

MASTER'S THESIS  
MSc IN  
INNOVATION AND INDUSTRIAL MANAGEMENT

# **Globalization of digital born firms - strategies, factors and implications**

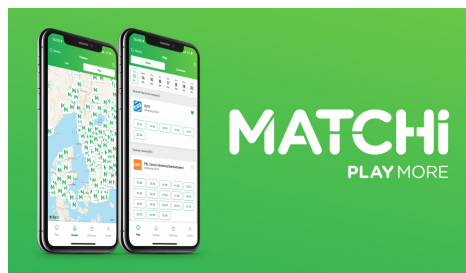
*A Single Case Study of Globalization and Strategy of Matchi*

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Supervisor: Ethan Gifford



**UNIVERSITY OF GOTHENBURG**  
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GOTHENBURG, SWEDEN  
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Master's Thesis

MSc in Innovation and Industrial Management 2022

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**Abstract**

The characteristics of digital born firms bring both complexity and advantages during their globalization process. The continuous improvement of technology and how the world becomes constantly more digital, the strategies regarding globalization alter likewise. Former globalization strategies are presented in common terms, without taking different firm's operating industry, characteristics and conditions into account. Therefore, this qualitative single case study will base this research on a digital born firm, which operates within a niche market. It will contribute to the case company's existing globalization strategy, adding strategic recommendations and present contextual factors impacting the globalization process for digital born firms.

*Key words: digital born firms, globalization, globalization process, internationalization framework, contextual factors*

## **Acknowledgements**

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# 1

## Introduction

*The first chapter will begin with a background of the thesis, together with a description of the company that will be examined. Thereafter, a description of the main research topic will be presented along with the research questions.*

### 1.2 Background

Today's world is going through a transformation of being more digitally connected and dependent on technology. The dependency on advanced technologies such as artificial intelligence (AI), robots, cloud services etc., creates a "digital economy" which is increasing every year (Choi, Lee & Yoon, 2021). Digital born firms are firms which are digital from the beginning, their business activities are essentially based on the internet and different digital technologies. These types of firms differ from traditional firms since they are already unique comparing firms which either are in a process of going digital or have gone digital. The transition of going digital requires new capabilities and resources which the digital born firms already have (Choi et.al 2021). The research on digital born firms' internationalization process and expansion are limited since there is a lack of historic data (Monaghan, Tippmann & Coviello, 2020). New technologies are particularly altering the communication with stakeholders, automation, network effect, flexibility and scalability, which all impacts the internationalization of digital born firms (Monaghan et.al 2020). This thesis will discuss different aspects of a digital born firm's internationalization process such as fundamental concepts related to their operating industry, academic theoretical frameworks applicable on internationalization strategies, and strategies regarding expansion. Discussing these aspects is the objective of this thesis, since the aim is also to provide strategic recommendations, and to present potential opportunities and challenges for the case company.



### 1.3 Case Company “Matchi”

**Matchi** is a digital born firm which is operating in the racquet sports booking industry. Their vision is “to empower people in racket sports through user-friendly tech” (Matchi, 2022). By their platform they want to become the go-to platform for the global racket sports community (Matchi, 2022). In addition, the company wants to inspire people to “Play More”, by creating convenience and accessibility to both book courts, but also to find partners and courts more easily online. The firm specializes in a digital racket court booking system and helps venues and players connect with each other. Matchi also provides administrative tools, automation, accounting services and much more to their venue owners who use their services (Matchi, 2022).

Furthermore, the inconvenience of booking racquet sport courts over the phone created a new innovative idea of the current founder of Matchi. The lack of accessibility of booking racket sport courts digitally created this idea back in 2012 which was the starting point for Matchi. A few years later together with millions of bookings made it possible for Matchi to go from a small start-up to an international scale-up. Along with the rapid growth of the racket sport padel in Sweden, Matchi has been able to take great advantage of this new sport. The large increase of padel courts in Sweden has boosted Matchi’s business and has created an opportunity for Matchi to expand their business even more. Of all racket sports venues in Sweden, 90 % of them use Matchi for their booking system (Matchi, 2022).

As of today, the firm consists of 77 employees and has brought 2 investment rounds to expand even more (Matchi, 2022). Their headquarters is physically located in Gothenburg, Sweden where their very first connected venues also are located. They are in a growing phase and are today operating in 15 countries, with over 1,400 active venues with more than 9,500 bookable courts (Matchi, 2022).

In order to continue influencing people to “Play More”, they have ambitions to expand their business even more around the world. Expansion and strategy are essential concepts for Matchi to reach their main goal - to be the world leader in racquet sports booking. To continue growing and staying in line with their main goal, Matchi requires more knowledge and experience in strategy and expansion. For this reason, Matchi as a single case study, the goal is to research and illustrate concepts regarding strategy and international expansion in

this thesis. In specific, application of frameworks, theories and concepts for digitally born firms will be analyzed and discussed.

Moreover, since Matchi is operating in a relatively niche market, they have mainly one competitor which is called Playtomic. Though, they are operating mainly in the south of Europe where Matchi has so far a small share of the market. However, besides Playtomic, Matchi is competing against venues' own booking systems and different countries' payments systems which makes this case study complex (Matchi, 2022). In other words, Matchi is dependent on venues (their customers) to establish their platform in their system in order to make all Matchi's users available to use it. As mentioned before, Matchi's ultimate goal is to be the global leader in booking racquet sport courts. In order to reach this goal, they need venues all over the world to use their platform. By understanding different aspects when globalizing a digital firm, Matchi will have a sufficient basis to build on.

Moreover, Matchi has operated well although the pandemic has affected a lot of industries. As a matter of fact, the pandemic has reduced people's options on how to spend their free time. This along with the rapid interest of padel in Sweden, have rapidly boosted Matchi's business. In 2018 there were 266 available padel courts in Sweden, and today there are 4100 courts. There has been an increase of 310% of available padel courts in Sweden between 2019-2021 (Matchi, 2022). This increase has favored Matchi's business significantly, and has given them the opportunity to expand over the borders (Matchi, 2022). Given these facts, it is clear that it is an interesting situation to study considering there is knowledge to gain on how to globalize a digital firm in a very niche market.

### **1.3 Problem discussion**

The technology advancement has transformed the firm's range of capabilities ever since the Industrial Revolution. Technological advancements in transportation, telegraphs and communications have reduced the barriers between borders (Coviello, Kano & Liesch, 2017). As of today, modern technology has created new behaviors and methods on how firm's interconnect with their customers. "In a digital firm, the nature of the offer, the distribution channels, the structure of the value chain, the pricing strategy may differ fundamentally from those in the MNE (Multinational corporation)" (Coviello et.al 2017). Also, there is a proneness of young technological firms to move across the borders early when operating in a

small domestic market (McElwain, Saud Khan, Iftikhar, 2020). With this being said, digitalization and technology have reformed the international landscape and created new internationalization opportunities (Monaghan et.al 2019). It has recently been identified how complex digitalization is, and it's been recognised that digitalization is a rather complex and ambidextrous aspect including a cluster of several business strategies (Cassetta, Monarca, Dileo & Di Berardino Pini, 2020). Given the limited research on digital born firm's internationalization, this study aims to investigate different components of digitalization, and how it will affect their expansion journey. For a relatively young digital born firm such as Matchi, their expansion strategy is highly important for their future growth. Therefore, this study will analyze existing research on globalization of digital born firms, but also include factors and implications which need to be considered.

## **1.4 Purpose**

This master thesis will serve its purpose with research through a single case study. This single case study will investigate the concepts strategy and globalization related to digital born firms. Factors and implications will also be considered throughout this research. This master thesis will also contribute to the limited academic research regarding strategy and globalization of digital born firms. By using a real case study with a digital born firm in an expansion stage together with literature, this research will be able to give strategic recommendations for the case company, but will also provide valuable knowledge for other digital born firms. As mentioned before, there is a lack of research done on digital born firm's strategy, implications and factors where this master thesis aims to fulfill. Furthermore, this thesis will include both theoretical and practical aspects in order to fulfill the case company's needs, but will also be useful for other companies in the same situation. Therefore, this master thesis will aim to identify the different elements for a digital born firm expansion strategy. The ultimate goal is to provide strategic recommendations with help from this research.

### **1.4.1 Research Questions**

In order to be able to solve the purpose of this thesis, the following research questions were defined:

**RQ:** *What should a digital born firm strategically consider when globalizing?*

*Which strategy should a digital born firm choose when expanding to another country?*

In addition, implications and factors will also be clarified in order to give the case company the most efficient recommendation.

## **1.5 Delimitations**

In order to fulfill the thesis accurately, several delimitations have been implemented which affect the scope and potential findings of the thesis. Firstly, the research is delimited to a case company who is operating digitally within a platform economy. Additionally, the case company operates within the racquet courts booking industry, and at the same time it provides a platform for venue owners. Therefore, aspects which are not considered to be relevant for the case company will not be discussed. Since the case company is operating both business to business (B2B), and business to consumer (B2C), their market environment is complex, and it might seem challenging to generalize the findings to other industries or companies. Although, the knowledge gained from this thesis regarding digital born firm's globalization process, and how to expand effectively will be applicable and useful for other companies operating digitally. The aspects and concepts included in this thesis are relevant for the case company, but will be useful as well for other industries and companies to take learnings from at different levels of extent. Another delimitation of this thesis is the competitive landscape of the case company. The scope has been limited to the case company's operating characteristics, and will not further discuss any competitors on a deeper level.

# 2

## Literature Review

*This chapter will explain and identify theoretical frameworks which are related to the research topic. Along with theoretical frameworks, several fundamental concepts will be presented. The findings from literature are essential to give foundational recommendations for the case company. The different theories explained below will influence the interview guide and analysis from the data found.*

### 2.1 Fundamental Concepts

In order to understand and clarify the case company's industry characteristics, one must understand certain concepts that the researcher has chosen to include in this thesis. All the explained concepts in this section are fundamental in order to understand why and how the case company as a digital born firm operates.

