



Title	Two-sided Internet Platforms: A Business Model Lifecycle Perspective
Authors(s)	Muzellec, Laurent, Ronteau, Sébastien, Lambkin, Mary
Publication date	2015
Publication information	Muzellec, Laurent, Sébastien Ronteau, and Mary Lambkin. "Two-Sided Internet Platforms: A Business Model Lifecycle Perspective." Elsevier, 2015. https://doi.org/10.1016/j.indmarman.2015.02.012 .
Publisher	Elsevier
Item record/more information	http://hdl.handle.net/10197/5630
Publisher's statement	This is the author's version of a work that was accepted for publication in Industrial Marketing Management. Changes resulting from the publishing process, such as peer review, editing, corrections, structural formatting, and other quality control mechanisms may not be reflected in this document. Changes may have been made to this work since it was submitted for publication. A definitive version was subsequently published in Industrial Marketing Management (VOL45, ISSUE 2015, (2015)) DOI: 10.1016/j.indmarman.2015.02.012.
Publisher's version (DOI)	10.1016/j.indmarman.2015.02.012

Downloaded 2026-05-02 01:17:50

The UCD community has made this article openly available. Please share how this access benefits you. Your story matters! (@ucd_oa)



© Some rights reserved. For more information

**Two-sided Internet Platforms:
A Business Model Lifecycle Perspective**

Laurent MUZELLEC¹

UCD Michael Smurfit Graduate Business School
University College Dublin
Carysfort Avenue,
Blackrock,
Co. Dublin, Ireland
Tel: +353 1 716 8959
email: laurent.muzellec@ucd.ie

Sébastien RONTEAU

ESSCA Ecole de Management
LUNAM Université
01, Rue Lakanal – BP40348
49003 Angers cedex 01 – France
email: sebastien.ronteau@essca.fr

Mary LAMBKIN

UCD Michael Smurfit Graduate Business School
University College Dublin
Carysfort Avenue,
Blackrock,
Co. Dublin, Ireland
email: mary.lambkin@ucd.ie

¹ Corresponding author.

Laurent Muzellec is a lecturer in Marketing and the director of the MSc. in Digital Marketing at UCD Smurfit Graduate Business School. His current research interests pertain to the field of digital business model, (reverse) product placement and branding strategies in interactive media. His work has appeared in several international publications including *Industrial Marketing Management*, the *Journal of Advertising Research*, *Marketing Theory*, the *Journal of Product and Brand Management* and the *European Journal of Marketing*.

Sebastien Ronteau is Associate Professor at ESSCA Business School. He is also head of Management Department and Scientific Director of ESSCA Research Center in Innovation, Strategy and Entrepreneurship. His research interests pertain to this field and his academic work has appeared in French and international journal such as *Revue Management & Avenir*, *Revue Française de Gestion* and *International Business Research*. He is also the co-author of the best seller “*Business Model. Configuration et renouvellement*” published by Hachette Paris in 2011.

Mary Lambkin is Professor of Marketing at UCD Smurfit Graduate Business School.. She is currently the Head of the Marketing Group and also holds a number of positions in companies and professional organizations outside the university. She is involved in a range of research projects under the general heading of marketing strategy. She has written extensively on this subject in prestigious academic journals such as the *Journal of Marketing*, the *International Journal for Research in Marketing*, the *European Journal of Marketing* and *Industrial Marketing Management*.

Research Highlights:

- Two-sided Internet platforms need to formulate two different value propositions – one for the end-user side (B2C) and one for the business side (B2B).
- In two-sided Internet platforms, end-users are part of the value proposition for business customers.
- The business model and the marketing orientation (B2B or B2C) of a two-sided Internet Platform tend to evolve over time towards the B2B side.
- In two-sided Internet platforms, the monetization of the business model is "B2B oriented".

ABSTRACT

Multi-sided platforms bring together two or more distinct but interdependent groups of customers, normally described as B2B and B2C. Two-sided platforms have proliferated rapidly with the Internet and this has led to the development of new business models to monetize innovative value propositions in online markets. This paper puts forward a model of the evolution of the marketing strategies and business models of two-sided Internet businesses. In this model, Internet intermediaries are visualized as resource integrators, involving consumers and business partners in a process of co-creation of value—an integrated, two-sided business model. An analysis of five early stage Internet ventures reveals that the business models of these Internet ventures show a clear pattern of evolution from inception to maturity, from B2C towards B2B, and ultimately to an integrated combination (B2B&C and B2C&B). This is primarily due to a shift in the relative influence of different business stakeholders, identified as change agents in the context of the business modeling of two-sided Internet platforms.

Keywords: Internet business model; marketing strategy; two-sided markets; value proposition; business modeling

1. Introduction

Multi-sided platforms, known also as multi-sided markets, are an important business phenomenon that has proliferated with the rise of information technology and the Internet. Two-sided platforms are specific multi-sided platforms that bring together two distinct but interdependent groups of customers. They create value as intermediaries by connecting these groups (Osterwalder, Pigneur, & Smith, 2010; Eisenmann, Parker & Van Alstyne, 2006). Despite a better understanding of two-sided Internet markets, where a single online platform enables interactions between consumers (the primary audience of the site), and business customers (e.g. the advertisers) (Rochet & Tirole, 2003), the respective importance given to the business audience (B2B) and the consumer audience (B2C) in the business model of Internet ventures has not been clearly identified. Furthermore, the notion that the marketing strategy orientation towards the B2B and/or the B2C side may change over time as a business develops has not been considered. This is a gap in the literature, which this article attempts to address through a study of the interaction between the B2B and B2C sides of online business ventures and their relative influence over time on the business models.

Accordingly, the purpose of this paper is to better understand the evolution of the marketing strategies of Internet start-up companies towards businesses and/or end-consumers, as well as the nature and relative contributions of the two sides of the market (B2B and B2C) in the creation of value.

The article proceeds as follows. Section 2 provides a review of relevant literature on the dynamics of two-sided networks, focusing particularly on value propositions of the firm, as well as business ecosystems. This conceptual review yields several research propositions that we will investigate through an exploratory analysis of five case studies

of newly established Internet business ventures. In Section 3, we describe our research design which relies on an extended case methodology. Sections 4 and 5 describe the case studies and present detailed analyses of the pattern of evolution, with particular emphasis on the relative influence of different stakeholders over time. Finally, in Section 6 our conclusions are discussed, along with the limitations of the study, and implications for future research.

2. Conceptual background

Before presenting the conceptual framework, it may be useful to define the key terms specific to this study and the Internet domain.

2.1. Definitional Issues

This study focuses on Internet businesses and, more specifically, pure-players. A pure player is an organization that does business purely through the Internet; it has no physical store (bricks and mortar). The Internet is a ubiquitous information platform (Sharma & Sheth, 2004). Firms use the Internet to provide information, to provide connectivity and community, to allow transactions, and to share cost reductions (Sharma & Sheth, 2004).

This definition of the Internet is important because it implies that most Internet businesses are in fact intermediary platforms², in other words, two-sided or multi-sided platforms. This includes social networking platforms such as Facebook which link networks of users with the providers of various services and applications, e-commerce websites such as Amazon or eBay, which bring together buyers and sellers; and search engine platforms such as Google, which connect advertisers and Web users (Bakos & Katsamakos, 2008).

These Internet platforms typically have two types of participants (“sides”): a business side (B2B), which very often is the business customer (they pay for a service) and an end-user side (B2C) who is the consumer of the service, and who may or may not pay for the service. In any case, each side generally derives positive externalities from the participation of members on the other side.

The term Business Model came to prominence in the 1990s, largely as a result of the emergence of the Internet economy. As J. Magretta (2002) explained it: the “Business Model was one of the greatest buzzwords of the Internet boom, routinely invoked, as the writer Michael Lewis put it, ‘to glorify all manner of half-baked plans’”.

The bursting of the dotcom bubble in 2001 showed the limitations of many of these business models. It is believed that the majority of Internet ventures failed in the first three years of their existence (Feinleib, 2012). These failures may have occurred for many reasons but one of the most commonly cited is the fact that many start-ups relied on a flawed revenue model (such as advertising) and a poor definition of the value

² These websites are sometimes referred to as infomediary platforms. They gather and organize large amounts of **information** and act as an **intermediary** between those who want the information and those who supply the information.

proposition (Clemons, 2009). In such instances, the failure of a company could be attributed to an inability to generate sufficient revenue from third parties through sponsorship, advertising or affiliation (Chen, 2003).

