

HACKTEX VIRTUAL TRAINING MATERIALS
VIRTUAL GUIDE ON ENTREPRENEURSHIP
Learning Unit 3
Lesson 2

Developing a business model

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Developing a business model. Part 2

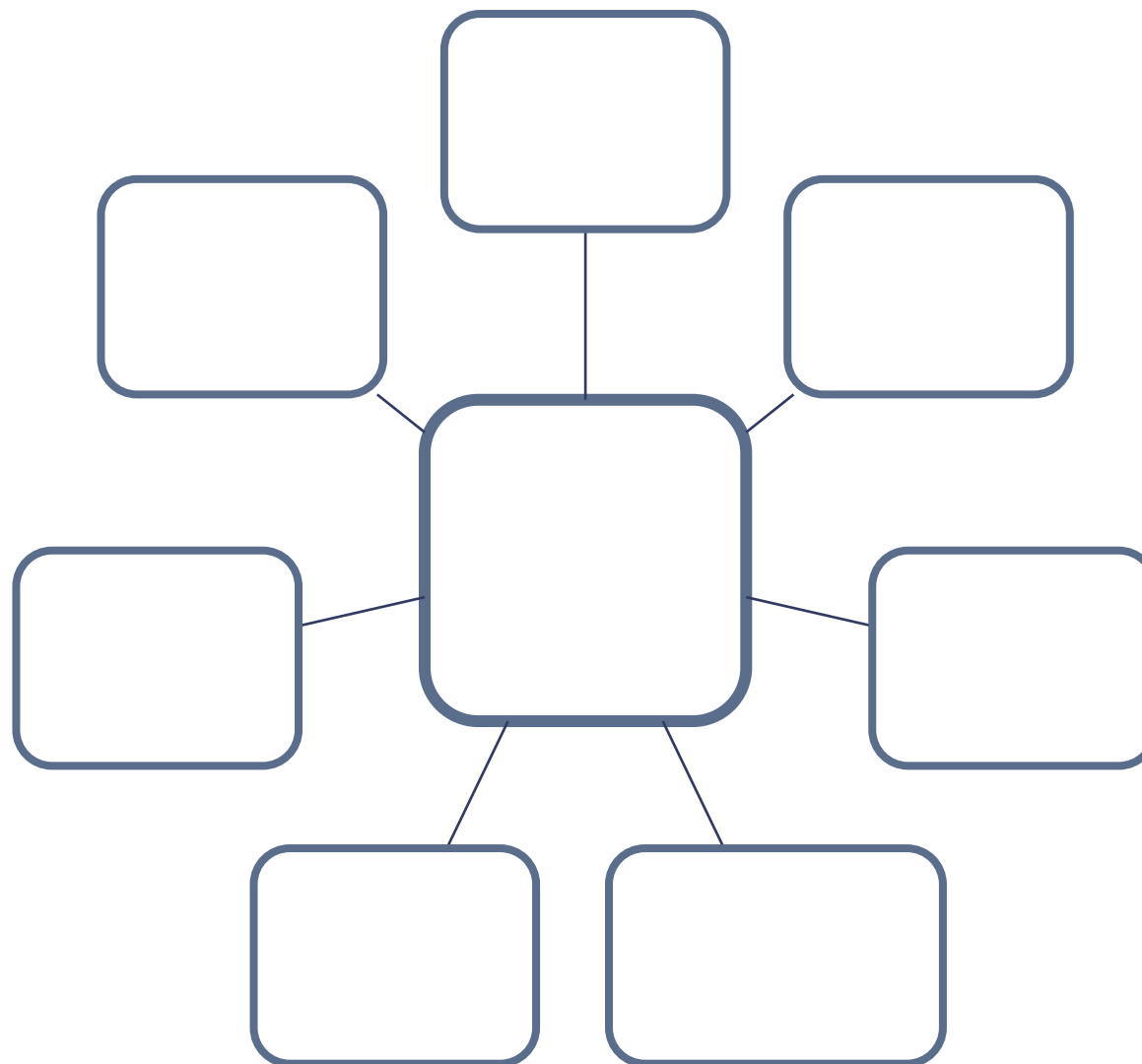
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Content

- 1. Developing the Business Model Canvas**
- 2. Customer segments**
- 3. Defining the Value Proposition**
- 4. Channels**
- 5. Customer relationships**

