

Creating and Testing a Business Model for Online Travel Package Comparison Website

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<p>The business environment and business model creation have always been a fascinating process. As it usually starts from just an idea, it can eventually become a million-dollar company. Therefore, as many businesses have started to change their business strategies and started to sell their products and services online, the author has realised the upcoming trend of price comparison websites. These websites have also become a popular tool among travellers. Either it is the flight or hotel offer comparison, people like to see all products from all companies at the same place and at the same time.</p> <p>This product-based thesis intends to understand the ways of business model creation from scratch. The theoretical framework of this research includes business model canvas template, which explains the business model creation processes comprehensively. In addition, the project planning process shows the implementation of the business model, its design and the final business model deliverable.</p> <p>Moreover, the testing of the business model value proposition is included in this research. This study has been created in a quantitative and qualitative manner in order to gain more profound insights from potential customers and key business partners. Even more, the interview research adds the technologic aspects that the author needs to take into consideration when the implementation of his business model will take place in actual business.</p> <p>The final product of this product-based thesis is a business model for an online travel package comparison website. Therefore, the testing of value proposition adds meaningful information about the business model from various sources.</p> <p>The results of this product-based thesis have shown that e-commerce business models have good potential to become a successful business in the future. Although, the authors business model needs improvements in strategy, development and key partner attraction.</p>	
Business model, business model canvas, price comparison website, e-commerce	

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1 Introduction

As technologies are developing with high speeds and consumer activities are changing from traditional brick and mortar purchase methods to electronic commerce online shopping activities, industry, in general, is changing its ways to promote and sell their products virtually (VanHoose 2011, 4). These latest activities are creating an environment for new upcoming business modules. For example, Amazon, Google, Uber, Airbnb etc. (Liber, Beck & Wind 2016. 3.)

What kind of business models is the best for companies nowadays? What are the best options for tourism-related companies to find, sell and operate their businesses online? Moreover, how to find the best ways to create e-commerce based online business from scratch?

In this product-based thesis, the author inspired by ICT and E-Business studies aims to understand the ways of creating a successful online business platform. This bachelor thesis as a project and product-based thesis that focus to find the ways of business module construction, value proposition development and testing, as well as the beginning establishment processes of new e-commerce business.

Telegraph (2018) states that even more and more people are using comparison platforms for comprehensive information about the offers from different travel companies. This information helps to find the best prices and best products and services at one place and at the same time. Moreover, nowadays is easy to find many good travel online websites but the author has realised that one specific niche in this field has not been yet developed which is the comparison between package holiday offers from leading online tour operators.

1.1 Objectives

The online travel comparison platforms as momondo.com and skyskaner.com are mostly focusing on a flight, hotel and car rental comparison data (Momondo 2018; Skyskanner 2018). Their business model concentrates on a single product comparison between the providers. That is why the industry is lacking the information about the comparison between the package holiday offers such as products that include flight, hotel, transfer, tours, meals and travel themes in one package.

The main objectives of this thesis are the business model creation and value proposition testing. To gain a better understanding of successful business model realisation and creation, the author will use a business model canvas as a base theory for the implementation. The sub-objectives of the thesis will include knowledge about customer segmentation, value proposition creation and business channel diversity. As well as, information about customer relationship management, revenue streams and key resources, activities and partnerships needed in business model formation. Besides, cost structures will be examined to learn more about business development processes. (Osterwalder & Pigneur 2010, 16-17.)

To find out the need for the product in the market author will distribute online survey to potential customers, test the value proposition by interviewing potential partners and gain the knowledge about technical aspects from the industry professionals. This research will be done with potential stakeholders and consultants within the area of Finland.

This research outcome will affect the authors further plans of business model implementation in his business plan in the future. In a successful outcome author, will implement the findings in the business plan and create his own start-up company.

1.2 Description of the end product

The end product of this project-based thesis will be business model created with business model canvas template. To gain the satisfactory result of this product-based thesis the end result needs to include criteria of the business model canvas outcome. These criteria involve that

- The building blocks are set and organised according to the canvas template
- Business model canvas are displayed as whole visual variable
- Building blocks represents the authors concepts and insights of business idea
- The building blocks applies the knowledge from the research sources and implements in final deliverable
- The information in business model canvas displays in simple, understandable language
- The information demonstrates the business structure and channels for value proposition delivery to the consumer.

2 Project plan

The authors current business idea includes business which operates an online comparison website — a business which works in B2B and B2C customer segments. The idea includes business which is providing high-quality comparison data for websites viewers and promotes partner businesses travel package offers virtually. This thesis theoretical framework will complete the authors business idea into a business model. After a business model will be created the author will test it and will come to a conclusion whether or not implement this business model into the business plan. This thesis will present, what actions need to be done to start a business in the e-commerce field and will people be interested in such a product or not.

First, the author needs to understand how to create a business model. The knowledge will be gained based on Osterwalder & Pigneur (2010) "Business Model Generation", business model canvas framework. In addition to business model generation provided material, the author will include secondary sources to provide a comprehensive dialogue between the references.

Second, the business model will be implemented. The gathered knowledge will be displayed on the business model canvas poster which is provided from the theory.

Third, the business model value proposition will be tested. To gain a better understanding of the business future possibilities the author will use primary sources to gain a better understanding of stakeholder opinions. The research will be done in a quantitative and qualitative manner. The quantitative research will be conducted as a created survey which will give the insides of the public opinion about the authors business model idea. The survey will be created on [surveymonkey.com](https://www.surveymonkey.com) platform and will be distributed on authors personal network channels and social media platform Facebook. The qualitative data will be conducted from tourism industry representatives, tourism agencies and tour operators from annual international tourism fair "Matka Travel Fair 2018" in Helsinki, Finland. Information about technical aspects of the project will be obtained from face to face interview with information technology industry representative and Haaga-Helia University of Applied Sciences lecturer and ICT courses teacher Darren Trofimczuk and additional recourses.

Fourth, the results of the research will be discussed. The information from the surveys and interviews will be, and crucial details will be disclosed in the final deliverable of this product-based thesis conclusions part.

This thesis has started in January of 2018 and ended in December 2018. The author has used six months to finish the process. In between, from April to October the author was doing his internship. During that period thesis writing process was not involved. In addition, this thesis references will be made by international references tool RefWorks.

Moreover, table 1 of tasks and deadlines shows the thesis writing and planning schedule.

Table 1. Tasks and Deadlines

Begging of January 2018	Enrolment for thesis
January 2018	Thesis style and topic formation
17–21 January 2018	Quantitative data gathering MATKA Nordic Travel Fair, Messukeskus, Helsinki
February 2018	1.Thesis Seminar
March 2018	Theoretical framework research; qualitative data gathering, data analysis
11 May 2018	2.Thesis Seminar
September 2018	3.Thesis Seminar
October 2018	Product implementation and creation, evaluation of results
December 2018	Deadline of thesis writing, thesis submission

2.1 Key terms and concepts

Before the theoretical framework will be described the key terms and concepts of the thesis will be explained. The key terms and concepts will show the main focus area of the authors business idea. The understanding of the key concepts should help the reader to get a better image of the author's product creation and business model implementation.

Business model

Dent & White (2018, 52) defines a business model as a money generator where all the profit comes from its activities. According to Osterwalder & Pigneur (2010, 14), the business model stands for justification on how organisations execute their operations and deliver and develop their value for the consumers. Afuah (2014, 4) states that business

model is a recipe for money making. Therefore, it is also a structure for creating and capturing value. Businesses and their models can differ, but they all share common functions. All businesses are running similar primary activities in order to keep the performance of their operations. (Dent & White 2018, 52.)

According to Osterwalder & Pigneur (2010, 14) business models need to be written in a simple language. The concept needs to be compiled in a clear, relevant style and created in an understandable manner. Moreover, Liber, Beck & Wind (2016, 14) classify business models in four categories. Asset builders, service providers, technology creators and network orchestrators. In addition, from a service-provision point of view, business models need to be divided into people-based or platform-based models (Dent & White 2018, 52).

Last, Osterwalder & Pigneur (2010, 16) states that the business model needs to include nine segments which explain the core business aspects. These nine segments stand for customer segmentation, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships and cost structures.

E-commerce

VanHoose (2011, 7) defines e-commerce as electronic commerce where its process includes an exchange of the ownership of rights for using goods and services via electronic networks. In other words, e-commerce is a business model. Although, it can also be only a segment of a larger business model as well. Furthermore, e-commerce is operating in B2B, B2C, C2C, and C2B markets and all the operations are conducted via the internet. Moreover, e-commerce businesses can sell any products or services from any place where internet access is provided. (Investopedia 2018; TechTerms 2018 & VanHoose 2011, 9.)

In addition, Solomon, Marshall & Stuart (2016, 207) states that e-commerce is a helpful tool to link businesses directly to their partners, customers, suppliers and distributors. E-commerce shortens the time for orders or deliveries, helps to track the sales and gain the customer feedback more efficiently.

Moreover, the key measurements for the e-commerce are the revenue per user, in the other word's revenue per visitor. E-commerce is directly linked with the business website where the customer visitation numbers and purchase amounts are the measurements of the business operation effectiveness. (Bones & Hammersley 2015, 108.)

B2C E-commerce

Solomon, Marshall & Stuart (2016, 400) defines B2C e-commerce as an exchange between online businesses and individual consumers. It involves individual consumer product and service purchases from online businesses. (VanHoose 2011, 9.)

In addition, B2C e-commerce is one of the fastest growing sectors in the economy at this moment. Its accessibility makes anyone who is interested in online business creation starting their online store with ease. (Big Commerce 2018.)

B2B E-commerce

B2B e-commerce stands for sales which happen by using the internet. It involves business companies purchasing products and services from other business companies online. (VanHoose 2011, 9). According to Solomon, Marshall & Stuart (2016, 195) B2B e-commerce has also been called organisational markets. In B2B structure the customers are other businesses for an example manufacturer, wholesalers and retailers.

Travel Package

Decrop (2006, 38) defines travel package a whole that includes travel segments as transportation, accommodation and excursions. In other words, the travel package is a product that consists of many travelling related parts. In addition, travel packages can include mix of products as meals, ground transport, tours, guides, taxes etc. (Business Dictionary 2018). Moreover, Patterson (2018, 126) states that travel packages are organised as mass tours that are usually focusing on the older generation as well as their selling processes happen through travel agencies.

Price Comparison Website

Also known as online price aggregator, comparison platform, comparison shopping website, price analysis tool, shopping agent, shopping engine, etc. (Wikipedia 2018.)

Price comparison websites consist of two significant parts price comparison and the website itself. According to research, many people make the price comparison between different travel agencies before their vacation decisions are made (Decrop 2006, 38).

Comparison websites are e-commerce business model representatives. According to Forrester (2010, 6), E-commerce website needs to be created in a reasonable structure. It needs to do multiple jobs simultaneously and work to solve consumer needs. It should be an educator, a salesperson, and trusted source or even community. The balance of these

aspects will bring the website either to great success or slow death. The traffic to the website is the most important indicator of the website's owners. The question of success also depends on if the traffic is maintained accordingly.

2.2 Business model canvas

Business model canvas is a part of a business model generation. Business model canvas consists of nine building blocks which describe the most important aspects of business model creation, modification and maintenance. In addition, the Business Model Canvas is a tool for young entrepreneurs and people who want to improve or develop their businesses or organisations. Moreover, business model canvas as a part of a business model generation is an excellent tool for everyone who is interested in improving or creating their business models. (Osterwalder & Pigneur 2010, 6.)

As stated by Osterwalder & Pigneur (2010, 12), the business model canvas is "A shared language for describing, visualising, assessing, and changing business models".

2.2.1 Customer Segments

First from the nine-business model canvas building blocks is customer segments. To build the business model the author needs to learn about the customer segments and find the best suitable customer groups for his business model implementation. As creating a business model for an online travel comparison website, the author needs to understand his way to choose the right customer segmentation strategy.

According to Osterwalder & Pigneur (2010, 20), customer segmentation helps businesses understand who their customers are, which means that companies need to divide their customers into groups. This action can help to realise which customers are the most profitable for the company and which ones does not bring the needed value and why. According to Hague, Harrison, Cupman & Truman (2016, 226), B2B directed business models are focused on potential partners size, industry vertical and channels that connect them with the customers and their potential growth of the company.

Besides, nowadays hybrid segmentations are becoming more popular. These segments can bring all the best advantages for the businesses if used accordingly. Hybrid segmentation works as a great tool to deliver the best out of each approach. The focus on several vital segments in the business and organised implementation brings more significant numbers of customers and rise their satisfaction. (Hague & al. 2016, 227.)

Customer segmentation can be divided into different types for different business models. It can be mass market, niche market, segmented customer segments, diversified customer segments and multi-sided platforms (or multi-sided markets). (Osterwalder & Pigneur 2010, 21.)

Mass-market business models do not use different customer segments. Instead, they are focusing on a large group of people with similar needs and problems. Although, niche market is using specific targeting to one group in order to get their targeted customer. Niche market business models are often seen as supplier-buyer relationships. Moreover, segmented business models use customer segments with some little difference in needs and problems. It can distinguish between highly profitable and profitable customers, but at the same time, they will be handled in the same manner. Diversified business models use two different customer segments with different needs and various problems. (Osterwalder & Pigneur 2010, 21). Although, multi-sided markets are customer segments models which includes different kinds of customer segments at once. These platforms can bring value to the one group only if other groups of customers are also present. This action has also been called a network effect. (Osterwalder & Pigneur 2010, 77.)