Today, a systematic approach to business models is more widespread and the survival rate of new online businesses is correspondingly better. Well-constructed business models identify a target consumer audience and a clear value proposition, they also specify the structure of the value network, a revenue generating mechanism, and they estimate the cost structure and profit potential of their business (Chesbrough, 2010). The business model is therefore a structural template that describes the organization of a firm's transactions with its external business partners in factor markets as well as with its consumer audience or product market (Zott & Amit, 2008). In other words, the business model is "the rationale of how an organization creates, delivers and captures value" (Osterwalder, Pigneur, & Smith, 2010).

The value proposition is at the heart of business models (Osterwalder, Pigneur, & Smith, 2010; Lindgreen, Hingley, Grant, & Morgan, 2012), as it is also at the heart of marketing strategies (Slater & Olson, 2001). Hence it is de facto the bridge between strategic management and marketing literatures. A value proposition can be defined as a set of commercialization practices employed to make suggestions about how the provider's capabilities, expressed as solutions, can enable customers to create value" (Storbacka & Nenonen, 2011).

The fundamental basis of all Internet businesses is the value proposition offered to consumers, on the one hand, and to business buyers, on the other hand, and so our starting point must be with the literature concerning the management of value propositions.

2.2. Value propositions and two-sided market theory

The concept of two-sided markets, originally conceived in economics, was gradually adopted also in management and marketing. Rooted in the network externalities literature (Katz & Shapiro, 1986), the theory of two-sided markets states that Internet platforms must “get both sides of the market on board” in order to be viable (Rochet & Tirole, 2003). Two-sided markets refer therefore to two distinct user groups that provide each other with network benefits. For example, Internet portals and online newspapers are platforms that compete for advertisers as well as for consumer users.

In economics, the theory is used to consider the optimum level of price discrimination among the participants in the network (Rochet & Tirole, 2003). In management and marketing, the model helps to identify markets for content providers and end consumers, and to determine the optimum size of the two user networks (Le Nagard-Assayag & Manceau, 2001; Nair, Chintagunta, & Dubé, 2004). It also attempts to determine which markets to subsidize in order to avoid a “chicken and egg” situation (Parker & Van Alstyne, 2005). For example, Parker and Van Alstyne (2005) find that the decision as to which market to subsidize depends on the relative network externality benefits: At a high level of externality benefit (the advantage gained when the other side participates in the market), the market that contributes more to demand for its complement is the market to provide with a free good.

The problem on the Internet is the same, and therefore one needs to determine which side contributes most to the demand of its complement (on the other side). The key question is to determine why any party might join the Internet platform. On the consumer side, the motives can be as varied as the benefits offered by the Internet platform; on the business side, the motives are linked to the size of the audience, its

particular characteristics and/or the usefulness of the data collected from this audience. For example, Fish (2009) states that B2B companies involved in two-sided markets will benefit from consumers' private data (the "privacy capital"), i.e. businesses advertising on Facebook do so because they can micro-target their audience based on the personal information (age, gender, interest etc.) provided through this audience. In any case, it seems that the typical two-sided digital business model sees end-consumers as loss leaders (they get the service for free) and business participants as subsidizers (they pay to reach the audience of end-users).

Free value strategy is based on offering value to customers, for which they are not charged. Andersen proposes that "free" can be a viable Internet business model (Andersen, 2009) but it does mean that somebody else has to pay (e.g. the business side). This means that web entrepreneurs have to find a compelling reason for business partners to join their business network in order to be able to deliver their value proposition to a B2C side. To do so, entrepreneurs need to formulate a promised benefit for business customers. This implies that Internet business models have to consider the value proposition for business partners just as much as for the consumer audience (Mahadevan, 2000; Osterwalder, Pigneur, & Smith, 2010). It thus follows that:

P1: Two-sided Internet platforms need to formulate two different value propositions – one for the end-user side and one for the business side.

The literature on two-sided markets provides little information about the role of each of those sides. The concept of reciprocal value propositions offers some further insights on this issue.

According to service-dominant Logic, firms cannot deliver value; they can only offer value propositions, i.e. a potential value that is only realized through customer usage (Vargo & Lusch, 2004). S-D logic states that customers participate in the co-creation of value, which they access through the sharing and integrating of resources with suppliers, especially their skills and knowledge. Rather than firms marketing to customers (i.e. producers taking products to market), emphasis is placed on suppliers and other parties marketing with customers as part of an interactive, relational process (Vargo & Lusch, 2004, 2008a, b, 2011). In this paradigm, goods are essentially part of the distribution mechanism for service provision rather than being produced in the supplier's value chain. Value is therefore co-created by both the supplier and customer.

The concept of reciprocal value propositions represents a more recent development. Glaser (2006, p. 446) claims that if participants in the value creating process recognize that their objectives are complementary rather than antagonistic, the value outcomes for all parties are likely to be enhanced. Value in this sense is not so much a strategy or a set of customer benefits but an all-inclusive process, where negotiation is the path by which participants share in the creation of value. This means that in any proposed marketing exchange there will be at least two negotiators, and their assessments of value become linked in reciprocal promises (Ballantyne & Varey, 2006).

While the concept of a reciprocal value proposition may apply in a value chain where consumers and customers are the same entity, two-sided Internet platforms add a level of complexity as the business customers and the actual end-user of the service are different. The simplest version of reciprocal exchange of benefits is when goods/services are exchanged for cash (Ballantyne, Frow, Varey, & Payne 2011). But for many Internet platforms, the consumers (or end-users) do not reciprocate financially;

they are the recipients of a B2C value proposition for which they are not required to give any money in exchange.

In order to qualify as a reciprocal exchange of value, the reciprocal value proposition should be transparent about to whom that value should flow, as well as being perceived as a fair exchange of value (Payne, A., Ballantyne, D. & Christopher, M. 2005, Ballantyne, D. et al. 2011). One may argue that those conditions are not exactly met in the context of two-sided platforms. In many instances, the value that is being exchanged is disclosure of personal data (the privacy capital); in other words the end user provides personal data in exchange for which he/she can use the service for free. This may be true but Internet users seem unwilling to provide this data. In a recent PEW survey, an overwhelming 73% of respondents said that “they are against search engines harvesting personal data about them because it’s an invasion of privacy.”³ In other word, end-users are being used but they are not necessarily a negotiating party that is willing exchanging data.

From actors/recipients of the value proposition on the B2C side, end-users become then the item being exchanged on the B2B side. Hence, one could say that end-users ARE in fact the value proposition, albeit for a totally different segment, i.e. the B2B segment. The value of this proposition resides in the very nature of the end-user being an audience which can be monetized either because of its size, hence the focus on the number of unique visitors (a value proposition that is extremely attractive for mass advertisers), or because of the demographic, psychographic or behavioural characteristics of this audience. In addition to the IP address, most websites capture

³ Source: <http://pewinternet.org/Reports/2012/Search-Engine-Use-2012/Summary-of-findings.aspx> as accessed on August 9th, 2013

users' activities such as web pages viewed, the frequency of visits along with the intervals between them, click through rates, the time spent on each page and much more. Through behavior analysis and profiling, these data will become valuable to other parties (on the B2B side) and may be monetized. It thus follows that:

P2: In two-sided Internet platforms, end-users are part of the value proposition for business customers and, furthermore,

P3: In two-sided Internet platforms, the monetization of the business model is "B2B oriented".

In sum, the literature on reciprocal value propositions views business customers and consumers as co-creators of the value proposition while the literature on two-sided markets literature adds additional complexity in the suggestion that consumers (Internet end-users) may be the subject of the reciprocal B2B exchange rather than co-creating actors. However, neither field provides sufficient understanding of business customers and the suppliers' role in the business modeling process of Internet ventures over time. The concept of the business model ecosystem offers additional insights as a way to conceptualize the complex nature of value co-creation over time.

2.3. Business model ecosystems and their evolution over time

A large majority of Internet business models interlink key partners through what may be termed a "business ecosystem" (Moore, 1993; Iansiti & Levien, 2004). The firm that leads or dominates the development of this ecosystem is known as the "keystone" firm (e.g. the value dominator). The role of the keystone firm in a particular business ecosystem is to fulfill the value proposition for both sides of the network and also to manage its position at the center of a complex set of relationships (Iansiti & Levien,

2004). Internet-based business models are open business models (Chesbrough, 2006); they may be open in the co-creation of innovation behind the value propositions or open in the revenue streams identified in order to capture this value.