#### 2.1.1 Digitalization

The concept of digitalization has been a debatable topic over the last years along with the advancement in technology. The definition could be explained by transforming different aspects in human life into communication based on digital channels (Fossen & Sogner, 2019). In addition, the effects of digitalization are considered to be comparable to the industrial revolution's effects as well. The adjustment to digitalization is impacting the structure of working, roles and the whole organization (Parvainen, Tihnen, Käärinen & Teppola, 2017). According to Strategic Direction (2018), a firm which takes advantage of digital technology has a higher chance to succeed than those who do not. It is necessary for firms to adapt to new digital technologies in order to not be left out. Furthermore, digitalization has also an impact on society as it changes our behaviors and actions (Gobble, 2018). Even though digitalization will generate convenience for everyone, firms are perhaps the ones who will be able to turn the convenience into profits (Gray & Rumpe, 2015) On a business level, digitalization is transforming firms' operating activities. The digitalization has developed

agile firms with services offered digitally such as Uber, Facebook, Airbnb among others (Caputo, Pizzi, Pellegrini & Dabić, 2021). By operating digitally, the firms are able to decrease their communication and information costs (Fossen & Sogner, 2019). With help from digital solutions, it is easier to get an understanding over different department's efficiency. Additionally, the digital transformation requires firms to think over their whole business strategy since it affects all aspects of the business (Parvainen et. al 2017).

Moreover, Matchi is a digital born firm which will be explained further, but it is necessary to understand the concept of digitalization since the case company is operating digitally. In other words, Matchi's services are distributed and available on digital devices, which means they are a digitized firm.

### **2.1.2 Platform economy**

The advancement in technology and communication has revolutionized the economy. There are now new innovative ways for businesses to generate value. For instance, platforms such as Airbnb, Facebook and Uber (including Matchi) are connecting users and venues and are creating value at the same time (Stallkamp & Schotter 2019). Montalban, Frigant & Jullien (2019) describes the platform economy's operations as the exchange of either physical or non-physical assets between provider and customers with the usage of a digital platform. Even though these platforms have been existing for a while, they impact the economy as a whole.

According to Zoltan, Song, Szerb, Audretsch & Komlosi (2021) the platform economy has created new methods in the economy and is considered as a creative destruction. Today's usage of the internet and digital devices has given established firms the opportunity to create new platform business models in a broader dimension of different industries, which are disrupting old traditional industry structures. In addition, the economic costs relating to data such as storage, transmission etc have been significantly reduced. The advancement in digital technology has increased the number of operating businesses in the platform economy and are expected to increase (Zoltan et.al 2021). Though, the digital platforms are diverse and differ from each other considering the usage and functionality. For instance, there are platforms such as Facebook and Instagram which focus on social media as well as there are digital platforms operating in other sectors. Along with other similar digital platforms, Amazon is a digital global marketplace which also includes other frameworks for others to

have the opportunity to build more platforms. Digital platforms can easily work together in the “space” and benefit from each other and therefore impact established businesses. As a result, they can together rearrange markets, increase cooperation, and finally create more value (Kenney & Zysman 2016).

### **2.1.3 Digital born firms**

Firstly, by definition are “digital born firms “ dependent on digital technology and the Internet. The digital firm’s structure and operations are based on digital frameworks although it can vary between firms on the level of digitalization. Having a digital framework means having an online presence available on the Internet or through digital devices. Firms which are digitalizing parts of the value chain or all are considered to be born as a digital firm. Their operation’s characteristics are connected through technology right after the launch (Carlson & Muller 2021). Digital born firms differ from traditional firms, and to be defined as a born digital firm, the firm has digital operations in their business model (Carlson & Muller 2021). Referring to the earlier section about platform economy, digital born firms are a part of the platform economy and have made it easier to connect buyers and sellers digitally (Stallkamp & Schotter 2019). The qualities which differentiate a digital firm’s goods from a physical firm’s goods are; transportation, diminishing returns to scale, positive economics of scale, influence network relationships, potential to develop beneficial data (Mahnke & Venzin 2003). The firms which are operating digitally can optimize their business since they can focus on other aspects of their business because they don’t need to invest time and resources in logistics, inventory etc (Mahnke & Venzin, 2003). Although, there are several implications which might occur for a digital firm expansion process. Researchers such as Mahnke & Venzin, (2003); Brouters, Geisser & Rothlauf (2016) highlights different challenges for digital firm expansion process:

- Potential for other firms to replicate.
- Risk of being too unique, a new product launch in a new market might require customers to become knowledgeable about the product/service in order to create a new market.
- Foreign conditions. Foreign markets differ from each other which requires investment in research on understanding foreign conditions such as laws and infrastructure.
- Liability of only online presence, virtual training lacks some of the benefits of physical training.

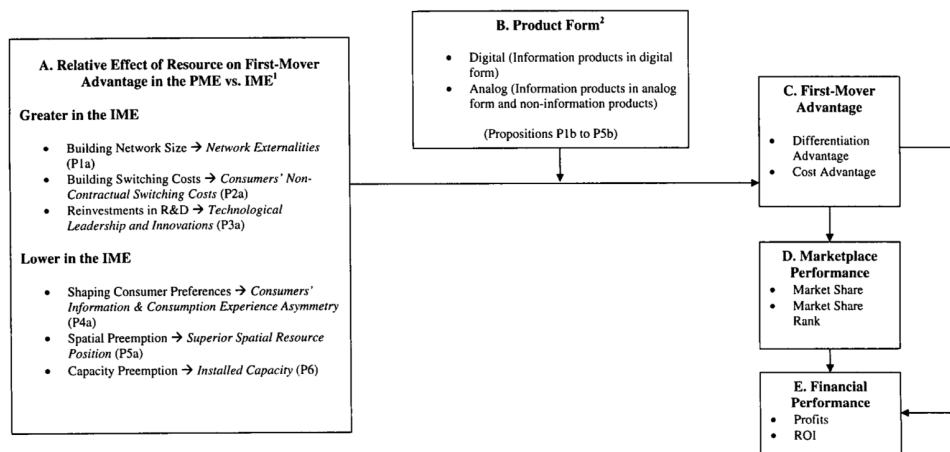
As a consequence of the mentioned digital good's characteristics it will affect; the choice of country to expand to, strategy to entry, the process of internationalization and the following activities for the firm (Mahnke & Venzin, 2003).

#### **2.1.4 First mover advantage**

For digital born firms, the understanding of first mover advantage is necessarily to clarify in this research as well. By definition, first mover advantage is when a firm enters a market before their competitors and gains competitive advantage by only showing their presence first (Andersson & Stensson, 2017). The authors Varadarajan, Yadav & Shankar (2008) highlights the recent development of the Internet as an important factor on how firms strategically can gain competitive advantage. They believe the market environment has gone from a physical environment to an Internet-enabled market environment (IME) due to the advancement in digital technology. As a result of the accessibility of the Internet, competitors can easily access the new market and challenge the first mover. Therefore, the first mover advantage theory is questionable in the IME. However, it is found in research that on an average the first-movers tend to gain a higher share of the market than late entrants. Together with being the first-mover, Varadarajan et.al (2008) emphasizes the importance of networks for a first mover in the IME. Network benefits and the first mover in the IME connect sellers and buyers and provide other services which boost both the network but also the first mover (Varadarajan et.al, 2008). The network-theory approach will be later analyzed in the literature review.

Moving forward, Varadarajan (2008) further discusses the difference between the first mover advantage in the physical market environment (PME) versus the IME in their framework presented below.





**Figure 1** IME vs PME (Varadajan et.al 2008)

Referring to the figure above, firms who are the first mover in the IME tend to have a greater network size as a result of using the network to reach new and current users in a large network. With a network effect, the first mover can attract complementary and substitute products or services and thereby gain competitive advantage. The other effects which are greater in the IME relates to financial aspects. This later contributes to the sections C,D and E. With this framework in mind, the authors Varadarajan et.al (2008), suggest firms in the IME should invest in building networks since the outcomes of a large network in the IME are greater than in the PME. The second advice for firms in the IME is to continuing to embrace innovation to maintain and attract new customers. The effects of new innovations for a first mover in the IME are greater than in the PME. This is done by a continuous improvement of existing services with help from reinvestments. An innovative business model will help the firm to generate value for their customers. The last learning from this framework for IME based firms is to create services that become a part of people’s daily life (known as sticky features). This will bring the customer and the firm closer together and the first mover should invest in innovating their products to a degree that the customer stays loyal (Varadarajan et.al, 2008).

## 2.2 Theoretical frameworks

Theoretical frameworks explaining “how” an international process should proceed are necessary for this research to understand the expansion process. Though, different strategies are the methods used to follow that process for varied reasons. Therefore, it is necessary to include different theoretical frameworks as the foundation for this research, and then follow with different methods of strategies. The chosen theoretical frameworks; Uppsala Model,

Network model and the concept regarding digital born firm and its internationalization process are presented in this thesis to give diversified knowledge, but at the same time being identifiable with the case company and digital born firms.

### **2.2.1 Uppsala Model**

The framework “Uppsala Model” (also known as “Stage Model”) is a theoretical framework explaining the process of firms internationalization. The Uppsala Model is applicable for the case company since it provides information and guidelines regarding internationalization. Although, the original Uppsala Model was founded in 1977, which can question the applicability of the case company situation today (Vahlne & Johanson, 2017). However, the Uppsala Model provides fundamental knowledge for a firm to internationalize, and the authors Vahlne & Johanson (2017) present an updated version of the model in their article “From internationalization to evolution: The Uppsala model at 40 years”. The authors have previously examined the Uppsala Model in 1997, and now 40 years later, a more evaluated model is accomplished, which will be discussed further in this section (Vahlne & Johanson, 2017).

