

## ENTREPRENEURSHIP EDUCATION FOR CULTURAL TOURISM

### STRATEGIC PARTNERSHIP IN THE FIELD OF YOUTH



| <b>MODULE 5: Getting started: your first business model CANVAS</b> |  |
|--|--|
| <b>Project Title</b>   | <b>“Entrepreneurship Education for Cultural Tourism”</b> |
| <b>Project Acronym</b>   | <b>EECT</b>  |
| <b>Project Reference No:</b>                                       | <b>No: 2016-3-DK01-KA205-033887</b>                      |



This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

## Table of contents: Module 5

|  |    |
|--|----|
| Course Description .....                       | 1  |
| I. What is a Business Model Canvas .....       | 2  |
| II. Elements of a Business Model Canvas .....  | 4  |
| Value proposition .....                        | 4  |
| Customer Segments .....                        | 5  |
| Channels .....                                 | 5  |
| Customer Relationship.....                     | 6  |
| Cost Structure.....                            | 6  |
| Key Activities .....                           | 7  |
| Key Resources .....                            | 7  |
| Key Partners.....                              | 8  |
| Revenue Streams.....                           | 8  |
| III. Business Model CANVAS good practices..... | 9  |
| BMC National Museum of Denmark.....            | 10 |
| BMC Night at the Museum.....                   | 11 |
| Carnival Corporation & plc.....                | 12 |
| Your Business Model Canvas.....                | 13 |

## MODULE 5

### Getting started: your first business model CANVAS

#### Course Description

Now is the best time in human history to be an entrepreneur. Nowadays we can see everywhere a real resurgence of entrepreneurial spirit, and more start-up activity than ever before. Funding for early-stage startups is more available than ever, start-up incubators and accelerators are popping up everywhere, and social media plays a crucial role in entrepreneurs' success, offering key social media platforms for entrepreneurs where they can tune a product, build a brand, and grow the business with very low cost and a high interactivity never before possible. The Business Model Canvas is a simple tool for designing innovative business models and is also well suited for project development and entrepreneurs who wants to accelerate profitable growth by improving their business.

As a result of engaging with the material in this module, youth workers are intended to learn how to identify and communicate the nine key elements of a business model Canvas and learn more about its benefits. Canvas is a proven tool for creating, assessing or reinventing a business model and can help you turn your ideas into reality.

#### Learning Objectives:

Youth workers are intended to achieve the following learning outcomes:

**Knowledge:** understand why business models are important, explain how the Business Model Canvas would be useful to apply to your own development ideas, describe the nine elements of the Business Model Canvas;

**Skills:** able to discuss and analyse different cases of Business Model Canvas, understanding its role in developing disruptive innovations and startups ideas;

**Competences:** the importance of good Business Models, in particular Business Model Canvas; able to analyse how business model are developed and changes in line with the society; able to develop their own Business Model Canvas;

#### Structure

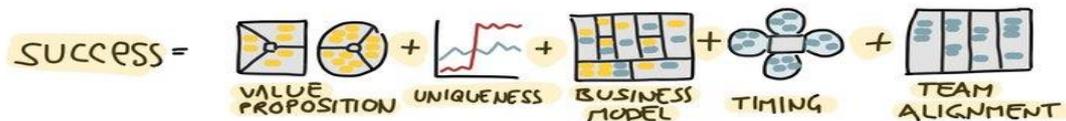
The module is divided into three main topics:

- WHAT IS A BUSINESS MODEL CANVAS?
- ELEMENTS OF A BUSINESS MODEL CANVAS
- BUSINESS MODEL CANVAS GOOD PRACTICES

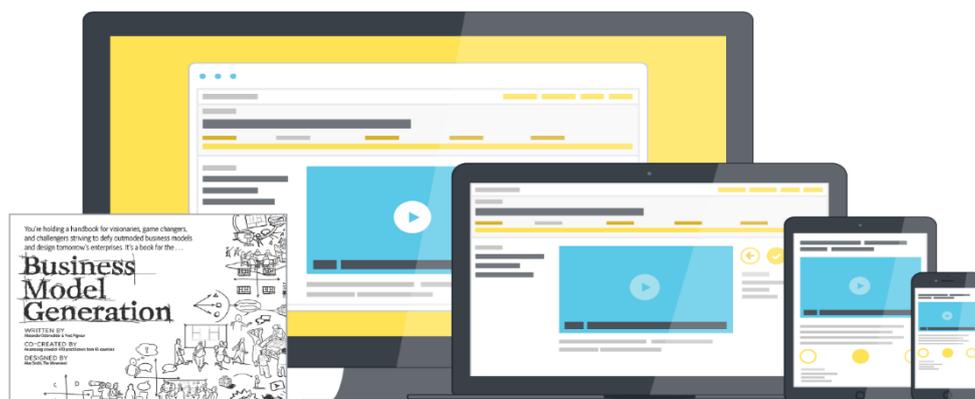


page document which works through the fundamental elements of a business or product, structuring an idea in a coherent way.

