

Business Model and the Value Theory: A critical review of the literature

Jiang Fengyang, Aylin Ates
Strathclyde University Business School, Glasgow, UK

Summary:

Although business model research has been progressively attracted attention from both academics and practitioners, a common understanding on business model concept has been rarely shaped and agreed upon. This means scholars from different disciplines expound business model from different angles. Accordingly, this paper will attempt to propose an alternative framework for helping scholars and practitioners reshape their understanding of business models through an in-depth literature review. In order to achieve this aim, we take the foundational angle of business model study, which deals with how to better understand the 'value' as a concept. Specifically, an integrative categorisation of business model research together with dimensions is developed. Then, the value theory is utilised acting as a lens and the underlying theoretical framework to understand business models. Finally, we argue to what extent value theory can promote our understanding on business models and we will discuss the implications for theory.

Word count (exclude references and tables): 5,245

Introduction

The term of business model as a popular theme has been frequently referred and mentioned by scholars and practitioners recently. However, although the business model research has been increasingly conducted since 90s, the achievements of cumulative research may be limited (Zott et al 2011). Reasons for explaining this perhaps multiple, one unavoidable issue in business model research can be illustrated by the survey that conducted by Osterwalder and his colleagues (Osterwalder et al 2005). In this survey, 54 definitions of business model have been collected from 62 respondents, in other words, it is clear that the common understanding on business model itself is absent from the business model research, and until now, most of the business model study stand on different purposes so that the true meanings of business model seems to be ignored to some extent. Such a statement can also be evidenced by the structure of business model research papers (e.g. Santos et al 2009, Baden-Fuller and Haefliger, 2013, etc.). In those articles, most of them start from expounding the definition of business model in the eyes of the authors, what's more, the discussion on business model definition in those papers also admit that the cognition on business model still display diversity. However, even if the common foundational knowledge of business model looks limited, based on the existent business model research literatures, some common research traces can be caught from previous business model study, one of them is the basic functions of business model exist in value creation and value allocation and/or capture. Accordingly, the concept of 'value' works as the key for forming common understanding of business model research mainly can be argued.

This paper tries to bring the eyes of scholars back to the starting point of business model understanding via identifying the connections between business model and value theory. Therefore, the overall research objective is to develop a better understanding of what value is and how value theory can enlighten business model research. For this purpose, it reorganizes current research streams of business model and proposes the incomplete research gaps. Then it argues that a reconsideration or more advanced understanding on value theory is needed to fill those gaps. Lastly, as a foundational presumption, the employment of value theory can clarify current chaotic and fuzzy situation of business model research as well as repointing the future direction of business model research.

The perceptions on the concept of business model

The term of business model was first proposed by Bellman et al in the article (Bellman et al 1957): *On the Construction of a Multi-Stage, Multi-Person Business Game*. In this paper, the authors describe a blueprint of business game, which serves as a mathematic based simulation tool for assuming the practical business planning and operation. The employment of phrases of business model comes into describing the construction of mathematical model for carrying business simulation purpose. Hence, the concept of business model derived from a virtual assumption that utilize mathematical tool to emulate actual business world. Moreover, the original appearance of business model may not lie in the mathematical tools, but tries to act as a bridge between the business conceptualization in researchers and practitioners' minds and reality. Thus, business

model itself, more or less, represents a type of business cognition or logic of entrepreneurs for real business world. However, for the academic research on business model, this degree of recognition is insufficient for explaining the increasingly complex business model cases, let alone assist enterprises in designing their business model.

Since the 90s, the development of the internet has brought infinite possibilities for real business world. Firms have benefited from internet to achieve lots of business assumptions, such as enterprise decision support systems (Shim et al 2002), supply chain integration (Lee and Whang, 2004), and customer relationship management (Ngai, 2005), etc. Indeed, such an assistance power has also been deservedly mentioned by business model. According to Richardson (2008), internet enables the organisation to look for more opportunities for devising and implementing diverse business models. Actually, whatever type of business model, as discussed above, the business model provides a lens for enterprise to see, consider, execute and respond to the complex and dynamic business world.

The research themes within business model theory

Since the meaning of business model for modern enterprise is extremely important, then how business models support modern enterprise operations is the next key concern that need to be clarified, in other words, the role of business model in the organisational system need to be revealed. Generally, although the existence of various research streams of business model may entangle the research insight of scholars, the basic common themes of business model research have been acknowledged by those different research schools (Zott et al 2011). Primarily, former scholars try to describe the lineament of business model in multiple angles, particularly, some of them try to explore the relations among business model and other business theories, such as business models and strategy (Christensen, 2001), while some of them try to explore the application of business model, like business models and innovation (Gambardella and McGahan, 2010), business model innovation and technology (Chesbrough, 2010), etc. Accordingly, an actual state of research on business model is likely to be miscellaneous and fragmented. In this connection, for guaranteeing the reliability and validity of the business model research, a comprehensive and objective organisation and classification on previous research streams is proposed.

As the previous typology and categorisations of research themes of business model are guided by different particular research purposes, such as Osterwalder et al (2005) for normalizing business model concept, Baden-Fuller and Haefliger, 2013 for inspiring the technological innovation. In this paper, for the purpose of thoroughly rethinking and reorganizing business model study, the research theme classification as shown in the following table is conducted more detailed and concrete.

