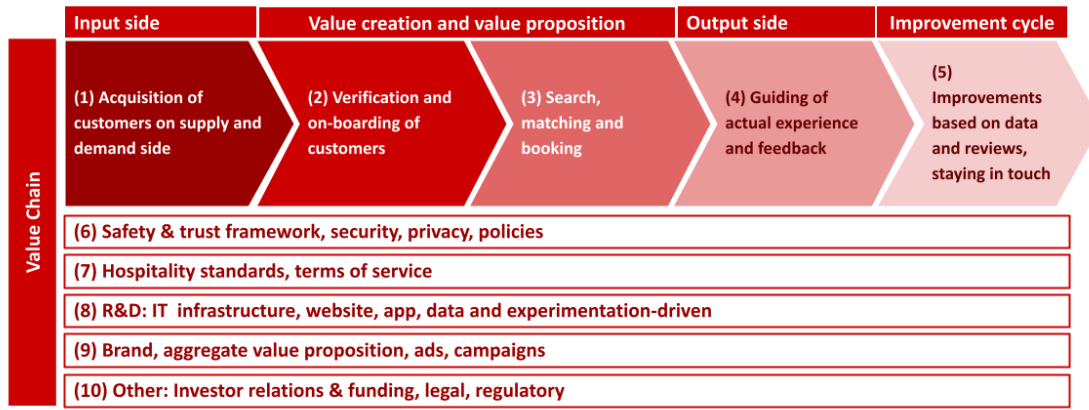
## The Value Chain Apple News+



## Value Chain vs Business Model Canvas



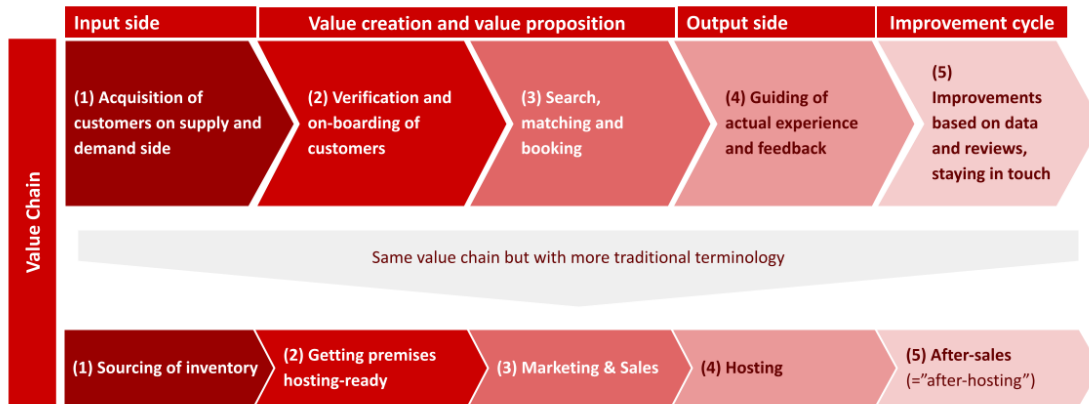
## Value Chain Airbnb (high level)



## Value Chain Airbnb (high level)

Input side	Value creation and value proposition		Output side	Improvement cycle
<b>(1) Acquisition of customers on supply and demand side</b>	<b>(2) Verification and on-boarding of customers</b>	<b>(3) Search, matching and booking</b>	<b>(4) Guiding of actual experience and feedback</b>	<b>(5) Improvements based on data and reviews, staying in touch</b>
<ul style="list-style-type: none"> <li>- Targeted advertising campaigns / promotions to add supply (homes) by region and demand (guests)</li> <li>- Get to critical mass by region (minimum amount of choice for desired regions)</li> <li>- City/region-level activities (start-up, retention, growth), including city-level legal/regulatory activities</li> <li>- Support of organic and social customer acquisition channels, media coverage, etc</li> <li>- Develop and maintain sales channels (e.g. corporate travel managers, corporate travel platforms, affiliates, etc)</li> <li>- Brand level activities</li> </ul>	<ul style="list-style-type: none"> <li>- Verify and approve appropriate hosts/guests</li> <li>- Obtain customer data</li> <li>- Support on-boarding (esp hosts)</li> <li>- Review rental content, support well and accurate representation of homes</li> <li>- Conduct ID, background and other checks to ensure participant safety</li> <li>- Add to insurance and get host to confirm adherence to applicable standards</li> <li>- Assert &amp; ensure minimum / appropriate hosting standards</li> <li>- Create categorised, searchable, accurate, appealing listings</li> <li>- Encourage great hosting performance and reward with Superhost benefits</li> <li>- In-person verification of Plus &amp; Luxe properties</li> </ul>	<ul style="list-style-type: none"> <li>- Search and matching algorithms and function (minimise search cost/efforts)</li> <li>- Transaction management between hosts &amp; guests</li> <li>- Booking, reservation management, calendar function</li> <li>- Categories and filters for searchability</li> <li>- Facilitation of communication guest/host</li> <li>- Payment management</li> <li>- Ease of all transactions, clarity of listing details, relevant guest/host details</li> </ul>	<ul style="list-style-type: none"> <li>- Guidance/directions to destination</li> <li>- Checking-in and out process</li> <li>- Hospitality standards</li> <li>- Basic and advanced hosting guidebooks</li> <li>- Communication guest/host during stay (Q&amp;A)</li> <li>- Destination-specific rules, tips, maps</li> <li>- Destination based activities (events, attractions, events, tips)</li> <li>- Request mutual reviews</li> </ul>	<ul style="list-style-type: none"> <li>- Capture reviews from both sides</li> <li>- Continuous improvement loop</li> <li>- Corrective actions based on reviews/feedback</li> <li>- App, UX, algo fine tuning based on captured app usage data</li> <li>- Customer advocacy, word-of-mouth</li> <li>- Updates to key resources (incl App, website, T&amp;C/ToS, etc)</li> <li>- Improvement loop on legal cases, complaints</li> <li>- Complaints management, incl neighbors and safety features</li> <li>- Wider stakeholder (non-user) impact review/management</li> </ul>

