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# NOT JUST SHOP – An Innovative and Socially Responsible Business Model: The Case Study

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**Abstract:** The article presents an example of a Europe-wide, innovative business model in the form of an Internet store – NOT JUST SHOP. The examples of this business model can also be found in the United States. This is the first model of this sort in Europe. A similar business model is currently used in Switzerland. Its objective is regular economic activity and seeking to make profit. This is nothing unusual. There are many companies like this. However, NOT JUST SHOP offers products the price of which includes an amount which goes to children, adults and other social groups in need. What is most important, the said amount is immediately available for the needy, not after achieving a profit. Moreover, customers of NOT JUST SHOP instantly see where their money goes and for which purpose. Consequently, there is full transparency. The presented case study is a guideline to create new innovative business solutions which lead not only to achieving profits, but also undertaking actions which are socially responsible.

**Keywords:** business model, social responsibility of business, case study, innovations.

## 1. Introduction

Contemporary companies are looking for inspiration to create new solutions ensuring a competitive edge on the market, i.e. innovative business models. A business model should determine who, what, to whom, at what cost and at what price, i.e. provide a description of added value production in a company. The foundation of a well formulated business model should indicate how a company will achieve viability, which market and which place in a chain are worth operating on/in, what a company will offer to its customers, who its target customers are, and how it will organise its business processes (Gródek-Szostak, 2012). Innovations in a business model let one break accepted norms and stereotypes concerning the functioning in a specific line of business. The result of implementing innovative business models is (Business Model Innovation, nd):

- creating a comprehensive picture of an existing business model and connections between its components;
- generating ideas connected with the improvement of an existing and/or vision of a new business model;
- choosing a business model which allows gaining competitive advantage and making use of market opportunities.

The paper applies the case study approach which is defined by the unit of analysis, the process of study, and the outcome or the end product (Merriam, 2009). “The case study should have a ‘case’ which is the object of study. The ‘case’ should (Johannson, 2003, p. 2(14)):

- be a complex functioning unit,
- be investigated in its natural context with a multitude of methods, and
- be contemporary”.

The case study research is an investigation and analysis of a single or collective case, intended to capture the complexity of the object of study (Stake, 1995). Qualitative case study research, as described by Stake (1995), draws together “naturalistic, holistic, ethnographic, phenomenological, and biographic research methods” in a “a palette of methods” (Stake, 1995, pp. xi-xii). “One major feature of case study methodology is that different methods are combined with the purpose of illuminating a case from different angles: to triangulate by combining methodologies” (Johannson, 2003, p. 3(14)). The case study methodology maintains

deep connections to core values and intentions and is “particularistic, descriptive and heuristic” (Merriam, 2009, p. 16).

As a study design, case study is defined by interest in individual cases rather than the methods of inquiry used. The selection of methods is influenced by a researcher and case intuition and it makes use of naturally occurring sources of knowledge, such as people or observations of interactions that occur in the physical space (Stake, 1998). Thomas (2011) suggests that “analytical eclecticism” is a defining factor in the case study methodology. Multiple data collection and analysis methods are adopted to further develop and understand the case, shaped by the context and emergent data (Stake, 1995). This qualitative approach “explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information ... and reports a case description and case themes” (Creswell, 2013, p. 9).

The main aim of this case study is to outline and present the innovative business model used by the Polish Internet store NOT JUST SHOP, which sells clothes and accessories. In order to explore the case of NOT JUST SHOP, materials available on the store’s website as well as guided interview with the owner and founder of the Europe-wide business model were used as the sources of information. The paper consists of two parts. The first part includes theoretical considerations on important contemporary issues related to CSR and business models. The second part presents the findings from the empirical research. The case of the NOT JUST SHOP can be an example of a new business model.

## **2. Socially responsible business model**

### **2.1. Business model – what is it?**

A business model is a long-term method to increase and use revenues adopted by a company to present its customers with an offer which is better than competition’s offer while ensuring profitability of a company. The objective of a good business model is to gain and maintain competitive advantage. A business model is one of the three main determinants of economic efficacy (the remaining two are the environment and factors of change) (Afuah and Tucci, 2001). The notion of a business model was

initiated by innovations in the IT sector and is intended to be less formal than the strategy presented in the form of a strategic plan (Kozłowski, 2004). Over the several past years of experience, it became clear that business models have to be changed to balanced and socially responsible ones in all industries (Czy jedyną wartością w biznesie jest zysk?, 2013). An example of a business model is presented in Figure 1.

