Tampere University

HARRI HOKKANEN

A Business Model Perspective to Retail Transformation

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ACADEMIC DISSERTATION
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To my family, friends and
all who share the interest
in retailing.

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Life can be unexpected. More than sixteen years ago, after completing my master's studies, I happened to find my first job in the retail industry. These years of exploration and experiences within the industry have shown me how multidimensional it really is, and thus, it generated a passion in me to understand it more thoroughly. I never planned to write a dissertation; however, connecting to science enabled perspectives I would not have reached otherwise. I have been privileged to receive support and encouragement from many individuals and institutions during my dissertation process, and they deserve to be acknowledged here.

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At my home in Akaa, after an unexpected phase in life, March 24, 2022.

Harri Hokkanen

ABSTRACT

Retail connects production and consumption in ways that enable consumers to attain value. Current developments in the field indicate that the retail industry is reaching an evolutionary phase. The emergence of new forms of commerce, such as platform businesses have diversified retail operations. Consequently, the traditional retail characteristics are being challenged, which may have major implications for the retail industry as a whole. Therefore, understanding how value is created in retailing is still important. Since this phenomenon has remained underexplored, the purpose of this article-based dissertation is to explore and analyze retail transformation from a business model perspective.

This dissertation consists of an introductory section and four articles. Article I explores business models in a changing traditional retail environment from the viewpoint of retail managers. Article II analyzes how differentiation is conducted in platform business using a value proposition. Article III explores and analyzes how activity systems are designed when value creation occurs in networks. Finally, Article IV develops a typology that characterizes various business models that are emerging in retail markets.

Based on these four articles and the compilation part, three propositions are formulated to understand retail transformation and suggest how retail firms could navigate in it. Further, several managerial implications are discussed, and future research avenues are identified.

KEYWORDS: transformation, value creation, business model, strategic marketing, retailing

TIIVISTELMÄ

Kauppa luo asiakasarvoa yhdistämällä tuotannon ja kuluttamisen. Markkinoiden nykyiset kehityspiirteet viittaavat toimialan olevan evoluutionsa taitekohdassa. Edelläkävijäyritykset kuten mm. alustatalouden toimijat ovat synnyttäneet uusia kaupankäynnin muotoja erilaistaen itseään toimimalla perinteisestä kaupasta poikkeavilla tavoilla. Kaupan ominaispiirteet ovat tulleet haastetuiksi vaikuttaen toimialaan kokonaisuudessaan. Ymmärtääksemme kaupan transformaatiota onkin tärkeää keskittää tutkimusta siihen, miten arvoa luodaan. Ilmiötä on kuitenkin tutkittu verrattain vähän. Tämän väitöskirjan tarkoituksena on tutkia ja analysoida kaupan transformaatiota liiketoimintamallien näkökulmasta.

Tämä väitöskirja sisältää kokoamaosion sekä neljä erillisjulkaisua. Artikkeli I käsittelee kivijalkakaupan mahdollisuuksia digitalisoituvassa liiketoimintaympäristössä yritysjohdon näkökulmasta. Artikkelissa II analysoidaan, miten alustaliiketoiminnassa arvolupausta hyödynnetään erilaistumisen välineenä. Artikkeli III tutkii ja analysoi arvonluomisen keinoja ja tapoja verkostoissa. Artikkeli IV rakentaa typologian kuvaten kaupan markkinassa esiintyvien liiketoimintamallien ominaispiirteitä.

Tämän väitöskirjan artikkeleita ja kokoamaosiota hyödyntäen tutkimuksessa esitetään kolme propositiota, jotka lisäävät ymmärrystä kaupan transformaation keskeisistä ominaispiirteitä ja antavat suosituksia toimialan yrityksille suunnistaa läpi muutosten sarjan. Tämän lisäksi esitetään keskeisiä käytännön implikaatioita sekä tunnistetaan jatkotutkimusmahdollisuuksia.

AVAINSANAT: transformaatio, arvonluominen, liiketoimintamallit, strateginen markkinointi, kauppa

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Publication II	Hokkanen, H., Hänninen, M., Yrjölä, M., & Saarijärvi, H. (2021). From customer to actor value propositions: An analysis of digital transaction platforms. *The International Review of Retail, Distribution and Consumer Research*, 31(3), 257–279.
Publication III	Hokkanen, H. (2020) Business model activities in C2C e-commerce. *Journal of Business Models.* [Manuscript under review].
Publication IV	Yrjölä, M., Hokkanen, H., & Saarijärvi, H. (2021). A typology of second-hand business models. *Journal of Marketing Management*, 37(7-8), 761–791.

1 INTRODUCTION

Globally, retailing is one of the largest business domains, connecting production and consumption spheres. Locally, retailing is an important source of revenue for public economies, a significant employer, and an essential part of everyday life and well-being of citizens. Consequently, it creates value in society. However, various simultaneously occurring driving forces are accelerating inevitable changes in the retail field, indicating that an evolutionary turning point has been reached. As a reflection, firms operating with traditional retail models face competition to which the current design cannot adequately respond. The impacts of these changes affect the logic of how retailers conduct their missions—that is, how they create value. New emerging ways of value creation connect individual firms and their business models (BMs), eventually leading to retail transformation. Hence, the purpose of this dissertation is to explore and analyze retail transformation from a BM perspective. The focus is set on generating insights that increase understanding of how retail businesses can navigate in this latest industry transformation[1]. The topic is pertinent due to decisions being made in firms that influence how retailing is, will be seen and how it is organized.

1.1 Transformation in the retail industry

Industry transformation refers to a permanent shift that is caused by simultaneous emergence of significant changes in business environments and as a result of boundary-breaking innovations (Brown, 1987, 1995; Schumpeter, 1947). It is commonly known that market actors tend to seek synergies from the existing era. Moreover, companies might try to manage the pace of change and the associated risks (Moore & Fernie, 2004). Consequently, transformation can only occur when

[1] Generally, in retailing, businesses built around distinct product areas have different characteristics. However, this study focuses on seeking features that commonly influence the retail industry through retail firms while noticing that the implications can vary between businesses within diverse product areas.

the nature of the industry itself is changed and history cannot be repeated (Hollander, 1986; Brown, 1995; McGoldrick, 2002). Retailing, as an industry, has evolved through multiple transformations over time (Hänninen et al., 2019). For instance, when observing past developments in the food retailing context, retailers have first acted as manufacturers and suppliers, then as supply chain operators, and, currently, as service providers. The transitions between previous evolutionary phases have been characterized by a systemically changing role of retailers in the market.

During the past decade, the retail environment has faced new changes that have manifested implications that will stay, stand, and evolve. The rise of the Internet and advances in communication and information technologies can be considered to represent examples of these new changes. As common trust in online environments has increased, customers have also come to face multiple new changes in their everyday lives. For instance, easy access to extensive amounts of information, new ways of communicating, and new self-service technologies have increased customer awareness (e.g., competing offers, product attributes, available prices), constantly reshaping the purchase decision-making processes (e.g., Mishra et al., 2021; Bettman et al., 1998; Simon & Rosen, 2014; Reinartz et al., 2019). A number of new available options and alternatives for fulfilling customer needs are shifting personal values toward individualization, thus emphasizing customer autonomy (Reinartz et al., 2019). Thus, digitalization and globalization are transforming the retail landscape.

At the same time, technological advances have allowed retailers to generate new ways of creating and delivering value (Gawer, 2014; Hagberg et al., 2016; Smedlund, 2012; Teece, 2010), pointing out new business opportunities (e.g., Kim & Chun, 2018). Advanced firms, for instance, have managed to offer a scope of non-traditional exchange mechanisms and transaction architectures (Nenonen & Storbacka, 2011; Van Alstyne et al., 2016; Zott et al., 2011). These developments have led to the emergence of new forms of commerce and BMs with the ability to disrupt value creation and change customer preferences (Osterwalder & Pigneur, 2002; Sorescu et al., 2011; Hagberg et al., 2016; Timmers, 1998). Disruptions in value creation have changed multiple industries in past (e.g., accommodation, media, music, and transportation sectors). These industries have consequently shifted into global business environments and are now extensively exposed to cross-industry competition (Cusumano et al., 2019; Evans et al., 2011). Similar developments can be observed in the retail field, where traditional commerce is challenged by new innovative retail forms and is more influenced by businesses in other industries.

Moreover, due to digitalization, globalization, and technological advancements, the importance of networks has increased in retailing (Economides, 1996; Hänninen et al., 2019). An important implication of such processes is the emergence of fairly open global trading regimes or service ecosystems, such as Amazon (Hänninen et al., 2018; Teece, 2010). Such forms of commerce are built on serving unstructured supply and demand in particular (Katz & Shapiro, 1985; Ritter & Lettl, 2018; Tronvoll et al., 2020). They are characterized by providing interactions between the parties in spontaneous responses to spatial and temporal network structures (Amit & Zott, 2001; Lusch et al., 2010; Shafer et al., 2005) through technologies (Hagiu & Wright, 2015; Hedaa & Törnroos, 2008; Håkansson & Snehota, 1995), and intermediating transactions among them (Cusumano et al., 2019; Gawer, 2014). Thus, new retail models orchestrate value co-creation (Grönroos, 2011; Lusch & Vargo, 2011; Normann & Ramirez, 1993; Saarijärvi et al., 2013; Van Alstyne et al., 2016) taking place in multisided markets (Ritter & Lettl, 2018). These models are notably different from traditional retailing, burgeoning the complexity of trade and decreasing the explanatory power of many existing retail concepts and theories (Haas, 2019; Hagberg et al., 2016; Hänninen et al., 2021).

In sum, previous research has focused on understanding the drivers of change. While extant research interests have made it their mission to increase understanding of digital transformation (e.g., Hagberg et al., 2016), new retail forms (e.g., Hänninen et al., 2018; Gawer, 2014) and new rising economies (e.g., Zentes et al., 2017; Matzler et al., 2015; Kumar et al., 2018), only a few studies reflect on what the implications of these are for traditional retail markets. These studies have focused on investigating retail transformation by adopting customer (Helm et al., 2020) and management (Mende, 2019) perspectives. Retail transformation remains underexplored from a business perspective. Nevertheless, changes in retail markets have been a highly recognized and debated topic in public discussions (e.g., media) and consultancy branches for several years now. In these discussions, the argument is that rising e-commerce, fixed investments on diminishing store networks, unstable economic atmosphere, and increasing customer power will lead to permanent changes in the retail landscape (Morgan, 2018; Townsend et al., 2017). Accordingly, such developments indicate a restructuring that is not as yet visible but will eventually lead to changes that some physical retailers will not be able to survive (Corkery, 2017; Danziger, 2017). During the past five years, a numerous variety of physical-oriented retailers have filed for bankruptcy and, according to these firms themselves, it has been difficult for them to specify the exact reasons for their downfall (CB Insights, 2021). It could be the case that traditional retail logic is inadequate for answering question about evolving expectations in markets. Hence, setting the research focus on value creation could be beneficial, in order to study retail transformation. The next section discusses value creation in retail transformation in more detail.

1.2 Value creation in retail transformation

Customer value is a central concept in marketing, but it has also been adopted in other research fields (e.g., strategy and business management literature) due to its ability to capture a firm's raison d'être (Woodruff, 1997). Many published marketing studies on customer value emphasize understanding what customers want and how it is connected to a firm's success (Holbrook, 1999; Sheth et al., 1991; Slater, 1997; Zeithaml, 1988). For instance, customer value has connections to customer satisfaction (Gallarza et al., 2011), firm differentiation (Andersson et al., 2006), competitive advantage (Rintamäki et al., 2007), and profit-making (Kumar & Reinartz, 2016). In retail research, customer value has been seen as a multidimensional concept that takes a cognitive-affective approach (Rintamäki, 2017; Rintamäki et al., 2007; Sanchez-Fernandez & Iniesta-Bonillo, 2007). This means that instead of being a direct overall product-based assessment of the utility received by the customer (Zeithaml, 1998), a variety of notions, such as perceived price, quality, other surpluses, and losses, are embedded (Babin et al., 1994; Holbrook, 1994, 1999; Mathwick et al., 2001). Consequently, customer value is a customer's subjective evaluation of the positive and negative consequences of being a particular retailer's customer (Rintamäki et al., 2007; Sheth et al., 1991; Woodruff, 1997). Specifically, customer value focuses on the relationship between benefits and sacrifices perceived by the customers themselves, combining utilitarian and hedonic value conceptions (Rintamäki, 2017; Rintamäki et al., 2007; Sanchez-Fernandez & Iniesta-Bonillo, 2007). Therefore, by its multidimensional nature, customer value is interactive (builds on the interaction between a subject and a product or service), relativistic (is comparable to other options or alternatives), preference related (is connected to higher subjective customer values), and experience oriented (is an evaluation combining three previous notions and experiences (Holbrook, 1999). To influence customer perceptions, retailers tend to create multidimensional customer value. To create utilitarian value, retailers seek to decrease customer sacrifices. The utilitarian perspective assumes that customers are rational problem-solvers (Bettman, 1979). In retailing, this refers to economic (decreased monetary sacrifices) and/or functional (decreased time- and effort-related sacrifices) reliefs (Almquist et al., 2016; Rintamäki et al., 2007; Sheth et al., 1991). On the other hand, to create hedonic value, retailers seek to increase customer benefits. This experiential view underscores the three F's (fantasies, feelings, and fun) representing the pleasant sensations of consumption (Holbrook & Hirschman, 1982). In retailing, this refers to emotional (experience-related) and symbolic (meaning-related) psychic virtues (Almquist et al., 2016; Rintamäki et al., 2007; Sheth et al., 1991). However, no retailer can master the shopping experience by addressing all customer needs and desires (Rintamäki, 2017). Thus, retailers must find ways to design and execute value creation in which what kind of value is desired to be created for specific customer groups in selected levels that is superior to competitors' value is addressed (Rintamäki, 2017).

To earn their place, retailers ought to create value that cannot be created at any other point of the value chain. A value chain refers to an ordered structure of agents (e.g., manufacturers, suppliers, retailers, service providers) whose sole or majority income derives from conducting retail activities (Reinartz et al., 2019). Retailers serve the value chain in a two-folded manner by providing arenas (i.e., marketplaces). First, they offer a distribution channel to the supply-side agents (Hollyoke, 2009; Hague & Hague, 2018; Rossman & Duerden, 2019), enabling production and consumption to be connected (Coughlan et al., 2001). Second, they provide customers with the access to offerings, thus enabling consumption to begin (McArthur et al., 2016). Over time, retailers have developed mechanisms for enabling customer value creation (Zeithaml, 1988; Holbrook, 1999; Sanchez-Fernandez & Iniesta-Bonillo, 2007), specifically in marketplaces (Hänninen et al., 2021). For instance, customers have gained access to extensive offerings (Neslin & Shankar, 2009; Yrjölä et al., 2018; Beck & Rygl, 2015), timely assortments (Corstjens & Lal, 2000; Hong et al., 2016; Ailawadi & Keller, 2004), acceptable prices (Gauri et al., 2008; Ailawadi & Keller, 2004; Ho & Bell, 1998; Fisher et al., 2018), and compelling promotions (Richards & Curran, 2002; Ailawadi et al., 2009). In addition, marketplaces have become more atmospherically pleasant environments that support the shopping experience (Baker et al., 2002; Bleier et al., 2019; Roschk et al., 2017; Spence et al., 2014; Kranzbühler et al., 2018). Nevertheless, marketplaces, either physical or virtual, are generally characterized by the act of customers buying from a shelf (Shi et al., 2017; Reinartz et al., 2019; Haas, 2019).

When stepping into digital era, from an organizational perspective, one of the greatest challenges for retailers has been to overcome channel cannibalization beliefs (Deleersnyder et al., 2002). Such beliefs refer to doubts of transferring sales into less profitable channels addressed by entering into multiple channel strategies (multichannel, cross-channel, omnichannel) (Beck & Rygl, 2015; Verhoef et al., 2015;

Yrjölä et al., 2018; Zhang et al., 2017; Jocevski et al., 2019). This could be one of the key reasons why retailers have been interested in developing services that enable them to accomplish their original method of profit-making—which is transacting in marketplaces. Accordingly, the latest in-store developments have emphasized utilitarian value dimensions (e.g., Rintamäki et al., 2007), seeking efficiency and financial benefits for customers as well as for retailers themselves (e.g., Davis-Sramek et al., 2020). These developments have increased the share of price-oriented private label products (Derqui & Occhiocupo, 2019) and introduced new technological aided self-services like unstaffed encounters (Orel & Kara, 2014), store mapping applications (Holmes et al., 2014), and mobile payments options (Taylor, 2016). However, customers have started to use parallel online environments, extensively fueled by the covid-19 pandemic (see Statista, 2021; Appel & Hardaker, 2021), which has pushed retailers to turn their sight additionally outside of marketplace environments (Inman & Nikolova, 2017; Rintamäki, 2017; Ameen et al., 2020; Gasparin et al., 2022). Currently, retailers provide online shopping opportunities that are enriched via artificial intelligence (AI) (Inman & Nikolova, 2017; Orel & Kara, 2014), such as click-and-collect services and last-mile delivery options (Vakulenko et al., 2019). Furthermore, extensions into online environments have led to an explosion in the amount of available data emerging from various sources. Due to the fact that this was not an original part of the retail legacy, the increased requirements for gathering, analyzing, and creating insights from externally available data (Bradlow et al., 2017; Greval et al., 2017) and combining these with the data received from internal sources (e.g., customer reward systems) in order to support value creation have recently been shaping retail organizations (Helfat & Martin, 2015; Moorman & Day, 2016). Consequently, to improve value creation, retailers have put great effort into technologies (e.g., Cui et al., 2021) for harnessing data as a form of resource in seeking efficiency, effectiveness, and customer lock-in features (i.e., increased cognitive or monetary costs when switching to competitors) in order to compete in markets (Sorescu et al., 2011; Greval et al., 2017; Saarijärvi & Hokkanen, 2020). Nevertheless, the logic of customers buying from the shelf still stands.

Currently, divergent rivalries have emerged in the retail landscape. New digital intermediaries are increasingly challenging retailers worldwide (e.g., Hagberg et al., 2016; Hänninen et al., 2018; Savastano et al., 2019; Teller et al., 2019; Verhoef & Bijmolt, 2019). These new forms of commerce provide access to a variety of goods and services through online marketplaces enabling people and organizations to share information, to buy and sell (Cusumano et al., 2019). For instance, multisided digital platforms (e.g., Amazon, Alibaba, JC.com, eBay) have reshaped the customers' impression of a broad product assortment (e.g., Hänninen et al., 2018; Gawer 2014). Additionally, wholesale intermediaries (e.g., Shopify, Big Buy, Etsy) have lowered the entry level into markets by enabling almost anyone to become a seller (e.g., Zentes et al., 2017). Furthermore, commercial sharing systems (e.g., Uber, Airbnb, Delivery Hero) have redefined ownership transfer requirements (e.g., Matzler et al., 2015). Finally, transaction systems intended to extend product lifecycles (e.g., Craigslist, Poshmark) have provided an option for new goods (Kathan et al., 2016; Frenken & Schor, 2017; Kumar et al., 2018). Consequently, newly emerging counterforces (i.e., local vs. global offering, mass production vs. unique low volume production, transferred product ownership vs. use value, new goods vs. used goods) are blurring the boundaries in the retail industry. The impacts of this extend far beyond the "analogue" to "digital" shift and onto the facilitation of new forms of value creation (Amit & Zott, 2001; Hagberg et al., 2016; Jocevski et al., 2020). By redefining the essence of exchange (what is sold, how it is sold), the roles of the actors[2] (who sells to whom), and the retail setting (where it is sold, when it is sold, at which price it is sold), the nature of retailing itself is being changed (Hagberg et al., 2016). Hence, marketplace- and value chain-oriented retail value creation can turn out to be insufficient for fully answering the challenges posed by new retail competition. Toward that end, earlier as a stable and low-technology sector considered retailing (Willems et al., 2017) may not be an exception in the line of transforming industries. The articles explore different retail contexts and provide complementary perspectives on retail transformation.

1.3 Adopting a business model perspective

This dissertation adopts a BM perspective for three key reasons. First, developments in retail markets show that one visible implication of retail transformation is the emergence of new ways of creating value (Hagberg et al., 2016). BMs describes the rationale behind how organizations create, deliver, and capture value (e.g., Osterwalder & Pigneur, 2010) enabling to research of value creation itself, firms internal organizing logics and various relationships in which a retailer participates in order to evaluate evolving roles in markets (e.g., Amit & Zott, 2001). Therefore,

[2] Although actor roles in retailing are about to be more changeable (Hagberg et al., 2016), the terms customer and consumer are used with distinct meanings. Customer refers to the traditional role of the consumer (e.g., buying and consuming products or services) participating in the value co-creation process driven by a retailer and RBM. Consumer refers to an individual consumer who can have additional roles compared to a customer (e.g., acting as a seller).

adopting a BM perspective provides an opportunity to increase the understanding of retail transformation from a retailer perspective, to identify implications influencing how retailers conduct their missions, and to propose actions that may help them navigate through a series of changes.

Second, as noted previously, industry transformation is driven by changes and innovations in business environments, challenging the nature of value creation—in this instance, the retail industry. Hence, the decisions of single retailers are creating a series of changes resulting in transformation. Retailers, as all other businesses, make their decisions by taking into account their ability to remain relevant in markets and to gain profits in order to ensure continuity. Consequently, a business perspective is present when future strategies are developed. Thus, the considerations that retailers make with respect to their options, when meeting new market requirements and unseen competition, influence how retailing is seen and organized in the future. BMs offer a way of considering the options of a firm, especially in uncertain, fast-moving, and unpredictable environments (McGrath, 2010). Therefore, adopting a BM perspective enables an increased understanding of retail transformation as a phenomenon as well as the ability to identify the features of its nature and to provide propositions for market-level implications.

Third, retail research can often be categorized as "thinking small on issues" rather than as addressing "big picture" topics that are of keen interest to scholars and managers (Brown & Mantrala, 2017). Since retail transformation, as a topic, exceeds the explanatory powers of one dissertation, selecting BMs as a theoretical lens provides this research with a focused frame.

1.4 Purpose of the dissertation

While the drivers that are changing retailing have previously been studied, retail transformation—in its current form—has remained underexplored, particularly from a business perspective. Hence, the purpose of this dissertation is to explore and analyze retail transformation from a BM perspective. As a result, this study provides an increased understanding of retail transformation as a phenomenon, thus aiding firms in finding their ways of navigating in it. To address the research purpose, this dissertation investigates traditional retail markets and retail-related markets, then subsequently adjusts the insights obtained into the same framework. Figure 1 represents the research setting and shows how this introductory section addresses the research phenomenon, purpose, and aim by combining four separate articles with different viewpoints, which then leads to the generation of propositions.

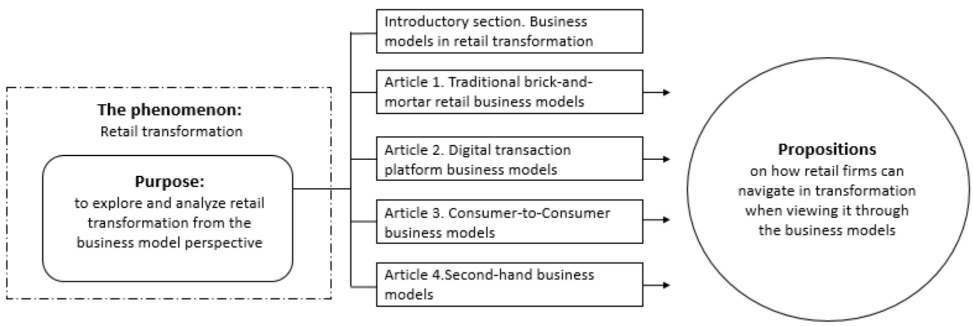

Figure 1. The research setting

This dissertation contributes to marketing science and specifically focuses on strategic marketing management. Strategic marketing has an interest in the behavior of firms and seeks positively differentiative responses in relation to consumers, customers, competitors, and other stakeholders in marketplaces (Varadarajan, 2018). It introduces key concepts, such as value proposition, competitive advantage, and marketing strategy (Varadarajan, 2010). Marketing management, therefore, focuses on understanding how managers should market their firms' goods and services to customers (Shaw & Jones, 2005). It deals with concepts such as marketing mix, customer orientation, and segmentation. Consequently, strategic marketing management concentrates on selecting priorities and making beneficial trade-offs (what will be done, what will not be done) in order to harness marketplace demand and execute competitive advantage in pursuing market strategies (Andersson et al., 2006).

1.5 Outline of the dissertation

To address the research purpose, this dissertation consists of five chapters. The introductory section describes the research phenomenon, research setting, and provides an overview of the four included articles. The second chapter describes BMs and outlines the retail business model (RBM), in particular. The third chapter presents the selected methodology and elaborates on the paradigm, research strategy, and methods used in the four articles. The fourth chapter presents the four articles themselves, their key findings, and the role that the author of this dissertation had in the creation of each article. The fifth chapter combines the insights from the articles and the introductory section into the same framework, presenting impacts on RBMs by specifying the theoretical contributions through propositions. Additionally, managerial implications are discussed, dissertation quality is critically evaluated through research limitations, and future research suggestions are provided. The conclusion ends this dissertation.

Table 1. The articles that address the research purpose

Article/Section	Perspective	Purpose
Introductory section	Retail transformation	To explore and analyze retail transformation through the BM perspective
Article1: Business model opportunities in brick-and-mortar retailing through digitalization	Retail managers	To explore how managers in dyadic retailing address the changing retail environment by adjusting their BMs
Article 2: From customer to actor value propositions: An analysis of digital transaction platforms	Differentiation in markets	To explore how BMs that are positioned in triadic relationships are differentiated through value propositions
Article 3: Business model activities in C2C e-commerce	Value creation in markets	To explore and analyze how a retail BM is designed when value creation occurs in networks (i.e., partner networks, value networks)
Article 4: A typology of second-hand business models	Designing BMs	To explore and identify how the characteristics of BMs differ as a result of selection in relation to retailers' position in dyadic or triadic relationships

The four included articles generate insights into retail transformation (Table 1.). They all explore and analyze retail BMs from different viewpoints and in different contexts. Article 1 sets the stage for this dissertation by exploring current brick-and-mortar retail markets, concentrating on how retail managers adjust their BMs in the changing retail environment. Articles 2 and 3 address the BMs themselves and extend the focus onto digital intermediaries. Article 2 explores how digital transaction platforms use value proposition to differentiate from competitors in retail markets. Article 3 explores how a BM is designed when value creation occurs in networks. Finally, Article 4 characterizes BMs by describing how the roles of firms, positioned in different relationships between selling and buying actors, drive their selection of a certain BM. The introductory section combines these articles together and introduces propositions that firms should take into account during the retail transformation process.

2 CONCEPTUALIZING THE RETAIL BUSINESS MODEL

This chapter conceptualizes the RBM that provides the theoretical lens for this dissertation. The first part of this chapter seeks to clarify the roles that a BM effectuates in prior literature. Toward that aim, it starts by briefly introducing the evolution of BM as a concept. Then, various uses of BM are identified and multiple focuses of BMs are uncovered. The second part of this chapter takes the BM into the context of retailing. As a result, the concept of RBM is introduced and defined.

2.1 The business model as a concept

The BM concept originates in the works of Drucker (1954) and Bellman et al. (1957), which constitute the original attempts to provide viewpoints that would explain what business is and how it works. After the rise of the Internet and information technology in the late 1990s, BMs gained extensive popularity (Amit & Zott, 2001; Afuah, 2003; Osterwalder, 2004). In those days, academics began to consider the concept as a form of logic for value creation, particularly focusing on online environments (e.g., Amit & Zott, 2001; Timmers, 1998). From then until the present, interest in this research topic has constantly been increasing (Wirtz et al., 2016; Cuc et al., 2019). For instance, in addition to marketing science, the BM concept has received particular scholarly attention from management research fields, such as strategic management, entrepreneurship, and technology management (Doganova & Eyquem-Renault, 2009; Chesbrough, 2010; Christensen et al., 2016; Wirtz et al., 2016). In relation to these developments, the efforts to attempt to interpret and explain the conceptually distinctive roles of BMs have risen (e.g., Wirtz et al., 2016; Zott et al., 2011), strengthening the lack of consensus related to BM definitions (Shafer et al., 2005; Foss & Saebi, 2018; Massa et al., 2017; Wirtz et al., 2016; Zott et al., 2011). However, in order to capture some of the BM essence, an identification of research orientations from the prior literature can provide opportunities by describing the multi-usefulness of the concept. Research orientations indicate where the research interests lie, according to BMs, with respect to how business works, how business is conducted, how it is possible for businesses to remain relevant or what can be learnt through BMs (e.g., Massa et al., 2017).

2.1.1 Orientations of business model research

The first orientation captures how business works by describing BM as an input-output system for turning intangible assets into tangible value (Wirtz et al., 2016; Kaplan et al., 2004). For example, BMs have been exploited to help identify value sources (Amit & Zott, 2001; Shafer et al., 2005) and to recognize the core logic of how a firm operates and creates value for stakeholders (Casadesus-Masanell & Ricard, 2010; Teece, 2010).

The second orientation is used in research that is interested in how business can be conducted by focusing on mechanisms that enable the initiation of required value creation building blocks, such as resources (Barney, 1991; Hunt & Morgan, 2017), activities (Amit & Zott, 2001; Zott & Amit, 2010; Gulati et al., 2000; Shafer et al., 2005), and organizational capabilities (Cepeda & Vera, 2007; Conner & Prahalad, 1996; Helfat & Martin, 2015; Winter, 2003; Schilke et al., 2018). For instance, such research has generated and introduced managerial tools for structuring (Johnson et al., 2008; Amit & Zott, 2001), building (Osterwalder et al., 2005; Osterwalder & Pigneur, 2010), implementing (Magretta, 2002; Zott & Amit, 2010), and testing BM abilities to perform (Chesbrough, 2007; Casadesus-Masanell & Ricard, 2011).

The third identified orientation is interested in market dynamics and competition from a firm perspective, seeking ways to firms to remain relevant by leaning on the idea that no business survives in the long term without reinventing itself (Bertolini et al., 2015; Johnson et al., 2008; Mehrizi & Lashkarbolouki, 2015). For example, to retain success, related BM research has focused on external and internal change drivers (Amit & Zott., 2012; Sorescu et al., 2011; Johnson et al., 2008), competition-oriented BM development (Casadesus-Masanell & Ricard, 2011), and creation of new BMs (Chesbrough, 2007; Johnson et al., 2008).

The fourth orientation relates to the research interest into business-related issues that can be observed through BMs. For instance, organizational behavior and sense-making (Ring & Rands, 1989), environmental scanning or dynamic capabilities (Teece, 2007, 2010), and cognitive antecedents for redesigning business (Amit & Zott, 2015; Martins et al., 2015) provide illustrations of this research interest stream.

Altogether, BM is a multiuse concept that provides opportunities for understanding, conducting, competing, and learning. Although these observations are important in order to understand different perspectives on how BM is exploited, they also serve other, different purposes and, thus, various concentrations.

2.1.2 Uncovering multiple focuses of a business model

The BM definitions discussed in this section are selected on the basis of their appearance in the RBM literature. Interestingly, the studies in which these definitions are found each cover more than one of the orientations identified in previous section. For instance, Amit and Zott (2001) concentrate conceptually on how business works and how it can be conducted, while Johnson et al. (2008) combine how business can be done in changing environments enabling to remain it relevant. Teece (2010) sets interest in learning through dynamic capabilities on how business can remain relevant. Morris et al. (2005) suggest that it is possible to bring order to the various perspectives, according to the principle of emphasis on the definitions. The suggestion proposes to categorize definitions through the three labels—operational, economic, and strategic—that can reveal the comprised key focus or focusses. Each of focus is discussed after Table 2, that represents the selected definitions and categorizes them in accordance with the criteria proposed by Morris et al. (2005).

Table 2. Categorizing selected BM definitions

Author/Authors	Definitions and characterizations	Focus
Amit and Zott (2001, p. 511)	"A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities."	Operational
Casadesus-Masanell and Ricart, (2010, p. 198)	"A business model is made of…the concrete choices made by management about how the organization must operate, and the consequences of these choices…e.g., contracts, decisions, and practices related to policies, assets, and governance."	Operational
Johnson et al. (2008, p. 52)	"A business model 'consists of four interlocking elements that, taken together, create and deliver value'…These four interlocking elements consist of 'customer value proposition,' 'profit formula,' 'key resources' and 'key processes'."	Operational
Osterwalder and Pigneur (2010, p. 14)	"A business model describes the rationale of how an organization creates, delivers and captures value."	Operational
Teece (2010, p. 173)	"A business model defines how the enterprise creates and delivers value to customers, and then converts payments received to profit."	Operational Economic
Amit and Zott (2001, p. 515)	"A business model is more than a revenue model, i.e., the specific modes in which a business model enables revenue generation."	Economic
Magretta (2002, p. 4)	"Business model are stories that explain how an enterprises work."	Strategic
Morris et al. (2005, p. 727)	"A business model is a concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets."	Strategic
Shafer et al. (2005, p 174)	"A business model is 'a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network' and it is this core logic for creating and capturing value that is the basis of a business model."	Strategic
Teece (2010, p.179)	"A business model articulates the logic, the data, and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value."	Strategic

The *operational* definition shifts the focus onto the internal design of a BM (Morris et al., 2005). Here, a BM describes the rationale of how a firm creates and delivers value, including content, structure, and governance (Amit & Zott, 2001; Osterwalder & Pigneur, 2010). The content refers to activities that connect a BM as a coherent entity, such as sales activities, that bundle manufacturing, logistics, and customer service into one experience (Amit & Zott, 2001). The structure of a BM involves elements, components, or functions (Johnson et al., 2008; Casadesus-Masanell & Ricart, 2010). For example, a customer value proposition (CVP) identifies a market segment, while profit formula, key resources, and key processes define the structure of the value chain and describe the position of a firm within the value network

(Johnson et al., 2008; Casadesus-Masanell & Ricart, 2010). Additionally, governance encapsulates rules, company policies, managerial choices, and their consequences in value creation mechanisms, addressing also external requirements, such legislation, regulations, and public policies (Casadesus-Masanell & Ricart, 2010). Hence, the operational focus perceives a BM to be a system for configurating the infrastructure of how value is created and delivered.

The *economic* definition shifts the focus onto the logic of profit generation (Morris et al., 2005). As Teece (2010, p. 173) points out, a BM defines how received payments are converted into profit. Consequently, a BM can be observed as an input output system, structuring the economic exchange (Zott et al., 2011). Traditionally, in business, appropriation centers around transactions, where the received price and the transaction costs either enable or disable the occurrence of profitable exchange (Teece, 2010; Zott & Amit, 2010). Since cost structure is generally branch-related, the BM literature has focused on the relation between efficiency and income, outlining the architecture of the revenues, costs, and profits associated with capturing value (Teece, 2010). Additionally, in their definition, Amit and Zott (2001) emphasize specific modes that enable revenue generation by referring to partner networks and various forms of cooperation, which increase the earning opportunities in above mentioned transactions. Therefore, the economic focus views a BM as an architectural system that enables a firm to capture monetary value.

The *strategic* definition shifts the focus onto the interplay between BM and strategy (Morris et al., 2005). The overarching goal of a strategy is to achieve sustainable competitive advantage (Morris et al., 2005). Although the way in which a BM works with strategy depends on perspective, they nevertheless walk together. For instance, a market positioning strategy and a CVP both aim to reach a desirable customer base by creating narratives for drawing their attention (Magretta, 2002). However, when a strategy seeks a competitive edge (i.e., demand gap) from markets, a BM focuses on engaging customer groups that represent the selected demand gaps exactly (Magretta, 2002; Teece, 2010). Additionally, a BM provides an opportunity to position into partner networks (Shafer et al., 2005), thus expanding a firm's boundaries for value creation. Consequently, the strategic focus observes a BM as system that defines the ways of and mechanisms for executing endeavors that aim toward reaching competitive advantage.

Observing BMs through these three labels (operational, economic, and strategic) (Morris et al., 2005) helps uncover focuses that characterize BM objectives. First, the operational definitions indicate an objective of enabling a firm to create and deliver value. Second, the economic definitions indicate an objective of enabling a firm to capture value. Third, the strategic definitions indicate an objective of enabling a firm to propose value to markets. However, extensive interest toward BMs (Shafer et al., 2005; Foss & Saebi, 2018; Massa et al., 2017; Wirtz et al., 2016; Zott et al., 2011) has increasingly blurred the BM role and has led to misinterpretation and confusion (Da Silva & Trkman, 2014). Consequently, the next section seeks to clarify the different roles of BMs.

2.1.3 Clarifying the roles of a business model

BMs have multidimensional roles. During the industry transformation, these roles can be shaped, changed, or renewed. This means that it can be beneficial, since the aim is to build a theoretical lens, to provide some clarifications regarding BM roles when a firm is in the process of pursuing its objectives.

According to studies by Osterwalder and Pigneur (2010), Amit and Zott (2001), Casadesus-Masanell and Ricart (2010), and Johnson et al. (2008), three key examples can be observed that illustrate BM roles in the operational focus area. For instance, a BM here concentrates on designing activities (e.g., manufacturing, operations, logistics, sales, service, or marketing) in order to enable the creation of a coherent system for value creation. Consequently, a BM can help to identify the extent to which (i.e., relation between expectations and efficiency requirements) it is beneficial to create value. Furthermore, a BM here details how value is delivered (e.g., through the interplay between production or service delivery methods, administrative processes, resource flows, knowledge management, and logistical streams). Hence, instead of making decisions related to organizational structures, describing what value is created, and detailing the necessary value creation building blocks (i.e., resources or organizational capabilities), a BM concentrates on the mechanisms related to how value is actually created, how much value should be generated, and through which methods value is delivered.

In the economic focus area, according to studies by Morris et al. (2005), Amit and Zott (2001), and Teece (2010), there exist four key examples that clarify the BM role. For example, a BM concentrates on converting created value into monetary benefit. Consequently, one of the aims is to maximize revenue by outlining the architecture of revenue sources (e.g., pricing procedures, margins, and volumes). At the same time, a BM aims to maximize efficiency by optimizing the cost structure (variable and operational fixed costs). Additionally, a BM seeks to optimize the usage of existing assets (e.g., personnel, premises, or information systems). To conclude, these examples—instead of selecting value sources, product areas, markets, customer groups, or exact assets—illustrate that a BM can concentrate on mechanisms that enable the maximization of revenue and efficiency, as well as the optimization of asset productivity, in order to convert value into profit.

According to studies by Magretta (2002), Morris et al. (2005), Santos et al. (2009), Seddon et al. (2004), Shafer et al. (2005), and Sorescu et al. (2011), four key examples help clarify the BM role in the strategic focus area. For instance, a BM enables the adoption of an internal perspective by concentrating on how value creation can be organized within organizational structures. It thus comprises the execution aspect by detailing the mechanisms that are needed to move toward organizational goals. Hence, a BM enables the incorporation of operational limitations when outlining how a firm propose value. Furthermore, a BM can support strategic planning by providing operationally enlightened suggestions on the basis of critical insights that are not available elsewhere. To conclude, instead of editorializing or defining a firm's mission, purpose, or goals, nor selecting customers and making decisions in relation to the competition, a BM emphasizes internal organizing logic and execution aspect, while supporting strategic planning by providing insights and suggestions.

Table 3. Comparison of three literature streams that clarify BM roles

Focus	BM objective	Illustrative examples of BM roles
Operational internal designing of value creation	**To enable value creation and delivery** To configurate the infrastructure of how value is created and delivered	- To design and build an activity system that enables coherent value creation - To define a beneficial amount of value to be generated in order to meet expectations and efficiency requirements - To design, build, and govern the concepts that deliver value to customers
Economic the logic of converting value into monetary benefit	**To enable value capture** To create an architectural system that enables a firm to generate profit	- To maximize revenue by outlining the architecture of revenue sources, pricing procedures, margins, and volume - To maximize efficiency by optimizing cost structure, such as variable and operational fixed costs - To optimize asset productivity, such as personnel, premises, or information systems
Strategic internal organizing logic for achieving sustainable competitive advantage	**To enable proposing value** To detail the mechanisms for moving toward organizational goals	- To outline the details of how a firm proposes value to customers - To execute and fulfil a CVP - To bridge operations and strategic planning by providing insights and suggestions

Presented examples characterize some aspects of BM essence and roles. Table 3 summarizes previous discussion by classifying the focuses, objectives, and illustrative examples that emerge from the literature and characterize the contents of potential BM roles.

2.2 The retail business model

2.2.1 Characterizing the retail business model

While there has been tendency toward growth in BM research, RBMs have not received as much attention (Cao et al., 2018). In the extant RBM literature (academic and practice), only six studies currently pursue the creation of a generic RBM definition. Genericity, in this context, refers to an attempt to capture fragmented views in one definition. Each existing generic definition is presented in Table 4.

