Defining The Concept Of Business Model: Searching For A Business Model Framework

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ABSTRACT

Business Model (BM) literature is growing with many contributions from academics and practitioners. Interestingly, despite a large number of studies focused on BM, we found a lack of consistency in the definition of what a BM is. Using content analysis, this study aims to investigate previous studies searching for a shared definition of BM. A relevance assessment allows understanding most common elements that shape BM, allowing us to draw a definition of BM. Four main dimensions are derived to define the BM: the value dimension, the modeling principles dimension, the functional dimension, the strategy dimension. Finally, results show further needs of development.

KEYWORDS

Business Model, Literature Review, Definition, Text Mining, Content Analysis

1. INTRODUCTION

The business model (BM) is a relatively recent phenomenon (Nielsen et al., 2019). Despite the term BM has appeared within the academic field already at the end of the 1950s (Bellman et al., 1957, Jones, 1960), it has been only at the end of the 1990s that it gained momentum among scholars and practitioners (Zott, & Amit, 2003, 2007, 2008). Its development is usually associated with the development of a significant number of dot-com companies (Mahadevan, 2000; Onetti et al., 2012). From the first studies, literature has been publishing several models and definitions. The increasing interest in BM as a general concept and not only as a peculiarity of e-business is well documented by the growing number of workshops as well as of academic and professional articles and books devoted to it. According to Ghaziani and Ventresca (2005), in the period 1995-2000, the term BM appeared in more than 1,500 papers belonging to the ABI/INFORM database, but often with different meanings. Additionally, BM has also been connected with various topics such as sustainability (Massaro et al., 2018; Dal Mas, 2019) and Industry 4.0 (Bagnoli et al., 2018), among others.

Interestingly, despite academics produced several literature reviews on the topic, to the best of our knowledge, there is not a common definition of BM. Some scholars define the BM concept as a whole (Timmers, 1998; Shafer et al., 2005; Osterwalder et al., 2005; Al Debei & Avison, 2010). Others point out to its features (Mahadevan, 2000; Chesbrough & Rosenbloom, 2002; Pateli & Giaglis, 2003; Gordijn & Akkermans, 2003; Bagnoli et al., 2018), or its relationship with strategy...
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(Linder & Cantrell, 2001; Magretta, 2002; Mansfield & Fourie, 2004) and, above all, information systems (Hedman & Kalling, 2003; Chesbrough, 2007) for developing new e-business models (Alt & Zimmermann, 2001; Afuah, 2003; Afuah & Tucci, 2000). However, even the literature related to e-business shows that there is no consensus regarding BM concept. It is considered underdeveloped (Magretta, 2002; Chesbrough & Rosenbloom, 2002), a not clear “buzzword” (Seddon et al., 2004; Seppanen & Makinen, 2007), or “murky” at best (Porter, 2001).

Following this line of thought, the paper aims to develop a content analysis (Krippendorff, 2013) on BM definitions, to provide a hierarchical taxonomy of the fundamental aspects of the BM concept. Our research would like to lead to a more detailed framework, that may be useful for researchers as well as practitioners. More precisely, the paper aims to analyze and synthesize the literature and views related to the concept of BM in a single framework.

Accordingly, the authors built the paper as follows. In the next section, we describe the literature review and how we conducted it. In the same section, we define our research question about a possible definition of BM. In paragraph 3, we detail our research method: BM definition gathering, content analysis, and concept aggregation, and relevance assessment. In part 4 we present the results of our analysis, giving our definition of BM. A conclusion section with a possible research agenda ends the paper.

2. LITERATURE REVIEW AND RESEARCH QUESTION

This section aims to provide a synthesis of previous literature reviews on BM. Al Debei and Avison (2010) provide a content analysis to synthesize the diverse BM definitions analyzing papers focused on e-business. Relying on EBSCO, JSTOR, Elsevier-Science Direct, and ACM Digital Library databases, the authors selected 22 relevant definitions regarding the content and the number of citations covering all the viewpoints from which the BM concept was interpreted and assessed in the period 1998-2008. After having clustered these definitions by their central themes, they deduct 13 exclusive classes related to the following primary features of the meaning of BM: value dimensions, defining principles, reach, and functions. More precisely, they identify four BM dimensions which play a central role in constituting, designing, and managing the BM. These dimensions are value proposition, value architecture, value network, and value finance. The value proposition is defined as a way that demonstrates the business logic of creating value for customers and to each party involved through offering products and services that satisfy the needs of their target segments. The value architecture refers to the organizational infrastructure, including the technological one. The value network is a way in which an organization enables transactions through coordination and collaboration among parties and multiple companies. The value finance refers to costing, pricing, and revenue breakdown to sustain and improve its creation of revenue. Additionally, they define five BM modeling principles, that represent, which “guidelines” firms need to take into high consideration while defining and designing their BMs. These principles are conceptual (blueprint of existing as well as future businesses), multilevel (for several units, and even networks of organization), dynamic (reflecting changes inside and outside the organization), granular (subdivided into manageable element) and coherent (comprehensive way of depicting a particular business taking into consideration the interlinks between its different aspects). Finally, they identify three BM functions to highlight the more practical side of it. The first of these functions is the alignment instrument, a theoretical tool providing a crucial instrument for improving harmonization and consistency among strategy and business process. The second one is the interceding framework, a mediating construct that connects technological potentials and innovations with the realization of economic value and the achievement of strategic outcomes. The last, but not least, function, is the knowledge capital, an intangible and tactical information/knowledge asset useful in supporting strategic decision-making functions.

Differently, from the study mentioned above, Amit et al. (2011) provide a BM literature review that using EBSCO database obtained more than 1,200 articles published in Academy peer-reviewed
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