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Institutional logics and business models of digital niche marketplaces

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ABSTRACT

While research on the business models of dominant digital marketplaces such as Amazon, TaskRabbit, and Uber has progressed in recent years, little is known about the business models of niche marketplaces despite their economic and social importance. Taking an institutional logic perspective, we examine how multiple logics shape the business models of digital niche marketplaces. Based on the comparative study of ten European digital niche marketplaces, we identify two business model archetypes that vary concerning problem complexity and the influence of institutional logics. The *"concierge business model"* is designed to efficiently solve simple location-bound problems through local networks. This model is dominantly shaped by the market logic and complemented by the corporate logic. By contrast, the *"wizard business model"* seeks innovative solutions to more complex problems by utilizing global networks. It is dominantly shaped by the professional logic and supplemented by the corporate and the market logic. Based on these insights, we develop a framework for the relationship between institutional logics and business models of digital niche marketplaces. Our study adds to research on the mechanisms and manifestations of institutional logics in business models and highlights the role of problem complexity, as well as contributing to better understand the distinctiveness of digital niche marketplaces.

1. Introduction

Digital marketplaces or transaction platforms — i.e., digital infrastructures mediating transactions between demand and supply (Gawer, 2022) — spark strong scholarly interest (Asadullah et al., 2018; Gegenhuber et al., 2022; Meyer et al., 2024). These marketplaces create value by reducing users' search and transaction costs and enabling them to exchange products and services efficiently (Rochet & Tirole, 2003). Marketplaces have become ubiquitous in many industries such as retail, mobility, and finance, resulting in

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significant social and economic impact (Belk, 2014; Burtch et al., 2018). In many industries, a single or a few digital platforms have been able to achieve a dominant position (Friederici et al., 2022; Gawer, 2022; Inoue & Tsujimoto, 2018). Dominant platforms follow a business model that emphasizes scalability and growth to leverage network effects and quickly establish and maintain market dominance (Cennamo, 2021; Hagiu & Wright, 2015; Kenney & Zysman, 2019; Rysman, 2009). Put differently, they are influenced by a pronounced market logic (Frenken et al., 2020; Rietveld & Schilling, 2021).

Platform research has mainly focused on the business models of these dominant platforms (Asadullah et al., 2018; Aversa et al., 2021; Täuscher & Laudien, 2018), resulting in a bias towards successful dominant platforms and thus a lack of empirical diversity (De Reuver et al., 2018; Rietveld & Schilling, 2021). This is surprising given the increasing number of digital niche marketplaces that purposefully aim for a distinct market identity, often restricting and curating platform access and participation by assuring quality (Cennamo, 2021; Cennamo & Santalo, 2013; Lee, 2022), while also pursuing network effects (Ondrus et al., 2015). According to initial studies, more than one-third of consumers use niche marketplaces (Briedis et al., 2020). Consider Ravelry, a free platform in the textile craft niche where artists can socialize and sell their products to more than nine million users.

Niche platforms can also pose considerable threats to dominant players (Eisenmann et al., 2011; Sheremata, 2004; Suarez & Kirtley, 2012). In addition, research and policy makers have voiced concerns about dominant platforms and their detrimental effects on the economy and society (Gawer, 2022). For instance, the European Union has enacted the Digital Markets Act (European Commission, 2024a) and Digital Services Act (European Commission, 2024b) to counteract dominant platforms and support the scaling and growth of niche platforms.

Despite their economic and social importance, business models of niche platforms and their links to societal contexts have received little attention to date (Cennamo, 2021; Täuscher & Laudien, 2018). To engage with this crucial topic, we leverage the institutional logic lens, which is concerned with the "socially constructed institutional environment that guides actors' behavior and sense-making" (Frenken et al., 2020, p. 86; see also Thornton & Ocasio, 2008). Institutional logics have successfully been used to explore the business models and behavior of dominant platforms (Mair & Reischauer, 2017; Qiu et al., 2017; Vaskelainen & Münzel, 2018) and improve our understanding of the conditions under which business models take certain forms (Arend, 2013; Laasch, 2018; Ocasio & Radoynovska, 2016).

However, despite advances at the intersection of institutional logics and business models, minimal insights exist into how different logics affect business models in digital niche marketplaces, impeding a deeper understanding of this specific platform type (Cennamo, 2021; Cennamo & Santalo, 2013; Lee, 2022). This issue is relevant, given the various business models and their importance for platform performance (Täuscher & Laudien, 2018). Furthermore, prior work has stressed that logics can differ in empirical contexts and even across business model components (Olesson et al., 2023; Vaskelainen & Münzel, 2018), which might be a result of the different logics' characteristics (Laasch, 2018). Given that a better understanding of these relationships would add to our understanding of niche marketplaces' distinct positioning and differentiation (Cennamo, 2021; Rietveld & Schilling, 2021), we ask: 1) *How do institutional logics shape business models of digital niche marketplaces?* and 2) *What are the resulting business models?*

We conducted a comparative case study (Eisenhardt, 1989) of ten digital niche marketplaces intermediating for business services such as delivery, mobility, or rental services in the European Union. Analyzing extensive interviews and archival data, we found the corporate, professional, and market logics to be central in shaping these marketplaces' business models. We discovered two idiosyncratic business models, which we term as the "concierge model" and the "wizard model". These business models differ regarding the complexity of the problems that a digital marketplace aims to solve. While the concierge models address simpler, location-bound problems, wizard models stand out in their devotion to solving more complex problems and in turn leverage global network effects. Showing how these business models result from varying influences of several institutional logics, we develop a conceptual framework for the relationship between multiple institutional logics and business models of digital niche marketplaces.

Our paper makes two main contributions to scholarship at the intersection of institutional logics, business models, and digital platforms. First, we contribute to research on the relationship between institutional logics and business models (Laasch, 2018; Mair & Reischauer, 2017; Ocasio & Radoynovska, 2016; Vaskelainen & Münzel, 2018). We show how multiple logics are combined and manifest differently across several business model components of platforms and introduce problem complexity as a mechanism acting as a filter for logics. Second, we add to the understanding of how these business models relate to the distinctiveness of digital niche marketplaces (Cennamo, 2021; Cennamo & Santalo, 2013). In particular, we discuss how the identified models are positioned in relation to dominant platforms and emphasize the transaction networks and knowledge sharing as central aspects of their distinctiveness.

2. Theoretical background

2.1. Dominant and niche marketplaces and their business models

Digital marketplaces are digital infrastructures that mediate transactions between demand and supply (Gawer, 2022). Popular examples of such marketplaces include Uber, Airbnb, and Amazon Mechanical Turk.

Digital marketplaces differ in their business models (Täuscher & Laudien, 2018), which can be conceptualized and analyzed along the three interrelated components of value proposition, value creation, and value capture (Gregori et al., 2024; Richardson, 2008; Vaskelainen & Münzel, 2018). Value proposition describes what value a platform offers for its customers. For instance, one main value proposition of marketplaces such as Amazon is a large variety and supply of goods combined with quick delivery. Value creation refers to the resources, architecture, and mechanisms to create the proposed value, including internal and external activities and the actors needed to deliver its value propositions. For example, delivery platforms use algorithms to optimize routing while strongly relying on

freelance couriers. The value capture dimension refers to how a marketplace makes money. For many marketplaces such as TaskRabbit, commission fees are a vital value capture mechanism.