This business model is invented by Alexander Osterwalder, a Swiss business theorist, author and consultant, known for his work on business modelling. <sup>2</sup>In the late 2000s, Osterwalder and a team of 470 co-creators published this so attractive and popular model for describing business models: The Business Model Canvas. Nowadays, The Business Model Canvas is used by millions of people in companies of all sizes.



When we think about which are the most important tools that helps companies achieve business and innovation success, there is no chance to not come into our minds, the good business model. However, before list the five tools that Alexander Osterwalder always mention when he speaks about business success, let us quickly define the term “success”. According to Business Dictionary, success is achievement of an action within a specified period of time or within a specified parameter. Success can also mean completing an objective or reaching a goal or also can be expanded to encompass an entire project or be restricted to a single component of a project or task. It can be achieved within the workplace, or in an individual's personal life. <sup>3</sup> Alexander Osterwalder define success as going from business idea (a new market, improve a business unit, a new technology, etc.) to a profitable and scalable business model with the minimum amount of time and money wasted. Between the 5 tools that help us generate profits, he distinguishes the Business Model Canvas as a great tool that can be use to describe, design, challenge, and pivot your business model. The other ones that are also useful for your work are: Value Proposition Canvas (VPC), Strategy Canvas, Business Model Environment and Team Alignment Map (TAM). You can learn more about them, following the [link](#). We also recommend you to have a look at the official web page of [strategyzer.com](http://strategyzer.com), co-founded by Alexander Osterwalder. You can find there a lot of useful information and interesting facts published in the platforms.

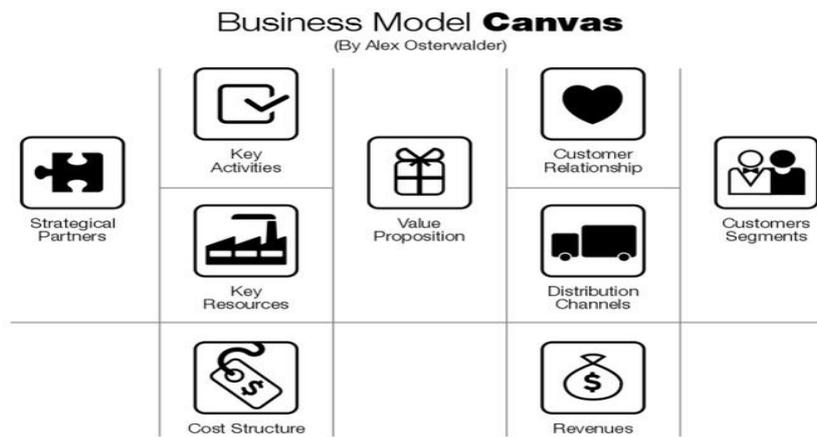


<sup>2</sup> [https://en.wikipedia.org/wiki/Alexander\\_Osterwalder](https://en.wikipedia.org/wiki/Alexander_Osterwalder)

<sup>3</sup> <http://www.businessdictionary.com/definition/success.html>

## II. ELEMENTS OF A BUSINESS MODEL CANVAS

When it comes to constructing business models, there is no doubt that business model Canvas is a very famous framework and useful management tool. Osterwalder's business canvas helps illustrate how a company intends to make money and It's made up of nine key points that represent any company's complete business. The main purpose of a model is to foster understanding, encourage discussion, creativity and analysis.