## Value Chain Airbnb (high level)

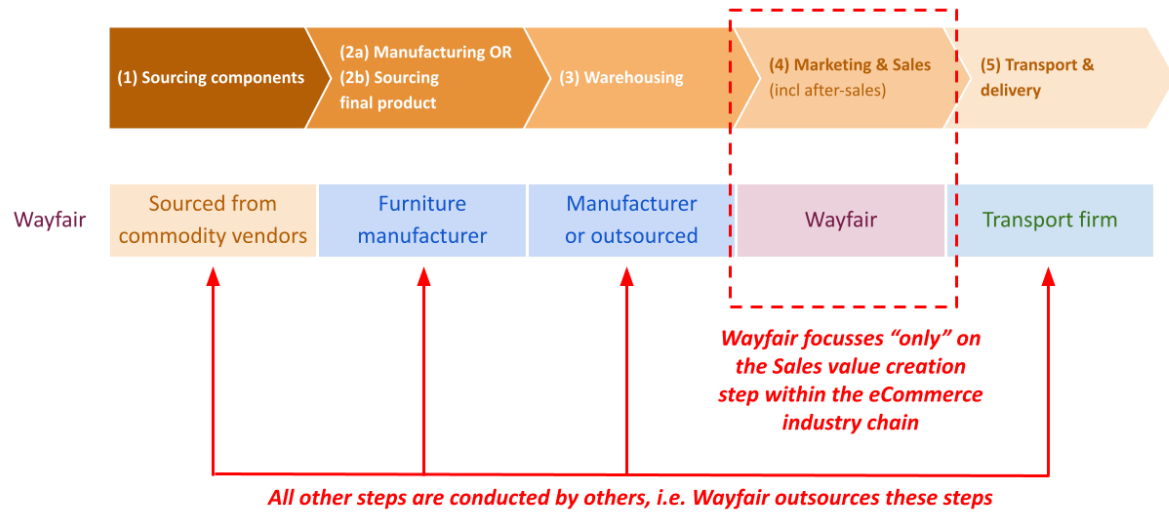


## Industry Value Chain: eCommerce





## Industry Value Chain: example Wayfair



## Industry Value Chain: eCommerce



***Transport is an entire industry in itself providing important services to the eCommerce industry.***

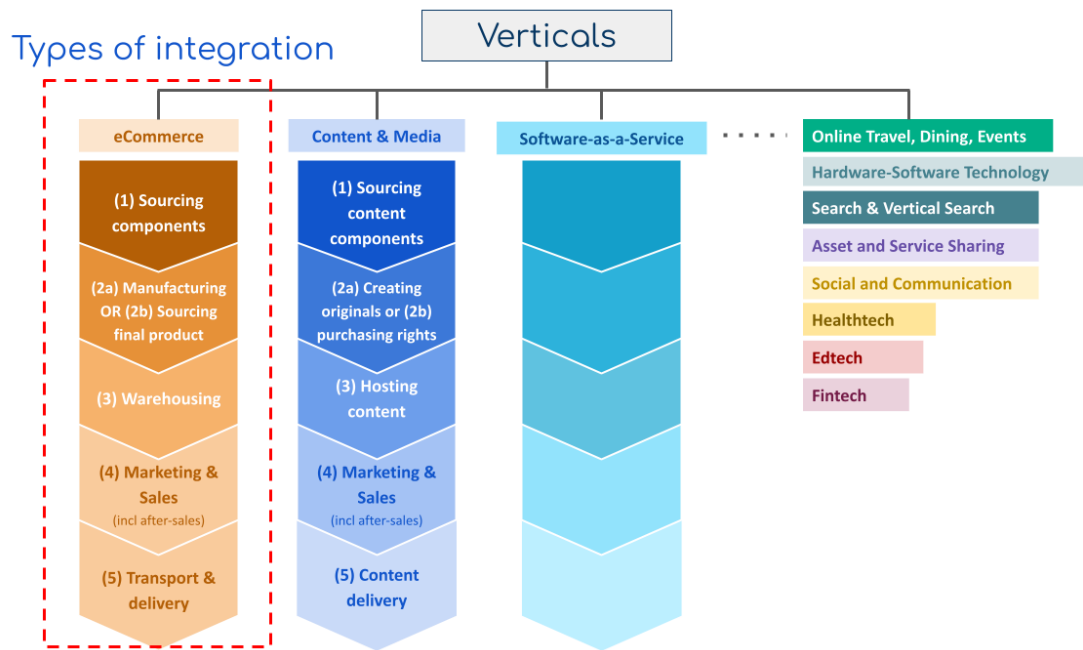
***Note, we are not showing inbound transport which plays a much lesser role in the value proposition to the end-customer (fast delivery upon ordering is a key value proposition for most customers).***

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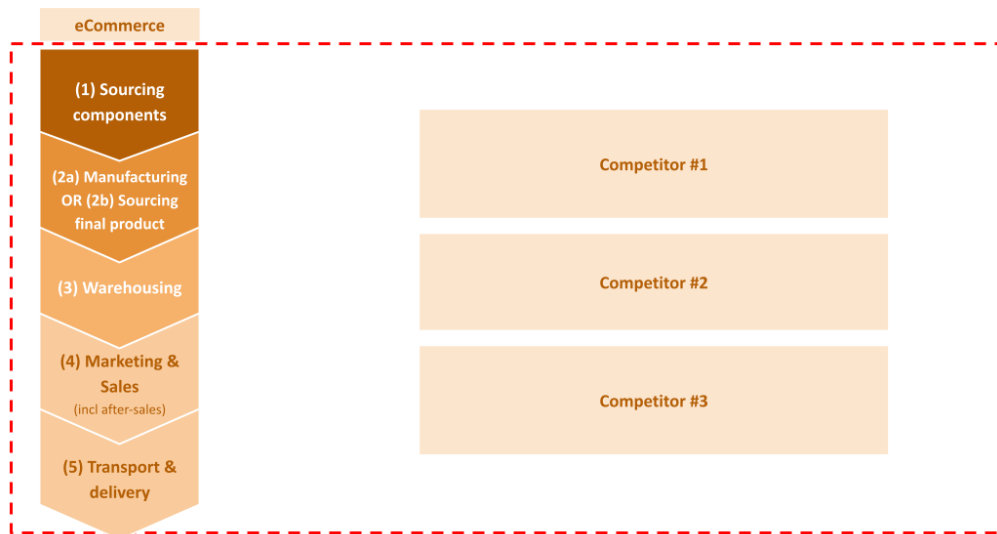
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## Industry Value Chain eCommerce

