# Business Models Case Studies Handout

**CASE STUDY #1**

**Netflix** is the USA's leading film & TV streaming service, with over 75% of households that stream content using Netflix. The Netflix network offers movies and TV series commercial-free, with unlimited viewing on any internet-connected screen. Its main rivals include traditional TV, other streaming services from companies like Amazon, and increasingly free content providers such as YouTube.

"People love TV content, but they don't love the linear TV experience, where channels present programs only at particular times on non-portable screens with complicated remote controls. Now internet TV - which is on-demand, personalized, and available on any screen - is replacing linear TV."

"Netflix is a focused passion brand, not a do-everything brand: Starbucks, not 7-Eleven; Southwest, not United; HBO, not Dish."

Netflix doesn't offer pay-per-view or free ad-supported content like many other companies – instead, it offers a flat-fee, unlimited viewing, and commercial-free subscription. Netflix focuses on movies and TV series entertainment only and they don't offer streaming of things like sports, news and user-generated content. Netflix has been increasing its number of original dramas, exclusively on Netflix exclusively with a full season available on its launch date.

"We are about the freedom of on-demand and the fun of binge viewing. We are about the flexibility of any screen at any time. We are about a personal experience that finds for each person the most pleasing titles from around the world. To deliver this experience to our members, we expect to spend over $1 billion on technology & development in 2017."
(Sources: adapted from https://ir.netflix.com/long-term-view.cfm and https://techcrunch.com/2017/04/10/netflix-reaches-75-of-u-s-streaming-service-viewers-but-youtube-is-catching-up/. Accessed 15 December 2017.)

**CASE STUDY #2**

**The Bradley Timepiece by Eone Timepieces, Inc.** is a watch that uses magnetic ball bearings to display the time. This design allows you to both see and feel the time.

The founder of Eone Timepieces, Inc. (short for Every One), Hyungsoo Kim, was inspired to make a watch for people who were visually impaired while he was a graduate student at MIT. A visually impaired classmate couldn't tell the time during class and was too embarrassed to use his talking watch, which would interrupt the lecture, so he'd discreetly whisper to Hyungsoo to ask the time. Hyungsoo thought there had to be a better watch for people with vision impairments, but was surprised to find that there weren't any good alternatives. With the strong conviction that everyone has a right to time, he collaborated with designers and individuals with vision impairments to create a watch that everyone can use — sighted or blind. "We tackled this issue with our signature product, the Bradley timepiece: a sleek, modern watch you can both touch and see to tell time."

It has been surprising to the team at Eone Timepieces, Inc. that many people have loved the watch and its design, not just the visually impaired. It is marketed as a watch for anyone who wants to wear a beautiful timepiece and be able to tell the time without looking.

"Our Mission: Design for Everyone
At Eone, we're redefining good design as beautiful, functional, and inclusive. That's why we put accessibility at the heart of what we make, how we communicate, and why we do business — creating a world that is more beautiful, equitable, and sustainable for everyone."

(Source adapted from https://www.eone-time.com/about-us/. Accessed 15 December 2017.)

**CASE STUDY #3**

*"Always the ride you want"*
*"The best way to get wherever you're going"*
*"There's a ride for every price and any occasion"*
(https://www.uber.com/en-GB/ride/)

**Uber** is an on-demand transportation service operating in over 450 cities worldwide. Uber is said to have disrupted the taxi industry through its mobile platform that allows customers to book a cab ride simply by tapping the app on their smartphone.

Customers also have the benefit of being able to track the cab, reducing the frustration of waiting, paying online so they don't need to carry cash, and rating the driver. Uber can get rid of low-rated drivers to guarantee good service. Customers can also choose from different types of Uber cabs to suit their need and budget. For example, Uber Taxi is the most cost effective and Uber SUV offers a luxury ride at a higher price. Uber earns money every time someone hires a cab and, based on how they offer their services, they are able to keep their costs low and often charge less than local taxi cab companies. Uber doesn't employ drivers directly or own the cabs. Rather the drivers use their own car and work as Uber drivers (often in their spare time) to earn extra cash. Uber takes a percentage of every fare and it has a computer algorithm that calculates prices based on the demand for rides at any given time and the availability of cars. At peak demand, prices will rise (called "surge pricing") in order to bring in more money for the drivers (and encouraging more driver to offer rides), which results in revenue (more money earned) for Uber.