Any changes in a firm's business ecosystem can have implications for the firm itself. As Mason and Spring (2011) pointed out: "the business modeling process can be understood to be both influencing and being influenced by not only internal actors within the firm developing the business model, but also by external actors within the business network" (Mason & Spring, 2011). This leads us to examine the respective roles of the B2B and B2C participants in the two-sided networks over time. Strategic agility over time is considered as a key determinant of a sustainable business model. Doz and Kosonen (2010) mentioned in a recent article: "many companies fail, not because they do something wrong or badly, but because they keep doing what used to be the right thing for too long, and fall victim to the rigidity of their business model" (Doz & Kosonen, 2010, p. 370). In other words, a sustainable business model is a dynamic ecosystem which constantly changes as the business evolves and the relative positions of the multiple participants and the flow of resources shifts over time.

This issue is more significant in the early entrepreneurial stages. According to many consultants, entrepreneurs and scholars, no business plan or business model is resistant to the first customer contact (Osterwalder, Pigneur, & Smith, 2010). To remain competitive, firms must continuously develop and adapt their business models from the evidence of customers' response to a value proposition; to a proof of monetization (Wirtz, Schilke, & Ullrich, 2010). Capturing value for financial stakeholders, and developing business partners in the network, may be achieved by innovating on a

specific value proposition for consumers while widening and diversifying revenue streams from business stakeholders.

Accordingly, the continuous business modeling process underpinning Internet ventures reveals a 'business model lifecycle' with regard to a stable strategic purpose and evolving value propositions defined for each side. "The value of business models lies in their ability to capture important elements of organizational strategy and to make them form a coherent and compelling whole" (Mason & Spring, 2011, p. 1033, quoting Timmers, 1999). To remain relevant, the entrepreneur needs to test, make adjustments and continuously adapt its initial business model. Hence business models are dynamic with regard to the various participants who may enter and leave the value network (B2B and B2C), but they are also dynamic over time and concerning intrinsic commercialization practices formalized for each side.

Accordingly, in the context of two-sided Internet platforms, it follows that:

P4: The business model and the marketing strategy orientation (B2B or B2C) of a two-sided Internet platform evolve over time.

By bringing together previously disparate streams of work on two-sided markets, the dynamic nature of business modeling, and the co-creation of the value proposition, this conceptual review has uncovered some insights that need to be combined and interlinked in order to formulate a systemic framework for Internet business modeling.

The importance of monetizing the value proposition can benefit from the two sides of the Internet platform structured by the entrepreneur. Accordingly, this calls for considering two marketing targets and considering both sides of the market in the

customer relationship as part of the business model network. It also calls for establishing a value network in order to deliver and offer cash-back services in return.

The following case analysis and discussion aims to gain further insights on the research propositions by investigating five pure player ventures.

3. Research design

In order to gain insights into the business modeling process, a case study approach was used, drawing on 5 examples of Internet ventures at different stages of development.

Our approach was exploratory and anchored in extended case methodology which aims to use empirical data collected through case studies to re-conceptualize and extend existing theories (Burawoy, 1998). This method, which is well-known in sociology, has also been used in strategic management (Danneels, 2002). The roots of the extended case method can be found in the abductive method, which is both inductive and deductive. Abduction refers to: “the logic used to construct descriptions and explanations that are grounded in the everyday activities of, as well as in the language and meanings used by, social actors. Abduction refers to the process of moving from the way social actors describe their way of life to technical, social scientific descriptions of that social life” (Blaikie, 2004).

With this in mind, we used a theoretical framework at the crossroads of several fields – two-sided networks, the value proposition and business model ecosystems literature – to construct a plausible understanding of the reality of business modeling processes and marketing strategy lifecycles in the context of Internet new ventures.

The number of cases selected is consistent with Eisenhardt’s recommendations of selecting between 4 and 10 cases to facilitate in-depth exploration of a phenomenon

(Eisenhardt, 1989). The five case studies were firms started in France between 2008 and 2011. They were identified and selected through a post on the private hub ESSCAWEB on the social network LinkedIn. The group, which has 192 members, is comprised of graduates from ESSCA business school, all working in the Internet/digital domain. The post invited members to participate in a study of their business model (Past, Present) while proposing that participants might benefit from “free” recommendations for the development of their business model. Nine companies answered the call but four were eliminated from this study on the basis that they were not “pure-player” Internet ventures. Although not necessary representative of all Internet ventures, those five cases displayed characteristics that are quite common of many Internet venture. The companies selected included a niche social networking/micro-blogging platform, a specialized meeting platform, an information and services provider platform, a specialized job platform.

As a first step in the research process, the founders of each start-up supplied the original business plans and venture capitalists’ documentation used for their company. The founders were subsequently interviewed about the development of their business plan, the customer segments served, their past and current marketing strategy, their value proposition, their key partners and their source of revenue. The data were collected via semi-structured interviews which were audio-taped and the presence of several interviewers allowed for the triangulation of data (Pettigrew, 1990). Additional secondary data (such as the statistics of the Internet platform) were also collected. The researchers then used Osterwalder’s Canvas (figure 1) to get a snapshot of the business models at key moments in the lifetime of the startup: the initial business model, the business model used at the moment of raising funds, and the current business model,

(we also projected a proforma business model to assess the stability of the current model).

Osterwalder's Business Model Canvas places the value proposition at the heart of the business model (Osterwalder, Pigneur, & Smith, 2010). On the left side of the model are the elements necessary for the enactment of the value proposition (the production of the service); Key Activities, Key Resources, Key Partners – which define the Cost Structure, while on the right side are the marketing elements of the business model, e.g., the beneficiaries of the Value Propositions (Customer Segments), Customer Relationships and related Channels.

Place Figure 1 Here

Figure 1. Osterwalder's Business Model canvas
(Osterwalder, Pigneur, & Smith, 2010)

The cases and data gathered in our analysis are listed and briefly described in Table 1

Place Table 1 Here

Table 1. Case description and documents used in the analysis.

In order to reduce the large volume of data to manageable proportions, we decided to present the cases in two steps, which allowed us to recreate the complexity of the phenomena as well as their temporality (Gombault, 2006). Firstly, we begin with a

reconstruction of each case through events in time – a synchronic dimension of our analysis. Secondly, we discuss the phenomena that are common across the case studies, and then we take a critical look at the re-conceptualized research framework that these cases suggest.

4. Case presentation:

For the five Internet entrepreneurial ventures, the nine components of Osterwalders' business model canvas have been analyzed. In this section, we briefly present the most salient ones: value proposition; Internet end-user audience; monetization and revenue streams; and the possible involvement of business partners in the business ecosystem.

4.1. Guillibear

Officially founded at the end of 2011, GULLIBEAR is an Internet platform, which proposes to connect volunteers with Non-Profit Organizations (NPOs). As the founder explains, the value proposition is two-sided: *“The value proposition is for the public to find relevant content about an association, a mission, or a project; and on the other side, the value proposition for NPOs is that they can take advantage of the web, to be on the Internet, and create engagement, by communication, recruitment management and fundraising”*. The formulation of its value proposition remains stable and explicit both in the business plan and in the strategic discourse.

The Internet venture is hosted by an academic incubator and the website is in a beta version. GULLIBEAR is focused on mobilizing an audience of potential volunteers among a student population and has put in place web communication tools such as a Facebook page, a Twitter account, web-teasers, a press-kit and a blog in order to keep updating a

community of followers. This community is relatively limited to date (200 Fans on Facebook).

GULLIBEAR is not yet generating any revenue from its value proposition. But according to the original business plan, the founder plans to offer free membership to potential volunteers allowing them to access information about NPOs; and to offer to NPOs dedicated services through a freemium subscription and commission system. In addition to this, he plans to put in place affiliations to monetize traffic on its website. At this stage, there is no plan (nor necessity) to raise funds for this venture.

4.2. Tiwago

TIWAGO is an entrepreneurial venture founded in early 2011 by two people. This Internet platform dedicated to travellers defines itself as *'the first social travel website'*. Accordingly, its value proposition is oriented towards travellers and offers them the ability to share their travel experience instantaneously and on the move. According to its founders: *"TIWAGO is implementing and integrating Web 2.0 tools to simplify community sharing for travellers"*.

Nowadays, TIWAGO can count on 800 contributors. According to the founders, Tiwago's mission is to *"establish a community of travellers-contributors"*. So their marketing investments are oriented towards social network communication (Facebook, Twitter...) in order to attract travellers on their micro-blogging platform.