Table 1. The research streams of business model

Dimension	Research streams
Ontology of business model	The definition of business model (Zott et al 2011); (Santos et al 2009); (Dubosson-Torbay et al 2002); (Baden-Fuller and Haefliger, 2013); (Osterwalder et al 2005)
	The function of business model (Magretta, 2002); (Gambardella and McGahan, 2010); (Dubosson-Torbay et al 2002); (Teece, 2010); (Puhakainen and Malinen 2009); (Chesbrough, 2010)
	The activities within business model (or called activities around unit of value) (Chesbrough, 2007); (Gambardella and McGahan, 2010); (Teece, 2010); (Baden-Fuller and Haefliger, 2013)
	The components of business model (Gordijn and Akkermans, 2001); (Dubosson-Torbay et al 2002); (Teece, 2010); (Baden-Fuller and Haefliger, 2013); (Osterwalder et al 2005); (Richardson, 2008)
	Classification of business model (Dubosson-Torbay et al 2002); (Baden-Fuller and Haefliger, 2013)
	Challenges of business model (Teece, 2010)
The relationships between business model and other theories in business study	Business model and strategy (Magretta, 2002); (Zott et al 2011); (Santos et al 2009); (Teece, 2010); (Osterwalder et al 2005); (Puhakainen and Malinen 2009); (Richardson, 2008)
	Business model and technology (Osterwalder et al 2005); (Richardson, 2008)
	The position of business model within the enterprise (business model management) (Puhakainen and Malinen 2009)
The implementation and application of business model	The cost of business model (Chesbrough, 2007); (Chesbrough, 2010)
	Failure reasons of business model (Magretta, 2002); (Chesbrough, 2007); (Puhakainen and Malinen 2009)
	Examples of business model (Seelos and Mair, 2007); (Teece, 2010); (Puhakainen and Malinen 2009)
	Feasibility of business model (Gordijn and Akkermans, 2001); (Dubosson-Torbay et al 2002); (Teece, 2010)
	E-business model (Zott et al 2011); (Dubosson-Torbay et al 2002)
	Resource configuration (Gambardella and McGahan, 2010)
	Symbiosis of business models (Smith et al 2010)
	Business model execution (Osterwalder et al 2005); (Richardson, 2008)
Business model innovation	The Phases of business model innovation (Chesbrough, 2007); (Santos et al 2009)
	The method of innovate business model (Girotra and Netessine, 2014); (Carr, 1999); (Zott et al 2011); (Miles et al 2006); (Teece, 2010); (Baden-Fuller and Haefliger, 2013); (Osterwalder et al 2005); (Chesbrough, 2010)
	The technology and business model innovation (Gambardella and McGahan, 2010); (Teece, 2010); (Baden-Fuller and Haefliger, 2013); (Chesbrough, 2010)
	Challenges of business model innovation (Gambardella and McGahan, 2010); (Santos et al 2009); (Dubosson-Torbay et al 2002); (Chesbrough, 2010)
	Infrastructure and environment of business model innovation (Santos et al 2009)
	Business model innovation and new product development (Santos et al 2009)
	The goal of business model innovation (Gambardella and McGahan, 2010); (Teece, 2010); (Baden-Fuller and Haefliger, 2013)
	The function of business model innovation (Teece, 2010); (Chesbrough, 2010)

According to the table above, some key findings about business model literature can be identified: the research streams of business model are mutually compatible, rather than excluding each other, as most of papers mentioned in preceding context give varied consideration to assorted study directions of business model. For example, both business model innovation and the business model implementation have been recognized by Chesbrough (2010). Moreover, although the research themes of business model are diverse, all of them can be curtly classified into four dimensions: firstly, business model ontology for mainly explaining the cognition issues of business model and try to distinguish the business model with other study disciplines in terms of the functions, jobs, and constitutions.

Secondly, exploring the position of business model research in the entire business and management study disciplines. Most of scholars in this area basically stand on a backward angle to see the business model research, which means the worldview of business model in their research has been pre-assumed, compared to the first dimension. The primary work of them is adapt the business model studies into the theories hierarchy of business and management subjects, such as explore the relationships between business model and strategy theory (Magretta, 2002).

Thirdly, for the purpose of actual application, sorts of practical matters have been noticed by some researchers, such as the cost control (Chesbrough, 2010) and business model efficiency (Smith et al 2010). Finally, due to the differences in understanding of the concept of business model, chiefly, business model innovation involves two kinds of meanings, one is business model as a weapon for enterprise innovation (e.g. knowledge innovation (Miles et al 2006)), another is innovative business model through several given activities, like exploration or exploitation activities (Sosna et al 2010). Overall, from here it can be seen that the discussions on the concept or definition of business model provide the premise for the other research dimensions of business model. In a similar manner, before further explore the particular practical application of business model in reality, the theoretical study on business model needs to be conducted to furnish the foundation, frames and guidance. Furthermore, business model innovation as a special application of business model can be considered as a stream for business model application research. Accordingly, for a clear illustration of above analysis, the relationship of each research dimension of business model may be briefly expounded by the following initial conceptual model:

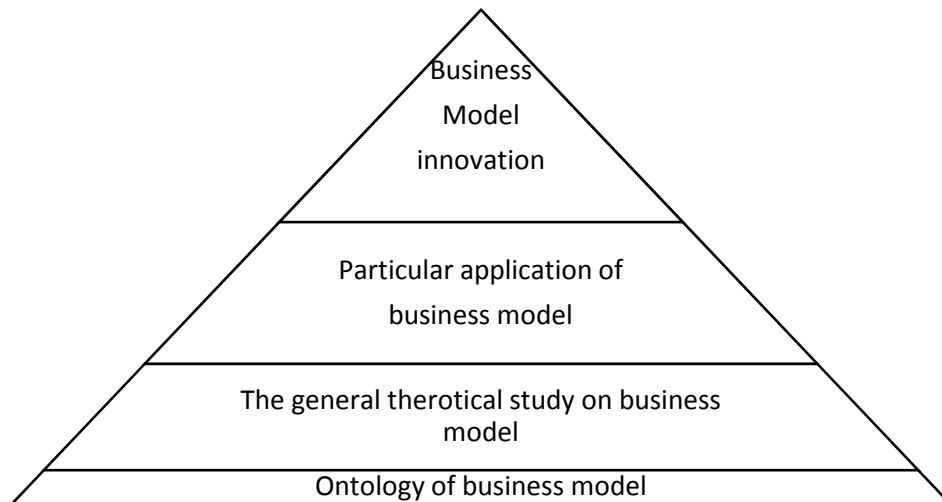


Figure 1. The business model research pyramid

Obviously, the essential relationship among each research dimension can be depicted by the above pyramid: The cognition on the natural characteristics of business model (ground level) will decide how to investigate and learn business model cooperating with other commercial studies on the proximate upper level (first level). The ground level and first level jointly support the concrete existence of business model in the world. Then, on the mountain peak, the directions and relevant solutions of business model innovation would be codetermined by its preconditions on its underlying floors. Indeed, it should be emphasised that business model innovation is constructed on the basis of a certain business model cognition as discussed above, whatever types of business model innovation (e.g. innovate through business model or establish a new business model), just like the chapter 21 in the book of *The Oxford Handbook of Innovation Management* that was written by Massa and Tucci (2013), the authors state their understanding on business model study in priority, then elaborate the business model innovation subsequently. In addition, the above taxonomic hierarchies of business model research is not incompatible with earlier taxonomy system of business model research that proposed by other scholars, some previous studies works for particular research purposes, which means the sights of those studies may always stay on the upper level of business model research in aforementioned conceptual model, and the consideration on foundational level seems to be limited, like business model in e-commerce (Mahadevan, 2000), and how to gain sustainable competitive advantage through business model innovation that supported by general purpose technology (Gambardella and McGahan, 2010), etc. Compared to few attentions on business model ontology in those papers, this article focuses on one classic way for rethinking the business model in organisation that has been mentioned many times in some published writings: the role of value in business model research. Furthermore, different from those research studies on concrete value oriented actions or processes within business model (e.g. value creation, value capture (Chesbrough, 2007; Shafer et al 2005) as well as value delivery (Baden-Fuller and Haefliger, 2013; Richardson, 2008) and value allocation (Seelos and Mair, 2007)), a relationship between value theory and business model study

is discussed for reconsidering business model research in this paper, that is to say, the pre-assumptions of value actions or processes within business model study is investigating through exploring the essence of value. Deservedly, before and attempt to clarify what is value, embedded in business model study, the footing of value theory in business model research needs to be investigated in-depth.

The term of value in the business model study

According to some articles within the Table 1 (e.g. Teece, 2010), the image of value, as a unit for measuring business activities within business model, has been taken grounded in the business model research by several scholars. However, although most of scholars refer the word of value in their business model researches, but the true cognition on value has been given little consideration, as value works as a subtext in those articles. Hence, predictably, while the value theory can be seen as one of pre-assumptions of business model research, and for the purpose of formalization of foundational theory of business model there still has a long way to go. Actually, the term of value has been increasingly mentioned since 1990s (e.g. Wilson and Jantrania 1994, Payne and Holt 1999, etc.), as the pluralistic transaction forms, such as physical distance and times curtailing, globalization and virtualization of economies (Doyle, 2000; Hunt 2000, Mckenna, 1991; Sheth, et al 2000). Furthermore, many academics endeavor to explain various business study topics by the terminology of value, like customer relationships (Wilson and Jantrania, 1994), relationship marketing (Ravald and Grönroos, 1996), the customer value (Paananen and Seppänen, 2013), the value of products and service (Parlaktürk, 2012) and the value flow within the supply chain (Cox, 1999). Typically, while there are a lot of research topics adopting the function of value concept, according to the paper written by Wilson and Jantrania in 1994, more or less, most of them stand on different disciplines' perspectives such as accounting and finance, purchasing and materials management, economics and marketing. That is to say, till then, the research studies around the topic of value can hardly form a common understanding on the 'value', as almost all of them elaborate the concept, function, and meaning of value that are guided by different knowledge background and discipline. For example, based on the viewpoint of economics, the economic value for customers can be more represented by the currency, while the marketing researcher focuses on the intangible value for customer, such as reputation and satisfaction, etc. For this reason, a deep and united perception on the prime concept of value in business model research is required.

