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BUSINESS MODELS AND GROWTH MODES. QUALITATIVE RESEARCH OF POLISH ONLINE COMPANIES

The purpose of this paper is to identify differences and similarities between business models and growth modes of Polish online companies. Following statistical segmentation, five companies were selected. The companies, as segment representatives, were the subject of qualitative research (case study). The analysed companies share some similarities (e.g. contribution to customer, breadth of selection) and differences (e.g. content management, co-creation of value with customer). The identified growth mode is based on entering foreign markets after reaching a certain scale on the domestic market.

Keywords: value proposition, business model, growth modes, e-commerce, firm performance, case study, Poland

1. INTRODUCTION

The existing relationship between a business model and company growth is one of the current topics in entrepreneurial research. According to Teece, the essence of a business model is in defining the manner by which the company delivers value to customers, entices customers to pay for value, and converts those payments to profitable growth [12]. Business models affect a firm's possibilities for value creation and capture [1], hence they have close connections with strategies.

McKelvie and Wiklund found that growth in the subject literature is treated as a dependent or independent variable or the mode of growth is analysed [8]. The mode of growth is understood here as a sequence of decisions related to growth activities and can also be treated as a proxy of a growth strategy. Analysing the

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business models of researched companies and linking them to sequences of the firms' growth activities may help to understand the essence of the relation between the two concepts. Hence, the purpose of this paper is to identify the differences and similarities between business models and growth modes of Polish online companies.

2. LITERATURE REVIEW

Business models are perceived here through the approach of M.J. Eyring, M.W. Johnson and H. Nair. According to them, a business model should include four elements: customer value proposition, profit formula, key processes, and key resources. A **value proposition** is – according to Payne and Frow [9] – an organisation's offering to customers, representing a promise of benefits of value that customers will receive during and after the usage experience. It identifies both product and experiential benefits and costs (or sacrifices) that result from the relationship between customer and an organisation. The **profit formula** comprises cost structure, revenue model and target unit margin. **Key resources** of online companies comprise customer portfolio (customer database, loyal customers, customer community), brand (credibility, reputation, image, customer trust, domains), websites (corporate website, product websites, blogs, profiles on social networking websites, microblog profiles, video website profiles, etc.), information resources (owned by a company or co-created by customers), partnership and cooperation with other online services [2]. **Key processes** of online companies can be perceived from many perspectives. Taking the approach of CRM, we can distinguish customer acquisition and retention, as well as upselling and cross-selling. Another perspective is offered by Zhu's e-commerce capabilities [15], which include: providing information on products and services (also including tools facilitating data utilisation); transaction facilitation (possibility of online ordering, tracking of order status, collecting products from a physical store, etc.); customisation (customer service and delivery of individual offers and information); integration of internal processes (leading to improvement of coordination, order fulfilment and supply management). According to research conducted by Zhu, e-commerce capabilities, together with a complementary factor – the level of IT-structure development – have a positive influence on the company's performance, including revenue per employee, inventory turnover and cost reduction. The strategies proposed by the authors (i.e. low cost and differentiation) better fit traditional than online companies. Many online services are offered free of charge, and even if the customer pays the company, the strategy of high prices is rarely adopted.

3. MATERIAL AND METHODS

In 2013 we published the results of our questionnaire study investigating the links between the elements of a business model and profitability of Polish internet companies [14]. The sample used in the study was mostly made up of retail and consumer services companies (150 Polish online firms). The findings revealed that out of four elements constituting a business model, that according to Amit and Zott's taxonomy [1] are *novelty*, *complementarities*, *customer lock-in*, and *efficiency*, only the *complementarities* were statistically significant predictors of financial performance.

Trying to explain such findings we went in-depth in our research, identifying and differentiating the approaches to *value proposition* of online companies and their consequences to firm financial performance, which is a core element of every business model. Thanks to the segmentation procedure we managed to identify five segments of companies [3]. A short description of these five segments is as follows: (1) suppliers of unique offerings – providers of unique products with a narrow range of complementary items and options; (2) specialized newcomers – providers of a specialized offer (i.e. not comprehensive) of rather conventional products, which is hinted at by a small mean of product uniqueness; (3) comprehensive incumbents – providers of a wide offer of popular items with the lowest rating on offer uniqueness; (4) productivity enhancers – the firms which display the strongest concentration on solutions that can enhance effectiveness and efficiency of their customers and (5) run-of-the-mill retailers – a typical member benefits from some extent of co-creation, has an offer that encompasses multiple options and the incidence of offering free valuable content is higher in only one other cluster. The most striking observation from the quantitative research was that the identified segments do not show statistically significant differences in financial performance, which was represented here by the operating sales profit margin.

