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Bachelor Degree in International Business

Opportunities generated through networks

A multiple case study of Digital Service Companies

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Abstract

Prior research has emphasized that network positions can facilitate internationalization and generate opportunities. However, how these opportunities emerge in networks is a field that needs further investigation. The purpose of this study is to investigate how being part of a network can help digital service companies to find and act upon opportunities to enter and become successful in foreign markets. In order to do so, a multiple case study has been conducted where three digital service providing companies have been examined. To achieve this, relevant theories concerning networks and opportunities have been selected, including *The Revisited Uppsala Model* by Johanson and Vahlne from 2009 and Sarasvathy's research on *Exploration and Exploitation* (2001;2019). These theories have been supplemented with other research within the specific area in order to establish a theoretical framework. Empirical data has been collected and compared using several primary sources as well as secondary sources. By applying chosen theories on the empirical findings, the authors have managed to distinguish certain patterns in the way companies utilize networks to find opportunities. It was found that digital service companies indeed utilize networks in order to identify and exploit opportunities. It has been shown that opportunities are generated through interaction with both business partners, users of the service and employees' social relations. The companies also have the ability to discover opportunities in networks by combining studying market information and knowledge acquired about their business relations.

Keywords: Digital Service Companies, Internationalization, Networks, Opportunities

Table of content

Abstract	
1. Introduction	1
1.1 Background	1
1.2. Previous research	2
<i>Digitalization</i>	2
<i>Network Effects</i>	3
<i>Business Networks and Opportunities</i>	4
1.3 Problem discussion	4
<i>Networks & Opportunities</i>	4
<i>Research Gap</i>	5
1.4. Purpose of the study	6
1.5 Research question	6
2. Theory	7
2.1 The importance of networks in international business	7
<i>The traditional Uppsala Model</i>	7
<i>The influence of network relations</i>	8
<i>Strong and weak ties</i>	11
<i>The impact of digitalization on networks</i>	11
2.2 Finding opportunities in the international business environment	12
<i>The origin of opportunities</i>	13
<i>Decision logics - Exploration/Exploitation</i>	13
2.3 Conceptual framework	14
3. Methodology	16
3.1 Research Approach	16
3.2 Research Design	17
3.3 Selection of cases	18
3.3.1 Spotify	19
3.3.2 Forza Football	19
3.3.3 Alpha	20
3.4 Data Collection Method	20
3.4.1 Primary Sources	21
3.4.2 Secondary Data	23
3.5 Limitations for the case of Spotify	24
3.6 Analysis	25
3.7 Quality of the study	26
3.8 Research Ethics	27
4. Empirics	29
4.1 Spotify	29
4.1.1 Spotify's networking in Europe	29
4.1.2 Spotify's networking in the US	30
4.1.3 Spotify's networking in Asia	32
4.1.4 Spotify's networking in the Middle-East and North Africa	33

4.2 <i>Alpha</i>	34
4.2.1 The vision of the fintech company Alpha	34
4.2.2 Alpha's collaborations with banks	35
4.2.3 Alpha's internationalization	36
4.2.4 Alpha's way to spread awareness	37
4.3 <i>Forza Football</i>	37
4.3.1 The vision of the digital platform Forza Football	37
4.3.2 Forza Football's crowdsourcing network	38
4.3.3 Forza Football's innovative partnerships	39
4.3.4 Forza Football's sources for revenue	40
4.3.5 Forza Football's mission work	41
5. Analysis	43
5.1 <i>Spotify: Network & Opportunities</i>	43
<i>Essential business relations</i>	43
<i>Localization</i>	44
<i>Unexpected opportunities through business relations</i>	45
<i>Networking for spreadability</i>	46
<i>Decision logics</i>	46
5.2 <i>Alpha: Network & Opportunities</i>	47
<i>Essential business relations</i>	47
<i>Unexpected opportunities through business relations</i>	48
<i>Networking for spreadability</i>	48
<i>Decision logics</i>	49
5.3 <i>Forza Football: Network & Opportunities</i>	50
<i>Essential business relations</i>	50
<i>Unexpected opportunities through business relations</i>	51
<i>Networking for spreadability</i>	52
<i>Decision logics</i>	54
5.4 <i>Cross-case analysis</i>	54
<i>Timing</i>	54
<i>Word of mouth</i>	55
<i>Strong and weak ties</i>	55
<i>Swedish Ideology</i>	58
<i>Exploration and Exploitation</i>	58
6. Conclusion	60
6.1 <i>Managerial implications</i>	61
6.2 <i>Limitations</i>	62
Reference list	63
<i>Academic articles</i>	63
<i>Dissertations</i>	65
<i>News articles</i>	65
<i>Publications</i>	67
<i>Websites</i>	68

1. Introduction

This chapter gives a brief introduction on what is being studied in this report, beginning with a background description. Following sections present Previous Research, Problem Discussion and Purpose of the study, ending up in a research question which the study aims to answer.

1.1 Background

During the past decades the world has experienced a shift towards a more digital world and people are becoming more dependent on information and communication technology in their everyday life. The digitalization has enabled the world to become increasingly interconnected and has decreased the psychological distance between countries and cultures. The technological development has become one of the most important factors for the globalization of economic activity (Dicken 2015; Beltekian, Ortiz-Ospina & Roser 2018).

In today's increasingly integrated world, the market is composed by multiple networks of relationships, where firms are linked to each other in various, complex and often invisible patterns (Johanson & Vahlne 2009). In order to succeed internationally, establishing a position in a relevant international network has become of great importance to firms, shifting the root for international uncertainty from liabilities of foreignness to liabilities of outsidership. The right network is essential to make sure that the company can keep up to date with the quick development, gain knowledge from different markets, identify and exploit international opportunities as well as create a unique position. Also, the relationships offer potential for trust-building and commitment which are prerequisites for internationalization (Johanson & Vahlne 2009).

The apparent significance of information and communication technology in people's everyday life, has encouraged firms to come up with new digital business models (Hermelin & Rusten 2015). Simultaneously, it has been shown in both the academic and corporate world that the increasing importance of business relations has made knowledge and trust-building essential factors for a firm's success (Johanson & Vahlne 2009; Watson 2019; SucceedGroup 2018). These two factors, the increasing significance of ICT and the importance of networks, have been particularly favorable for the service sector, which has expanded considerably in recent years (Hermelin & Rusten 2015). The service sector is placing more focus on understanding

the customers and their needs while working to rapidly meet those needs to outmatch competitors, also known as knowledge economy. The service sector is the third piece of a so called three-part economy after the primary sector covering mining, farming and agriculture and the second sector covering manufacturing (Kenton 2018).

In the service sector, competition is becoming more palpable since new digital firms are constantly entering the market. Both old and new firms need to keep up, follow the development and adapt their business in times of change to stay relevant (Hirst, Thompson & Bromley 2015). The need to identify and exploit new business opportunities is therefore outermost important (Sarasvathy 2001). This report aims to study the dependencies of networks among digital service companies and examine to what extent they utilize different business relations in their daily operations to identify and exploit opportunities in international markets.

There has been extensive research in the field of business networks (Coviello & Munro 1995; 1997; Welch & Welch 1996; Johanson & Vahlne 2009), as well as opportunities (Sarasvathy 2001; Eckhardt & Shane 2010; Alvarez, Barney & Young 2010). However, the acknowledged revisited Uppsala model by Johanson and Vahlne (2009) is originally based on the manufacturing industry. As the digitalization has facilitated for the business landscape to become more integrated and interconnected and the service sector and digital companies continuously expands with it, the network perspective for digital service companies can be seen as an interesting case to study.

1.2. Previous research

Digitalization

The development of the internet has transformed the conception of goods and the way they are distributed. Digital goods include all services and real assets that are sold through electronic networks (Choi, Stahl & Whinston 1997). These products belong to the category of information products and are primarily intangible. This makes it difficult for the customers to learn about the product features and evaluate them before actually experiencing them (Shapiro & Varian 1999). This uncertainty creates information asymmetries between customers and sellers as well as between the e-business company and possible partners (Nelson 1970). To address this problem, firms need to build cross-firm standards, create trust, provide relevant

information and create a good reputation. This can be accomplished through business networks as well as the customer network (Shapiro & Varian 1999).

The development of the internet has been a disruptive innovation that has fundamentally changed the conditions for how companies operate in a very short amount of time. (Alcácer, Cantwell, & Piscitello, 2016). The possibilities that this new technology has brought seem endless and researchers as well as entrepreneurs have probably only scratched the surface of it so far. The rapid technological changes in the industry continues and have drastically shortened the product life cycles for new products and services. Companies need to be alert and constantly come up with new solutions to both attract and retain customers. The same applies for business research that needs to stay relevant in order to keep up with the fast development.

Network Effects

According to prior research, e-business companies face an increasing importance of network effects, since they need to exploit these in order to create competitive advantages against their competitors (Park, Mezias & Song 2004). These network effects are not to be confused with the network perspective presented in the Network model by Johanson and Vahlne (2009). *Network effects* on the other hand focus on the product's user base and describe the phenomenon where the experience that an individual gets from using a product is positively affected by a growing number of consumers (Katz & Shapiro 1985). Consequently, the value of the product increases if the product can attract a larger user base. A larger user base also helps the company to more quickly attract new customers. This makes it essential for e-business companies to both obtain new customers as well as retain a loyal consumer base to keep its competitive advantage (Park et al. 2004).

A recent study on the internationalization of ibusiness firms (Chen, Li, Shaheer & Yi 2019) highlights management of network effects as an important internationalization strategy. Ibusiness firms are defined as companies that provide an internet-based platform that offers product and service transactions as well as enables users to interact and exchange information (Brouthers, Geisser, & Rothlauf 2016). If the firms have to establish a local user base in each new market the firms may be exposed to liabilities of outsidership. Chen et al. (2019) argue that ibusiness firms can, by creating a large user-base and hence strengthen their network effects in countries with high clout, overcome their liabilities of outsidership. They conclude

that to be successful internationally, firms need to build competitive advantages by targeting strategically important countries.

Business Networks and Opportunities

Attracting new customers is five times more costly than keeping the existing customer base (Forrester 2017). It takes a lot of initial investments for new e-business companies to develop their software, create brand awareness and inform about their products. Studies have shown that loyal customers also tend to help spread the word about the product and educate new consumers, which can help reduce costs for both technical support and marketing (Reichheld & Schefter 2000). By creating market alliances with other actors, costs and risks related to attracting and retaining customers, can be decreased through joint advertising, co-promotion programs and common distribution channels (Evans & Wurster 1999). According to Österle, Fleisch and Alt (2001), actors working together in different ways in order to recognize, create or act upon opportunities can be defined as a network.

Ellis (2011) argues that the connections to other parties, in social and business networks, shape the actor's ability to recognize business opportunities. In his study of Chinese entrepreneurs, he found that even though they were intentional, most opportunities were not sought but discovered. The study showed that the business connections lead to more valuable exchanges of high quality, but could both promote and limit international exchange. Ellis (2011) concluded that the networks had the possibility to create prominent international opportunities but that these were limited by psychic, geographic and linguistic distance. International opportunities are defined as possibilities to conduct exchange with novel partners in a new foreign market.

1.3 Problem discussion

Networks & Opportunities

The concept of being strong on your own is no longer applicable for companies when operating in a time when globalization of economic activity is becoming more obvious. The companies studied in this report are providing services and intangible products to its customers and therefore, falls within the scope of the service sector (IGI Global n.d.). The service sector is also to a great deal part of the knowledge economy, where knowledge is the main tool used for providing economic benefits to a firm (IGI Global n.d. b). This report

investigates how opportunities can be created for digital service companies through the use of networks - both in terms of their business network and their social networks. Companies need certain capabilities in order to identify new opportunities. These capabilities can be accumulated through interaction in international networks (Bai & Johanson 2018).

The revisited Uppsala model by Johanson and Vahlne from 2009 focuses on the importance of networks, shifting the reason for uncertainty from liabilities of foreignness to liabilities of outsidership for companies when planning on international expansion. The report strives to get a better understanding for different network relations as a fundamental factor for the expansion into new markets as well as how these relationships bring value to the company and its customers, by the means of this theory. To be able to enter different business relationships, there must be mutual benefits as a result, so that both parties will gain something from it. The companies need to be preferable candidates to partner with in order to become attractive business partners for others (Johanson & Vahlne 2009). Johanson and Vahlne also point out the importance of being part of a network in order to identify and exploit opportunities. Opportunities are defined as economic circumstances in which resources can be organized to generate value (Eckhardt & Shane 2010). To be able to reach a better understanding for how companies act to recognize, discover and create opportunities through their network relationships, the theoretical concepts exploration and exploitation will be applied (Sarasvathy, Dew, Velamuri, & Venkataraman 2010).

Research Gap

There has been extensive research in the past on how companies handle opportunities (Sarasvathy 2001; Eckhardt & Shane 2010; Alvarez, Barney & Young 2010). How firms operate within one or several networks and the implication of this, is another field that has been thoroughly studied over the years (Coviello & Munro 1995; 1997; Welch & Welch 1996; Johanson & Vahlne 2009). There have also been previous studies conducted on how e-business companies use network effects to create competitive advantages (Park et al. 2004; Katz & Shapiro 1985, Chen et al. 2019). However, the authors see a lack of research when it comes to how social and business networks are utilized by digital service companies to find, create and exploit opportunities. The network model introduced by Johanson and Vahlne is based on companies in the manufacturing industry and therefore, it is of interest to find out if the model is applicable on the service sector as well.

The question of how digital service companies can exploit opportunities developed through their networks and what effects this can lead to, is important to study to be able to find out more on the potential of the digital age. The digitalization has made development happen faster than ever before which has led to the fact that new technologies are soon outdated. Companies have to continuously update their strategies, technology and networks to stay competitive. The same goes for the business research to stay relevant and up to date. Research on digital companies is especially important to review and renew due to the fast and constant digital development making existing research soon obsolete (Leijonhufvud 2018). With this research, the investigators hope to contribute to the field of international business research concerning the importance of network relations and add ground for further studies by developing the basis for how digital service companies operate within networks to enhance their business internationally.

1.4. Purpose of the study

The aim of this study is to investigate how being part of a network can help digital service companies to find and act upon opportunities in order to enter and become successful in foreign markets. Opportunities can originate from various circumstances including recognition, creation and discovery, for example through a company's own market research, innovation or discovered arbitrage possibilities (Sarasvathy, et al. 2010), but the purpose of this study is to see how these opportunities also can arise through interaction in networks. The purpose of the study has led to the research question formulated below.

