Application of Osterwalder and Pigneur’s Business Model - Canvas to E-Businesses

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Abstract
This research is used to present the application of Osterwalder & Pigneur (2010) business model on the three e-businesses given in the assignment description. Therefore, the report consists of the business model canvas for all the three companies along with detailed descriptions of each blocks in the canvas and their relevant discussions.

Keywords: Business Model, Osterwalder and Pigneur’s Model, Case Study.

1- Introduction
This paper presents 3 case studies: (1) Online accountancy service provider Alaw, (2) A daily blog for travel and products called Bodnant Blogs, (3) A cake bakery called Caradog Cakes.

The paper analyzes the three case studies according to Osterwalder and Pigneur's Business Model which includes 9 elements: Key Partners, Key Activities, Key Resources, Value Proposition, Customer Relationships, Channels, Customer Segments, Cost Structure, and Revenue Model.

2- Company A: Alaw
From the given description, Alaw can be understood as an infrastructure business where the role is to develop, build and manage a platform for high volume and
repetitive tasks, in this case, the online accountancy software. Alaw focuses on the niche business 2 business platform.

Table (1): ALaw Business Model

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ High Speed Internet Service Provider</td>
<td>▪ Software Development</td>
<td>▪ Accountancy Software provided online with all essentials for small businesses</td>
<td>▪ Automated services for quick responses</td>
<td>▪ Business to business (B2B) type market focusing on Small Businesses around the world</td>
</tr>
<tr>
<td>▪ Hard-drives Provider</td>
<td>▪ Software Updates</td>
<td>▪ Cloud computing services for real time and simultaneous access</td>
<td>▪ Interactive support for problem solving</td>
<td></td>
</tr>
<tr>
<td>▪ Cloud Computing Service</td>
<td>▪ Customer Support</td>
<td>▪ Offline and Cloud storage</td>
<td>▪ Communities for enhancing product quality</td>
<td></td>
</tr>
<tr>
<td>▪ Online Advertisers</td>
<td>▪ Client Data Storage in Alaw</td>
<td>▪ Updates with new features</td>
<td>▪ Key Partners</td>
<td></td>
</tr>
<tr>
<td>▪ Freelance Software Developers</td>
<td>▪ Client Data Storage in Cloud</td>
<td>▪ Support for problems</td>
<td>▪ Value Propositions</td>
<td></td>
</tr>
<tr>
<td>▪ Online Payment Platforms</td>
<td>▪ Marketing</td>
<td>▪ Free trial for 3 months</td>
<td>▪ Customer Relationships</td>
<td></td>
</tr>
</tbody>
</table>

Key Resources

- Human Resources
  - Accountants
  - Software Developers
- Technology
  - Computers
  - Internet
  - Cloud Services
  - Storage Drives

Cost Structure

- Marketing costs of 17% of the total revenue
- Staff Salaries - Payroll
- Payments for Temporary software developer
- Payments for Cloud Computing Services
- Alaw storage site maintenance
- Costs incurred in free trials

Revenue Streams

- Subscription Fees for Storage at Alaw
- Subscription Fees for Cloud Storage
- Subscription for both above (revenue streams are monthly based)

2-1 Customer Segments

Appropriate selection of the customer segments is crucial because customers are the reason behind the continuous activities of the company (Osterwalder & Pigneur,
The target customer segment for Alaw has been selected by properly perceiving the market opportunities and evaluating the advantages. Alaw has identified the opportunities in the market by observing and identifying the attractiveness of the target segment. Further, Alaw has also considered the available resources and its goals to properly evaluate the market and target the business to business type market focusing on small businesses around the world. Therefore, Alaw serves the needs of small businesses in terms of providing the accountancy software as a service. This makes it possible for the customers to use the service without actually owning it and reducing their costs (Woodruff, 1997).

2-2 Value Propositions

The value propositions for Alaw focus on providing solutions to the accounting problems of small businesses and satisfy their needs. Therefore, the value proposition strategy for Alaw is based on performance, accessibility and usability to provide the following value propositions:

- An online accountancy software with all the essentials for accounting and financials based on monthly subscription.
- Cloud computing services for real time and simultaneous access.
- Facility for cloud storage, storage at Alaw and both.
- Customer support and updates.
- Free trial for 3 months.