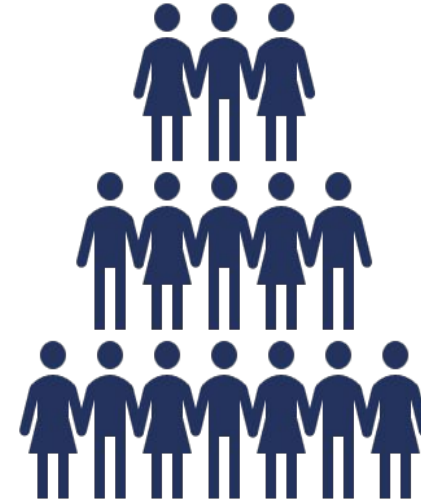
1. Developing the Business Model Canvas



2. Customer Segments

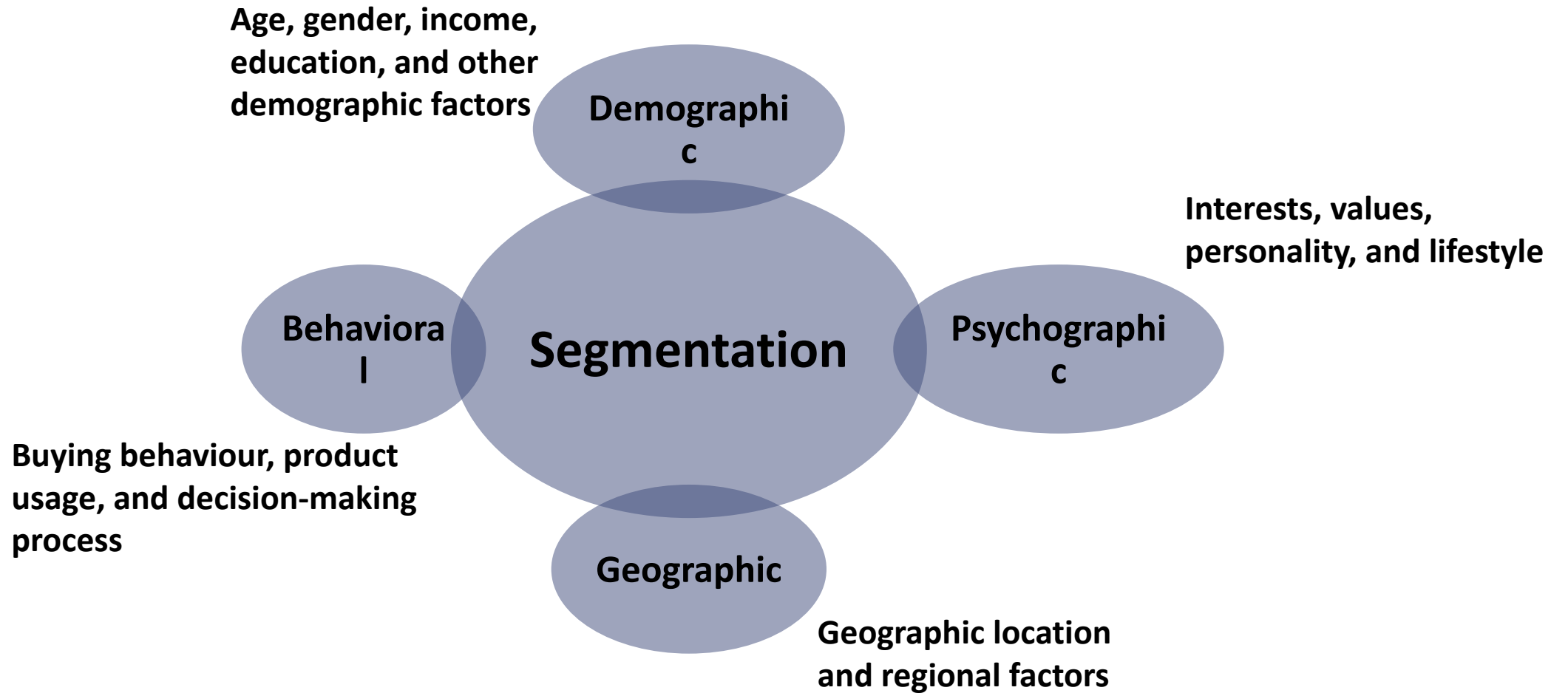


Identifying and understanding customer segments is crucial for effective business strategy and value proposition design.