1.5 Research question

How do digital service companies utilize social and business networks to identify and exploit opportunities in their international markets?

2. Theory

The following chapter presents the theory framework chosen for the study. The choice of theories has been made to be able to describe and analyze the empirical findings from a conceptual international business perspective. The chosen theories describe underlying factors to how companies can be affected by their business networks or by lack thereof, as well as how these business networks can present new market opportunities.

2.1 The importance of networks in international business

The business environment has evolved from the traditional neoclassical view with independent actors operating in the market to become a global arena with intertwined relationships. In the light of this development of business practices and theoretical progress, Jan Johanson and Jan-Erik Vahlne decided to revisit their Uppsala internationalization process model from 1977 (Johanson & Vahlne 2009).

The traditional Uppsala Model

The classic model from 1977 (Johanson & Vahlne) was based on empirical observations of Swedish manufacturing companies and their internationalization process. The study showed that firms were being internationalized through an incremental approach. The companies frequently started their international presence with ad hoc exporting. Subsequently, they formed collaborations with intermediaries to increase their market commitment. By using agents with local market knowledge, they could benefit from their knowledge and increase their market presence with minimal risk. When sales had grown, they replaced the intermediaries with their own sales subsidiaries. In time, if growth continued in the foreign market, they also established their own production facilities to avoid the trade barriers implemented after WW2.

The pattern showed that the internationalization process started in markets with low psychic distance, that is, markets with similar conditions as the domestic market. With a greater cultural distance, it was perceived as more difficult to gain knowledge and information about the market. This process originates from the concept of “liability of foreignness”, namely that companies have a disadvantage in being foreign. Over time, if the earlier international establishments went well, the companies gradually expanded to markets with further psychic distance. The patterns of the companies’ behavior were explained by bounded rationality and

uncertainty. The choices of market and establishment methods were based on the knowledge created from experience and the desire to strengthen their market positions while maintaining as low risk as possible. This process takes time and allows companies to alternate between state and change (Johanson & Vahlne 1977).

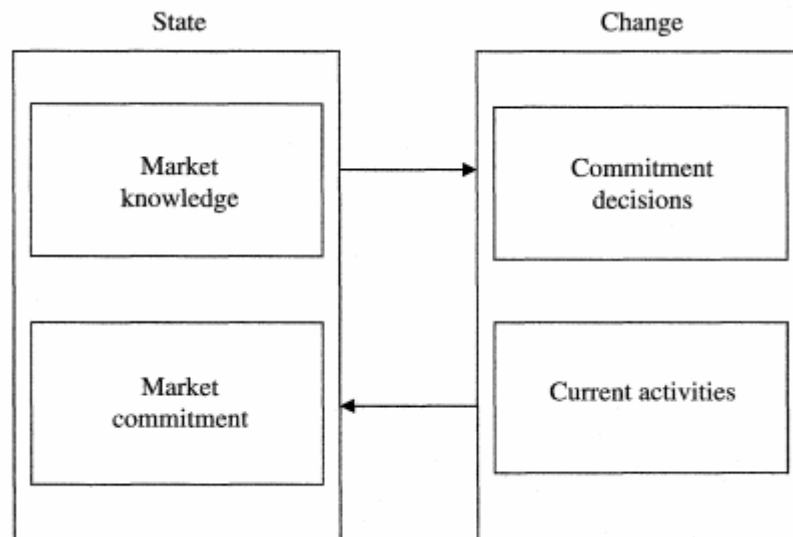


Figure 1. The basic mechanism of internationalization: state and change aspects (Johanson & Vahlne, 1977: 26).

The influence of network relations

However, times change and the business environment with it. Later studies, of among others Coviello & Munro (1995; 1997) and Welch & Welch (1996) showed that companies were influenced by their network relationships when selecting which foreign markets to entry and what strategies to use. With the theoretical advances highlighting the importance of mutual commitment by the parties involved and how this affects commitment decisions, Johanson and Vahlne felt the need to revisit the issue. In 2009, the two professors introduced their new version - the business network internationalization process model.

Companies in their networks are no longer autonomous. The different parties in a relationship affect their mutual development and may get the power to influence one another. Exchanges in the network create possibility for knowledge creation that extends well beyond the reach of what was previously thought. A firm can indirectly benefit from knowledge creation beyond their own reach, since other parties in the network are involved in separate business relations and market activities. Being an insider in a network gives the company access to privileged information about business partners, demand, resources, capabilities and strategies. A firm's

success is partly determined by its establishment in one or several networks. It is essential to be an insider in a relevant network to be able develop trust, commitment and knowledge – all essential factors in the process of internationalization (Johanson & Vahlne 2009).

Johanson and Vahlne (2009) argue that a firm who wants to enter a foreign market without an established position in a pertinent network, will suffer from a “liability of outsidership” as well as a “liability of foreignness”. The outsidership is an impediment that the firm needs to overcome in order to build a successful business in the foreign market. The firms’ foreignness can complicate the process of becoming an insider in the right network. Once inside a relevant network, the firm can start building trust and knowledge, and will be able to identify and exploit opportunities. The original Uppsala model claims that knowledge is created from experience while the revised version argues that knowledge is also developed in business networks.

In the revisited version Johanson and Vahlne introduce a new element to the model - “trust”. Trust in a relationship may lead to commitment, desire to continue the relationship and even willingness to make small sacrifices for the other’s sake. Trust-building requires time and cost but can lead to increased efficiency and productivity. Companies’ preferred modes of entry when expanding to foreign markets have developed since the first model, to include joint ventures and acquisitions among others. Nevertheless, companies still need to handle uncertainty by learning, as well as creating or strengthening relationships to exploit opportunities (Johanson & Vahlne 2009).

In the 2009 model, Johanson and Vahlne describe the firm as embedded in a business network of different actors, that are engaged in several different interdependent relationships. The networks are borderless which decreases the psychic distance and perceived barriers between entry and expansion in a foreign market. The internationalization process is seen as an outcome of the firm’s quest to develop and strengthen its network position. The opportunities presented by the business network influence the choices of markets and which approaches to use for expansion. Sharma and Blomstermo argue (2003) that companies operating in an international network have a learning advantage and can often find it easier to expand internationally than companies with a domestic business network.

Ellis’ research on Chinese entrepreneurs (2011) showed that opportunities presented in networks were more valuable and of higher quality than opportunities identified via non-networks such as advertising and trade fairs. However, the opportunities from network exchanges were limited by the geographical, psychic and linguistic scope of the network. A company that focus solely on network possibilities might miss out on potentially lucrative opportunities that lie beyond these horizons.

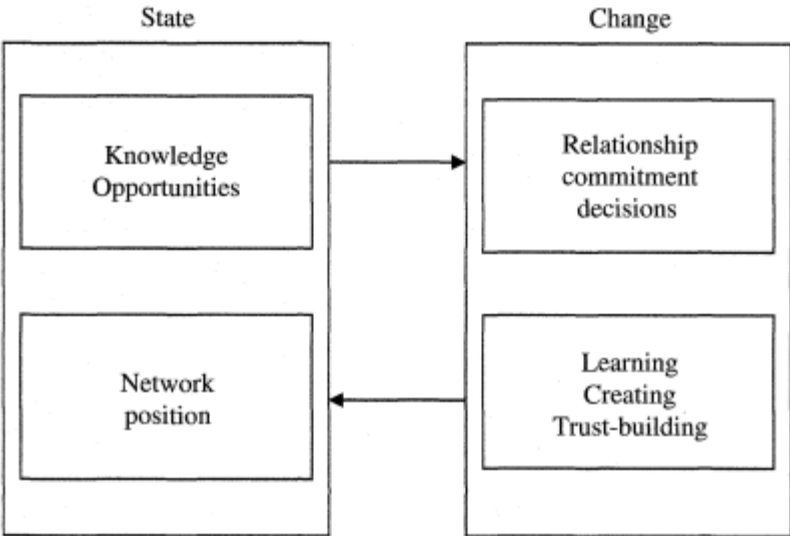


Figure 2. The business network internationalization process model (the 2009 version).

In the business network internationalization process model (Johanson & Vahlne 2009), companies base their relationship commitment decisions on their existing knowledge and identified opportunities. The relationship commitment then leads to learning, trust-building and creating further commitment. This in turn leads the company to create or strengthen its network position. In some cases, created knowledge or identified opportunities can also lead to decrease of commitment if the company no longer sees a long term value in a relationship.

According to Chen and Chen (1998), the network approach sees foreign direct investments as a result of the ties created between a domestic network and a foreign network. The ties are assumed to be created through strategic choices to improve, maintain or recover the investor's competitiveness globally. Criticism has been directed towards the network perspective, including that the model does not sufficiently consider profit-seeking motives for FDI and that it focuses mainly on competitiveness extracted from strategic exchanges rather than companies exploiting their own strategic assets. The model does not deal with that the

coordination of market activities can be brought about by the pursuit of cost minimization or organizational hierarchy. However, studies have shown (Dunning 1997) that coordination- and transaction costs are affected by variables such as information asymmetries, interpersonal relations, culture and language. All factors that participation in networks can facilitate and that can help companies determine locations for FDI.

Strong and weak ties

Some authors have directed criticism against Johanson and Vahlne's network model (2009), for failing to adequately address weak ties (Ellis 2011). Networks can be constructed by strong and weak relationships but are often defined as "strongly bonded relationships", where inter-firm relationships inside the network are stronger than those outside of it, because of commitment, mutual interdependence and trust built over time. The network model has therefore limited applicability for examining the exchange between companies without long-term relationships. Weak links should not be underestimated since they too can contribute valuable information and opportunities. Because of this, weak ties will also be addressed in this report.

As previously mentioned, the links between business partners in a network may be weak or strong (Ellis 2011). The ties are considered weak when there is little time invested and low reciprocity, intimacy, and emotional intensity involved. The weak ties can connect firms that are distant and normally disconnected. A large number of weak ties can put the firm in a better position to maintain low costs and flexibility. Strong ties on the other hand, requires more time and investments to build and maintain. Firms intertwined in strong links risk to be restrained by the network's existing knowledge and reach if they do not keep an open mind. With a lot of weak ties the firm can easier gain more spread insights and develop products and services less customized to the needs of just a few customers (Sharma & Blomstermo 2003).

The impact of digitalization on networks

The importance of partnerships was highlighted in a study from 2008, on how e-business companies enter new foreign markets (Le & Rothlauf). The study showed that international partnerships were considered strategically important in all cases, but especially for companies with limited experience. The partnerships were established together with FDI to assist the first market entry and to improve and strengthen existing market presence. The market entries

could be made with comparatively less initial investments and the companies could benefit from the partners' existing market knowledge, physical resources and reputation. The internet was an essential tool for the firms to establish partnerships because it allowed for cost-efficient communication and integration of online strategies (Le & Rothlauf 2008).

The global business environment has been dramatically transformed by the large variety of information and communication made available by the Internet. The digital infrastructure has enabled zero marginal costs and has spurred growth for an increasing number of modern companies (Chen et al. 2019). The digital age has encouraged decentralization and specialization, flexibility, inter-organizational collaboration and openness as well as accelerated knowledge creation. The high access to information has led to a decreased importance of ownership and the governance structure of international business networks seems to favor market-based transactions, outsourcing and strategic alliances (Alcácer et al. 2016). Greater opportunities to create a broad network, consisting of both strong and weak ties, make it possible for better matches between exchange parties and to benefit from a wider, more diverse array of information. The research field of international business has shifted, from knowledge primarily created in the headquarters and internal organizations, to a decentralized approach where companies benefit from geographically spread knowledge flows, innovation and competitive advantages derived from the business network's links and structure (Chen et al. 2019).

Network research highlights the importance of links between firms to accumulate and exploit knowledge. Companies with a strong position in a relevant network can gain better and quicker information compared to their competitors. This knowledge has a great impact on the internationalization behavior of the firms and can affect location choices as well as timing. Since the relationships are firm-specific and hard to copy they can lead to creation of competitive advantages (Sharma & Blomstermo 2003).

2.2 Finding opportunities in the international business environment

The concept of business opportunities has been discussed in several research fields. This report focuses on international opportunities, primarily dealt with in the research fields international entrepreneurship and international business. Eckhardt and Shane (2010) define opportunities as economic circumstances, in which the correct goods, services, markets, raw

materials or organizing methods can, if organized properly, be converted to generate profit. Acting on opportunities are often risky and uncertain activities and require creativity. Sarasvathy et al. (2010) claim that an entrepreneurial opportunity can evolve endogenously over time and that the goals are not always specified before the pursuit of the opportunity. They define opportunities as “a set of ideas, beliefs and actions that enable the creation of future goods and services in the absence of current markets for them”. Opportunities often arise from either new combinations of resources or through exchanges of resources, but the concept “opportunity” can refer to any new approach of using resources that transforms the result or method and leads to augmented value and profits (Bai & Johanson 2018).

The origin of opportunities

International opportunities within entrepreneurship oriented internationalization have two distinct types of opportunities, innovation opportunities and arbitrage opportunities (Mainela, Puhakka & Servais 2014). These opportunities can in turn be related to three distinct origins of opportunities, the ones recognized, the ones discovered and the ones created (Sarasvathy et al. 2010). Opportunities can be recognized if both supply and demand can be clearly detected. The utilization of recognized opportunities implies exploiting existing markets. The discovered opportunities are characterized by being objectively a given unit in the environment and opportunities arise from studying existing market information. The created opportunities are characterized by being subjective, they depend on social interaction and human imagination. These created opportunities arise from the creativity and interactions of the individual. Discovered opportunities are said to be stable whereas created opportunities are dynamic (Nielsen, Klyver, Rostgaard Evald & Bager 2012).

Decision logics - Exploration/Exploitation

Due to globalization and the rapid development of technology and business one can see a change in the business context. There has been an emergence in the entrepreneurial economy which is characterized by radical innovation, knowledge diversity, heterogeneous population and motivation that enables the creation of new ideas. Innovative activity is the essence of competitive advantages, in comparison to the previously dominating managed economy where competitive advantages are based on the scale on inputs from capital, land and labour. Other characteristics of the managed economy are incremental innovation, specialization, stability, economies of scale and mass production for increased efficiency and growth

(Sarasvathy 2001). Innovation opportunities have the possibility to shift markets towards disequilibrium. With creative alteration, a company can generate new solutions with greater value compared to the existing options (Mainela et al. 2014).

