

# Internet Business Models - Trust The Key Component

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Trust is essential in many Internet business models, including multi-sided platforms, licensing models, and Trust Intermediary models. This article explains the various types of trust models and how you can incorporate trust in your Internet business:

1. Let's look at each of these in more detail.
2. Here are some of the most popular forms of trust.
3. Look at the two most common trust models: Licensing and Trust Intermediary.

## Trust is a key component of Internet business models

Unless you build an Internet [business model](#) based on trust, your business will struggle to grow. While trust has many forms, it is an unconscious and implicit component of any business model. Trust is like driving on a road where accidents are common, even

though you know it could be dangerous. You still go, despite the road construction and traffic, and you still complain about the highway's congestion and dangerous condition. Likewise, trust is an essential component of all your online interactions. But you'd be surprised to see how many people have a negative view of security, identity tracking, and other issues that may arise.

People's trust in major institutions has declined over time. This includes governments, the news media, public schools, churches, and banks. Digital interactions have made it harder to build trust. But we can't simply rely on the past to build a future for ourselves. The Internet has the potential to change this. But how? How do we build trust in an Internet business model? Here are three reasons to trust your business model.

## **Trust Intermediary**

The role of trust in Internet business models has been identified as a critical element in successful business strategies. Despite the growing use of electronic communication, trust is still a fundamental driver of purchase behavior. A recent study suggests that consumers' trust in electronic intermediaries is derived from the reputation and experience of a brand. Moreover, consumers' perception of trust is shaped by the perceived quality and structural assurance, which are crucial in promoting consumer confidence in a website.

The use of trust tools has numerous advantages. One is that the firm's use is strategically motivated, which means it has something to gain by promoting trust. In addition, it can provide better customer service and address consumers' security needs in online transactions. However, one must remember that a firm's use of trust tools may change as it becomes more embedded. Consequently, trust-building may become a strategic priority for the firm.

## **Multi-sided platforms**

In internet business, a multi-sided platform is a service that provides services to two or more parties. Multiple parties may be involved, such as the platform provider, the customer or consumer, and the business owner. The goal of multi-sided platforms is to minimize distribution costs and increase profits. For example, Uber provides transportation services without requiring drivers to own their cars. Instead, Uber connects passengers with nearby drivers who can pick them up at the desired location. The company has revolutionized the taxi industry and is an excellent example of this type of business model.

Multi-sided platforms connect buyers and sellers or consumers and businesses in other businesses. For example, Facebook connects users to like-minded individuals, and Airbnb links travelers with private homes. Multi-sided platforms create "Network

Effects" that increase the value of a single product or service as more users use it. One classic example is the landline telephone, which had little incentive to call a stranger but became increasingly valuable as more people used it.

## **Licensing model**

A licensing model may be an excellent option, whether your online business is in the form of a website or a service. Online companies require the same level of compliance as traditional brick-and-mortar businesses. In addition, business licenses are enforced, and licensed businesses look more legitimate to the public. Here are some reasons why licensing may be a better option for your business. Let's look at each in more detail.

**Aggregate use time license:** This license limits the total amount of time a user can use the application. It counts accumulated hours spent on a task. It's similar to the metered licensing model, but a user's access to the application is limited to a set number of hours. This model is also known as consumption-based licensing. It's popular for online businesses, where the number of visitors is much higher than the number of sales.

## **Cost structure**

The cost structure of internet business models can be compared with traditional companies. For example, companies that rely on a single source of income, such as advertising, may be more efficient than smaller ones. However, this is not necessarily the case for larger companies. While some early dotcom companies incurred higher costs than their profit margins justified, they have managed to adapt their cost structures to match their growth strategies better.

A cost structure describes all the costs incurred by a business to operate. After defining the Key Resources, Activities, and Partnerships, the costs can be calculated. Companies with cost-driven models focus on reducing costs wherever possible. Those with value-driven models focus on delivering more excellent value to customers. Cost structures will typically include both fixed and variable costs. In addition, they will consider economies of scale and scope.