

Revenue streams



Revenue Streams (Business Model Canvas)

1. Definition

Revenue Streams describe how a company earns money from each Customer Segment. In simple terms, it answers the question:

How does the business make money?

*A business may have **one or several revenue streams**, depending on its model.*

2. Importance of Revenue Streams

Revenue Streams are critical because they:

- *Ensure the **financial sustainability** of the business*
- *Show whether the **value proposition is monetizable***
- *Help estimate **profits, costs, and growth potential***
- *Attract **investors and partners***

Without clear revenue streams, even a good idea can fail.

3. Key Questions to Ask

When defining revenue streams, entrepreneurs should ask:

- For what value are customers **willing to pay**?
 - How do customers **currently pay**?
 - How would they **prefer to pay**?
 - How much does each revenue stream contribute to total revenue?
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4. Main Types of Revenue Streams

1 Asset Sale

Selling a physical or digital product.

- Example: selling clothes, smartphones, books
- One-time payment

● Common in: retail, manufacturing

2 Usage Fee

Customers pay based on **how much they use** a service.

- Example: taxi fares, mobile data usage, electricity
- More usage = more revenue

● Common in: transportation, telecom, utilities

3 Subscription Fee

Customers pay a **regular fee** (monthly or yearly).

- Example: Netflix, Spotify, gym memberships
- Predictable income

● Common in: digital services, SaaS, fitness

4 Lending / Renting / Leasing

Customers pay for **temporary access** to a product.

- *Example: car rental, equipment leasing*
- *Ownership remains with the company*

● *Common in: real estate, logistics, equipment services*

5 *Licensing*

Customers pay to use **intellectual property**.

- *Example: software licenses, patents, franchises*

● *Common in: technology, media, franchising*

6 *Brokerage Fees*

Revenue from **intermediating** between two parties.

- *Example: real estate agents, online marketplaces*
- *Commission-based*

● *Common in: platforms, agencies*

7 *Advertising*

Revenue generated by **promoting products or services**.

- *Example: social media ads, websites, TV*
- *Users may access content for free*

● *Common in: media, digital platforms*

5. Pricing Mechanisms

Revenue streams also depend on **pricing strategies**, such as:

- *Fixed price (standard price list)*
 - *Negotiation (bargaining)*
 - *Auction*
 - *Dynamic pricing (based on demand)*
 - *Freemium (basic free, premium paid)*
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6. Example (Simple Case)

Online Learning Platform

- *Subscription fee (monthly access)*
- *Course purchase (one-time payment)*
- *Certification fees*
- *Corporate training contracts*

➡ *Multiple revenue streams increase stability.*

7. Link with Other BMC Blocks

Revenue Streams are closely linked to:

- ***Customer Segments*** → *Who pays?*
- ***Value Proposition*** → *What value is paid for?*
- ***Channels*** → *How customers pay?*
- ***Cost Structure*** → *Is revenue higher than costs?*