In today's dynamic and changing environment, two fundamental drivers are significant for a sustainable firm, exploration and exploitation. Exploration implies searching for new opportunities while exploitation implies using what we already have and know. It is important to balance the tension between these two drivers in organizational learning which include risk taking, knowledge and competitive advantages. More detailed exploration includes terms such as experimentation, play, risk-taking, variation, search, flexibility, discovery and innovation. Exploitation includes terms as production, refinement, choice, efficiency, selection, implementation and execution. If a company would be focusing on only exploration or exploitation to the exclusion of the other, they would probably suffer the cost of, for example too many new innovative ideas without necessary distinctive competencies or vice versa. Hence the importance of balance between both factors (Sarasvathy 2001).

The decision logics within a company can look different depending on in which phase a company is in. Entrepreneurship decision logics means acting under uncertainty regarding outcomes as well as conditions. Management decision logics is related to plans in condition of assumed predictability. Entrepreneurship involves a higher degree of exploration whereas management involves a higher degree of exploitation (Sarasvathy 2001). According to Hohenthal et al., a combination of exploration and exploitation can lead to market discovery. The writers conclude that the companies first need to properly manage the discovered market opportunities, to be able to thoroughly exploit them. The firms that use improvisation and searching tactics, often gain a better cognitive preparedness to exploit the discovered opportunities. The resulting created knowledge from exploitation often leads to changes in speed, expansion and international orientation (Horenthel, Johanson & Johanson 2003).

2.3 Conceptual framework

A conceptual model has been developed to highlight important themes identified in the theoretical framework. The model is meant to provide a holistic picture of the key elements necessary in order to analyze the empirical findings and come to a conclusion regarding the research question. The theoretical framework displays that a company embedded in a network

gains access to knowledge created in the network. Some relationships in the network are strengthened through commitment and trust-building and become strong ties. Other relationships in the network are between actors that are more distant and disconnected which creates weaker ties. Both the strong and weak ties can, through exploration or exploitation, lead to creation, discovery and recognition of opportunities.

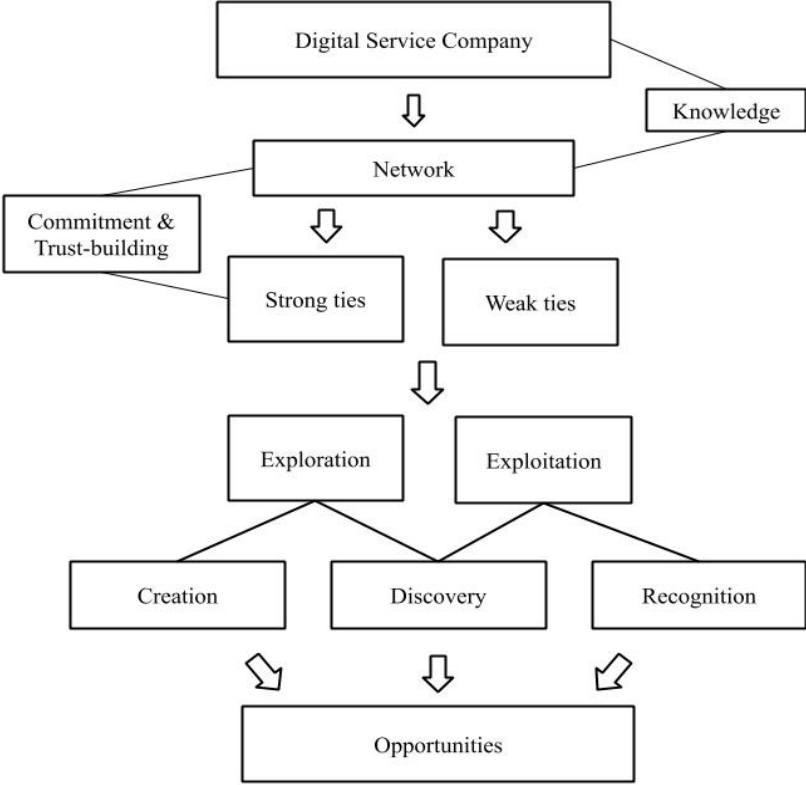


Figure 3. Conceptual model compiled by the authors.

3. Methodology

The following chapter describes how the process of the research has taken place. The aim is to present the different methods used for collecting data, the motivations of sources and how these contribute to fulfill the aim of the study. The quality of the research is reviewed together with the ethical considerations made. The choices of methods are based on the nature of the problem studied.

3.1 Research Approach

The study of this paper is based on a qualitative research approach. A qualitative research method tends to focus primarily on words rather than numbers (Bryman & Bell 2011). International business is a multidisciplinary research field that studies often complex and open issues. Qualitative research is well suited to uncover the questions of “how” and “why” and therefore relevant to use when studying international business (Doz 2011). The research question that this study intends to answer is “*How do digital service companies utilize social and business networks to identify and exploit opportunities in their international markets?*”. This is a complex, wide question which makes a qualitative research approach well-suited. Qualitative research contributes to theory building and stimulate deeper thought by providing abundant, deep descriptions of real processes and elements. Compared to a quantitative approach, which was previously often used in international business studies, a qualitative research method enables a better opportunity to access the interaction between business decisions and network relations (Yeung 1995), which is relevant for this study.

To be able to get a deeper understanding and continuously evolve the theoretical framework as well as the empirical findings, this study uses an abductive research approach. Abductive reasoning has grown in popularity in business research and is used to make logical conclusions and construct theories about the world. Abduction is used to overcome the limitations of inductive and deductive reasoning, such as the uncertainty of which theory to test and the need for massive empirical information to enable theory-building. Abductive reasoning seeks to explain a phenomenon and identify elements that can make the phenomenon less puzzling. It highlights bounded rationality and the importance of cognitive reasoning when trying to construct theories (Bryman & Bell 2015).

An abductive approach uses a research process where the investigators systematically

combine the theoretical framework, empirical fieldwork and case analysis (Bryman & Bell 2015). This process is utilized for this study and has enabled the analytical framework to continuously be developed in conjunction with findings, analysis and interpretations. By alternating between theory and observations, the understanding of both empirical discoveries and theory could be deepened. Unanticipated but related matters have appeared while collecting the empirical data. This has led to a need for further investigation and a necessity to elaborate the theoretical framework. The abductive approach is especially useful for development of new theories (Dubois & Gadde 2002).

3.2 Research Design

The choice of research design for this study is a multiple case study and the companies investigated are Spotify, Forza Football and one company who asked for anonymity, and is therefore referred to as Alpha. Case studies are conducted in order to better understand complex, social elements (Yin 2003). Implementing a case study is the preferred strategy when the focus of the research is a contemporary phenomenon within real context and when the people investigating have little control over events. This study focuses on chosen companies' current and recent business relations and how they have used these relations to find and act upon new international opportunities. These business relations are complex, social elements which is in line with Yin's (2003) statement on case studies. A case study method is suitable for organizational studies because it has the ability to capture international relations, organizational and managerial processes, as well as the historical development of the company (Yeung 1995). According to Yin (2013), case study methods are especially relevant when evaluating highly broad and complex initiatives such as international development.

Using a case study as research method is suitable for studies guided by a research question of either explanatory or descriptive nature, which are questions starting with *how*, *why* or *what*.

The research question of this study is formulated as "*How do digital service companies utilize social and business networks to identify and exploit opportunities in their international markets?*", and is therefore of explanatory nature. The potential for a case study to answer questions with *how*, *why* or *what* (Saunders, Lewis & Thornhill 2009; Yin 2013), further supports the choice of performing a multiple case study. Unlike solely including a single case

to the study, by doing a multiple case study, possibilities of identifying similarities and differences between the cases arise which will strengthen the quality of the study.

3.3 Selection of cases

The intention for this study is to get a deeper understanding on how digital service companies use and work along with actors within a network when expanding internationally, which is why a purposive sampling technique was chosen. Purposive sampling involves looking at the qualities possessed by the participants chosen for the study, when deciding on which ones to investigate, also called judgement sampling. A purposive sampling does not need a certain number of participants or underlying theories and is therefore a nonrandom technique. Instead, “the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience” (Etikan, Musa & Alkassim 2016). When conducting a multiple case study, the number of cases investigated will usually be limited to be able to keep a close-up, in-depth study of the specific cases (Yin 2013) which is why three companies were chosen for this research.

The companies chosen for this report are three Swedish companies: Spotify, Forza Football and Alpha, which all falls within the scope of digital service companies. They have exploited business opportunities which have arisen through the shift towards a more digitalized world where information and communication technology plays a prominent role in people's everyday life. Currently, the three companies are in different stages of development when it comes to internationalization, for how long they have existed on the market and the sizes of the companies. The fact that all companies chosen are Swedish digital service providers with the mutual intention to expand their business into new international markets, was the criteria set up for the companies to be of relevance to the study. All three companies are in different ways, working alongside partners which was essential since the purpose of the study is to investigate how networks are used for international expansion. In addition, the companies are all dependent on collaborations with other companies in their different revenue models. Since Sweden is a relatively small market, companies need to expand their business internationally for continuous growth (Nova 2018). The fact that the companies chosen for the study are in different stages of development, will contribute to the comparison of to what extent they are using networks for their international expansion.

When choosing a nonrandom sampling technique, you may face the disadvantage of limitations to generalization in comparison to choosing a random sampling technique (Bryman & Bell 2011). When using analytic generalization, the writers use extractions originated from the more abstract level of ideas provided by the empirical findings and applies them to other concrete situations (Yin 2013). The limited timeframe for the study implied restrictions when choosing participating companies for the study. To some extent the companies were chosen out of convenience to ensure that interviews could be held. The convenience sampling is another form of a nonrandom sampling technique and refers to choosing a research subject where the research is easily accessible to the authors (Etikan et al. 2016). On the other hand, from the beginning, the study was meant to be a single case study and the case was not chosen after convenience. Due to difficulties in arranging interviews with the chosen company reconsiderations had to be made which resulted in a multiple case study, including two more companies to investigate.

3.3.1 Spotify

Europe's largest tech company, Spotify (Carlsson & Leijonhufvud 2019), is a music streaming service company which was founded in 2006 by two Swedish entrepreneurs, Daniel Ek and Martin Lorentzon and provides a wide range of music experiences to a global audience (Goodwater 2018). Spotify has evolved into a global company through incremental international expansion. They started with a few selected countries in Europe, with the sight set on the US. After their launch in the US, the international expansion has continued and they are now available in 79 markets world-wide (Spotify 2019). The company was deemed an interesting case to study because of their wide use of business relations in both their international marketing and in their strive for localization of the product. Just like the other case companies, Spotify has a feature of public access in their business approach. The company wants to make music experiences available to all, which they offer through a freemium subscription. Today, they are the world's largest streaming service in terms of users (Charara 2018; CNBC 2018). Their business model makes them dependent on collaborations with other companies to gain income from advertising.

3.3.2 Forza Football

Forza Football is a digital platform that provides live updates from the world of football such as live scores, lineups and highlights from games. The service is provided through an app

which is free of charge where the users can keep up to date on games played worldwide. Forza Football was chosen as case study first and foremost because it is a Swedish digital service company, working alongside partners, that focuses on international expansion and they have spread their service worldwide over a short period of time. Further, the company came of interest due to their innovative business idea of creating a community where people, from all parts of the world, no matter socioeconomic background, should be given the ability to take part of the world of football. By promoting transparency to counteract homophobia and racism as well as promoting young girls' participation in football, they are working to create greater justice and equality to make the world of football a better place (Forza Football, n.d.). Their service became available to people all over the world from day one - making them a so-called born global, and in their first month they had acquired more than 300 000 users globally (Patrik Arnesson, personal interview).

3.3.3 Alpha

Alpha is a Swedish FinTech company, providing its customers with a stock tool, to make it easier for them in knowing what stocks to invest in, by offering complete portfolios to buy (Person 1, personal interview). The stock tool is based on an algorithm which in turn is based on fundamental analysis. Alpha is a Swedish FinTech company that because of the delicacy of their business has decided to remain anonymous in this survey. The company started in 2014 and has since then grown with the help of different network relations. The company came of interest since they are in the beginning of their international expansion, which would be an interesting case to compare to the other companies that are already global in different degrees. They are interesting for the analysis as well because of their heavy use of business relationships in order to grow. The company strives to involve more common people without extensive knowledge in stock savings. This aim of making the financial world more accessible to the public is comparable to the aim of Forza Football that wants to make the football world accessible to all.

3.4 Data Collection Method

In this section the collection of empirical data will be presented. The empirical findings of the report are based on a multiple set of sources, including interviews, news articles, online documents, dissertations, scientific articles and publications.

3.4.1 Primary Sources

Interviews are widely used in qualitative research and it is one of the most important methods for collecting data. In order to collect relevant interview data, it is essential for the interviewers to peruse the topic in advance so that they can ask informed questions (Dumay & Qu 2011). For this research, interviews have been conducted in order to reach a better understanding for the perspectives of the different case companies. In preparation, to acquire basic knowledge, the researchers have gathered information about the companies, their industries and the service sector in general. A literature study has been conducted as well to make sure that the questions were connected to theory. All interviews have been recorded and transcribed. This is important since the human memory is limited. It also allows for deeper examination of what has been said and gives potential future researchers the possibility to review the result and analysis (Bryman & Bell 2011).

The method used for the interviews is a semi-structured approach. Questions were formulated in advance to make sure that the essential questions for the research would not be missed and that the participants could take part of the topic in advance and make preparations if needed. However, the questions were not always asked in order but the interview guide was rather used as a framework for the conversation to ensure that the interview followed the theme of which the researchers wanted to investigate. The purpose of this method is to keep the interview process flexible and give the interviewers possibility to pursue interesting topics that might arise during the interview. Since the research includes a multiple case study, it was important to still use a certain structure to ensure comparability (Bryman & Bell 2011; Dumay & Qu 2011).

It proved difficult to get inside information from Spotify because of their strict confidentiality regulations. However, Spotify has published a lot of information about their business on their website which counts as a primary source and there are a lot of previous interviews available online which counts as secondary sources. These online sources together with interviews with different partners of the company and PhD Susanna Leijonhufvud who has conducted research on the company, were estimated to give a broad picture of the company's international network. Three partners were selected for interviews. These partners are relevant to talk to because they are all multinational firms and thus contribute with international opportunities for Spotify. The approach of talking to partners is not usually done in case studies but can be an innovative way to create an image of the international network.

