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## Business Models: Origin, Development and Future Research Perspectives



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The concept of business models has reached global impact, both for company's competitive success and in management science. Its application by authors from diverse areas has led to a previously very heterogeneous comprehension of the concept. Yet, by means of investigating its origin and theoretical development, we state a recently converging business model view. Further, based on analyzing business model definitions, perspectives and components in the literature, we newly define the concept and portray its essential components in an integrated framework. Finally, the compilation of the current state of business model research yields the article's main findings. In this regard, via database search we quantitatively identify 681 peer-reviewed articles. Further, we qualitatively analyze them according to individual research areas that we adopt from an appropriate heuristic frame of reference. In this way, we identify four essential research foci: innovation, change & evolution, performance & controlling and design. In triangulation with assessing future research perspectives through a survey of twenty-one international experts, they also consider the areas of innovation, change & evolution, and design to be significant for the future development of the business model research field.

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### Introduction

Business models in practice have grown in significance in the last few years, in particular as they are associated with securing and expanding competitive advantage (Johnson et al., 2008). Business models can be understood here as structured management tools, which are considered especially relevant for success (Magretta, 2002). A large portion of 765 managing directors who have taken part in a global IBM study share this evaluation. The results reveal that financially successful companies attach around twice as much importance to consequential and sustainable business model management as less financially successful companies (IBM, 2007).

Accordingly, there is a high significance attached to the business model concept, not only in practice but also in scientific research. Scientists from various fields of research participate in the scientific discourse about the topic of business models (e.g., information management, strategy, organization theory). In the past, this has led to a heterogeneous understanding of term and concept. In addition, the term “business model” is not always consistently applied. Instead, alternative and similar terms are also used; e.g., the most frequent synonyms are “business idea”, “business concept”, “revenue model”, as well as “economic model” (Magretta, 2002).

Against this background, it is no wonder that “... business models are still relatively poorly understood, particularly as a research area” (Osterwalder et al., 2005). In this context, Teece (2010) states that: “The concept of a business model lacks theoretical grounding in economics or in business studies.” In a call for paper on business models in the well-known journal Long Range Planning (2010, No. 2/3), the editor states: “Yet, there exists no clear body of literature in the academic or practitioner journals that explains how a business model works, what are its important dimensions and features and how a good business model can be created.”

These quotations make it clear that many fundamental questions in the context of business models still remain unanswered, in spite of high relevance. In particular, a basic clarification of the business model concept seems to be necessary. This manuscript should serve just that purpose, and make a contribution by answering the following research questions: 1) Where did the business model concept come from and how has it developed; 2) What is a business model anyway and what does it consist of; and 3) What is the focus of current research and what are the implications for future research?

In answering these questions, our article is divided into several sections. Following the introduction, the second section provides an overview of the origin and development of the term business model. Building on this, in the third and fourth section, a business model definition as well as the basic components of a business model are developed by means of a

synoptic literature analysis. Following the clarification of the business model concept's development and contents, the current state of research is shown in the fifth section. For that reason, a comprehensive quantitative and qualitative literature analysis is carried out, based on a secondary statistical enquiry via the EBSCO database. In triangulation with this database analysis, a focus for future research is suggested in the sixth section. For this purpose, a primary statistical survey has been conducted with twenty-one scientists assessing the future focus of research about business models. The paper concludes with a conclusion and implications for academics and practitioners.

### Origin and Development of the Business Model Concept

The term business model has been present in scientific discussions for over fifty years now. The temporal development of the business model concept begins with the conceptualization, the first use of the term being found with [Bellman et al. \(1957\)](#) ([Osterwalder et al., 2005](#)). Afterwards, the term can be found in literature time and again; initially being used however in a very unspecific manner ([Jones, 1960](#); [McGuire, 1965](#)). After that, the business model has been picked up regularly in the context of information technology, and mainly used in the sense of business modeling (process models). Only [Konczal \(1975\)](#) has already referred to a possible further use of business modeling in terms of applying business models as management tools. In the following years, however, business modeling continues to be mainly understood as an operative activity for system modelling, and as strongly characterized by functional aspects. The business model first gained greater significance with advancing technological development over time and the creation of electronic business. At that time, the business model is no longer seen as only an operative plan for creating a suitable information system, but has developed into an integrated presentation of the company organization, in order to contribute to the success of management in the decision-making process.

