Abstract

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E-business Models in a Social Networking Environment - Case Study Approach

The term of social media is booming nowadays and the number of social media users is growing dramatically. Since business models are crucial to make profits for companies, a company's financial performance could be better achieved with a sound business model. Therefore, the focus of the study is analyzing business models of social media business. The study is conducted based on two case companies, Facebook and LinkedIn. The objectives of the study are to investigate the current state of online social media business models, and create a business model framework for social media business analysis based on Osterwalder and Pigneur e-business model ontology and other related literatures. Then analyze Facebook and LinkedIn business models based on the new business model framework. Finally, realize what could be learnt from successful business models, and develop potential improvements to the less-well performed one. Case study, participant observations, focus groups are main methods for data collection and empirical analysis. Based on literature reviews of business models and social media, the study creates a new business model framework. The proposed framework is based on Osterwalder and Pigneur (2010) e-business model building block methodology, but enriched and adapted to include social media factors. The framework components are: customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structures, network properties, security and privacy, market considerations, technologies, and laws and regulations. The contribution to knowledge presented in this research work emerges from the development of a conceptual framework that bridges the gap between the general e-business models concept and e-business models suitable to study social media business. The importance of this study lies mainly in providing a solid literature review background on business models and social media, creating a framework suitable to study and analyze social media business, and formulating some potential improvements and recommendations to the studied case companies.