Table 4. The generic definitions of a RBM

Author/Authors	Definitions	Key origins
Esquivias (2010, p. 3)	"RBM is an integration of customer value proposition (product offering, service offering, shopping experience, pricing and revenue model) and operating model (organization, sourcing, store operations, value chain)"	Consultancy
Sorescu et al. (2011, S. 5)	"A retail business model requires explicit consideration of interdependencies among, and choices of: (1) the format that describes the way in which the key retailing activities will be sequenced and executed, (2) the diverse activities that need to be executed to design, manage, and motivate the customer experience, and (3) the governance of actors that perform these activities, the roles they play and the incentives that motivates them."	Amit and Zott (2001) Shafer et al. (2005)
Cao (2014, p. 72)	"A retail business model consists of (1) a set of choices concerning target clients, (2) the shoppers' value proposition and the retail value chain, and (3) the set of consequences represented by the profit formula."	Amit and Zott (2001) Casadesus-Masanell and Ricart (2010)
Cao et al. (2018, p. 545)	"Retail business model is choices of structure of the value chain, customer and value proposition to these customers. The consequences describe whether the firm can create and deliver value to customers and to itself."	Zott and Amit (2010) Magretta (2002) Morris et al. (2005) Johnson et al. (2008) Sorescu et al. (2011) Teece (2010) Casadesus-Masanell and Ricart (2010)
Viswanadham, (2018, p. 996)	"Traditional RBM: Customer value proposition, Customer segments, Profit formula, Partner network, Governance, Retail service chains, Delivery technologies & mechanisms, Resources, Institutional and Social constraints."	Osterwalder and Pigneur (2010)
Haas, (2019, p. 1041-1042)	"RBM includes elements: Value proposition, Client relations, Partner relations, Vertical integration (value chain stages), Horizontal integration (sales and communication channel), Value appropriation."	Amit and Zott (2001) Casadesus-Masanell and Ricart (2010) Johnson et al. (2008) Osterwalder and Pigneur (2010)

Esquivias (2010) takes an operational perspective and puts forth a definition that seeks to incorporate organizational activities and customer needs into retail businesses. Another popular definition is by Sorescu et al. (2011), and it adopts a system perspective, emphasizing RBM-related elements that are required for value creation as well as the choices firms need to take in order to create BM that provides a coherent entity. On the other hand, Cao (2014) focuses on external and internal environments and relates them to a RBM by drawing a picture of the relationships between target customer selection, CVP, and the firm's ability to capture value, i.e., to make profit. Furthermore, Cao et al. (2018) highlight the choices that retail firms need to make in order to conduct business, especially in relation to the value chain seen as a key RBM structure. Slightly controversial in comparison with the previous definitions, Viswanadham (2018) turn, more specifically, toward identifying externalities, such as regulations, laws, and policies, that create stress on RBMs. Furthermore, Haas (2019) conducts an extensive literature review, seeking to identify elements and critical stakeholders related to successful RBMs, particularly focusing on previous RBM case studies. Altogether, these studies have built on business-to-customer (B2C)-related RBMs from various firsthand (selling new products to customers) product areas (including food, non-food, consumer goods, and durable goods) in local and global market types (i.e., physical retailing and online retailing).

On the basis of these definitions, three key characteristics of RBMs can be identified. First, the primary retailer business logic is to sell products manufactured by others (Cao, 2014; Cao et al., 2018; Sorescu et al., 2011). This leads to a narrowed focus on product assortment that is unlikely to create a competitive advantage because the equal product assortment is available to competitors as well (Sorescu et al., 2011). Second, retailers focus on creating customer value in marketplaces (Esquivias, 2010; McArthur et al., 2016). Hence, RBMs are typically designed to serve dyadic relationships that are characterized by direct interactions with end customers and aim to underscore the importance of customer interface, relationships, and ability to engage customers (Sorescu et al., 2011; Haas, 2019). Third, RBMs seek to enable consumption to begin (McArthur et al., 2016) by centering exchanges around transactions and transfers of product ownership (Viswanadham, 2018; Coughlan et al., 2001). Therefore, when a retailer seeks to gain competitive advantage (e.g., Jin & Shin, 2020), the focus should not only be set on what is being sold but, more importantly, on how the retailer sells as well (Sorescu et al., 2011). Keeping in mind these notions, the next section builds a more concrete RBM conceptualization.

2.2.2 Elements of a retail business model

A RBM provides a theoretical lens for this dissertation. To develop a comprehensive view, this section provides a synthesis of studies that have provided a generic RBM definition. Table 5 conceptualizes the five key RBM elements and identified mechanisms, which enable retailers for communication, creation, delivery, and capture of value. Subsequently, the identified RBM elements are discussed in more detail.

Table 5. A synthesis of selected RBM literature

<table>
<tr><th>RBM element</th><th>Purpose</th><th>Mechanisms</th><th>RBM objective and focus</th></tr>
<tr><td>Customer value proposition (CVP)</td><td>Defines how a retailer is positioned in the market, competes against competitors, and attracts customers</td><td>Firm mission (C)
Market, target customers, and segments (C, D, E)
Retail mix (A, B, C, E, F)
Customer reward (C)</td><td>Proposing value within the strategic focus area</td></tr>
<tr><td>Format</td><td>Describes the way in which key retailing activities are sequenced and executed to fulfill a CVP</td><td>Concepts and formats (B, C)
Customer interface design (B)
Channels and channel coordination (B, E, F)
Shopping experience (A, F)
Customer relations (C, D, E)</td><td rowspan="3">Creating and delivering value within the operational focus area</td></tr>
<tr><td>Activities</td><td>Diverse activities that need to be executed for enabling a format for fulfilling a value proposition and to design, manage, and motivate the customer experience</td><td>Value chain activities (A, C, D, F)
Service chain activities (F)
Connecting systems (B)</td></tr>
<tr><td>Governance</td><td>Rules, policies, and factors that define the actors who perform activities, the roles they play, and the incentives motivating them</td><td>Resources, roles, incentives, and partner networks (B, E)
Information systems and organization (C)
Regulations, policies, and privacy (E)
Taxes, laws, and product safety (E)</td></tr>
<tr><td>Profit formula</td><td>A consequence of a retailer's ability to fulfill a CVP effectively, efficiently, and in a differentiating manner</td><td>Revenue model (C, E, F)
Cost structure (C, E, F)
Margin model (C, E, F)
Resource velocity (C, E, F)</td><td>Capturing value within the economic focus area</td></tr>
<tr><td colspan="4">Key literature sources of each RBM element:
A. Esquivias (2010). B. Sorescu et al. (2011). C. Cao (2014). D. Cao et al. (2018). E. Viswanadham (2018). F. Haas (2019).</td></tr>
</table>

A **customer value proposition (CVP)** identifies target clients and provides a statement regarding why they should purchase a product or service (Cao, 2014 p. 71). It also serves as a guide for how an organization interacts with its customers (Day & Moorman, 2010; Johnson et al., 2008). Consequently, a CVP serves multiple purposes: 1) to position a brand or firm in the market, 2) to shape perceptions of value, 3) to guide an organization's efforts, and 4) to influence the relationships that an organization develops (Payne et al., 2017; Frow et al., 2014; Yrjölä, et al., 2018). Retailers have multiple options when constructing CVPs. The most common way of doing so is to highlight the retail mix factors (Esquivias, 2010; Sorescu et al., 2011; Cao, 2014; Viswanadham, 2018; Haas, 2019). This can include a differentiative mixture of product assortment, customer pricing, location, or convenience factors (Levy & Barton, 2008). For instance, CVP has been phrased as follows: "Everyday low prices for a broad range of goods that are always in stock in convenient geographic locations" (Walmart, U.S.). Another, or complementary, option is to communicate the firm's mission (Cao, 2014). This mission normally consists of higher values, such sustainability, safety, or equality—e.g., "to be the world's most sustainable retailer" (K-group, Finland) or "to be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online" (Amazon, U.S.). Yet another, also complementary, option is to communicate what the customer rewards are (Cao, 2014). A widely addressed topic in this context is that of customer loyalty programs that can delivery multiple rewards, such as savings, money return based on overall purchases, reverse use of customer data to support product selection, healthier diet, etc. Hence, a CVP is a key part of a RBM in relation to communicating a proposed value to customers.

The retailing **format** refers to the structure that enables retail activities to be sequenced, organized, and managed in a coherent manner in order to fulfil the CVP (Sorescu et al., 2011). Formats are exactly those marketplaces—i.e., arenas—in which retailers connect their production and consumption activities (McArthur et al., 2016) and deliver value to customers. In the retail landscape, there are multiple recognizable marketplace concepts and formats, either physical or virtual, that are specifically designed or selected for certain value creation and delivery purposes (Sorescu et al., 2011; Cao, 2014). For example, in grocery retailing, generally familiar formats—such as convenience stores (e.g., Seven Eleven), supermarkets (e.g., Delhaize), mass merchandizers (e.g., Costco), or online stores (e.g., Mathem)—vary, for instance, in terms of assortment size, pricing strategy, and location selection. Another differentiation factor is customer interface design. Currently, due to multiple channel strategies, the format selection no longer only lies between convenience-, specialty-, or brand-oriented marketplaces (Sorescu et al., 2011) but also includes making the choice between physical and virtual environments (Keiningham et al., 2017; Bleier et al., 2019) and their respective level of integration in customer touchpoints (Haas, 2019; Viswanadham, 2018; Sorescu et al., 2011). The aim to create experiences, by providing a coherent service entity for customers, significantly influences format design and shopping experience planning in marketplaces and when switching between the channels (Esquivias, 2010; Haas, 2019). To sum up, retail format is a key element of RBM because it constitutes the means through which a proposed value is delivered.

Retail **activities** refer to the selection of specific activities through which value is created (Sorescu et al., 2011). Activities such as procurement, logistics, store operations, promoting, and marketing generate key processes for a retail firm (Cao et al., 2018; Sorescu et al., 2011). Furthermore, services have become an influential part of retail offerings produced by retail or service providers in inter-organizational networks (Viswanadham, 2018). Consequently, well-designed bonding of activity groups enables a retailer to create a system, that allows to increase the total amount of value, instead of having value be created independently by each activity (Amit & Zott, 2001). Hence, an activity system is dependent on a firm's ability to plan and manage interdependencies of selected activities (Zott & Amit, 2010). In addition, an activity system enables a firm to go beyond the boundaries of its existing premises (Zott & Amit, 2010). While retailers serve one part of the value chain (Cao et al., 2018; Haas, 2019), activity systems enable connection, cooperation, and enhanced value creation through partner and other value networks (see Shafer et al., 2005; Gulati et al., 2000; Sorescu et al., 2011). This has, for instance, led to the introduction of third-party logistic operators, marketing agencies, technology providers, and procurement cooperation networks as a form of leverage activity systems in value creation. The selection of specific activities is influenced by format selection (Sorescu et al., 2011). In summary, retail activities and activity systems provide a retailer with an opportunity to deliver increased value creation, outsource certain operations or processes, seek cost savings and synergies, and learn through cooperation, potentially being a source for differentiation and competitive advantage (see Porter, 1996). To conclude, value is created through retail activities (and activity systems), which are a critical part of a RBM.

Corporate **governance**[3] refers to the system of laws, rules, and factors that controls the operations at a company (Gillan & Starks, 1998). Control mechanisms emerge from both the external and internal firm environments. Externally, retailing—as any other industry—is subject to local regulations, taxes, and laws. This is characterized by, for example, product safety requirements, information privacy policies, city planning processes, or regulations on operating hours. Internally, governance describes the overall management approach through which executives direct and control the entire organization network using a combination of management information and hierarchical or decentralized management control structures (Viswanadham, 2018. p. 991). This includes resource selection and the use of organizational and external capabilities. Managing resource allocation potentially leads to effectiveness and efficiency in value creation. The notion that the creation of high-quality value and its delivery to the market require a thoroughly innovative use of resources (Viswanadham, 2018) highlights the competitive nature of resource use. Furthermore, how a firm combines required capabilities involving those of its actors who represent its resources or act as resource gatekeepers (the firm itself, customers, partners, or other value sources) defines the roles that each of actor plays and the mechanisms that are used to motivate them (Sorescu et al., 2011). Consequently, selecting and managing relationships is an important part of BM governance (Zott & Amit, 2010; Schafer et al., 2005). Finally, the governance of activities enables appropriate decision-making to take place as well as provides the control mechanisms that would ensure that strategies, directions, and instructions from the management are carried out systematically and effectively (Viswanadham, 2018). To sum up, retail governance, as a key RBM element, ensures that external requirements set by local legislators are adopted and defines which actors perform the value creation and sets the incentives for them.

The **profit formula** defines how a company creates value for itself while fulfilling the needs of its customers (Viswanadham, 2018, p. 989). The profit formula is influenced by two potential approach strategies: growth or productivity (Kaplan et al., 2004). The growth strategy aims to expand a firm's revenue and margin opportunities as well as to enhance customer value (Kaplan et al., 2004). Revenue and margin expansion can, for instance, be achieved by increasing the market share,

[3] Governance is a term used in BM literature that refers to a system for how firms motivate, control, and manage resources, as well as capabilities for enabling value creation (Amit & Zott, 2010; Shafer et al., 2005; Sorescu et al., 2011). Thus, there are differences in the other approaches that refer to governance, for instance, as ways to protect the interests of the owners and other investors, to set a broad direction for the executive management and to monitor their activities, or as in practice, in which the concept is easily contrasted with a firm's strategy.

expanding to new markets, accelerating customer purchase frequency, or increasing customer prices (Johnson et al., 2008). Conversely, the productivity strategy aims to improve a firm's cost structure and increase its asset utilization (Kaplan et al., 2004). Cost structure includes the cost of key assets, direct costs, indirect costs, and economies of scale (Johnson et al., 2008). Increasing asset utilization refers to, for example, accelerating the velocity of tied-up capital on products (Johnson et al., 2008). Traditionally, in retailing, appropriation is tied to transaction, meaning that a retailer sells a product to a customer and earns the margin. Currently, retailers have sought new revenue streams—for instance, selling advertising space or data, renting product spaces in store shelf-ends, or providing logistic services to other industry companies (e.g., Walmart, Sears) (Haas, 2019). Consequently, profits need not necessarily be from products alone (Viswanadham, 2018). Significant cost factors in retailing include the costs of physical stores, personnel, supply chain operations, and product purchasing, especially current product assets (e.g., Cao, 2014). However, a firm's financial status, ability to invest, and response to market changes are also dependent on factors beyond BMs. In summary, the profit formula is a key RBM element, aiming to capture value.

2.3 The retail business model as a lens for retail transformation

While previous generic definitions describe a RBM as a set of choices or considerations of interdependencies (Cao, 2014; Cao et al., 2018; Sorescu et al., 2011) that integrate (Esquivias, 2010) the key elements (Viswanadham, 2018; Haas, 2019), none of them clearly underscore its competitive side, where a RBM plays an additional role as well. The case of industry transformation competition should especially be emphasized here. Accordingly, in this dissertation, a RBM is defined as "a tool for connecting production and consumption that captures the distinctive logic of proposing and creating value for actors in ways that enable a retailer to generate profits." Through the five key elements described in Section 2.2.2 (CVP, format, activities, governance, and profit formula) and by combining considerations from the strategic, operational, and financial focus areas, a RBM can attain its objectives—proposing, creating, delivering, and capturing value. Differentiation can occur in one of the elements or in a bundle of elements. CVP takes on a strategic focus that positions an offering to customer groups by communicating the firm mission, retail mix, and customer benefits, thus proposing value to markets. Format, activities, and governance aspects all adopt an operational focus, setting the structures that enable exchange to take place as well as organization when creating and delivering proposed value. Format represents the customer interface and the construction of shopping channels as marketplaces. Activities combine the value chain and the service chain in order to enable a coherent entity for value creation. Governance sets the rules, policies, and procedures for answering the external requirements and for providing a management system for an organization itself. The profit formula takes an economic focus, illustrating business logic that enables the generation of profits by fulfilling customer needs. The RBM framework is presented in Figure 2.

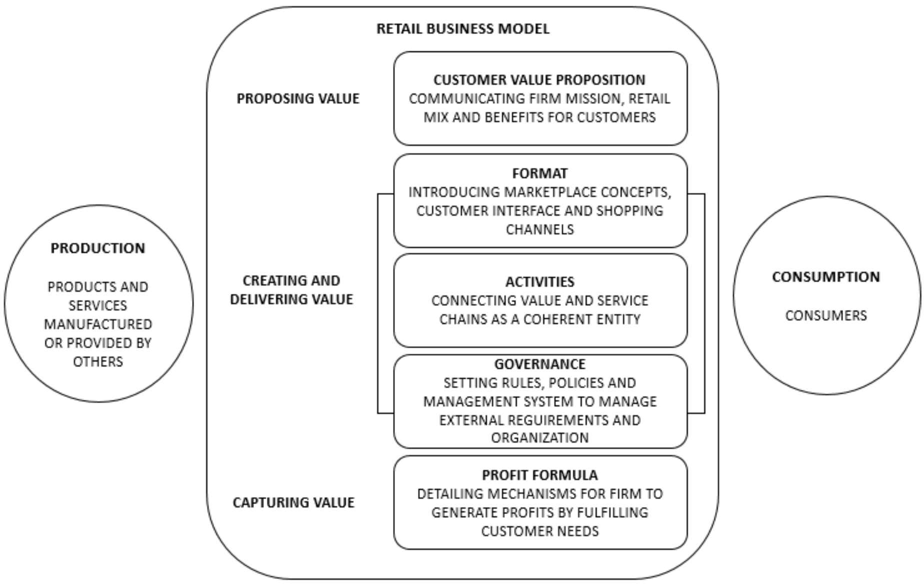

Figure 2. The RBM framework

The RBM, as a theoretical lens, provides several opportunities for exploring transformation. RBMs, similarly to BMs in general, adopt multiple focuses. Additionally, according to BM objectives, proposing value positions a firm into customer groups in markets, and value propositions, as a mechanism, communicate how a firm is doing this. Consequently, a RBM enables the identification of what value is proposed and to whom, differentiating a retailer from its competitors in customers' minds. Furthermore, value creation and value delivery, which is typically a retailer's priority, occur in the interplay between format, activities, and governance. Hence, a RBM allows the identification of mechanisms, participating actors, their respective roles, and responsibilities, explaining various ways in which value is created and delivery designed. Lastly, a firm captures value through its profit formula. However, as mentioned earlier, the emergence of new retail forms serves actors from both the supply and demand sides in dynamic retail markets without permanent structures (Day & Moorman, 2010; Shafer et al., 2005; Amit & Zott, 2001; Zott & Amit, 2010). To conclude, a RBM provides a fruitful theoretical lens through which to study industry transformation, giving insights into how the characteristic that describe traditional retailing (e.g., selling products and services manufactured by others, creating value in marketplaces, and positioning into dyadic relationships) are challenged or even changed.

3 RESEARCH PROCESS

3.1 Research approach

Theories help researchers see the world through a focused lens (Klein & Myers, 1999). To address the study purpose, which is to explore and analyze retail transformation from the BM perspective, the nature of this dissertation is explorative. The general aim that guides this dissertation is to develop new ideas and constructs (Yadav, 2010). Consequently, this dissertation is characterized by "discovery, description and meaning" rather than "prediction, control and measurement" (Laverty, 2003, p. 21). The current chapter represents these philosophical selections made from the existing research conducted from ontological and epistemological perspectives. These selections have guided the specific methodologies of the included articles as well as the theoretical choices made in this dissertation.

Scientific research is built upon philosophical foundations that evaluate the quality of science and its relationships with truth (Arndt, 1985; Kuhn, 1962). This particular paradigm concept—a scientific worldview—expresses a set of dominating beliefs and the way in which problems are understood and addressed (Kuhn, 1962; Maxwell, 2008). This paradigm includes both ontological and epistemological assumptions (Arndt, 1985; Orlikowski & Baroudi, 1991). The ontological questions concern how the nature of reality is seen, while the epistemological questions concern how knowledge of that reality can be captured (Järvensivu & Törnroos, 2010; Lincoln & Guba, 2000; Easton, 2002). Consequently, "Paradigms deal with the proper domain of a science, the research questions it should ask, and the rules to follow in the interpretation of the results" (Ardnt, 1985, p. 11).

Järvensivu and Törnroos (2010), leaning on the works of Lincoln and Guba (2000) and Easton (2002), introduce a continuum (naïve realism, critical realism, moderate constructionism, and naïve realism) of ontological and epistemological worldviews (i.e., paradigms). At the one end of the continuum, naïve realism is situated, which researchers ontologically believe—that only one reality exists and that it can be known with exactness. Epistemologically, naïve realists aim to model that reality through empirically objective observations. At the other end of the continuum, naïve relativism lies, wherein the ontological view is that various views of reality exist and that all truths are valued as equally good. Epistemologically, the focus is set on understanding socially constructed realities as differing in form from the subject, thus emphasizing the role of the observer in interpreting meanings of the given reality. At the middle of the continuum, critical realism and moderate constructionism are found. Critical realism leans upon the perception of one true reality but recognizes that there are limits for how accurately truth can be known. This moves the research aim closer to understanding reality—and, thus, the truth is seen as a consensus between objective empirical observations and scientific audience. Moderate constructionists think that there are multiple viewpoints of knowledge and truth. The research purpose, consequently, is to create new, useable knowledge through multiple viewpoints of the truth that exists in dialogues, critiques, and consensuses of different communities and empirical evidence.

Current research in the retail field uses of various theoretical grounds, such as marketing, microeconomy, consumer choice, and other psychological approaches (Brown & Dant, 2009), leaning toward various paradigms. Thus, retailing, as a context, does not necessarily limit the philosophical research selections. However, BMs, as a theoretical lens, "aid description and provide explanation" (Van de Ven & Johnson, 2006, p. 807) and "contribute applications that could be put to use in practice to achieve stated goals" (Miner, 1984, p. 297). Both moderate constructionist and critical realist paradigms provide a strong theoretical backbone in such a setting (Järvensivu & Törnroos, 2010). The significant difference between these paradigms lies in the concentration on solving problems (critical realism), instead of on uncovering the constructions that social actors make (moderate constructionism) (Bhaskar, 1978; Easton, 2010). Consequently, this dissertation applies the critical realist paradigm.

3.2 Critical realist paradigm

The critical realism derives from the early work of Bhaskar (1978) and, as a paradigm, it has become relatively popular, especially in the social science fields, including marketing (Easton, 2010). Critical realism assumes that the world and reality exist independently of our knowledge of them (Bhaskar, 1978; Easton, 2010). Science, or any other kind of knowledge production, is seen as a social practice produced by humans (Bhaskar, 1989). Hence, critical realism suggests that the ability to know lies only in the opportunity to observe and assess (Smith, 2006).

Critical realism acknowledges that knowledge is always influenced by history, culture, and social relationships. When understood as such, knowledge cannot be separated from social actors and cannot be completely accurate. Consequently, the concepts lying between knowledge and its object can never be free from flaws. Thus, critical realism accepts the idea that there are different types of knowledge with different characteristics (Mingers et al., 2013)—however, truth is always the best form of understanding about a phenomenon. The critical evaluation of a social phenomenon, as an object, is emphasized in order to obtain a more accurate description and understanding of reality (Sayer, 1992; Hunt, 1990).

Critical realists see that the world is structured around events and objects (natural or social) (Sayer, 1992), and critical realism is interested in relationships between objects and mechanisms that occur through events (Hunt, 1990; Easton 2002). Awareness of these relationships is seen as vital when evaluating knowledge (Sayer, 1992) due to the fact that structures do not generate regular patterns of events (Sayer, 2002; Easton, 2010). Critical realists think that science should, instead of asking how something can be known, strive to understand what the world should be like in order to generate a certain phenomenon (Smith, 2006). Thus, critical realism moves away from describing empirical events or orderliness and seeks understanding of their connecting mechanisms and the interactions potentially generated by observed events (Mingers et al., 2013).

Furthermore, critical realists accept the world as it is, acknowledging that social phenomena are intrinsically meaningful and, hence, that meaning is not only externally descriptive but constitutive as well (Easton, 2010). Critical realists construe rather than construct the world. As such, both quantitative and qualitative research methodologies can be employed (Hunt, 1990, 1994). Consequently, multiple forms of scientific reasoning logic (e.g., induction, deduction, abduction, retroduction), used to reveal the relations that lead to acceptance, can be applied (Sayer, 1992). However, as critical realism proceeds by trying to discover structures that generate patterns of events, researchers are only allowed to reason concerning the material world, causal relationships, and organizing systems. Therefore, according to critical realism, a proposition or hypothesis can either be supported or rejected but not confirmed (Mingers, 2000). Theories in critical realism are considered to be successful if they explain, predict events, or solve pragmatic problems in a certain time period—but they are never considered to achieve full accuracy (Easton, 2010; Hunt, 1992). For these reasons, the critical realist paradigm was selected as the underlying research philosophy for this dissertation.

3.3 Article-specific methodological choices

Because retail transformation, as a research phenomenon, is still in its early phase (Hänninen et al., 2018; Yrjölä et al., 2018), the following evolutionary aspects will reveal themselves over time. According to critical realism, no single truth is available in this type of research setting. Consequently, this research focuses on the flux between traditional and emerging ways of conducting retailing, seeking one potential truth in this specific phase of the current retail evolution. In this dissertation truth is defined as the best form of understanding related to retail transformation in ways that aims to create a consensus between empirical observations and scientific audience. Additionally, current developments are not commensurate but need to be constituted in ways that enable the increase of understanding beyond what we already know. The methodologies selected for data analysis were used to observe and assess connections and interactions between the events. Hence, all the articles included in this dissertation follow a qualitative research approach. Although adopting individual methodologies for their analysis, all the articles utilized a multi-case study strategy. This facilitated a broad study of RBMs for purposes of gaining insights that often arise from contradictory or paradoxical evidence (Quinn & Cameron, 1988). Additionally, it increased the likelihood of generating novel testable insights by pursuing theories that are likely to be empirically valid and that closely mirror reality (Eisenhardt, 1989). The articles in this dissertation study BMs in the context of retailing from multiple viewpoints. Article 1 focuses on the BM as an entity in a firm, Article 2 concentrates on value propositions, Article 3 scrutinizes value creation design, and Article 4 explores a firm's choices and implications regarding BM selection. Table 6 introduces the choices made regarding research approaches in each article and the rationale behind using them (see Yrjölä, 2015).

Table 6. Research approaches chosen for the articles

Article	Research approaches	Rationale for the choice
Article 1: Business model opportunities in brick-and-mortar retailing through digitalization	General approach: Qualitative approach	To offer access to study timely topic within real-life context
	Data generation: 26 semi-structure interviews and theoretical sampling	To enable participants to share explanations, descriptions, and interpretations of the phenomenon
	Data analysis: Content analysis—categorizing, coding, and deductively classifying the data	To receive a rich description of the retail practitioners' perspective
Article 2: From customer to actor value propositions: An analysis of digital transaction platforms	General approach: An explorative, qualitative multiple case approach	To aid in gaining understanding of the focal research phenomenon by illustrating its different aspects and dimensions
	Data generation: 58 case examples based on secondary data from 108 identified platforms	To perform an extensive review of suitable case examples, which offers the means to capture an evolving phenomenon
	Data analysis: Grouping, formal content analysis, and deductive categorization	To minimize the subjective assessment of researchers in the interpretation of value propositions
Article 3: Business model activities in C2C e-commerce	General approach: Qualitative approach, multiple case study	To reach deep understanding of the phenomenon occurring in fragmented markets
	Data generation: 18 case examples based on secondary data from 64 identified service providers, leading to identification of 362 actions	To capture the complexity, context, and activities at large
	Data analysis: Categorization, formal content analysis, classification, and comparison by combining inductive and deductive reasoning	To understand the patterns of fragmented field and to combine information in new ways to generate novel, data-driven structured insights
Article 4: Typology of second-hand business models	General approach: An explorative, qualitative multiple case approach	To understand the interactions between the phenomenon and context
	Data generation: 21 short case short case examples (vignettes)[4] based on secondary data from 64 identified service providers	To enable illustration of the research phenomenon and the interactions between the phenomenon and context
	Data analysis: Abductive systemic combining	To elicit iteratively contextualized patterns, mechanisms, and characteristics in order to build typology

[4] A case example or vignette refers to a short narrative that is used to create a detailed description of a certain moment in time (see Reinartz et al., 2011). Vignettes provide research opportunities to identify the interactions between the phenomenon and the context. They may be based on previous research findings or on real-life examples.

The articles are empirical in nature, incorporating real-life examples (Flyvberg, 2011). The data was gathered using semi-structured interviews and secondary sources, consisting of 90 case examples altogether. The datasets used in the articles are summarized in Table 7.

Table 7. Summary of the datasets used in the articles

Article	Type of data	Description of data	Context
Article 1: Business model opportunities in brick-and-mortar retailing through digitalization	Semi-structured interviews	26 semi-structured interviews, ranging from 30 to 60 minutes each and together totaling 16 hours and 42 minutes, resulting in 197 pages of interview transcriptions	Brick-and-mortar RBM
Article 2: From customer to actor value propositions: An analysis of digital transaction platforms	Identified platform services Each service providers' characteristics and value propositions	A total of 58 transaction platforms obtained from secondary data (firms' webpages, context-related websites, mobile applications, consultant papers, forums, and blogs) Transcripts of identified characteristics (firms lifecycle, origin, ownership structure, geographical reach, BM type, third-party access, offering, identification of sellers, and value propositions to all actors involved) of each case example	Multisided transaction platforms
Article 3: Business model activities in C2C e-commerce	Identified service providers Actor-related activities	A total of 18 service providers obtained from secondary data (firms' webpages, context-related websites, mobile applications, consultant papers, forums, and blogs) Transcripts of 362 identified actions (including processes, resources, and mechanisms)	Consumer-to-consumer (C2C) e-commerce
Article 4: Typology of second-hand business models	Identified service providers BM case examples	A total of 21 service providers obtained from secondary data (firms' webpages, context-related websites, mobile applications, consultant papers, forums, and blogs) Written case examples, including characteristics within internet-based, platform, sharing economy, and RBMs	Second-hand business

Article 1 analyzed data obtained from interviews with 26 practitioners. The country selection—U.K. and Finland—was made in order to identify extremities in European retail markets in accordance with IMD World Competitive Center studies. In Article 2, the data generation objective was to identify examples of digital transaction platforms that comprehensively reflect the diverse ways in which value propositions are used by online platform businesses. The dataset focused on identify digital transaction platforms that serve customer as a buyer, offer products and/or services (instead of being an innovation, social interaction, or knowledge sharing platform), and are open for third-party sellers. In article 3 the data generation objective was to identify digital service providers enabling consumers to extend product lifecycles. The dataset was ultimately constructed from case examples (i.e., services) in which a product was originally owned by an individual consumer, and by using the services the product ownership is eventually transferred to another individual consumer. Article 4 aimed to identify multiple cases that capture the variety of different BMs currently being used in the selected global markets. Hence, it is clear that the data collection process was not limited to a specific offering, geographic area, or business strategy but was open-ended and exploratory. The two guiding principles were that the cases had to be strongly linked to the second-hand economy and that the search should be redirected and refocused in accordance with what was learned during the previous phases of the data collection process. The final dataset was selected after an assessment by the authors, where comparisons were made, and discussions were held with the aim for the case selection to reflect a wide variety of BMs. To sum up, the articles provide specific reinforcement of the background information on which the theoretical lens is built. Specifically, the data set combines the perceptions of managers from traditional retailing with recent case examples of BMs in the retail landscape. Additionally, the data set includes illustrations from other connected service industries (e.g., hospitality, transportation, and reparation), adding a link to cross-industry competition to the examination. Furthermore, the secondhand commerce perspective is investigated, extending the view from firsthand commerce. It can be argued that the data provide only partial inspection; however, when they are used with the one building the theoretical lens, they provide a comprehensive outlook for retailing, especially RBMs at the moment.

4 SUMMARY OF THE ORIGINAL ARTICLES

This chapter summarizes the four articles included in this dissertation. The order in which the articles are presented is organized in accordance with the contributions they make and how these serve the overall structure and research purpose of the dissertation. Each of the articles stands as an independent entity with their respective purposes, theoretical backgrounds, and contributions. However, all articles incorporate BMs in the retail landscape and include a firm perspective. This chapter aims to describe the relations between articles and their contributions in accordance with the research purpose of this dissertation.

4.1 Article 1: Business model opportunities in brick-and-mortar retailing through digitalization

The purpose of Article 1 is to explore how traditional brick-and-mortar retailers approach opportunities in the current evolutionary phase of digitalization. Digitalization has led to significant changes in customer behavior and has enabled the rise of new forms of commerce, which challenge traditional retailing. Currently, retailing is in a restructuring phase. This article adopted the RBM as the theoretical lens through which it studies how traditional retailers perceive their opportunities and how their managements have set assumptions that influence the firms' behavior in the market. The BM perspective in the traditional brick-and-mortar retail context remains underexplored. Thus, this study theorizes RBM elements as opportunities to answer digital evolvements within traditional retail firms.

The theoretical background of this article combines three different perspectives. First, it draws a picture of current retail restructuring using two large market areas (Europe and U.S.), separately, as examples in order to explain current directions. Second, digitalization is discussed from the retail firm (Sorescu et al., 2011) and customer perspectives (Reinartz et al., 2019) as well as how rising new global competitors leverage it (Van Alstyne et al., 2016). The theoretical part of the article ends on the specific notions of aspects that differentiate traditional retailers from platform retail models. In this context, BMs provide a fruitful lens for examination because they reflect management beliefs in, willingness to, and capabilities for seizing emerging opportunities (Teece., 2009; Teece & Linden., 2017).

The article adopts a qualitative research strategy because the aim of the study is to gain a broad understanding of how traditional retailers approach opportunities presented by digitalization. To achieve this aim, it is considered advantageous to include a wide range of retailers. Altogether, 26 semi-structured interviews were conducted with mid- and top-level retail managers from the U.K. and Finland in order to obtain insights from both current and future executives. The data were analyzed through the framework of Sorescu et al.'s (2011) key RBM innovation drivers (operational effectiveness and efficiency, lock-in, customer efficiency, effectiveness, and engagement). The opportunities are presented in terms of three RBM elements (format, activities, and governance) by Sorescu et al., (2011).

The findings illustrate that there are seven key BM opportunities for brick-and-mortar retailers enabled by digitalization. To respond to competition, retailers can focus on providing speed and convenience through multiple channels. To gain competitive advantages, the focus can be set on improving efficiencies and on delivering customer experiences by leveraging digital tools. Finally, pursuing these goals may lead to a rethinking of management models as well as to adjusting organizational approaches. The findings illustrate the retailers' current understanding of how digitalization may be leveraged when seeking endeavors to retain competitiveness in changing markets.

The article makes three key contributions to this dissertation. As the first article, it sets the stage of this dissertation by illustrating acceleration in retail restructuring, in which retail firms are not yet willing to challenge their existing BM structures, expand out of self-controlled ecosystems, or re-evaluate their roles in retail value chains. In other words, cyclicity dominates at this stage of the evolvement of brick-and-mortar retailers, indicating that retail transformation is in its early stages. Second, prior literature emphasizes that each of the RBM innovation drivers is connected to all BM elements—however, in digitalization, according to this study, it seems that certain drivers (operational effectiveness and efficiency, lock-in, customer efficiency, effectiveness, and engagement) push specific BM elements (format, activities, and governance) in the brick-and-mortar retailing context, challenging existing theory. Third, digital evolvements comprehensively influence a RBM. In digitalization there are strategic trade-offs (e.g., positioning in external environments, competitive means, effectiveness by embedding various environments), operational choices (e.g., ways to drive customer experience, process efficiency), and organizational selections (e.g., management models, decision-making, culture) retailers face.

This co-authored article is published in the *Journal of Business Models*. The current researcher, as the first and corresponding author, participated in planning the research design, conducting data analysis (excluding data gathering and coding), and writing (excluding the methodology section). In addition, the current researcher was responsible for the submission process, revision (conducted in cooperation with all co-authors), and copyediting stages.

4.2 Article 2: From customer to actor value proposition: An analysis of digital transaction platforms

Article 2 theorizes the use of BMs as a tool for positioning in multisided markets in which a firm connects various contributing actors to enable value creation to occur. Thus, the purpose of this study is to explore how value is proposed on digital transaction platforms. A value proposition is one of the key RBM components. While value proposition has gained much attention in research, it has not reached such popularity as yet in the context of digital transaction platforms. It is noteworthy, that digital transaction platforms are currently challengers in retail field. Toward that end, a value proposition is a useful tool for increasing understanding of how transaction platform BMs seek to differentiate in markets.

The theoretical background of this article adopts two relevant literature streams. First, transaction platforms are introduced as direct interaction enablers for two or more distinct user groups (e.g., Hagiu & Wright, 2015), and their unique role as an intermediary between sellers and buyers is described (McIntyre & Srinivasan, 2017). Additionally, the criticality of value propositions for digital transaction platforms is emphasized because the platforms' economic value is measured in terms of the size of its user base and the number of high-quality actors who are selling and buying in these marketplaces (Gawer & Cusumano, 2014; Haucap & Heimeshoff, 2014). Next, a CVP is introduced as a strategic tool that seeks to communicate the value that a business attempts to create, to motivate stakeholders, and to help a firm position into markets, including competitors (Payne et al., 2017). However, it is recognized that CVPs that were originally designed for dyadic relationships may fall short due to the BMs that serve the triadic relationship setting and, thus, require extensions.

To research value propositions of digital transaction platforms, the article adopts a qualitative research strategy. The data were acquired from secondary sources, including three phases of data generation, which led to the identification of 108 transaction platforms worldwide. By focusing on retail and related platforms, 58 of these were selected using three criteria. First, the buyer should be a consumer. Second, the offering should consist of products and/or services. Third, the platform should be open for third-party sellers. The final dataset included case examples from five continents that had both private and public ownership structures, and the majority of the selected companies were dependent on third-party actors. The data were analyzed using qualitative research methods, such as formal content analysis, categorization, and classification techniques. To minimize subjective assessment and interpretation, which is naturally related to qualitative research, the authors classified the outputs using a modified version of the Day and Moorman's (2010) framework.

The findings identify 17 key value types that are included in value propositions: 11 for the seller (e.g., supplier, retailer, brand, service providers, SMEs, and individual consumer) and 6 for the buyer (the customer). These value types are categorized by providing performance value (increasing benefits to actors), price value (decreasing costs), or trust value (lower perceived risks). The analysis ends with the framework constructing four generalized value propositions that vary content-wise depending upon which actor groups it addresses.

The article makes two key contributions to the present dissertation. First, when a retailer takes an intermediary role in the market, they might benefit to propose value to each actor, not only to customers as traditional retailers do. Which value type is proposed and to whom is what defines the competitive positioning in both the demand and supply sides of the market. Consequently, moving toward triadic relationships pressures the reassessment of participant segments (e.g., regrouping). Second, in a platform-based business, value occurs through the interplay between three key actors: seller, buyer, and the platform itself. With this in mind, the article constructs and defines the concept of actor value proposition (AVP) as an extension to CVP in order to answer the question of what the evolved requirements are for communications that are targeted to an extensive number of participant groups.

This co-authored article is published in *The International Review of Retail, Distribution and Consumer Research*. The current researcher was the first author of this article, taking part in research design, gathering and analyzing data with another co-author, writing the methodology and findings sections, and conducting the revision stage (in cooperation with the co-authors). All authors took part in evaluating the results of the data analysis.

4.3 Article 3: Business model activities in C2C e-commerce

Article 3 examines BMs in the consumer-to-consumer (C2C) e-commerce context. It employs a BM design perspective with the aim to identify and analyze BM value-creating activities. C2C markets have regained popularity with consumers, boosted by advances in communication technologies and in line with the sustainability trend. While prior literature has paid only scarce attention to the topic from the business perspective, BMs that aim to extend product lifecycles via online channels are a growing market opportunity that is challenging traditional BMs and new goods trade. This article seeks to identify various BMs that are emerging on C2C e-commerce markets in order to specify the activities conducted in these models, understand the structures of their activity systems, and compare how resources are allocated in them. Consequently, the unit of analysis is the value-creating activities used in BM design.

The theoretical background of this study combines the value creation perspective and the BM activity system perspective in the context of C2C e-commerce. C2C e-commerce is uniquely characterized by enabling individual consumers to transact directly with one another online (Leonard, 2012). Consequently, it is important to note here that value creation in such businesses is dependent on individual consumer's motivation, engagement, and actions, which poses challenges for designing value creation. In order to understand how value is created in such BMs, it is critical to extend the view to include multiple stakeholders (e.g., seller, buyer, and firm). The activity system perspective focuses on how the BM design enables the identification and scrutiny of value creation activities, how specific activities accumulate the total value, and from where the resources are engaged (Amit and Zott, 2001). Thus, in C2C e-commerce, activity systems offer a research lens for a critical part of BM design by connecting activities into ways in which a firm enables value to be created (Nenonen & Storbacka, 2010).

Since the business perspective remains unexplored in this context but seems to have the potential to generate new knowledge, the general aim of this study is to develop new ideas and constructs (Yadav, 2010). Hence, an explorative approach and qualitative research methodology are adopted and lean on actual case examples. The data were generated from secondary sources, leading to the identification of 64 total cases. To ensure a focus on secondary markets, two criteria were employed: the BM value source should be a product owned by an individual consumer and the BM should eventually lead to the transfer of product ownership to another individual consumer. This resulted in a final selection of 18 case examples. The data were analyzed using qualitative research methods, such as formal content analysis, categorization, and classification techniques. The analysis was performed through the sharing economy BM frameworks of Ritter and Schanz (2019) and Zott and Amit's (2010) activity system design elements framework (i.e., content, structure, and governance).

The findings constructed 10 key value creation activities (sourcing, productization, stocking, pricing, content creation, promoting, transacting, consumer service, data sharing, and branding) that are commonly used in C2C e-commerce BMs. Additionally, it is recognized that markets consist of three BM types: unlimited platforms, commission-based platforms, and singular transaction models. Furthermore, the findings provide a comparison which illustrates how each of the BM types is oriented to seek value sources from the external or internal environment—or both. The last section on the findings names the exact actors who conduct each key activity in every BM type.

The article makes three key contributions to the present dissertation. First, it identifies that value creation that occurs in networks (partner or value networks) is dependent on how activity systems are designed. However, the nature of the networks varies (stable vs. unstable), which is addressed by different governance mechanisms that are used to orchestrate value creation. Second, activity systems enable a firm to span its boundaries (Amit & Zott, 2001), but choosing which network (or mixture of networks) to join determines much of the firm's role, level of organizational control, resource allocation, and the possession of capabilities that are required to thrive value creation. Third, consumers (neither customer) have received little attention in the BM literature. C2C e-commerce emphasizes that consumers provide value sources, act as a BM resource, contributor, and enabler in the creation and delivery of value.

