

Media and Internet Revenue Models: Where Western European Investors are Putting Their Money in.

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GOAL – Revenue models for media and internet start-ups

- (1) To provide an descriptive overview of revenue models employed in European enterprises from the media and internet sector.
- (2) To examine the linkages between revenue models employed and the investors' assessments of the magnitudes of the commercial opportunities represented by opportunities to invest in media and internet sector businesses.

METHODOLOGY – 5 types of revenue, 31 revenue models

“single transaction”

“subscriptions”

“commission”

“selling profile/user data”

“advertising”

 **31 revenue models** (combinations of revenue types)

METHODOLOGY – European start-ups from 2011 - 2016

- data from **European funding platforms:** Seedmach.de (Germany), Companisto.de (Germany), Crowdcube.com (UK), Fund-edByMe.com (Sweden), MyMicroInvest.com (Belgium), and Invesdor.com (Finland)
- all companies (start-ups are not older than ten years) listed on these platforms **between 2011 to 2016**
- 702 start-ups >> **285 start-ups from the the media and internet sector**

RESULT #1: most revenue models rely on sub and sta

Revenue type	Frequency	Percentage
Subscription	164	57.5
Single transaction	134	47.0
Commission	103	36.1
Advertising	71	24.9
Selling profile/user data	12	4.2

Table 1: Revenue Types of Analysed Enterprises (N=285), (Combinations of Revenue Types make Multiple Entries for a Single Firm Possible)

RESULT #2: combinations of one or two revenue types

Number of revenue types within the revenue combination (revenue model)	Frequency	Percentage
1 revenue type only	129	45.3
Combination of 2 revenue types	115	40.4
Combination of 3 revenue types	39	13.7
Combination of 4 revenue types	2	0.7
Combination of 5 revenue types	0	0.0

Table 2: Number of Revenue Types within the Revenue Models of Enterprises Analysed (N=285)

RESULT #3: subscription and single transaction

Revenue type combinations (revenue model)	Frequency	Percentage
Subscription (pure form)	46	16.1
Single transaction (pure form)	43	15.1
Single transaction plus subscription	41	14.4
Commission (pure form)	28	9.8
Subscription plus commission	26	9.1
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Table 3: Revenue Models for Enterprises Analysed (Based on 34 Possible Combinations of Five Revenue Types: "Single Transaction", "Subscription", "Commission", "Selling Profile/User Data" and "Advertising"), (N=285)

RESULT #4: most revenue models rely on direct revenues

Revenue types within the revenue model	Frequency	Percentage
Direct revenues	130	45.6
Indirect revenues	53	18.6
Combination of direct and indirect revenues	102	35.8

Table 4: Direct Revenues Versus Indirect Revenues or Combinations of Both within the Revenue Model of Analysed Enterprises (N=285)

SUMMARY: Descriptive findings

- Overall, more than 50% of the analysed enterprises run their businesses based on subscriptions or have a revenue model where subscription is combined with other revenue types.
- Almost 50% of the enterprises use single transaction or have single transaction as a component of their revenue model.
- The majority of the enterprises (more than 85%) use a revenue model with either one revenue type (a pure form revenue type) or a combination of two revenue types.

SUMMARY: Descriptive findings

- Less than 15% of the analysed enterprises combine more than two revenue types.
- Subscription (pure form) and single transaction (pure form) and the combination of single transaction plus subscription are the most common revenue models (they were employed by 46% of the enterprises in the data set).
- Most of the analysed companies rely on direct revenues alone (46%) or some combination of direct and indirect revenues (36%).



Thank You!

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