To create a successful business model, it is essential to clearly define and prioritize the customer segments that the product or service will target.

Customer Segments



Types of customer segments and value proposition

Mass market

Broad range of customers, without specific demographic or psychographic distinctions

- The value proposition aims to appeal to a large customer base and is often based on common needs or preferences.

Niche market

Specific subset of customers with unique needs or characteristics

- The value proposition is tailored to address the specific pain points and preferences of the niche audience

Segmented market

Distinct groups of customers based on specific demographics, behaviors, or preferences.

- The value proposition is customized to address the specific needs and desires of each segment

B2B and B2C Customer Segments

B2B stands for **Business-to-Business**, businesses that sell products or services to other businesses.

- Manufacturers
- Distributors
- Wholesalers

products / services



✓ **Manufacturers**

✓ **Retailers**

✓ **Others**



- Manufacture a product,
- Improve their business operations,
- Increase efficiency,
- Reduce costs,
- Improve their products or services

B2B and B2C Customer Segments

B2C stands for **Business-to-Consumer**, businesses selling products or services directly to individual consumers.

- Retailers
- Online stores
- Service providers

Products/services

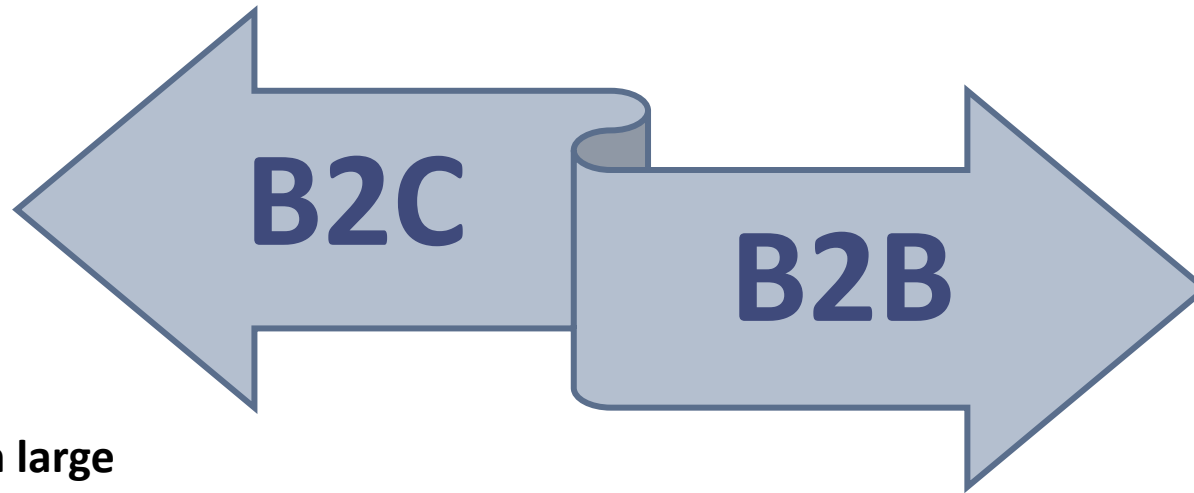


CONSUMERS



- ✓ Help them solve a specific problem
- ✓ Meet a specific need, such as clothing, health issues, comfort, or entertainment

B2B and B2C Customer Segments - comparison



- Typically purchase in large quantities, according to production capacity
- Purchase based on price, quality, and reliability
- Sales cycles longer, more decision-makers
- More personalized attention and support

- Typically purchase in small quantities, even single products
- Purchase based on convenience, personal preferences, emotions
- Sales cycles short, less decision-makers
- Less personalized attention and support

Key Considerations for Customer Segments

1. Customer Needs and Behaviours

- Understand the needs, preferences, and behaviors of different customer segments.
- Identify pain points, motivations, and desired outcomes to design targeted value propositions.

