Social Media Marketing Management
社會媒體行銷管理

社群網路商業模式
(Business Models and Issues of Social Media)
[Invited Speaker: Dr. Rick Cheng-Yu Lu]

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2013-04-30

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課程大綱 (Syllabus)

週次　　日期　　　　內容（Subject/Topics）

1　102/02/19　社會媒體行銷管理課程介紹
(Course Orientation of Social Media Marketing Management)

2　102/02/26　社群網路
(Social Media: Facebook, Youtube, Blog, Microblog)

3　102/03/05　社群網路行銷 (Social Media Marketing)

4　102/03/12　行銷管理 (Marketing Management)

5　102/03/19　社群網路服務與資訊系統理論
(Theories of Social Media Services and Information Systems)

6　102/03/26　行銷理論 (Marketing Theories)

7　102/04/02　教學行政觀摩日 (Off-campus study)

8　102/04/09　行銷管理論文研討
(Paper Reading on Marketing Management)

9　102/04/16　社群網路行為研究 (Behavior Research on Social Media)

課程大綱 (Syllabus)

週次　　日期　　　　內容（Subject/Topics）

10　102/04/23　期中報告 (Midterm Presentation)

11　102/04/30　社群網路商業模式 [Invited Speaker: Dr. Rick Cheng-Yu Lu]

　　　　　　　　(Business Models and Issues of Social Media)

12　102/05/07　社群網路策略 (Strategy of Social Media)

13　102/05/14　社群口碑與社群網路探勘
　　　　　　　　(Social Word-of-Mouth and Web Mining on Social Media)

14　102/05/21　社群網路論文研討 (Paper Reading on Social Media)

15　102/05/28　探索性因素分析 (Exploratory Factor Analysis)

16　102/06/04　確認性因素分析 (Confirmatory Factor Analysis)

17　102/06/11　期末報告1 (Term Project Presentation 1)

18　102/06/18　期末報告2 (Term Project Presentation 2)

Invited Speaker: Dr. Rick Cheng-Yu Lu

- 演講主題：台灣網路產業與社群網路近況 :以痞客邦PIXNET為例
(Web Industry and Social Network in Taiwan: Empirical Case Study in PIXNET)

- 演講者：呂承諭 博士 (Dr. Rick Cheng-Yu Lu) (Research Scientist, PIXNET Media)

- 時間：2013/04/30 19:20-22:10

- 地點：淡江大學城區部 D325 教室

- 主持人：戴敏育 (Prof. Min-Yuh Day)

Model

- "a simplified description and representation of a complex entity or process." (WordNet 2.0)

Business

- "the activity of providing goods and services involving financial, commercial and industrial aspects." (WordNet 2.0)

Source: (Ostenwalder, Pigneur and Tucci, 2005)

Business model

- A business model is a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm.

- Therefore we must consider which concepts and relationships allow a simplified description and representation of what value is provided to customers, how this is done and with which financial consequences.

E-commerce
Business Models

- Portal

- E-tailer

- Content Provider

- Transaction Broker

- Market Creator

- Service Provider

- Community Provider

E-commerce
Revenue Models

1. Advertising

2. Sales

3. Subscription

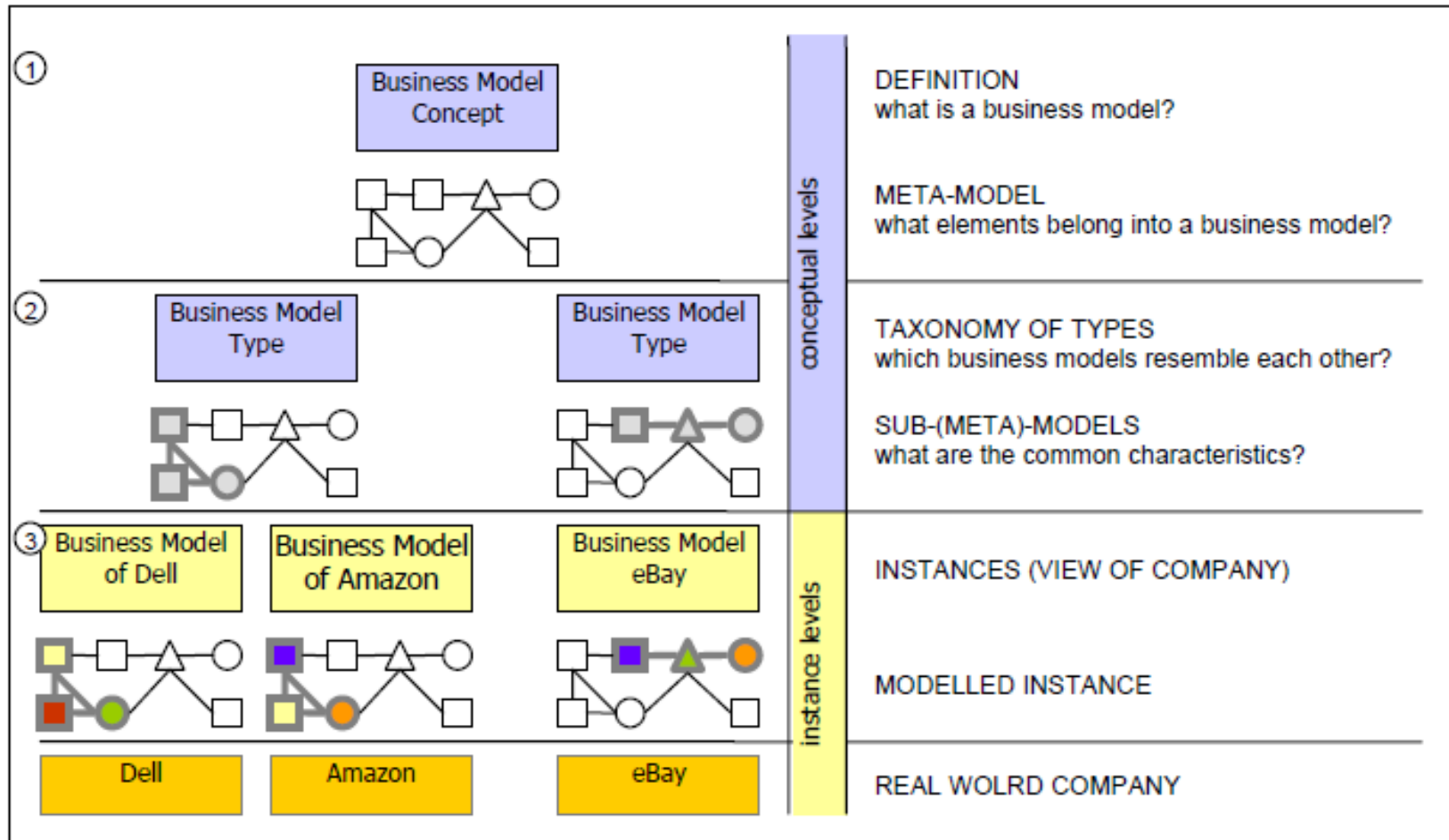4. Free/Freemium

5. Transaction Fee

6. Affiliate

Types of E-commerce

- Business-to-consumer (B2C)

- Business-to-business (B2B)

- Consumer-to-consumer (C2C)
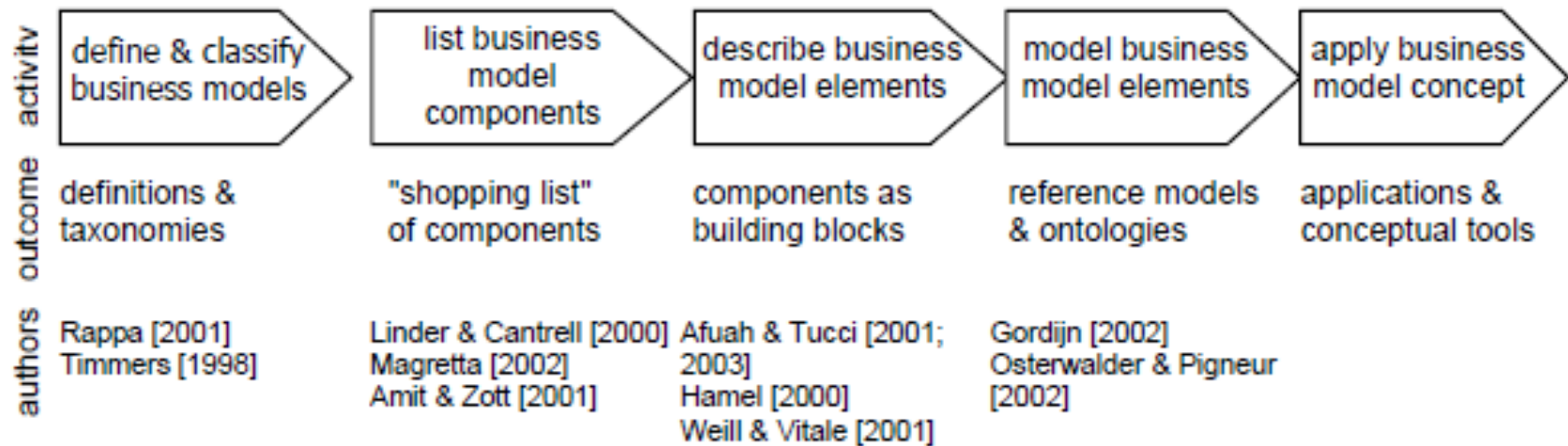
- Mobile commerce (m-commerce)

Occurrences of the Term "Business Model" in Scholarly Reviewed Journals

Year	In Title	In Abstract	In Keywords	in Full Text
2003	30	159	10	667
2002	22	109	2	617
2001	11	100	7	609
2000	16	67	1	491
1999	3	42	1	262
1998	1	19	0	128
1997	1	14	0	66
1996	0	14	0	57
1995	0	4	0	36
1994	0	2	0	18
1993	0	5	0	18
1992	0	2	0	15
1991	0	1	0	10
1990	0	4	0	7

Business Model Concept Hierarchy

EVOLUTION OF THE BUSINESS MODEL CONCEPT

activity	define & classify business models	list business model components	describe business model elements	model business model elements	apply business model concept
outcome	definitions & taxonomies	"shopping list" of components	components as building blocks	reference models & ontologies	applications & conceptual tools
authors	Rappa [2001] Timmers [1998]	Linder & Cantrell [2000] Magretta [2002] Amit & Zott [2001]	Afuah & Tucci [2001; 2003] Hamel [2000] Weill & Vitale [2001]	Gordijn [2002] Osterwalder & Pigneur [2002]	

Business Model vs. Business Process Model

- Business Model
  - a view of the firm's logic for creating and commercializing value

- Business process model
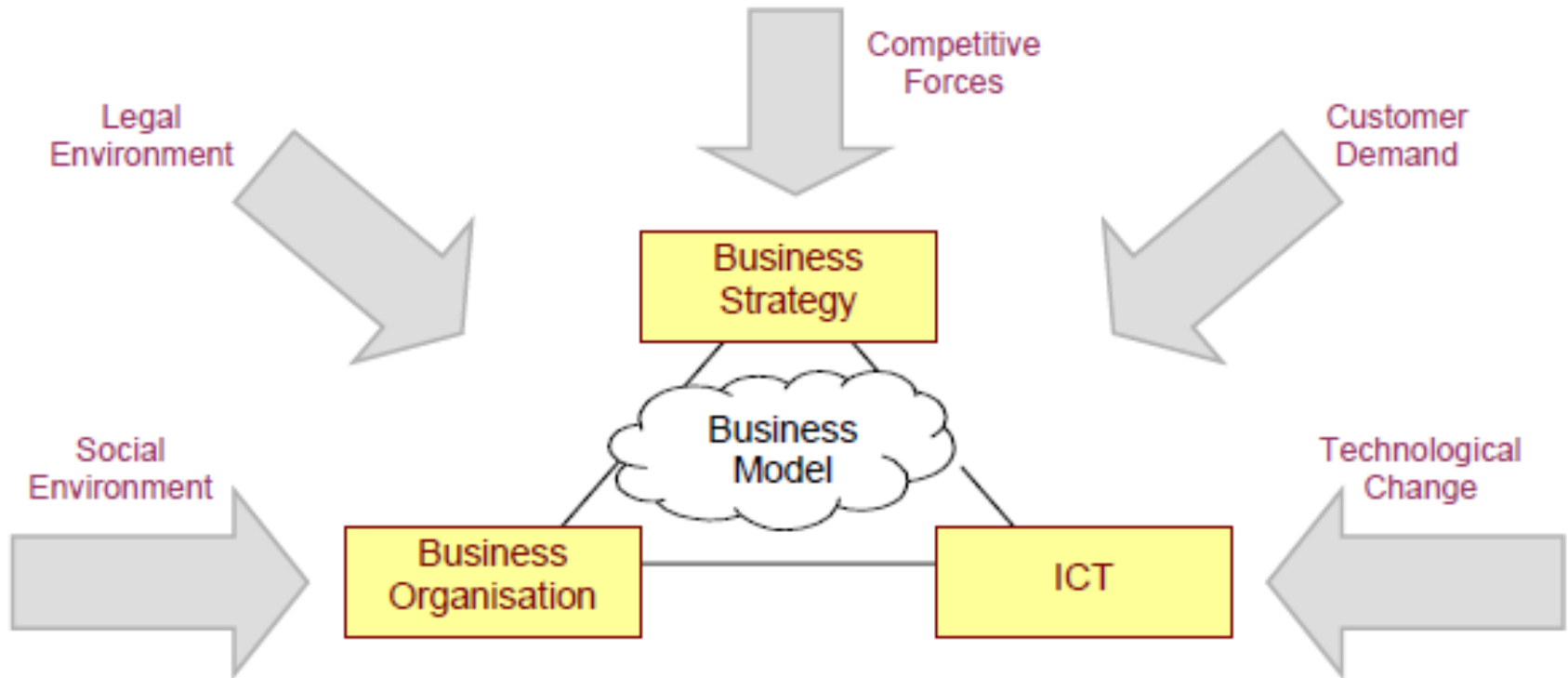 - how a business case is implemented in processes

