

# Crowdsourcing in Business– to–Business Markets: A Value Creation and Business Model Perspective



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## INTRODUCTION

Every company's task is to create value for the company and its stakeholders. The logic how the value is created, however, is the trick part. Business model can be seen as one of these kinds of tools - despite of their abstract nature - which help the company to operationalize its value creation objectives. In order to stay competitive and to create value, there is a constant need to innovate the business model of the company. This kind of relation between value creation and business model build the background for the study presented in this chapter.

The purpose of the chapter is to empirically examine the value creation logic and the business model elements in the context of a contemporary phenomenon in e-business, crowdsourcing. The chapter bases theoretically on the well-known model of Amit and Zott (2001) and applies it to the specific context of crowdsourcing. The empirical part of the paper is carried out through a multiple case study research method. By the application of the Amit and Zott (2001) model, the chapter is able to contribute to the e-business model literature by offering an empirical study where a one, well-known value creation and business model framework is applied in practice. However, the paper is also able to contribute to the current discussion on the potential of the usage of social media, in particular crowdsourcing, in business-to-business markets.

## BACKGROUND

The foundation for the analysis of this chapter builds on the value creation model of Amit and Zott (2001), where they studied the importance of sources of value creation in the field of electronic business. This model was chosen for the purposes of this study because it is developed from fundamental value creation models and dominates concerning value creation in e-business, of which crowdsourcing by utilizing social media tools represents also. Moreover, Amit and Zott's business model (2001, p. 511), which focuses on e-business for B2C companies, can be adapted for all virtual markets in general, and

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also applies to B2B companies (2006, p. 20). Most importantly, the model enables to analyze the relations between value creation and business model. In next, the theoretical background of value creation is opened up especially in the context of business-to-business markets, and furthermore, the model of Amit and Zott (2001) is presented. Lastly, crowdsourcing in business-to-business markets as the research context of the present study is discussed.

### **Value Creation in B2B Markets**

Value creation seems to be the buzz word of current business and marketing literature (see e.g. Lindgreen & Wynstra, 2005; Gummerus, 2013). However, identification of value is not an easy task. This is due to the multifaceted and complex nature of value; it is a concept that is commonly used by both academics and practical actors in the field, but it is often rather unclear what is actually meant by it in different contexts (Ford & McDowell, 1999; Helander, 2004). Marketing literature has made a division in value discussion to two main streams: the value of products and services, and the value of buyer-seller relationships (Lindgreen & Wynstra, 2005). In this study, the latter one is applied. Another interesting distinction that has been made within the value creation literature is the division between value creation processes and value outcomes (Gummerus, 2013). When focusing on the value creation process perspective, it is important to understand that the process of value creation will differ based on whether value is created by an individual, an organization, or society (Lepak, Smith, & Taylor, 2007). In the current study, the first two levels, an individual and an organization are present, as use of social media based crowdsourcing is studied in B2B context (organizational level) but is in the end realized through individuals that participate in the crowdsourcing.

Referring to the perspective of value as an outcome, a commonly presented view of value is to understand it as the trade-off between benefits and sacrifices (Ravald & Grönroos, 1996; Yadev & Berry, 1996; Slater, 1997; Parolini, 1999; Lapierre, 2000) which can be both monetary and non-monetary (Walter, Ritter, & Gemünden, 2001). The use of crowdsourcing in B2B context strives mostly for monetary value, as the ultimate objective for companies is to create profit for their owners. Nevertheless, there is also a great non-monetary value potential included in crowdsourcing for companies, such as gaining new ideas, concepts, information, knowledge, or other resources (Kärkkäinen, Jussila, & Multasuo, 2012). These kinds of non-monetary values may be in the long run even more important, because in the end, they may create the biggest value and turn also into direct monetary value e.g. in the form of new market areas, new product/service innovations or even as the key enabler of company growth.

### **Amit and Zott Model**

Increasing the efficiency of the processing of transaction in e-business leads to lower costs and hence to higher value. The potential of lower costs is enabled for example by reducing searching costs through using virtual markets, or through reducing information asymmetries between buyers and sellers through providing comprehensive and up-to date data (Amit & Zott, 2001, p. 503). Complementarities, as another value driver, occur if a bundle of goods together create more value than the total value of having each of the goods separately. One example for complementarities are internet-based services like crowdsourcing (Johansson & Mollstedt, 2006, p. 17). Goods and services are linked in a reasonable way, which generates value. Complementarities can be vertical, like after-sales services, and horizontal, like cameras and memory card. Beyond that, the connection between off-line and on-line assets is a further complementarity. It supports the customers to establish contacts and to process transactions (Amit & Zott, 2001, p. 504).

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