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**Business Model Change:
The Case of the Major in the Phonographic Industry
(1998-2008)**

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Introduction

On January 3rd 2011, Renault, the French car manufacturer, announced the dismissal of three directors, including an executive committee member of the group¹. A few days later, Patrick Pélata, the company's General Manager, gave more details about this decision by explaining that some sensitive information leaked outside the company. He also pointed out that the espionage concern is not related to patented or patent-pending technological or process innovations². Therefore, the media questioned the exact nature of the secret. During an interview, Carlos Ghosn, president of Renault, elaborates further by stating that "*no evidence that the technology has been the subject of espionage, but the business model to market an electric vehicle at an affordable price*". Even if this spying scandal appeared to be a hoax, it is interesting to point out that innovation is not only about technologies and industrial process factors but lie more generally in the way companies use their resources and competences to create value. Indeed, business model appears to be a major strategic concern for organizations.

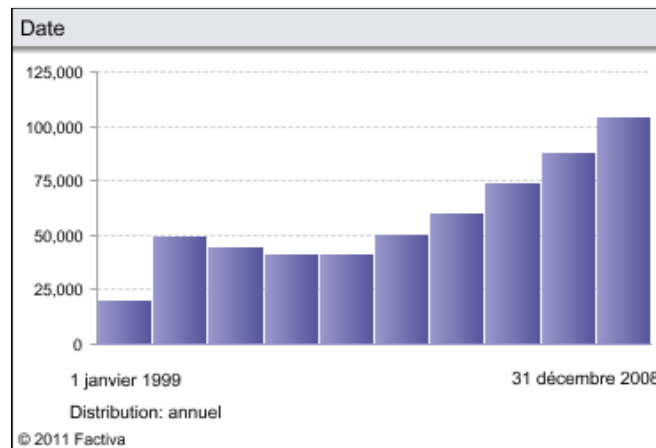
The expression "*Business Model*", BM from now on, is commonly used by managers, journalists, analysts and consultants (Giesen, Berman, Bell and Blitz, 2009). The BM concept aims to address a simple but fundamental question for practitioners: "*How does a firm create value and generate profit?*" In a pragmatic way, the BM approach appears to be particularly useful to understand and to compare different organizational forms that appeared with the introduction of the Internet. While the fundamentals of the so-called "*new economy*" remained hazy in the late 90's, entrepreneurs used the BM concept to express the essence of the emerging start-ups and to prove their viability (Magretta, 2002). We researched the occurrence of the BM keyword in the press to demonstrate the practitioners' increasing interest for the concept. To accomplish this, we used Factiva³ database that aggregates contents from various sources of business information. Findings show that the use of BM has continually grown since the development of the Internet. In figure 1, we present incidence of BM between 1999 and 2008.

¹ Source : AFP, 04/01/2011.

² Source : Le Monde, 08/01/2011.

³ Source : <http://www.factiva.com>.

Figure 1 : Incidence of BM in the practitioners' discourse (1999-2008).



The increasing interest does not only concern practitioners but also scholars (Lecocq, Demil and Ventura, 2010). Taking into consideration the academic literature published between 1995 and 2010, Amit, Zott and Massa (2011) identified 1.177 articles in which the notion of BM is addressed. In the last few years, several journals dedicated a special issue to the BM concept⁴. A community of international researchers was also recently created in order share ideas and to extend cumulative knowledge⁵.

However, the emergence of BM in the academic field also raises different concerns. Some authors consider the concept as poorly defined and occasionally leading to faulty thinking (Porter, 2001). In this context, one of the priorities for research is to clearly define the BM and to demonstrate its interest in comparison to existing business concepts (Mansfield and Fourie, 2004; Seddon and Lewis, 2003). The literature on BM is characterized by two main axis of research.

The first axis refers to the BM creation from an entrepreneurial perspective (Christensen, Bohmer and Kenagy, 2000; Johnson, Christensen and Kagermann, 2008; Kim and Mauborgne, 2000). Authors explain that the BM approach offers an opportunity to look at innovation from a new angle: « *[p]roducts and services can be copied: the BM is the differentiator* » (Giesen et al., 2009, p.2). The adoption of an innovative BM can have different implications. In the personal computer industry in which competitive pressures are great, Dell was able to capture a substantial market share by introducing a new BM (Mahadevan, 2000). BM innovation can also have a major impact at the industry level. The introduction of the “*low-cost*” BM by companies such as Southwest Airlines and Ryanair led

⁴ Revue Française de Gestion (2008), Harvard Business Review (2010), Long Range Planning (2010), M@n@gement (2010)

⁵ Business Model Community, <http://www.businessmodelcommunity.com>

to the transformation of several organizational practices that were previously applied in the airline industry (Casadesus-Masanell and Ricart, 2007). Traditional airline companies such as Continental Airlines, British Airways and KLM had to reconsider the way they were doing business in order to remain competitive (Markides and Charitou, 2004). Consequently, the BM creation appears to be a fundamental step during the entrepreneurial stage. (Gordijn and Akkermans, 2001; Tapscott, 2001; Zott and Amit, 2007). Several authors introduced tools and frameworks in order to help managers in this task (Govindarajan and Trimble, 2004; Kambil, Eselius and Monteiro, 2000; Kambil, Wei-Teh Long and Kwan, 2006).

In the second axis, BM is used as an analytical tool to represent the way companies create value and profit. Unlike the concepts that are traditionally used in strategy (e.g. value chain, value network), the BM approach leads to a holistic view which integrates the different functions of organizations (Lecocq, Demil and Warnier, 2006). Subsequently, BM offers the opportunity to link questions within various research communities in Business (marketing, strategy, finance, etc.).

Research that emphasizes the analytical potential of BM led to different types of contributions. First, some authors build typologies which are classifications of companies' BM based on a limited number of common characteristics (Rappa, 2000; Timmers, 1998; Weill and Vitale, 2001). This approach leads to a simplified representation of the BM which was particularly useful to understand the heterogeneity of e-business companies regarding value creation on the web (e.g. Mahadevan, 2000).

In the second approach, research offers a more detailed description of the object by identifying *ex ante* several components of BM (Afuah and Tucci, 2001; Hamel, 2000; Lecocq et al., 2006). Thus BM is represented as a configuration of choices regarding these constitutive elements. Even if they greatly differ from author to another, three main components are often presented: **resources & competencies**, **organization of internal and external activities** and **value proposition**. In this approach, academics also investigated the link between the concepts of BM and performance (Morris, Schindehutte and Allen, 2005; Shafer, Smith and Linder, 2005; Strebel and Ohlsson, 2006). They show that the companies' performance is directly related to its BM consistency, which refers to the level of alignment between the multiple choices within the components of BM.

In the third approach, authors promote a dynamic representation of BM by studying the interactions between its components (Casadesus-Masanell and Ricart, 2007, 2010; Seelos,

2010; Seelos and Mair, 2007). These contributions provide a better understanding of the link between BM and performance. The authors observe reinforcement effects between some specific choices of the BM, these “*virtuous loops*” lead to greater performance or to competitive advantage. This research shows how important it is for companies to make consistent choices in order to remain competitive. Casadesus-Masanell and Ricart (2007) also demonstrate that these reinforcement effects can take place between the BM of different companies (ex: the Wintel case).

Considering these three approaches previously presented, the academic literature on BM appears to be a rich and heterogeneous corpus. However, BM is generally used to represent the state of a company at a specific moment (e.g. Afuah and Tucci, 2001 ; Osterwalder et al., 2005 ; Weill and Vitale, 2001). Thus, research tends to neglect a dynamic perspective in understanding how the BM of a company evolves in time : « *the relationship between BM and time is little discussed (...) it is a snapshot and description at a specific moment in time* » (Osterwalder, Pigneur et Tucci, 2005, p.8).

Because of the domination of a static perspective on BM, several major questions remain unanswered. For instance, authors tend to overlook the experimentation phenomenon which plays an important role during the creation of the companies’ BM. In practice, managers need to continuously adjust the BM of the company to reach a certain level of consistency between its different components and choices (Demil and Lecocq, 2010; Winter and Szulanski, 2001). For example, Rindova and Kotha (2001) explain how Yahoo’s BM has been regularly fine-tuned in order to transform the value created on the web to profit. Consequently, it is very important to take into consideration a dynamic perspective on BM to understand subtly the experimentation mechanisms during the entrepreneurial phase. More recently, some authors have focused their research on the subject of BM experimentation (Ammar and Charki, 2009; Sanz-Velasco, 2007; Sosna, Trevinyo-Rodriguez and Velamuri, 2010).

A dynamic perspective is also necessary to address the topic of BM change. As we pointed out earlier, academics and practitioners emphasize the need for organizations to innovate when designing the BM during the entrepreneurial stage. Nevertheless, the necessity for innovation remains equally important during the later stage of the companies’ life. Generally, they need to frequently innovate their BM to remain competitive (Chesbrough, 2006; Christensen and Raynor, 2003; Dauchy, 2010; Giesen et al., 2009). Chesbrough and Rosenbloom (2002) demonstrated that the most competitive companies were those that were able to transform the BM that was conceived during their creation stage.

Groupon is a current example that illustrates the need to continuously reconsider the company's BM. Founded in 2008, Groupon is probably one of the most innovative BM of the few last years (Dholakia, 2011). The company offers online daily discounts on a vast array of products and services. Using social networks, Groupon manages in few years to reach more than 83 million customers worldwide. Based on a large pool of potential customers, Groupon takes advantage of a great power of negotiation towards suppliers: rebates can generally be from 50% to 75%. Besides its innovative BM, the American company is also particularly profitable: more than 270 million dollars after only two years of existence⁶. The *Forbes* even considers Groupon to be the fastest growing company ever⁷. However, two important issues have recently surfaced. Because of this rapid success, many new start-ups are now launching their own '*deal-of-the-day*' websites; Groupon now faces increasing competition⁸. Also, suppliers are expressing more and more their difficulties to benefit from this type of initiative⁹, especially service providers who can't always deal with customers' aggregation. In 2011, the number of suppliers partnering with Groupon is decreasing for the first time since the company's creation¹⁰. In this context, some analysts consider that Groupon should transform the way it creates value and generates profit in order to maintain its growth¹¹.

Changing BM appears to be a fundamental question in many industries. Since the apparition of free newspapers (ex: Metro, 20 Minutes) and information websites (ex: Wikileaks, Mediapart), traditional companies from the daily press industry have been searching a new BM to remain sustainable (O'Reilly and Tushman, 2004; Trouinard, 2006). In the betting industry, traditional French companies such as PMU and La Française des Jeux have already remodeled their BM to respond to the multiplication of online betting services (ex: Bwin or Betclik). However, emerging threats are not the only factors that require change. In the car manufacturing industry, the identification of new opportunities led Tata Motors to significantly transform the configuration of its BM. After change, the company was able to substantially decrease the manufacturing costs and to improve the positive effects related to the economy of scale (Johnson et al., 2008). Since 2006, IBM has conducted several studies to better understand the stake of BM change. Based on the observation of more than 756

⁶ Source : <http://sec.gov/Archives/edgar/data/1490281/000104746911005613/a2203913zs-1.htm>.

⁷ Source : http://www.forbes.com/forbes/2010/0830/entrepreneurs-groupon-facebook-twitter-next-web-phenom_2.html

⁸ Source : <http://dealbook.nytimes.com/2011/06/08/is-groupons-business-model-sustainable>.

⁹ Source : <http://www.latribune.fr/technos-medias/internet/20110808trib000641484/groupon-atteint-la-barre-des-115-millions-de-membres.html>.

¹⁰ Source : <http://www.businessinsider.com/groupons-north-american-merchant-pool-declined-in-q2-2011-8>.

¹¹ Source : <http://www.tomsguide.com/us/Groupon-second-quarter-revenue-s1-filing.news-12129.html>.

international companies from both public and private sectors, research showed that the most competitive companies are those that regularly change their BM.

