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Business Model Imitation: Definition and Typology

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Abstract

The concept of Business Model Imitation (BMIm) has not been developed adequately in the strategic management field, even though it has been recently used extensively by researchers. This gives us impetus to propose a definition of BMIm highlighting the distinction between several types of BMIm. On the basis of such an outlook, we will clarify the ambiguities in the literature related to this concept showing that imitating a competitor's Business Model (BM) does not necessarily mean imitating all the components of a BM.

Introduction

The Business Model (BM) literature agrees on the importance of BM Innovation (BMI) for value-creating companies (Wirtz et al., 2016). The BMI allows to create new markets (Kim and Mauborgne, 1999), competitive advantages (Johansen and Abrahamsson, 2014), and construct a new product or concept (Johnson, 2010). However, recent conducted research has demonstrated that BMI is not the only path to success in an industry. For example, Enkel and Mezger (2013) pointed out in their study that 60% of young German entrepreneurs use Business Model Imitation (BMIm) by imitating successful existing BMs in other industries.

Another recent contribution showed that firms operating in the same organizational field apply relatively similar BM configurations (Montemari et al., 2022).

In recent years, the BM literature has begun to give special attention to the issue of BMIm. It therefore focuses on two forms of BMIm, the first of which is to imitate the successful BM of an organization in a different industry (Enkel and Mezger, 2013; Frankenberger and Stam, 2020), and the second is to imitate a BM of an organization present in the same industry (Frankenberger and Stam, 2020; Montemari et al., 2022). Our research is part of

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this intra-industry form, but with a particular focus placed upon competing firms, as the industry can include suppliers and customers in the case of business-to-business markets, which we call “competitive intra-industry imitation”.

Montemari et al. (2022) proved that firms mainly imitate the BMs of their main competitors in the global industry and in their specific sub-groups. Bourkha et al. (2015) proposed the different forms of BMIm reaction after a new BM in a competitive market. This pioneering research in this intra-industry imitation BM does not distinguish between the different types of BMIm and generally focuses on the imitation of the value component of a BM while imitation can affect other components such as resources and organization. Given these theoretical gaps, this study aims to improve the theoretical understanding of BMIm through the proposal of a definition and the different types of “intra-industry competitive imitation”.

In this article, we assume that imitation does not always consist of copying competitors’ practices, but can rather take a more or less creative form which is difficult to distinguish from incremental type innovation (Dosi, 1988). This qualification is very close to what Bourkha (2019) has called “imovation”, an English concept introduced by Shenker in 2010 that put much emphasis on a particular type of companies in a competitive market. These are firms that cannot innovate for a number of reasons and do not wish to be perceived as imitator organizations. According to this logic the imitator adopts the idea but with a different result and allows to respond to a different segment or even create new segments (Bourkha and Demil, 2016).

To theoretically answer our research question, we began by identifying the studies that have dealt with competitive imitation. Then, we classified them by the object imitated in order to identify whether it is an imitation of value, of resources or of organization. For this reason, we used the RCOV model of Lecocq et al. (2006), which is an analysis grid that allows us to delimit the contours of the BM. Each company is thus defined according to the three main components Resources and Competences (RC), Organization (O) and Value propositions (V). This analytical

framework helps to circumscribe our object of study in a rigorous and systematic way.

Using the RCOV Model as a Framing Device for Business Model Imitation

The BM is a fuzzy concept (Porter, 2001). This famous criticism has urged the defenders of the BM to prove its pertinence in creating, delivering and capturing value (Amit and Zott, 2001; Lecocq et al., 2006). Our objective is not to defend or criticize the concept of the BM but to study it from an imitative perspective through the mobilization of the “RCOV” model (Lecocq et al., 2006). The famous BM “RCOV” is composed of three elements: (1) Resources and Competencies, (2) Organization and (3) Value propositions.

The basic hypothesis of the RCOV model is that a company builds its BM by clarifying how a company organizes itself to exploit resources and competencies to provide products and services to the market (value proposition). Organization refers to the organizational choices which a company makes in its value chain and the relationships with its suppliers, competitors and the state (external stakeholders) to exploit its resources and competencies which are the assets of a company. Resources can be developed internally or acquired externally, while competencies refer to the capabilities and knowledge developed to drive the services that resources can offer. Finally, value propositions are delivered to customers in the form of products and services.