Recent scholarly advances suggest that fundamental principles guide the business model of a digital marketplace, namely market dominance versus distinct identity in a niche (Cennamo, 2021; McIntyre et al., 2021; Muzellec et al., 2015; Rohn et al., 2021). Literature has mainly examined marketplaces following the former principle (De Reuver et al., 2018). When a marketplace pursues market dominance, it aims to rapidly grow both sides of users in core and adjacent markets (Cennamo, 2021; Rietveld & Schilling, 2021) to generate strong network effects (Asadullah et al., 2018; Cennamo & Santalo, 2013; Hagiu & Wright, 2015; McIntyre & Srinivasan, 2017). Network effects mean that the individual value of the platform increases for every user with the overall number of users (Gawer, 2022). In addition, they leverage considerable financial resources to establish and maintain this dominance by blocking or buying new entrants, for instance (Kenney & Zysman, 2019). The global dominating platforms such as Uber and Amazon follow this principle, typically featuring a broad value proposition and addressing multiple customer segments, creating value through partnerships with a variety of third parties, and encompassing several ways of capturing value on the supply and demand side (Cennamo, 2021; Täuscher & Laudien, 2018).

By contrast, when a marketplace's business model follows the distinct identity-principle (Cennamo & Santalo, 2013), it aims to achieve a "distinct market positioning of the platform" (Cennamo, 2021, p. 277). Such platforms strive to achieve network effects through a distinct positioning in their core market. Their growth is based on differentiation from dominant platforms, although they can also attract large numbers of users. Business models of niche platforms tend to focus on value propositions tailored to specific narrower customer segments, regularly restricting and curating access and thus deliberately limiting the scope of potential markets to a core domain. For platform users, they potentially offer exclusive content or services. The narrower value proposition is also reflected in the breadth of potential partners, while the value capture is also tailored according to the envisioned customers and can encompass multiple ways to profit from the value created (Cennamo, 2021; Täuscher & Laudien, 2018).

2.2. Institutional logics perspective on digital marketplace business models

Recently, scholarship has turned to institutional logics to investigate the business models of digital marketplaces. Institutional logics are defined as "socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton & Ocasio, 1999, p. 804). Put simply, they form a "socially constructed institutional environment that guides actors' behavior and sense-making" (Frenken et al., 2020, p. 86) as they "constitute a set of assumptions and values, usually implicit, about how to interpret organizational reality, what constitutes appropriate behavior, and how to succeed" (Thornton & Ocasio, 1999, p. 804).

However, often, not only one logic influences organizations, but rather several logics can affect organizations to varying degrees (Besharov & Smith, 2014; Bohn & Gümüsay, 2024; Faik et al., 2020), indicating institutional complexity (Greenwood et al., 2011). In their seminal work, Friedland and Alford (1991) identified five ideal types of institutional logics. This list was later expanded to seven logics, including the market, corporation, state, community, and professional logic (Thornton et al., 2012).

The market logic is especially prevalent in the platform literature (Frenken et al., 2020; Qiu et al., 2017; Vaskelainen & Münzel, 2018), standing out in its foregrounding of transactions as the main instrument to govern interactions within and between organizations (Friedland & Alford, 1991). It focuses on free market principles, including free market access and the efficient management of transaction processes (Thornton & Ocasio, 1999, p. 199). The literature highlights the relevance of the market logic, which in combination with other logics, can lead to different practices and business models (Gawer & Phillips, 2013; Greenwood et al., 2010; Ocasio & Radoynovska, 2016; Pache & Santos, 2013). Recent studies consider corporation and professional logics important for understanding digital platforms (Faik et al., 2020). The corporation logic emphasizes hierarchies as the key means to achieve ends (Frenken et al., 2020), while the professional logic views relations and expertise as guiding organizing principles (Lounsbury, 2007).

The varying influence of institutional logics can explain differences between platform business models (Mair & Reischauer, 2017; Ocasio & Radoynovska, 2016; Punt et al., 2023; Vaskelainen & Münzel, 2018). For instance, Vaskelainen and Münzel (2018) found that two car-sharing marketplaces in Germany employed different business models, namely a free-floater model and a station-based model. This distinction was explained by different orientations towards either the market, community, or corporate logic. The market logic shaped both business models through the value capture dimension. However, the station-based model also followed the community logic that foregrounds to "increase the status of the organization within the community and honor the community's members and practices" (Vaskelainen & Münzel, 2018, p. 278), whereas the free-floater model mainly followed the corporation logic. Likewise, Punt et al.'s (2023) study on Uber — a global leader in ride-hailing — showed that the marketplace preferred to enter locations dominated by the market logic.

Despite these advances, a more in-depth understanding of the role of institutional logics for the business models of marketplaces is lacking. It remains unclear which combination of logics shapes the business models of digital niche marketplaces and why platforms respond differently to these logics (Boon et al., 2019; Hinings et al., 2018; Mair & Reischauer, 2017). The literature has drawn attention to how actor's commitment to different logics influences business models and how these vary based on company size (Vaskelainen & Münzel, 2018). Other studies have concluded that the influence of logics differs across business model components (Olesson et al., 2023). These findings further support the notion of different logics shaping business model components thus challenging the dominance of a single logic. Building on these studies, we seek to better understand the mechanisms driving the manifestation of multiple institutional logics in business models of digital niche marketplaces.

3. Methods

Our research question warrants a comparative case study, which is especially well-suited for hitherto unexplored phenomena (Eisenhardt, 1989) and has also been applied to study digital marketplaces and the role of institutional logics (Boon et al., 2019; Reischauer & Mair, 2018; Uzunca et al., 2018; Weber et al., 2019). As the business model is our unit of analysis, we follow previous work (Bohnsack et al., 2014; Holzmann et al., 2019, 2020; Vaskelainen & Münzel, 2018) to understand the generic patterns of how business is conducted by digital niche platforms. While these generic business model patterns are no exact representations of business models used by our sampled cases, they are foundational for the individual models and contribute to understanding key similarities and differences. The identified patterns can thus be understood as abstract descriptions of the generic ways in which these digital niche platforms conduct business.

3.1. Setting

The empirical setting of our study is the business service industry providing delivery, mobility, or rental services (Vallas & Schor, 2020). These platforms' proliferation is considered a motor for the growth of the business service industry (Statista, 2023). Recent market intelligence has concluded that business services reached an estimated global market size of some USD 204 billion in 2023. Based on a value of USD 145.6 billion in 2022, this corresponds to market growth of 39.9 %. At a projected CAGR of 21 %, the market is expected to grow to about USD 1.381 billion by 2032 (Kharrati, 2023). A key feature of digital business service marketplaces is that the businesses form the demand side, offering jobs to get done. The supply side is populated by two actor groups: individual freelancers (freelance-to-business (F2B)), as exemplified by Upwork; while the other group is businesses (business-to-business (B2B)), whereby a popular example is UpCounsel.

We opted to study digital niche platforms for business services in the European Union (EU), which is a highly suitable context for three reasons. First, in recent years, EU countries have witnessed steady growth of digital marketplaces for business services (Huws et al., 2017). This aspect makes the existence of digital niche platforms more likely. Second, marketplaces operating in the EU are subject to similar regulations across EU countries (European Commission, 2024a; European Commission, 2024b). This feature presents an important boundary condition to rule out alternative explanations as a quality criterion for rigorous case study research (Eisenhardt, 1989) and mirrors the notion that marketplaces tend to be active in countries with similar regulations (Stallkamp & Schotter, 2021). Third, these platforms provide novel opportunities for both sides and thus frequently cultivate new market niches (Healy et al., 2017). Relatedly, platforms with businesses as customers on the demand side are more likely to strive for distinct identities in niches (Hein et al., 2019; Täuscher & Laudien, 2018), thus rendering them a predestined research site for our interest in

Table 1
Overview case characteristics.