While practitioners regularly highlight the importance of BM change, the topic is generally being overlooked by the academic community. We were able to identify very few studies on BM change; however among them, we distinguish two different approaches: research on process versus research on content. This opposition between the two approaches is more generally discussed in the literature on organizational change (Mohr, 1982; Poole, 2004; Van de Ven and Huber, 1990).

The **process approach** aims to understand “*why*” and “*how*” companies change their BM. First, authors were able to discover factors that hinder change of BM (e.g. Chesbrough, 2010 ; Downing, 2005) or, on the contrary, factors that facilitate it (e.g. Doz and Kosonen, 2010 ; Sosna and al., 2010). Secondly, authors developed several methods to help managers to plan change (Johnson et al., 2008; Pateli and Giaglis, 2005). These methods usually offer a “*radical*” vision of change because they consider that the BM configuration should be a completely modified: « *innovate your BM* » (Giesen et al., 2009, p5.), « *reinvent a BM* » (Johnson et al., 2008b, p.54), « *rethinking your BM* » (Namaroff, 2007, p.64). Focusing on the innovation factor, research on process typically does not fully explain the transition between an initial and a final BM while preserving the consistency of its global configuration.

Regarding the **content approach**, the goal is to understand the way the research object evolves in time (Langley, 1999). In this approach, authors adopt two different methodologies. Some works are based on a longitudinal perspective to emphasize the temporal dimension of the phenomenon (e.g. Brink and Holmen, 2009 ; Raff, 2000). Thereby, authors can describe subtly the variation of the BM’s configuration during relatively long periods of time. In the longitudinal research that we identified, the company’s BM is usually poorly delineated. As a result, it is difficult to distinguish the BM from its context and the different elements that compose the BM.

In the content approach, scholars are also using a multidimensional perspective which consists of observing change through the different components of BM. Unlike longitudinal researchs, authors utilize analytical frameworks from the literature to delineate more precisely the BM of a company. For example, Tankhiwale (2009) used the “*nine blocs model*” from Osterwalder (2004) to describe Telco’s BM. This method leads to a more

holistic view of BM. Nonetheless, research based on a multidimensional perspective is typically based on a cross-sectional analysis which results in “*snapshots*” of the company’s BM at certain specific moments in time (Svejenova, Planellas and Vives, 2010; Tankhiwale, 2009). Therefore, the outcome of the multidimensional perspective often offers an incomplete representation of BM’s evolution during the period of change.

Considering the research privileging the content approach, we observed that authors tend to either focus on a longitudinal perspective to highlight the temporality of the phenomenon or focus on a multidimensional perspective to reach more exhaustively in representing the BM. Until now, we did not find researches that were trying to achieve these two goals at the same time. We believe it is necessary to combine these two goals in order to have a better grasp on BM change, it is the main goal of our research. More specifically, our research question is :

What are the variations of the configuration of the BM’s configuration in the context of change ?

In the research question, we use the word “*configuration*” to emphasize the content approach that we decided to study.

To contribute to the existing literature, we need to have a high level of granularity in order to be more subtle and more exhaustive in the analysis. To achieve this, we set a specific research which based on three main characteristics.

First, our unit of analysis is the **strategic decision**. After identifying the whole set of decisions of a company, we were able to retrace precisely every modification of its BM’s configuration during the period of observation.

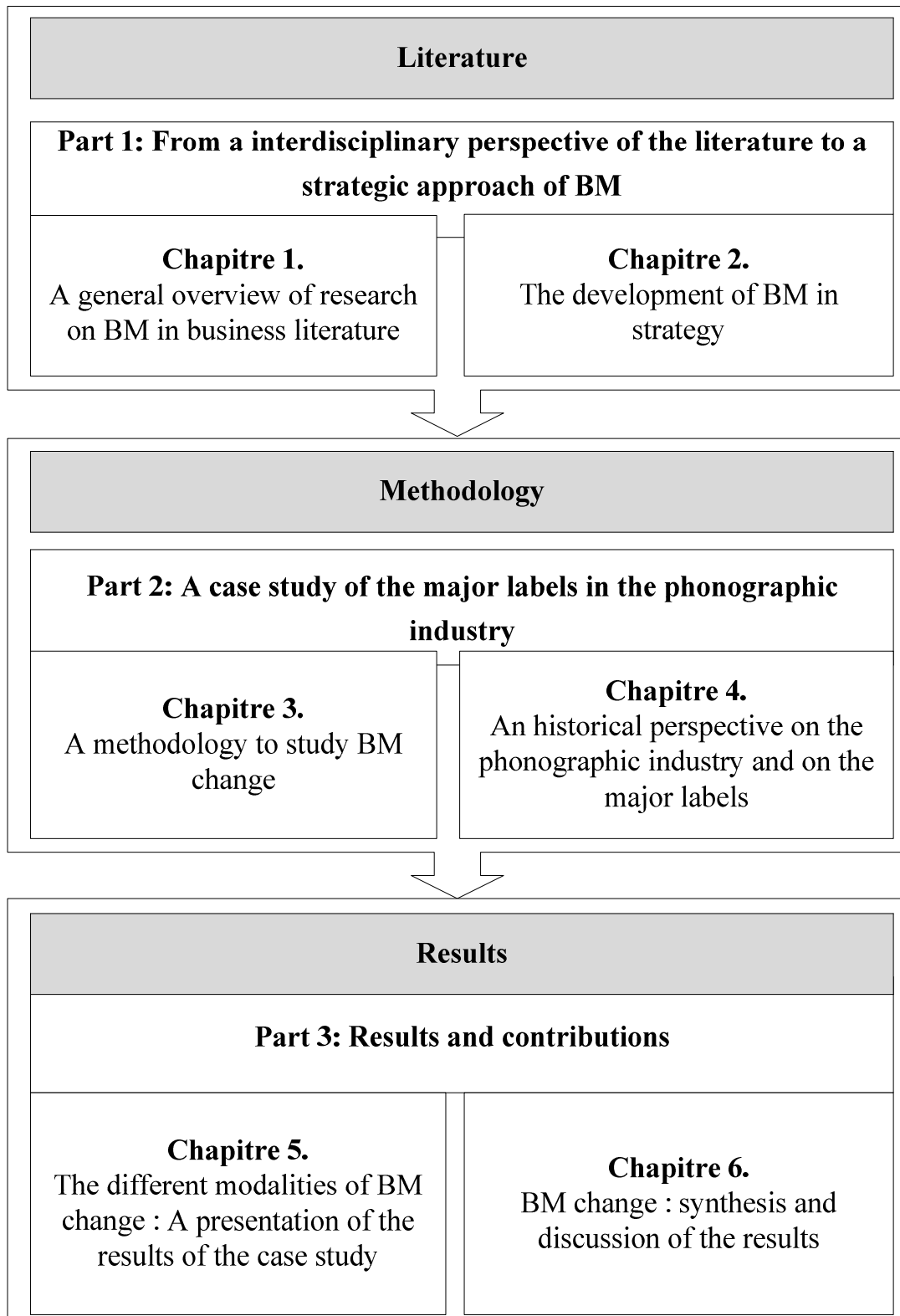
Second, our research is based on a **multidimension perspective**. We adopted a holistic view of organizations in order to observe specifically the implication of change in every components of the companies’ BM. Furthermore we used the RCOV model introduced by Lecocq et al. (2006) to be very rigorous in the way we delineate empirically the BM. This model is relevant because it clearly distinguish the BM’s components (resources & competencies, organization and value proposition). Also the model offers the opportunity to study the way these components interact during change (Casadesus-Masanell and Ricart, 2010; Demil and Lecocq, 2010).

Third, we conducted a longitudinal analysis. Taking into consideration the temporal context, we were able position a strategic decision one to another.

Because of these three fundamental characteristics of our research design, we suggest an original approach to study BM bridging the longitudinal and the multidimensional approaches. We hope our research will lead to a better understanding of BM change in the content approach. Even if academics often put in opposition the content and the process approaches (Pettigrew, 1990; Van de Ven and Huber, 1990), it is really difficult to separate one to another because they represent the two side of the same coin. Thus, we decided not to neglect the elements related to the process in order to enrich our reasoning. It is the reason why some of our results contribute to the process approach.

Even if we present it as a linear path, this research is the result of multiple there and back between the literature and the empirical field. We decided to organize this dissertation in three main parts. In the first one, we describe the state of art which enable us to present the various research that were conducted on BM (chapter 1 and 2). In the second part, we expose the empirical field that was investigated and the methodological frame that was designed to answer our research question (chapter 3 and 4). The third part is dedicated to the results and their analysis (chapter 5 and 6). We now describe more specifically the content of these six chapter. The architecture of the dissertation is exposed in figure 2.

Figure 2 : The architecture of the dissertation.



Part 1: From an Interdisciplinary Perspective of the Literature to a Strategic Approach of BM

While the literature review is a fundamental aspect of doctoral research, this step appears to be particularly challenging when studying the BM concept. We faced difficulties that were mostly related to the heterogeneity of research and the fact that the concept is not clearly associated with a particular discipline. Scholars from a variety of fields are interested in BM (marketing, strategy, information systems, entrepreneurship, etc.). Considering previous doctoral research on BM (Ammar, 2010; Jouison, 2008; Osterwalder, 2004), we observed that authors often narrow their literature review to a specific field. However, this approach cannot does not offer a representative picture of research on BM in Business. As Teece (2010) mentioned, BM is an interdisciplinary topic but this specific characteristic is often neglected. In order to reach a global overview of the literature, we chose an original approach which was conducted in two separate steps. In the first chapter, we conducted an exploratory research to set an interdisciplinary panorama of the literature on BM. In the second chapter, we are more focus on research in strategy in which the research questions are particularly promising.

Chapter 1. A General Overview of Research on BM in Business Literature

The first chapter is an exploratory research on the literature on BM in Business. The first section of this chapter refer to Ghaziani & Ventresca's (2005) which studies the use of BM in the management discours between 1975 and 2000. The authors conducted an analysis of the discourse in management show that several academic communities used the BM expression to have a new perspective on their topic of research. Therefore, a plurality of local representations of the BM progressively emerged which explains the difficulties to reach a consensual vision of the concept. More recently, the representation of the BM concept evolved with the development of e-business. It is perceived as a simple expression of the companies' core logic of value and profit creation. Ghaziani & Ventresca's (2005) research offers a great understanding of the BM's genesis. However, we believe it is important to pursue their work after 2000 to study the BM's recent evolution.

In the second section of the chapter, we describe the methodological frame that we established to build an interdisciplinary overview of the literature. We decided to limit our observation on the top 40 Business journals ranked by the Financial Times in 2009. Then, we collected every articles that were published in these journals between 2000 and 2010 period and that were related to the BM topic. We considered that an article was related to the BM topic when we found the complete expression "*business model*" either in its title, its summary or its keywords. This method result in the identification of 152 articles among nine disciplinary fields: Accounting (5 articles), Entrepreneurship (9 articles), General Management (7 articles), Marketing (7 articles), Organisational Behaviour (3 articles), Economics (2 articles), Human Resource Management (7 articles), Operations and IT (9 articles) and Practitioners (103 articles). A more detail description of our panel of articles is presented in table 1. The method that we used to analyze this panel is also exposed, we realized both a quantitative and a qualitative data.