Thus, the most important value for small businesses is the fact that they do not need to buy the whole software and can reduce their costs by only paying the reduced monthly fees. Businesses also do not need to rush in to get the subscription by taking advantage of the free trial period. Further, their data storage is also taken care of by the cloud services and storage at Alaw. Value proposition is the main reason behind customers going from one company to another. Proper value propositions make it
possible for the company to remain responsive to the requirements of their targeted customer segments. Therefore, Alaw tries effectively to solve the problems of its customers and creates value for them through the mix of different elements brought together (Osterwalder & Pigneur, 2010; Amit & Zott, 2001).

2-3 Channels

Channels for Alaw are the Alaw website, the online desktop app, online advertising, LinkedIn, emails and offers. The channels in the business model should be able to describe the ways in which the company communicates with its customers and reaches the target customer segment to deliver their value propositions (Osterwalder & Pigneur, 2010). Alaw has properly selected these channels based on the key activities, key resources and the needs of the customers. These channels make it possible to establish long term partnerships by taking advantage of collaborative arrangements. They allow exchange of information and growth in capital. The channels also affect the marketing decisions of the company as well as pricing (Osterwalder & Pigneur, 2010; Prahalad & Hamel, 1990). Therefore, it can be also understood that due to the online advertising Alaw spends a large amount of its revenue in marketing.

2-4 Customer Relationships

According to Osterwalder & Pigneur (2010), a company should clearly outline the type of relationship it wants to establish and maintain with its target customer segment. Therefore, the business model for Alaw consists of three types of relationships with the target customer segment, first automated services for quick responses, second, interactive support for problem solving and third communities for enhancing the product quality. The automated services are for quick responses to standard queries while interactive responses are in the form of direct customer support involving one-to-one interactions. This helps in building a trust and
reliability with the customers. The communities page allows the customer base to share information, post queries, answer questions, and provide feedback or suggestions. This helps Alaw to enhance their service by understanding the customer segment and their specific needs (Woodruff, 1997).

2-5 Revenue Streams

The revenue streams block in the business model describes the type of flow Alaw uses to generate revenue. Alaw has focused to align its pricing policy based on the value proposition and an acceptable revenue stream (Osterwalder & Pigneur, 2010). Therefore, Alaw generates direct revenue through the monthly subscription fees acquired from customers agreeing for any one of the three plans:

- Monthly subscription to Alaw software with Cloud storage.
- Monthly subscription to Alaw software with Alaw Hard Drive storage.
- Monthly subscription to Alaw software with Cloud and Alaw Hard Drive Storage.

Thus, the revenue model uses the strategy for recurring payments by delivering a value proposition in the form of services and support. The pricing mechanism for Alaw can described as fixed menu pricing because the price of the subscription is based on the static variable of type of storage (Osterwalder & Pigneur, 2010).

2-6 Key Resources

Key resources are needed to efficiently connect the value propositions with the key activities, target customers and channels. Therefore, Alaw has two types of key resources:

- Human Resources:
  - Accountants.
  - Software Developers.
  - Staff.
- Technology:
  ➢ Computers.
  ➢ Internet.
  ➢ Cloud Services and Storage Devices.

These resources are essential for delivering the value propositions, maintaining the customer relationships, establishing partnerships and generating revenue. Key resources help in retaining the customers and continuing financial growth. Key resources in the form of human resources need to be managed organised because they are intellectual capital of the company (Hunter & McDonald, 2007).

2-7 Key Activities

Key activities of a company show the strategic intent and the key processes. Key activities help the company to align the value propositions with well-defined processes which help in delivering value. To understand the key activities and characteristics of Alaw which gives it a competitive advantage, we can look at their Value Chain (Porter, 1989). Therefore, the key activities for Alaw include:

- Software Development for creating value.
- Software Updates for maintaining service value.
- Customer Support for establishing and maintaining customer relationships.
- Client Data Storage in Alaw for delivering value.
- Client Data Storage in Cloud for delivering value.
- Marketing for reaching out to the target segment.

Thus, Alaw depends on platform provision and problem solving for its customers. The first three activities are based on platform and problem solving while the 4th and 5th activities provide security in terms of secure data storage. The marketing activity
is crucial for Alaw because it spends 7% of the total revenue on it and hence, relies heavily on marketing for customer attraction and growth (Denning, 2005).