As creating a business model for an online travel agency, the author needs to understand his way to choose the right customer segmentation strategy. The beginning of ideas was to focus on mass markets by creating the comparison between the online package travel offers which would include cooperation with different already existing travel agencies. This type of business idea involves partnerships with tour operators worldwide. Therefore, the author needs to choose a hybrid segmentation model in combination with multi-sided market customer segments as its core.

At first, it is essential to understand the value that is given to the customer segmentation groups. One group would be people who are interested in a comparison of different online travel agency offers. Another group would be travel operators who would be interested in promoting their offers in online travel comparison website which means that the author business will be oriented to B2C and B2B segmentation markets.

In other words, the website users will be everyone who is interested to find the cheapest and best offer of the package holiday products. In addition, customers in the B2B sector will be all the travel operators which will be willing to cooperate and sign the contract for their product promotion.

Moreover, figure 1 shows that baby boomers and generation "x" would be more likely to be a price comparison websites customer instead of millennials and generation "z". This data shows that the targeted audience for the authors business model needs to mostly target to consumers with an average age of 35 to 53 years old.

Product Research: Social vs Price Comparison Sites



Figure 1. Product Research: Social vs Price Comparison Sites (Global Web Index, 2018)

Even more, Smart Insights (2018) presents 14 ways how to personalize the target audience for e-commerce businesses (see figure 2 below). Personalization is used by all e-commerce business and with the help of personalization one can create a better match between the company's product or services to customer segment needs. Also, improve the quality of the product or service, enable businesses to retain more customers, enhance the upselling to the companies and boost business profits by targeting customers who have given their details from previous purchases. (Smart Insights, 2018.)

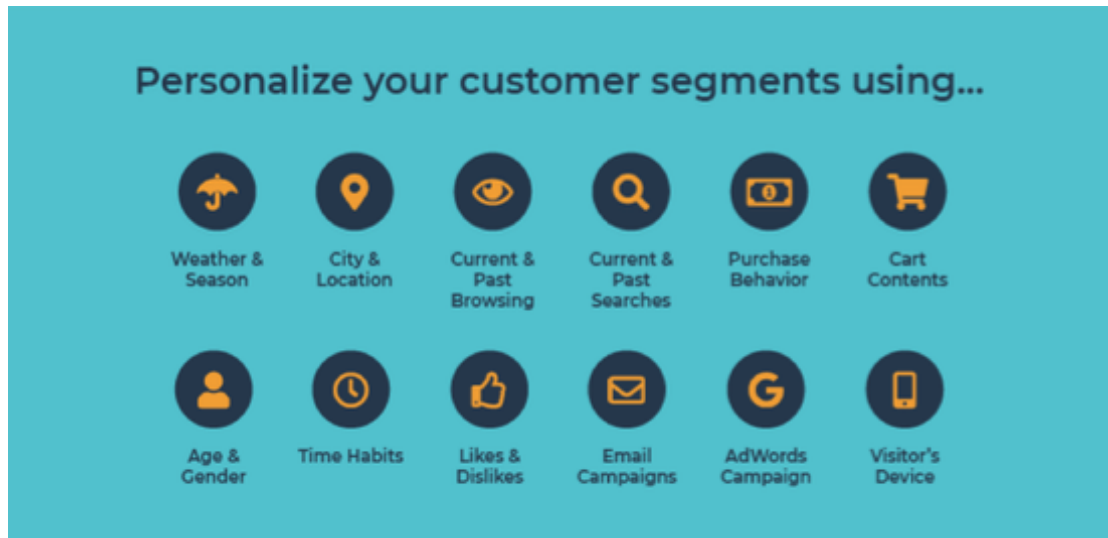


Figure 2. Customer segment personalization (Smart Insights, 2018)

According to Bhasin (2018), the biggest e-commerce websites as Amazon, Snapdeal.com, Flipkart etc. all are using behavioural segmentation CRM tools to target their audiences. With the help of the behavioural segmentation, these e-commerce businesses can track every single click the customer makes. They can gain information about the customers IP address, gender, the area where the customer is from, email address, purchase activities, interests or even home appliances. All the segmentation is needed to deliver value propositions to the specific target groups, which eventually helps to increase the sales.

2.2.2 Value Propositions

Second from the nine-business model canvas building blocks is value propositions. The value proposition is a significant factor in business model development. As clearer, the value proposition for the author is the better results for the business it will get. (Osterwalder & Pigneur 2010, 21.)

According to Afuah (2014, 5), value proposition is all of the things that companies can do for the consumers to solve their problems and satisfy their needs better than competitors. Moreover, value proposition can be innovative, represent new offers and change itself by following customer needs. As stated by Osterwalder & Pigneur (2010, 21), "A Value Proposition creates value for a customer segment through a distinct mix of elements by gathering the segment's needs. Values may be quantitative or qualitative."

Moreover, value proposition often is distributed in bundles. Each bundle of products and services aims to specific customer segment group. The value proposition has also described as an abundant benefit for the customers that the company offers. (Osterwalder & Pigneur 2010, 21.)

According to Osterwalder & Pigneur (2010, 21), value propositions can be created based on several different elements. These elements can stand for newness. Where value proposition is designed as a new product coming into the market. Performance, where the value proposition is created on performance improvement on an already existing product or service. Customisation, where the value proposition is built on specially made products and services for specific segmentation groups. "Getting the job done" where the value proposition is created by delivering service or product in high value that customers can always rely. Design, where the value proposition is built in the product or service style and general look. Brand/Status, where the value proposition is created as the product or service name and its recognition worldwide. Price, where the value proposition is generated by selling products and services at a lower rate than competitors, when at the same time keeping the same value for the product. Cost reduction, where the value proposition is created by creating an offer to customers that help them reduce costs when buying product or services. Risk reduction, where the value proposition is produced by providing a guarantee to the customer purchased products or services. Accessibility, where the value proposition is created by providing access to product or services. Convenience/Usability where the value proposition is formed by making products and services more comfortable to use.

Therefore, to achieve the right fit for the final value proposition outcome the author needs to examine customer profiles. In the same way, the author also needs to create value maps where the information about how the value proposition will be delivered is presented. (Osterwalder, Pigneur, Bernarda & Smith 2014, 3.)

Moreover, customer segment groups in the authors business module will be in the mix of non-business-related customers and organisations which means that the author needs to apply the value proposition to these segments accordingly. As the authors business idea is to operate a website that gives a comparison between online travel package offers, it is clear that the value proposition will not be single customer segment oriented. The value proposition will use mixed customer segmentation, where a hybrid model will be combined with multi-sided markets.

First, to create a value proposition for non-business-related customers, the author will focus on elements as newness, where the new product will be launched in the market. Performance, where the author's implementation of the business will improve already existing web online comparison website services. Customisation, where value proposition will be implemented as specialised services for travellers. Design, authors created website will stand out with its uniqueness among other online travel agencies. As well as cost reduction, where the author's free website will compare and find the cheapest package travel offers online.

The value proposition for this particular customer segment will provide free data comparison on a website that includes all major tour operator offers. The value of this service is crucial for all the travellers who are interested to see all the products at one place and at the same time. Moreover, this kind of service would help the customers to save their money and time. As the comparisons are usually made by looking at each provider separately, this kind of service would have high chances to find its place in the market. Thus, the use of price comparison website is rising among the consumers.

Therefore, the author has decided that creating a business in this field and area would have a possibility of successful further development.

Second, to create value to organisations, partners and tour operators the author will use value proposition elements as newness, where new product will be launched in the market. Performance, where the author's implementation of the business will improve already existing web online comparison websites and price, where authors business model will provide a low-commissioned advertisement for interested stakeholders.

The value proposition for the B2B segment customers will provide a selling platform that promotes different types of package offers. This value proposition would be interesting for companies who are seeking extra sales agents, online marketing or product affiliate marketing cooperation. The value for B2B customer segment would also include consumer traffic to their website and their rise their brand awareness.

In addition, according to "Global Price Comparison Websites (PCW) Market: Size, Trends & Forecasts (2016-2020)" report the price comparison market is expected to increase at a significant rate from 2016 to 2020, which means that this type of value proposition works and have substantial future advantages. Although this data is mostly focused on the UK market, this tendency can be applied globally. (PR News Wire, 2017.)

According to Lipman (2018), price comparison websites are becoming a key source of consumers purchasing decisions. The latest research shows that the in past two years 56 per cent responded have used price comparison websites and 52 per cent has switched from direct purchasing to comparison website offers.

To get a deeper understanding of the value proposition for authors business model, essential facts concerning the user experience of price comparison websites will be reviewed.

According to Lipman (2018), research users are most commonly willing to find the best deals on the comparison websites. Also, for them, it is essential to compare the prices, reduce the costs and find the companies which are selling the products they are looking for (see Figure 3).

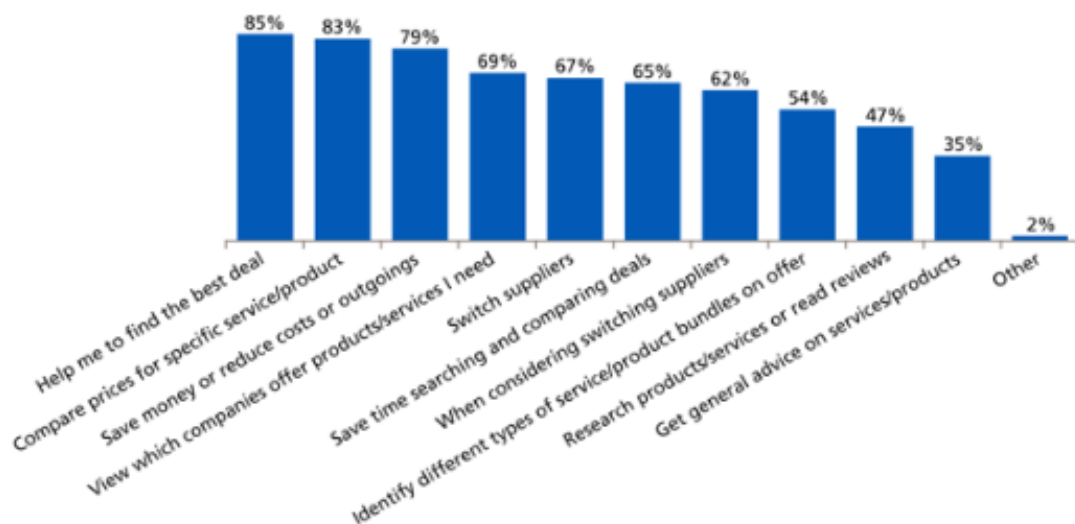


Figure 3. What PCWs are used for (Lipman, 2018)

Also, figure 4 shows the most important features when consumers use price comparison websites. The most popular comparisons are made to get the best offers fir car insurances. Also, home insurances and travel services are in the top three of the most commonly compared features. Package holidays in this research has 28 per cent of user response rare which means that the market is open for more products in the comparison travel sector and travel services are among top rated industries in online price comparison.

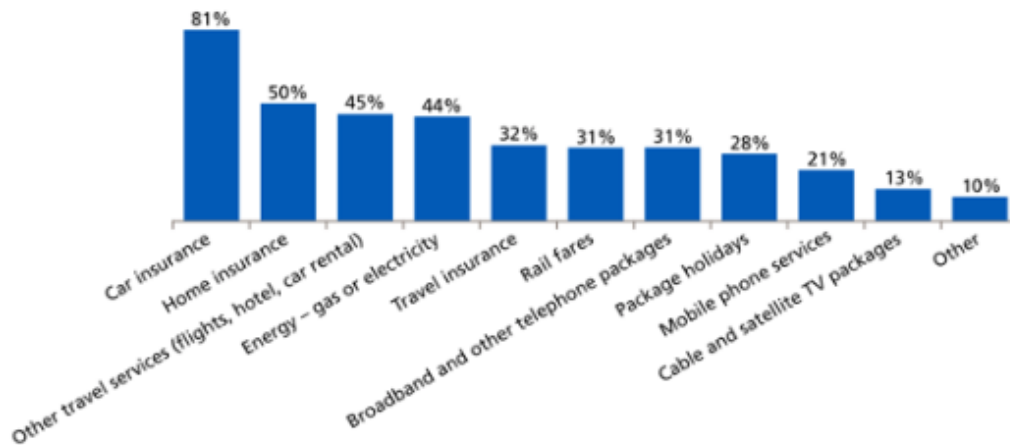


Figure 4. Most important features when using PCWs (Lipman, 2018)

Moreover, according to Statista (2018), the retail e-commerce sales worldwide are estimated to increase from the year 2018 until 2021 from 2,8 trillion U.S. dollars to 4,8 trillion which means that the e-commerce industry is developing rapidly and time for the investment in this field is advisable (figure 5).