The second case company investigated is a Swedish FinTech company so an interview was made with their Chief Marketing Officer. Her duties include planning their national and international growth as well as being responsible for contracts with their partners. Since the aim of the interview was to get insight to how they are expanding their business internationally with the use of networks, this was the most suited person in the company to talk to. Alpha is a relatively small company with 20 employees and she is the only one working directly with these questions. Since the interview gave deep insights and all the relevant information needed for the study, one interview was estimated as enough.

To gather information and knowledge about the third case company, Forza Football, an interview was scheduled with the founder and CEO - Patrik Arnesson. As the founder of Forza, Arnesson has been involved in all big strategic questions for the company since day one and has the most knowledge about the company's different endeavors. Another interview was conducted with the company's Head of Brand and Creative, Josefin Eklund. Her role at Forza is to develop the brand, the company's visual identity as well as office design. She is also involved in their mission work which involves working together with partners and other collaborations when creating campaigns and doing markets research. The third person participating in an interview was the Squad Driver of Media and Mission, Johanna Garå. With a background of being a sports journalist, Johanna was recruited to Forza due to her well established network and great experience. The past year she has been leading their mission work, which includes working against racism and homophobia and promoting equality in the football world. The final interview was conducted with the Creative Account Manager, Manolo Obaya. He is working with sales where he is in charge of 20% of Forza budget. He focuses on the business partners to which they sell advertisements spots, which is one of Forza's sources for revenue. He could also provide insights regarding the company's business relations with betting companies.

The choice of people that were interviewed and how many interviews that were conducted, was based on their relevance for the study and to some extent also their availability, due to the relatively short time frame. The length of the interviews varied depending on how much relevant information the informant could give to the study and how effective the talks were.

Case	Corporation	Informant	Position	Based in	Language	Interview Method	Duration	Date
Spotify	Carat	Alan Cuff	Digital Specialist	Gothenburg (SWE)	Swedish	Face-to-face	28 min	2019-04-16
Spotify	Connect Ads	Ramy Riad	Vice President	Cairo (EG)	English	Skype	35 min	2019-04-23
Spotify	"Automaker"	Person 2	Manager Marketing Communication	Gothenburg (SWE)	Swedish	Skype	25 min	2019-04-29
Spotify	Piteå School of Music	Susanna Leijonhufvud	PhD & Researcher	Stockholm (SWE)	Swedish	Phone	60 min	2019-05-03
Alpha	"Alpha" (FinTech)	Person 1	Chief Marketing Officer	Gothenburg (SWE)	Swedish	Face-to-face	47 min	2019-04-26
Forza Football	Forza Football	Patrik Arnesson	Founder & CEO	Gothenburg (SWE)	Swedish	Face-to-face	37 min	2019-04-26
Forza Football	Forza Football	Josefin Eklund	Head of Brand and Creative	Gothenburg (SWE)	Swedish	Phone	20 min	2019-05-02
Forza Football	Forza Football	Johanna Garå	Squad Driver of Media and Mission	Stockholm (SWE)	Swedish	Phone	25 min	2019-05-03
Forza Football	Forza Football	Manolo Obaya	Creative Account Manager	Gothenburg (SWE)	English	Face-to-face	35 min	2019-05-08

In order to supplement the information provided during interviews, the companies' websites have also been visited to take part of published reports, documents and communication such as official blog posts and press releases. When using documents as sources of information it is important to first assess their degree of authenticity, credibility, representativeness and meaning (Bryman & Bell 2011). Organizational documents have proved especially important for the case of Spotify because of the difficulty of gaining access to the organization.

3.4.2 Secondary Data

In this report, secondary sources are used as a complement to the primary sources in order to get sufficient information to be able to describe and explain the unique aspects of each case. Multiple sources and methods are necessary in order to collect enough information so that patterns and mutual characteristics of the cases can be pinpointed (Ghauri & Firth 2009).

Before and after the interviews have been collected, the information has been compared to the information acquired from secondary sources. For Spotify, the empirical evidence is primarily collected from secondary sources. Since there is a massive amount of information regarding the company's international expansion the sources have been validated through cross-checking. It has been taken into consideration whether the information has been published in a marketing purpose or for general unbiased information. As mentioned, interviews have been conducted with companies involved in business relations with Spotify. These interviews have been used to confirm and complement the secondary sources. This approach can be seen as a limitation to the study because the information is not provided directly from the company in question. However, the partners were able to provide information that one would likely not receive from Spotify themselves and together with the secondary sources, could provide significant information.

In order to achieve triangulation several methods and sources of data need to be used (Bryman & Bell 2011). Triangulation means that multiple references are used to receive more accuracy in findings. In this way findings of the study have been cross-checked in order to avoid misunderstandings and twisted perspectives. To review the secondary sources, the researchers have also taken into account the origins of the sources and to what purpose they have been published. Articles have been retrieved from reputed publishers and organizations with high journalistic and ethical standards. For the sources to be relevant for the study, examinations have been carried out concerning how trustworthy, knowledgeable and relevant for the problem they are.

3.5 Limitations for the case of Spotify

The case firm Spotify is a global company that has existed for over a decade and they operate in a fast-changing business with a lot of secrecy. The employees have very strict regulations for speaking about the company externally. There have been numerous of attempts of trying to get interviews with someone within the company but without fortune. The authors have visited the Spotify office in Gothenburg, reached out to 13 different employees at Spotify via the authors' social relations, emailed 39 different employees in the Swedish as well as international offices and contacted 25 partners of Spotify via phone and email.

The responses from Spotify employees have most commonly been referred to the strict regulations for talking about the company externally. PhD Susanna Leijonhufvud explains

that it is not just difficult but virtually impossible to get interviews with people at Spotify. She mentions several Swedish researchers, including herself, that has tried to get interviews with the company but without fortune. There has been criticism directed at Spotify for dissociating themselves from the academic world. This actually applies to most international streaming companies. There is only one unique case where Norwegian researchers were able to get interviews with the streaming company Wimp for a study of these types of questions (Susanna Leijonhufvud, personal interview). The lack of interviews when it comes to the case of Spotify can be seen as a limitation to the study, since interviews is seen as a prominent data collection strategy in qualitative research (Bryman & Bell 2011). However, the large amount of information available through secondary sources, primary sources in terms of documents provided by the company itself, as well as information provided from interviews with selected companies that partner with Spotify, have been considered enough in order to answer the research question. The fact that Spotify is only one out of three companies in a multiple case study strengthen this consideration.

3.6 Analysis

The raw data, in terms of conducted interviews and collected written material, has been prepared for analysis by transcribing the audio sources and cleaning the data. The interviews conducted have been transcribed and checked for accuracy against other collected material and the audio sources. During the transcription, materials have been assessed by the authors as more or less relevant to the study. As a result, transcripts can be seen as an initial step in the data analysis (Wahyuni 2012). Considering the requests from certain companies for anonymity and confidentiality, all information that can reveal secret information or connect the material to these study participants have been omitted. This data has been encoded for identification using code names including “Alpha” and “Automaker”.

The data analysis has then continued by dismantling, segmenting and reassembling the data in order to form relevant findings from the empirical data and identify patterns and themes. The purpose of the study together with the research question have been used as a guiding framework in order to logically sort the collected material and distinguish what findings contribute meaning to the study. The themes that the analysis have been divided into include “opportunities”, “business relations”, “networks” and “decision logics”. In order to compare the three case companies on these different themes, each company was analyzed separately.

Thereafter a cross-case analysis was conducted in order to discuss common patterns. According to Yin (2012), examining cross-case permits the issues to be covered more intensely. The focus of the cross-case analysis is to describe variations between the case firms and to reveal important common concepts and processes that were distinguished from the empirical material.

3.7 Quality of the study

In order to assess the trustworthiness of a study, one must evaluate how well the study fulfills its purpose (Merriam 1995). The concepts reliability and validity must be considered from the perspective of which the study has been conducted. This study aims to understand a phenomenon, namely how networks can be used in order to find and act upon international opportunities in order to enter and become successful in foreign markets.. Therefore, the questions asked needed to be relevant for understanding the circumstances and different elements affecting this.

The quality, precision and wider potential of a qualitative research can be evaluated by its degree of reliability and validity (Bryman & Bell 2011). The measurements can be divided into internal and external aspects. Internal reliability means that the investigators can agree upon their findings. The data collected must be consistent with the results presented (Merriam 1995). The result presented in this study is deemed to be consistent with the data collected since it matches with the overall data gathered. The information excluded from the empirics was deemed irrelevant to the study but does not contradict the result. External reliability, on the other hand, includes whether the study can be replicated and to what extent. The degree to which a qualitative study can be replicated is a difficult criteria to meet because of the social complexity of the unique case studied (Bryman & Bell 2011). In order to ensure reliability the methods used for this study are therefore clearly presented so that a future researcher that wants to replicate the study can use this report to follow the same steps (Merriam 1995).

Internal validity means that there is a need for a good match between the empirical observations and the theoretical ideas developed (Bryman & Bell 2011). The findings need to be compliant with reality. In qualitative research, reality is constructed, constantly changing and multidimensional, which means that reality can be described as what is interpreted as the truth (Merriam 1995). To confirm the truthfulness of the findings and ensure internal validity

in this report, different methods along with multiple sources of information such as observations, interviews and documents have been used. The results from interviews and secondary data collection have also been checked with peers and study participants to ensure that the interpretation of these data is consistent with the reality. Since the empirical findings regarding Spotify is not based on personal interviews with the company itself, the decision has been made to further extend the amount of findings for this case, in order to get a deeper, wider and more reliable picture and thus be able to draw qualitative conclusions.

External validity refers to which degree the findings can be generalized across different situations and milieus. Qualitative research methods are often strong when it comes to internal validity, but face challenges concerning external validity because of the often small samples and autonomous cases (Bryman & Bell 2011). In order to address the problems of transferability, the questions formulated for the interviews were kept broad and unlatched. Instead of investigating the perspectives of one single company the report studies three different firms in the sector. Interviews have been conducted with two of the companies in question. Interviews have also been conducted with different partners for one of the companies. The use of different cases and situations as well as interviewing people with different positions and perspectives are all strategies to keep as high validity as possible (Merriam 1995). In the analysis, examples are used in order to make wider conclusions and find patterns applicable for similar companies in the digital service sector.

3.8 Research Ethics

Ethical considerations and principles are of great importance for the quality, implementation and results of a research (Vetenskapsrådet 2017). The investigators have a responsibility towards the people involved in the research, but also against those who can be indirectly affected by the research and its results. Bryman and Bell (2011) presents four main areas of ethical concerns that needs to be addressed when conducting a business research - harm to participants, invasion of privacy, lack of informed consent and deception.

Throughout the thesis, these ethical principles have been taking into consideration. The participants have been given information about the content of the study and the questions that would be asked, before they accepted to participate. The participants have been informed that there is a great understanding for certain confidential information and that they are able to

refrain from answering questions if wanted. By avoiding asking questions that might interfere with their privacy or come too close to confidential information, the less likely they would feel uncomfortable. The participants themselves could decide upon if they approved of being recorded as well as given the possibility to be anonymous. In terms of respect to the participants and to achieve trustworthiness of the study, great emphasis has been placed on not distorting information.

4. Empirics

The following chapter presents the empirical findings for this study. Each case company will be introduced and their involvements in both social and business networks will be presented. The empirical findings for each company will be divided into different paragraphs according to relevance for the individual case.

4.1 Spotify

4.1.1 Spotify's networking in Europe

Spotify started with an international approach from start by launching their service in Scandinavia, United Kingdom, Spain and France (Roxborough 2014). Their entry into the market was timely due to new government restrictions and the increasing demand from customers to access unlimited music. Record companies and labels were also ready to try on new business models to boost growth (Peterson 2018). Since Spotify did not own any musical assets themselves, it was essential to sign deals with record labels in order to provide their service (Leijonhufvud 2018). They signed deals with Merlin record labels, as well as the music industry's so called "Big Four" that include Universal Music, Sony BMG, EMI and Warner Music (Pingdom AB 2009). Further, Spotify entered global and regional collaborations with big enterprises to spread the word about their product and to create increased presence in customers' everyday life. During the first decade Spotify strived to form business relations with globally established players (Carlsson & Leijonhufvud 2019).

"If it is a service that should be available everywhere and to anyone, at any time, it means that you have to cooperate and have these partnerships with an incredible number of different actors and network with them"

(Susanna Leijonhufvud, personal interview).

Since they are dependent on revenues from advertisements for their free accounts, they have entered a partnership with media company, Carat. The company is one of the world's leading media agencies and part of the Global Dentsu Aegis Network. Through their collaboration, Carat uses Spotify to provide creative ideas and the best solutions for campaigns within different branches. Carat can therefore be seen as a middle hand, using social media platforms like Spotify to spread advertising campaigns for different companies (Alan Cuff, personal interview).

When asking Alan Cuff, Digital media planner at Carat Sweden, what benefits Spotify can bring to create value for their customers, he mentions their unique features. For example, the ability to have logged in user data which gives the possibility to pinpoint customers from certain target groups (Spotify for Brands 2019). This gives Spotify platform advantages because of the greater impact it enables. He also refers to Spotify's "cool environment" where brands can benefit from being associated with Spotify, due to their powerful brand and platform. Carat is a good choice of media agency for Spotify due to their well established position. They are a strong company with a widespread network and they keep up to date with recent trends and inspirations. According to Cuff, together they create creative campaigns which brings revenue for Spotify as well as help companies grow. Since Carat is stationed in all parts of the world, the different international offices manage campaigns for that specific market. If a company wants to create a global Spotify campaign, Carat in Sweden manages the Swedish campaign, while Carat in Australia manages the Australian campaign. In this way, they are customizing campaigns after local markets and preferences.

Spotify has also entered partnerships with several famous automobile companies. The Head of Marketing Communications at one of these companies, tells about the collaboration with Spotify. Since 2016, the Spotify app has been integrated into the newly produced cars, which means you no longer need to connect your phone in order to use the service. Besides this, they have created car campaigns with elements of music together with international artists. The company has seen great potential in these campaigns by the opportunity to reach out to a larger target group via Spotify. This has resulted in a massive increase of streams on Spotify. The aim of this collaboration is to get the artist heard on the Spotify platform while at the same time communicate the car manufactures announcement (Person 2, personal interview).