In this paper, due to the high heterogeneity of the sample we aimed at the identification of differences and similarities between business models and growth modes of Polish online companies. Following statistical research outcomes we chose qualitative methods – case study research – to better control the unique conditions of each company. According to Yin [13] and Eisenhardt [5] this method is recommended when investigating a recognized phenomenon within its real-life context, when the boundaries between phenomenon and its context are not clearly evident and when little is known about phenomenon and current perspectives seem inadequate. Each case serves as a distinct experiment that stands on its own as an analytic unit.

We chose five companies (segment representatives) out of the distinguished segments. The criterion for sample selection was matching the segment's profile within the variables, that were the basis for the initial segmentation (e.g. efficiency for customers, value co-creation, complete customer solutions, uniqueness, free

benefits), as well as the availability of information about the company. The final list of analysed companies includes: Motointegrator.pl (suppliers of unique offerings), e-Lady.pl (specialized newcomers), Komputronik.pl (comprehensive incumbents), PanoramaFirm.pl (productivity enhancers) and Projektoskop.pl (run-of-the-mill retailers). The main sources of information on the analysed companies were their websites, press releases and articles, past version of the websites (e.g. archive.org) and online statistics (e.g. Megapanel)¹. The information gathered from these sources was compared with the declarations of companies' representatives received during the segmentation research.

The next section presents the business models and growth strategies of analysed companies. Each of the entities represents a segment of companies which was distinguished as a result of the segmentation procedure [3]. The description of business models and growth strategies reflects the state of our knowledge as for the year 2014.

4. SUPPLIERS OF UNIQUE OFFERINGS

Description of segment 1: Suppliers of unique offerings

- (1) providers of unique products addressed to market niches, with a narrow range of complementary items and options
- (2) there is very limited reliance on the involvement from business partners and customers to enhance the value proposition.
- (3) the segment is also distinguished by more than half of returning customers, but the least dynamic in terms of attracting new customers
- (4) main streams of revenues originate from sales of tangible products, sales of virtual products and services and advertising; they rarely employ freemium strategy and thus their Internet operations are typically not supported by revenues from advertising
- (5) this segment is balanced concerning dominant types of business activities and sources of revenue: it has almost equal proportions of Internet storefronts, providers of services for business and public sector and news portals
- (6) many of the firms belonging in this category started out using traditional distribution channels on average in 2003 and moved onto the Internet only after about three years

¹ Megapanel research is based on data reflecting the Polish demographic structure that originates from the Net Track Millward Brown SMG/KRC research of a sample chosen and weighted by PBC.

Segment representative: Motointegrator.pl

Motointegrator.pl is an online venture project of the company Inter Cars, one of the largest Polish distributors of automotive parts. It is an online automotive shop that cooperates with more than five thousand garages across Poland.

Table 1. Motointegrator.pl – outline of business model constructs and growth stages (own elaboration based on a company website)

Business model constructs	Growth stages
<p>Customer Value Proposition: unique offerings of spare parts. Uniqueness results from a wide range of automotive products and services rendered by the network of garages</p>	<ol style="list-style-type: none"> 1. 1990 - Inter Cars is established 2. 2009 - launch of Motointegrator.pl e-commerce website 3. 2012 - launch of the second version of the Motointegrator.pl website, including the collection of automotive advice, care package on the road, loyalty program 4. Regional internationalization – selling automotive products in Slovakia, Czech Republic and Germany.
<p>Key Resources:</p> <ul style="list-style-type: none"> – Online store – Well-known partner company Inter Cars – Inter Cars logistic infrastructure (i.e. warehouses) – Network of 1000 owned garages – Partnerships with 4000 automotive garages across Poland – Brand Ambassador – Krzysztof Hołowczyc (famous rally driver) 	
<p>Key Processes:</p> <ul style="list-style-type: none"> – Customer acquisition and retention – Sophisticated supply chain management (around 50 deliveries daily) – Inventory management (ca. one million products) – Multichannel management 	
<p>Profit Formula:</p> <ul style="list-style-type: none"> – Selling on-line tangible products – Garage services – Revenue sharing with partners 	

Motointegrator.pl – a business model explanation

Motointegrator's unique service combines spare parts together with garage services. Customers can purchase online both automotive spare parts and accessories, and immediately have them installed in a local garage. The products' number exceeds a million, which is more than anyone else offers on the market, and are sent to the customer within 24 hours. Customers can count on consultants' assistance through a 24/7 helpline. The chain of local garages includes more than 5000 shops across Poland, of which 4000 are partner entities. The Motointegrator's revenue model is based on sale of tangible products and services to customers.