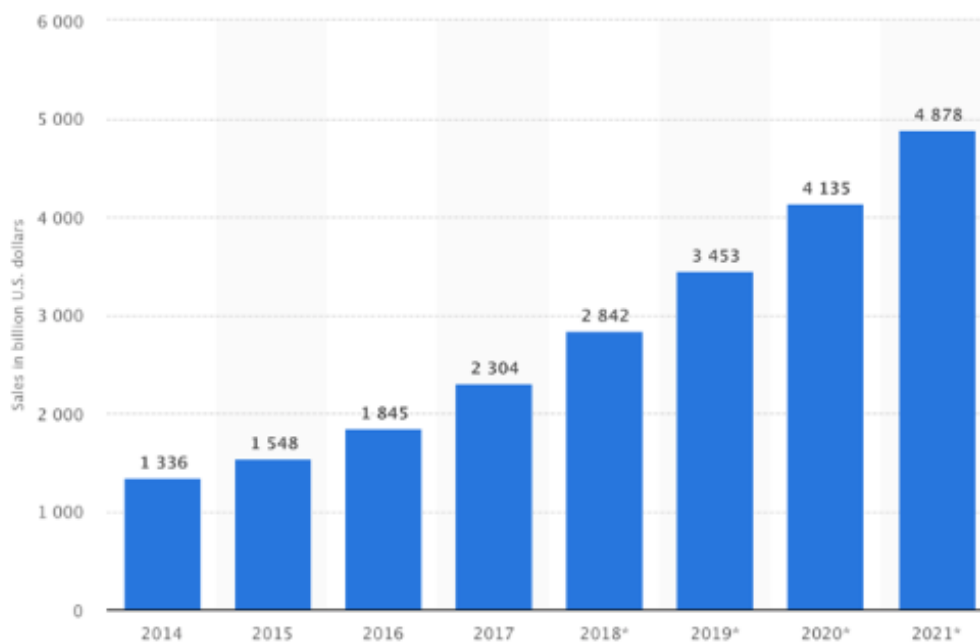


Figure 5. Retail e-commerce sales worldwide from 2014 to 2021 (Statista, 2018)

2.2.3 Channels

Channels are a third building block of the business model canvas framework. They are a good help for companies to deliver the value proposition to their customers. Channels de-

scribe how the value proposition has been delivered and what conditions affected. In addition, channels are raising product awareness or service visibility and help companies to improve their value proposition. Moreover, channels give the possibility for the customers to purchase particular products or services and provide customer support. (Osterwalder & Pigneur 2010, 26.)

According to Dent & White (2018, 9), channels are the lifelong relationship between business and the customer. Channels are awareness builders and value proposition developers. In addition, channels can be direct or indirect. Direct channels stand for more classic operations, where value proposition has been carried through dealers, distributors and retailers. Instead, indirect channels deliver their operations through personal direct customer channels - marketing, e-commerce, telecentres, outbound call centres etc. (Dent & White 2018, 9.)

Furthermore, businesses need to create competitive channel structures to gain the benefits. As well as, the channel levels are needed to be taken into consideration. Channel levels stand for the number of intermediaries involved in value proposition delivery process. Also, different channel structures are needed to apply when the businesses are focused on both B2C and B2B customers. (Solomon, Marshall & Stuart 2016, 361.)

When building channel structures and completing business model for the authors business idea, channels need to be well planned and set clearly. The author needs to understand which channels will be the ones that reach the customer segments.

As stated in table 1 channel types and channel phases are presented. Together there are five channel phases, and each channel can have some, or all the phases included. In addition, channel types can be direct, indirect, partnered or owned. (Osterwalder & Pigneur 2010, 27.)

Table 2. Channel types and phases (Osterwalder & Pigneur 2010, 27)

Channel Types			Channel Phases				
Own	Direct	Salesforce	1.Awareness How do we raise awareness about our company's products and services?	2.Evaluation How do we help customers evaluate our organisation's Value Proposition?	3.Purchase How do we allow customers to purchase specific products and services?	4. Delivery How do we deliver a Value Proposition to customers?	5. After sales How do we provide post-purchase customer support?
		Web Sales					
Partner	Indirect	Own Sales					
		Partner stores					
		Wholesaler					

The right mix between the right channel phases is the most significant regarding value proposition bringing to the market. The author in this stage needs to decide which channels are the best for his current business model idea.

As the first author's business model idea was to create a comparison website, the business model idea itself has an intermediary business concept which means that the channels in use for distributing the value proposition should be owned and indirect. All the profits from the business will be gained from commissions generated from product and service producers. The authors intermediary business model will include the comparison between the package travel offers from the major tour operators. Therefore, the business channels will focus on B2C and B2B segments.

For example, a channel structure for the B2C market for the authors business model creating will include websites awareness, where the author will advertise the service on online search engines and social media platforms. Further, the evaluation phase will be implemented as online feedback function, where customers can give suggestions for the business process improvements. Moreover, the purchase phase will be forwarded to the product producers, which means that website visitors will be buying from the original product generator, not the comparison platform itself. In addition, delivery processes will also be organised by business partners instead of the business itself. Last, the after-sales phase can be organised in email form, where the relationship between the business and the customer will be continued with special offers and travel suggestions.

In addition, travel comparison website momondo.com uses blog writing method to reach their customers. This approach involves different article creation on their website about the travel destinations and best offers in different time periods. Blog writing also increases the chance of higher rates on the google search engine as it is part of websites SEO management. (Momondo 2018.)

The B2B channel structure will be organised as follows: first, the business awareness will be created by creating valuable content for the website at the first place. The business contracts will need to be created with the partners to make sure that the business is possible to operate. Second, the evaluation of the business will be organised in a feedback form. The suggestions from the business customers will be summarised and implemented. Third, the purchase phase will be organised by signing the contracts about the advertisement posts on the author's website and the commissions from the sales from the product generators. Forth, the value proposition to the business customers will be delivered as advertisements of their product to the author's website. Fifth, the after-sales

phase will continue the communication with the customer about the improvement and development processes.

According to kayak.com, their channels of value delivering includes affiliate parent program and hotel host page. These channels allow B2B customers to deliver their value proposition back and forward. Which means that the retailer of the product has excellent opportunities to promote their offers through kayak.com website and access large traffic flow to their websites. (Kayak 2018.)

Moreover, online travel comparison giants as Expedia, Booking.com, Viator, TripAdvisor and many others, all are using affiliate marketing as part of their primary marketing channels. Affiliate marketing allows these companies to hire independent agents, start-ups, small companies or other businesses. These agents and organisations promote their products on their websites, and for every purchase the customer makes they gain commissions. More about affiliate marketing in figure 6.

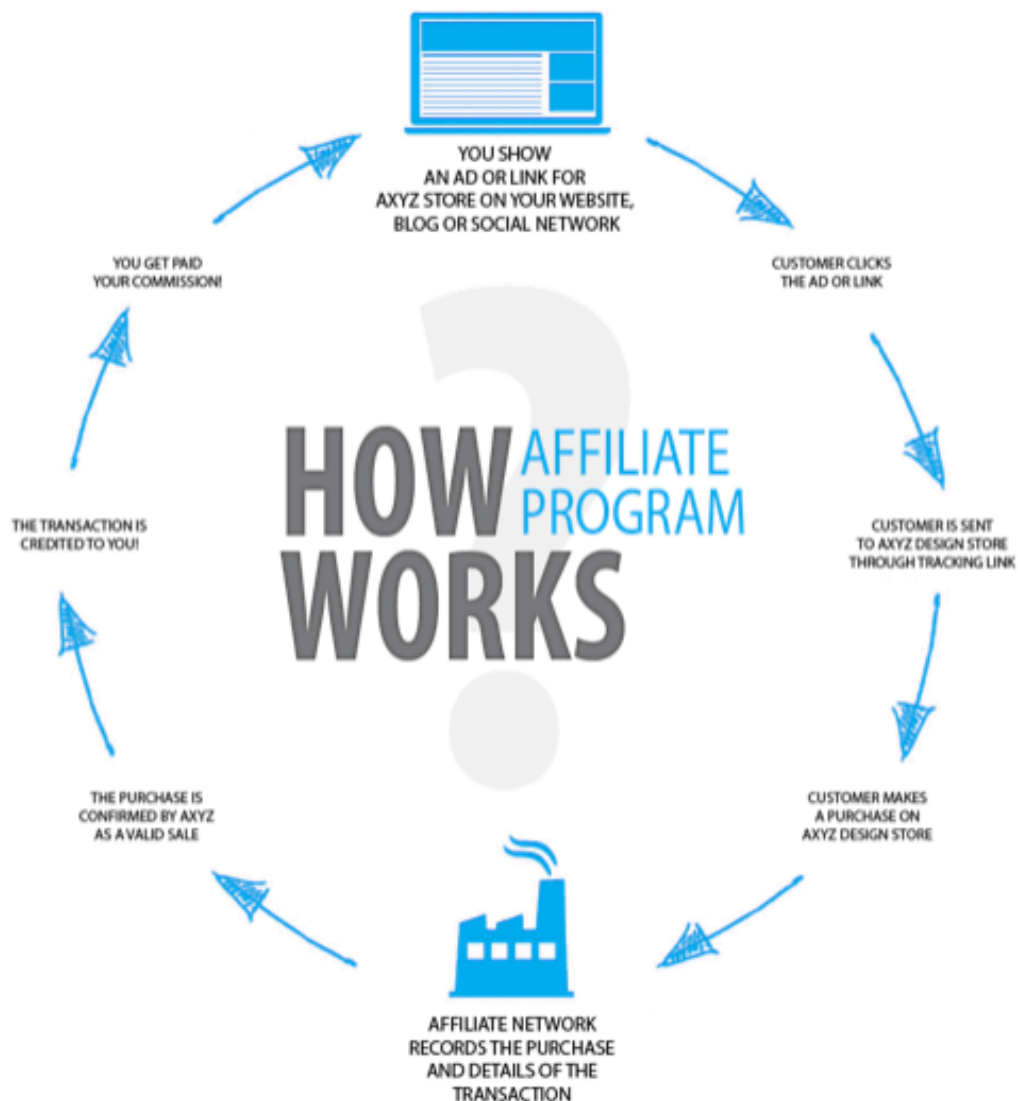


Figure 6. How affiliate marketing works (Big Commerce, 2018)

Nevertheless, online marketing channels can be very diverse, for example, according to Just Learn WP (2018), channels that help to deliver value proposition to the customer can include blog posts, SEO content optimization, regular website updates and page content updates, subscription options, follower and "become a fan" options, "exclusive offers for fans and subscribers" options, advertisements on social media, email marketing and video marketing tools. More in figure 7.



Figure 7. Marketing on the internet (Just Learn WP, 2018)

In contrast, Lipman's (2018) research shows that 31 per cent of respondents use search engines to find a specific comparison website. 35 per cent goes to the website directly, and 31 per cent does a general search with search engine first and then chooses a comparison website based on the search engine listings (figure 8). This data presents that price comparison websites have a strong brand and people visit sites directly. Although, search engines are involved almost in 60 per cent of the respondent answers, which means that a strong search engine optimisation marketing strategy is a crucial factor for price comparison websites channel performance.

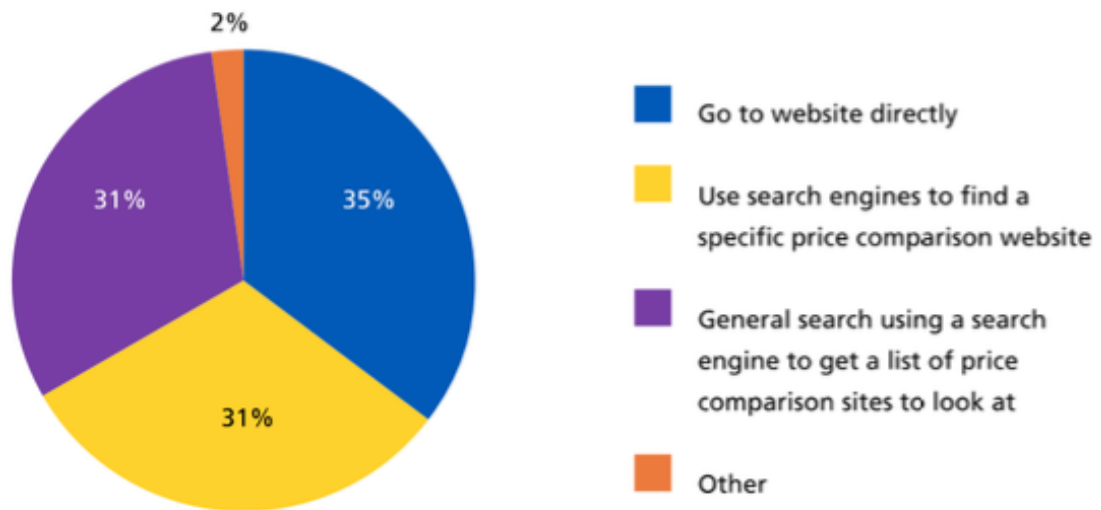


Figure 8. Finding PCWs (Lipman, 2018)

2.2.4 Customer Relationships

Customer relationships are the fourth building block in the business model canvas framework. The author, in this particular stage of the business model implementation, needs to understand what kind of customer relationships businesses can be created? What are the latest relationships trends between businesses and their customers? Also, which customer relationship segments can the author use for his business model?

Osterwalder & Pigneur (2010, 28), states that different types of customer relationships should be implemented for different customer segments. These types can be personal or automated. Businesses can use different strategies to maintain their customer relationships, although companies always need to be up to date with their customer's interests. In addition, businesses use customer relationships types to get new customers and keep existing customers, to gain more deals and boost their sales. (Osterwalder & Pigneur 2010, 28.)