The article has a single author and is currently under review by the *Journal of Business Models.*

4.4 Article 4: A typology of second-hand business models

Article 4 explores BMs in the second-hand economy context. The second-hand economy has continued to grow, and an extensive number of companies have entered markets. Nevertheless, a systematic understanding of value creation in this realm is lacking. Consequently, this study adopts the business perspective in order to better understand value creation and determine the extent to which the second-hand economy companies serve both buyers and sellers of used goods. The purpose of this study is to construct a typology of second-hand BMs, and it aims to help marketers who need to find new ways to orient and manage their BMs in the markets by reusing and redistributing products and resources. Therefore, the unit of analysis of this research is a focal firm's BM.

The theoretical framework of this article describes and discusses the second-hand economy from three perspectives. The theory section begins with making a distinction between the concepts of second-hand and sharing economy by characterizing second-hand economy as an enabler for the exchange of used goods, instead of providing temporary access to underutilized assets (e.g., Frenken & Schor, 2017; Frenken et al., 2015). The second part of the theory section adopts a business perspective by emphasizing notions that impact second-hand BMs, such as unstandardized offerings, vague value propositions, necessity of actors' involvement when delivering the value proposition (Ritter & Schanz, 2019), and fragmented revenue sources (Osterwalder & Pigneur, 2010). The final portion of the theory section discusses the BM characteristics (e.g., Kathan et al., 2016; Richter et al., 2017; Ritter & Schanz, 2019; Tukker, 2004; Sorescu et al., 2011) that are more likely be shared in the second-hand economy.

The second-hand economy is presently undergoing a renaissance and is currently in the embryonic stage of its new era, portrayed by emerging diversity, rapid developments, and global involvements occurring in markets. Consequently, an exploratory multiple-case study approach was selected (e.g., Battistella et al., 2017; Reinartz et al., 2011; Said et al., 2015), enabling the generation of an overall understanding of the phenomenon rather than merely a deep understanding of one company's BM (Eisenhardt, 1989). The dataset included 21 service providers and was analyzed using qualitative research methods, such as formal content analysis, categorization, and classification techniques. The systemic combining approach enabled moving "back and forth" in the process whenever newly emerging information required direction changes (Dubois & Gadde, 2002).

The findings, in the beginning, identified five key characteristics of the second-hand economy BM. Marketers ought to make several critical selections concerning how their firm is positioned in the market and between the actors (i.e., consumers), what the most beneficial relationship is between the breadth and depth of the offerings, what control level is desired, how to select sellers and support them, and what revenue streams are to be pursued. The selections made regarding these topics seem to define much of the BM construct. Consequently, making one choice regarding one of these areas can result in some choices no longer being available in the other areas. In accordance with which of these selections are made in markets, the article then portrays a typology of second-hand BMs, introducing connectors, supporters, and controllers together with their respective BM characteristics—i.e., the executed choices and their respective implications.

The article makes three contributions to this dissertation. First, the groups of connectors, supporters, and controllers are constructed to answer the various requirement entities that may emerge in retail markets, specifically those that concern a firm's role. Consequently, the provided typology comprehensively describes three key BM groups, enabling BMs to be compared through their respective differences. Second, the identified BM characteristics provide an excerpt of the potential future outlook in the retail landscape, where traditional retailers may find their existing BMs becoming inadequate in relation to answering certain market requirements, such as limitless offerings, global competition, or customer trends. The characteristics behind this typology challenge the current understanding of the RBM capability to provide value. Third, the typology provides a valuable tool for marketers and managers to use when re-evaluating their BM's vitality in a changing market environment. The represented set of questions leads marketers into BM design process, ensuring that no critical aspects would remain unanswered.

This co-authored article is published in the *Journal of Marketing Management*. As the second author, the current researcher focused on data collection, analysis, and writing methodology as well as on co-writing the findings section. All authors took part in evaluating and analyzing the data during the process.

4.5 The overall contributions of the articles

All the included articles serve the overall structure and research purpose of this dissertation by studying retail transformation. They incorporate BMs in the retail landscape and take a firm perspective. However, the contributions describe the research phenomenon also from more holistic perspective. This section summarizes the contributions from the articles in order how they serve this dissertation purpose. The contributions of each article are summarized in Table 8.

Table 8. The contributions of the four articles

Article	Findings	Contributions
Article 1: Business model opportunities in brick-and-mortar retailing through digitalization	Seven key BM opportunities for brick-and-mortar retailers enabled by digitalization	1) Providing illustration of acceleration in retail restructuring in which retail firms are not yet willing to challenge their existing BM structures 2) According to previous literature, RBM innovation drivers are connected to all BM elements—however, in digitalization, it seems that certain drivers push specific BM elements in the brick-and-mortar retailing context 3) Digital evolvements influence a RBM comprehensively, strategic trade-offs, operational choices, and organizational selections
Article 2: From customer to actor value propositions: An analysis of digital transaction platforms	Construction of four generalized value propositions, varying content-wise depending to whom they are addressed	1) Retail firm that takes an intermediary role in the retail market, should perform evaluation in order to propose a value to each actor, not only to customers as traditional retailing firms do; pressure to reassess the participant segments (e.g., regrouping) 2) Construction of AVP
Article 3: Business model activities in C2C e-commerce	A framework of designing value creation in the networks	1) Value creation occurring in networks is dependent on how activity systems are designed 2) Choosing which network (or mixture of networks) to join defines a firm's role, its organizational limits, resource allocation, and required capabilities 3) Consumer (i.e., seller or buyer) can have a significant role as a value source, resource, and actor with multiple roles to contribute to and enable BM success
Article 4: Typology of second-hand business models	A typology of BMs	1) A potential future view of BM development in the retail landscape 2) Identified characteristics behind a typology challenge current understanding of RBM capabilities to provide value 3) A comprehensive set of notions (key questions) leading the BM design process ensures that no critical aspects would remain unanswered by managers

The four articles provide insights from different viewpoints into research phenomenon. The following chapter discusses the three propositions that have been developed to address the research purpose. These propositions are based on article-level contributions as well as on the framework developed in Chapter 2.

5 DISCUSSION AND CONCLUSION

The purpose of this dissertation is to explore and analyze retail transformation from the BM perspective. This should provide an increased understanding of retail transformation as a phenomenon, aiding firms in finding their ways of navigating through a series of changes. To address the research purpose, this dissertation combines viewpoints from traditional retail markets with those of advanced retail markets, adjusting insights into the same framework. A RBM is generated in the theory section and is subsequently used as a research tool to study the core logic on how a firm communicates, creates, delivers, and captures value (Day & Moorman, 2010; Osterwalder & Pigneur, 2010; Shafer et al., 2005; Johnson et al., 2008). This RBM involves five key elements—CVP, format, activities, governance, and profit formula—which enable a firm to take their objectives further. To position the articles sequential order, Article 1 sets the stage by providing insights into how physical retailers are planning to develop value creation in the current domain through format, activities, and governance. Article 2 presents optional ways of communicating to multiple actor groups through value propositions. Article 3 identifies key activities and three optional governance models when value creation is located in networks. Article 4 focuses on BM selection in markets in which both dyadic and triadic relationships occur by identifying the RBM characteristics that are related to relationship choice.

This chapter consists of four sections. The first section presents three propositions for theoretical contributions that characterize retail transformation. The second section discusses managerial implications. The third section discusses the limitations of the study and offers suggestions for future research. Finally, the fourth section outlines the conclusion of this dissertation.

5.1 Theoretical contributions and propositions

A contribution is made when research clearly adds or creates something beyond what is already known (Ladik & Steward, 2008). Contributing can be viewed from multiple perspectives and can take on various forms. Brinberg and McGrath (1985) suggest that contributions can be made in three domains—conceptual, methodological, and substantive. This dissertation contributes to the conceptual (theory) and substantive (context and practice) domains. The conceptual domain emphasizes explanations of the previously identified central phenomenon. For instance, an existing theory can be refined, extended, or limited by setting constraints, boundaries, or specified conditions. Additionally, a conceptual contribution can be delivered by providing an integrative review, identifying a new phenomenon, or developing a new theory to explain existing ones (Ladik & Stewart, 2008). A contribution to the substantive domain adds to what is already known about the context (Ladik & Stewart, 2008).

Theoretical contributions in qualitative research—which is the strategy adopted for this dissertation—can be delivered through conceptual frameworks, new concepts, themes, principles, or propositions (Eisenhardt, 1989; MacInnis, 2011). This dissertation uses propositions to communicate theoretical contributions. Propositions can be regarded as theoretical statements that capture insights, provide foresight regarding theoretical or contextual domains, or make suggestions relating to the studied phenomenon or context. Propositions are especially useful when outcomes link to knowledge, interventions, and systems in order to solve problems (Denyer et al., 2008; Becher, 1989). A specific strength of propositions according to purpose of this dissertation is that propositions occur at an abstract level and do not incorporate measurable constructs. This allows for formulations from literature-based and field-based insights (Kohli & Jaworski, 1990) enabling on building connections between the findings obtained from the articles and the literature with specific emphasis on the synthesis of implications (e.g., Denyer et al., 2008). Furthermore, propositions addressing the "what," "why," and "how" types of questions are in line with the critical realist paradigm, requiring critical examination and testing by scientific communities (Järvensivu & Törnroos, 2010).

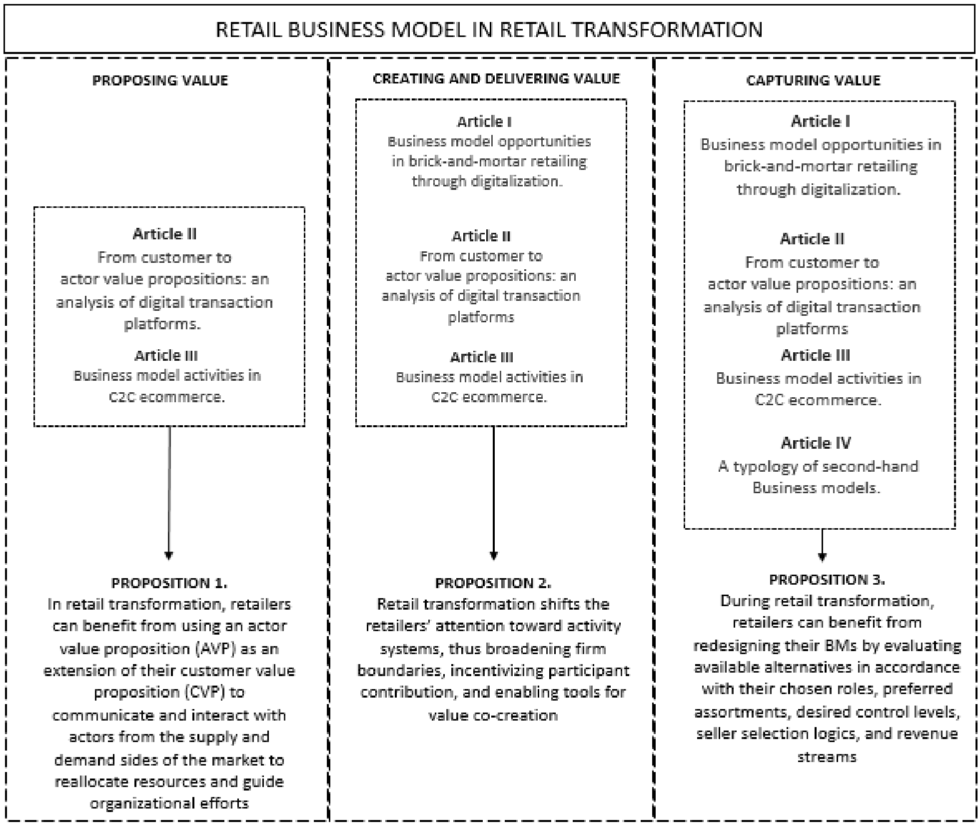

Figure 3. The outline for creating propositions

In transformation, permanent shifts change the industry's nature in such ways that history cannot repeat itself (Brown, 1995; Hollander, 1986; McGoldrick, 2002). Figure 3 shows the outline that guides the development of the propositions that aim to describe the retail transformation at hand. Toward that aim, each proposition aims to 1) characterize retail transformation as a phenomenon, 2) identify new requirements for retailers emerging from the transformation, and 3) emphasize RBM implications and mechanisms in order to meet these requirements. Consequently, propositions 1, 2, and 3 are formulated to reflect the RBM objectives (proposing, creating, delivering, and capturing value), pointing out the need to reconfigure or extend certain RBM elements in retail transformation.

5.1.1 Proposing value in retail transformation

Retailers design their RBMs to serve dyadic relationships, referring to direct interactions with customers (Sorescu et al., 2011). Toward that end, the CVP concept is commonly used to communicate the demand-side benefits, such as differentiative retail mix, firm's mission, and customer rewards (Levy & Barton, 2008; Cao, 2014). CVPs have been a valuable tool for retailers, enabling them to identify target customer groups, position themselves in markets, shape customer perceptions, and guide organizational efforts (Day & Moorman, 2010; Payne et al., 2017; Frow et al., 2014; Yrjölä, et al., 2018). However, new retail forms that have adopted the intermediary model are extending the boundaries of retail marketplaces, causing a reconfiguration of value creation (Cusumano et al., 2019; Gawer, 2014; Hagberg et al., 2016). This has led supply-side actors (e.g., manufacturers, suppliers, and brands) to find unique opportunities, such as reaching additional sales channels, stepping into direct end-customer interactions, scaling without significant investments, or lowering entry-level requirements for new markets (Articles 2 and 3). Consequently, these developments have enabled the creation of new types of customer value, which have not previously been perceived in retailing (Articles 2 and 3). The resulting rise of intermediary BMs has transferred the power balance of retailers to include the actors on both the demand and supply sides of the industry, not only customers as is previously suggested in the retail digitalization literature (e.g., Hagberg et al., 2016; Helm et al., 2020; Labrecque et al., 2013).

As argued in Article 2, using CVPs to communicate demand-side value creation may be inadequate and could end up disregarding important actor groups. To capture this emerging gap, this dissertation emphasizes the concept of AVP, which implies extensions to CVP. Constructed and defined in Article 2 (p. 9), an AVP is "A competitive statement of the type of value (whether performance, price, or trust) offered to a specific group of actors (whether buyers or sellers), the ways in which the firm facilitates value creation, and reasons for actors to participate." Although the AVP concept is inspired by digital intermediary BMs taking part in triadic relationships, it is highly adaptable into more traditional retail BM and firm contexts due to its ability to provide more targeted value propositions. Retailers might benefit from using it as competition increases and the resources of suppliers and service providers are reallocated in markets in order to retain access to critical and timely value sources (e.g., quality products). Furthermore, an AVP enables the identification of target actor groups (not only target customer groups), which are positioned in both the demand and supply sides of markets, shaping actors' perceptions and guiding organizational efforts. Hence, Proposition 1 (P1) is formulated as follows:

> P1: In retail transformation, retailers can benefit from using an actor value proposition (AVP) as an extension of their customer value proposition (CVP) to communicate and interact with actors from the supply and demand sides of the market to reallocate resources and guide organizational efforts.

5.1.2 Extending value creation in retail transformation

Retailers are members of the value chain, having earned their place by providing the arenas (i.e., marketplaces) in which consumption begins (McArthur et al., 2016; Coughlin et al., 2001). Hence, a RBM target is to create and deliver customer value through marketplaces. However, while customers and supply-side businesses are finding new options and alternative ways of interacting and transacting, retailers should also be described as orchestrators of multisided platforms that serve value creation in the ecosystem for customers, business partners, and the retailers themselves (Sorescu et al., 2011; Article 1). Conducting such a shift refers to moving away from the value chain that centers on customer value creation (Reinartz et al., 2019; Gulati et al., 2000) toward value networks. Value networks can be characterized by the fact that they allow actors to join freely and to select their roles and contribution levels (Lusch et al., 2010; Shafer et al., 2005). In such models, strict control over organizing and governing value creation is not available. For instance, decisions that have traditionally been thought of as providing a competitive edge in retailing, such as assortment selection, price setting, promotion, or customer service, can now be conducted by actors—not retailers (Articles 2 and 3). Consequently, the attention is shifting away from marketplaces and value chains toward the provision of opportunities for actors to co-produce offerings and exchanges in cooperation with a retailer and, thus, to co-create value (Lusch et al., 2010; Grönroos, 2011; Saarijärvi et al., 2013).

Article 3 emphasizes the two key requirements that need to be addressed in order to enable retail network-based value creation (e.g., Shafer et al., 2005). First, a retailer encounters a need to span its boundaries across marketplaces but, at the same time, to remain firm centric enough so that it can allow appropriation (e.g., Zott & Amit, 2010). Accordingly, retailers can turn to BM design—more specifically, to activity systems. Activity systems structure and bond retail activities into groups, enabling value, regardless of where or by whom it is created, to surpass within the system without losing, preferably increasing it (e.g., Zott & Amit, 2010). To serve its purpose, an activity system and each of its specific activities need to meet the actors' expectations of benefits and sacrifices (Day, 1990; Gardial et al., 1996) before, during, and after participation. The outcome should benefit all participating actors and should incentivize them to contribute, thus allowing value co-creation to take place. Second, the activities can be designed to include tools that allow participants to take on various roles and conduct co-creation (Articles 2 and 3). For example, a digital interface may enable sellers to create a webstore and become business owners in the system by providing them with tools, such as for category management, budgeting, and accounting, that they need to conduct business activities (Article 3). In accordance with the discussion above, Proposition 2 (P2) is formulated as follows:

> P2: Retail transformation shifts the retailers' attention toward activity systems, thus broadening firm boundaries, incentivizing participant contribution, and enabling tools for value co-creation.

5.1.3 Designing a business model in retail transformation

Retailers buy products from sellers (e.g., manufacturers, suppliers, and brands) and make profit by reselling them to customers. Consequently, a RBM represents the merchant's business logic. Whilst previous literature has suggested that RBM design should be guided by format selection (Sorescu et al., 2011) or CVP (Yrjölä, 2014), the majority of RBMs still nevertheless adhere to merchant business logic despite the fact that retail practitioners have stepped into the digital era (Article 1). However, as previously mentioned (Section 1.1), one common characteristic in earlier retail industry transformations has been the systematic change in the retailers' role in the value chain. As identified in Articles 2, 3, and 4, the disruption of value creation has enabled the rise of retail forms that are not focused on merchants but, instead, on connecting sellers (e.g., expansion-oriented suppliers, manufacturers, brands, other retailers, or individuals), available value sources (e.g., new goods, used goods, private property, or individual skills), and demand-side actors (buyers, end-customers, and other users). The emergence of the new role of a business enabler provides an illustration of a similar kind of evolvements compared to previous industry transformations according to retailer role. This indicates that in retail transformation competition is expanding to RBMs that vary in terms of business logic. Consequently, designing RBMs has become increasingly complex, comprehensively harder, and more relevant topic for scholars, retail executives, and managers.

To make distinctions between the two types of business logic (i.e., traditional retailer and business enabler), a comparison between 5 key characteristics can provide enlighten illustration (Article 4). First, traditional retailers have adopted an influential role between the actors by performing activities for them. Conversely, business enablers have been providing aiding services or connections only, acting in a supportive or even minimalistic role (Article 4). Second, traditional retailers have been forced to limit assortments because they must provide physical structures for goods and exchanges. Consequently, they focus only on certain products in selected categories and in defined geographic areas. Business enablers do not generally provide such structures on a similar scale, enabling them to offer less limited assortments as well as to have less restrictions in relation to geographic location (Article 2). Third, traditional retailers tend to make critical decisions for all business activities, and thus they desire to have a high level of control. Business enablers are more willing to pass some or even all control to actors. This can be seen when comparing, for instance, who makes decisions about specific products in assortments, pricing, or product availability (Article 3). Fourth, traditional retailers serve through an all-inclusive service model, in which suppliers are competing in order to obtain the retailers' offerings. Business enablers provide a platform on which sellers can meet their customer base, leading to a set up in which sellers are free from having to compete for access and can immediately start competing for buyers' attention via their products and other value adding capabilities (Article 2). Fifth, traditional retailers have chosen to provide products—to acquire, handle, price, offer, and sell selected products in the marketplace—combining revenues to transactions emphasizing volume and sales margin. Business enablers currently use two different logics. They can focus on providing services (enabling sellers to advertise, price, offer, and sell products to buyers) making revenues from commissions and service fees. Or alternatively, they can focus on providing a marketplace (enabling sellers to advertise, price, and offer products to buyers without a possibility for transactions) making revenues from selling space, user data, and add-on services (Articles 3 and 4). Hence, proposition 3 (P3) is formulated as follows:

P3: During retail transformation, retailers can benefit from redesigning their BMs by evaluating available alternatives in accordance with their chosen roles, preferred assortments, desired control levels, seller selection logics, and revenue streams.

5.1.4 Summarizing the propositions

Based on the literature synthesis presented in the theory section and emphasizing the lack of a competitive perspective, this dissertation defines a RBM as "a tool for connecting production and consumption that captures the distinctive logic of proposing and creating value for actors in ways that enable a retailer to generate profits." With this aim, a RBM is categorized into the following five key elements: CVP, format, activities, governance, and profit formula. Each of these elements serve one of the sets RBM objectives: to propose, create, deliver, and capture value. According to the findings of this dissertation, moving forward in retail transformation does not necessarily change the purpose of a RBM but suggests extensions that would enable it to meet its objectives. The propositions (P1, P2, and P3) illustrate the characteristics of the retail transformation setting and the resulting new requirements for RBMs by reshaping the very nature of the industry and retailing business logic. The findings are summarized in Table 9.

Table 9. RBM propositions in retail transformation

Propositions	Characterizing retail transformation	Mechanisms and tools for extending the RBM
P1: In retail transformation, retailers can benefit from using an actor value proposition (AVP) as an extension of their customer value proposition (CVP) to communicate and interact with actors from the supply and demand sides of the market to reallocate resources and guide organizational efforts	Power balance transfer from retailers to demand-side and supply-side actors Requirements for RBMs: To retain actor interest and access to critical value sources in increasing competition of supplier resources (e.g., quality products)	Value types (expressing concrete benefits or costs that are superior to competition for relevant actors) AVP (a competitive statement of the types of value offered to a specific group of actors)
P2: Retail transformation shifts the retailers' attention toward activity systems, thus broadening firm boundaries, incentivizing participant contribution, and enabling tools for value co-creation	Value creation is moving beyond value chains toward value and strategic (i.e., partner) networks Requirements for RBMs: To meet the actors' expectations of competitive retail (e.g., broad assortments, autonomy, or business opportunities)	Value co-creation (actors co-create value through co-producing and exchanging offerings in networks) Activity systems (a system of bonded activities, that incentivize actors, enable value co-creation in activity and ensure value to be transferred from activity to another, eventually leading to exchange)
P3: During retail transformation, retailers can benefit from redesigning their BMs by evaluating available alternatives in accordance with their chosen roles, preferred assortments, desired control levels, seller selection logics, and revenue streams	Competition extends into retail BMs Requirements for RBMs: To retain continuity and competitiveness in the markets among retailers operating with various business logics	Business logic (new role of business enabler has risen in the markets, providing new business logic opportunities by acting as an intermediary between supply-side sellers and buyers) BM design (evaluating competitors' selections in accordance with how actors are connected, what is the preferred offering breadth or depth, what is the desired control level, how sellers are selected and supported, and what the revenue streams are available in RBM redesign enabling profitability)

Retailers are encountering new business environments, where the power balance is being transferred away from them, value creation is moving beyond the value chains, and competition between differentiative RBMs is increasing. Consequently, Figure 4 represents extensions of RBM elements that can provide opportunities for retailers to address the changing business requirements.

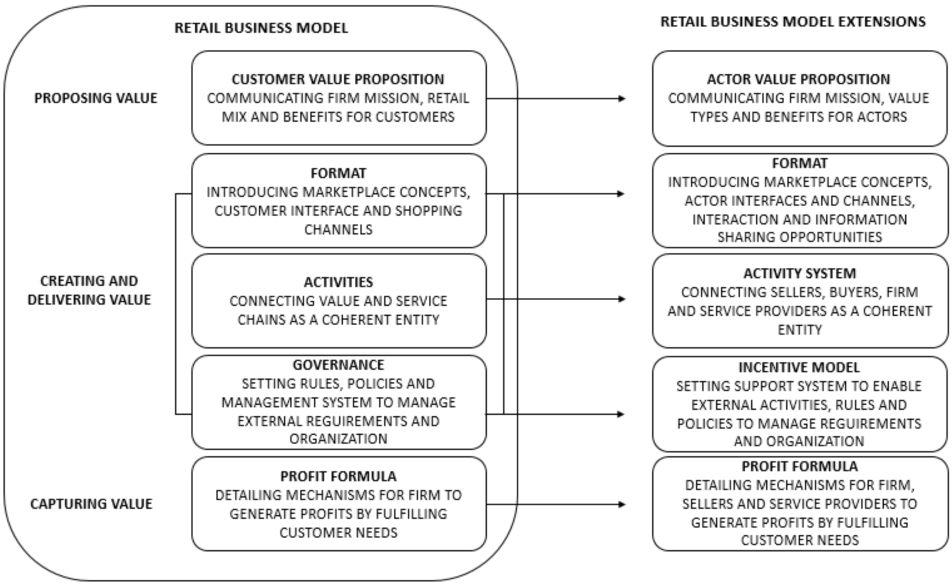

Figure 4. RBM extensions in retail transformation

The findings suggest different-level extensions for RMB elements of CVP, format, activities, governance, and profit formula. First, for purposes of proposing value, the CVP, as a concept, leaves important actor groups disregarded. Hence, the suggested extension is to switch to using the AVP, which can communicate competitive value types, ways in which a firm facilitates value creation, and reasons for participation to specific groups of actors instead of customer groups only.

Second, format introduces the concepts of marketplaces providing customer interfaces and shopping channels controlled by retailers, which may leave the supply-side actors with less opportunities to impact their performance in these marketplaces. The suggestion extends the retailer focus to emphasize supplier–customer relationships by enabling opportunities for direct interactions and information sharing in retail structures. These endeavors can increase sales through better targeted products but, more importantly, through enabling the engagement of suppliers by providing access to valuable customer information.

Third, a strictly controlled value chain and marketplace focus may not provide a retailer with answers that the market needs (e.g., global offerings, optional ways to exchange and consume, or sellers' opportunities to enter direct customer interactions). Hence, as an extension to activities, it is proposed to set the focus on activity systems that connect actors by providing tools and processes to enable value creation to occur outside of retail structures. These initiatives can extensively fulfill retailer's offers, enabling less controlled alternatives for suppliers and customers.

Fourth, while governance is set to provide management abilities to control value chains and marketplaces, an extension is suggested that would develop incentives for actors to participate in value creation. The incentive model, as an extension to governance, focuses on setting actors (from both the supply and demand sides) to attain core benefits by seeking ways to support them, instead of setting rules and policies to limit their authority.

Fifth, for purposes of capturing value, the current profit formula may leave suppliers, manufacturers, and brands feeling like there is a lack of opportunities for them to influence their own financial performance in marketplaces. To ensure a timely assortment of retailers, continuity and actor engagement are becoming more important tasks during retail transformation. Consequently, it is suggested that the profit formula should consider the sellers' profitability as well. This, seeking mechanisms that are controlled by supply-side actors but are dependent on retailers' influence in order to fulfil customer group needs can become beneficial engagement tools. For instance, commission-based commerce can provide such mechanisms, enabling sellers to optimize their offerings while retailers act as necessary partners by providing the demand, customer base, and marketplace. Additionally, finding such mechanisms can help construct financially desirable value propositions and can assist in value creation planning.

In conclusion, retail business environments and markets are moving toward circumstances that underscore characteristics such as fragmented power allocation, temporality, and loose control. As the opposite of traditional grounding, retailers have met competition that they are not able to answer through traditional RBMs based on centralized power, stability, and control. Thus, suggested RBM extensions provide ways to harmonize retailers' value propositions, creation and delivery, and capture to better meet the requirements of multisided markets. Specifically, such extensions tend to enable a retailer to adopt the additional role of business enabler in ways that do not threaten existing businesses. Therefore, the extensions are not proposed as replacements for existing RBM elements. As a result, over time, these endeavors may lead to hybrid RBM that combines features from single- and multisided markets, enabling a retailer to compete in both. It is clear that harmonizing RBM is a long-term play due to the requirement to reframe the retailer's paradigm, especially how it is related to direct relationships between supply- and demand-side actors. This may become an issue in organizations because controlling this relationship is the main source of revenue. As mentioned in the introduction, when stepping into the digital era, one of the greatest challenges for retailers was overcoming channel cannibalization beliefs. We may witness a repetition of a similar circle of thoughts related to suggested RBM extensions during retail transformation. According to the findings in this dissertation, retailers that do not manage to find their way within RBM extensions will struggle, and most likely, vanish in the long run. Nevertheless, digital network–based retailers are also underdoing industry transformation. Therefore, although these extensions help traditional retailers adopt the original online-based BM strengths, they also help online retailers by showing paths toward traditional RBM benefits. That said, retail transformation is about converging value creation, and thus, the suggested extensions mutually harmonize RBMs in two ways. As a result, decisions made in firms according to RBM define what value will be created and thus, influence how retailing is, how it will be seen, and how it is organized. Thus, retailers themselves, despite their current roles, have a powerful impact on industry transformation.

5.2 Managerial implications

This dissertation aims to increase the understanding of how retail businesses can find ways of navigating industry transformation. The propositions (P1, P2, P3) aim to show directions for responding through RBM development, and this section discusses managerial implications from the perspective of antecedents enabling retailers to proceed with the responses addressed by changes in the markets. This can specifically assist retailers in identifying emerging competitive advantages they ought to compete against while being aware of organizational obstacles that should be avoided when seeking to perform selected responses, as well as finding untraditionally focused revenue opportunities. Thus, this section focuses on learning markets in the sense of staying relevant, avoiding traps that prevent retailers from responding, and redesigning RBM to ensure business continuity.

5.2.1 Learning requirements for staying relevant during retail transformation

Retail transformation makes it difficult to define what eventually constitutes a market (P1), making it unclear who retailers are competing against. Therefore, when identifying competitors, the evaluation should not be limited to existing ones, local markets, or the retail industry only but should be extended to the global perspective, including other industries that can overlap with retailing. By doing so, retailers might benefit from taking a broader perspective to other industries that can impact or influence actor opportunities (e.g., platform economy), decision-making processes (e.g., information branches), and consuming behaviors (e.g., restaurant and hospitality sector) into their consideration group. As a result, retail management should emphasize the ability to sense signals from markets and to translate them into a firm's business environment.

Such developments enable customers and suppliers to access novel value types. These value types can provide a relevant tool for retailers to understand value creation in markets (exact mechanisms) and optional offerings (alternatives) that might not otherwise be visible (Articles 2, 3, and 4). Systematically following the exact value types can enable a retailer to go beyond the market surface to understand the purposes of its competitors' activities as well as the perceptions of customer options. Furthermore, this can enable a revelation of upcoming claims that may need a response in order to keep a retailer relevant in markets (Article 2). Hence, value types are more likely to provide insights that would help increase understanding of which desires a retailer is already fulfilling and which ones it is not fulfilling. If it is observed that key stakeholders, or some of them, are reaching relevant value types that retailer is not addressing, this can threaten business.

5.2.2 Avoiding traps that prevent development of value creation in retail transformation

Retail transformation is characterized by extending value creation beyond the traditional retail structures (P2). Responding to such changes pressures retailers to undergo major transitions (Article 1). Consequently, retailers should objectively evaluate their RBMs' ability to answer the market requirements. Here two common pitfalls are highlighted—cognitive and confidence traps—that precisely threatens this objectivity. The first pitfall, called the cognitive trap (e.g., Mehrizi & Lashkarbolouki, 2016), is a mental stage that focuses on generating new strategies that current RBMs can execute, such as adding technologies and improving processes. Consequently, the cognitive trap usually leads to short-term focus that explores and seeks solutions that fit the existing setup, ultimately overemphasizing the retailer tendency to protect the present. Hence, it prevents retailers from taking a holistic perspective, which may become especially dangerous in retail transformation.

Another pitfall, the confidence trap, prevents retailers from executing necessary developments (Mehrizi & Lashkarbolouki, 2016). For example, this dissertation suggests RBM extensions, in accordance with proposing, creating, delivering and capturing value (Figure 4), that may not be in line with traditional retail business logic. Nevertheless, a retailer may put these notifications aside on the basis of faith that the current RBM will not fail or, if it does, that it can ultimately be saved. Consequently, the confidence trap enables retailers to identify alternative solutions but emphasizes their beliefs that underscore current RBMs ability to remain relevant much longer than is reasonable to assume. Therefore, the confidence trap prevents retailers from taking actions, which can threaten their businesses during retail transformation.

While these are not the only traps emerging from the BM and management literature, they provide examples of the mental stages that can lead to a short-term focus and overwhelming trust, steering retailer focus on saving current RBMs. Therefore, a deeper understanding of RBMs requires paying attention, in addition to the elemental perspective, to the long-term market trends and fundamental questions related to business logic (Bertolini et al., 2015; Mehrizi & Lashkarbolouki, 2016). Hence, in order to change the present, retailers should put effort into exploring arguments enabling objective comparison between the options (present vs. new) and their influence in the long term. If stepped or managed poorly, these traps facilitate friction and confrontations within organizations, generating slowness and inefficiency that increases inertia. They can be extremely influential in presenting threats and may ultimately lead to struggles, such as observed in the U.S. and European retail markets (see Article 1; CB Insights, 2021).

5.2.3 Redesigning business model to ensure continuity in retail transformation

Redesigning RBMs during retail transformation is more likely to involve evaluations of retailers' roles (P3). While retailers currently focus on dyadic relationships to serve customers, BMs emerging in markets are positioning themselves into either dyadic or triadic relationships, or even both (Article 4). Consequently, the choices between a retailer's role selection are set up in various ways in order to reach new competitive advantages in the retail domain. Hence, retailers might benefit from identifying which of the emerging competitive advantages are out of their reach—in the other words, those that the current RBM cannot provide. Still, it should be noted that certain developments are excluded from traditional retail business logic requiring new thinking and risk taking. First, in retail transformation, supply and demand side actors are more connected. New retail forms specifically nurture and enhance this relationship. Consequently, producers find extensive opportunities to access customer relationships, to differentiate themselves in the market, to gain customer data and insights, as well to optimize their sales for greater profits. In addition, customers meet broader offerings, optional prices, and consuming alternatives. Hence, how retailers consider, enable and support producer-customer relationships may become an important question.

Second, the number of available revenue streams in retailing seems to be increasing. New retail forms have engaged in various revenue streams, instead of focusing only on exchanges. They, in addition to traditional retail appropriation methods (e.g., sales margin or commission, selling customer insights, renting space), earn from other streams (e.g., listing fees, additional services, membership fees, selling advertising space) (Article 4). Therefore, a retailer who is able to activate multiple revenue streams would be in a better position to compete in the transforming retail industry. And finally, the barriers to expansion are seemingly decreasing. Whilst new retail forms do not own products or hold physical structures but are present mainly online, they are now enabled to engage in other geographic markets with less investments, to provide broader offerings, and to create proposals for larger user groups. Consequently, in order to protect their financial position, retailers should focus on several strategies simultaneously—for instance, seeking ways to lock-in current actors (e.g., loyalty programs, participation fees, or exclusive assortment), to arrange cooperation with the most relevant market newcomers (e.g., by embedding them into the existing retailers' offerings), and adopting mechanisms such as the new retail forms are using to reach their prospects. These examples provide some opportunities for retailers to formulate their responses. However, longer-term responses, such as the latter one, can influence on how retailers conduct their missions.

5.3 Study limitations and future research

Research always has limitations, and this dissertation is not an exception. This section emphasizes the general limitations that should be considered when interpreting the findings. Additionally, potential future research topics that are identified through the current study are presented.

The purpose of this dissertation is to explore and analyze retail transformation from the BM perspective. However, the BM perspective can provide insight into only certain aspects of the phenomenon, while other theoretical lenses would reveal other insights and particularities. It is fair to note that endeavors conducted in this dissertation cannot comprehensively explain the phenomenon and that retail transformation, as a research topic, exceeds the explanatory power of one dissertation. Consequently, to obtain an overall understanding, other possible perspectives, in addition to BM, need to be explored, as this would provide greater and more in-depth knowledge about this industry modifying phenomenon. For instance, as noted in this dissertation, retail transformation increases the competition between BMs, thus accelerating the restructuring of the industry. Hence, it would be valuable to study this phenomenon from the microeconomic perspective as well. Other theories, such as the game theory and consumer demand theory, would enrich marketing-based research on this specific research field. The suggestions may become pertinent due to retail transformation's multidimensional nature—as a phenomenon that is comprehensively influencing retailing as an industry.

As a result of being in an early stage, retail transformation was approached in this dissertation with an explorative research strategy. Qualitative research methods always include limitations, such as highlighting that the researcher's role and personal paradigms are reflected in the findings. At the same time, although many retail-related markets (e.g., platform businesses) are also in the early development stage, the data generation in this dissertation focused on gathering a large number of examples. This decision relied on the choice to concentrate on seeking broad instead of in-depth information, which led to data being gathered primarily from secondary sources and through interviews. Thus, the data provide a snapshot of the current evolvements. Additionally, the theoretical lens of this dissertation, as well as articles 1 and 2, includes a comprehensive sample of product areas (i.e., food, non-food, consumer goods, and durable goods) and related services. However, it is well-known that RBMs are influenced by what is sold, introducing some logical differences and specific features businesswise. Therefore, it should be noted that articles 3 and 4 focus on consumer goods, durable goods, and related services. Readers should take this into account when interpreting the findings of this dissertation. Furthermore, it should also be noted that the analyzed case examples—i.e., firms—are today undergoing the retail restructuring stage themselves. This indicates that a number of the selected cases is currently in a high-pressure position within their markets or that they may be pioneers in their environments. Therefore, the findings should be interpreted with an understanding of the differences between the lifecycles of cases and various levels of maturity in the scrutinized markets. Since this thesis does not address case examples in order to explain their journey to the present. Future research might take a historic approach to study the paths taken, and key events undergone by these firms—leading them into the current situation—as well as the decisions they made in order to explain their legacy. This dissertation aims to explore instead of to control, and future research might take a more focused approach to seek deeper insights with a lower number of case examples so that it can explain and theorize the internal processes of firms more precisely, for instance, by using quantitative research strategies.

Finally, the theory section of this dissertation represents a synthesis, identifying five retail BM elements: CVP, format, activities, governance, and profit formula. According to results of the four articles and the selected approach that focuses on value creation, format needs to be given more attention in the future research. However, format may be dependent on proceedings in the convergence of value creation, raising new requirements for value delivery. Moreover, the selected data set does not include numeric financial information (sales, profitability, market share, etc.) of the case examples, pointing lesser attention for the profit formula. The decision to exclude such insights from the scope is related to variations in the maturity of the scrutinized retail markets representing distinct earning sources, thus making the comparison unreliable at this stage of evolution. Consequently, the profit formula plays only a side role in Article 4. Nevertheless, future researchers may seize this opportunity to specifically investigate rising retail markets, adopting an economic approach. For instance, by focusing on the diversity of revenue streams, appropriating logic, specific cost structures, and resource velocity can reveal the effectiveness of the new forms of commerce as well as provide estimations of the order and speed of upcoming changes during the retail transformation. Furthermore, while this dissertation sets its sights to increase understanding in order to ensure retailer continuity, it could be valuable to focus on certain internal process phases more specifically, such as the phase of parallelization in which firms operate with dual BMs, learning the new and the unlearning old. This might also be a relevant and interesting topic in the future research.

5.4 Conclusion

This dissertation started by illustrating the current evolvements that are leading to disruption in value creation. Next, it went through the existing BM literature because value creation is seen to be one of the key BM objectives. Finally, after presenting brief summaries of the four included articles, the dissertation synthetized their results and provides implications for both theory and practice.

While many of the customary business practices are specifically redefined in the disruption of value creation, this is especially true of the emerging competition between new retail business logics, emphasizing the fact that the producer–consumer relationship can cause retailers to lose power. Hence, it is clear that the requirements for value creation evolve and impact what the most beneficial way of executing their missions is for retailers—that is, to create value for customers, other stakeholders, and their firms themselves. This dissertation seeks to act as a herald in order for various parties to realize the importance and pertinency of new ways of value creation that is taking place in the retail industry today. It does so by arguing that traditional RBMs can become insufficient for fully addressing the constantly evolving retail competition if they are not reshaped with extensions that take into consideration to whom value is being proposed, how value is being created and delivered, and through which mechanisms value can be captured. Consequently, moving forward in retail transformation—toward the burgeoning new retail paradigm—underscores that retail executives and managers need to be open-minded toward significant changes.

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PUBLICATIONS

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Business model opportunities in brick-and-mortar retailing through digitalization

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Business Model Opportunities in Brick and Mortar Retailing Through Digitalization

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Abstract

Purpose: In current retailing, digitalization provides new value creation mechanisms that increase competition and offer customers myriad options to fulfil their needs. Increasing complexities in the retail landscape have instigated restructuring, pressuring traditional retailers to reconsider their business models. The purpose of this study is to explore and identify how brick and mortar retailers are approaching opportunities presented by digitalization.

Design/Methodology/Approach: 26 semi-structured interviews were conducted with mid- and top-level retail managers from the UK and Finland. This exploratory study analyzes the qualitative data through the key drivers of innovation (operational effectiveness and efficiency, lock-in, customer efficiency, effectiveness, and engagement). The opportunities are presented in terms of the three business model elements (format, activities, and governance).

Findings: The findings illustrate seven key business model opportunities enabled by digitalization. Retailers are responding to competition, providing speed and convenience through multiple channels, leveraging digital tools to improve efficiencies and deliver customer experiences, rethinking management models, and adjusting organizational approaches. However, brick and mortar retailers should re-evaluate the business model elements collectively in order to seize opportunities that drive profits and gain competitive advantage.

Originality/value: This topic is pertinent due to the accelerated restructuring of retail markets, yet the subject is underexplored in the literature. This paper highlights retail managers' perceptions and experiences of adapting through digitalization. Guided by this enriched data, we provide contributions by developing existing theory and identifying opportunities in brick and mortar retail business models.

