

Changing Business Models—What Is Next?

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Abstract

This article focuses on business model changes in a disrupted industry. Business models are viewed as contextually embedded and are based on the idea that “history matters.” Repositioning of the firm is not an isolated task of the focal firm without the explicit inclusion of path dependencies and the current position of the focal firm. Business models are interconnected through relationships and cannot be changed in isolation. A business model change or re-design has to include both prior choices and relationships with business partners. To research how history matters in a changing industry, we focus on the advertising industry that is undergoing severe market disruption due to globalization and digitalization. We identify and describe actual business models in the industry. Further critical challenges are identified that affect the degree and how agencies change their business models. This article is based on multiple methods including expert interviews, workshops, nine case studies, and a survey of 220 advertising agencies. The findings contain the identification of four actual business models: digital, strategic/network, operation, and full service. Also a number of barriers have been identified that represent challenges for the Danish advertising agencies in repositioning themselves within the advertising industry.

Introduction

Despite the growing interest within management studies for a business model and its inherent emphasis on context or surroundings, the interest within the marketing industry has been low. Coombes and Nicholson (2013) notice that only eight marketing articles have been published so far. In this article, we have a marketing focus on business models. Our perspective corresponds to Morris et al. (2005), Holm et al. (2013), and Osterwalde and Pigneur (2009), who are concerned with how firms create value and for whom, how firms position themselves in the market, and how the firms align and take advantage of their own competences and resources and the implications over time in terms of the ability to increase earnings. As firms operate in a given context or industry, this implies that firms are embedded in a particular network that offers opportunities and limitations for business model innovation and vice versa (Mason & Spring, 2011, Teece, 2010).

Firms' choices build on an understanding of previous choices, possibilities, and limitations within a given setting. Potential strategic changes therefore depend on positions held and constraints inside and outside the firm. Sydow et al. (2009) have noticed that firms tend to stick to their existing business model that includes current patterns of behavior and customers. Still, these firms' surroundings are not stable. Resources are re-combined all the time and new technologies emerge (Chesbrough & Rosenbloom, 2002). Customers continuously look for new solutions and more value. Customers' needs and wants may therefore not be seen as stable but as changing over time. This raises the questions of when and how to address changes in the surroundings. Business models are said to address change and development (Chesbrough, 2010, Hacklin & Wallnöfer, 2012). Demil and Lecocq (2010) have, on one side, made the point that firms must develop and refine their business model to create an internal alignment and, on the other hand, adapt to their surroundings. A firm's business model is not fixed, but must change and adapt over time to changing circumstances. A firm's ability to successfully change and adapt its business model over time in a changing market, industry, and other environmental conditions plays a key role in its survival and growth. However, some firms face more radical changes than others.

We focus on the advertising industry, which is now facing the most disruptive event in its history (Fulgoni & Lipsman, 2014, p. 11). Since the turn of the century, Danish advertising agencies, like agencies in many other countries, have felt the pressure from a more globalized economy and a

changed media market (Ford et al., 2011; Kalliny & Ghanem, 2009). This disruption is also due to Internet-based advertising that has the effect of a “gale of creative destruction’...sweeping across the advertising and media landscape” (Evans, 2009, p. 37). The number of new digital platforms for advertising is increasing all the time and tomorrow’s marketing response will be different than today’s. The changes in the advertising industries require the advertising agencies to actively transform their business models.

As the fundamental understanding of the role of advertising agencies is challenged, questions are being raised about the direction in which the agency is heading as an organizing entity, what its future role is, what services it should offer its clients, and how well it manages to change its business model. Advertising agencies are experiencing the challenges of digitalization and a more globalized market in different ways. Even though the tasks, organization, and aims of the agencies differ, they will eventually feel the pressure from the market and have to adapt to it to make smoothly coordinate and effectively use its resources. The question is therefore how the business model can be changed accordingly.

We aim to gain a better understanding of business models in the advertising industry by identifying actual or archetypes, as well as understanding the challenges that advertising agencies experience when attempting to change their business models. As we depart from a marketing point of view, we, in particular, address the impact that customers have on the changing of the business model. In this article, we pose the following questions:

- What types of business models actually exist in the advertising industry?
- What are the challenges of changing business models within the advertising industry?

The article is structured as follows: First, the article discusses the business model literature and briefly outlines the changes in the advertising industry. The method applied is then presented as multiple methods built on nine cases, workshops, expert interviews, and a survey with 220 respondents. The selected method, multiple methods, is used in order to gain a nuanced and comprehensive understanding of the changes in the industry and the firms’ perceived business models and the challenges of changing them. The article primarily reports from the survey and the results are presented in the article. Finally, we discuss the results and offer a conclusion.