We have chosen to use this model because it appears appropriate in several respects. First, this model offers a satisfactory compromise between the level of detail and simplification, allowing thus to highlight the essential and simple characteristics of the value creation logic of a company (Moyon and Lecocq, 2014). This is an advantage which assists in identifying the similarity between BMI and BMIm, and delineating which BM elements are imitated. Second, the pertinence of the RCOV model resides in its ability to be flexible, in that it can be applied to a variety of firms from both traditional and e-business sectors (Bourkha et al., 2015), an attribution allowing us

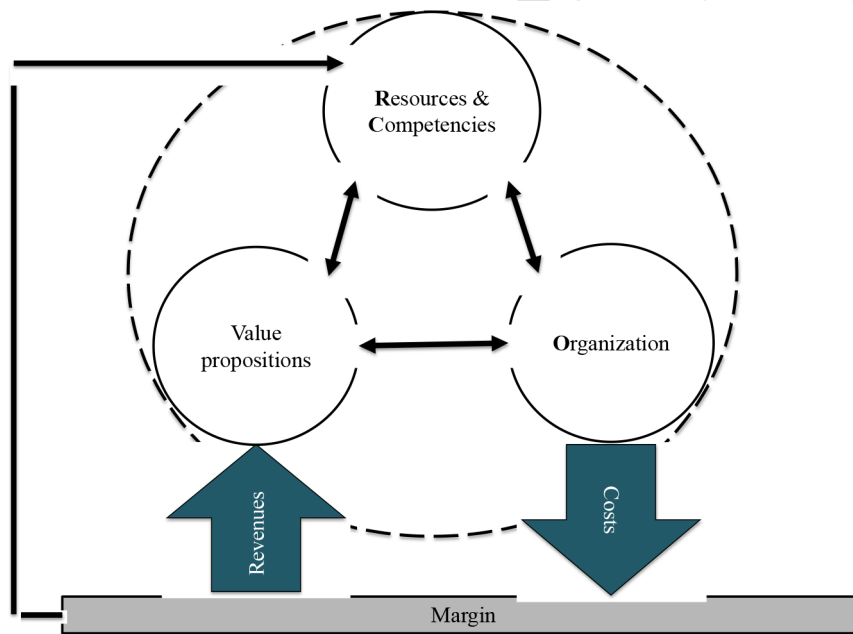


Figure 1: BM Elements Representation (Lecocq et al., 2006, p. 234)

to analyze the BIM typologies that we will subsequently propose. Third, the RCOV model is a dynamic analysis tool in opposition to the linear representations proposed in the literature (Demil and Lecocq, 2010), which enables us to assume that the imitation of a BM may involve only one or two elements and not necessarily all of the elements.

Typologies of “intra-industry competitive” BM Imitation

Wanasika and Conner (2011) summarized the different forms of imitation which we noticed in the literature. The authors distinguish between two types of imitation, strategic imitation and tactical imitation. Strategic imitation involves the commitment of substantial resources and long-term strategies to match the strategic actions of the innovator, while tactical imitation is often short term and consists of copying actions that do not involve a substantial commitment. This contribution opens up the debate on what a company can imitate in a market. Recently, the imitation of a BM has been extensively debated by authors like Otuya (2018) who qualifies imitation as the willingness of a company to replicate the successful BM of a competitor. He holds the idea that

the imitator is not whatsoever limited to imitating the value (product), but also the process of creating this value as well, a view which is similarly corroborated by Montemari et al. (2022).

Finally, like products and processes, new BMs are difficult to protect from imitation as Casadesus-Masanell and Zhu (2013) maintain, justifying their view with the case of British Airways, which launched “Go”, a BM similar to that of Ryanair. The latter is also imitated by several high-end companies such as Air France, which launched its low-cost subsidiary Transavia. This same line of argument is espoused by Bourkha et al. (2015) who highlighted the imitative reactions of French telecom operators after the launch of FREE mobile.

The absence of strong legal barriers to protect a BM presents a source of motivation for imitators in competitive markets. The researchers called the imitation of a BM the “Business Model Copycats”, expounding that entrepreneurs prefer to imitate existing BMs when they do not want to innovate (Fu and Tietz, 2019).