Cases (pseudonym)	Description	Year founded	Size (as of 2023)	Employees	Countries of operation
Alpha	Provides firms with easy and quick credit financing for operations and asset investments. Investors can diversify risk because of a broad portfolio.	2014	44,000+ lenders	101–250	5
Bravo	Provides borrowers with easy, hassle-free access to loans to finance real estate projects. Offers investors easy access to investments, backed by loans which are short-term, real-estate backed and promising a high ROI.	2013	160,000+ investors	11–50	10
Charlie	Connects small businesses with landlords who have their property available for short-term rental, while providing great flexibility and central locations. Reduces landlords vacancies of properties.	2015	10,000+ landlords	1–10	4
Delta	Provides firms access to a diverse, high-quality talent pool of management consultants as well as add-on tools for administration. Offers consultants a new source of client acquisition while helping with administrative processes,	2014	5900+ consultants	101–250	5
Echo	Fulfills firms' short-term personnel needs, basically on demand. Provides job seekers a central location of accessing a variety of short-term jobs and an easy application process.	2015	50,000+ job seekers	251–1000	2
Foxtrot	Enables firms' centralized food delivery, where office food deliveries are made in one place, with a determined budget and are centrally administrable by the office manager. Extends restaurants sales channels.	2014	30,000+ restaurants	1001–5000	16
Golf	Provides customers with out-of-home access to stores in their city with a quick delivery. Brings offline stores to the online world and thereby extends their sales channels and customer base.	2015	170,000+ stores	1001–5000	7
India	Enables businesses the matching of skills needed with adequate freelancers. Provides freelancers with easy access to new clients and projects.	2007	230,000+ freelancers	51–100	2
Juliet	Eases firms work with freelancers by providing an end-to-end solution, including matching, management, and payment. Provides freelancers with easy access to new clients and eases the administrative process.	2011	350,000+ freelancers	51–100	2
Kilo	Provides firms insights from the POS via a crowdsourcing approach. Offers end users a quick and easy opportunity to earn extra money by doing micro market research.	2014	1,000,000+ end users	11–50	23

the peculiarities of digital niche marketplaces.

3.2. Sampling and cases

Our observation period was 2020 to 2021. We purposefully sampled (Patton, 2015) appropriate cases of digital niche marketplaces in three steps. First, we listed active digital niche platforms for business services that specialize in serving business customers. Second, we focused on platforms headquartered in an EU country, whereby sampling and comparing embedded cases from the same context contributes to the internal validity of findings (De Reuver et al., 2018). Third, as recommended by Eisenhardt (1989), we set out to build a diverse set of marketplaces. Applying these criteria resulted in a sample of ten cases (see Table 1 for case characteristics and descriptions). All cases and data are anonymized using the phonetic alphabet.

3.3. Data collection and sources

Given that business models are represented by different artifacts - including tangible and visual-textual ones - and expressed through narratives (Laasch, 2019), we collected extensive primary and secondary data utilizing various sources for each case. Our final

Table 2
Case data.

Cases (pseudonym)	Interviews		Archival public interviews		Other archival data (in pages)	
Alpha	CEO	01:13:13	CEO (4)	01:08:44	Press releases	–
	COO	01:01:29			Blog posts	40 pages
					Manuals/reports	7 pages
	Total (2)	02:14:42	Total (4)	01:08:44	Total	47 pages
Bravo	COO	00:29:51	Co-founder (2)	00:24:11	Press releases	9 pages
	COO	00:40:15	COO (2)	00:15:30	Blog posts	20 pages
			Supervisory board	00:32:41	Manuals/reports	–
			Head of investor relations (3)	02:18:26		
			Marketing manager	00:08:00		
			Country head	00:07:29		
	Total (2)	01:10:06	Total (10)	03:46:17	Total	29 pages
Charlie	CEO	00:41:10	CEO	00:10:00	Press releases	4 pages
	CEO	00:26:54			Blog posts	13 pages
					Manuals/reports	1 page
	Total (2)	01:08:04	Total (1)	00:10:00	Total	18 pages
Delta	CEO	00:23:11	–		Press releases	2 pages
	Community m.	01:08:02			Blog posts	–
	Country head	00:20:14			Manuals/reports	19 pages
	Total (3)	01:51:27			Total	21 pages
Echo	Founder	00:21:42	Founder (3)	01:33:21	Press releases	2 pages
	Business develop.	00:22:33	Co-founder (5)	00:22:19	Blog posts	–
					Manuals/reports	14 pages
	Total (2)	00:44:15	Total (8)	01:55:40	Total	16 pages
Foxtrot	Co-founder	01:47:38	Founder (2)	00:52:50	Press releases	–
	Public policy	01:23:30	Country head	00:14:00	Blog posts	11 pages
					Manuals/reports	–
	Total (2)	03:11:08	Total (3)	01:06:50	Total	11 pages
Golf	CEO	00:40:03	Co-founder (3)	00:34:10	Press releases	–
	Co-founder	00:53:34	CTO	00:17:26	Blog posts	8 pages
	Public policy	01:29:09			Manuals/reports	79 pages
	Public policy	00:42:07				
	Corp. affairs	00:54:24				
	Social impact	00:51:36				
	Total (6)	05:30:53	Total (4)	00:51:36	Total	87 pages
India	CEO	00:17:31	Founder	00:02:00	Press releases	–
					Blog posts	16 pages
					Manuals/reports	–
	Total (1)	00:17:31	Total (1)	00:02:00	Total	16 pages
Juliet	Founder	00:18:50	Co-founder (5)	02:27:47	Press releases	–
			Marketing employee	00:27:22	Blog posts	9 pages
					Manuals/reports	15 pages
	Total (1)	00:18:50	Total (6)	02:55:09	Total	24 pages
Kilo	Head of strategy	00:40:50	Founder (2)	00:12:50	Press releases	–
	Community m.	00:47:07			Blog posts	17 pages
					Manuals/reports	–
	Total (2)	01:27:57	Total (2)	00:12:50	Total	17 pages
TOTAL	**23 Interviews**	**17:54:53**	**39 Public interviews**	**12:09:06**	**Press releases**	**17 pages**
					Blog posts	**134 pages**
					Manuals/reports	**135 pages**

extensive dataset comprises of case data (see Table 2) and archival data about the digital platform economy (see Table 3).

We conducted 23 original interviews with digital marketplace managers and employees. In addition, we analyzed 39 publicly available interviews with managers and employees from our sampled marketplaces that were published on a platform's website or in newspapers. To ensure case anonymity, we rephrased the quotes from those public interviews. The original interviews were supplemented by the publicly available ones, allowing in-depth insights into a platform's business model and a better understanding of which and how logics are influential for the business models. To complement the two types of interview data, we further collected 286 pages of archival data published by the platforms that provided us with evidence of verbal statements and additional insights. Specifically, we systematically collected press releases, blog posts, manuals, and reports issued by each marketplace using predefined keywords. This process allowed for data source triangulation and enabled developing a comprehensive understanding of the phenomenon, thus enhancing our results' validity (Patton, 1999).