The uniqueness of Motointegrator's offer results from the wide range of automotive products and the well-developed chain of garages. Hence the company is not a perfect representative of the segment. Its perfect representative would rather offer a narrow range of complementary goods and hardly depend on partners.

Motointegrator.pl growth strategy – from product sales through service performance to regional internationalization

Inter Cars, the mother company of Motointegrator.pl, was founded in 1990 in the very beginning of Poland's economic and social transition. First the company sold spare engine parts for German cars. During the following years Inter Cars expanded, becoming a major player on the domestic market of spare parts. The website Motointegrator.pl was launched in 2009 as an online platform for ordering products and facilitating contact with local garages. Since 2012 the company added new services like a care package on the road, which provides assistance for emergencies on the road.

In the area of branding activities, the company is taking advantage of Krzysztof Hołowczyc, a famous rally driver. Hołowczyc advocates for safety on the roads, which he associates also with the proper condition of vehicles. This in turn depends on purchasing spare parts from a trusted partner such as Motointegrator.pl. The company also tried to create a community around the blog called 300kucy. The name means literally 300 ponies, which is a slang synonym of horsepower. The posts refer to car racing and car tests. The blog is displayed as a part of Onet.pl, the biggest Polish news portal, which should result in reaching a wide audience. In spite of having a team of 15 bloggers, the latest post is currently 6 months old. This may suggest that the blog has been abandoned and is not developed any more. The reasons for its discontinuation are not clear. Maybe the blog did not contribute enough to the company's brand recognition?

Motointegrator also follows regional internationalization. It has websites in Slovakia and the Czech Republic. In both countries the company is supported by a network of 60-70 garages each. There is also a German version of the website – it is just an online store without the chain of garages. The online presence in the neighbouring countries and Poland share similarities i.e. the same brand, website layout and similar product range. However some differences are to be noticed. The four logistic centres of Inter Cars, in total contributing to 115 000 square meters of warehouse space, are located only in Poland. The helpline in the three neighbouring countries is available only during working hours, and not 24/7 as in Poland. This may suggest a lower business activity there thus far.

5. SPECIALIZED NEWCOMERS

Description of segment 2: Specialized newcomers

- (1) companies providing a specialized offer (i.e. not comprehensive) of rather conventional products, which is hinted at by a small mean of product uniqueness
- (2) the customer benefits do not entail productivity gains

- (3) the group of Internet companies that have the lowest percentage of regular customers, which was estimated by managers to at 38%, on average
- (4) the segment companies are mostly Internet storefronts, which source their incomes from sales of tangible products
- (5) the youngest companies in the research sample, with the average founding year in 2006, expanded online in 1.5 years after their set-up date.

Segment representative: E-Lady.pl

E-Lady.pl – a Polish company established in 2003 operating as an on-line store selling women’s underwear items.

Table 2. E-Lady.pl – business model constructs and growth stages
(own elaboration based on a company website)

Business model constructs	Growth stages
<p>Customer Value Proposition: Wide range of products from the category of women’s underwear and related categories.</p>	<ol style="list-style-type: none"> 1. Mid 2000’s - Polish e-commerce market is saturated and competition is price-based. Differentiation strategy – creating blog.e-lady.pl and building women’s community around the shop 2. 2009 – Facebook fan page – <i>E-Lady.pl - the most female on-line shop</i> 3. 2014 – Improvement in process of shopping delivery to a customer. Delivery only via courier company and novel solution of parcel lockers
<p>Key Resources:</p> <ul style="list-style-type: none"> – Product offer presented on the website – Customer portfolio, including Facebook followers – Bloggers promoting the company 	
<p>Key Processes:</p> <ul style="list-style-type: none"> – Customer acquisition and retention – Supply chain and order management – Managing blogger relationships – Maintaining a high position in search engine listings 	
<p>Profit Formula:</p> <ul style="list-style-type: none"> – Selling online tangible products – Promotion code for creating an account 	

E-Lady.pl – a business model explanation

E-Lady is an online storefront offering items from the category of women’s underwear. The company also sells products from related categories (e.g. regular women’s clothes, men’s underwear), however their range is narrow. Items sold come from many producers. Interestingly some of them are labelled “Only at E-Lady”.

The product descriptions are rich in information and updated. In some cases also video presentations are provided, which is a novelty on the Polish market. The layout of the website is however old fashioned. It has not been profoundly changed during the last 10 years of the company’s operation.