(Sources: adapted from http://nextjuggernaut.com/blog/how-uber-works-business-model-revenue-uber-insights/ and http://blog.directpay.online/how-uber-revolutionized-taxi-industry)

**CASE STUDY #4**

**Lush Cosmetics** is a company that makes and sells a wide range of handmade cosmetics such as soaps, shower gels, shampoos, and "bath bombs" Their products are quirky - brightly colored, with strong smells and odd shapes! Their stores create a full sensory experience where shoppers can touch, smell and test the products.

The cosmetics are sold in the USA through their own stores while Lush operates a franchise system across Europe, allowing other individuals or companies to buy a license to set-up a Lush store and sell Lush Cosmetics. This has enabled the company to expand their reach to new markets and earn additional revenue from the franchised stores.

Lush is known for the ethical way in which they:

- source (get) their ingredients from suppliers around the world
- their environmental approach to manufacturing their cosmetics
- contribute to a wide range of causes and charities.

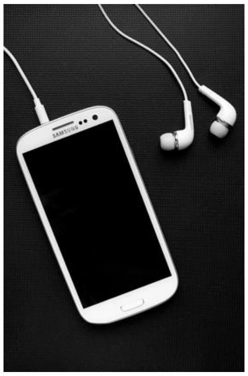
Lush products are sold at a relatively high price, priced above similar products widely available in big super stores, and are aimed at people who will pay extra for better quality, safer and more ethical products.

"Enjoy effective products produced without exploitation of people or planet, safe in the knowledge that all ingredients are vegetarian and that we do not test any of our products or ingredients on animals."

(Source: adapted from https://www.lushusa.com/bath/bath-bombs/)

**CASE STUDY #5**

**"Music For Everyone"**



**Spotify** is the leading online music streaming platform that enables users to listen to music on demand and streamed to any device.

Users have access to a catalogue of millions of songs that are updated with new releases every week. This provides a high level of choice and convenience that music listeners can't get from buying music or listening to the radio. The platform allows users to custom their streaming experience and create their own playlists as well as to listen to ready-made playlists for different genres of music or for doing different activities such as working out or studying.

Spotify uses what is known as a "Freemium" business model. They offer music streaming to customers free of charge, if they listen to ads, or customers can opt for the premium service and pay a monthly subscription to listen to music without ads, as well as be able to listen offline.

Spotify makes money from the advertisers wanting to target listeners with their ads. The company is able to track users' personal data, as well as music preferences to enable advertisers to target particular customers more effectively. Spotify also makes money from its premium customers through the monthly subscriptions. This model allows Spotify to target a wider range of customers, those looking for a way to listen to music for free and those who value the listening of music more highly and want to listen without the interruption of ads.
Adapted from https://spotifycase.wordpress.com/ and https://www.spotify.com/uk/

**CASE STUDY #6**

**Swiffer®** is a line of cleaning products made by Proctor and Gamble (P&G) that are designed to be easy to use, convenient and require little storage space.

"In 1999, P&G launched an entirely new line of home cleaning products based on the design principle of 'fast clean.' The Swiffer product line turned what had once been a physically demanding, time-consuming chore into a cleaning experience that is quick, easy, and even fun." (https://www.continuuminnovation.com/en/what-we-do/case-studies/swiffer/)

From the outset, P&G have patented various aspects of the Swiffer designs to make it very difficult for any company to directly copy their products. P&G continue to update their product design and get patents for these new designs, helping to reduce direct competition.

The Swiffer Sweeper is its leading product in the line. It is a floor cleaning kit that allows people to dry sweep and wet mop with the same sweeper handle. It is described by P&G as a "2in1 hard surface sweeping and mopping tool." To change between dry and wet surfaces you change the cloth on the head of the Swiffer Sweeper.

"The dry cloth has deep ridges and grooves that conform to the surface of your floor to trap and lock dirt, dust and hair, while the wet cloth dissolves dirt and grime and traps it away giving you an amazing clean." Swiffer emphasizes that the Sweeper is quick and easy to use with its "easy grip handle" and its "swivel head." The Swiffer product range also includes steam mops for tougher cleaning jobs and dusting handles with changeable heads.

The Swiffer line of cleaning products generates over $500 million for P&G each year. The introduction of the Swiffer's design meant P&G could use what is known as a "bait-and-hook" revenue model. They sell the handle very cheaply to attract customers (usually in a discounted starter kit), then once people have the mop they continue to buy the more expensively priced cloths, pads, and cleaning fluids!
(Adapted from https://swiffer.com/en-us/shop-products/sweeping/swiffer-sweeper-floor-mop-starter-kit)