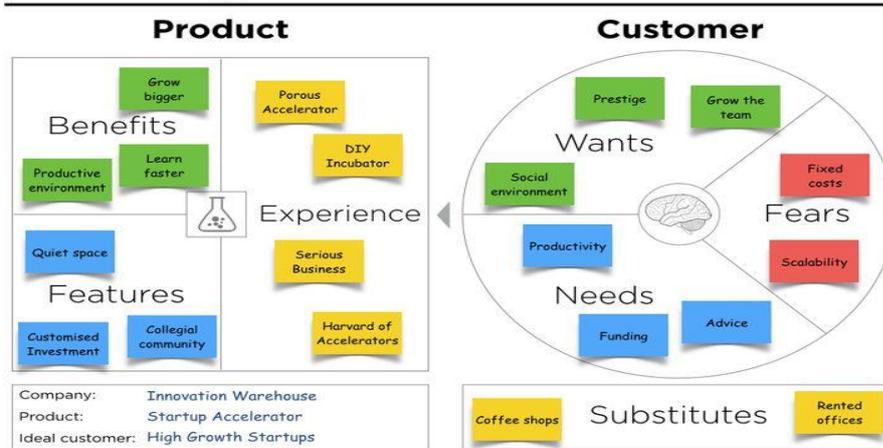


Let's take a look at the nine main building blocks in a business model canvas:<sup>4</sup>

- **Value Proposition:**

The value propositions represent the bundle of products and services that create a value for a specific Customer Segment. This is a product or service, its features and benefits or uniqueness vs. competition, size of the market opportunity; The Value Proposition may be quantitative (e.g. price, speed of service) or qualitative (e.g. design or customer experience). Alex Osterwalder states, that these offerings need to be unique and easily differentiated from the competition. That's why you need to figure out what are the bundle of benefits in your value proposition.

### Value Proposition Canvas



<sup>4</sup> <https://www.inc.com/steve-blank/9-most-important-elements-successful-startups.html>

- **Customer Segments:**

The Customer Segments defines the different groups of people or organisations an enterprise aims to reach and serve. You always should know who your customer is and what problems your product solves. Keep in mind that your customers represent the heart of your business model. Because of their different needs and different behaviours, we can break down the Customer Segments into sub-segments. These different segments require very different value propositions, different channels through which customers can be reached, they require different types of relationships, they have substantially different profitability, or they are willing to pay for different aspects of the offer.



We can define various approaches to reaching these segments. Companies can reach an entire mass market or focused on niche market. The nice market is a small and highly focused, and is based on very highly specific needs and unique traits of the customers. Do you remember when in some of the previous modules we talked about the Tourism Industry and its sectors? We define tourism industry as mass industry, but talking about this mass industry we distinguish niche tourism or market (Cultural Tourism) as *specialty travel* form focused on traveller's engagement with a country or region's culture, specifically the lifestyle of the people in those geographical areas. Based on this fact, the offer that we propose to the cultural tourist will be completely different to those that we propose to the mass tourist.



- **Channels:**

We define channels as the avenues through which our customer comes into contact with our business and becomes part of our sales cycle. Usually we covered this part under the marketing plan of our business. Nowadays, today's virtual world helps us to reach very easily our social communities. Social communities actually allow organizations to communicate directly, obtain feedback from the consumers that actually helps in

terms of improving the product and customer experiences. Channels perform three different functions – communication functions, distribution function and also sale functions. Examples of channels can be: social media, public speaking, email marketing, SEM (Search Engine Marketing), SEO (Search Engine Optimisation), Targeting blogs, Platforms, PR, Social advertising, Content Marketing. Keep in mind that understanding how to reach your costumers is crucial to your business success.



- **Customer Relationship**

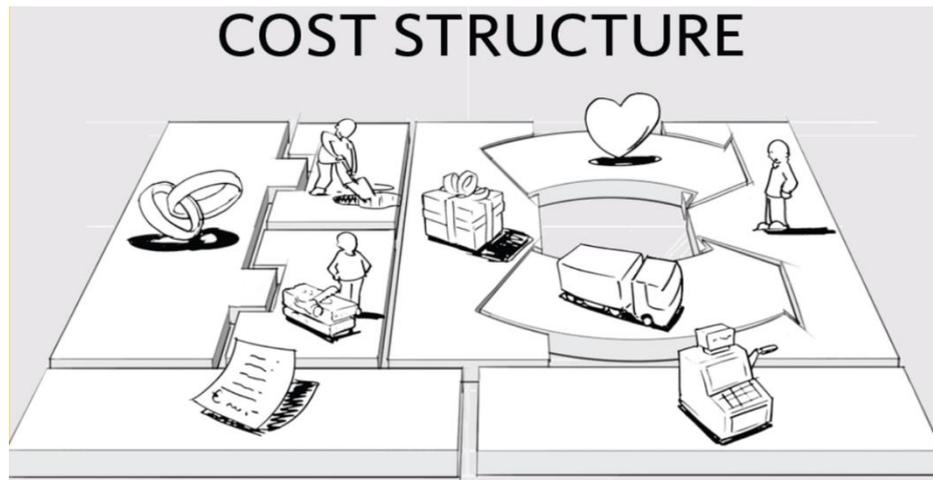
Customer Relationship is about how you will create demand or moreover is about what is the relationship that we have with our customers. We defined it as how a business interacts with its customers. Some examples of how you can interact with them are: one to one (in person), online, you meet them in events (one to many), by phone or through third party contractors. We can also classify customer relationship into four different types. We have the low touch engagement which could be either self-services or automated services or high touch engagement which entail high levels of interactions between our company and the customers.