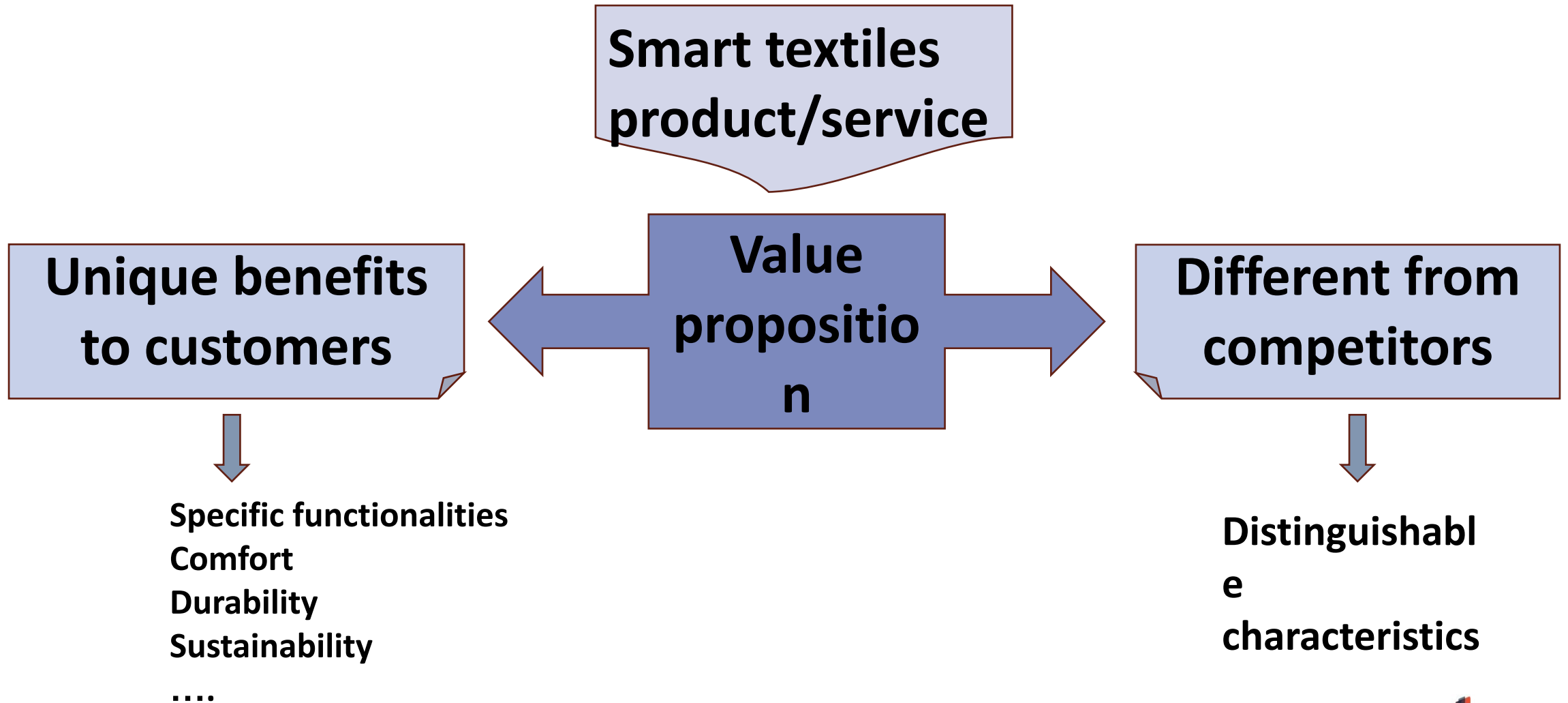
2. Market Size and Growth Potential

- Assess size, growth potential, and profitability of each customer segment.
- Prioritize segments with the highest market potential and align them with the business's capabilities.

