



Research School for Operations
Management and Logistics

Where Does the Money Go? Digital Business Model Innovation in Mobile Apps

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In recent years, the mobile app industry has been the playing field for business model innovation. The market boosted development of such business models as freemium and in-app purchases that lie on the intersection of free and paid services. Despite increasing emphasis on the business model as a locus of innovation empirical studies are sparse and typically refer to overall design themes, leaving the actual performance implications of business models unexplored. Through four studies that exploit the large quantity of publicly available data from app stores, this project seeks to derive both short and long-term performance implications of business models for mobile apps. In particular, this project aims to: (a) study business models and their relationship to app performance; (b) empirically validate the process of business model experimentation; (c) gain insight into the extent to which customers vent responses to changes in the business model for an app, and how these ultimately affect app performance; and (d) explore the competitive consequences of business model innovation by new entrants. This project firmly contributes to the empirical grounding of the business model concept, being among the first to validate numerous hypotheses about the performance implications of business model innovation and experimentation in a large sample study.