Business Models and Industry Changes

There has been a growing interest in business models in theory and practice for more than two decades (Mason & Spring, 2011; Zott et al., 2011), and different definitions of what business models are have been provided (Magretta, 2002; Morris et al., 2005; Osterwalde & Pigneur, 2009). Zott et al. (2011) found a number of different definitions or understandings, such as a presentation, an architecture, a conceptual tool, a structural template, a framework, and a pattern set. Many of the definitions of what business models are can, at a generic level, be said to be a representation of the core logic that drives the business of the single firm (Magretta, 2002). What business models seem to provide is a holistic or generic picture of firms and how they relate to their surroundings, or as Mason and Spring (2011, p. 1033) phrase it, “capture important elements of organizational strategy and make them form a coherent and compelling whole.” Business models can be seen a “market device” (Gallon et al., 2007) or “bundles of practices” (Mason & Spring, 2011), which makes it possible for firms to make sense and operate in a complex interplay in networks that consist of resources, activities, and actors (Håkansson et al., 2009). In other words, we see business models as the conceptualization of “something that exists out there,” but the meaning of the different elements is something that is generated in interactions between the different actors in and around the firms (Doganova & Eyquem-Renault, 2009; Tikkanen et al., 2005).

Some of the understandings, or frameworks, have become widespread and used in practice, such as the Business Model Canvas (BM-Canvas) by Osterwalde and Pigneur (2012). An issue that is largely overlooked in the BM-Canvas is the management of firms and their ambitions and goals, which may prevent the possibility to realize those ambitions and goals due to earlier choices. Although the BM-Canvas includes the supply and customer sides, it, to some extent, promotes the idea that business model development, or re-design, is a task that can be done from the view of the focal firm without explicitly including prior choices and relationships with business partners. Re-positioning of the firm becomes an isolated task of the focal firm without the explicit inclusion of path dependencies and the current position of the focal firm. Other authors have a corresponding internal focus on the business model (Markides, 2013; Casadesus-Masanell &

Ricart, 2009; Teece, 2012). More recently, BM researchers have started to put a more external focus on the development of business models (Aspara et al., 2011; Coombes & Nicholson, 2013; Tongur & Engwall, 2014).

As described in the introduction to this article, prior choices can limit future possibilities, resulting in path dependencies. In relation to this point, Mason and Spring (2011) notice that path dependencies exist and so it can be difficult for firms to change or to step out of their path. For example, the choice of technologies and routines early on can create lock-in effects (Doz & Kosonen, 2010) that make changes to the business model difficult, due to prior investments and the way actors now perceive and handle their activities (Hayes, 2010). The possible ways a firm can change its business model is not only influenced by previous choices and priorities but also by the previous choices and priorities of others. The position the firm has in a network and how other actors perceive it and the prior choices made to become attractive within a network binds the firm and creates its path dependencies. In other words, no firm is in overall control here. The task for each firm is to try to respond and adapt its business model in such a way as to ensure its survival and development (Ritter, Wilkinson, & Johnston 2004). Business models may therefore be seen as something that can be expressed in a number of elements—value propositions, key activities, customer relationships, and others—but elements are not just something that can be adjusted here and now by the focal firm. Changes happen over time and include interconnected activities to create legitimacy and acceptance by other actors.

Change or adaptation of business models has gained interest in the business model literature (Bohnsack et al., 2014; Mason & Spring, 2011; Demil & Lecocq, 2011; Sosna et al., 2010; Teece, 2010). Emerging industries and their striving to filter a successful generic business model that rests on competitive advantages has been discussed (Sosna et al., 2010, Chesbrough & Rosenbloom, 2002). It still remains unclear how a successful business model emerges, or what a “right” business model is (Coombes & Nicholson, 2013; Chesbrough, 2010). We question if such general patterns for success can be found, as we see business models and their success as highly contextualized. Therefore, we find it more fruitful to understand the institutionalized settings of the focal firm in

the networks and on the markets and the mechanism that makes changes in the business models emerge (Doganova & Eyquem-Renault, 2009).

In this research, we have used the vocabulary from the business model literature (i.e., Morris et al., 2005; Osterwalde & Pigneur, 2009), and we learned that the actors found this very useful. The framework we provided made it possible to address the central issues of importance for the firms and discussed these in depth with the respondents. We have followed some of the same lines as Mason and Spring (2011, p. 1038), who sees “business models become institutionalized in the performance of actors as individuals, in business networks and in markets; across multiple sites over time.” Morris et al. (2005) and Osterwalde and Pigneur (2009) hold many similar views in their conceptualization of business models. Morris et al. (2005) differ with regard to their emphasis on the aims of the firms and their positions in the market.