TIWAGO has neglected the revenue generation dimension of its business model. So far, this has not put the company in jeopardy, as costs are also limited: web development is supported internally and the costs of maintenance and storage are not significant. The original business plan focused on three types of monetization: advertising, affiliations

with tour operators and travel agencies, and “gamization” -special deals negotiated with e-commerce partners through games.

4.3. Beepjob

Founded in February 2011, BEEPJOB is an odd-jobs platform, which brings together job seekers and potential employers (professionals and individuals). The value proposition addresses a two-sided market: for job seekers, the opportunity to find odd-jobs close to them; and for employers and individuals, the opportunity to recruit rapidly.

The Internet platform went live in September 2011, and has attracted 15,000 Internet connections per month (according to Google Analytics); 1,000 job advertisements; and 3,000 CVs in 3 months. Founders are improving their homemade search engine and accumulating user experience. The website is still free in order to build critical mass in the size of its audience and volume of traffic. In the original business plan, monetization of services underpinning the job-board was considered as: free membership with a resume for job seekers; and subscription for employers with credits per day for advertisements.

Although the revenue stream remains B2B-oriented, it has been progressively clarified in terms of credits used through subscriptions depending on the nature and frequency of job advertisements: *“Classic job advertisements will remain free until November 2012 – break-even point – and then will cost firms 1 euro per day; premium advertisements will cost 3 euros per day; ‘flash ads’ will cost 15 euros to be pushed to job seekers’ smartphones. For individuals, a commission of 15% per transaction will be taken”*. Other revenue streams could be generated through resumé access and specific services in recruitment

and through employers' Internet dashboards per subscriptions, banners and Google AdSense.

4.4. JaimeAttendre.com

The JAIMEATTENDRE.COM website was launched in October 2009 but the firm was only set up officially in October 2010. It is a website dedicated to the use of the Internet as a medium of simplification and information on customer service peaks. The founder defines the value proposition as: *"JaimeAttendre.com lists the peak hours in order to move or to call in off hours. [...] It's a very qualitative consumer e-portal that aims to smooth the traffic of visitors and callers and improve user satisfaction by updating the "tables of affluence"*.

JaimeAttendre.com has gained visibility on Internet quite quickly. The website can count on approximately 100,000 visitors per month (15,000 in July 2010; and 30,000 in January 2011).

The monetization of services underlying the value proposition was introduced from the beginning: Internet consumers were offered a freemium access to 'peak tables', free charts on JaimeAttendre.com website and a commission on an SMS warning for next peaks. For firms, the website takes a commission on each redirection to customer service 'selfcares' (web chats, customers' areas, interactive agents, FAQs...). Monetization of the traffic was also put in place with banners and affiliations.

Nowadays, the revenue stream is quite stable and breaks down as follows: 25% from redirection to 'selfcares'; 15% from ads on the website; and 60% from SMS commissions. JaimeAttendre.com recently raised funds from venture capitalists to support future developments (Mobile applications and B2B-oriented services).

Information provided by JaimeAttendre.com comes mainly from customer services provided by private firms and state agencies. As they began to notice the benefits of Jaimeattendre's B2C service, those firms and state agencies asked for specific developments for their websites and customer services' units. As a result, Jaimeattendre is reorienting its offer towards the development of widgets with/for key business partners in white label and is also finalizing its mobile application.

4.5. SeniorMedia

SeniorMedia was founded in May 2010. The company provides end-users with relevant information on services related to bereavement (funeral arrangement and services, engravers, obituaries, funeral insurance...). Accordingly, it's an infomediary website and a two-sided platform: providing accurate and unified information to an Internet audience provided by several B2B partners. The group presents itself on the Internet as "The reference on e-funeral".

The group launched its first Internet platform, obseques-info.com, in August 2010. Thanks to Google analytics and the analysis of the traffic on its website, the founder identified additional opportunities and other websites dedicated to specific searches were subsequently launched.

The original business plan anticipated three related services: a content website with exhaustive and relevant information on bereavement services; a showcase on the Internet for funeral agencies; and an Internet platform offering price quotes for funeral arrangements. These three services correspond to a unique, evolving value proposition. SeniorMedia's initial value proposition (providing exhaustive and relevant info on

bereavement) was aimed at a consumer audience; accordingly, its marketing strategy was oriented towards traffic generation through SEO (Search Engine Optimization).

In contrast to Jaimeattendre.com, however, SeniorMedia also set, and immediately enacted, a second value proposition aimed at the business audience (to provide visibility and generate qualified leads for funeral agencies on the Internet). The final value proposition was a price quoting website which appealed simultaneously to consumers and businesses. Telemarketing and personal sales visits were used to reach these audiences.

The stages of development of SeniorMedia reflect the desire and ability of the company to extend its range of services in order to reinforce the initial value proposition as the ultimate intermediary for all services relating to bereavement (funeral arrangements, engravers and memorial companies, funeral insurance, flowers etc.).

The services of SeniorMedia are free for Internet-users; it monetizes its services towards its B2B partners. The revenue stream is generated through brokerage fees based on deals negotiated, and through commissions per transaction generated within its business ecosystem. Nowadays, it has approximately 500 funeral agencies interlinked in the platform, offering best deals and accurate information for end-users.

The table below summarizes previous developments and synchronic analysis of case studies.

Place Table 2 Here

Table 2. Synchronic analysis of case studies.

5. Business Modeling stages and value proposition

Although all the Internet ventures studied were launched within the last 3 years, our analysis reveals that these companies are in fact at different stages of their business modeling process.

If a “business model is the way we make money”, it follows that a simple way to determine the level of maturity of the business model of an Internet business would be to consider the number, size and sustainability of its revenue streams. This approach is summarized in a graphical illustration of the business lifecycle, shown in Figure 2, and the cases in our study might then be classified at differing stages in this model, from embryonic to mature.

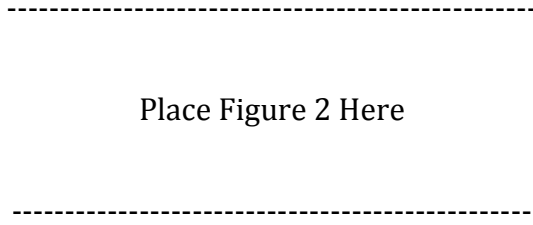


Figure 2. Stage of Business Model Lifecycle based on Revenue Stream.

It does not seem sufficient, however, to evaluate the maturity of a business model solely on its revenues. What is more interesting is to analyze the evolving nature of each component of its business model at the different stages. For each Internet venture, the key partners and the customer segments remain unchanged; albeit the respective roles and dominance of these constituents changed dramatically as we will see in the next sections. Changes in the service offering and revenue streams were even more dramatic. What’s more, the business participants (which are key partners and a customer

segment) were instrumental in defining those changes. Each stage is described in the section below.

5.1. Embryonic Stage: focusing on Product/Services Innovation.

The initial stage corresponds to the inception stage in the development of a venture as described by the literature on entrepreneurial orientation (Hughes & Morgan, 2007). This stage is characterized by a focus on the development of the product technology needed to deliver the basic value proposition. Websites and related technologies are being tested and the platform exists in an Alpha or Beta version.

From a business model point of view, the value proposition is generally understood and outlined in the original business plan, but the marketing strategy to deliver this value proposition is still loosely defined. The rhetoric of the business plan explains why business partners (clients or key partners) may be interested in the project but the plan does not offer any insights as to how those key partners will be involved. Although the business plan indicates how the company intends to generate revenue, it is sometimes more like a catalogue of potential revenue sources rather than a strategic vision for revenue generation.

5.2. Emerging Stage: focusing on B2C value proposition and securing a consumer audience.

The cross-case analysis of business models, as put forward in the original business plan and exposed through the interviews, revealed that the value proposition in the early stages of development is mostly directed towards the end-consumers. With the notable exception of SeniorMedia, the Internet ventures that we studied spent a great deal of

time aiming to convince end-users of the worth of their services while ignoring business targets.

This is consistent with previous findings on network effects and design as the intermediary focuses its investment and pricing on extracting surplus from one side, after making enough investment to ensure the participation of the other side (Bakos & Katsamakas, 2008). To ensure the participation of end-users, Internet ventures typically offer their services for free in order to attain critical mass. This asymmetry in investment seems to be more of an intuitive strategy as very little attention is given to revenue generation and securing the support of business partners, as illustrated in Figure 3.