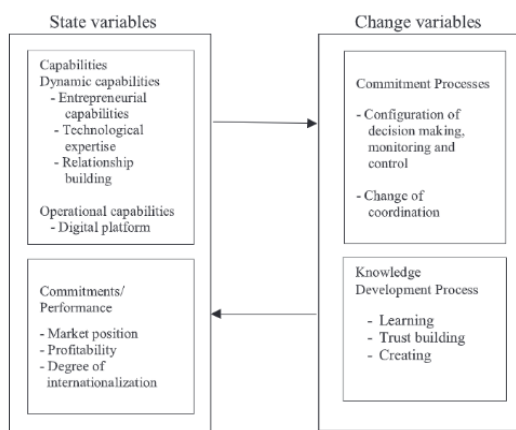
Moving forward, when a firm enters a foreign market, there are different challenges related to cultural barriers a firm needs to take into account. Through the Uppsala Model, a firm can identify these challenges and create a cumulative decision process in order to know what is required to go into the next phase. During this method, the firm is able to have as much control and at the same time gain more knowledge during the internationalization process (Vahlne & Johanson, 2017)

In the learning process, Vahlne & Johanson (2017) believe there is a difference between different aspects within internationalization. First, there are different decisions the firm needs to take regarding the current market state which is dependent on market knowledge as well. Another aspect the firm needs to take into consideration is their ongoing operations and responsibilities they will need to commit to in order to internationalize.

According to the updated Uppsala Model, the more resources the firm uses to commit to the market, the more they will benefit from and vice versa. In contrast to outsourcing, the firm has a higher level of commitment if they choose to provide their business themselves. The

level of commitment is an important aspect for the firm since it will determine how well the firm will perform in that specific market. Although, there is a challenge with expanding resources to different markets considering customer expectations might differ from market to market. Increased investing in specific markets will also lead to a higher level of commitment (Vahlne & Johanson, 2017)

The investment in knowledge in a specific market is also a determinant of commitment. Factors such as competitors, suppliers, cultural characteristics etc are only captured by executing in the market. In addition, in order to advertise and promote the firm in a foreign market the firm needs to consider if their current business will be affected by a higher expense in advertising costs. Entering a new market also requires more resources regarding finance and workforce. Below is an explanation of the applicability of a firm's internationalization process according to the Uppsala Model.



**Figure 2** The Uppsala Internationalization Model (Akbar Bhatti, Vahlne, Glowik, Antero Larimo, 2022)

Furthermore, the Uppsala Model suggests that the firm do these mentioned commitments in slight steps, excepting that the firm already have substantial resources or existing market knowledge. The geographical position is also an important factor. Expansion to more distant markets requires more time in sharing information. According to the Uppsala Model, the internationalization to other markets is also an incremental process, meaning that the physical distance is increasing slightly step by step (Vahlne & Johanson 2017). In addition, according to HKT (2021) it is a disadvantage for a firm to expand to a country far away from the initial operating country since the stream of information is disturbed.

Furthermore, according to the Uppsala Model, entering a new market comes with uncertainties regarding knowledge about language, culture, infrastructure etc. In order to tackle these uncertainties the costs will increase. In addition, the firm has to adjust their organizational structure and other procedures in a new market. Below is a description of the internationalization process with two different paths according to the Uppsala Model.

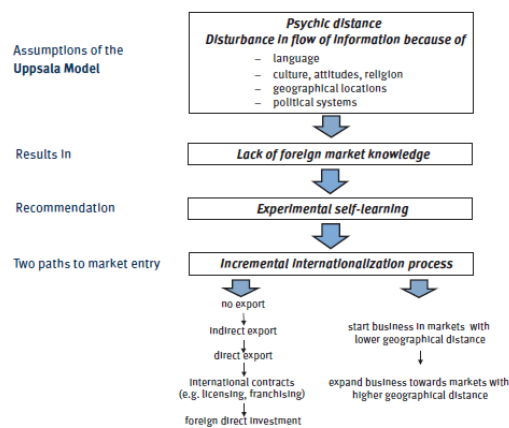


Fig. 2.4: Two Major Internationalization Process Paths According to the Uppsala Model

### Figure 3 Assumptions of the Uppsala Model (HKT, 2021)

With this being said, the firm will gain knowledge and experience by first expanding to countries closer to the home-base. There is a decision to be made considering the risks that are at stake when expanding. However, there will always be risks but the opportunities to gain are sometimes worth taking the risks for (Vahlne & Johanson 2017). By using small incremental steps when expanding, the firm is able to learn during the process and gain knowledge during the process which will decide what path it will take when entering a market (HKT, 2021). When taking the incremental steps according to the Uppsala Model, the firm can minimize the risks that are at stake and is able to adapt to the market (Vahlne & Johanson 2017).

### 2.2.2 Network model

In order to internationalize and expand, it is beneficial to have memberships in networks to accelerate the internationalization of the firm. By definition, networks are collaborations between different firms where they share knowledge, innovative ideas and resources (Wulf & Butel, 2017). In addition, networks play a significant role regarding preventing liabilities and being left out (Johanson & Vahlne 2017). Referring to figure 2, the Uppsala Model highlights

the importance of networks for a firm's internationalization process as well as the authors Cavusgil & Knight (2015) do in their research on global born firms. According to Brouthers et. al (2016), networks are highly important for a digital born firm's expansion strategy since they have a higher chance to speed up their internationalization process with help from different networks.

Theoretically, the network model is explained when firms are entering new markets where they lack different types of capabilities and resources. In order to meet new market demands regarding capabilities, a firm which can partner up with networks to fulfill the demands they lack and are able to expand to new markets more sufficiently (Coviello, 2006). However, Johanson & Mattson (1987) argue that the explanation of the network model is when a firm is dependent on another firm's resources. With help from networks, the firm is able to broaden their capabilities but is simultaneously dependent on another firm (Johanson & Mattson, 1987). Furthermore, connections with applicable networks are beneficial since it extends knowledge, capabilities and involvement for the firm to continue their expansion. With this being said, networks are important and powerful in regards to expansion to new markets (Laghzaoui 2011).

Similar to the Uppsala Model (Johanson & Vahlne 2017), Johanson & Mattson (1987) implies an incremental process and the firm establishes relationships and resources through networks step by step. With help from networks, the firm is able to stay competitive in the market and be adaptable (Johanson & Mattson, 1987).

As a proof of this, Matchi has recently established different partnerships and acquisitions within different areas in their business which has accelerated their growth. They have acquired "Padelboard", "Padelgo", "Game4Padel", "Backhandsmash" and partnered with the Swedish national tennis association. These new networks are all key components in Matchi's operating industry. In addition, all of these mentioned partnerships are extended capabilities for Matchi's already existing services which increase the value for Matchi (Matchi, 2022). As mentioned earlier, the selection of networks is highly important for the firm's expansion process (Laghzaoui, 2011). The selection of the British firm "Game4Padel" was a strategic choice for Matchi when entering the British market (Matchi, 2022).

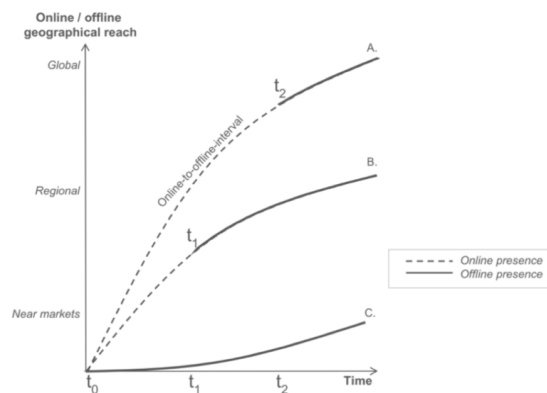
### **2.2.3 Digital born firm and the internationalization process**

Digital born firms' internationalization process differentiates from other internationalization processes mainly because their products and services are distributed online. This means that the operation of a digital born firm is direct, their operating markets do not need a physical presence since the business is offered online (Monaghan et.al 2020). As mentioned before, digitalization has transformed the economy which has impacted the cross-border operations between firms. The digitalization has given the opportunity for firms to have more convenient relationships and adapt to new markets. In contrast, for non digital firms, digital born firms are able to use the digitalization to get more knowledge in international markets. By communicating digitally, the relationship between markets is direct and instant. Therefore, a born digital firm internationalization process differs from regular firms (Monaghan et.al 2020).

According to Mahnke & Venzin (2003), technology has impacted the original way of internationalization. As stated earlier, the Internet and digitalization have alternated several aspects within a firm. Technology allows firms to interact with their potential customers digitally which reduces their communication costs. In addition, digital firms have tendencies to enter new markets faster than others due to the low commitment required as a result of technology. Also, there is a potential risk to not enter new markets fast since the risk of being too late is higher for digital firms (Mahnke & Venzin 2003).

In Wentrup's (2016) study about "Internationalization for Swedish online service providers", the author explains the balance between "online" and "offline" regarding internationalization. When entering a new market, there is a balance between having an offline or an online presence in that specific market. An online presence means that the firm enters the new market by being available online. In contrast, an offline presence is defined as only having physical presence such as staff available in the new market. Furthermore, the author emphasizes the importance of having a strong home base, and then gradually increasing the offline presence in new markets. When having an offline presence, the digital firm can either have employees from their own working in the new market or having a team physically stationed at the domestic market. The period of time between online and offline presence is determined by the firm's business model and marketing (Wentrup, 2016). In Westrup's study (2016), there were several firms examined and the firms were able to reach markets further

physically away progressively as shown in figure 4. In other words, the firm is able to increase the physical distance from the home market gradually.



**Figure 4** Online/offline balance (Wentrup, 2016)

It is also important to relate this aspect with the importance of networks (section 2.2.2), as the firm increases their value if the customer increases as well. The network effect is therefore an important element to consider in this paper as it increases potential users and generates value (Johanson & Mattson 1987).

## 2.3 Strategies

The previous theoretical frameworks presented in this research are considered as “guidelines” ,while this section will describe certain definite strategies. The following two strategies; beachhead and cluster, are as of today part of Matchi’s overall strategy (Matchi, 2022). Therefore it is relevant to include those two in along with the value-based strategy as a part of the literature review in order to have academic knowledge before the analysis.