The storefront appears favourably in search engine listings (e.g. with the keyword “store with underwear”). Achieving and sustaining top positions in a competitive industry is a remarkable success resulting in visits of consumers interested in buying or at least browsing women’s underwear. E-Lady acquires customers also thanks to the cooperation with fashion bloggers. If a consumer clicks E-Lady’s ad on a blog, and then purchases a product, the blogger who will receive a financial remuneration.

E-Lady.pl growth strategy – Storefront, content, modern logistics

In the mid 2000’s many new online stores appeared and the Polish market became quickly saturated with the lack of clear market leaders. Growing price competition made it difficult to sustain satisfying profitability. Anna Marynowska, the owner of E-Lady.pl set a very challenging goal to build a brand image of E-Lady.pl and generate added value for customers. The idea was to attract customers who are less sensitive to price and lock them in with the brand store. **The challenge was also to break a stereotype of non-confidence for online stores with maintaining the highest level of professional service and a very rich offer with detailed descriptions.** Thus, the goal was to reach opinion leaders and familiarize them with the brand E-Lady.pl.

As the result of searching for cost-effective brand building the idea of creating a corporate blog was chosen. A blog, an open, efficient and modern way of communication, had four objectives to reach: (1) make a place for “discussion and a lot of fun for anyone who appreciates a woman’s perspective on work, networking and business”, that will build a positive brand image, (2) get E-Lady.pl to know the opinion leaders, such as representatives of the media or bloggers, (3) make a special shop attribute and adding more value for existing customers, (4) get customer feedback (e.g. especially within the product preferences).

The implementation plan was launched to highlight the real advantages of the store: the openness to novelty, a willingness to listen to customers, original products and sincerity in order to obtain pure and clear communication. Two editors with different personalities were selected, allowing them not only to write on the blog, but mutually refer to their statements. They jointly established a thematic scope and frequency of writing. Launching the blog was scheduled in such a way as to exploit the effects of word-of-mouth marketing.

In 2006 the blog was one of the first projects of this type in Poland. In 2007 E-Lady.pl launched another blog on shopping aimed at female consumers. However, this initiative ended after a year. Currently the E-Lady blog does not play an important role in company’s marketing. Most of the content that appears there does not refer to the offered product and has rather an entertaining character. The frequency of posting is rather low – one note per week. They also do not evoke activity in readers. Most of the blog notes have one or no comments at all.

The lack of users interested in the blog maybe to some degree explained with the popularity of the company Facebook fan page. It managed to gather more than 7500 subscribers. The news presented there refers mostly to underwear items (as contrary to the entertaining content on the blog). Interestingly, the fan page also does not evoke followers' activity. Most of the news has been liked by less than 10 subscribers, some of them have not been liked at all.

Due to frequent customer posts about delays in delivery by the Polish Post, the owner decided to change the operator. In order to ensure timely and quality service to their customers, the company moved to a courier company and a novel parcel lockers solution.

6. COMPREHENSIVE INCUMBENTS

Description of segment 3: Comprehensive incumbents

- (1) companies that rely on a wide offer of popular items (the lowest rating on offer uniqueness)
- (2) the firms in this segment recorded on average the highest proportion of loyal customers (more than half) and the fastest pace of acquiring new patrons, as compared to their direct competitors
- (3) the dominant type of company is the Internet storefront with providers of consumer services coming in second. Chief sources of income are sales of advertising and tangible products.
- (4) companies report that only half of total sales are derived from the electronic marketplace
- (5) the oldest companies (established on average in 2001) with the longest period from funding to the moment of starting doing business through Internet channels (more than 3 years).

Segment representative: Komputronik.pl

The Komputronik joint-stock company, a part of Komputronik Group, is a public company quoted on the Warsaw Stock Exchange. Since 1996 the company has been offering a wide range of hardware, software, electronic accessories, domestic appliances and electronics, as well as specialized services. Retail sales are carried out through the online shop Komputronik.pl and a nationwide network of 300 of their own shops as well as franchisers and partners.