Business model vs. Strategy

- Business models
  - a system that shows how the pieces of a business fit together.
  - an abstraction of a firm's strategy
- Strategy
  - includes competition

Implementing Business Models

Design Business Model		Finance Business Model		Implement Business Model
Management defines and designs a business concept that responds to market circumstances		Management works out a financial structure for the business model (e.g. internal funding, venture capital, stock		The business model is implemented into business structure, business processes and

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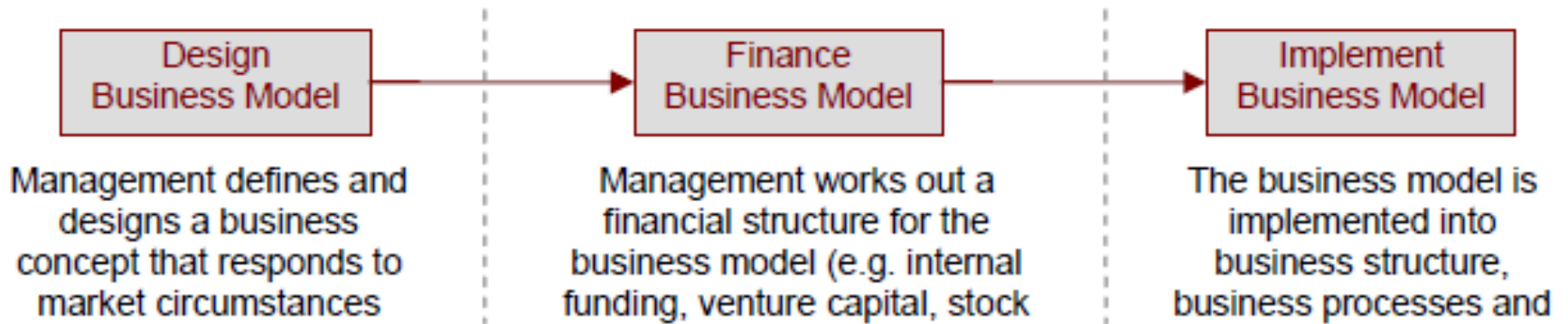
The Business Model's Place in the Firm

Nine Business Model Building Blocks

| Pillar	Business Model Building Block	Description
Product	Value Proposition	Gives an overall view of a company's bundle of products and services.
Customer Interface	Target Customer	Describes the segments of customers a company wants to offer value to.
	Distribution Channel	Describes the various means of the company to get in touch with its customers.
	Relationship	Explains the kind of links a company establishes between itself and its different customer segments.
Infrastructure Management	Value Configuration	Describes the arrangement of activities and resources.
	Core Competency	Outlines the competencies necessary to execute the company's business model.
	Partner Network	Portrays the network of cooperative agreements with other companies necessary to efficiently offer and commercialize value.
Financial Aspects	Cost Structure	Sums up the monetary consequences of the means employed in the business model.
	Revenue Model	Describes the way a company makes money through a variety of revenue flows.

Domains Addressed in Business Models

Business model ontology	Stähler 2001	Weill and Vitale 2001	Petrovic, Kittl et al.	Gordijn 2002	Afuah and Tucci 2003	Tapscott, Ticoll et al. 2000	Linder and Cantrell 2000
Value Proposition	value proposition	Value Proposition, strategic objective	Value Model	Value offering	Customer Value		value proposition
Target Customer		Customer Segments		Market Segment	Scope		
Distribution Channel		Channels	Customer relations model				channel model
Customer Relationship			Customer relations model				commerce relationship
Value Configuration	Architecture		Production Mode	e3-value configuration	connected activities, value configuration	b-webs	commerce process model
Capability		Core competencies, CSF	Resource Model		capabilities		
Partnership	Architecture	e-business schematics		Actors	sustainability (team-up strategy)	b-webs	
Cost Structure				Value exchange	cost structure		
Revenue Model	Revenue Model	Source of revenue	Revenue Model	value exchange	pricing, revenue source		pricing model, revenue model

Domains Addressed in Business Models (cont.)

Business model ontology	Hamel 2000	Mahadevan 2000	Chesbrough and Rosenbloom 2000	Magretta 2002	Amit and Zott 2001	Applegate and Collura 2001	Maitland and Van de Kar 2002
Value Proposition	Product/market scope	Value stream	Value proposition	What does the customer value?	Transaction component	Product and Services offered	Value proposition, assumed value
Target Customer	Market scope		Market segment	Who is the customer?		Market opportunity	Market segment
Distribution Channel	Fulfillment & support, info & insight			How can we deliver value at an appropriate cost?		Marketing/sales model	
Customer Relationship	Relationship dynamics					Brand and reputation	
Value Configuration	Core processes	Logistical stream	Structure of the value chain		Architectural configuration	Operating model	
Capability	core competencies, strategic assets					Organization and culture, management model)	
Partnership	suppliers, partners, coalitions		Position in the value chain		Transaction component	Partners	Companies involved in creating value
Cost Structure			Cost structure	What is the underlying economic vale?			
Revenue Model	pricing structure	Revenue stream		How do we make money in this business		Benefits to firm and stakeholders	Revenue Model

# Planning, Changing and Implementing Business Models
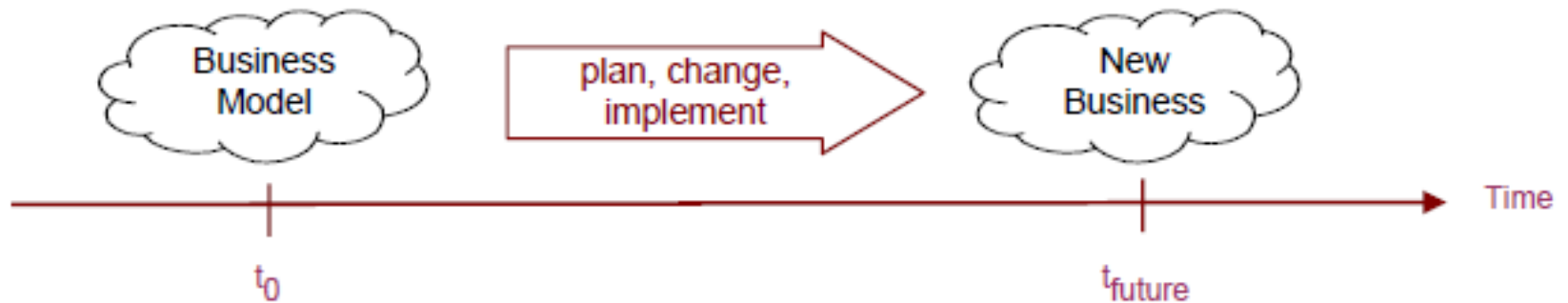
The management analyzes the current business model's adequacy to environmental pressures and designs a new business model

The new business model becomes a goal to achieve and guides planning, change and implementation

Business Strategy and Information Systems Alignment

Managers are aware of the use of Information Systems to realize goals, exploit opportunities and obtain competitive advantage

Business → **Business Model** ← Information Systems
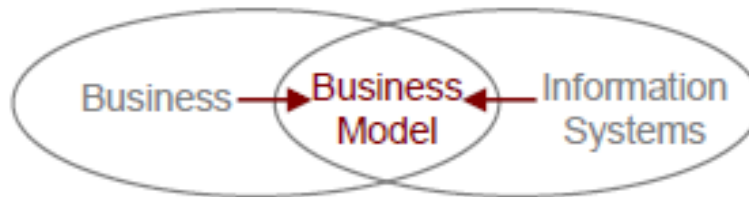
Information Systems support the company's business model and are targeted on areas that are critical to successful business performance

Source: (Ostenwalder, Pigneur and Tucci, 2005)

Business and IT/IS Alignment
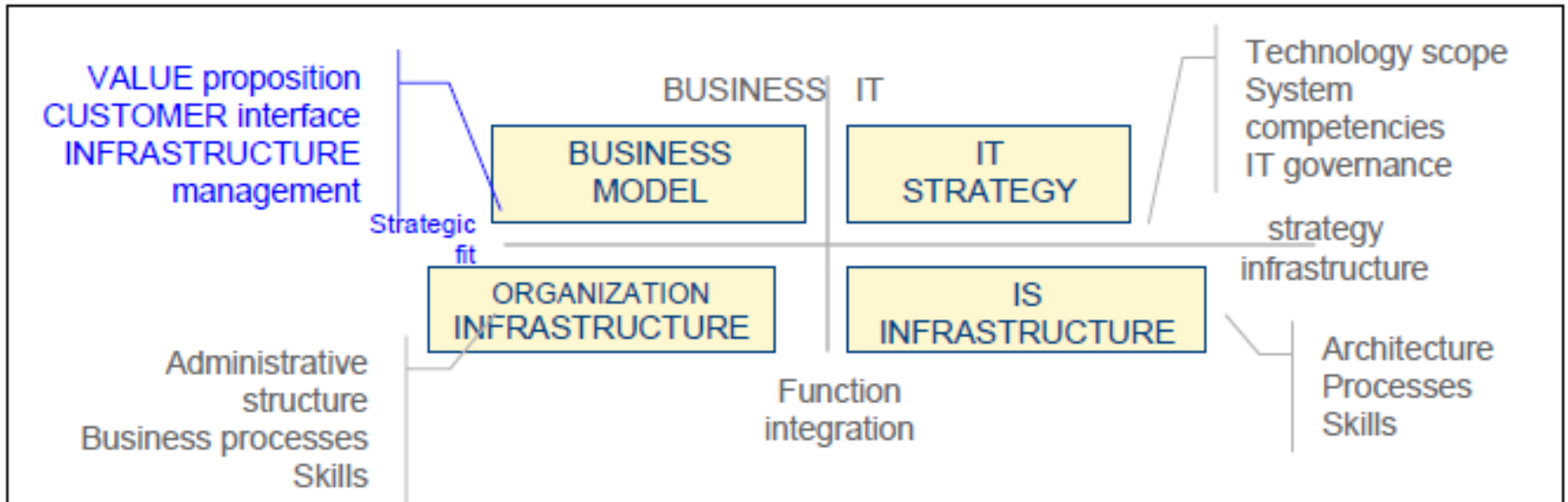
Adapted from [Henderson and Venkatraman 1999]

Infrastructure Alignment

9 INFRASTRUCTURE SERVICES 9 BUSINESS MODEL BUILDING BLOCKS	Application Infrastructure	Communications Management	Data Management	IT Management	Security	Architecture and Standards	Channel Management	IT Research and Development	Training and Education in IT
Value Proposition									
Target Customer									
Distribution Channel									
Relationship									
Value Configuration									
Capability									
Partnersh									
Cost Model									
Revenue Model									

Adapted from Weill and Vitale [2002]

Application Portfolio Management

	Strategic	Key Operational	Support	High Potential
Value Proposition				
Target Customer				
Distribution Channel				
Relationship				
Value Configuration				
Capability				
Partnersh				
Cost Model				
Revenue Model				

Adapted from Ward [1988]

Business Models and Goals for Requirements Engineering

9 BUSINESS MODEL BLOCKS	Goal 1	Goal 2	Goal 3	Goal 4
Value Proposition				
Target Customer				
Distribution Channel				
Relationship				
Value Configuration				
Capability				
Partnersh				
Cost Model				
Revenue Model				

Source: (Ostenwalder, Pigneur and Tucci, 2005)

Business Model and Balanced Scorecard

9 BUSINESS MODEL BLOCKS	Indicator	current score	target score	alarm level
Value Proposition				
Target Customer				
Distribution Channel				
Relationship				
Value Configuration				
Capability				
Partnersh				
Cost Model				
Revenue Model				

Adapted from Kaplan and Norton [1992]

Source: (Ostenwalder, Pigneur and Tucci, 2005)

Definition of Business Model

A **business model** describes the **rationale** of how an **organization** **creates**, **delivers**, **and** **captures** **value**.