Keywords: business model, opportunities, digitalization, brick and mortar retailers

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Introduction

When framing business models, one cannot fail to acknowledge the influence of digitalization. The increased versatility of evolving digital technologies has initiated a series of changes in multiple businesses during the past decade (Hänninen et al., 2018). The extent of retail digitalization cannot be overstated, witnessing the thrust of this typically low-technology sector into the digital era (Willems et al., 2017). Digitalization has enabled the creation of new mechanisms, forms, and models for trade. While it is uncertain if customer expectations are rising as a result of the myriad options available, or if they are indeed driving retailers to make changes, it is clear that customer behaviour is increasingly complex (Huré et al., 2017; Fuentes et al., 2017; Helm et al., 2020). Currently, the retail environment is unstable, witnessing the restructuring of markets and businesses, and changes in customer behaviour. Due to digitalization, complexities have increased, placing pressure on actors and retail value chains. The questions: who sells? what is sold? to whom, where, and when? (Hagberg et al., 2016) are persistent when designing retail business models, yet answers remain unresolved in the modern retail environment.

The rise of e-commerce has extended traditional value chains by changing the logic of value creation, more specifically, influencing how retailers seek competitive advantage by proposing, creating, and capturing value (see Timmers, 1998). This has led traditional retailers to find ways to integrate existing and extensive parts of the value chain, witnessing the influx of hybrid forms of multiple channel retailing (Beck and Rygl, 2015), such as multi-channel and omni-channel strategies (Verhoef et al., 2015; Yrjölä et al., 2018). However, this is only a short-term solution because striking a balance between a focus on competition, customer needs, and meeting global standards requires significant adjustments in the firm's assets and resource allocation. Changing the fundamentals is rarely a simple equation. Examples show that formerly successful global retailers such as J.C Penney, Sears, and HMV, have struggled to meet modern requirements and to transform their business models. Digitalization as a topic has gained interest among scholars and retail practitioners, and current developments indicate that significant retail restructuring has begun (see Corkery, 2017; US Census, 2020) which has been further accelerated by the COVID-19 pandemic (e.g. McKinsey, 2020).

This study is motivated by the idea that traditional retailers have much to lose in this restructuring. Digital retailers such as Amazon, eBay, and Zalando have proved their ability to grow, stay, and gain solid positions within their markets (Hänninen et al., 2018; Reinartz et al., 2019). At the same time, consumer trust in online retailing has increased and the internet has become one important information source when evaluating purchase decisions (Lubis, 2018; Simonson and Rosen, 2014; Labrecque et al., 2013). Additionally, in large retail markets such as the U.S and Europe, online retailing is growing relatively faster than retail markets overall (Statista A; Statista B). As a result, these developments challenge the need and role of physical retail space and thus, traditional retailers. This forces traditional retailers to compete for market share that they originally possessed.

Consequently, the research purpose is to explore how traditional brick and mortar retailers approach opportunities in the current evolutionary phase of digitalization. To enable this exploration, we decided to adopt a business model lens. Two reasons motivated this decision. First, the business model reflects management beliefs and assumptions of the actions of customers, competitors, and markets (Teece, 2010); and second, the ability to seize these opportunities is strongly related to managements' willingness and capabilities to modify the business model (Teece and Linden, 2017). Moreover, with exception of a few studies (Jocevski et al., 2019; Matzler et al., 2018; Sorecsu et al., 2011), the influence of the digital transformation from the retail business model perspective has been underexplored. To address this research gap, we conducted 26 semi-structured interviews in two fundamentally different retail markets with retail managers that belong to mid- and top management teams, in pursuit of covering current and future management of the industry.

Theoretical Background

A turbulent retail environment: failures, competitive forces, and customers

During the past five years, the European retail market has witnessed various bankruptcies. To explore this phenomenon, we gathered a list of traditional retail firms that held a solid market position at some phase in the past decade yet entered administration between 2015 to 2020 (Appendix 1). The list highlights that retailers who predominantly sell consumer goods through physical stores, regardless of product category, have faced difficulties. Department stores established over 100 years ago (British Home Stores, Debenhams, and House of Fraser), luxury brands (Diesel, Roberto Cavalli), clothing and footwear retailers (Blanco, Karen Miller, Brantano), electronics and video game stores (Maplin, HMV), and discounters (Poundworld) serve as examples of retailers that were unable to adapt to current market developments. To verify this is not normal market behaviour, we scrutinized U.S retail markets to identify similar developments. European retailers have tended to follow U.S retail markets closely due to its size, diversity, technological improvements, and especially, its ability to provide a vision of future trends (Helm et al., 2020; McArthur et al., 2016).

In the U.S, researchers and media both emphasize structural retail changes. Digital advancements and the rise of e-commerce have led to disruption in the U.S retail industry (Saghiri et al., 2018; Davis-Sramek et al., 2020; Gupta, 2017). It is estimated (by Bloomberg and New York Times) that retailing has reached a "tipping point", indicating permanent restructuring that is not yet visible but will lead to changes some physical retailers will not be able to endure (Townsend et al., 2018; Corkery, 2017).

Currently, 26 retail bankruptcies have been filed in 2020, including Neiman Marcus and J.C Penney. We focused on 30 traditional retail firms (inc. Sears, A&P, and Toys "R" US) that filed for bankruptcy between 2015 and 2018 (Appendix 2). The selected timeframe meant that we had access to firms' obligatory management bankruptcy briefing. However, after further scrutiny, no common pattern was revealed between the firms, and importantly, no consistency in terms of the reasons for their downfall (see Helm et al., 2020). In brief, the firms varied by size (turnover between $112 million to $17,5 billion), lifespan (less than 10 to more than 100 years), and offering (apparel and accessories, beauty, consumer goods, clothing, grocery, electronics, and toys). Retailers highlighted the reasons for their downfall (bankruptcy briefings) included declined traffic in physical stores, increased competition against online retailers, and unsuccessful process management, among other reasons for their demise. This indicates that the inability to adapt through digitalization must have been at least one of the influential factors. Historically, brick and mortar retailers have managed to engage and lock-in customers through strictly controlled value chain mechanisms, however, this luxury is seemingly fading away.

As technologies continue to transform retailing, brick and mortar retailers have endured turbulent times in the highly competitive market. The most disruptive external competitive forces come from three different domains, 1) competition, 2) customer behaviour, and 3) global standards, placing traditional retailers in the middle of a riptide. The most notable of which has been the rise of online-based retailers, such as Amazon, Alibaba, and ASOS, who earned their positions as market leaders by operating with lower overheads (Reinartz et al., 2019), offering cheaper pricing (Brynjolfsson et al., 2013) and wider assortments (Hänninen et al., 2018), and providing their customers with convenience and transparency (Reinartz et al., 2019). These developments have reduced customer switching costs when considering shifting from one service provider to another. Secondly, online channels have extended the market, leading to disintermediation as suppliers and manufacturers offer their products directly to the customer (Doherty and Ellis-Chadwick, 2010). Thirdly, new forms of trading, such as business models focusing on providing temporary access to goods (Frenken et al., 2015; Kumar et al., 2017) or consumer-to-consumer trade which extends product lifecycles (Ariely and Simonson, 2003; Abdul-Ghani et al., 2011; Black, 2005) compete with and complete existing retailing. Consequently, retailers face new digitally enabled competitive forces in addition to their regular local competition.

Simultaneously, consumers face multiple changes that influence their everyday lives. Various developments including the introduction of self-service technologies (Demirci Orel and Kara, 2013; Inman and Nikolova, 2017), adoption of mobile payments (Holmes et al., 2013; Taylor, 2015), last-mile delivery options (Vakulenko et al., 2019), global offerings (Hänninen et al., 2018), and the COVID-19 pandemic, have shaped customer behaviour. Alongside the extensive use of the internet and ramified globalization, there has been a growing emphasis on individual autonomy, individualization, and transparency (Reinartz et al., 2019). This has, in turn, influenced the shift in power balance from the retailer to the customer, a notion referred to as consumer power (Hagberg et al., 2017; Helm et al., 2020; Labrecque et al., 2013). Moreover, limitless access to information and wider offerings have enabled consumers to use more straightforward decision-making mechanisms (e.g. Bettman, 1998) and provided ample solutions to fulfill their needs. For example, Google has earned a position as a trustworthy information distributor causing extensive use of heuristics in consumer decision making (see Hauser, 2014). Another explicit example is the rise of consumer-to-consumer interaction that has emerged through social media platforms, such as Best Buy (Bassano et al., 2018). Offerings such as this contribute towards the emergence of emphasized emotional, life-changing, and social values (see Almquist et al., 2016).

Business models: retail business models and a look to the future

Although the term business model is over a half-century old, the concept has gained more attention since the millennium due to the rise of the internet (e.g. Afuah, 2003; Osterwalder, 2004). It has been used for multiple purposes in strategic planning, for example, to evaluate the commercial potential of innovations (Doganova and Eyquem-Renault, 2009), to assess value creation in online businesses (Amit and Zott, 2001), and in re-organizing firm structures (Teece, 2009; Teece, 2010). However, it should be noted that the business model is often seen as a context-dependent tool, and consequently lacks a commonly approved definition. Despite this, most popular business model definitions include proposing, creating, and capturing value. In business model literature, value creation consists of multiple streams focusing on internal (Amit and Zott, 2001; Zott and Amit, 2010), external (Day and Moorman, 2010; Yrjölä, 2014), or hybrid value creation (Kaplan et al., 2004; Johnson et al., 2008).

In the context of retailing, business models have not received great scholarly attention. In this regard, one of the most cited studies is Sorescu et al. (2011) in which the researchers elaborated retail model innovations inspired by the work of Amit and Zott (2001). Accordingly, "a business model is a well-specified system of interdependent structures, activities, and processes that serves as a firm's organizing logic for value creation for its customers, and value appropriation for itself and its partners" (Sorescu et al., 2011, S4). The authors emphasized that designing a retail business model is a rigorous consideration of interdependencies concerning choices of format, activities, and governance. The format refers to choices in interface selection and design that position a retailer in the market and enable customer touchpoint coordination for creating experiences. The activities define the exact selection of activities that enable and fulfill the experiences. Governance sets rules for actors performing the activities by defining the roles and incentives to motivate them (Sorescu et al., 2011). In the multi-channel retail literature, several streams touch on the concept of business models but only focus on certain areas concerning digitalization. For example, how the digital transformation influences the customer (Labrecque et al., 2013), retail channels (Picot-Coupey et al., 2016; Yrjölä et al., 2018; Rangaswamy and Van Bruggen, 2005), retail workforce (Huré et al., 2017; Pantano and Migliarese, 2014; Rafaeli et al., 2017), or the future of retailing (Grewal et al., 2017), leaving room for more comprehensive investigations, especially from a business model perspective.

Today, retailers should be described as orchestrators of multi-sided platforms that serve value creation and capture in ecosystems for customers, business partners, and the retailers themselves (Sorescu et al., 2011). This statement appoints several transformative requirements on traditional retail business models. First of all, instead of linking products and consumers, retailers would act as an intermediary or marketplace that enables people and organizations to share information, access a variety of goods and services, and buy or sell (Cusumano et al., 2019). Taking an intermediary role transits a retailer from dyadic (i.e. retailer and buyer) to triadic (i.e. between seller and buyer) relationships (Gawer, 2014); secondly, instead of focusing on controlling efficiency and product assortment, an intermediary turns sight to establishing connections through value networks (seeking value through interactions) (Shafer et al., 2005) and partner networks (seeking value through relationships) (Amit and Zott, 2011) to enable value creation. This causes a retailer to operate in networks instead of value chains (see Achrol and Kotler, 2011); and finally, as an intermediary operating in networks, a retailer seeks suppliers and manufacturers with product and service offerings (e.g. value) that link with demand, without controlling every part of the value chain between them. This suggests that the retail offering is co-produced (Lusch et al., 2010), which leads to the integration of value co-creation (see Grönroos, 2011; Saarijärvi et al., 2013) as a central mechanism instead of internally controlled retail operations. Van Alstyne et al. (2016) stated three major shifts for businesses that increase dynamics significantly when moving towards platform business models. They suggested (1) shifting from resource control to resource orchestration, referring to a total change in asset management, resource allocation, and success indicators; (2) shifting from internal optimization to external interaction, emphasizing modifications in appropriation logic; and finally, (3) shifting a focus from customer value to ecosystem value, highlighting a need to abandon the value chain approach (Van Alystyne et al., 2016). These suggestions place pressure on traditional retail business models to undergo transformation. In this study, we are focusing on the main elements of the retail business model which include format, activities, and governance (Sorescu et al., 2011).

Drivers that create incentives to modify the retail business model

When evaluating business model relevancy, one should consider competitors' models, sources of appropriation, external threats, and sustainability of the business (Bertolini et al., 2016). Successful businesses normally revise the business model four times before reaching profitability, indicating that traditional retailers must tolerate initial failures and course correction in shifting to a new business model (Johnson et al., 2008). Taking such a path may not sound attractive, especially if the current business is profitable. However, Sorescu et al. (2011) defined six drivers related to capturing and creating value that motivate, incentivize, or force retailers to consider business model reconfiguration. First, they highlight opportunities to gain operational efficiency, this includes efforts to streamline back-end operations (e.g. sourcing, inventory levels), enhance the store environment (e.g. seeking cost reductions and increased profits in-store), and make cost savings (e.g. automation, process digitization). Second, opportunities to gain operational effectiveness, such as finding ways to maximize probabilities in meeting organizational objectives (e.g. investments enabling longer-term profit, or market expansion). Third, opportunities to design lock-in themes, which involve the development of mechanisms that minimize customer costs and increase switching costs (e.g. memberships, subscriptions, or guarantees). These drivers motivate retailers from a value capture perspective. Fourth, opportunities to increase customer efficiency, which can be achieved through improving the convenience of service (e.g. store networks vs. online, pick-up services). Fifth, opportunities to influence customer effectiveness, referring to how effectively a retailer can facilitate consumers to meet their consumption goals (e.g. depth of assortment or long tail). And sixth, opportunities to increase customer engagement, involving the ability to evoke emotional involvement that goes "beyond purchase" (e.g. customer experience design, brand perceptions).

To explore the current opportunities for brick and mortar retailers brought to fruition by digitalization, we approach the data through the six drivers posited by Sorescu et al. (2011). This enabled us to gain an understanding of what brick and mortar retailers currently have turned their sights towards. To aid this exploration we propose the following question: What do retail managers perceive as existing opportunities in the retail business model enabled by digitalization?

Methodology

To respond to our research question, qualitative research methods were employed, and an exploratory approach was adopted. Qualitative research methods were selected to enable participants to share explanations, descriptions, and interpretations of the phenomenon (Lichtman, 2017). Moreover, we intended to explore our topic by "following wherever the informants lead us in the investigation" (Gioia et al., 2013, p. 20), an aim which seemed best attained through qualitative methods.

When considering countries that would provide comprehensive research settings according to the research topic, we were seeking markets that represent digitally advanced extremities from the European retail landscape. According to a study conducted by IMD World Competitive Center (2019), the UK (13th) and Finland (10th) represent high positions in a global comparison of digital competitiveness including evaluations of knowledge, technology, and future-readiness. While these countries differ by size, market structure, infrastructure, and consumption habits, the UK retail market is significantly bigger, more competitive, and considered to be advanced in terms of retail digitalization (Piotrowicz and Cuthbertson, 2014). However, interestingly the IMD study highlights Finland as a forerunner in technology and future-readiness. As such, these countries provide a fruitful combination when researching digital opportunities concerning retail business models.

To identify interviewees who could offer insights from the managerial perspective we conducted theoretical sampling. Theoretical sampling enables researchers to create specifications so that experiences can be compared across accounts to gain a better understanding from a particular perspective (Eisenhardt and Graebner, 2007; Given, 2008). Thus, the following criteria were determined about the participants: a) the retailer they work for predominantly operates through physical stores, b) they hold mid- to top-level management positions and, c) they work for retailers in the UK or Finland. To gain a broad understanding of how retail managers perceive opportunities presented by digitalization, it was considered advantageous to include a wide range of retailers. Therefore, we sent 250 requests to LinkedIn members that met the selection criteria. From this number, 87 people accepted the request, 54 responded, and 24 people agreed to be interviewed (27% response rate). The other two interviewees were identified by participants during the interview through the snowball technique (Noy, 2008). In total, 26 semi-structured interviews were conducted between April and July 2019 (see Appendix 3). Conducting semi-structured interviews enabled rich insights to be gained from retail managers and thus, create "rich opportunities for the discovery of new concepts rather than affirmation of existing ones" (Gioia et al., 2013, p. 17).

Participants were asked questions around four key themes including managerial insight, digital strategy and management, customer experience, and omni-channel integration. The length of the interviews ranged from 30 to 60 minutes, which together totaled 16 hours and 42 minutes. The participants held high-ranking positions and their number of years of retail experience varied from two to 30 years, enabling us to gain insights from individuals who are expected to be involved in both current and future management of the retail industry. Two of the participants were retail consultants, one from each country. Moreover, various retail branches (e.g. home furnishings, electronics, beverages, cleaning supplies, grocery, pet supplies, fashion, sport, and optical) and physical store formats (e.g. discount stores, department stores, hypermarkets, specialty stores, and supermarkets) were represented in the data.

The interviews were transcribed verbatim, resulting in 197 pages of interview transcription. The anonymity of participants was respected throughout the study, as such, each interviewee was assigned a code from M1 to M26 (Appendix 3). Once the transcripts were prepared, they were imported into Atlas.ti, a program that facilitates the organization and analysis of qualitative data.

Qualitative content analysis was deployed to ensure the analysis process was structured and systematic. This process involved three main stages including 1) preparation (e.g. selecting unit of analysis), 2) organization (e.g. coding and categorizing) and 3) reporting (e.g. presenting results) (Elo and Kyngäs, 2008).

Though there are different methods of content analysis, the process adopted in this study was inspired by directed qualitative content analysis (Hsieh and Shannon, 2005). In addition, to ensure vigor in the coding of the data, all the authors were involved in the data analysis process. As is advocated by Eisenhardt (1989), the involvement of multiple investigators enables richer insights from the data to be gained and instills confidence in the findings. First, we adopted the three main elements of the retail business model - format, activities, and governance (Sorescu et al., 2011) to begin coding the data. At this stage we highlighted all the units of thought that were relevant to the retail business model elements, this resulted in the identification of 144 quotations that express the main issues discussed by the retail managers.

Once the relevant units of thought were coded according to the retail business model elements, we applied the second level of coding using the six drivers discussed in Sorescu et al. (2011) - operational effectiveness, operational efficiency, customer lock-in, customer effectiveness, customer efficiency, and customer engagement. This involved revisiting the 144 quotations to code the relevant drivers. During the analysis, we observed that two of the drivers, customer effectiveness and customer engagement, overlapped. As is discussed by Sorescu et al. (2011), linkages between these two drivers exist through value creation. This can also be seen in other prior literature in which perceived customer value (e.g. retail mix combination) is recognized as an input to customer engagement (e.g. brand perception) (see Gallarza et al., 2011; Rintamäki et al., 2007). Consequently, we combined these drivers in further analysis as customer effectiveness and engagement. Steps were then taken to refine the list, this involved analyzing quotations with similar meanings and removing those which did not directly address the aims of this study, 35 key quotations emerged in this process.

In the final step, quotations were interpreted, conceptualized, and grouped accordingly, enabling category formation. This resulted in the identification of the seven key areas of opportunity perceived by retail managers that will be elaborated in the section that follows. An illustration of the analysis process is provided in table 1.

Table 1

Raw Data - Unit of Thought	Code 1	Code 2	Concepts	Category
M7: "So having this digital reach... Reaching our customers through digital channels, like Instagram for example for example: Facebook, Twitter, advertisements in banners and in various websites. So, we create the need that people feel that... okay this is a dress I need to have because I can see it everywhere. It's a trend now and everyone has it, or something. I need to recreate the need. That they actually need to buy it."	Format	Oprational Effectiveness	– Increased touchpoints –Retailers influence customer behavior	Offer Different Retails Channels

Table 1: Illustration of the data analysis process

Findings

In this section, we present the data to illustrate how retailers are perceiving and seizing the opportunities presented by digitalization in formats, activities, and governance.

Opportunities for retail formats

Respond to Pre-existing and Extended Competition

If company management is not willing to change the business model, they may cannibalize their business (Teece, 2010). According to the data, the digital environment provides multiple opportunities for traditional brick and mortar retail business models. However, opportunities may, in some cases, emerge from fundamental threats. This realization is greatly important, even if operating under the same conditions would not terminate business activities, increased awareness pushes companies to react and pursue opportunities.

M8: "Those [retailers] who don't digitize, don't have a website, don't allow the customers to purchase at home or on the move on their mobile, factually, they will fail in the next few years. They will not survive. So being blunt about it, survival is the need to move there."

M19: "In the big picture the traditional brick and mortar stores have been…or at least if not yet, they are facing very strong pressure to change and modify their business models and distribution chains. The pressure coming from online companies are the big ones like Amazon or really small ones like pure players then that really is making a huge need for everyone to change in terms of increased competition, more choices, and better prices for consumers. So, the ones that are not able to reach the same pace as these online players will eventually be banished out of the market unless they are able to make some kind of competitive advantage."

Digital channels and new business forms have taken market share and have changed the dynamics of competition. While traditional competition has not vanished, developments have blurred industry boundaries and competition has increased. Consequently, it is not necessarily clear who retailers are competing against these days. Opportunities lie in brand eco-systems that enable retailers to compile information, build customer profiles, and create personalized experiences through combining channels. In brand eco-systems, customers interact more with the retailer which decreases the chances of them switching to a competitor, suggesting customer lock-in is a driver. An example is provided in the following quotation:

M16: "It's just not the case that everyone needs to do everything digital, you've got to think of your positioning in the market, you've got to think have you got a brand people really want, is it really authentic? So, you just can't say we'll have an online platform and we'll sell to people, it's not like that, you've got to work about which parts you want to integrate with, you've got to work out how to get your brand across and what's your brand all about."

The current level of awareness and understanding of the digital influence on business has enabled retail management to regain confidence, emphasize opportunities, and seek competitive advantages over threats. As retailers continue to diversify, there has been a focus on building brand eco-systems (Reinartz et al., 2019).

Offer and Integrate Various Retail Channels

With the rise of the internet, brick and mortar retailers have broadened their customer offering through different channels, this effort has seen the proliferation of terms such as 'cross-channel' (Chatterjee, 2010; Picot-Coupey et al., 2016), 'multi-channel' (Verhoef et al., 2015), and most recently, the 'omni-channel' (Brynjolfsson et al., 2013; Huré et al., 2017; Von Briel, 2018; Willems et al., 2017; Yrjölä et al., 2018). The data indicates that managers consider the capability to combine various channels as an advantage and that through integrating channels they can enable seamless shopping for the customer, which will in turn enable the retailer to capture the most value. This thought is expressed in the following extract:

M26: "Because we can see, for example, that the brick and mortar stores, the value of them will change in the eyes of the customers. More and more people buy online, but what we see is that we still need to have the store where the customers can come and get inspired, and then go back home and shop online."

It is also noteworthy that although online channels are growing, managers recognized that physical stores remain an integral part of the business. In recent years, retailers have turned their attention towards reinventing the purpose to visit physical stores. Literature has already acknowledged the changing role of physical stores, claiming that they serve as 'showrooms' for customers (Picot-Coupey et al., 2016; Piotrowicz and Cuthbertson, 2014; Verhoef et al., 2015). The findings illustrate that brick and mortar stores offer customers an experience that cannot be rivaled by online channels, and managers maintained that the demise of the physical store is not on the horizon. This point is captured in the following quotation:

M23: "Whereas historically it was all driven towards getting visits to the store, now we still want to do that, but we need to find other ways to do that rather than just be the product because you can get the product online and never visit a store. So, we have to find other ways to encourage people to visit, through workshops, home furnishing events, knowledge… experiences you can't get online, because the store is still the most fundamental part."

Brick and mortar retailers are in a prime position, presented with the opportunity to leverage their offline and online channels to their advantage. In the highly competitive market, operational effectiveness is clearly a driver for retailers to utilize all the channels at their disposal in order to reach their customer base. Through combining different channels, retailers maintain numerous touchpoints with the customer which allows them to inspire, inform, upsell, and communicate with the customer on an ongoing basis. The findings suggest that retailers are aiming to deliver the same experience across channels, making for seamless shopping that meets customer expectations.

Provide Speed and Convenience

As customer demands continue to increase, several managers noted that customers are most concerned with convenience. To provide ease of shopping, retailers are implementing digital technologies within stores to minimize customer sacrifices and maximize customer efficiency. These include tools such as saved shopping lists, scan and go devices, guided picking routes, and self-checkouts. In the following quotations, managers acknowledge the extension of different retail formats to offer convenience for the customer.

M25: "When I started in this company, basically the customers' buying journey was quite structured. If they wanted to buy a sofa, they had to buy it through self-serve, so they would find where it is located in the self-serve area and they basically picked it up, or a store co-worker would make a list for them. But today customers can choose all varieties of how they want to shop, services are more aligned to the shopping process, meaning that customers can also order the goods to their homes… they can order the goods to their homes by themselves after seeing the products."

M10: "Most of our feedback is around […] how quickly they [the customer] could get through that checkout and get home. That is where a lot of our feedback is, so that is where a lot of our technology development and digitization are focused. So, we can make that experience easy and fast for them which is the technology side of it, which benefits us because they keep coming back, but it also benefits the customer because they walk out of the door with a smile on their face and say good things."

These quotations illustrate that digital developments taking place are not only for the benefit of the customer. Managers noted that digitalization creates opportunities to decrease customer sacrifices while simultaneously increasing benefits for the retailer. An explicit example of this is the implementation of self-checkouts which enables customers to buy more efficiently while increasing retailers' operational efficiency by reducing labor costs.

Opportunities for retail activities

Deliver Customer Experience

Customer experience is about stimulating consumers to respond in desirable ways (see Becker and Jaakkola, 2020) at touchpoints during the customer journey (Lemon and Verhoef, 2016). In retail settings, customers traditionally perceived experiences through a cognitive approach, for instance, by assessing functionality or speed of service (Kranzbühler et al., 2018). The data indicates that brick and mortar retailers are currently creating customer touchpoints (i.e. additional opportunities for interaction) outside the store environment. The very idea and opportunity is to enrich experiences and engage customers through social, emotional, and sensory aspects, in addition to cognition (Keiningham et al., 2017). One manager explained how their branded mobile application is used to track customer fitness activities which consequently reveals customer needs:

M17: "When you go into the store you can show them your QR code and it will show them everything that you have bought and the person in the store will be able to offer or suggest by looking at your [fitness activity] history and your purchase history, what would be a good sell for you. So, it kind of creates a through the line…not through the line, but basically a borderless experience for the consumer, at a marketing level, but also at a sales and CRM level. So, it is kind of like the store is no longer just about when you get into the store, but it is also what's happened before you get there."

Retail activities such as this are driven by customer efficiency, effectiveness and engagement. By utilizing digital tools, retailers can identify customer needs and provide them with access to multiple touchpoints through which they can seek assistance, find new information, browse products, and make relevant purchases. While digital development has pressured traditional retailers, it has also broadened the horizons for firms, enabling them to push industry boundaries to seek competitive advantages (Mendelson, 2000). Former research indicates that creating experiences influences, for example, customer satisfaction, retention, loyalty, and consequently share-of-wallet (Keiningham et al., 2017).

Utilize and Implement Digital Tools

The surge of digital developments has provided retailers with new sources of value creation and capture. Digital tools offer retailers the opportunity to streamline processes and amplify their existing offerings by enhancing the customer experience (Reinartz et al., 2019). Retail managers discussed the various digital tools that their firms have implemented, these include employees using iPads on the shop floor to improve customer interactions, handheld devices that provide employees with real-time inventory data, and customers using their smartphones to scan their products as they shop. In the examples provided by the retail managers, operational efficiency was considered a driver.

One manager gave an example of how digitalization has transformed stock management in the store and detailed the benefits of its implementation. This is referred to in the below quotation.

M10: "Rather the person walking up and down and just saying, oh I need to go and get a packet of this from the back, which in a store our size is quite a long job to go and get. If the first thing in the morning, the robot goes up and down the aisle and counts what is there and checks how much is there…it makes it much easier. That feed of information comes back out to a mobile device to then not have to count it, but just get it, and put it on the shelf and replenish. So, from a customer point of view, they won't see that technology, but they feel the results because it's always available. It is one of our phrases as well as strategies, you should have a full shelf all the time."

This quotation illustrates how digital tools enable firms to speed up their back-end operations while spending less on labor costs and indirectly improving the customer experience.

Opportunities for retail governance

Rethink the Management Model

Though retail digitalization has attracted much scholarly interest, to the best of our knowledge, the influence on the internal management models within brick and mortar retailers has been obscured (with the exception of Mende and Noble, 2019). Managers discussed the various implications of digitalization on management, most notable of which include data-driven decision making and a change in managerial skill sets.

The power of data and the benefits it can bring to retailers is already a prevalent topic in research (Grewal et al., 2017; Hänninen et al., 2019) and the findings from this study complement the literature. Managers claimed that data enables retailers to better understand the business and their customers, which aids and influences the decision-making process, as is illustrated below:

M19: "What it has brought along is this sort of…how to take advantage of digitalization in making internal operations and usage of data to make management decisions and steer operations more efficiently. How can you make that a success story as well, because I think there is huge potential with many retailers and many challenges as well about how to exploit that opportunity in the best way. […] Let's say for example a top store manager, a well-performing manager, might not be able to stay with the pace of digitalization. And once you are not being able to adapt and develop new ways of working and using digital tools it will make you actually go from being a high-performing store manager to a low-performing store manager."

This manager also discussed the need to adjust the existing managerial skill set. Although this could be perceived as a threat, as digital literacy becomes a more important skill to possess in the job market, retailers can take the opportunity to train staff and maintain a skilled workforce who are capable of adapting to the digital environment. This illustrates that retailers are focusing their efforts on operational effectiveness and efficiency as drivers.

Adjust Organizational Approach

Exploiting digital opportunities requires dynamic capabilities from top management to recognize and seize the opportunities (Teece et al., 2016). Although, the way an organization approves, adapts, and executes changes remains uncertain. One could say that resistance to change is inevitable when combining digital business requirements into traditional retail business models, as it can lead to confrontations.

M22: "[The company] is going through a big transformation at the moment, which is all based around the need to change and find ways to be more profitable in this new environment, because the business was based upon stores and the busier the stores got, the cheaper they were to run, and then the more we could reduce prices, and the more you would reduce prices the more people come and buy and the more you sell, the more you become efficient. It's become this positive cycle. And I guess visitation drops in the stores because people are buying online, so we need to find other ways to bring them in, so that experience and exponential things in stores will be important in the coming years."

Adapting to digitalization from an organizational perspective requires significant investments (Helfat and Martin, 2015; Moorman and Day, 2016). Reconfiguring firm structure, metrics, and incentives/controls (e.g. Moorman and Day, 2016) is a slow but essential process for companies to transform. Recognition of this process was shared by managers in the following quotations:

M26: "One big change which we are doing on an organizational level right now. It was like over 1 year ago, […] we just talked about IT, and now we have a digital function on a global level, and during the autumn we will have it in every country, so we will kind of move to 'real digital thinking'."

M4: "So, digitalization has an impact actually on everything that we do; how we talk to our customers, how we improve our processes, how we try to understand the kind of 360 degrees of our customers, whether they are online or offline. It impacts on logistics, on how we buy…well our supply chain and so forth. And I think also it really changes the culture and… or at least, it should change how the company is managed."

To summarize, digitalization will inevitably influence how companies stay relevant, control their resources, and foster firm culture. Retailers are faced with adopting necessary capabilities, ensuring continuously well-timed and efficient asset management, and managing to create a culture that supports resilience in a rapidly changing business environment. Being unsuccessful in even one phase of the process may lead to failure. On the other hand, it should be considered more as an opportunity to learn, react,

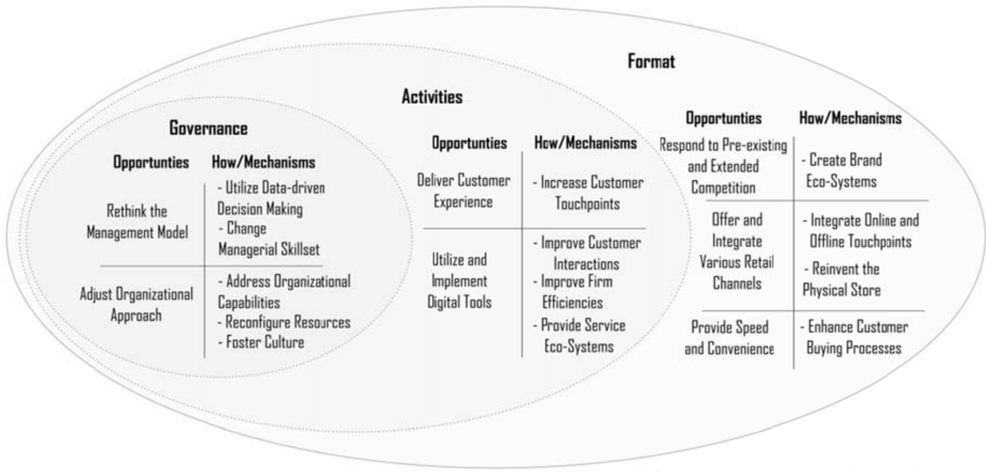

Figure 1. Retail business model opportunities enabled by digitalization

and respond to the demands of current business requirements in retailing. In this regard, operational effectiveness is a driver for retailers when considering changing the organizational approach.

To clearly express the findings, an illustration is provided that summarizes the key points discussed throughout this section (see figure 1). The figure represents the retail business model in terms of the three main elements. Within each element, we present the opportunities and the ways in which retailers are pursuing them.

Discussion and Conclusion

This study aimed to explore how retail managers perceive opportunities presented by digitalization. In addition, we challenged ourselves to identify how these digitally enabled opportunities influence retail business models. We investigated the topic through the elements of the retail business model by Sorescu et al. (2011) including format, activities, and governance. By conducting 26 semi-structured interviews we were able to gain an understanding of how brick and mortar retailer managers perceive opportunities through digitalization. Focusing on business model opportunities also allowed us to interpret, reflect, and compare the findings against the view of the future of retail represented in the scientific literature. The topic is relevant for three reasons. First, views from current retail markets in Europe show that traditional and formerly successful retailers (e.g. Debenhams, House of Fraser, Diesel) have struggled to adapt to current market requirements. At the same time, evidence from other markets (U.S) draws a picture of acceleration in retail restructuring. Second, current retail environments provide consumers with unlimited product offerings, low switching costs, and exceptional convenience, which can be seen through the increase in online consumption. Third, assimilating digital technologies into the retail business requires a change concerning how companies approach organizational design in the future. Indeed, these changes present challenges for brick and mortar retailers, however, the findings show explicitly that they see opportunities in each element of the business model.

Although some may see physical stores as unnecessary assets due to falling footfall, reinventing the purpose of the store to serve multiple channels and meet customer desires for traditionally offered value is considered a central source of competitive advantage. According to our findings, retailers are seeking opportunities for three critical purposes: 1) to differentiate, 2) to create, deliver and capture value, and 3) to manage the change. To differentiate in local, pre-existing, and extended global competition, retailers have turned their sights towards providing speed and convenience through multiple customer channels and brand ecosystems. Rather than only focusing on cognition, brand ecosystems enable social, emotional, and sensory aspects to be engaged. To ensure that new and relevant value is created, an increasing number of customer touchpoints have been generated to deliver increasingly personalized experiences regardless of location. Touchpoints located in store (e.g. self-service checkouts or integrated mobile apps) additionally enhance store operations, enabling retailers to increase the cost-benefit ratio while decreasing customer sacrifices. Furthermore, retailers are employing data-driven decentralized decision-making models and lowering hierarchical organizational structures. However, the influences of digitalization extend over management systems. Ensuring organizational ability to deliver desired experiences in the changing business environment requires continuous evaluation of capabilities and assets, as well as fostering supportive company culture for fast adaptation. Yet, the prerequisites of the retail business model reconfiguration demand significant changes in the organizational approach.

This study makes several theoretical and practical contributions that are elaborated in the following paragraphs. Three theoretical contributions are emphasized. First, this study makes a theoretical contribution to the literature through "providing connections among previous concepts" (Corley and Gioia, 2011, p. 15). Hence, our main theoretical contribution lies in the further exploration of the existing theory presented by Sorescu et al. (2011). In their article, Sorescu et al. (2011) utilize two key concepts, the retail business model elements (format, activities, and governance) and six innovation drivers (operational effectiveness, operational efficiency, customer lock-in, customer effectiveness, customer efficiency, and customer engagement), which served as the basis for our data analysis. We applaud their work as it illustrates the highly interconnected nature of the retail business model and further provides an insight into business model innovation in the retail context. In the paper, Sorescu et al. (2011) suggest that each business model element is connected to all drivers. However, by combining the elements and drivers in our analysis, further insights were gained, suggesting that certain drivers push specific business model elements in the context of brick and mortar retailing. More specifically, that format is driven by operational effectiveness and efficiency, and customer lock-in and efficiency. Activities are driven by operational efficiency, customer efficiency, effectiveness and engagement. And governance is driven by operational efficiency and effectiveness. This illustrates that managers do not perceive all drivers in each business model element.

Second, it seems that a paradox exists in the retailing literature, on the one hand telling a story of the retail apocalypse (Baggi, 2014; Helm et al., 2020), and on the other recognizing new sources of competitive advantage (Mende and Noble, 2019; Reinartz et al., 2019; Saarijärvi, 2012). Between these competing narratives, the threats and opportunities facing retailers are explored predominantly from the customer perspective (Hagberg et al., 2016; Picot-Coupey et al., 2016; Chatterjee, 2010; Fuentes et al., 2017; Helm et al., 2020; Labrecque et al., 2017) and employee perspective (Huré et al., 2017; Pantano and Migliarese, 2014; Rafaeli et al., 2017). However, to the best of our knowledge, no other papers explore retail digitalization from the perspective of retail managers. As retail managers are responsible for transforming the retail business model and adapting to changes in the environment, managerial insights on this topic are important. The findings of this paper open new avenues to influence and impact restructuring, instead of identifying phenomenon related sub-phenomena. Therefore, our paper serves as a foundation for building theory on the managerial perspectives on the retail business model through digitalization by linking opportunities and mechanisms.

And finally, the current stage of retailing is extremely important revealing the speed at which traditional retailers are able to understand and respond to new competitive forces. However, when reflecting on the fundamental shifts (asset management, resource allocation, appropriation logic, and abandonment of the value chain approach) (Van Alstyne et al., 2016; Helfat and Martin, 2015; Moorman and Day, 2016) that take place when moving from traditional retailing toward platform business models (Van Alstyne et al., 2016) suggested by Sorescu et al. (2011), only one correlated. Retailers have used ecosystem perspectives as a competitive tool to orchestrate internal processes and to ensure coherence in the customer experience (e.g. generating data from off-store environments). Whilst, traditional retailers are far away from abandoning the value chain approach, in this study we found that digitalization influences every business model element (format, activities, and governance). Thus, adopting a 'business model-centric' approach in a manner that recognizes every business model element and develops the business model as a coherent entity is an important vehicle for traditional retailers to adapt to the rapidly changing business environment of restructuring. Eventually, the forceful phase of digital evolution that we are witnessing will reveal the future directions of retailing and business model centricity may turn very beneficial.

This study has various implications for retailers, consequently, we detail the three main practical contributions of this research to guide retailers seeking opportunities in the retail business model. First, the study shows how brick and mortar retailers perceive the opportunities from a business model perspective, covering format, activities, and governance in the analysis. As such, this study provides a valuable checklist for traditional retailers to ensure that they are staying relevant in the current business environment. Second, it reveals that brick and mortar retailers are focused on the short-term rather than the long-term. The study participants recognized opportunities from capabilities or resources that exist at the moment, this is due to the need to react rapidly in the changing retail market. Through interpreting these developments, it is possible to determine that brick and mortar retailers are far from pursuing a complete shift to new business models, such as platforms (Sorescu et al., 2011) that have gained popularity and success due to different business model logic. We suggest that brick and mortar retailers turn sights towards their current and future competitor's business models to seek opportunities. Third, brick and mortar retailers have high confidence in competing against online retailers (e.g. Amazon, Alibaba) by centering competitive advantage around the stores as the heart of traditional retailing and the source of price-quality relation of offerings. However, when scrutinizing the profit equation of platform-based business models, it is clear that most traditional business model's tied capital (e.g. in products or stores) has been liberated to enhance the customer experience. By focusing on experiences, traditional retailers may have selected to compete against new rivals with the same weapons, indicating that new rivalries are developing customer experience with extensive intensity while operating asset-light business models. The study suggests that brick and mortar retailers should evaluate distinct options for the value chain, enabling them to respond to current competition and anticipate the emergence of other forms of competition. These changes suggest a new retail paradigm is emerging, one which requires recognition in both theory and practice.

Limitations and future research

This paper set out to extend the understanding of existing opportunities in the retail business model enabled by digitalization. As an ambitious aim, inevitably there are associated limitations, these relate to the data sample and research methods. Although we endeavored to identify the opportunities across the retail industry, we only collected data from the UK and Finland, which renders our findings and implications limited to retailers in developed European countries. Though we assert that what we lack in scale, we compensate with rich managerial insights from multiple mid- and top-level managers working in various types and sizes of retailers. An additional limitation concerning the data sample is the focus on the retail manager's perspective. As a retailer's raison d'etre, it could have proven beneficial to include the customer perspective, however, due to limited resources, this was not possible. In terms of the research methods, qualitative data was generated through interviews which can present challenges for researchers in terms of influencing the data. When conducting interviews researchers are a part of the data generation which can restrict the discussion to predefined notions and ideas within the researcher's knowledge. In this regard, Gioia et al. (2013) advocate that researchers should emphasize the interviewee's voice over their own to enable new insights to be gained. To ensure that the discussions were not impeded and to provide flexibility (Queirós et al., 2017), the semi-structured nature of the interviews meant that the questions played a supporting rather than leading role to enable the exploration of the topic through the eyes of the retail managers.

