Business model innovation failure: the role of cognitive dissonance within dominant and emergent logics

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Abstract

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Several cognitive barriers hinder business model innovation. In the literature, the “dominant general management logic”, as initially described by Prahalad and Bettis (1986) and then extended by other management scholars, is generally seen as a cognitive challenge along the different steps of business model innovation processes in organizations. Laudien and Daxbäck (2017) suggest that dominant logic constrains the initiation of the business model innovation process, by preventing managers to acknowledge the need of a new business model. Frankenberger et al. (2013) identify that dominant logic obstructs the ideation phase. Chesbrough (2010) assesses that dominant logic may also affect the experimentation phase and consequently it prevents the implementation of a new business model.

By considering business models as cognitive schemas (Massa et al., 2017), we conducted an action research study with the regional association of butcher’s shops in the Italian part of Switzerland to help butchers identifying new business models to implement, by challenging the dominant logics. Nevertheless, despite a co-designed strategy with more than forty butcher’s shops, we failed in implementing the identified new business models. Therefore, we went back in the literature and found no answers about what may be the drivers of the gap between what butcher’s shops’ owners thought and what they did. For instance, the research question of the present study is why butcher’s shops do not engage in business model innovation, even if they acknowledge they should?

To solve this gap, we considered cognitive dissonance theory (Festinger, 1957) as a promising theoretical approach. The goal of our study is to explore how butcher’s shops’ owners reduce cognitive dissonance caused by holding at the same time two conflicting beliefs: the willingness to experiment a radically new business model (i.e. which would create an emerging logic), and the comfort of defending...
the status quo because of its consistency with the current (i.e. dominant) logic. To achieve consonance, two possible solutions are available to individuals: (1) by adding consonant elements in his or her mind; (2) by lowering the importance attributed to the dissonant element. Both solutions are intended to regain equilibrium. Our cognitive perspective on business models discusses business models as a representation (i.e. result) of what entrepreneurs think about their business. Therefore, to enable the design and the implementation of a new business model, entrepreneurs must challenge the dominant logic to let the emergence of a new logic, consistent with the new business models, which in our case were for example ?online meat shop?, ?meat-cooking workshops?, ?bistro services?, and ?meat vending machine?.

Counterintuitively, the thinking about new business models did not match the behavior of all butchers. Hence, we went back to the field and conducted a multiple holistic case study design with 8 cases. As suggested by Eisenhardt (1989), we employed theoretical sampling by selecting 4 positive cases and 4 negative cases and gathered data via semi-structured in-depth interviews, observation and archival data. Data were analyzed through a coding process (Gioia et al., 2013) and we identified that cognitive dissonance played a role not only in the existing versus the new business model, but in all components of a business model, such as value creation, value delivery, and value capture.

In fact, the results of our study highlight that cognitive dissonance is caused by the tension between dominant logic and emerging logic at a value creation, value delivery, and value capture levels. For example, the dominant logic at the value delivery level of butcher’s shops highlights that the relationship with the customers is direct and physical. Even if the meat vending machine or the online meat shop have been identified as promising business models, the emerging logic at the value delivery level of these new business models consists in having no direct, nor physical relationship with the customer. Therefore, butcher’s shops’ owners involved faced a psychological discomfort, which has been reduced in the following ways: (1) by raising the importance of physical relationships in the industry by the negative cases, or (2) by increasing the importance of achieving new targets with different purchasing needs by the positive cases.

In sum, this study contributes to the theory by applying dominant logic at a micro level of a business model (i.e. its components) as a key cognitive barrier of business model innovation, because of a generation of cognitive dissonance. As a practical implication, we find that microfirms engaging in business model innovation processes should pay attention to the management of the conflicts among dominant and emergent logics of the existing and the new business model, in order to facilitate the acceptance of the new business model.

References
Business Model Innovation Failure: the Role of Cognitive Dissonance within Dominant and Emerging Logics

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Abstract. Dominant logic is generally seen as a cognitive barrier along the different steps of business model innovation processes. In fact, an innovative business model often requires the emergence of a new logic that ensures consistency. To achieve that, entrepreneurs and managers should challenge the dominant logic. This particularly applies in microfirms, where the business owner plays a key role within innovation processes. We engaged in an action research with forty butcher’s shops’ owners with the goal of facilitating business model innovation, while challenging the butcher’s dominant logic. Despite having found several innovative business model options, only few butcher’s shops started implementing innovation projects. Our study firstly reveals that by contrasting the traditional business model to the innovative business models, conflicts between dominant and emerging logics appear at every business model component (i.e. value proposition, value creation, value network, value delivery, and value appropriation). Furthermore, these conflicts triggered a state of cognitive dissonance among dominant and emerging logics. In order to investigate how butcher’s shops’ owners restored equilibrium we, then, conducted a multiple holistic case study, with four positive cases (i.e. innovative butchers), and four negative cases (i.e. non-innovative butchers). Findings reveal that positive cases resolved cognitive dissonance by embracing emerging logics through a set of consistent ideas supporting the emerging logic, and assessing the limitation of the dominant logic within the different components of their business model. In contrast, negative cases resolved cognitive dissonance by adding elements sustaining the dominant logic, and by reducing the importance of elements sustaining emerging logics. The present study contributes to the business model innovation literature, by identifying cognitive dissonance between dominant and emerging logics at the different business model components as a powerful obstacle or facilitator of the process. According to the interpretation of business models as cognitive schemas, conflicts within dominant and emerging logics require entrepreneurs or managers to compete against itself to enable business model innovation.
1. Introduction

The development of a new business model requires that a company engages in the process of business model innovation. In the literature, the “dominant general management logic”, as initially described by Prahalad and Bettis (1986) and then extended by other management scholars, is generally seen as a cognitive challenge along the different steps of business model innovation processes in organizations (Chesbrough, 2010; Frankenberger et al., 2013; Laudien and Daxböck, 2017). The present study is the result of an iterative process of action research, developed within a research project with the goal to innovate the business models by challenging the dominant logic of the seventy members of the Regional Butcher’s shop’s Association in the Italian-speaking part of Switzerland (in Italian “Associazione Mastri Macellai e Salumieri” abbreviated with the acronym “AMMS”).

Applying to our context the generic business model innovation process by Wirtz and Daiser (2018), we identified several business model options by overcoming the dominant logic. Unfortunately, when it came to implementation only few butcher’s shops started experimenting some new business models, while the majority of them remained stuck. Despite the declared sense of urgency to radically innovate their business models (Kotter, 2005), the dominant logic prevented the implementation of the most distant business model ideas identified. Therefore, despite our having managed to challenge the dominant logic during the first phases of the business model innovation, when confronted to the experimentation process butcher’s shops’ owners’ dominant logic came back (1) by playing its filter role for information (Bettis and Prahalad, 1995); and (2) as a lens, affecting owners’ imagination of the future, by limiting their imagination within categories that made sense with their current cognitive schema (von Krogh et al., 2000). Hence, we went back in the literature and found no answers about what may be the drivers of the gap between what butcher’s shops’ owners thought and what they did.
To solve this puzzle, we considered cognitive dissonance theory (Festinger, 1957) as a promising theoretical approach. Our thesis was that butcher’s shops’ owners faced a situation of psychological discomfort because the new business model required a new logic, which was in conflict with the owner’s dominant logic. Consequently, the majority of the butchers found equilibrium within the dominant logic, refusing the arguments supporting the adoption of a new logic. Thus, the goal of our study is to explore how butcher’s shops’ owners reduce cognitive dissonance caused by holding at the same time two conflicting beliefs. To achieve consonance, two possible solutions are available to individuals: (1) by adding consonant elements in his or her mind; (2) by lowering the importance attributed to the dissonant element. Both solutions are intended to regain equilibrium (Festinger, 1957). Thus, the present study explores the following research question: How butcher’s shops’ owners reduce cognitive dissonance to achieve consonance in the dominant or in the emergent logic?.