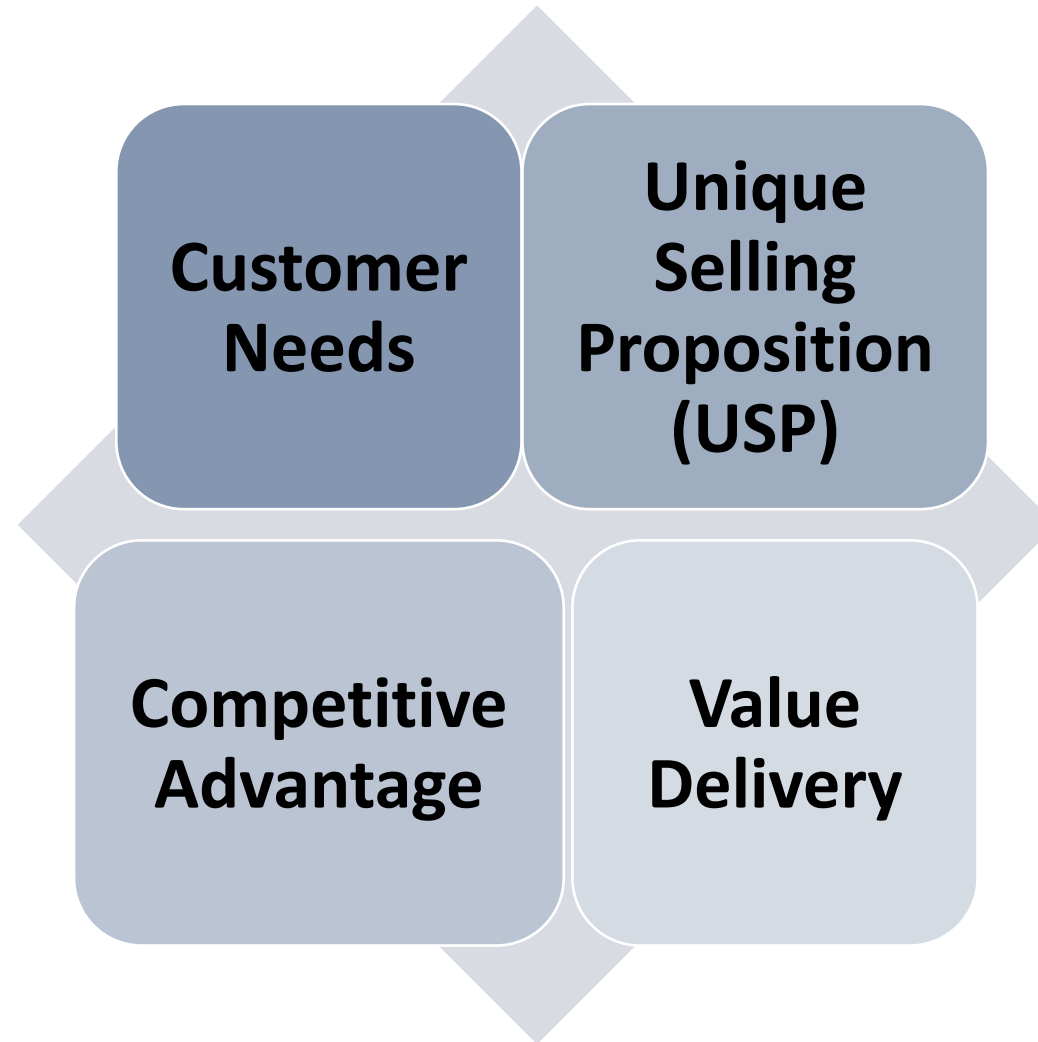
Key Considerations for Customer Segments

- 3. **Competitive Landscape**
 - Analyse the competition within each customer segment.
 - Identify gaps, opportunities, and differentiation strategies to effectively compete and capture market share.
- 4. **Adaptability and Evolution**
 - Customer segments may evolve over time due to changing market dynamics.
 - Continuously monitor and adapt the customer segment strategy to stay aligned with evolving customer needs.

3. Defining the Value Proposition



Elements of a Value Proposition



Defining the Value Proposition

Examples of value propositions for smart textiles products or services could include:

- **Smart athletic clothing with a high degree of comfort, including moisture-wicking characteristics, that keeps the user cool and dry during workouts while monitoring its vital signs.**
- **Smart clothing that maintain their functionality after a high number of washing cycles.**
- **Durable and long-lasting workwear with sensing capabilities that protects the customer from workplace hazards.**
- **Sustainable and eco-friendly smart textiles with lower carbon footprint, that reduce environmental impact while providing high-quality performance.**

4. Channels



Channels refer to the ways businesses deliver their value propositions to customers.



Choosing the right channels is essential for reaching target customers effectively and efficiently.