Table 3: Komputronik.pl – outline of business model constructs and growth stages
(own elaboration based on a company website)

Business model constructs	Growth stages
<p>Customer Value Proposition: Fast and safe online shopping for computer equipment</p>	<p>1. 1998 – on-line shop was opened as a “promotion of Komputronik brand”</p>
<p>Key Resources:</p> <ul style="list-style-type: none"> – Well-recognized brand of Komputronik – Partnerships – suppliers of hundreds of brands, computer stores, financial companies – Ca. 300 traditional stores – Website with content including guides and tips, as well as product reviews written by customers – Storefronts also in Slovakia and Czech Republic – Russian-language version of the Polish store 	<p>2. From 1999 – moving from a promotional website into transactional one</p> <p>3. From 2000 – e-commerce website</p> <p>4. 2014 – geographical expansion onto the German market.</p>
<p>Key Processes:</p> <ul style="list-style-type: none"> – Customer acquisition, growth and retention in a price-driven environment – Product portfolio management (offer – wide range of products - 70000 SKU) – Order-delivery process – Multichannel management – Presence on electronic markets (online auction, price comparison websites) 	
<p>Profit Formula:</p> <ul style="list-style-type: none"> – Online sales of tangible products – Payment enhancements: sale by installments; – Leasing – Rendering additional services 	

Komputronik.pl – business model explanation

Customers choose company solutions generally because of their comprehensiveness, not innovativeness – circa 70 000 SKUs from various categories (economies of scope). Komputronik.pl provides its customers with few personalized solutions (possibility of assembling a computer based on chosen components, after sales services). The company maintains relationships for as long as possible even with customers who are less profitable. Regular customers, in general, are not specially rewarded (for example only occasional standardized price discounts for chosen products for all customers or free delivery period). An important criterion for selecting the hardware provider is keeping the attractiveness of a comprehensive offer. Komputronik is a distributor of hundreds of brands (hardware, software, electronic accessories, products, domestic appliances and electronics items) and payment convenience solutions. Komputronik cooperates with a few financial institutions to offer its clients attractive terms of sale of installments and leasing contracts.

Komputronik.pl growth strategy – from brand promotion to online sales channels benefiting from economies of scale and scope

Since February 1998 the online store has been in operation. Initially it was only a tool for promoting the Komputronik brand and a reliable form of presentation of offerings. Only in that year the Internet storefront developed a turnover comparable to the one of the brick-and-mortar company's stores. Nowadays the company increases its offer by more than 1 thousand products every month. The customers can choose from nearly 70 000 products of hundreds of different brands.

Since 2000 the competition from supermarkets has started to grow, the priority for the company was to develop a portfolio of IT services. For this reason, Komputronik shops have changed from the usual points of sale into local Information Technology Centres for individual customers and companies. The company offers a wide range of after sales services: post-warranty service, extended warranty service, server configuration, software installation services, data recovery.

In 2010, as well as in 2011, the Komputronik.pl online shop earned the title of best e-store in Poland, and in the computer ranking of the "Rzeczpospolita" newspaper Komputronik was considered the most valuable Polish computer brand. In 2013 the online shop was the winner of the 6th Edition of the Polish Quality of Service Program in the category - "Computer Shops". It was awarded the prestigious prize: the Star Quality of Service 2013 with the highest, among its competitors, Consumer Satisfaction Index, which amounted to 87.6%.

Pricing policy has also been subject to change. For many years Komputronik was perceived as rather an expensive store. Competing in an online environment with high prices may be difficult. Consumers often take advantage of the website's benefits facilitating the pre-purchase process for free (e.g. guides, tips, product reviews); the transaction however is conducted with the lowest-price provider. Komputronik is right now competing with prices to a higher extent. According to Wojciech Buczkowski, the company's founder and CEO, the lower prices result mainly from economies of scale and a reduction in the organization's costs (Rdzeń, 2014).

The company also expands geographically. It has its online stores in Slovakia and the Czech Republic under the brand of K24. There is also a Russian-version of the store dedicated to customers from Russia, Belarus and Ukraine. They may pick up products with Komputronik's agents located in Poland close to the border and benefit from VAT return.

In 2014 the next direction of geographical expansion is Germany, the largest IT market in Europe. Komputronik has registered a Berlin-based daughter company, The Board of Directors of the company, explained that the registration of the company on the spot was needed because it is very difficult for players "from the outside" to be on the market. The German subsidiary will sell first through e-commerce platforms (e.g. third-party stores), and later it will start launch its own online store (2014).

7. PRODUCTIVITY ENHANCERS

Description of segment 4: Productivity enhancers

- (1) the firms display the strongest concentration on solutions that can enhance the effectiveness and efficiency of their customers
- (2) the products on sale are not unique and the offer seems to be rather wide in scope
- (3) the companies do not shy away from offering free content and involving partners and customers in co-creation
- (4) the dominant type of companies are news portals, where chief sources of income are sales of virtual products and services (through subscriptions) and advertising
- (5) the companies on average start out in 2004 and have the shortest time lag between the year of funding and the year of getting onto the Internet (less than one year) and, fittingly, the part of the revenues from the Internet is here the greatest.