While digitalization has presented businesses with multiple challenges, it is also important to highlight the opportunities to support organizations as they adapt to digital ways of working and reconfigure their business models. We maintain that adopting a business model lens uncovered profound influences on the retail business model. Therefore, it is suggested that further research be conducted on the influence of digitalization on business models in other markets and industries. We selected digitally competitive markets for exploration, however it could be fruitful to examine countries that have yet to develop progressive attitudes and obtain business agility with cohesive technological integration. As a final note, we would like to mention that an abundant source of data was generated which unfortunately could not be fully explored within the scope of this study, as such, we suggest a direction for future research. An emerging theme within the data was business expansion, more specifically, that brick and mortar retailers are increasingly able to take advantage of digital technologies to reach new businesses, suppliers, and customers. Digitalization has facilitated the burgeoning of international mergers, enabled the diversification of retail products as buyers video call suppliers to secure new products, and supported the growth of new markets as retailers sell their products to customers overseas. Digitalization has opened up the world, initially instigating rising threats from competition 'entering in' the market, but going forward, brick and mortar retailers are well-placed to consider 'expanding out' to exploit the existing opportunities.

Appendix 1					
"Brick and mortar" retail examples	Founded	Categories	Annual turnover in the glorious times M$	Number of stores before entering administration	Date of Bankruptcy
Debenhams	1813	Department store chain	3088	122	July 2020
Poundworld	1974	Discount retail store	1742	355	July 2018
House of Fraser	1891	Department store chain	1530	59	Aug 2018
G-Star Raw	1989	Luxury fashion	1002	400	July 2020
Diesel	1978	Luxury Fashion	927	424	March 2019
HMV	1921	Music, DVD, video games store	476	113	June 2020 (Second bankruptcy)
Blanco	2009	Clothing store	467	120	Dec 2016 (second bankruptcy)
British Home Store (BHS)	1928	Department store chain	389	163	Aug 2016
Brantano	1962	Footwear	348	286	June 2017
Maplin	1976	Electronics store	312	217	June 2018
Roberto Cavalli	1975	Luxury fashion	231	51	March 2019
Karen Millen	1981	Clothing store	232	57	March 2017
Sonia Rykiel	1968	Luxury fashion	75	10	June 2019

Appendix 1: Examples of brick and mortar retail entered administration in the Europe between 2015 and 2020

Appendix 2

"Brick and mortar" retail examples	Founded	Categories	Annual turnover in the glorious times M$	Number of stores before Chapter 11	Date of Bankruptcy
Sears	1886	Retail chain	16700	434	October 2018
Toys "R" Us	1948	Children's toys	12400	807	September 2017
Great Atlantic and Pacific Tea (A&P)	1859	Grocery	5500	296	July 2015
sports authority	1928	Sportswear	3500	463	March 2016
RadioShack	1963	Electronics	3400	425	March 2017 (second bankruptcy)
Payless	1956	Footwear	3000	3600	April 2017
Bon-ton	1898	Department Store Chain	2700	272	February 2018
HHGregg	1955	Consumer electronics and home appliances	1960	220	March 2017
Quiksilver	1960	Surfwear apparel	1800	122	September 2015
Nine West Holdings Inc.	1970	Shoes, fashion, accessories	1600	70	Date: April 2018
Southeastern Grocers	2011	Grocery stores	1500	852	Date: March 2018

Appendix 2: Examples of brick and mortar retail bankruptcies (chapter 11) in the U.S between 2015 and 2018

"Brick and mortar" retail examples	Founded	Categories	Annual turnover in the glorious times M$	Number of stores before Chapter 11	Date of Bankruptcy
Gander Mountain	1960	Outdoor recreation	1300	162	March 2017
Gymboree	1976	Children's apparel	1270	1100	Date: June 2017
Vanity	1955	Women's apparel	1200	140	March 2017
Mattress Firm	1986	Mattresses	900	200	October 2018
Rue21	1970	Teen apparel	822	400	May 2017
Pacsun	1980	Teen apparel	797	645	April 2016
KIKO USA	1971	Beauty	700	28	January 2018
Charming Charlie	2004	Apparel and accessories	620	67	December 2017
BCBG	1989	Women's apparel	600	259	February 2017
American apparel	1989	Apparel	600	250	November 2016 (second bankruptcy)
Gordmans	1915	Discount department store	579	68	March 2017
Aerosoles	1987	Footwear	550	80	September 2017
Wet Seal	1962	Teen apparel	500	173	February 2017 (second bankruptcy)

Appendix 2: Examples of brick and mortar retail bankruptcies (chapter 11) in the U.S between 2015 and 2018 *(Continued)*

"Brick and mortar" retail examples	Founded	Categories	Annual turnover in the glorious times M$	Number of stores before Chapter 11	Date of Bankruptcy
Perfumania	1988	Perfume and beauty	490	240	August 2017
True Religion Apparel Inc.	2002	Denim and jeans	419	27	July 2017
Eastern Outfitters	1967	Outdoor apparel and gear	400	18	February 2017
Brookstone	1965	Gadgets and gifts	351	100	August 2018
The Walking Company	1991	Footwear	272	69	March 2018
Vitamin World	1977	Vitamins	200	158	September 2017
Hancock fabrics	1957	Fabrics	200	185	February 2016 (second bank-ruptcy)
Cache	1975	Women's clothing retailer	200	150	February 2015
A'gaci	1971	Apparel and Ac-cessories	136	76	January 2018
Samuels Jewelers Inc.	1956	Jewelry chain	112	121	August 2018

Appendix 2: Examples of brick and mortar retail bankruptcies (chapter 11) in the U.S between 2015 and 2018 *(Continued)*

Appendix 3			
Code	**Position**	**Experience (years in industry)**	**Country**
M1	Head of Technology	21	Finland
M2	Customer Marketing Manager	6	UK
M3	Chief Information Officer	8	Finland
M4	Chief Digital Officer	20	Finland
M5	Digital Customer Experience	5	Finland
M6	Commercial Manager	2.5	Finland
M7	Store Manager	10	UK
M8	Chief Executive Officer	30	UK
M9	E-commerce Manager	6.5	Finland
M10	Project Manager	25	UK
M11	Managing Director	20	UK
M12	Chief Technology Officer	30	UK
M13	Regional Manager	30	UK
M14	Digital Business Advisor	22	Finland

Appendix 3. The characteristics of interviewees

Code	Position	Experience (years in industry)	Country
M15	Marketing and Communications Manager	8	UK
M16	General Manager	20	UK
M17	Head of Digital and Technology	20	UK
M18	Head of Digital Marketing	11	Finland
M19	Country Manager	20	Finland
M20	Chief Digital Officer	15	Finland
M21	Strategy Manager	7	Finland
M22	Market Manager	24	UK
M23	Head of Customer Experience	16	UK
M24	Country Manager	19	Finland
M25	Communications and Insights Manager	16	Finland
M26	Country Transformation Manager	10	Finland

Appendix 3: The characteristics of interviewees *(Continued)*

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II

From customer to actor value propositions: An analysis of digital transaction platforms

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From customer to actor value propositions: an analysis of digital transaction platforms

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ABSTRACT
Digital transaction platforms are reconfiguring how customers and suppliers interact and transact. This evolution challenges the applicability of some of the canonical concepts and theories inherited from businesses focusing on dyadic customer-firm relationships. In this respect, we know very little about the extent to which business concepts, such as the customer value proposition (CVP), can capture the dynamics of multi-actor digital platforms. The purpose of this study is thus to explore how value can be proposed in digital transaction platforms. To illustrate and capture the complexity and diversity of digital transaction platforms' current value propositions, we identify, compare, and analyze the CVPs of 58 digital transaction platforms worldwide. As a result, we introduce and define the construct of the actor value proposition (AVP) as a distinct and critically important concept for understanding and managing value creation in digital transaction platforms. This study is among one of the first to uncover the mechanisms and dynamics of digital transaction platforms from the point of view of different actors' value creation.

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Introduction

Digitalization has fundamentally changed the structure and form of the retail sector, as new digital intermediaries are challenging incumbent retailers worldwide (e.g. Hagberg, Sundstrom, and Egels-Zandén 2016; Hänninen, Kwan, and Mitronen 2021; Savastano et al. 2019; Teller, Brusset, and Kotzab 2019; Verhoef and Bijmolt 2019). One important digital intermediary is the digital transaction platform, that is, platforms that function as 'intermediaries or online marketplaces that make it possible for people and organizations to share information or to buy, sell, or access a variety of goods and services' (Cusumano, Gawer, and Yoffie 2019, p. 20). Digital transaction platforms, such as Amazon.com, Alibaba, and eBay, now intermediate a large share of online retail sales. In 2019, global eCommerce sales reached approximately 14.1% of all retail sales, with an annual growth rate of over 15% (Statista 2019). For example, Amazon and Alibaba now intermediate around 38% and 56% of all eCommerce sales in the US and China, respectively (eMarketer 2019a, 2019b).

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Digitalization is increasing the complexity of retail trade and decreasing the explanatory power of many existing retail concepts and theories (Haas 2019). For example, digital transaction platforms are notably different from traditional businesses, based on dyadic customer–supplier relationships (Hänninen, Mitronen, and Kwan 2019; Parker, Van Alstyne, and Choudary 2016). Digital transaction platforms enable the interaction and transaction between two or more distinct groups of users (e.g. McIntyre and Srinivasan 2017). The interactions between independent demand- and supply-side participants enable new forms of value creation (Smedlund 2012) characterized by competition and cooperation (e.g. Van der Borgh, Cloodt, and Romme 2012; Pierce 2009). Therefore, the global character and volume of digital transaction platforms and their business logic, management models, and critical success indicators fundamentally differ from those of traditional businesses (Cusumano, Gawer, and Yoffie 2019). This paradigmatic change exerts pressure on managers to shift their understanding and capabilities to resource orchestration instead of control, interaction instead of transactions, and network effect instead of sales volume (Parker, Van Alstyne, and Choudary 2016). In retail, this is evident through the increased innovation and the move to develop and adapt prevailing retail business models considering these changes (Hristov and Reynolds 2015).

However, despite outstanding academic and practitioner interest in digital transaction platforms, research on these topics remains limited and fragmented in marketing and retail journals (Hänninen 2020; Perren and Kozinets 2018; Sriram et al. 2015). It is generally agreed that digital transaction platforms present both tremendous opportunities and challenges for marketers and businesses (Leeflang et al. 2014). Yet, we know very little about the extent to which traditional business concepts capture the dynamics related to multi-actor settings (Perks et al. 2017). One such concept is the customer value proposition (CVP), which captures what kind of value firms aim to create for customers (e.g. Rintamäki, Kuusela, and Mitronen 2007; Rintamäki et al. 2006; for an extensive review, see Payne, Frow, and Eggert 2017). Analyzing the value proposition in this context is essential, since it is a key element of any business model (Johnson, Christensen, and Kagermann 2008). While there is an emerging stream of research addressing important platform-related topics, such as business model attributes (Täuscher and Laudien 2018) and platform strategies (Zhu and Furr 2016), there have been only a few attempts to address and clarify the role of CVPs in the context of the platform economy (Muzellec, Ronteau, and Lambkin 2015), and particularly with regard to digital transaction platforms and in a retail and consumer services setting (Hänninen 2020).

In order to gain a deeper understanding of the value-creating potential of digital transaction platforms, the purpose of this paper is to explore how value is proposed in digital transaction platforms. We accomplish this aim by identifying, comparing, and analyzing the CVPs of 58 digital transaction platforms worldwide. By identifying the characteristics of digital transaction platforms in general, and their value propositions, we extend the discussion of CVPs in a dyadic setting toward multi-sided digital transaction platforms. This places greater focus on uncovering current and potential sources of value for the different actors making up the platforms. Our findings advance marketing and retail literature and show practitioners how they can compete with the increasing platform competition.

The remainder of the paper proceeds as follows. First, we briefly discuss recent research on digital transaction platforms and value propositions. Second, we describe our methodology in terms of generating the set of case examples and analytical procedures. Third, we present our findings, consisting of the identified value types for both buyers and sellers. We conclude with a discussion of the contribution, managerial implications, limitations, and future research directions.

Theory

Digital transaction platforms

Platforms have received increasing interest from management, strategy, and information system scholars as many firms' innovation activities have shifted from the physical to the digital (e.g. Gawer 2014). This interest has also been sparked by the recent emergence of platform-based businesses in many parts of the economy, including the accommodation, media, music and transportation sectors (e.g. Cusumano, Gawer, and Yoffie 2019). Digital transaction platforms 'intermediate transactions among firms and/or individuals that may not be able to transact otherwise' (McIntyre and Srinivasan 2017; 472). Such platforms are inherently multi-sided, meaning that they enable direct interaction between two or more distinct sets of users (Hagiu and Wright 2015), and they 'bring together (or match) distinct groups, whereas the value for one group increases as the number of participants from the other group increases' (De Reuver, Sørensen, and Basole 2018; 127).

By intermediating transactions between independent buyers and third-party sellers, digital transaction platforms have transformed how customers and suppliers interact (Mathmann et al. 2017) and enabled the creation of 'special kinds of markets that play the role of facilitators of exchange between different types of consumers that could not otherwise transact with each other' (Gawer 2014; 1240). In particular, digital transaction platforms have now created online structures for many human activities (Kenney and Zysman 2016) and enabled exchanges between platforms' constitutive agents to be 'purely transactional, and where the pricing mechanism is the principal mode of coordination among platform agents' (Gawer 2014; 245).

In the context of digital transaction platforms, the value proposition is critical, as the platforms' economic value is measured in terms of the size of the user base (Gawer and Cusumano 2014) and the number of high-quality buyers and sellers using them (Haucap and Heimeshoff 2014). However, rather than investigating the value that such platforms offer to their users, research has focused on the mechanisms through which digital transaction platforms attract users. Studies show that network effects, in which each new platform user increases the value of the platform for all other users (Rysman 2009), arguably meaning that the success of a digital transaction platform largely depends on its ability to reach a critical mass of users (Ondrus, Gannamaneni, and Lyytinen 2015). In addition, network effects can often trigger a continuous feedback loop of new users that drives a winner-takes-all situation, in which one platform attains a dominant position in the market (Eisenmann, Parker, and Van Alstyne 2006). However, as research shows that digital platforms have a set of core value propositions to their users (e.g. Hevner and Malgonde 2019), elucidating their value propositions to different sets of users can provide a new lens to understand such business models and add to the identified mechanisms for platform growth.

Broadening the value proposition concept

The (customer) value proposition is a critical element of any organization's business model (Chesbrough 2010; Day and Moorman 2010; Johnson, Christensen, and Kagermann 2008). It is a strategic tool to communicate the value the business attempts to create, motivate key stakeholders, and position a business in relation to its competitors (Payne, Frow, and Eggert 2017). A value proposition is 'a competitive statement of the dimension of value offered to a specific group of customers, the ways in which the firm creates value, and reasons for customers to select the firms' offering' (Yrjölä 2015; 30). It also describes the organization's distinctive competitive advantage: what the organization excels in and what the competition cannot match (Collis and Rukstad 2008).

As a strategic tool, the value proposition is 'used both externally, to position the brand in the market and internally to guide the organization's efforts' (Yrjölä et al. 2018a, p. 534; see also Rintamäki, Kuusela, and Mitronen 2007; Payne, Frow, and Eggert 2017). Externally, the value proposition serves two functions: it impacts and influences the relationships that an organization develops, and it shapes the perceptions of value (Frow et al. 2014). Value propositions define who the customers are and how the organization interacts with these customers (Day and Moorman 2010; Johnson, Christensen, and Kagermann 2008). Value propositions also involve a choice of what type of value is offered to customers. Broadly speaking, value propositions can focus on three different types of value: offering increased benefits (performance value), decreasing costs for customers (price value), or attempting to lower customer-perceived risk (trust[1] value) (Day and Moorman 2010). All three types can appear in multiple ways. For instance, performance value can be created through superior quality, design, or functionality. Price value can involve low monetary, cognitive, or effort-related costs. Trust value can be created through total solutions, customized services, or risk-reducing policies, such as free returns. The value offered is usually expressed in concrete benefits (and costs) that are relevant to customers and superior to the competition (Anderson, Narus, and van Rossum 2006; Day and Moorman 2010). Internally, the value proposition guides the ways in which value is created and delivered through the business model (Johnson, Christensen, and Kagermann 2008).

Digital transaction platforms are notably different in term of their value-creating logic in comparison with traditional customer-supplier businesses. Consequently, they differ also in terms of their value propositions. Platforms need to develop and effectively communicate at least two distinct types of value propositions to attract and motivate buyers and sellers, respectively. In line with this mode of thinking (albeit in a different context), Frow and Payne (2011) take a stakeholder perspective. They suggest that value propositions can act as a stakeholder alignment mechanism. In particular, they encourage organizations to develop value propositions for all relevant stakeholders, such as suppliers, employees, potential recruits, investors, the media, and policymakers (Ballantyne et al. 2011; Frow and Payne 2011). Thus, digital transaction platforms must consider how to align the value creation of the different platform actors and manage their potentially conflicting interests. Specifically, the value proposition can be a critical tool to increase the user base and, consequently, the valuation of the platform.

To understand value creation in digital transaction platforms, it is necessary to consider different *roles* played by each actor. Technology can enable companies to give their customers a more active role in designing and conducting their own purchase and consumption experiences. This role can act as a distinguishing feature of the companies' value proposition, as in the case of omnichannel retailing (Yrjölä, Saarijärvi, and Nummela 2018b). Conversely, the platforms themselves can move beyond a mere matchmaker role to one that offers added benefits, such as security. Therefore, in addition to value propositions pointing out why actors should choose the platform over competing alternatives (Payne, Frow, and Eggert 2017), the propositions should delineate what roles each actor is expected to play on the platform.

We summarize the discussion above by proposing that the value propositions of digital transaction platforms should be analyzed in terms of the following questions:

(1) *To whom* is the value proposition made?
(2) *What type of value* is offered (is the focus on performance, price, or trust value)?

Methodology

Despite recent research on internet platforms and online retail, digital transaction platforms are still in an early phase of scholarly exploration (Hänninen 2020). Given the novelty of the research phenomenon of digital platforms (Muzellec, Ronteau, and Lambkin 2015), this study follows an explorative, qualitative research strategy, in which extensive review of suitable case examples offer the means to capture an evolving phenomenon. Through the analysis of multiple case examples, we aim to illustrate and capture the complexity and diversity of current value propositions (e.g. Saarijärvi, Mitronen, and Yrjölä 2014; Yrjölä, Saarijärvi, and Nummela 2018b). Focusing on multiple case examples instead of one is appropriate because the study's aim is to generate an overall understanding of the phenomenon rather than a deep understanding of one company's value proposition and strategy (Eisenhardt 1989). The case examples, or vignettes (e.g. Reinartz et al. 2011), aid in understanding the focal research phenomenon by illustrating its different aspects and dimensions (e.g. Holbrook 1999; Sánchez-Fernández and Iniesta-Bonillo 2007). Therefore, the focus is on generating empirical insights (e.g. Yrjölä, Saarijärvi, and Nummela 2018b) from different digital transaction platforms to address the research purpose of exploring the value propositions of such platforms. The chosen platforms themselves were not the focus, but they enable a deeper understanding of the research phenomenon (Stake 2005); that is, their value propositions.

Data generation

The objective of the data generation was to identify examples of digital transaction platforms that reflect the diverse value propositions used by such businesses. The data generation process consisted of three distinct phases: broad, complementary, and focused search. Two of the authors collected the data between January 15 and 30 April 2019.

First, we conducted a broad online search to generate a large number of potential case examples and familiarize ourselves with the research phenomenon. This search included keywords such as 'digital platforms,' 'transaction platforms,' and 'platform companies.' We visited the companies' websites to ensure that they were platforms and intermediated transactions between buyers and sellers. In this phase, only platforms that included a transactional feature (i.e. they enabled selling and buying), were selected as case examples. Furthermore, we identified and familiarized ourselves with the actor value propositions (AVPs) of the selected cases, such as 'Millions of Walmart customers can't wait to see what you have in store' or 'Our pages are filled with thousands of pieces of art, craft and design, created by hand across the British Isles. What will you discover today?' The broad online search resulted in a total of 66 case examples that met the initial criterion of being a digital transaction platform.

Second, building on the understanding gained from the first phase, we executed a complementary search with additional keywords, such as 'end-user goods platform,' 'platform services,' 'grocery platforms,' and 'social shopping.' The focus was extended beyond the platforms' own web pages to consultant papers, blogs, and forums. The focus was on ensuring the comprehensiveness of the data by broadening the amount of appropriate case examples. This search phase produced an additional 42 case examples, raising the total number to 108 platforms.

Third, we returned to companies' websites for more specific scrutiny, with the aim of collecting detailed data related to offerings, to identify the sellers and buyers, how critical third-party sellers are to the business, and how the platforms aim to create value. The data was gathered by exploring content targeted to sellers (in many cases, an instruction manual on 'how to become a seller') and completed by detailed information from company financial statements, consultant papers, and blogs. Additionally, data from the buyers' perspective was gathered by scanning the offering, going through the transaction process, and identifying benefits.

After the search was completed, we set additional criteria to ensure a focus on the retail context, thereby allowing for a more detailed analysis. Specific criteria were:

(C1) the buyer should be a consumer,

(C2) the offering should consist of products and/or services (instead of being an innovation, social interaction, or knowledge sharing platform), and

(C3) the platform should be open for third-party sellers.

This phase resulted in excluding some of the platforms, reducing the final number of case examples to 58 (see Appendix). The final data consists of case examples of both privately and publicly owned companies of varying maturity levels (in existence from 4 to 182 years). The selected cases are distributed globally and based in Asia, Australia, Europe, North America, and South America, and their market presence ranges from 1 to 191 markets. The case examples also feature various third-party actors with different roles (e.g. 'supportive,' 'critical') for the digital transaction platform. The variation in product offering ranges from a niche (e.g. mobile phones, handcrafted products) to a wide selection (e.g. clothing, electronics, general consumer goods, or an unlimited assortment of used goods). However, digital platforms have played a crucial role in steering many industry transformations recently. Consequently, examples in the data also include some digital platforms from related industries (e.g. transportation and hospitality) to broaden the retail focused understanding. While digital-platform-driven industry transformations may have started outside of the retail sector (e.g. Netflix in the video sector), there is no doubt that similar logics and the winds of change can also prevail in retailing. On the other hand, this can entail moving from retail to other businesses (e.g. Amazon to on-demand video). Thus, there is much that retail research can learn from platform-driven transformations in adjacent industries. The data characteristics are presented in Table 1 and provide a well-grounded basis for identifying, comparing, and analyzing the various value propositions of digital transaction platforms in the global retail landscape.

Data analysis

The data analysis process was informed by previous literature, especially the recent studies on CVPs and digital transaction platforms. Two main questions guided the analysis: (1) to whom is the value proposition targeted and (2) what type of value is offered? The data analysis consisted of three complementary phases: grouping cases, content analysis, and categorization.

First, the case examples were grouped depending on *the target of the value proposition*. This grouping resulted in five distinct categories of sellers with different numbers of case examples: a retailer or service provider in 12 case examples; a supplier or brand in 19 case examples; a group of retailers, suppliers, and brands in 10 case examples; a consumer in 5 case examples; and a retailer or a consumer in 12 case examples. Table 2 presents the grouping.

Second, a formal content analysis was conducted to identify *the types of value proposition* for each group (e.g. Abbott and McKinney 2013). Thus, the focus was on what kind of value was offered to the respective actors. We carefully explored each case example with the specific aim of uncovering the value types; that is, the associated increased benefits and decreased sacrifices being created on the platforms and to whom a value proposition was targeted. This analysis resulted in the identification of 11 value types for the selling actors and 6 for the buying actors.

Table 1. Characteristics and key indicators of the data.

Company founded Reflecting the phase of company life cycle 2010s 23 cases (40%) 2000s 18 cases (31%) Earlier 17 cases (29%)	**Origin** Geographical distribution of case examples Asia 15 cases (26%) Australia 2 cases (3%) Europe 21 cases (36%) North America 18 cases (31%) South America 2 cases (3%)	**Ownership structure** Reflecting incentives and financial model Private equity 42 cases (72%) Public equity 16 cases (28%)
Geographical reach Number of markets platforms participated in High (<21) 29 cases (50%) Medium (5–20) 5 cases (9%) Low (>5) 24 cases (41%)	**Platform business model type** Reflecting value creation mechanisms Consignment2 cases (3%) Gross border5 cases (9%) Hybrid5 cases (9%) Marketplace46 cases (79%)	**Third-party access** Platform criticality to company business Critical role 46 cases (79%) Value-adding role 2 cases (3%) Supportive role 10 cases (17%)
Offering Reflecting focus area Products (niche) 16 cases (28%) Products (wide range) 34 cases (59%) Service 8 cases (14%)	**Selling actors** Third-party sellers Consumer5 cases (9%) Supplier or brand 19 cases (33%) Retailer, supplier, or brand 10 cases (17%) Retailer or service provider 12 cases (21%) Retailer and consumer 12 cases (21%)	**Buying actor** Buyers Consumer 58 case (100%)

Table 2. Grouping the digital transaction platforms.

Grouping the digital transaction platform companies that have at least two distinct value propositions			
Groups	Target of the value proposition		Case examples
	As a seller	As a buyer	
Group 1	Retailer or service provider	Consumer	12 **(e.g. Delivery Hero, Uber)**
Group 2	Supplier or brand	Consumer	19 **(e.g. Amazon, Spartoo, Xiaohongsu.com, Zalando, Wish)**
Group 3	Retailer, supplier, or brand	Consumer	10 **(e.g. Alibaba, Flipkart, Rakuten, Walmart.com)**
Group 4	Consumer	Consumer	5 **(e.g. Swap.com, The RealReal)**
Group 5	Retailer or consumer	Consumer	12 **(e.g. Airbnb, eBay, Etsy, Zadaa)**

Table 3. Example of data analysis proceedings.

Data: Excerpt	Group	Proposed Benefits	Value Type	Value Category
" Millions of Walmart customers can't wait to see what you have in store"	'Third party sellers' who have ability to integrate and serve by requirements of a large brand platform (e.g. other retailer, supplier or brands	To enlarge and expand impact area	Expansion	Price value
		Integration to new sales channel and customer base	Revenue opportunity	
		To avoid initial investments to customer acquisition	Financial security	Trust value
		Ability to leverage strong brand value	Reliability	

And finally, although the value propositions of the platforms differed by type, they were further analyzed via Day and Moorman (2010) *categorization of value propositions*. The identified value types were categorized based on their focus (price, performance, or trust), and the analysis involved reflecting on the cases with the existing literature. This categorization yielded a clear summary of the types of value propositions taking place between different actors.

In each of the three phases, we discussed and compared our views. By doing this, we aimed to minimize the subjective assessment in the interpretation of value propositions. Adjustments were made until we reached a shared understanding regarding each finding. For instance, during the content analysis phase, multiple iterations of dividing and merging categories were needed to reach the final 17 value types.

Findings and discussion

While dyadic relationships between a retailer and a customer is often characterized by value creation and capture in a platform-based business, value occurs through the interplay among three key actors: seller, buyer, and the platform. Toward that end, the analysis identified 17 value types included in value propositions: 11 for the seller and 6 for the buyer (the consumer). Although the value types created for the buyers and sellers partly overlap, the content varies significantly, depending on the target of the value proposition. Additionally, the motivation for the type of value proposition varies, as does the focus, the eventual reason for proposing the value type. Tables 3 and 4, 5 summarize the findings.

Next, we discuss types of value propositions to either sellers or buyers on the platform, followed by a presentation of the four AVPs we identify.

Value types characterizing the value propositions for sellers

In the analysis, we identified 11 value types for sellers. Among the analyzed platforms, sellers were found to fall into five distinct categories: 1) retailer, 2) supplier/brand, 3) consumer, 4) service provider, or 5) any combination of these actors. The identified value types for the platform sellers are control, convenience, differentiation, efficiency, expansion, financial security, option, profitability, reliability, revenue opportunity, and trustworthiness. In Table 4 we present the findings from our study. Our findings are organized according to the Day and Moorman (2010) categorization of value propositions as performance, price, and trust values.

Value types characterizing the value propositions for buyers

In the analysis, we identified six types of value propositions for buyers. On the analyzed platforms, the buyers are the consumers. The identified value types are alternative, choice, convenience, reliability, savings, and trustworthiness. In Table 5 we present the findings from our study. Our findings are organized according to the Day and Moorman (2010) categorization of value propositions as performance, price, and trust values.

Actor value propositions

While traditional dyadic relationships point toward creating and delivering competitive CVPs, in the context of digital transaction platforms, based on the above analysis of the value types, the focus should be extended to actor value propositions (AVPs). By AVPs, we mean the following:

> "A competitive statement of the type of value (whether performance, price, or trust) offered to a specific group of actors (whether buyers or sellers), the ways in which the platform facilitates value creation, and reasons for actors to participate in the platform"

Based on the analysis, we identified four AVPs for the actor as a 1) retailer, supplier, or brand (the seller), 2) service provider or small- to medium-size enterprise (SME; the seller), 3) consumer (the seller), and 4) consumer (the buyer). All these AVPs include the three value categories (performance, price, and trust) from the Day and Moorman (2010) framework, and they are presented in Table 6.

The AVPs consist of value types shared by all groups of actors, those shared by only some groups of actors, and those that were unique to a specific actor group.

First, each AVP, regardless of whether the focus is on selling or buying, shares reliability and trustworthiness as the critical value type. Reliability refers to the perceived operational excellence, while trustworthiness refers to the consistent delivery of the value proposition. These are the critical factors for new digital businesses, so the analyzed

Table 4. Value types characterizing the value propositions for sellers.

For sellers	Identified value type	Definition and application	Case example and description
Performance value types Performance value refers to offering increased benefits to sellers (Day and Moorman 2010)	*Control*	To influence or direct one's behavior by providing autonomy	*Airbnb* enabling sellers to use multiple sales channels (beside *Airbnb*) simultaneously and providing integrated easy-listing feature to share available dates between other services. (*Appendix case example no.1*)
	Convenience	To proceed with something without difficulty by making the use of the service as effortless as possible.	*Amazon Marketplace* creates convenience for sellers to sell online providing the right to choose the just right level of ancillary services relevant for their own business. For example, to leverage fulfillment models or alternatively manage the entire process themselves. (*Appendix case example no.4*)
	Differentiation	To distinguish oneself from others by enabling to customize offerings	*Rakuten Ichiba* enables sellers to customize their online storefronts and create personalized customer experiences to differentiate from other sellers. (*Appendix case example no.40*)
	Option	To increase freedom of choice by providing meaningful options would not be met on other channels.	*Etsy*, as an intermediary between artists, crafters, collectors and buyers of a unique products, is encouraging individuals to attain their dreams by turning a hobby into a profession, or vice versa. (*Appendix case example no.19*)
Price value types Price value refers to decreasing costs inflicted on sellers (Day and Moorman 2010)	*Efficiency*	To accomplish something with the least time and effort by providing solutions to reduce the wasteful use of resources.	*Uber* provides ability to receive orders, payments, and support services (e.g. navigation, scheduling, discounted repairs, gas, and car washes) enabling drivers to utilize their existing vehicles and select appropriate work hours. (*Appendix case example no.51*)
	Expansion	To enter new markets or create growth by increasing regional market reach	*eBay* supports transaction processes via payment solutions and logistics partner networks over regional market boundaries expanding seller's market reach from local to global. (*Appendix case example no.15*)
	Revenue opportunity	To find new potential sales by colliding with new consumers groups or segments	*Wish* service exclusively targets cross-border buyers enabling supplier and brands from low production cost counties to reach a new customer base primarily willing to buy e.g. low-cost products. (*Appendix case example no.54)*
	Profitability	To obtain financial gain from one's business activities by supporting increase of sales performance.	*Walmart* marketplace provides a dashboard for carefully selected suppliers, which includes tools to manage profiles, products, inventory, orders, and sales optimization (e.g. insights and analytics) combined into cost efficient high-volume supply chain solutions. (*Appendix case example no.52*)

(*Continued*)

Table 4. (Continued).

For sellers	Identified value type	Definition and application	Case example and description
Trust value types Trust value refers to lower customer-perceived risk (Day and Moorman 2010)	*Financial security*	To protect oneself from financial losses by reducing intolerable financial risk	*Delivery Hero* support local restaurants to outsource online customer acquisition, home deliveries and web development by providing online browsing, ordering, payment, and delivery with no investment requirements, significant changes on existing inhouse processes or increased fixed costs. (*Appendix case example no.11*)
	Reliability	To perform consistently well by being guided successful platform owner policy	*To ensure* international brands positioning into emerging markets, *Alibaba Tmall* requires, that each seller personalized marketplace is operated by a cross-functional team or certified partner. (*Appendix case example no.2*)
	Trustworthiness	To be relied on as honest and trustworthy by delivering the value proposition consistently.	*Swap.com* 'Sure Sell Guarantee' eliminates the uncertainty over whether a specific product will be sold or not ensuring sure transaction for independent sellers. If a product has not been sold, a seller can choose to receive a guaranteed price, product return, or sales period extension. (*Appendix case example no.46*)

digital transaction platforms aim to add policies and features that reduce the risks that actors face from using them (e.g. the Swap 'Sure Sell Guarantee').

Second, certain value types are shared among some of the actor groups. When considering all actors except large sellers, the most common value type is convenience. This characterizes the importance of effortless use of digital transaction platforms for both buyers and sellers. Also, smaller sellers (e.g. SME retailers, service providers, consumers) share revenue opportunity as a value type. This is natural, as digital transaction platforms efficiently provide access to new markets and consumers at the local, national, and global levels. Moreover, revenue opportunity provides sellers with access to new business opportunities that previously were unrealized, as a growing number of platforms focus on a specific niche product or service category (e.g. Folksy and Etsy).

Third, some value types are unique to a specific actor group. For larger retailers, brands, or suppliers, the platforms offer opportunities to expand to new geographic markets, include tools for differentiation from competition, provide control by promoting seller autonomy, and improve profitability. This can be achieved, for example, by scaling toward more affluent consumer segments through exclusivity and strict quality controls (e.g. Alibaba Tmall). However, for SMEs who are seeking new sales channels, financial security is particularly important. As a result, many digital transaction platforms have emphasized transparency and flexibility, such as by giving sellers advanced tools for monitoring and managing sales performance. Further, using these platforms does not require a large initial investment. Buyers and sellers inherently have very different value types. Consumers are looking for alternative consumption channels, and digital transaction

Table 5. Value types characterizing the value propositions for buyers.

For buyers	Identified value type	Application	Case example and description
Performance value types Performance value refers to offering increased benefits to sellers (Day and Moorman 2010)	*Alternative*	To serve an option for traditional, mainstream service providers.	*Folksy* marketplace highlights sustainable values (e.g. shortened product life cycles, lack of incentives for environmentally friendly production) and micro-businesses' well-being when connecting buyers, who are looking for an alternative against mass production and one-size-fits-all culture, to individual manufactures. (*Appendix case example no.23*)
	Choice	To enlarge the freedom to choose by increasing selection opportunity.	*Flipkart* offers a wide selection of products, including more than 80 million items, from more than 100,000 sellers. Customers can choose their desired quality and price level, product features and delivery options (e.g. same-day delivery). (*Appendix case example no.20*)
Price value types Price value refers to decreasing costs inflicted on sellers (Day and Moorman 2010)	*Savings*	To increase one's benefits by providing monetary savings	Snapdeal offers customers exclusive online shopping deals from over 500,000 marketplace sellers. In addition, Snapdeal offers digital gift carts to customers, for example to leading retailers online and physical stores or partner services, such as Uber and GooglePlay. (*Appendix case example no.44*)
	Convenience	To decrease one's sacrifices by enabling to proceed without difficulty.	*Xiaohongshu.com* (aka. Little Red Book) integrates e-commerce and social media bringing products, user experiences and ability to buy into conversations linked to desired or cheapest supplier or web shop. (*Appendix case example no.55*)
Trust value types Trust value refers to lower customer-perceived risk (Day and Moorman 2010)	*Reliability*	To meet or surpass expectations delivering continuously high-quality performance.	*Spartoo* selects only highly reputable suppliers, enables product reviews on website, offers only fulfilment models managed by company itself and mediates any disputes between buyers and supplier. (*Appendix case example no.45*)
	Trustworthiness	To be relied on as honest and trustworthy by diminishing customer risk.	*Zadaa* "100% payment guarantee" diminishes the uncertainty over whether a specific product meets the expected form and quality by insuring all transactions up to €10 000 and releasing payment for seller only after the buyer confirms product received and being satisfactory. (*Appendix case example no.57*)

platforms meet this need by providing a wide selection, even in niche product categories. Figure 1. summarizes the above discussion and illustrates the construction of AVPs.

Conclusion

Platforms are an increasingly important vehicle for value creation in the retail industry, for businesses, and our society at large. Traditional retailers face competitive pressure, as digital transaction platforms are disrupting the ways in which various resources and

Table 6. Actor value propositions on digital transaction platforms.

When the actor is	Types of value propositions and managerial implications
A retailer, supplier, or brand (seller)	**Performance value**
	Control – Increasing seller autonomy
	Differentiation – Helping sellers differentiate from rivals
	Price value
	Efficiency – Improving the utilization of resources
	Expansion – Enabling access to new geographic markets
	Profitability – Offering tools to increase sales performance
	Trust value
	Reliability – Performance supporting platform owner policy
	Trustworthiness – Ensuring the delivery of the value proposition
A service provider or SME (seller)	**Performance value**
	Convenience – Making use easy and effortless
	Option – Providing a meaningful option not met on other channels
	Price value
	Efficiency – Improving the utilization of resources
	Revenue opportunity – Enabling expansion to new consumer groups
	Trust value
	Financial security – Reducing potential financial risks faced by the seller
	Reliability – Performance supporting platform owner policy
	Trustworthiness – Ensuring the delivery of the value proposition
A consumer (seller)	**Performance value**
	Convenience – Making joining and use effortless
	Price value
	Revenue opportunity – Enabling expansion to new consumer groups
	Trust value
	Reliability – Performance supporting platform owner policy
	Trustworthiness – Ensuring the delivery of the value proposition
A consumer (buyer)	**Performance value**
	Alternative – Enabling the consumer to find an alternative to traditional services
	Choice – Increasing freedom of choice
	Price value
	Savings – enabling monetary savings
	Convenience – Making joining and using the platform effortless
	Trust value
	Reliability – Producing high-quality performing service
	Trustworthiness – Diminishing customer risks

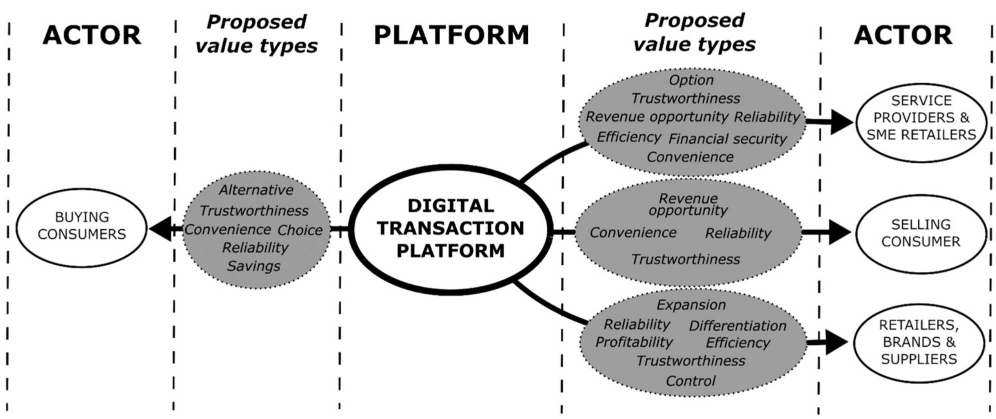

Figure 1. Constructing actor value propositions on digital transaction platforms.

processes are digitally reconfigured for value creation. From the scholarly and practitioner perspectives, conceptual tools and constructs inherited from a dyadic and industrial business environment can be inadequate to address the logic of value creation in its current form. Most importantly, understanding how the shift toward multi-sided platforms reshapes the value types eventually offered to different actors is increasingly significant.

The purpose of this study was to explore how value is proposed in digital transaction platforms. We discussed recent literature on digital transaction platforms and CVPs and compared 58 examples of current digital transaction platforms worldwide. These examples offer insight into exploring the content and nature of the value being provided by contemporary platform-based businesses and, consequently, provide the opportunity to identify, compare, and analyze respective value propositions for different actors participating on such platforms. As a result, we identified a set of theoretical and managerial contributions.

Theoretical contribution

Digital transaction platforms are increasingly important mediums for coordinating economic activity in the global economy. Yet, we know very little about what benefits they deliver to the different actors using them. The prior research within the scope of retailing, for example, has been limited to specific topics, such as the sharing economy, and their effect on incumbent interaction patterns in the value chain, without seeking to extend understanding about the phenomenon at large (e.g. Perren and Kozinets 2018). This study extends prior literature on platforms to the context of retailing and consumer services (e.g. Täuscher and Laudien 2018) and provides explorative empirical insight on what value is created among different actors of such platforms in contrast to the many recent, essentially anecdotal studies in this domain (e.g. Hänninen, Mitronen, and Kwan 2019; Kenney and Zysman 2016). It is also among the first studies to uncover the mechanisms and dynamics of digital transaction platforms from the point of view of different actors' value creation. We make three main theoretical contributions.