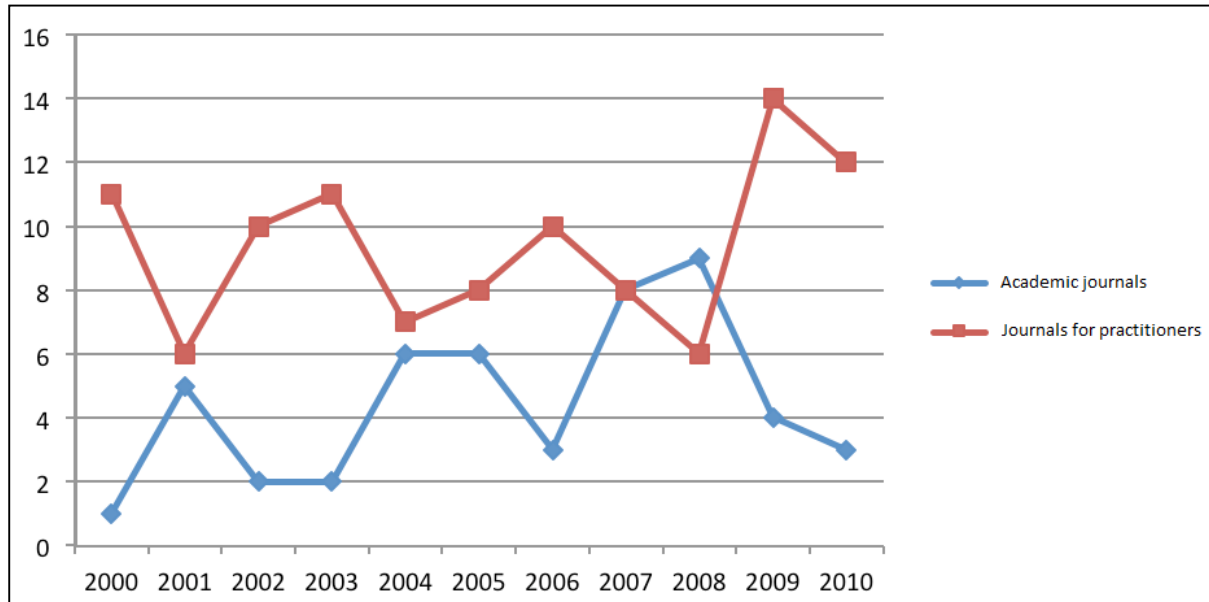
Table 1: 152 articles related to BM in the 40 journals ranked by FT in 2009

Field	Name	Nb. Of Articles
Accounting	Accounting Organizations and Society	2
	Journal of Accounting and Economics	0
	Journal of Accounting Research	1
	The Accounting Review	2
Entrepreneurship	Entrepreneurship Theory and Practice	7
	Journal of Business Venturing	2
General Management	The academy of management journal	0
	The academy of management review	1
	Journal of International Business Studies	1
	Management International Review	0
	Strategic Management Journal	5
Marketing	Journal of Marketing	3
	Journal of Marketing Research	0
	Journal of Consumer Research	0
	Marketing Science	4
Organisational Behaviour	Journal of Applied Psychology	0
	Organization Science	3
	Organizational Behavior and Human Decision Processes	0
Economics	Econometrica	0
	Journal of Political Economy	0
	The American Economic Review	1
	The Rand Journal of Economics	1
Finance	Journal of Finance	0
	Journal of Financial and Quantitative Analysis	0
	Journal of Financial Economics	0
	Review of Financial Studies	0
Human Resource Management	Human Resource Management	4
	International Journal of Human Resource Management	3
Operations and IT	Information Systems Research	4
	Journal of Operations Management	1
	MIS Quarterly	0
	Management Science	4
	Operations Research	0
Practitioners	the academy of management executive	11
	California Management Review	14
	Harvard Business Review	51
	Sloan Management Review	27
Other	Administrative Science Quarterly	0
	Journal of American Statistical Association	0
	The Journal of Business Ethics	0

In the third section, we presented the results of our investigation of the Business literature. Even if the academic community is more and more interested by the BM concept, most articles have been published in journals for practitioners (103 articles vs. 49 articles in the

academic journals). However, the numbers of articles published in these two types of journal appears to be more balanced in the last few years (figure X).

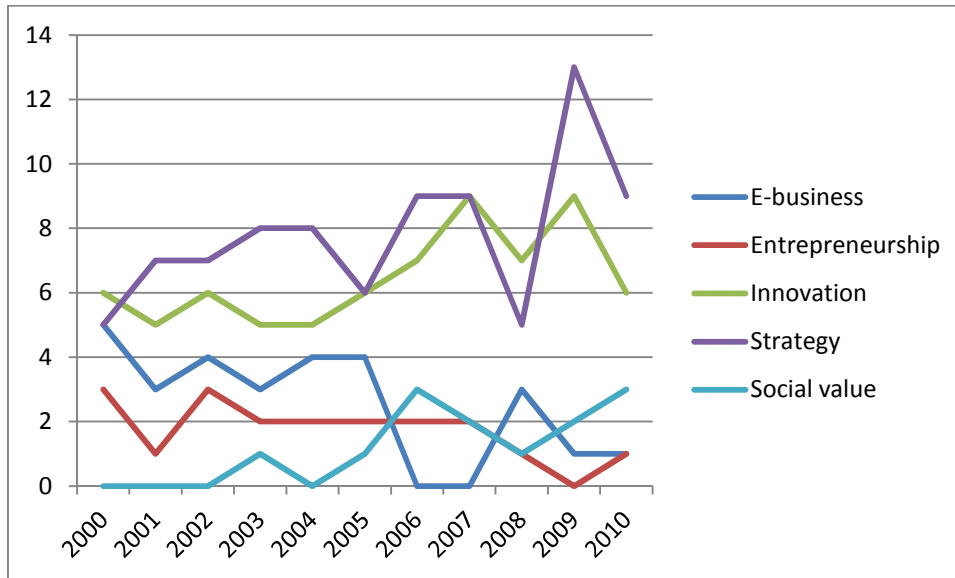
Figure 3 : Articles published in academic journals and in journal for practitioners



In an inductive approach, we determined five main topic that are frequently associated to the BM concept : **e-business, entrepreneurship, innovation, strategy and social value**. We present the evolution of these five topics in figure 4. As we mentioned earlier, the BM was frequently used to study the e-business company during the development of Internet. It is not surprising to observe that the e-business topic is important between 2000 and 2005, scholars often used BM as an analytical tool to study start-ups of the web (Allmendinger and Lombreglia, 2005; Christensen and Tedlow, 2000; Fay, 2004; Kaplan and Sawhney, 2000; Kopczak and Johnson, 2003; Mahadevan, 2000). Nevertheless, the topic of e-buiness progressively decrease in the late 2000's, as well as the topics of innovation and entrepreneurship. In the same time, the topic of strategy prevails. We observed that BM offers scholars the opportunity to adopt a new perspective on the research questions in strategy. Also, the development of theoretical roots of the BM concepts is more advanced in these research. Recently, our exploratory research enable us to identify an emerging theme in the BM literature : the social value. Therefore, scholars use the BM concept to understand the the mecanisms of social value creation and its relation with the concerns of economic value creation (Hudnut and DeTienne, 2010; Nidumolu, Prahalad and Rangaswami, 2009; Seelos

and Mair, 2007; Simanis and Hart, 2009; Thompson and MacMillan, 2010). However, research associating BM and social value are mostly published in journals for practitioners.

Figure 4 : The evolution of the five main topics between 2000 and 2010



Based on this analysis, the use of BM to study strategy reveal a great potential for research. Also, we noticed the emergence of a consensual representation of the BM concept in the literature on strategy. For these reasons, the second chapter is dedicated to research on BM in the field of strategy. Thereby, we have to opportunity to add many additional contributions that were not part of our initial literature panel (152 articles).

Chapter 2. The development of BM in strategy

Based on the interdisciplinary analysis described in the previous chapter, we highlighted the diversity of research on BM in the literature. In this chapter, our focus is more specifically on the scope of strategy. The aim of the first section is to set the conceptual foundations of BM. We consider that the heterogeneity of research on BM is due to different ways to model the value creation logic of companies. When using a model, scholars need to address two main questions: *how exhaustive should be the model? What is the model used for?* The question of exhaustively refers to model's level of abstraction (Baden-Fuller and Morgan, 2010). Some authors choose to represent it in details which lead to a very fine analysis (Ferdows, Lewis and Machuca, 2004). To ease communication or teaching, other authors prefer to limit the representation to essential elements to simply (Bonaccorsi, Giannangeli and Rossi, 2006; Fay, 2004; McGrath, 2010). Representations depend also on the purpose of the model. After analyzing 43 definitions of BM that we identified in the literature, we present four main purpose of BM :

- **A descriptive tool** (Betz, 2002; Klueber, 2000; Magretta, 2002; Mangematin et al., 2003),
- **A method to plan (Venkatraman and Henderson, 1998)**
- **A method for action** (Afuah and Tucci, 2001; Turban, King, Lee, Warkentin and Chung, 2002)
- **A path to profitability** (Krishnamurthy, 2003)

To conclude this first section, we discuss the differences and the relations between the concepts of BM and strategy. This discussion is based on the research of Ammar (2010), Casadesus-Masanell et Ricart (2007, 2010), Demil et Lecocq (2008), Mansfield et Fourie (2004), Morris et al., (2005), Richardson (2008), Seddon et Lewis (2003), Shafer et al. (2005) et Zott et al. (2010).

In the second section, we present the main developments arising from research on the BM strategy. We highlight three different perspectives which enable us to discuss the relations between BM and other strategic concepts (value, performance, fit, competitive advantage).

In the first perspective, scholars focus on the **organizational dimension** of BM. In the continuity of Amit and Zott (2001)'s research, BM is presented as a set of transactions to explain the way a focal firm creates value. This perspective gives researchers the opportunity to study the processes of value creation and value capture. While favoring an inter-organizational level of analysis, scholars also explore the collective mechanisms of value creation by studying interactions between stakeholders (Chesbrough, 2003; Chesbrough, 2007a).

Unlike previously discussed contributions that were focusing on the organizational dimension, the second perspective is based on a **multidimensional approach**. Therefore, scholars represent BM as a configuration of choices within several components : resources, competencies, internal activities, external activities, value proposition (Lecocq et al., 2006; Osterwalder, 2004; Weill and Vitale, 2001). This perspective of research is an opportunity to study the relationship between BM and the company's competitiveness. Scholars consider that over-performing companies are the one that have a consistent BM (Morris et al. 2005; Strebel and Ohlsson, 2006). The level of consistency is related to the fit between the different choices defining the value creation logic.

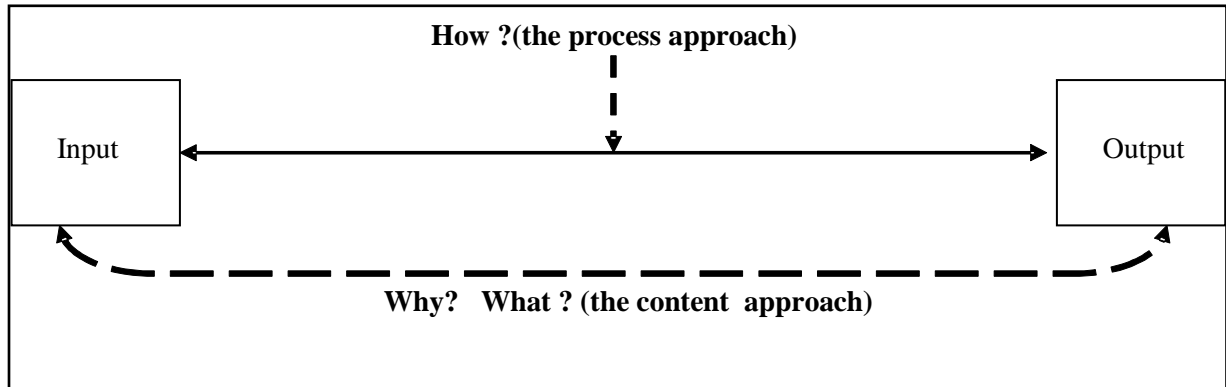
In the third perspective, scholars study the interactions between the choices of the BM (Casadesus-Masanell and Ricart, 2007; Seelos and Mair, 2007). They highlight the phenomena of positive reinforcement that enable companies to enjoy a competitive advantage. Conversely, an inconsistent set of choices has a negative effect on company performance (Markides and Charitou, 2004; Moingeon and Lehmann-Ortega, 2010).