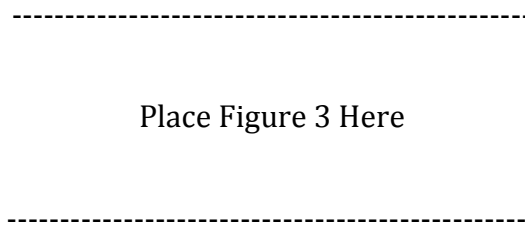


Figure 3. Emerging Stage and Value Proposition articulation.

Eisenmann, Parker, and Van Alstyne (2006) propose that intermediaries must meet the strategic challenge of pricing, winner-take-all competition, and envelopment (when a competing platform offers a wider range of services which already fully includes the services offered by your platform). Our study shows that at the initial stages of their development, 4 out of the 5 startup companies over-emphasized the strategic challenge of winner takes all (just like in the 2000's) and were eager to develop their value proposition and pricing strategies to help them secure an audience.

This stage of development is therefore characterized by B2C value-oriented activities through a “front office marketing strategy” such as Search Engine Optimization and push communication strategy on social networks. Some small levels of revenue are generated thanks to the size of the site audience via advertising mechanisms such as Google AdSense. However, this revenue stream is not necessarily related to the value proposition but is merely related to the fact that there is some traffic on the website. Little or no attention is given to the potential benefits on the business side of the network. This attitude is completely changed at the growth stage of the development of the start-up.

5.3. Growth Stage: focusing on B2B value proposition and securing revenue.

At the second stage of development, the startup company shifts its focus to business partners. This relatively sudden shift of interest is triggered by the need to raise money from investors and venture capitalists. Beepjob, for example, focuses its attention on targeting job providers and engages in prospecting tactics via phoning and partnerships with job providers, and through affiliation with the official French Job services ANPE. Jaimeattendre.com continues to increase its consumer audience; however the distribution of its service is at this stage mediated through high-visibility websites such as the Yellow Pages, some Internet forums, and some price comparison platforms. SeniorMedia is also expanding the number of services offered. Due to a large number of consumer requests for engravers, it developed a second website (also optimized for search engine) and links with key business providers. At this stage, the offer underpinning the value proposition is evolving and is increasingly influenced by the need to attract business partners.

Bakos and Katsamakos (2008) noted that investment spillovers across the two-sided network might occur in the sense that investing in generating cross-side network effects for one side of the network may benefit the other side as well. Our study reveals a related but different pattern. The initial investment of companies in trying to secure an audience has merely triggered an interest from potential business partners; in order to capitalize on this limited interest, startup companies are forced to realign their value proposition and marketing strategy and start to target business partners in order to generate revenue (see Figure 4).

The investment in catering to the business customers is still relatively limited and the efforts are mainly commercial. In the dynamic evolution of their business model, startup companies adapt their initial value proposition to reflect the needs of the business side.

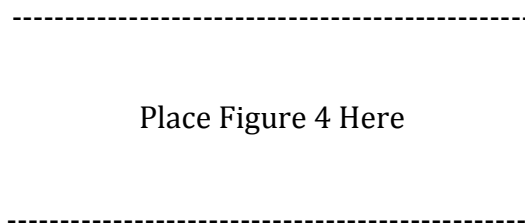


Figure 4. Emergent Stage and Value Proposition articulation with revenue generation.

5.4. Growth/maturity Stage: reaching an equilibrium point: B2B&C or B2C&B orientation of the marketing strategy

At this third stage of the business model lifecycle, the startup companies start to reconsider the services underlying their value proposition in a way that embraces both the business partners and the consumer audience. Here we may distinguish between two different patterns of development.

In the first case, a company (e.g. Jaimeattendre), which initially envisaged generating revenue from the consumer side is now focusing mainly on the business side. Initially, the company aimed at providing meaningful information to end-users about customer service peaks (B2C); this service was sold to business partners, which could then improve the effectiveness of their customer services (B2B). At the final stage of its development, jaimetendre.com is clearly positioned as a B2B service provider, which offers yield management software and services aimed at improving the effectiveness of customer services. The website Jaimeattendre.com (B2C) is merely a promotional showcase that supports and publicizes the B2B value proposition.

This is illustrative of a company that has reoriented its value proposition, thanks to network interaction with companies central to its business ecosystem. It is worth noting that the value proposition of the company has not changed. What has changed is the orientation of its value proposition, as well as the services that underlie this value proposition. Hence, the business stakeholders who were envisaged as information providers are now both business clients and key partners -- key partners because they participate in the development of services and applications that are B2B focused; business customers because they are willing to pay for those services.

Going back to the reciprocal value proposition literature, one may say that business customers do not participate in the value proposition process but simply participate in the creation of new products and services which underpin this value proposition. We have labeled this process as a B2B&C oriented business model: The main value proposition is geared towards Businesses and those Businesses provide an additional service to their clients. Consumers are no longer the main recipient of the value

proposition. The end-user website acts as a mere promotional showcase for a B2B value proposition.

In the second case, the ultimate consumers and customers of the Internet platform are the business providers. The need for the business side of the network is to acquire customers and this need is being satisfied by the intermediation of several websites. Hence the Internet users become part of the value proposition for business users. In the case of SeniorMedia, the business side of the network provides services to end-users and the Internet platform monetizes its marketing ability to reach this audience. The consumer is also a recipient of the value proposition and the ability to convince the end-users of the worth of this value proposition will directly affect the credibility of the value proposition for business customers. In the B2C&B model, the main value proposition is directed towards Internet users but those customers then become part of the value proposition for a Business audience. This final stage is illustrated in Figure 5.



Figure 5. Growth and Mature Stage and Value Proposition articulation with revenue generation.

According to Vargo and Lusch (2004) and the service-dominant logic of the firm, the customer is primarily an operant resource (co-producer) rather than an operand resource ('target'). The longitudinal study of start-up cases reveals that the notion of consumers as co-producers may be slightly inadequate in the context of two-sided networks. In two-sided networks, in the end, it is not so much the end user but rather

business partners that influence the value proposition by forcing the intermediary to propose services that are both appealing to businesses as well as end-users. In the B2C&B, the consumers (end-users) are also a resource but this resource is operand, albeit not so much as a target but rather as a commodity that can be monetised. In the B2B&C model, the business partner is an operand resource albeit its function and position in the value chain could be assimilated as the position of a supplier rather than that of a (business) consumer.

6. Summary and Conclusions

The purpose of this paper was to understand the evolution of the marketing strategies of Internet businesses in the context of their wider business models. In particular, it sought to investigate the relative contributions of the two sides of the market (B2B and B2C) in the creation of value for Internet start-up companies, and whether and how these contributions alter as the business develops.

A review of literature on value propositions in the context of two-sided networks yielded a dynamic model of a complex business ecosystem led by a keystone firm at its centre. This model yielded several research propositions that were investigated through an exploratory analysis of five case studies of newly established Internet business ventures. They were, as follows:

P1: Two-sided Internet platforms need to formulate two different value propositions – one for the end-user side and one for the business side.

P2: In two-sided Internet platforms, end-users are part of the value proposition for business customers.

P3: In two-sided Internet platforms, the monetization of the business model is "B2B oriented".

P4: The business model and the marketing orientation (B2B or B2C) of a two-sided Internet Platform evolve over time.

The results of this study revealed that the business models of Internet ventures do indeed evolve over time. The value proposition in the early stages of development is mostly directed towards the end-consumers; the Internet ventures that we studied spent a great deal of time aiming to convince end-users of the worth of their services while ignoring business targets, supporting P1. Furthermore, Internet ventures typically offered their services for free in order to ensure the participation of end-users and thereby to attain critical mass. This stage of development is therefore characterized by B2C value-oriented activities through a front office marketing strategy such as Search Engine Optimization and push communication strategy on social networks.

At the second stage of development, the startup company shifts its focus to business partners. This shift of interest is triggered by the need to raise money from investors and venture capitalists, as well as recognition of the need to generate revenues. The initial success of the new firm in attracting an audience may have triggered an interest from potential business partners but, in order to capitalize on this interest, they are forced to realign their value proposition and marketing strategy to actively target business partners in order to generate revenue. At this third stage of the business model lifecycle, the startup companies start to reconsider the services underlying their value proposition in a way that embraces both the business partners and the consumer audience (P2).