First, from the conceptual discussion and analysis of 58 case examples of digital transaction platforms, we introduce a definition of the actor value proposition (AVP). AVP is a competitive statement of the type of value (whether performance, price, or trust) offered to a specific group of actors (whether buyers or sellers), the ways in which the platform facilitates value creation, and reasons for actors to participate in the platform. Through this definition, we hope to advance the evolving and emerging theoretical discussion around digital transaction platforms and provide better conceptual means to address multi-sided platforms' unique characteristics. AVP can be used as both an internal management tool to coordinate resources and processes within the platform organization and an external tool to position the platform in the marketplace.

Second, we introduce a set of different value types, such as trustworthiness, savings, convenience, efficiency, and reliability, that characterize the value propositions for different actors. These value types, included in the AVP, capture the means for digital transaction platforms to attract actors, position themselves in relation to competition, and, eventually, remain competitive (Anderson, Narus, and van Rossum 2006; Payne, Frow, and Eggert 2017).

Third, this study identifies and categorizes the different actor types that engage in digital transaction platforms. This categorization, together with the respective value types, both uncovers the complexity of value creation in the platform economy and underlines the importance of extending the perspective from dyadic CVPs toward multi-sided AVPs (see also Ballantyne et al. 2011; Frow and Payne 2011). This is aligned with recent calls to extend the traditional firm- and product-centric view of platforms (e.g. Perks et al. 2017) toward focusing on the multitude of actors, such as customers, suppliers, and other stakeholders, participating on digital transaction platforms.

Managerial contribution

Understanding what kind of value digital transaction platforms provide to different actors offers many important implications for marketers and retailers. We put forth three main managerial implications.

First, at minimum, any retailer should monitor and benchmark digital transaction platforms as potential new competitors. In this endeavor, our exploration of the 58 platforms (see Appendix A) provides a relevant benchmark for them and other businesses to evaluate and possibly absorb some of the value creation dynamics related to such platforms. This diverse list of players uncovers the value types that characterize contemporary value creation in digital transaction platforms and so provides important insight for companies – regardless of their actor role on a platform – to design their market positioning in relation to existing competition. Moreover, understanding both the different platforms and their respective value types can help in constructing relevant points of parity and points of difference as the basis for future competitive advantage.

Second, the study helps both retailers and platform firms to assess their existing value propositions against those identified in this study. The priority should be to adjust value propositions so that, at a minimum, they match those of competing platforms. While the different value types (e.g. trustworthiness, efficiency, choice, and convenience) help illuminate what different actors (e.g. suppliers and brands) value in digital transaction platforms, they also exemplify what kind of competence and process requirements the platforms expect from participants actors (e.g. pricing, logistics, payments, data analytics, company policies). This can help both emerging and existing platforms, but also incumbent retailers, to design priorities for investments and other development activities to adjust their value propositions. Although the insights of this study are presented on a global level, the adjustments can also be executed on a local level as well (Frenken and Schor 2019). For example, many platforms localize their business systems and activities to cater to local legislation and any unique cultural demands of local actors.

Third, through the case examples and identified value types, this study offers practitioners a better means to consider the expectations posed for digital transaction platforms today, especially regarding the AVPs. Understanding the expectations related to the use of platform businesses is critical to the actors' success on the platform. The findings are, therefore, particularly relevant for retailers considering and evaluating the opportunity to join an existing digital transaction platform or to launch their own differentiated platform. On the other hand, digital transaction platforms can leverage this study when evaluating how they can add value, as an intermediary, to the relationships between existing customers and retailers. As summarized, platforms should clearly highlight what kind of value they are eventually proposing for each actor, such as customers, suppliers, other retailers, and brands, and thereby establish their raison d'être in ways that go beyond a dyadic CVP.

Research limitations and avenues for future research

Although this study utilizes insights from several digital platforms, caution should be applied when generalizing and applying these findings. New digital transaction platforms are being created at a fast pace, and there is no transparency about what constitutes a profitable business model. Therefore, exploring how these platforms offer value to different actors may lead to imprecise implications for what characterizes a sustainable and viable platform business. In addition, given the explorative nature of the study, the data – although based on a large sample of digital transaction platforms – was secondary and not generated via interaction with actual buyers or sellers. The focus was on *proposed*, rather than *perceived*, value. Therefore, there may be a discrepancy between the value propositions and the actual behavior of these organizations.

Despite the above limitations, the study offers a preliminary insight into the characteristics of AVPs in the context of digital transaction platforms. Future studies could deepen the organizational perspective through quantitative research design, conducting in-depth or comparative case studies of these organizations, or interviewing platform managers. Further, an analysis of buyers' and sellers' value perceptions might yield another fruitful perspective. Categorizing and comparing how different actor groups perceive price, performance, and trust value on digital transaction platforms could be the next step. In addition, the notion of how to manage AVPs – in strategic and operational terms – could offer an important avenue for future research. This would benefit scholars and practitioners in developing new means for understanding the evolution of platform-based businesses. Our categorization of the different actor types engaging in digital transaction platforms can also serve as a basis for further research on the platform economy. Finally, while our approach was intendedly general and we include examples of digital platforms also outside the retail sector, future research could focus specifically on studying examples of digital platforms within the confines of the retail industry. Nevertheless, as the borderline between retail and services continues to narrow, and many platforms have expanded from retail to other industries, and vice versa, such strict industry- or sector-specific separations may not be necessary due to the truly global and industry boundary-crossing characteristics of digital platforms.

Note

1. This dimension was originally called 'relational value' in the framework by Day and Moorman (2010). In the context of this research, the term might be confusing, as its more established use in the literature refers to 'the economic rents generated within a relationship by unique combinations of complementary relation-specific resources that partnering firms bring to bear' (Dyer and Singh 1998; Saraf, Langdon, and Gosain 2007). Day and Moorman (2010), however, use the term to refer to elements that decrease customer-perceived risks, such as a known brand, customer recommendations, and guarantees. Moreover, the term 'relational' implies ongoing relationships between customers and firms/brands – a notion that might not

apply to the digital transaction platform context. Therefore, we have now taken the liberty of renaming this specific value dimension as 'trust value' to better reflect the intended meaning of risk reduction.

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Appendix A.

The illustrative case examples

Illustrative case example in alphabetical order	Firm characteristics Founded in (country) Founded (year) Ownership model	Offering Reflecting focus area Products (niche) Products (wide range) Service	Selling actors Identified third-party sellers	Third-party access Platform criticality to company business Critical role Value-adding role Supportive role	Geographical reach Number of market platform participates High (<21) Medium (5–20) Low (>5)	Platform business model type Reflecting value creation mechanisms
1. Airbnb	US, 2008, Private	Service	Retailer or consumer	Critical role	High	Marketplace
2. Alibaba Tmall	China, 1999, Public	Wide product range	Retailer, supplier, or brand	Critical role	High	Marketplace
3. Allegro	Poland, 1999, Private	Wide product range	Retailer or service provider	Critical role	Low	Marketplace
4. Amazon	US, 1994, Public	Wide product range	Supplier or brand	Value-adding role	High	Hybrid
5. Apple	US, 1976, Public	Service	Supplier or brand	Critical role	High	Marketplace
6. Bol.com	Netherlands, 1976, Public	Niche product range	Supplier or brand	Critical role	High	Marketplace
7. Bonanza	US, 2007, Private	Wide product range	Retailer or consumer	Critical role	Low	Marketplace
8. Catch	Australia, 2006, Private	Wide product range	Retailer, supplier, or brand	Supportive role	Low	Marketplace
9. Cdiscount	France, 1998, Private	Wide product range	Retailer or service provider	Critical role	Low	Marketplace
10. Coolshop	Denmark, 2003, Private	Wide product range	Retailer or service provider	Critical role	Medium	Gross border
11. Delivery Hero	Germany, 2011, Public	Service	Retailer or service provider	Critical role	High	Marketplace
12. Depop	UK, 2011, Private	Wide product range	Retailer or service provider	Critical role	High	Marketplace
13. Diaping	China, 2003, Private	Service	Retailer or service provider	Critical role	Low	Marketplace
14. Didi Kualdi	China, 2012, Private	Service	Retailer or service provider	Critical role	High	Marketplace
15. eBay	US, 1995, Public	Wide product range	Retailer or consumer	Critical role	High	Marketplace

(*Continued*)

Illustrative case example in alphabetical order	Firm characteristics Founded in (country) Founded (year) Ownership model	Offering Reflecting focus area Products (niche) Products (wide range) Service	Selling actors Identified third-party sellers	Third-party access Platform criticality to company business Critical role Value-adding role Supportive role	Geographical reach Number of market platform participates High (<21) Medium (5–20) Low (>5)	Platform business model type Reflecting value creation mechanisms
16. eBid	UK, 2011, Private	Wide product range	Consumer	Critical role	High	Marketplace
17. eCrater	US, 2004, Private	Wide product range	Retailer or consumer	Critical role	Low	Marketplace
18. Emag	Romania, 2001, Private	Wide product range	Retailer, supplier, or brand	Critical role	Low	Marketplace
19. Etsy	US, 2005, Public	Niche product range	Retailer or consumer	Critical role	High	Marketplace
20. Flipkart	India, 2007, Private	Wide product range	Retailer, supplier, or brand	Critical role	Low	Marketplace
21. Flubit	UK, 2011, Private	Wide product range	Supplier or brand	Critical role	High	Marketplace
22. Fnac	France, 1954, Public	Niche product range	Retailer, supplier, or brand	Supportive role	Medium	Marketplace
23. Folksy	UK, 2008, Private	Niche product range	Retailer or consumer	Critical role	Low	Marketplace
24. Kaola	China, 2015,	Niche product range	Supplier or brand	Critical role	High	Gross border
25. La Redoute	France, 1837, Private	Niche product range	Supplier or brand	Supportive role	High	Marketplace
26. Lazada	Singapore, 2012, Private	Wide product range	Supplier or brand	Supportive role	Low	Marketplace
27. Letgo	US, 2015, Private	Wide product range	Retailer or consumer	Critical role	High	Marketplace
28. Linio	Mexico, 2012, Private	Wide product range	Retailer or service provider	Critical role	Medium	Marketplace
29. Lyft	US, 2012, Private	Service	Retailer or service provider	Critical role	High	Marketplace
30. Mercado Libre	Argentina, 1999, Public	Wide product range	Retailer, supplier, or brand	Critical role	Medium	Marketplace
31. Mia.com	China, 2011, Private	Niche product range	Supplier or brand	Critical role	High	Gross border
32. Offerup	US, 2011, Private	Wide product range	Retailer or consumer	Critical role	Low	Marketplace
33. Okazii	Romania, 2000, Private	Wide product range	Supplier or brand	Critical role	Low	Marketplace

(*Continued*)

Illustrative case example in alphabetical order	Firm characteristics Founded in (country) Founded (year) Ownership model	Offering Reflecting focus area Products (niche) Products (wide range) Service	Selling actors Identified third-party sellers	Third-party access Platform criticality to company business Critical role Value-adding role Supportive role	Geographical reach Number of market platform participates High (<21) Medium (5–20) Low (>5)	Platform business model type Reflecting value creation mechanisms
34. Onbuy	UK, 2016, Private	Wide product range	Supplier or brand	Critical role	High	Marketplace
35. Otto	Germany, 1949, Private	Wide product range	Retailer, supplier, or brand	Supportive role	High	Hybrid
36. Pinduoduo	China, 2015, Public	Niche product range	Retailer or service provider	Supportive role	Low	Marketplace
37. Pixmania	France, 2000, Private	Niche product range	Supplier or brand	Supportive role	Medium	Hybrid
38. Poshmark	US, 2011, Private	Niche product range	Retailer or consumer	Critical role	Low	Marketplace
39. Qoo10	Singapore, 2010, Private	Wide product range	Retailer or service provider	Critical role	Low	Marketplace
40. Rakuten	Japan, 1997, Public	Wide product range	Retailer, supplier, or brand	Critical role	High	Marketplace
41. Real.de	Germany, 2017, Private	Wide product range	Supplier or brand	Critical role	High	Marketplace
42. Sears	US, 1886, Private	Wide product range	Supplier or brand	Value-adding role	High	Hybrid
43. Sell.com	US, 2011, Private	Wide product range	Retailer or consumer	Critical role	Low	Marketplace
44. Snapdeal	India, 2010, Private	Wide product range	Retailer, supplier, or brand	Critical role	Low	Marketplace
45. Spartoo	France, 2006, Private	Niche product range	Supplier or brand	Critical role	High	Marketplace
46. Swap	US, 2012, Private	Niche product range	Consumer	Critical role	Low	Consignment
47. Tencent	China, 1998, Public	Service	Retailer or consumer	Supportive role	High	Marketplace
48. The RealReal	US, 2011, Private	Niche product range	Consumer	Critical role	Low	Consignment
49. Tori.fi	Finland, 2009, Private	Wide product range	Retailer or consumer	Critical role	Low	Marketplace
50. TradeMe	New Zealand, 1999, Private	Wide product range	Consumer	Critical role	Low	Marketplace
51. Uber	US, 2009, Private	Service	Retailer or service provider	Critical role	High	Marketplace

(*Continued*)

Illustrative case example in alphabetical order	Firm characteristics Founded in (country) Founded (year) Ownership model	Offering Reflecting focus area Products (niche) Products (wide range) Service	Selling actors Identified third-party sellers	Third-party access Platform criticality to company business Critical role Value-adding role Supportive role	Geographical reach Number of market platform participates High (<21) Medium (5–20) Low (>5)	Platform business model type Reflecting value creation mechanisms
52. Walmart	US, 1962, Public	Wide product range	Retailer, supplier, or brand	Supportive role	High	Marketplace
53. VIP shop	China, 2008, Public	Wide product range	Supplier or brand	Critical role	Low	Gross border
54. Wish	US, 2011, Private	Wide product range	Supplier or brand	Critical role	High	Marketplace
55.				Xiaoshongshu. com	China, 2013, Private	Wide product range
Supplier or brand	Critical role	Low	Gross border			
56. Ymatou. com	China, 2009, Private	Niche product range	Supplier or brand	Critical role	High	Marketplace
57. Zadaa	Finland, 2015, Private	Niche product range	Consumer	Critical role	Low	Marketplace
58. Zalando	Germany, 2008, Public	Niche product range	Supplier or brand	Supportive role	High	Hybrid

PUBLICATION III

Business model activities in C2C e-commerce

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Business Model Activities in C2C e-Commerce

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Purpose: Business models aiming to extend product lifecycles via online channels are a growing market opportunity. Consumer-to-Consumer (C2C) ecommerce provides a rich template of novel ways for creating and delivering value. However, prior literature has shown only scarce attention to exploring it from the business perspective. The purpose of this study was to identify and analyze business model value-creating activities in the context of C2C ecommerce.

Design/methodology/approach: This explorative study employed the activity system perspective. Focus was set on a firm level by integrating a relevant business model and C2C ecommerce literature through a qualitative analysis of 18 case examples.

Findings: Business models in C2C ecommerce differed on how the activity systems were designed. The findings identified ten key value-creating activities that captured the ways of how value is created and delivered (content). The variation was explained through three identified business model types according to orientations in structuring activity systems (structure) and differences on which actor performed which activity (governance). The findings suggested that the transformative power of C2C ecommerce occurs on business models, specifically on activity design.

Originality/value: This study is among the first attempts to adopt a business perspective to previously consumer centric C2C ecommerce research. By doing this, the paper builds on the foundation of activity systems, lowering the level of abstraction in existing conceptual business model literature and providing tools to compare linear- and/or network-based business models. Furthermore, the findings provide new insights for firms, that pursue, participate or refuse to enter the secondary market.

Keywords (max 6): Business model, Activity systems, Activities, Value creation, Consumer-to-Consumer, ecommerce

Article classification: Research Paper

Declaration of Interest
The Author declare no conflicts of interest

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1. Introduction

Consumer-to-consumer (C2C) ecommerce, i.e., consumers transacting directly with each other online (Leonard, 2011), is gaining popularity. For example, 19% of consumers have used the internet to sell used goods or services in Europe (Statista, 2020a). At the same time, secondary markets are growing, such as in the U.S, where second-hand trade has exceeded US$1.5 billion monthly sales on average, leading to an annual value of US$18 billion (Statista, 2020b). Furthermore, in ecommerce, the used goods market share has increased. In China, which is the world's largest ecommerce market, the latest estimations show that 33.2% of all ecommerce in 2020 will be accomplished between individual consumers (Statista, 2020c). In the past decade, early adapters, such as eBay, Etsy, Craigslist, and Amazon, have implemented functions that enable C2C e-commerce, challenging both new goods trade and traditional retail models (Saarijärvi et al., 2018).

From a firm's perspective, extending product lifecycles via online channels is a growing market opportunity. The rising markets have been supported by advances in communication and information technologies, which have allowed the emergence of new ways to create and deliver value (Gawer, 2014; Hagberg et al., 2016; Smedlund, 2012; Teece, 2010). These developments have enabled firms to offer a scope of untraditional exchange mechanisms and transaction architectures (Nenonen and Storbacka, 2011; Van Alstyne et al., 2016; Zott et al., 2011). As a result, new horizons for firms to push industry boundaries have opened (Mendelsson, 2000).

C2C ecommerce provides a rich template of novel ways to create and deliver value, although previous research is centered mainly on consumers (e.g. Abdul-Gani et al., 2011; Chen et al., 2016; Saarijärvi et al., 2018; Yrjölä et al., 2017), giving scarce attention to business models. Business models are important conceptual and managerial tools for firms to differentiate in markets, engage resources, and transform consumer value to firm value (Amit and Zott, 2001; Day and Moorman, 2010; Johnson et al., 2008). Focusing on business models identifies how value is proposed, created, and captured (Ritter and Schanz, 2019). Business models can be analyzed from the perspective of activities used for value creation and capture. By adapting the activity system perspective enables deep diving on activities i.e. designed combinations of processes, resources, and mechanisms that allow value creation (Amit and Zott, 2001; 2012). In business models that aim to transfer used good ownership from one consumer to another, activity design has unique characteristics that allow this exchange to occur. This study focuses on increasing the understanding of how business critical activities are formed, structured, and resourced in various business model types in the markets.

The purpose of this study is to identify and analyze value-creating activities in the context of C2C ecommerce business models. More specifically, two research questions are set, as follows: which value-creating activities form the content of the C2C ecommerce activity system? How do existing business models differ in structuring and resourcing their activity systems? To address the research purpose and answer these research questions, the paper starts with a discussion of prior research on C2C ecommerce, business models, and activities. Then, research methodology based on a multiple case study approach is presented. Next, the findings introduce the 10 key activities commonly employed, characterize 3 currently popular C2C ecommerce business model types, emphasize various orientations between constructing activity systems, and finally, illustrates differences in actors' roles in these systems. Discussion and conclusion sections end the paper.

2. Theory

2.1 C2C e-commerce and value creation

Following Chu and Liao (2007), C2C ecommerce is defined as a category of business models, where value is created by enabling consumers to sell or buy products and services from each other online, mainly for self-use. At present, C2C e-commerce businesses operates through different types of services and business models that are centered around transacting used goods, however, they follow a different logic and have unique characteristics. For example, through C2C services, consumers can offer and/or sell, seek and/or buy online nearly any product category available in the traditional retail market currently. Interestingly, the online environment allows new forms of value creation (e.g., Pierce, 2009; Van Der Borgh et al., 2012), and in used goods services, the focus is inverting to the cooperation between sellers, buyers, the focal firm, and its partners i.e., actors. Consequently, control over much of value creation has been transitioned from firms to individual consumers, who eventually define what is sold, when it is sold, where it is sold, and at what price (see Hagberg et al., 2016). As a result, C2C ecommerce is dependent on individual consumers' motivation, engagement, and actions. This sets up new challenges for designing business models.

In addition to the vast majority of traditional C2C research (e.g. Belk al., 1988; Sherry, 1990), the online context has gained interest among scholars in the past decade. This has resulted in exploration from various consumer perspectives, such as excitement (Vragov et al., 2010), satisfaction (Fan et al., 2013), motivations (Chang and Chen, 2015), impulse buying (Chen et al., 2016), loyalty (Chen et al., 2017), and consumer profiles (Saarijärvi et al., 2018). Nevertheless, the emerged research has left business perspective mainly unexplored. Consequently, the potential of business model design research in the context of C2C ecommerce is still in its infancy (Yrjölä et al., 2017).

From the value creation perspective, C2C ecommerce is characterized by two key notifications that must be considered when interacting with individual supply and demand. First, selling and buying side actors are individual consumers, which means that multiple value dimensions are involved and need to be understood (Rintamäki, 2016; Sheth et al., 1991). For example, consumer motivation may be driven by gaining monetary advantages (economic value), receiving operational relief (functional value), to feel novelty or aroused curiosity (emotional value), or willingness to support alternative options serving higher meanings (symbolic value). In addition, sellers and buyers both subjectively compare the ratio between sacrifices (e.g. time, effort, money, risks) and benefits (e.g. savings, earnings, convenience) (Day, 1990; Gardial et al., 1996), increasing engagement if perception is higher than the best observed option. Furthermore, both sides evaluate interactions (other actors, products), the current situation, links with personal values, and previous experiences (Holbrook, 1999; Sanchez-Fernandez and Iniesta-Bonillo, 2007).

Second, referring to Ritter and Schanz (2019), the comprehensive business model framework regarding to sharing economy, the value creation in secondary markets is conducted through various business models. Hänninen et al. (2018) discussed multi-sided digital platforms as one example of new business models; they can be regarded as the next phase of retail business model evolution. To understand value creation taking place in these platforms and other online business models (e.g. Timmers, 1998), it is critical to extend the perspective of value creation and address the multiple stakeholders. This means moving from dyadic (mutual) to triadic (more than two actors involved) relationships. Despite the fact that most business model literature provides a well-established basis for understanding value creation in diverse business settings, the background of those studies originated from traditional industrial settings and, therefore, may lack the ability to fully capture the nuanced nature of value creation taking place, for example, in new online business models, especially models in which selling and buying actors are individual consumers.

C2C ecommerce is one important implication and avant-garde for commercial product lifecycle extension but in particular for business model development. The contemporary level of the market maturity underlines the importance of an in-depth exploration of the current practices and respective implications.

2.2 Business models and importance of activity systems

Business models have been – and still are – a major construct in strategy research (Chesbrough, 2010; Christensen et al., 2016; Doganova and Eyquem-Renault, 2009). Although, as a construct it has remained easily misinterpreted (Da Silva and Trkman, 2014), as a concept, it has been used for multiple purposes over time, such as analyzing electronic businesses (Amit and Zott, 2001), in commercializing innovations (Doganova and Eyquem-Renault, 2009), or understanding organizational change (Teece, 2009; 2010). In general, "business models' objective is to exploit emerging business opportunities by creating value for the parties involved, fulfilling customer's needs, and creating customer surplus, while generating a profit to the firm itself and its partners" (Zott and Amit, 2010, p. 217). Value creation, as one key objective of a business model, is highlighted in multiple popularity gained studies (Chesbrough, 2010; Day and Moorman, 2010; Johnson et al. 2008; Osterwalder and Piqneur, 2010).

"A business model is a bundle of specific activities, an activity system, conducted to satisfy the perceived needs of the market, along with the specifications of which parties (a firm or its partners) conduct which activities, and how these activities are linked to each other" (Amit and Zott, 2012, p. 37). The activity system perspective takes a business model design approach, enabling to identify and evaluate how value is created, how specific activities accumulate the total value, and from where the value creating resources are engaged. The definition highlights three important value creation enablers in a business model. First, activities refer to someone doing something for somebody in a way that creates value for the both. Sorescu et al. (2011) described, generally, that activities are anything needed to design, manage, and motivate for customer value creation. Zott and Amit (2010) stated more specifically that activities are defined, structured, and sequenced actions that engage resources (e.g. human, physical, or capital) of any party of the business model to serve a specific purpose that creates value in the system (Zott and Amit, 2010). Examples of activities may refer to budgeting, branding, development, data mining, logistics, manufacturing, planning, product displaying, purchasing, sales, or training (see Johnson et al, 2008; Yrjölä, 2014). In this study, an activity is understood as an interplay between processes, resources, and mechanisms targeting to value creation. Second, combining selected activities by ordering, sequencing, and designing value transitions from one activity to another constitutes an activity system. Amit and Zott (2001) explained an activity system as a structure of well-designed and bonded groups of selected activities, enabling an increase in the total value versus the value created independently by each activity. The activity system serves value creation from a more holistic view in a business model by focusing on interdependencies between activities and incentivizing determination as which party performs which activity (Amit and Zott, 2001). Consequently, an activity system enables a firm to span the boundaries beyond the existing premises, while remaining a business model that is firm centric and allows value appropriation (Zott and Amit, 2010).

Third, referring to firm boundaries mentioned above, an activity system enables a firm to seek value creation from multiple directions. It provides an opportunity for a firm to enlarge perspectives when designing roles in activity systems. Value creation may occur within or outside of a firm's control. A firm-controlled system focuses on governance managed by a firm itself. Thus, activities and activity systems may be designed to be resourced and executed by a firm itself. In this case, a firm's premises limit the boundaries in which the value is created. To expand the boundaries but retain control, a firm can rely on strategic networks, i.e. partner networks (Amit and Zott, 2001). These are a form a cooperation between businesses, based on “stable interorganizational ties that are strategically important to participating firms, such as strategic alliances, joint ventures, long-term buyer–supplier partnerships, and other ties” (Gulati et al., 2000, p. 203). If a firm is willing to relinquish control for expanding the boundaries, it can turn sight to value networks (Shafer et al., 2005). “Value networks are spontaneously sensing and responding spatial and temporal structures of largely loosely coupled values, proposing social and economic actors interacting through institutions and technology, to: (1) co-produce service offerings, (2) exchange service offerings, and (3) co-create value” (Lusch et al., 2010, p. 20). The traditional perspective on exchange is being superseded by contemporary forms of interaction taking place between customers, companies, and other stakeholders (Grönroos, 2011; Lusch and Vargo, 2011; Saarijärvi et al., 2013). As discussed by Saarijärvi (2012), companies should no longer be considered as providers of goods, nor should customers be perceived merely as sources of money. Today’s business landscape is characterized by both customers and companies initiating new ways to support each other’s value-creating processes. As a result, activity systems’ connecting role of activities in a firm’s value creation has become an essential, even critical part of business model design (Nenonen and Storbacka, 2010).

3. Methodology

To answer the research questions and the general aim to develop new ideas and constructs (Yadav, 2010), this study adopts an explorative approach. The qualitative methodology leans on actual case examples. However, the case examples themselves are not the focus, but they help to gather, illustrate (e.g. Reinartz et al., 2011), and gain a deeper understanding of the research phenomenon (Stake,

2005) at large. Consequently, the methodology is depicted by "discovery, description and meaning rather than prediction, control and measurement" (Laverty, 2003, p. 21).

3.1 Data generation

Data generation took place between 7 May 2018 and 6 August 2020 and was divided into three consecutive phases. First, a broad online search from generally popular search engines, such as Google, Bing, and Yahoo, was conducted to achieve a preliminary understanding and to identify the most suitable information sources, keywords, and search terms. This phase highlighted keywords, such as "C2C ecommerce", "secondhand goods", "online flea market" and "C-to-C business". During this phase, the keywords were refined according to what was learned (e.g. "peer-to-peer commerce", "C2C platforms"). After each potential match, the firm's websites were visited by the author to ensure their C2C ecommerce focus. The phase resulted in 50 examples, that consisted of cases from various business fields, for example, rental, retail, social media platforms, as well as, restaurant and hospitality services.

Second, a complementary search aimed to extend the understanding and to ensure the comprehensiveness of potential case examples regarding the research phenomenon. At the beginning of the procedure, the search focus was extended to review academic papers (e.g. Google scholar, publish or perish), consultant papers (e.g. CGE, McKinsey, Deloitte), blogs (e.g. Racked.com, WhereToSellOnline.com), and forums (e.g. Forbes; Fortune) for finding more suitable keywords. Next, the online search imitated phase one as a process, including refined keywords learned from previous sources, such as, "C2C transaction platforms", "re-commerce", and "social shopping". This resulted in 14 additional case examples, increasing the total number to 64.

Third, the aim was to collect detailed information related to activities, specifically, taken actions by actors during the service experience. The 64 identified firms' websites were systemically scrutinized by setting a focus on identifying to whom and what value is proposed, which tasks actors take in operational models, which offerings are provided, who earns and how, how actors are supported by services, which technological outlines are used, and how critical C2C ecommerce is for the firm's business. This resulted in the identification of 36 actions taken, on average, by various actors per each case example, although the amount varied between industries (e.g. hospitality, rental, retail services). This phase resulted in transcriptions of all identified 362 actions in total.

To ensure focus, required diversity, and case examples' contribution to address the research purpose, the final data were narrowed by setting two additional criteria regarding offering and product ownership as follows:

- Criteria 1. The value source of a business model should be a product owned by an individual consumer
- Criteria 2. The business model should eventually lead to the transfer of product ownership to another individual consumer

By conforming to these criteria and excluding unnecessary overlaps (e.g. British Folksy marketplace for handcrafted products overlapping Etsy or the Australian Trademe marketplace overlapping eBay), 18 case examples were finally selected. The case examples are introduced in Appendix 1.

3.2. Data analyses

Data analyses included three distinct phases. At first, transcription of the identified actions was analyzed by using formal content analysis (Abbott and McKinney, 2013). The coding was conducted according to three main elements of activities, which were processes, resources, and mechanisms. In the beginning, the actions were coded by a processes' aim for value creation in the services. For example, the action "The seller stocks the product until it is sold" highlighted a process referring to a contribution on category creation, aiming to hold the appearance of product quality and a capability to physically produce the transfer. Next, coding resources is presented by the same action example. The seller was an individual consumer, the place for product stocking was a privately owned location, and a product was owned or managed by a seller, leading to the identification of three resources: selling consumer, privately owned location, and a product possessed by a seller, respectively. When coding mechanisms, the example used above refers to co-creation including co-offering, co-warehousing, and co-transportation. Coding the data consisted of 362 actions from 18 case examples. In the final step, the resources and mechanisms were grouped through the identified value creation aims. This enabled to group construction and key activities to focus on a certain objective in value creation. Grouping ended in ten key activities taken or provided by individual sellers, individual buyers, focal firms, or third-party service providers in each business model. In addition, the key activities contributed to the overall value, although they may have been conducted in various ways. The ten key activities are presented in the results and findings section.

Second, separate from first analysis phase, the case examples were categorized by their business model regarding value proposition, value creation and delivery, and value capture. To accomplish this aim, the framework from Ritter and Schanz (2019) was adopted. Whilst proposing and capturing value is not necessarily at the core of activity design, these are inarguably important elements of a business model, thus, imperative to understand as drivers of activity design. The analysis phase combined the "decisive dimensions of value proposition (product-oriented, use-oriented, or result-oriented), value creation and delivery (employ or enable), and value capture (bound or unbound), encompassing a variety of business models" (Ritter and Schanz, 2019, p. 326). The 18 case examples were categorized into three business model types named according to framework and are presented in the results and findings section.

Third, the identified business model groups from the second analysis phase were compared by using Zott and Amit's (2010) framework of activity system design elements i.e. structure, and governance. Previously constructed key activities (analysis phase 1) created a content for the C2C ecommerce activity system. The comparison enabled the illustration of various orientations (e.g. Shafer et al., 2005; Amit and Zott, 2001) in structuring and representing optional ways to resource activity systems in C2C ecommerce business models.

4. Results and findings

This section is organized as follows: the first part represents the ten key activities constructed as the content of activity systems. Next, three groups of current C2C ecommerce business model types are identified and characterized. Then, ways of structuring activity systems are elaborated through business model types. And finally, the differences between how activities are resourced is discussed.

4.1. Key activities as the content of C2C ecommerce activity systems

Resulting from the data analysis process, ten key activities played a critical role in each scrutinized case example, focusing on value creation and delivery as a part of the activity system. The key activities were sourcing, productization, stocking, pricing, content creation, promoting, transacting, consumer service, data sharing, and branding. The weight in value creation and delivery may vary between the business model types, however, these activities were identified in each business model and are introduced in Table 1.

Table 1. Key activities in consumer-to-consumer (C2C) ecommerce business model.

Key activity	General definition	Role in C2C ecommerce	Illustrative value related example
1. Sourcing	Finding and agreeing to terms when acquiring goods from an external source	Motivating consumer sellers to share their inventory	In C2C commerce services, pre-purchased products are an essential value source and a key factor in all value propositions as a need fulfiller or monetary source
2. Productization	To make something commercially suitable	Assortment and specific product selection	eBay leverages AI and GPS when placing seller selected products onto the web interface for reaching target users and to increase the changes for trade to be made
3. Stocking	Storing for later, sold, or distributed goods	Preserving a product before transaction and shipping	Swap receives and refurbish product during the stocking for creating more value by ensuring quality and usability
4. Pricing	To determine the value that the producer, seller, or disposer receives in the exchange	Setting the purchase, service, and customer price.	Seeking to maximize monetary receiving, Sell.com allows seller to set fixed or reserved customer prices based on an assumption and expectation of the best possible price
5. Content creation	To contribute by adding or enriching information for others in media	Product sales relating to content creation on a web interface	Letgo provides the seller the option to add a product description, information, photo, and sales text proposing trustworthiness by providing more product related data for reviewers

6. Promoting	To flourish something for increasing its attractiveness	Promoting a product, people, or firm	For proposing trust and reliability Craigslist allows buyers to promote sellers through a reviewing system in the platform
7. Transacting	Exchange of goods, transfer of product ownership, and physical possession	Making sales, collecting payments, and delivering the product	eCrater increases the probability of a transaction to be finalized by providing multiple payment methods, from cash on delivery to quick online payment
8. Consumer service	Provision of services to consumers before, during, and after a purchase	Providing service to an actor before the sale, during the transaction, and after the sale	Zadaa offers a product guarantee for used goods and proposes a value for buyer through the perception of riskless buying decisions

Selected activities create the content in an activity system (Zott and Amit, 2010). They are in a central focus when enabling value creation between individual consumers in an online environment, providing opportunity on used goods ownership transfer. Next, what type of business models incorporate the identified ten value-creating activities are identified and characterized.

4.2 Unlimited platforms, commission-based platforms, and singular transaction models as C2C ecommerce business model types

According to the analysis, three business model types were identified. The 18 case examples were categorized by using the framework of Ritter and Schanz (2019). The evaluation contained three phases focusing on what kind of value was proposed, how it was created, and how it was captured. First, all value propositions centered around services to sell and buy products, referring to product-orientation. Second, facilitating value creation divided group in two sub-groups. Business models that positioned themselves in a triadic relationship enabled value creation between the actors (individual seller and buyer), and business models in dyadic relationships, with consumers (e.g. firm as a seller and buyers), facilitating value creation by employing controllable activities. Finally, capturing value divided these two groups into three sub-groups: firms whose revenue streams are tied into utilities gained from leveraging existing structures (unbounded); firms whose revenue streams are being knitted on structures (unbounded) and consumer's received utility (bounded); and firms whose revenue streams are bounded. As a result, the three groups of C2C ecommerce business model types were identified as unlimited platforms, commission-based platforms, and singular transaction models. Figure 1. represents the grouping process. Next, the key characteristics of each groups are discussed briefly.

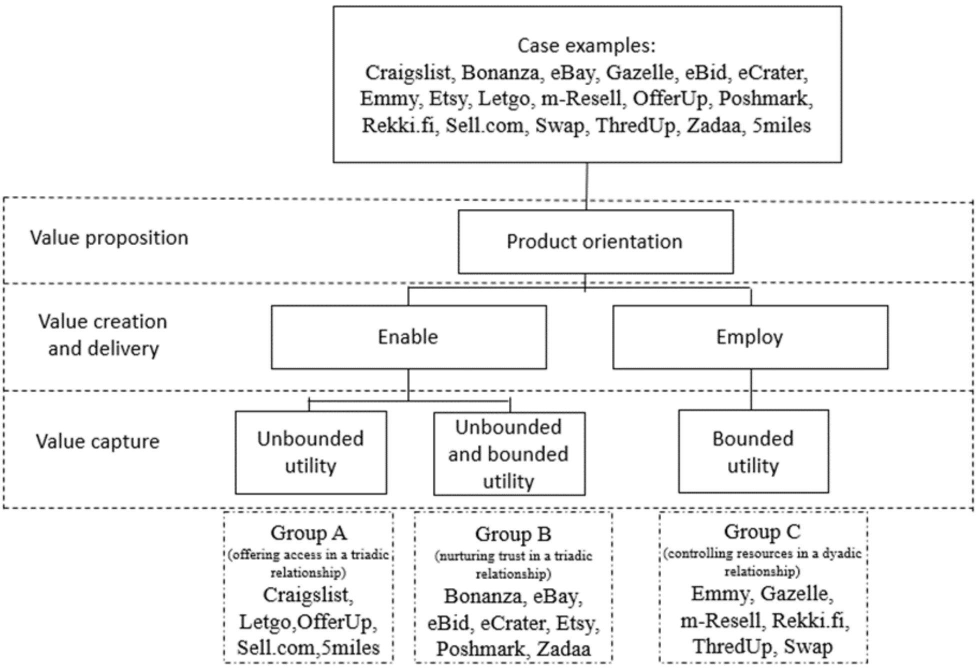

Figure 1. Grouping of C2C ecommerce business models

Unlimited platforms (Group A: Craigslist, Letgo, OfferUp, Sell.com, and 5miles) propose value by providing individual consumers an opportunity to offer and seek to buy used products online. They provide access to broad product offerings, and users are encouraged to take a sellers' and buyers' role in service. However, the transaction (actual exchange and mechanisms) is mainly excluded from the firms' influence being negotiated and conducted by the seller and buyer themselves. This enables the business model to liberalize traditionally tied capital (e.g. products, stores, supply chain, partnerships, or personnel) and scale faster (e.g. geographically). Consequently, value capture includes revenue streams, such as selling online advertisement space, data mining insights, and/or sponsorships. These business models are positioned in triadic relationships operating between sellers and buyers as an information intermediary by using advertisement webpage technology.

Commission-based platforms (Group B: Bonanza, eBay, eBid, eCrater, Etsy, Poshmark, and Zadaa) value proposition provides individual consumers an opportunity to offer, sell, seek, and buy used products online. Additionally, value is selectively proposed to partners (business relationships). While providing access to broad or niche product offerings, business models focus on support and ensure transaction experience. This special platform characteristic allows firms to control critical consumer activities and, at the same time, liberalize some capital elements (e.g. products, stores, or personnel), enabling scaling. Consequently, value capture is a combination of revenue streams, such as selling online advertisement space, data mining insights, sponsorships, commissions, and/or a supportive service fee. These business models, by using a two-sided platform technology, are service and information intermediaries in triadic relationships between consumers.

Singular transaction models (Group C: Emmy, Gazelle, m-Resell, Rekki.fi, ThredUp, and Swap) propose value by providing sellers an opportunity to offer a product to a focal firm, and buyers to seek and buy online. For partners, business value is proposed by taking part in certain activities as a resource. The access is provided as a limited offering, normed prices, and ensured product quality by secured processes. This characteristic enables firms to own and control unique or difficult-to-imitate value sources (e.g. products, personnel skills, or product collection networks). Consequently, received consumer utility is the base of revenue stream, such as commissions, margins, and/or a supportive service fee. These business models, operating through webstore technology, are product and information intermediaries but positioned in dyadic seller/firm and firm/buyer relationships.

4.3 Structuring activity systems – value networks, firm control, and strategic networks as orientations

The activity system structure describes how activities are linked together for enabling value to be surpassed and enlarged in the activity system (Zott and Amit, 2010). According to analysis, various orientations emerged when structuring the activity system, but each activity emerged as well.

Table 2. Orientation of C2C ecommerce activity systems

Key activities	Orientation of activity systems							
	Unlimited platforms		Commission-based platforms			Singular transaction models		
	Value networks	Firm control	Value networks	Firm control	Strategic networks	Value networks	Firm control	Strategic networks
Sourcing	x		x				x	
Productization	x		x Variation exists in category levels, offering a selection logic (e.g. eBay vs. Poshmark)				x	
Stocking	x		x				x	
Pricing	x		x				x	
Content creation	x		x				x	
Promotion	x		x				x	
Transaction	x				x			x
Consumer service	x				x			x
Data sharing		x		x			x	
Branding		x		x			x	

It is not always necessarily clear which activity is performed first. This is the case in unlimited platforms (group A). The triggering activity may vary between stocking, productization, or content creation. Some may even notice that the activity system may be activated when a consumer buys a new product. Hence, the activity system is influenced even before a seller or a buyer enters the service. For example, when a potential seller is going through the used goods in their storage at home and is thinking of the ability to sell a product and has a specific service (e.g. Craigslist) in their mind, stocking has started, even though no sign of a product has been seen online. In contrast, the activity system may be triggered by showing willingness to buy. For example, a potential buyer of 5miles may be adjusting personal preferences in the mobile application when planning to drive to a certain location knowing that better targeted push notifications may reach her on the road. This activates the activity system, even if nothing that fulfills her needs has yet been offered. The same logic seems to apply between other activities that are all dependent on actor's motivation, reactions, and consecutive actions. Values surpass and enlarge when moving from one activity to another is designed to occur in a value network, where consumers co-create that value by co-producing offerings and exchanging services among themselves. Consequently, the activity system structure itself, with loose process control, aims to span a firm's boundaries over the online marketplace and motivates actors to contribute by offering guidelines and recommendations.

In the case of commission-based platforms (Group B), it is not necessarily clear which activity triggers the activity system; however, certain activities are planned to be controlled by a firm itself. For example, eBay and eCrater control transactions by providing a payment system and offering logistic partner services for delivering. By controlling monetary and product flow, firms support the actual exchange and, thus, create trust around the service. On the other hand, Etsy provides a marketplace that enables artists to sell handmade unique products to interested buyers around the world, uniquely connecting manufacturing into the C2C ecommerce business model. Thus, the activity system design is multi-oriented, connecting features from the value network, firm control, and strategic networks, referring to a combination of mechanisms, such as co-producing offerings, firm coordinated and performed activities, and partnerships. Values surpass and enlarge when moving from one activity to another is dependent on the performance of the order of activities. Consequently, activity system design aims to enable extension from a firm's boundaries; however, at the same time, allowing a firm to concentrate on existing premises through selected key activities related mainly to transactions.

