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3.3.1 analyzing
business model



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JOSHITA BHASIN FIN No. G1687812Q Executive Summary The advances in the

21st Century, especially in technology, has paved way for many businesses.

Amongst them, E-Commerce has changed the way of doing business globally.

Here, we talk about e-businesses and how it has evolved over the years, along with literature review and a detailed analysis. Analysis of the three companies, Foodpanda, Groupon and OLX, all of different sizes, hailing from different countries, studying their innovative business models and an in-depth explanation of the factors have been done. Comparison between all three, along with concluding remarks have been provided. Table of Contents 1.

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IntroductionE-commerce is a way by which companies do business with the help of internet. With the rise of e-commerce, traditional way of trade business took a drastic turn, challenging and changing its viewpoints at every given point (Chaffey, 2011)Various companies are now picking the e-commerce virtual business, as it offers them a bigger market share by achieving better priced value. This is why market share of e-commerce is said to increase by 66% by the year 2020.

A company's success depends on numerous factors but the primary being how the business has positioned itself in the value chain. In order to have a competitive edge, companies must understand value proposition and articulate their strategies based on it (Ovans, 2017). E-Commerce has acquired a predominant place in the industry because of the technological advancement because of which, the new startups now invest heavily in it.

The three e-commerce companies discussed are, Foodpanda, Groupon and Olx. The three e-commerce businesses that we take into consideration here are, Foodpanda, Groupon and OLX. While Foodpanda adopts the B2C Business Model, Groupon leads with B2C and B2B models and OLX leads the Indian e-commerce market with its innovative C2C Business Model. 2.

Literature ReviewFigure 1 Business Plan Division2. 1 Business ModelA Business Model is a set of framework that generates the business generate revenue. It also mentions how and when the business should perform certain activities to enhance the added value and maximize profits.

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The seven elements of business model are discussed below: Figure 2

Business Model Key Elements 2. 2

Value Proposition

It is the most crucial part of any business model. It determines how the business would fulfill their customers' needs. A firm must strategize their operations in a way that offers customers value as well as differentiation. From a customer's point of view, value proposition is how well the firm has catered to their needs, how flexible are they, as well as how efficiently have they reduced the delivery cost of the product (F, 2009)2. 3

Business Model Canvas

It consists of 9 strategic components. Here, the current and the future strategies of the business are described.

The left side of the model talks about the aspects of the product, while the right talks about the market. The heart of it all is at the Value Proposition (C, 2000).

Key Partners Who will the firm partner up with?

Key Activities What would their strategic action plan be?

Value Proposition The firm's main agenda

Customer Relationships Firm's way of interacting with its customers

Customer Segment Whom are they targeting in their market segment?

Key Resources The sources needed by the firm

Distribution Channels How does the firm plan on reaching to its target audience?

3 Business Model Canvas 2. 4

Revenue Model of e-Commerce

BusinessThe name itself symbolizes " how the organizations makes money?" (Temath, 2010) There are different sources to generate revenue.

Figure 4 Revenue Model2. 5

Types of Business Models2. 5. 1

B2C E-Commerce Business ModelBusiness-to-Customer.

This model applies to any organization that connects their customers in order to sell their products or services, through the internet. Figure 5 B2C

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Business Model 2. 5. 2 B2B Business Model Here, the transaction takes place between two businesses. That simply means, instead of a single customer, an entire organization plays the role of buyer and seller of the goods and services offered.

Figure 6 B2B Business Model 2. 5. 3 C2C Business Model Under this, the transactions take place between customers and that doesn't involve any interference from the company/organization. Figure 7 C2C Business Model 3.

Case study 3. 1 Foodpanda Foodpanda is an online global marketplace for ordering food. Having some well-established business operations in forty-four countries, they're based in Berlin, Germany. They started their first global operation in March 2012. They have partnered with approximately over 48,000 restaurants around the globe. They follow a B2C Business Model (Anon., 2015) 3.