Business Model Canvas

The 9 Building Blocks of Business Model

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
8	**6**	**2**	**4**	**1**
	Key Resources		Channels	
	7		**3**	

Cost Structure	Revenue Streams
9	**5**
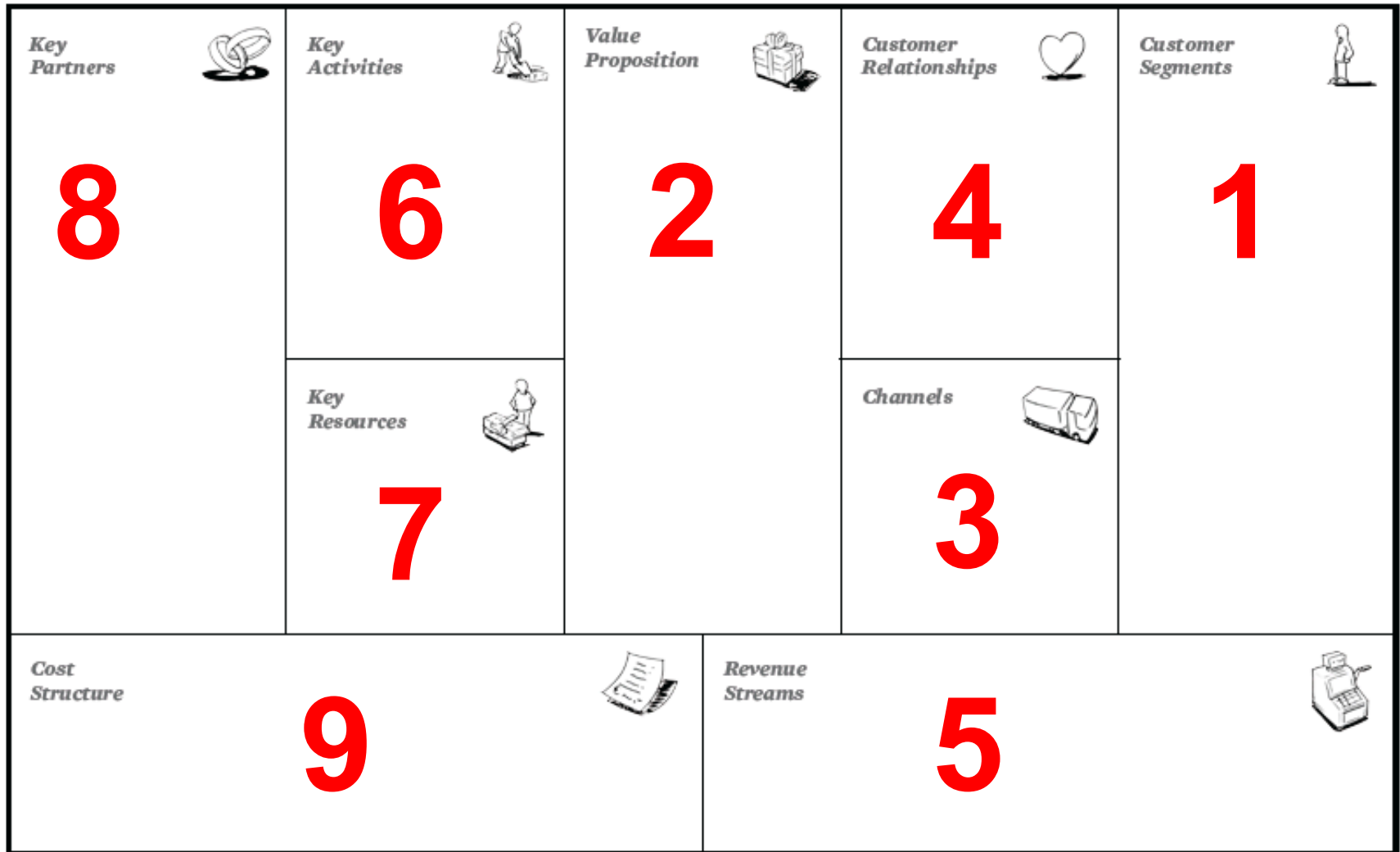
The 9 Building Blocks of Business Model

1. Customer Segments

Defines the different groups of people or organizations an enterprise aims to reach and serve
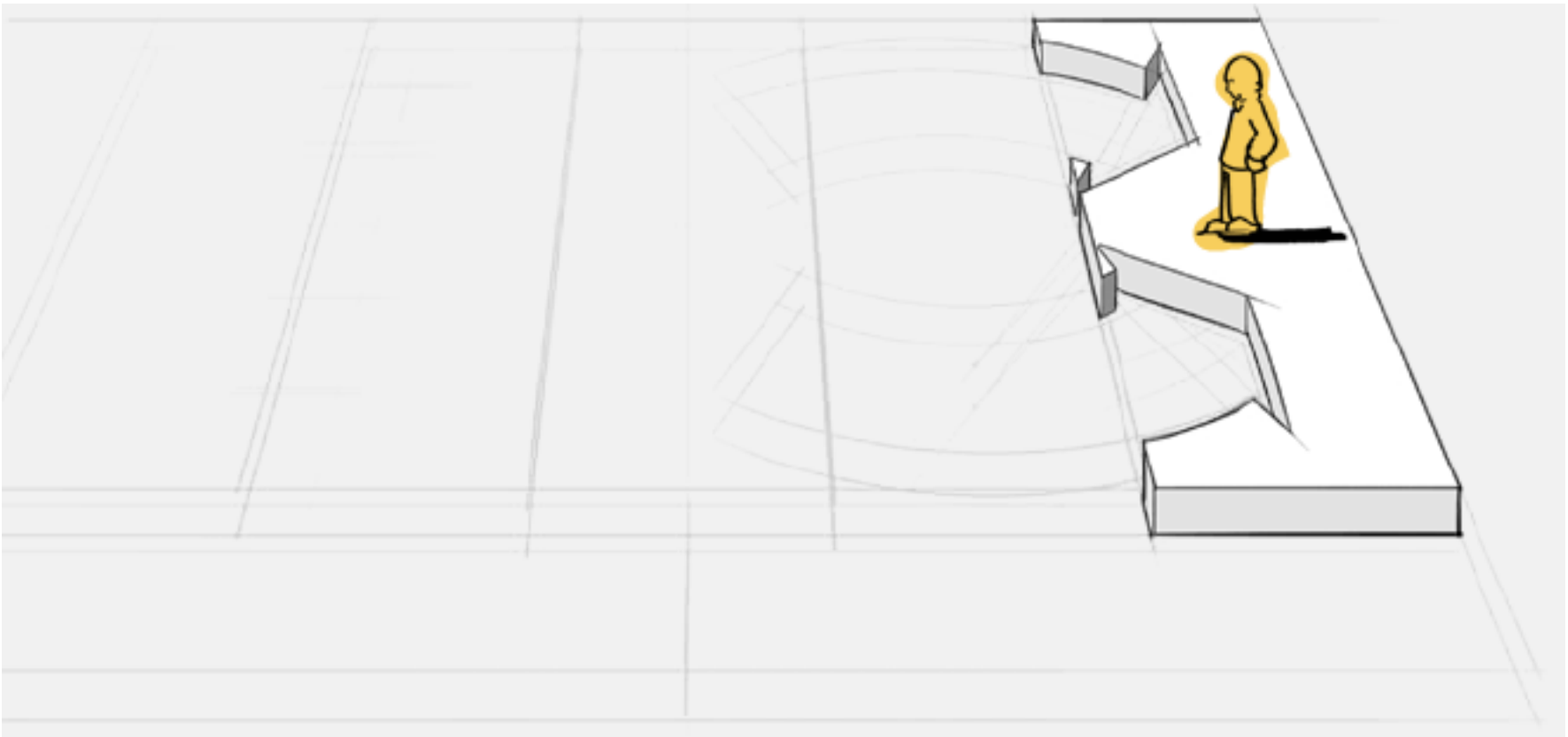
2. Value Propositions

Describes the bundle of products and services that create value for a specific Customer Segment

3. Channels

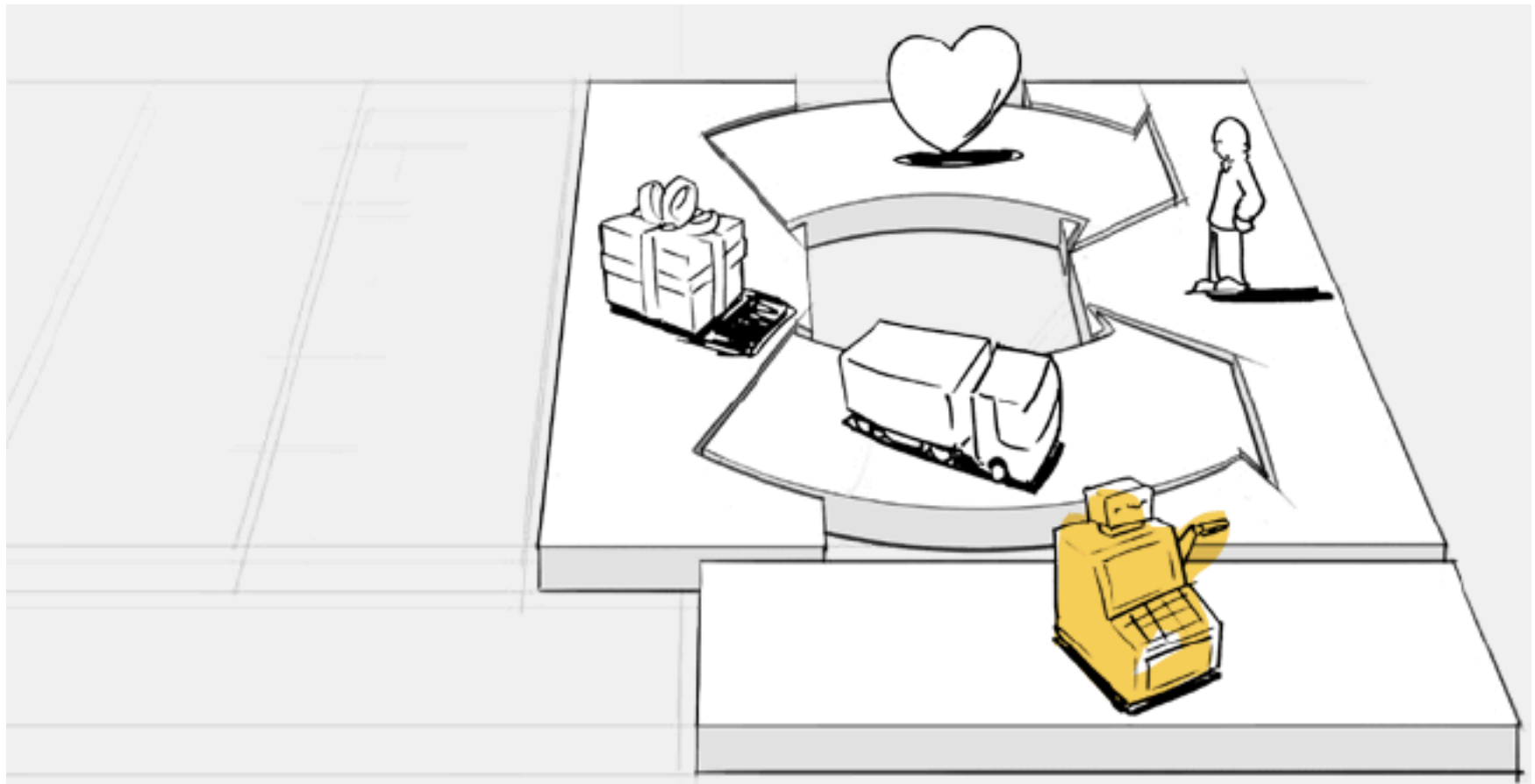Describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition
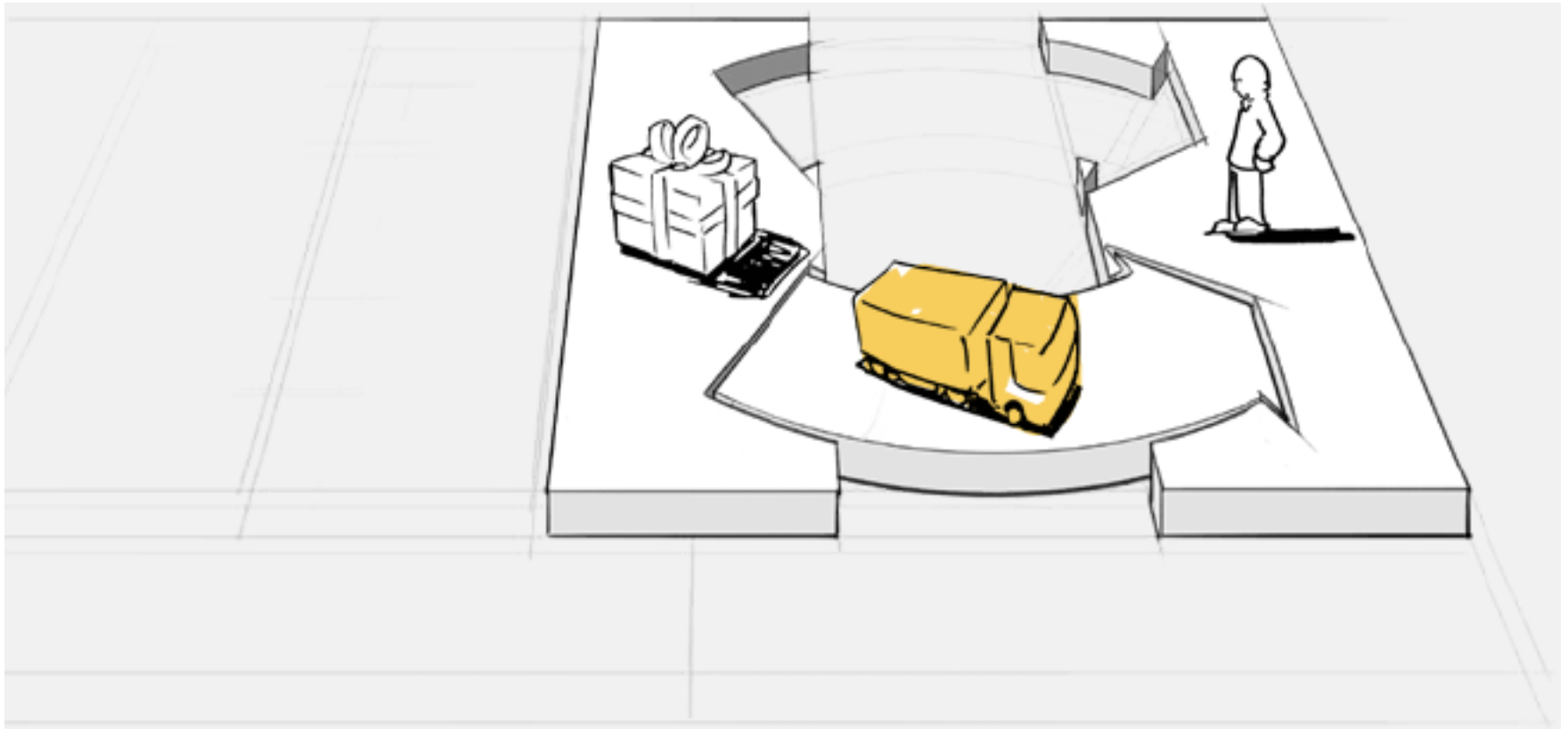
4. Customer Relationships