4.1.2 Spotify's networking in the US

The United States is the largest and most import market for the music industry (Kiss 2011). When Spotify decided to enter the US, they knew it would be costly, but they were decisive. It took two years of negotiations with record labels such as Warner Music, EMI, Sony and Universal, before they could launch. It was mostly because of the record companies concerns about low royalty payments to artists, due to the free accounts, that it took them some time to sign the deals. After agreeing on placing restrictions on the amount of time people could access music for free, the record companies gave in (Sisario 2011; Ghosh 2017). The implemented restrictions went against the company's core values since Spotify has the vision

to provide “music for everyone” (Spotify 2019). Susanna Leijonhufvud compares the company’s driving forces as being grounded in typical Swedish ideology based on the welfare state and social democracy. She also points out the creative and playful side of the company where strategies often seem to be based on experimenting and testing rather than classic market theory.

In an exclusive interview with Fast Company, Daniel Ek expressed Spotify's great dependency on the record companies and the importance of trust (Safian 2018). Ek talked about the music industry as it historically has consisted of dissent, between artists and record companies, songwriters and artists, among others. Today, through music streaming services, artists get paid for each time their song gets played and if you do not trust the company providing the streaming service, when it comes to number of plays, a continued relationship is not possible. Since Spotify have data from millions of music listeners, they have created exclusive profiles for all their artists where they can access customized statistics regarding their fan base (Spotify for Artists 2019), in order to help them enhance their relations with music producers (Susanna Leijonhufvud, personal interview).

At the time of Spotify’s launch in the US, several existing music service providers had already built an audience and the competition was intense. In order to become competitive in the market, Spotify had to find ways to stand out. It was around this time, Spotify's founder Daniel Ek met with Sean Parker, previous CEO of Facebook and founder of Napster. Parker had sent an email to Daniel Ek where he praised the Spotify concept after having discovered the music service during a barbecue party. This was a major breakthrough for Ek who felt that this gave him confirmation that he was on the right path (Sveriges radio 2012). They arranged to meet and Sean Parker expressed his appreciation for Spotify and the services they provide (Leijonhufvud, 2018). Parker became a fundamental investor in Spotify before the extensive launch in the US. He introduced Ek to his friend, Mark Zuckerberg, the founder of Facebook who he also thought would find interest in Spotify's service (Sveriges radio 2012). Short after, a partnership between Spotify and Facebook emerged. The founders found that they had common visions for their networks. The foundations of the collaboration were drafted over a beer in Zuckerberg's garden. Ek explains that;

“Starting collaborations do not need to be harder than that”.

(Daniel Ek, Sveriges Radio 2012)

By interconnecting the systems as well as using Facebook as a distribution channel, which is considered the largest one in the market (Kiss 2011), Spotify did not have to pay large amounts on marketing costs. Instead, they could advantage from the huge global community of Facebook for spreadability. When introducing the service to both the European market and the US market, Spotify turned social networks to their advantage by giving the users authority to invite friends. An invite from another user was needed to create a free account which helped creating a hype and a sense of exclusivity around the product (Sorrel 2011).

4.1.3 Spotify's networking in Asia

Spotify's entry into the Asian market was one step closer into reaching the goal of being available in every market all around the world. They saw significant opportunities in the Asian market, not least for the huge potential for internet based firms. The Asian market is also the one with most Facebook users in the world. This would enhance the spreadability of Spotify's service through the users' digital premises. There is also a large problem concerning piracy in Asia and Spotify saw this as an opportunity to contribute to turning this around (Russel 2013).

When entering the Indian market, Spotify accessed 160 000 songs by joining hands with the Indian music label T-series which was a starting point for their upcoming expansion within the country. Spotify has continuously prioritized to localize their music content in relation to their international expansion in order to make sure that the listeners can find familiar music (United Language Group n.d.). According to a study made by Deloitte, India will increase their number of online music users immensely until 2020, which will enhance the subscription revenue in the digital music industry, giving the Indian music markets great growth potential for a company like Spotify (Singh 2019).

According to Sunita Kaur, Managing Director for Spotify Asia, one challenge Spotify faced when expanding into Asia was adapting to the diverse cultures, including the different payment habits that existed there (Lu 2016). Systems for digital purchase was not as developed as in western countries and a large number of people did not even possess a credit card. This resulted in Spotify entering business relations with telecoms, trying to provide new payment methods. They partnered exclusively with Globe Telecom in the Philippines where they linked payments with telecom bills and in Singapore, Spotify introduced NETS, an alternative digital payment method (Wicks 2015).

In 2018, Spotify joined the Singapore Tourism Board when rolling out a marketing campaign to spread the international languages of music. The campaign, titled “Beats of Singapore”, aimed to connect the community of Spotify through shared passion and music across Singapore and the Middle East. In addition, Spotify and Singapore tourism Board produced destination-themed playlist featuring music and artists from Singapore to get listeners to appreciate Singapore’s music and with that appreciate Singapore more overall as a destination (Tan 2018).

4.1.4 Spotify’s networking in the Middle-East and North Africa

In November 2018, Spotify launched in thirteen new countries in the Middle East and North Africa (Spotify Investors 2018). The service allowed users to access local Arabic music as well as millions of internationally acclaimed songs. From day one Spotify offered a full Arabic service and localized playlists which enabled the users to discover both new and familiar local talents. The launch included the introduction of Spotify’s Arab hub, which was part of their Global Culture Initiative (Cantor-Navas 2018).

The MENA region is diverse, with a lot of differences in culture and local demand. In order to customize the experience Spotify looked for local collaborations prior to launch. In the preparing stage, Spotify talked to contacts at Twitter - another global company that was already operating in the region (Ramy Riad, personal interview). They recommended Spotify to contact a partner of theirs, the digital media house Connect Ads. The Egyptian multinational company soon after became Spotify’s exclusive ad sales partner in the MENA area. Connect Ads had previously introduced other companies like Facebook, Twitter and Skype to the region (Connect Ads n.d.), and hence has a lot of experience working with global companies. Riad, the vice president of Connect Ads, states that experience with big names and strategic network relationships are essential in the industry since these are factors that give potential to acquire new business. Once a person or company has established a long term position inside a network, they will gain wide access to different contacts and the people working in these companies often switch firms and climbs on the career ladder to become managers and decision makers.

Connect Ads’ job is to monetize Spotify’s advertising platform and help the service grow in the region by providing contacts, market information and strategic advice (Ramy Riad, personal interview). According to Riad, localization is essential in the region because of the

fragmented clientele and conditions. Spotify has adopted this by, inter alia, launching their service in local languages and offering a lower price for premium subscriptions compared to many western countries. The comparatively low price was also determined based on discussions with record labels, market research and the fact that piracy is still great among the people living in the region. In addition to Connect Ads, Spotify has global deals with companies such as Microsoft, Samsung, Uber, Starbucks, Mercedes and Coca-Cola to help them expand in different regions (Prins, 2015; Dredge 2018). These deals with companies of global size help Spotify stay relevant and present in customer's lives no matter where they are. It also helps Spotify's internationalization since they will be able to offer their service through various platforms from day one when entering new markets (Susanna Leijonhufvud, personal interview).

4.2 Alpha

4.2.1 The vision of the fintech company Alpha

Alpha is a financial service provider that today operates in Sweden and Norway with the sight set on further international expansion. The plan next is to launch in the Netherlands, followed by France, Austria, Switzerland and England - depending on how the Brexit turns out. In case of a hard Brexit, the company would be very dependent on tight business relationships in the country. In the long run, the US is also an interesting market that they want to enter (Person 1, personal interview).

The company is targeting common people that are not that familiar with the stock markets or saving in shares. Their vision is to help more people save money more efficiently by providing complete portfolios that are tailored to the customer's risk aversion and preferences (Person 1, personal interview). The service's revenue model is based on a monthly subscription where the price differs depending on which stock exchanges the customer wants to include and what information they want available. For interested people more familiar with the financial market that want to trade at a higher level, the company also provides more complex information about the companies such as financial ratios. The algorithm that the service is based on, retrieves data from stock exchanges in Sweden, Europe and North America. The financial data is provided by Bloomberg, a company that provides continuously updated business and financial information (Bloomberg 2019).

4.2.2 Alpha's collaborations with banks

Alpha is next to a financial advisor but due to lack of authorization they are not allowed to call themselves a financial advisor yet. In Sweden, the company is in the process of acquiring this authorization, to be able to further advise their customers on alternatives for savings and to be able to make purchases on the customer's behalf. Because of this, the company is currently dependent on collaborations with banks in Sweden to be able to help private customers. The stocks can not be bought by Alpha, so the customers need to carry out the purchase themselves at a linked bank. The bank collaborations differ in how they work. One bank makes the purchase automatically and for other banks the purchase needs to be confirmed by the customer. Besides enabling their service, the partnerships with the banks also contribute to Alpha by getting them to reach a wider audience as well as to gain validity and reliability in the industry. Their collaborations with the banks have also created a snowball effect, helping them to become an attractive partner for other banks (Person 1, personal interview).

The idea for Alpha started when the two founders worked on their graduation project and managed to develop an algorithm that could create stock portfolio proposals. The founders realized that the concept had potential and asked friends and fellow students that were interested in stock investments to try out their service. After this, the service started spreading through word of mouth. Their clientele started growing so the company started to send out exclusive invites to more people to further spread the business. At this stage, the customers got the proposed portfolio from Alpha, then they logged into their bank to make the purchase. One bank soon noticed that they received a lot of similar buys from customers and started investigating the reason for this. The bank realized that the savers had used the stock tool of Alpha and reached out to them to initiate a collaboration (Person 1, personal interview).

This was the start of the company's collaborations with banks. Once they realized that the service received attention from large banks they saw their potential for growth through business relations. The banks could provide them with a platform and extended clientele, and they could provide the banks with a unique tool. From start the aim was to offer an alternative to banks but once the opportunity arose, the company realized that the best option for them was to interact.

“We did not plan on being integrated with banks. We wanted to get away from banks, and all of a sudden we saw, that the best thing is that we integrate with them”

(Person 1, personal interview).

4.2.3 Alpha’s internationalization

Two months after the first partnership was established, other banks started coming along that wanted to collaborate. Negotiations and adjustments concerning commission rates first had to be executed to make sure the actors could get along and after this, partnerships could be established. Still exploring their opportunities in the Swedish market, the company simultaneously started planning for international expansion. After researching market conditions, customer behavior and demand, the company deemed the Netherlands as the next step because of its low psychic distance to the Swedish market and similar market conditions. This plan was however interrupted when a Norwegian bank contacted the company (Person 1, personal interview).

“We did not have any thoughts about starting in Norway, the idea was to start in the Netherlands. But we were contacted by a bank in Norway who was interested in our service”

(Person 1, personal interview).

When the Norwegian bank heard about the algorithm that Alpha had developed, they reached out to them to see if they could help them with the development of their digital platform for savings. Alpha soon realized that this kind of business relation could create a shortcut for them when expanding to foreign markets. By partnering with banks, the company could provide their service without going through the long and complicated process of getting the required permissions since they could take part of the banks’ authorization. The partnership with the Norwegian bank also gave the company trustworthiness with the Norwegian customers even though they were a new foreign actor and thus helped them to quickly strengthen their reputation and brand awareness.

“The fact that there is a bank, considered safe for customers, that the customers know about this bank, even though they have not previously heard about us, just by that we have strengthened our brand extremely”

(Person 1, personal interview).

The collaboration between the Norwegian bank and Alpha includes a long-term partnership and Alpha has promised to at least initially, be their exclusive partner in Norway (Person 1, personal interview).

The thought of expanding to the Netherlands is still there. Currently the company is testing the market, investigating possible partners and searching for opportunities. The partnerships with the banks and their entry into Norway have helped them acquire knowledge and experience which can help them in their further internationalization. The existing business relations give the company validity and helped them understand what future partnerships need to entail. The company has a long term strategy and vision. They hope, that with their gathered experience from the Norwegian entry, the launch in the Netherlands and other countries will run more smoothly since they now know what resources and business relationships that are required as well as what preparations are necessary (Person 1, personal interview).

4.2.4 Alpha's way to spread awareness

In addition to the cooperation with the banks, the company is also using other strategies to spread awareness of their service. Social media is used daily for promotion. Other promotion activities include being present in relevant media channels, collaborations with online communities with interest in the stock market as well as participating in related events where they can inform and educate the participants about stocks. It is essential for the company to be present in credible channels that are of relevance. They are therefore restrictive with what persons, medias or communities they collaborate with. They have collaborations with several public persons that are required to write and talk about the features and benefits of their service, without it being too commercially obvious. They have deliberately chosen to stay away from using too many "influencers" since they do not want that sort of marketing connected to the brand. All these activities are used to help spread the service, create brand awareness and give reliability to the company (Person 1, personal interview).

4.3 Forza Football

4.3.1 The vision of the digital platform Forza Football

Forza football is providing a digital platform with updates on live scores, highlights and lineups from football games played worldwide. Their aim is to keep their users up to date by covering all games played in the world - from games played by ten-year-old girls in

Zimbabwe to games played on the highest level in professional leagues (Patrik Arnesson, personal interview; Forza Football n.d. b). Today, they are covering five thousand games out of the ten million played, the same number of games covered by competitive betting companies. According to the company's CEO Patrik Arnesson, their goal is to cover fifty thousand games within the next year and all ten million games played within the next five years. Their active users are located in 250 countries and they have 2.5 million users utilizing their service per month, 4.8 million users per year.

The service has primarily spread by word of mouth but with massive impact. *“It is 100% word by mouth”*, Arnesson said when asking him how the service spread so quickly. He says that it is interesting that the service spread in this way, referring to the definition of network effects versus non-network effects of a product. In other words, network effects implies that the more people that use the service, the better it gets, which is not the case of Forza’s app. When launching the service in 2012, they acquired 300 000 users in the first month (Patrik Arnesson, personal interview; Junelind 2015). The timing was ideal because Champions League was just about to start and apps just recently had become popular and people were looking for new cool apps to download (Patrik Arnesson, personal interview; Billing 2016).