The value theory

The cognition on the concept of value

To address this research aim, we should start with concerning two vital questions: what is the nature of value and how value works in trading? On the basic level, according to the Oxford Advanced Learner's Dictionary of Current English (2005), the vocabulary of value can be described in the scenes by two forms: noun and verb. As a noun, it represents a kind of status of object. This certain state involves an evaluation result that is based on specific preference or demand of a given individual or groups on a particular object, which is worth or not, important or nonsignificant, right or wrong. Similarly, it

can also convey meaning of the process or action of above evaluation when it is used as verb. On this basis, although the glossary of value has several derivative meanings under different situation, most of them involve essential ideology that boarding in the domain of philosophy, ethical and moral. Such an arguments can also be supported by the book: value theory (Orsi, 2015), where the author delivered a fundamental research framework view for understanding diverse sense of “value” in different sights: (i) broad study of value, which study value in moral philosophy, aesthetic discipline. (ii), inherent ideas about what is genuinely good or bad or the facts that an object or an event has value that guided by some orientations or doctrines, such as money worship or hedonism, etc. (iii), the reasons or features that make things good or bad. It is clear that three of above views discusses the concept of value from the angle of normativity, that is to say, particular value starts from the specially appointed normativity of given individuals or groups. Also, as similar as the aforementioned evaluation character of value, the normativity for distinct individuals or groups are disparate, in other words, value possesses heterogeneity. In fact, two properties of value have inalienable connection: normativity is the criteria that hide behind the evaluation. In order to illustrate this type of relationship, the following figure is proposed.

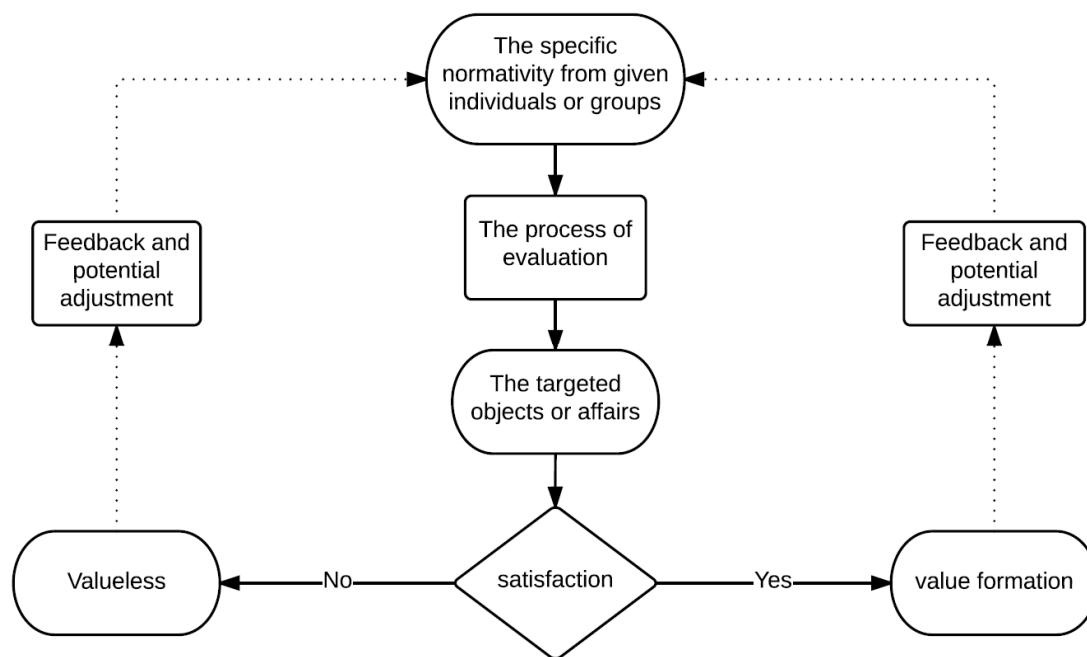


Figure 2. The undying logic of value

For better explaining Figure 2, the following interesting example may make sense, the comments on one famous painting (e.g. Mona Lisa) for person A is different from person B, and the value will be distinctive accordingly. Certainly, the reasons of the high valuation on some artworks are not only decided by their existing fit in groups of person’s aesthetical normativity, but also contributed by other factors like the market power influences. That is to say, even person A doesn’t accept the value of Mona Lisa, after he or she receives some influences like the background story or market influences behind Mona Lisa, person A perhaps alter his or her normativity. Hence, it can be argued

that the normativity seems not be static and changeless, instead, it should be dynamic. What is more, in the reality of business, as similar as the basic logic of value, it should be acknowledged that the monetary unit of value is not only financial benefits like money, it also has other measurable dimensions, such as individual emotional satisfaction (Sheth et al 1991). Till then, four features of value can be abstracted from former elaboration.

- The normative heterogeneity is existent in value.
- The measurable unit of value is various.
- The value bears a process of evaluation.
- The value may be changeable.

For this reason, the multiple benchmark dimensions within the value may increase the complexity of value research. However, although views on value may vary, but the principles behind value seems to be analogous. By right of these principles, the concept of value can be applied into value related activities within business model and enable their reliability and rationality.

In modern trading, there are at least two parts in one transaction: buyer and supplier. For supplier, they gain the money or other types of benefits through making their offerings reach customers (Walter et al 2001). For users, they satisfy themselves via consuming the offerings that they get from their selected buyers (Wilson and Jantrania, 1994). From this simple transactional event, it is clear that both buyer and supplier take what they need, which we can term it the “value is satisfied”. Indeed, we should notice that although the value can be realized in this single trade, the way the value is realized for one another in this single trade is varied, especially in the complex and dynamic contemporary commerce, the way of value creation and delivery for customers would be diversified (Smith and Colgate, 2007), such as product quality and types, consuming places and atmosphere, time saving, and customization, etc. What is more, the essence of trading might be explained by value creation and delivery to some extent, or the value maybe the primary product of transaction.