Consequently, using the line of argument of Haunschild (1993), we define inter-organizational

imitation of a BM by the following sequence: at time (t), a first organization adopts a new BM, after x time (t+x), a second organization adopts a BM composed of at least one same component (R&C, and/or O and/or V) of the first BM. When both organizations operate in the same competitive market, we call it "competitive imitation of a BM".

Based on our definition put forward above and the mobilization of the RCOV model (Lecocq et al., 2006), we propose four types of BMIm: (1) the perfect BMIm where all the components of a competitor's BM are imitated; (2) the "value proposition-focused BM imitation" which implies an imitation at the level of the "Value Proposition" component of a competitor's BM; (3) the "organizational-focused BM imitation" when a firm organizes its internal and extreme activities in the same way as a competitor; and (4) the "resources-focused BM imitation" when it is an imitation at the level of the BM's RCs. We develop below the last 3 types and we consider the first one as the sum of the last 3.

Value proposition-focused BM imitation

The "V" component of a BM is often debated based on its definition (Johnson et al., 2008). Researchers tend to associate value only with the supply side (Hedman and Kalling, 2001). This limited view of the value proposition in a BM makes it clear that firms can easily control the value of their competitors. The offerings are present in the market and competitors can collect information about the products easily; they can even procure a copy. Therefore, in this case we move from the imitation of a BM to the imitation of a product. Nevertheless, we consider that in this form of BMIm, the companies can deliver on a market the same offer as the competitors with the optimization of its own resources and competences which we suppose different from the innovative company. The organization of resources/competences of the imitator is also different from the organization of resources/competences of the innovator.

In another completely different view, some researchers prefer a general view (Warnier et al.,

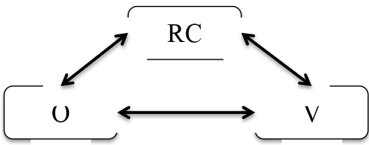
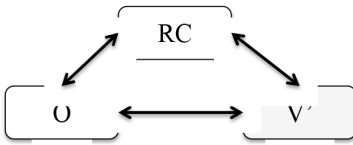
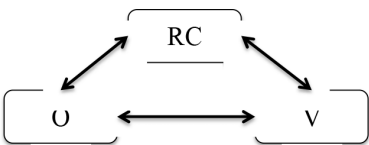
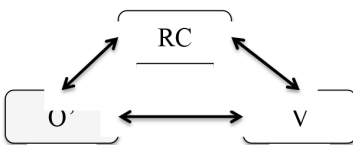
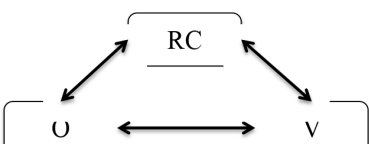
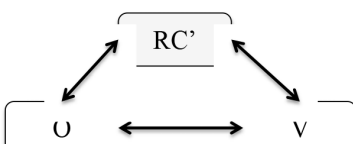
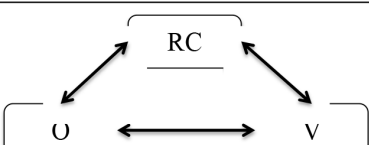
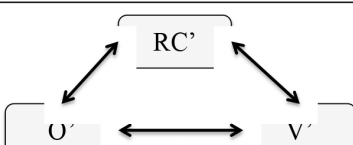
BMIm Typology	Representation	
	New BM	BM Imitation
Value proposition-focused BM imitation		
Organizational-focused BM imitation		
Resources-focused BM imitation		
Perfect BMIm		

Figure 2: BM Imitation typology

2016) that encompasses several axes such as customer benefits (Hamel, 2000), customer segment (Osterwalder, 2004), revenue model and margin model (Johnson et al., 2008b), and price (Afuah and Tucci, 2001). This, in turn, expands the object to be imitated in a competitor's value proposition. In other words, in this case, the imitator must answer the question, "what value to imitate?".