These three complementary perspectives undoubtedly enrich the literature on BM. However, we note that scholars tend to offer a static representation of the value creation logic which reflect the state of a company at a specific moment. Yet it seems essential to incorporate the temporal dynamics in research on the BM (Hedman and Kalling, 2001; Osterwalder et al., 2005). Indeed, such an approach would be extremely useful, firstly, to understand how an entrepreneur can make a coherent BM promote business performance, and, secondly, to study the topic of change.

In the third section, we present recent works on BM that introduce the temporal dimension. While research focusing on the study of the process, only a handful of works concerned with the content approach. According to Langley (1999) and Van de Ven & Huber (1990), we

distinguish the research that are primary focusing on the process to the one that are focusing on the content (figure 5).

Figure 5 : Two complementary approach to study change
(Langley, 1999; Van de Ven & Huber, 1990)



The purpose of the content approach is to study the evolution of the configuration of choices during the context of change. This approach is particularly important because it directly respond to the managers' concerns: *how to transform the company's BM while remaining competitive?* However studies on BM change adopting the content approach usually offer an incomplete vision of the phenomenon (table 2). Scholars either focus on the longitudinal perspective or the multidimensional perspective. To grasp the complexity of the phenomenon, we propose then to articulate a longitudinal and multidimensional. In consequence, we suggest to the study the evolution of the BM configuration in a longitudinal research in order to contribute to the existing literature. This research question therefore requires the design of an appropriate methodological framework, we present it in the next chapter.

Table 2 : Research on BM change in the content approach

	Unidimensional	Multidimensional
Cross-sectional	<p><i>Quadrant A</i></p> <p>Sosna et al. (2010)</p>	<p><i>Quadrant B</i></p> <p>Linder and Cantrell (2000)</p> <p>Svejenova et al. (2010)</p> <p>Tankhiwale (2009)</p> <p>Demil and Lecocq (2010)</p>
Longitudinal	<p><i>Quadrant C</i></p> <p>Brink and Holmen (2009)</p> <p>Raff (2000)</p>	<p><i>Quadrant D</i></p> <p>None</p>

Part 2: A Study Case of the Major Labels of the Phonographic Industry

The two first chapters led to the identification of a research question rooted in the topic of BM change. This second part aims to present the methodological framework that was chosen to address this question.

In the third chapter, we describe the qualitative methodology of our research. Given the emerging nature of the research topic, we favored an abductive approach. We stress two salient features then our research work. Our study is based on a multiple case study, this strategy allows the researcher to collect a large amount of qualitative data regarding the object of the research and its context (Yin, 2003). This choice seems appropriate given to adopt a multidimensional perspective on BM and to measure the environmental effects on change. Besides we took a historical approach that allows us to benefit from greater analytical finesse to highlight the temporality of change After presenting the various tools for collecting and analyzing qualitative data. We explain how we implemented our research protocol. Then we explain and justify in detail all of the methodological choices that were made throughout this research.

In Chapter 4, we conduct an empirical description of our empirical field. We chose to study the Phonographic Industry, which includes mainly the activities of production and distribution of recorded music. Specifically, our study examines the case of the five majors who have a central position in this industry (BMG, EMI Music, Sony Music, Universal Music and Warner Music). We present the one hand, the historical context and, secondly, the changing economic environment since the late 1990s.

Chapter 3. A Methodology to Study BM Change

Developments in this chapter can present the methodological framework supporting each of our choices about the issues and objectives of the research. In the first section, we highlight three characteristics of our research have major implications for the conduct of an empirical investigation. After highlighting the emerging nature of the theme of change in BM (Brink and Holmen, 2009; Sosna et al., 2010), we opt first for a qualitative and abductive methodology turns out to be relevant to explore a little-known phenomenon . Since we prefer the "content approach", it is then essential to define precisely the object of study. However, the literature shows that researchers often face difficulties when it comes to empirically understand the concept of BM. The use of a configurational model *ex ante* appears as an appropriate method to define rigorously the BM of a company based on several components. The model of rcov Lecocq et al. (2006) appears as a relevant analytical framework. To treat this problem on the change, it is finally necessary to integrate the time dimension in the research protocol in order to then study the evolution of the object studied in a longitudinal approach. For this dimension, we choose to use a historical perspective.

After explaining the general characteristics of our methodological approach, the next step to define a research strategy. We chose to use the case study and present the main principles in the second section. Several criteria set out by Yin (2003) convinced us of the relevance of this method. First, the case study is consistent with the posture that we have preferred abductive. Since it involves the mobilization of a very rich empirical material, this method allows the researcher to focus on little-known phenomena and the emergence of the results difficult to predict. Next, the case study can show great finesse to distinguish the object of study of context. We have seen that this turns out to be an important asset when choosing to focus on the concept of BM. Finally, the case study allows to link several levels of analysis. This aspect allows us to study together the various components of BM in a multidimensional perspective. Beyond the justification of the relevance of the method, we also present a series of tools available to the researcher to conduct the collection and analysis of qualitative data. We also discuss the advantages and disadvantages that characterize these tools as part of a research in a historical perspective.

The third section describes the implementation of our empirical research. We focused on five majors of the Phonographic Industry which are facing deep changes in their environment since 1998. Several external events are the source of new opportunities and threats in the recording industry, the majors then call into question their BM. The protocol for collecting and analyzing data can be divided into two parts. The first part dealing with the initial conditions change we call "traditional period." The second part of the protocol allows us to address the "time of change" that lies between 1998 and 2008. For each period, we investigate the BM majors and the environment in which the past.

Nous avons choisi d'apporter une attention toute particulière à la présentation du protocole méthodologique. Une description rigoureuse se révèle essentielle puisqu'elle permet de renforcer la validité des résultats de la recherche. Le chapitre suivant est consacré à la restitution de ces résultats.

Chapter 4. An Historical Perspective on the Phonographic Industry and on the Major Labels

Consistent with the principles of the case study method explained previously, this chapter provides a description of the majors' environment. In the first section, we pay special attention to the initial situation, prior to the period of change which started in 1998. Considering literature on organization change, the description of the initial situation is a key step in research that mainly focuses on content (Pettigrew, 1990; Poole, Van de Ven, Dooley and Holmes, 2000; Van de Ven and Huber, 1990). To offer a rich description, we choose to present the context by taking successively different levels of analysis from the most general to the most particular. To start we offer a general overview of the music industry includes multiple actors and activities related to music that are grouped in three interrelated areas: live-events industry, publishing industry and phonographic industry. Then, we present more specifically the phonographic industry which is in charge of producing and selling records (Bouvery, 2004; Curien and Moreau, 2005) During the traditional period (prior to 1998), the activity system is composed of nine business segments (Graham, Burnes, Lewis and Langer, 2004): *music performance, artist & repertoire, production, support manufacturing (discs, tapes), promotion, media, distribution, sale and consumption*. Finally, the description of the initial situation gives us the opportunity to present the five major labels. These companies are the result of a long process of concentration in the phonographic industry so they are often part of extensive organizational conglomerates : Bertelsmann Group owns BMG, Sony Corporation owns Sony Music, Vivendi Universal owns Universal Music while Time Warner owns Warner Music. After delineating the organizational structure of the major labels, their BM is then described. We noticed that the major labels have pretty similar BM and that these BM remained very stable during the traditional period (Wikström, 2009). Our research highlights the important role played by the majors that hold a role of intermediary between artists and consumers which enable them to capture much of the value created by the phonographic industry and who. During the traditional period, we see further that the BM majors appears to be a dominant logic (Prahalad and Bettis, 1986) that had an important impact on the industry structure and that explain some of its core organizational practices. Despite the technological (the introduction of radio transistors, the compact disc technology, etc.) and social changes, the logic of creation and distribution of value remains in effect unchanged until 1998. Given the characteristics common to all majors, so we propose a generic representation of the BM. Now we use the term "traditional BM" for future reference. However, several specific characteristics of companies' BM studied are also highlighted to achieve a richer understanding of our object of study.

The second section aims to describe the evolution of the environmental context during the period of change (1998-2008). Our study reveals the existence of several concurrent phenomena involved in the major labels' environment. We emphasize the **technological dimension** by highlighting the emergence of several major innovations in the late 90's: the digital technology, the mp3 audio format, portable players, the Internet and finally file sharing services (ex: Napster). We also observed an evolution regarding the **regulation dimension**. In the context of technological innovation, legislative institutions then try to develop new frameworks aimed at regulating the use of intellectual property on the Internet. We focus on the regulatory dimension. Despite these regulations, technological innovations had further implications on several levels. In addressing the **social dimension**, new technologies contribute to the emergence of new patterns of consumption of recorded music (e.g; copying and sharing contents). Regarding the **competitive dimension**, we observed the appearance of several new entrants coming from the electronics industry, telecommunications or Internet services. These companies introduced a series of innovative value propositions that revolve around recorded music (electronic devices, online music services, ringtones, etc.). About the **economic dimension**, these previously mentioned events lead to a sustained decline in record sales.

As said Doug Morris, chairman of Universal Music, the majors must now learn to compete with free music services (Almeida and Gregg, 2003). In 1999, Stéphane Berlow, director of BMG, declared "*within two or three years, we will cross the period of all dangers and all the opportunities*"¹². While the discs are their main source of income, the majors now realize that the "*traditional BM*" does not create enough profit. Moreover, the changing environment creates new opportunities for value creation for the majors. Therefore, the major labels need to reconsider their BM. After presenting the context of our, we expose our results in the next chapter.

¹² Source : Musique Info Hebdo 09/07/1999 N°86, p.27

Part 3: Results and Contributions

This last part of our dissertation is also divided in two chapters. In the fifth chapter, we expose our results. We present the major labels' decisions that were collected during the 1998-2008 period. In the sixth chapter, we analyze and discuss these results. We often return to the literature in order to highlight the contributions of this research on both the academic and managerial aspects.

Chapter 5. The Different Modalities of BM Change : A Presentation of the Results of the Case Study

The major labels' decisions to change their BM are presented in this chapter. We opt for a thematic organization of our results based on the twelve categories that were used to code the 356 decisions that were made between 1998 and 2008. The coding categories emerged from our observations in an inductive reasoning but are grounded on the RCOV model (Lecocq et al., 2006); each of them refers to a generic type of decision related to one of the component of BM. Regarding the companies' resources & competencies, two coding categories appeared to us: **acquisition** and **asset disposal**. Regarding the companies' organization, there is seven categories: **internal activities reorganization**, **new partnership inside the traditional activity system**, **integration of an activity from the traditional activity system**, **new partnership outside the traditional activity system**, **integration of an activity from a new activity system**, **partnership withdrawal** and **internal activity withdrawal**. Finally, there is three coding categories related to value proposition: **modification of the clients**, **modification of the content of the offer** and **modification of the access terms**.

Using these twelve coding categories, we were able to identify ten distinct **modalities of change** in BM. We label the concept of modality of change as : "*a set of related decisions aimed to modify the BM configuration*". In table 3, the relation between the coding categories and the ten modalities of BM change are exposed. We now offer a brief presentation of the ten modalities that we empirically observed.

The first modality is **value chain enlargement**; it consists in intergrating a new activity that is part of the focal firm's activity system. Given the opportunities emerging from new technologies, the major labels have, for example, used Internet to take charge of promoting and selling music which used to be externalized. To this end, the major labels had to acquire new resources & competencies (ex: web infrastructures). Our empirical findings show that major labels accessed these resources & competencies through new partnerships or through acquisitions of start-up. Moreover, this approach has led to a change in access conditions to the offer.

Conversely, some major labels can choose to reduce the scope of their activities by **restricting its value chain**. When the first signal of the "*disc crisis*", some majors have chosen to abandon or withdraw from certain activities by entrusting them to companies

within the traditional activity system. For example, several majors stopped manufacturing discs or selling disc through mail-order as these activities are no longer seen as profitable. These major labels then decided to ceased some of their resources & competencies on which these activities are based: disc plants (for all majors), e-business platforms (for all majors), mail-orders divisions (for BMG, Sony Music, Universal Music and Warner Music) or store networks (for EMI Music). However, these decisions have no impact on the value proposition.