According to Peppers & Rogers (2017, 73), to build value in customer relationships, businesses need to use IDIC four-step processes. IDIC stands for identification, differentiation, interaction and customisation. Besides, Peppers & Rogers (2017, 73) states that the most crucial goal in customer relationships is to generate trust between business and their customers. Even more, by managing customer relationships wisely businesses will gain higher profits and a better reputation.

Moreover, Libert, Beck & Yoram (2016, 65) states that businesses need to make sure to create loyal relationships with their customers. Loyal customers are repeating buyers, and

if businesses have many loyal customers, then they do not need to be worried about high customer acquisition costs. Likewise, the latest successful business models are showing the tendency that companies are creating their customers as their brand ambassadors. With the help of social media and constant interaction between businesses and their clients, customers become a part of business promoters. (Libert, Beck & Yoram 2016, 65.)

Furthermore, Libert, Beck & Yoram (2016, 66) adds that even more important than business promotion, customer contribution has a significant role in business development and success in customer relationships. Customer contribution can be delivered in a way that customers are product designers, producers, content creators, sales people and price setters. For example, Airbnb and Uber use customer contribution to get assets for their business operations in return they provide the service platform and chance to gain revenue for its users.

Customer relationships consist of several categories — first, personal assistance. Personal assistance works as customers personal experience between business and the consumer. In this category sales processes happens during meetings with the sales representative. It can happen through phone calls or by email. Second, dedicated personal assistance. In this customer relationship category, individual customers are getting personal attention from the company's representatives. Dedicated personal assistance usually evolves in a more extended period and includes an individual approach to the client's needs. (Osterwalder & Pigneur 2010, 29.)

In contrast, third and fourth categories, self-service and automated service categories provide customers with all necessary services without salesperson interference. Self-service relationship category gives customers the tools to make their operating activities with no direct relationship between the parts. Also, automated services category is self-service oriented. Business processes are automated and do not include interaction with the sales person directly. Although, automated services can remember particular consumers and their characteristics. In addition, they can provide the consumer with related offers which are based on their previous purchase experiences. This relationship method is the most commonly used in e-commerce and online businesses. (Osterwalder & Pigneur 2010, 29.)

In addition, communities and co-creation are customer relationship categories that include larger group consumer participation. As an example, communities' customer relationship category focuses on building interaction between the business itself and different groups and communities. This particular category is prevalent in online business formats, where

companies seeking for customers can easily find, promote and even develop their services with the interaction of different groups. (Osterwalder & Pigneur 2010, 29.)

Thus, in co-creation customer relationship category businesses tend to ask the consumers advice about their product. They provide the tools and platforms for consumers to express themselves and their experiences about their products. In this case, consumers and companies have a common interest in which the end process is a transparent product review. This customer relationship category brings value to product comprehension. (Osterwalder & Pigneur 2010, 29.)

The understanding of customer relationship categories is an essential step for any business model development. According to Osterwalder & Pigneur (2010, 29), business models can focus on some direct customer relationship categories or having a mix between them.

In the author's case, where the business model is focusing on the creation of the online comparison platform, the best customer relationship strategies must be discussed. Customer relationships should include strategic planning for every customer segment. As the authors business model will mainly focus on multi-sided markets as his primary customer segment, the best customer relationship strategy for this particular segment will be a mix between of self-service, automated services and communities' categories. (Osterwalder & Pigneur 2010, 29.)

In addition, customer identification and differentiation are needed to be created. In this case, the author will divide the customers into two groups. One will be the comparison websites visitors, customers who will visit the online website and use the comparison to gain the best deal for them. The other group will be the tourism operators who are the product creators and content providers. To achieve the loyalty between the customers and the business the author will create an effective customer relationship plan which will explain how to keep the interaction with both customer groups. The plan will include feedback possibilities, and customers will have access to support email address and contacts which will provide secure and fast communication. To the other group which represents the B2B customers the plan will include personal interaction with CRM tools, email communication, feedback possibilities and open service development suggestion possibilities etc. All the activities needed to implement the business plan will focus on customer satisfaction, contribution and retention.

According to Alos (2018), one of the easiest ways to manage customer relationships is to use spreadsheets. Although, spreadsheets are not the best for the customer and prospect tracking and reporting. That is why the CRM tools are better and more modern option.

CRM stands for "Customer Relationship Management". Customer relationship management uses a software system to keep track of customer purchase history, keep up with the customer business relationships and focuses on customer retention (see figure 9 below). (Alos, 2018.)



Figure 9. Customer Relationship Management (Just Learn WP, 2018)

According to Industry Analyses (2017), customer relationship management market share research that was made in 2017 (figure 10) the top three CRM providers in the market are Infusionsoft, Salesforce and Live Site (vCita).

CRM Market Share

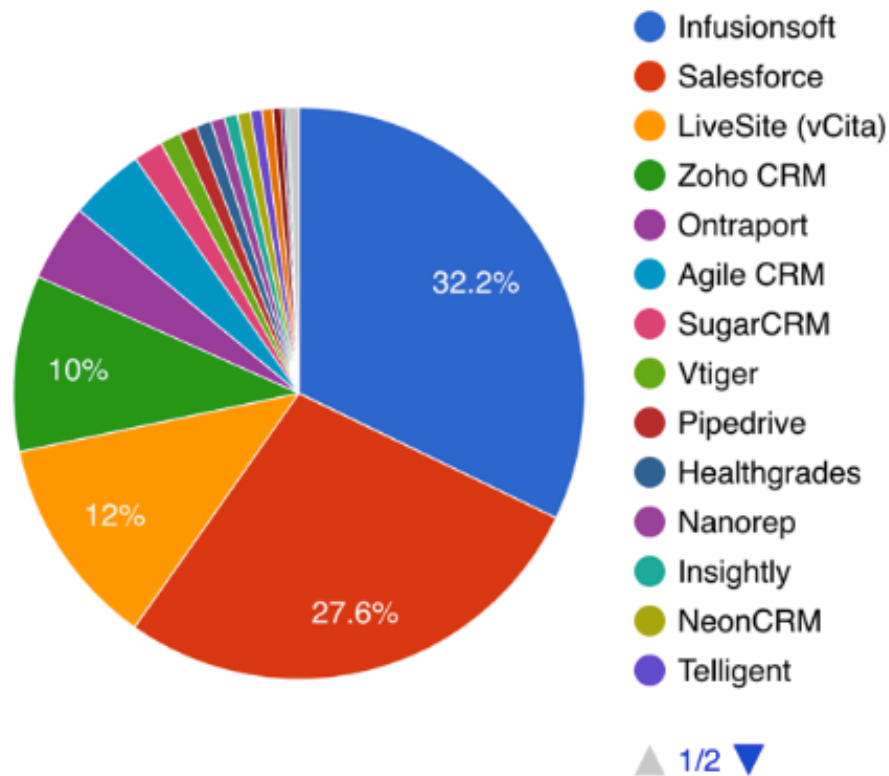


Figure 10. CRM Market Share (Industry Analyses, 2017)

Next, the information about the main top three CRM tool providers will be discussed. As the author needs to find the best suitable cooperation partners in CRM strategy development their offers and price range will be taken into consideration.

First, if the authors would choose the Infusionsoft CRM offer, then it would provide centralised client data, marketing automation, integrations, unlimited emails, reporting etc. for average 370\$, around 326€ per month. (Infusion Soft, 2018.)

Second, if the choice would be Sales Force the author would get multipled sales console apps, advanced forecasting, workflow automation, custom app development, enterprise territory management, salesforce engage, salesforce CPQ and many more for 150€ per month. (Sales Force, 2018.)

Third, if the author would choose to cooperate with Live Site (vCita), then he would get contact management tool, client relationship management tool, mobile CRM, online CRM, email and SMS marketing and many more for 99\$, 87€ per month. (VCita, 2018.)

Moreover, to keep the satisfaction between the customer and the business the user experience must always be at the highest levels. As it is stated from Finance Online (2018), research of almost 1800 respondents the most common reasons for abandonments during checkout are the additional costs that are displaying in the checkout processes. Also, request to create an account, and complicated checkout processes are essential issues of e-commerce websites (figure 11).

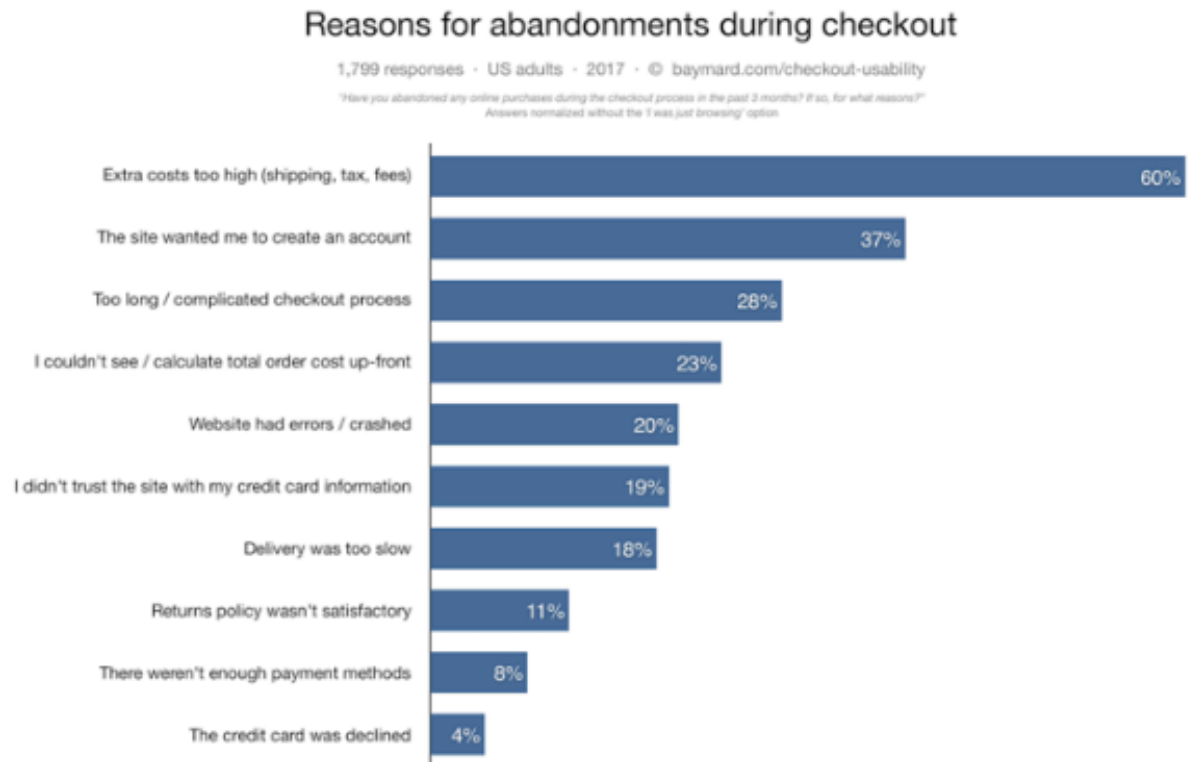


Figure 11. Reasons for abandonment during checkout (Finance Online, 2018)

2.2.5 Revenue Streams

Revenue streams are the fifth building block in the business model canvas framework. The author in this stage will have a look at the options and activities that businesses are needing to do in order to generate the profits. The primary goal is to understand what revenue streams are? What kind of income options businesses can have? Also, what would be the best revenue streams for the authors business model?

The management of the revenue streams and the revenue streams itself is crucial for any a business's existence. Revenue streams are showing the information of profit generation in which the most important skills are product or service creation, product or service sales and sustainable profitability (Huefner 2015, 1). According to Osterwalder & Pigneur (2010, 30), profit from the revenue streams comes from the customer segments. As customer

segments can differ, revenue streams can variate to fit each of the customer segment accordingly. As illustrated in table 3 revenue streams can be created as fixed list prices, bargaining activities, auctioning, market dependent operations, volume dependent activities, or as yield management. (Osterwalder & Pigneur 2010, 30.)

Furthermore, business models can be implicated in one of two types:

- Transaction revenues (consists from one-time customer payments)
- Recurring revenues (consists of ongoing payments that deliver a value proposition or provides post-purchase customer support)

According to Osterwalder & Pigneur (2010, 31), there are seven ways how to construct revenue streams. First, asset sale. The asset sale is a revenue stream in which the physical product has been sold. Asset sales are one of the most common revenue streams, and it uses a product that they produce or purchase and then sell them to gain revenue. A second revenue stream is the usage fee. Usage fee stands for the services that customers are using for a particular period. There are no physical products been sold in this revenue stream, thus the profit comes from the rent of the service that a company provides to the customer. A third revenue stream is subscription fees. Similar to usage fee, subscription fee revenue comes from a lease of company's services. Subscription fees can provide monthly or yearly subscriptions, and it can include physical product lease. Forth revenue stream is lending/renting/leasing. Lending/Renting/Leasing stands for a temporary lease of a company's assets. In this particular revenue stream companies are creating contracts with the customers for their product or service use for the particular period. A fifth revenue stream is licensing. Licensing gains revenue by permitting customers to use their protected intellectual property. This particular revenue stream is prevalent in media and patent industries. The revenue has been collected from leasing the right to use the companies protected products and services for customer's use. A sixth revenue stream is brokerage fees. Brokerage fees stand for commission gained from transactions where the company takes the position of an intermediary. Therefore, the company provides the tools or services that are beneficial for the provider and customer. This method allows businesses to collect the interest from each deal that is made when using their services. A seventh revenue stream is advertising. With advertising, businesses gain their revenues by allowing to place advertisements on their products or services. This particular revenue stream is popular in media and event industries.