Segment representative: PanoramaFirm.pl

PanoramaFirm.pl is one of the most important Polish yellow pages companies allowing to find a potential business partner. It offers a search engine of local businesses as well as other applications facilitating the first contact of potential customers with companies.

Table 4. PanoramaFirm.pl – outline of business model constructs and growth strategy own elaboration based on a company website

Business model constructs	Growth stages
<p>Customer Value Proposition: Matching potential customers with local businesses</p>	<ol style="list-style-type: none"> 1. Printing out and distributing yellow pages catalogues 2. Offering online search of business entities (early 1990's) 3. Broadening the range of services to news with an attempt to become an online portal. Offering free e-mail services (late 1990's) 4. Reduction of services around 2005 resulting in concentration only on local business search 5. Adding utilities within the search services: mobile search, map with business locations, navigation application.
<p>Key Resources:</p> <ul style="list-style-type: none"> – Well-recognized brand – Database including information on 2.3 million Polish companies – Search engine – Online map of Poland with business locations – Navigation applications 	
<p>Key Processes:</p> <ul style="list-style-type: none"> – Providing potential customers with precise information on local companies – Facilitating companies presence in the portal 	
<ul style="list-style-type: none"> – Acquisition and retention of both user types (potential customers and supplying companies) 	
<p>Profit Formula:</p> <ul style="list-style-type: none"> – Advertisement revenue, – Fees for companies' favourable presence in the internal search engine listing 	

Panoramafirm.pl – business model explanation

The purpose of Panoramafirm.pl is to provide potential customers with precise information on local companies. The company possesses a detailed database including information on 2.3 million of Polish businesses. Apart from the traditional yellow-pages printed book, potential customers may reach the would-be business partners via the internet and mobile search engine, as well as the navigation application.

The complementary group of customers, i.e. local businesses, may present their offer in various forms starting from basic contact information up to an enriched multimedia presence. The companies are the entities providing Panoramafirm.pl with revenues, potential customers may use the search tools for free.

The database of 2.3 million companies is also monetized in a different way. The company renders services related to direct marketing (i.e. e-mailing companies from the data base). Benefiting from the database requires its constant updating. The company claims 95% of its records are valid. As a consequence, more than 5 million unique users visit the search engine every month, which is supposed to lead to millions of customer enquiries monthly.

Panoramafirm.pl growth strategy – from printed catalogue through content to search

The company started in the early 1990s. First it offered a print catalogue, a yellow pages style book. Quite early it launched its first website, allowing to search for businesses. Catching up with the online trends of the late 1990s, the company started offering content on its website with an attempt to become a portal. At the time, the company offered current news, as well as information on business, sport, movies, etc. It also offered free e-mail services. Around the year 2005 the company scaled back its services to only information on local businesses. However, within that category, it over time also offered a mobile search engine, maps with business' locations as well as navigation application facilitating reaching the companies' premises. The company still prints out and distributes paper catalogues, however their importance is strongly diminishing.

The company's revenues stem mostly from the internet (70%) and the rest from offline products. The internet revenues represent a growing part of the total income amounting to 33 m USD in 2011. The company's main competitor PKT.pl enjoyed even higher revenues of 45 m USD in 2011. The total yellow pages market in Poland is assessed to be worth of 60-75 m USD [9]. The company also treats Google as a competitor, especially in the area of mobile searches.

8. RUN-OF-THE-MILL RETAILERS

Description of segment 5: Run-of-the-mill retailers

- (1) companies seem to benefit from some extent of co-creation and have an offer that encompasses multiple options
- (2) the segment has the second lowest percent of loyal customers and the second fastest acquisition of new customers
- (3) the segment companies are mostly Internet storefronts, which source their in comes from sales of tangible products
- (4) the companies in the segment are the least likely to service market niche
- (5) they were on average founded in 2003 and went online after three years

Segment representative: Projektoskop.pl

Projektoskop.pl is an online platform providing tools for searching house projects, as well as exchanging information on house building and renovating.

Table 5. Projektoskop.pl – outline of business model constructs and growth strategy (own elaboration based on a company website)

Business model constructs	Growth strategy
<p>Customer Value Proposition: comprehensive information on house building, including a collection of house projects</p>	<ol style="list-style-type: none"> 1. 2008 – business concept preparation for EU funds financing 2. 2009 – the beginnings of the construction of the portal: conceptual and programming works 3. 2010 – launching website on the Internet
<p>Key Resources:</p> <ul style="list-style-type: none"> – Projects of houses – 16000 coming from 60 design offices – Content – more than 2500 articles and guides on house building, repair, arrangement and interior equipment – Community of users active on the forum 	
<p>Key Processes:</p> <ul style="list-style-type: none"> – Customer acquisition – Acquisition of house projects – Content creation (articles) and customer content co-creation (forum) 	
<p>Profit Formula:</p> <ul style="list-style-type: none"> – Display advertisements – Promotion of house projects 	

Projektopskop.pl –a business model explanation

The portal offers a unique value proposition for users, who are building or planning to build their own home, and hence are interested in finding a suitable house project, as well as useful information related to house building, its arrangement, interior design, etc.