Several articles follow with a view strongly marked by theoretical organization. Here, the business model is increasingly seen as an approach to the abstract representation of a company's structure or architecture ([Al-Debei et al., 2008a](#)). At the same time, the business model is perceived as a theoretical concept, which is defined and broken down into its components.

Within the further scientific discourse, aspects of strategy influence the business model understanding more and more. Since the year 2000, an increase in research dealing with the strategic perspective of business models has been found in the literature. By using the business model approach the competitive structure can be better analysed, and strategic innovation-decisions can be made ([Hamel, 2000](#)). Through the increasing differentiation of the business model within a strategic understanding, considerations of the strategic components of business models have increasingly gained importance ([Chesbrough and Rosenbloom, 2002](#); [Wirtz, 2000](#)).

During the boom of the new economy, the use of the term business model has been frequent and near-inflationary. Especially in business newspapers, there has been a significant increase in use of the term. Parallel to these developments, more and more critics of the business model concept voice their opinions. The most famous of them is Michael E. Porter, who states in 2001: "The definition of a business model is murky at best. Most often, it seems to refer to a loose conception of how a company does business and generates revenue. Yet simply having a business model is an exceedingly low bar set for building a company. [...] The business model approach to management becomes an invitation for faulty thinking and self-delusion" ([Porter, 2001](#)).

This criticism is taken up in the literature and the attempt is made to develop a clear business model concept. In 2002, some classification work, meta-articles, as well as attempts at literature syntheses begin to appear. Such synthesis of partly very heterogeneous business model approaches is sophisticated due to different basic theories from information technology, strategy, organization theory and the lack of a uniform theoretical foundation ([Pateli and Giaglis, 2004](#); [Teece, 2010](#)). Yet, literature tries to portray the business model as an independent concept, clearly separating it from established concepts such as strategy, organization theory or business planning ([Al-Debei et al., 2008a](#); [Casadesus-Masanell and Ricart, 2010](#); [Mansfield and Fourie, 2004](#); [Seddon et al., 2004](#)).

Since 2004, there has been an increase in publications of practice-oriented and scientific books ([Afuah, 2004](#); [Debelak, 2006](#); [Osterwalder and Pigneur, 2010](#); [Wirtz, 2011](#)). This demonstrates the sustained interest in research also made clear, for example, by special editions of the scientific journals *Management* and *Long Range Planning* in 2010; and, the numerous calls for paper at this time (e.g., in the *International Journal of Product Development (IJPD)*, *International Studies of Management & Organization*, or the *Strategic Entrepreneurship Journal*.)

Even though the topic has enjoyed great attention in recent times, the field of research is in fact at a very early stage and many basic questions remain. There is still no complete clarity in the literature, in particular about the purpose or the right of the business model approach to exist, or even the contrast to established concepts. The reason for the difficulty in answering these central questions is that the literature is very fragmented, due to its historical development and the varying perspectives of the authors. [Figure 1](#) shows selected publications of business model research assigned to the three basic perspectives of technology, organization and strategy in the course of time.

Some authors state that the different basic perspectives or the "research silos" still exist today, and thus the term business model is used synonymously for three different concepts in scientific discourse ([Zott et al., 2011](#)). On closer inspection of the temporal development, and of the newer publications in this research field in particular, one must relativize this statement.

Between the years 2000 and 2002, the technologically oriented business model articles have been very dominant in the context of electronic business but from 2002 on, more and more strategy-oriented articles have been published. There are also some organization-oriented articles, but in comparison with the other two currents in scientific discourse, they play a

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