In addition, revenue streams have different pricing mechanisms. These mechanisms can be fixed or dynamic pricing depending on the revenue stream. The right choice of pricing mechanism is crucial for the company's revenues. More about pricing mechanisms on table 3.

Table 3. Pricing Mechanisms (Osterwalder & Pigneur 2010, 33)

Pricing Mechanisms			
Fixed Menu Pricing Predefined prices are based on static variables		Dynamic Pricing Prices change based on market conditions	
<i>List price</i>	Fixed prices for individual products, services, or other Value Propositions	<i>Negotiation (bargaining)</i>	Price negotiated between two or more partners depending on negotiation power and/or negotiation skills
<i>Product feature dependent</i>	Price depends on the number or quality of Value Proposition features	<i>Yield management</i>	Price depends on inventory and time or purchase (normally used for perishable resources such as hotel rooms or airline seats)
<i>Customer segment depend</i>	Price depends on the type and characteristic of a Customer Segment	<i>Real-time-market</i>	Price is established dynamically based on supply and demand
<i>Volume dependent</i>	Price as a function of the quantity purchased	<i>Auctions</i>	Price determined by the outcome of competitive bidding

The authors business idea involves having an online comparison website. This business model development involves the deep understanding of the revenue streams and their functions. As the business idea is to build an intermediary online based business model the most logical revenue stream combination will include brokerage fees and advertising revenue streams. (Osterwalder & Pigneur 2010, 33.)

The authors business idea is to create an intermediary platform where offers from other online businesses create a comparison. Customer, in this case, will be interested in purchasing the best fit for them, where the providers will find the customers through the authors business operations. Therefore, the authors business model will generate the revenue from the commissions of the transactions between two parties the buyer and the seller. In addition, the advertising revenue stream will give additional earnings to the business as the authors online business platforms can place the advertisements on its website.

According to Sozo Design (2018), there are five ways how price comparison websites can gain revenue. It can be done by advertising, gaining commissions, signing direct partnership contracts, offering subscriptions or charge the users. Each option offers different business model approach which should rely on market audience and product supplier

choice. These ways are advertising, commission gaining, direct revenue, subscription revenue and charge the user strategies. Advertising for the price comparison website business divides in two options. First, the website displays other company banners on its website and gains the revenue. Second, the website uses Google AdSense where the advertisements are provided automatically but the revenue is gained from the Google. Although, commission gaining strategy can differ between cost per acquisition (CPA) and cost per click (CPC) strategies. Cost per acquisition means that the commission is gained only when the user makes the purchase. This revenue model is also known as an affiliate cooperation. Despite of that, the cost per click strategy gains commissions from every click that comes from intermediary's website. Direct revenue strategy for price comparison websites requires direct contracts with the third-party suppliers. These contracts offer to gain commissions from every sale the third-party company makes. The price comparison website in this case need to promote the products and services that would be stated in the agreement. Moreover, subscription revenue strategy offers to gain revenue from other companies if the price comparison website displays higher positions in their listings or posts special edition sponsored articles of their pages. Last, charge the user revenue strategy means that the users pay monthly subscription fee for the price comparison websites services. Thus, this model usually works only for niche markets and products. (Sozo Design, 2018.)

According to Ashraf (2018), two of the most profitable business models for e-commerce businesses are drop shipping and affiliate marketing. To get better understanding about these two businesses the author will have a deeper look at each of one of them.

Drop shipping business is intermediary based business. Where its revenue model requires website creation, updating, maintaining, as well as marketing and product finding skills. In drop shipping business model, the businesses itself do not keep the products in stock, but any time when customer purchase a product the online businesses pass the order to supplier who ships the product to the customer. Drop shipping business model allows the intermediary business owner price the products and services with no limitations, which means than drop shipping is opening the possibilities to earn more than affiliate marketing approach (table 4). (Ashraf, 2018.)

Despite of that, affiliate marketing is a revenue model where intermediary businesses gains commissions for every sale what their delivered customer are making. Similar as drop shipping, affiliate marketing does not require to have their own stocks, but the down side is that the commission rate for the sales usually is fixed and it is harder to gain higher

profits. More about differences between drops shipping and affiliate marketing in table 4. (Ashraf, 2018.)

Table 4. Drop shipping vs Affiliate Marketing (Ashraf, 2018)

Criteria	Dropshipping	Affiliate marketing
How it Works	In Dropshipping, you don't have to store inventory or ship products. Just get orders and make a profit on arbitrage	In Affiliate marketing, you refer a customer to another business and take a certain percentage as commission
Business Model	The amount of profit you make is your selling price minus the wholesale price	The amount of profit you make is the commission on the product you sell. The commission is usually paid on a monthly basis
Business Management	You sell products that are not yet in your inventory from your store. The customers pay to you and then you pay to the manufacturer	Whenever a potential customer clicks on an affiliate link on your site they will be automatically directed to the merchant's website. The affiliate tracking cookie remains on the browser of the visitor's browser for a limited time
Ease of Use	You are responsible for customer support	You are not responsible for handling anything related to store
Commission	As you earn by arbitrage, you can name your own price	You are paid a fixed commission by the merchant
Growth Prospect	A quality online store will naturally grow over time with a strong foundation	A quality affiliate website will grow over time but the affiliate marketer will always remain dependent
Recurrence	You get repeat business and recurring orders from customers	An affiliate purchase is just a one-off transaction.
Control	You have full control over the dropshipping offers available to you	You don't have control over the affiliate offers available to you
Customer Data	You own the customer data	You don't deal with customers
Future Prospect	Your dropshipping store can easily become a full-fledged business	As an affiliate marketer, you are dependent on the retailer/manufacturer whose products you promote

If the author would choose to apply affiliate marketing to his business model, that would involve profit gaining from commissions. Most of the biggest tour operators already have their own affiliate programs. An example, Tourradar.com offers 5% affiliate commission from their sales that comes from affiliates. Which means, if the person purchases 9-day holiday package trip to Thailand for 678€ the authors business would gain 33.90€ (Tour Radar, 2018). Also, Contiki and Expedia offers 5% affiliate commissions for vacation package purchases (Contiki, 2018 & Expedia, 2018).

If the author would choose to apply dropship as his revenue business model, then the earnings depends of the price for the product or service the author sets on his website himself. Drop shipping also need to involve additional costs for example order processing and handling the customer service, which means extra time, tools and human workforce expenses.

For example, if the author would like to sell 9-day holiday trip to Thailand for original price of 678€ he would have a possibility to negotiate the price to the wholesale level because of the drop shipping agreement. If the wholesale level means 10% off the official price, the author would get the trip for 610€. Additional costs of product promotion, order processing and customer service would gain from 10% or even more which means that this business revenue model would not be the best solution for price comparison website model, as their core is to provide the price comparison at the first place. If the authors e-commerce business module would focus on niche travel products, then drop shipping approach would have higher advantages than affiliate marketing.

Moreover, the revenue that price comparison websites can get from the advertisements can variate, but average amount is 5\$ (4,41€) per 1000 visitors. This option allows price comparison websites gain extra profit from the website visitor amounts. AdSense is automatic system that displays commercials on the different websites, which means that additional costs for advertisement maintenance are not needed (figure 12). (Target Meet, 2018.)

According to Similar Web (2018), price comparison website Skyscanner.com visitor amount in last 6 months was 11.35 million total visits. Momondo.com total visitor numbers in last 6 months was 3.20 million and kayak.com 32.65 million visitors in 6 months. If we take skyscanner.com data, then we can see that they are gaining 1,9 million website visitors in 1 month, which means that the advertisement revenue in this situation would be 8379€ per month.

How does AdSense work?

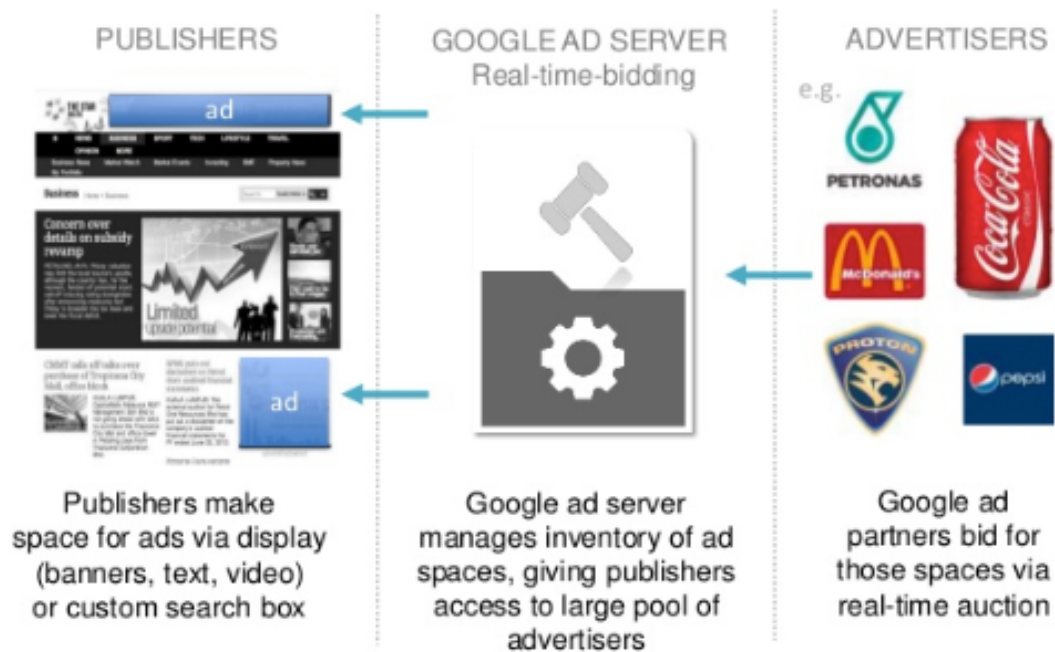


Figure 12. How does AdSense work? (Big Happy Profits, 2018)

2.2.6 Key Resources

Key resources as a sixth building block from the business model canvas framework are essential aspects of any business model. They stand for all the assets in the companies and makes the business operations work. Even more, the key resources are creating and offering the value proposition, reaching markets, maintaining relationships with the customer segments and earning revenues. (Osterwalder & Pigneur 2010, 34.)

As the types of business models differ from each other, the key resources need to fit with them precisely to gain the maximum effectiveness. In addition, key resources can be classified as a physical resource, intellectual resource, human resource or financial resource. Even more, key resources can be owned by the company, leased or acquired from business partners. (Osterwalder & Pigneur 2010, 34.)

Physical resources stand for assets like buildings, tools, machines, hardware, systems, cars, computers etc. All the physical resources are things that have a value for a company. Physical resources are also essential for the company's maintenance operations. Intellectual resources are non-physical resources that can include brands, patents, copyrights or partnerships. Intellectual resources are hard to develop, but they create signifi-

cant value for various business models. Human resources are required with every business model. Human resources can also be described as people who are working for the same goals in one company. Financial resources are mostly occurring in business models which are leasing a large number of financial assets to operate them in their business strategy. A business model can also use the loans to invest in their staff to get the best people working for them instead of competitors. (Osterwalder & Pigneur 2010, 34.)

The authors business idea and his value proposition require to have several key resources to make sure that the planned operation can operate. First, as the physical resource, the authors will use assets for the business model creation. These assets will be for an example computer, desk, office work equipment. Second, as an intellectual resource, the author will use the knowledge of the data comparison and data collection. Third as human resources the author will use people who can work and develop the platform, execute the operations and operate the data flow. Moreover, all these resources will help the author to implement all needed key activities into the actual business.

First, the main resource for the author will be the price comparison platform itself. Which design and potential partners can diversify. Second, SEO and marketing resources will be needed either it is another company, freelance person or hired human resource the websites marketing and search engine optimisation is crucial for the business existence. Also, CRM management resources will be needed. These resources will help to gain higher profits and keep the relationships with the loyal customers. Moreover, investment resources will be needed cooperation with investors, sponsors or banks will be crucial for the website development and existence. (Promt Cloud, 2018.)

More about the key resources and possible variations for the authors business model in chapter cost structure.

2.2.7 Key Activities

Key activities are the seventh building block in a business model canvas framework. Key activities are a significant building block for any business model development. Even more, key activities are the first actions when start to create a new business. In other words, key activities are the basic first steps from the beginning of business model creation until the end of the business execution. (Osterwalder & Pigneur 2010, 36.)

Key activities for different business models might differ from each other. Osterwalder & Pigneur (2010, 36) describes that key activities can be divided into three categories - production activities, problem-solving activities and platform/network activities.

First, production activities are all related to businesses performance, product designing, its marketing and delivering. Even more, production activities are the most important activities for the business models for physical product creation. Second, problem-solving activities is a significant part of any businesses. It includes individual customer problem solving, as well as it can be anything from an inner or outside company environment-related problems. Third, platform/network activities are all the activities which are related to business models which are having their online network platforms. These activities includes platform maintenance, constant development support as well as security and support activities. (Osterwalder & Pigneur 2010, 37.)