The service is provided through an app which currently is free of charge. The revenues are instead provided from advertisements, both from betting companies, famous brands connected to football such as Nike and Adidas and other detached companies that buys advertising space in terms of banners and pop-ups. When conducting the interview with Arnesson, the 26 of April, he announced that within two weeks they are actually implementing the possibility for subscription of their service. Users can now avoid advertisement in the app and Forza gets another source of revenue. By diversifying their revenues, they hope to avoid being too dependent on other actors. In order to get to know their user base better, the company has, among other things, sent out questionnaires in the app and bought external user information from Facebook (Patrik Arnesson, personal interview).

4.3.2 Forza Football’s crowdsourcing network

All data from the games that are being covered today, refers to the five thousand games covered by betting companies and is possible to buy from supplier data. Arnesson says that it is the betting companies that controls which games that can be followed and they have no interest in involving more games to the count. Since Forza’s vision is to make the world of

football accessible for everyone, they have started to use other sources to get reported data, so called tears or crowdsourcing. They are letting fans, clubs as well as players report data on games which is a unique method in the industry. They also use their so called ambassadors, with the common interest in football, for reporting data from games played. They are doing this for free and currently they have 60 ambassadors reporting games around the world which accounts for a large part of Forza's content. Arnesson points out that this gives them a first mover advantage against their competitors, since people will not be as inclined to report information to other platforms as well, if they have started to report information to Forza.

4.3.3 Forza Football's innovative partnerships

According to Arnesson, what is unique about their service, is that the people who download the app actually keeps on using it and comes back to visit it, which is called retention. It does not matter if a company comes up with a fierce business idea, if the customers does not continue using the service, customers will decline and there will be no growth.

“The only important number if you are running a business, it is retention, how many customers come back. Nothing else is important, everything else is secondary”

(Patrik Arnesson, personal interview).

Due to Forza's high retention, Arnesson has managed to sign a deal with an Asian investor who provides them with a total amount of SEK 1 million per month. The person investing owns a company with a low retention and has decided to allocate part of their budget on Forza. The aim of this collaboration is to provide Forza with capital for advertisement, so that Forza can advertise themselves, increase their user base, get the users to stay and with that strengthen their retention. After a while the investing company will start to advertise their own company in the Forza app. This collaboration enables for Forza to extend their user base while at the same time helping the investing company to advertise themselves, “winwin” as Arnesson pronounced it.

When talking about the deal Forza signed with the investor, Arnesson also points to what he thinks is unfortunate in the world of business, that people are too afraid of trying out new things, if they are unsure of the outcome.

“They don't like doing things that are unconventional. What the companies are trying to do is analyze an outcome, which is impossible for them to know”

(Patrik Arnesson, personal interview).

With this he implies that companies should be better on trying out new things. People are often afraid of making mistakes and they shift jobs before they ever have time to execute, which is what Arnesson thinks is the business world's largest challenge. He is referring to the art world when talking about the willingness for trying on new things and seeing how it works out, before paying too much attention to the economic outcome. Ahead, Forza is planning to use the collaboration between them and the investing company as an example for future collaborations.

4.3.4 Forza Football's sources for revenue

As mentioned, Forza Football have collaborations with several large brands, including Adidas, Nike, Heineken, Visa, Mastercard, Coca Cola and Pepsi (Manolo Obaya, personal interview). Some partners they have worked with long term and most new business relations begin by lifting up the phone or reaching out on LinkedIn. The business relations are essential for bringing the company income and by working with these big brands they have created a good portfolio and gained a lot of experience. In order to gain revenue, while at the same time increase the value of the product, Forza tries to create ads that can become a feature in the app (Junelind 2015). The campaigns thus need to be connected to the world of football and offer value to the users (Manolo Obaya, personal interview). Obaya, creative account manager at Forza Football describes how they need to get to know their partner's people and brand strategies in order to create the best tailored campaigns possible for each partner. The closest partnerships are with Nike and Adidas and these both collaborations operate primarily on a European level. Obaya says that it is important to visit them in each country, because even though they operate on an international level, they also have different regional approaches.

According to Obaya, 80% of the revenue streams origin from the partnerships with betting companies. Just like the collaborations with the big brands, the ads are meant to be integrated in the app as features. The ads need to contribute to the experience of using the app by being relevant, fun and interesting for the users. Basically, the app showcase live odds with quick links to the betting sites. When something happens in the game, the odds will be updated in real time. Since some of the betting companies have complicated payment and registration

procedures, Forza has developed an integrated registration in the app in collaboration with the betting companies and Swedish bank Klarna. This allows the users to register and pay within the app and Forza receives a larger cut of the revenue.

4.3.5 Forza Football's mission work

A significant part of Forza football's vision is to make the world of football a better place as well as available to everyone (Forza Football, n.d.). Working together with organizations like Transparency International, Stonewall and Kick It Out, they have created campaigns and conducted market research on racism, homophobia and equality in the football world. They have also conducted a confidence poll on FIFA, as they are referring to as being very corrupt and the rulers of the football world (Josefin Eklund, personal interview; Billing 2016). Forza has been involved in a partnership with a British PR company, Deliberate, which has enabled them to get in contact with the organizations they have been working with in their mission work. For example, when Forza decided to do a survey on how their users adhere to homosexuality within the football world, Deliberate helped them get in contact with the right organization to collaborate with, in this case Stonewall. When the survey was completed, Deliberate contacted journalists at international news agencies and spread the research through different international media. The result was swell and spread widely (Josefin Eklund, personal interview; Johanna Garå, personal interview; Junelind 2015).

The Squad Driver of Media and Mission at Forza, Johanna Garå is the person leading their mission work and has been working close to Deliberate PR during their collaborations with the different organizations. As a sports journalist herself, with a widespread network, Garå means that it would have been possible to accomplish the market research without the involvement of Deliberate. Though it would never have spread in the way it did. It was them who got Forza in contact with all the heavy organizations which also brought validity to the result.

“It is thanks to Deliberate that these mission works have become so great”

(Johanna Garå, personal interview).

In contrast to the partnerships with the advertising companies, these collaborations have been non profit ones. These are done to strengthen Forza's brand and push on what they think is

important and what they believe in. Even so, the Head of Brand and Creativity, Josefin Eklund implies that it is the same with everything you do, in the long run, of course you hope that it can generate revenue for the company.

Recently, Forza Football received unexpected large attention in international media (Archer 2019; Savage 2019; Mullen 2019). It started with a meeting between Eklund and a friend of hers, the founder of an organization called MENSEN. The organization is working to educate high school teenagers about menstruation in order to normalize and make it less taboo. They also had an idea of making companies “period certificated”, which would enable for employees to postpone work, work from home as well as educate leaders and bring awareness of PMS. Eklund felt inspired and suggested the possibility for a certificate to her manager. They applied for funds at the Swedish Gender Equality Agency which approved. When the word spread that Forza had been allocated funds for this project, they received substantial attention from several international media, and they still do. According to Eklund, this is great PR. Forza has received several job applications from girls who believe they take gender equality seriously, which in turn has strengthened their employer branding.

5. Analysis

In this chapter, the empirical findings will be analyzed and discussed in relation to the theoretical framework. Firstly, the cases will be analyzed separately in order to get a clear perception of each individual company. Following, the companies will be discussed in a cross case analysis where similar patterns are explored.

5.1 Spotify: Network & Opportunities

Essential business relations

Spotify is a company with an internationally spread network. They have both local, regional and global business relations and are dependent on collaborating with other parties in every market they operate in (Leijonhufvud 2018; Susanna Leijonhufvud, personal interview; Safian 2018). One type of business relation that is absolutely essential for the company to be able to run their service at all, is the partnerships with different record labels. Without them, a substantial part of their music library would be lost. In addition, it is important to establish partnerships with different record labels in order to be able to provide their users with music according to the different local preferences (Cantor-Navas 2018). In preparation for every new market entry, negotiations have to be carried out with the local record labels in advance (Leijonhufvud 2018). This to overcome the liability of foreignness as well as the liability of outsidership (Johanson & Vahlne 2009).

Since these partnerships are so important for the company's survival Spotify needs to work actively to strengthen these relationships. Commitment and trust-building are essential for the record labels to be willing to have a continuous collaboration. The company's CEO, Daniel Ek, expressed the importance of trust in his interview with Fast Company (Safian 2018) and how crucial it is to keep promises. Another important factor when building trust, that the company has worked for, is transparency. In order to create trust between music producers and the streaming service, the company has created a site for artists where they can access their statistics (Spotify for Artists 2019). According to Johanson and Vahlne (2009), trust in a relationship entails a willingness to make sacrifices for the other's sake. Besides sharing their user-provided data, the company has also agreed to limit the number of streams available for freemium users on request from the record labels when entering the US market (Sisario 2011), even though this goes against the company's strive to make music available to everyone (Spotify 2019).

Localization

As mentioned, Spotify has put a lot of effort into localizing their service as well as their business relations (United Language Group n.d.). In order to adapt to the different market demands, the company needs to form positions in relevant networks. Which networks are relevant depend on the market conditions. For instance, partners that can provide alternative payment methods have been especially important in Southeast Asia (Wicks 2015) and partners with language skills and knowledge of local culture have been extra important in the Middle East (Ramy Riad, personal interview). Johanson and Vahlne (2009) state that in order to become successful in a foreign market, the company first needs to overcome its liability of outsidership by establishing a place inside a pertinent network. Once inside the right network, the company will be able to create knowledge, identify and exploit opportunities as well as strengthen the ties through trust-building.

Another kind of business relation that is important for Spotify to be able to operate are media partners. Even with these, the company has prioritized localization by partnering with, for example, Connect Ads in the MENA area (Ramy Riad, personal interview), STB in Singapore (Tan 2018) and the national offices of Carat in Sweden and Australia respectively (Alan Cuff, personal interview). By doing this, Spotify can get access to these companies' resources, networks and clientele. Le and Rothlauf (2008) state that by benefiting from the existing market knowledge of partners as well as their resources and reputation, market entries can be facilitated and require lower preparatory investments by the company.

Exchanges in a network can lead to knowledge creation that extends beyond the parties directly involved since each partner is involved in separate business relations (Johanson & Vahlne 2009). Since the media partners have expert knowledge in their respective fields as well as local contacts (Alan Cuff, personal interview; Ramy Riad, personal interview), Spotify can benefit from this without large risk or cost. Chen et al. (2019) describes knowledge creation as a decentralized activity where firms can benefit from geographically spread knowledge flows. They also state that depending on the ties in the network, it can also lead to innovation and competitive advantages. Sharma and Blomstermo (2003) agree that competitive advantages can be created through business relations since they are firm-specific and difficult to replicate. By establishing unique relations with local businesses, Spotify has been able to build competitive advantage against their competitors and together with their

partners come up with new innovative ways to create value for their consumers (Wicks 2015; Tan 2018; Alan Cuff, personal interview).

Unexpected opportunities through business relations

In the interview with Riad, he expressed the importance of being an insider in the right network. He explained that experience with the right names and strategic network relationships are essential and provide greater potential to acquire new business. His words are in line with the research conducted by Sharma and Blomstermo (2003), which states that firms with a strong position in a relevant network have easier access to better and quicker information, compared to those outside of the network. The knowledge provided by the network can have great impact on a firm's internationalization choices. This applies well to how the business relation between Connect Ads and Spotify was initiated. Since the two companies shared a mutual business contact, in this case Twitter, Spotify gained information about the market and a possible business partner (Ramy Riad, personal interview). This partnership is a clear example of how opportunities can arise through social interaction (Sarasvathy et al. 2010).

Another opportunity that appeared for Spotify because of social interaction was when Sean Parker, the founder of Napster, contacted Daniel Ek (Sveriges radio 2012). Ellis (2011) has described that opportunities in business are often discovered rather than sought which can be applied to this case. Parker introduced the two entrepreneurs Zuckerberg and Ek to each other and soon an idea for a collaboration came to life (Sveriges radio 2012). This can be defined as a created opportunity which Sarasvathy et al. (2010) describe as depending on social interaction, imagination and creativity. Research has shown that opportunities generated in a network are often more valuable and of higher quality than opportunities presented via external activities (Ellis 2011). The collaboration was initiated and drafted in a casual setting but proved to bring great value and possibilities for Spotify in their international expansion (Kiss 2011; Russel 2013). According to Sarasvathy et al. (2010), an entrepreneurial opportunity and its aim are not always clearly specified from start but can evolve endogenously over time.

Networking for spreadability

The internet and the digitalization in general are tools that have facilitated the establishment of business relations for service companies (Le & Rothlauf 2008). It allows for quick, cost-efficient communication and the possibility to integrate online strategies. Spotify has exploited these possibilities in several strategies and business relations. The company strives to be given and present in their customers' lives at times (Susanna Leijonhufvud, personal interview). In order to accomplish this, they have made sure to establish business relationships with a wide range of different actors which allows them to be available for their customers through numerous platforms. The service is integrated in, inter alia, automobiles (Person 2, personal interview), smart TVs (Dredge 2018) and social networks (Kiss 2011). These collaborations with global actors such as Samsung and Facebook can facilitate internationalization to new countries (Le & Rothlauf 2008) since the service can be available through multiple tools from the first day of launch. Since networks are borderless it decreases the psychic distance and perceived barriers between entry and expansion in a foreign market (Johanson & Vahlne 2009). Spotify can also benefit from the partners' reputation and global brand awareness. These business relations can be seen as strategic choices by Spotify in order to improve and maintain their global competitiveness (Chen & Chen 1998). The digital age has provided greater opportunities for companies to create a broad network, which in turn enables actors to find better matches and advantage from a wider and more diverse pool of information (Chen et al. 2019).

Decision logics

When looking at Spotify's decision logics in their international strategies both management decision logics and entrepreneur decision logics can be distinguished. The company makes a lot of preparations before entering a new market (Leijonhufvud 2018; Sisario 2011). Partnerships with record labels as well as media partners have to be established prior to launch and they make sure to study the market conditions in advance. These strategic choices include exploitation and are related to management decision logics which include planning and assumed predictability (Sarasvathy 2001). However, Spotify also occasionally acts according to entrepreneurial decision logics. This involves a higher degree of exploration and uncertainty. The partnership with Facebook is one example of this, where the outcome as well as conditions of the collaboration included a lot of uncertainty (Sveriges radio 2012). The collaboration with Facebook lead to benefits when expanding to Asian markets. According to Horenthal et al. (2003), companies that use improvisation often gain an enhanced cognitive

preparedness to exploit discovered opportunities. The resulting knowledge derived usually leads to changes in speed, expansion and international orientation. Sarasvathy (2001) states that it is important for firms to combine both exploitation and exploration and find a balance between the two strategies in order to avoid, for example, not being able to carry out innovative ideas or getting stuck in old patterns.