- **Cost Structure**

We defined it as the monetary cost of operating as a business. On this stage you should ask yourself how much does it cost to achieve your business key activities, what are the cost of your key resources and key partnerships, what about the cost to achieve value proposition for your customers ... There are a lot of questions that should be discuss on this stage and issues crucial for our business. Is important to know also your additional costs of running a business, insurance, how much does it cost to hire employers and

what is the opportunity cost of running those business.<sup>5</sup> How your company will make money is increasingly important question and there are different ways and pricing mechanism that you can use in order to do it. But is important to know what does it cost you to make this product. You have to take care of the economies of scale and economies of scope. This can be also connected to the strategy part by asking yourself - are you a cost leadership player, which means you drive down costs, or are you a valued differentiation player, which means you are focused on providing maximum value to the consumers.<sup>6</sup>



- **Key Activities**

The key activities are the actions that your business undertakes to achieve the value proposition for your customers and we also can define them as the tasks that the company must perform to succeed. The questions that you should ask on this stage are what is the resource that you need to use or already used, for what time, what about the distribution of the product, technical development. You should think about your strategy and the resources that your company offers (human and physical resources). As examples depends of our business here we can have: consulting, designing, web development, baking, driving, shovelling, etc.



## Your Key Activities

- **Key Resources:**

Key Resources are the essential element of the business. Thinking about how to achieve the key activities of your business (your actions) you immediately should think about the

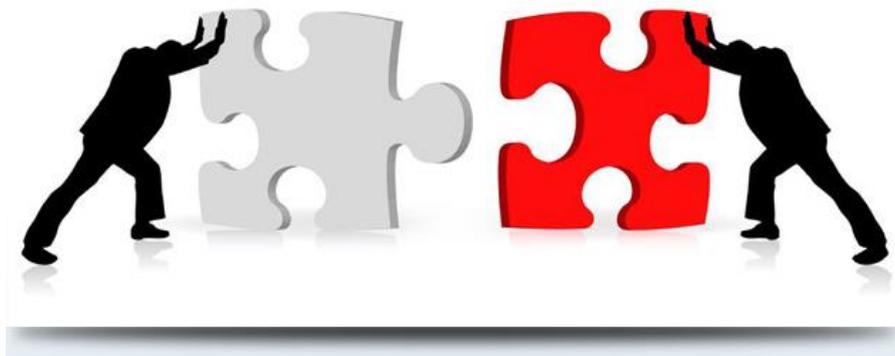
<sup>5</sup> <https://www.sheda.ltd/whitepapers/how-to-business-model-canvas-explained>

<sup>6</sup> <https://es.coursera.org/learn/strategic-innovation-building-and-sustaining-innovative-organizations/lecture/nErMV/elements-of-a-business-model-and-business-model-canvas-part-2>

practical resources that are needed. The world key means that they are more than crucial for undertake the action of your business and your business requires to do. Here, as example, you can find the following one resources: office space, computers, hosting, people involved in your daily work (your staff), internet connection, cars, electricity, etc. The list can be longer, always depending on the field, where your business is situated.

- **Key Partners**

When we talk about our key partners we mean the list of other external companies, suppliers, parties that we may need to achieve our key activities and deliver value to the customer. Keep in mind that you cannot achieve always the value proposition alone, so you need to rely on someone else who can help to do it. An example of this is “What if you have a local tourist agency, taking the tourist directly from their hotel and bringing them to some cultural sites in your area in order to make them see and know more about the cultural wealth of your city? And what if you hire a japan girl who will guide them and in the same time represent the Danish history and culture heritage of your region? Do you think that the impact will be the same or maybe you should rely on some local people who can do this work for you? And what about the direct connection that you have with the hotel from where you pick the tourist? Can you achieve your goals if you are sitting alone in your office without have your key partners (hotels, restaurants, travel companies and other parties)? Keep in mind, that we always need our key partners in order to achieve the value that our business promises to the customer.