It is worth noting that it is more the orientation of this value proposition, together with the services that underpin it, rather than the value propositions themselves that have changed. The business stakeholders who were envisaged as information providers are now both business clients and key partners – key partners because they participate in the development of services and applications that are B2B focused; business customers because they are willing to pay for those services.

Going back to the reciprocal value proposition literature, one may say that business customers do not participate in the value proposition process but simply participate in the creation of new products and services that underpin this value proposition. We have labeled this process as a B2B&C oriented business model: The main value proposition is geared towards Businesses and those Businesses provide an additional service to their clients. Consumers are no longer the main recipient of the value proposition. The end-user website acts as a mere promotional showcase for a B2B value. What's more, the business participants (which are key partners and a customer segment) were instrumental in defining those changes.

The monetization of the flow of services and products is also found to be increasingly "B2B oriented"(P3) over time. In addition, the study reveals that it is the marketing strategy (target, offer, pricing) that is the driver of these changes. Accordingly, the business modeling process underlying the development of Internet two-sided platforms reveals strategic, marketing and operational efforts to improve, deliver and finally capture effectively a concept of strategic intent oriented towards both sides of platforms.

In sum, it is clear that the business model of young Internet firms changes significantly over time (P4) both in terms of its audience orientation and its business model. Its initial "raison d'être" is all about consumers but its monetisation causes it to switch

focus more and more to its business audience. The mature, established Internet firm represents a constellation including both audiences with a dynamic interplay between them causing the service offering and revenue streams to interact dynamically over time.

This paper adds to the body of literature in several ways. Firstly, a large number of papers on business models are theoretical with relatively few empirical investigations; this paper offers an empirical investigation of five Internet companies and studies their initial and current business models in some depth.

This paper also contributes to the industrial marketing literature by considering the role of business consumers and partners in the value proposition system (its creation and its enactment) in two-sided online platforms. A distinction is necessary between the role of consumers (end-users) and customers while an additional distinction is required between the concept of value proposition co-creation and the co-creation of services underlying a value proposition. Both individual consumers and business customers are found to be recipients of the value proposition. However, end-users seem to participate less actively in the value proposition co-creation.

This point somehow challenges the reciprocal value position concept in a similar way to that of Truong, Simmons, and Palmer (2011). It also emphasizes the need to look deeper at the “cross-side network effects” (Eisenmann, Parker & Van Alstyne, 2006) and their changing nature over the stages of development. Our work reveals a definite pattern in the development of Internet two-sided platforms. In the early stages, the focus is on end-users but gradually shifts towards business customers. By the mature stage, if the platform providers can attract enough subsidy-side users, money-side users will pay handsomely to reach them (both B2C&B and B2B&C platforms).

In fact, business partners typically get involved in the co-creation of services and products underlying the value proposition. In the B2B&C model, business customers seem to cross the line over time to become key partners. Although they may not co-create the value proposition, they become increasingly involved in the shaping of the offer that underlines the value proposition. In contrast, end-users do not co-create the value proposition; instead they become part of the exchange of the reciprocal value proposition for business customers in the context of infomediary platforms (B2C&B).

Finally, in our attempt to uncover the role of business stakeholders in the evolution of the business model, we discovered that business stakeholders were the main change agent in the articulation of the marketing strategy and the revenue model of Internet ventures. The shift from B2C (emerging) to B2B (growth) is triggered by business partners or venture capitalists, which encourage the Internet venture to focus on the business side in order to generate revenue, while the shift to B2B&C (maturity) is the result of the involvement of business customers/partners.

Our findings are summarized in the table below, which outlined the emergence of more defined revenue model as business stakeholders, which also act as change agent become more involved in the business modeling process.

Place Table 3 Here

Table 3. The role of B2B partners in the Business Model Lifecycles of Two-sided Internet Ventures.

The managerial implications of our findings are important. The study shows that, although it is necessary to address both sides of the network when launching an Internet platform, entrepreneurs should be mindful of not neglecting the B2B side as it is where most of the value is captured (revenue), and where improvements to the service offering (innovation) are initialised. Most typically, entrepreneurs neglect the B2B segment in the embryonic stage.

Obviously, the need for an initial test of the strategic purpose calls for a focus on the B2C side of the platform, and this side must be nurtured carefully to maintain the value that attracts users in the first place and that retains them over time. However, it is also very important to involve B2B partners progressively in co-creation of a value proposition and related services, which can generate a concrete revenue stream and thereby to establish a sustainable business model. If a specific B2B value proposition is not properly formalised, then the start-up will have difficulty in monetising its offer later on, or in leveraging the B2C side of its business model.

Although this initial contribution reports some interesting findings, it is not without limitations. The limited number of cases and the possible selection bias implied by the acquisition process of the five cases impair the generalizability of the findings. More and more Internet ventures such Sellaband, Etsy, Shirtcity have business models based on crowdsourcing. Those models rely on consumers' early involvement in the value creation process. Those types of companies were not included in this study. Considering the importance of end-users in the value co-creation process in crowdsourcing models, those Internet ventures should be specifically investigated. The extended case method also calls for further empirical validation. There is therefore a need for further

investigation of business models and the managerial implications for marketing strategies.

One area of research of likely managerial interest might be the time frame and growth trajectory of the revenue streams generated from the B2B partners relative to the scale and timing of investment in developing the B2C audience. In other words, can the value of audience size and growth be calibrated so as to help develop pricing models for the B2B customers, or breakeven models for funding partners? Our research suggested that the pace of development in the two-sides of the network can vary considerably; they are not necessarily in a lock-step pattern and these asymmetries make for very unpredictable and inefficient business models.

Finally, another question worth considering should be whether start-ups that deviate from the typical B2C to B2B path are able to generate competitive advantages or to recoup their early investment in a reasonable timeframe.

References

- Andersen, C. (2009). *Free: the future of a radical price* (p. 274). Hyperion.
- Anderson, J. C., & Narus, J. A. (1990). A model of distributor firm and manufacturer firm working partnerships. *Journal of Marketing*, 54(1), 42-58.
- Bakos, Y., & Katsamakas, E. (2008). Design and Ownership of Two-Sided Networks: Implications for Internet Platforms. *Journal of Management Information Systems*, 25(2), 171-202.
- Ballantyne, D., & Varey, R. J. (2006). Creating value-in-use through marketing interaction: The exchange logic of relating, communicating and knowing. *Marketing Theory*, 6(3), 335-348.
- Ballantyne, D., Frow, P., Varey, R. J., & Payne, A. (2011). Value propositions as communication practice: Taking a wider view. *Industrial Marketing Management*, 40(2), 202-210.
- Blaikie, N. (2004). Abduction. In M. S. Lewis-Beck, A. Bryman, & T. F. Liao (Eds.), *Encyclopedia of social science research methods*. Thousand Oaks, CA: SAGE Publications.
- Burawoy, M. (1998). The Extended Case Method. *Sociological Theory*, 16(1), 4-33.
- Callon, M., Millo, Y., & Muniesa, F. (2007). *Market Devices*. Oxford: Blackwell Publishing Limited.
- Chen, S. (2003). The Real Value of e-business models. *Business Horizons*, 46(6), 27-33.
- Chesbrough, H. (2003). *Open Innovation: The New Imperative for Creating and Profiting from Technology* (p. 272). Boston: Harvard Business School Press.
- Chesbrough, H. (2006). *Open Business Models: How to Thrive in the New Innovation Landscape* (p. 272). Boston: Harvard Business School Press.
- Chesbrough, H. (2010). Business Model Innovation: Opportunities and Barriers. *Long Range Planning*, 43(2-3), 354-363. Elsevier Ltd.
- Chesbrough, H., & Rosenbloom, R. (2002). The role of the business model in capturing value from innovation: evidence from Xerox Corporation ' s technology spin-off companies. *Industrial and corporate*, 11(3), 529-555.
- Clemons, E. K. (2009). Business Models for Monetizing Internet Applications and Web Sites: Experience, Theory, and Predictions. *Journal of Management Information Systems*, 26(2), 15-41.