There are many websites offering similar benefits. Projektopskop.pl offers a novel graphic search of house projects. It allows the user to allocate space between rooms on the floor, the algorithm presents house projects meeting the query. Besides it also offers other forms of house project searching. It is a necessity, as the company presents around 16 000 house projects. The website does not sell projects itself, it rather redirects the interested user to the website of the project vendor.

In addition to house projects, the website offers content. There is more than more than 2500 articles and guides on house building, repair, arrangement and interior equipment. Projektopskop.pl has also a social element and provides discussion forums for the exchange of information among users on the selection of projects and on actual construction issues.

The business model includes many features: it allows time saving (search engine of house projects), it offers free benefits (articles and guides), it facilitates social communication (user forum). However, typically for the segment of run-of-the-mill retailers, Projektopskop.pl lacks dominant characteristics. It benefits from some extent of co-creation and has an offer that encompasses multiple options. It should be noted that the typical representative of the segment is a retailer, while Projektopskop.pl plays rather a role of an information intermediary directing potential customers to websites, where they can purchase house projects, etc.

Projektopskop.pl growth strategy – affliction of Google dependency

Projektopskop.pl was co-financed by the European Regional Development Fund under the Operational Programme Innovative Economy 2007-2013, Action 8.1 – "Support for economic activity in the field of electronic commerce." The value of the subsidy amounted to 200 000 USD with the project estimated value of 270 000 USD.

According to Megapanel, in 2011 the website attracted rather constant traffic – ca. 350 000 unique users contributing to 1 500 000 page views monthly. In February 2013 the traffic was much lower. The website was visited then by 130 000 unique users. What could be the reason for such a large decrease in users? Provided that the company's services remained at the same level, the reason for changes of website visits may be Google dependency. Modifications in the search engine's algorithm may lead to a high volatility of website traffic. This is a common affliction of online businesses that take advantage of their content to generate traffic via search engines.

The company continues to complement the guidance and editorial content, and add new projects. The owner also plans to make an advertising platform for the construction and housing industry to increase this source of revenue.

9. CONCLUSIONS AND DISCUSSION

The analysed companies display the following similarities and discrepancies. All of the businesses contribute to **customer efficiency**, understood mainly as time savings. PanoramaFirm.pl (representative of productivity enhancers), does it in the highest degree. Increasing consumer productivity is typical for the majority of online services, as benefits they offer are usually a few clicks away, as opposed to traditional services which are not so easily accessible.

Researched businesses also offered **breadth of selection**. This is easy to notice in the Komputronik.pl case (representative of comprehensive incumbents). The company offers a wide range of products in the category of computer hardware. The companies of the least comprehensive offer are E-Lady.pl (women's underwear) and Projektoskop.pl (services related to house building). The conclusion of the generality of an offer's scope should not be easily transferable to all online businesses. In our research we included entities that are medium or big online companies. As a consequence small companies, especially start-ups, that may not share this trait, were not incorporated. Besides, one can dispute how a product category should be defined – be it women's clothes or rather women's underwear. In the first case E-lady has a narrow offer, in the other – a comprehensive one.

Uniqueness is a dimension within which companies ranked differently. Komputronik.pl selling computer hardware and E-Lady.pl offering women's underwear ranked low. It is not surprising, as usually online stores offer items which are available in other companies. Interestingly, Motointegrator.pl is the online store that ranks the highest in the dimension of uniqueness being the representative of unique offerings suppliers. Motointegrator.pl offers a wide range of automobile items and enriches its offer with services, which makes the offer rare. The uniqueness of PanoramaFirm.pl results from the database of companies. The rare service of Projektoskop is the graphical search engine, the remaining benefits (e.g. house projects, forums) are rather typical for such websites.

Companies differ also in the area of **value co-creation**. Projektoskop (run-of-the-mill retailer) takes advantage of user-generated content. Panorama Firm allows companies to present their profile on the website. The users however do not contribute to the value co-creation. The three analysed stores to a limited degree rely on prosumerism. Komputronik.pl is probably the one which has the highest number of product reviews written by its customers.