As the authors business idea is to create an online comparison platform, the most important activities will be related to the platform's maintenance, development and data updates. This includes the key activities in platform and network categories. Moreover, production category will have a significant role in authors business model creation. The production will take part in the form of online platform creation.

Key activities that the author needs to do when starting his own price comparison website start-up business are creating the website, operate the maintenance of the website, operate the marketing activities and SEO management, find new business partners and prospects as well work on website design, user experience and customer relationships.

According to Small Biz Trends (2015), the e-commerce businesses need to start with the business name decision, then secure the domain name and website, afterwards find the best structure for the business and register the business officially. Then get the employer identification number, apply for business permits, find the vendors and start the marketing. Then, find the right software system, stock the inventory and make sure that the business stays compliant.

The author needs to create the best strategy for the business in the first place. As there are many options to choose from and many partners and offers, the author needs to find the best solution of the business further development. To make the price comparison business model successful, the author needs to

- Write a business plan
- Create the website
- Cooperate with tour operations about affiliate marketing terms
- Find the best ways to maintain the website
- Find the best ways to create consistent SEO marketing
- Improve the business model and create a business strategy

2.2.8 Key Partnerships

Key partnerships are eight building block of business model canvas framework. According to Osterwalder & Pigneur (2010, 38), key partnerships are activities were company representatives need to do networking between their business partners, stakeholders and providers. Key partnerships are a significant part of any business model, and there are no businesses in the world that can work without any partnerships at all. According to Osterwalder & Pigneur (2010, 39), key partnerships in the business model canvas are described in four types

- Strategic alliances between non-competitors
- Cooperation: a strategic partnership between competitors
- Joint ventures to develop new businesses
- Buyer-supplier relationships to assure reliable supplies

Business model canvas discusses the main tree motivations of creating partnerships. They are optimisation and economy of scale, reduction of risk and uncertainty and acquisition or particular resources and activities. Optimisation and economy of scales stand for business strategy in which businesses are optimising their resources and activities. The optimisation is popular among the businesses, and it is based on key partnerships. Moreover, it can include outside sources or share assets with other businesses. Reduction of the risk and uncertainly motivation stands for partnerships which are made in cooperation between the businesses. This cooperation has often grown in the partnership alliances, where businesses can help each other to face common challenges. Acquisition of particular resources and activities motivation stands for partnerships that are made between two business models. In this business model actions or assets needed for the business operations are owned by on other company, in which case businesses do not need to spend time and resources for expansions, their permanent business operations.

Osterwalder & Pigneur (2010, 39) states that key partnerships are crucial for business model development. Regarding, the author's idea for creating a comparison website he will need to make partnerships with the data providers. As well as, the author needs to be sure about the financial part of the business model. It might include some strategic partnerships with investors and parties interested in with the same business idea.

The author's idea stands for a business model where the business itself owns the website, platform where products are based and operated. The platform is creating a comparison between the products which means the authors current business model includes acquired resources. The business model needs to find the key partners who would be ready to provide the necessary data. Moreover, the author needs to cooperate with partners who would build and maintain the website itself.

There are many options of the partnerships that the author can make when creating his e-commerce business. Starting with the website creation, the author can choose between creating the website himself, hire a freelancer or hire a website development agency. The first option is the cheapest, but involves a lot of time and skill development. Freelancers can provide good offers but cannot provide long-term website maintenance. Although, agencies seem like the best option for the business beginning processes the price range is too high for start-up businesses. (Website Setup, 2018.)

According to Prompt Cloud (2018), businesses can create price comparison websites with already made scripts. For example, Price Tapsetry is already made script that includes everything needed for a price comparison website. The price is 333€ (Price Tapsetry, 2018). There are also additional choices for WordPress users as Compare Press plugins and Compare theme for Theme Forest users. Also, Wix.com offers price comparison templates. These companies are not specialised to the price comparison website field in general, but that could be a good starting point for the author to test his business model by creating the test website based on these platforms. (Wix, 2018.)

According to Freelancer (2018), freelance website developer with experience can create an effective business website in 7 days, and the amount varies from 100-500\$ (88-440€). Moreover, according to Web design Rankings (2018), the best three e-commerce website creator agencies in 2018 are End Point, Vaimo and Taoti. Even more, according to Web design Rankings (2018), the best three SEO companies are Web FX, Paper Street and Three Design.

2.2.9 Cost Structure

The cost structure is the ninth and last building block for business model canvas framework. Osterwalder & Pigneur (2010, 40) states that the cost structure describes all the costs of business model operations. Even more, all the business actions are creating costs, although it is the right planning, partner choice and key activities that can make the business model successful and profitable. Therefore, the business model canvas emphasises two main cost structures. First, cost-driven costs structures. It stands for business models which are created in the way of saving as many costs as possible. Cost-driven business models are using low price value propositions. They also are focusing on maximum automatization and extensive outsourcing. As an excellent example of a cost-driven business model is low-cost airlines. Second, value-driven costs structures. They stand for business models which are focusing on value proposition creation rather than saving on costs. These kinds of business models will create premium class products and services;

thus, they will not have the lowest prices. As an excellent example of a value-driven business model is luxury hotel chains. (Osterwalder & Pigneur 2010, 40.)

In addition, Osterwalder & Pigneur (2010, 40) states that cost structures can be divided into four components fixed costs, variable costs, economies of scale and economies of scope. Fixed costs are costs that remain the same for all the times on the business model operations. Fixed cost can be shown as employee salaries, rents, manufacturing venues etc. Variable costs are all the costs that respond to many factors that affect the businesses from outside influences or market changes. Variable costs are hard to predict, and they can vary in wide range. Moreover, economies of scale costs structure is making final product price lower by purchasing large quantities at one time. Often businesses give discounts to the companies that are interested in buying more. In addition, economies of scope costs structure stand for costs being saved on big scale operations. Business having the right distribution channels or marketing activities can support more than one product delivery and save costs. (Osterwalder & Pigneur 2010, 40.)

Therefore, costs structures are a significant factor for any business model. Well planned costs can bring business to the steady annual profit and long-term development opportunities. The authors business idea of creating online comparison website need to set the cost structure clear to gain the understanding of what costs will need to be taken in consideration of building the business and what kind of costs might appear in the future. One of the main costs for authors business idea will be creating and developing the online platform itself. Besides, the costs from data providers, the key partners are not known in the current business development phase. (Osterwalder & Pigneur 2010, 40.)

The mix of costs that will appear on the business model will include a cost-driven approach. The author also needs to be ready to face some unexpected variable costs as they may appear in the data collection stage. Thus, as the comparison website platform planned to gain large amounts of view traffic, the economies of scale tactics might take place on business operation execution. (Osterwalder & Pigneur 2010, 40.)

According to (Dent & White 2018, 178), the platform-based service business models tend to gain good interaction between the business and the customers because of 24/7 availability. Although, the profitability of this type of business model is generated from the equity of the large volumes of online visitors facing the cost of operating costs.

According to Prompt Cloud (2018), to create a comparison website one needs to go through four steps, select a niche, make affiliate partnerships, arrange the technical side,

setup the website and organise the data acquisition. In addition, Website Setup (2018) states that for creating comparison website one has three options

- The first option, build the website yourself - costs around 60\$ (53 €) per year
- The second option, hire a freelancer – costs 1000\$ (882 €) to 3000\$ (2646 €) per year
- The third option, hire an agency – costs 10000\$ (8822 €) to 50000\$ (44110 €) per year

Moreover, Instant Shift (2018) reveals that the start-up company with the business model as a price comparison website needs around 100\$ (88 €) thousand to make things work. Amount described that 29- 41\$ (25-36€) thousand goes for the website itself and 30-50\$ (26-44€) thousand for marketing. This means that the author needs to find financial investments to make this work or acquire the website creation skills himself.

As an option for the author is also get in cooperation with sponsors, banks or other investors, as the website creation and start-up business starting costs would be minimum 2646€ per year, if the author would choose to hire freelance as his website's creator, then there are several options that he can consider in terms of money investments.

First, taking a bank loan. As the author is planning to stay and live in Finland after the graduation the bank loan would need to happen from the banks in Finland. An example, if the author takes a loan in bank Nordea to open his start-up business for 10000€ with 2.0% interest, then there would be 10 payments for 1056€ each, in loan period of 5 years. (Nordea, 2018.)

Second, find investors. Finland is a country that organises many different events for start-up companies and one of them is start-up event Slush. This event is a good opportunity to promote the authors business idea and gain the interest from other investors. (Slush, 2018.)

Third option is to find sponsors. Finding sponsors would help to start the authors business, although the contracts might include sponsor advertisements on the webpage which means that the revenue from Google AdSense would be limited.

In addition, the key resource as SEO marketing is crucial for price comparison websites operations and maintenance. According to Rank Pay (2018), SEO pricing can rise to 3000\$ (2642€) per month which means that price comparison websites operation costs can rise to 39000\$ (34349€) per year.

Even more, to keep up with the customer retention and relationship management CRM tools are an essential factor for price comparison websites business model as CRM costs are around 1800€ per year (Sales Force, 2018). The total amount for price comparison websites creation and maintenance can rise to 36000€ per year.

To calculate breaker even point the author will use estimate numbers based on the research. The total business costs on a year estimated are 36000€. If average product price would be 678€, then the author business based on affiliate cooperation would get 5%, in other words, 34€. After calculations, to reach the break-even point the author needs to sell 1058 products per year to cover all the costs. More in figure 13.

$$\frac{36000\text{€ (average website costs per year)}}{34\text{€ (average estimate gain from 1 product sale)}} = 1059 \text{ (product sales per year)}$$

Figure nr.13 Brake even point for the authors business model

The main business goal is to achieve the break-even point of the leading business operations (affiliate marketing). Therefore, the advertisements are profit generator on the author's price comparison webpage business. If the author could reach at least half of the Skyscanner monthly visitor numbers, then the profit would rise to 4000€ a month.

2.2.10 Summary

The nine-building blocks in business model canvas study give an essential understanding of a business model generation. These nine blocks include themes of customer segments, value proposition, business channels, customer relationships, revenue streams, key resources, key activities, key partnerships and cost structure. The goal for the business model canvas is to provide a tool, platform for the new business model creators. Even more, for the business model canvas is possible to apply for to already made business models. Also, with the help of canvas, they can improve their current business model performances.

All nine building blocks have their significant part of the business model generation. The author who is a new business model creation needs to have a look at all the building blocks and create a business model canvas poster as the end outcome of this project-based thesis (figure 13).

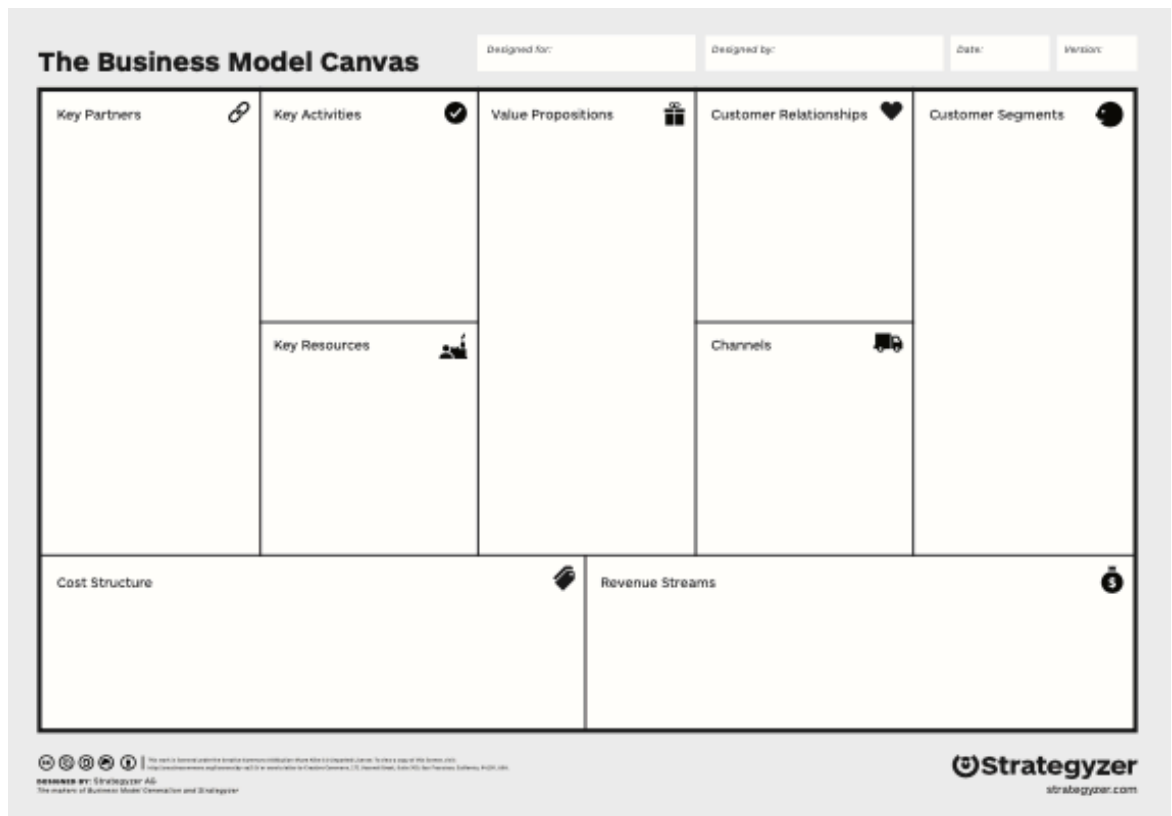


Figure 13. Business Model Canvas Poster (Osterwalder & Pigneur 2010, 44)

2.3 Research

The research part for this product-based thesis will provide better understanding for the author if his business idea has a potential to become a successful business in the further future or not. In addition, the public's opinion will give significant insights about the product and service itself. These data will give the author important information and suggestions of the business value proposition development.