The Business Model Canvas				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost Structure			Revenue Streams	

**Figure 1.** An example of the business model

Source: own study based on: [www.bussinesmodelgeneration.com](http://www.bussinesmodelgeneration.com) (accessed 06 June 2015).

Referring to Pateli and Giaglis (2004), Fiel (2013, p. 87) observes that “[r]esearchers have come up with different definitions in an attempt to explain what the essence and purpose of a business model is”. For example Osterwalder and Pigneur (2010, p. 14) define, that “a business model describes the rationale of how an organisation creates, delivers, and captures value”. According to Teece (2010, p. 173), a “business model defines how the enterprise creates and delivers value to customers, and then converts payments received to profits”, but Zott and Amit (2010, p. 222) consider, that “a business model can be viewed as a template of how a firm conducts business, how it delivers value to stakeholders (e.g., the focal firms, customers, partners, etc.), and how it links factor and product markets. The activity systems perspective addresses all these vital issues [...]”. George and Bock (2011, p. 99) however state, that “a business model is the design of organisational structures to enact a commercial opportunity”, consisting of resource structure, transactive structure, and value structure. The business model consists of several elements (Blank and Dorf, 2012) such as:

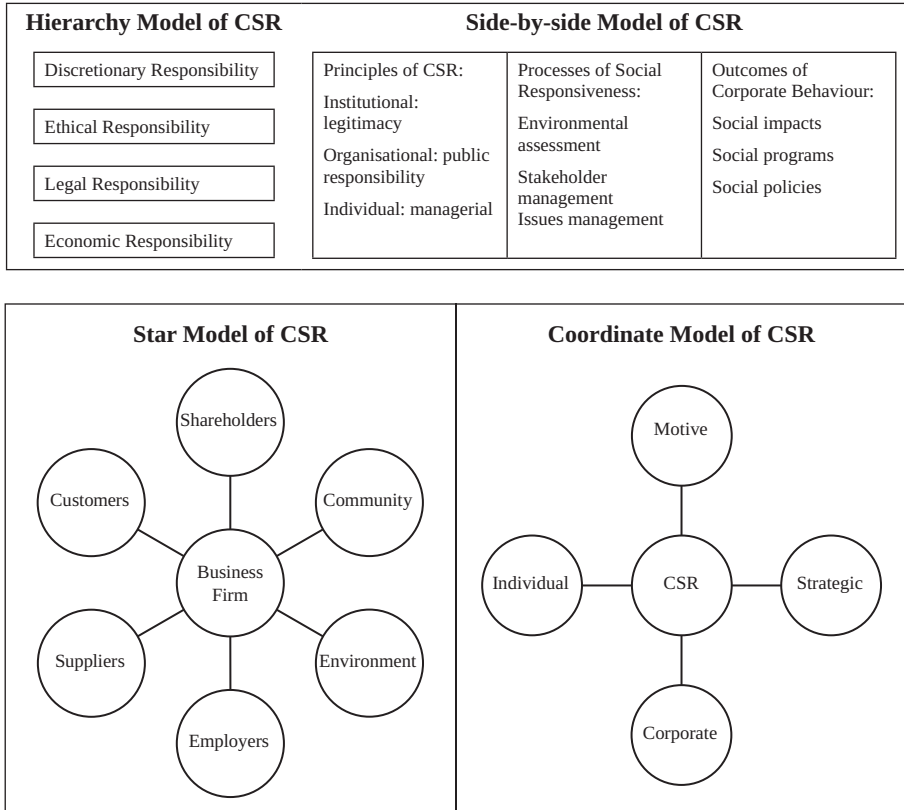
- “value proposition: the product/service, its features and benefits or uniqueness vs. competition; size of the market opportunity; and the MVP or minimum viable product that best illustrates the product as quickly as possible to elicit customer feedback early;

- customer segments: who your customer is and what problems the product solves;
- channels: how you will distribute and sell your product;
- customer relationships: how you will create demand;
- cost structure: the fixed and variable costs required to operate your business;
- key activities: the tasks the company must perform to succeed;
- key resources: suppliers, commodities, or other essential elements of the business;
- key partners: other enterprises essential to success of the business;
- revenue streams: revenue and profit sources and size”.