Describes the types of relationships a company establishes with specific Customer Segments
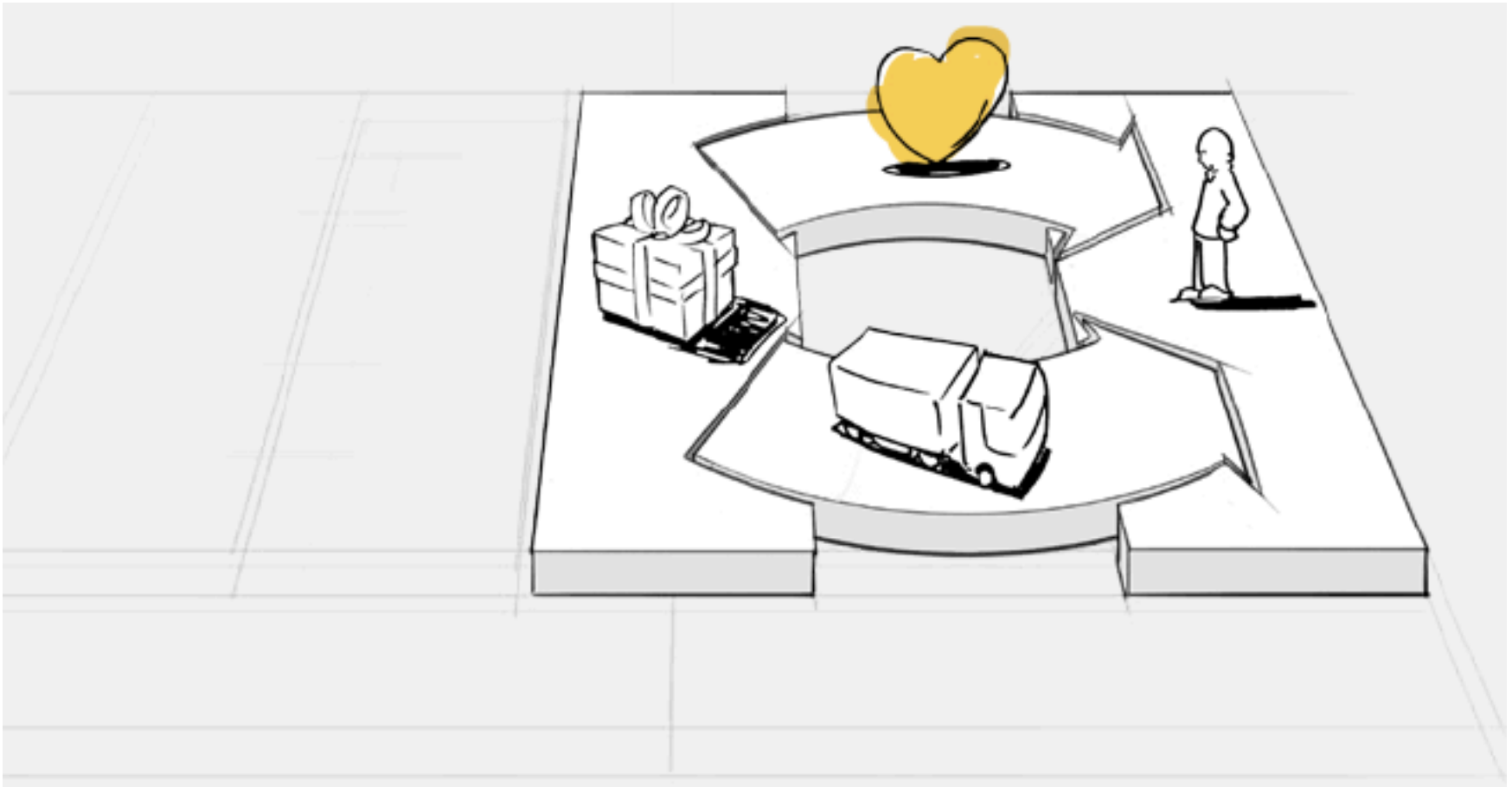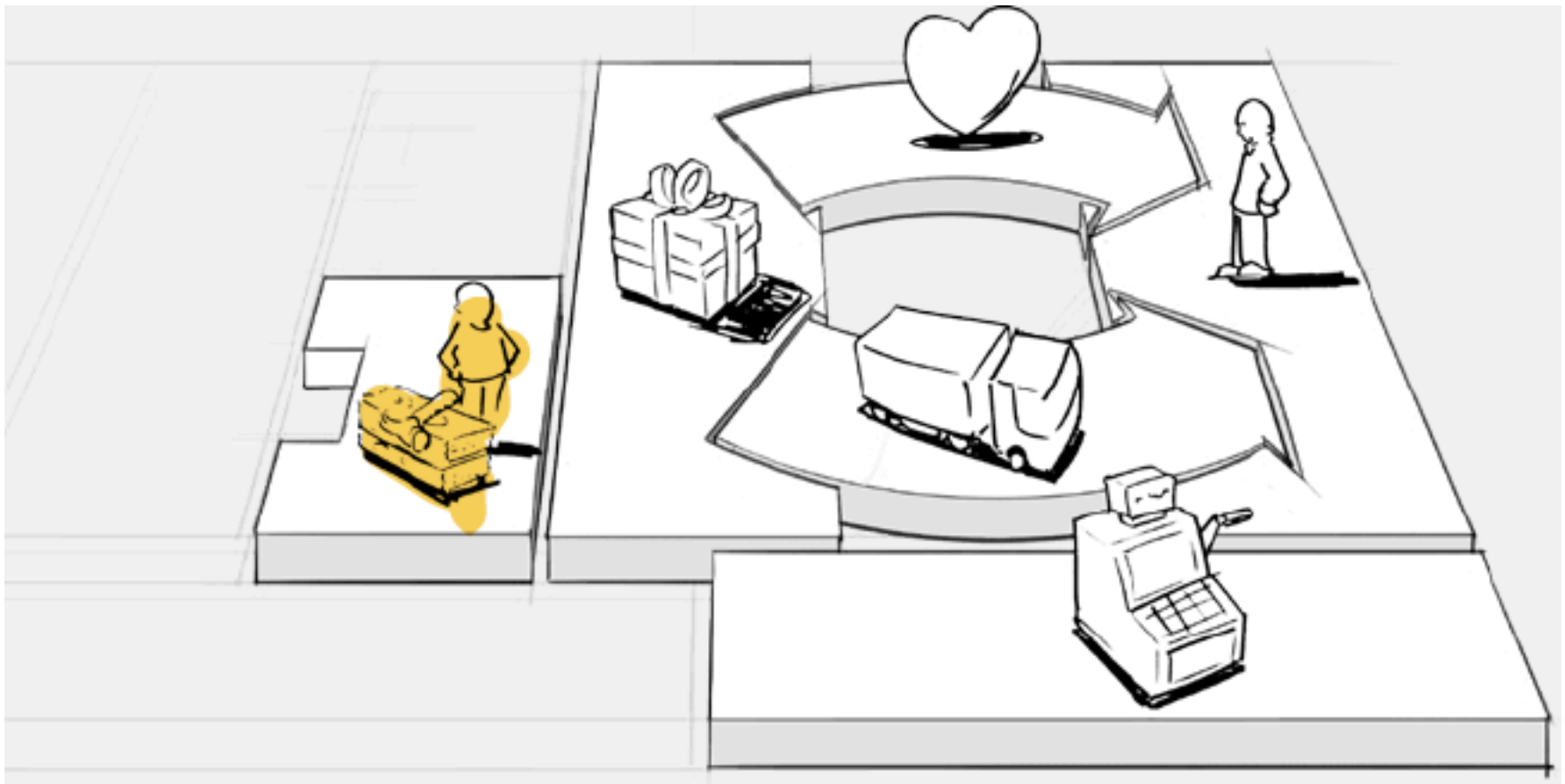
5. Revenue Streams

Represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings)
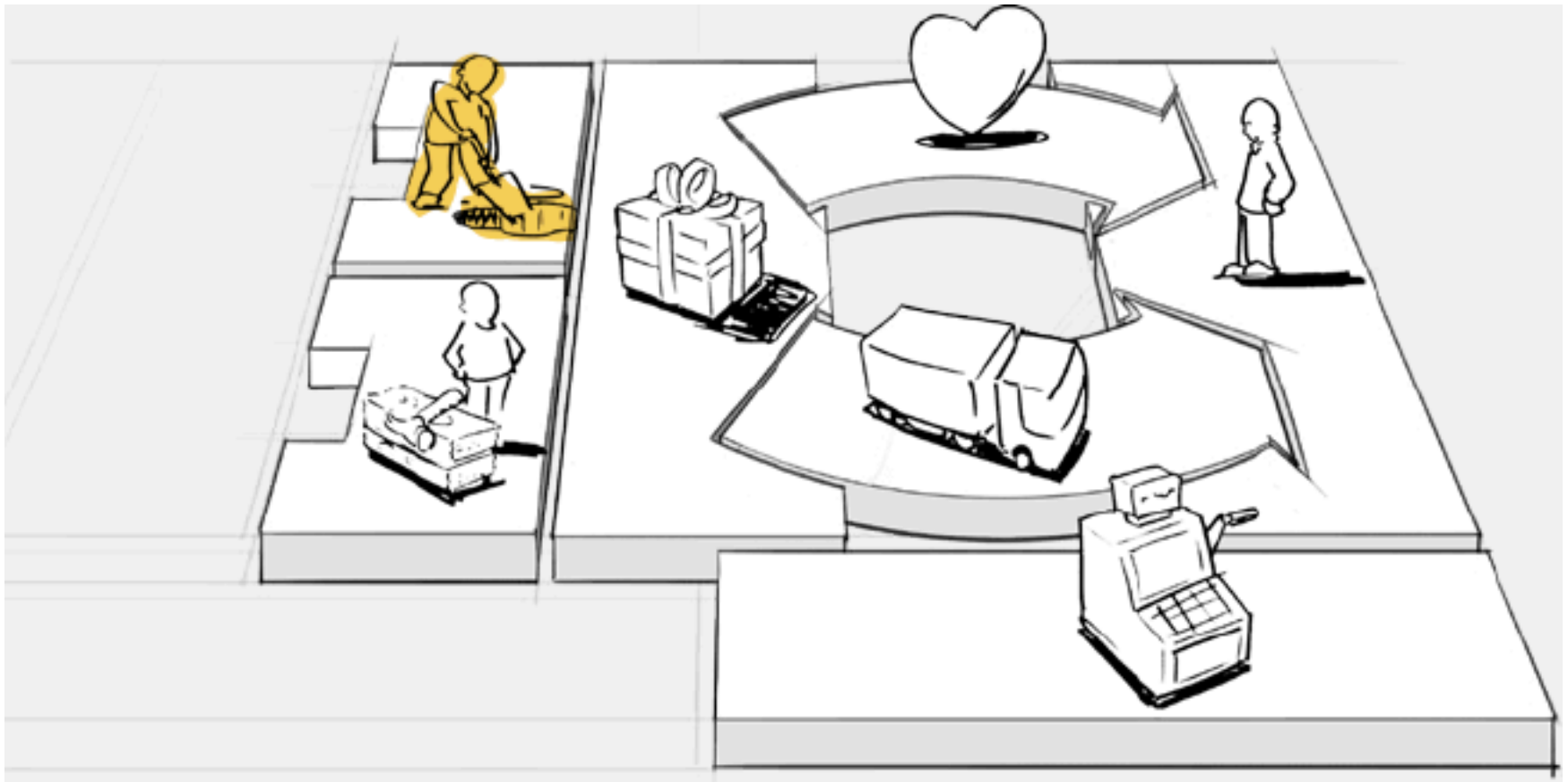
6. Key Resources