Besides original and archival data from our sample cases, we collected additional data about the context to better understand the digital marketplace economy and thus the prevalent institutional logics. This helped us to further link institutional logics with the business models and comprehend how they shape business models. We first utilized 25 interviews from members of non-platform-based competitors, trade association and interest group representatives, journalists, activists and representatives of civil society, and platform workers. Second, we collected 566 pages of contextual-archival data, comprising reports and press coverage of the European digital platform economy through the Factiva database. These data enabled us to compare case findings and triangulate our insights.

3.4. Data analysis

For our analysis, we followed the comparative case study analysis approach by Eisenhardt (1989). As characteristic of this approach, we went back and forth between data and emerging concepts. in three phases.

In the first phase, we coded our data in two parallel steps. First, drawing upon archival data and following the advice by Reay and Jones (2016) on analyzing institutional logics with empirical textual data (pattern inducing), we reconstructed the prevalent institutional logics in the EU business services industry based on recommended ideal-typical depictions. Second, we further coded all case data through a business model lens, organizing the empirical material for each case according to value proposition, value creation, and value capture.

In the second phase, we compared all case-specific findings to identify cross-case patterns (Eisenhardt, 1989), also using tables to compare the previous descriptions of business models. A key outcome of this phase was the development of archetypical business models of digital niche marketplaces, i.e., more general representations of a business model alongside the three business model components. We further analyzed the data to identify potential relationships between logics and business models.

We revisited the literature in the third phase to relate our concepts with extant theory. For instance, we found that the value proposition dimensions strongly resemble the problem complexity concept (Felin & Zenger, 2014). In addition, we re-engaged the data with theory to refine the business model components with sub-categories, including the network structure concept in the value creation (Zhu & Iansiti, 2019). We further developed the business model archetypes, making them more nuanced and distinctive by identifying the influencing logics for each business model component. Finally, we developed a framework demonstrating how multiple logics shape business models of digital niche marketplaces.

3.5. Institutional logics in the research setting

Three institutional logics were observable in our setting: the market, the professional, and the corporate logic. We base their descriptions on the ideal types of Thornton et al. (2012) extended by the category of technological affordances of Faik et al. (2020). Technological affordances refer to new possibilities of action for a user or within a use context enacted through engagement with the technology (Nambisan et al., 2019). Institutional logics draw attention to different ways of using technologies resulting in different affordances (Faik et al., 2020). Table 4 provides an overview of the components of the identified institutional logics and illustrative

Table 3
Overview of contextual data on digital platform economy.

Interviews		# Interviews	(hours)
	Non-platform-based competitors	10	(06:57:40)
	Trade association and interest group representatives	5	(03:59:57)
	Journalists	3	(02:02:17)
	Activists and representatives of civil society	3	(02:33:110
	Platform workers	4	(03:05:06)
TOTAL	**25 Interviews**		**(18:38:11)**
Archival Data		**Pages**	
	Factiva	160	
	EU documents	143	
	Trade association and interest group documents	129	
	Activists and civil society documents	134	
TOTAL		**566 Pages**	

quotes.

First, we identified the relevance of the *market logic*, which emphasizes transactions, competition, and efficiency. Digital niche platforms aim to facilitate and coordinate transactions between different platform sides that often do not know each other.

In addition, they accentuate strong competition among platform workers lying at the heart of digital niche marketplaces. Perhaps most telling was the representative of an interest group who stated "digital work is available to an international audience, which creates strong competition for local workers." Likewise, an employee of a non-platform-based competitor reported that "the competitive pressure is great as you now not only compete with local providers but also international ones."

Next, the findings show that the market logic prescribed increasing efficiency, especially concerning the matching mechanism. A journalist confirmed that businesses on the demand side of platforms "are able to access consultants with similar backgrounds and training at a lower cost." Furthermore, a non-platform-based competitor told us that "costs are always a topic; because of platforms, I can source services cheaper."

Second, we identified the *professional logic* for which quality, reputation, and autonomy were indicative. The findings show that the quality of work is a major differentiation criterion for platforms to distinguish their services from other service providers. For instance, this aspect is illustrated in the following quote of a non-platform-based competitor stressing that "it is key to distinguish oneself through quality." Likewise, an interest group representative added that "one of the major topics is how to measure quality."

Furthermore, the reputation of platform workers plays a central role. Platform workers aim to increase their reputation by improving their quality of work, as shown in a report stressing that "highly qualified academics want to prove themselves on competitive platforms, build their reputation, and unfold their potential," leading to a higher chance of securing additional contracts. Moreover, a manager of a non-platform-based competitor stressed that "once you are in for a certain period of time, you know the players and the players know your work. Then customers come back again and again." In a similar vein, an employee of a non-platform-based competitor mentioned that "this business is more about recommendations – like 'I heard about you' or because 'I was referred to you.'" Increasingly, platforms allow quantifying reputation with rankings, with better rankings helping to secure more attractive contracts.

The third theme of the professional logic is autonomy. Several data highlight the autonomous work of platform workers on digital niche platforms. In a similar vein, an industry report highlighted that platform workers are "characterized by a high degree of autonomy, personal responsibility, and flexibility, as well as strong time management skills."

Third, we identified the *corporate logic*, for which the themes of hierarchy and task control were indicative. Platform workers are integrated into the corporate structure of the platform, rendering hierarchy crucial. As a journalist summarized, many platforms "gives instructions, assigns roles, tells people exactly who has to do what and when." Likewise, the authors of another report stressed that "it is all about the conditions created by platforms; these are subject to instructions and information provided through the platform."

Closely related to hierarchy, another important theme is task control, whereby platform work is monitored and evaluated by platforms. The following quote from a journalist is especially telling in this regard, stating that "some platforms may exert a level of control over workers comparable to that exerted by traditional employers." A report summarized the role of control vividly: "platforms take the coordinating function of a 'control center' […]. They monitor and evaluate work and define the price to be paid to the platform workers."

4. Findings

We found two archetypical business models that are characteristic of digital niche marketplaces. Table 5 provides a summary alongside the conceptual business model dimensions and the associated cases.

A key distinction between these two types pertains to the complexity of the problem that the business model solves. The "concierge" model (which we identified for the Charlie, Echo, Foxtrot, and Golf cases) focusses on offering convenient solutions to relatively simple problems. Concierge models provide an assistant function as they take over comparatively easy tasks that are often mundane and repetitive. Problems are simple when the value of solutions is not predominantly shaped by a multitude of choices and the knowledge set of actors involved (Felin & Zenger, 2014).

On the other hand, the "wizard" model (Alpha, Bravo, Delta, India, Juliet, and Kilo) is characterized by more complex problems, often guiding customers through more complicated processes with more innovative solutions. Complex problems are characterized by highly interdependent choices and knowledge sets that require a more in-depth understanding of the problem (Felin & Zenger, 2014).

The two models materialize institutional logics differently in their value proposition, value creation, and value capture, whereas the problem complexity acts as a filter for how the logics are translated into the business models. In the following, we outline how these logics manifest in two archetypical business models of digital niche marketplaces, comparing the two models based on the business model components. Fig. 1 provides a representation of the three different logics and how they shape business model components based on the complexity of the problem.

4.1. Value proposition of digital niche marketplaces

Concerning value propositions, we identified crucial differences when comparing the concierge and wizard models. While the first is mainly affected by the market logic, the latter is dominantly shaped by the professional logic, forming specific value propositions.