The author will use quantitative and qualitative research methods to gather the needed data. Moreover, the face to face interview with the representative from the technological field will give important information about the websites building processes and technical aspects that the author will need to take in consideration when planning the business implementation.

2.3.1 Quantitative research

Quantitative research will consist of eight question online survey which will be promoted on the author's personal social media channels. The survey will be created with the help of online survey creating platform surveymonky.com. The questioner will include six multiple choice and two open-ended questions. Questions involved in the survey will be the following:

- Are you a person who likes to travel?
- Do you usually travel for business or for leisure?
- What kind of leisure travel do you prefer?
- Where would you prefer to buy your holiday trip?
- Do you make a comparison between travel agency offers when choosing your holiday vacations?
- Would you be interested in a website which creates all package holiday offer comparison from all the travel agencies at one place?
- In your opinion, what are the most important factors for travellers to choose their holiday trip?
- Why do you think a website that compares all the offers from travel agencies would be needed? (If you think that it is not needed, please type "it is not needed")

The full version of the survey is attached in (Appendix 1).

2.3.2 Qualitative research

Qualitative research will be conducted from interviews and tourism industry representatives at “Matka Nordic Travel Fair 2018” in Helsinki, Finland. It will consist of data collection from the main tourism agencies and tour operators in Finland. The research will include questions as

- What kind of selling platforms do you use for selling your offers?
- Is there more demand for the package holiday trips or business trips?
- Is it more popular to sell package offers or single trips?
- Are you making cooperation's with other selling platforms, which offers your products on their channels?
- Would you be interested in cooperation with another online selling platform business that offers to sell your products?

As well as the interview research method will be applied to information gathering from information technology and e-business courses lecturer Darren Trofimczuk in Haaga Helia University of Applied Sciences on 22. March 2018. This interview aims to gain more profound knowledge about the technical part of the authors business idea. How hard would it be to implement his business model in the real business or start-up? What would be the biggest challenges for this type of business model in the implementation phase? Moreover, does the authors business model have chances to grow in the market? In addition, this research part will help the author to learn more about the technology industry and e-business needs and requirements.

3 Product as canvas

The planning process of this product-based thesis is organized with the help of the business model canvas nine building blocks. The information that the author combined from

the theoretical part now will be implemented in the product. The provided poster will be used to display the authors business model for this product-based thesis final outcome.

3.1 Implementation

The implementation processes will include all nine segments components, compiled all together for the last business model deliverable.

First, the customer segments will be displayed. The customer segments for this business model use hybrid segmentation model in combination with multi-sided market customer segments as its core. The business model is focusing on B2C and B2B markets. The B2C customers will be travellers who are interested in package tours and the comparison between them. The B2B customers will be travel operators which would like to promote their package tours in the authors online business comparison website.

Second, value proposition. The value proposition for the authors business model is a website that provides a comparison between the other tourism agency package tour products. The value created for the B2C segment is the compared data accessibility, although for the B2B segment the value is product promotion activities.

Third, the channels. Channels for the authors business model will involve the intermediary business approach. The author's website will provide data comparison and significant information amounts on its database which means that the author's channel structure will be based on website creation and maintenance. Channels involved in this process will be owned and indirect. Indirect channels will include marketing, e-commerce, channel levels as social media marketing companies, etc.

Forth, customer relationships. Customer relationships will take a mix between of self-service, automated services and communities' categories customer relationships for B2C customers will have feedback possibilities and access to support email address and contacts which will provide secure and fast communication. B2B costumers CRM tools will be implemented. Email communication, feedback possibilities and open service development suggestion possibilities.

Fifth, revenue streams. The primary revenue will be gained from structured revenue strategy. The revenue streams will be manly created from brokerage fees and online advertisement. The profit will be gained from the commissions as that the authors business will provide the key partner's customer flow.

Sixth, key resources. As the key resources assets as tools, office equipment, computers etc. Intellectual resource - knowledge about website building and maintaining as well as, human resources will be needed in the website development team.

Seventh, key activities. Key activities are divided into two groups — activities that this particular business model requires and activities that need to be made for successful start-up business implementation. First, to operate the business model the author needs to website creation, maintenance and development. As a key activity for this business model will also be searching for data providers and keep the relationships between the partners. Second, the activities which are needed to create a successful business model are the following:

- Write a business plan
- Create the website
- Cooperate with tour operators about affiliate marketing terms
- Find the best ways to maintain the website
- Find the best ways to create consistent SEO marketing
- Improve the business model and create a business strategy

Eight, key partnerships. As key partners for this business model are data providers and software developers. Data providers stand for all of the partners that will be interested in cooperation with the authors business. These companies will be tour operators or any other holiday package creators or sellers. The software development partners will be the key builders of the business. They will implement the authors business model in the real online holiday package comparison website.

Ninth, cost structure. Cost structure will consist as a cost-driven structure. The business model will be using low price value proposition. The most significant costs estimated will be website creation and its repeated maintenance. Fixed costs will be mostly salaries, rent, electricity costs etc. Variable costs will consist of development costs, transportation, meetings etc.

3.2 Product design

Product Design will be implemented directly from the Business Model Canvas given poster template. The right side of the canvas will involve subjects as key partners, key activities, key resources and cost structure. In the right side the customer relationships, customer segments, channels and revenue streams will show. In the middle of the poster is the business model value proposition will be displayed. (Osterwalder & Pigneur 2010, 44.)

As Osterwalder & Pigneur (2010, 42) suggests using a business model generator poster as a base for the canvas and involve brainstorming activities and post-it notes to develop

a business model. Instead of that, the author has chosen to design his canvas with an online tool “Canvanizer”. This online tool has the same structure as a canvas poster, although the post-it notes are created virtually.

The basic meaning of the business model will be displayed with yellow colour post-it notes. Moreover, in key activities segment, the author has chosen to have blue colour notes to display the contrast between the business model operational activities (in yellow) and activities that are needed to implement by the author and create a successful working start-up business (in blue). In addition, red, green and grey electronic post-it notes are used in this business model. Red notes stand for B2C customer markets, green notes stand for B2B customer markets and grey notes shows more profound insights of the authors plan to gain the profit in revenue streams segment. (Appendix 2-10.)

3.3 Result - Business model

The authors business model final deliverable can be found as an online version on Canvanizer online platform (Canvanizer, 2018). The business model canvas has also been attached from the appendix 2. – appendix 10.

This business model involves a comprehensive disclosure of the authors business idea. Starting from customer segments to costs structures the information is written in a simple manner and with the ease to understand. The knowledge is based on this product-based thesis theoretical framework and additional sources.

4 Research and testing the canvas

The business model generation has to take several actions to conclude the full circle of business idea development. One of these actions includes business model testing. The best way to test the business model idea is to gain information from potential business prospects, customers and partners. That is why the author distributed an online survey for the potential customers, questioner for potential business partners and organised a face to face interview with the representative from the information technology field. All the data from the research gives the author a better understanding of his current business idea and business model development. The insights shows, if the authors business model value proposition has the potential to become a successful business or some changes are needed to be made.

4.1 Data collection

In this segment, the results of the value proposition testing part will be discussed. In total 67 respondents have answered the quantitative research survey. This research gives the author important information about B2C market opinions. In the following, six travel agencies have answered the face to face interviews, where the author gained information about potential partnership opportunities and B2B market segment insights. In closing, in the personal interview with Darren Trofimczuk the ICT courses teacher, the author gained valuable information about the technical difficulties, that might appear during the business implementation processes.

4.1.1 Quantitative data

To get a better understanding of the current authors business model vision each question will be examined, and the general insights will be disclosed.

Question 1. "Are you a person who likes to travel?". From 67 respondents, 66 have responded "Yes" which means that the audience who have been answering the survey have interest in the travelling and they are enjoying the travel process itself.

Question 2. "Do you usually travel for business or for leisure?" This question has several different answers from the respondents. The majority stated that they travel only for leisure. In addition, more than 20% travel both for business and for leisure.

Question 3. "What kind of leisure travel do you prefer?" in this question the majority with 64% answered that they prefer independent travel, where all the planning has been made by the person him or herself. 14 people from 67 answered that they prefer all-inclusive travel, where flights, hotels, food etc. are included in one product and price. 15% of respondents answered that they prefer package holidays, where only fights, hotels and transportation is included. Two respondents answered that they do backpacking or do all of them.

Question 4. "Where would you prefer to buy your holiday trip?". A little bit more than 50% of respondents have answered that they prefer to buy their holiday trips via travel comparison websites as skyscanner.com, momondo.com, etc. 40% of respondents trust official travel company websites as finnair.com, vikinglines.com etc. and 25% of respondents have answered that they prefer to buy their holidays through travel agencies or online travel agencies.

Question 5. "Do you make a comparison between travel agency offers when choosing your holiday vacations?". 82% of respondents have answered that they make comparison before they holiday trip purchases. In contrast, 12 respondents from 67 have answered that they do not make compression before their trips.

Question 6. "Would you be interested in a website which creates all package holiday offer comparison from all the travel agencies at one place?" 53 from 67 respondents have answered that they would be interested in such a service, instead of 20% of respondents who would not be interested in service like that.

Question 7. "In your opinion, what are the most important factors for travellers to choose their holiday trip?" As it is displayed in figure 14. More than half of respondents have answered that the most critical factor is the price. In addition, safety, location, comfort and destination was popular answers in this inquiry.



Figure 14. Important factors for travellers when choosing their holiday trips.

Question 8. "Why do you think a website that compares all the offers from travel agencies would be needed?" 12 respondents from 67 think that this kind of service and website is not needed which means that almost 18% of respondents does not accept the author's idea of this kind of service. In contrast, 55 respondents stated, that this kind of service is needed, and it would be good for price comparison. In addition, respondents stated, that this kind of service would be useful, save time and make the offers more transparent.

Other respondents stated that they would wish that there would be a website where everything is in one place. Moreover, comparison of already existing comparison platforms was mentioned as well as preference to have a comparison service application for mobile phones in the market.

4.1.2 Qualitative data

To learn more about the possible business partners interested in the authors value proposition six travel agencies have been interviewed. These interview representatives represent travel companies as Arial Travel Oy, Apollo Matkat, Aventura Oy, Ykkös Matkat, Albatros Travel and Olympia Kaukomatka. In this segment the main interview questions and general insights will be displayed.

Question 1. "What kind of selling platforms do you use for promoting your products?" All six respondents have answered that one of the main selling platforms for their businesses are their own company websites. Although, bigger companies as Apollo Matkat and Olympia Kaukomatkat have stated that call centres and retail agents have also been in use (Hyvarinen 20 January 2018; Huuskanen 20 January 2018.) In addition, adventure company Aventura Oy representative Loketi (20 January 2018) said that their company use social media, recommendations and fairs to advertise their company products and services.

Question 2. "Is there more demand for the holiday trips or business trips?"

All respondents have answered that higher demand rises for holiday trip offer instead of business travel. Olympia Kaukomatkat representative has stated that the percentage of business travellers are very low comparing to the leisure seekers (Huuskanen 20 January 2018.) Also, Ykkos Matkat and Albatros Travel representatives stated that their business operates only for the leisure market and their holiday trips might take only daily excursions. (Tinakari 20 January 2018; Hiltunen 20 January 2018.)

Question 3. "Is it more popular to sell package offers or single trips?" Representatives have answered that the most popular is to sell package offers instead of the single trips. Loketi (20 January 2018) from Aventura Oy add that they business sells only tailor-made packages. Moreover, Ykkos Matkat representative mentioned that their business offers consists of only all included package tours (Tinakari 20 January 2018).

Question 4. "Are you making cooperation's with other selling platforms that offers your products on their channels?" In this question 4 from 6 respondents have answered that they make cooperation's with other businesses, where two companies have stated that

they do not make cooperation with other companies or there is no need for it. Arial Travel Oy” representative has mentioned that their company is making cooperation’s with local magazine Helsinki Sanomat and global search engine Google (Hyvarinen 20 January 2018). In addition, Apollo Matkat company are making partnerships with local and global sales channels as Rantapallo, Expedia and Momondo (Hakala 20 January 2018). Moreover, Ykkos Matkat travel service company organize cooperations with bus companies where their products are also advertised. These companies are for example Savonlinja, Liikene Oy, Ivalmaki Oy etc. (Tinakari 20 January 2018.)

Question 5. “Would you be interested in cooperation with another online selling platform business that offers to sell your products?” The study shows that respondents are mainly interested in cooperation with other businesses that would help them to sell their products, although two companies are not interested in the cooperation’s at this particular moment.

Interview research

This interview research goal is to make sure that the authors business model will have the potential to continue to be implemented in the start-up business or not. The technological aspects will be discussed, and business model structure analysed.