### 2.3.1 Beachhead strategy

The beachhead strategy is currently employed by the case company Matchi which will be discussed further in this research.

Any strategy needs consideration regarding how to allocate resources. Especially for start-ups, it is necessary to analyze where to use the resources and then fully commit (Kamps, 2020). According to Santos & Dunlap (2021), when entering a foreign market, it is

advantageous to allocate resources carefully. Using Facebook as an example, the start-up started to offer their services to one special group in the U.S which later on spread the word further and today Facebook is a world-know firm (Kamps, 2020). Santos & Dunlap (2021) highlight the importance of choice of geographic location. The selection of regions has a high impact on the outcome. In a well developed region with a high technology infrastructure, the customers will be more adaptable, but at the same time there is a risk for high competition in that region. However, lower developed regions might lead to lower competition and lower costs. Although, since digital firms are dependent on technology, they need to consider if the lower developed regions are able to use their technology before choosing where to expand to.

One strategy for businesses when expanding their operations is to use the “beachhead strategy”. The strategie’s foundational grounds come from the military where the goal is to gain control over one small area at first, and from there expand further (Corporate Financial Institute, 2022). Although it is important to choose the right “beach”, using all your resources (soldiers) at the wrong “beach” will harm the business (Kamps, 2020). When entering a foreign market, it is important to be aware of the significance of beachheads when the firm enters a foreign market. In today's highly competitive and transforming climate, all firms need to have knowledge about upcoming obstacles and pressure (Mahon & Vachani, 1992).

MIT Sloan School of Management (2014) believes there are three conditions for a market to be considered as a “beachhead market”. First, the market needs to exists of customers that demand the same products. Second, the customers must have similar expectations and habits regarding purchasing of products. The last condition is that the customers in the market are willing to change their behavior based on company reputation and known feedback from other customers.

Furthermore, Mahon & Vachani (1992) explains how the resources do not necessarily determine the success of a firm’s strategy. A large firm with enormous resources can by all means execute their strategies faster and with more commitment compared to smaller firms with limited resources, but it will not guarantee success. In contrast to the Uppsala Model which argues the opposite; the more commitment the more benefit (Johanson & Vahlne, 2017).



However, the authors further discuss the importance of beachheads; a new entrant can win the market no matter the size of the firm using beachheads techniques. The purpose of using beachheads is for new entrants to stand up to large incumbents by first being invisible and waiting for the beachhead to expand further. By doing so, the new entrant can avoid competitive attacks from incumbents until they are ready (Mahon & Vachani 1992).

As mentioned before, the choice of region is an important aspect in strategy decisions. According to Mahon & Vachani (1992), the choice of beachhead involves knowing the overall strategic plan of a firm. The firms need to consider the following; the choice of region to expand to (why and when?), the choice of segment to enter (main or a specific?) and how can we create a beachhead given the choices we have made? The answers to these concerns would be determined by the existing knowledge and resources the firm has regarding the chosen region. Also, potential boundaries such as competitiveness, language, political and infrastructure need to be taken into account (Mahon & Vachani, 1992). However, the real reason to use beachhead strategy is to create a competitive advantage over competitors, and Mahon & Vachani (1992) mention four different advantages a firm generates when using beachhead strategy:

- Invisibility. The firm operates in a market further away or in markets and segments that differ from the main market. This gives the new entrant possibility invisibility for the competitors.
- High mobility barriers. If the new entrant enters the market, the existing mobility barriers make the segment unappealing for customers.
- Assets to enter the main market. Experience the new entrant acquires with beachhead techniques will give them advantage.
- No substitution. The difficulty to substitute a firm that uses beachhead techniques is high.
- Long distance attack. If the new entrant attacks the main market further away, it is a favorable attribute using a beachhead. However, by doing so it must be easy to create substitutes to the main market and there must be opportunities to create profit for the new entrant.

Although, these advantages of a beachhead do not guarantee success. Mahon & Vachani (1992) further discuss that the firm is able to control some proportion of the outcomes given the characteristics of a beachhead.

Furthermore, the authors Tobin & Maiwrum (1983) also discuss the effects of beachheads in their article “Beachhead Acquisitions: Creating Waves in the Marketplace and Uncertainty in the Regulatory Framework”. Even though the article is from a finance perspective, they touch upon important impacts of a beachhead. One of the main outcomes of a beachhead strategy is turbulence and unpredictability in the market. As a result of the beachhead’s characteristics, the “attack” comes suddenly which puts the incumbents in a new situation. Furthermore, another outcome is the shift of control in the market. The accumulator of a beachhead strategy will be able to change the control of the market to their advantage if they are capable of accomplishing “significant influence” over the competitors (Tobin & Maiwrum 1983).

### **2.3.2 Cluster strategy**

Another strategy Matchi has been influenced by is the cluster strategy. This theory of strategy is defined by Michael Porter as “the geographic concentration of interconnected companies and institutions in a particular field” (Ikram, Su, Fiaz, Rehman 2018). In other words, the industry or firm has a small number of planned based operations located in a certain area (Ogden & Nicholas 2011). The authors Saha, Saha & Saha (2018) discuss the advantages of cluster strategy but also smart specialization strategies in regards to the new generation of digitalization. It is shown that cluster strategy is a determinant of continuously highly innovative expansion. The intention of a cluster strategy is to foster growth and competitiveness (Saha, Saha et al 2018). The success of a cluster strategy is determined by investments in physical presence in highly competitive environments. On the other hand, knowledge and expertise are also important factors to consider to analyze success (Rinallo & Golfetto 2015). In addition, the cluster theory is closely related to the network theory mentioned earlier in this paper. Both clusters and networks are contributing to innovation and competitiveness. As a result, the firm is able to generate new innovative ideas which boost the competitiveness of the industry. Cooperation within a cluster gives the firm the chance to reach its full capacity, increase innovation but also form the future (Forsman, 2019).

In Ogden & Nicholas (2011) study about the introduction of hydrogen vehicles in a new market is relatable to Matchi’s conditions when entering a new market. With this being said, since Matchi is dependent on connected users for their customers (venues), the customers benefit from more available venues in an area. This will potentially lead to that the customer uses Matchi’s services more (Matchi, 2022). However, relating this to Ogden & Nicholas

(2011) study, they analyze the position of stations, the accessibility of refueling and the supply. All these factors impact the efficiency and usage of the introduction of the new service. The more vehicles brought into the market, more stations are needed and gives the customer a more convenient experience (Ogden & Nicholas 2011). This is also identifiable for Matchi since having more venues (stations) connected gives the users more availability to use Matchi's services for all their racket sport bookings instead of using different apps for different venues (Matchi, 2022). As Ogden & Nicholas (2011) states "for fuel cell vehicles to succeed, they must have convenient access to hydrogen fuel". As mentioned before, this statement applies to Matchi's success as well.

In the study about "the role of cluster in global innovation strategy of MNEs" the authors found clusters to be an important component in industries where the innovation level is high. In a high-tech innovative environment such as Silicon Valley, firms are able to take advantage of each other in order to succeed (Wolf, Cantner, Graf & Rothgang 2017).

### **2.3.3 Value-based theory**

The last presented strategy in this research is the value-based strategy. According to Almeida Costa, Afonso & Zemsky (2021), new innovations and technology are important components of a firm's efficiency. When entering new markets, it is important to continuously create value and improve the services for the different markets (Conçalves & Gaio 2021).

Therefore, this theory is valuable for the case company to take into consideration.

Furthermore, Chatain & Mindruta (2017) explains how essential it is to identify value drivers in order to make the right strategic choices. This approach brings strategic choices, value capturing and networks all together. The value based theory defines how much value a firm can capture during certain circumstances, and in order to apply this theory the firm needs to determine the possible opportunities and the level of competition (Chatain & Mindruta 2017).

In addition, Brandenburger & Stuart (1996) define value creation depending on the firm, supplier and buyer's capabilities. When expanding to new markets, the firm can choose to increase the level of innovation which increases the value, or build on its relationships with other firms, or arrange to get a higher part of the value among the existing relationships (Costa et.al 2021). Both mentioned authors (Conçalves & Gaio 2021 and Costa et.al 2021), state that bargaining power is a factor which determines the success of a firm. There is a

difference on how a firm handles their sales process. Several studies have shown that the bargaining skills make a large impact on the firm's overall performance (Costa et.al 2021).

On the other hand, the authors (Chatain & Mindruta 2017) discuss the limitations of the old value based theory. They believe this theory needs further research on the outcomes of sudden changes regarding strategic management. Since it is hard to predict the outcomes of strategic choices, it is interesting to understand how a firm still can capture value even though they are operating in a changing environment (Chatain & Mindruta 2017)

For Matchi, it is necessary to research how much value they can capture in different markets. The authors Brandenberger & Stuart (1996) explain the concept "added value" in their study, where they define the term as "value created by all the players in the vertical chain minus the value created by all the players except the one in question". One of the key elements is to have a positive balance between the firm itself and its network. Also, the firm needs to prioritize the overall business strategy, which means they adapt to their buyers needs and cooperate with their suppliers. In other words, the suppliers need to be prioritized as much as the buyers (Brandenberger & Stuart 1996). Relating this to the case company, Matchi needs to satisfy both their venues (suppliers) and buyers (users) in the same proportion in order to capture value.

# 3

## Methodology

*The upcoming chapter describes and explains the chosen research methodology used in this research. It will explain why a case study was chosen and an explanation of research design along with reasoning behind the several approaches.*

### 3.1 Research Strategy

When choosing a research strategy, one has to consider the purpose of the study (Bell, Bryman & Harley, 2019). There are many aspects that have to be considered as the research strategy has to suit the questions to be answered, and the theories used have to be able to influence the research in the right direction. The relationship between theory and research is crucial since it forms the basis of the purpose for the study. According to Bell et.al (2019) a business research can have either an deductive or inductive approach. The existing literature regarding digital firms is somewhat limited, therefore this study will have an exploratory and inductive approach with a qualitative data collection. The inductive approach goal is to develop a theory and draw conclusions based on research (Bell. et al 2019) The characteristics of an inductive approach are aligned with the purpose of this thesis. In addition, the inductive approach contributes to a qualitative research strategy which is chosen as the data collection method. In contrast, a deductive approach is testing already existing theories to understand the accuracy and is therefore not suitable for this research.