5.2 Alpha: Network & Opportunities

Essential business relations

In order for Alpha to provide their service, the business collaborations with banks have been essential (Person 1, personal interview). The collaboration with banks can be seen as a strategic choice for Alpha to improve their competitiveness (Chen & Chen 1998), since it enables them to reach a wider audience and bring validity to the stock tool. According to Johanson & Vahlne (2009), being part of a network is considered important to overcome liabilities of outsidership. Their first established partnership with a bank started because the bank noticed that they had received a lot of similar buys from customers and started to investigate the reason for it (Person 1, personal interview). When understanding that their customers had used the stock tool for their stock selections, the bank reached out to Alpha. This was the first move towards a collaboration between the bank and Alpha, which can be attributed to what Ellis (2011) said about opportunities, that research has shown that opportunities are often discovered rather than sought.

After establishing their first partnerships, Alpha understood that they needed to extend their network by entering more business relations. Their first partnerships showed them the significance of collaborating with banks since it enabled them to gain more users and develop new ways for customers to realize purchases. The bank benefited from the collaboration by being the first bank to work together with Alpha, to enable the customers to access to the stock tool. Since the algorithm, which the stock tool is based on, does not exist anywhere else and is seen as a great invented tool, there is a value of being the first bank connected to the service (Person 1, personal interview). This applies to what Johanson and Vahlne says about companies no longer being autonomous, where the different parties in a relationship affect their mutual development. There is also possibility for knowledge creation that extends beyond what was previously thought (Johanson & Vahlne 2009). According to Le and Rothlauf (2008), companies can benefit from their partners' reputation. Two months after the

first partnership was established, other banks started coming along that wanted to collaborate (Person 1, personal interview). The first partnership had given Alpha validity for other companies to partner with. The business relations could create competitive advantage for Alpha since relationships are firm-specific and difficult to copy for other businesses (Sharma & Blomstermo 2003).

Unexpected opportunities through business relations

When planning for international expansion, Alpha had decided on the Netherlands as the first country to enter, due to low psychic distance to the Swedish market. However, this plan was interrupted when a Norwegian bank contacted them. The Norwegian bank had heard about the algorithm and was interested in entering a partnership with them. Alpha realized that this relationship could create a shortcut for them when expanding to foreign markets (Person 1, personal interview). As Le & Rothlauf implies, international partnerships are considered especially important for companies with limited experience to assist the first market entry.

The partnership with the Norwegian bank gave the company trustworthiness with the Norwegian customers, even though they were a new foreign actor, and thus helped them to quickly strengthen their reputation and brand awareness. They also avoided investing time in market research as well as research on which bank to partner with. According to Le and Rothlauf (2008), by being part of a network, market entries can be made with comparatively less initial investments and the companies can benefit from the partners existing market knowledge, physical resources and reputation. In order to create trust and commitment, Alpha agreed upon being the Norwegian banks exclusive partner for some time, before entering other partnerships (Person 1, personal interview). Johanson & Vahlne (2009) brings up the elements trust and knowledge as significant factors to strengthen relationships within networks, since they can lead to increased mutual commitment and desire to continue the relationship and can even involve making sacrifices for the others sake. This is important for Alpha since they need to negotiate commission rates with their partners and thus need their partners to compromise (Person 1, personal interview).

Networking for spreadability

Alpha started as a startup where the two founders saw potential in their invention, an innovative tool that would enable for people to start saving in stocks (Person 1, personal

interview). According to Sarasvathy (2001) innovative activity is the essence of competitive advantage. With a creative alteration, a company can generate new solutions with greater value compared to existing options (Mainela et al. 2014), which was the case for the founders of the company when creating an algorithm which did not yet exist in the market (Person 1, personal interview). Social interactions of the individuals can generate for opportunities (Sarasvathy et al 2010). When the founders of Alpha realized the potential of their tool, they used social interaction as a way to spread awareness of their service. By asking friends and fellow students who were interested in stock investments to try out the service and ask friends of theirs to try it out, awareness of the service spread by word of mouth (Person 1, personal interview).

Today, Alpha is using several different strategies to spread awareness of their service. As a daily promotion, they are active in their social media channels. Other promotion activities include participating in events, collaborating with online communities with interest in the stock market as well as working with public persons. The most important thing when choosing channels for media, is what relevance it has to their service. They have strategically chosen not to be involved with influencers to a large extent, since they do not want their brand to be associated with that type of media. They want to exist within circuits where investments in the stock market are looked upon seriously. Therefore, when working together with public persons, they want to make sure that they are visible in the right context to reach the right public and gain credibility (Person 1, personal interview). The choice of media partners for Alpha can be attributed to what Johanson and Vahlne (2009) say about being able to build trust and knowledge once inside a relevant network, which in turn can result in identifying and exploiting opportunities.

Decision logics

When entering the Norwegian market, Alpha was affected by an opportunity presented to them. In comparison, when planning on expanding to the Netherlands they were using a management decision logic (Sarasvathy 2001). After researching market conditions, customer behavior and demand, they decided on the Netherlands as the next step because of the low psychic distance to the Swedish market (Person 1, personal interview). Ellis (2011) indicates that companies might miss out on potential opportunities if solely focusing on possibilities created in networks, since the network can be limited by geographical, psychic linguistic factors. The opportunity presented to them for entering the Norwegian market arose through

business relations while their plan on expanding to the Netherlands is not based on existing business relations, thus Alpha does not let their network limit potential opportunities. In the Uppsala model from 1997, Johanson & Vahlne describe liabilities of foreignness as the main obstacle when deciding on expanding international. To overcome this, companies should start the internationalization process in markets with low psychic distance, that is, markets with similar conditions as the domestic market.

5.3 Forza Football: Network & Opportunities

Essential business relations

Forza Football has had several collaborations with global names such as Adidas, Nike, Heineken, Visa and Pepsi. These are all companies that in some way or another have connections to the football world (Manolo Obaya, personal interview). According to Johanson and Vahlne (2009), establishing a position in a relevant network allows the company access to privileged information about the industry and is vital for the firm's ability to succeed. Without a position in a pertinent network, the company would suffer from liability of outsidership. Since Forza has been able to form a position in a relevant network they will be able to identify and exploit opportunities. According to Le and Rothlauf (2008), international partnerships are especially important for firms with limited experience. Obaya tells that it is important for Forza to get to know their partners' brands and marketing strategies through regular interaction and meetings. Johanson and Vahlne (2009) highlights trust as an essential factor for strengthening business relations and build commitment. Another way that Forza creates commitment is by making tailored campaigns for each brand in order to create added value for both themselves, their partner and their users (Manolo Obaya, personal interview). Building trust costs time and money but can generate increased efficiency and productivity (Johanson & Vahlne 2009).

The company has also several partnerships with betting companies. These are important for the company since they give them access to information, connects them further to the world of football and provides income (Patrik Arnesson, personal interview; Manolo Obaya, personal interview). When collaborating the company realized that the betting companies' registration and payment systems were complicated and could thus provide them with an opportunity. By integrating the systems, the users could place bets without leaving the Forza app and the betting companies could gain more customers. This is a discovered opportunity

which arises from studying existing market information (Sarasvathy et al. 2010) and is made possible by the internet (Le & Rothlauf 2008). According to Bai and Johanson (2018), opportunities lead to increased value and profit and often arise through combinations or exchanges of resources. The digital infrastructure which the service companies operate in promotes decentralization, inter-organizational collaboration and knowledge creation. The great access to information enabled by the digitalization has encouraged international strategic alliances and decreased the importance of ownership (Alcácer et al. 2016).

In order to spread the service and increase brand awareness Forza formed a partnership with the British PR agency, Deliberate. Deliberate has helped the company get in touch with new actors who share their vision and thus expand their network internationally (Johanna Garå, personal interview). Networks are not constrained by national borders which can facilitate the internationalization of firms since it decreases the perceived obstacles and psychic distance (Johanson & Vahlne 2009). The collaboration allows the company to benefit from Deliberate's network relations, knowledge and reputation while simultaneously strengthening Forza's market presence (Le & Rothlauf 2008). Garå states that it would have been possible for Forza to accomplish their market research, without the involvement of Deliberate, but that it would never have generated the same spread or attention. The relationship has brought greater possibility to create a broad international network, which has enabled Forza to find collaborations that are better suited for their purposes (Chen et al. 2019).

Unexpected opportunities through business relations

An opportunity can origin from any new approach of using resources that alters the results and leads to increased value (Bai & Johanson 2018). When Forza teamed up with the organization MENSEN in order to make the working environment better suited for women, they had no idea of the future attention it would bring. Eklund has expressed that several of the market activities that Forza does are not for profit, but that there is of course always hope that it can provide value in the future through increased number of users and spread brand awareness. According to Sarasvathy et al. (2010), the pursuit of an opportunity can happen even if the goals are not stated beforehand. The collaboration leading up to the period certification and the immense amount of international publicity started with a conversation between two friends (Josefin Eklund, personal interview). Opportunities that arise from social interaction are defined as created opportunities. These opportunities are dynamic and often subjective (Sarasvathy et al. 2010; Nielsen et al. 2012). Using contacts in both business and

social networks can be an efficient way to find as well as create opportunities, which Forza has done on several occasions (Johanson & Vahlne 2009; Patrik Arnesson, personal interview; Josefin Eklund personal interview; Johanna Garå, personal interview; Manolo Obaya, personal interview).

Networking for spreadability

Forza is providing a service through an app which has managed to spread wide and quickly. They had their first release at a time when apps had just started to become popular. By utilizing a social network the service spread through word of mouth (Patrik Arnesson, personal interview). As Sarasvathy et al (2010) imply, social interactions of the individual can generate opportunities. These created opportunities can be seen as dynamic rather than stable (Nielsen et al. 2012), and are often found in social networks (Sarasvathy et al. 2010). Forza is utilizing social networks to a large extent when it comes to spreading their service but also when reaching out to organizations for possible collaborations. The Squad Driver of Media and Mission, Johanna Garå was recruited to Forza due to her well established network from previously working as a sports journalist, which she is utilizing for collaborations in Forza's mission work. Garå's acquaintances with distinguished people within the football world have enabled for Forza to be recommended by people with high trustworthiness, which increase the value of the recommendations. This can be attributed to what Bai and Johanson (2018) says about opportunities that origin from any new approach of using resources that alters the results and leads to increased value (Bai & Johanson 2018).

In order for Forza to achieve their goal of covering all ten million games played in the world, they have started to use other sources than betting companies to get reported data, by using so called crowdsourcing (Patrik Arnesson, personal interview). Crowdsourcing enables for users, players, clubs and ambassadors to report data through a website. All the actors providing crowdsourcing becomes a huge network. This is a discovered opportunity which arised from studying existing market information (Sarasvathy et al. 2010), where Forza discovered that there was an interest in reporting data. According to (Le and Rothlauf (2008), the internet is seen as an essential tool for companies to establish partnerships because it allows for cost-efficient communication and integration of online strategies. Forza's strategy of letting the crowd report data would never have been possible if it was not for the access to internet. All data supplied from crowdsourcing is reported for free. The ambassadors and other users of the app are doing it out of interest. The collaborations between the clubs and Forza are of mutual

interest for both parties. Johanson and Vahlne (2009) state that the parties involved in a relationship inside a network, together affect their mutual development. Forza gets information needed for providing their service as well as to develop the content while the clubs get promotion.

According to Chen et al (2019), the research field of international business has shifted from knowledge primarily created in the headquarters and internal organizations, to a decentralized approach where companies benefit from geographically spread knowledge flows, innovation and competitive advantages derived from the business network's links and structure. This statement can be directly attributed to the case of Forza. The network of crowdsourcing reaches beyond geographical boundaries and the information and knowledge provided, therefore comes from various fields and actors from all over the world. Sharma and Blomstermo (2003) imply that companies with a strong position in a relevant network can gain better and quicker information compared to their competitors. Forza is working to be quick in collaborating with clubs in hope of gaining a first mover advantage (Patrik Arnesson, personal interview). If they are the first ones receiving data from clubs, commitment and trust can be created between the parties. Then it is more likely that the clubs will keep on choosing Forza to provide with information in the future, instead of an emerging competitor. According to Sharma and Blomstermo (2003), relationships are firm-specific which can generate competitive advantage for the firm.

Ellis (2011) implies that networks sometimes can limit possibilities due to the geographical, psychic and linguistic scope of the network. A company that focuses solely on network possibilities might miss out on potentially lucrative opportunities that lie beyond these horizons. When looking at the case of Forza, betting companies are the ones providing information for all games covered today. In order for Forza to cover all games played in the world, they have to reach out beyond their relations with betting companies for information (Patrik Arnesson, personal interview). The crowdsourcing is an opportunity to extend the network to receive reported data from games played. As Bai and Johanson (2018) state, an opportunity can originate from any new approach of using resources that alters the results and leads to increased value. In another way, Forza is working to reduce their dependency on other actors within the business network. By introducing subscription to their service, to diversify their income, they do not solely need to rely on the betting companies and brands, such as Nike and Adidas, as their only source for revenue.

Decision logics

When talking to Patrik Arnesson, the CEO of Forza, he expressed his disappointment with the lack of entrepreneurial thinking in the business world. Businesses are often hesitant to try out unconventional strategies. This is something that he wants to distance the business from and that permeates the entire organization. The company often uses an entrepreneurship decision logic which allows them to try out new things with uncertainty regarding outcomes as well as conditions (Sarasvathy 2001). The collaboration with the Asian investor is one example of exploration for opportunities where they have created a subjective opportunity through social interaction (Sarasvathy et al. 2010). Exploration involves experimentation, play, risk-taking and innovation which are all elements that Arnesson constantly applies (Patrik Arnesson, personal interview; Sarasvathy 2001). The business collaboration between Forza and the Asian investor involves a concept of paying for something in the hope that it will bring future value. Arnesson believes that it will be a successful strategy for both parties and hopes that they will be able to use this as a case for future business collaborations. According to Sarasvathy (2001), innovative activity is the essence of competitive advantages.

5.4 Cross-case analysis

When processing the empirical material, common denominators for all three case companies were distinguished. These are Timing, Word of Mouth, Swedish Ideology, Strong and Weak Ties and Exploration and Exploitation. They have in different ways contributed to the companies' international expansion.