In singular transaction models (Group C), the triggering activity is well known, sourcing. For example, Swap's activity system is activated when a seller has sent a mobile phone to the firm. The upcoming receipt triggers the next activity, stocking, starting from the quality check and refurbishment process, leading to productization, content creation, and so forth. Thus, each activity is designed and managed by a firm itself. The firm's control in activity design leads to a strict process control, enabling a firm to concentrate and fully control the surpassing value between activities. This provides an opportunity to focus on efficiency and propose convenience. For example, secondhand designer clothes seller Emmy proposes a sales service model for an individual seller saying that, on average, 70% of received products are sold. Gazelle highlights convenience in selling with no need for additional contracts. Furthermore, these firms increase value surpass trough the activities, for example, for buyers, by proposing competitively priced products, ensured quality, refurbished technology, product availability, and delivery reliability. Consequently, firm-controlled activity system designs aim to "value chain" robustness through in all key activities, and value creation occurs, more specific, in the performance of the activities.

4.4 The governance of activity systems – the burden of performance

Activity system governance describes who performs the selected activities (Zott and Amit, 2010). According to analysis, significant variation on how activities are resourced emerges between the business models. It is important, because in addition to defining operational cost structure, the governance design defines the focal firm's and participating actor's role in the business model. Consequently, it specifies the firm's position between the selling and buying actors.

Table 3. Key activity governance in C2C ecommerce business models

Key activities	Key resources in each key activity									
	Unlimited platforms			Commission-based platforms				Singular transaction models		
	Seller	Buyer	Firm	Seller	Buyer	Firm	Partner	Seller	Firm	Partner
Sourcing	x			x				x	x	x
Productization	x			x		x			x	
Stocking	x			x					x	x
Pricing	x	x		x	x				x	
Content creation	x	x		x	x				x	
Promotion	x	x	x	x	x	x			x	
Transaction	x	x		x			x		x	x
Consumer service	x			x			x		x	x
Data sharing	x	x	x	x	x	x	x		x	x
Branding	x	x	x	x		x			x	

Unlimited platforms (group A) are uniquely characterized by a network-based activity design, highlighting value co-creation in multiple forms. Therefore, a seller's role is critical and occurs in every key activity. The following appoints a seller to multiple roles, such as, purchaser, assortment and product selector, preserver, dispatcher, price setter, negotiator, content creator, promoter, customer servant, service provider, and data source. However, the cornerstone of the activity system is trade negotiation between the seller and buyer. Focal firms may provide a myriad of supporting features, such communication aids (e.g. anonymous messaging or chat) or a network of physical meeting points, providing sellers and buyers with the opportunity to meet in a safe public location, for example, on lively street corners, malls, libraries, in store fronts, and metro stations. Still, value creation is constructed mainly by the seller and partly by the buyer themselves. In unlimited platforms, the activity system governance is centered around the selling actor.

Commission-based platforms (group B) are uniquely characterized by multidimensional activity design. Therefore, the burden of performing is divided between actors, referring to hybrid value creation, i.e. combining firm, partner, and seller efforts. The following appoints that the seller's role is still critical acting as a purchaser, assortment or product selector, preserver, dispatcher, price setter, content creator, promoter, customer servant, and data source. The focal firm may set restrictions on product assortment, take a role in promoting sellers or products, or support sellers on individual brand creation. However, the cornerstone of the activity system is on nurturing trust. C2C marketplaces have historically suffered from uncertainty, referring to buyers not receiving products, sellers not receiving payments, or safety issues on the actual exchange. Consequently, firms have taken control of certain activities that have been crucial influencers of decreased perceptions of trust. Therefore, as a case, eCrater pounced on the problem by integrating popularity gained modern payments systems (PayPal, Stripe, and collect on delivery by a partner, i.e. COD) distinctively with more traditional payment methods (e.g. money order, cashier's check, personal check). Similarly, firms have partnered with international logistic companies, such as USPS, UPS, or DHL, to increase services' trustworthiness and transparency. Additionally, one result of these partnerships is innovation. For instance, wardrobe connector Zadaa and logistic operator Matkahuolto have developed the "ease sending"-concept for sellers, including a non-queuing drop to convenience stores or kiosks by writing from a system received delivery code on the package. The previous examples appoint the partners' role as a payment collector, shipper and transporter, information distributor and regarding previous activities as a customer servant. Due to these observations, firms have taken an extensive role in consumer service by providing transparency through third-party partner's systems. This positions C2C firms as a mediator of service quality, as well as, products or information. Indicating that used and shared information is not generated only from the interaction between seller, buyer, and firm but is strongly influenced and enriched by external data sources. As a result, commission-based platforms may be defined or at least are moving toward service ecosystems that center activity system governance around the selling and partnering actors.

Singular transaction models (group C) are uniquely characterized by the control-based activity design. Therefore, the seller role is to act as a value source and a focal firm drives the other activities in the system. Thus, a focal firm takes multiple roles, such as a purchaser, assortment and product selector, preserver and dispatcher, price setter, content creator, promoter of product brands or seasonal campaigns, payment collector, shipping monitor, customer servant, brand creator, data collector, analyzer, and information distributor. However, the cornerstone of the model is controlling and owning assets considered as a source of competitive advantage, but a few exceptions exist. For example, Sweden-originated used Apple products reseller m-Resell have outsourced the refurbishing process to a partner in several counties. Another, secondhand clothes reseller Rekki.fi allows sellers to select a sales model between the options where a firm acquires the product with a fixed price, or the firm intermediates the product with a commission. One uniquely interesting development is integrated into the firm's need to have a product physically. It has led to the introduction of novel collecting solutions and partnerships that pursue to provide a seller to set a product for sales conveniently. For example, dropping points located in local grocery stores (Walmart / ecoATM by Gazelle), malls (ecoATM; Emmy collection boxes), or collection boxes at crossroads (Emmy) of popular lanes in cities and suburban areas. In addition, commercial cooperation with the location owner increases mutual value creation and offers, for instance, ability for promotions from other local firms to sellers. As a result, in a singular transaction model's activity system, governance is centered around control by a focal firm and partnerships.

5. Discussion and conclusions

The purpose of this study was to identify and analyze value-creating activities in the context of C2C ecommerce business models. The identification of activities enabled to increase understanding of how firms are pushing their boundaries, adapting novel exchange mechanisms, and orchestrating transactions. In other words, how firms are using activity systems for seeking competitive advantages in secondary markets. By integrating relevant literature from business models, activity systems, and C2C ecommerce, this multi-case study characterized three currently popular business model types (unlimited platforms, commission-based platforms, and singular transaction models) that distinctively target the permanent transfer of used product ownership from one consumer to another. The comparison between them was formulated through the framework of activity system design elements: content, structure, and governance.

Ten key value-creating activities (sourcing, productization, stocking, pricing, content creation, promoting, transaction, consumer service, data sharing, and branding) included to all analyzed business models and were identified (content). However, significant differences occurred in how activities were designed to link together and who performed which activity. The differentiation of interdependencies between the activities was illustrated by the variation in the selected orientation of value creation (structure), which were value networks, firm control, and strategic networks. Selected orientation in each activity heavily impacted an actors' role in activity systems (governance).

Consequently, the findings suggested that: 1) designing individual seller's tasks is a central theme in unlimited platforms; 2) commission-based platforms are center among the seller and partners for creating trust trough the activity system; and 3) singular transaction models focus on firm-based value creation for reliability. Resulting from these findings, the theoretical and managerial contributions are discussed.

5.1. Theoretical contributions

This paper makes three theoretical contributions. First, while previous C2C ecommerce research focused mainly on consumers (Chu, 2013; Saarijärvi et al., 2018; Yrjölä et al., 2017), this study is among the first attempts taking a business model design, specifically, an activity system perspective in the field. In secondary markets, multiple firms exist that have managed to create a business between individual actors. The activity system perspective allowed to elaborate how these firms have positioned themselves between selling and buying consumers, such as a facilitator, intermediary, or full service, through the design of value-creating activities. This may interest business model researchers, who study markets with emerging variations in business models and multiple actor groups in rapidly evolving environments.

Second, ten key value-creating activities were identified to provide a foundation of the C2C ecommerce activity system. This study supported business model theories (Chesbrough, 2010; Day and Moorman, 2010; Johnson et al. 2008; Sorescu et al., 2011) acknowledging that activities and activity systems (Zott and Amit, 2010; Amit and Zott, 2001) exist and are carefully designed as a critical part (Nenonen and Storbacka, 2010; Osterwalder, 2004) of C2C ecommerce business models. However, the study emphasized differences occurring in designing activity systems through the adopted orientations, which may vary between business models, as well as, between activities inside the business model. This encouraged scholars to dig deep to reveal the true influencers.

Third, activities as a research unit lowers the level of abstraction in the mostly conceptual business model literature. The methodological approach conducted may be beneficial for researchers interested in comparing linear -and network-based business models. In multiple markets and branches, this is the current development. Thus, activities may be leverageable research tools, especially for retail focused scholars, who are interested in relationships. More specifically, adopting a multi-actor setting into more traditional environments, activities, and activity design, enabling the characterization and comparison of dyadic and triadic actor relationships settings occurring separately or even inside a business model.

5.2. Managerial contributions

From the managerial perspective, extending product lifecycles offers opportunities for individual consumers to receive benefits and execute higher consumption values. Focal firms have noticed rising markets and business opportunities, resulting in the emergence of new value creation forms. This study provides insights for firms that pursue, are, or refuse to enter the secondary market. First, to firms who are planning to enter the secondary market, the findings characterize business model types providing a choice for firms to select. Understanding the options offers a strategic view that may help in decisions when assessing a firm’s role in the market, required assets, and possible integration to existing business models. In addition, the key activities reveal the minimum to be covered when entering secondary markets as a set of basic requirements. Furthermore, understanding the activity system perspective helps to calculate the business case, identify necessary investments, assess resource needs, and plan future revenue streams.

Second, for firms who already are in the market, the study provides a valuable checklist. For example, are all the key activities covered? Are they covered in proper manners? Could resource allocation be more efficient? What should be considered concerning activity systems when changing or adjusting a business model? Which model is used by competitors and how do they create value through the activity system? Additionally, it may open avenues for firms to spot new unique ways to design processes and mechanisms for additional value creation and to differentiate from competitors.

Third, for firms that are not interested in applying to secondary markets, the study provides a view of future competition. Amit and Zott (2012) found that competitive threats often come from outside of traditional industry boundaries. C2C ecommerce is rapidly growing and will inevitably influence new goods trade in one way or another. In this situation, firms should be aware of how second handers operate and what the cornerstones (e.g. seller motivation, perception of trust, strict control) of their value creation are. This enables firms to adjust their business models into a set that let them compete with C2C ecommerce firms. For example, value co-creation is a strong consumer engagement mechanism, and in the secondary markets, there are firms that maximize, support, or minimize that in their activity systems.

5.3. Limitations and future research

The study set out to extend the understanding of activities in the C2C ecommerce, providing insights for scholars and practitioners by exploring the characteristics of business models, activities, and activity systems. However, the study setting has inevitable limitations related to the used key constructs, research strategy, and data generation. First, it should be noted that business models and activity systems are highly contextual strategic tools. As Teece (2010) stated, business models are a firm management's best view of customers, competitors, and markets at that time. The same can be applied to activity systems. In the context of this study, due to the nascent phase of C2C ecommerce evolution in which the models most influential today, may not be in the future. Second, the situation described above is a fundamental influence that steered the direction of the research to employ an explorative research strategy and qualitative methodology. Qualitative research methods, especially using content analysis, includes a researcher's interpretation. This may increase bias, depending on the researchers' interests, background, and ambitions. Third, instead of interaction with actual firms, data was gathered from secondary sources. So forth, although the study leverages insights from multiple actual case examples, the data sample may lack certain nuances, experiences, and causal connections that could only be revealed in an interview setting. These limitations should be considered when interpreting the study findings.

While this study is among the first of the field, and despite the limitations, multiple interesting future research topics emerge. First, activity systems, such as business models themselves, are contextual by nature, assuming that the interdependencies between the activities are highly dynamic and firm centric. One could be interested to conduct a study based on actual firm interviews to seize these opportunities and challenges that drive to change activity systems in this context. Second, examinations that identify the relationships between activity systems, system design, and firm profitability would be welcomed. Revenue models are dependent on business model characteristics; so forth, the activities constructed in this study may support revealing revenue streams with an actual impact on business. Consequently, future studies could focus on creating methods and measurement models for activity system key performance indicators (KPI.s). This would be useful particularly for firms that rely on value co-creation. Third, the study leveraged Ritter and Schanz (2019) sharing economy focused framework as a theoretical tool for classifying C2C ecommerce business models. Notably, the current business model literature offers fruitful avenues to combine or use analytical tools from other streams to increase existing knowledge and create new insights.

In conclusion, extending product lifecycles is a rapidly growing market that has gained attention from scholars, practitioners, and society. As one important outcome of this development, C2C ecommerce provides a rich template of ways to create and deliver value. From the business model perspective, it may combine new and traditional value creation mechanisms together uniquely.

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Appendix

Appendix 1. Case examples

Case example	Originality	Firm founded	Number of markets	Service type	C2C offering
1. Bonanza	US	2007	9	Online marketplace	Broad (55 product categories)
2. Craiglist	US	1995	76	Online announcement service	Broad (45 product categories)
3. eBay	US	1995	190	Online marketplaces	Broad (61 product categories)
4. eBid	UK	1998	23	Auction website	Broad (33 product categories)
5. eCrater	US	2004	1	Online marketplace	Broad (32 product categories)
6. Emmy	Finland	2015	1	Webstore	Niche (used brand clothes)
7. Etsy	US	2005	36	Online marketplace	Niche (handcraft products)
8. Gazelle	US	2006	1	Webstore	Niche (used electronics)
9. Letgo	US	2015	35	Online announcement service	Broad (36 product categories)
10. m-Resell	Sweden	2012	8	Webstore	Niche (used mobile phones)
11. OfferUp	US	2011	1	Online announcement service	Broad (65 product categories)
12. Poshmark	US	2011	1	Online marketplace	Niche (used clothes)
13. Rekki.fi	Finland	2015	1	Webstore	Niche (used clothes)
14. Sell.com	US	1999	1	Online announcement service	Broad (44 product categories)
15. Swappie	Finland	2017	1	Multichannel firm	Niche (used mobile phones)
16. ThredUp	US	2009	26	Multichannel firm	Niche (used clothes)
17. Zadaa	Finland	2015	4	Online marketplace	Niche (used clothes)
18. 5miles	US	2014	1	Online announcement service	Broad (34 product categories)

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A typology of second-hand business models

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ABSTRACT
With the rise of new markets, in which products and resources are reused and redistributed, marketers must find new ways to orient and manage their business models. This study addressed one such development – the second-hand economy – which lengthens the lifespan of used goods through redistribution of their ownership. While previous research has analysed the second-hand economy mostly from a consumer perspective, a systematic understanding of *value creation* in this realm is lacking; hence, this study used a business perspective to construct a typology of second-hand business models. This resulting typology serves as an important analytical tool for understanding the variety of ways in which companies engage in the second-hand economy. The paper concludes with implications for managers who are either threatened by emerging second-hand business models, considering entering the second-hand market, or already engaged in second-hand commerce.

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Introduction

Marketing management focuses on how organisations can orient and position themselves in markets. In the last two decades, multiple markets and industries have faced major transformative pressures. The rise of e-commerce, the platform economy, technological advances, and globalisation have reshaped the boundaries and forms of commerce; consequently, the nature and types of exchanges, actors, and offerings are being reconfigured (Hagberg et al., 2016) and both consumers and managers are recognising new opportunities to support each other's value-creating processes (Saarijärvi et al., 2014). The result is that incumbent businesses are being challenged to develop new business models (Hänninen et al., 2018).

Multiple new means to orchestrate *value creation* and resource use have emerged, such as collaborative consumption; access-based consumption; and the sharing, circular, and second-hand economies (Kathan et al., 2016; Möhlmann, 2015; Richter et al., 2017). This study focused on the second-hand economy, which lengthens the lifespan of used goods through the redistribution of their ownership (Matzler et al., 2015; Ritter & Schanz, 2019). The phenomenon of consumers buying used goods from each other is not new per se, since early research studied various forms of consumption in physical flea markets

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(e.g., Belk et al., 1988; Sherry, 1990); however, recent developments, such as extending interactions and transactions from offline to online and mobile environments, have redefined the nature, logic, and potential of the second-hand economy. A recent United States study (Statista, 2018a) found that 65% of consumers used online marketplaces to buy used goods. In Europe, more than 20% of all Europeans bought or sold used goods online in 2016 (Statista, 2018b), while in China, the number of companies connecting the demand and supply of used products has risen rapidly (Statista, 2018c). Some companies have gained significant market positions; for example, eBay's gross merchandise value (roughly the value of goods offered) was as high as 85.5 USD billion in 2019 (Statista, 2020).

Multiple trends and developments today favour second-hand business models. Such developments include technological developments, urbanisation, changes in work practices, shifts in consumption preferences and openness to new solutions, and environmental concerns (Kathan et al., 2016; Möhlmann, 2015; Richter et al., 2017). While many second-hand business models rely heavily on digital information and communication technologies (Kathan et al., 2016), the Internet, in particular, has considerably decreased both the cost of market entry and the costs associated with searching, evaluating, and carrying out transactions (Frenken & Schor, 2017). As a result, consumers now enjoy convenient and efficient access to a vast array of affordably priced (used) products through various online platforms, such as eBay, Etsy, and Facebook. Furthermore, shifts in consumer values, mindsets, and behaviours have changed consumer preferences regarding second-hand goods (Kathan et al., 2016). Buying and selling used goods online has become a popular and widely accepted form of consumption, and consumers' environmental awareness may further drive sustainable consumption and the circular economy.

At the same time, business models are being developed that can be quickly scaled up, due to their 'asset-light' nature and reliance on network effects (Parente et al., 2018). For instance, business models that act as platforms for second-hand commerce can readily enter new markets, because they are not required to own the traded goods (Parente et al., 2018), although some companies still choose to own these goods. For platforms operating in local markets, the required number of users is smaller than for those operating globally, suggesting that there might well be room for multiple local niche players (Frenken & Schor, 2017). Because of this, and the fact that most of these firms do not possess rare or unique assets, having a first-mover advantage is likely to be very important for second-hand business models (Parente et al., 2018).

While recent research has sought to understand the second-hand economy from the points of view of perceived benefits (e.g., Abdul-Ghani et al., 2011), motivation (Chu, 2013), consumer resale behaviour (Chu & Liao, 2007), and auction mechanisms (Wang et al., 2002), only scant attention has been paid to taking a business perspective on this increasingly important phenomenon. Business models eventually determine the extent to which the second-hand economy can serve both buyers and sellers of used goods; the companies that facilitate these transactions; and most fundamentally, the society at large that can benefit from the lengthened use of available resources. Adapting the business model lens to the study of the second-hand economy is a worthy endeavour, because it allows for comparisons between the different approaches that businesses use; for instance, according to Yrjölä et al. (2017), there are considerable differences between the types of platforms and formats used (e.g., social media, announcement forums, and auction sites). So far, previous research has considered specific types of second-hand business models, such as auction-based (Shin & Park, 2009) or second-hand fashion retailing models (Beh et al., 2016; Hvass, 2015), meaning that a holistic understanding of the market is lacking. For researchers, such a holistic understanding would help in developing concepts, models, and a relevant lexicon for describing businesses participating in, and driving, large shifts in how goods are marketed, bought, used, remarketed, and reused. This is important, because the business model literature has been developed in contexts where new products have been the focus of exchange; therefore, research should place greater emphasis on understanding how second-hand businesses create value and the extent to which the creation of value differs from traditional business models. For practitioners, understanding a variety of possible approaches to the second-hand economy can help in evaluating, designing, and developing second-hand business models.

The business model lens is also useful because different contexts feature multiple varieties of interaction between different parties, such as three-party exchanges in which two of the parties are consumers. Businesses could, for instance, allow most value-creating activities to be controlled and conducted by consumers. These insights are likely to serve managers already operating in, or considering entry into, second-hand markets, as well as those defending their positions against other second-hand businesses. For these reasons, exploring second-hand business models is relevant for both academics and marketing managers.

Building on the above discussion, the purpose of this study was to construct a typology of second-hand business models. A typology is an analytical tool that helps to capture the distinct characteristics of a research phenomenon; hence, in this phase of second-hand business model evolution, building a typology would support a variety of ways for both companies and consumers to create value. Furthermore, a typology would provide scholars with an analytical tool to conceptualise the second-hand economy and help practitioners to review their current business models or establish entirely new ones, in order to better access the evolving second-hand business landscape.

This paper addresses the research purpose as follows. Firstly, we discuss the theoretical background of second-hand commerce, drawing from the related literature and considering studies on the sharing economy from a business perspective. While the study was exploratory in nature, these literature streams established a strong theoretical basis for the empirical investigation. Secondly, we present our methodology based on a multiple case study approach. Thirdly, we present our findings according to the characteristics of second-hand business models identified by our analysis and construct our business model typology. We also discuss the three main types of business models incorporated into our typology. Finally, we discuss the limitations and implications of the research and draw conclusions.

Theoretical framework

As described above, multiple new forms of value creation have emerged, such as the sharing economy, collaborative consumption, and the second-hand economy (Kathan et al., 2016; Möhlmann, 2015; Richter et al., 2017). In practice, many of these terms are used interchangeably, although scholars have argued that important differences exist between them, despite their common characteristics. Habibi et al. (2017) argue that, among academics, practitioners, and the media, there is a tendency to label many different types of novel business models as 'sharing', even though they only display limited sharing economy characteristics and might actually be closer to the more traditional exchange models. They further caution that the sharing economy label might be misleading and that many contemporary practices and business models exhibit a combination of both sharing and exchange models, underlining the importance of conceptual developments and clarifications regarding these partly overlapping concepts.

The focus of this paper is on the second-hand economy – the exchange of used goods (Frenken et al., 2015; Frenken & Schor, 2017) – and especially on the business models that facilitate it. Consequently, our theoretical framework describes and discusses the second-hand economy and how it differs from the related concept of a sharing economy. We then introduce the business perspective on the second-hand economy and describe the features of second-hand business models.

The second-hand economy

The second-hand economy has been characterised as 'sequential sharing', by which used products are reused and product lifespans are lengthened (Matzler et al., 2015; Ritter & Schanz, 2019). It can be further described as a series of 'redistribution markets' that allow for the 're-ownership of a product' (Matzler et al., 2015), sometimes called 'recommerce' (Kumar et al., 2018). Examples of second-hand business models include eBay and Taobao (Frenken & Schor, 2017), as well as NeighborGoods.com and ThredUP.com (Matzler et al., 2015).

The second-hand economy should be distinguished from the related concept of the sharing economy.[1] While some authors (such as Kathan et al., 2016; Matzler et al., 2015) made no distinction between the two terms, for the purpose of this paper, we identified and analysed six key differences between them (Table 1). The first difference concerned the nature of exchange. While both sharing and second-hand economies involve reusing products (Matzler et al., 2015; Munoz & Cohen, 2017), the second-hand economy involves a permanent transfer of the ownership of the used goods, while the transfer of ownership is only temporary in the case of sharing economy firms (Eckhardt et al., 2019; Frenken & Schor, 2017; Kumar et al., 2018). Authors such as Kumar et al. (2018) distinguished sharing economy business models from 'pure marketplaces' (e.g., eBay) or 'recommerce systems' (e.g., ThredUp), because the latter involve exchanges rather than rentals. Exceptionally, Matzler et al. (2015) and Munoz and Cohen (2017) also included the selling of used goods under the term 'sharing economy'. For these authors, a sharing economy was anything that increased the efficiency and optimisation of under-utilised resources, whether through rentals, free access, or exchanges.

Differences also occur regarding the ownership of goods. Many authors (e.g., Kumar et al., 2018) stressed that, in the sharing economy, goods are owned by consumers acting as service providers. Some authors (e.g., Frenken & Schor, 2017; Kumar et al., 2018) also asserted that sharing economy businesses should not own the resources (since this would undermine the peer-to-peer or consumer-to-consumer economies) and therefore did not consider firms such as Zipcar as belonging to the sharing economy (Kumar et al., 2018).

Table 1. The distinguishing characteristics of second-hand business models.

Characteristic	Second-Hand Business Models: Business models that enable the exchange of used goods. *	Sharing Economy Business Models: Two-sided platform-based business models that allow consumers to grant each other temporary access to under-utilised physical assets. *	Authors
Nature of exchange	• Permanent transfer of ownership from seller to buyer or • Permanent transfer of ownership from seller to company/platform and then to buyer	• Only temporary transfer of access to goods (rental)	Frenken & Schor, 2017; Frenken et al., 2015; Kumar et al., 2018
Ownership of goods	• Before a transaction, used goods are either owned by consumer-sellers or the company/platform	• Goods are owned by consumers acting as service providers	Kumar et al., 2018
Nature of interaction	• Can include C2C, B2C and B2B interactions	• Requires direct consumer-to-consumer (peer-to-peer) interaction	Chase, 2015; Frenken & Schor, 2017; Kumar et al., 2018
Type of offering	• Must include used goods • Can include complementary products and services	• Must include access to products or services • Can include complementary products and services	Frenken & Schor, 2017: Kumar et al., 2018; Ritter & Schanz, 2019
Marketing of offering	• Performed by the seller and/or the company/platform	• Performed solely by the platform	Kumar et al., 2018
Channels	• Great variety of different channels, including digital platforms, retail stores, drop-off kiosks, e-commerce websites	• Digital platforms	Kathan et al., 2016; Munoz & Cohen, 2017; Parente et al., 2018

*The definitions are based on the discussions of Frenken and Schor (2017) and Frenken et al. (2015).

Empirical studies, such as the one by Bardhi and Eckhardt (2012), supported this assertion, since the customers of such companies do not feel or seek a sense of community. Kumar et al. (2018) especially noted that sharing economy business models differed from two-sided market business models in terms of the associated risks for users. They explained that consumers who share their valuable assets, such as apartments or vehicles, expose themselves to greater risks than consumers who merely sell their used goods and primarily interact through digital channels (Kumar et al., 2018). Again, there are a few exceptions: Matzler et al. (2015) and Munoz and Cohen (2017) also included, in their definition of the sharing economy, companies that owned goods and made them temporarily available to consumers).

Regarding the above point, in a second-hand economy context, the term 'customer' is somewhat ambiguous. For the sake of simplicity, we referred to the consumers buying used goods as customers, although the focal business might not directly generate revenue from them; for instance, Craigslist – an American classified advertisements website – does not directly earn money from most of the transactions facilitated by its platform, but instead sells advertising space to third parties (these parties, in essence, could be seen as customers of the focal business). In other cases, the seller of the item pays a commission or a listing fee to the focal business (and could arguably be considered a customer also). Furthermore, on the aforementioned, similar platforms, consumers can act as buyers in some transactions and sellers in others, leading to a blurring of consumer roles (Kumar et al., 2018). The concept of a 'prosumer' (a combination of 'producer' and 'consumer') reflects this development. While originally referring to people who produced many of their products or services themselves (Toffler & Alvin, 1980), the concept has recently taken on a broader meaning. Prosumers are people who actively prolong the lifecycle of products by applying methods such as repairing, reselling, and reusing the items (El Mahmoudi et al., 2019); therefore, consumers engaging in the second-hand economy could be seen as prosumers (Rathnayaka et al., 2014; Richter et al., 2017). In summary, in the context of this study, we referred to the consumers buying used goods as customers, because these consumers were paying for, and gaining ownership of, the second-hand goods – whether purchased from a platform or another second-hand business.

Another difference between second-hand and sharing economy business models concerns the nature of interaction. A second-hand business model can involve all forms of consumer-to-consumer (C2C), business-to-consumer (B2C), and business-to-business (B2B) interactions, but for many authors, a sharing economy business model requires direct C2C interactions (Chase, 2015; Frenken & Schor, 2017; Kumar et al., 2018). Authors have characterised sharing economy business models according to consumer co-creation, community building, and socialisation (Habibi et al., 2017). A related phenomenon is C2C commerce, in which consumers sell to, and buy from, each other. Early studies in this stream were conducted in brick-and-mortar environments (e.g., Belk et al., 1988; Sherry, 1990), while the recent literature has largely focused on e-commerce (e.g., Chen et al., 2016; Chu, 2013; Leonard, 2011). The studies on C2C commerce have approached the exchange of used goods from the consumers' perspective, analysing consumer decision-making processes (Ariely & Simonson, 2003), impulse buying (Chen et al., 2016), and consumer interpretations (Abdul-Ghani et al., 2011). While the direct exchange between consumers makes C2C commerce similar to the sharing economy (Frenken & Schor, 2017), it should nevertheless be regarded as a component of the second-hand economy, because the exchange of ownership of used goods is permanent in C2C commerce. It should be noted that not all definitions of the sharing economy necessitate direct peer-to-peer interaction; for example, Chase (2015), Martin et al. (2015), McLaren and Agyeman (2015), Munoz and Cohen (2017), and Parente et al. (2018) allowed for B2C, B2B, and other types of interactions, while Eckhardt et al. (2019) described peer-to-peer interaction as a typical, but unnecessary, feature of the sharing economy.

The type of offering(s) being marketed through a second-hand business model must include second-hand goods, while a sharing economy business model primarily sells access to products or services (Frenken & Schor, 2017; Kumar et al., 2018). Both business models might also include additional, complementary products or services (e.g., Ritter & Schanz, 2019), such as insurance, logistics, or information.

Some authors (e.g., Kumar et al., 2018) also proposed that, in sharing economy business models, the consumers who provide the services are not responsible for any marketing initiatives, which are solely conducted by the platform. Conversely, on second-hand platforms, sellers take responsibility, either solely or in cooperation with the focal business, for the marketing of the second-hand goods (e.g., sellers on eBay: Kumar et al., 2018; Matzler et al., 2015).

Finally, in terms of channels, sharing economy business models diverge from traditional B2C models because they involve multisided platforms (Eckhardt et al., 2019; Eisenmann et al., 2011; Parente et al., 2018). On these C2C platforms (Parente et al., 2018), the roles of suppliers and customers become blurred, with consumers assuming both roles (Richter et al., 2017). As platforms, sharing economy businesses are essentially interfaces that connect different users according to certain rules and guidelines (Gawer & Cusumano, 2014; Parente et al., 2018). Conversely, second-hand business models can operate through a wide variety of different channels, including platforms, retail stores, drop-off kiosks, and e-commerce websites.

A business perspective on the second-hand economy

The growth of the second-hand economy has led to a proliferation of approaches, practices, and business models used by companies entering the second-hand market. The business perspective, however, has remained underdeveloped in second-hand economy research. One notable exception is Shin and Park's (2009) study on auction-based C2C businesses, which concluded that the auction process, including its phases and options, should be simple and easy to understand. Two other studies by Hvass (2015) and Beh et al. (2016) focused on second-hand fashion retailing and highlighted the role of pricing and reverse logistics. Nonetheless, many second-hand businesses operate very differently from retailers, for example, by using various online platforms and social media (Yrjölä et al., 2017). Consumers shopping through social media platforms are likely to be driven by different intentions than those visiting auction sites or more traditional online shops (Bianchi et al., 2017; Saarijärvi et al., 2018).

Businesses aiming to create value for their customers and other stakeholders seek to capture some of this value in terms of revenue, cost-savings, and information. A business model is used to analyse a firm's value creation and *value capture* (Osterwalder & Pigneur, 2010; Richardson, 2008). It can be defined as 'a representation of a firm's underlying core logic and strategic choices for creating and capturing value' (Shafer et al., 2005, p. 202). This is a broad definition of value; for example, customer value may include any utilitarian and hedonic benefits and sacrifices perceived by customers that relate to the firm's offerings, such as monetary savings, social interactions, symbolism, and experiential aspects (Holbrook, 1999). A business model, as a representation of business logic, is useful, because it offers a reference language that facilitates common understanding and collective sensemaking for a business (Amit & Zott, 2012; Ritter & Schanz, 2019). In this respect, business models are strategic tools for innovation and differentiation, allowing managers to explore market opportunities (Doganova & Eyquem-Renault, 2009; Magretta, 2002) and involving the matching of external opportunities with internal strengths (Teece, 2010). They are built around factors that enhance the total value created by the business, such as novelty, customer lock-in, complementarity, and efficiency (Amit & Zott, 2001; Kulins et al., 2016). For a business model to be effective and successful, its logic must be coherent (Magretta, 2002) and naturally reflect managerial decision-making, including managers' assumptions, expectations, and choices (Casadesus-Masanell & Ricart, 2010), since managers' expectations regarding revenue, costs, and the behaviour of customers and competitors affect business model design (Teece, 2009). In the context of this study, the idea of a business model provided an appropriate conceptual tool for analysing the business perspective on the second-hand economy.

While multiple categorisations of business model components exist, most definitions have agreed that a business model describes both the customer's and firm's value creation (Arend, 2013; Geissdoerfer et al., 2018; Munoz & Cohen, 2017), describing value propositions (e.g., intended customer segment or market, the offering, and types of customer relationships), value creation and delivery (i.e. the activities, channels and resources needed to market the offering to customers), and value capture (e.g., opportunities, costs, and revenue models; Battistella et al., 2017; Munoz & Cohen, 2017; Osterwalder & Pigneur, 2010; Teece, 2010). Business models describe the selection and coordination of value-creating and value-capturing activities (Zott & Amit, 2010), such as value chains and networks (Chesbrough, 2010; Shafer et al., 2005) and partners and channels (Doganova & Eyquem-Renault, 2009). The configuration and content of value propositions, value creation and delivery, and value capture are likely to be complex in second-hand business models.

Value propositions for buyers of second-hand goods are likely to be vague, since the offerings are not standardised. Moreover, if the second-hand business model acts as an intermediary or provides a platform, it should offer value to both buyers and sellers of second-hand items. The company might also add some service elements to its value propositions – such as maintenance, financing, advice, or a takeback agreement (Ritter & Schanz, 2019) – which is called a 'product-oriented business model', distinguishable from a 'use-oriented business model' in which the customer pays for the functionality or utility of the product, rather than the product itself.

For many businesses in the second-hand economy, value creation and delivery is likely to depend on the different kinds of supply and demand actors, who are involved in creating the value proposition (Ritter & Schanz, 2019). A distinction has been made between peers/consumers, businesses, and sometimes government actors, with most scholars considering peer-to-peer, community-driven markets (Ertz et al., 2017; Frenken & Schor, 2017; Plewnia & Guenther, 2018; Ritter & Schanz, 2019). In second-hand business models based on two-sided platforms, peers can be responsible for many value creation activities. They sometimes act as casual providers of used goods, or even micro-entrepreneurs (Frenken & Schor, 2017), meaning that actor roles can become blurred (Kumar et al., 2018).

Value capture refers to revenue sources, pricing schemes, and the business model's cost structure (Osterwalder & Pigneur, 2010; Richardson, 2008). Surprisingly little attention has been given to revenue streams in this context (Plewnia & Guenther, 2018; Ritter & Schanz, 2019; Schnur & Günter, 2014). The business model literature has presented multiple different lists and categorisations, relating to different revenue models (Mahadevan, 2000; Richardson, 2008; Ritter & Schanz, 2019; Timmers, 1998) and categorised according to whether the revenue streams came from direct or indirect sources and whether they were bound to utility or not (Ritter & Schanz, 2019; Wirtz et al., 2010). Direct revenue streams refer to payments made by consumers to the focal business, while indirect ones refer to revenue drawn from third parties, such as advertisers; indirect revenue models therefore imply multi-sided platforms. Examples of indirect revenue streams include commissions or premium payments given to platform owners (Ritter & Schanz, 2019). 'Utility-bound' revenue streams involve payments connected to either a time period or a usage amount (e.g., fee per hour), while unbound revenue only indirectly relates to customer benefits (e.g., a subscription fee). Nevertheless, it should be noted that most business models rely on multiple revenue streams (Ritter & Schanz, 2019), in this study meaning that businesses can charge both commission and advertising fees. In the case of multisided markets, some business models use different pricing strategies for sellers than for buyers (Ritter & Schanz, 2019); nonetheless, in most cases, the intermediary only charges fees to the less price-sensitive side of the market – usually the sellers (Ritter & Schanz, 2019). With multiple revenue sources, managers need to find the optimal combinations of, and emphases on, sources (Ritter & Schanz, 2019; Wirtz et al., 2010).

The characteristics of second-hand business models

Second-hand business models are likely to share characteristics with three types of business models: (1) internet-based and/or platform business models, (2) sharing economy business models, and (3) retail business models. Firstly, as observed over two decades ago, the Internet and other communication technologies facilitate a wide range of possible business models. Many of these models are based on utilising consumer resources and efforts (e.g., communities and collaboration), as well as innovating value creation by supporting parts of the value chain, such as payment handling, or integrating multiple parts of the value chain (Amit & Zott, 2001; Timmers, 1998). Since many internet-based business models create value by building and coordinating a network of users (whether these users are consumers or other businesses), key elements for the success of these business models are creating incentives for different types of users, establishing an optimal diversity of users, and reaching a critical mass of users (Alcacer et al., 2016; Amit & Zott, 2001; Brouthers et al., 2016; Gawer & Cusumano, 2014). Similarly, many second-hand companies use two-sided market business models (Gassmann et al., 2014), commonly referred to as platform business models (Hagiu & Wright, 2013; Van Alstyne et al., 2016). Platforms bring together different participants in ways that generate value for all participants; for example, they can aggregate supply and demand, offer bundles of complementary products and services, and provide protection in the event of one party having asymmetric information or negotiation power (Hagiu & Wright, 2013). Some second-hand platforms are almost entirely 'self-service', such as Craigslist (Ritter & Schanz, 2019), while others exert more control over the interactions between users (Kornberger et al., 2017).

Scale also matters for platform businesses, with the value for all participants tending to increase as the number of users increases (often referred to as the network effect); however, a sharp increase in the user base can also result in user misbehaviour or low-quality platform content. Governance of platform access, designing rules for interaction, and dividing incentives and rewards are key issues for managers (Van Alstyne et al., 2016). Trust and security have also been highlighted as critical success factors for online business models (e.g., Kathan et al., 2016; Richter et al., 2017), especially ones involving C2C interaction and exchange, often between complete strangers (e.g., Kathan et al., 2016; Parente et al., 2018). Along these lines, some scholars have noted different trust-generating mechanisms, such as past ratings of user conduct, personal identification, online communication and reputational capital (Frenken & Schor, 2017), insurance, third-party credit ratings and screening of users (Kathan et al., 2016), transaction guarantees, independent ratings, and the company's handling of financial transactions (Kathan et al., 2016; Mahadevan, 2000; Parente et al., 2018; Richter et al., 2017); for instance, eBay handles financial transactions on its platform (Kathan et al., 2016). While user self-regulation in the form of peer ratings and reviews is often inaccurate, skewed, and limited in diagnostic terms (Frenken & Schor, 2017; Kumar et al., 2018), rating systems are nevertheless perceived as sufficiently trustworthy to convince large numbers of users to use online platforms (Frenken & Schor, 2017). In addition to self-regulation, a company might also need to evaluate and control users (Kumar et al., 2018; Richter et al., 2017).

Secondly, in a sharing economy context, Ritter and Schanz (2019) identified four types of sharing economy business models based on the level of service offered (Tukker, 2004), the level of control exerted over value creation and delivery by the focal company (Ertz et al., 2016; Hagiu & Wright, 2013), and the mixture of revenue streams. Some of these models fitted the definition of second-hand business models, since they involved selling previously owned items. The authors noted that businesses such as second-hand shops are not usually counted as part of the sharing economy, because they act like 'normal' retailers and are characterised by dyadic relationships, one-time transactions, and the need for marketing activities (Ertz et al., 2016; Ritter & Schanz, 2019). The other identified business model types were distinguished by their revenue and pricing models: subscription-based platforms, commission-based platforms, and revenue models built on indirect sources, such as selling advertising space or user data. In a subscription-based model, the company exerts a high level of control over value creation and the subscription is a mechanism for gaining customer commitment. By contrast, in a commission-based model, the users can act as both buyers and sellers, and they negotiate the terms, content, distribution, and consumption of value (Ertz et al., 2016; Ritter & Schanz, 2019). The intermediary's main role is to build a sense of community and reduce feelings of insecurity. The businesses' main revenue streams are based on their ability to facilitate successful matches and transactions (Ritter & Schanz, 2019). For such platforms, the potential value for buyers depends on the distribution and number of sellers, and vice versa. To reach a critical mass of users, the price-sensitive side (usually the buyers) can access the platform without paying fees (Ritter & Schanz, 2019); users are bound to platforms by switching costs in the form of rating histories, because these histories are difficult to transfer to other platforms.

Retail business models, consisting of their formats, activities, and governance (Sorescu et al., 2011), are also relevant for second-hand businesses. The format describes the structure of value creation and capture (Sorescu et al., 2011): how different parties are linked and through which activities they interact – a key notion regarding the scalability of the business model (Amit & Zott, 2001). Formats involve choices regarding products, price levels, services, and the customer interface (Sorescu et al., 2011). Activities, in turn, refer to anything needed to generate, manage, and motivate customer experience (Sorescu et al., 2011), such as purchasing, logistics, customer service, data mining, and branding (Yrjölä, 2014). In the second-hand economy, many of these activities can be performed by consumers, while other second-hand business models might operate similarly to traditional retailers (Ertz et al., 2016; Hvass, 2015; Ritter & Schanz, 2019). Governance describes the roles, rules, and incentives of key actors, including the mechanisms that control the flows of information, resources, and goods between relevant parties (Amit & Zott, 2001). Roles can define how much self-service is expected from customers (Sorescu et al., 2011) – a key consideration in many second-hand business models.