1. 1 Analyzing the Business Model Foodpanda follows B2C Business Model, where it connects its users to the restaurants. Innovate e-Business Model allows its customers to choose from a variety of restaurants and place an order according to their preferences, via Foodpanda's app or website and the order gets delivered to their doorstep (B, 2015) Customers have option of paying online, via e-wallets or cash on delivery (Foodpanda, 2016) Figure 8 Business Model of Foodpanda 3. 1. 2 Value Proposition: Foodpanda has had a pretty successful e-business model. They have created accessibility for the partnered restaurants to market themselves on their app/website. It is exceptionally helpful for restaurants that face difficulty in setting up their own websites. They achieve cost reduction by offering various hot deals and

discounts, and even free home delivery for food ordered over a certain amount.

Foodpanda has made it convenient for users to place orders, regardless of the physical distances of the restaurants. They have also provided customization for the users, allowing them to filter their options of cuisines. They also provide customers the status of the delivery (B, 2015)3. 1. 3

Target customers, customer relationship, channel and value chain
Foodpanda's target customers are those who are technologically well educated, busy and prefer convenience.

Their main target group are the people who love to try new cuisines, between the age of 18-30, but without the time and place restraint (Yusof, 2016) The main channel for user interaction are Foodpanda's website and mobile app, both that are user friendly and easy to navigate. For an interactive customer service portal, they support live chat in order to easily intermingle with customers. The key source of the value chain of Foodpanda is the preparation of food, and its core competence, to send the order placed at right place and at the right time. The revenue generation through different sources of Foodpanda can best be described by the figure below. Figure 9 Revenue Model of Foodpanda Figure 10 Business Model Canvas of Foodpanda 3. 2 GrouponGroupon is and American e-commerce company from Chicago, that engages in a single deal per day method. It offers coupons and discount cards on both, its website, as well as its mobile app, that can be redeemed at their partnered tie ups.

With its innovate business model, Groupon successfully captured markets of Northern America and many more, globally (Anon., 2016)

3. 2. 1 Analyzing Business Model of Groupon

Figure 11 Groupon Business Model

Initially, Groupon started with a B2C business model. However, it is now making its way into B2B.

Their first success story of B2B was while offering a whopping 50% discount of \$25, 000 on consulting. This let them to add more resources to the B2B deals via redemption tracking softwares and stores. Groupon's key partners are their local merchants, brands and retailers (Anon., 2017)

3. 2. 2 Value Propostion:

Groupon creates value proposition by offering low price offers, a wide of products, convenience and accessibility to their users. Groupon proves to be a good advertisement platform for their partners.

3. 2. 3 Target customers, customer relationship, channel and value chain

Groupon's target customers are people who are in the search of good offers, local merchants, and small sized companies looking for a platform that would provide them with potential customers.

They target the age group 18-36. They use different channels such as their website, their mobile app, and at times, even e-mails. They ensure that they are well connected to their customers and maintain a good customer relationship (Beukes, 2012) 3.

2. 4 Revenue Model

Groupon earns through various diverse sources, mentioned below. It charges the companies an advertisement fee and allows them to use the Groupon website to promote and advertise themselves. Groupon has the capacity to analyze customer behavior due to their

extensive date, that is use for sponsored listing to generate good revenue. 10% of their revenue is generated by charging subscription fee to the local merchants, while 60% is generated by earning commission on the number of coupons sold (Beukes, 2012)Figure 12 Revenue Model of Groupon

Figure 13 Business Model Canvas of Groupon 3. 3 OLXOLX is an Indian online marketplace company, formed in 2006, that is known for its reliability and efficiency amongst buyers and sellers. It provides a platform for local goods to be exchanged. Their innovative business model classified “ next-gen” trading of goods and has made it extremely easy and efficient for its users.

It operates in multiple local dialects spoken and understood in India, which has made its operation smoother. Their business model has spread over a hundred countries in more than 35 languages (Anon., 2016)3. 3. 1

Analyzing Business model adopted by OLXOLX’s business model is that of C2C. The users post their free advertisements in the form of pictures and videos of the goods they wish to sell, along with their contact details.

