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## Business Model Analysis for Beqala Egypt

Introduction   
Beqala Egypt is an online grocery store offering the brands of different companies. The business structure of the company is little different from the traditional structure of other online businesses. No intermediary is involved between the supplier and customer as in case of Amazon, Minbetna, and many other online shopping destinations. Beqala directly purchases the goods from original suppliers and sells it to the customers. Customers can book their orders online on the company’s official website and their orders are executed within 4 hours to 2 days of time-span. Even though it is very little time since the company came into being, yet it has shown its impact due to accurate adherence to its masterly structured business model. This paper sets out to analyze all the core factors of this business model one by one. For the ease of understanding, the underlying analysis is structured in the light of Osterwalder Canvas for Beqala Egypt, which is shown in the figure below:

Key Partners   
Key partners hold integral importance in any kind of business. Since, Beqala Egypt is an online grocery store and is one of the businesses in which store directly buys the product from suppliers and sells it to customers, the main partners of the company are social networks and suppliers. These are the most commonly known partners in the world of online shopping. Social networks refer to all social media platforms and forums that undertake to run the business campaign of the company. On the other hand, some well established brands i. e. Kit Kat, Aerial, and 7up are their major business partners that ensure permanent supply of their products to the chain of Beqala Grocery Stores.

## Key Activities

Beqala is an online grocery store, and the major platform through which they sell their products is their website: www. beqala. com. In other words, it is the website that links the store with their customers. So, main activities of the company’s business revolve around website maintenance and website promotion.

## Website Maintenance

It is one of the most frequently executed tasks, because the company has to update their web-platform according to the alterations taking place on frequent basis such as inclusion of new suppliers or products.

## Website Promotion

The IT staff of the company keeps striving in order to maintain and build the page rank of the company’s official website in order to make it more and more visible with the passage of time. For this purpose all SEO, and Internet Marketing strategies are utilized by extensively experienced IT workforce. That is why the company is able to derive billions of customers to their website.

## Key Resources

Key resources are the individually controlled resources without which a business cannot be operated. There is divergence between the commonly known resources of offline business and typical online resources. As for Beqala Egypt, there are mainly two resources on which the company relies: workforce and website.

## Workforce

It mainly includes IT employees and carriers. IT employees play their role in the maintenance and promotion of the official web-platform of the company. On the other hand, carriers are the persons who are assigned the duty of delivering the ordered product on required destinations.

## Website

Website is the most obvious key resource for any online business where Beqala is no exception. The official website of the company is the main online selling point where customers can find all the details about the online products offered by the company by the same token as offline customers can find at offline grocery stores. So, their official website serves as virtual grocery store.

## Value Proposition

Value proposition is all about satisfying and pleasing the customer. Timely delivery of the product, customer convenience, and precision in the understanding customer’s requirements are the main building blocks for the company’s value proposition.

## Timely delivery

Customer Convenience   
Traffic congestion has taken the shape of one of the most critical issues in Cairo (The World Bank). The problem is getting severer and severer with every year’s passing. That is main reason behind the mood-shift of the customers from offline to online hassle free shopping. Customers feel far more convenient while booking their orders online as compared to encountering the frequent traffic jams on their way to offline stores in order to shop for the same products.

## Customer Relationship

The evolution in E-business observed over past few years has enhanced the significance of CRM (Customer Relationship Management) for the companies. Beqala Egypt has shown intense care in the management of their customer relation in order to cope with the modern requirements of online business in the best possible manner. Besides brand feeling and creating meaning, there are three main components of their customer relationship plan that include transparency, quick delivery, and, the most importantly, trust. They have sleek and transparent procedure from the booking of order to the delivery of product. That is why there are scarcely any complaints regarding the delays in delivery, overcharging, or anything else that falls in this category. On the basis of this display of transparency, they are able to build trust despite spending very short time in the market, as the company was founded not more than a few months ago.

## Channels

Beqala Egypt is an online grocery store, so most of their concerns are related to the official websites. It is not only the virtual representative of the company, but also the channel for online shopping. They reach their customers through their web-platform. On the website, customers can find detail about the available brands, their features, benefits associated with their purchase, and all other relevant information. This is one of the most cost-efficient and effective ways of accessing the targeted audience. Apart from this, social media campaigns also play key role in this direction. Relevant posts on different social media platforms or website derive many new customers to the company’s online grocery store. However, the company has not yet utilized electronic media and print media, which are considered two of the most beneficial channels to reach the targeted audience. However, as the company grows both in size as well as in profitability in future, they are supposed to extend their marketing approach to that extent.

## Customer Segments

The customer segmentation is defined as the process of dividing customers according to the objectives of a company. The underlying company uses “ Al-Tawil” as the collective name for its different considerations related to segmentation. Basically, the marketing plan of the company is targeted on three types of customers including upper class, medium class, and working women.

## Upper Class Customers

Upper class customers are mostly in the pursuit of high-end luxury brand. In order to satisfy the maximum needs of this category of customer, the company has priced its luxury items at reasonably high prices. Furthermore, non-luxury items have also been classified according to quality.

## Medium Class Customers

In order to target medium class customers, the company offers low or average quality goods at average price. A sharp increase has been observed in the percentage of price sensitive customers in many countries in the middle-east including Egypt and Ukraine. So, the company want to utilize on the emerging opportunities resulting from this scenario. Beqala is targeting middle class community, because most of the price-sensitive consumers belong to this category.

## Cost Structure

This section is to analyze the cost incurred by the different resources utilized by the company.   
Salaries to IT employees   
There is massive role played by IT employees in adding to the visibility of the company’s official website. Furthermore, processing and managing of all the orders and relevant data fall in the criteria of their responsibilities. In the acknowledgement of their core services, the company has fixed monthly amount as their salaries.

## Import Cost

Beqala also deals in imported goods for which they have to comply with the regulatory concerns including custom duty or other charges applied to those products. These charges are also the part of the company’s cost structure.

## Platform Maintenance

Website maintenance incurs the highest percentage of cost to the company. This is the most frequent activity with many kinds of charges associated with it i. e. hosting and managing commissions.

## Following diagram further explains the company’s cost structure:

Revenue Stream   
There are basically two main sources of revenue generation for the company: commission on sale, and delivery charges.   
Commission on Sale   
This refers to the difference between the price at which the company buys a product from a supplier and the price at which it sells the same product to the customer. The company asserts the right to get this commission on the basis of services it provides in return of that.

## Delivery Charges

The delivery charges range between $0. 60 and $2. These charges are collected in return of the delivery of a product at the doorstep of customer. Variations between the charges are in accordance with the time lag attached with the order. Quicker deliveries are subordinated with comparatively higher charges.

## Conclusion

Success of Beqala Egypt depends on the successful implementation of its comprehensive business model. The business model satisfies all the criteria of requirements of an online business in the modern age. That is why the company is enjoying consistent growth in profitability.

## Would you invest in this company? Why?

Yes, I would willingly capitalize (if given) any opportunity of investing in Beqala Egypt. As far as the second part of the question is concerned (why), my decision is based on the following factors:   
As the traffic conditions are getting worse and worse in Arabian countries including Egypt (as shown in the figure), more and more people are seeking online shopping destinations for hassle free experience.

## It is a growing business, and it is always wise to invest in a business that has decent anticipated scope.

Beqala Egypt has asserted their credibility, so any new investment has marginally higher chances of profit than that of loss.

## Work Cited

The World Bank. Cairo Traffic Congestion study- Executive Note. 2014. Online 6 Jul. 2015. http://www. worldbank. org/en/country/egypt/publication/cairo-traffic-congestion-study-executive-note