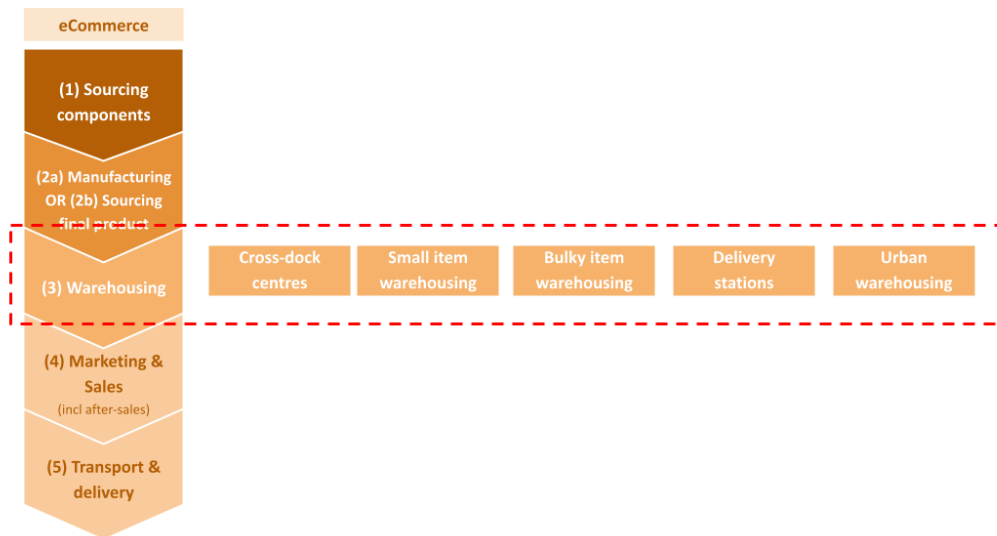
	(1) Sourcing components	(2a) Manufacturing OR (2b) Sourcing final product	(3) Warehousing	(4) Marketing & Sales (incl after-sales)	(5) Transport & delivery
Nespresso	Y	Y (2a: Self-manuf)	Y	Y	
Amazon		Y (2b: final product)	Y	Y	Y
Amazon Essentials	Y	Y (2a: contracted)	Y	Y	Y
Amazon Marketplace			Y/N Supplier's choice	Y	Y/N Supplier's choice
Kindle			Y	Y	Y
Rent the Runway		Y (2b: final product)	Y	Y	
Wayfair		N: Customer order will be passed onto vendor		Y	Y/N Building capability
Etsy				Y	



## Horizontal Integration (1): Merger/Acquisitions with/of Competitors



## Horizontal Integration (2): Expansion within one value creation step

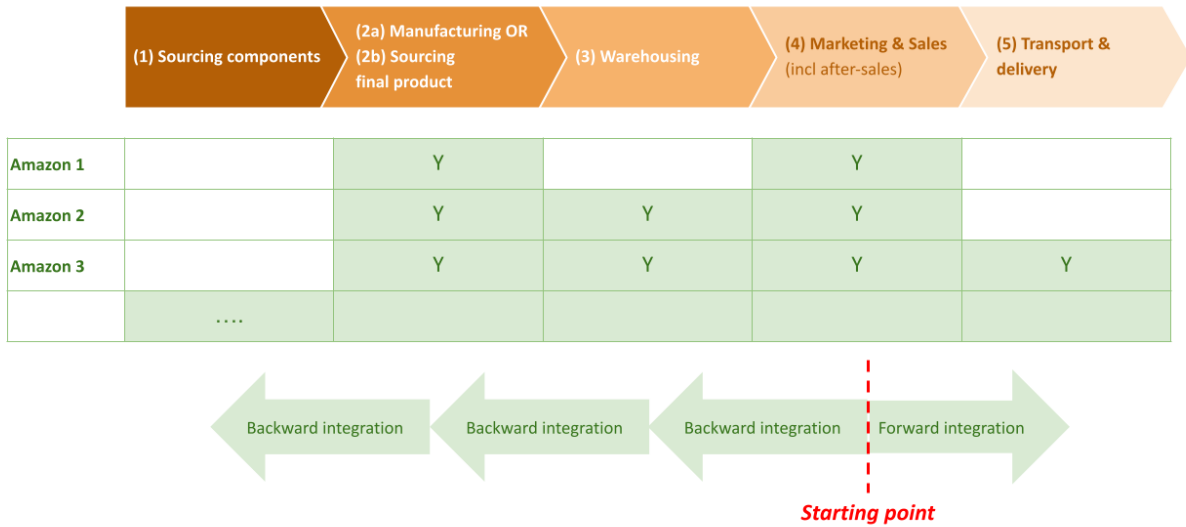


### Horizontal Integration (3): Expanding within the wider industry





## Amazon Vertical Integration over time



## Industry Value Chain eCommerce: Sales & Marketing

	(1) Sourcing components	(2a) Manufacturing OR (2b) Sourcing final product	(3) Warehousing	(4) Marketing & Sales (incl after-sales)	(5) Transport & delivery
Nespresso	Y	Y (2a: Self-manuf)	Y	Y	
Amazon		Y (2b: final product)	Y	Y	Y
Amazon Essentials	Y	Y (2a: contracted)	Y	Y	Y
Amazon Marketplace			Y/N Supplier's choice	Y	Y/N Supplier's choice
Kindle			Y	Y	Y
Rent the Runway		Y (2b: final product)	Y	Y	
Wayfair		N: Customer order will be passed onto vendor		Y	Y/N Building capability
Etsy				Y	

## Industry Value Chain eCommerce: vertical integration

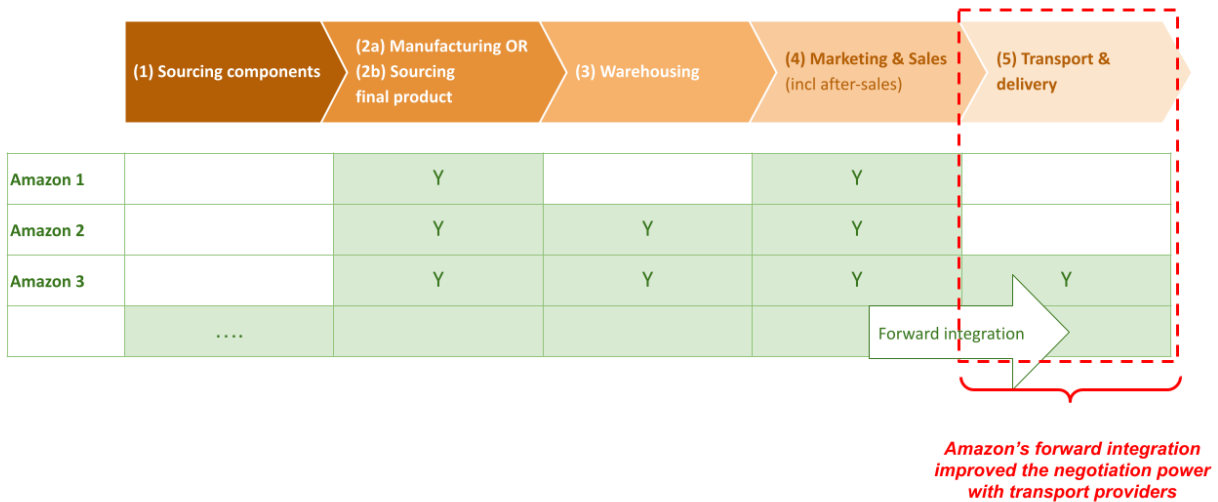


Amazon		Y (2b: final product)	Y	Y	Y
Amazon Essentials	Y	Y (2a: contracted)	Y	Y	Y
Amazon Marketplace			Y/N Supplier's choice	Y	Y/N Supplier's choice