Business Models in the Advertising Industry

During our case studies, it became apparent that newly established advertising agencies differ regarding whether their aim is to establish a solid agency and sell it after five to six years, to grow as fast as possible, or to get the agency up and running at a certain level. The case studies also made it clear that the position in networks and the overall market reputation of an agency are essential for understanding its business model. One of the case firms was well-known as a packaging provider within the food industry. This made it difficult to address new customer types outside the food industry, but it also revealed the internal activity streams and resource bundles were aligned accordingly.

The advertising industry is particularly interesting to research in order to understand how business models change and the challenges firms face when attempting to change their business model because the industry is undergoing disruptive changes as a result of the IT revolution and globalization. The firms are aware of the need to change, and many firms are actively attempting to change their business model. By investigating one industry, we can compare how the advertising firms have different business models and what they perceive as the central challenges in their efforts to change.

The agencies face a fast-moving environment in which new expectations from clients demand not only awareness but also the ability to comply. Advertising agencies in market economies like Denmark have become a part of a globalized market in which closeness to and understanding of the client are not enough anymore. Furthermore, the advertising agencies have been changing as customers look for a wider variety of Internet platforms for advertising. The demand for Internet advertising solutions more than doubled between 2005 and 2012, whereas the demand for printed solutions fell more than 30% (GA, 2013). Customers are increasingly looking for providers of digital advertising solutions in the Danish advertising market. Advertising agencies are therefore faced with requests for value propositions with different content than earlier on. This shift in the market by the customers is at the core of the survey questions discussed in this article: What are the generic business models in the advertising industry? What are the possibilities to adapt the business model? What role do the customers play in this process?

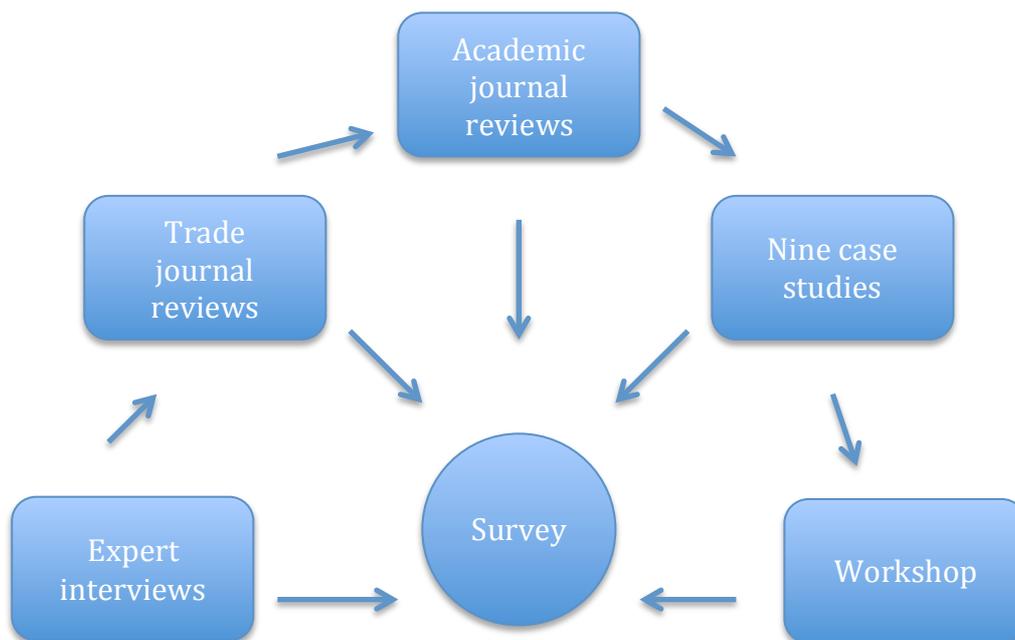
At the general level, advertising agencies perform various activities: brand strategies, creative processes, production, and media buying (Devinney & Dowlinga, 1999). In these activities, creativity and innovation seem to play important roles (Malefyt & Morais, 2010). More recently, business development and consulting services play an increasing role in advertising agencies' portfolios. These activities can be offered by a single entity (i.e., an advertising agency) or perhaps they are more commonly spread over number of actors in a network. In globalized markets, these actors may be located all around the world (Sheth & Sharma, 1997). Therefore, the advertising agencies must raise the question of which role they should seek in the future (Kalliny & Ghanem, 2009).