Platforms that follow the concierge model efficiently solve relatively simple business problems. This results in customer value that is dominantly shaped by the market logic, focusing on efficient and convenient solutions to these simple problems.

The four niche platforms for which we observed this business model emphasized their respective dedication to this proposition in

Table 4
Components of market, professional, and corporation logic with illustrative quotes.

	Market Logic	Professional Logic	Corporation Logic
Route Metaphor	**Transaction** Facilitating transaction between platform sides *"[P]latform behavior that aims to increase the benefits for consumers,* e.g. *by offering individualized services or ensuring the high quality of the transactions facilitated." (EU document 1)* *"[T]hey are effective in putting together, someone who has a service to sell … and someone who is willing to buy that, so you know, the problem is that now that process are driven by for profit companies who are taking 25 to 30 % of every transaction." (Activist and representative of civil society 3)*	**Profession as relational network** Platforms assemble networks of professionals *"If you look around the gig economy marketplace, you'll already see that there are platforms that have emerged for that industry or positions specific that have emerged for most positions in the corporate world, most professional positions." (Journalist 1)* *"Platform membership includes many international professionals living in Finland and an increasing number of professionals outside Finland" (Trade association and interest group document 3)*	**Corporation as hierarchy** Integrating platform workers into the corporate hierarchy *"Workers on platforms are generally integrated into the work organization created by the platform and are subject to modern work-related instructions." (Trade association and interest group document 5)* *"It's not so much a problem to consider platform workers to be part of the organization and also be under a certain directive. But it is indeed a problem to affirm … that there is an obligation to perform work" (Non -platform-based competitor 1)*
Sources of Identity	**Faceless** Platform sides do not know each other *„I hardly know any clients… I have really old, long, good clients for whom I have written thousands of texts for years. For years. I don't know them personally, not even today." (Platform worker 1)* *I work under a pseudonym. Only a few clients know my real name … Some of them are also friendly, very polite. But officially we are distanced. I attach great importance to that. Most of them don't know where I live, and I don't even tell them that (Platform worker 2)*	**Association with quality of craft, Personal reputation** Quality and reputation of platform workers to distinguish platform services *"And as a result, these … companies in particular focus on quality rather than quantity. So, what sets me apart from others. The fact that people subscribe to me and not to others." (Non-platform-based competitor 3)* *"You set up a platform, but in a high-priced segment. … In other words, you try to achieve unique selling propositions through quality features. Of course, competition will be tough, but that's the way it is." (Non-platform-based competitor 1)*	**Bureaucratic roles** Platforms facilitate unequivocal corporate roles *"Does a platform work in such a primitive way that it actually only does matching and … simply links supply and demand with a clever algorithm, or does the platform intervene strongly in the processes, gives instructions, assigns roles, tells people exactly who has to do what and when,* etc.*" (Journalist 2)* *"There are more complex projects with specific roles and a certain skillset." (Trade association and interest group representative 4)*
Technology affordance	**Stimulating and Coordinating Transactions** Platform coordinates business-to-business and freelancer-to-business relationships *"Portals assume the coordinating function of the 'control center' and commission courier trips, cab rides, programming, design or translation work. They monitor and evaluate these and set the price to be paid to the contractor." (Trade association and interest group document 1)* *"On the other hand, platforms can adopt a differentiated approach in order to increase their revenues. This also includes increasing the benefits for consumers,* e.g. *by offering individualized services or ensuring high-quality transactions." (EU document 3)*	**Enhancing Knowledge-ability and Autonomy** Platform technology is used to share knowledge among platform sides, platform workers are autonomous *"In the broad term, this is so-called knowledge work where you can really say that there are a lot of incredibly committed people, who are endlessly improving their qualifications and are also stable in business"(Trade association and interest group representatives 3)* *"For many freelancers, platforms fulfill goals, preferences, and needs beyond compensation. Those benefits, they said, include greater autonomy and flexibility in their work and private lives and better choices of work projects." (Trade association and interest group document 2)*	**Standardizing and Controlling Operations** Platform technology is used for task control and monitoring work *"They rate you [the platform worker]. They give you a rating of 1 through 5; 5 being the highest, 1 the lowest and if your rating isn't' high enough, these businesses will cut you off their platform." (Activist and representative of civil society 3)* *"They monitor and evaluate and set the price to be paid to the platform workers" (Trade association and interest group document 1)* *"It is algorithmic management, where it's about determining what my ranking as a platform worker is and what information are given to me" (Non-platform-based competitor 1)*
Basis of Attention	**Increase efficiency profit** Improving efficiency of matching *"I think the main drivers are, you know, one, we now have the technology to facilitate the matching, that's what the platform's do. They take a lot of the friction and inefficiency, out of matching, out of helping, you know, workers who want work, find companies that have work."(Journalist 1)* *"A few platforms have emerged that are precisely about this mediation and matching. I do believe this is great for customers. The solution is to find… the best ideas, the best people that are out there. And this matching is easy." (Non-platform-based competitor 2)*	**Increase (personal) reputation** Platform workers seek to increase their reputation on platforms based on their expertise *"Highly qualified academics, often already with professional experience, want to prove themselves on competition-based cloud and crowdwork platforms, build their reputation there and develop their potential." (Trade association and interest group document 1)* *"On the platform there is a rating, a rating scale, a grading system. Yes, sometimes you get a comment. Not always, but sometimes you do." (Platform worker 2)*	**Increase size and diversification of firm** Platforms have the potential to grow quickly *"In principle, they can grow extremely quickly but also disappear again extremely quickly because they are not dependent on any assets" (Journalist 2)* *"It would be dubious to say in what dimension. But all platforms will grow" (Trade association and interest group representative 3)*

Table 5
Business models of digital nice marketplaces.

Business model		Concierge	Wizard
Cases		**Charlie, Echo, Foxtrot, Golf**	**Alpha, Bravo, Delta, India, Juliet, Kilo**
Related institutional logics		**Market logic** Corporate logic	**Professional logic** Market logic Corporate logic
Value proposition	Complexity of problem	**Simple**; efficacy of solutions is *not* strongly shaped by knowledge sets of involved actors	**Complex**, efficacy of solution is based on the knowledge set of involved actors
	Customer value	*Market logic.* Efficient and **convenient** solutions to simple problems	*Market logic.* Efficient and/or **innovative** solution of complex problems *Professional logic.* High-quality solutions building on platform workers' expertise *Professional logic.* Knowledge sharing among platform sides
Value creation	Approach to enacting platform services	*Market logic.* Platforms services are conducted by ***faceless* platform workers** (i.e., interchangeable)	*Professional logic*: Platform services are conducted by **reputable and autonomous experts** and established firms
		Market logic. Efficient and **accessible** matching mechanisms for both platform sides	*Market and professional logic*. Efficient matching mechanisms for **curated** experts and businesses
	Transaction network	*Market logic.* Local value networks of transaction; Platform focuses on mediating **business-to-business** relationships, platform provides workers for these relationships; work is done **locally**	*Market logic.* Global value networks of transaction; Platform focuses on mediating **freelancer-to-business** relationships; experts work globally since services are conducted **globally** (not locally constrained but conducted across geographical boundaries dominantly online)
	Governance of services	*Corporate logic.* Platform workers are integrated into hierarchical structure of the platform, hierarchical relation between platform workers and platforms is **steep** *Corporate logic.* Entry regulations for platform workers are **low**. Their work is controlled and penalized after conducting tasks	*Corporate logic.* Platform providers take an intermediary role, hierarchical structures are **flatter** and more symbolic *Corporate and professional logic*. Entry regulations for platform workers are **high**. The platform is focusing on technologically mediated quality control of their experts (curated hiring of workers and continuous work evaluation)
Value capture	Revenue mechanism	*Market logic.* Commission, the **supply side** pays commission fees for successful transactions	*Market logic.* Commission, the **demand side** pays commission fees to the platform for mediating experts