First, according to Trofimczuk (22 March 2018) for a successful business model, the demand from the consumers is needed. A new start-up business should focus on one specific region and start their operations in a simple manner. Start-up businesses should start with something small but at the same time as a great idea.

Second, comparison websites are not the best business model for start-up businesses at the moment. The competition is high in this field, and data gathering might involve challenges. With no background in data collection and technology industry, the business might struggle with slow development and substantial operational costs. (Trofimczuk 22 March 2018.)

Third, the authors business module needs to be unique. Also, it should be focused on one specific field. An example, a website that is providing consulting information about drone legislation and areas where the drone flying is possible. (Trofimczuk 22 March 2018.)

5 Discussions

In this chapter, the author will have a look at the research and product creation from the beginning. Where the main objectives and research questions were stated and if the answers have been found. The objectives of this research were to observe how business models are created, learned about their implementation and test the created value proposition. To learn about business models and their creation, the author used Business Model Canvas framework, implemented his business idea to the business model and tested the value proposition with as gaining responded opinions with quantitative, qualitative and interview researches.

5.1 Business model generation

Business model canvas generation was as a base framework for this research. With the help of the additional sources, the author analysed, constructed and created the final deliverable – the business model for his start-up business idea. This business model canvas generation involved constructive analysis of each of the nine-business model canvas building blocks. With the help of this research, the author applied learned insights into his business model.

The authors business model consists of nine business model canvas segments - customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships and cost structure. The planning process involved the insight implementation in the final business model deliverable. The product design was created with the business model canvas online template, and research results were presented.

After researching all of business model canvas segments the author has realized that customer segments of price comparison websites business model need to focus on hybrid segmentation, B2C and B2B customer strategy. In addition, the business should also focus on mass markets with concentration to generation "x" and generation "baby boomers" as the targeted audience. Moreover, personalisation and behavioural segmentation are crucial of customer retention, which means that the CRM tool implementation is compulsory.

The value proposition research shows that price comparison websites are popular among e-commerce businesses nowadays. Analysis has estimated e-commerce industry growth until 2021, where the travel segment stands as a third popular segment in general market share.

The author has many options regarding the channel choice for his business. Affiliate marketing is the most common business channel type for price comparison websites, which allows to organise business operations and also promote business at the same time. To make the affiliate marketing work properly, the author needs to have good SEO management. The study shows that in average 60% website visitors come from global search engines, which means that SEO has to be his business top one priority.

Concerning revenue streams, the author has six options of what to choose from. These options include advertising, gaining commissions from operations, signing direct partnerships contracts, offering subscriptions or charge the users. As the advantages of different business approaches differ, the best options for the authors business will be to apply the affiliate marketing strategy combined with advertising revenues from Google AdSense.

Key resources for the authors business will mainly be the price comparison website itself. As the website creators can be different parties, the author can have a choice between creating the website himself, hire a freelancer or hire an agency. The website maintenance, SEO and CRM development will also take a significant role as this business key resources. All the components can be created by the author himself, although that might significantly increase the time of the business implementation. Instead, the author can hire freelancer or website development agency which means that the price range for the website can variate around 36000€ per year.

The key activities in this business model are website maintenance, marketing development operations as well as search engine optimisation and customer service management. In addition, to start the business the author needs to implement his business model to the business plan and find the best suitable strategy first. Moreover, searching for financial investment will also be one of the main key activities.

The main three key partnerships blocks for this price comparison business website business model will be website creators, data providers and SEO operators. According to research, the author has several options regarding website creation. First, the author can create the website himself with already made plugins found on the internet. The process can take a long time but is the cheapest offer and the most personal one. Second, hire a freelancer from freelance.com and pay for the work. This option gives the option to make the website faster, but the high price and the author's lack of knowledge of the website's maintenance might create some complications. Third, hiring an agency would be the most expensive option although then all the work of the website creation would be delivered to the third party and the author could use the time to improve the business strategy.

Moreover, data providers will be the primary key partners in business operations. These partnerships will involve cooperation with the most popular tour operators and holiday package creators. The SEO management can be operated from the outsourced agencies, for example, Web FX, Paper Street or Three Design.

The cost structures can consist of different financial strategies. As the main costs will involve website creation, SEO operations and CRM operations, various options for these costs are available. In addition, the chances to get finances from bank, investors or sponsors are high, and the geographical location might also increase the options of successful start-up business development. Moreover, creating a website with outsourced partnerships for the author it will cost 36000 per year, which means that 1059 sales need to be performed to achieve the break-even point. Even more, advertisement cooperation with Google AdSense can gain significant business revenue if the website visitor targets have reach 1 million visitors per month.

5.2 Value proposition testing

As the next step of this product-based thesis, the value proposition testing is involved. The research happened in quantitative, qualitative and interview manner. The results were gained from the potential customers, business partners and technology industry representatives.

Value proposition provided crucial information about the authors business model and about the business formation itself.

According to quantitative research data, 64% respondents answered that they prefer independent travel, where all the planning has made by the person him or herself, instead of travel agencies offer. Although, more than 50% respondents stated that they make a comparison before their travels in the most common price comparison websites. In addition, 53 from 67 respondents have answered that they would be interested in package holiday comparison website. This data shows that almost 80% of respondents are interested in the authors business idea and his value proposition has a potential.

Qualitative research data shows that the potential partners most commonly use their websites, as their promotion channels, no other business services. Although, package offers and holiday trips are the most purchased products in the market. Moreover, 4 from 6 respondents have stated that there are cooperating with different other companies and that they are willing to discuss cooperation between the business of their product and service

promotion which means that companies are open to cooperation's and the authors business model would have chances to find partners in this field.

The authors business model involves price comparison website creation, development and maintenance which means that the software development skillset and data collection competences are needed. According to Trofimczuk (22 March 2018.), the price comparison website business model is not the best for the start-ups. The technological aspect of this type of business model requires in-depth knowledge, networking and significant financial investments which means that the author business implementation might face challenges in the future stages.

6 Conclusions

As this thesis has been made as a product-based thesis, the author has created a business model for price comparison website, tested the value proposition with potential customers and partners and also researched the market and found the most relevant offers for e-commerce business.

According to research, it is clear the e-commerce businesses are one of the most popular money-making fields nowadays. Besides, it is estimated to grow rapidly until the year 2021, which makes this area the best suitable environment for new businesses and future companies.

When it comes to price comparison website as a business, almost 80% potential customers showed interested in the authors a product offer. Also, potential partners showed 66% of positive sympathy to the authors business idea which concludes that the price comparison website, which offers holiday package comparison, has business potential.

The website itself is the primary business resource which means that its creation, maintenance and development is a crucial part of this business operations. The estimated costs of the e-commerce website development are 36000€ per year, if the website is created with the help of a software development agency. As the author does not have such a financial resource available, another website creation option is advisable.

Moreover, the business strategy of price comparison website must involve the affiliate marketing, as it is one of the most profitable e-commerce business revenue models nowadays. Also, SEO management and CRM tools are needed to be included in the business structure as they create the website visible and keep the customer retention. Also, these

processes can be outsourced as the costs are not as high as website creation. Although, outsourcing can only happen, if the author can find additional finances from bank loans, sponsors or investors.

According to research, the authors business model needs to focus on generation "x" and "baby boomers" customer segments, as they are more likely to use the comparison websites instead of younger age people. Moreover, the authors business model needs to add additional income advertisement strategy. The partnership with Google AdSense, for example, could gain 4000€ profits per month, per 1 million website visitors.

As a result of this research the author has decided to create the website by himself which means that the next step for the author requires needed skill acquisition. As there are several already made options of outsourced templates, the more profound knowledge of website coding is advisable. That's why the author will study the degree of business information technology to profound his expertise in this field. Although, at the same time continue the business implementation processes and looking for more strategic partnerships.

6.1 Self-evaluation

The author started this product-based thesis with the idea of his own business. This research has helped the author to learn more about the structure of the new business implementation processes. Moreover, the author has researched the business model creation and value proposition testing. Even more, this research has helped the author to understand more about the online businesses, technological aspects of the website creation and future goals regarding the business model implementation into the business plan.

This product-based thesis objectives and research questions have been answered with a strong base of resourcing. The author has created this study in systematic planning and structure. Besides, the final deliverable has been created, designed and its value tested in the planned period.

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Appendices

Appendix 1. Quantitative research questioner

- Are you a person who likes to travel?
 - Yes
 - No
- Do you usually travel for business or for leisure?
 - Business
 - Leisure
 - Both
 - I do not travel
- What kind of leisure travel do you prefer?
 - Package Holidays (flights, hotels, transportation included)
 - All Inclusive (flights, hotels, transportation, food and drinks included)
 - Independent Travel (where everything needs to plan and book on your own)
 - Other (please specify)
- Where would you prefer to buy your holiday trip?
 - The travel agency or an online travel agency
 - Official company website (Finnair, Viking line, Ecolines etc.)
 - Websites like Skyscanner, Momondo, Cheapflights etc.
 - Other (please specify)
- Do you make a comparison between travel agency offers when choosing your holiday vacations?
 - Yes
 - No
- Would you be interested in a website which creates all package holiday offer comparison from all the travel agencies at one place?
 - Yes
 - No
- In your opinion, what are the most important factors for travellers to choose their holiday trip?
- Why do you think a website that compares all the offers from travel agencies would be needed? (If you think that it is not needed please type "it is not needed")

Appendix 2. Customer Segments

Customer Segments Insert

Hybrid customer segmentation

Two customer groups
B2C and B2B customers.
This customer
segmentation also
includes mass market and
niche markets.

Internet users

As the authors business
model is only internet
based business, only ones
who have the internet
access will have the
possibility to use the
service

B2C Segment

Represents website
visitors and the once who
are interested in package
comparison.

B2B Segment

This groups will include
partners and other
businesses as tour
operators and other
holiday package product
creators.

Appendix 3. Value Proposition

Value Proposition ? <u>Insert</u>
Offers low price products Offers low price products based on price comparison
Time Saving Saves the time as all the products are placed in one place
Brings Convenience Value offers convenient solution for price comparison
Cost reduction B2C Consumers will have an access to cheaper package travel offers.
Newness for B2C New online service provision
Performance for B2C Improvement of already existing comparison businesses. The niche approach.
Customisation for B2C Different value has been brought to the different segmentation groups
Newness for B2B New unique product launch in the travel market
Performance for B2B New concept of package holiday comparison online platform that improves already existing offers
Price for B2B Low commission advertisement possibilities

Appendix 4. Channels

Channels ? <u>Insert</u>
Owned and indirect This channels will include own marketing and e-commerce
Awareness for B2C Advertisements in popular search engines as Google, Bing etc. social media and other online media platforms.
Evaluation phase for B2C Feedback function and suggestion implementation
Purchase phase for B2C Forwarded to product producers. The authors business gains commissions.
Delivery phase for B2C Forwarded to business partners. The authors business model does not provide delivery options
After sales phase for B2C Email form where feedback about the service will be asked. Suggestion implemented
Awareness phase for B2B Valuable content on the authors business website. Partner prospecting.
Evaluation phase for B2B Email communication. The feedback and suggestions will be implemented
Purchase phase for B2B Based on signed contracts between partners
Delivery phase for B2B As advertisements of the authors website that shows the parters created products and services
After sales phase for B2B Constant communication and relationship development processes

Appendix 5. Customer Relationships

Customer Relationships ? Insert

Multi sided markets

This customer relationship will include mix of self-service, automated service and communities relationship strategies

CRM

All customer related relationships will be managed with CRM tools

B2C Relationships

This segment will include feedback possibilities, email consultations

B2B Relationships

The relationships will be based on personal interaction, CRM tools, email communication, feedback possibilities and open service development possibilities

Appendix 6. Revenue Streams

Revenue Streams ? Insert

Affiliate marketing approach All the profits will be gained from commissions	Brokerage Fees The discussed commission amount that the author business model gains for forwarding customers to the partners channels
Advertising The profit that will be gained from advertisements displayed on the authors business website	

Appendix 7. Key Resources

Key Resources ? Insert

Website Price comparison website itself
Marketing approach Search engine optimisation skills, CRM skills, general marketing skills
Physical resources Assets as - computers, desk office equipment etc.
Intellectual resources Knowledge of data comparison and data collection
Human resources People who can develop website and execute the operations and maintenance issues

Appendix 8. Key Activities

Key Activities ? <u>Insert</u>
Business model development Define the business model and implement it into the business plan
Value proposition testing Test value proposition and implement the results in the business model updates
Specify the key resources Specify what kind of key resources are needed to gain the improvements of the development
Find business partners and human resources The business partners as online tourism agencies and product creators. Human resources as partners in website development
Create a business plan Business plan must include precise financial calculations
Website creation All activities that include price comparison website creation
Website maintenance All activities which required for website maintenance.
Website development Constant development activities
Search for data providers Constant search for data providers.
Customer Relationships Deliver high class customer service

Appendix 9. Key Partners

Key Partners ? Insert

Data Providers
Tour operators, holiday package creators etc.

Software developers
Key partners that will help to build the e-commerce website.

Software maintenance
Freelancers or agencies that can help with SEO or CRM

Appendix 10. Cost Structure

Cost Structure ? Insert

Cost-driven costs structure
By using maximum automation and saving as much on costs as possible

Fixed costs
Employee salaries, rent, maintenance, electricity costs etc.

Variable costs
Website development, transportation, meetings, contract creation costs etc. Around 36000€/a year