- Danneels, E. (2002). The dynamics of product innovation and firm competences. *Strategic Management Journal*, 23(12), 1095-1121.
- Demil, B., & Lecocq, X. (2010). Business Model Evolution: In Search of Dynamic Consistency. *Long Range Planning*, 43(2-3), 227-246.
- Doganova, L., & Eyquem-Renault, M. (2009). What do business models do? Innovation devices in technology entrepreneurship. *Research Policy*, 38(10), 1559-1570.
- Doz, Y. L., & Kosonen, M. (2010). Embedding Strategic Agility: A Leadership Agenda for Accelerating Business Model Renewal. *Long Range Planning*, 43(2-3), 370-382.
- Eisenhardt, K. M. (1989). Building Theory from Case Study Research, *Academy of Management Review*, 14(4), 532-550.
- Eisenmann, T., Parker, G., & Van Alstyne, M. W. (2006). Strategies for two-sided markets. *Harvard Business Review*, 84(10), 92-101.
- Feinleib, D. (2012). *Why Startups Fail*. New York, New York, USA: Apress.
- Fish, T. (2009). *My Digital Footprint: A two sided digital business model where your privacy will be someone else's business!* (p. 189). London, UK: FutureText.
- Glaser, S. (2006). The value of the manager in the value chain. *Management Decision*, 44(3), 442-447.
- Gombault, A. (2006). La méthode des cas. In P. Roussel & F. Wacheux (Eds.), *Management des ressources humaines. Méthodes de recherche en sciences humaines et sociales* (pp. 31-64). Paris: de Boeck.
- Hughes, M., & Morgan, R. (2007). Deconstructing the relationship between entrepreneurial orientation and business performance at the embryonic stage of firm growth. *Industrial Marketing Management*, 36(5), 651-661.
- Iansiti, M., & Levien, R. (2004). Strategy as Ecology. *Harvard Business Review*, 82(3), 68-78.
- Isckia, T., & Lescop, D. (2009). Open Innovation within Business Ecosystems: A Tale from Amazon.com. *Communications & Stratégies*, 74, 37-54.
- Le Nagard-Assayag, E., & Manceau, D. (2001). Modeling the impact of product preannouncements in the context of indirect network externalities. *International Journal of Research in Marketing*, 18(3), 203-219.
- Lindgreen, A., Hingley, M. K., Grant, D. B., & Morgan, R. E. (2012). Value in business and industrial marketing: Past, present, and future. *Industrial Marketing Management*, 41(1), 207-214.

- Magretta, J. (2002). Why Business Models Matter A Conversation with Robert Redford. *Harvard Business Review*, 80(5), 86-92.
- Mahadevan, B. (2000). Business models for Internet-based e-commerce: AN ANATOMY. *California Management Review*, 42(4), 55-69.
- Mason, K., & Spring, M. (2011). The sites and practices of business models. *Industrial Marketing Management*, 40(6), 1032-1041.
- Moore, J. F. (1993). Predators and Prey: A New Ecology of Competition. *Harvard Business Review*, 71(3), 75-86.
- Nair, H., Chintagunta, P., & Dubé, J. P. (2004). Empirical analysis of indirect network effects in the market for personal digital assistants. *Quantitative Marketing and Economics*, 2(1), 23-58.
- Osterwalder, A., Pigneur, Y., & Smith, A. (2010). *Business Model Generation* (p.288). Hoboken, NJ: Wiley & Sons.
- Parker, Geoffrey, & Van Alstyne, M. V. (2005). Two-Sided Network Effects: A Theory of Information Product Design. *Management Science*, 51(10), 1494-1504.
- Pettigrew, A. M. (1990). Longitudinal Field Research on Change: Theory and Practice. *Organization Science*, 1(3), 267-292.
- Rochet, J.-C., & Tirole, J. (2003). Platform Competition in Two-Sided Markets. *Journal of the European Economics Association*, 1(4), 990-1029.
- Sharma, A., & Sheth, J. N. (2004). Web-based marketing The coming revolution in marketing thought and strategy. *Journal of Business Research*, 57(7), 696-702.
- Slater, S. F., & Olson, E. M. (2001). Marketing's contribution to the implementation of business strategy: an empirical analysis. *Strategic Management Journal*, 22(11),
- Storbacka, K. (2011). A solution business model: Capabilities and management practices for integrated solutions. *Industrial Marketing Management*, 40(5), 699-711.
- Storbacka, K., & Nenonen, S. (2011). Scripting markets: From value propositions to market propositions. *Industrial Marketing Management*, 40(2), 255-266.
- Timmers, P. (1999). *Electronic Commerce: Strategies and Models for Business-to-Business Trading* (p. 288). Chichester: John Wiley.
- Truong, Y., Simmons, G., & Palmer, M. (2011). Reciprocal value propositions in practice: Constraints in digital markets. *Industrial Marketing Management*, 41(1), 197-206.
- Vargo, S. L. (2009). Toward a transcending conceptualization of relationship: a service-dominant perspective. *Journal of Business and Industrial Marketing*, 24(5/6), 373-379.

- Vargo, S. L., & Lusch, R. F. (2004). Evolving to a new dominant logic for marketing. *Journal of Marketing*, 68(1), 1-17.
- Vargo, S. L., & Lusch, R. F. (2008a). Service-dominant logic: Continuing the evolution. *Journal of the Academy of Marketing Science*, 36(1), 1-10.
- Vargo, S. L., & Lusch, R. F. (2008b). From goods to service(s): Divergences and convergences of logics. *Industrial Marketing Management*, 37(3), 254-259.
- Vargo, S. L., & Lusch, R. F. (2011). It's all B2B...and beyond: Toward a systems perspective of the market. *Industrial Marketing Management*, 40(2), 181-187.
- Wirtz, B. W., Schilke, O., & Ullrich, S. (2010). Strategic Development of Business Models Implications of the Web 2.0 for Creating Value on the Internet. *Long Range Planning*, 43(2/3), 272-290.
- Zott, C., & Amit, R. (2008). The Fit between Product Market Strategy and Business Model : Implications for Firm Performance. *Strategic Management Journal*, 29(1), 1-26.

Figure 3. Emerging Stage and Value Proposition articulation.

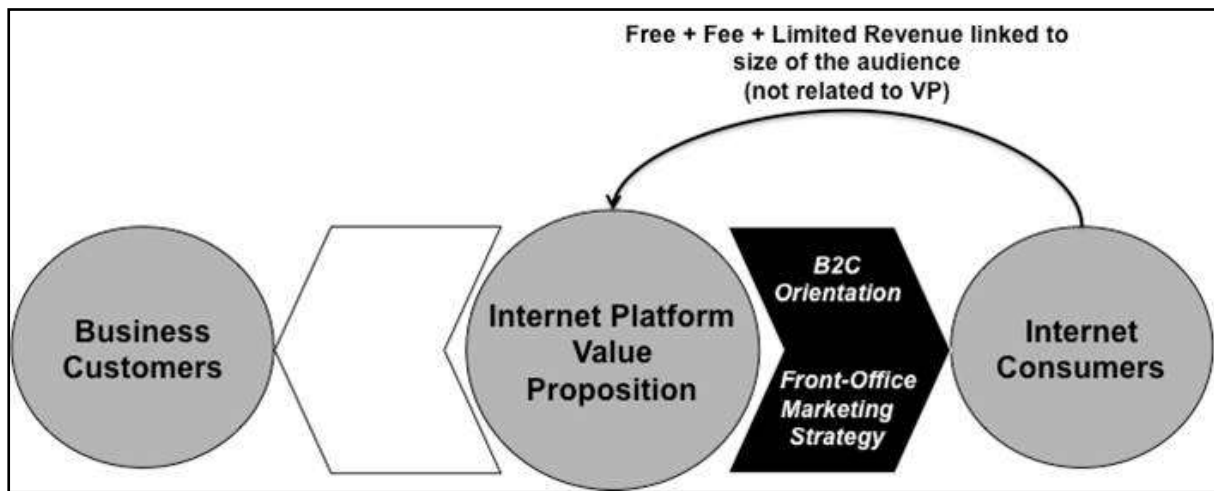


Figure 4. Emergent Stage and Value Proposition articulation with revenue generation.