various ways. Perhaps the boldest was a Foxtrot manager, whose company provides centralized food delivery services for offices, thereby increasing convenience. The manager emphasized that they "make everything way easier." A respondent from Echo told us that their platform for odd jobs on demand is all about simplicity: "if you want to organize your work easily, especially when it's about simple stuff, then it shouldn't be a pain. It must be seamless and quick." Some interviewees emphasized how to build platforms to increase operational efficiency. Echo's co-founder argued that "for us, it's not just about having a gigantic high volume, but rather to push operational efficiencies.". Golf further strongly stressed the importance of a simple-to-use platform focusing on "simplifying the lives of our customers – partners" as a core aspect of their value proposition.

By contrast, the wizard model also aims at efficiency, although it is not built around it. The value proposition of wizards is indeed dominantly shaped by the professional logic. Hence, it provides innovative high-quality solutions to efficiently solve complex customer problems. These solutions require strong expertise and knowledge sharing among platform sides.

The higher problem complexity of the wizard model was emphasized, for instance, by a manager of Kilo who highlighted the value of their micro market research platform for providing customized, high-quality solutions by arguing that "the usual big players do things very differently and cannot grasp [the] complexity [of] many of the things we do." Similarly, a founder of Delta told us that they managed to "remove the pain points of the complex collaboration for both platform sides" through their platform for matching companies and expert management consultants. This complexity often results from the legal regulations associated with the service, such as the case of Bravo focusing on real estate. Hence, Bravo emphasized in a blog post that they are "solving a complex market problem." Moreover, one of the Juliet founders provided ample description of the relevance of mastering complexity in bringing experts and businesses together: "We make sure that information is flowing the right way; we make sure that there are NDAs [non-disclosure agreements] in place; we issue the 1099 [a tax form] to our clients. So, we do all of the heavy lifting. And we do that with the help of technology, which means that we create value for our clients by saving a tremendous amount of time." Likewise, in a leaflet describing their services, Juliet emphasized how their platform is "particularly useful for implementing complex projects or when not all the details are yet available at project start."

Wizards have another distinct value proposition element related to the professional logic, namely knowledge sharing among platform sides. In a blog post, the co-founder of Delta emphasized that "collaboration and knowledge-sharing is essential," while another manager called this the "peer-to-peer learning" approach for users, primarily platform workers, populating the supply side. Likewise, the CEO of Alpha stressed that it is "beautiful to see how the platform is changing the life of users […] making them much more aware of how they are doing and helping them actually learn."

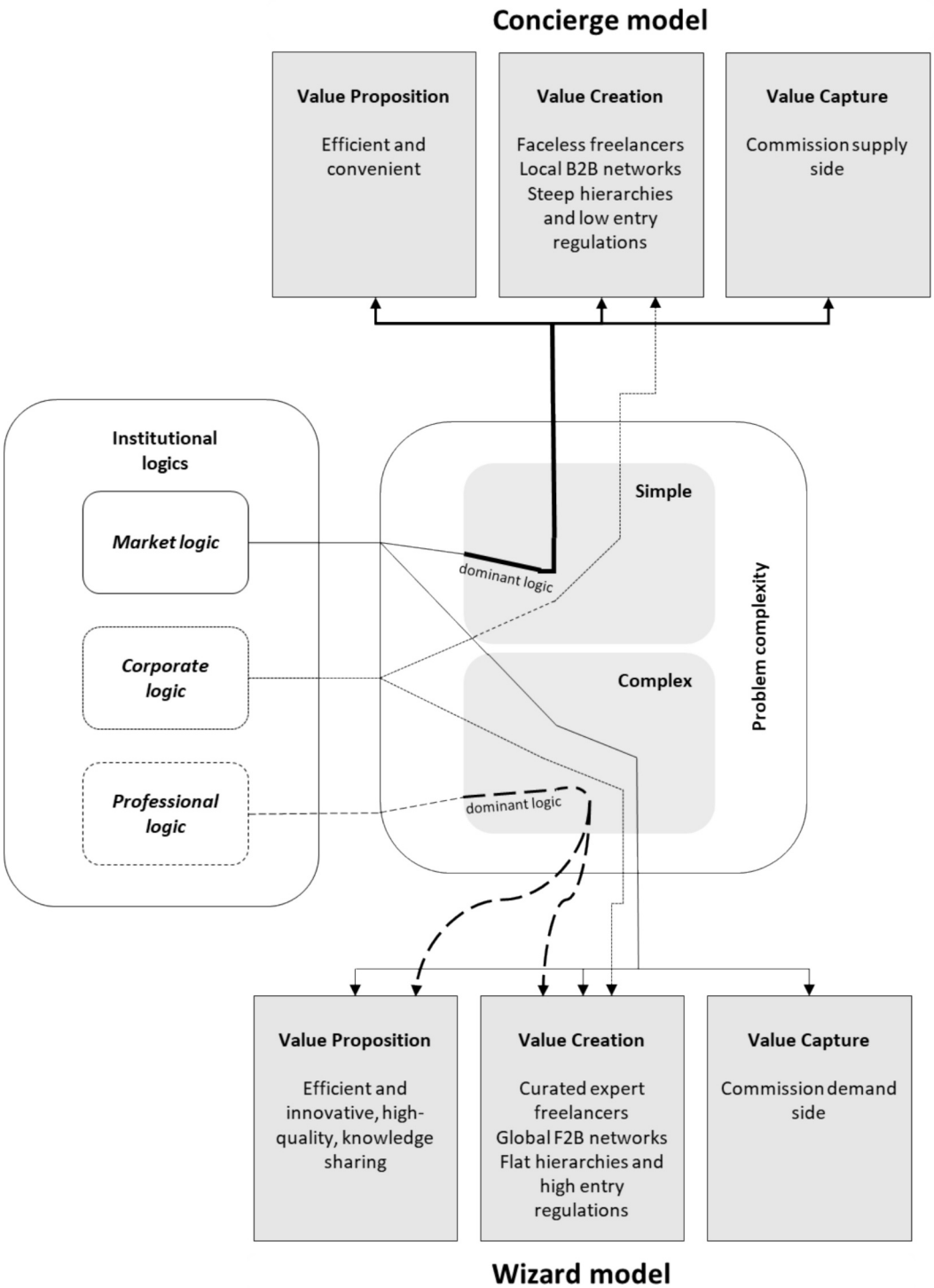

Fig. 1. A conceptual framework on the relationship between multiple logics and business models of digital niche marketplaces.
Note: bold lines denote dominant logics for each business model.

4.2. Value creation of digital niche marketplaces

There are also important differences in how institutional logics shape the value creation of the two business model archetypes. Concierges and wizards can be distinguished concerning their approaches to enacting platform services, transaction networks, and

governance of services.