Under the label **internal activities optimization**, we group the decisions aiming to transform the internal organizational processes and routines. Thus, decisions are very heterogeneous (eg, lay-offs, organizational structure transformation, implementation of new marketing methods). These decisions sometimes had consequences on the access terms of the value proposition. However, they do not have implications on the resources & competencies of the company.

The **optimization of the firm's structure of costs** includes decisions to reduce the number of inter-organizational partnerships within the traditional system of activity. By reducing the partnerships that require significant investments, companies are able to increase their profitability. While revenues related to recorded music were decreasing, several majors decided to reduce the number of artists under contract. Other components of the BM are not affected by this form of change.

In order to increasing profitability, companies may, conversely, choose to develop the partnerships that are sources of revenue within the traditional system of activity. We group these decisions under the heading **optimization of the firm's structure of revenues**. For example, the majors decided to multiply partnerships with music services online to increase the opportunities for customers to buy music. These decisions also lead to a change in access conditions to the offer.

Table 3 : The ten modalities of BM change

Components of BM	Resources & competencies		Organization						Value proposition			Forms of BM change	
	Acquisition	Asset disposal	Internal activities reorganization	New partnership inside the traditional activity system	Integration of an activity from the traditional activity system	New partnership outside the traditional activity system	Integration of an activity from a new activity system	Internal activity withdrawal	Partnership withdrawal	Modification of clients	Modification of the content of the offer		Modification of the access terms
Coding categories	X			X	X	X						X	Value chain enlargement
		X		X				X					Value chain reduction
			X									X	Internal activities optimization
									X				Optimization of the firm's structure of costs
				X								X	Optimization of the firm's structure of revenues
						X						X	Distribution network extension
						X					X	X	Combination between different value propositions
						X				X		X	Creation of new sources of revenue
						X				X	X	X	Redeployment of assets in a new activity system
	X		X				X			X	X	X	New approach to value creation

The modality of **distribution network extension** is to develop new inter-organizational partnerships outside the focal firm's activity system. While music sales over the Internet are limited, the major labels are partnering with innovative companies from other industries: electronics manufacturers (ex: Apple, Creative, Archos), telecommunications operators (ex: Vodaphone, Orange, SFR) and Internet service providers (ex: Yahoo, Youtube, Spotify). The objective of these innovative partnerships is to develop new channels for selling music.

Consequently, we noticed that these partnerships generally led to a modification of the value proposition's access terms.

The modality that we labeled **combination between different value propositions** is also based on new partnerships outside the focal firm's activity system. However, the main objective of this modality is to combine different offers in order to increase the customers' willingness-to-pay. Based on these new partnerships, the major labels introduced very creative value proposition by combining digital music to various products or services : concerts, merchandising, mp3 players, web services or banking services.

Regarding the modality that we labeled **creation of new sources of revenue**, focal firms are trying to increase their profitability by focusing on new type of clients. Given the difficulties major labels face in selling music, they tried, for example, to develop add-supported online music services (ex: MySpace, YouTube, Spotify, Radioblog). Now advertisers are an alternative source of income. However, these decisions do not involve changes in the content of the offer (the offer is still based on recorded music).

Redeployment of assets in a new activity system is to develop partnerships outside of the activity system while carrying out a complete transformation of the value proposition. Indeed, the company chose this time to redefine the clients, to modify the content of the offer and also to change the access terms. To illustrate this modality, some major labels (ex: Universal Music) took over the distribution and the promotion of DVD for several publishers (ex: Studio Canal). Based on its sales network and promotional capabilities, these major labels were able to develop an innovative value proposition towards the movie industry.

Finally, a **new approach for value creation** is when companies modify jointly the three main components of the BM. This modality involves a modification of the resources & competencies combination, a reorganization of activities and a reformulation of the value proposition. As revenues related to recorded music continue to decrease, the major labels are exploring new ways to create value. Thereby they took some initiatives in order to capture some of the value related to live-music performance, to artist management and to merchandising. In their discourses, managers use the expression "*strategy 360°*" to evoke all the various activities that revolve around music.

In the fifth chapter of the dissertation, the ten modality of change that were observed are presented in more detail. Each modality is the subject of a section. In presenting the data, we took several precautions for the reader to better understand. In the introduction to each

section, we propose, first, a table summarizing the impact of change on the major labels' traditional BM. In addition, significant quotes are also exposed to illustrate each category of change. Then, we constructed timelines in order to demonstrate the timing of the different decisions. Finally, we had a systematic use of footnotes references to reinforce the validity of our research (Prost, 1996).

Chapter 6. BM Change : Synthesis and Discussion of the Results

Analysis and discussion of results are presented in the sixth chapter. By referring directly to the main components of the RCOV model (Lecocq et al., 2006), we show that the impact of change on the BM configuration is very different from one modality to another. Therefore, our analysis reveal different **logics of change** which are different “*types of configuration modification resulting from the modality of change*” (describe in the previous chapter). A typology grouping the four logic of change is presented in table.


The identification of these four logics of change contributes in many ways to the literature. While the authors have previously proposed typologies of BM (e.g. Mahadevan 2000; Rappa, 2000; Timmers, 1998), our analysis leads to the construction of a typology of BM change. Such an approach reinforces a dynamic perspective on the BM concept. By using a configurational framework (the RCOV model, Lecocq et al., 2006), we highlight the systemic nature of change that typically results in modifications of several components of BM. Consequently, we insist in the need to consider several dimensions in the study of change in order to achieve a more comprehensive understanding of the phenomenon. We suggest to use the RCOV model to characterize the degree of variations that results from change. Therefore, the degree of variations is directly related to the number of BM components that are subject to transformation. In a managerial point of view, we believe our typology of change allows managers to look very different approaches to increase their company’s potential of value and profit creation.

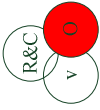
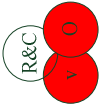
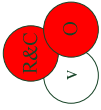
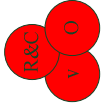
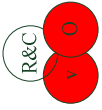
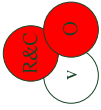
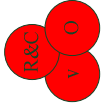
In a second step, we analyze dynamic effects that participate to BM change which contributes to research focusing on the process approach.

First, our analysis provides a better understanding of the first order dynamic (“*the way objects evolve over time*”, Langley and Denis, 2008) by studying the trajectories of the companies. Our research reveals the complexity of their strategic behaviour. On the one hand, companies are constantly changing the structure of BM during the period we observed (1998-2008). On the other hand, companies tend to adopt different approach towards change by using successively different logics of change. Then, we wanted to understand the reasons why the majors to change their approach. Our analysis pointed out several internal factors that influence the companies’ trajectories: **the combination of resources & competencies**,

the expertise and the stability of management. However, our study also reveals several external factors that impact the process of BM change: **the economic context, cognitive representations and the nature of interorganizational network.** Thus, we reintroduce some contingent elements to address the question of BM change from a new angle. While scholars usually assume that actors are fully rational while making strategy, we show that the environment is a major factor influencing decisions to change companies' BM.

Table 4 : Four logics to change the company's BM (detailed version)



Modalities	Logics	BM components			Outcomes
		R/C	O	V	
Internal activities optimization Optimization of the firm's structure of costs Optimization of the firm's structure of revenues Distribution network extension	BM optimization		X		
					
					
					
Combination between different value propositions Creation of new sources of revenue Redeployment of assets in a new activity system	Value creation in alternative activity systems		X		
Value chain enlargement Value chain reduction	Redefining the scope of activities	X	X		
New approach to value creation	New BM	X	X	X	

Secondly, we focus on the second order dynamic (*'the interaction between elements composing the object'*, Langley and Denis, 2008) by studying the relations and the

interdependencies between the main components of the BM. Such an approach helps to better understand the phenomenon of experimentation from the content approach. We observed that a modification of a single component can cause an imbalance or bring up new opportunities calling for adjustments of the other components. However, decisions that lead to the variation of a component of BM do not always have consequences on the other components. For example, most decisions to change the value proposition had no impact on other components (ex: modification of the revenue model, diversification of marketing formats). However, the variation of the combination of resources & competencies usually have an impact on the other components (ex: acquisition or disposal of assets). Highlighting the interactions and interdependencies between the components of BM, the BM approach emphasizes a systemic view of change.

In addition, our analysis shows that decisions impacting the combination of resources & competencies can lead to positive or negative reinforcement effects described by Casadesus-Masanell and Ricart (2007). Therefore, decisions regarding resources & competencies seem to determine the company's ability to develop alternative sources of value. With the concept of "*inter-sectorial complementarities*", we introduce a meta-capability which brings new insights to measure the strategic value of the companies' resources or competencies. Our study shows that companies can create new sources of value when they are capable of redeploying their resources & competencies outside their initial activity system. Based on our empirical study on the phonographic industry, we conclude that the identification and acquisition of valuable resources & competencies is not a key factor to explain the difference between companies that were successful in changing their BM and the ones that were not. The most successful major companies are the ones that preserved their initial resources & competencies and were able to redeploy outside their initial activity system.

Conclusion

In this doctoral research, we sought to shed new light on BM change by studying the evolution of the configuration of BM during a long period of time. The empirical part of the research is based on the French market of the phonographic industry and more specifically on its five major labels. While the revenues resulting from the sales of discs were progressively decreasing since the early 2000s, the major labels reconsidered their traditional BM to face the multiplication of free online music services. Moreover, the emergence of new technologies and the increasing demand for innovative digital music offers (Beuscart, 2006) appeared to be a great opportunity for the major labels to develop new revenue streams. In this particular context that combines opportunities and threats, the recording industry appears to be a conducive empirical field to study BM change.

As with any research, the validity and scope of the results must be specified. In the first section, we undertake a discussion of the limitations of our work to assess the conditions for generalization. The theoretical and managerial contributions of our research are exposed in the second section. This presentation is also an opportunity for us to suggest some tracks that can be pursued in future research.

1. Validity and limits of the research

Before starting to discuss the validity and limitations of this work, it is worth recalling the specifics of our research design.

To begin, we specify the boundaries of our research object. The literature review we conducted in the field of strategy highlights the incompleteness of research regarding BM change. To have a better grasp on this complex phenomenon, we have chosen to focus mostly on the content approach. Therefore, our research object is the company's BM which we define as a configuration of choice within three main components: **resources & competencies, organization** and **value proposition**.

The validity and limitations of our research is highly related to the research protocol that we built to answer the research question. Our research protocol has three major characteristics:

- The study is based on the analysis of the company's **decisions** in order to detect all changes in the configuration of the BM,

- it is based on a **multidimensional perspective** to get a fine delineation of the BM and its core components,
- it is based on a **longitudinal perspective** to take into consideration the temporality of the phenomenon.

These three important characteristics of our research allow very subtle analysis of the variations of the BM's configuration that have occurred throughout the period of observation. If our research is mostly focused on the content approach, we did not overlook the elements related to the process approach. Even if the content and the process approaches are often distinguished in the literature on organizational change, it is difficult to distinguish these two aspects that are intertwined. In research focusing on the content approach, it seems necessary to open the "*black box*" to achieve a better understanding of change (Van de Ven and Huber, 1990, p.214). According to the recommendations of several scholars (Poole and Van de Ven, 2004; Van de Ven and Poole, 1990), we took into consideration the two facets of the change phenomenon to grasp its complexity. By alternating the angles of analysis, our research exceeds the initial frame set by the research question: some of our results bring to light the process of BM change. For example, we have identified several factors that influence the trajectories of organizations (we present more specifically these factors in the second section dedicated to the theoretical contributions). Although he sought to explore as much as possible factors influencing change, we do not claim in this research to have identified them all. The research protocol, which was originally designed to study the content, did not allow us to do so.

