

# Chapter 5

## New Business Models for Global Economy: Private Individual Transportation Services

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### ABSTRACT

*This article analyses the concept of business models and their main dimensions and elements for global economy competitive scenarios. The issue studied in this research identifies disruptive business models, and builds a practical model to help the implementation of a business model for private individual transportation services, based on the case of Uber. To accomplish this research, articles were searched based on the keywords “business models concepts” and “business models elements.” The period considered was from 2013 to 2017. The goal was to identify elements of business models and strategies adopted by the company, products and services, corporate image, models and management systems: human resource management, financial management, and marketing, among others, and the formal and informal structure of the companies. The empirical case is based on the Uber business model and the new competitive scenario on personal transportation.*

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## **INTRODUCTION**

The starting point for this chapter was to bring together the research fields of business models and innovation. The main purpose was to create a framework of these theories and use them to develop an analytical model. The chapter begins with a description of the main features of business model concepts and theories, and this literature review tries to create a frame for the innovation process of the business model for private individual transportation services. In this context, it was important to analyse the transformation of the traditional relationships between bank, clients, and client relationship management through technology. On one hand, there are the clients which are nuclear for any business model, and the research identifies the main clusters that are important for the client satisfaction. On the other hand, there are the value proposition of the business model which is the reason why clients turn to one company over another. The business model has to solve the client's problem or satisfies their needs. The value proposition consists of a selected set of products and/or services that cater to the requirements of a specific client. In this sense, the value proposition is an aggregation of benefits that the company offers to clients. In the case of the business model of Uber, the main value propositions are: Knowledge; Professional requirements; Price; Intangible assets and brand value; Accessibility; Security and Reliability. These value propositions will be part of the model proposed as a best solution for private individual transportation services, resulting in the main product of this research. For a better understanding of the chapter, the structure is as follows: it will briefly, it will explore the business model concepts, followed by the presentation of the methodology and the research findings. The chapter concludes with a model proposal for private individual transportation services.

## **LITERATURE REVIEW**

### **Business Model Concepts**

The term "business model" is relatively new and arises with Jones (1960), becoming important for companies. Different definitions emerge to explain the term and its role reflecting various perspectives, such as value creation, representation of company behavior and others. Amit and Zott (2001, p. 4) define Business Model as "the content, structure and governance of value creation transactions by exploring new business opportunities." Moreover, according to Casadesus-Masanell and Ricart (2010) business model is a representation of logic and key strategic choices of the company, with the purpose of creating and capturing the value in the value chain. Also, according to Teece (2010); business model "reflects the management's assumption about what customers want, how they want it, and how the company may organize itself to meet those needs in a better way, get paid for it and make a profit". Complementary, Shafer et al. (2005) refer that the concept of business model has been used in many ways, such as describing a company's unique value proposition. Analyzing the literature, numerous studies and considerations about the concept of the business model have been discussed along the last two decades. Thus, academic articles covering the years 1998-2015 were selected and, based on these articles, several definitions of the business model and the authors that support them in Table 1 are presented.

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