The research builds on mixed methods and, to date, only few quantitative or mixed-method studies have been found that report on changes in the business models in a particular industry (Markides & Chariritou, 2004). In the following sections, we describe the method applied to investigate these article's questions.

Method

Investigating different types of business models and their application in an industry is complex. We have used an explorative mixed-methods approach (Hesse-Biber, 2010; Creswell & Tashakkori, 2007; Collins et al., 2006; Jick, 1979) with which we have collected data through a number of methods: expert interviews, secondary data from trade journals and academic journals, case studies, and a workshop. Insights from these sources were then used as the foundation for a survey (see figure 1). Overall, we have used a research approach that combines the sequential and the simultaneous in an approach that, according to Morse (2010, p. 483) “warrants exploration.”

Figure 1. Multiple methods used to identify generic business models within the advertising industry



First, expert interviews were used to gain insights into the industry and its trends. This was done at the start of the research process that took three years (Denzin & Lincoln, 2000; Miles & Huberman, 1994). Three interviews were conducted with practitioners from the industry, and

one of these interviewees was the chairman of the advertising association. An academic marketing researcher was also consulted. The expert interviews produced two main outcomes. The first was the mapping of the factors pressuring on the industry, including globalization, new media, and actors such as media and communication firms so that advertising firms are now competing more intensely than ever. The second was that many of the incumbent agency agencies were having trouble adapting to the new rules of the game.

Second, trade journals were reviewed, and the Danish trade journal *Markedsføring* (i.e., No. 1, 2012) and the practical-oriented academic *Journal of Advertising Research* (i.e., West et al., 2011) were two of the main sources. In the trade journals, the overall tendency of new media's growing importance, the transformation of the industry, and the intense competition were confirmed. Also a picture of the different reactions to the ongoing changes in the industry was found: New types of network- and digital-based advertising agencies were emerging in the market.

Third, the review of academic journals followed a process close to what Rousseau et al. (2008) called "integrative reviews," where the aim is to synthesize across the existing knowledge base. The review served as the foundation for an understanding of different definitions of business models and how changes of business models are mirrored in the literature.

Fourth, nine case studies were made in line with Eisenhardt (1989, p. 549) as she sees case studies "well-suited to new research areas." These case studies followed a two-step approach. The first case study functioned as a pilot study with the aim to learn about the industry and processes that the advertising agencies are using to deliver value to the customers. The pilot agency was selected based on two criteria: 1) provide a relatively broad range of services and have the size that was typical for the industry (the advertising agency had 15 employees and provided typical services: single adds, campaigns, and communication consultancy). The next step was the selection of eight advertising agencies that could give insights into the four types of business models that we had identified. These four types of business models were identified based on the expert interviews, trade journals and business model journal reviews, and the first pilot case study (Stake, 2005). The

generic business models were named “Strategic,” “International,” “Network,” and “Digital.”¹ All nine cases included interviews with the advertising agency and with one or two of the customers and, in most of the cases, an interview with a supplier. The nine case studies gave, besides the providing of grounding (Miles & Hubermann, 1994) for the four types of business models, input into understanding the challenges of adapting or fundamentally changing the agencies’ business models. The cases provided a solid picture of the internal challenges of adapting of resources, activities, values, cost/earning structure, as well as external relationships and re-positioning. In particular, the significance of path dependencies became apparent.

Fifth, after the nine case studies were analyzed, we presented our results/learning points at a workshop with participants from 10 small advertising, media, and design firms. The workshop established a solid grounding (McCormack & Seers, 2002) for the main findings and understanding of the business model types. As one of the participants in the workshop formulated it, “The labeling of business models as “strategic-” and “network- based” makes it possible for me to see the main differences between the advertising bureaus.”

From the workshop, we also learned that “Even though the core of advertising agencies can be seen as being creative, some are more creative than others.” A creative type of business model was therefore added in the quantitative study.

The mixed methods formed the basis for a survey, and in the following sections, we present the survey results.

¹ *Strategic*: Works primarily with the overall communication strategy of their clients.
International: Works with clients/campaigns/advertisements from or for other countries.
Network: Draws heavily on the expertise from other agencies/firms and may add very little to the service provided to the customer apart from acting as an assembler.
Digital: Competences centers on providing digital solutions for advertisements and campaigns.

Analysis

The study aims at identifying the different types of business models in the Danish advertising industry. For selecting the respondents for the survey, we used a database (NN Markedsdata) that includes all taxpaying firms within the industry (advertising agencies, media agencies, and communication agencies) in Denmark. The survey was pre-tested at five advertising agencies, which resulted in few minor changes in the wording of the questionnaire. Data were collected by first phoning the advertising agency and asking for participation and to identify the relevant respondents (manager/director/senior partner/owner). The industry consists of 756 agencies and 461 was chosen as the primary target group. These 461 agencies were contacted, which resulted in a positive response from 223, among which 220 surveys were eventually fully completed and useable.