Building on the interpretation of business models as cognitive schemas (Massa et al., 2017), we discuss business models as a subjective representation (i.e. result) of what entrepreneurs think about their business. Counterintuitively, the (positive) thinking about new business models did not match the behavior of all butchers. Hence, we went back to the field and conducted a multiple holistic case study design with 8 cases. As suggested by Eisenhardt (1989), we employed theoretical sampling by selecting 4 positive cases and 4 negative cases and gathered data via semi-structured in-depth interviews, observation and archival data. Findings reveal that cognitive dissonance played a role in all components of a business model, such as value proposition, value creation, value networking, value delivery, and value appropriation (Cortimiglia et al., 2016).

This study contributes to the business model (innovation) literature by applying dominant logic at a micro level of a business model (i.e. its components) as a key cognitive barrier of business model innovation, because of a generation of cognitive dissonance. Moreover, our study
contributes to business model innovation processes by bringing a cognitive perspective and by
highlighting the limitations of cognitive biases of entrepreneurs and managers when dealing
with the business model innovation process.

Our paper next presents our theoretical background and discusses and connects the cognitive
perspective on business models and business model innovation, with dominant logic and
cognitive dissonance theory. Then, we describe the two-phased methodology (business model
innovation project and case study design) and report the results of our analysis. To conclude
we provide theoretical and managerial implication of our study.

2. Theoretical background

A cognitive view on business model components and business model innovation processes

Business models have become a new unit of analysis about business phenomena (Massa and
Tucci, 2014). “Business models” and “strategy” are two different but interconnected concepts
(Chesbrough and Rosenbloom, 2002; Demil and Lecocq, 2010; Gassmann et al., 2014; Teece,
2010; Zott and Amit, 2008). In particular, Casadeus-Masanell and Ricart (2010) assert that a
given business model is the result of strategy. As strategy, business models may be explicit and
formalized, as well as hidden. Especially, the cognitive perspective on business models reveals
business models as implicit schemas in the mind of the entrepreneur or manager (Massa et al.,
2017). According to Teece (2010) entrepreneurs and managers have a key role in the business
model development, because they design a business model according to their interpretation of
their customers’ needs. This cognitive perspective considers business models as an
interpretation, an image, a schema of the real system by the organizational members (Massa et
al., 2017).
To facilitate an understanding of the image that entrepreneurs have of their real system, defining the general components of the business model is needed. There is a general consensus in conceptualizing business models as a combination of several components and an underlying architecture that links these components consistently (Foss and Saebi, 2017, 2018). Cortimiglia et al. (2016: 415), building from Zott et al.’s (2011) literature review, develop a conceptual framework composed of five business model dimensions, namely “(1) value networking, (2) value creation, (3) value proposition, (4) value delivery, and (5) value appropriation”.

Business model innovation is considered also an organizational change process (Foss and Saebi, 2017). Wirtz and Daiser (2018) review the various steps of the different business model innovation processes present in the literature. Business model components play an important role in business model innovation. Baden-Fuller and Morgan (2010) compare business models’ components to ingredients for a chef who has to create a recipe for a successful dish: as cooks, managers could combine business model components in different ways to reach success. Moreover, according to the strategic goals of the firm, the business model innovation paths vary, starting with the change of a specific component and it may end with the reconfiguration of the other components as well, in order to ensure internal consistency (Heikkilä et al., 2018). Actually, Spieth and Schneider (2016) define business model innovation as a change that modifies at least one business model component, by producing value offering innovation (i.e. changes in the value proposition), value architecture innovation (i.e. changes in value networking, value creation, and/or value delivery), and revenue model innovation (i.e. changes in value appropriation).

We find a gap about investigating the poor understanding of the cognitive mechanisms that link business model components to their innovation, especially in micro-firms, where business models are mainly implicit and innovation processes are less structured and formalized (Kearney et al., 2017).
Different kinds of business model innovations have different cognitive implications. In fact, Schneider and Spieth (2013) separate “business model development” from “business model innovation”, where the first does not require the adoption of a new logic, because it is more a matter of continuous improvement. Originally defined as the “mental maps developed through experience in the core business and sometimes applied inappropriately in other businesses (Prahalad and Bettis, 1986: 485), dominant logic has been identified as a barrier within the business model innovation process (Franke and zu Knyphausen-Aufsess, 2014; Massa and Tucci, 2014). This is caused by the fact that dominant logic acts as an “information filter” (Bettis and Prahalad, 1995: 7), as well “as a blinder to peripheral vision” (Prahalad, 2004: 171), and as a lens that bounds managers in the imagination of the future (von Krogh et al., 2000).

Therefore, dominant logic applies to different stages or steps of the business model innovation process. Frankenberger et al. (2013) see dominant logic as a challenge during the idea generation phase (i.e. “ideation”), which hampers the firms to identify innovative business models. Laudien and Daxböck (2017) explain that dominant logic affects the business model innovation process already before that it initiates, by assessing that firms could not recognize opportunities and threats for business model innovation. Additionally, Chesborough (2010) identifies that dominant logic could lead business owners to delay the experimentation step of radically new business models.

A consistency between the dominant logic and the business model is then expected. Firms develop beliefs and practices through experience. When a potential innovation does not fit with the schema developed through previous experience, firms have difficulties in making sense of that innovation, which does not seem relevant (Chesbrough and Rosembloom, 2002; Massa and Tucci, 2014; von Krogh et al., 2000). If, on the other hand, entrepreneurs envision the limitations of the dominant logic and develop a new business model, they should be ready to
challenge the existing logic to embrace an emerging one, consistent with the new business model (Kurti, 2015, Sabatier et al., 2012).

Nevertheless, we found poor understanding in the literature about the phenomenon where despite the commitment towards the implementation of a new business model, the entrepreneur, ultimately preserves the dominant logic. Although the entrepreneur acknowledges the need and the effectiveness of business model innovation, he or she prefers to take a step behind just before the implementation. This paradox needs to be investigated through other underexplored theories of cognition. A social psychology theory that deals with inconsistencies between thinking and behavior is the cognitive dissonance theory (Festinger, 1957).

*Cognitive dissonance and business model innovation*

Dominant logic and cognitive dissonance have been recently pulled together by Gassmann et al. (2016: 81). According to their view, managers could reduce cognitive dissonance by “not accepting radically new business model ideas”, because they are distant from the dominant logic.

Cognitive dissonance theory has been developed by the social psychologist Leon Festinger (1957). The theory suggests individuals cannot hold simultaneously two or more dissonant beliefs, because this situation will put them in a psychological discomfort. In this uncomfortable state of mind, individuals are motivated to reduce the dissonance until the consonance is reestablished. To achieve consonance, two possible solutions are available to individuals: (1) by adding consonant elements in his or her mind; (2) by lowering the importance attributed to dissonant element. Both solutions are intended to regain equilibrium. In doing so, individuals will avoid all information that could threaten their consonance.
Cognitive dissonance theory has been employed in many researches in the field of management studies (Hinojosa et al., 2017). In the entrepreneurship literature, Ambos and Birkinshaw (2010) assess how despite important external changes in customer needs or in regulations, managers filtered their impact through the perspective of the existing dominant logic. To our knowledge there is no evidence on the process concerning the management of dissonance between two conflicting logics. Recently, Brenk et al. (2019) assess that intrapreneurial effectuation allowed a company to make sense of the new logic underlying an innovative business model. Nevertheless, there is still poor understanding of the reasons of the differences between the entrepreneurs who managed to embrace a new logic, and those who decide to remain with their dominant logic, even if they had just designed a new business model to adopt. Moreover, cognitive dissonance theory seems to not have yet applied to business model innovation and, more precisely to the single components of the business model.

3. Methodology

Research design and research context

Action research is a diffused research methodology in the business model innovation literature (Chanal and Caron, 2008; De Reuver et al., 2013; Lindgren, 2012; Petrovic et al., 2001; Ulvenblad et al., 2014). Basically, in action research settings the researchers aim at solving practical problems, while at the same time reflect and study a research topic to develop new knowledge (Greenwood and Levin, 2006). Our project with the AMMS dealt with solving a business model innovation problem, by challenging the dominant logic of each butcher’s shop’s owner. Our close work with participants in a workshop setting allowed us to reflect about the cognitive challenges of overcoming a dominant logic and to develop new knowledge about it. In fact, we assisted to a situation of conflict between the dominant and an emerging logic, that we intuitively addressed as a cognitive dissonance situation. Therefore, the action research
approach allowed us to determine the goal of our study, which is to explore how butcher’s shops’ owners reduce cognitive dissonance caused by holding at the same time two conflicting beliefs: the willingness to experiment a radically new business model, and the comfort of defending the status quo because of its consistency with the current dominant logic. We found this situation theoretically interesting for two reasons. First, business owners were all convinced and committed in the end of the project that business model innovations options had to be done. According to Kotter (2005) the sense of urgency is the key enabler of change. Second, even if the majority of butcher’s shops did not engage in radically new business model experimentation, four butcher’s shops initiated the experimentation with high motivations. These four cases are particularly interesting because they are anomalous, and we can refer to them as deviant cases (Seawright and Gerring, 2008). Furthermore, the context chosen is particularly relevant and interesting because butcher’s shops’ business models are highly similar throughout the region we studied and look still similar as forty years ago. In contrast with the general empirical evidence on business model innovation that identifies only 2% of firms focus exclusively in incremental changes (Volberda et al., 2018), the last four decades we assisted to some incremental innovations, but almost no business model renewal in the industry. Nowadays we are assisting in a slow but steady change within the industry, where supermarkets increasingly adopted the same business model of butcher’s shop (e.g. by introducing local food on their shelves, and by hosting a meat counter in addition to their pre-packaged meat) and offering the clear value proposition advantage of selling every kind of food and beverages in the same place. Furthermore, some meat online shop entered the industry, by focusing on special cuts of meats from all over the world. Thus, butchers in the region acknowledge the need for a radical business model innovation. Methodologically speaking, we have been privileged because the project done with the butchers allowed us to immerse ourselves in their reality. In fact, our methods section exposes the two main phases of our research. The first
phase consists in an action research, which lasted seven months. The second phase entails a qualitative multiple holistic case study design with 8 cases. The unit of analysis of our research are the single butcher’s shops.

Phase 1: Business model innovation workshops

The project consisted in seven workshops facilitated by us, where participants engaged in activities in order to achieve the objective of every workshop as presented in Table 1. Before each workshop we prepared several templates and moderation techniques to be used during the session by participants. Their works were collected at the end of every workshop. After the session we analyzed their output, and we rendered to them our analysis simplified through a “journal” where we asked for their validation.

<table>
<thead>
<tr>
<th>Workshop</th>
<th>Goal of the workshop</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Describe the key challenges that affect the own butcher’s shop</td>
</tr>
<tr>
<td>2</td>
<td>Describe and assess the current business model</td>
</tr>
<tr>
<td>3</td>
<td>Analyze the global technological, social, and environmental trends</td>
</tr>
<tr>
<td>4</td>
<td>Understand the emerging needs of customers and non-customers</td>
</tr>
<tr>
<td>5</td>
<td>Identify some business ideas in response to analysis done</td>
</tr>
<tr>
<td>6</td>
<td>Assess and refine business ideas and integrate into the current or a new business model</td>
</tr>
<tr>
<td>7</td>
<td>Design some experiments to test business model ideas</td>
</tr>
</tbody>
</table>

Table 1: The goals of the seven workshops conducted with butcher’s shops’ owners

From the beginning to the end of the project, all participants looked aware about the urge for business model innovation. The next step was the start of experimentation. Unfortunately, once the project ended, only four butcher’s shops started a real process of experimentation towards business model innovation according the definition of Spieth and Schneider (2016).
Participants description. The project developed with the AMMS reunited 40 butcher’s shops. Our personal appreciation of the industry made us assess that butcher’s shops in the Italian-speaking region of Switzerland are mostly similar in terms of business models. Nevertheless, we managed to divide the industry in three categories: (1) the traditional-modern butcher’s shops (that covers the 70% of the industry), which sells meat but also other kind of products and we labeled them small grocery stores (SGS); (2) the traditional-old fashioned butcher’s shops (that represents the 20%), which only sells meat and we labeled them meat boutiques (MB); (3) the bigger butcher’s shops (the remaining 10%), which we labeled meat factories (MF). The 40 butcher’s shops that participated at the workshops were mainly small grocery stores and very few (i.e. 4) meat boutiques. No meat factories participated at our project about business model innovation.

Data collection. During every workshop, data were collected by specific forms prepared to formalize the process and the results of the various activities carried out. The 40 participants were most of the time divided into groups and at every workshop additional researchers were present to take notes during the activities. We moved through the groups’ tables to facilitate their work methodologically, and at the same time exchange with the participants information and learnings. At the end of every workshop, each group was asked to present the work done, and we tape recorded the presentations for analysis purposes. We took photos during the activities and formalized all the results in a diary, that was shared with the participants after each workshop.

In addition to the workshops we participated in the various AMMS meetings, we visited their shops, talked with their customers and suppliers, and we participated at their social events. The first phase of our research lasted seven months and we performed an ethnography to appreciate the way of thinking and of doing of every participant.
Data analysis. During the action research phase our analytical framework consisted in the change process of business model innovation, according to Wirtz and Daiser (2018). We formalized and analyzed data at each step of the business model innovation process. The business model has been our analytical tool to describe, evaluate and monitor the impact of what resulted from each workshop. To formalize and share with participants our analyses we employed an adapted version of the business model tool called “magic triangle” by Gassmann et al. (2014). At the same time, we had an internal memo to formalize our reflection from the observation during the workshops and at the butcher’s shops we visited.

Our main goal was to identify the conflict at the level of the business model components between the existing business model and the emerging ones. Thus, we analyzed data to build the traditional and the innovative business models through the business model components by Cortimiglia et al., 2016. Moreover, to describe the logic underlying each business model component, we considered dominant logic as a system of beliefs according to Engelmann et al. (2019). Thus, according to our cognitive view on business models we define the dominant logic as “what the entrepreneur thinks”, while the business model is the result of the entrepreneurial thinking, therefore “what the entrepreneur does”. Given that dominant logic and the business model in the cognitive view should be consistent, we mapped also the dominant and the emerging logics’ conflict along the different business model components. For this reason, we describe how the dominant logic and the emerging logic differs in terms of value networking, value creation, value proposition, value delivery, and value appropriation according to Cortimiglia et al. (2016), as represented in Tables 2, 3 and 4.
<table>
<thead>
<tr>
<th>Business Model Dimension</th>
<th>Traditional Business Model</th>
<th>Online meat shop / meat vending machine</th>
<th>Dissonance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value proposition</td>
<td>High quality fresh traditional processed meat products and professional advice</td>
<td>Self-purchase of meat (also frozen), available 24h, 7 days</td>
<td>The historical role of the butcher is revolutionized. <em>Butcher as advisor for top quality food vs. butcher as self-service shop.</em></td>
</tr>
<tr>
<td>Value creation</td>
<td>Traditional meat processing and in-store customer service</td>
<td>Traditional meat processing, packaging, logistics, and post-sale service</td>
<td>The selling role of the butcher changes. <em>Pre-sale consulting vs. logistics and post-sale customer management.</em></td>
</tr>
<tr>
<td>Value networking</td>
<td>Poor strategic collaborations with partners. Mainly suppliers of products.</td>
<td>Same suppliers and strategic collaborations with technology providers</td>
<td>The technology providers affect more significantly the product. <em>Butcher’s shop only vs. Butcher AND “Shop” (online or vending machine).</em></td>
</tr>
<tr>
<td>Value delivery</td>
<td>The relationship with the customers and the sale channels are direct and physical</td>
<td>Customers access to the shop without interacting physically with the butcher</td>
<td>Besides physical vs. virtual relationship, the main change is reactive vs. proactive sale.</td>
</tr>
<tr>
<td>Value appropriation</td>
<td>Customers pay to the butcher for the products they buy</td>
<td>The appropriation of the value is direct and physical</td>
<td>There is an intermediary in the transaction. <em>No intermediary vs. With intermediary.</em></td>
</tr>
</tbody>
</table>

Table 2: Comparison between “Traditional business model” and “Online meat shop”/“Meat vending machine” and dissonance identification
<table>
<thead>
<tr>
<th><strong>Business Model Dimension</strong></th>
<th><strong>Traditional Business Model</strong></th>
<th><strong>Meat-cooking workshops</strong></th>
<th><strong>Dissonance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value proposition</strong></td>
<td>High quality fresh traditional processed meat products and professional advices</td>
<td>The core business is selling meat avoiding any techniques that risk affecting negatively the quality. The added value of the butcher are advices and customization</td>
<td>New additional service with the offering of cooking experiences and events</td>
</tr>
<tr>
<td><strong>Value creation</strong></td>
<td>Traditional meat processing and in-store customer service</td>
<td>The core competences of the butcher are technical skills: processing and sale</td>
<td>Traditional meat processing, and sometimes organization of cooking events</td>
</tr>
<tr>
<td><strong>Value networking</strong></td>
<td>Poor strategic collaborations with partners. Mainly suppliers of products.</td>
<td>The relationships with our partners are operative.</td>
<td>Opportunities to establish new partnerships with sommeliers, bartenders, etc.</td>
</tr>
<tr>
<td><strong>Value delivery</strong></td>
<td>The relationship with the customers and the sale channels are direct and physical</td>
<td>Waiting for a customer and sale through a physical shop</td>
<td>The meat workshop is a bait for the core product “fresh meat”. The workshop strengthens the traditional business value proposition.</td>
</tr>
<tr>
<td><strong>Value appropriation</strong></td>
<td>Customers pay to the butcher for the products they buy</td>
<td>The appropriation of the value is direct and physical</td>
<td>Customers pay to the butcher for the products they buy and to attend the events</td>
</tr>
</tbody>
</table>

Table 3: Comparison between “Traditional business model” and “Meat-cooking workshop” and dissonance identification
<table>
<thead>
<tr>
<th>Business Model Dimension</th>
<th>Traditional Business Model</th>
<th>Bistro service</th>
<th>Dissonance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value proposition</td>
<td>High quality fresh traditional processed meat products and professional advices</td>
<td>The core business is selling meat avoiding any techniques that risk affecting negatively the quality. The added value of the butcher are advices and customization</td>
<td>New additional service with the offering of ready meals to eat inside the store. The meat sold does not have to be necessarily consumed by the customer at home.</td>
</tr>
<tr>
<td>Value creation</td>
<td>Traditional meat processing and in-store customer service</td>
<td>The core competences of the butcher are technical skills: processing and sale</td>
<td>Traditional meat processing, and cooking. Customer service is twofold: as butcher and as gastronome.</td>
</tr>
<tr>
<td>Value networking</td>
<td>Poor strategic collaborations with partners. Mainly suppliers of products.</td>
<td>The relationships with our partners are operative.</td>
<td>Opportunities to extend collaboration with suppliers at a more strategic level (building together menus).</td>
</tr>
<tr>
<td>Value delivery</td>
<td>The relationship with the customers and the sale channels are direct and physical</td>
<td>Waiting for a customer and sale through a physical shop</td>
<td>The bistro is a bait for the core product “fresh meat”. The bistro delivers also the traditional business value proposition.</td>
</tr>
<tr>
<td>Value appropriation</td>
<td>Customers pay to the butcher for the products they buy</td>
<td>The appropriation of the value is direct and physical</td>
<td>Customers pay to the butcher for the products they buy and/or eat. Value capture for the meat could indirectly come from the bistro service.</td>
</tr>
</tbody>
</table>

Table 4: Comparison between “Traditional business model” and “Bistro service” and dissonance identification
Phase 2: Multiple case studies

Data collected during the action research were rich and deep. Nevertheless, the present study has a clear research focus to avoid a tremendous amount of data from which it would be difficult to build theory (Eisenhardt, 1989). In fact, the main puzzle to be solved for us was related to the missed fit between what butcher’s shops’ owners thought and what they did in the end. Our thesis is that cognitive dissonance plays a role in this kind of conflict. Given the exploratory approach of this research and its research question, we conducted a qualitative research design (Yin, 2009). Moreover, qualitative research is particularly appropriate when existing research on a topic is still absent (Yin, 2009). In fact, a cognitive dissonance perspective on business model innovation is still emerging. In our research we employed a multiple holistic case studies design (Yin, 2009). This research strategy is appropriate because multiple case studies allows replication and extension within the different cases (Eisenhardt, 1989; Gibbert et al., 2008). As suggested by Eisenhardt (1989) we employed theoretical sampling and selected 8 cases, which, according to the scholar, is a good number to perform a multiple case study design.

Sample description. The eight cases are described in Table 5.
As explained in Table 5, cases 1 to 4 did not engage in business model innovation, while cases 5 to 8 started a business model innovation of varying typologies.

Table 5: Sample description and business model experimentation approach

<table>
<thead>
<tr>
<th>Case</th>
<th>Acronym</th>
<th>Description</th>
<th>Positive / Negative case</th>
<th>Business Model Innovation performed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 MB1</td>
<td>Family-run business since 1930 in a small village. Specialized in producing charcuterie according to old recipes.</td>
<td>Negative</td>
<td>None, he decided to defend his status quo and keep focusing on his traditions.</td>
<td></td>
</tr>
<tr>
<td>2 SGS1</td>
<td>Founded his butcher’s shop from scratch. Today he employs two family members near a city center.</td>
<td>Negative</td>
<td>None, in the end the entire family decided to remain as they were.</td>
<td></td>
</tr>
<tr>
<td>3 SGS2</td>
<td>Founded his business 20 years ago in an area with many holiday homes of healthy tourists. In the last years the tourism decreased significantly. He still serves local community and small businesses and employs 4 people.</td>
<td>Negative</td>
<td>None, despite being one of the most favorable participants of the project, he became convinced again that the real problem is outside his business model (competitors are too aggressive).</td>
<td></td>
</tr>
<tr>
<td>4 SGS3</td>
<td>Family-run business since 1930 in a small village. He sells to end consumers in the area, but increasingly to businesses. He employs one employee.</td>
<td>Negative</td>
<td>None. He has the feeling of being too small and isolated to experiment new business models.</td>
<td></td>
</tr>
<tr>
<td>5 SGS4</td>
<td>Family-run business for 100 years, located in a city center. 8 employees. An institution for the local community.</td>
<td>Positive</td>
<td>Value architecture innovation (i.e. value delivery) consisting in online communication.</td>
<td></td>
</tr>
<tr>
<td>6 SGS5</td>
<td>70 years old family-run business by two brothers in a city center. Traditional butcher’s shop with some modernity.</td>
<td>Positive</td>
<td>Value offering innovation (but it reconfigured also both value architecture and revenue model) consisting in meat-tasting events.</td>
<td></td>
</tr>
<tr>
<td>7 SGS6</td>
<td>He became owner 25 years ago after the previous owner sold to him the butcher’s shop. Transformed his shop in a real grocery store but kept a focus on meat and charcuterie. Located in a residential area he mainly serves the local community and some small restaurants, with one employee and his wife.</td>
<td>Positive</td>
<td>Value offering innovation (but it reconfigured also both value architecture and revenue model). The owner developed an additional business model by starting a partnership to launch a new restaurant specialized on prestigious and dry aged meat cuts. He trains the chefs and is responsible of dry ageing.</td>
<td></td>
</tr>
<tr>
<td>8 SGS7</td>
<td>Traditional butcher’s shop with a son who is increasingly involved in the ownership. Located in the valleys, it is a particular butcher’s shop because it is one of the last slaughterhouses remained. Therefore, besides a traditional shop for local end consumers, it also offers a slaughtering service to other butcher’s shops.</td>
<td>Positive</td>
<td>Value offering innovation (but it reconfigured also both value architecture and revenue model). The owner is launching an additional business model. The son of the owner is prototyping an online meat business, with a partnership with other local food producers to deliver food directly to end users through a digital platform.</td>
<td></td>
</tr>
</tbody>
</table>
**Data collection.** We conducted semi-structured in-depth interview with the business owners of the eight butcher’s shops as the key data source. We did one interview with every owner, at their butcher’s shops between May and August 2018. We started data analysis with the relative transcripts, but then also observed for a year the evolution of the eight butcher’s shops, and we went back interviewing in 2019. The impacts of our project did not always show immediately. In fact, it took almost a year for several cases to start implementing the designed business model innovation. The first interviews lasted 60 minutes on average and were preceded by a visit of the shop and the laboratory and an explanation of the entire process from the ordering of the raw material, through the processing, and to the final sale of the products. We tape recorded the interviews and transcribed them. The interviews followed a similar structure in order to answer to the research question, but when we heard something particularly interesting, we leave freedom to deepen the discourse to the interviewees, who were treated as “knowledgeable agents” (Gioia et al., 2013: 17). Nevertheless, the interview had four main sections. First, we asked about the history of the firm since today. In this section we asked questions to understand the business model of the company by making describe the cognitive schema held by the owner (Massa et al., 2017). Second, we investigated the innovations tested and brought to the market by the firm in the past. The aim of this section was to understand the owners’ approach to innovation. Third, we ask owners to position in regard to radically new business model innovations, and tried to collect their worries, beliefs, attitudes and behaviors toward business model experimentation. Fourth, a final section about the challenges in making sense of a new logic of doing businesses. To triangulate the findings, our journal developed along the first phase of the study allowed us to confront and validate the insights collected through the interviews (Gibbert et al., 2008).

**Data analysis.** Our primary goal was to assess how positive and negative cases dealt with cognitive dissonance and resolved conflicts among the dominant and emerging logics.
According to Eisenhardt (1989), after having analyzed each case to gain familiarity with the insights and starting to build theory, we perform a cross-case analysis, by comparing the positive and negative cases. The process performed to analyze data followed the recommendations by Gioia et al. (2013). First, we analyzed the transcripts of our interviews to identify the core beliefs and arguments of butcher’s shops’ owners that supported the dominant or an emerging logic. In fact, Festinger (1957) suggests that when human beings face inconsistencies between two or more beliefs, values, and/or behaviors, they are motivated to regain psychological equilibrium. Therefore, we coded in the first-order concepts the prevailing beliefs of our eight cases. Second, building on the cognitive view on business models, where dominant logic and business models share a deep connection (Massa et al., 2017), we coded our first order concepts into second order themes by connecting the beliefs to business model components. Specifically, beliefs supported or were in opposition with dominant or emerging logics at the different business model components as described by Cortimiglia et al. (2016). Third, we applied a deductive process to determine our aggregate dimensions. According to Festinger (1957), cognitive dissonance is solved by (1) adding consonant beliefs, values, or behaviors; or (2) by reducing dissonant beliefs, values, or behaviors. Given that our study revealed a conflict among the dominant and emerging logics, we determined how negative cases (non-business model innovators) added consonant elements sustaining the dominant logic and reduced dissonant elements sustaining the emerging logic. Likewise, we determined how positive cases (business model innovators) added consonant elements sustaining the emerging logic and reduced dissonant elements sustaining the dominant logic. This process, represented in Figures 1 and 2, led us to develop our findings.
Figure 1: Data structure about resolution of cognitive dissonance in negative cases

1st Order Concepts
- The product sold by butcher's shops is unique compared to competitors
- The customer sees the artisan value of butcher's shops' products
- In this industry only incremental changes are possible, no revolution is viable
- The artisanal capabilities of the butcher are the key ingredient for success
- The voice of the customer models the importance and the effectiveness of the current internal processes
- Word of mouth is still effective
- The main goal of butcher's shops is to increase the sales to existing customers
- The current revenue model is still valid
- Self-fulfillment is more important than gaining more money
- New forms of sales compromise the quality and the identity of the product
- New offerings do not solve the real issue, which is the competition from abroad
- If radically new offerings fail, the customer will question the professionalism of the butcher and the overall business will be at risk
- There is a high volatility and uncertainty in the market
- Putting technology in meat processing negatively affects the quality
- To exploit new market opportunities, the organization needs to reconfigured
- New products and services require a larger size
- Collaboration may be a way to grab opportunities despite the small size issue, but it is too risky, because people are selfish
- Collaboration is good when thinking together, but when it is time to implement everyone wants to play a solitary game
- New forms of advertisement are useless, word of mouth is most effective
- A balance between digital and physical is feasible, but human contact is preferred and more desirable
- There are new marketing opportunities to attract customers, but they require a lot of time and resources
- New market opportunities require collaboration and the correct revenue model - it is very difficult to establish
- New products and services generate costs, while revenues are uncertain
- To have successful revenue models should be defined according the butcher, and not by listening to the customer

2nd Order Themes
- Support for dominant logic at Value Proposition level
- Support for dominant logic at Value Creation level
- Support for dominant logic at Value Delivery level
- Support for dominant logic at Value Appropriation level

Aggregate Dimensions
- Addition of consonant elements sustaining the Dominant Logic
- Reduction of dissonant elements sustaining the Emerging Logic

Figure 2: Data structure about resolution of cognitive dissonance in positive cases

1st Order Concepts
- Acknowledgement of the limitation of current offering and need for a revolution
- Supermarkets already anticipated some innovations remaining in the status quo is more dangerous than ever
- The meal sold by supermarket is not of a lower quality anymore
- Current forms of communication are not aligned with the behavior of customers
- The ordinary communication tools put butcher's shops behind supermarkets
- Need to create experiences through meat products
- Looking for complementarities among new and existing offerings
- New value propositions allow butcher's shop to escape from the competition with supermarkets by offering something different
- Need to feel fulfilled with something new
- Digital tools improve efficiency
- New market opportunities simply require reconfiguration of existing competencies and activities
- Openness in experimenting and implementing new tools
- New experiences in new delivery forms already tested in the past
- There are opportunities to collaborate with the acquisition of new tools and machines
- The creation of events opens up opportunities for collaboration
- With new form of sales and communication the market base is extended
- Events and other initiatives are carer of the existing value proposition
- New value propositions need new revenue models
- Innovation costs a lot, but a lot less than doing nothing
- Back and hook model already tested and found effective

2nd Order Themes
- Support for emerging logic at Value Proposition level
- Support for emerging logic at Value Creation level
- Support for emerging logic at Value Network level
- Support for emerging logic at Value Delivery level
- Support for emerging logic at Value Appropriation level

Aggregate Dimensions
- Addition of consonant elements sustaining the Emerging Logic
- Reduction of dissonant elements sustaining the Dominant Logic
4. Results

*Findings from Phase 1: Business model innovations and logics conflict identification*

During the first phase of the present study, we identified together with the forty participants three key innovative business models: (1) new sale methods (e.g. online meat shop and/or meat vending machines); (2) events (e.g. meat-cooking workshops); and (3) restaurant-related services (e.g. bistro service). Despite all three options share many features taxonomically and thematically with the existing business model, all three are cognitively challenging for butchers, because they disrupt the dominant logic. In fact, dominant logic is not just challenged at an overall generic level, but in every business model component, causing a psychological discomfort between implementing the innovative business model, and defending the current business model.

*Business models description.* The traditional and innovative butcher’s shops’ business models are described through the five components depicted by Cortimiglia et al. (2016). Through our data analysis, we understood that the key value proposition of the traditional butcher’s shop is the sale of meat products with a high local connotation, accompanied by specialized advices. Butchers usually come from butchers’ families, and they feel that their business is about selling and advising on meat products. The key processes of a butcher’s shop are about the meat processing and the sales activities within a physical shop, where customers usually enter to buy some meat. At the level of value networking, the traditional business model of butcher’s shops is poor. Every firm works in solitude, avoiding any kind of strategic collaboration, except for some commercial relationships. The value is delivered through direct and physical channels and relationships. The revenue model is very simple, with a standard pricing list.

New forms of sale, such as e-commerce, are still an emerging phenomenon in the global meat industry. Consumers started buying grocery online for convenience and time reasons mainly
(Morganosky and Cude, 2001). In Switzerland, some recent examples of online meat shops are born, such as the LUMA Delikatessen AG company. The Online meat shop or Meat vending machine business model does not impact only the value delivery mechanism, which becomes not physical as the value capture. Actually, the value proposition consists in the full availability and self-purchase of a different product (i.e. frozen, and less customized). The value creation involves packaging and logistics activities. New technology partners are required.

Meat-cooking workshops are events that support the core business model by adding customer experience. This initiative finds a fertile ground on the so-called “MasterChef effect” (Di Pietro, 2016). The value proposition of this kind of events is that meat cooking becomes an experience where customers discover the story of the meat they are going to eat. At the value creation level, the main addition is the organizing of cooking events. These kind of events opens up opportunities to establish new partnership with sommeliers and bartenders to enhance customer experience. The overall value delivery is significantly impacted by these kinds of events. Essentially, the meat-cooking workshop is a carrier of the traditional business model value proposition, because it arouses interest in the customers for the butcher’s shop. Value is captured by charging a fee for attending the workshop. Nonetheless, the main value appropriation mechanism consist that the sales of meat products may be incentivized by participating at the meat-cooking workshops.

Bistro service business model consists in adding a small food service inside the butcher’s shop. The basic idea comes from most Italian butcher’s shops that started offering this kind of service. Bistro service is consistent with the idea of a farm shop entrepreneurship, as suggested by Slocum and Curtis (2017). Consumers are increasingly interested in eating local food (Hashem et al., 2018; Huddart Kennedy et al., 2018). Therefore, the value proposition is affected by offering to customers ready meals to eat inside the shop. The value creation adds the cooking process and relative customer service. A bistro service may require strategic partnership to build
together interesting menus and offering interesting dishes. At the value delivery level, the bistro service is a tool for customer relationship and a communication channel for the traditional business model value proposition. The bistro is clearly not the main source of income. It is rather the bait to increasingly sell “fresh meat”.

Dissonance among dominant and emerging logics identification. The analysis performed revealed that even if the three kinds of innovative business models identified seem very closed and consistent with the traditional business model, the logics behind are incompatible, causing dissonances. We compared the dominant logic and the emerging logic behind each business models. Findings reveal that dissonance are actually present at each business model component. At the value proposition level, is that every business model idea, which does not involve the value of directly selling quality meat could be seen as distant and strategically dissimilar, causing dissonance. In fact, online shop makes the purchase automatized. Meat-cooking workshops and bistro services add the cooking feature and customer experience, which are distant from the current simple and artisanal value proposition. At the value creation level, main dissonances consist in new processes where butcher’s shops’ owners do not possess the right competences at the moment (e.g. logistics, packaging, cooking, events management, etc.). One may suggest that when competences are not present inside the firm, firms could acquire them from the outside. Nevertheless, at the value networking level, the main conflict is caused by the current poor collaboration culture that characterize the traditional business model of butcher’s shops. At the value delivery level, dissonances are present at different dimensions. First, the kind of relationships and of communication and sales channels are physical and direct. Business model innovations that enhance virtual relationship causes psychological discomfort. Second, the current main focus of the value delivery efforts is addressed to existing customers. New business models are keener to establish a relationship with new customers, which is also one of the biggest necessities for butcher’s shops nowadays. Third, the current core element of value
delivery is the food itself. With new business models, the customer experience catches the interest to buy the product. This change causes dissonance. Finally, the revenue model of butcher’s shops is very simple and direct: one pays for the product purchased. The innovative business models stress the opportunity to explore bait and hook revenue models. The latter are perceived as dissonant.

In conclusion, despite we tried to facilitate the overcoming of the current dominant logic during the research project, at the end of the strategy-making process, conflicts between dominant and emerging logics rose causing dissonances. Interestingly, although cognitive dissonance manifested, some butcher’s shops’ owners handled this psychological discomfort by favoring the emerging logic prevail and started business model innovation.

Findings from Phase 2: Cognitive dissonance resolution

Cognitive dissonance motivates individuals to regain equilibrium (Festinger, 1957). We assessed how both negative and positive cases resolved cognitive dissonance status. The differences among the two extremes allowed us to unveil the cognitive mechanisms to challenge the dominant logic to embrace business model innovation.

Findings from negative cases and analysis. The four butcher’s shops’ owners who did not implement business model innovation solved the cognitive dissonance through two behaviors: (1) by adding consonant elements, which sustain the dominant logic, or (2) by reducing dissonant elements, which sustain the emerging logic. Findings are next analyzed.

a) Addition of consonant elements sustaining the Dominant Logic. Several beliefs supported dominant logic at the different business model components.

At the value proposition level, negative cases highlighted the uniqueness of the product sold by butcher’s shops. MB1 asserted that “the flavor of our meat and charcuterie is something that
no supermarket can copy. In supermarkets, they use chemicals. If you look for something genuine, you have to come to us”. SGS1 discussed “supermarkets offer industrial meat, while my product is superior, and customer acknowledge the artisanal value”. In fact, the belief about customers’ preferences supports the dominant logic at the value proposition level, as SGS1 underlined by saying “we still have customers despite supermarkets aggressive offerings, because we offer a different and unique product”. The four negative cases also believe that their value proposition is continuously updating and improving, by offering new products, new spices, etc. The idea behind, which supports the dominant logic, is that butcher’s shops can only engage in incremental innovations. SGS2 told us that “we are butchers, we cannot become something else. In our job we can only be better at doing our job and not reinvent ourselves. Even supermarkets are increasingly offering local products on their shelves and this means that we are doing the right thing”. The current value proposition is seen as effective. SGS2 declared that “there is a slow comeback in small shops, and in the future, we will return being strong. It’s all a cycle”. Consistently, SGS3 increasingly sells to restaurants by assessing that “restaurants still understand the value of our product”.

At the value creation level, there is a general certainty that the artisanal capabilities are the key ingredient for success. SGS1 asserted that “you can build success only by being very good at treating and processing the meat without any “artificial” help”. MB1 assessed that “being big means only having big problems. If you stop being an artisan, then you become similar to the big meat factories. This is when all butcher will fail”. Again, negative cases filter customers’ information to sustain the dominant logic at the value creation level, by arguing that even customers understand the effectiveness of the internal processes. SGS2 declared that “customers will continue to come to get our advices about the products we sel. We just have to stimulate their purchase and maybe the customer had in mind to buy just 100 grams of ham, and we manage to sell also some steaks”.

25
Support for dominant logic at the value delivery level is highlighted by all four cases that reveal that the word of mouth is still effective and, thus, it does not require changes. In particular, SGS1 stated that “the best way of having new customers is through the voice of my daughter, who works in a big company. She convinces every colleague to come”. Anyhow, the key conviction of negative cases, is to focus on existing customers. MB1 declared that “more customers mean more work: it is better to increase the frequency of purchase by existing customers”.

One of the main triggers of business model innovation was about decreasing revenues. While we suggested to identify new revenue models, negative cases supported the dominant logic at the value appropriation level by assessing the current revenue model as still valid. SGS2 highlighted that “supermarkets have higher prices, but people are used to go there anyway”.

**b) Reduction of dissonant elements sustaining the Emerging Logic.** Negative cases highlighted a great quantity of beliefs in opposition to the emerging logic at the different business model components.

Oppositions to emerging logic at the value proposition level have been considerably manifested. Especially, new forms of sales such as the online or the meat vending machine are seen as compromising the quality and the identity of the product. SGS2 was particularly against online shopping by stating that “we cannot ruin our profession by freezing the meat”, highlighting the importance of fresh meat. Similarly, SGS1 worries about the quality and reputational issues of a solution as the online shop, the vending machines, and any other delivery options. New business models affect the value proposition. Nevertheless, negative cases were in the end convinced that the value proposition is not the real problem. SGS1 found that “the main problem is not about what we sell, but we are near the boundary with Italy, where the meat costs a lot less”. Another opposing belief to emerging logics consistent in the
risk related to new value propositions’ failure. SGS3 told us “I can even try something different, but what if I fail? The entire butcher’s shop will fail”. More precisely, SGS2 asserted that “if a supermarket does something wrong, it can easily repair to it. But if I do something wrong with new products or services, my professionalism will be questioned”. Then, a strong belief that prevents negative cases to support emerging logics consisted in the uncertainty about the success of the new value propositions. SGS2 asserted that “it is too risky getting ahead of ourselves. We don’t know those markets and we must be careful”. More radically, MB1 said that “I don’t believe in new markets: there is a lot of volatility. One day things go well, and the other you fail”.

At the value creation level, a key opposition to emerging logics engaging new technologies is justified by sustaining that technology in meat processing decreases the quality of the product. SGS1 found that freezing the meat is not consistent with the key activities performed by the butcher. SGS2 asserted that “new forms of meat conservation and preparation are good for bigger players. We must keep control of the entire chain and if you engage some delivery firms, then risks arise”. MB1 acknowledged that “technology exists, but quality comes first”. Moreover, new market opportunities are seen as difficult to achieve, because they require a reconfiguration of internal and external processes, and of the entire organization. Furthermore, there is a general agreement about the need of being bigger to exploit these opportunities. SGS3 stated that: “with our small dimension is almost impossible to implement radical innovations”.

The belief about being small should recall the need for collaboration. Interestingly, at the value network level there are others opposing belief against an emerging logic. In fact, whether collaboration is seen as a good idea to grab opportunities, the core belief is that collaboration is too risky because every butcher’s shops’ owner will behave egoistically. SGS3 declared that there are jealousies also with shops that sales other kind of products. He told us that “it will be very difficult to collaborate with other businesses: the general thinking is that “we must avoid
making others richer than us”. Therefore, collaboration to produce something new is almost impossible”.

Opposition to emerging logics were meaningful also at the value delivery level. New forms of advertisement and communication are seen as useless. SGS3 is convinced that “social media are used by people that do not represent our target”. Besides, a balance between digital and physical communication tools is seen as more feasible, but a direct contact with the customer is still preferred by butcher and, according to the negative cases, the customers. SGS1’s main argument against business model innovation is the “risk of losing the direct contact with customers”. Several business model innovation opportunities place an innovative business model as a bait to stimulate purchases at the butcher’s shop. Nevertheless, negative cases found that these opportunities require a lot of time and resources. SGS1 declared that “events and other initiatives may be interesting, but you need to be always proactive”. To complement that, SGS3 asserted that: “in order to explore new opportunities we should find more time. Unfortunately, we prefer to use the time to perform our day by day operations”.

At the value appropriation level, there are several beliefs in contrast with an emerging logic.Acknowledging that new business models require collaboration, negative cases found that the current revenue model is very difficult to establish. SGS1 said that “I see an important hurdle for these new business ideas to be implemented: how can we share the revenues among people involved in the business?”. Another important barrier is about the certainty of increasing costs, and the uncertainty of increasing revenues. MB1 told us “increasing the activities is a risk: you work more, but margins are the same, if everything goes well”. Furthermore, the four cases believe that the new business models are too much customer-driven, but not that feasible from a profitability point of view. SGS1 confirmed that “when I tried shipping charcuterie at home, I realized that it was convenient for the customer, but not at all profitable”.

28
The description and analysis of the cognitive mechanisms of the four negative cases highlight how these business owners handled cognitive dissonance. They found equilibrium in the dominant logic through a set of consistent beliefs and the elimination of inconsistent ideas within the different components of their business model.

Findings from positive cases and analysis. In contrast, the four butcher’s shops’ owners who implemented business model innovation solved the cognitive dissonance through two behaviors: (1) by reducing dissonant elements, which sustain the dominant logic, or (2) by adding consonant elements, which sustain the emerging logic. As for the negative cases, these two behaviors were supported by beliefs linked to different business model components. Findings are next analyzed.

a) Reduction of dissonant elements sustaining the Dominant Logic. Business model innovators extensively highlighted the inconsistency of dominant logic at the value proposition and value delivery level. According to the positive cases, these two business model components were particularly in conflict with the business model innovations implemented.

At the value proposition level, business owners expressed the limitations of the current offering and highlighted the urge for a revolution. SGS6 told us “I am aware that the situation will only get worse, so I am motivated to favor experimentation because the revenues are decreasing. Our current business will slowly end”. SGS4 said “it’s true, we still have customers, but they spend a lot less. I’m sure that the consumption of meat has decreased, but I’m also sure that our customers increased the portion of meat bought in supermarkets”. Our interviewees highlighted also that this is the right timing to do some business model innovations. SGS6 told us that: “we are still making profits, so we can invest them now, before it’s too late and before supermarkets precede us”. SGS4 confirmed that “supermarkets already understood the emerging customer needs: bio products, vegan products, cultured meet, insects, Beyond Meat,
etc. I think that remaining in the status quo is more dangerous than ever and at least we need to reinforce our position”. Interestingly, positive cases sustained that supermarkets offer also quality meat nowadays. SGS5 acknowledged that “the quality of the meat sold in the supermarkets is not low anymore; they have butchers inside the store. I actually did my apprentice in one of them, and they are very good”.

Opposition to dominant logic at the value delivery level were completely in contrast with negative cases. In fact, positive cases thought that current forms of communication are not aligned with consumer behavior. SGS4 explained that “it’s true that word of mouth is still effective, but with my generation of customers. If you want to stay in the market you need to talk with future customers”. Moreover, even if they could be still effective, traditional communication tools are putting butcher’s shops behind supermarkets. SGS5 declared that “with standard communication, promotions, etc. we lose against supermarkets and people will continuously compare us to retail store. I see two solutions: either you hire a marketing specialist, or you do something else, because supermarkets are full of communication specialists, that we cannot afford”.

b) Addition of consonant elements sustaining the Emerging Logic. Instead of highlighting the limitations of the emerging logics, as negative cases did, positive cases underlined all their beliefs supporting the emerging logic at every business model component.