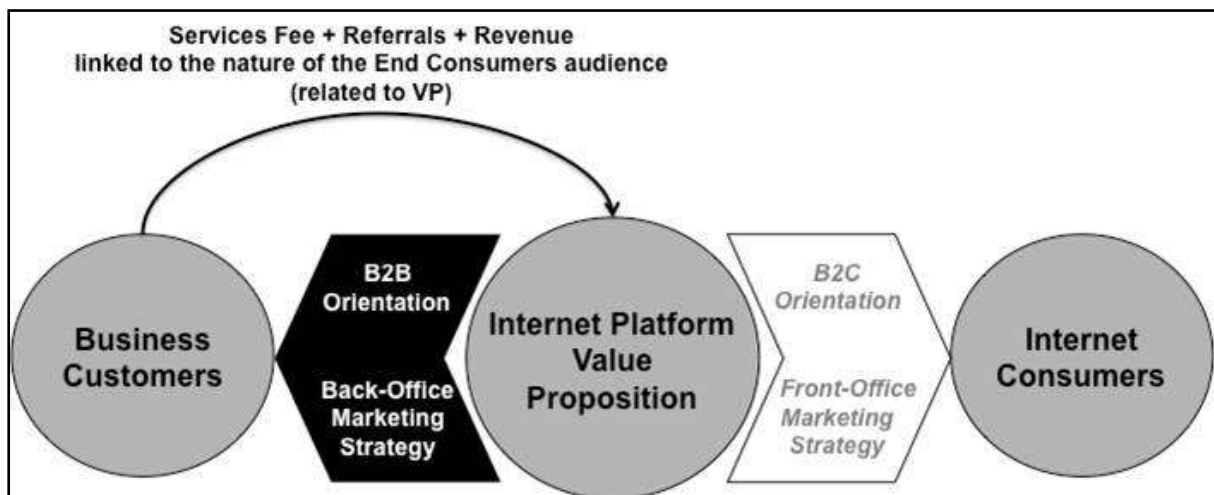
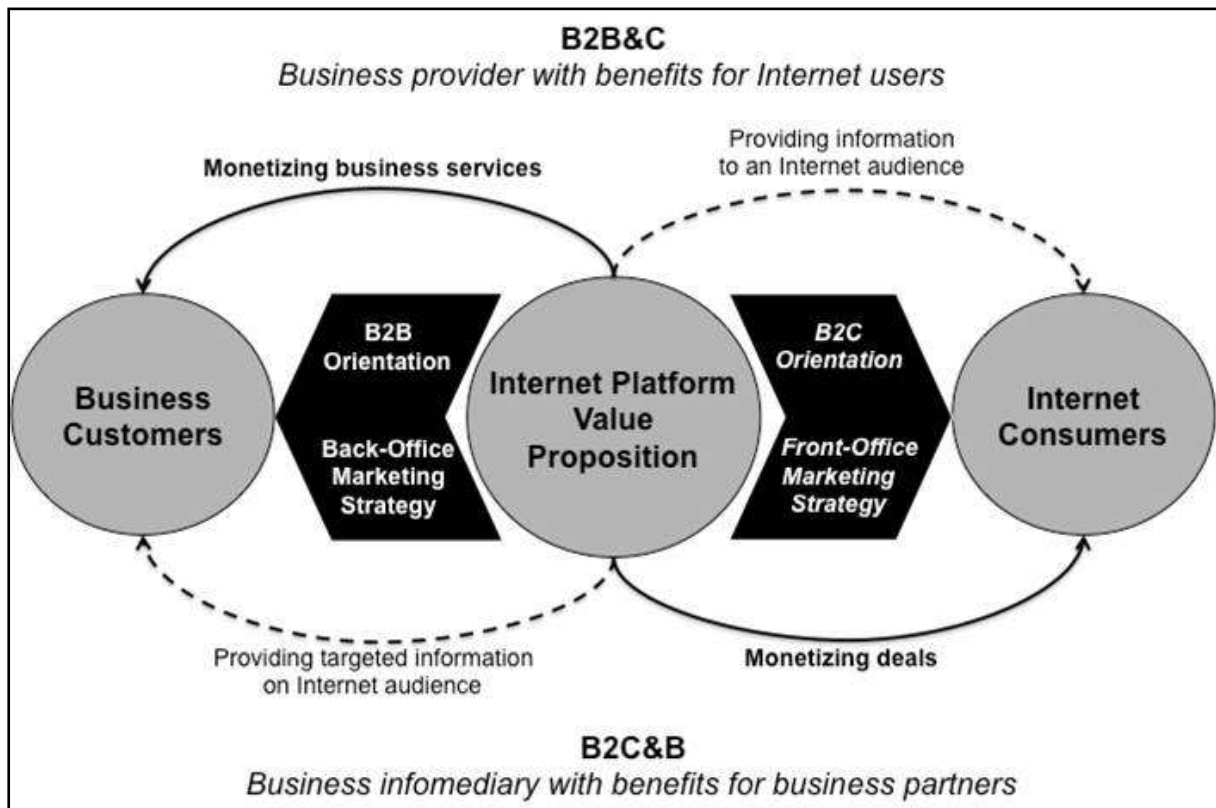


Figure 5. Growth and Mature Stage and Value Proposition articulation with revenue generation.



Appendix: Table

Table 3. Case description and documents used in the analysis.

Cases	Strategic Purpose	Date of birth	Documents collected
Gullibear	Meeting platform for Non Profit Organizations and volunteers	2011	Original Business Plan (BP) Incubation presentation Interview
Tiwago	French microblogging platform for travellers	2011	Original BP Current BP Web articles Screenshots Interview
Beepjob	Odd-jobs platform	2010	Original BP Incubation BP & presentation Current BP Venture Capitalists (VC) presentations Screenshots Interview
J'aimeattendre.com	Information Platform and optimisation of hotline peaks	2009	Original BP Current BP VC presentations Web articles Screenshots Interview
Senior Media	e-portal for funeral services	2010	Original BP Current BP VC presentations Web articles Screenshots Interview

Table 4. Synchronic analysis of case studies.

CASES	STRATEGIC PURPOSE	VALUE PROPOSITIONS	OFFER	AUDIENCE	REVENUE STREAM	B2B RELATIONSHIPS
GULLIBEAR	Meeting platform for Non Profit Organizations and Volunteers	B2C For volunteers: information on projects, NPOs and missions B2B For NPOs: investigating the web for recruitment, fundraising, communication	Homepages on NPO's Projects	Social networks communication 200 Followers	Free for volunteers and NPOs for 1 year then Freemium Subscription for NPOs	None Even if prescribers ; foundations and NPOs have been surveyed
TIWAGO	French microblogging platform for travellers	B2C: blend the micro-blogging and social network experience into one travel oriented community website B2B Targeted communication for advertisers and tour operators	Travellers cans share with followers their travel experience instantaneously and on the move.	Social networks communication 800 contributors	No monetization Plans to have 3 types 1. Advertising 2. Affiliations 3. "gamization"	None Based on internal developments
BEEPJOB	Odd-jobs platform which brings together job seekers and employers	B2C Job offers directory dedicated to odd-jobs B2B odd-job platform with "live" services	3 innovations in services 1. Geolocation 2. Instant notifications 3. Rating employees A website and a mobile app (in dev)	in 3 months 3.000 members' resumes 1.000 job advertises 15.000 connections	Free for job seekers Freemium for employers (dashboard management) Financial support	Not significant Few B2B contacts asking for white labeling and their own webpage
J'AIME ATTENDRE	Information and optimization of hotline peaks	B2C Information on customer service peaks B2B Smooth activity of Customer Service	1. A website Peak tables and information on customer services 2. Mobile App – in dev 3. Widgets – in co-dev	Good press coverage Effective website since 2009	Affiliations Advertising B2B services and consultancy	B2B co-devolpment of white label widget
SENIOR MEDIA	E-portal for funeral services	B2C Information, contacts and discounts on any services related to bereavement B2B Search Engine Optimization and an Internet Directory	6 websites - Information - Deals - E-portal - Directories	French Internet n°1 on bereavement	Brokerage fees for B2B side	From the beginning provide visibility and generate qualified leads for funeral agencies on the internet

Table 3. The role of B2B partners in the Business Model Lifecycles of Two-sided Internet Ventures.

Stages	Embryonic	Emerging	Growth	Maturity
Revenue stream	none	Erratic Monetizing traffic not VP	Monetizing VP B2B-orientation of monetization growing in volume and nature	B2B&C: monetizing dedicated services to B2B partners B2C&B: monetizing consumer segments to Business partners
Offer	Technical development of Internet Platform	First operational platform with dedicated services and information Validating Offer to an Audience	Targeting or "customizing" services Developing different usage of the platform: B2Cconsumer-oriented or B2Business-oriented	B2B&C: co-development of dedicated applications to business partners B2C&B: Search Engine Optimization (SEO)
Change agent	Internal or mentoring	Business Angel or Venture Capitalists	Business partners involved in new dev Customer segments identified	B2B&C Internet BM B2C&B Internet BM