



## D2S Business Model Teaching Guide

The D2S Business Model is a model to help students master the nuance of designing a business model that balances a series of inter-related factors that seem equally important at the same time.

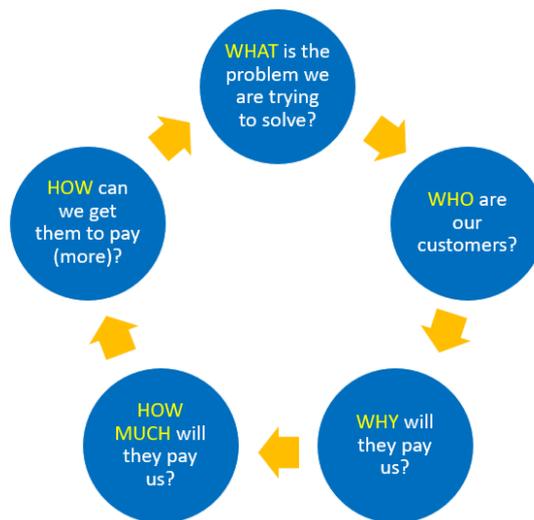
Simple illustrations are already outlined in the notes section of each slide in the slide deck introducing the Business Model in Session 2. However, past mentors have noted that it is easier to have examples. Below are:

- **9 examples** of well known Hong Kong products and services illustrating how every circle works together.
- 1 detailed example of how it **did NOT work**
- 1 example each of failure in addressing one of each of the circles expressed in “teen” terms (according to ChatGPT of course !)

### The Business Model (“BM”)

A Business Model must answer **ALL** these questions, and all the answers must be **logical** and **consistent** with each other!

If you are able to go around this circle **TWICE** without needing to change your answer to all five questions, your Business Model is considered sharply focused – Well Done !





## 9 Hong Kong Examples of how it WORKS

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### 1. Octopus Card (八達通)

WHAT problem are we trying to solve?

Paying for transport and small daily purchases is slow, cash-dependent, and inconvenient.

WHO are our customers?

- **NOT:** Commuters, Students, Everyday urban residents
- MTR and retailers handling high-volume, low-value transactions

WHY will MTR/retailers pay us?

- Saves time ☑ reduce staff
- Removes Queues at stations/payment counters ☑ increase sales

HOW MUCH will they pay us?

- Transaction fees paid by merchants and operators (the more transactions the more saving therefore more willing to pay)

HOW can we get them to pay (more)?

- Expand usage beyond transport into retail, schools, offices, buildings
- Makes it easier to “add money” (without using “our” staff) ☑ reduce more staff

✓ BM insight:

Save time = save staff = save money for customer

so LINK sales to savings ☑ the more they save the more they pay

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### 2. OpenRice (開飯喇)

WHAT problem are we trying to solve?

People don't know where to eat or what's good among too many options.

WHO are our customers?

- Diners
- Restaurants seeking customers

WHY will they pay us?

- Diners: convenient and fast information and confidence with trying new outlets
- Restaurants get more visibility and traffic

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HOW MUCH will they pay us?

- Restaurants pay for listings, ads, promotions, exposures and

HOW can we get them to pay (more)?

- Sponsored rankings means even better exposure
- Draw more traffic/diners via access to exclusive vouchers, reservations, targeted promotions

✓ BM insight:

Diners are not payers but are drawn to the platform because it solves their problems  
Restaurants then willing to pay Openrice to access these diners

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### 3. Watsons / Mannings (Health & Beauty Chains)

WHAT problem are we trying to solve?

People want trusted health and beauty products without research or risk.

WHO are our customers?

- Mass-market consumers
- Brands needing distribution and credibility

WHY will they pay us?

- Trust (more than any of the other reasons)
- Convenience
- One-stop shopping

HOW MUCH will they pay us?

- Retail margins
- Premium pricing on trusted or exclusive brands

HOW can we get them to pay (more)?

- Membership programmes
- Private labels
- Bundles and repeat-purchase incentives

✓ BM insight:

A *trust-based retail* model — reassurance is the value, not innovation.  
Works for products that requires a lot of trust (like medicine)

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#### 4. McDonald's (Global, non-tech core)

WHAT problem are we trying to solve?

