Key Partners

- Who are your key partners?
- Who are your key suppliers?
- Which key resources are we acquiring from partners?
- Which key activities do partners perform?

Key Activities

- What key activities do our value propositions require?
- Our distribution channels?
- Customer relationships?
- Revenue streams?

Key Resources

- What Key Resources do our Value Propositions require?
- Our Distribution Channels?
- Customer Relationships?
- Revenue Streams?

Value Propositions

- What value do we deliver to the customer?
- Which one of our customer's problems are we helping to solve?
- What bundles of products and services are we offering to each Customer Segment?
- Which customer needs are we satisfying?

Customer Relationships

- What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
- Which ones have we established?
- How are they integrated with the rest of our business model?
- How costly are they?

Channels

- Through which Channels do our Customer Segments want to be reached?
- How are we reaching them now?
- How are our Channels integrated?
- Which ones work best?
- Which ones are most cost-efficient?
- How are we integrating them with customer routines?

Customer Segments

- For whom are we creating value?
- Who are our most important customers?

Cost Structure

- What are the most important costs inherent in our business model?
- Which Key Resources are most expensive?
- Which Key Activities are most expensive?

Revenue Streams

- For what value are our customers really willing to pay?
- For what do they currently pay?
- How are they currently paying?
- How would they prefer to pay?
- How much does each ● Revenue Stream contribute to overall revenues?

Key Partners ❓ <u>Insert</u>

- Drivers
- Investors
- Tech providers (maps, payment processing)

Key Activities ❓ <u>Insert</u>

- Development and management
- Marketing and customer acquisition
- Acquiring and managing service providers
- Customer support

Key Resources ❓ <u>Insert</u>

- Driver app
- Rider app
- Customer support service

Value Proposition ❓ <u>Insert</u>

For riders:

- Ride search
- Good quality and luxury cars
- Booking (request & match)
- Cash-free payment
- Minimum waiting time (ETA)
- Rating & reviews
- Worldwide availability

For drivers:

- Incomes control
- Flexible working hours
- Driver support (issues control center)

Customer Relationships ❓ <u>Insert</u>

- Feedback system
- Customer support
- Social media

Channels ❓ <u>Insert</u>

- Mobile app
- Social media
- PR strategies
- Loyalty programs
- Word of mouth

Customer Segments ❓ <u>Insert</u>

Riders:

- People who don't own cars
- People who can't or don't want to drive a car
- People who like to travel with comfort
- People who are looking for a cost-effective transport option

Drivers:

- People who own a car and are looking for extra income
- People who are looking for a job with flexible hours

Cost Structure ❓ <u>Insert</u>

- Tech infrastructure
- Platform maintenance
- Research & Development
- Legal and insurance costs
- Salaries
- Marketing expenses

Revenue Streams ❓ <u>Insert</u>

- Ride transaction fees
- Surge price
- Separate pricing politics for different levels of service (UberX, XL, Select, Pool)

We can divide the Business Model Canvas into two parts: the left part describes the product, and the right one – the market. And we have the value you have in an offer in the middle.

Uber combined all three to succeed: a great product that offers undeniable value worked on a great and appropriate market.

Now, let's see what questions are to be answered in each cell to fully understand the business model for Uber.

1. Value Proposition

You don't need to have a master's degree to know that every idea is valuable only in the case of when it offers obvious benefits to the customer segment of a particular business. The Uber-like business model has two separate markets that make it valuable: Service Providers and Service Consumers. They should be looked at differently, seeing as they pursue different goals.

What does Uber do?

First, Uber has riders and drivers.

What's there for passengers?

- Rides search
- Good quality and luxury cars
- Booking (request & match technology)
- Cash-free payment
- Minimum waiting time (ETA & car approach tracking)
- Rating & reviews
- Worldwide availability

Driver-partners are offered:

- The flexibility of working hours and location
- Additional income (payments even without requests if online)
- Aware and engaged clients
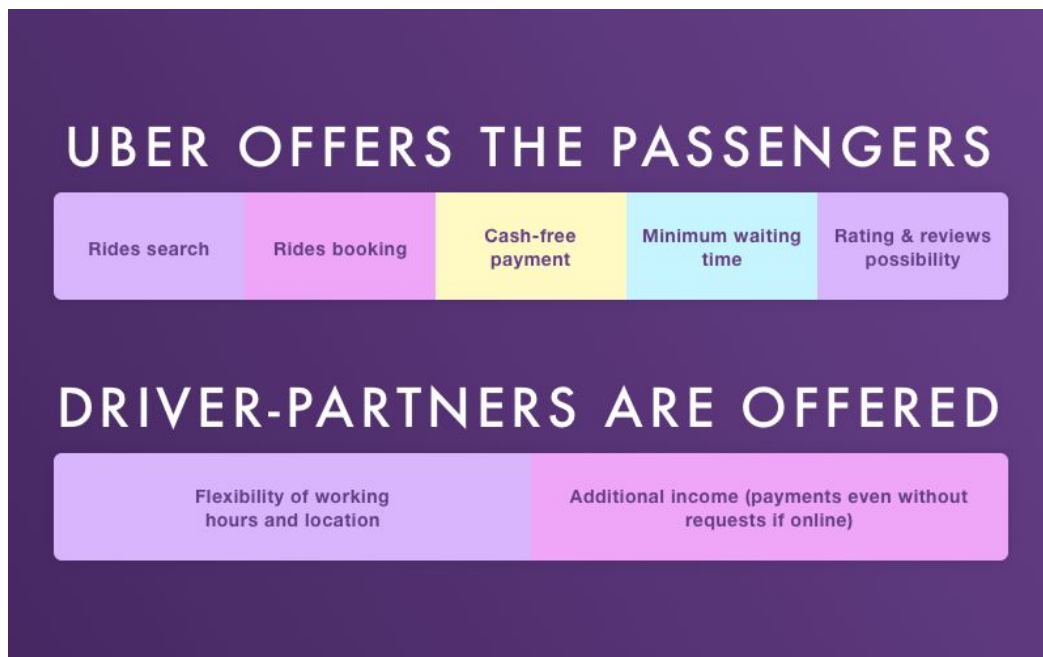
Second, define what value you are going to deliver to both. Just a good idea is rarely enough. The idea should seem useful not only to you but to your customer segment as well.

Short hint from Cleveroad: Don't copy someone's way of thinking, create your own. There is no need to reinvent the wheel, but established industries can always be modernized and improved. Why not with the help of your product?

2. Customer Segment

Sure, you may want to involve as many people as possible, still, the quality always outweighs the quantity. Engaged customers are the foundation of any successful business. That's why it's really important to identify who you create value for.

When creating a product for a two-sided market, keep in mind that you deliver different sorts of values for both segments.

Let's take a look at the same Uber's users – riders and drives.
Passengers are those who:

- Need a ride from point A to point B; they either don't own a car or don't want to drive
- Look for a cost-efficient solution
- Want a luxury ride

Driver-partners are those who:

- Want to earn extra money using their own cars
- Taxi drivers who want to be their own bosses

Short hint from Cleveroad: Think about the reasons why customers may want to use your product. This will help you identify the categories of people that will appreciate your solution.

3. Distribution channels

The next step is understanding how your business is going to link with the customer segment. How do you reach, attract and retain them?

Uber created lots of methods of spreading the word about their service. Some are pretty traditional like a website, or mobile apps, social media marketing, partnerships with well-known brands, etc.

The others are more creative, like suggesting their services almost to the point of potential demand (sports events, concerts, etc.) or responding to particular weather conditions.
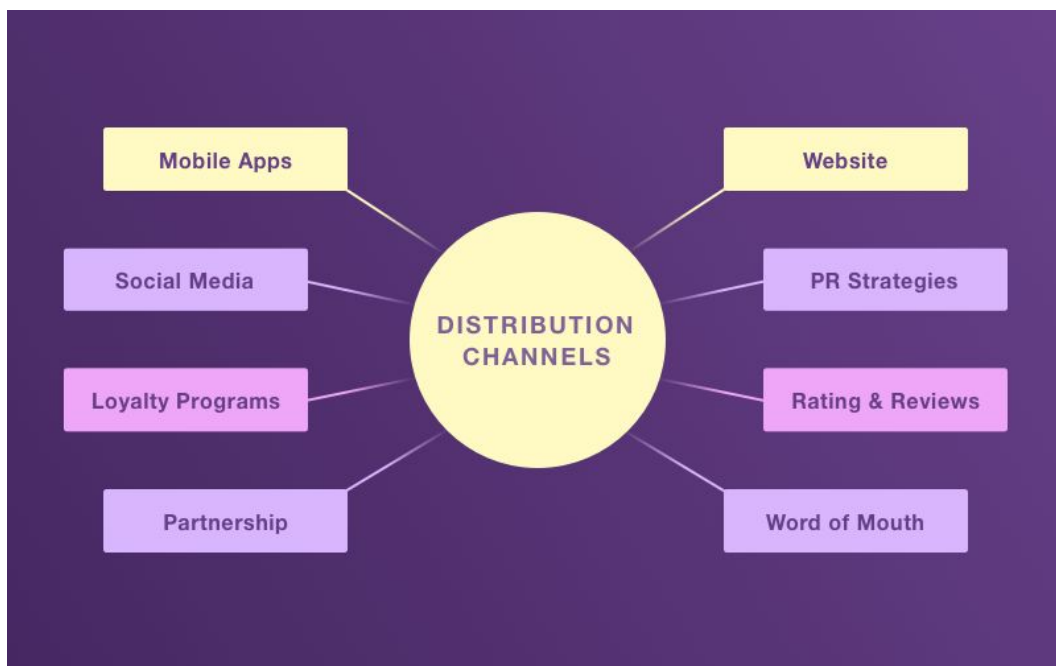
Short hint from Cleveroad: Remember that not all users are equal. So service providers and consumers may require different channels of distribution.