Furthermore, since this study's field is lacking current research, it is favorable to use an inductive rather than a deductive approach (Bell et.al 2019). The topic regarding digital firms globalization strategies is relatively inconsistent since the technology and digitalization is constantly improving. Therefore, it is arguable that this topic needs to be explored further, which is why this study will have an exploratory approach as well. The goal of the research is to provide guidance and assist the digital firm "Matchi" towards their goal to be the top global firm in their industry. With help from existing literature and new observations, this study intends to fulfill the inconsistency between current literature and be up-to-date with

technological aspects that impact digital firms strategies. In order to reach the goal, the study will combine useful theoretical theories, relatable concepts, and modern research on digital firm strategies. In addition, the qualitative data collection will provide an extensive understanding on the case company's expansion and learning process, but also add insight on the stated concepts and theories. Furthermore, the characteristics of a qualitative study is advantageous for this study since it usually examines one or a few topics, essentially a single company. With this being said, the qualitative approach is suitable to serve the purpose of the case study of Matchi.

Furthermore, this study is researching a single case company where the researcher first started to gain knowledge about the company and its industry in order to get an overall view. As mentioned earlier, the relationship between theory and research impacts the whole study. The researcher has to carefully consider the choices of research methods in order to fulfill the purpose of the study. Therefore, a study with an inductive approach with qualitative study was chosen based on the objectives of the study.

### **3.2 Research Design**

According to Bell et al (2019), a research design is a framework for collecting and analyzing data. Therefore, when choosing a research design the researcher has to understand how the research design influences the ambitions and structure of the study. For this study, a case study was chosen as the most suitable research design. According to Bell et.al (2019), a typical case study uses qualitative research of a single organization. A single case study requires a deep detailed analysis of a single case. This results in complexity which the case study is interested in researching further in (Bell et.al, 2019). According to Eriksson & Kovalainen (2008), the purpose of a case study is to generalize principles and to contribute to general knowledge. In addition, a research design has to fulfill the objectives of the research questions (Eriksson & Kovalainen, 2008). Having this in mind, the research design characteristics of a single case study is therefore the most sufficient for this research since this study is evaluating a specific situation of a single company.

### 3.2.1 Case Study

The focus and specialization on a specific case is beneficial when researching a single case company in more depth (Bell et. al 2019). The choice of performing a case study of Matchi is based on the current expansion situation they are in. Due to advancement in technology and the increase of digitalization, there is limited research on how digital firms can capture value on these aspects and how to expand globally. The literature research in this thesis focuses on fundamental concepts, different aspects such as networks, clusters, and general methods for internationalization. Although the literature does not have the ability to combine all these aspects together for a digital born firm in today's highly developing technological environment. Technology is constantly evolving, and things around us get more digitized, it will also affect how a firm should strategize. The authors Freeman, Edwards, Schroder (2006), agree with this by stating that there is limited research considering strategy for smaller digital firms.

Moreover, a single case study will examine this specific case and provide functional recommendations. Also, another reason why a case study is chosen for this research is because this research design will help the researcher to understand why and how something happens (Bell. et al 2019). With help from the case study which is done in order to extend the existing literature within globalization for digital born firms, along with an analysis of the case company Matchi. The goal of a case study is to create an in depth analysis of a case instead of a broad view (Bell. et al, 2019). As mentioned earlier, the situation where Matchi is right now is a compelling topic for the researcher to study, and the goal is to be able to draw conclusions and analyze their specific situation based on literature and further research. Furthermore, according to Eriksson & Kovalainen (2008), there are two different types of case studies. It is either an *intensive* case study where the researcher examines one or more cases on a deeper level, or an *extensive* case study which is a comparing and contrasting several cases (Eriksson & Kovalainen, 2008). Given these statements, this case study will be an intensive case study research considering the deeper level of analysis of one case.

Moreover, this research will have an exploratory approach since it's investigating potential outcomes and obstacles. An exploratory approach gives the researcher the opportunity to identify gaps in the reviewed literature (Kalu & Bwalya, 2017). A case study is favorable

when having an exploratory approach, since it requires both an observation but is also theory-building instead of an experimentation of traditional theories (Bell. et al 2019).

Lastly, no matter the choice of research design, there will always be advantages and disadvantages that come along with it (Bell et al. 2019). Ruddin (2006) stands up for the critique regarding sample size and generalization in his article “You Can Generalize Stupid! Social Scientists, Bent Flyvbjerg, and Case Study Methodology”. Even though there are some critiques against the small sample size and the difficulty of generating conclusions from one single case, Ruddin (2006) argues that the case study research design is suitable for generating knowledge. Despite the small sample size of a case study, Ruddin believes the research method is still capable of providing trustworthy information in a general matter. This can be proved as the researcher gained a deep understanding and knowledge in the chosen topic.

### **3.3 Data collection**

The data collection of this research was conducted in two steps. The researcher started off with selecting relevant concepts and theoretical frameworks after analyzing secondary data. Even though this study has an explorative approach, it was necessary to analyze existing academic literature in order to gain knowledge that has no biases. The second step of collecting data was done by doing in depth interviews with employees from Matchi. The selection of employees to interview was based on their profession and expertise.

#### **3.3.1 Secondary data collection**

The collection of secondary data has consisted of academic research and literature in the area of chosen topic. Also, the researcher received a report received from the case company to use for the secondary data collection. Moreover, to give the research an objective view, the researcher used selected keywords when searching for data within the subject (see table 1) (Bell et.al 2019). Additionally, an inclusion and exclusion criteria was done as well (see table 2) in reference to the knowledge needed for answering the research question. The reason to narrow this research was to create a deeper understanding of the chosen frameworks and concepts. There is a need for an understanding of fundamental concepts in order to get knowledge about the case company’s operating industry.



<b>Keywords</b>	
Digitalization	Beachhead + strategy + business
Digital born firms	Cluster + strategy
Digital platforms	Strategies + digital firm
Platform economy	Value creation + strategy
Globalization + digital world	Uppsala Model
Digital born firms + internationalization	Network + value creation
First+mover+advantage	

*Table 1, Keywords for secondary data collection*

<b>Inclusion</b>	<b>Exclusion</b>
Concepts in regards to digitalization and characteristics of the case company's industry	Concepts relating to all digital operating industries
Literature concerning globalization, internationalization and expansion theories	Literature with no relation to the case company's situation
Strategies presented by the case company and value creation	Strategies outside the scope of the case company's characteristics
Scholarly articles (peer reviewed) and academic literature	

*Table 2, Inclusion and Exclusion criteria*

The inclusion and exclusion criteria was done by reviewing already existing literature within the topic. The case company asked for an academic review of the strategies they are currently implementing (beachhead and cluster) which are included in the literature review. The literature review provided earlier relevant research for the researcher to identify gaps between literature and the case study's purpose.

The majority of the selected literature consisted of scientific reports, scholarly articles and books in order to gain knowledge in regards to different theoretical frameworks, concepts and strategies. This collection of data was a sufficient tool to get more insight, knowledge and understanding about the case company's situation, their operating industry, related concepts and frameworks. The literature review used several databases to collect data but primarily Gothenburg University library online search engine and ScienceDirect and Google Scholar. This method contributed mainly to the section regarding literature review, but was also used to strengthen the conclusions and analysis.

Furthermore, the selected literature for this study was carefully chosen as it was ensured they were peer-reviewed and included citations. In addition, the researcher chose to include "old" theories such as the "Uppsala Model" and "beachhead" along with recently published articles in order to get a broad view but with new updates and discussions. The concepts regarding digitalization, digital born firms and platform economy required sources that were not too old in order to draw conclusions for the case company's situation today.

### **3.3.2 Primary data collection**

The qualitative method of this research consisted of 4 depth interviews with employees from Matchi. Since Matchi is a small to medium-sized company and as for today consists of 77 employees, it was necessary to carefully choose appropriate interview candidates. As mentioned earlier, the selected interviewees were chosen based on their expertise and profession. In regards to the research topic, it was necessary to choose employees with insight in the case of the company's growth and recently established markets. Therefore, it was advantageous for the whole research to begin to interview the Chief Growth Officer (CGO) who has the most influence and knowledge in Matchi's current expansion and strategies. Along with the CGO, the Account Manager for Growth Markets (CCO), was interviewed. The logic behind choosing different employees at different departments was to create an overall view on how the company embraces their vision to be the global leader in their industry, and their reflection on their expansion process. Since Matchi's next steps in their expansion strategy is to take on markets that are further physically away from the home base (Sweden), they have an interest in gaining more knowledge in how to strategically move

forward. Therefore, a qualitative method is well suited in this matter since it emphasizes collecting knowledge instead of numbers (Bell. et al 2019).

### 3.3.2.1 Interviews

The researcher wanted to open up to discussion and follow up questions during the interviews which was why semi-structured interviews were chosen as the interview structure. The questions consisted of both closed and open ended questions in order to be flexible. Bell et al (2019) states how an open mind and observation contribute to “less restriction on the topics and issues being studied”. Considering the research topic and the inductive approach, semi-structured interviewing is well suited for this research. The studied theories and frameworks are able to “emerge out of the data” with this type of structure (Bell. et.al 2019). For this thesis, semi-structured interviews along with the inductive approach were appropriate since it aligned with the purpose of the thesis. The interviews were a favorable resource for the researcher to get insight and knowledge from a perspective as an employee at Matchi. The goal of the interviews was to complement the literature and get a new and updated understanding of the research topic. As preparation for the interviews, the researcher constructed an interview guide, which was given to the interviewees before the interview. The reason for giving the interviewees the interview guide beforehand was to give them an opportunity to have time to prepare in order for the interview to be as efficient as possible. The interview guide was influenced from the academic research (secondary data collection), and adapted to the interviewee’s job position and knowledge (Appendix 1). The argument of using this method was to assure the interviews were following the same common thread as the research. However, the questions asked to the interviewees were asked for the most part in the same order depending on the discussion. In addition, follow up questions were asked as well if needed. This is another reason why a semi-structured method was used since it gives the opportunity to ask both follow-up questions or new questions (Bell et.al 2019). Although, the majority of the initial questions of the prepared interview guide were asked during the interviews.