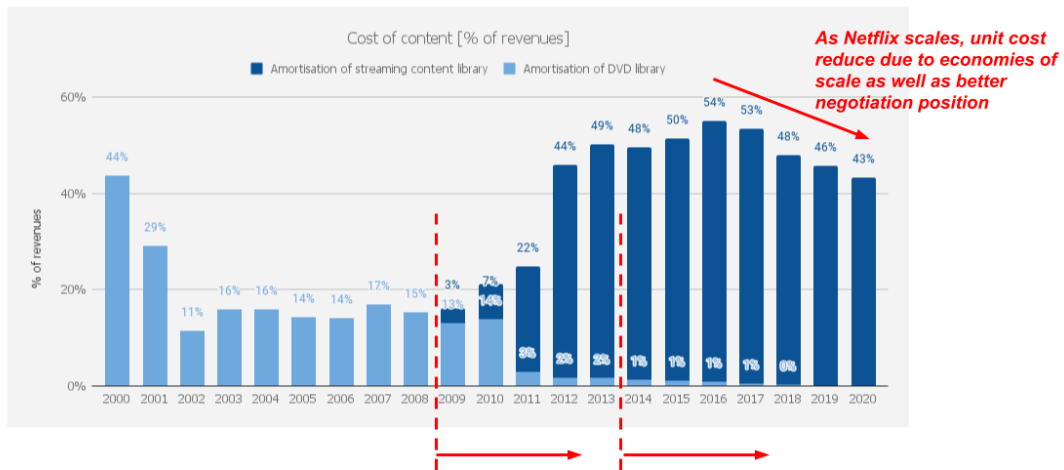
Amazon Marketplace Referral fees	
Cell Phone Devices	8%
Office products	15%
Personal computers	6%

⇒ Service & referral fees  
 Amazon Kindle: up to 65% of sales price  
 (depending on sales price)

## Industry Value Chain eCommerce: bargaining power



## Netflix content journey & unit cost: Backward integration



## **Examples / detailed resources**

### **Resource 1: Apple News+ Value Chain**

#### **Contents**

The Value Chain

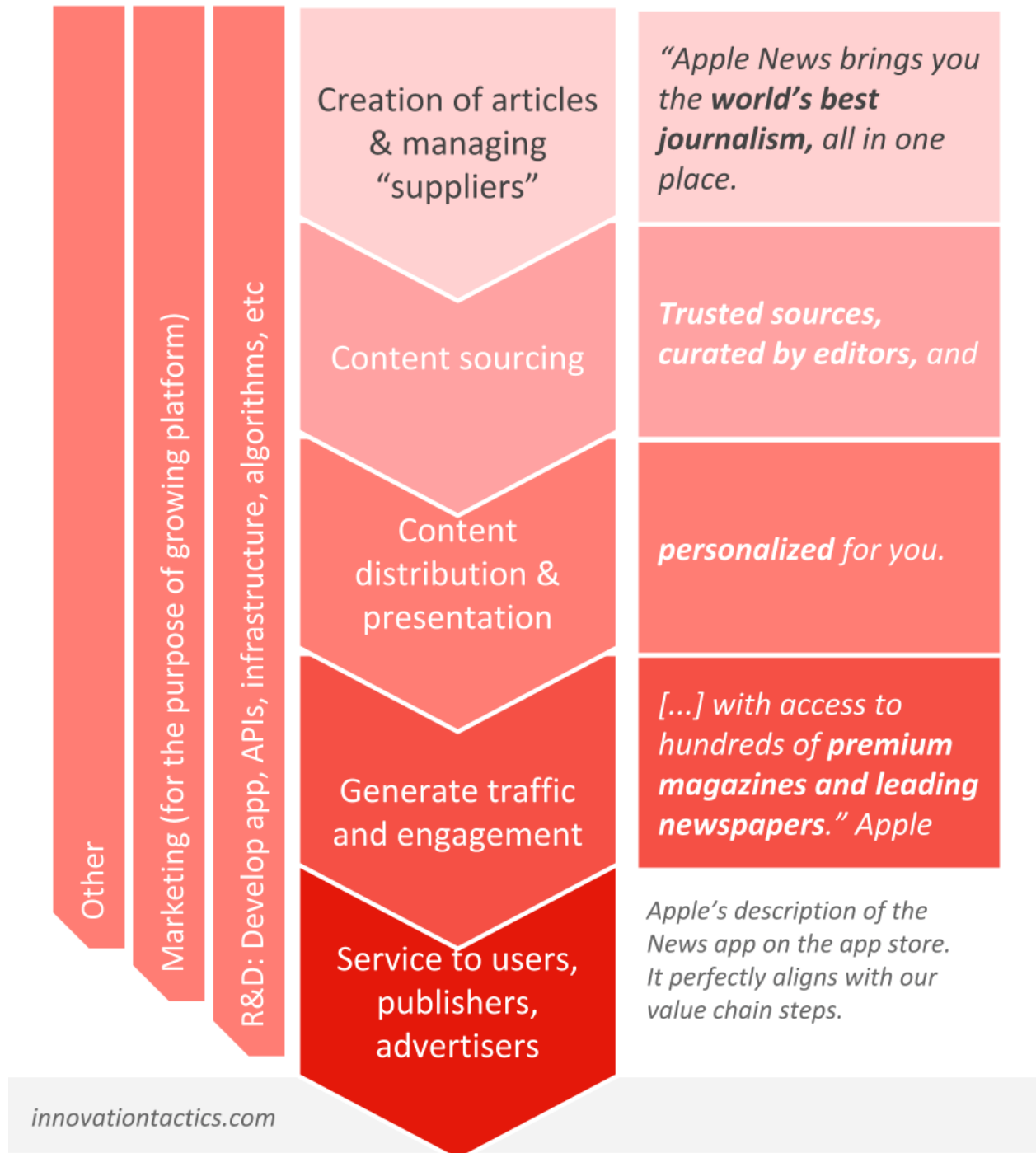
Aggregator apps

Apple News: Monetisation

Value Chain example: Apple News+

- Step 1: Creation of articles & managing “suppliers”
- Step 2: Content sourcing
- Step 3: Content distribution & presentation
- Step 4: Generate traffic and engagement
- Step 5: Service to users, publishers, advertisers

Value creation



## Apple News: Monetisation

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Value Chain example: Apple News+

Step 1: Creation of articles & managing “suppliers”

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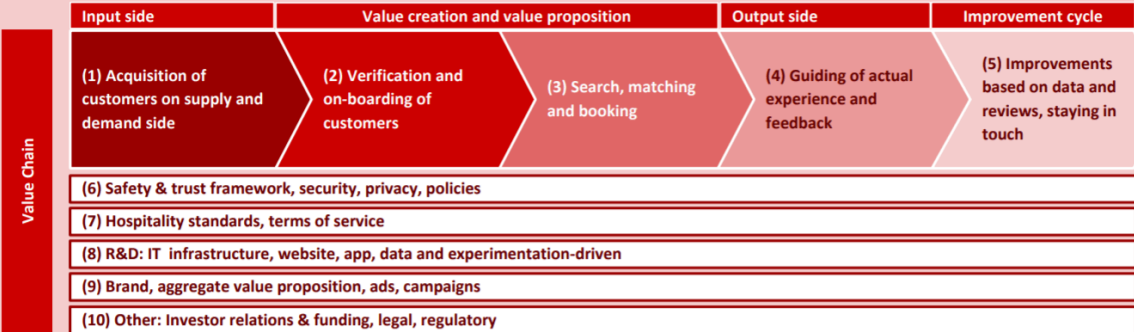
Value creation



# Resource 2: The Value Chain tool: example Airbnb

## Value Chain

The value chain is showing the key value creation process within the firm



Value Chain steps:

These are the major steps of Airbnb's value chain.