## **2.2. Socially responsible business models. Is it possible?**

The concept of Corporate Social Responsibility (CSR) raises a lot of controversy and confusion. The beginnings of this type of problems were mentioned in *The Gospel of Wealth* by A. Carnegie (1889). The author, by considering ethic conduct in business, based corporate responsibility on biblical foundations and indicated two models of interpretation according to which one can view a person’s economic activity. These included charity and stewardship (Rybak, 2004).

There are currently many definitions and models (Figure 2) of social responsibility which are not closely related. McWilliams, Siegel and Wright (2006) are of the opinion that CSR occurs when a company goes beyond its typical activity targeted at pursuing its own interest and observing laws and it engages in projects devoted to the welfare of the society. The Ministry of Economy (Ministerstwo Gospodarki, nd) informs that corporate social responsibility is a voluntary act, going beyond minimum legal requirements, of taking into account social and environmental issues in a company’s commercial activity and relations with interested parties. The basic idea of CSR is responsible and ethical conduct of business with respect to social groups it influences as well as the greatest possible respect for the natural environment. The Ministry of Labour and Social Policy informs that CSR is an effective management strategy which, through a social dialogue at the local level, contributes to the increase of enterprises’ competitiveness at the global level and, simultaneously, sustainable social and economic development. The European Commission (Corporate Social Responsibility, nd), on



**Figure 2.** CSR models

Source: Ma, J., (2012), “A Study on the Models for Corporate Social Responsibility of Small and Medium Enterprises”, *Physics Procedia*, Vol. 25, pp. 435–442.

the other hand, is of the opinion that CSR is a concept according to which companies voluntarily consider social and ecological aspects in their business activities and relations with stakeholders. The ISO 26000 standard (brochure of the Polish Committee for Standardization – ISO 26000) defines social responsibility as an organisation’s responsibility for the influence of its decisions and actions on the society and environment through transparent and ethical conduct which:

- contributes to sustainable development, including health and welfare of the society;

- takes into account expectations of stakeholders (persons and groups interested in organisations' decisions or actions);
- complies with applicable law and is consistent with international norms of conduct;
- is implemented in the entire organisation and practised in its operations in the sphere of influences.

According to the above, the concept of corporate social responsibility is not an easy model for practical implementation in a company, especially a small and medium-sized one. Therefore, theoretical proposals which are tested in practice emerge. Arinova CSR Leader Thinking is an example of such a model. The Arinova CSR Leader Thinking business model shows small and medium-sized entrepreneurs, step by step, how to encourage and stimulate company's innovation through the concept of corporate social responsibility. The model is based on three most significant aspects of company management – responsible management, relations with stakeholders and employees as well as environment-friendly actions. The main assumptions of this model are as follows (Arinova CSR Leader Thinking, nd):

- the objective of the model is walking an entrepreneur through the process of analysis and strategic planning, further clarification of strategic goals and initiated projects the purpose of which is achieving strategic goals, in a manner as friendly and practical as possible;
- the model is to support development of a simple strategy which will help a company become more socially responsible through innovations and, consequently, will contribute to its economic success;
- the model was constructed in the most flexible way (having awareness of entrepreneurs' time limits) – its use will not require large company resources. It is developed in such a way that its use interferes with other obligations as little as possible. The entire process is spread over time and divided into steps the implementation of which will help better understand the influence of the company on the environment and the influence of the environment on the company as well as find areas in which making changes and improvements is possible.

### 3. A new business philosophy – case study

#### 3.1. How was NOT JUST SHOP created and where did the idea come from?

Łukasz Kaliciński, the owner and founder of NOT JUST SHOP, states that it is an ‘ordinary’ company which, unlike others, concentrates not only on generating as much profits as possible, but also helping the needy, especially children. The above two objectives of the organisation, the traditional one (high profits) and the modern one (helping children), are correlated because a large profit helps the company fulfil its main objective, i.e. transferring money to the needy without any delay.

At first glance, one might wonder: Where did the idea for such a company come from? The owner and founder of NOT JUST SHOP states that he has always enjoyed helping others. He wanted to take care of the poor and weak ones because he was a big boy and, later on, a big man. As a responsible man he founded an electronic waste recycling company (the so-called ‘electronic scrap’). The company was developing well and generated profit. When it started being successful on the market, private persons and organisations started showing up and asking for financial support. Kaliciński thought that it was somewhat peculiar and started wondering why the company should not provide help itself. He got a piggy bank for donations for the poor. In the meantime, Kaliciński became a father and his children started to ask him for drawings more and more often. It was then that his passion for painting was renewed. He founded a company which designed and sold t-shirts. After a while, the amount in the piggy bank was big enough to be donated. There was a family in need of shoes and jackets. Kaliciński did the shopping and went to see the family. When he got there it turned out that the family (parents and 3 children) also needed food. He decided to buy food for them in a nearby store. When he returned a five-year-old girl named Ola run up to him and hugged him tightly. It was the turning point in his life, the moment he got goosebumps and the most important event in his career. He started wondering if there was anything else he could do. It was then that his thoughts and actions went in the direction of developing a t-shirt company in order to help the needy.