People want predictable, fast, affordable food nearby and “now”.

WHO are our customers?

- Families
- Students
- Busy workers
- Travellers

WHY will they pay us?

- They know exactly what they will get
- Fast, clean, no decision stress
- Affordable and predictable

HOW MUCH will they pay us?

- Low to mid-priced meals
- High frequency, low margin

HOW can we get them to pay (more)?

- Meal upgrades
- Add-ons (drinks, desserts)
- Repeat visits

✓ BM insight:

Target “mass” customer base requires low enough pricing

Controlling costs by standardization

Small margins then relies on scale to make high profit

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#### 5. 7-Eleven / Convenience Stores (Very strong non-tech example)

WHAT problem are we trying to solve?

People need [small] things “now” and “here”

WHO are our customers?

- Urban residents
- Office workers

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- Students
- Late-night customers

WHY will they pay us?

- Proximity
- Time savings
- Reliability

HOW MUCH will they pay us?

- Slightly higher prices per item to pay for 'now' and 'here'

HOW can we get them to pay (more)?

- Frequent impulse purchases
- Ready-to-eat food
- Private-label products

**✓ BM insight:**

Convenience beats price in dense cities.

Knowing that the problem is “now” and “here” and not the product themselves enable pricing to be higher than normal.

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## 6. Private Tutorial Centres (Education, non-tech)

WHAT problem are we trying to solve?

Parents want better educational outcomes or confidence for their children.

WHO are our customers?

- Parents (primary) (Students are only users not payers)

WHY will they pay us?

- Perceived advantage
- Structure and discipline
- Reduced parental anxiety

HOW MUCH will they pay us?

- Monthly or term-based fees
- Premium pricing for reputation

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HOW can we get them to pay (more)?

- Advanced levels
- Exam preparation
- One-to-one tutoring

✓ BM insight:

The buyer is not the user — but the model still closes.

Problem is also based on the parents' problems not the students necessarily (e.g. comfort or "nice tutor")

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## 7. Fitness Gyms (Physical service, no tech dependency)

WHAT problem are we trying to solve?

People want to be healthier but lack structure, motivation, or discipline.

People who want to achieve their own "image of fitness"

WHO are our customers?

- Urban adults, office workers
- People who want to be fit
- Lifestyle-oriented consumers who want to "look and feel fit"

WHY will they pay us?

- Access to equipment and space
- Social pressure and routine
- Identity ("I am someone who goes to the gym")

HOW MUCH will they pay us?

- Monthly or annual membership

HOW can we get them to pay (more)?

- Personal training
- Classes
- Premium facilities

✓ BM insight:

Two possible problem definition leads to two possible customer groups – the ones who "want to be fit" Vs the ones who want to "be seen as fit"

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## 1 Detailed Example of how it DID NOT WORK

A classic, widely understood Hong Kong example is:

**Hong Kong Disneyland (early years) — targeting the *wrong primary customer***

This case works very well for teaching because the **product wasn't bad**, the **execution wasn't incompetent**, but the **customer definition was misaligned**.

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**The short version (one-line)**

**Hong Kong Disneyland initially designed the park for overseas tourists, but Hong Kong locals were the customers whom it needed to sustain the business.**

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**Walk it through using *your business model lens***

**WHAT problem were they trying to solve?**

Provide a **Disney theme park experience in Asia** to attract regional and international tourists.

✓ Logical if you look at Disney's global playbook.

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**WHO did they *think* their customers were?**

- Mainland Chinese tourists
- Overseas tourists visiting Hong Kong
- Short-stay visitors

🚨 **This was the mistake**

These customers are **low-frequency**, **price-sensitive**, and **choice-rich** (they can go to other Disney parks).

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**WHO were the customers they *actually* needed?**

- **Hong Kong families**
- **Local repeat visitors**
- **Annual-pass holders**

Theme parks survive on **repeat visits**, not one-off tourists.