The interested buyers, who are also, OLX users, can view and contact them accordingly (Anon., 2015) Roughly, OLX has around 2. 5 billion monthly viewers. IT, partnership, development staff, technology advances are some of their key resources. Figure 14 Business Model of OLX 3.

3. 2 Value propositionOLX, amongst its users is known for quality and trustworthiness. It’s a reliable platform for both buyers and sellers and they aren’t charged any extra fee whatsoever.

The sales and management team of the company are proficient and have the desired expertise to help users navigate across different categories with ease (Anon., 2015).

3.3.3 Target markets, customer relationship, channels and value chain

OLX targets a variety of audience. 50 % of users are mainly from India, Poland and Brazil, Latin America. Approximately, 50% of their user base is from India, Poland, Brazil and Latin America, the main channel being its website and mobile app. OLX is known for its strong customer relationship, that they've achieved by good quality service, customer assistance, providing verification checks, etc.

that have given them a good reputation in the market. They use regional television ads and social media to market their value chain activity. Their cost structure is simple, focusing on expenses of development and managing technologies, salaries, campaigns, marketing and digital media.

3.3.4 Revenue Model

OLX has a diverse revenue stream, major part being advertisement through Google AdSense. This allows them to monitor and limit traffic to a 1000 mark, incurring cost for the viewings of their homepage ads.

OLX provides sponsored links to companies who wish to display their advertisements on their homepage. Featured Listing, that allows users to add the product they wish to promote, on top, before the other adverts (Unicornomy, 2017).

Figure 15 Revenue Model for OLX

4.

Comparison of the three companies

COMPANY	FOODPANDA	GROUPON	OLX
e-business model	B2C	B2C and B2B	C2C
Product Offered	Easy and convenient food delivery method	Great discounts on a huge variety of goods and services	Trade of a variety of goods, from one customer to the other

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Value Proposition - Convenience to restaurants and consumers, equally - Safe and reliable platform - Reviews and ratings for almost all partnered restaurants for the convenience of users - Prompt delivery - Possibility for businesses to attract new clients - Reliable and safe - Convenient and budget friendly - A reliable platform for buyers as well as sellers - Free, no fee charge - User friendly navigation - Safety assured Transaction methods - Cash on delivery - Debit or credit card (master and visa) - Paypal - debit and credit card (master and visa) - Online banking - Debit card via pesopay - Credit card via pesopay and PayPal Target Customer - Customers who want to try different cuisines at the convenience of their homes - Technologically up to date - Budget meals and offers - Consumers looking for good deals - Technologically educated - Young consumers - Emerging markets - Tech savvy users - User friendly navigation; even for older generation Competitors - Justeats, Ubereats and other local competitors - Livingsocial, Buywithme, Tippr and ScoutMob. Alibaba, Ebay, quikr, homeshop18 Revenue generation - Affiliate commission. - Sponsorships and advertisement. - Transaction fee. - Advertising fee - Sponsored Product - Commission - Subscription fee - Google AdSense - Sponsored fee. - Fee on Featured listings.

Recommendations - Healthier food options - Variety of regional foods to meet local demands - Focus more on discounts and offers - Develop loyalty programs for regular users - Provide delivery service 5.

Conclusion Though the three companies discussed above, Foodpanda, Groupon and OLX are from different countries and cater to different industries and audiences, the platform they use is the same i. e. E-

Commerce. Foodpanda, has seen a steady growth over the years, thanks to its unique and efficient business mode. Groupon, with its innovative business model, promotes cost savings for its customers.

Since they constantly face heavy competition, they need to provide additional value added services, that would provide them an edge. OLX, provides accessibility with great ease to the process of trading between customers, which provides them a great market share. The comparison between the three companies gives an insight and recommendations for betterment that the companies could achieve. In conclusion, it is evident that the three companies to have a competitive edge in the e-commerce industry. They need to cater to the ever changing needs and demands of the market by keeping themselves updating and adding new elements to their business models whenever necessary (Yip, 2000) 6.

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