- (1) Acquisition of customers on supply and demand side
- (2) Verification and on-boarding of customers
- (3) Search, matching and booking
- (4) Guiding of actual experience and feedback
- (5) Improvements based on data and reviews, staying in touch

# Business Model Canvas

Presenting the business model canvas split into the steps of the value chain

Value Chain	(1) Customer acquisition on supply and demand side	(2) Verification and on-boarding of customers	(3) Search, matching and booking	(4) Guiding of actual experience and feedback	(5) Improvements based on data and reviews, staying in touch
<b>(a) Key Partners</b>	<ul style="list-style-type: none"> <li>- Advertising/digital platforms</li> <li>- Media outlets</li> <li>- Boutique hotels</li> <li>- Corporate travel platforms</li> <li>- Corporate travel managers</li> </ul>	<ul style="list-style-type: none"> <li>- Hosts (rental, experiences)</li> <li>- 3rd party tech partners</li> <li>- Photographers</li> <li>- Insurers</li> </ul>	<ul style="list-style-type: none"> <li>- Hosts (rental, experiences)</li> <li>- Content creators: destination guides</li> <li>- 3rd party tech partners (maps, payment)</li> </ul>	<ul style="list-style-type: none"> <li>- Hosts (rental, co-hosts)</li> <li>- Experience hosts</li> <li>- Content creators</li> <li>- 3rd party tech partners (e.g. maps)</li> </ul>	<ul style="list-style-type: none"> <li>- Review creators (guests &amp; hosts)</li> </ul>
<b>(b) Key activities</b>	<ul style="list-style-type: none"> <li>- Customer acquisition (advertising, organic, media)</li> <li>- City/region activities (start-up, events)</li> </ul>	<ul style="list-style-type: none"> <li>- Background checks</li> <li>- Frictionless on-boarding process</li> <li>- Content review, classification of listing</li> <li>- Support w/ high quality listing (photography, verification for a fee)</li> </ul>	<ul style="list-style-type: none"> <li>- Match guests/home</li> <li>- Search ranking (rental, experiences)</li> <li>- Booking management</li> <li>- Calendar and pricing options</li> <li>- Payment management</li> </ul>	<ul style="list-style-type: none"> <li>- In-app communication guest/host</li> <li>- Check-in process</li> <li>- Destination guides/activities</li> <li>- Capture reviews</li> <li>- Issues management</li> </ul>	<ul style="list-style-type: none"> <li>- Capture reviews (manage fake reviews)</li> <li>- Initiate corrective actions</li> <li>- Updates to any of the key resources</li> <li>- Legal cases, dispute resolution with Airbnb (incl arbitration)</li> </ul>
<b>(c) Key Resources (app/website across all)</b>	<ul style="list-style-type: none"> <li>- Existing listings</li> <li>- Ad targeting and optimisation</li> <li>- Digital channels, media outlets</li> <li>- Brand and mission, branding, creatives</li> </ul>	<ul style="list-style-type: none"> <li>- Identification system</li> <li>- Airbnb knowledge graph</li> <li>- API provision for commercial providers</li> <li>- Hospitality standards, etc</li> </ul>	<ul style="list-style-type: none"> <li>- Categorised rental listings, ratings</li> <li>- App/website UX</li> <li>- Search, matching algos</li> <li>- Payment system</li> </ul>	<ul style="list-style-type: none"> <li>- Bookable listings (restaurant, events)</li> <li>- Destination guides</li> <li>- Contexts specific travel content</li> </ul>	<ul style="list-style-type: none"> <li>- Updated key resources</li> <li>- Wider stakeholder management programs/assets, e.g.: Open Homes, social impacts, disaster response, etc)</li> </ul>
<b>(d) Value proposition</b>	<ul style="list-style-type: none"> <li>For guests: <ul style="list-style-type: none"> <li>- Low(er) prices</li> <li>- Amount of choice</li> <li>- Authentic local experiences</li> </ul> </li> <li>For hosts: <ul style="list-style-type: none"> <li>- Income generation</li> <li>- Ease of joining</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Verified hosts/guests</li> <li>- Accurately (and well) presented homes</li> <li>- Ease of joining, listing properties</li> <li>- Safety, security, privacy</li> <li>- Insurance coverage</li> <li>- Issues management</li> </ul>	<ul style="list-style-type: none"> <li>For guests: <ul style="list-style-type: none"> <li>- Value, choice, local experiences</li> <li>- Secure payment</li> </ul> </li> <li>For hosts: <ul style="list-style-type: none"> <li>- Trustable occupancy</li> <li>- Management tools</li> <li>- Insights, price optimisation support</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>For guests: <ul style="list-style-type: none"> <li>- Authentic stays, local experiences</li> <li>- In-app guidance</li> </ul> </li> <li>For hosts: <ul style="list-style-type: none"> <li>- Ability to provide rating/reviews</li> <li>- Convenience of transactions</li> <li>- Good reviews/ratings</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Fair settlement of issues</li> <li>- Accurate reviews</li> <li>- Banning bad homes/guests</li> <li>- Risk reduction</li> </ul>
<b>(e) Customer relationships (underpinning principles)</b>	<ul style="list-style-type: none"> <li>- Trust</li> <li>- Safety, security, privacy</li> </ul>	<ul style="list-style-type: none"> <li>- Trust</li> <li>- Safety, security, privacy</li> </ul>	<ul style="list-style-type: none"> <li>- Fairness (integration and belonging)</li> <li>- Authenticity (correct representation of self and place)</li> <li>- Reliability (responsiveness, delivering on commitments)</li> </ul>	<ul style="list-style-type: none"> <li>- Host-to-guest interaction</li> <li>- Reciprocal reviews/ratings</li> <li>- Authenticity of stay</li> <li>- Belonging</li> </ul>	<ul style="list-style-type: none"> <li>- Community</li> <li>- Customer advocacy</li> <li>- Wider stakeholder relationships: <ul style="list-style-type: none"> <li>- Manage company's footprint</li> <li>- Liaise with wider stakeholder groups</li> </ul> </li> </ul>
<b>(f) Channels (used to manage customer relationship)</b>	<ul style="list-style-type: none"> <li>- Word of mouth</li> <li>- Free media coverage</li> <li>- Digital ad campaigns, and many more</li> </ul>	<ul style="list-style-type: none"> <li>- Support channels, largely automated</li> <li>- Social media channels</li> <li>- API for professional/commercial use</li> </ul>	<ul style="list-style-type: none"> <li>- Support channels, incl help pages</li> <li>- Social media channels</li> <li>- Resolution centre</li> </ul>	<ul style="list-style-type: none"> <li>- Context-specific app tips</li> <li>- Destination guides/activities, neighbourhoods</li> </ul>	<ul style="list-style-type: none"> <li>- Community centre, Airbnbmag, Newsroom, Airbnb Citizen</li> <li>- App: corrective action enforcement</li> </ul>
<b>(g) Customer Segments (numerous macro and micro segments across all phases)</b>	<ul style="list-style-type: none"> <li>- Money savers</li> <li>- Home seekers</li> <li>- Collaborative consumers</li> <li>- Novelty seekers (Prof Guttenberg)</li> </ul>	<ul style="list-style-type: none"> <li>- Sharing of segmentable data during registration process, mainly geo-demographic data</li> <li>- For hosts - in addition: Segmentable property data</li> </ul>	<ul style="list-style-type: none"> <li>- Data collected usable for: <ul style="list-style-type: none"> <li>- Interest segmentation</li> <li>- Behavioural segmentation</li> <li>- etc</li> </ul> </li> <li>→ Many micro segments</li> </ul>	<ul style="list-style-type: none"> <li>- Segmentation based on ratings / reviews provided and received</li> <li>→ Data for experimentation and improvement of the platform</li> </ul>	<ul style="list-style-type: none"> <li>- Wider stakeholder segments, e.g. : <ul style="list-style-type: none"> <li>- Regulator / government</li> <li>- Local communities, general public</li> <li>- Media</li> <li>- Political groups (PACs)</li> <li>- and many more</li> </ul> </li> </ul>
<b>(h) Revenue Streams / created assets</b>		<ul style="list-style-type: none"> <li>- Professional photography</li> <li>- Higher fees for verified homes</li> <li>- Created assets: <ul style="list-style-type: none"> <li>- Categorised listings</li> <li>- Customer data</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Transaction fees (depending on host preferences)</li> <li>- Created assets: <ul style="list-style-type: none"> <li>- Guest booking data</li> <li>- App usage data, browsing insights, etc</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Transaction fees from: <ul style="list-style-type: none"> <li>- Experiences, restaurant bookings</li> </ul> </li> <li>- Created assets: <ul style="list-style-type: none"> <li>- Reviews/ratings</li> <li>- Feedback survey post stay</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Media reports (free media coverage i.e. cost avoidance)</li> <li>- Created assets: <ul style="list-style-type: none"> <li>- Goodwill generation</li> <li>- Public opinion, brand building</li> </ul> </li> </ul>
<b>(i) Cost structure (directly attributable costs only, excl G&amp;A)</b>	<ul style="list-style-type: none"> <li>- Marketing / advertising</li> <li>- Brand building</li> <li>- Discounts</li> <li>- Referral credits, etc</li> <li>- Commissions to associates</li> </ul>	<ul style="list-style-type: none"> <li>- Insurance fees</li> </ul>	<ul style="list-style-type: none"> <li>- All costs of revenues</li> <li>- Payment processing fees</li> <li>- Customer service</li> <li>- Cost structure of hosts</li> </ul>	<ul style="list-style-type: none"> <li>- Customer support</li> <li>- Legal management</li> <li>- Acquisition costs restaurants</li> </ul>	<ul style="list-style-type: none"> <li>- Technology improvements</li> <li>- Compliance, lobbying</li> <li>- Cost of wider stakeholder programs</li> </ul>