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**WHY would the “wrong” customers not pay enough?**

For tourists:

- One visit is enough
- Comparisons with Tokyo / US Disney hurt perceived value

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- Ticket + hotel cost felt high for the scale of the park

For locals (initially):

- Park felt **too small**
- Limited rides
- Not enough novelty to return often

So neither group paid **often enough**.

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### HOW MUCH did people actually pay?

- High capital costs
- Limited per-capita spending
- Weak repeat visitation in early years

The revenue model assumed **tourist volume**, but the economics required **local frequency**.

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### HOW did Disney eventually fix it?

They **redefined the customer**.

- Shifted focus to **local families**
- Added seasonal events (Halloween, Christmas)
- Introduced annual passes
- Localised food, festivals, promotions
- Built habits, not just attractions

✓ The business improved when the **customer definition changed**, not when the park improved the rides, or changed attractions

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### Why this is a *clean teaching example*

The failure was not:

- Poor branding
- Poor execution
- Poor product quality

The failure was:

- A **misidentified primary customer**
- A business model that depended on **repeat behaviour**, but targeted **one-time users**

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## Simplified Examples of Business Model Failure (for each circle)

### Business Model Failures — Teen-friendly Hong Kong Examples

Think of the model as **5 simple questions**:

1. What problem are we solving?
2. Who is it for?
3. Why would they pay?
4. How much would they pay?
5. How do we get them to keep paying or pay more?

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#### 1 WHAT problem are we solving?

✗ **Example: Cyberport (early days)**

**In simple terms:**

Cyberport was built to “help startups”.

**What went wrong:**

- The government thought the problem was “**no office space**”
- But young entrepreneurs actually needed:
  - Money
  - Mentors
  - Customers

So Cyberport gave **buildings**, but startups needed **support**.

**Teen version takeaway:**

It’s like giving students a **new classroom**,  
when the real problem is **no teachers and no notes**.

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#### 2 WHO is it for? (Wrong customer)

✗ **Example: Hong Kong Disneyland (early years)**

**In simple terms:**

Disneyland thought their main customers were **tourists**.

**What went wrong:**

- Tourists usually come **once**
- Theme parks need **people to come again and again**

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The people who really mattered were:

- **Local Hong Kong families**

But at the beginning:

- Too few rides
- Too expensive for locals to keep returning

**Teen version takeaway:**

They built something for **visitors**,  
but needed **regular users** to survive.

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### 3) WHY would people pay?

✗ **Example: TVB Pay Vision (paid online TV)**

**In simple terms:**

TVB tried to charge people to watch TV shows online.

**What went wrong:**

- Teenagers and families already expected:
  - TV shows = **free**
- There were many free alternatives

People thought:

“Why should I pay, when I can watch something similar for free?”

**Teen version takeaway:**

Just because people **like something**,  
doesn't mean they will **pay for it**.

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### 4) HOW MUCH will they pay?

✗ **Example: Cathay Pacific (before major changes)**

**In simple terms:**

Cathay priced tickets like a **luxury airline**.

**What went wrong:**

- Many people only cared about:
  - **Cheap tickets**
  - Getting from A to B
- Budget airlines were much cheaper

Cathay's price was **higher than what many customers wanted to pay**.

**Teen version takeaway:**

It's like selling a **\$60 lunch**  
to students who only have **\$30**.

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5) HOW do we get them to keep paying (or pay more)?

✗ Example: Groupon Hong Kong

In simple terms:

Groupon sold **huge discounts** for food, gyms, activities.

What went wrong:

- Customers only came for **cheap deals**
- When discounts stopped, they disappeared
- Shops lost money and didn't want to continue

There was **no way to grow** without giving bigger discounts.

Teen version takeaway:

If people only come because it's cheap,  
they leave the moment it's not.

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One simple summary table (teen-friendly)

Business Model Question	HK Example	What went wrong (simple)
WHAT problem?	Cyberport	Solved the wrong problem
WHO customer?	Disneyland	Picked the wrong main users
WHY pay?	TVB Pay Vision	People didn't see value
HOW MUCH pay?	Cathay Pacific	Too expensive for most
HOW pay more?	Groupon	Discounts can't last forever

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One sentence teens usually remember

A business doesn't fail because it's stupid —  
it fails because one part doesn't match the others.