Conclusively, we built upon the above discussion as a starting point for understanding and analysing second-hand business models. Importantly, the previously discussed business model characteristics did not act as a conceptual straitjacket (Gummesson, 2002), but offered guidance and facilitated reflection prior to empirical exploration of the research phenomenon. Next, we present the methodological analysis of second-hand business models, discussing the methodological choices of the study in terms of data collection and analysis.

Methodology

Data collection

Using a business model lens, the purpose of this study was to construct a typology of second-hand business models, classifying such models according to their characteristics (i.e. the respective companies' business model selection and development). Since the second-hand economy is currently in an embryonic phase – characterised by diversity, rapid development, and global involvement – an exploratory multiple-case study approach was appropriate (e.g., Battistella et al., 2017; Reinartz et al., 2011; Said et al., 2015). Such an approach was chosen over a single case study, because the aim was to generate an overall understanding of the phenomenon, rather than a deep understanding of one company's business model (Eisenhardt, 1989). The use of multiple cases, rather than a single case, allowed the variation between business models to be observed, and it highlighted the fundamental characteristics of different types of business models.

The aim of using multiple cases was to capture the full variety of different business models at the current stage of the phenomenon; therefore, the data collection process was not limited to a specific offering, geographical area, or business strategy, but was open-ended and exploratory. The two guiding principles were that the cases had to be strongly linked to the second-hand economy and that the search should be redirected and refocused according to what was learned during the previous phases of the data collection process.

The data collection process included three phases. Firstly, a broad online search was conducted to gain preliminary understanding of the research phenomenon. During this phase, the search terms developed iteratively as more was learned of the study phenomenon. This meant that the initial search terms (e.g., 'second-hand goods', 'second-hand commerce/ecommerce', 'used goods commerce', 'online flea market', 'consumer-to-consumer marketplaces', and 'C2C online auction') were refined according to what was learned (e.g., 'peer-to-peer commerce', 'C2C platforms', 'peer-to-peer shopping', and 'social shopping'). Overall, this first phase helped to determine the most suitable information sources, search terms, and keywords, resulting in the identification of 50 case companies.

Secondly, a complementary search involved reviewing scientific articles, consultants' reports, blogs, and forums using the initial and refined keywords. From these sources, new search terms were identified (e.g., 'C2C transaction platform'), which resulted in fourteen additional cases (64 in total). Rather than identifying as many cases as possible, the objective was to generate a set of case examples that best illustrated the variation and heterogeneity of business models while also revealing a comprehensive overview of the phenomenon.

Thirdly, to gain a deeper understanding of the business model characteristics, each case was reviewed systematically by visiting the companies' own websites and applications. In this detailed search phase, we attempted to answer the question: how does the business create and capture value? This involved gathering information relating to the characteristics of second-hand business models discussed in the theoretical framework (including their similarities to internet-based, platform, sharing economy, and retail business models). Comparing the identified cases with the distinguishing features of second-hand commerce (Table 1) resulted in the exclusion of cases that, in fact, were not truly second-hand businesses; for instance, considering the nature of exchange led to the elimination of eight cases in which the exchange process did not involve a permanent transfer of ownership (e.g., Airbnb). Similarly, considering the type of offerings led to the elimination of cases in which the business focused solely on the provision of services, rather than used goods (e.g., Delivery Hero). Finally, the authors assessed, compared, and discussed each of the cases with the aim of selecting, for more detailed analysis, cases that reflected a wide variety of business models. Cases that had similar business models were excluded at this point; for instance, Trade Me, a New Zealand auction site, was removed because its method of creating and capturing value was nearly identical to that of eBay. In conclusion, 21 cases were selected for more detailed analysis (see Appendix): Aeki.fi, Bonanza, Buffalo Exchange, Craigslist, eBay, eBid, eCrater, Emmy, Etsy, Gamestop, Gazelle, Letgo, mResell, OfferUp, Poshmark, Rekki.fi, Sell.com, Swappie, ThredUp, Zadaa, and 5 miles. Together, these cases captured the diversity of business model characteristics and provided a strong basis for the construction of a typology.

Data analysis

In order to construct a typology of second-hand business models, the cases were analysed to elicit contextualised patterns, mechanisms, and characteristics. A typology aims to illuminate the differences between disparate elements in a set that, together, comprise a construct; in other words, a successful typology clusters instances of co-occurring characteristics and properties (Miller, 1996). Similarly, as depicted in Figure 1, the study analysis firstly identified the characteristics of different business models and, secondly, used these characteristics to illustrate groups of second-hand companies that employed similar business models. This understanding facilitated the construction of a typology of second-hand business models.

Since the purpose of a typology is to simplify real-world complexity, the analytical process of typology development involves reducing different features to a limited set of characteristics that are relevant for the specific study purpose (Munoz & Cohen, 2017); for

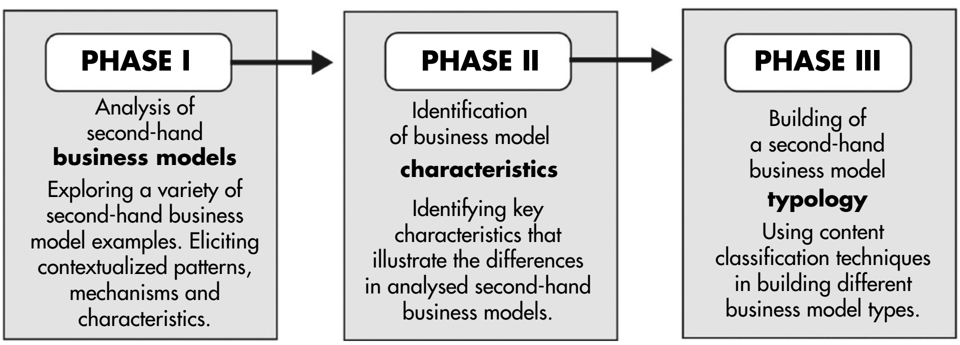

Figure 1. Research approach.

example, following an approach similar to our own, Munoz and Cohen (2017) identified seven characteristics of sharing economy business models, such as the degree to which different models relied on technology, which they then used to develop a typology. Following this logic, in this study, each of the selected 21 cases were analysed and discussed by the authors to understand the key features of their business models. Before this discussion took place, the authors independently familiarised themselves with the collected data and made notes about the cases. The notes and initial interpretations (first phase of analysis) were then discussed to create an outline of the characteristics (second phase of analysis) that could help in distinguishing and categorising the cases according to different types of business models (third phase of analysis). During this stage of analysis, we observed that the companies played different roles in relation to consumers, meaning that some businesses played a minimal role in customer value creation, while others had a very significant influence over how value was created (cf. Ritter & Schanz, 2019). Furthermore, there was considerable variation in the used goods offerings (e.g., some were focused on a single brand, while others had virtually unlimited offerings), and the businesses exerted different levels of control over transactions and interactions (cf. Ertz et al., 2016; Hagiu & Wright, 2013; Kornberger et al., 2017). The businesses were also observed to employ various support mechanisms and services (cf. Tukker, 2004), targeted at both consumer-buyers and consumers wishing to sell their used goods. In some cases, the sellers were responsible for organising the transactions (uploading product images, setting prices, negotiating, handling shipping, etc.), while in others, the company could help with these arrangements (e.g., securing payments) or even take ownership of the product and resell it. Regarding value capture, there were also notable variations, at least regarding the businesses' revenue sources (cf. Ritter & Schanz, 2019); for example, revenues could be drawn from listing fees, third-party advertisements on websites, additional services offered to sellers, or commissions on second-hand sales.

In the second phase, the analysis moved from initial observations to the fundamental characteristics that better fitted the study phenomenon: second-hand business models (Phase II in Figure 1). Here the aim was to choose the characteristics that best highlighted differences between business model groups in order to build a typology. The cases were analysed following a content analysis approach (see Abbott & McKinney, 2013). This phase was also characterised by going 'back and forth' between empirical observations and theory, expanding our understanding of both theory and empirical phenomena (Dubois & Gadde, 2002). This meant that the findings of the previous studies helped to draw attention to certain aspects of the business models, but in our analysis, we chose to emphasise inductive reasoning in order to minimise the risk of taking a too-predefined perspective (Yuana et al., 2019), since most existing studies only analysed related fields, such as sharing economy business models or retail business models (e.g., Sorescu et al., 2011). Accordingly, the analysis was guided by, but not confined to, previous theory (cf. Richter et al., 2017); therefore, some characteristics emerged from previous theory (Perry, 1998), while others emerged inductively. The level of control exerted over value creation and delivery was a characteristic highlighted by previous research (Ertz et al., 2016; Hagiu & Wright, 2013; Kornberger et al., 2017) and this characteristic was named 'the company's level of control'. The business model characteristics that did not reflect previous literature were given labels that represented these new characteristics (Saunders & Lewis, 2012); for example, the label 'breadth and depth of the offering' was given to the characteristic that described whether companies limited themselves to certain product categories, brands, or geographical areas. This phase resulted in identifying the five characteristics of second-hand business models that will be presented and discussed in the findings section.

Finally, a formal analysis (involving content classification techniques) was conducted, and the identified characteristics were used to group the business models. These groups of business models represented different types, meaning that each group was fundamentally different from other groups in the final typology. The differences between the groups began emerging in the first phase, during which the authors grouped together similar business models according to their shared characteristics. The characteristics identified in the previous phases were used to form groups or types of second-hand business models in order to build and finalise the typology. As a result of carefully identifying, analysing, and iteratively clustering the elements, a typology was constructed to illustrate the types of second-hand business models found in the data.

Findings

Characteristics of second-hand business models

The first phase of analysis focused on identifying and analysing the characteristics that best highlighted the differences between groups (or business model types) in order to build a typology. Five characteristics were finally chosen and developed: (1) the company's role in mediating between consumers, (2) the breadth and depth of the offerings, (3) the company's level of control, (4) seller selection and support mechanisms, and (5) revenue streams (Table 2).

The company's role in mediating between consumers

Three broad options were identified concerning the role of the company in relation to buyers and sellers. Firstly, some second-hand companies relinquished nearly all control to the consumers on their platform: consumers were in charge of locating the right items, contacting sellers/buyers, and negotiating transaction terms. These companies created low-cost, scalable ecosystems that aimed to leverage network effects (profits depended on user volume; Van Alstyne et al., 2016). Secondly, companies could ensure that transactions between consumers actually took place, rather than simply match-making or gaining revenue from successful transactions (e.g., through commissions). These companies used tools and mechanisms that fostered trust between parties or mitigated risks for participants (e.g., secure payments). Thirdly, companies could position themselves directly between buyers and sellers and act almost as retailers of used goods. These companies usually had retail and logistics processes for efficient handling, pricing, and marketing of goods.

The breadth and depth of the product offering

There were three types of product offerings: unlimited, wide, and specific. Firstly, companies with unlimited offerings used announcement-based platforms organised around product categories or geography. In many cases, the categories were not related to each other and the aim seemed to be to maximise the offerings (e.g., Craigslist). Secondly, wide product offerings were built around interrelated product categories or brands that

Table 2. Second-hand business model characteristics.

Characteristic	Explanation	Example
The company's role in mediating between consumers	The extent to which the company performed activities on behalf of the buyer and seller and the amount of additional services provided to these parties – ranging from minimal company role to influential role.	A company might provide the infrastructure and services for secure transactions and payments (e.g., eBay).
The breadth and depth of the offerings	Whether the items exchanged over the company platform were limited. Some companies did not impose any limitations, while others were highly specialised in certain product categories, brands, or geographical areas.	A company might limit itself to used goods of one brand, such as Aeki, which specialises in used Ikea furniture.
The company's level of control	The extent to which the pricing, offering selection, promotion, transactions, and logistics were controlled by the company – ranging from low (nearly everything was performed by the buyer and seller) to high control (nearly everything was performed by the company).	A company with a high level of control might purchase the used goods and warehouse, then price and market the goods (e.g., Gamestop).
Seller selection and support mechanisms	The extent to which the company limited and controlled potential sellers and the mechanisms that supported sellers in their activities – ranging from all-inclusive to very selective models.	A company might provide services, resources, and information for sellers interested in becoming entrepreneurs on their platforms (e.g., Etsy).
Revenue streams	The number of different revenue streams supporting the business model (e.g., revenue from selling advertisement space, from commissions, and from add-on services).	Some companies' revenue streams were based directly on the volume and distribution of the users they attracted (e.g., eCrater).

targeted specific consumer segments, such as category enthusiasts and collectors (e.g., Aeki focuses exclusively on used Ikea products). Thirdly, companies with a specific offering limited themselves to certain product niches (e.g., Buffalo Exchange focuses exclusively on used clothes and accessories). The logic behind this was that their retail and logistical processes tended to become inefficient if product types, sizes, and monetary values differed significantly. Alternatively, they might wish to keep the value proposition distinct and targeted to a specific consumer segment.

Control level

The control over interactions and transactions varied from very low to very high levels of company control. At one end of the spectrum were companies that used minimal control to run an expansive ecosystem of active 'self-service' users, and companies that used high levels of control to add value for buyers, sellers, and themselves, including mechanisms for securing payments and other services that helped transactions to be completed successfully. At the other end, some companies performed most of the work of the seller, checking the items' condition; handling warehousing, display, and logistics; and even taking ownership and marketing the products themselves.

Seller selection and support mechanisms

The approaches to seller selection varied across second-hand business models. Firstly, companies might not limit potential sellers, but might try to maximise the number of items on sale, thus maximising the breadth of the offerings. In these models, potential sellers were lured by generic and utilitarian value propositions, such as low fees and earning a little extra income. Secondly, some models offered services to sellers that facilitated transactions or even supported sellers in becoming entrepreneurs. There were also those that selected sellers in order to ensure product quality.

Revenue streams

Revenue streams included margin- or commission-based payments, listing fees, additional services, membership fees, and the selling of advertising space. Revenue streams naturally related to channel choice, since more channels usually implied more potential revenue streams. Typically, internet-based models generated revenue in relation to the use of services, while store-based models were linked to gross margins. Multichannel operators had more options and were able to offset low-performing channels with more profitable ones.

Three types of second-hand business models: connector, supporter, and controller models

Using the business model characteristics found in the first phase of the analysis, we formed groups of business models. These groups were (a) exhaustive (i.e. all business models could be assigned to one of the groups) and (b) mutually exclusive (i.e. no business model could be placed in more than one group). This resulted in three groups, or types, of second-hand business models. Based on the analysis, the following typology was proposed (Table 3), which included three types of business models (connector, supporter, and controller models), distinguished according to the five identified characteristics.

Connector models

Connector models connected consumer-driven supply and demand using online announcement forums or similar solutions, thus relinquishing most control and decisions to users and relying on self-service concepts. This led to a diminished number of customer touch-points, a decreased ability to make changes, and less information being obtained from the transaction process. Connector models avoided multiple business risks (e.g., inventory, depreciation of goods' value, etc.) by shifting them to consumers. The responsibilities in these models were shared, leaving buyers and sellers with the critical role of making the marketplace viral, trustworthy, and beneficial for all. Connector business models were, therefore, based on mutual trust and goodwill. Typically, decisions and activities concerning transaction processes were made by the seller (e.g., assortment selection, pricing, and content creation), while supportive services, such as payment, delivery, and customer service were usually delivered in cooperation with sellers and buyers.

Connector models offered multiple product categories (e.g., Craigslist has 54 categories), leading to loose user segmentation and mostly utilitarian value propositions for users (e.g., access, convenience, and low prices). Connector models marketed to a single broad segment of users and sought to rapidly increase their user base. As a result of rapid scaling, connector models could face problems and reputation issues due to unsuccessful user experiences, misbehaviour, and abuses of the service. To reduce these problems,

Table 3. Second-hand business models: a typology.

Second-hand Business Model Types	The company's role in mediating between consumers	The breadth and depth of the product offerings	The company's level of control	Seller selection and support mechanisms	Revenue streams
	Characteristic				
Type 1 Connector models	Minimal role	Unlimited	Low	All inclusive	Mostly based on volume and scale
	Description: connector models typically seek rapid expansion of the user base; thus, they do not limit product offerings in any way and they target internet users as a broad segment. They also relinquish most control and decisions to users and rely on self-service concepts. Connector models employ online or mobile channels or marketplaces through which consumers interact. Revenue is generated from listing fees and, sometimes, advertising space. The cost structure is light, involving minimal business risks (e.g., no inventory). Examples: Craigslist, Letgo, OfferUp, Sell.com, 5 miles, and Aeki				
Type 2 Supporter models	Value-adding role	Varied approaches	Medium	Some selectivity	Mostly based on commission
	Description: supporter models pursue controlled growth by focusing on product categories, groups of categories, or specific customer segments, such as category enthusiasts. Supporter models offer supporting services to ensure better interaction and successful transactions; thus, they add value for buyers and sellers through control mechanisms that increase perceptions of safety, trust, and utility. They sometimes offer membership and loyalty programmes. Supporter models limit business risks, but still invest in developing technological and processual solutions. Revenue is generated from commission and listing fees. Examples: eBay, eBid, eCrater, Bonanza, Etsy, Poshmark, and Zadaa				
Type 3 Controller models	Influential role	Specific	High	Very selective	Multiple sources
	Description: controller models focus on a specific category of goods and operate in a limited number of markets. The target customer segments are usually (local) category enthusiasts. Controller models offer a full service for consumers and, thus, use strong control mechanisms to control, for example, purchase price (if the company purchased the items), product selection, quality, content, and customer price. As a result, they involve more business risk than other types. Controller models might use multiple channels (online, offline, and mobile). Revenues accrue from multiple sources (e.g., sales margins, commissions, or listing fees). Examples: Emmy, Gazelle, mResell, Rekki, ThredUP, Swappie, GameStop, and Buffalo Exchange				

connector models could introduce mechanisms such as rating systems (OfferUp) and private messaging (Sell.com), but the issue could remain significant, with a lack of mutual trust impeding usage.

Connector models operated online and did not have significant fixed assets, such as real estate, stores, or personnel. Because of the minimal role of the companies in transactions, they involved a light cost structure, since the business growth and expansion did not require heavy investment or significant capital resources. Although there were fewer revenue streams than in other business models, this approach remained viable by trading control for lowered business restrictions.

Supporter models

Supporter models involved companies playing a major role in mediating between consumers. In addition to connecting consumers, they focused on increasing customer satisfaction by improving perceptions of trust, safety, and convenience. Nevertheless, buyers and sellers played a critical role in making the service lively and interesting and ensuring that it met current demand. Since companies participated in selected phases of transactions, supporter models employed some control mechanisms. Typically, supportive functions (e.g., payment and delivery support) facilitated additional revenue streams, increased transparency of the user experience, and extended the number of consumer touchpoints. To avoid common (e.g., inventory-related) business risks, major parts of transaction processes were given to the seller (e.g., pricing, content creation, and certain customer service aspects).

Supporter models were not distinguished by a specific offering. They pursued controlled growth by focusing on groups of product categories or customer segments, such as category enthusiasts, to differentiate themselves from competitors. Supporter models' value propositions were diverse and focused primarily on utilitarian (Bonanza, eCrater) and hedonic (Poshmark, Zadaa) benefits or a mixture of these (eBay). Similarly, their value-adding mechanisms varied (e.g., Etsy supports sellers by helping them create their own webstores), and some even offered business management systems (Bonanza, eCrater). Alternatively, membership and loyalty programmes, return rights, and selling price optimisation could be offered (eBay). To ensure successful interactions, various features were added by supporter models (e.g., Zadaa offers an electronic clothes fitting system that relies on user information). These mechanisms lowered barriers to use, increased matchmaking success, and generated customer lock-in.

The costs of platform development could occasionally cause financial problems, however, supporter models did not involve significant fixed assets that prevented companies from raising capital. Additionally, by playing a role in specific parts of the transaction process, supporter-model companies maintained a light cost structure while maximising revenue streams (e.g., insertion fees, commission, selling advertising space, loyalty programmes, and supporting services).

Controller models

Controller models encompassed the companies' influential role in mediating between consumers. They added value for consumers through the companies conducting parts of the exchange on customers' behalf and by increasing trust and safety (e.g., product quality, authenticity, and availability). Due to their significant role, controller model companies operated in a limited number of markets, usually only one (e.g., Buffalo Exchange, Emmy, Swappie), with few exceptions (e.g., ThredUP).

The product offerings played a more critical role for controller models than for other second-hand business models; for example, second-hand clothes (Buffalo Exchange, Emmy, Rekki); accessories and jewellery (ThredUP); and consumer electronics, such as mobile phones, tablets, and laptops (Gazelle, mResell, Swappie). In order to verify each product, items had to be physically received. Innovative concepts and networks for collecting products focused on minimising sellers' sacrifices (of time, effort, skill, or money); for instance, sellers could order a prepaid post box to ship items to the company. Alternatively, products could be dropped off at conveniently located kiosks or collection points in malls and grocery stores (e.g., Gazelle working with Walmart). Sellers could even receive product discounts from controller model partners, thus increasing foot traffic (e.g., Emmy's partnership with the department store Stockmann), although connector model companies could use their own stores (ThredUP, Swappie) for product drop-offs. These stores also served as display 'windows and social spaces offering 'touch and feel' experiences, while also supporting back-end processes (e.g., inventory sharing and order picking).

Controller models accepted selected business risks and involved more fixed assets than other business model types, facilitating control of business processes. These control mechanisms increased the control model companies' ability to influence customer experiences, profit formulae, and process efficiency. Strong control also translated into more options regarding revenue streams (e.g., margins on sold items, commissions, and insertion fees). The second-hand commerce could also support existing businesses as an additional feature (e.g., Gamestop).

Discussion

The second-hand economy has become an interesting part of the contemporary business landscape. Both scholars and practitioners have shifted their attention to understanding the dynamics of value creation in the emerging second-hand economy and related phenomena, such as the sharing economy. As a result, a diverse set of business models have been established with differing emphases on value creation and value capture. From the marketing management point of view, there is considerable pressure to gain insight into how organisations should orient and position themselves in relation to this evolutionary shift. Consequently, the purpose of this study was to construct a typology of second-hand business models. After discussing the theoretical background of the second-hand economy and business models, we employed a multiple case study analysis. As a result of focusing on 21 cases of contemporary second-hand businesses, we constructed a typology consisting of three business model types (connector, supporter, and controller) that were distinguished according to five characteristics (company role, product offering, control level, seller selection and support, and revenue streams). We now proceed to discuss their theoretical and managerial implications.

Theoretical contribution

The main contribution of this study was to employ a business perspective in order to understand the second-hand economy. The study was among the first to analyse second-hand business models and the first to develop a typology of these business models. Scant scholarly attention has been paid to exploring and conceptualising the second-hand economy from the business point of view (see Hvass, 2015; Shin & Park, 2009), despite its increasingly important role in the current evolution of markets and consumer behaviour (Yrjölä et al., 2017). Early contributions to second-hand business models included the case studies by Beh et al. (2016) and Hvass (2015). Both of these studies, however, focused on fashion retailing, whereas the current study considered multiple companies representing various product categories, some of which operated very differently from retailers. The identified three types of second-hand business models demonstrated that competition between second-hand businesses involves several business model characteristics. The studies by Beh et al. (2016) and Hvass (2015) utilised the business model approach (Osterwalder, 2004; Osterwalder & Pigneur, 2010) as their analytical framework, whereas this study makes a contribution by arguing that second-hand business models should be analysed according to the five characteristics named above.

Two of the identified five characteristics are new to the literature, while three characteristics were suggested by previous research in other contexts. The first characteristic (the company's role in mediating between consumers) was not explicitly identified in previous studies, although it was recognised that second-hand businesses might employ various operating models, such as two-sided markets (Gassmann et al., 2014) or retailer models (Ertz et al., 2016; Hvass, 2015; Ritter & Schanz, 2019). The second characteristic (the breadth and depth of the offerings) also represents a novel finding, although the company's level of control over value creation and delivery was identified in previous research and in other contexts (e.g., Ertz et al., 2016; Hagiu & Wright, 2013; Ritter & Schanz, 2019). These previous studies also noted that business models might differ in the levels of service offered (Ritter & Schanz, 2019; Tukker, 2004), which was reflected in the fourth characteristic – seller selection and support mechanisms. These mechanisms are likely used by second-hand businesses to generate trust among potential buyers and/or sellers, since trust is a key element in any online business (Kathan et al., 2016). Similarly, Ritter and Schanz (2019) highlighted that business models are likely to vary according to the mixture of revenue streams they employ. It might be that the level of control, level of service, and mixture of revenue streams are universal business model characteristics, while the company's role and the breadth and depth of the offerings represent characteristics that are more particular to the second-hand economy.

On a more general level, since business models represent companies' logic regarding *value creation* and *value capture*, the potential and emphases of value creation vary between business models. Reflecting on the findings, connector models place relatively slight emphasis on value creation (e.g., only providing limited additional services or vague/undefined value propositions), but stronger emphasis on value capture (e.g., a light cost structure and easy scalability). Supporter models emphasise value creation for buyers and, especially, for sellers. Controller models, by contrast, focus on creating value for buyers through merchandise selection, quality control, and multiple purchase channels. Overall, as competition increases, it is likely that models offering more or differentiated benefits for buyers and sellers (an emphasis on value creation, rather than value capture) may begin to dominate the second-hand landscape.

Managerial implications

While business models are theoretically relevant for understanding value creation and capture, they are also vehicles for practitioners to systematically develop and compare alternatives for tapping into evolving markets. For marketing managers, who have the main responsibility for aligning their organisations with markets, an in-depth understanding of alternative business models is critically important; hence, our typology – based on an analysis of contemporary second-hand businesses – offers guidance for marketing managers in designing and developing second-hand business models. The implications are categorised according to whether the company is (a) a traditional actor (e.g., a retailer or a brand-owner) defending its position against second-hand businesses, (b) a start-up or other company planning an offensive penetration of the second-hand market, or (c) a company already engaged in second-hand commerce.

For those taking a defensive position, the typology shows how emerging second-hand business models are threatening their current sources of competitive advantage. Understanding each second-hand business model type (connector, supporter, and controller) helps managers to better address the important question: what kind of differentiating value does our company aim to create for our customers? Here, the characteristics reveal how second-hand commerce is exerting pressure on incumbent retailers; for example, the breadth and depth of offerings is one characteristic through which second-hand companies compete, and some companies might focus on used goods of a single brand, such as Aeki, which specialises in used Ikea furniture. Similarly, second-hand companies, such as Etsy, provide services, resources and information for sellers interested in becoming entrepreneurs on their platform. These characteristics inform marketing managers of the ways in which second-hand companies are building their competitive positions.

Marketers working for traditional retailers or brand-owners should adjust their value proposition in relation to this increasing competition and consider new means of differentiating customer-perceived value, including new initiatives that take into account the potential of used goods. Parente et al. (2018) noted that firms have responded to the sharing economy trend by adjusting their pricing, customisation, and differentiation: they discussed examples of hotel chains and car manufacturers developing new concepts to match sharing economy concepts. Consequently, incumbent companies are advised to either (a) streamline their current business models to reduce costs and thereby compete with second-hand businesses, (b) redesign their business models or acquire second-hand businesses to enable them to offer customised solutions, or (c) collaborate with second-hand businesses and look for synergies. Regarding the last option, Matzler et al. (2015, p. 78) noted: 'Assisting people in their attempt to share does not necessarily mean they will not buy your products.' Our typology echoes this evolution by identifying different characteristics of second-hand business models and, thus, showing what elements incumbent companies could incorporate into their existing business models. Matzler et al. (2015) discussed two examples of companies that successfully incorporated elements of a second-hand business model into their operations: Ikea and Patagonia. Ikea has an online platform for its loyalty programme members, which allows them to post and sell their used items free of charge. While, at first, it seemed that this would cannibalise new product sales, the initiative has been successful in signalling the company's environmental values and clearing customers' homes for the introduction of new Ikea items (Matzler et al., 2015). Patagonia's partnership with eBay helped its customers to sell used Patagonia products. The results of this initiative were similar to Ikea's: better visibility, an enhanced environmental image and branding, and more sales of new products (Matzler et al., 2015). By helping customers to exchange used goods, these companies have been able to sell new, complementary products; gain a better reputation among sustainability- and durability-conscious consumers; and establish new communities and marketplaces simultaneously. Similarly, Urban Outfitters has successfully offered used clothes in its retail shops (Möhlmann, 2015). Altogether, from the business model point of view, the line between new and used goods seems to be blurring (see Yrjölä et al., 2017).

For start-up companies aiming to enter the second-hand market, the typology reflects the contemporary rules and boundaries of the game. Here, the identified business model characteristics (the role of the company in mediating between consumers, the breadth and depth of the offerings, the company's level of control, seller selection and support mechanisms, and revenue streams) help marketing managers to uncover the diversity of ways in which value is created and captured in second-hand commerce; for example, understanding what role the company can play, and how that influences other business model criteria, can help new companies to build their differentiation strategies. In that sense, the typology can help new companies to identify their potential competitive positions and, thus, build strategies for penetrating the second-hand market.

For companies that already engage in second-hand commerce, the typology in general, and the five characteristics in particular, can assist in understanding the nature of contemporary competition, in turn aiding marketers in analysing how competitors build competitive advantage. Towards that end, it is critically important to follow changing consumer preferences; for example, while consumers are becoming accustomed to using second-hand markets, some companies may be forced to adjust their business models towards more streamlined, 'no frills' business models (e.g., a connector model). We believe that the list of identified case examples (Appendix) offers a practical starting point for benchmarking. The list provides a convenient reference for how different kinds of business models are designed and communicated, thus presenting a means of systematically comparing alternative value creation and capture options. Although the second-hand economy is in a dynamic phase of market evolution, the list of second-hand business models can help managers to identify which initiatives competitors are introducing.

Finally, as a synthesis of our typology and the previous literature on business models and the second-hand economy, we present a list of key questions (Table 4) for marketing managers. These questions are mainly based on the findings – the five identified business model characteristics – but also incorporate aspects that arose from discussions and other observations made by the authors. Growth objectives, target customer segments, and risks are arguably key business model considerations for marketing managers, but they remain relatively opaque to outside observers and were thus not included in our analysis. By contrast, our findings show how businesses differ in terms of the roles they play (question 1), their offerings (question 3), the levels of control they exert over transactions and interactions (question 5), the mechanisms they use to support sellers (question 6), and their mixtures of different revenue streams (question 9). We encourage marketing managers to ponder these questions when evaluating their current business models or when considering entry into second-hand markets. On the whole, the answers to these nine questions will be different for each organisation, but we believe the questions can help marketing managers to guide the design and development of their business models in relation to second-hand commerce.

Limitations and future research

This study is not without limitations. Firstly, the data and findings represent a snapshot of current second-hand business models and do not analyse the profitability of any specific model. The study therefore provides no data on the emergence, survival, and development of business models over time (cf. Battistella et al., 2017), suggesting an interesting perspective for future research. The three models incorporated in this typology are those that currently appear in second-hand markets. Secondly, it should be noted that there are some variations within these types; hence, future research could use an extensive case methodology to focus on one type or organisation and understand these models at a more granular level. Thirdly, the five characteristics identified in this study are naturally

Table 4. Questions and considerations for designing and developing second-hand business models.

Key business model question	Options and considerations
1. How extensive a role do we take in relation to consumers?	A more extensive role leads to increased costs; hence, the added value of more activities for buyers and sellers must be clear.
2. What is our growth objective?	Online-only, 'no frills' platforms scale easily, but offer no competitive differentiation. Second-hand elements can support or complement the existing core business.
3. How wide/deep are our product offerings?	While unlimited offerings potentially attract large numbers of consumers, they can repel category/brand enthusiasts. Enthusiasts are likely to become heavy users of a service that specifically caters to their needs, but the niche market has to be sufficiently large to be profitable.
4. Who are our customers, and how specific is our customer segment?	The target segment is commonly specified according to geography or product category. If the organisation cannot offer differentiated value to any one segment, then segmentation might not be necessary.
5. How much control do we need over the exchanges and transactions taking place on our platforms?	A company's level of control is directly related to its ability to create and capture value (e.g., control might be needed to ensure product quality, reduce fraud, or influence pricing).
6. What types of services do we offer sellers and buyers?	The options range from self-service models to those in which the consumer's role is simply to participate in the transaction. Supportive services increase value for consumers, but raise costs for companies. These services can be important in creating consumer lock-in for the business.
7. What types of business risks are we willing and able to carry?	Operations can involve technological, transactional, inventory-related, capital-related, and human resource risks.
8. Which channels add value for users?	While online and mobile channels reach most consumers, companies should also consider other channels, such as pop-up shops or stores. Physical channels allow buyers to touch and feel the items and provide them with a convenient shopping outlet; for sellers, they might be a convenient way to drop off items for sale.
9. What kinds of revenue streams will the business model be built on?	The business can simply rely on margin-, listing fee-, or commission-based revenue models or a combination of these models. Add-on services or memberships can be an extra source of revenue. Since many online platforms are inexpensive or free for consumers, the value proposition needs to be clear to justify the pricing.

highly interrelated and even overlap to some extent. This is common for business model elements (e.g., Johnson et al., 2008), but researchers could devise a method for understanding the dynamics between these characteristics.

As the typology demonstrates, second-hand business models differ significantly from each other; therefore, it is dangerous for managers and researchers to think about the second-hand economy in terms of 'online flea markets'. Our ways of thinking (e.g., mental models and other cognitive frameworks) should be updated to reflect the diversity of practices uncovered in this study. Future research could also analyse the mental models of managers involved in the second-hand economy, since business models reflect managers' thinking (Teece, 2009); for example, what is the fundamental vision or purpose of the business, and does it behave more like a technical company or a retailer?

In respect of the above question, controller model companies operate very similarly to traditional retailers. For them, the question becomes: what differentiates these 'second-hand retailers' from other retailers? Indeed, the controller type model might be the best choice for retailers planning to take advantage of (rather than compete against) the used goods market, as exemplified by retailers such as GameStop. Nonetheless, second-hand consumption has been shown to offer consumers various types of customer value, such as economic (e.g., monetary savings), functional (e.g., clearing space), emotional (e.g., nostalgia), and symbolic (e.g., conscious consumer) value. Some of these benefits might be unique to the second-hand market and, therefore, out of reach of retailers that focus exclusively on selling new goods.

In conclusion, this study has developed a typology of second-hand business models. Three distinct types of business models – connector, supporter, and controller – were proposed, which varied in terms of the five attributes identified. The future will determine whether any of these types will come to dominate the landscape or whether the plurality of business models will increase. Researchers are invited to utilise, build upon, and modify our typology and to increase our understanding of this increasingly important phenomenon.

Note

1. There is some overlap between the terms 'second-hand economy' and 'circular economy'. The circular economy is an industrial and economic system in which the focus is to keep materials in use for as long as possible (Antikainen & Valkokari, 2016), while the second-hand economy, with its focus on extending product lifetimes, can be viewed as a part of the circular economy. Circular economy business models typically involve the collection and modification of (waste) materials and energy (Kirchherr et al., 2017; Korhonen et al., 2018; Lewandowski, 2016), but second-hand business models are concerned with the redistribution of used items (Matzler et al., 2015; Ritter & Schanz, 2019). Studies on the circular economy have typically followed a systemic approach to material and energy flows (Antikainen & Valkokari, 2016; Kirchherr et al., 2017; Lüdeke-Freund et al., 2019). A second-hand business model, in which a product is used again for its original purpose, could be called a 'reuse and redistribution' model in circular economic terms (Lüdeke-Freund et al., 2019). The current study attempted to understand the phenomenon from the perspective of a focal business, meaning that the unit of analysis was the focal firm's business model. For these reasons the term 'second-hand economy' was used in this study.

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No potential conflict of interest was reported by the authors.

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Appendix. The selected case descriptions in alphabetical order

Company (year of founding; no. of countries served)	Short case description
Aeki.fi (2010; 1 country)	An online announcement service focused exclusively on used Ikea furniture, Aeki connects supply and demand for a niche product category. Aeki gains revenue by selling ad space on its website. The company is not controlling the transactions. (Source: https://aeki.fi)
Bonanza (2007; 9 countries)	An online marketplace with a broad product range (28 categories). Bonanza supports sellers by helping them build an online business, customise marketing, and build brand and customer relationships. Bonanza gains revenue from commission and the use of marketing tools, while sellers can launch a webstore free of charge. Although the transaction process is controlled by the company, sellers and buyers are the key actors in this model. (Source: https://www.bonanza.com)
Buffalo Exchange (1974; 1 country)	The store chain Buffalo Exchange offers a physical place for the exchange of used clothing products. The company purchases the products using a valuation of the expected sales price and gains revenue from sales. To control exchange, the company uses resources such as real estate, personnel know-how, and product ownership. (Source: https://www.buffaloexchange.com)

(*Continued*)

Company (year of founding; no. of countries served)	Short case description
Craigslist (1995; 76 countries)	An online announcement service with an unlimited product and service range, Craigslist connects local supply and demand. It aims to keep its service free of charge and funds its operations and development by charging announcement fees in specific product categories and areas (e.g., flat rental announcements in certain cities). The company does not control transactions. (Source: https://www.craigslist.org/)
eBay (1995; 190 countries)	Online marketplaces are one of eBay's main business areas. eBay connects and supports sellers and buyers globally and locally. It gains profits from commission and insertion fees. eBay has advanced C2C support, such as loyalty programmes and money-back guarantees. Transactions are controlled by eBay. (Source: https://www.ebay.com/)
eBid (1998; 23 countries)	An auction website with a broad product range, eBid gains profit from commissions and membership fees, but services are free for buyers. The key actors are the sellers, buyers, and the company. eBid controls the transactions. (Source: https://www.ebid.net/eu/)
eCrater (2004; 1 country)	An online marketplace with a broad product range (16 categories). eCrater focuses on user experience. It also supports sellers in building their own online business inside its ecosystem. eCrater gains revenue from commission. eCrater controls the transaction process. (Source: https://www.ecrater.com/)
Emmy (2015; 1 country)	A webstore focused on second-hand clothes, Emmy generates value by ensuring products' brand authenticity, quality, and origin. It gains revenue from commission. It does not take ownership of the products but controls the transactions. (Source: https://emmystore.com)
Etsy (2005; 36 countries)	An online marketplace focused on handmade or vintage items. Etsy generates value for individuals and small business entrepreneurs by providing access to global markets via a platform that offers unique artistic products. It gains profits from listing fees, commission, and special features for sellers (e.g., marketing tools). Etsy controls the transactions process. (Source: https://www.etsy.com)
GameStop (1984; 14 countries)	A video game retail chain of 7,500 stores, GameStop uses second-hand products to support the sales of new products. GameStop generates second-hand value by offering a channel to buy and sell used video games and accessories, in addition to new ones. Its stores offer a place where like-minded consumers can share experiences. The company purchases the used products and resells them. (Source: https://www.gamestop.eu/)
Gazelle (2006; 1 country)	A webstore focused on used mobile phones and accessories, Gazelle generates value by refurbishing used phones, tablets, and accessories for reuse. It purchases the used products and resells them. The company operates under two brands: Gazelle (website and operations) and ecoATM (drop-off kiosks for sellers). (Source: https://buy.gazelle.com/)
Letgo (2015; 35 countries)	An online announcement service with an unlimited product range, Letgo connects local supply and demand and focuses especially on user experience. Revenue consists of insertion fees. Letgo does not control transactions. (Source: https://en.wikipedia.org/wiki/Letgo)
Mresell (2012; 8 countries)	A webstore focused on used Apple products, Mresell purchases, refurbishes, and resells used Apple iPhones, tablets, and Mac computers. Key actors are buyers, sellers, and the company, which controls transactions. (Source: https://mresell.co.uk/about-us/)
OfferUp (2011; 1 country)	An online announcement service with a broad product range, OfferUp generates value by connecting local supply and demand and by concentrating on a simple, safe, and trustworthy user experience. Its mobile service is free to use and is funded by selling advertising space. The exchanges are organised by the seller and buyer. (Source: https://en.wikipedia.org/wiki/OfferUp)

(*Continued*)

Company (year of founding; no. of countries served)	Short case description
Poshmark (2011; 1 country)	An online marketplace for second-hand clothes, Poshmark brings together a vibrant community to express themselves and share their love of fashion. It gains revenue from flat-rate and percentage-based commission. The company also uses third-party service providers, especially for shipping, and controls the transaction process. (Source: https://poshmark.com)
Rekki (2015; 1 country)	A webstore for second-hand clothes, Rekki generates value by ensuring an easy and effortless selling experience and a quality brand assortment for buyers. Revenue comes from sales margins and commission (the company offers two sales models for sellers). Rekki controls transactions. (Source: www.rekki.fi)
Sell.com (1999; 1 country)	An online announcement service with a broad product range, Sell.com serves both consumers and businesses. It offers simple and effortless experiences. Its revenue streams take the forms of insertion fees and additional marketing features for sellers. Sell.com does not control transactions. (Source, discontinued in 2021: http://www.sell.com/)
Swappie (2017; 1 country)	A multichannel company focused on used Apple iPhones, Swappie generates value by refurbishing used iPhones for reuse. Swappie purchases products from sellers and resells them. The company uses a physical store and a webstore. (Source: https://swappie.com)
ThredUP (2009; 26 countries)	A multichannel company focusing on second-hand clothes, ThredUP generates value by offering only high-quality, origin-checked products through a webstore and physical stores. Revenue is commission-based. ThredUP controls the transaction process while the products are still owned by the seller. (Source: https://www.thredup.com/)
Zadaa (2015; 2 countries)	An online marketplace for second-hand clothes, Zadaa connects people with similar size and style. It gains revenue from commission. The company uses resources such as, third-party logistic operators and advanced technology for ensuring product fitting. Zadaa controls the transaction process. (Source: https://zadaa.co/)
5 miles (2014; 1 country)	An online announcement service offering a broad product range, 5 miles concentrates on simple, safe, and fun experiences for local markets. 5 miles has focused specifically on its mobile application and leveraging GPS technology. It gains revenue from listing and membership fees. Transactions are not controlled by 5 miles. (Source: https://help.5miles.com/hc/en-us/categories/203610527-New-To-5miles-)