Channels

Direct channels

- Selling directly to the customer through an online store or physical retail location

Indirect channels

- Selling through third-party retailers or distributors

Online channels

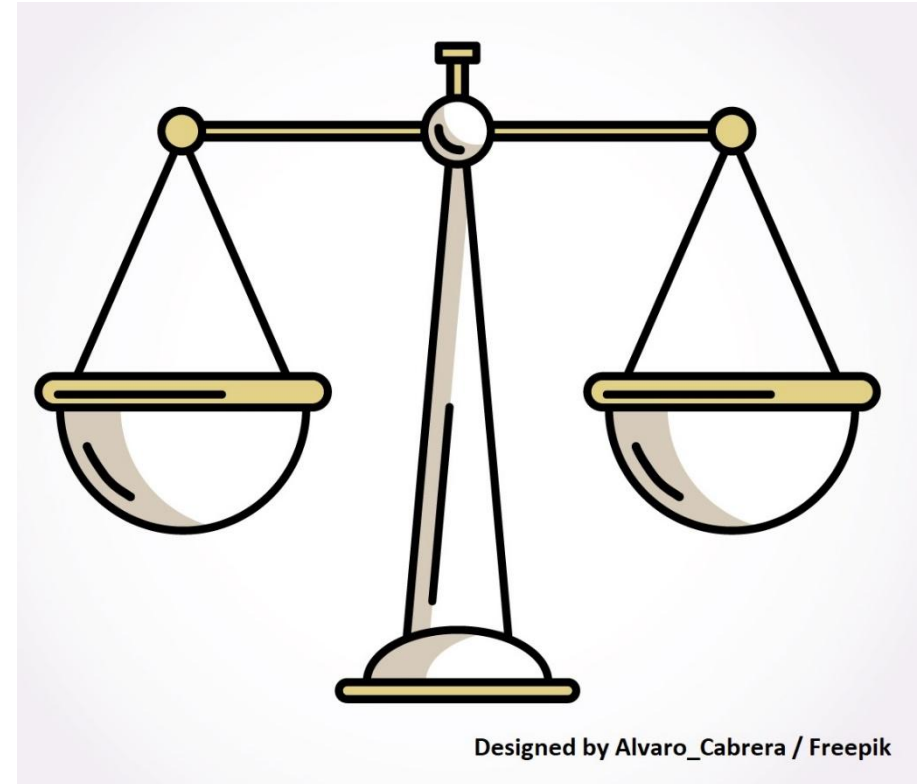
- E-commerce platforms or social media to reach customers and promotion

Offline channels

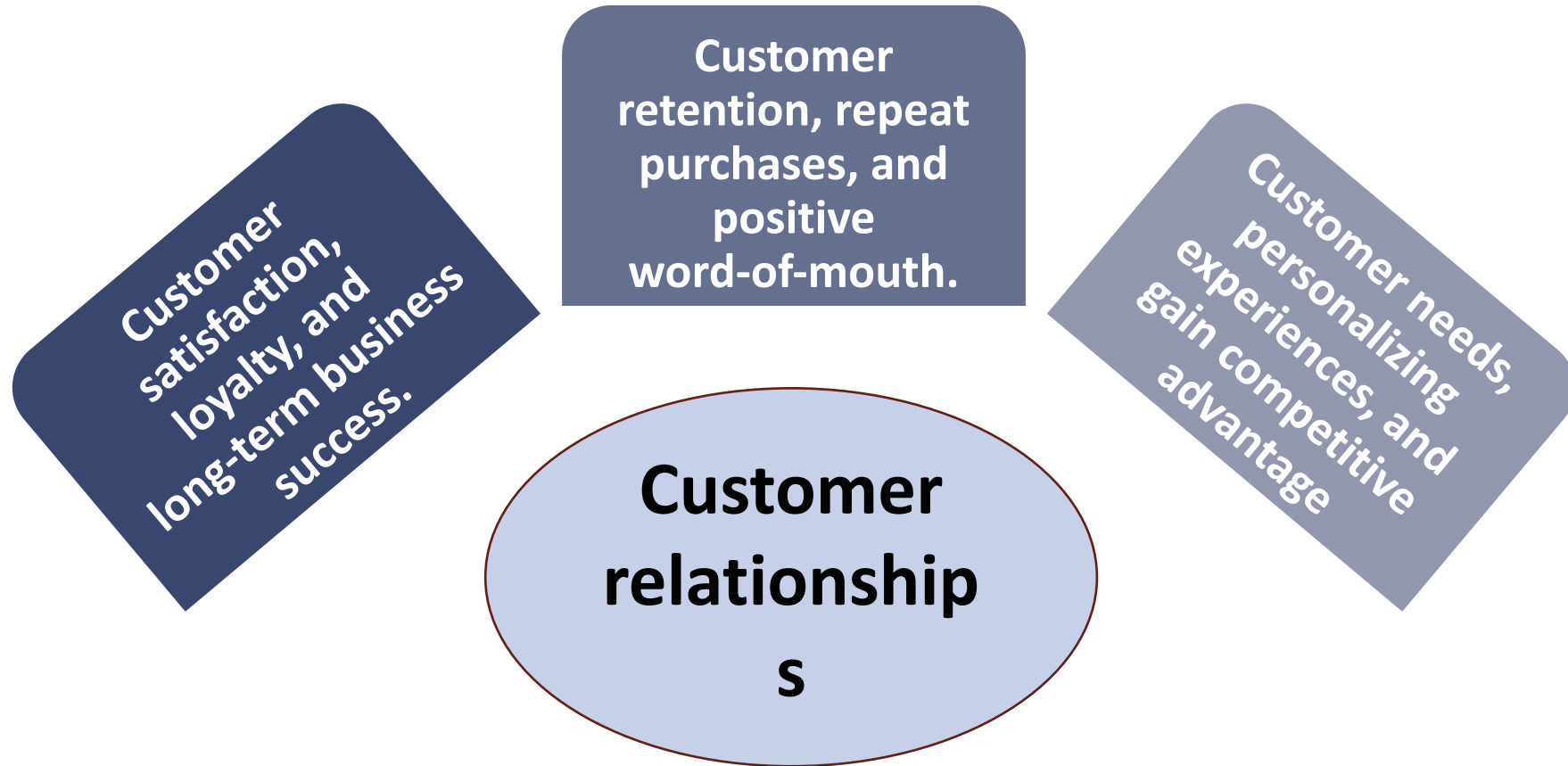
- Traditional marketing and advertising channels