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## Resource 3: The Value Chain tool (in detail): example Airbnb

### Business Model Canvas

Presenting the business model canvas split into the steps of the value chain

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<b>(a) Key Partners</b>	<ul style="list-style-type: none"> <li>- Advertising/digital platforms</li> <li>- Media outlets</li> <li>- Boutique hotels</li> <li>- Corporate travel platforms</li> <li>- Corporate travel managers</li> </ul>	<ul style="list-style-type: none"> <li>- Hosts (rental, experience)</li> <li>- 3rd party tech partners</li> <li>- Photographers</li> <li>- Insurers</li> </ul>	<ul style="list-style-type: none"> <li>- Hosts (rental, experience)</li> <li>- Content creators, destination guides</li> <li>- 3rd party tech partners (maps, payment)</li> </ul>	<ul style="list-style-type: none"> <li>- Hosts (rental, co-hosts)</li> <li>- Experience hosts</li> <li>- Content creators</li> <li>- 3rd party tech partners (e.g. maps)</li> </ul>	<ul style="list-style-type: none"> <li>- Review creators (guests &amp; hosts)</li> </ul>
<b>(b) Key activities</b>	<ul style="list-style-type: none"> <li>- Customer acquisition (advertising, organic, media)</li> <li>- City/region activities (start-up, events)</li> </ul>	<ul style="list-style-type: none"> <li>- Background checks</li> <li>- Fit/compliance on-boarding process</li> <li>- Content review, classification of listing</li> <li>- Support w/ high-quality listing (photography, verification for a fee)</li> </ul>	<ul style="list-style-type: none"> <li>- Match guests/home</li> <li>- Search ranking (rental, experience)</li> <li>- Booking management</li> <li>- Calendar and pricing options</li> <li>- Payment management</li> </ul>	<ul style="list-style-type: none"> <li>- In-app communication guest/host</li> <li>- Check-in process</li> <li>- Destination guides/activities</li> <li>- Capture reviews</li> <li>- Issues management</li> </ul>	<ul style="list-style-type: none"> <li>- Capture reviews (manage fake reviews)</li> <li>- Initiate corrective actions</li> <li>- Updates to any of the key resources</li> <li>- Legal cases, dispute resolution with Airbnb (incl. arbitration)</li> </ul>
<b>(c) Key Resources (app/ website across all)</b>	<ul style="list-style-type: none"> <li>- Existing listings</li> <li>- Ad targeting and optimization</li> <li>- Digital channels, media outlets</li> <li>- Brand and mission, branding, creatives</li> </ul>	<ul style="list-style-type: none"> <li>- Identification system</li> <li>- Airbnb knowledge graph</li> <li>- API provision for commercial providers</li> <li>- Hospitality standards, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Categorized rental listings, ratings</li> <li>- App website UI</li> <li>- Search, matching algo</li> <li>- Payment system</li> </ul>	<ul style="list-style-type: none"> <li>- Bookable listings (restaurant, events)</li> <li>- Destination guides</li> <li>- Context-specific travel content</li> </ul>	<ul style="list-style-type: none"> <li>- Updated key resources</li> <li>- Wider stakeholder management programs/events, e.g.: Open Homes, social impacts, disaster response, etc.)</li> </ul>
<b>(d) Value proposition</b>	<ul style="list-style-type: none"> <li>For guests: <ul style="list-style-type: none"> <li>- Lower(er) prices</li> <li>- Amount of choice</li> <li>- Authentic local experiences</li> </ul> </li> <li>For hosts: <ul style="list-style-type: none"> <li>- Income generation</li> <li>- Ease of joining</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Verified hosts/guests</li> <li>- Accuracy (and well presented homes)</li> <li>- Ease of joining, listing properties</li> <li>- Safety, security, privacy</li> <li>- Insurance coverage</li> <li>- Issues management</li> </ul>	<ul style="list-style-type: none"> <li>For guests: <ul style="list-style-type: none"> <li>- Value, choice, local experiences</li> <li>- Secure payment</li> </ul> </li> <li>For hosts: <ul style="list-style-type: none"> <li>- Trustable occupancy</li> <li>- Management tools</li> <li>- Insights, price optimization support</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>For guests: <ul style="list-style-type: none"> <li>- Authentic stays, local experience</li> <li>- In-app guidance</li> <li>- Ability to provide rating/reviews</li> </ul> </li> <li>For hosts: <ul style="list-style-type: none"> <li>- Convenience of transactions</li> <li>- Good reviews/ratings</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Fair settlement of losses</li> <li>- Accurate reviews</li> <li>- Banning bad homes/guests</li> <li>- Risk reduction</li> </ul>