Describes the most important assets required to make a business model work

Source: Alexander Osterwalder & Yves Pigneur, Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, Wiley, 2010.
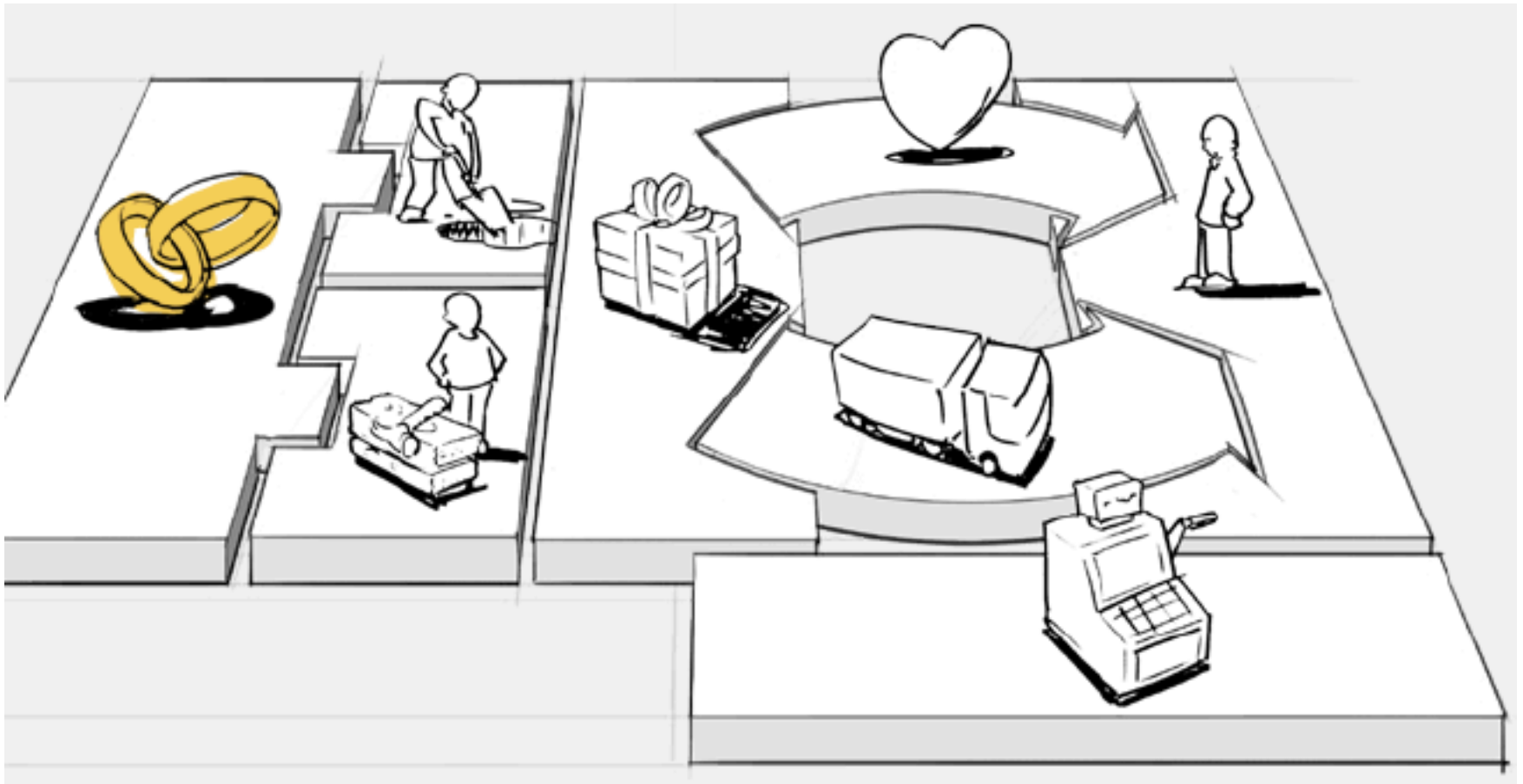
7. Key Activities

Describes the most important things a company must do to make its business model work
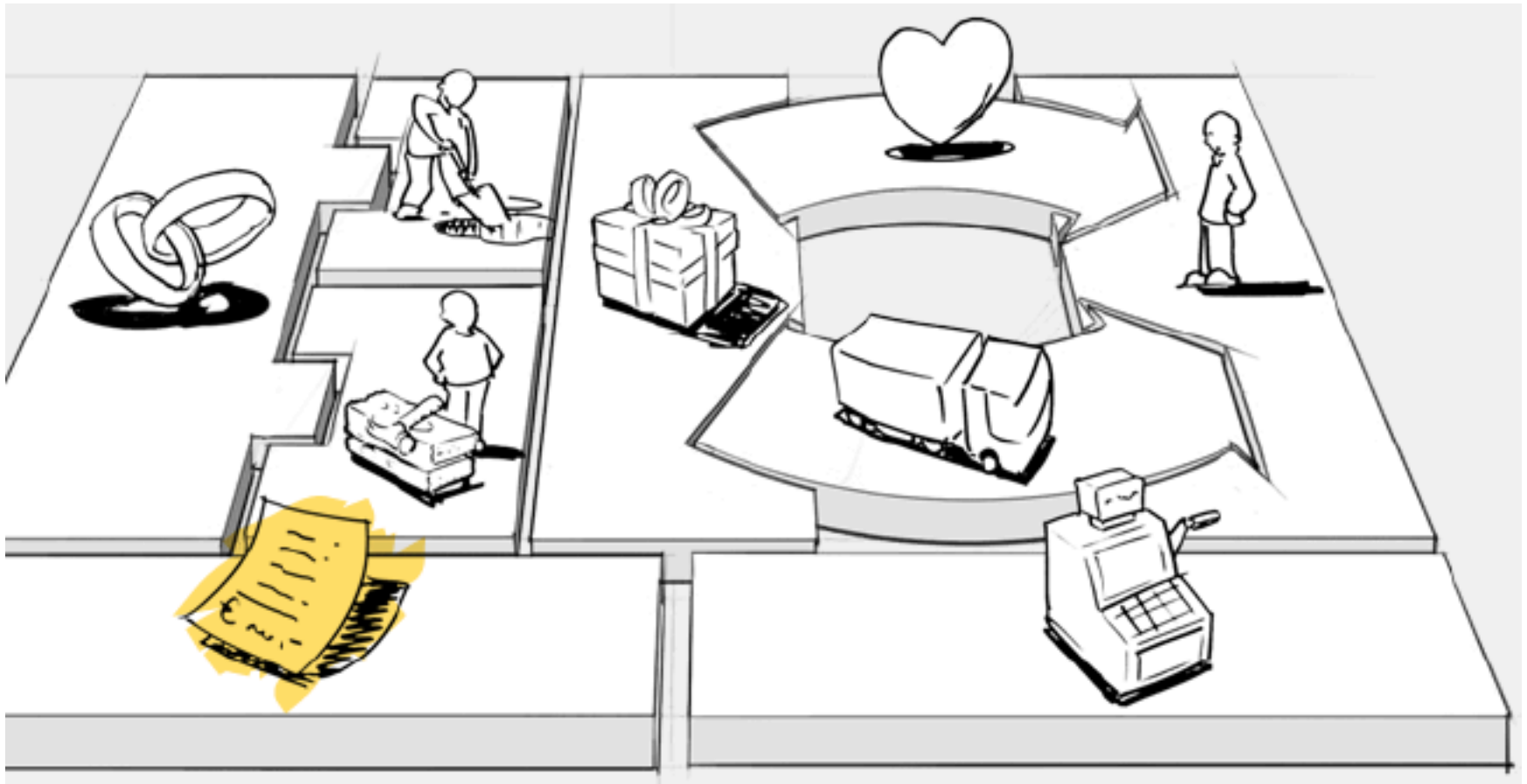
8. Key Partnerships

Describes the network of suppliers and partners that make the business model work

9. Cost Structure

Describes all costs incurred to operate a business model

The 9 Building Blocks of Business Model

1. Customer Segments
   - An organization serves one or several Customer Segments.

2. Value Propositions
   - It seeks to solve customer problems and satisfy customer needs with value propositions.

3. Channels
   - Value propositions are delivered to customers through communication, distribution, and sales Channels.

4. Customer Relationships
   - Customer relationships are established and maintained with each Customer Segment.

The 9 Building Blocks of Business Model

5. Revenue Streams

– Revenue streams result from value propositions successfully offered to customers.

6. Key Resources

– Key resources are the assets required to offer and deliver the previously described elements…

7. Key Activities

– …by performing a number of Key Activities.

8. Key Partnerships

– Some activities are outsourced and some resources are acquired outside the enterprise.

9. Cost Structure

– The business model elements result in the cost structure.

Source: Alexander Osterwalder & Yves Pigneur, Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, Wiley, 2010.

Business Model

8 **Key Partners**	6 **Key Activities**	2 **Value Proposition**	4 **Customer Relationships**	1 **Customer Segments**
	7 **Key Resources**		3 **Channels**	
9 **Cost Structure**			5 **Revenue Streams**	
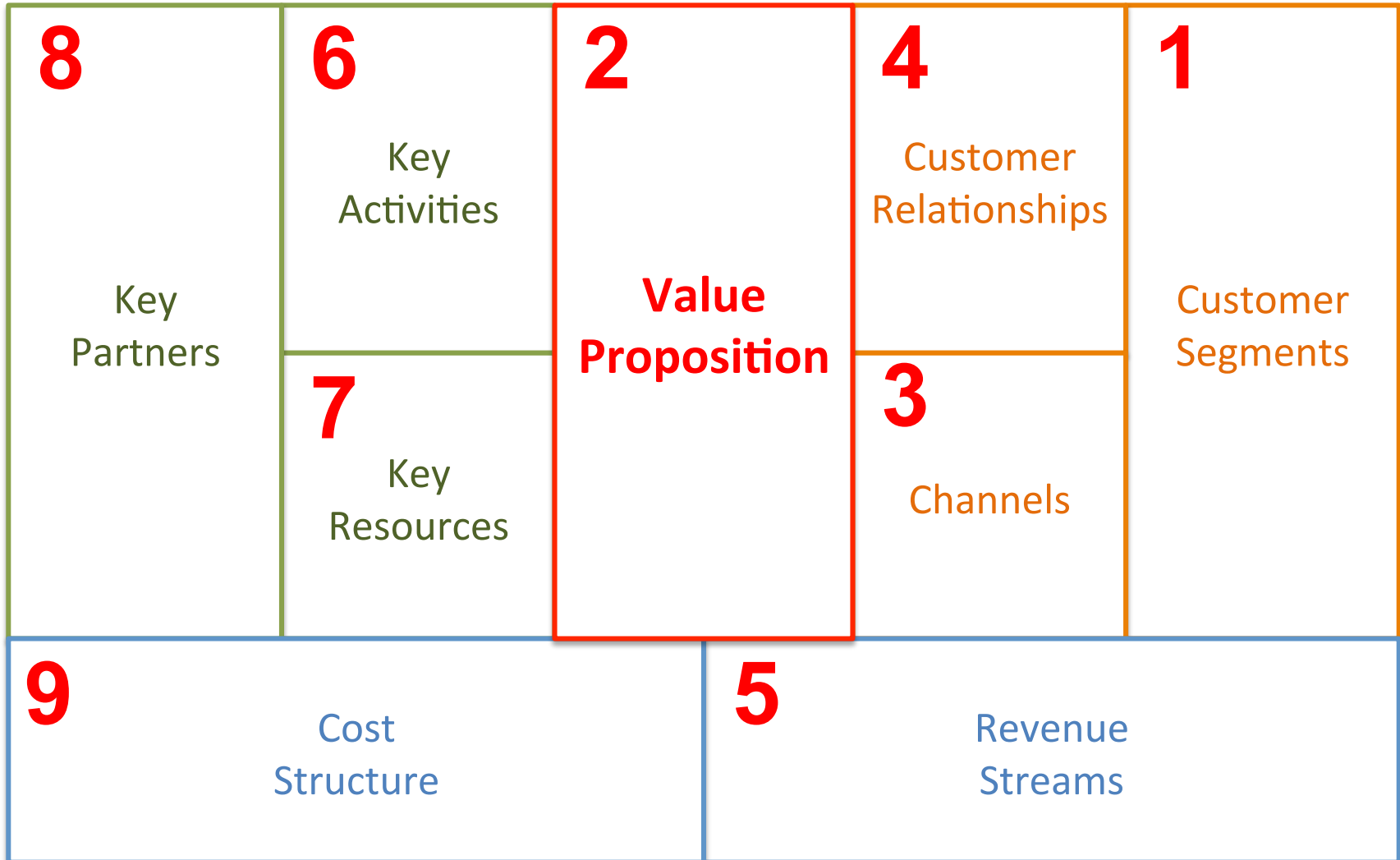
Business Model Generation