Regarding *enacting platform services*, we again notice the dominance of the market logic in the concierge model. Here, services are realized by many faceless platform workers, as individuals who lack specific knowledge and thus are potentially easily interchangeable. Since such workers are interchangeable, the concierge model makes problems to be solved accessible to a maximum audience. Moreover, it also focusses on efficient matching mechanisms, which is also apparent in the case of Echo envisioning a future in which "all people have full control over their working lives […] to decide when, where and how [to] work with just a few clicks." Foxtrot also highlights the accessibility, highlighting that no specific knowledge or experience is necessary to participate. This point becomes particularly evident when considering delivery platforms such as Foxtrot and Golf that offer pending deliveries to all nearby available couriers using algorithms. This, in turn, can also enhance competition among workers.

By contrast, the wizard model is much stricter regarding the target audience. This again stems from the dominance of the professional logic complemented by the less salient market and corporate logic. Wizards specialize in platform services provided by reputable and autonomously acting experts and established firms. Hence, they also restrict the accessibility of their services and focus not only on efficiency but also on curated matching between platform sides. Delta provides a telling example, where the efficient matching between expert consultants and businesses is highly curated by the platform to offer "exclusive network of hand-picked management consultants and interim managers [through] a first-class matching service."

Regarding the *transaction network*, platforms following the concierge model tend to act as intermediaries for B2B relationships. In addition to these supply and demand sides, they partner with local platform workers as a third platform side. Thus, concierges form local transaction networks by providing the necessary workforce for seamless value creation. For example, platform workers can be freelance couriers who deliver goods produced by the supply side. Perhaps most telling is a Foxtrot manager who emphasized the relevance of this modus operandi arguing that the triangle concept worked well for their platform: "We feel that getting that reputation and optimizing for all three platform sides ultimately also ends up good for business." Notably, based on this transaction network structure, the work is location-bound.

For the wizard model, the market logic was also crucial for the transaction network, although it materialized differently. The envisioned transaction networks of wizards are global. The platforms focus on efficiently providing the best experts for complex individual tasks, whereby these experts are not confined to geographical boundaries but tend to work or interact globally through digital means. For instance, Delta presents itself as "global marketplace that brings companies together with the best freelance consultants and industry experts."

The final aspect of the value creation component is the *governance of services*. In this regard, the corporate logic is formative for both models, albeit in different ways. For the concierge model, the corporate logic is highlighted in the hierarchical integration of platform workers into the platform structure. For example, Charlie stressed that "there are hierarchies that shape the platform." The hierarchical relationship between platform workers and the platforms is rather steep. Due to the simple tasks and the interchangeability of workers, the entry barriers for individuals are comparatively low. Hence, the task control in this model mainly focusses on evaluations of the final activities of each worker using different simple rating systems. The penalization in this regard is often strict, with one co-founder emphasizing that "whoever is not showing up to the gig is fired."

The corporate logic is also formative for the wizard model, albeit with crucial differences. Unlike concierges, wizards take an intermediary role between autonomous experts and businesses. Therefore, experts' hierarchical integration into the platform's corporate structure plays a subordinate role. The hierarchy between experts and platforms is thus flatter and more symbolic, with minimal consequences concerning who is assigned which tasks. This is exemplified by a respondent of Kilo stating: "we have a difference between normal users and power users; but currently all have equal access to gigs."

Another critical difference is that wizards' entry regulations are much stricter compared to concierges. Since the problems to solve for businesses are more complex and require specific knowledge and expertise, the wizards focus on technologically mediated quality control. Thus, unlike concierges they do not engage in ex-post checks on whether a task has been executed correctly. Instead, they specialize in ex-ante evaluations of experts to ensure an individual task fit in advance to enable the curated hiring of experts and continuous evaluation. For instance, Juliet emphasized in a public interview that the platform ensures a "trail of postings, progress, and payments to ensure that every job can be appropriately monitored" further allowing users on the demand side to pre-filter experts based on their experience and expertise. Bravo also checks the user's history and experience, compiling a track record of previous projects. Kilo provides another vivid example, referring to their quality assurance team and their function: "With the help of the most precise, manual data validation of each individual data record, all details are checked according to our specified quality standards." In sum, we found the corporate logic of installing and enforcing hierarchy and exerting task control to be key for the value creation of niche platforms.

4.3. Value capture of digital niche marketplaces

Regarding the value capture, both archetypes identified are shaped by the market logic. Nevertheless, they differ in how this logic is enacted, determining the role of platform sides for the value capture mechanisms.

For the concierge model, commissions were the dominant way to capture value, as observed by previous research and being characteristic of marketplaces (Täuscher & Laudien, 2018). In this case, the supply side pays commission fees for successful business transactions with other companies that platform workers conduct. For most platforms – including Foxtrot – commissions are the only revenue mechanism: "The commission also covers all payment-related costs and we do not charge any additional fees even in cases of fraud."

Similarly, the commission is also the dominant value capture mechanism of platforms following the wizard model. However, as

opposed to the concierge model, we observed a tendency to only charge transaction fees for the demand side. Hence, the businesses on the demand side are paying to find appropriate experts to fulfill their needs. For example, a Bravo manager explained: "From investors we do not charge anything, investing is absolutely free. But from the borrowers we charge." Again, platforms use technological affordances to streamline their revenue mechanism, whereby Delta has multiple steps and tools in place:"this removes the hassle for both freelancer and client, from the beginning of the contract to creating records, checking legal aspects, and managing payments."

5. Discussion and conclusion

In this paper, we set out to investigate how institutional logics shape digital niche marketplaces. We offer two key contributions to the intersection of institutional logic and business model research with our conceptualization of the concierge and wizard models. First, we contribute to inquiries about the mechanisms and manifestations of logics in business model components. Second, we add to the understanding of how these business models relate to the distinctiveness of digital niche marketplaces.

5.1. Institutional logics shaping platform business models

We add to the growing line of inquiry on how institutional logics shape platform business models (Faik et al., 2020; Frenken et al., 2020; Hinings et al., 2018; Mair & Reischauer, 2017; Qiu et al., 2017). While it has been established that various logics are responsible for the plurality of platforms (Mair & Reischauer, 2017), prior work has mainly focused on digital platforms and their aim to establish and secure dominant market positions, where the market logic is most prevalent (Frenken et al., 2020). However, crucial questions remain regarding which logics are influential in different empirical settings and how they manifest in individual business model components (Arend, 2013; Laasch, 2018; Olesson et al., 2023; Randles & Laasch, 2016).

First, we add to research by showing that multiple logics manifest differently in business model components (Olesson et al., 2023). In line with previous endeavors (Gawer & Phillips, 2013; Qiu et al., 2017; Vaskelainen & Münzel, 2018), our findings suggest that the market logic is also central for digital niche platforms. However, while the market logic dominates the concierge model — especially in value proposition and value creation components — it plays a subordinate and complementary role in the wizard model. Furthermore, the wizard model is dominantly shaped by the professional logic. The complex problems that wizards seek to solve necessitate a distinct customer value, thereby requiring an alternative approach to enacting the envisioned services and service governance.

For wizards, the professional logic also affects how the corporate logic manifests in the governance of services. Due to the higher entry regulations of experts and the technologically mediated quality control that the platform technology affords, the corporate and professional logic is blended into this value creation component. Hence, the findings highlight the crucial role of the professional logic, which is not prevalent in research on dominant marketplace platforms (Frenken et al., 2020; Vaskelainen & Münzel, 2018).