The interview guide was divided into four different sections; *background, information about the interviewee, expansion journey, and results*. The reasoning behind structuring the interview into different sections was to first begin with elemental questions and gradually move forward with specific questions related to the research question. The interviews were

estimated to fit within a time limit of half an hour up to one hour. Depending on the interviewee’s experience and knowledge, the answers were outlined differently. In other words, one interviewee’s opinion might differ from another as a result of divergency in personality, behavior or experience. The ability for the interviewer to adapt to different interviewees is another characteristic of semi-structured interviews, which provides flexibility (Bell. et.al 2019). In addition, the interviews were transcribed and recorded by the researcher for a deeper analysis.

### 3.3.2.1.1 Selection Process of the Interviewees

The selection process of choosing interviewees is an important aspect since the goal of the primary data collection is to contribute and influence the empirical findings. In order to follow this goal, the researcher carefully chose to interview selected employees with experience and knowledge within the research topic. Regarding the small size of the firm, there were limited appropriate employees with the right expertise and experience. Therefore, the Chief Growth Officer (CGO) and the Account Manager of Growth Markets were proper interviewees. The number of interviews in this research are low, although considering the size of the case company and the knowledge of the interviewees, the conducted interviews were sufficient for the research. The decision of choosing these two was based on their profession, but also their insights in the firm’s current strategies and growth status. The CGO has the responsibility for the firm’s overall growth and the account manager for growth markets explores new markets and identifies new opportunities. This combination of these two employee’s expertise is an ideal source regarding the research topic.

Company	Country	Position	Date	Interview length
Matchi	Sweden	CGO	15th of March	44 min
Matchi	Sweden	Account Manager Growth Market	1st of April	31 min
Matchi	Sweden	Account Manager Growth Market	18th of April	18 min
Matchi	Sweden	CGO	21st of April	22 min

*Table 3, Interviews*

### **3.4 Data Analysis**

When conducting research, data analysis plays a fundamental and crucial role. The research needs to provide a proper framework based on a systematic method (Bell et.al 2019). This thesis had a deductive approach where the researcher went back and forth between academic theories and the empirical findings. By combining collected data together with the literature review, the researcher was able to construct a suitable framework as an answer to the research question. Bell et.al (2019) states that it is essential to collect the data before analyzing the empirical data. As a result of using this method, the collected data were transcribed and structured into different sections. The presented academic frameworks were in line with the secondary data collection, which made it possible to combine the data into several sections. By structuring the data, it was attainable to identify important themes and concepts. The linkage between theoretical and literature frameworks together with the transcripts contributed to the understanding of digital born firms expansion process in today's digitalized world.

### **3.5 Quality of research**

A valuable research has to meet certain requirements regarding validity and reliability in order to reach good quality. Bell et.al (2019), emphasizes the importance of these aspects as it reflects on the research's quality. For a case study, these aspects can be debatable of its importance when researching a single case. Although, Bell et.al (2019) believes it is the researcher's preference if these aspects are significant for the study or not. The qualitative method is different from the quantitative method, and therefore will the requirements regarding validity and reliability differ as well. However, a qualitative research needs to assure credibility, which is reflected in validity and reliability (Bell et.al 2019).

#### **3.5.1 Validity**

According to Bell et. al (2019), validity is considered to be the most important criteria for several reasons. For qualitative studies, validity is concerned with the observance, measurement and understanding of the identified concepts and theories. And for case study research, Bell et.al (2019) highlights the critical discussion regarding external validity and

generalizability. The critics against the validity for case studies relate to the problematic of how one single case can be representative and applicable to other cases (Bell. et.al 2019).

In order to ensure validity for this research, the researcher chose to systematically analyze the data into different concepts and theories. The researcher and the supervisor collaborated together to determine what type of primary and secondary data to include in the research. In addition, the interviews were transcribed and video recorded with regard to preventing personal biases.

When using a case study design, internal and external validity are important aspects. The internal validity is shown by how the researcher is able to draw conclusions from the secondary data into the empirical findings. The internal validity is strong when conducting a case study since the research is built upon one single case, which causes the collected data to derive into concepts and theories (Bell et.al 2019). The internal validity for this case study is further shown in the assurance of relatable topics reasoned by the supervisor, but also from employees at Matchi. With this intention, Matchi has provided valuable information about their current strategies in order for the researcher to follow a desirable path. Along with insight from Matchi, the researcher has discussed relatable concepts with the supervisor for the sake of assuring internal validity.

Moreover, the strength of external validity for a case study is generally weak as a result of the difficulty of providing generalization of one single case to a broader class (Bell et.al 2019). In exchange for external validity, the researcher composed a literature review in reference to the research question and existing literature. The literature review is the foundation of the whole research, since it served as a guideline for both the interview guide and the findings. As mentioned earlier, Bell et.al (2019) states that several previous researchers have critiques against the external validity of case studies. Ruddin (2016) stands up for this critique by stating how case studies are exceptional examples of generating general knowledge. He strengthens his argument by using the Greek philosopher Aristotle's beliefs on how case studies generate valuable knowledge: "Without generalization, we could not interact with our world in a coherent manner - that is to say, we would need continual repetition of the same mental procedures for each new experience" (Ruddin, 2006). Flyvbjerg (2006), also believes there is a common misunderstanding on the incapability of generalization of case studies. He states how a high level of analysis will contribute to beneficial knowledge applicable to other

cases as well. Lastly, the researcher established validity by assuring the research question was applicable to all sections of the research.

### **3.5.2 Reliability**

Reliability is another quality criteria in business research. This criteria is involved with whether the result of the study is repeatable or not Bell et.al (2019). As this study has a qualitative method, it is crucial to assure that the results are reliable. Validity and reliability are closely connected as reliability provides validity and vice versa. In other words, if the study is not reliable, it will also lack validity. Similarly to validity, reliability is divided into internal and external reliability (Bell et.al 2019). External validity is concerned with if the results of research can be repeatable to other studies, and the internal validity refers to whether the results from the secondary data reflects the researcher's own opinion. For qualitative studies, the criteria of reliability has previously been shown to be difficult (Bell et.al, 2019). The author Riege (2003) provides a guideline for qualitative studies with a focus on case studies in order to generate reliability. The guideline states several factors which increases the validity for case studies:

- Video-recorded semi-structured interviews.
- Relatability between research design and research question.
- Usage of multiple peer reviewed sources through the research.
- Presentation of data in a concrete and structured method.

Considering the guideline provided by Riege (2003), the researcher chose to construct recorded semi-structured interviews, assurance of connecting the research design with the research question, referencing to several peer reviewed sources, and demonstrating data in a detailed methodological pattern.

### **3.5.2 Ethical Considerations**

Ethical considerations are also important to highlight in the process of a research (Bell et.al 2019). Diener and Crandall (1978) mentions the four main ethical considerations in business research; harm to participants, lack of informed consent, invasion of privacy, and if deception is involved or not. In order to meet these ethical considerations such as harm and stress to the participants, the researcher sent out the interview guide beforehand. The selected time for

interviewing were carefully chosen based on the interviewee's schedule in regards to the interviewee to feel comfortable and stressless. The researcher assured to be flexible and adjustable for the interviewee's chosen time slot. The recordings of the interviews were kept private and confidential to prevent harm for the interviewees (Bell et.al 2019).

For qualitative studies, anonymity and confidentiality are important aspects in regards to ethical considerations since there is a possibility to identify the interviewees at a single firm (Bell et.al 2019). Therefore, the interviewees were beforehand told that their participation would be anonymous if wanted. In addition, Matchi and the selected interviewees were provided insight about the research beforehand. The chosen research topic is not considered to be a harmful topic, and therefore some extent of the ethical considerations were not taken into account. As Bell et.al (2019) emphasizes transparency, the researcher guaranteed that the results were in line with the research and not something else.



# 4

## Empirical findings

*This part of the research will present the result from the primary data collection with the interviews from the CGO and the Account Manager for Growth Markets. The results will also be identifiable with the presented concepts and theories in the secondary data collection.*

### 4.1 Operating market characteristics

What is unique about Matchi is that they are operating both with B2B (business to business) and B2C (business to customers). To start off with, Matchi's B2B business includes venues and facilities who use their platform for their booking system. At the same time, players aka "users" who use the app for their racket court bookings consist of Matchi's B2C business. According to the CGO, their go-to-market strategy (growth strategy) with a mix of these two makes it quite complex. Compared to other businesses where their go-to-market strategy is straightforward, Matchi is dependent on clusters and networks to bring value into their strategy. The interviewees emphasized the importance of understanding their operating market in order to interpret the growth opportunities. The CGO used the recruitment market as a contrary example where there are more than 2500 recruitment firms only in Stockholm. The need for help with recruitment is high and is applicable for almost all industries. In contrast to the racket booking market, it only applies for people who are involved in the racket sport community. This makes it a small and compact industry compared to other markets. Therefore, networks and relationships are severely important for a firm in the racket sport community as the "word by mouth" is an indirect factor.

Furthermore, their business started in Gothenburg where their first connected venue was located. As Matchi started to progressively grow in Sweden, they saw an opportunity to enter the market in Norway as well. According to the interviewees, it took approximately two-three years before the opportunity was seen to actually enter the market. One of the main reasons for entering another Scandinavian market was the physical distance, the racket sport culture, and the similar size to the Swedish market. This contributed to transparency and simplicity for Matchi.