### **3.2. What characterises NOT JUST SHOP and what distinguishes it?**

NOT JUST SHOP is a company. There is no other company in Poland operating in a similar way. A similar business model was adopted by a company in Switzerland. This means that NOT JUST SHOP is the only company in Poland and the first, but not the only one in Europe. There are thousands of companies like this in the United States.

What distinguishes NOT JUST SHOP from other companies? Firstly, it is a company, not a foundation or an association. Secondly, NOT JUST SHOP does not wait until profit on sales is generated. It waits until a t-shirt is purchased and a portion of proceeds is donated to help the needy. This means that NOT JUST SHOP provides money for the needy regardless of the amount of profit. Thirdly, NOT JUST SHOP operates in a different way than ‘an ordinary company’. When calculating manufacturing costs of t-shirts, basic costs and expenses for the needy are included. Only then is profit taken into consideration. Additionally, a part of it is consumed by the company and the rest goes to company development. The most significant feature is that the company does not wait until large profit is generated. It helps children as soon as the first t-shirt is bought, whether or not the company is profitable. The company operates 24/7 and helps the needy like a foundation. As a company it produces and sells t-shirts. This distinguishes the company from a foundation because it indicates, in a clear and transparent way, where its customers’ money goes. Every person can verify basic information, what portion of a t-shirt’s price is used to help children and who receives help. One can learn children’s names, look into documents confirming purchase of products and follow the process of helping children. It is very transparent and clear. One can learn how much money was raised, how many children were helped and how many projects were executed.

### **3.3. Are t-shirts manufactured in accordance with the sustainable development principle?**

According to Łukasz Kaliciński many organisations sell products, i.e. t-shirts, which are not the best quality because their main goal are sales and profit. NOT JUST SHOP creates a brand with a big ‘B’. Clothes have to be fashionable. It is also important how the clothes are made. At first, they were made by persons who created NOT JUST SHOP.

Currently, they are made by institutions, children, hospices, etc. The last project included blind children. This helps children feel needed and gives them the sense that what they do is important. They feel that nothing is impossible and thanks to their work they can create something very precious and help their institution. Consequently, all products have a heart and soul and are unique. Every t-shirt tells a story.

As far as materials are concerned, they come from Poland and are manufactured by Polish companies. All materials have green certification even though helping children is the most important aspect. The ink used for drawings does not contain toxic substances and t-shirts are 100% cotton. Nevertheless, when it comes to NOT JUST SHOP it is more important that PLN 20.00 donated from a t-shirt sale goes to the needy and that customers wear the t-shirts. That way they tell a story of children and the company can enjoy direct marketing.

#### **4. Conclusions**

The presented article was aimed to be a case study of innovative business models which incorporate elements of corporate social responsibility. The topic of business models has become a popular issue. Various business models are created in different lines of business. Their purpose is to generate the highest profit possible and ensure a competitive edge on the market. NOT JUST SHOP is a typical Internet store which is unlike any other. The originator and founder of NOT JUST SHOP claims that his store is an innovative business model which, apart from generating profits, helps the needy. It is not a foundation even though its actions and operations would make one think that. What differentiates it from other organisations? Firstly, money for charity is donated regardless of the fact whether profit is generated or not. Secondly, money is donated for a specific purpose and to specific persons. Every customer receives clear information which guarantees transparency and increases customers' trust. Thirdly, the clothes, especially t-shirts, are unique, fashionable and of good quality. Consequently, customers buy them not only to help others, but also because they like them and are interested in them. This model is integrated into the concept of corporate social responsibility because the organisation does not undertake actions to achieve the notion of CSR. It is socially responsible in itself. The implementation of the presented model of business in Poland will certainly not be easy.

Such an activity on the Polish market is often considered as a charity undertaking or rather it is limited to the activities of the third sector i.e. NGOs. However, in the world such a business model has become very popular and now it has many supporters. Hopefully the same will happen in Poland.

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