

Modern Approaches to Research, Evaluation and Selection of Business Models

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Abstract: The article is devoted to the following topics which are connected with the investigation of modern categorical system and methodological instruments in the development and application of business models as a way of behavior of economic agents towards to customers, competitors and partners. It presents the results of a comparison of different business models, the choice of which should take into account a number of factors-in particular, the types of consumers, stage of development of the market.

Key words: Business • Business model • Interpretation • Market • Customers • Value creation • Business strategy • The effectiveness of the business model

INTRODUCTION

The interest in the investigation, evaluation and selection of business models of the foreign companies markedly increased in the last half decade. This is evidenced by the results of one study conducted by A. Osterwalder (2005), in which analyzed the number of publications about business models in the business and scientific journals [1]. The fact is that the variety and the diversification of the world Business as well as the shape of its control are increasing at an exponential rate today, taking into account the emerging markets with their characteristics, as well as the appearance of new products and segments, new areas of knowledge and related services [2].

The business model is constructed considering the available features of the environment, goals and objectives of the enterprise, as well as the specificity of the goods (services) in each case. But there are no methodological foundations. The importance of these questions connected with the fact that the principles, rules and methods of not only economic processes, but also the social relations and business architecture as a cybernetic system are derived from the business model. There are a lot of different business models today. Companies need to continuously adapt their business models in a modern, fast-moving business environment. The business model can be defined as a complex way of doing business in the company (its structure, products,

services and methods of delivery of goods, methods of increasing the market value), the rules of this business, which are at the heart of the company's strategy, as well as the criteria for determining business performance. Some authors express their opinion that business model can be interpreted as a drawing of the organization of business logic [3].

The Main Part: The term "business model" has appeared relatively recently and received a powerful impetus to the development at the beginning of the millennium, during the Internet boom. The term is found in numerous variations, such as "new business model", "e-business model," or "Internet business models" that are mainly applied to e-commerce start-up companies and high-tech companies. Most of those who used the term "business model" do not have a clear idea of what that means; using it to describe everything from the company derives income before it is organized [4]. However, various researchers have tried to concretize this notion, to clearly define and describe its various aspects in scientific works. Existing works about business models are considering the topic from different angles. In various works are given as defining business models, a description of their components, taxonomy and description of design tools, methodologies and different assessment methods result from their implementation. Table 1 shows the existing definition of the term "business model".

Table 1: The definition of the term "business model"

Authors	Definition
Paul Timmers	Business model - a complex of products, services and information flows, including a description of various participants of the business process, their roles, their potential benefits, as well as the sources of profit. To understand how the company realizes its business mission, he enters a marketing model that is a combination of business models and marketing strategies under consideration of the subject of business.
Peter Weill and Michael Vitale	Business model is a description of the roles and relationships between consumers, customers, partners and suppliers, as well as the major flows of products, information, funds and benefits to participants of the business process.
Linder and Cantrell from Accenture Institute for Strategic Change	There are three types of models in its definition of the business model: component business models, real operating business and the dynamic model, but they all define a business model as the basic logic of the organization to create value.
Otto Petrovic and Christian Kittl	Business model-the logic of value creation in the business system, it's the opposite of the description of complex social systems with all subjects, relationships and processes. The business model makes sense of the various business processes of the company and they inturn define the necessary information and communication systems, all three levels are connected with each other.
Lynda M. Applegate	The business model is a description of a complex business system, which gives the opportunity to study its structure, the relationship between the structural elements, as well as the way in which the system will interact with the real world.
Patrick Stahler	The model is a simplification of a complex reality. The business model helps to understand the basics of the business plan or the way in which the business should be.
Joan Magretta	The business model is a story that explains the principles of operation of the enterprise. Business model describes how the parts of business match and fold in a single system, but it does not include information about the efficiency and competition unlike the strategy.
Raphael Amit and Christoph Zott	The business model is the architectural configuration of the components of operations designed to enable business opportunities.
Alan Afuah and Christopher L. Tucci	Internet business model-a set of actions as the Internet and outside it which allow the company to make a profit.
Richard Hawkins	The business model is the commercial relationship between the company and the products and / or services that it provides to the market, the process of structuring the various streams of income and expenditure, allows you to organize the business so that it has become a viable that is able to be produced at the expense of their profits.
Michael Rappa	The business model is a method of doing business by which a company can be independent that is, generate revenue. The business model should describe how the company makes money by clarifying its position in the value chain.
Alexander Osterwalder	The business model describes how a company creates, delivers and implements value. He developed the concept assumes the description of the business model through the nine blocks that show the logic of how a company makes money. The nine blocks are grouped into four business areas: customers, offering (product or service), the infrastructure and financial viability. The business model is a plan of how the company's strategy should be realized as part of its internal structures, processes and systems.