## **4.2 Go-to-market strategy**

The CGO used the term “go-to-market strategy” when referring to strategies and expansion plans. Their current go-to-market strategy consists of a segmentation of either primary markets or secondary markets. The primary markets are prioritized in the near future and have a high number of existing customers, a similar racket sport culture to Scandinavia, and are physically located in Europe. Matchi has a close relationship with their customers, and a contributing factor of where to expand is dependent on where their customers (venues and facilities) are planning to expand as well. A part of Matchi’s go-to-market strategy is to grow together with their customers in order to be as efficient and cost effective as possible. The secondary markets are under observation and planned to be entered after the primary markets.

The CGO also mentioned the distinction for their go-to market strategy in regards to rapid growth and slow growth. The markets with rapid growth are stated as fast growing markets with a lot of existing and upcoming racket sports facilities. The CGO believes they need to physically expand the firm to the markets with rapid growth since their platform solution is quite complex which requires a lot of support from Matchi themselves. Furthermore, he emphasizes the importance of establishing a community and networks since selling an online demo to a new customer is not enough. With this being said, Matchi invests more in recruitment to be able to be physically present when they enter rapid growth markets. Their goal is to offer support throughout the whole process but also to build networks which will contribute to more benefits. They are influenced and at the same time implementing both cluster and beachhead strategies in rapid growth markets which are illustrated in earlier sections of this research. Regarding the slow growth strategy, it relates to markets who have potential, but not sufficient data of future growth is available. These markets are similar to the Scandinavian markets with a large racket sport community, but the relatively new racket sport padel has not expanded there yet. Matchi uses their slow growth market strategy where they consider the same or similar “padel boom” in Scandinavia will occur. This requires a more long-term strategy and patience. In addition, the CGO affirmed that Matchi is not dependent only on padel, but what is important to understand is that Matchi is growing in parallel with padel. When entering new markets, there are additional racket sports facilities which are potential customers for Matchi as well.

Moreover, Matchi uses the term “traction” during the process of entering a new market. This is when the new market is in a growth stage and becomes an appealing market. Traction is established when Matchi is the booking system for 20 facilities and a total of 60 racket sport courts. With help from the traction, the network effect is real. With more facilities and racket sports courts available, the more Matchi can offer to the players (users) and it becomes easier to attract more facilities to Matchi.

In regards to beachhead strategy, Matchi focuses on the key stakeholders and major chains in the new market (owners of facilities and venues) in order to get an enlargement effect. By concentrating on the major segment of the new market, Matchi is exposed and capable to the remaining segments. In addition, the importance of choosing the “right” cluster to invest in is an important factor when it comes to go-to-market strategy. Matchi identifies what they call the “influencing customer” who is a part of a cluster and will be influencing other customers to use Matchi. Also, the CGO states the significance of connecting the right customer in a new market to Matchi since it will contribute to the enlargement effect. A combination of both cluster and beachhead strategy is currently used by Matchi and it is done by concentrating on one cluster with a beachhead approach.

#### **4.2.1 Value of networks**

One of the main advancements Matchi has done over the years is that they have gone from being a “product” with the app and product features, towards a “platform”. This gives more value to the customers with more benefits and Matchi has been able to identify more opportunities within the enterprise segment. From the beginning, the customers were often divided into single or private operations, but with time chains started to be established. This contributed to a change within the customer segment, from a fragmented customer base towards a more connected customer base which includes growth opportunities but at the same time requires continuous adjustment and improvements for Matchi.

Both interviewees mentioned the importance of networks and relationships in new markets. The main challenge when expanding to a new market is to attract customers. The growth will accelerate faster with help from networks and relationships which have experience and knowledge in that specific market. The benefits of using networks will help Matchi create a solid ground to build upon in the new market.

### 4.3 Barriers to entry

The CGO and the account manager for growth markets describe the challenge of digitalization and the adaptation of technology. As mentioned before, Matchi is a platform where the booking and payment is executed online. This becomes challenging for Matchi when they are implementing their platform to customers who already have private booking systems since the players have to adjust likewise. In an effort to tackle this issue, Matchi prioritizes educating and supporting the customers so that they can learn and help their players on their own. Both interviewees agreed that this challenge will be an ongoing process, and together with time and a more digitalized world, this challenge will be less severe.

Although technology is considered a moderate challenge according to the interviewees, the more difficult challenges relate to payment solutions and the infrastructure in regards to the means of payment. As different countries and markets differ in currency and cash handling, but also the willingness of using technology for payments, it creates a complex and abstract challenge. Matchi is responsible for the booking and payment through their platform. The CGO mentions the difference between market attitudes and trust regarding online payments and how it impacts Matchi's platform. For instance, Sweden has a low barrier with regard to this issue and are willing to use their bank card in Matchi's app. Meanwhile in Germany, Paypal is required for using bank cards online, which negatively affects Matchi's payment solution through their platform. Also, some countries still use cash for payments. The CGO further explains this issue,

*“We are an online system where all operations and payments are going through our platform. The barrier with means of payment in different markets requires us to market our platform even more. Since future potential markets might have a negative approach towards online payments, an unfavorable infrastructure with means of payment or other domestic methods, we need to invest more deeply into marketing and further develop our platform in order to encourage people to discover Matchi's convenient platform solutions”.*

Another challenge for Matchi to handle in their expansion journey is to build efficient networks with the purpose of expanding the firm and not taking on too much for them to handle by themselves. By networks and relationships, the new markets will not be a burden for the existing employees at Matchi. Therefore, Matchi is currently analyzing and

identifying the firm's capabilities in order to be able to follow trends such as padel and be able to take advantage of new market opportunities.

Furthermore, the CGO highlights the barrier of creating brand awareness when entering the new markets but also in their globalization journey. Brand awareness is important for both the players and facilities (users and customers). Matchi has a strong brand awareness in the Swedish market, and they are currently using the Swedish market as a reference point. When they entered the Great Britain market, Matchi connected the British key stakeholders to the Swedish key stakeholders to create a network but also to give insight to the British key stakeholders. Brand awareness takes time to grow, both for the users and customers. When connecting different markets, building brand awareness, and globalizing, the language barrier is a fact.

*“Language is very important considering the usage of the platform... You can manage to use English in some countries, but in countries such as Spain... English is not working for the customers and users. In a country such as Spain you also need to have several dialects... you need to have consideration for different types of languages within one market in order to not be excluded from that market. Since we want to enter the cluster, we need to communicate in their language as well”*

#### **4.4 Prospect of future ambitions**

The shared goal of the interviewees and Matchi is to be the world leading booking system for racket sports courts. The major concern is to create firm capabilities to be a global market firm. The CGO discusses the required conditions for Matchi on their way to reach their goal.

*“We need to establish local organizations in our primary markets otherwise we would not have the conditions to be a global firm. It would be naive to think that we could control all markets from one headquarter and assume that the customers will reach us if we don't have a global market plan. Some markets are not reachable online... We need to get out and meet our customers”.*

Furthermore, the CGO highlights the importance of recruiting local competence at an early stage to scale down the market fast and get an effect. As mentioned earlier, networks are

extremely important and both of the interviewees emphasized the importance of local capabilities and recruiting. It is also important to understand the country and its market, and build a network from the beginning. It is all about selecting the right countries to enter and being consistent depending on where there is a concentration of growth and a potential of growth. In a few entered markets, Matchi has lost to some extent opportunities, and therefore the CGO mentioned that they have to adjust their strategy accordingly. In those markets, clusters are even more important to gain market control in certain areas.

The focus and ambitions for the future are focused on Matchi's product and the market fit. In order to get traction in a new market, Matchi needs to see over the customers demands and adjust to the market. An important factor in regards to this aspect is marketing. The CGO mentioned the significance of marketing and how it also can help their resilience against competitors.

*“As the distance gets further and further away from Scandinavia where we already have a strong brand awareness, the more vulnerable we get against our competitors. This is where we have to market our platform even more and work with the development of these new markets”.*

Moving forward, in the upcoming years, the CGO prospects of new markets to enter outside Europe are mainly the U.S and Australia. There are also opportunities in Europe, parts of South America, Asia and the Middle East. Although, the U.S and Australia are more interesting for Matchi due to the strong racket sport culture and the identified opportunities of these markets.

#### **4.5 The Padel Report - by Matchi 2022**

Additionally to the insights from the interviews, the researcher received “The Padel Report” from Matchi (released in May 2022), which is an analysis from Matchi on their so-called established markets, maturing markets, booming markets and emerging growth markets (Matchi, 2022). What is important to emphasize again is that the more venues and courts connected through Matchi, the more revenue for Matchi. However, as mentioned before, the CGO emphasized how Matchi is growing in parallel with padel, and therefore this report is

valuable for this research as well. The researcher has chosen to present aspects related to this research.

Several statements from the report shows the interest and the positive growth of padel worldwide:

*“Played in over 90 countries with an estimated 25 million plus active players, padel is without doubt the boom sport of the post-2000s”*

*“It's the second biggest sport in Argentina and Spain, 25 million play worldwide”*

*“I'm absolutely sure that once padel reaches a country, it's there to stay. In five years time this sport will be 10 times bigger”*

*“The sport is growing so fast that the federation has a hard time to keep track..”*

Furthermore, the report shows examples of established markets, maturing markets, booming markets and emerging growth markets. For example, Spain is considered as an established market with strong traditions and development. This market sets the standard for other markets and is the market leader in regards to padel. 6 million people are as of now playing padel in Spain, and has more registered players than tennis. The number of registered players is also expected to increase during the upcoming years (Matchi, 2022).