Imitation of a "Value" is the most noted type in the imitation literature. Srinivasan et al. (2007) showed that the launch of camcorders in the United States can be explained by the existence of imitative behavior. Bourkha and Demil (2016) have also observed this behavior in Moroccan bank card market. They suggested that banks may imitate the product or even attack a new segment. Compared to competitors, imitator firms with their different resources and skills and a different way of organizing themselves seek to create the same value as competitors. This value can be enhanced in some cases by the imitator by further creating certain value attributes. For example, Lee and Zhou (2012) noted that creative imitation of a competitors' product contributes significantly to the imitator's financial performance. Similarly, Posen et al. (2013) found that imperfect imitation can generate surprisingly good results for follower firms, even better than the results they may get if they were perfect imitators.

Organizational-focused BM imitation

The organizational dimension of the BM is associated with several elements such as the internal configuration (Hamel, 2000; Chesbrough and Rosenbloom, 2002; Osterwalder, 2004), building partnerships (Osterwalder, 2004; Johnson et al., 2008), a value-creating organizational structure (Alt and Zimmermann, 2001), the relationship developed with customers (Hamel, 2000; Osterwalder, 2004), and the set of organizational processes for making decisions concerning a specific activity (Alt and Zimmermann, 2001; Johnson et al., 2008). We have identified in the literature on imitation objects such as those associated with this organizational dimension that we develop below.

Beyond product imitation, Henisz and Delios (2001) were the first to associate imitation with an organizational

level. The authors noted that less experienced Japanese multinationals in the same industry imitate the internationalization strategies of their competitors. This contribution is also suggested by Sirmon et al. (2008) who found that imitation also explains the decision to invest in R&D to innovate.

Resources-focused BM imitation

Resources and competencies are considered essential components of the BM (Seelos and Mair, 2007). Resources are assets available to a firm and can take several forms: property rights (Chesbrough and Rosenbloom, 2002), brand image (Dahan et al., 2010), personnel (Johnson et al., 2008). Moreover, competences are the result of the integration of these resources in addition to individual and collective know-how (Warnier et al., 2016).

Much has been written about the importance of resources and competencies in a BM. The literature, using the work of Barney (1991), agrees that strategic resources are difficult to imitate, while ordinary resources (Weppe et al., 2013) are valuable but not scarce, imitable, and substitutable in the sense of Barney (1991). We refer to this BMIm as a strategic type that can take several forms depending on similarity between the innovator's resources and the imitator's resources.

Conclusion

This present study introduces important contributions to the research concerned with BMIm and competitive imitation. First, it is the first to propose the different types of intra-industry BM imitation. Previous research in this area has emphasized the importance of imitation in developing a BM (Fu and Tietz, 2019; Montemari et al., 2022). Others researchers have also illustrated the importance of imitation like a competitive reaction to a BMI in a competitive market (Bourkha et al., 2015). However, previous research has not clarified the concept of BM Imitation and its typologies. This paper addresses this theoretical gap in both the BM literature and imitation literature. In doing so, we hope to pave the way for more systematic research on the role of imitation in BM conception and on the

success of the different types of BMIm proposed in the paper.

The second contribution regards the research on competitive imitation, although there are undeniably different works examining several imitated objects like product (Srinivasan et al., 2007), internationalization decision (Henisz and Elios, 2001), alliances (Garcia-Pont and Nohria, 2002), diversification (Vermeulen and Wang, 2005) and organizational innovation (Anderson and Semadeni, 2010). We see that our study contributes to this stream of literature by clarifying when the BM becomes an object of imitation in a competitive industry. Additionally, our research is in congruence with recent work held on imitation assuming that the latter can be a source of differentiation (Posen et al., 2013; Bourkha and Demil, 2016; Bourkha, 2019).

Still, our present contribution is not immune to some shortcomings opening up new horizons for further research. First, our views are purely theoretical which enables us to develop sound thinking about BMIm, but empirical research remains a necessity to confirm the typology proposed in this paper. Moreover, further research could explore the advantages and disadvantages of each form of BMIm proposed in the paper as well as the challenges related to the implementation of each form. Following along these lines, future studies could examine the type of BMIm that performs best in a competitive industry. Second, this paper proposes a typology based on a content-based approach, although mobilizing the process approach to explore the question of how to imitate a BM is an interesting research area. Third, this study suffers from a defect relative to its ability to classify imitation though we have made it clear from the outset that we are not only dealing with perfect imitation but also imperfect imitation. Further research is needed to broaden the typology proposed in this paper or to develop finer types of BMIm.



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