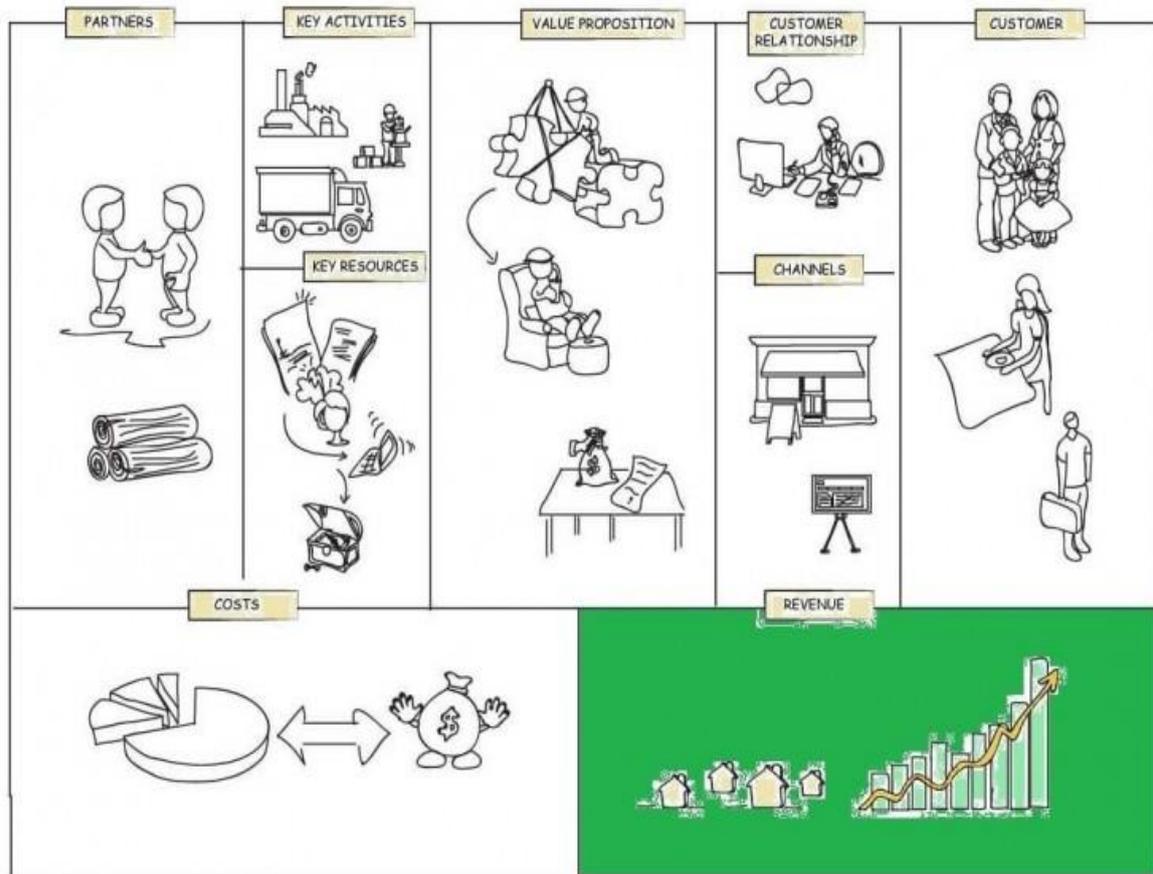


- **Revenue Streams**

Revenue Streams are defined as the way by which your business converts your Value Proposition or solution to the customer's problem into financial gain. They are many different revenue models such as pay per product (pay per view), fee for services, fixed rate, subscription, dividends, referral feeds. The value capture part of a business model canvas is actually reflected by revenues and costs. When we talk about revenues, it is fundamental how a company will make money. We gave you some examples in the previous lines but here you have some other option to do it – sell an asset, rent product, lease your product, you could charge for others to advertise their products using your medium, and so on.<sup>7</sup>

<sup>7</sup> <https://medium.com/seed-digital/how-to-business-model-canvas-explained-ad3676b6fe4a>

In conclusion, we can say that all the elements are related to each other and all of them are important for the success of our business. We saw that the value capture part is determined by the revenues and costs, and in the same time the value creation part is determined by value propositions, customer segments, relationships, and channels. We cannot manage all of this without our capabilities part, reflected by resources, activities, and partners.