Furthermore, combining with the above analysis of the nature of value, the precondition of involving the concept of value into the business model research can be set: value has multi-state and itself represents an evaluation that is up to the given normativity. Take this concept of value into value related activities in real business world (value creation, etc.), a more thorough and intensive perception can be acquired. As there are many value related activities and investigations in business model research as illustrated by the articles in Table 1, for the purpose of detailed description, this paper adopts one of them. In the paper “The business model: an integrative framework for strategy execution” that presented by Richardson (2008), the author state a clear business model framework that based on systematic review of previous literatures. In this framework, three value related dimensions of business model are identified: value proposition, value creation and deliver system and value capture, which can be expounded by the

following table.

Table 2. The business model framework (Richardson, 2008)

Dimensions	Components	Description
<i>Value proposition</i>	<ul style="list-style-type: none"> ◆ <i>The offering;</i> ◆ <i>The target customer;</i> ◆ <i>The basic strategy to win customers and gain competitive advantage.</i> 	<i>What the company provide for customers as well as the reasons that make firms gain the profits and competitive advantage.</i>
<i>Value creation and deliver system</i>	<ul style="list-style-type: none"> ◆ <i>Resources and capabilities;</i> ◆ <i>Organization: the value chain, activity system, and business processes;</i> ◆ <i>Position in the value network: links to suppliers, partners, and customers.</i> 	<i>How company create and deliver the value that it proposed, and the origin of competitive advantage.</i>
<i>Value capture</i>	<ul style="list-style-type: none"> ◆ <i>Revenue sources;</i> ◆ <i>The economics of the business</i> 	<i>The solution that firms produce the profits and earnings.</i>

After we introduce the “truth of value” to reconsider business model, this framework may be modified in a more complete and logical way, which can be explained by Table 3.

Table 3. The revised edition of business model framework (modified from the version that stated by Richardson, 2008)

Dimensions	Components	Description
<i>Value proposition</i>	<ul style="list-style-type: none"> ◆ <i>The offering;</i> ◆ <i>The target customer;</i> ◆ <i>The basic strategy to win customers and gain competitive advantage.</i> 	The normativity of company that services or cater to customer, and the matching degree between company’s normativity and customer’s evaluation
<i>Value creation and deliver system</i>	<ul style="list-style-type: none"> ◆ <i>Resources and capabilities;</i> ◆ <i>Organization: the value chain, activity system, and business processes;</i> ◆ <i>Position in the value network: links to suppliers, partners, and customers.</i> 	How company implement their normativity and operate the matching process
<i>Value capture</i>	<ul style="list-style-type: none"> ◆ <i>Revenue sources;</i> ◆ <i>The economics of the business</i> 	Earn profits from the matching process

Clearly, just as the distinctions of the descriptions on value proposition, value creation, delivery and value capture between Table 2 and 3, such a difference can be viewed as a new perspective that based on the lens of value concept for studying business model. In this case, as two basic attributes of value and value play an important role in business model, then normativity and evaluation may have the potentiality to transform the understanding that hold by practitioners and scholars on the business model study. Indeed, as depicted in Figure 2, it should be acknowledged that normativity and evaluation cannot live independently from each other, which means there are some relations connecting them. Still stay in the Figure 2, evaluation starts from a given normativity of appointed individuals or groups to terminate in a specific object that is guided by another normativity of particular individuals or groups. Hence, it can be argued that the matching process act as a carrier for evaluation activities and exists between two normativity from different partners in one event. In view of this, as this paper is written for the purpose of business and management research, then apart from considering the undying properties of value, some foundational characteristics of business have to be involved into the discussion.

More concretely, an implicit measurable reference attribute of value that has been mentioned by Wouters et al (2005): “total cost of ownership”, which emphasize that value can be used for scaling other cost (e.g. time cost, inventory holding cost, learn cost, etc.) except purchasing price within the transaction. In this layer of meaning, value itself plays a unit role. Correspondingly, value can also be understood as a kind of unit for weighing the degree of satisfaction of customers (Rust and Zahorik, 1993), which is obvious based on the normativity proposition of customers. As the term of cost has been introduced into this matching process, and customer satisfaction is codetermined by the cost and benefits that customer undertake and receive (Day, 1977), hence, benefit will work as the corresponding dimension for cost consideration in this matching process. Then, this matching process can be defined as the difference between the individuals’ expectation on the distribution of benefits and cost and actual situation on the distribution of benefits and cost, which can initially depicted by the followed conceptual framework:

	Benefits	Cost
Normativity (expected)	A	B
Evaluation	Comparison	
Actual	C	D

Figure 3. The matching process

Based on the evaluation process, when A is bigger than B, if C is bigger than B, which means value maximum. On contrast, when A is bigger than B, but C is smaller than D, which means value minimum, as here exists the biggest distance between expectation and actual situation. Similarly, the definition of value stated by other authors can validate the above ideas. Value essentially represents the preferential judgments on

targets and actions (Holbrook, 1994). From this opinion, two attributes of value can be also derived: on the one hand, the value has heterogeneity, as individuals' or firms' expectation and prejudgment on the effectiveness and efficiency of their target and actions are different. On the other hand, value itself is a trade-off between results and preferential judgments, both of them can certify the above framework. More specifically, Zeithaml (1988) provided four attributes of value, which are low price, appeal on the products, quality for the payment cost on the product, the exchange between gains and expend. Although each of those attribution refer to different orientation of value, but all of them have one underlying, essential and common character: value is something (e.g. benefits) truly expected on what you want from what you pay. Different from this, Anderson and Narus (1998: 54) claimed that value as "the worth in monetary terms of technical, economic, service and social benefits a customer company receives in exchange for the price it pays for a marketing offering". Based on this logic, the value works as a reference point between price and various types of offerings, which can be further considered as another understanding on the concept of value. Although there are multifaceted understanding on "value" from diverse angles, most of them directing the similar principles and points that have been discussed above.