2-8 Key Partners

Key partnerships for Alaw are necessary to establish strategic alliances with partners so as to reduce risks and additional costs because it does not make sense to own everything. Key partnerships help a company to constantly evolve at a bargain price. It helps the company to learn from its partners and acquire knowledge of areas which are outside their expertise. Companies need more than just optimum performance to satisfy customer relationships, therefore, key partners help in forming effective alliances to optimize the performance of the entire system (Galbraith, 1973). Therefore, Alaw follows Optimization and Economy of sale and the key partners include:

- High Speed Internet Service Provider for smooth connectivity.
- Hard-drives Provider for data storage at Alaw.
- Cloud Computing Service for cloud storage and operations.
- Online Advertisers for marketing.
- Freelance Software Developers for temporary software contracts.
- Online Payment Platforms for managing the online payments.

2-9 Cost Structure

The cost structure for Alaw involves the costs for key activities and key resources, i.e.-

- Marketing costs of 17% of the total revenue.
- Staff Salaries – Payroll.
- Payments for Temporary software developer.
- Payments for Cloud Computing Services.
- Alaw storage site maintenance.
- Costs incurred in free trials.

The cost structure affects the strategy of the company directly due to limits on key activities and key resources necessary for the business. It is important for the company to focus on its cost structure properly because ineffective costing can lead to forceful changes in the company strategy. Although, Alaw spends heavily on marketing, it has a good cost structure because the revenue has a 15% growth every year (Osterwalder & Pigneur, 2010).

3- Company B: Bodnant Blogs

From the given description, Bodnant Blogs (BB) can be considered as a business focusing on product innovation where their blog is updated daily with new and unique content consisting of product reviews and guides on travel locations. Their objective is to develop new and attractive product in the form of unique and quality content to attract and increase more traffic. Further, Bodnant blogs is a multi-sided platform with interdependent customer segment.

3-1 Customer Segments

BB is a multi-sided platform and targets two types of customer segments, i.e. buyers and sellers. The buyers are essentially customers in the form of incoming traffic on the blog who are interested in reading product reviews and travel guides and instructions. The sellers are product sellers and travel sites with whom BB has partnered with agreements to share revenue. Therefore, the multi-sided platform is used efficiently by BB to achieve business success because more than 5 million users visit the blog every year. Hence, the mutually dependent customer segments are utilised effectively to generate revenue (Woodruff, 1997).
Table 1- Bodnant Blogs Business Model Canvas

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Blog or website host</td>
<td>• Daily content for blog</td>
<td>• Daily Unique and Quality content for:</td>
<td>• Interactive relationship with traffic by individual responses to comments and questions</td>
<td></td>
</tr>
<tr>
<td>• Google Adsense</td>
<td>• Travelling to unique places</td>
<td>- <strong>Consumer Products</strong>: Unique and Quality content describing recent products, reviewing the performance, expectations, and pricing.</td>
<td>• Automated follow-up with traffic for sign-up to blog</td>
<td></td>
</tr>
<tr>
<td>• YouTube</td>
<td>• Testing and reviewing new consumer products</td>
<td>- <strong>Travel</strong>: Unique and good quality content describing new places to visit and the means to get there.</td>
<td>• Communities and co-creation to obtain feedback</td>
<td></td>
</tr>
<tr>
<td>• Travel sites</td>
<td>• Interacting with visitors, comments and questions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Consumer product manufacturers</td>
<td>• Search Engine Optimisation for traffic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Multi Sided Platform for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Buyers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- People interested in Consumer products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sellers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Product Sellers</td>
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<td></td>
<td>- Travel sites</td>
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<td></td>
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<td></td>
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<td></td>
<td>• Automated follow-up with traffic for sign-up to blog</td>
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<td></td>
<td>• Communities and co-creation to obtain feedback</td>
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<table>
<thead>
<tr>
<th>Key Resources</th>
<th>Channels</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>• Human Resources</td>
<td>• Website / blog</td>
<td>• Website / blog</td>
<td>• Two revenue streams</td>
</tr>
<tr>
<td>- Website developers</td>
<td>• Weekly newsletter</td>
<td></td>
<td>- Affiliate partnerships with travel sites</td>
</tr>
<tr>
<td>- Content writers</td>
<td>• Emails</td>
<td></td>
<td>- AdSense based on cost per click</td>
</tr>
<tr>
<td>- Content Creators</td>
<td>• YouTube</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Technology</td>
<td>• Instagram</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Website/ blog</td>
<td>• Facebook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Computers</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Camera</td>
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<table>
<thead>
<tr>
<th>Cost Structure</th>
<th>Revenue Streams</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>• Costs for website hosting and maintenance to handle large traffics</td>
<td>• Two revenue streams</td>
<td></td>
<td>• Affiliate partnerships with travel sites</td>
</tr>
<tr>
<td>• Staff salaries – Payroll</td>
<td>• AdSense based on cost per click</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Costs incurred in travelling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Costs incurred to buy products for testing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3-2 Value Propositions