Business Model Generation

KP	KA	VP	CR	CS
	KR		CH	
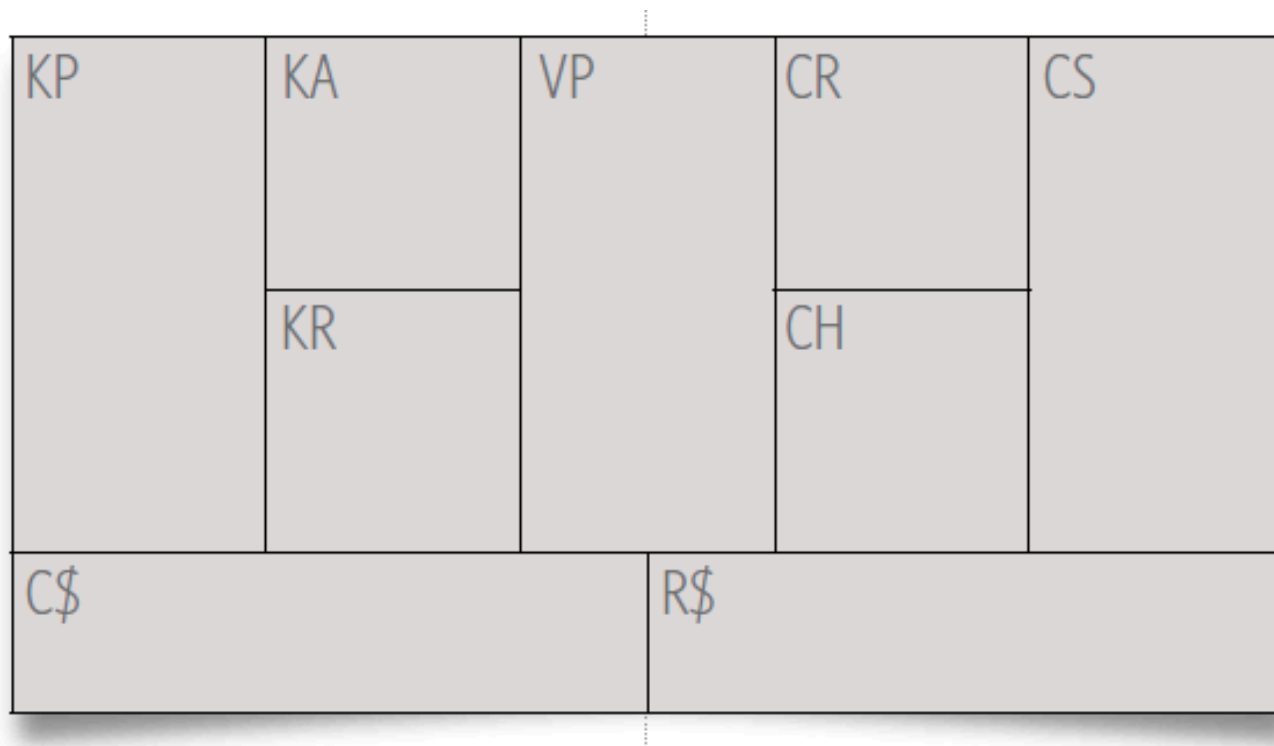
LEFT CANVAS
efficiency

RIGHT CANVAS
value

C$

R$

Production and Logistics
Anything beyond content creation is outsourced to readily available service providers.
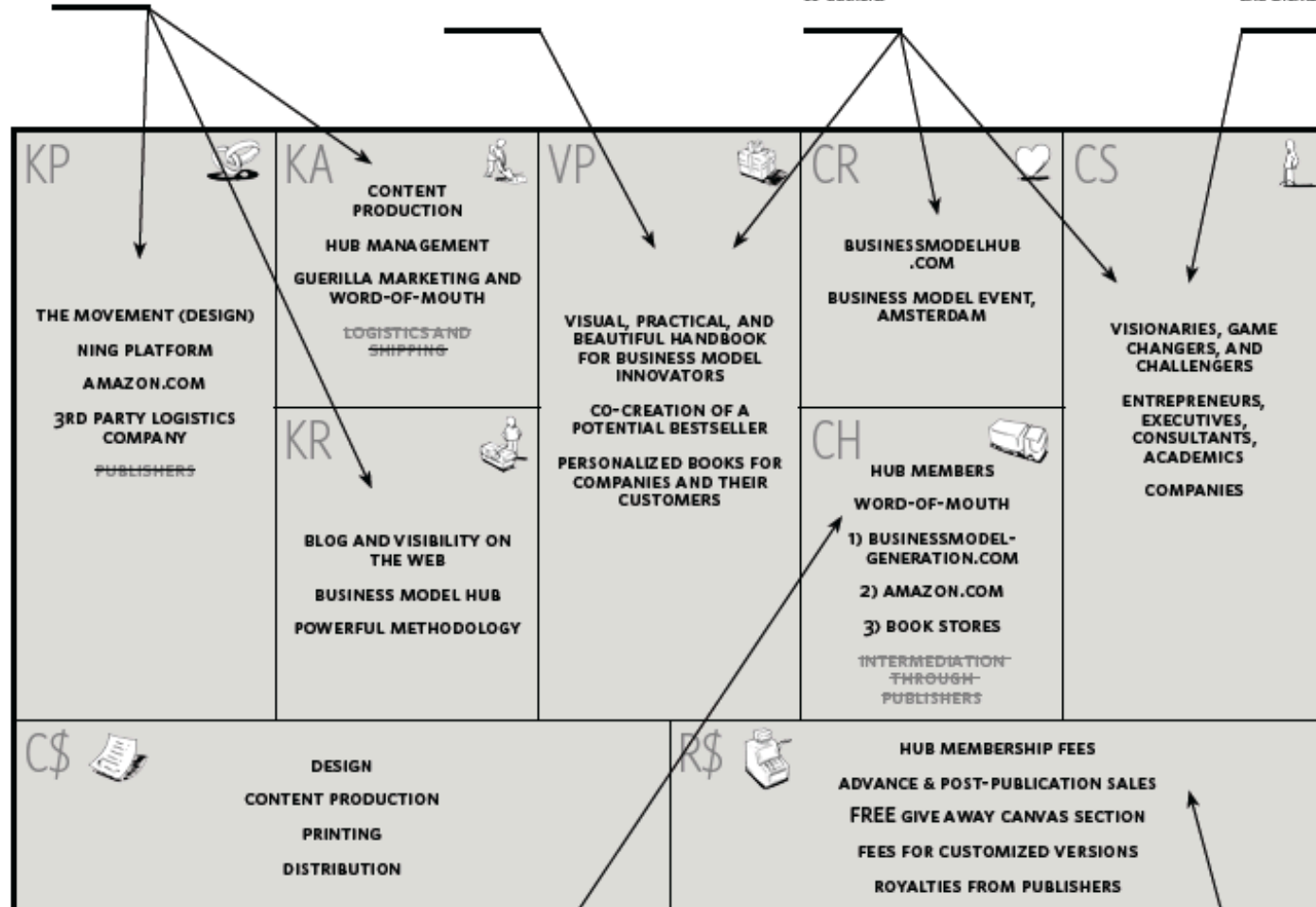
Differentiation
An entirely different format, business model, and story for the book makes it stand out in a crowded market.

Community
The book is co-created with practitioners from around the world who feel ownership thanks to attribution as contributing co-authors.

Buyers
Paying customers are not only readers, but co-creators and companies that want customized books for their employees and clients.

KP
THE MOVEMENT (DESIGN)
NING PLATFORM
AMAZON.COM
3RD PARTY LOGISTICS COMPANY
PUBLISHERS

KA
CONTENT PRODUCTION
HUB MANAGEMENT
GUERILLA MARKETING AND WORD-OF-MOUTH
LOGISTICS AND SHIPPING

KR
BLOG AND VISIBILITY ON THE WEB
BUSINESS MODEL HUB
POWERFUL METHODOLOGY

VP
VISUAL, PRACTICAL, AND BEAUTIFUL HANDBOOK FOR BUSINESS MODEL INNOVATORS
CO-CREATION OF A POTENTIAL BESTSELLER
PERSONALIZED BOOKS FOR COMPANIES AND THEIR CUSTOMERS

CR
BUSINESSMODELHUB.COM
BUSINESS MODEL EVENT, AMSTERDAM

CH
HUB MEMBERS
WORD-OF-MOUTH
1) BUSINESSMODEL-GENERATION.COM
2) AMAZON.COM
3) BOOK STORES
INTERMEDIATION THROUGH PUBLISHERS

CS
VISIONARIES, GAME CHANGERS, AND CHALLENGERS
ENTREPRENEURS, EXECUTIVES, CONSULTANTS, ACADEMICS
COMPANIES

C$
DESIGN
CONTENT PRODUCTION
PRINTING
DISTRIBUTION

R$
HUB MEMBERSHIP FEES
ADVANCE & POST-PUBLICATION SALES
FREE GIVE AWAY CANVAS SECTION
FEES FOR CUSTOMIZED VERSIONS
ROYALTIES FROM PUBLISHERS

THE CANVAS OF BUSINESS MODEL GENERATION

Reach
A mix of direct and indirect Channels and a phased approach optimizes reach and margins. The story of the book lends itself well to viral marketing and word-of-mouth promotion.
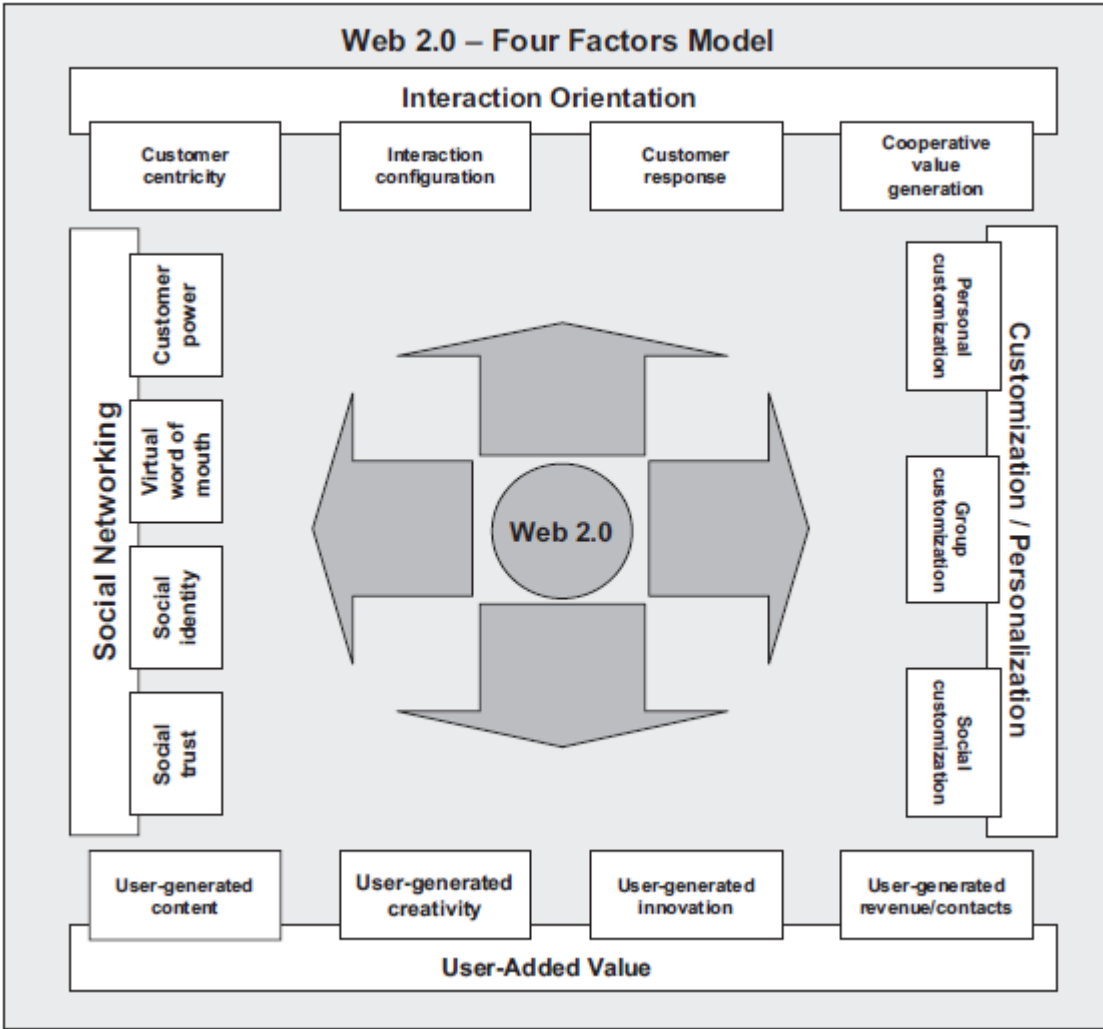
Revenues
The book was financed through advanced sales and fees paid by co-creators. Additional revenues come from customized versions for companies and their clients.