Review of the literature devoted to business models showed that the definition of the term is evolving with time but the constant remains the fact that the nature and content of the business model should be the creation of value [5]. In our opinion, the business model as an economic and

management category still has no clear scientific identification, which makes it difficult to control the process of developing and implementing an effective business model. Between what, the creation of a successful business requires careful attention to the design of the business model and its embodiment,

wherein the choice of business model can be a key factor for the success of the modern market. There are some standard business models, which are used in a wide range of industrial sectors [6]. In order to select an affective business model, in our opinion, you should follow the succeeding technology areas:

- Monitoring of the basic models used by successful companies in the market. There are many business models, for example, such as "bait-hook." This business model is to sell the main product at very low prices, sometimes below cost ("bait") and then the main income is earned on the sale of spare parts, consumables or other connected with the "bait" of goods or services ("hook").
- To allocate key elements of the business that will be based on the model: the value for specific customers, the formula of profit, which explains how the company will make money. To analyze all the elements, the potential business model.
- Study of the current business of the company and its operations. If a company has been in business for a while, but has difficulty in making a profit, the business model cannot be properly defined in it.
- An industry analysis to determine the place of business of the company, such an analysis can be done from a position benchmarking.
- Fine-tuning the business model to reduce the initial investment and fixed costs, accelerate cash pots and customer feedback.

The business model describes the method used by organizations that carry out business for profit. You need

to know who the customer is and how to get them to do it. The advantage is that the business model can helps to increase revenue, to take another look at the system, to go beyond the idea of having a business. The development of business model can be put forward as a unique competitive advantage. Competitive advantage is a company's ability to produce goods and services better than other companies in the economic market. According to specialists, a unique business model usually means that competitors are not able to copy the business model and use it to receive its benefits [7].

So, in terms of content, the business model describes how the strategy should work in the market to provide the required number of target consumers. The business, which cannot build and describe their model, cannot safely assume that it will be competitive and profitable. Features of the business model derived from its objectives and the objective factors which act on the company. Their set can be called economic conditions, but not only. It is important to take into account the historical, political and psychological factors [8]. The development of business model for high-risk markets and emerging markets is of particular interest and value. Table 2 presents the results of the synthesis and comparative analysis of business models in various markets.

Let's comment the enclosed table. As we can see, the main features of the business model in this case are formed under the influence of two main factors-the type of consumer and the stage of development of the market. This table is allocated 4 types of consumers: it's corporate, government and individual (B to B), individual (B to C) and two types of markets: mature (formed) and immature (emerging), when in fact there may be more.

Table 2: Features of the business models in various markets

	The stages of the development of the market		
The customer's type	-----		Features of the business model
1. Corporate	mature		The standard model with a focus on affiliate marketing or relationship marketing and business reputation. The business model is oriented on profit.
		immature	Business model, focused on market share.
2. Government	mature		Using of vertical integration.
		immature	Zonal business model. Security model marginal profitability.
3. Individual (B to B)	mature		Using of an aggressive marketing. Profit model based on local leadership.
		immature	Psychological business model and Pyramid's business model. The business model of using strategic control points.
4. Individual (B to C)	mature		Reversible value chain. Business model based on multi-component system.
		immature	Business model, with a predominance of network marketing. Multi-layer model of profit.

The type and nature of the business model, its architecture and key strategic resources (core) competencies, as well as costs on business models derived from these features of the market and customer. In other words, the formula for success business model will differ only on the emerging and immature market [9]. As we can see, the standard model used corporate type of client in mature markets, such as, Microsoft uses it and it is based on identifying the dominant value chain, which is, identifying its priorities on the basis of which channels, the range, the resources and assets of the company are selected. Even in this case, the program with long-term relationships is very important to customers and partners, that is relationship marketing or affiliate marketing. Adequate business model is particularly important for emerging markets, for example, for markets such as the CIS countries. Using a standard business model is not appropriate, as there is an increased risk because of immature conditions of market relations, no major commercial traditions and end-users in an unstable position. Therefore, business model should include insurance policies and guarantees - banks or the government [10]. We describe another model-a business model which based on the multi-component system. This model consists of several elements associated with sales of the same product, each of which has a quite different characteristic in terms of profitability and only some of them are highly profitable. Models of this type are used by such giants as Coca-Cola, Pepsi, etc., the basic idea is their sales through restaurants and vending machines for sale. In the model of multi-income benefits are obtained several times by using of the same product, its distinctive features, brand or service [11]. Models of multi-profits can be powerful tools in the business of those companies in which created a memorable consumer brands. The Company can realize the licensing of the brand in a wide range of products after in the brand building was invested (often huge). However, the appeal of this model must be carefully weighed and compared with the risks that arise from the fact that some brands do not work in some cases, in some areas of the consumer.

The conclusion. Today, there are a large number of business models and we cannot certainty say which of them is more suitable to a particular business, but it is undeniable that the creation of a business model requires a deep understanding of what and for whom the company is making and how to ensure a profit. Each business organization can:

- To invent their own business model;
- To choose one among the already existing;
- To combine two or more models, to make a hybrid business model;
- To change the business model so much that it will be unique and innovative.

CONCLUSIONS

I should also add that the effectiveness of the business model can and should be quantitatively appraisable-at least in relation to the cost of its development and introduction and possible profits from its sale. However, we only put this problem in this article. It requires further methodological reflection and instrumental solutions.

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