### III. BUSINESS MODEL CANVAS GOOD PRACTICES

Well-developed tourism in one country brings increased employment and economic diversification but the fully exploitation of tourist potential is an issue of special concern. In order to be recognized and developed one destinations brand we need to integrate different activities and actors in the segment of tourism by application of a business model tools. As example of a good management tool we have our **Business Model Canvas**. Thanks to this strategic and entrepreneurial tool, we can describe, design, challenge and invent new business models, providing a systematic view of the “big picture” composed of wide range of products/services or how we already called them - value proposition. In the case of tourism sector, the majors of the cities should make a balance between public and private sector, integrating the work of government, municipality, citizens, travel agencies, agencies for support and development of tourism in one tourist model, that can bring added value to the tourists.

As economic entities, museums may utilize different tools in order to develop their new business models. You already know that improving the work of this entity we create a lot of

business opportunities for the residents, local community and different stakeholders. In today's world, institutions experience increased competition and less public support, and for this reason the museum needs to develop a new sustainable business model. Utilizing the business model Canvas, all those institutions can improve their work and design a right strategy that can make reach all the segments that need to be change.

Talking about public institutions, let's take a look at the:

### National Museum of Denmark Business Model Canvas

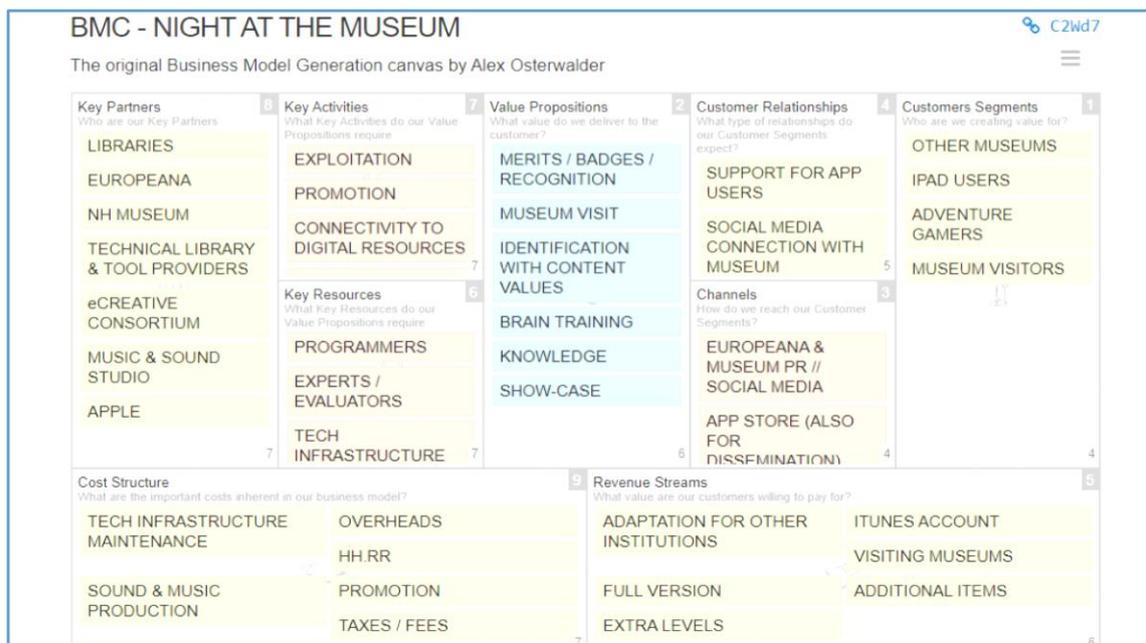


The National Museum is Denmark's state, cultural historical main museum, covering both Denmark and foreign cultures. The main aim of the National Museum is to make its rich collections as accessible as possible, so that they can form an inspiring basis for research, teaching, understanding and interpretation of cultural history.<sup>8</sup> Its mission is to "strengthen the knowledge of history and its citizenship by high-lighting the culture of Denmark, the World and their common dependence". In the previous module, you learnt about the marketing mix (4P's that form it). In this context, we will discuss the marketing elements of the Danish National Museum. The product offers from the National Museum to the tourist in this case is knowledge and history of world. The price can refer to state owned museum and privately owned shops located there. The place of our product is in the centre of Copenhagen and its promotion we do it through different social channels, posters and newspapers. When we talk about Business Model Canvas we talk about its elements. In the case of The National Museum, target market are educational facilities. The value proposition is: prestigious, because state owned and free entrance, with aim to promote the knowledge – "People tend to choose this museum over the others because we take care of the cultural heritage, people know it is national." You already know that channels are the avenues through which our customer comes into contact with our business and becomes part of our sales cycle. They have three different functions – communication, distribution and sale functions. The distribution channels in our case are also different types: direct – exhibition, indirect – supporting smaller museums, partner museum, prestigious icons. Its customer relationship can be divided into personal assistance as a tour guide and self-service, descriptions. How the museum make money or what are its revenue streams: renting, shops and restaurant around it and funds. Funds are described also as a key resources for the museum. The other key resource are the artefacts who belong to it, knowledge and