The 4C Typology of Internet Business Models

Content	**Value proposition:** Providing convenient and user-friendly access to various types of content
Definition: Firms collecting, selecting, compiling, distributing, and/or presenting online content	**Revenues:** Mostly online advertising (but increasingly subscription and pay-per-use)
Commerce	**Value proposition:** Providing a cost-efficient exchange place for buyers and sellers of goods and services
Definition: Firm initiating, negotiating, and/or fulfilling online transactions	**Revenues:** Sales revenues, commissions
Context	**Value proposition:** Providing structure and navigation for Internet users to reduce intransparency and complexity
Definition: Firms sorting and/or aggregating available online information	**Revenues:** Mostly online advertising
Connection	**Value proposition:** Providing the prerequisites for exchange of information over the Internet
Definition: Firms providing physical and/or virtual network infrastructure	**Revenues:** Online advertising, subscription, time-based billing, volume-based billing

Source: (Wirtz, Schilke and Ullrich, 2010)

The Web 2.0 - 4 factors model

Activities for embracing the Web 2.0 in existing Internet businesses

Factor	Activity
Social networking	• Build your own social networking — e.g. by creating blogs, forums and chats for your website • Check and comment on postings on networks (e.g., review platforms) • Present your company on relevant social networking platforms
Interaction orientation	• Be highly responsive and available 24 hours • Provide users a reward for interaction (social status, prizes, rebates) • Encourage positive <u>and</u> negative feedback
User-added value	• Integrate the following tools on your website: user reviews, user-generated information (wikis), media uploads (videos etc.) • Offer incentives • Use metadata that tracks clicks, recommendations, behavior etc.
Customization/personalization	• Make good use of available user information as a base for customization efforts (e.g., build track profiles based on customer history) • Focus on making customization/personalization easy to use

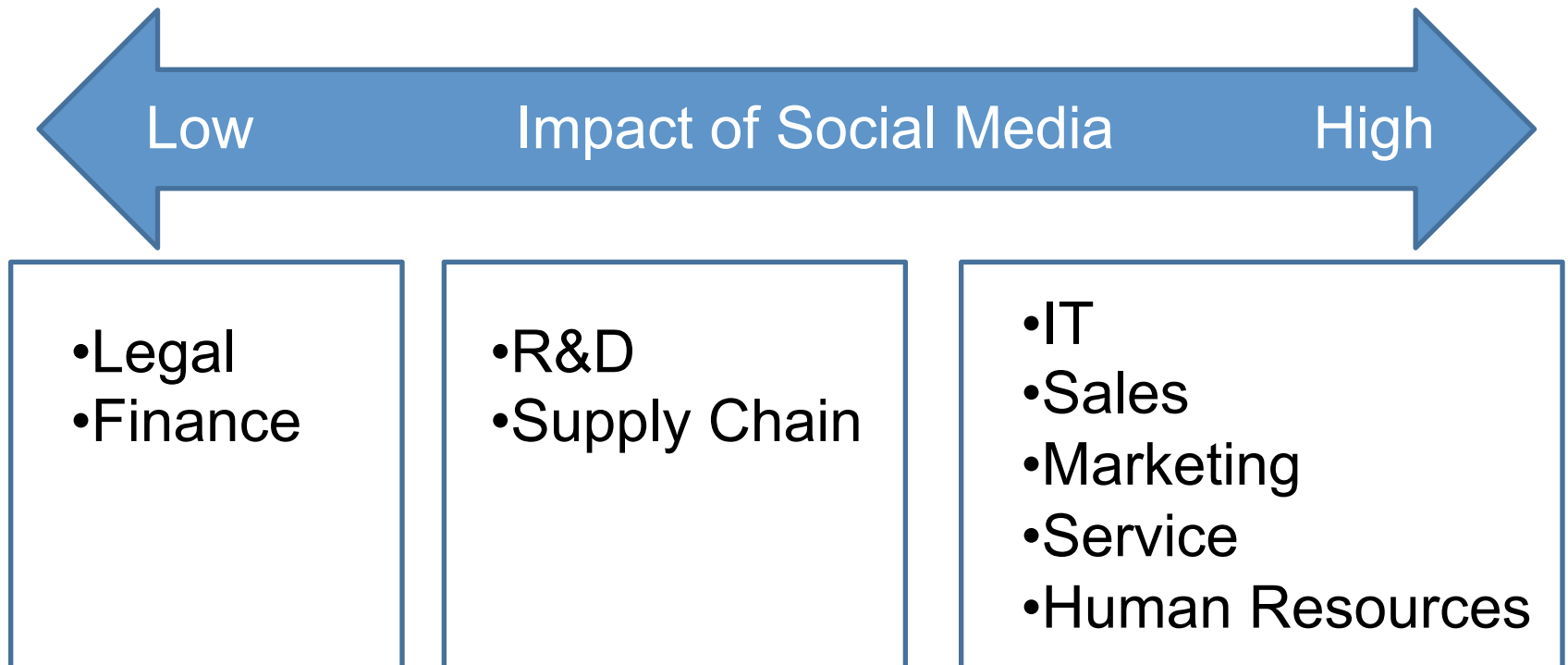# Relevance of the Web 2.0 factors for individual business model types

Web 2.0 Factor

Business model	Social networking	Interaction orientation	User-added value	Customization/ personalization
Content	++	+	++	+
Commerce	−	++	o	+
Context	+	−	o	+
Connection	++	+	o	+

++: very high relevance; +: high relevance; o: medium relevance; −: low relevance.
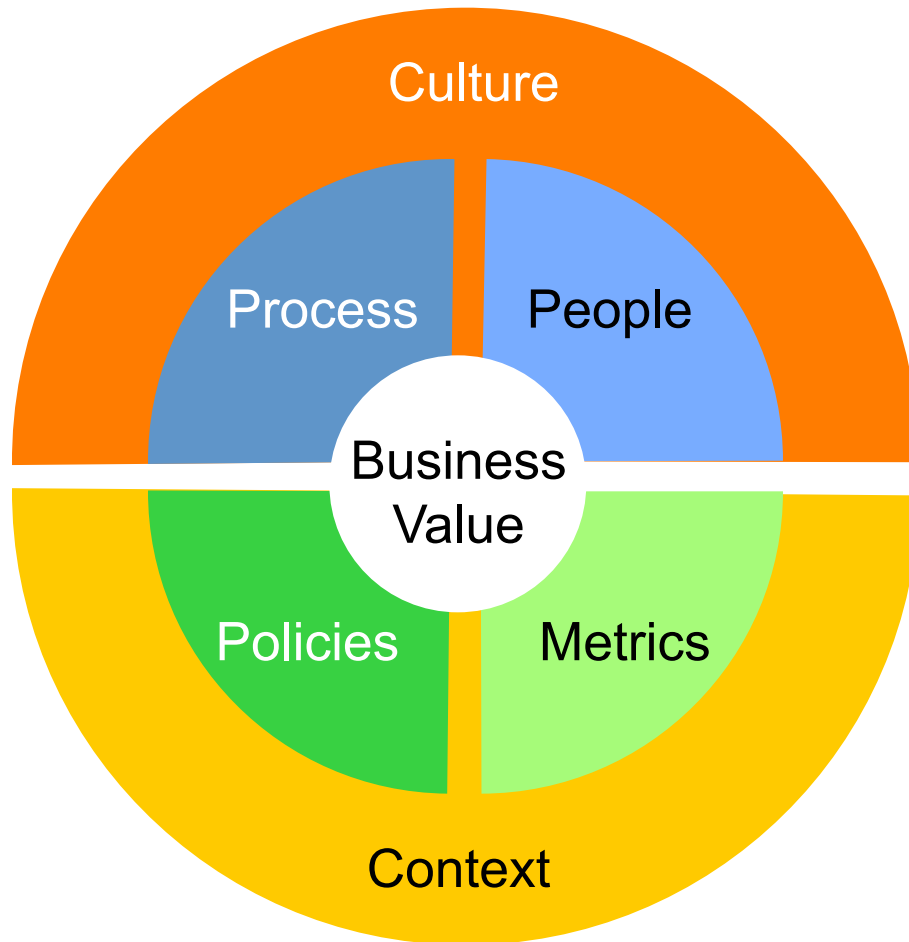
Impact of Social Media
Social Media Affects Business Functions Differently

Low   Impact of Social Media   High

•Legal •Finance	•R&D •Supply Chain	•IT •Sales •Marketing •Service •Human Resources

Social Media Management Framework
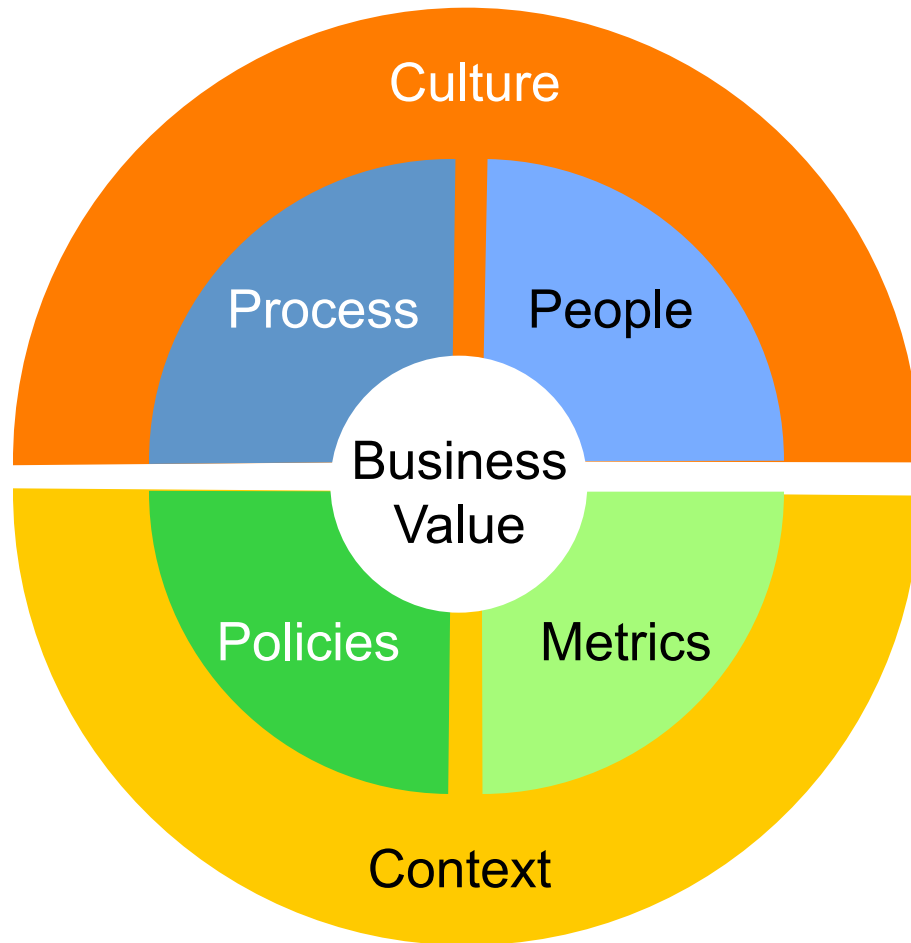
Social Media Management Framework

Culture

- **Habits and behaviors**
- **Ways of working**
- **Subcultures**

Context

- **Business environment and objectives**
- **Regulatory environment**

Source: Robert Wollan, Nick Smith, Catherine Zhou, The Social Media Management Handbook, John Wiley, 2011.

