

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?

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)

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?*