Factors to Consider when Choosing Channels

1. Customer Preferences.
2. Cost and Efficiency.
3. Competitive Landscape.



5. Customer Relationships



Interactions and connections that businesses establish and maintain with their customers

Types of customer relationships

Personal assistance

- individualized attention and support

Self-service

- customers interact with the product on their own terms

Co-creation

- customers involved in the product development process

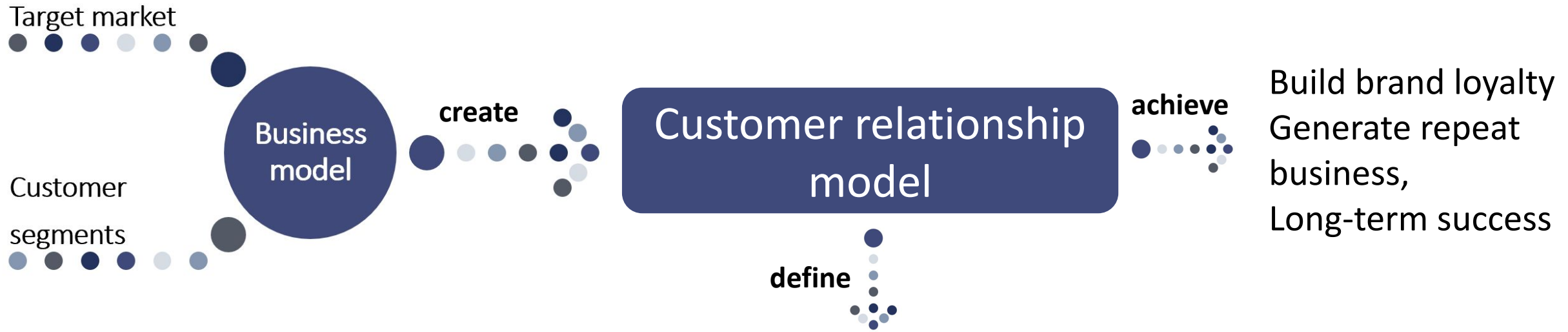
Communities

- building a community around the product

Automation

- automated systems and technology to deliver personalized experiences

Importance of a customer relationship model



- ✓ Marketing and sales strategies
- ✓ Types of customer support
- ✓ Company's engagement in customer support

Summary

- Customer segments in the business model canvas help identify distinct groups of customers with specific needs, allowing businesses to tailor their offerings and strategies to effectively capture market opportunities.
- A compelling value proposition clearly communicates the unique benefit of a product or service, differentiates it from competitors, and convinces customers why it is the best choice.
- Developing strong customer relationships and effective channels for delivering products and services is key to building brand loyalty and reaching customers.

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