Based on the two customer segments, BB offers daily value to both in terms of the following:

- To buyers:
  - Unique and quality content describing consumer products, reviewing their performance, quality, expectations and pricing.
  - Unique and quality content describing new places to visit and the means to get there.
- To suppliers:
  - Marketing and promotion of consumer products.
  - Marketing and promotion of travel sites.

The unique content for buyers attracts the traffic which values the high quality of reviews, guides and instructions. The written content is considered valuable for the visitors because it helps them in identifying the best consumer products and travel locations based on practical experience of the bloggers. The reviews and guides also help the blog visitors by minimising the time taken for searching, planning and selecting the products. Further, these blog pages or landing pages make the visitors click on the interested product which takes them to the affiliated or partner website. Thus, BB also adds value to those partners and affiliates, i.e. consumer product sellers and travel websites (Osterwalder & Pigneur, 2010; Amit & Zott, 2001).

3-3 Channels

The channels for BB describe the ways in which it communicates with its customer segments for delivering the value propositions. The channels for BB are based on its key activities and needs of the customer segment such as:

- The website to deliver value.
- Emails and Weekly newsletter to maintain customer relationships.
- YouTube for video reviews.
- Social media like Instagram and Facebook for marketing.

Therefore, BB has selected these channels effectively so as that the value is linked with the key activities, key resources, and target customers. Efficient utilisation of channels allows growth in revenue and also influence marketing decisions (Osterwalder & Pigneur, 2010; Prahalad & Hamel, 1990).

3-4 Customer Relationships

Customer relationships play a vital role in balancing value and revenue generation. This is because customer interaction compels the customer to stay on the site or return probably leading to more clicks. BB maintains customer relationships via:

- Individual responses to comments and questions.
- Automated follow-up with traffic for sign-up to blog.
- Communities and co-creation to create a knowledge sharing platform which helps in improvising the blog by knowing the customer needs.

3-5 Revenue Streams

BB has established two revenue streams, first, affiliate partnerships with travel sites and consumer product sellers, and second, Google AdSense based on cost per click (CPC). The affiliate partners share a percent of their total revenue when a customer buys their product after landing on their website from Bodnant Blogs due to the reviews and guides posted there. Further, the google AdSense program generates revenue for BB in terms of advertising on the blogs which attracts millions of visitors every year. Therefore, an increase in traffic will imply an increase in revenue due to more clicks or more customers landing on affiliated sites. The advertising revenue stream has a fixed pricing mechanism but with certain variables which are defined
by factors such as the industry and customer segments (Osterwalder & Pigneur, 2010).

3-6 Key Resources

Key resources for BB include Human resources such as:

- Developers for website development and maintenance.
- Content creators and content writers for travelling, product testing and writing the description.
- And technology resources such as computers, website and camera to perform the key activities.

Therefore, key resources are essential to complete the key activities and deliver the value. They allow the company to generate traffic and maintain the relationship with its customer segments. Consequently, key resources link the key activities and value with the customer segments (Hunter & McDonald, 2007).

3-7 Key Activities

At BB, the key activities focus on key processes and following the strategic intent of the company so that they help in creating and delivering value. The key activities of BB depend on content creation and delivery, marketing and customer relationships. These are:

- Content creation involves travel and product testing.
- Content writing involves daily content consisting of reviews, guides and videos.
- Marketing involves traffic generation by search engine optimization.
- Maintaining customer relationships involves interacting with visitors, commenting and answering questions, automated follow ups, etc.
Thus, key activities help the company in reaching out to the customers, deliver them value and establish customer relations, thereby increasing traffic and revenue (Porter, 1989; Denning, 2005)

3-8 Key Partners

Key partners are necessary in any organisation to reduce costs or avoid risks. BB uses the services of key partners to create and deliver value and for reaching out to its customers. The key partners for BB include the website host for hosting the blog, Google AdSense as advertising partners for generating revenue, YouTube for video services, Travel and Product sellers or manufacturers for affiliate partnerships. These partnerships not only help in creating value but also in optimising the blog and generating increased revenues.

