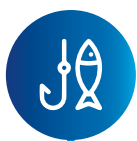

APEC: GROWING INDIGENOUS BUSINESSES THROUGH TRADE (PHASE 3) 2024

**Can you use an alternative
business model**

CAN YOU USE AN ALTERNATIVE BUSINESS MODEL?

Here are four you might wish to consider:



Bait & hook model

Similar concepts include 'razor & blades' and 'loss leader'. The 'bait & hook' model involves the offer of an inexpensive product so as to attract the sale of a related product that is more expensive or require repeated purchases. Examples include Gillette where the sale of the shaver is separate to the disposable blades; and Nespresso where the sale of the coffee machine and is more than complemented by the sale of the coffee capsules.



Subscription model

Where a customer pays a fee for a defined period to access or use a product, and then must renew that subscription to access that product in the future. This is a model mainstreamed by publishing businesses, including software providers. The same model is evident in digital streaming services (e.g. Netflix) and gyms or fitness clubs.



Free model

With the 'free' model, the product is provided to the customer without charge. One way for the supplier to make money from such a model is to advertise. For example, the printed daily newspaper Metro is available for free, distributed through self-service racks in busy areas such as shopping centres and bus or train stations. Digital giants such as Google and Facebook make their money through targeted advertising.



Peer-to-peer model

This business model is about providing a service that connects the supply and demand of a product or service, using primarily a technology platform. Think Uber and AirBnB. Neither firm owns the vehicles or properties being paid for by the customers. E-commerce marketplaces also perform a similar function.