- Organisations may have many different business models. (EG: organisation forum). But it is possible to find one that suits all

- **Business model (generic):** is the way in which an organisation does business and makes money in different context in which it operates. Types of models generic
    - **Manufacture:** takes raw material and creates/assembly a product. Then they can sell it to customers directly, or outsource sales to another company. EG: Mazda can sell to john huze or mazda stores
    - **Distributor:** Is any business that buys its products from a manufacture and aims to resale it to retail outlets or directly to public EG: car dealership they sell many products that's the key
    - **Retail:** buys products from distributor or wholesaler and sells it to public only.
    - **Franchise:** can be manufacture, distributor or retail, depends on what on the type of franchise is purchased. Adopts the business model of that franchise.

    Standard business models

    - **Brokerage:** market movers, facilitates the transaction between the buyers and sellers. Issue brokerage may get commission from organisation therefor best deal for them not you EG: Insurance brokerage finds best deals out of all
    - **Advertising:** extension to media broadcast model (item to disperse to wider people.) eg: facebook, google (acts as media broadcaster)
    - **Infomediary:** assist in understanding the market (usually research companies)
    - **Community:** user loyalty driven
    - **Subscription:** Users access member only services
    - **Utility:** Pay as you go

Business model today depends on what it's trying to do + technology used

- Brick and motar: we go in the shop and we purchase and pick up
- Bait and hook: we give a simpler version of product then we need to pay the full amount to get the full advantage of product
- Brokerage: a website gives the list of different organisation who offer same services
- Virtual marketplace: provides a place to find a product but you buy it not there
- Virtual merchant

- An organisation can respond to its structure of industry by having a competitive advantage. These strategies include
    - Cost leadership: provide lowest cost for services eg: tiger airline
    - Cost focus: is where not many people use. Provide cheapest cost for a narrow industry
    - Differentiation: best value you can get not cheap. Eg: premium on tiger airlines. More features
    - Differentiation focus:
    - Innovation: disrupting the exist market place. Ie: atm and online banking
    - Operation effectiveness: a customer does well with organisation. User experience

- Customer-orientation: meeting customer's needs & desires

There are three models which show the profitability of

- Porters Five force model: are the five forces that influences that may influence the profit of an industry
    - **Threats to new entrants:** How dangerous a threat of a new entrants can be depending on factors:
        - Industry profitability
        - Access to distributors
        - Switching cost: so generally the less switching cost means people are more likely to switch to new entrants
        - Product differentiation
    - **Bargaining power of customers:**
        - if the buyer has lots of alternatives then the amount of power he has is high. There are factors that influence
            - Cost of switching
            - Availability of existing substitute products.
    - **Bargaining power of suppliers:**
        - Suppliers of raw material, components, workplace, and services to an organisation can be powerful if there are no alternates. Specialised services will always be high
    - **Threats of substitutes or services**
        - More existing products outside the common product boundary will increase the customers' ability to switch factors:
            - Ease of switch
            - Number of substitute products in market
    - **Intensity of competitive rivalry**

- Information systems/Internet generally reduces profit by allowing more competition by:
    - Traditional entry barriers don't exist
    - Lots of alternate supplier's vs supply chain intergreated
    - Tracking loyalty (flybys) vs competitive sources
    - Substitute products created quickly (automation quicker)
    - Low cost digital products

- Value chain:
    - A set of activities that a firm operating in a specific industry performs in order to deliver valuable product or service of the market

- An organisation puts itself n a value chain of its industry to work out how to sustain itself = how to generate revenue
- Contains: Primary activity + supporting activity
- So products will pass through value chain and each activity that the product passes through value is added
- Primary activities include:
    - Inbound logistics: get what we are selling in ie inventory control
    - Operations: processes with what we are selling/raw material. Transforming
    - Outbound logistic: how to distribute to market, retails, and distributors.
    - Marketing & sales: make public aware product exist
    - Service: keep it working
- Secondary/support activities:
    - **Infrastructure:** ability to have building & staff & legal time
    - **Hr management:** have recruiting, managing, training
    - **Technological development**: an it team that maintains stuff
    - **Procurement**: how to do we buy/get the input material