3-9 Cost Structure

The cost structure for BB mainly includes the staff salaries or payroll, costs for website and maintenance to handle the large traffic, and costs incurred in travelling as well as buying products for testing. The cost structure affects the strategy of the company directly due to limits on key activities and key resources necessary for the business. It is important for the company to focus on its cost structure properly because ineffective costing can lead to forceful changes in the company strategy (Osterwalder & Pigneur, 2010).

4- Company C: Caradog Cakes

Caradog cakes operates on the customer relationship business model where the focus is to find and acquire new customers and build a relationship with them. Caradog cakes has a segmented market strategy.
### Table 2 - Caradog Cakes Business Model Canvas

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jane's Website host</td>
<td>Raw material procurement from farms</td>
<td>Freshly baked cakes and pastries made from seasonal ingredients at affordable prices</td>
<td>Establishing a strong local presence</td>
<td>Segment 1:</td>
</tr>
<tr>
<td>Online Payments Platform</td>
<td>Bakery operations and maintenance</td>
<td>All ingredients procured from local farms only</td>
<td>Direct interaction with customers</td>
<td>- Home delivery for local customers in Bangor only and serve all takeaway and sit in orders.</td>
</tr>
<tr>
<td>7 farms in Anglesey and Gwynedd</td>
<td>Hiring local employees</td>
<td>Especially designed cakes for special occasions</td>
<td>Communities and co-creation by asking for feedback and reviews.</td>
<td>- Special orders for special occasions.</td>
</tr>
<tr>
<td>Locals of Bangor</td>
<td>Providing initial training to new workers</td>
<td>Free delivery for orders in Bangor</td>
<td>- Segment 2:</td>
<td></td>
</tr>
<tr>
<td>Local newspaper</td>
<td>Product delivery</td>
<td>Available to order online on the website and food delivery apps</td>
<td>Locals and Bangor region</td>
<td></td>
</tr>
<tr>
<td>Bangor Magazine</td>
<td>Website maintenance and daily update of products offered</td>
<td>Providing jobs and training to inexperienced workers and unemployed locals.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food delivery apps</td>
<td>Marketing - Print - Social media</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Key Resources

- Human resources
  - Bakers
  - Workers
  - Delivery drivers
- Technology
  - Jane's website
- Farm products: Seasonal ingredients, herbs, spices.
- Dough, flour, water.

### Channels

- Website
- Jane's Bakery and Cake Shop in Bangor
- Word of mouth
- Advertising in local Bangor newspaper
- Advertising in Bangor magazine
- Social media like Instagram and Facebook
- Food delivery apps

### Cost Structure

- Bakery/Shop rent
- Bills
- Worker (workers, baker and drivers) salaries – payroll
- Website and maintenance
- Direct material costs
- Costs incurred in home delivery of products
- Marketing costs

### Revenue Streams

- Direct sales of the cakes, pastries, and special cakes at the bakery/cake shop
- Sales of online ordered products
4-1 Customer Segments

Caradog cakes has a segmented market strategy with the following segments:

- Segment 1: Home delivery for customers living in Bangor only when ordered online and serve all customers for takeaway and sit in orders.
- Segment 2: the locals of Bangor and the Bangor region.

The above customer segments are selected by CC based on market opportunities and available resources such that the value propositions of the company are needed. Therefore, CC has identified the opportunities in the market by looking out for the needs of the target segments. Therefore, CC serves the needs of the people of Bangor in terms of providing fresh cakes and pastries as well as improving the local economy and employment (Osterwalder & Pigneur, 2010).

4-2 Value Propositions

The value propositions for CC are as follows:

- Freshly baked cakes and pastries made from seasonal ingredients at affordable prices and available for online orders and delivery in Bangor.
- All ingredients procured from local farms only.
- Providing jobs and training to inexperienced workers and unemployed locals.

