

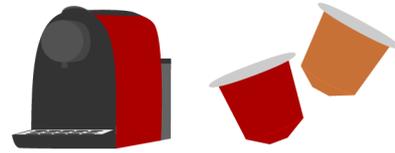
# Starter worksheet - Chapter 8

## Part A: How Nespresso Makes Money – The “Razor and Blade” Model

A business model explains how a business plans to earn revenue (direct sales, selling to retailers (Cadburys to Tesco), subscriptions, ads...). It explains what a business sells, who it sells to, and how it delivers value to those customers.

### 1. Nespresso use a razor and blade business model:

Nespresso sells coffee machines at low prices. But once you have the machine, you must buy their coffee pods to use it again and again, like a razor that needs new blades.



### 2. What's clever about this business model?

Write down two advantages this gives to Nespresso:

- 1.
- 2.



### 3. Can you identify other businesses that use this kind of business model?

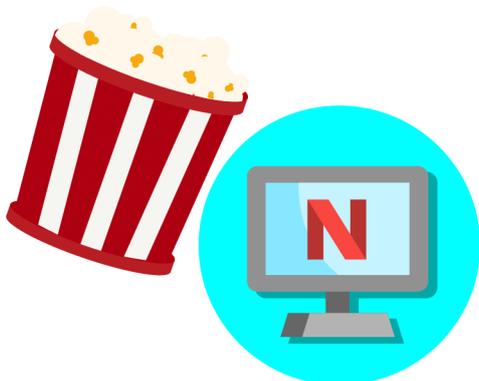
### 4. Research any issues/problems that business models like this might face e.g. Nespresso pods, Printer cartridges...



## Part B: What's the Value Proposition for the customer?

A Value Proposition explains why a customer would pick one product or service over another. It's not just a slogan or a feature (like the USP) – it's the total range of benefits the customer receives from using a product/service.

*For Netflix it might be:  
“Unlimited movies and series,  
anytime, that's easy to watch  
on any device, for one low  
monthly price.”*



### 1. Choose any 3 businesses you know well.

For each, describe their value proposition – the overall range of benefits a customer gets from them.

Business	Their Value Proposition
----------	-------------------------

1

2

3

2. You are going to launch a new Irish made clothing brand to target Irish teenagers. Create a one-line value proposition to explain why a teenager would buy from your brand: