

THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

Departmental Research Seminar



Determinants and Financial Implications of Business Model Innovation: Evidence from Initial Public Offerings By

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Date : 8 Nov 2023 (WED)
Time : 9:30 – 11 am
Venue : Online via Zoom

Abstract

The innovation literature has primarily focused on product (goods and services) innovations. Empirical evidence on a prevalent form of innovation—business model innovation—remains scarce. The authors propose a model of the determinants of business model innovation and contrast them with known determinants of product innovation from extant literature. They also examine the financial consequences of business model innovation and test their predictions in the context of Initial Public Offerings (IPOs). Empirically, the authors propose a method to quantify firms' focus on product or business model innovation through text analysis of the business descriptions from firms' IPO prospectuses. The authors find that compared to firms that focus on product innovation, firms that pursue business model innovation are larger, younger, have less firm-level technical knowledge, and operate in higher-growth industries. The results also suggest that while investors value all types of innovation, they value business model innovation more than product innovation.

Prof. Alina Sorescu is Professor of Marketing and the holder of the Paula and Steve Letbetter' 70 Chair in Business at the Mays Business School, Texas A&M University. Her research focuses on innovation, business models, product portfolio decisions, branding, acquisitions and alliances, and measuring the financial value of marketing actions. Her research appears in journals such as *Marketing Science*, *Journal of Marketing Research*, *Journal of Marketing*, *Journal of the Academy of Marketing Science*, *Journal of Retailing*, and others. Alina is one of the coeditors of the *International Journal of Research in Marketing*, and has served as an Associate Editor or ERB member of the *Journal of Marketing*, *Journal of Marketing Research*, *Marketing Science* and the *Journal of the Academy of Marketing Science*.

All interested are welcome.



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