The value propositions offered by CC serve the two customer segments in different ways. The Segment 1 is served in terms of the actual product of CC, i.e. cakes and pastries. However, the second segment is served as a result of the key activities performed for serving segment 1. Segment 2 benefits from social, ecological, and economical values due to sourcing of ingredients from local farms, reduction in carbon footprint by delivering local and increasing employability by giving jobs to the unemployed locals. Such value proposition helps the company to not only increase sales and revenue but also to create a brand image of the company in the
society (Osterwalder & Pigneur, 2010). CC uses the strategy based on improving product performance and accessibility for providing value.

4-3 Channels

The necessary channels for CC are as follows:

- Jane’s Website for online orders, marketing, and online transactions.
- Food delivery apps like Uber Eats and Just-Eat.
- Jane’s bakery in Bangor.
- Word of mouth for marketing due to the social image of CC in Bangor.
- Advertising in Bangor newspaper and Magazine for local marketing as well as staff recruitment.
- Social media like Instagram for marketing and staff recruitment.

These channels are necessary for CC to maintain its continuous operations because they help in reaching its customers, both the buyers and local workers (who benefit from free training and employment) and creating value. The channels further help in delivering value and therefore, are essential for revenue generation (Osterwalder & Pigneur, 2010; Prahalad & Hamel, 1990).

4-4 Customer Relationships

CC operates by serving two customer segments and provides significant value propositions to the society. These values make the company a major force to be known among the locals and so the company has a very good social image. Therefore, it is very important to maintain customer relationships in a manner which retains customers to not only increase sales but also to make them channels of marketing because CC relies on word of mouth. Thus, the main methods of establishing and maintaining customer relationships for CC involve the establishing of a strong local presence, direct interaction with customers and maintaining a
community page to ask for reviews, feedback and suggestions. Relationships with the farms and locals are also managed well.

4-5 Revenue Streams

There are two revenue streams for CC as follows:

- Direct sales of the cakes, pastries, and special cakes at the bakery.
- Sales of products ordered online.

Both these streams work on the transactional revenue system where revenue is generated as a result of payments from one-time transactions of the customers. The pricing mechanism for CC is a fixed pricing mechanism with only changes in static variables such as cakes, pastries or specially designed cakes for special occasions (Woodruff, 1997; Osterwalder Pigneur, 2010). The list price of all products is affordable.

4-6 Key Resources

Key resources for CC are:

- Human resources including bakers, workers and delivery drivers.
- Technology resources such as Jane’s website.
- Farm resources like seasonal ingredients, herbs, spices and flour.

The human resources are necessary to create value and provide the product while the website is essential for delivering the value to the customer segments. Further, the farm resources are the basic essentials of the product as well as the value propositions. Therefore, all the key resources of CC help the company in appropriately linking with the key activities and customer segments (Hunter & McDonald, 2007; Osterwalder & Pigneur, 2010).
4-7 Key Activities

The primary objective of the key activities undertaken at CC is to create value and generate revenue by enhancing performance (Denning, 2005). Therefore, the key activities involve:

- Raw material procurement from local farms only for baking cakes and to improve local economy.
- Training and Hiring local employees to improve local employability.
- Cake and pastry home delivery.
- Maintaining the website and updating it regularly with new products.
- Marketing with print media like newspaper and magazines and social media like Instagram and Facebook.
- Customer interactions to maintain and establish customer relationships which are essential for growth of CC.

4-8 Key Partners

The key partners for CC are as follows:

- The website host and the online payments platform to receive orders and transactions.
- Online food delivery apps to receive orders via the app.
- 7 farms in Anglesey and Gwynedd for providing key resources.
- Local Magazine and Bangor newspaper.

The key partners are necessary to perform key activities and acquire key resources such that the value is created, and revenue is generated. Without proper partners, companies tend to increase costs and risks. On the other hand, proper strategic alliances allow the growth of the company with the added advantage of reduced costs and risks (Osterwalder & Pigneur, 2010).
4-9 Cost Structure

The cost structure for CC involves rent and bills for the bakery, salaries for the staff, workers and delivery drivers, website host and maintenance, direct material costs of all raw materials other ingredients needed for baking and marketing costs for advertisement in newspaper and magazines. Therefore, the cost structure consists of all the key activities and resources necessary to create and deliver value (Osterwalder & Pigneur, 2010).

5- Conclusions

In this assignment, the Osterwalder & Pigneur Business Model Canvas was studied in detail by application to three case-studies in the e-business environment. It was seen that the three companies had different strategies for the business model and the value propositions. The companies also had different customer segments.

References