The relationship between BM change and the company's performance was not part of the research question that was preliminary set. In our analysis, it nevertheless seemed interesting to examine this relationship. We have encountered difficulties in measuring the company's performance because we did not have access to major label's financial data. Financial communication emanates from the conglomerate's headquarter that consolidates the results of its various subsidiaries. We managed to overcome this difficulty by using other sources of data. We evaluated the levels of business performance using the studies performed by several professional associations (SNEP, observatory music, MIDEM, etc.) and also the interviews (28 interviews of the major labels 'presidents and executives from the phonographic industry that were conducted between 2006 and 2010). However, this method which is based on the actors' representations (leaders, managers, journalists, etc.) appears to be of the main limits of our research.

In addition to precautions related to the delimitation of the research object, scholars should ensure the validity of his work. There are several criteria to assess the validity of a scientific research. Referring to the recommendations of Drucker-Godard, Ehlinger and Grenier (1999), Kirk and Miller (1986), Miles and Huberman (2003) and Yin (2003), three criteria must be discussed: **internal validity**, **reliability** and **external validity**. These three points are discussed afterwards.

The internal validity of our research

To assessment the internal validity of a research, we need to know if we were able to take into account all the variables that could provide alternative explanations regarding the observed phenomena. Throughout our work, we systematically challenged our conclusions by considering rival hypotheses. If they were not as good as the assumptions made to justify the results, then the internal validity of the research is strong. To reinforce the internal validity, we also took a series of precautions. These precautions are related to the methods we used to collect, to analyze and to present the data.

First, the internal validity of the search depends on the data collection protocol. The researcher must make sure to collect a large set of data in order to be able to assess multiple explanatory elements. For this reason, we multiplied the sources of information about the major labels and the context in which they operate. To capture in detail the characteristics of the empirical field, we have mobilized many books and monographs that are specialized on the phonographic industry. Using a heterogeneous set of data sources is also of advantage. For this reason, we used some books that were focusing on the historical dimension (Day, 2002; Gronow and Saunio, 1998; Millard, 2005; Sanjeck, 1998), the sociological dimension (Barfe, 2005; Beuscart, 2006), or the economic dimension of the phonographic industry (Cvetkovski, 2007; Tschmuck, 2006; Weissman and Jermance, 2007; Wikström, 2009).

It is also necessary to diversify the data collection methods in order to reach a satisfying level of data saturation (Miles and Huberman, 2003; Yin, 2003). Given the historical perspective of our research, secondary data sources were extensively used. To reinforce the internal validity of our research, we systematically performed a triangulation between the secondary sources on the one hand, and between the sources of secondary and the sources of primary data, on the other. For example, we used interviews and informal discussions to confirm information that were collected through archives (“*ad hoc validation*”, Baumard and Ibert, 1999).

Then, the internal validity of research lies in the way data were analyzed. While it is important to have a rich pool of data, the researcher should then be able to consider a maximum of hypothesis. However, the limit of the researcher's rationality naturally tends to reduce his capacity to assess alternative explications. For this reason, we have consistently exposed our intermediate results to our colleagues during laboratory meetings (the SMOG research laboratory). Conferences and research workshops in which we participated were also an opportunity to share our research development with members of our community and enrich our reflection.

In addition, a key method to monitor the internal validity is to present and to discuss our analysis with the actors of the empirical field. So we have regularly presented our analysis and our results to a variety of practitioners in the phonographic industry. This has led to particularly fruitful exchanges that have enabled us to question some of our interpretations and to become aware of some alternative explanations.

Finally, the research's internal validity of a scientific research should be related to the way it is presented. Researchers should explain its approach in a clear and detailed manner to "*make more transparent the path for results development*" (Drucker-Godard et al., 1999, p.274). To this end, we first propose a scrupulous description of the methodological framework (third chapter). We present in detail the methodological choices that we thought to be relevant to respond to our research question, the tools that have been used to collect and to analyze data were also discussed. In addition, the fourth chapter outlines the context of the companies that were studied. It aims to familiarize readers with the phonographic industry, its actors, its complex mechanisms and its recent evolution. Then, the fifth chapter presents the results of this research by presenting ten modalities of change as a direct outcome of the coding of the empirical material. We define a modality of change as a: "*a set of related decisions aimed to modify the BM configuration*". Finally, the sixth chapter is an analysis of research results. We chose this organization in order to offer a clear and detailed presentation of our research.

Beyond the general architecture of the thesis, we paid particular attention to the internal organization of each chapter. Although a chronological presentation appears *a priori* more appropriate when choosing an historical approach (Langley, 1999), we preferred a thematic presentation of results (Jeremy, 2002). We believe such a method describes more efficiently the way our analysis was conducted according to the abductive approach of the research

We must, however, recognize that a thematic organization tends to distort the chronology of events. For that particular reason, we offer in the sixth chapter a longitudinal analysis that enhance the temporal dimension of BM change.

To be transparent about the sources of our data, we have frequently use footnotes (511 footnotes were used) and quotes. These references to the empirical field allow readers to verify the authenticity of information which is a major concern in research based on an historical approach (Prost, 1996).

The reliability of our research

A research is reliable when the redeployment of the same protocol by the researcher or his colleagues leads to similar results (Kirk and Miller, 1986). Once again, the detailed description of our methodological framework tends to reinforce the reliability of our research. We explain in detail the way the empirical field was approached and the way data were collected and then analyzed. Because the BM concept is often approximately delineated, we chose to define precisely the contours of the research object before studying it empirically. Using the RCOV framework as an analytical framework results in a very normative approach to study BM. In addition, we processed a double coding process to increase the results reliability (Allard-Poesi, 2003). We believe the most efficient way to demonstrate the results' reliability is to ask some colleagues to repeat the coding process. However, it was necessary to have a good knowledge of the phonographic industry's specificities in order to process this analytical step (Ibert, 1997). Therefore, we chose not to use this option.

The external validity of our research

External validity is a key issue for research because it determines the generalization potential of the results. For a study case, the researcher should wonder if the results of the research can be applied to different contexts (Yin, 2003). To answer this question, he needs to consider the specificities of the empirical field and the companies that were studied. In this regard, it is a fundamental step to point out several characteristics of our empirical research.

First, we chose to study the five major labels of the phonographic industry, which is an homogenous group of companies. During the preliminary phase of data collection, we found that the majors had many similarities (a high degree of vertical and horizontal integration, an

international position and a market share over 10%). We selected to study the major labels based on Godfrey and Hill's methodological recommendations (1995). The authors encourage researchers to focus on organizations evolving in the same industry or sharing the same strategic group, such a selection facilitates comparisons between cases.

However considering the homogeneity of our cases, our result's potential for generalization can be questioned. The observation of more diversified pool of companies could have led to very different results. For example, it would have been interesting to consider the case of independent labels that capture a small market share, or the case of music shops that are also coping with the decreasing of records sales. These companies may be the subject of future research on BM change.

Also the phonographic industry is a specific empirical field because it is facing a very strong and durable crisis. Very few industries experience a 50% decrease of their market during a ten year period. Nevertheless, we believe the choice to study an industry in crisis to be one of the strengths of our research. As detailed in the second chapter on the literature review, research on BM usually focus on emerging or succesful industries (e.g. Chesbrough, 2007; Johnson et al . 2008b). Few scholars have studied the BM of companies that are facing difficulties. Therefore, our results can be interesting for textile companies or daily-press companies that need to reinvent their value creation logic ("*broken BM*" , Chesbrough, 2010, p.358).

However, the generalization potential of our results is not only limited to industries in crisis. By studying the evolution of an industry on a relatively long period (1998-2008), we observed a wide variety of decisions to change BM, some decisions are responses to new threats but some other are responses to emerging opportunities. Therefore, we believe that our results can be generalized to all sectors. It would be interesting to apply our research protocol to other industries in order to compare the results. This proposition opens up possibilities for future research

2. Contributions

2.1. Theoretical contributions

We believe that the theoretical contributions of our research standat different levels. It introduces interesting insights to the literature on BM, to the literature on change and more

generally to the literature in strategy. We discuss successively these different levels of theoretical contribution.

2.1.1. Contributions for the BM literature

The contributions of our research to the literature on BM can be summarized in three points. While researchers often evoke the necessity to completely reconsider the BM configuration (Johnson et al., 2008; Yip, 2004), we offer a more subtle conception of change. The study of the majors of the phonographic industry first reveals that change often leads to a partial modification of the BM configuration (all components are not subject to variations). In addition, the modification of this configuration can take many different forms that we have described in a typology of change (*the four logics of BM change*). Secondly, our research brings some interesting insights about the relationship between BM and the company's performance. We observed that each logic of change will have different effects on the patterns of value creation and value capture. Thirdly, we introduce some elements of the environment as factors influencing the way organizations change their BM. Now, we explain more precisely why we believe these three points are contributions to the existing literature on BM.

A finer conceptualization of BM change

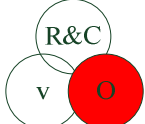
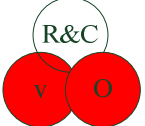
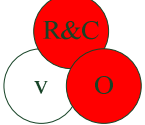
In the literature, we believe that scholars sometimes offer a very simplified vision of BM change. Stressing the need to preserve the BM's consistency (Strebel and Ohlsson, 2006), research shows the difficulties and the risks that are related to changing the company's BM. On the contrary, some research emphasize the need for innovation and they advocate a complete transformation of the BM configuration to achieve new goals or to optimize its profitability (Giesen et al., 2009; Viscio and Pasternack, 1996). The literature usually does not consider intermediary options which would lead to a partial modification of the BM configuration. However, these intermediary options can be necessary to preserve the BM' consistency while changing.

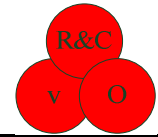
Based on the RCOV framework, our results show that change usually does not concern all components of BM. Most of the time, companies modify some characteristics of their BM while maintaining some former ones. Moreover, our typology of change reveals that there are multiple ways for companies to transform the BM configuration in order to improve its value

creation or its value capture potential. Therefore, the degree of innovation varies widely from a logic of change to another.

Regarding the **BM optimization** logic, variations only operates in the ‘*organization component*’. This purpose of this logic is to increase the volume of revenues or reduce the volume of costs. Other logics of change, however, imply variations in several components of the BM. For instance, the logic of **value creation in alternative activity systems** has an impact on both the ‘*organization*’ and the ‘*value proposition*’ components. However, the ‘*resources and competencies*’ component does not change: companies combine and use them in innovative ways to develop new revenue streams. The logic of **redefining the scope of activities** leads to the modification of both the ‘*resources & competencies*’ and the ‘*organization*’ components. Companies can outsource activities that were previously carried out internally or, alternatively, to incorporate activities that were outsourced to partners. Nevertheless, the value proposition to the customers remains the same. Finally, the logic of **new BM** reflects the view often presented in the literature that change leads to a complete transformation of the BM configuration (variations impact all three components). Our typology of BM change offers a much finer understanding of different path that can be adopted by companies who want to preserve or expand their profitability. We have synthesized the four logics of change in table 5.

Table 5 : Four logics to change the company’s BM (simplified version)

Logic of change	Synthèse
BM optimization	
Value creation in alternative activity systems	
Redefining the scope of activities	



A dynamic conception of the relation between BM change and performance

In the literature review, we pointed out the link between BM and the company's performance was an important concern for academics. Researchers consider that a consistent BM will usually result in a better performance (Morris et al., 2005; Shafer et al., 2005). Thus, research tends to provide a static view of the relationship between BM and performance. If the configuration of a BM can explain a level of performance at a given time, there is no indication of what the performance will be if the configuration change. In our research, we adopt a different angle to discuss the relationship between the two concepts.

First, we studied the impact of the configuration's transformation on performance. Taking into consideration the four logics of change previously presented, we show that change can have different consequences on the value creation and the value capture schemes. **BM optimization** and **redefining the scope of activities** have impact on how value is distributed among stakeholders; companies favor these logics of change in order to capture a larger share of the value. Contrariwise **value creation in alternative activity systems** and **new BM** aim to create new sources of value creation. Therefore these two logics usually have a more important impact for companies since they are no longer limited to the sources of value creation of their initial activity system; they create new sources of value creation. One of the contributions of our research is to explain how the relationship between BM and performance evolves over time.