How to classify the value in modern business context

Since we can define the value as customers' or firms' preferential priority or aspirations on objects or affairs in business research, also, value itself can be referred as the foundational perspective in business model. Then, how to classify the value is a further question for value theory in business model study, as practitioners cannot deliver and create value in their business model though a general understanding on value. The classification research for value is needed at least, which is also always a popular topic among various research streams of value. For the purpose of value analysis, some researchers assort value into use value, cost value, esteem value and exchange value, which is based on the research perceptions of engineering (e.g. (Miles, 1961)). For the use value, Miles stated that the quality or properties that embed into the offerings use, service or work. The cost value means the various cost (a type of negative value) that required to produce the corresponding positive value. Obviously, for more positive value, the controlling for negative value is necessary. The esteem value refers to the characters or reasons that can explain for why firms or customers want to acquire this value. Lastly, similar as esteem value, the exchange value explains the motivation of a particular value that can facilitate exchanging for something else that is desired. In 2005, Lindgreen and Wynstra conducted a systematic literature review for former value research (e.g. Miles' work in 1961, Doyle's work in 2000, Kotler's work in 2000, and Neap and Celik's work in 1999, etc.), this review can provide us a comprehensive and objective insight for previous value theories. They further argued two types of value that is founded on the basis of the achievements of their researches.

Briefly, on the one hand, the value consists in the product and service as their natural character. There are a series of attributes of products and services, which have wider research foundations that can be referred, such as Lovelock (1994) proposed a

framework of product attributes. In this framework, four levels of products have been identified, and the value is derived from a reasonable programming on those four levels. Indeed, the value of product and service directly reflect on the customer-perceived or preferential judgment on the preferring value, as the product and services represent the most fundamental appeal from customers. Certainly, as discussed in last section, the final “value realization” within a transaction is decided as a given assessment that guided by individual or groups’ normativity on a specific offering that proposed by organizations’ normativity as a whole. Hence, the matching process between buyers and sellers can also be considered as a process of balance and compromise between the normativity of each other. On the other hand, in market economy, the value also parasites on the relationships among different actors within the value chain or network. In this area, two meanings exist. One is the ‘relationship’ as a carrier of value, another is the relationship itself is value. Different types of relationships can produce various value for customers and firms, such as long term collaboration (Ravald and Grönroos, 1996), alliance (Doz and Hamel, 1998), and customer relationship network (Wang et al 2004), etc. Again, when we employ the essential concept of value that was mentioned above for explaining the value of relationship, value is realized via various normativity matching structure from the two sides within one particular relationship. Indeed, while it existed various types of relationship for value creation and delivery, but all of them essentially indicate that the value is created and delivered via those interactions between multipartite normativity within various relationships, and all of these interactions within one relationship may constitute a kind of normativity structure that guide the development of this relationship. Hence, it is clear that the marketing as an aggregate dimension that covers a range of exchange between actors, the value is added in relational exchange that accompany goods exchange simultaneity.

Furthermore, the value within one particular relationship can also be influenced by other relationships, in other words, the value cannot exist independently (Webster, 2000). In addition, it should be noticed that the question of the role of relationship in value research contains a lot of research potentiality, such as the quality of relationship may affect the effectiveness and efficiency of value creation and delivery, and it will further introduce a research question: where do the value come from or how can we create value, which will be further discussed in the future empirical study. Except as the carrier of value, the relationship itself is a type of value, which can be reflected on different quality of relationship for customer and firms means different value for them (Lindgreen and Wynstra, 2005). In particular, a trustable relationship among supplier and customers can facilitate the transaction process (Krause et al 2007) and innovation happening (Lin et al 2010), not only this, this type of relationship also bring value for customer, as customers can avoid several troubles during the whole process of transaction to some extent, like some controversies between customer and supplier. Walter et al (2001) identify that it has two categories of functions of customer relationship: direct/indirect function. Based on this framework, Lindgreen and Wynstra (2005) make further efforts to develop it, and they argue that both of the two functions will finally establish diverse supplier perceived value.

Conclusion

It can be seen that the value theory would have latent capacity for driving the scholars to reconsider the business model research from at least the following reasons:

- Forming a united cognition on the basic unit of business model
- Repositioning the business model research
- Presenting fresh views on normalizing the structure of business model research
- Inspiring the scholars for rethinking the value related activities within the business model

Not only that, the value theory can also push the radical or incremental changes happen in business model study by two possible aspects. On the one hand, for scholars, the basic propositions from value theory may not only bring the sights of scholars back to the foundational issues of business model study, but also provide a bridge for connecting other mature business and management theories, which means, other theories can be fitted into business model study through some basic frameworks of value theory proposed in this conceptual paper. For example, Figure 2 as a visual pattern bears potentiality for including sorts of business and management theories like competitive strategy. Particularly, while Figure 2 assumes that the customer stands on their normativity to evaluate the offering from suppliers, there are still several factors which may influence this type of matching process, such as rivalry stresses from competitors. Then, how to involve competitive strategy theories into value theory for supporting business model study seems to be a future research direction. Indeed, as value theory may be employed as an open pattern for business model study, thus, it does not just limit to the competitive strategy involvement, that is to say, the attempts for bringing other business and management theories into value theory this open pattern for expanding and developing business model research may be needed in the intending study. On the other hand, for practitioners, the presentation of normative term can allow enterprise managers to analyse their service and offerings more deeply. For this reason, the starting point of their offering, production innovation as well as their customer relationship management style might be reassessed and readjusted.