Table 1 shows that the response rate for the contacted advertising agencies was 47.7%, or 29.1% of all agencies registered in the database. The distribution of the responses indicates an over-representation of the group with two or more employees (84.1% instead of 60.7%), whereas the group with zero or one employee is underrepresented (15.9 % instead of 39.3%). The sample can therefore be said to mirror the perceptions of the somewhat larger advertising agencies.

Table 1. The total population and responses

Number of Employees	Population	Reponses
0–1	297 (39,3%)	35 (15.9%)
2–9	342 (45,2%)	118 (53.6%)
10–24	58 (7,7%)	42 (19.1%)
25+	59 (7,8%)	25 (11.4%)
Total	756 (100%)	220 (100%)

Analysis

For operationalizing most of the variables, we used multiple-item scales.

Based on the nine case studies (Table 2), 18 items was found. Due to the explorative nature of the study, we did not try afterwards to include additional items to seek an increase the reliability of the analysis.

To identify the underlying structure in the data, an explorative factor analysis was used. Eighteen items were condensed to six constructs with factor loadings between 0.67 and 0.86. Although two items were taken out as they were below the cut-off (communality 0.50). Cronbach's Alpha (reliability) of the six constructs varied between 0.54 and 0.85 (Cortina, 1993). The six constructs were afterwards labeled as different unique types of business models for the advertising industry.

Table 2. Constructs labelled as unique types of business models within the advertising industry

	Factor 1: Digital	Factor 2: International	Factor 3: Strategic Development	Factor 4: Network	Factor 5: Creative	Factor 6: Strategic Standard
We often provide digital services, such as campaigns in social media, apps, etc.	.779					
We are typically based on digital solutions when a problem is to be solved.	.833					
We can compete with the best in the industry in digital solutions.	.778					
We are working to develop customers' digital platform and solutions.	.814					
We provide services used by international customers in the Danish market.		.784				
We provide services used by international customers in foreign markets.		.795				
We are characterized by an international culture.		.780				
Our deliveries typically relate to the customer's long-term development.			.813			
Our deliveries typically relate to the development of the client's business.			.861			
We put together a team of internal and external staff for each task.				.674		
We typically handle the role as the project manager and have other partners to perform parts of the task.				.812		
We serve by using regular partners to resolve customer tasks.				.684		
Creative processes are in focus rather than production processes.					.830	
The good idea is the core of the business with the customer.					.803	
We often provide services, such as workshops, consultancy in business, or management coaching.						.766

We often solve a customer's need that the agency has helped to create.						.783
Percentage of variance	17.3	12.9	10.5	10.2	10.0	9.7
Cronbach's Alpha	0.60	0.85	0.76	0.72	0.58	0.54

Note: KMO .754; Bartlett's p < .000; The cutoff point was 0.50.

Clustering advertising agencies

The goal is to identify actual business models within the industry, represented by a combination of the unique types of industry business models, and then observe the patterns. A multivariate technique, Hierarchical Cluster Analysis, was used to group the respondents into clusters. We tried to group into three, four, and five clusters. The most appropriate distribution was dividing the sample into four clusters:

- Cluster 1 = 69 advertising agencies (Digital)
- Cluster 2 = 60 advertising agencies (Strategic development/network)
- Cluster 3 = 56 advertising agencies (Operations)
- Cluster 4 = 35 advertising agencies (Full service)

Due to our prior investigations and qualitative analysis, we categorized all the qualitative cases on the same dimensions found in EFA and re-contacted two of the experts used in the initial phase of the research process, as the actual business models seemed to hold high-face validity. We therefore define the actual business models as the combination of constructs (clusters). In this particular situation, we have identified four actual types of business models as described below (Table 3).

Table 3. Actual business models

Mean	Strategic standard	Strategic development	Digital	International	Network	Creative
Cluster 1: Digital	2,4	3,9	4,1	2,8	3,2	3,0
Cluster 2: Strategic development / Network	3,6	4,0	2,8	2,3	4,1	3,6
Cluster 3: Operation	2,4	3,5	2,2	2,5	3,2	2,9
Cluster 4: Fullservice	3,7	4,3	3,9	3,6	3,7	3,7
Total average	3,2	4,0	3,4	3,1	3,5	3,4

Note: Gray cells indicate above average on the particular dimension.