Secondly, our research offers a better understanding of the reinforcement effects within BM that explain that competitors can have very different levels of performance. Before us, Casadesus-Masanell and Ricart (2007) and Seelos and Mair (2007) described some positive, 'virtuous circles', and negative effects, 'vicious circles', by studying different companies. The adoption of a longitudinal research enabled us to explanation of the origin of these phenomena: we observed that decisions related to the 'resources & competencies' component can lead to feedback effects between the components of BM. In the phonographic industry, the decisions related to resources & competencies appeared to be very different from one

major label to another. In the early years of our study (between 1998 and 2004), Universal Music decided to reinforce its artistic catalogue and to maintain its ability to promote and distribute recorded music. In the meanwhile, EMI Music radically reduces its artistic catalogue and decided to lay-off about half of its workforce. These very different approaches have then determined the trajectories of the major labels. Since 2005, Universal Music can use its great combination of resources & competencies to develop multiple partnerships outside the initial activity system (ex: Société Générale, Vodaphone, Microsoft, Zune). These partnerships are beneficial to the company as they result in the creation of innovative value proposition and new sources of value creation. The trajectory of EMI Music was very different because their resources & competencies were much weaker. Therefore, our analysis shows that a change in the combination of resources & competencies can lead to reinforcing effects among the BM components that will determine the company's performance.

The environment as a factor influencing the choice of a new BM

While adopting a longitudinal perspective on our data, two important aspects appeared to be particularly interesting. First, the majors have continually changed the configuration of the BM over a period of ten years and, secondly, they have used alternately different logics of change. Then, we wanted to understand why organizations decide to go from a logic of change to another.

In the literature, scholars identified several factors that shape the way BM evolves over time: the leaders' experience and knowledge (Sosna et al., 2010), their intrinsic motivations (Svejenova et al., 2010) or the companies' goals (Teece, 2010). In line with these research, our study suggests several internal factors that determine the companies' capability to change their BM.

As we mentioned earlier, resources & competencies can greatly influence the capacity to change. Companies that have a rich combination of resources & competencies are more likely to seize the emerging opportunities. Our research also shows that the stability of management plays an important role in the company's ability to change. This result may appear inconsistent with certain assumptions about change in the neo-institutional literature. Based on the concept of institutional work, Lawrence and Suddaby (2006) explain that the introduction of new actors facilitates the evolution of cognitive representation. However in the context of the phonographic industry, the introduction of new management teams did not

facilitate change. For example, EMI Music hired several executives from Google and Second Life in order to identify new opportunities and to have a fresh look at issues faced by the major company. Yet change has not been successful because of the tensions that emerged between employees who do "*not speak the same language.*" On the contrary, Universal Music' management team remained the same during the period of observation. Our interviews reveal that management stability is a key factor that eases the identification of new opportunities. As Stéphane Tavernier, president of Sony Music, mentioned: "*For EMI Music, Sony Music, BMG and Warner Music, the problem is that they have been sold, resold, restructured, merged and so on. They could not apply a persistent strategy like Universal Music did (...) The stability of the management gives a long-term perspective, unlike us who had to change goals every 2 years*"¹³.

Besides the stability factor, we considered several alternative hypotheses that may explain the company's ability to change. We believe the leader's personality and his skills are also an important factors explaining why companies are successful in changing their BM, however, empirical evidence at our disposal did not allow us to demonstrate it.

If we highlight several internal factors, the contribution of our research is mainly in the identification of external factors that influence the process of BM change. We explain that the companies' trajectories are influenced by the **economic context**, **cognitive representations**, and finally **the relationship between the focal company and its organizational network**. We detail these three factors in the following paragraphs.

First, the **economic environment** appears to be an important factor determining BM change. Our analysis shows that the major labels' decisions were influenced by the phonographic industry's potential of value creation. When this potential is perceived as sufficient, companies are focusing on seizing opportunities within the initial activity system. In this context, we observed that major labels favored **BM optimization** and **redefining the scope of activities** logics in order to capture a larger share of the initial activity system's value potential. When the potential for value creation was not perceived as sufficient, companies, however, searched for new opportunities and preferred other logics of change. They adopted **value creation in alternative activity systems** and **new BM** logics to develop new sources of value creation.

¹³ Interview conducted on 06/08/2010.

Secondly, we show that the evolution of cognitive representations has also played an important role in the change of BM. In the BM literature, academics have shown that cognitive templates can limit the company's ability to change (Garfield, Taylor, Dennis and Satzinger, 2001; Pfeffer, 2005). In mature sectors, companies usually converge to a dominant BM (Chesbrough, 2010; Sabatier, 2011).

Our analysis shows that the evolution of cognitive representations is a key driving force for change. From 2005, the growth of partnerships between different activity systems has led to a substantial evolution of the major labels' representations. These new type of interactions stimulated the managers' creativity to adopt new business patterns. From this period, we observed the development of new offers and innovative revenue models. For example, even if the major labels were firmly opposed to add-supported music offers, their position changed while they had to work more and more with Internet service providers such as Yahoo or Youtube. Therefore, cognitive representations determine the ability of companies to identify new opportunities.

Thirdly, the company's ability to transform its BM depends on the characteristics of the organizational network (the conglomerate, in the major labels' case). Thus, participating in an organizational network can have a positive or a negative effect on change process.

Like some research on Korean groups, the "*chaebol*", and Japanese groups, "*the keiretsus*" (Chacar and Vissa, 2005; Chang and Hong, 2002; Ellis and Fausten, 2002; Mahmood, Zhu and Zajac, 2011), we show that conglomerates can have a positive influence on their subsidiaries. Our analysis reveals that interactions between subsidiaries enable the evolution of cognitive representations which, as we previously mentioned, facilitate change. In the phonographic industry, major labels that regularly interact with other subsidiaries within the conglomerate were able to identify emerging opportunities. As Pascal Nègre, president of Universal Music, mentioned: "*I will always remember when I met the executives from SFR¹⁴, we were in a strategic meeting with the bosses, the marketing director and so on. For the first time, I was able to use 3G phones and see how it worked. Therefore compared to my competitors, I knew what the 3G technology was because I had seen it. Synergies between ideas are very important*"¹⁵.

However, conglomerates can sometimes have a negative impact on the subsidiaries. In AOL-Time Warner, Bertelsmann Group, Sony Corporation and Vivendi, tensions regularly

¹⁴ Vivendi Universal's telecommunication subsidiary.

¹⁵ Interview conducted on 04/26/2010.

emerged between various subsidiaries. These tensions were due to conflicts between the subsidiaries' BM (Markides and Charitou, 2004; Moingeon and Lehmann-Ortega, 2010). In this context, the group may have a coercive influence that can significantly reduce the ability to change. For example, Sony Music could not seize some opportunities to diversify its sources of income due to the influence of Sony Corporation (their priority was to sell electronic devices, not music contents).

Despite the tensions that exist with conglomerates, we observed that some major labels have more or less freedom to adopt the strategy they want. As we just mentioned, Sony Music's actions were limited because of the conglomerate's influence. On the contrary, Universal Music had the possibility to seize a wide range of opportunities inside and outside its initial activity system. For example, Universal Music was able to establish several partnerships with Orange and Bouygues Telecom even if they are competing with SFR (Vivendi Universal's telecom subsidiary).

Our analysis shows the ability to change is related to the nature of links between the companies within the organizational network: when ties are weak, it appears to be easier for a company to change its BM. On the one hand, networks composed with weak ties provide the possibility for the company to seize multiple opportunities, on the second hand, they limit the risk of '*cognitive lock-in*' (Gargiulo and Benassi, 2000; Uzzi, 1996) that can limit the company's creativity.

In the BM literature, academics usually tend to consider that actors are rational and they can freely decide the way they want to change the value creation logic of the company. Otherwise, research does not explain how the environment can affect the schemes of value creation and value capture. On these two points, we believe our work stands as an interesting contribution for the BM literature by re-introducing the environment as a factor influencing the choice to adopt a particular BM rather than a variable to which a company has to adjust.

2.1.2. Contributions for the literature on organizational change

The interest of this research is not limited to the field of BM, we believe these results also contribute to the literature on organizational change. The BM approach offers the opportunity to better understand the way the different components of organizations interact during change, which is often overlooked in research (Langley & Denis, 2008). Our research demonstrated the necessity to adopt a multidimensional perspective to study change in order

to grasp its complexity. Then, we propose to use the BM concept to assess the amplitude that results from the change process. We believe this is an important contribution because the concept of amplitude in terms of innovation appears often ambiguous in the literature.

A more exhaustive representation of the dynamic of change

Langley and Denis (2008) consider that a major limitation of research on change is to overlook the second order dynamic. According to the authors, "*this second order dynamic implies feedback loops that explains the unpredictability of the process. In particular, actions related to organizational change can cause short-and medium-term effects that can alter the context of a change in progress or can create vicious cycles of reactions that can result to unexpected outcomes*" (Langley and Denis, 2008, p.21).

Because of the content approach that we chose to adopt, our research offers the opportunity to study distinctively each component of BM and to highlight the interactions between them over time. Our analysis shows that change is sometimes an emerging phenomenon resulting from interactions between the components of BM. In other-words, a variation in a component of the BM can then have repercussions on other components (Demil and Lecocq, 2010). If existing research have already pointed out the unpredictability of change (Chesbrough, 2010, Doz and Kosonen, 2010), we observed that all change decisions do not necessarily have consequences through the different components of BM. For instance, changing the access terms of the value proposition often has no implications on the other components of the BM. By cons, we found that changing the resources & competencies generally have an impact on the organizational choices of organizations.

Our research also highlights the systemic nature of change. Decisions to change usually have a combined effect on several components of the BM. In the literature, academics tend, however, to observe on the market dimension (ex: the introduction of new products) or on the technological dimension to study change. While focusing only on a single dimension, these studies offer a partial representation of organizational change. Therefore, they are not able to measure precisely the implications of change on the company's resources & competencies or on the way it organizes activities. Thus, it appears necessary to adopt a multidimensional perspective to reach a more exhaustive vision of organizational change. In this sense, the BM appears to be a useful analytical tool that helps integrating multiple dimensions relevant to study organizational change.

Using the BM to assess the amplitude of change

In line with the previous argument, we consider that the BM approach offers the possibility to define the amplitude of change that is not formally conceptualized in research. This concept refers to the degree of variations that results from the change process. By taking into consideration the studies of Abernathy and Clark (1985), Dewar and Dutton (1986) or O'Reilly and Tushman (2004), scholars usually consider the features of a technology or the intrinsic characteristics of an offer to assess the amplitude of change. We believe that it is not satisfactory to use a single dimension to evaluate the outcomes of the change process. When using a multidimensional framework (such as the RCOV model, Lecocq et al, 2006), we were able to measure the amplitude of change based on three main elements (resources & competencies owned by a company, its organizational choices and its value proposition). Therefore, the BM approach offers a more comprehensive way to study the outcomes of change.

2.1.3. Contributions for the literature in strategy

More generally, this research provides also some contributions to the literature in strategy. Our study shows that value creation mechanisms do not only lie at the firm level or at the industry level. We demonstrated that companies can significantly increase their value creation potential by building linkages with different industries. However, the opportunities to develop new source of value creation outside of the activity system's boundaries are determined by the nature of the focal firm's resources & competencies. We introduced the "*inter-sectorial complementarity*" concept to assess the resources & competencies' strategic value at an inter-industrial level of analysis. Secondly, our analysis highlights the active role of companies in the redefinition of industry boundaries. We now expose these points with more details.