<sup>8</sup> <http://en.natmus.dk/organisation/the-national-museum-as-an-organisation/>

Danish culture in general. Key activities for the museum are preservation and restoration Collecting, sharing pieces from abroad. About their partners we already mentioned them but here to you again: government and smaller museum. The last element, cost structure - we define it as cost driven – certain amount of capital that belong to them and effort to minimizing their cost.<sup>9</sup>

Below, you can find another example always related to the museum, as a public institution, elaborate by Alex Osterwalder. The Business Model Canvas is called **Night at the museum**. Starting from the Customers Segments we should know for who this model is creating value: other museums, ipad users, adventure games, museum visitors. The intangible/tangible things that they deliver to the customers are merits, badges, recognition, museum visit, identification with content values, brain training, knowledge and show-case. What about the channels? How they reach their customers? Social Media plays crucial role in this stage with the organization of different PR campaign, app store, that are also useful for dissemination. The relationship with the customers is through social media connection with museum and support for app users. About the value that the customers are willing to pay or revenue streams we have: adaption for other institutions, full version, extra levels, itunes account, visiting museums, additional items. The value resource which are required by the value proposition are experts, evaluators, tech infrastructure and programmers. The key activities which should to be undertake to achieve the value proposition for the customers are exploitation, promotion and connectivity to digital resource. The key partners that support the activities are different libraries, museum, technical library and tool providers, eCreative Consortium, music and sound studio, and Apple as the world's most valuable brand, who support them. The important inherent cost in the business model or how we called it - cost structure will be the tech infrastructure maintenance, sound and music production, promotion, taxes and fees.



To see better the image above, please following the [link](#).

<sup>9</sup> <http://slideplayer.com/slide/10303404/>

Here you have another example of Business Model Canvas always related to the Tourism Industry. This time, the model is focused on cruising popular form of water tourism and below you can see the **Business Model Canvas of Carnival Cooperation & plc.**



Carnival Cooperation & plc. is the world’s largest leisure travel company, provides travelers around the globe with extraordinary vacations at an exceptional value. The company’s portfolio of global cruise line brands includes Carnival Cruise Line, Fathom, Holland America Line, Princess Cruises and Seabourn in North America; P&O Cruises (UK) and Cunard in Southampton, England; AIDA Cruises in Rostock, Germany; Costa Cruises in Genoa, Italy; and P&O Cruises (Australia) in Sydney. Additionally, Carnival Corporation owns a tour company that complements its cruise operations: Holland America Princess Alaska Tours which operates in Alaska and the Yukon.<sup>10</sup> In 2016, Carnival Corporation’s revenue totaled \$16.4 billion (U.S. dollars), which would put the company in the top 200 on the Fortune 500 list.

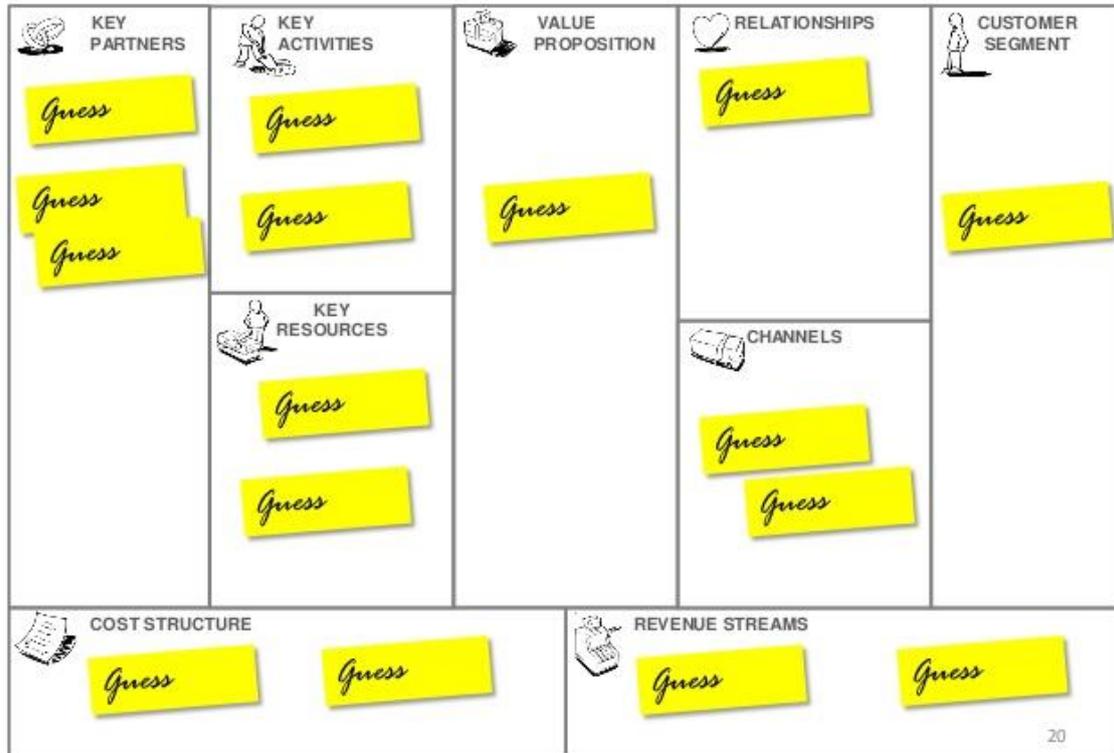
Maybe you are curious how they keep growing and attract so many tourists with their offers. Below you can find their business model and see in which customer segment there are focused on, what is the value propositions and the customer relationships with them.