<b>(e) Customer relationships (underpinning principle)</b>	<ul style="list-style-type: none"> <li>- Trust</li> <li>- Safety, security, privacy</li> </ul>	<ul style="list-style-type: none"> <li>- Trust</li> <li>- Safety, security, privacy</li> </ul>	<ul style="list-style-type: none"> <li>- Fairness (integrated and belonging)</li> <li>- Authenticity (correct representation of self and place)</li> <li>- Reliability (preparateness, delivering on commitment)</li> </ul>	<ul style="list-style-type: none"> <li>- Host-to-guest interaction</li> <li>- Reciprocal reviews/ratings</li> <li>- Authenticity of stay</li> <li>- Belonging</li> </ul>	<ul style="list-style-type: none"> <li>- Community</li> <li>- Customer advocacy</li> <li>- Wider stakeholder relationships</li> <li>- Manage company's footprint</li> <li>- Interact with wider stakeholder groups</li> </ul>
<b>(f) Channels (used to manage customer relationship)</b>	<ul style="list-style-type: none"> <li>- Word of mouth</li> <li>- Free media coverage</li> <li>- Digital ad campaigns, and many more</li> </ul>	<ul style="list-style-type: none"> <li>- Support channels, largely automated</li> <li>- Social media channels</li> <li>- API for professional/commercial use</li> </ul>	<ul style="list-style-type: none"> <li>- Support channels, incl help pages</li> <li>- Social media channels</li> <li>- Resolution centre</li> </ul>	<ul style="list-style-type: none"> <li>- Context-specific app tips</li> <li>- Destination guides/activities, neighbourhoods</li> </ul>	<ul style="list-style-type: none"> <li>- Community centre, Airbnb.org, Newsroom, Airbnb Citizen</li> <li>- App: corrective action enforcement</li> </ul>
<b>(g) Customer Segments (numerous macro and micro segments across all phases)</b>	<ul style="list-style-type: none"> <li>- Money savers</li> <li>- Home seekers</li> <li>- Collaborative consumers</li> <li>- Novelty seekers</li> </ul>	<ul style="list-style-type: none"> <li>- Sharing of segmentable data during registration process, mainly geo-demographic data</li> <li>- For hosts - in addition: Segmentable property data</li> </ul>	<ul style="list-style-type: none"> <li>- Data collected usable for: <ul style="list-style-type: none"> <li>- Interest segmentation</li> <li>- Behavioural segmentation</li> <li>- etc.</li> </ul> </li> <li>- Many micro segments</li> </ul>	<ul style="list-style-type: none"> <li>- Segmentation based on ratings / reviews provided and received</li> <li>- Data for experimentation and improvement of the platform</li> </ul>	<ul style="list-style-type: none"> <li>- Wider stakeholder segments, e.g.: <ul style="list-style-type: none"> <li>- Regulator / government</li> <li>- Local communities, general public</li> <li>- Media</li> <li>- Political groups (PAC)</li> <li>- and many more</li> </ul> </li> </ul>
<b>(h) Revenue Streams / created assets</b>		<ul style="list-style-type: none"> <li>- Professional photography</li> <li>- Higher fees for verified homes</li> <li>- Created assets: <ul style="list-style-type: none"> <li>- Categorized listings</li> <li>- Customer data</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Transaction fees (depending on host preference)</li> <li>- Created assets: <ul style="list-style-type: none"> <li>- Guest booking data</li> <li>- App usage data, browsing insights, etc.</li> </ul> </li> <li>- Customer service</li> <li>- Cost structure of hosts</li> </ul>	<ul style="list-style-type: none"> <li>- Transaction fees from: <ul style="list-style-type: none"> <li>- Experiences, restaurant bookings</li> </ul> </li> <li>- Created assets: <ul style="list-style-type: none"> <li>- Reviews/ratings</li> <li>- Feedback survey post stay</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Media reports (free media coverage, i.e. cost avoidance)</li> <li>- Created assets: <ul style="list-style-type: none"> <li>- Goodwill generation</li> <li>- Public opinion, brand building</li> </ul> </li> </ul>
<b>(i) Cost structure (indirectly attributable costs only, excl. GL&amp;A)</b>	<ul style="list-style-type: none"> <li>- Marketing / advertising</li> <li>- Brand building</li> <li>- Discounts</li> <li>- Referral credits, etc.</li> <li>- Commissions to associates</li> </ul>	<ul style="list-style-type: none"> <li>- Insurance fees</li> </ul>		<ul style="list-style-type: none"> <li>- Customer support</li> <li>- Legal management</li> <li>- Acquisition costs restaurants</li> </ul>	<ul style="list-style-type: none"> <li>- Technology improvements</li> <li>- Compliance/lobbying</li> <li>- Cost of wider stakeholder programs</li> </ul>

## Value Chain

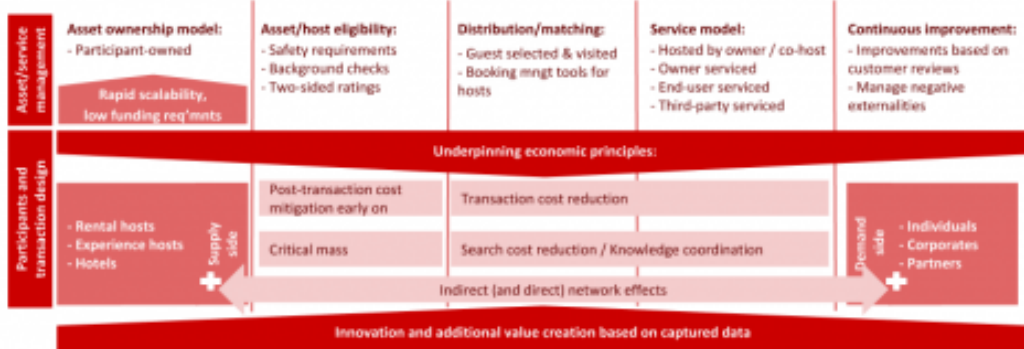
The value chain is showing the key value creation process within the firm



## Economic Principles

The key underlying economic principles fuelling Airbnb are the most useful way to transfer Airbnb's innovation to your own ideas. Note these align with the value chain steps shown above. Shown are key examples.

