

# The Internationalization Process of Online Service Providers

Geographical Perspectives on the Emerging Online Economy

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Akademisk Avhandling

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1. Authors: Robert Wentrup  
Title: The online–offline balance – internationalization for Swedish Online Service Providers  
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2. Authors: Robert Wentrup and Patrik Ström  
Title: Going viral across borders – the case of a Swedish Online Service Provider  
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3. Authors: Robert Wentrup, Patrik Ström H. Richard Nakamura  
Title: Digital oases and digital deserts in Sub-Saharan Africa  
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4. Authors: Robert Wentrup, H. Richard Nakamura, Patrik Ström  
Title: Online services – an equalizing force between the Global South and the Global North?

Journal: Book chapter published 2016 in *Globalisation and Services-Driven Economic Growth Perspectives from the Global North and South*, edited by Niels Beerepoot, Bart Lambregts, Jana M Kleibert, Robert Kloosterman

5. Authors: Robert Wentrup, Patrik Ström and H. Richard Nakamura  
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## **The Internationalization Process of Online Service Providers** **Geographical Perspectives on the Emerging Online Economy**

This study is a compilation thesis consisting of an introduction and five separate articles. It explores the process of internationalization for Online Services Providers (OSPs) and its effect on the economic geography in terms of production and users of online services. OSPs are firms that provide services through the Internet. This type of firm is becoming increasingly important in the economy, and is claimed to be one of the building blocks of an emerging online economy. The aim of this thesis is to contribute to the theory of how OSPs internationalize and to extend the knowledge of the places where online services are produced and used.

The thesis emphasizes the importance of the balance between a firm's offline commitments vis-à-vis its online commitments in the internationalization process. It has been argued that the variances in the way OSPs internationalize are an effect of their "onlineness". Onlineness is defined as the dependence on offline resources for the OSPs' service and business model. An OSP with a high degree of onlineness could enjoy a rapid and geographically vast internationalization process, referred to as 'online spatial overreach' in the thesis. Although such a pattern could have positive effects in terms of reduced time to market, it could also backfire, leaving the OSP in a situation without any real contact with the international market.

The findings show that OSPs internationalize through controlled modes of entry, but are sometimes combined with viral marketing and codevelopment. In general, OSPs internationalize faster in comparison to traditional export firms. The OSPs from Sweden and Morocco studied in the thesis primarily expand regionally. For OSPs originating from the Global North, this means that existing geographical trade routes are reinforced, but for OSPs in the Global South the regional internationalization pattern could strengthen the heretofore underdeveloped intra-regional trade, for example in Africa.

From a geographical perspective, the main conclusion is that the internationalization of OSPs contributes to the heterogeneity of the online economy, mainly due to underpinning economic inequalities. OSPs are dependent on offline resources, which in turn are anchored in geographically bound and sticky networks. This heterogeneity is manifested by a maintained, or even increasing, digital divide, which can be seen as a contingency of economic inequality. In the close future, unless radical changes are made in Internet policy, we can expect further online gaps to emerge on the usage side (online usage gap), on the production side (online entrepreneurship gap), and also in terms of internationalization (online internationalization gap) between the Global North and the Global South.

**Keywords:** internationalization, Internet, Online Service Providers, online economy, digital economy, Global North, Global South, digital divide

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