| Appendix F: Business Model Canvas<br>Carnival Corporation & plc  |  |   |  |  |
|--|--|---|--|--|
| <b>Key Partners</b> <ul style="list-style-type: none"> <li>• Cargill (Food)</li> <li>• Starboard Cruise Services (Shipboard Gift Shops)</li> <li>• Steiner Management Inc. (Shipboard Spa/ Beauty/ Fitness)</li> <li>• Hasbro Inc. for onboard entertainment</li> </ul>  | <b>Key Activities</b> <ul style="list-style-type: none"> <li>• Innovate ways to enhance guests’ onboard experiences</li> <li>• Adding advertising programs to promote products</li> <li>• Maintenance</li> </ul> | <b>Value Propositions</b> <ul style="list-style-type: none"> <li>• Best cruise line for the value</li> <li>• Fun and Memorable Vacation</li> <li>• Provide fun onboard environment and have friendly service</li> </ul> | <b>Customer Relationships</b> <ul style="list-style-type: none"> <li>• Friendly and Reliable Service</li> <li>• Quality Products and Entertainment</li> </ul>                        | <b>Customer Segments</b> <ul style="list-style-type: none"> <li>• Families</li> <li>• Couples</li> <li>• Singles</li> <li>• Seniors</li> </ul> |
| <b>Key Resources</b> <ul style="list-style-type: none"> <li>• Quality Employees</li> <li>• Food and Drink Suppliers</li> <li>• Variety of destinations</li> </ul>  |  | <b>Channels</b> <ul style="list-style-type: none"> <li>• Retail, online and home based agents</li> <li>• Social Media and digital marketing</li> <li>• Television</li> <li>• Mail</li> <li>• Radio</li> </ul>           |  |  |
| <b>Cost Structure</b> <ul style="list-style-type: none"> <li>• Largest Cost               <ul style="list-style-type: none"> <li>• Fuel</li> <li>• Food and Beverage</li> <li>• Travel Agency Services</li> <li>• Port Facilities</li> <li>• Repairs and Maintenance</li> <li>• Advertising and Marketing</li> </ul> </li> <li>• Largest Capital Investments               <ul style="list-style-type: none"> <li>• Construction of New Ships</li> <li>• Improvements to Existing Ships</li> </ul> </li> </ul> |  |   | <b>Revenue Streams</b> <ul style="list-style-type: none"> <li>• Ticket sales account for 76% of total revenue</li> <li>• Onboard revenue account for 24% of total revenue</li> </ul> |  |

<sup>10</sup> <http://www.carnivalcorp.com/phoenix.zhtml?c=200767&p=irol-prlanding>

And now it's your turn! What about your Business Model Canvas?

## Your Business Model Canvas



### GOOD TO CHECK:

Follow the workshop page below and in case you still have some doubts, check the explanation of the Business Model Canvas:

<https://www.alexandercowan.com/business-model-canvas-templates/>

<https://www.youtube.com/watch?v=QoAOzMTLP5s>

<http://www.lancaster.ac.uk/enterprisecentre/wp-content/uploads/2016/11/A-handbook-on-how-to-do-the-Business-Model-Canvas.pdf>