An analysis of the mechanisms of value creation at an inter-industrial level of analysis

Our results provide a new to look at value creation and value capture which are regularly discussed in the strategy. In the second chapter, we saw that these questions are addressed differently in the various streams of research. In the Porterian approach, the value creation

potential is mainly determined by the company's position within the value system (1996). The concept of "*profit pools*" is, for example, refers to those activities that are most profitable (Gadiesh and Gilbert, 1998). Emphasizing on the organizational dimension, the company can therefore expect to capture a greater share of value by changing its position within the activity system (Slywotzky, 1996). Contrariwise in the resource-based view, value creation results from the combination of resources held by the firm (Barney, 1989; Wernerfelt, 1984). The BM approach offers an opportunity to have a fresh look on these questions. For Amit and Zott (2006), the main interest of BM in the field of strategy is to go beyond organizational boundaries to understand the mechanisms of value creation. By introducing the "*open BM*" concept, Chesbrough (2006) demonstrates that firms can maximize their value creation potential by leveraging the resources & competencies held by stakeholders participating to the activity system.

Our research shows that sources of value creation do not only lie at the firm level or at the industry level. In the phonographic industry case, most opportunities to develop alternative sources of value creation result from new inter-organizational partnerships between the major labels and the manufacturer of electronic products, the telecommunication operators and the Internet service providers. Thereby, we believe it is important to adopt an inter-industrial perspective as a new level of analysis to fully capture the value creation mechanisms.

By studying the new partnerships that were formed outside of the phonographic industry, we highlighted a key meta-capability that determines the company's ability to develop alternative sources of value creation outside its initial value system. We label this meta-capability as "*inter-sectorial complementarity*". In their research, Barney (1991) and Amit and Shoemaker (1993) identified several factors to measure the strategic value of resources at the firm level. For instance, Barney (1991) stresses that resources should be valuable, rare, inimitable and non-substitutable at the. Our analysis emphasizes the need for complementarities at the inter-organizational level. However, our approach is different from the one of Brandenburger and Nalebuff (1996) in the "*co-opetition*" model. While the authors focus on the complementarities between several companies' value proposition, we believe it is more relevant to consider more generally the complementarities that might exist between their resources & competencies. For example if NGOs and multinationals have very different value propositions, their resources & competencies can be combined in a virtuous way (ex: NGOs' legitimacy and multinationals' economic power, Dahan & al., 2010). However we

believe it is necessary to conduct further investigations on the “*inter-sectorial complementarity*” factor in order to test its relevance.

The company’ role in redefining industries’ boundaries

Industrial boundaries mobility is a phenomenon that raises many questions in the literature (Zietsma and Lawrence, 2010). In line with Watkins (2006)’s research, our results show that agency appears to be a key driver in redefining the boundaries of an industry.

In the phonographic industry, we observed that major labels integrated some activities that were not part of the initial activity system: live-performance, merchandising and artist management. Our empirical data shows that these activities are now perceived as being part of the phonographic industry (Wikström, 2009). In interviews that were recently conducted, managers consider that this evolution is “*natural*” because these are the activities that surround artists (ex: the “*strategy 360*” expression is commonly being used). Although strong relations have been established with electronic manufacturers, telecommunication operators or Internet service providers, these industries are, however, not perceived as part of the phonographic industry. Therefore, we found that companies are active in the redefinition of industry’s boundaries by selecting activities that they integrate.

2.2. Contributions for managerial practices

Contributions are not only theoretical; the results of this research may interest entrepreneurs and managers. First, our work provides to a detailed description of the evolution of the phonographic Industry. BM appears to be a useful analytical lens to understand the implications of change at the firm level and more generally at the industry level. Secondly, we believe that several results of our research are likely to be useful for practitioners who want to change their company’s BM. From these results draws a set of managerial recommendations to help companies identifying new opportunities and exploiting them to create new sources of value creation and profit.

The BM approach, a relevant tool to study the evolution of an industry

During conversations with managers of the phonographic industry, they regularly expressed their inability to grasp the implications arising from technological innovations and new ways to consume musical contents. Thereby, we believe the “*BM lens*” offers interesting insight for practitioners to analyze changes at the firm level or more generally at the industry level. For example, we saw that resources & competencies that were strategic during the traditional period (the artist catalogue, the distribution and promotion network) still determine the companies’ value creation potential in 2008. However, we note that the sources of income have significantly diversified. Beyond the revenue resulting from the sales of recorded music, the phonographic industry now captures revenues related to the distribution of advertising content, to the sale of merchandising, to the management of the careers of artists, to the organization of live-music events or to the sale of DVDs. In the literature, the BM is often presented as an analytical tool to translate the logic of value creation and profits of a company. By engaging in a longitudinal perspective, we show that the BM approach also offers the possibility of conducting a particularly subtle analysis of an industry’s transformation.

Some recommendations for the implementation of BM change

More generally, we believe that the usefulness of our study is not limited to the context of the phonographic industry; practitioners from different backgrounds can be interested in our results.

In the field of strategy, research on BM provides some methods to plan BM (Auer and Follack, 2002; Papakiriakopoulos, Poylumenakou and Doukidis, 2001; Pateli and Giaglis, 2005; Petrovic, Kittl and Teksten, 2001). Scholars describe a series of steps to help managers designing an innovative BM to reach new goals. These methods do not directly address the need to preserve the BM’s consistency for the company to remain competitive. We believe that main concern for manager is not so much to understand “*how to implement change*” than to determine “*which configuration of choices will allow the company to reach new goals or to adapt to its environment while remaining competitive*”. From this perspective, we believe that the results of our research are interesting for managers.

First, the typology of BM change can be used as a reflection framework for decisions. The four logics of change that we presented are different ways for companies to transform the value creation schemes and to capture a larger share of this value. In this sense, our typology

provides an opportunity for managers who make strategy to consider a variety patterns to change. To help them in this process, we highlight two main criteria that can determine the choice of a type of BM reconfiguration: the company's goals and the value creation potential of its activity system. We now expose these two criteria in details.

First, the choice of a logic of change must be consistent with the company's goal. An internal diagnosis is necessary to determine whether the priority is to innovate or to minimize the risks associated with change. If innovation appears to be the priority, **redefining the scope of activity** or adopting a **new BM** are relevant options. If the organization prefers to minimize risks, it should, however, favors the **BM optimization** or the **creating value in alternative activity systems** logics that do not require a high level of investment and reorganization. Moreover, these two logics which induce more incremental variations are less likely to disrupt the company's consistency.

Secondly, the choice of the logic of BM change should be based on an external diagnosis to determine the value creation potential of the activity system in which the focal firm participates. If this potential is strong, the company may try to capture a larger share of the value (**BM optimization** or **redefining the scope of activities logics**). If the value creation potential is weak or it tends to shrink from one year to another, companies should try developing new sources of value (**creating value in alternative activity systems** or **new BM logics**).

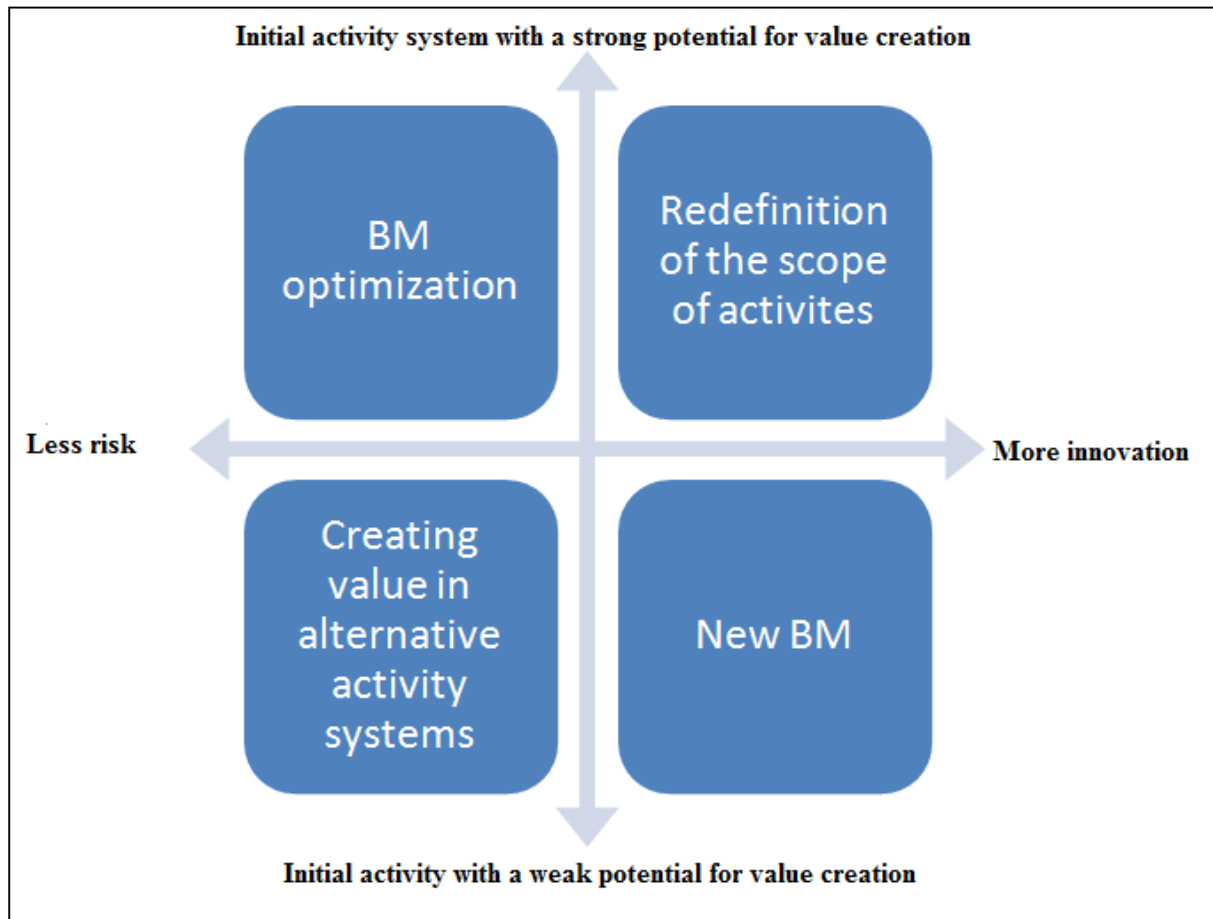
In a managerial perspective, the typology of change in BM is a tool to support the decision process. Figure 6 shows the different options to change the company's BM based on an internal and an external diagnosis.

Otherwise, it is often difficult for managers to imagine new value creation logics because of the coercive pressures related to the cognitive frameworks. Our study shows that inter-industrial interactions can stimulate creativity. It is therefore important to encourage these type of interactions, even if they remain informal, to facilitate the identification of new opportunities to change. Nevertheless in the context of an organizational conglomerate, it is necessary that subsidiaries have a certain freedom of action to seize opportunities (Lord, Mandel and Wager, 2002; Zook and Allen, 2003).

Finally, our results can be applied to "*creative industries*". This refers to all economic activities that create value using knowledge, artistic creation and information (Chantepie and Le Diberder, 2005; Hesmondhalgh, 2002). Under the creative industries label are grouped

architecture, art, film, design, publishing, video games, software, fashion, music, radio, research & development, advertising, television, theater (Howkins, 2001, pp. 88-117) or even research (Hesmondhalgh, 2002).

Figure 6 : How to select a logic to change the company’s BM



Since the introduction of Internet, creative industries are facing difficulties to make profits out of their immaterial capital (Montmorillon, 2001). Our research presents several creative initiatives that were adopted by the major labels to develop alternative sources of profit. For example, the majors took advantage of complementarities between the "contents" and "hardware" (ex: the creation of bundles that combine electronics and musical recordings) or between the "contents" and the "networks" (ex: IT infrastructures or social networks). Likewise, the creative industries can partner with companies who hold the complementary resources & competencies (electronic manufacturers, telecom operators, social networks) in order to diversify their revenue sources. More generally, we believe that the actions of BM changes described and analyzed in this dissertation can inspire the players in the creative

industries to develop alternative sources of value creation and to preserve their profitability over the long term.

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