At the value proposition level, a supportive belief consistent in considering that the new value proposition should create experiences for customers through meat products. One of the SGS5’s owners obtained the first certificate in the region as “Meat sommelier”. He was convinced that “we need to create stories about meat and talk about emotions. Supermarkets will never be able to do something like that”. SGS7 told us that “I will offer not only an online shop, but a platform that speaks about the emotions of eating our local food, because that is what customers want”.
New and existing offering have a lot of complementarities. The new value propositions are thematically similar to what butcher’s shops currently offer. SGS5 discussed that “we organize events in which the meat products are at the core. Therefore, our innovation and our tradition are consistent”. The new value propositions are allowing positive cases to escape from the competition with supermarkets by offering something different. In particular, SGS5 told us that “our events allow to create a community within our customers, that the supermarket fidelity card does not manage to do”.

Openness to emerging logic at value creation level has been highlighted. First, according to all positive cases digital tools improve efficiency. SGS4 explained how his new ordering process via Whatsapp revolutionized his processes by saying that “at 7AM you already know exactly what the preparations and the deliveries of the day will be: you manage better the flow and your employees”. A significant conflict consisted in the perceived incompatibility between existing competences and those required by innovative business models. Nevertheless, even if restaurants are in a different industry, SGS6 argued that “restaurants and butcher’s shop are not two different jobs: it is like a mechanic who becomes a test driver”. Positive cases also sustained their openness in experimenting and implementing new tools. SGS4 told us that he likes social media, websites, mobile phones, etc. Thus, he is stimulated to experiment them in his business. This openness finds its root also in the few but positive experiences in new delivery forms already tested in the past by butcher’s shops. SGS5 explained that “we already sell online, through an auction site. At the moment we are not good at organizing this stuff, but with some help we could really exploit this opportunity, at least with the other cantons of Switzerland”.

At the value network level, positive cases acknowledge the opportunities of collaboration within the industry (coopetition) and with external actors. First, they support the idea of collaborating to acquire new tools or machines. SGS6 told us that “it’s true that we need
investments for new kinds of businesses, but we can share the costs. Just to provide an example: food trucks, we can buy a truck, and every day one of us uses it. The competition is not about having that truck, but about our products”. Another support for the emerging logic concerning events consists in the fact that events, workshops, etc. opens up opportunities for collaboration with new partners, that can bring new customers. SGS5 explained that in the French-speaking part of Switzerland, all farmers work together once in the year showing their job and attract a lot of customers.

Support for emerging logic at value delivery level is highlighted through the belief that with new forms of sales and communication, butcher’s shops can reach new customers. SGS7 declared that “through online you can arrive everywhere”. SGS1 suggested that “the first thing a potential customer does is to look for the closest butcher’s shops in the internet. You must be present”. Events such as aperitifs are considered not the primary source of revenues, but a carrier of the existing value proposition. SGS5 told us that “when we do our aperitifs, we have the chance to speak to our customers and not only to serve them. This is the perfect occasion to communicate your passion about what you do”.

Positive cases also emphasized support for emerging logic at value appropriation level. New value propositions require new revenue models, which, as suggested by SGS7, could be much more sustainable. SGS7 said that “I am trying to experiment a subscription-based business model, to enhance frequent purchases”. Even if all positive cases acknowledge that innovation requires investments, they think that the status quo would cost more. SGS6 told us that “I invested in this new opportunity and I have to admit that it costed me a lot. But I truly believe, that it costed me a lot less than doing nothing”. New business models identified support a “bait and hook” revenue model (Gassmann et al., 2014; Gorevaya and Khayrullina, 2015; Osterwalder and Pigneur, 2010). This revenue model has been already tested in several
occasions and has been found effective in contributing to feed the existing business. SGS5 explained that “aperitifs are producing more loyal clients”.

The description and analysis of the cognitive mechanisms of the four negative cases highlight how these business owners handled cognitive dissonance. They found equilibrium in the emerging logic through a set of consistent beliefs and the elimination of inconsistent ideas within the different components of their business model.

5. Discussion and conclusion

Human beings are looking for consistency and so do the three main recipes of our article. The business model is a construct characterized by internal and external consistency (Giesen et al., 2010). The dominant logic is internally consistent because it is developed thanks to the experience (Prahalad, 2004). Cognitive dissonance theory explains how individuals reduce inconsistencies to avoid psychological discomfort (Festinger, 1957). Nevertheless, all innovation except for the very incremental form, is a breaking point with consistencies (Schumpeter, 1934). Our study sheds light on how to balance consistencies and inconsistencies to foster the implementation of innovative business models. In particular, the acknowledgement of the limitations concerning the dominant logic and the positive aspects related to the emerging logic is an enabler of business model innovation in microfirms. Their size does not allow for structural separations within two business models (Brenk et al., 2019; Markides, 2013). Thus, it is particularly important to work on cognition to find a consistent business model with the beliefs of the business owner. Moreover, our microgranularity of the analysis contributes to the existing knowledge on business model innovation challenges for existing firms (Frankenberger et al., 2013; Hacklin et al., 2018). In fact, findings of the two phases of our research reveal why and how some companies do not engage in business model innovation even if they acknowledge it and are supported along the entire business model innovation process. The answers have
been possible by building on the cognitive interpretation on business models (Massa et al., 2017).

The answer to the “why” question is provided with the manifestation of cognitive dissonance between two conflicting logics sustaining two different business models. We suggest that overcoming the dominant logic is a challenge along the entire business model innovation process, from pre-initiation to post-implementation. Previous research assesses that dominant logic affects business model innovation in three different stages (Chesbrough, 2010; Frankenberger et al., 2013; Laudien and Daxböck, 2016). Nevertheless, we assisted in a gap between what business owners thought and what they did. Thus, even if butcher’s shop designed several innovative business model options, it does not mean that they will be ready to embrace it, because of cognitive dissonance. As Gassmann et al. (2016) hypothesize, cognitive dissonance led some owners to refusing radically new business models because of their distance from the dominant logic. Moreover, business owners did not find a dissonance between the two logics in general, but in every business model component.

The answer to the “how” question is provided by comparing four negative cases to four positive cases. The comparison revealed how case studies managed cognitive dissonance to regain equilibrium and, thus, accept the emerging logic and implementing an innovative business model, or defending the dominant logic and keeping the traditional business model. Findings reveal that business owners developed a set of consistent beliefs to restore consonance about what they were thinking and what they were doing. Interestingly, this set of beliefs applied to the single business model components in different ways. Heikkilä et al. (2018) illustrated several business model innovation paths according to different strategic goals. We may refer to our business model innovation options as responses to the strategic goal of “growth”. This innovation paths suggest that firms should start by attracting and knowing better customers through customer relationships and then improve the offering. Thus, if dissonances affect each
component, renewal is then impeded. Therefore, cognitive dissonance between dominant and emerging logics at the different business model components are a powerful obstacle or facilitator of business model innovation. In fact, positive cases were able to implement business model innovation because they eliminated conflicting beliefs about dominant logic at the value delivery and value proposition levels and gave greater importance to beliefs supporting the emerging logic at the level all business model components.

The study has also a practical implication for both microenterprise owners and consultants. Given that microfirms’ owners rarely formalize their business model, which is implicitly defined in their head, we suggest to build awareness on the cognitive conflicts regarding the underlying logics of the current and the innovative business model, and trying to objectively accept the emerging logics by managing the cognitive dissonance created.
6. References