References

- Anderson, J.C. and Narus, J.A. (1998) 'Business Marketing: Understand What Customers Value'. *Harvard Business Review*, 76 (6), pp. 53-65.
- Baden-Fuller, C. and Haefliger, S. (2013) 'Business Models and Technological Innovation'. *Long Range Planning*, 46 (6), pp. 419-426.
- Bellman, R. *et al.* (1957) 'ON THE CONSTRUCTION OF A MULTI-STAGE, MULTI-PERSON BUSINESS GAME'. *Operations Research*, 5 (4), pp. 469-503.
- Carr, N.G. (1999) 'Redesigning Business'. *Harvard Business Review*, 77 (6), pp. 19-21.
- Chesbrough, H. (2007) 'Business model innovation: It's not just about technology anymore'. *Strategy & Leadership*, 35 (6), pp. 12-17.
- Chesbrough, H. (2010) 'Business Model Innovation: Opportunities and Barriers'. *Long Range Planning*, 43 (2-3), pp. 354-363.
- Christensen, C.M. (2001) 'The Past and Future of Competitive Advantage'. *MIT Sloan Management Review*, 42 (2), pp. 105-109.
- Cox, A. (1999) 'Power, value and supply chain management'. *Supply Chain Management: An International Journal*, 4 (4), pp. 167-175.
- Day, R.L. (1977) 'Toward a Process Model of Consumer Satisfaction'. In: Hunt, H.K. (ed.) *Conceptualization and Measurement of Consumer Satisfaction and Dissatisfaction*. Cambridge, MA: Marketing Science Institute, pp. 153-183.
- Doyle, P. (2000) 'Value-based marketing strategies'. *Journal of Brand Management*, 7 (5), pp. 317-319.
- Doz, Y.L. and Hamel, G. (1998) *Alliance advantage: The art of creating value through partnering*. Harvard Business Press.
- Dubosson-Torbay, M., Osterwalder, A. and Pigneur, Y. (2002) 'E-Business Model Design, Classification, and Measurements'. *Thunderbird International Business Review*, 44 (1), pp. 5-23.
- Gambardella, A. and McGahan, A.M. (2010) 'Business-Model Innovation: General Purpose Technologies and their Implications for Industry Structure'. *Long Range Planning*, 43 (2-3), pp. 262-271.
- Girotra, K. and Netessine, S. (2014) 'four paths to business model innovation'. *Harvard Business Review*, 92 (7/8), pp. 96-103.
- Gordijn, J. and Akkermans, H. (2001) 'Designing and evaluating e-business models'. *IEEE Intelligent Systems*, 16 (4), pp. 11-17.
- Holbrook, M.B. (1994) 'The Nature of Customer Value: An Axiology of Services in the Consumption Experience'. In: Rust, R.T. and Oliver, R.L. (eds.) *Service Quality: New Directions in Theory and Practice*. Thousand Oaks, California: SAGE Publications, Inc., pp. 21-71.
- Hornby, A.S., Ashby, M. and Wehmeier, S. (2005) *Oxford advanced learner's dictionary of current English*. Oxford: Oxford University Press.
- Hunt, S.D. (2000) *A General Theory of Competition: Resources, Competences, Productivity, Economic Growth*. Thousand Oaks, California.

- Kotler, P. (2000) *Marketing management*. The millennium edition edn. Upper Saddle River, N.J.: Prentice Hall.
- Krause, D.R., Handfield, R.B. and Tyler, B.B. (2007) 'The relationships between supplier development, commitment, social capital accumulation and performance improvement'. *Journal of Operations Management*, 25 (2), pp. 528-545.
- Lee, H.L. and Whang, S. (2004) 'e-Business and Supply Chain Integration'. *The Practice of Supply Chain Management: Where Theory and Application Converge*. Boston, MA: Springer US, pp. 123-138.
- Lin, R.J., Chen, R.H. and Kuan Shun Chiu, K. (2010) 'Customer relationship management and innovation capability: An empirical study'. *Industrial Management & Data Systems*, 110 (1), pp. 111-133.
- Lindgreen, A. and Wynstra, F. (2005) 'Value in business markets: What do we know? Where are we going?'. *Industrial Marketing Management*, 34 (7), pp. 732-748.
- Lovelock, C.H. (1994) *Product plus: how product+ service*. McGraw-Hill Companies.
- Magretta, J. (2002) 'Why Business Models Matter'. *Harvard Business Review*, 80 (5), pp. 86-92.
- Mahadevan, B. (2000) 'Business Models for Internet-Based E-Commerce: AN ANATOMY'. *California Management Review*, 42 (4), pp. 55-69.
- Massa, L. and Tucci, C.L. (2013) 'Business model innovation'. In: Dodgson, M., Gann, D.M. and Phillips, N. (eds.) *The Oxford handbook of innovation management*. UK: Oxford University Press, pp. 420-441.
- McKenna, R. (1991) *Relationship marketing: successful strategies for the age of the customer*. Reading, Mass.: Addison-Wesley Pub. Co.
- Miles, L.D. (1961) *Techniques of Value Analysis and Engineering*. New York: McGraw-Hill.
- Miles, R.E., Miles, G. and Snow, C.C. (2006) 'Collaborative Entrepreneurship: A Business Model for Continuous Innovation'. *Organizational Dynamics*, 35 (1), pp. 1-11.
- Neap, H.S. and Celik, T. (1999) 'Value of a Product: A Definition'. *International Journal of Value-Based Management*, 12 (2), pp. 181-191.
- Ngai, E.W.T. (2005) 'Customer relationship management research (1992-2002)'. *Marketing Intelligence & Planning*, 23 (6), pp. 582-605.
- Orsi, F. (2015) *Value Theory*. Bloomsbury Publishing.
- Osterwalder, A., Pigneur, Y. and Tucci, C.L. (2005) 'Clarifying business models: Origins, present, and future of the concept'. *Communications of the association for Information Systems*, 16 (1), pp. 1-25.
- Paananen, A. and Seppänen, M. (2013) 'Reviewing customer value literature: Comparing and contrasting customer values perspectives'. *Intangible Capital*, 9 (3), pp. 708-729.
- Parlaktürk, A.K. (2012) 'The Value of Product Variety When Selling to Strategic Consumers'. *Manufacturing & Service Operations Management*, 14 (3), pp. 371-385.
- Payne, A. and Holt, S. (1999) 'A review of the 'value' literature and implications for