Timing

When studying the three case companies, several patterns can be found regarding their expansion. One element that has proven to be a successful factor for all of them is timing. With the shifts in the business environment that the digital age has brought, opportunities for new innovative business models in the service sector has opened up (Hermelin & Rusten 2015). Spotify introduced their service at a time when downloading music for free became illegal and the demand for unlimited music started rising (Peterson 2018). Alpha was able to develop a unique algorithm that did not yet exist in the market (Person 1, personal interview) and Forza Football launched their app right before Champions League was about to start, at a time when people were looking for new, cool apps (Patrik Arnesson, personal interview). This gave all three companies a first-mover advantage within their respective fields and they

successfully acquired a lot of users in a short amount of time. Mainela et al. (2014) points out two types of opportunities - innovation and arbitrage opportunities. These opportunities can derive from discovery, recognition or creation (Sarasvathy et al. 2010). In the cases of Spotify and Forza, they could detect an unfulfilled demand from examining market information and thus discover an innovation opportunity. Whilst in the case of Alpha an innovation opportunity could be created through human imagination and creativity.

Word of mouth

All three companies have been able to benefit from their user network's ability to spread the service. Even though there is little time invested and low emotional intensity involved from the companies' point of view, the links within the user network have been able to put the firms in better positions to maintain low costs, gain spreadability and added value (Sharma & Blomstermo 2003). The fast and international spread the different services received through indirect interactions in the network displays the power of being embedded in a network and how it can provide international opportunities (Johanson & Vahlne 2009). Both Alpha and Spotify used exclusive invitations in order to create a hype and a demand around the service which proved to be successful (Sorrel 2011; Person 1, personal interview). This was a created opportunity enabled by social interaction (Sarasvathy et al. 2010) and further triggered by the borderless communication and information tools made available by the internet (Chen et al. 2019).

Strong and weak ties

When studying the three case companies, it has become clear that there are certain relationships within each company's network, that are more significant than others. Some relationships are crucial for the companies in order to provide their services thus for the companies' survival, while others are not as decisive. Ellis (2011) is referring to these different significances of relationships as, strongly or loosely tied to the company in question. He implies that networks can be constructed by strong and weak relationships. Spotify as a multinational company, is open for collaborations all around the world but due to the amounts invested and intensity in their collaborations, it can be hard to know which of these relationships can be defined as weak ties. Nevertheless, there are some collaborations that clearly are of higher significance in order for them to operate.

Strong ties are often defined as “strongly bonded relationships” because of commitment, mutual interdependence and trust built over time (Johanson & Vahlne 2009). Spotify's partnerships with record labels are seen as strongly tied relationships. There is a clear mutual dependence between the actors, where Spotify is in need of obtaining a music library, artists want to get their songs heard and the labels need to receive their share. Since traditional CD's are no longer a suitable option for sales, record labels need to commit to digital streaming services in order to distribute the music. The partnership with Facebook and the media houses are also seen as strong ties due to their long term developed cooperation which has helped Spotify to spread awareness as well as bring value to their brand and service. Common for the strongly tied relationships is that they require more time and investment to build and maintain (Sharma & Blomstermo 2003). The same goes for Alpha and their collaborations with banks, which are estimated as strongly tied relationships. Unlike Spotify, Alpha has only existed for a few years and therefore, has not yet had long time to build on their relationships to the same extent. Even so, the collaborations are seen as strong ties because of their significance in term of being able to provide their service. Forza has strongly tied relationships with the companies advertising in their app. They are highly committed to the betting companies since they account for 80% of Forza's revenue. They are also integrated in each other's operations. Their collaborations with the great brands such as Nike and Adidas have been essential, not only for bringing the company income. Together they have developed cool advertising campaigns over the years which has increased Forza's credibility in the football world. These business relations have been characterized by gaining experience, trust building and commitment which lay the foundation for continued future operation.

The network model by Johanson and Vahlne has been criticized for failing to adequately address weak ties. The network model is focusing on strongly bonded relationships which are often defined as long term relationships which take a lot of time and investment to maintain. Exchanges between companies without long term commitment are therefore excluded, the ones being referred to as weak ties (Ellis 2011). Weak ties can contribute valuable information and opportunities and therefore, should not be underestimated. For Spotify to achieve their goal of being available everywhere, at any time or place, they have had to enter several different collaborations. Many of their business relations are loosely tied to the company. They do not have to be long termed or bring any considerable income to the company but they can still bring value in terms of spreading awareness of the brand and open up for new opportunities. For example, through the collaboration between Spotify and

Singapore tourism board, they developed a campaign, which aimed to connect the community of Spotify, through shared passion and music, across Singapore and the Middle East. The cooperation extended over just few months but created an opportunity for connecting the community of Spotify in Asia as well as gaining more information on local music taste. Spotify's collaborations with Uber and Starbucks are valuable for the company since they contribute to Spotify being available in people's everyday life. Even so, unlike the record labels, these business relations are not estimated significant for Spotify in order to provide their service, but is seen as added value to the service through flexibility, and is therefore considered as weaker ties.

The ties are considered weak when there is little time invested and low reciprocity, intimacy, and emotional intensity involved. In the cases of Alpha and Forza, both companies buy certain information from data suppliers. Facebook provides Forza with information concerning their user base, while Bloomberg provides Alpha with financial data on continuously updated business and financial information (Person 1, personal interview). Their business relations are not built on trust nor strongly committed, but seen as a strictly supplier versus buyer affair, which is why the relationships between the data suppliers and the case companies are seen as weak ties. Alpha's marketing strategies involving collaborations with public persons and online communities are also considered weak ties. According to the Chief Marketing Officer at Alpha, these collaborations are not of the utmost importance and they would manage without them. Then of course, they should not be underestimated since they do bring value to the company in terms of spreading the word of their service as well as help them gain validity when brought up in the right context. According to Sharma & Blomstermo (2003), with a lot of weak ties firms can easier gain more insights and develop products and services less customized to the needs of just a few customers. When Forza creates advertising campaigns for great brands such as Nike and Adidas, they are customizing the ads so that they are relevant in the context of football. Unlike these campaigns, they are also doing simpler advertisement for companies, using banners and pop-ups which are not of specific relevance to their users. These collaborations do not implicate for highly committed relationships but are used primarily for income. Companies with a broad network, consisting of both strong and weak ties, gain greater possibilities for better matches between exchange parties and are able to benefit from a wider, more diverse array of information (Chen et al. 2019).

Swedish Ideology

A common denominator for the cases studied, is the fact that they want to be inclusive, by making their service available to everyone. Spotify is aiming to exist in every country all over the world. They want to provide a service that is available to everyone at any time or place. By integrating their service in social channels, automotives, cafes etc., they want to achieve a natural presence in people's everyday life. By offering the possibility to access a free subscription version of their service, they avoid exclusion of certain clientele. Leijonhufvud described this mindset, of aiming for inclusiveness, as something that do not reflect the thinking of traditional marketing strategies. She compared Spotify's driving force as being grounded in typical Swedish ideology based on the welfare state and social democracy. When carrying through the study, similar behavior was recognized in Alpha and Forza. Alpha is providing their customers with a stock tool, to make it easier for them in knowing what stocks to invest in, by offering complete portfolios to buy. They want to include common people with the interest of investing in stocks but who may not have the knowledge needed to manage it on their own (Person 1, personal interview). When you look at the case of Forza, it goes without saying. With a vision to make the world of football a better place and accessible to everyone, they are creating a community where people from all parts of the world, no matter socioeconomic background, should be given the ability to take part of the football world. Going beyond what common betting companies offer, they want to cover all games played in the world, from ten-year-old girls playing football in Zimbabwe to the highest level in professional leagues. In this way, them as well, avoid exclusion of certain clientele (Patrik Arnesson, personal interview). Forza is currently implementing a subscription version of the app. They have seen that there are people willing to pay for a service without adds. Still, they are keeping their version free of charge. According to Arnesson, it is important not to limit the content for the non-subscribers, *“since our vision is to make the football world accessible”*. This Swedish mindset could possibly open up for new opportunities, since they are not solely focusing on a specific clientele and it creates goodwill for the companies.

Exploration and Exploitation

Horenthal et al. (2003), highlight the importance for firms to utilize a combination of both exploration and exploitation. Exploration of opportunities implies experimentation, play, risk-taking, search, variation, discovery, flexibility and innovation (Sarasvathy 2001). These measures are used by all three case companies to different extent. Forza Football is using a lot of exploration when searching for new opportunities, including their innovative partnership

with the Asian investor, the collaboration with non-profit organizations and their period certificate (Patrik Arnesson, personal interview; Josefin Eklund, personal interview). Spotify has also used exploration of opportunities when forming strategies colored by play and experimentation, such as the collaboration with Facebook (Sveriges radio 2012). Also, Alpha is exploring opportunities that are presented to them from partners reaching out to them, such as the Norwegian bank (Person 1, personal interview). The decision logics for exploration entails entrepreneurial elements and lets the companies act under uncertainty regarding both outcomes and conditions (Sarasvathy 2001).

Exploitation of opportunities includes strategies of refinement, choice, efficiency, implementation, execution and selection (Sarasvathy 2001). Spotify is planning each new market entry beforehand by contacting media agencies, local record labels and talking to contacts in their network for advice concerning the specific market (Susanna Leijonhufvud, personal interview; Ramy Riad, personal interview). Alpha is planning on expanding to the Netherlands and are therefore investigating the market conditions and contacting possible foreign partners (Person 1, personal interview). Forza Football on the other hand, seem to primarily use exploration as driving force for new opportunities. Nevertheless, their plan to launch subscriptions for their users is a plan to decrease risk and distribute their sources of income (Patrik Arnesson, personal interview). This decision is based on choice, implementation and refinement of their business model. Exploitation of opportunities is grounded on more of a management decision logic where plans are made based on assumed predictability (Sarasvathy 2001).

6. Conclusion

The final chapter presents the conclusions which can be drawn from the analysis and answers the research question of this study. Thereafter, what contributions this study provides to the research as well as proposals for further studies and managerial implications are presented. Finally, limitations to the study will be discussed.

The aim of this study was to investigate how being part of a network can help digital service companies to find and act upon opportunities to enter and become successful in foreign markets. A theoretical framework was developed grounded in the theoretical concepts “opportunities” and “networks” in order to get a deeper understanding of the research field. Further, a multiple case study was conducted where data was collected from three digital service companies in order to investigate how these companies benefit from social and business relations within a network, in order to recognize, discover and create opportunities. The empirical findings were then applied to the theoretical framework in order to establish patterns and analyze essential factors that contribute to the companies’ abilities to find international opportunities. The results of the analysis have made it possible to answer the research question, “*How do digital service companies utilize social and business networks to identify and exploit opportunities in their international markets?*”.

The outcome of the study shows that digital service companies indeed utilize networks in order to identify and exploit opportunities. However, these opportunities are not always specified nor perceptible before the pursuit, but are often created through social interaction within the network. The created opportunities often evolve over time and are able to provide the companies unexpected value. The companies also have the ability to discover opportunities in networks by studying market information together with the knowledge acquired about their business relations. It has been shown that interaction with both business partners, users of the service and employees’ social relations have the possibility to generate opportunities. Cross border relationships have been facilitated by the digitalization since it allows for rapid and cost-efficient communication.

In line with the network perspective, international business relations within the network can provide easier access to foreign markets and enable for internationalization. It is essential for the digital service companies to establish a position in a network that is relevant for their

business. Through relevant business relations, the company will be able to gain pertinent experience as well as credibility which makes them a more attractive business partner for others, thus get better possibilities to expand their network and find new opportunities. By studying the case companies, it has become clear that some relationships within each network are more significant than others. Certain relationships are crucial for the companies in order to provide their services thus for the companies' survival, while others are not as decisive but can still provide value for the company such as information, spreadability and income. These relationships can be divided into strong and weak ties respectively. Strongly bonded relationships are often firm-specific and hard to copy which can provide competitive advantage.

When conducting this study, it has been clear that not all opportunities arise through the use of networks. Digital service companies can also identify and exploit opportunities through the use of other factors, such as timing, planning and solely studying market information.

This study provides a deeper understanding of how social and business networks are utilized by digital service companies in order to discover, create and act upon opportunities. Further contributions are made by establishing that the network position is important for companies in order to become preferable candidates for other business actors, which by extension enables for future opportunities. The research also shows that the revisited Uppsala model by Johanson and Vahlne from 2009, which was initially based on firms within the manufacturing industry, is also applicable for companies in the digital service industry. Since this study investigates three Swedish companies, an interesting field for further studies would be conducting the same research on digital service companies from countries with a less developed digital infrastructure. Another question that deserves deeper investigation is what makes a company a preferable candidate or not, to enter a business relation with. This study establishes that the network is one element that can contribute to making the company an attractive partner, but there are probably other factors that are of significance as well.

6.1 Managerial implications

Based on the result from this survey, firms need to establish themselves in relevant networks. Building trust and commitment is important in order to preserve a strong position. By doing so they can gather important experience, knowledge and credibility which can lead to opportunities and new business relations. Managers should not underestimate the potential

that lies in employees' social relations or more loosely tied relations in the business network, since it is possible that these relationships can lead to unexpected opportunities that can provide value for the company. Companies should keep in mind that valuable opportunities are not always initially apparent but can evolve over time.

6.2 Limitations

A qualitative method is intended to study the subject through the eyes of the participants (Bryman & Bell 2011). This study is partially based on the perspectives of those who have been interviewed. The perspectives may differ between different employees, owners and stakeholders. It is likely that the result could have been different if other people in the companies had participated or if the questions had been asked at a different time. Since the industry is changing constantly, the findings and results might be different if the same study would be conducted again in the future.

Choosing a nonrandom sampling technique before a random sampling technique can implicate limitations when it comes to the ability for generalization (Bryman & Bell 2011). Two of the case companies in this study have to some extent been chosen out of convenience, which also can be considered as a limitation due to the nonrandom sampling technique. There is always the possibility that there are other companies more fitted for the study. Since the service industry is tremendously diverse, it is possible that the results might not be applicable for all companies to the same extent. However, because of today's interconnected business landscape, it is likely that other companies too utilize networks in order to identify and exploit opportunities to a similar extent. Therefore, an assessment has been made that research on the chosen companies will be sufficient to answer the research question due to the diverse business models and their different stages of international expansion.

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