4. Customer relationships

Now, as you know the audience and they know about you, it's time to decide how you're going to interact.

Uber offers an entirely automated way of interaction. Passengers don't communicate with dispatchers to get a ride. Cashless payments, the feedback system, customer support – all these services are available via the app or website.

Short hint from Cleveroad: The popularity of social networks changed customer relationships. Now companies can not only get deeper insights from their clients via the social channels but also involve them in improving the product.

5. Revenue stream

It's simple: you provide services and, of course, you want to get paid. The question is: "How much will you make creating an Uber-like business?"

To find the answer, let's see how Uber has organized its revenue strategy.

First, Uber **charges for miles or kilometers**. Second, Uber has **separate pricing politics** for different levels of service (UberX, Premium Uber Brands) and extra services (Uber Cargo, Uber Foods, etc.). And of course, **surge pricing** also influences the company's profits. That's it.

Developing the revenue model that will suit your business is an individual thing and there's no universal recipe.
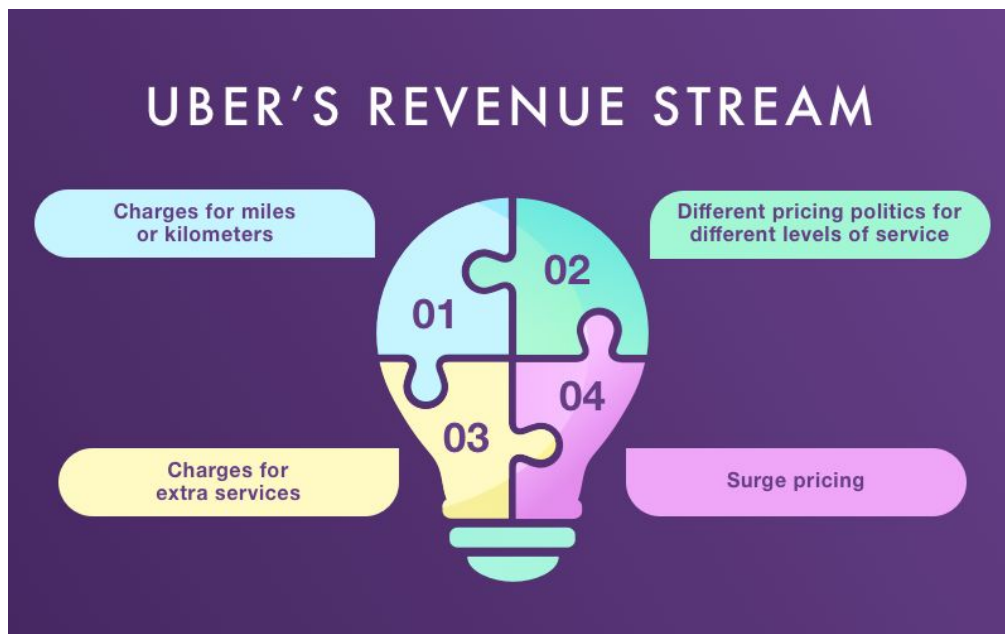
6. Key resources

What does your Uber-like business need for a start? First of all, a platform that will connect the Service Provider and Service Consumers. Second, the base of service providers (drivers with cars, cleaning staff, mechanics, etc.)

The next key resources may vary. However, if you want to ensure automation, you should include relevant algorithms. Uber, for example, has Pricing and Routing Algorithms.

7. Key activities

Uber's approach of how to make the product work is perfectly well-thought out and suits any Uber for X business.

Here's how it looks:

- Platform development and management
- Marketing and customer acquisition
- Hiring and managing service providers
- Customer support

8. Key partners

So it's time to look for reliable partners.

Services like Uber have to cooperate with:

- Service providers
- Technical support (map API providers, payment providers, etc.)
- Local authorities (if the product's working outside your local area)
- Investors

9. Cost structure

The last but not the least thing in the Uber-like business model is the cost of the product.

Here's a list of expenses you should be prepared for:

- Tech infrastructure (app building and maintenance)
- Salaries for employees
- Marketing expenses