The aim has been to explore and identify possible actual business models within the Danish advertising industry. We are interpreting the results as a valid first step to understanding the nature of the actual business models within a particular industry. The four types of actual business

models showed very few differences when compared by their background variables (age, size, and location). The analysis shows that the type “Operation” describes themselves as being less innovative (newness to customers) than the three other types of actual business models. Our conclusion is that the main differences are revealed through the characteristics of the 16 items described in Table 2. The next step would be to look more into the 16 (empirical) items to generate higher validity in the analysis. Still, we find that the four actual business models can be considered as a valid starting point for understanding the actual business models that are competing within the Danish advertising industry.

Based on these four actual types of business models that came out of the cluster analysis, an interesting question is: What challenges of transformation of business models have been perceived in the industry?

Challenges of changing business models

In an industry with radical ongoing changes, adapting or more fundamentally changing the business model seems pivotal (Makides, 2008). Until now, changes or innovations in business models has attracted some attention (Cavalcante et al., 2011; Osterwalder & Pigneur, 2010; Chesbrough, 2006). One suggestion for innovating business models is experimentation (Chesbrough, 2006). Others have added that it might be difficult to change an existing business model when a new more successful business model emerges in the market (Amit & Zott, 2012). Due to our theoretical point of departure where we see business models as connected entities in a network and where possibilities of change depend on prior choices, we investigated the advertising agencies striving for changes in their business models.

Barriers

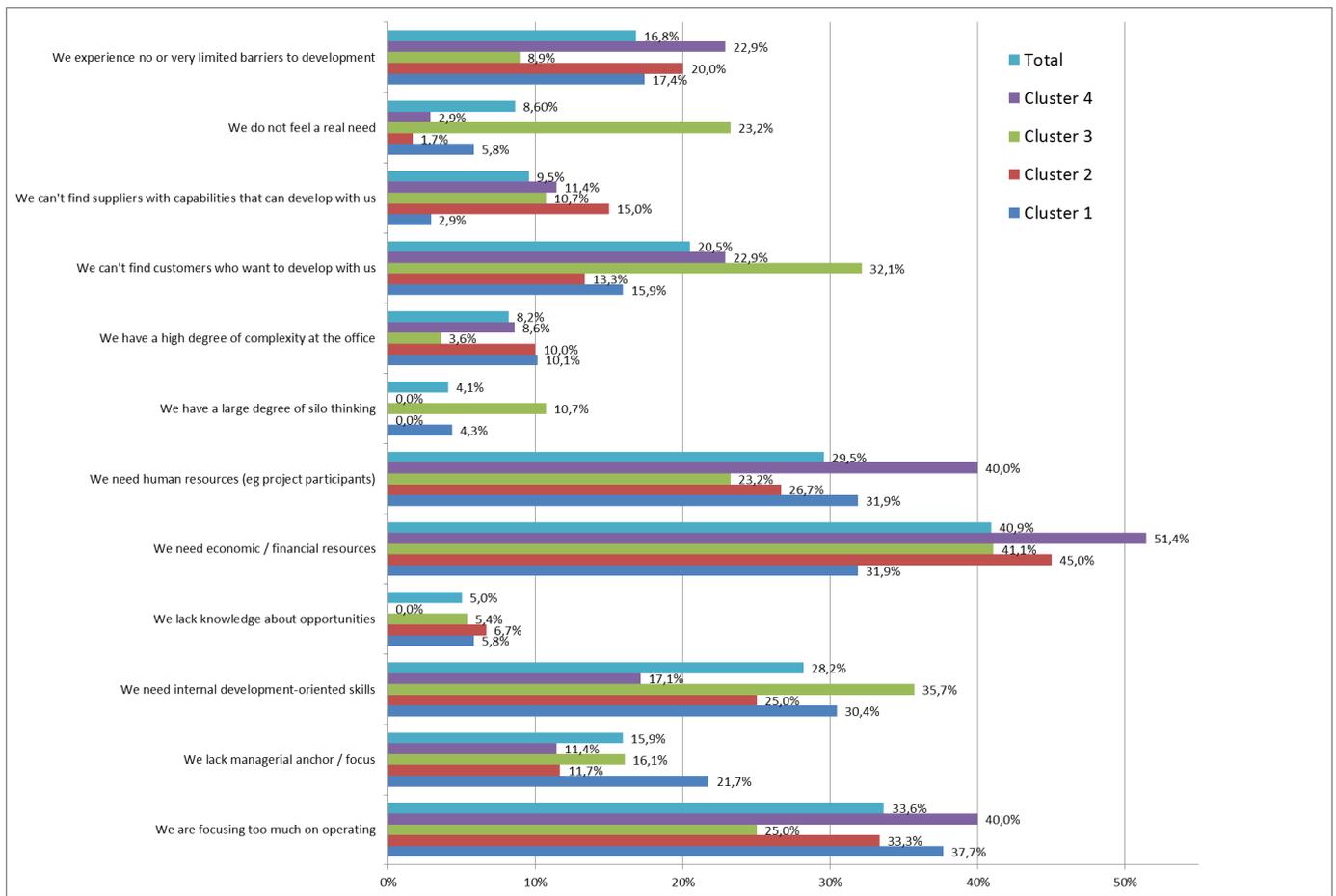
Across all the four clusters, it appears that four of the five barriers for changes are internal and only one is about an external item:

1. We lack economic/financial resources.
2. We are focusing too much on operating.
3. We lack the human resources (e.g., project participants).

4. We lack internal-oriented skills.
5. We can't find the customers who want to develop together with us.

Interestingly, one of the lowest scores is about opportunities. The advertising industry seems to have knowledge about opportunities available for development, but it appears the industry sees a number of barriers to change.

Table 4. Barriers for change and development within the four types of actual business models

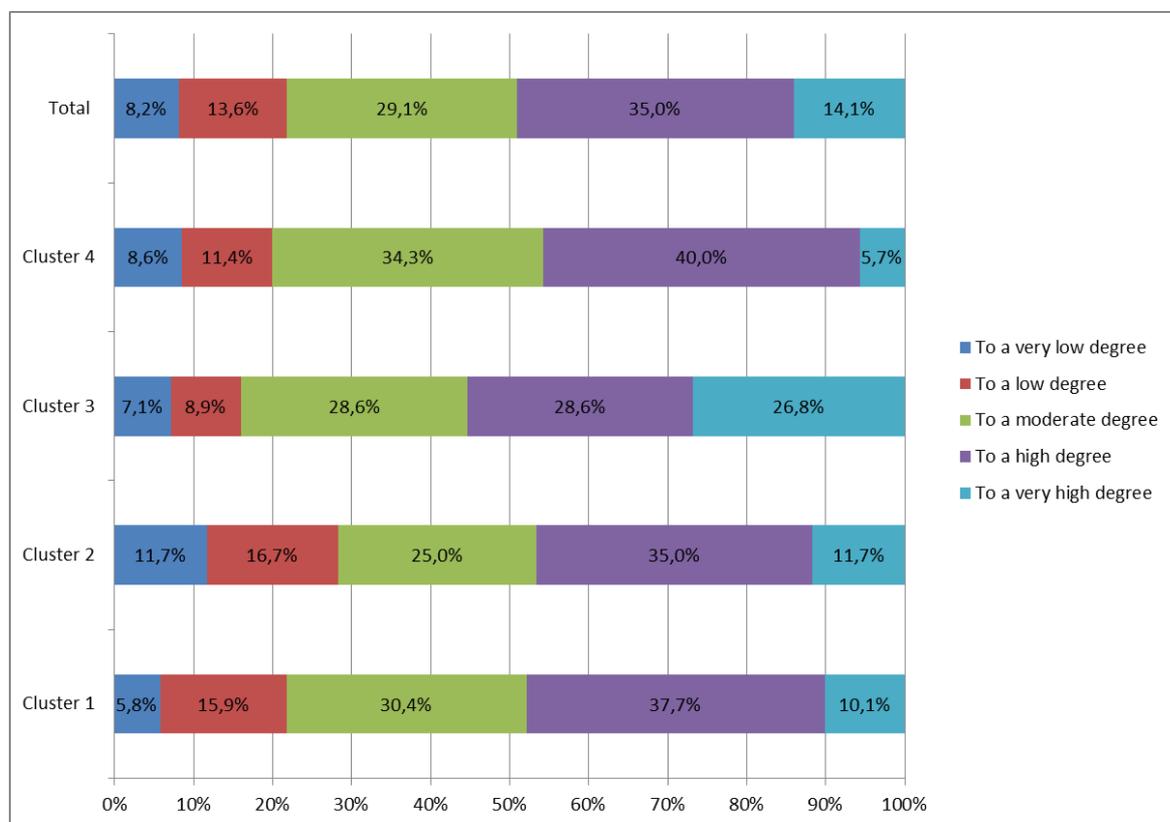


Customers

In order to understand the impact that customers may have on the possibilities for advertising agencies to develop a new business model, we have asked to what extent the customers are the same type of customers (same type of needs) as when the advertising agencies started out. Close to 80% of all the advertising agencies indicated that the customers to a moderate, high, or very

high degree were the same type of customers as when the advertising agency was founded (Table 5). No statistically significant differences were found whether the advertising agency was founded within the last five or 10 years compared to older advertising agencies. We also did not find any significant statistical differences across the generic types of business models; still, close to 80% are the same types of customers as when the advertising agencies started out. The highest number of similar customers served is within “operation” (84%) and the lowest is within “strategic/network” (72.6%) business model type.