Social Media Management Framework
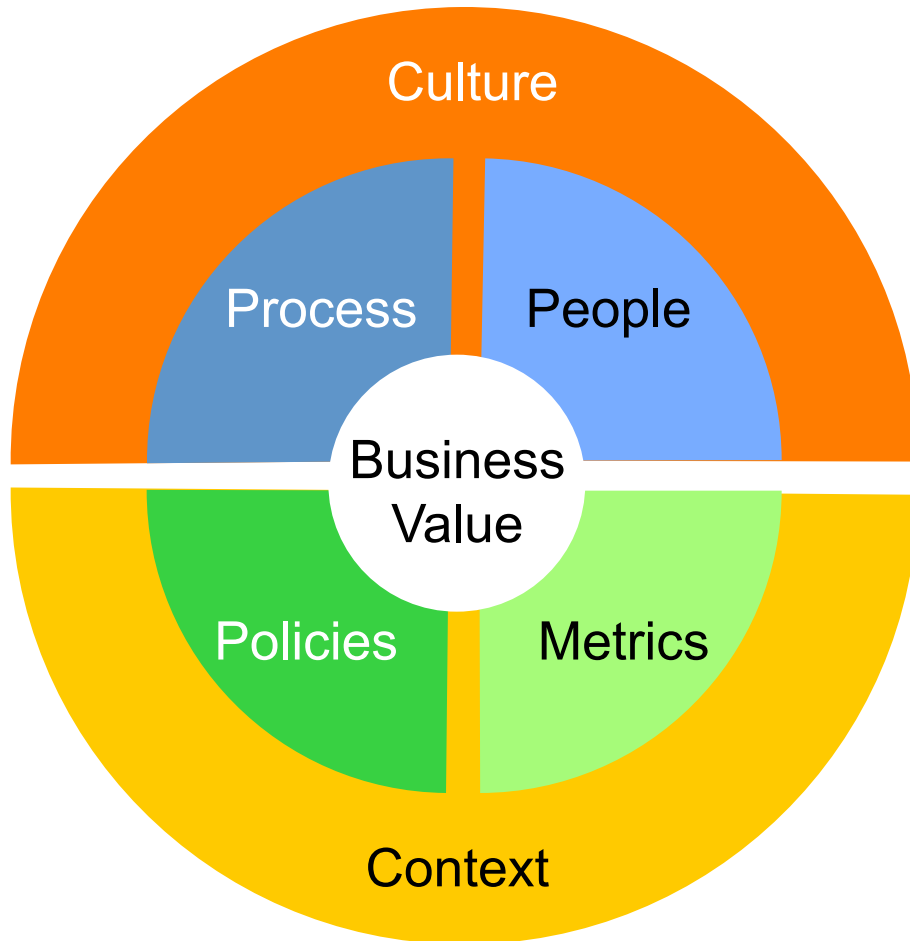
Process

- **Leadership**: Degree to which leadership for social media decisions is formalized and accountability for business outcomes is clear

- **Alignment**: Degree of alignment between various agendas to ensure resources and funds are appropriately allocated

Social Media Management Framework
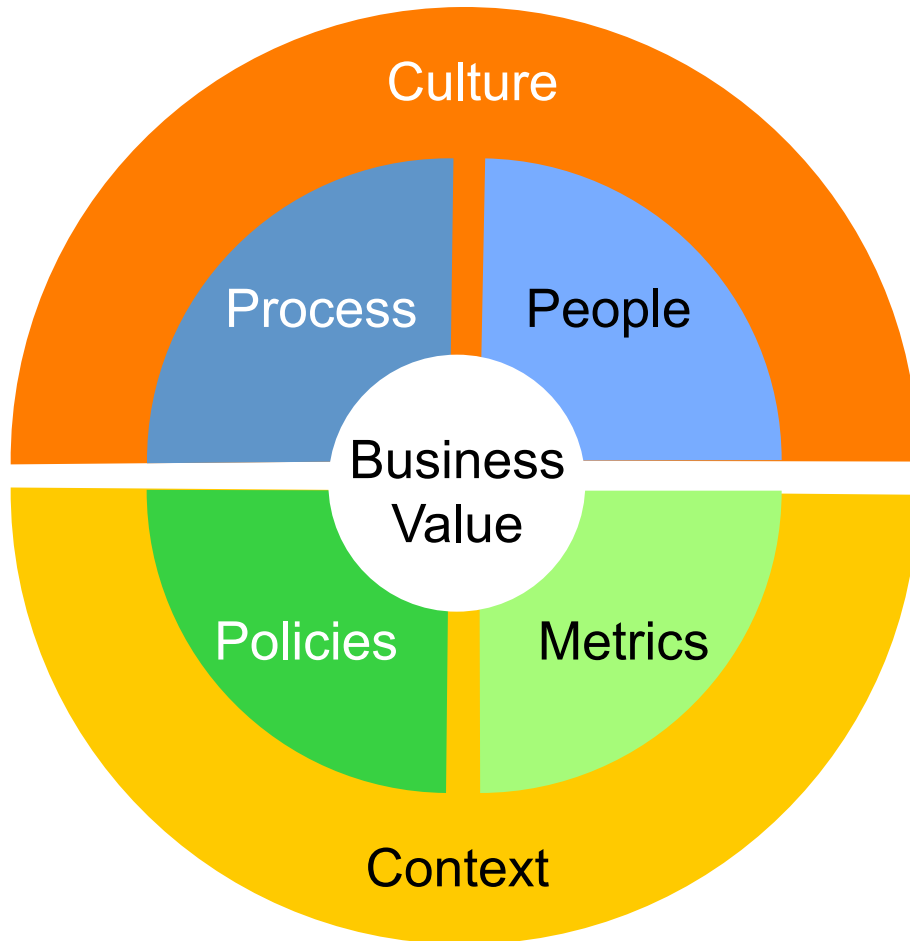
People

- **Training and Development:** Adequacy and accessibility of training and professional development

- **Leverage:** Extent to which best practices are identified, shared and utilized

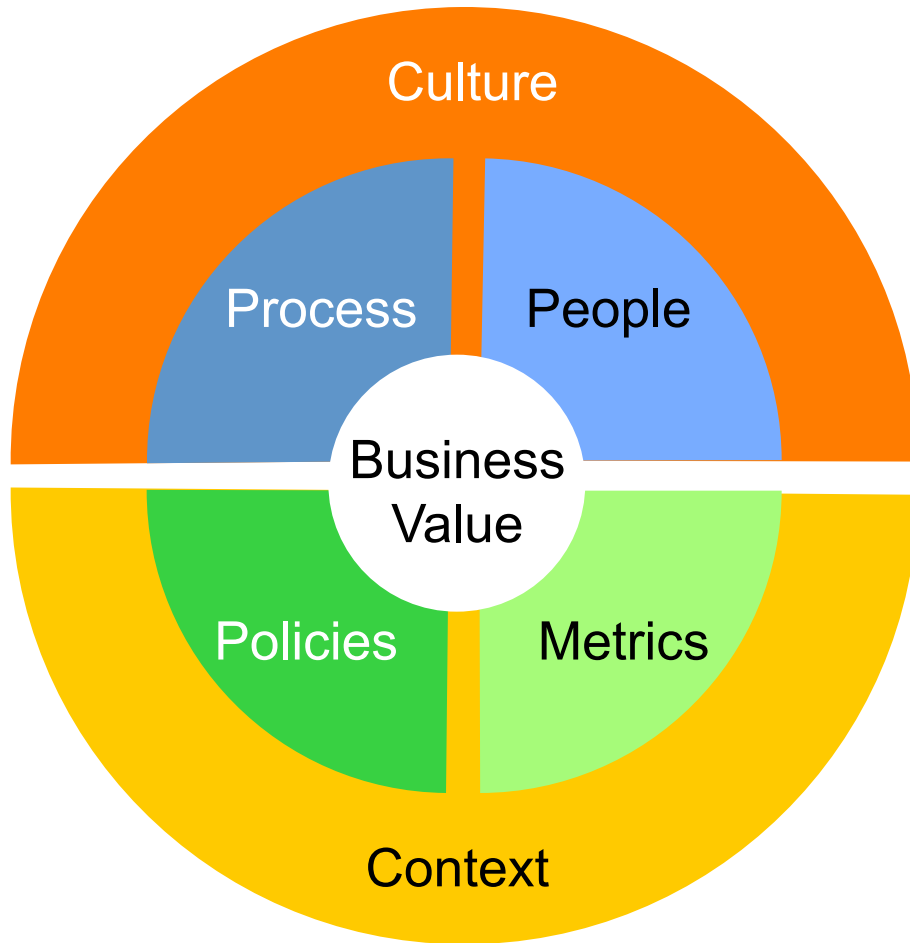- **Roles:** Clarity and adequacy of roles and responsibilities

Source: Robert Wollan, Nick Smith, Catherine Zhou, The Social Media Management Handbook, John Wiley, 2011.

Social Media Management Framework
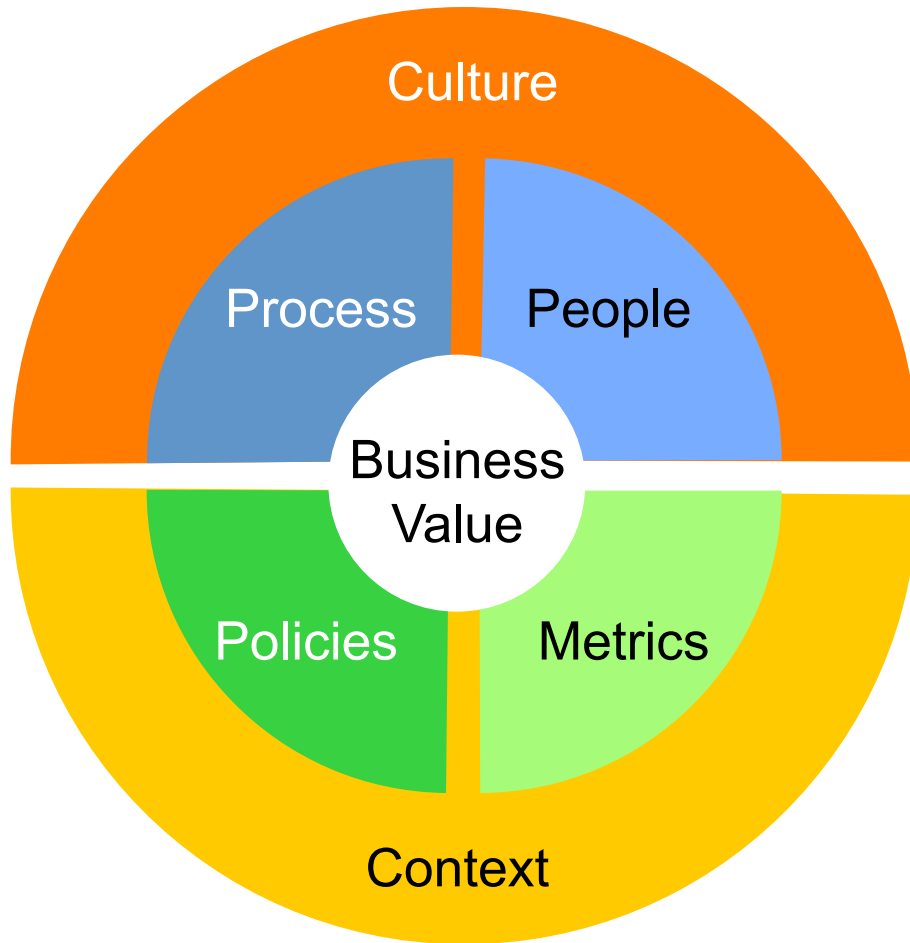
Policies

- **Clarity:**
  Degree to which policies clarify boundaries for employees
- **Empowerment:**
  Degree to which policies empower employees to achieve business outcomes, consistent with the cultural, regulatory and business realities
- **Differentiation:**
  Degree to which policies support differentiation of the organization in the market

Social Media Management Framework

Metrics

- **Resource Management:** Level of visibility into the efficient utilization of social media assets (people and technology) and level of efficiency achieved

- **Performance Management:** Degree to which results are measured and behavior rewarded for success or failure in achieving performance targets

- **Financial Management:** Level to which costs are tracked and controlled, and the degree of ownership by the business for social media costs

References

- Robert Wollan, Nick Smith, Catherine Zhou,
The Social Media Management Handbook, John Wiley, 2011.

- Alexander Ostenwalder, Yves Pigneur and Christopher L. Tucci, "Clarifying Business Models: Origins, Present, and Future of the Concept", Communications of the Association for Information Systems (CAIS), Vol. 15, No. 1, May 2005, pp. 1-25.

- Alexander Osterwalder & Yves Pigneur, Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, Wiley, 2010.

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