Thus, the business model is a conceptual bridge that helps us to understand how logics are combined and enacted differently in the same empirical setting (Gregori & Holzmann, 2020; Laasch, 2018). With these insights, we also add to recent calls raising the question of which institutional logics prevail depending on the platforms' business models (Frenken et al., 2020, p. 101). Furthermore, contrary to the proposition that high degrees of institutional pluralism increase business model heterogeneity (Ocasio & Radoynovska, 2016), our findings point towards business model patterns despite the coinciding occurrence of multiple institutional logics.

Second, with the concept of problem complexity (Felin & Zenger, 2014), we contribute a potential mechanism that acts as a filter for multiple logics. We identify problem complexity as a central contingency factor for the configuration of business models, adding to our knowledge about how and why institutional logics materialize in business models (Laasch, 2018; Olesson et al., 2023). Specifically, our study shows that the corporate logic is relevant for digital niche marketplaces regarding value creation and especially the governance of the offered services. Nonetheless, how the corporate logic manifests depend on the problem's complexity and its relation to the other logics, resulting in different hierarchical structures and task control modes. In sum, our findings suggest that problem complexity affects why logics become salient and dominant. To the best of our knowledge, this presents a new building block to better understand how logics shape the business models of digital platforms.

5.2. Distinctiveness of digital niche marketplaces

Our findings also offer contributions complementing extant research on business models of digital marketplaces. In particular, we discuss the logics constellations of the business model archetypes identified in relation to the distinctiveness of digital niche marketplaces. We add to our understanding of digital niche marketplaces that aim to achieve a "distinct market positioning of the platform" (Cennamo, 2021, p. 277). Our findings suggest that their distinctiveness relates to the configuration of business model components based on multiple institutional logics.

First, we have found that the concierge and wizard models are positioned differently to dominant platforms. Both models address niches through a narrower value proposition, creation, and capture compared with dominant platforms (Cennamo, 2021). Despite their efforts to establish a well-defined market position in their niche, the concierge business model appears more like the model that dominant platforms tend to use. These similarities stem from the dominant influence of the market logic on all business model components (Frenken et al., 2020; Gawer & Phillips, 2013). With a dominant professional logic highlighting high-quality solutions and a different application of the corporate logic, wizards are more unique in relation to dominant platforms. These more pronounced differences - for example, in the approach to enact the platform services - might make the wizard model less vulnerable to competitive pressure from dominant platforms.

Second, a determining factor of the distinctiveness of digital niche marketplaces identified in this study is the underlying

transaction network structure of the value creation and how defensible this structure is (Zhu & Iansiti, 2019). In this regard, our findings add to the recent discussion on platforms' geographic scope and network effects informing platform strategies (Cusumano et al., 2024; García-Canal et al., 2024; Guillén, 2021).

The concierge model efficiently solves simple problems connecting local demand and supply by extending local networks. Hence, these platforms build on fragmented networks of local user clusters, providing them with effective solutions to similar, homogeneous, well-defined, and rather generic location-bound problems (e.g., food delivery, vacancies). Problems of this kind exist across different locations but are solvable within the local community.

Hence, these platforms must create local networks in each market as multiple market sides must be co-located (Guillén, 2021). The concierges' larger number of employees suggests that this process is resource-intensive and leads to slower, more gradual growth (García-Canal et al., 2024). Hence, while concierges can use this local network structure to differentiate themselves from dominant platforms, the comparatively simple problems that they try to solve efficiently also makes them potentially susceptible to competitive pressure when dominant platforms engage in creating or recreating local networks (Cusumano et al., 2024; García-Canal et al., 2024).

Wizards manifest the market logic differently and tend to offer services utilizing global networks, connecting demand and supply across local borders. Through their global networks they can attract more platform workers and users with proportionately fewer employees than concierges. These networks enable global access to tangible and intangible resources such as capital, knowledge, and expertise that are transferable and shareable and can be used to solve more unique and complex problems. This enables innovative non-location-restricted solutions, rendering the network less vulnerable to competition (Cennamo, 2021). Global networks are also associated with higher venture capital investments (Cusumano et al., 2024), which is significant for establishing competitive market positions.

Third, our findings highlight knowledge sharing as a crucial feature of the value proposition for wizards. This contrasts previous research concluding that marketplaces — especially those pursuing rapid growth — frequently prohibit such knowledge spillovers (Hinings et al., 2018; Reischauer & Mair, 2018). This is often based on the intent to reduce platform workers' abilities to organize themselves and push for a higher quality of work (Gegenhuber et al., 2022). Our observation contradicts this, adding another crucial difference between niche and dominant platforms. We might infer that a digital niche platform shaped by the professional logic benefits from these positive network externalities that result from user collaboration. Network externalities can provide competitive advantages as they enhance a marketplace's ability to solve even complex problems efficiently and innovatively.

5.3. Limitations and future research

This article provides the first empirical insights into how multiple institutional logics shape the business models of digital niche platforms and draws attention to the role of problem complexity as one explanatory factor. However, we have delineated between simple and complex problems that filter the influence of various institutional logics on business model components. Nonetheless, this relation requires additional efforts to better understand the opaque mechanism of when and how logics materialize. Thus, we advise future research to study problem complexity further on a larger scale and draw on more nuanced conceptions of problem complexity, which holds strong promise for future research endeavors.

Moreover, our findings point towards a complementary rather than a conflictive relationship between corporate, market, and professional logics at the business model level. This finding is somewhat surprising given that the context of digital platforms is often assumed to be conflictive. Future research is thus invited to investigate whether the identified complementarities are context specific.

In addition, our findings and the associated conclusions result from applying a business model lens. While we have also leveraged insights from other actors (e.g., platform workers and journalists) to contextualize our study, focusing on their logics would exceed the scope of this article. Future research could investigate how the platforms studied respond to perceived institutional tensions originating from relationships with platform workers, unions, or governments and how this changes their business models over time. The perception of tensions and their severity would hold interest, as well as whether and which governance mechanisms associated with tensions exist.

Finally, our research has found three logics shaping the business models of digital marketplaces. Other work argues that the community logic can be crucial in effecting new ways of organizing digital platforms and overcoming the influence of the corporate logic (Frenken et al., 2020). While we did not identify the community logic as a central force shaping the identified archetypes, future scholarly work is advised to devote special attention to the community logic because it is conceivable that it will spark novel business model configurations.

We elaborate on the distinctiveness of digital niche marketplaces in relation to dominant ones and argue that the concierge model might be more susceptible to competitive pressure due to its market logic dominance. However, based on this study, we cannot draw final conclusions and suggest future work to investigate different strategies and responses of niche platforms to remain competitive and survive in relation to dominant platform models.

CRediT authorship contribution statement

Patrick Holzmann: Writing – review & editing, Conceptualization, Formal analysis, Methodology, Project administration, Supervision, Data curation. **Patrick Gregori:** Writing – review & editing, Visualization, Validation, Data curation, Methodology. **Stephan Bohn:** Writing – review & editing, Writing – original draft, Supervision, Conceptualization. **Georg Reischauer:** Writing – review & editing, Writing – original draft, Investigation, Formal analysis, Data curation, Conceptualization. **Nicolas Friederici:** Writing – original draft, Project administration, Funding acquisition, Formal analysis, Data curation, Conceptualization. **Vili Lehdonvirta:**

Writing – original draft, Investigation, Funding acquisition.

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