- relationship marketing'. *Australasian Marketing Journal (AMJ)*, 7 (1), pp. 41-51.
- Puhakainen, J. and Malinen, P. (2009) Published. 'Business Models in SME Context- Research, Implications and Way Forward'. *ICSB World Conference Proceedings*, 2009. International Council for Small business (ICSB), pp.1-16.
- Ravald, A. and Grönroos, C. (1996) 'The value concept and relationship marketing'. *European Journal of Marketing*, 30 (2), pp. 19-30.
- Richardson, J. (2008) 'The business model: an integrative framework for strategy execution'. *Strategic Change*, 17 (5/6), pp. 133-144.
- Rust, R.T. and Zahorik, A.J. (1993) 'Customer satisfaction, customer retention, and market share'. *Journal of retailing*, 69 (2), pp. 193-215.
- Santos, J., Spector, B. and Van der Heyden, L. (2009) 'Toward a theory of business model innovation within incumbent firms'. *SSRN Electronic Journal*, pp. 1-53. doi: <http://dx.doi.org/10.2139/ssrn.1362515>.
- Seelos, C. and Mair, J. (2007) 'Profitable Business Models and Market Creation in the Context of Deep Poverty: A Strategic View'. *Academy of Management Perspectives*, 21 (4), pp. 49-63.
- Shafer, S.M., Smith, H.J. and Linder, J.C. (2005) 'The power of business models'. *Business Horizons*, 48 (3), pp. 199-207.
- Sheth, J.N., Newman, B.I. and Gross, B.L. (1991) 'Why we buy what we buy: A theory of consumption values'. *Journal of Business Research*, 22 (2), pp. 159-170.
- Sheth, J.N., Sisodia, R.S. and Sharma, A. (2000) 'The Antecedents and Consequences of Customer-Centric Marketing'. *Journal of the Academy of Marketing Science*, 28 (1), pp. 55-66.
- Shim, J.P. et al. (2002) 'Past, present, and future of decision support technology'. *Decision Support Systems*, 33 (2), pp. 111-126.
- Smith, J.B. and Colgate, M. (2007) 'Customer Value Creation: A Practical Framework'. *Journal of Marketing Theory and Practice*, 15 (1), pp. 7-23.
- Smith, W.K., Binns, A. and Tushman, M.L. (2010) 'Complex Business Models: Managing Strategic Paradoxes Simultaneously'. *Long Range Planning*, 43 (2-3), pp. 448-461.
- Sosna, M., Treviño-Rodríguez, R.N. and Velamuri, S.R. (2010) 'Business Model Innovation through Trial-and-Error Learning: The Naturhouse Case'. *Long Range Planning*, 43 (2-3), pp. 383-407.
- Teece, D.J. (2010) 'Business Models, Business Strategy and Innovation'. *Long Range Planning*, 43 (2-3), pp. 172-194.
- Walter, A., Ritter, T. and Gemünden, H.G. (2001) 'Value Creation in Buyer-Seller Relationships: Theoretical Considerations and Empirical Results from a Supplier's Perspective'. *Industrial Marketing Management*, 30 (4), pp. 365-377.
- Wang, Y., Po Lo, H., Chi, R. and Yang, Y. (2004) 'An integrated framework for customer value and customer relationship management performance: A customer-based perspective from china'. *Managing Service Quality: An International Journal*, 14 (2/3), pp. 169-182.
- Webster Jr, F.E. (2000) 'Understanding the relationships among brands, consumers,

Business Model and the Value Theory: A critical review of the literature

- and resellers'. *Journal of the academy of marketing science*, 28 (1), pp. 17-23.
- Wilson, D.T. and Jantrania, S. (1994) 'Understanding the Value of a Relationship'. *Asia-Australia Marketing Journal*, 2 (1), pp. 55-66.
- Wouters, M., Anderson, J.C. and Wynstra, F. (2005) 'The adoption of total cost of ownership for sourcing decisions—a structural equations analysis'. *Accounting, Organizations and Society*, 30 (2), pp. 167-191.
- Zeithaml, V.A. (1988) 'Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence'. *Journal of Marketing*, 52 (3), pp. 2-22.
- Zott, C., Amit, R. and Massa, L. (2011) 'The Business Model: Recent Developments and Future Research'. *Journal of Management*, 37 (4), pp. 1019-1042.