Differences are also to be noticed in the area of **content management**. Motointegrator.pl and E-Lady.pl tried to develop blogs on topics related to their activity. Both initiatives were abandoned. This may suggest difficulties in brand building with the specialized content. All companies communicate using Facebook pages (fan pages). The content of communication is wide and relates to products, news or entertainment.

Three out of five analysed cases were online ventures of **traditional companies** (Motointegrator.pl, Komputronik.pl, PanoramaFirm.pl). Thus they could benefit from a recognized brand and competitive position in a traditional environment. E-Lady and Projektoskop are online ventures without significant traditional presence. The latter discrepancy finds its reflection also in the ventures popularity. A recognized brand and firm competitive position leads to higher website traffic and higher number of Facebook followers. The pure players suffer from rather relatively low number of website visitors.

There is also a difference between brick-and-click companies and pure players in the area of markets served. The growth of the two brick-and-click companies is based on the **internationalization**. They are Komputronik.pl and Motointegrator.pl, who entered neighbouring markets. Panoramafirm.pl is a part of international Eniro Group. Both pure players, i.e. E-Lady.pl and Projektoskop, rely only on the domestic Polish market.

The researched companies followed two similarities: contribution to customer efficiency and offering breadth of selection. They displayed differences in other areas (i.e. uniqueness, value co-creation and content management). We do not find any single factor that could serve as an explanation of the above characteristic. In other words, we do not find any independent variable for which value proposition (as a composite of business model) could be a dependent variable.

A simple relationship between the business model and **mode of growth** is to be noticed. Companies with developed traditional (offline) presence and recognized brands tend to serve foreign markets more often than smaller companies concentrating only on their Internet activity. This can be easily explained with the volume of operation and difficulties of further harnessing the domestic market. Hence the expansion into neighbouring markets is necessary to sustain growth. Interestingly, this can be interpreted twofold. In the first explanation, growth (the scale of business) is the independent variable and mode of growth is the dependent one. In other words entering foreign markets follows reaching some critical point. The other possible explanation is treating the business model as the independent variable and mode of growth as the dependent variable. Again, having strong traditional presence and recognized brands (constructs of business model) allows the market expansion (mode of growth). These conclusions, as obvious as they are, show rather a two-way relationship between the business model and company growth.

In this paper we identified differences and similarities between business models and growth modes of Polish online companies. We went through an in-depth analysis of unfocused (in terms of business profile) case studies. We have come across a conclusion about an evident existence of a business model and a mode of growth relationship. The essence of this relationship however has not been defined yet and requires a longitudinal field study to justify it. More specified case research structure is needed to meet such an addressed research purpose.

10. LIMITATIONS

The present study has several important limitations. Firstly, it was decided to go in-depth with the case study method only for one representative of each segment. However, the chosen cases we can treat as exceptional ones according to Dyer and Wilkins (1991), but in common practice of designing case study research the Eisenhardt multiple rule: 4-10 cases, should be used (1989). By expanding the number of companies selected to case study research in each segment we could better control the similarities and discrepancies among companies from the same segment.

Secondly, the initial research sample of analysed companies, used in the qualitative segmentation procedure, was characterized by profound heterogeneity in terms of company size, employed business models and growth phases. Hence the conclusion of generality of an individual case study which cannot be easily transferable to each segment level.

The third limitation stems from the fact that all case studies come from a single country, which is still considered an emerging economy. In consequence, some of the identified patterns may not repeat in other national environments with different market structures and dynamics.

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MODELE BIZNESU A ŚCIEŻKI WZROSTU. BADANIA JAKOŚCIOWE POLSKICH FIRM INTERNETOWYCH

Streszczenie

Celem artykułu było zidentyfikowanie i opisanie różnic oraz podobieństw pomiędzy modelami biznesu oraz ścieżkami wzrostu polskich firm internetowych. W następstwie statystycznych segmentacji wybrano pięć firm, które jako przedstawiciele segmentów, były przedmiotem badań jakościowych (studium przypadku). Analizowane spółki wykazują podobieństwa w następujących kryteriach segmentacji: efektywność oferty dla klienta, szerokość oferty oraz różnice: zarządzanie treściami (kontentem), współtworzenie wartości z klientem. Typowy model ścieżka wzrostu to wchodzenie na rynki zagraniczne po uzyskaniu na rynku krajowych określonej skali sprzedaży.

Słowa kluczowe: propozycja wartości, model biznesu, ścieżki wzrostu, e-commerce, efektywność biznesu, studium przypadku, Polska, Region Środkowo-Europejski