More details on the method: <https://innovationtactics.com/platform-business-model-fuels-sharing-economy/>



## **Resource 4: Netflix: content journey (over the years)**

### **Contents:**

Content costs: Supply chain and commercial economies of scale

- Managing content costs

<2007: Revenue sharing & commercial economies of scale

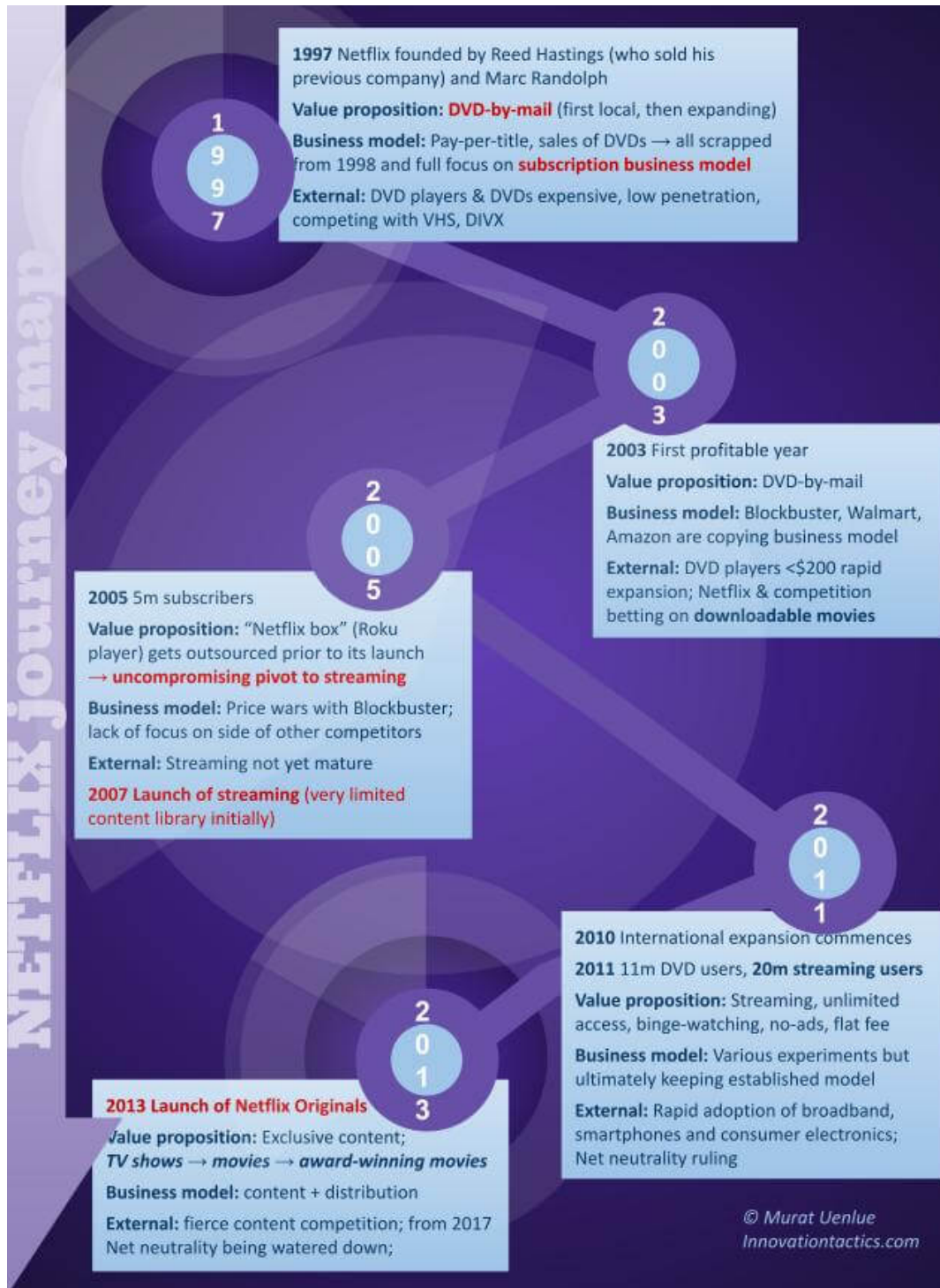
2007-2010: The big transition

>2010: Building an exclusive streaming content library

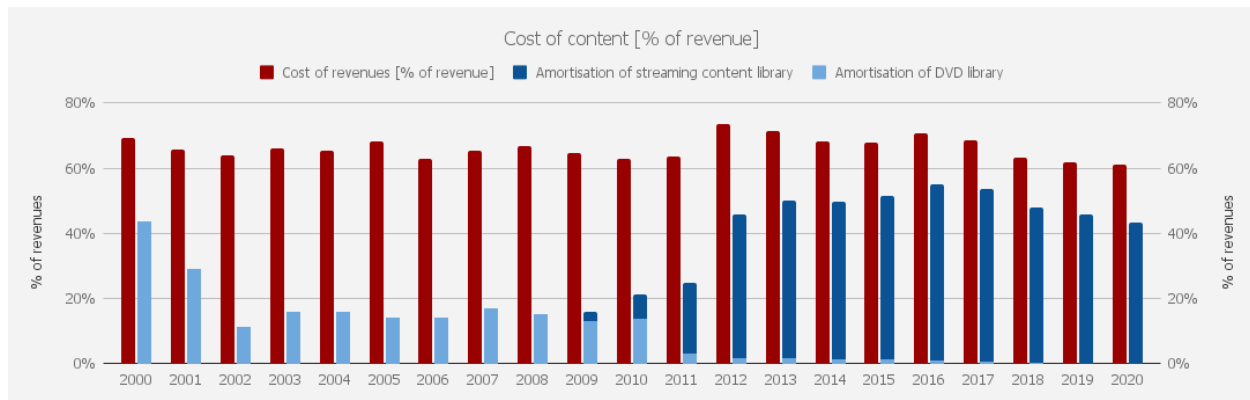
>2013: Netflix Originals

>2016: Is there a glut of shows?





## Content costs: Supply chain and commercial economies of scale



1. 1998-2007 DVD-rental-by-mail: Revenue sharing & commercial economies of scale

## 2. 2007-2013 Streaming: 2007-2010: The big transition

### 3. 2013-present Netflix originals: Building an exclusive streaming content library

