

# What Is a P2P Business Model?

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## INTRODUCTION

Since 2005, crowdfunding has disrupted the world of financing by nonconformist strategies, as carpooling, online dating, home exchanges, etc. have done in other sectors. These alternative business modes, generally called P2P for peer-to-peer, have not only disrupted the conventional sectors, but also, considering their success, have attracted at the same time new competitors. The resulting intensified competitive game has pushed these platforms to look for distinctive advantages to better position themselves in the emerging alternative modes.

Despite the growth, the concepts and models aimed at strategy and management of these P2P activities are limited. Ideas are often imported from other sectors and do not specifically include the characteristics of P2P activities. This gap leads to costs and bankruptcies. The term “business model” is one of these concepts which suffers from not having a reliable definition.

The term appeared for the first time in the ABI/Inform database in 1975 (Zott & Amit, 2009). It became a buzzword in the mid-1990s with the emergence of the e-commerce (Leiner et al., 2014). The term’s occurrence in academic work has exploded since 1995. A search in Google Scholar for research papers with “business model” in the title provides statistical evidence: respectively 1980, 1900, 1940 and 1300 since 2015.

Despite the high number of occurrences of “business model” in titles, there is still not a commonly accepted definition for it (Osterwalder & Pigneur, 2002). It is used to imply different terms such as strategy, corporate ownership of fiduciary value, stakeholder relations management, profitability and partner relationships (Ghaziani & Ventresca, 2005; Zott & Amit, 2009).

The variety of terminology used to describe business models makes the identification of an appropriate one extremely challenging in emerging sectors of P2P activities. In this paper, we conduct a literature review to build a conceptual one for P2P activities. We will then test the validity of our model with case studies research focused on crowdfunding.

## BACKGROUND: REVIEW OF LITERATURE ON BUSINESS MODELS

To propose a theoretical and operational reference business model for P2P activities, the review of literature opts for a funnel approach, starting with general concepts before focusing on specific aspects.

First, we position the business model in relation to strategy because the two concepts are often mis-treated as equivalents. Second, we examine the taxonomy of business models to identify the one that corresponds to P2P activities and its theoretical foundation. Third, we look for the components of the economic model in the literature.

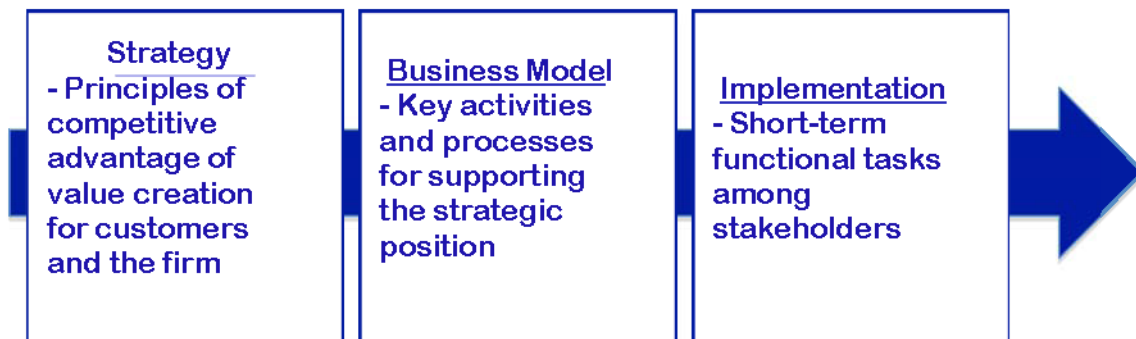
## Strategy and Business Model

What is a business model? Etymologically, the term “model” means schematic description of the relationships between a set of entities, which can serve as an example to follow. As a result, a business model can describe the link between a company’s resources and skills to create value for both target markets and business owners.

Authors disagree on the relations between a business model and a strategy. Alike strategy, Applegate (2000) believes a business model defines a structured relationship between its different components to respond to the real world. Similarly, Magretta (2002) defines a business model as a statement about how a company operates its activities within an industry to create value. Thompson and Strickland (2001) argue that a business model is only the revenue stream and financial sustainability of a strategy

Following the above, we argue that strategy and business model are not identical, but intertwined, complementary and needed for the success of P2P platforms (Mansfield & Fourie, 2004). A strategy defines the competitive advantage for obtaining an auspicious position from rivals while a business model outlines the necessary resources, activities and processes to support and ensure that position. A strategy maps the foundation for a company’s value creation, while a business model provides arrangements to create that value.

*Figure 1. A business model’s role and mission*



This suggestion of strategy-business model relations is in line with what many authors who believe: a strategy states a competitive position, whereas a business model is assessed by the wealth that it creates and resources it exploits (Mansfield and Fourie, 2004; Elliot, 2002, Zott and Amit, 009). In this perspective, a business model can be considered as the link between strategy and business procedures (Mansfield and Fourie, 2004; Osterwalder and Pigneur 002, 2013). Figure 1 illustrate the links between strategy, business model and final operational activities.

Research on business models progressively explores relations with emerging topics such as extended ecosystems, digital technologies and sustainability.

For ecosystems, Hacklin et al (2018) demonstrate that business models that cope the intrinsic elements with the external environment, instead of adding new accompanying business models, positively affect value migration in (computer and telecommunications) industries. Li et al. (2018) find that busi-

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