Table 5. Degree to which advertising agencies serve the same types of customers over time



Note: N=216 as four advertising agencies were established within the past year.

Discussion

The actual types of business models identified are interesting both from theoretical and managerial points of view. Theoretically, it is of interest to identify the types of models or “business model archetypes” (Bohnsack et al., 2014) and how firms create and capture value (Holm et al., 2013). As mentioned in the introduction, we look at business models as a device for

capturing the value within a network. Examples of business models and how they are created and work are a building block for learning about strategizing in different contexts. We don't claim that a direct comparison across industries necessarily makes sense, as we see business models emerging out of a particular path and being embedded in particular network (Håkansson et al., 2009). Aiming for identifying and comparing certain archetypes across industries seems to us as not being the most fruitful route for further exploration. Instead, more attention should be given to how actors make sense out of the types of business models in a certain setting (Doganova & Eyquem-Renault, 2009; Tikkanen et al., 2005). Actors differ in their understanding of the implications of a particular type of business model. Learning from the emergent process of business model creation and how actors try to create competitive advantages seems more fruitful (Wilkinson & Young, 2014). Against this background, we see business models as a device to make sense out of the interaction processes within a firm and with other firms. Business models contemplate prioritizations while adapting to the context in which a focal firm is embedded. Seen in this perspective, the six types of business models and the four actual combinations of these six mirror the sense-making process of how the advertising agencies have tried to create and capture value. In the same vein, we see the identified barriers for change of business models as the envisioned challenges. The advertising agencies are aware of their rapidly changing industry, but they are locked-in by prior choices by customers, resource combinations, and activity structures. Even though the advertising agencies are trying to learn about the new rules of the game in their industry, initiating changes that make it possible to adapt through the termination of old and building up new relationships is seen as a complex endeavor (Table 4)(Alajoutsijärvi et al., 2000). This corresponds also with Bohnsack et al. (2014, p. 286), who found that new technologies in incumbent firms are, if possible, fit in close to existing business models.

Seen from a practical point of view, the results can be interpreted as an exploration of how Danish agencies in interactions with customers try to position themselves in their networks. The advertising agencies perceive themselves as providers of "Full services," "Operation," "Strategic/network/creative," or "Digital" advertising services. If the advertising agencies act accordingly, this has an impact on how they will try to relate to the network, what services they want to provide, and how they will organize within the agency. In other words, if self-perception

has impacts on the actions taken, then this is a starting point for understanding positioning and value creation and capture attempts in networks.

The actual business models described above can be said to contain more than one business model. The so-called full-service providers hold all the identified types of business models in them. An interesting question is to what extent full-service providers can hold an expedient balance of all the existing business models (Markides & Charitou, 2004). Several strategizing issues are of interest: How are prioritizations made? In other words, how are resources split between the different business models and the different competences developed? Another issue is about the coordination and development of synergies across the different business models. Yet another issue is about how to minimize rivalries among the different business models within the advertising agency. The survey data indicates the lack of economic and human resources and the focus on daily operations and strategizing seem troublesome. From the nine cases, we learned that the advertising agencies tried to serve all customers well, which can be seen as no one was served well.

Conclusion

The aim of this study was to learn about the types of business models that exist within the advertising industry in Denmark and the challenges of changing these actual business models. Based on an exploratory factor analysis and cluster analysis, we found six types of business models and four combinations of actual types of business models within the industry. We think that the contribution of this study is in three areas. First, it has been possible to identify six types of business models within a particular industry. This has provided grounds for the claim that it is possible to identify business models based on the value creation and capture the core of the business model concept. Second, it can be argued on an empirical basis that changes of business models are troublesome and that path dependencies are important for understanding to what extent it is actually possible to adapt to a rapidly changing market. Third, the mixed-methods approach has served as a valid strategy for exploring business models' changes in a rapidly changing market. At the same time, the method has demonstrated to what extent it is useful to

strive for generalizations as business models seem to rest on path dependencies and particular network positions.

Even though the article has provided additional knowledge about business models and firms striving for changes of their business model, still more needs to be learned. The process of adaption and development of business models needs more attention in the future. As it appears from this study, customers are essential as the advertising agencies strive for change. More insights in how firms interact in the process of business model changes are needed. Furthermore, replication of the study in other industries could also help to provide insights into how a business model emerges under different contingencies.

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