*“Potential investors hoping to capitalize on the growth of the sport in other European countries would be wise analyze how the sport has evolved in Spain in order to gain valuable insights as to how they should enter new markets”*

Moreover, according to this report (Matchi, 2022), the Nordic countries (Sweden, Finland, Norway, Denmark) are considered maturing markets. These markets are also known by “The Nordic Padel Boom” (Matchi, 2022). The maturing markets have shown a high increase of popularity of the sport, available courts and facilities over the last years. The data shows that there are 5500+ available courts in the Nordics. What is important to understand is that there is evidence on how the sport is not dependent on either climate or culture.

*“In Sweden there has been an increase of 310% since 2019 in the number of courts. Denmark and Finland have seen an increase of 516% and 592% in the number of courts respectively over the same time period”*

In contrast to the maturing markets, Matchi’s analysis shows that the U.K and France are considered to be emerging growth markets where the predictions are positive and the possibility to become mature markets in the near future with help from the increased interest in padel and the possibility of capturing value for Matchi as well. The report present the predictions of padel in the U.K:

*“Online conversations about padel are also steadily trending upwards, with one explanation for the momentum being that after a long period of limited access to padel venues, the desire to play is now starting to be catered to, with new padel courts opening”*

Matchi has provided key insights regarding the growth and increase of padel in “The Padel Report”. The conclusions from this report shows 4 key learnings to use for the future for Matchi, but also thoughts about the future regarding padel as a sport (Matchi, 2022).

1. *“Analyzing how padel became Spain’s second most practiced sport tells us much about why its success is likely to repeat in other markets: the low threshold for getting started, a wide range of demographics who can participate and visually appealing nature as a spectacle have all combined to create the perfect storm for widespread popularity”*.
2. *“Access to courts is clearly a key factor in the maturing Nordic markets. In Sweden where padel is most established, the extreme growth of new facilities that we have seen in the last couple of years has led to market consolidation that is now well underway. However, in the other Nordic markets, demand still outstrips the supply which suggests that it could be only a matter of time before established Swedish actors enter those similar markets with the same expertise”*.
3. *“Consumer data shows that in both the most established and maturing markets, the social side of padel is vital to its success. In correlation with the expert interviews conducted, the quality of facilities and social experiences they offer should not be ignored when making decisions about investments”*.



4. *“Markets like the UK and France are still at the beginning of their Padel journey. France’s decision to make a clear effort to build more courts in a short time period looks likely to pay off as demand grows, and the UK still has plenty of room for growth in that area. Experts interviewed suggest an increase in access will soon follow as Brits, and not least British regulators, become more familiar with padel as a concept”.*

# 5

## Analysis

*This chapter will illustrate important aspects from the literature review to understand the research questions and the empirical findings. The results from the empirical findings have been used as a guideline to identify the most essential theories and concepts in the literature review.*

### 5.1 Applicable fundamental concepts

It was found that the presented fundamental concepts in the literature review (digitalization, platform economy, digital born firms, and first mover advantage) were identified to different levels of extent in the empirical findings. The first three concepts apply to the understanding of Matchi's operating industry which the literature review gives sufficient knowledge. However, the researcher found that the concept "first mover advantage" presented in the literature review was confirmed in more depth than in the empirical findings. Therefore, the researcher has summarized the most important aspects regarding this aspect:

The IME (Internet-market-environment) characteristics and effects. Even though the interviewees didn't use the term IME, the findings from the empirical findings regarding the value of network are identifiable with Varadarajan et.al (2008) framework. The network effect and importance for a firm in the IME are substantial compared to firms in the PME (physical-market-environment). Both the interviewees agreed upon how the network effect will play an important role when entering new markets and Varadarajan et.al (2008) confirms this statement by implying that firms in the IME tend to have a beneficial outcome of network building. In addition, both the empirical findings and Varadarajan et.al (2008) agree upon the continuous improvement of the business model and reinvestment in the firm will be an important factor for future success. The CGO mentioned in the previous section how their main prioritization moving forward will be on improving their product and the market fit in order to attract new customers. Varadarajan et.al (2008), also highlighted this aspect "*the effects of new innovations for a first mover in the IME are greater than in the PME*". The

section 2.1.1 Digitalization also indicated how important it is for a digital born firm to prioritize new innovations in order to achieve success but also to not be left out.

Additionally to the first mover advantage and the other presented fundamental concepts, the researcher discovered another important concept regarding “technology acceptance” from the empirical findings. As stated in the section “4.2 Barriers to entry”, the interviewees mentioned the barrier regarding technology acceptance when entering new markets. This is an important aspect and is relatable to all illustrated concepts in the literature review but particularly *platform economy* and *digitalization*. Even though we are living in a digitized world, some people still tend to have a negative attitude towards changing their behavior towards technology, and especially of using it as a payment method. With help from the Technology Acceptance Model (TAM), the authors Siagan, Tarigan, Basana and Basuki (2022) list factors which impacts consumers behavior and objectives towards digital payment usage:

- Privacy.
- Accessibility.
- Security.
- Content.
- Design.
- Perceived benefits.
- Trustworthiness.

Their recent study from 2022, implies that there has previously been several “scams in the company digitization process and e-commerce applications, privacy and security (perceived security) damage trust users” which might have impacted people to be skeptical about digital payment usage (Siagan et.al 2022). However, all the listed factors above impact consumer behavior regarding digital payments and are important for Matchi as a digital platform to be aware of.

## **5.2 Applicable theoretical frameworks**

By using the literature review as a base for theoretical frameworks regarding internationalization, the researcher has been able to identify the most applicable frameworks

and theories for Matchi's benefit. With this being said, it was found that some indications of the "Uppsala Model" was found in the empirical findings. The Uppsala Model is a beneficial tool and framework to describe Matchi's globalization process since it is considered more as a learning process with reasonable guidelines and information. Considering that Matchi is currently in their internationalization process, it is important to use "experimental self-learning" (recommended by the Uppsala Model) which will lead to an incremental internationalization process. The interviewees mentioned how Matchi has gained new knowledge in their expansion process only by learning during the process. In addition, considering that Matchi is a digital firm, the framework "digital born firm and its internationalization process" was also identified in the empirical findings.

Moving forward, the interviewees mentioned how the "*physical distance*" increases as a part of their globalization process. Figure 3 about the assumptions of the Uppsala Model describes the process regarding this matter and what potential outcomes will result in. The CGO mentioned their incremental globalization process similar to the Uppsala Model where they are trying to expand further and further away from the home base. According to the Uppsala Model, there are two ways to market entry; no export (or through licensing or franchising) or to start business in markets with lower geographical distance. With this being said, the empirical findings shows that Machi has chosen the second option where they have incrementally expanded their business. In addition, the aspect of the language as a disturbance in flow of information was identified in the empirical findings where the CGO mentioned how the language is a barrier in the globalization journey.

Furthermore, the digital born firm and its internationalization process is important to highlight in this research since the case company is operating digitally. The digital born firm's globalization process differs from a traditional firm especially when it comes down to communication. Wentrup (2016) discusses the balance between having presence "offline" and "online" in a new market which the empirical studies indicate as well. It was found from the interviews that Matchi is available online when entering new markets. However, the goal is to establish both an offline and an online presence in new markets in order to gain control and become a global firm. This is one essential aspect mentioned by the CGO in the empirical findings. In the prospect of the future ambitions, the interviewee states how Matchi needs to establish local organizations, and according to the concept of "digital born firm internationalization process", this means they need to create both an offline and online

presence in their primary markets. As mentioned before, an online presence means that the firm is only available online, and an offline presence means that the firm only has physical staff and employees available. With this being said, Matchi has a strong home base with both an offline and online presence, but lacks offline presence in their newly entered markets. Agreed with the CGO and Wentrup (2016), Matchi needs to create a better balance between offline and online presence in all operating markets to become a global firm. However, Matchi has been able to establish a strong home base which is required for a digital firm in its internationalization process according to Wentrup (2016). Figure 4 indicates how the firm should gradually expand the physical distance from the home base similar to the Uppsala Model and what Matchi has done so far. Wentrup (2016) also mentions how important the networks are for the digital firm to create value and grow.

Given these points, it is important to maintain the incremental globalization steps gradually as stated by the Uppsala Model and the digital born firms internationalization process. However, all frameworks listed in the literature review emphasizes the value of networks and how it will create value for the firm and the customers. This is confirmed by Matchi as the interviewees mentioned the importance of creating networks and how it will lead to value creation several times during the interviews.

### **5.3 Applicable strategies**

Given insights from the case company beforehand, the researcher has provided an academical aspect on their current implied strategies beachhead and cluster. Together with the results from the interviews, the researcher has been able to identify important aspects of these two strategies. As Matchi has gone from a start-up to an international scale-up, they have implemented strategies beneficial for start-ups. Kamps (2020), believes start-ups need consideration on how to allocate resources and then fully commit. This is the characteristics of a beachhead and what Matchi previously has done when entering new markets. Both the interviewees and the literature review agrees upon the importance of choosing the right location to enter. The choice has a high impact on the outcome depending on barriers such as infrastructure, language, technology acceptance and culture. Matchi has done an analysis of future markets to enter, divided into *primary* or *secondary* markets depending on the level of the barriers and opportunities. The market analysis of a primary market is in agreement with the conditions MIT Sloan School of Management (2014) believes a potential beachhead

market has. Furthermore, with careful market analysis, the beachhead strategy has proven to create competitive advantage both for Matchi but also confirmed by literature.

Regarding the cluster strategy, the value of networks and partnerships is highly important for this strategy to succeed. The cluster and beachhead strategies are closely connected as the cluster strategy involves “the geographic concentration of interconnected companies and institutions in a particular field” (Ikram et.al 2018). In other words, the selection of regions has a great importance in both strategies. Together with a beachhead approach, Matchi has chosen to enter certain clusters in new markets where they believe these clusters will grow and succeed. These clusters consist of either chains or several key stakeholders in the new markets. It is important to reiterate that clusters and networks are contributing to innovations and competitiveness. Both the CGO and Forsman (2019) believe that cooperation within a cluster gives the firm the chance to reach its full capacity, increase innovation but also form the future. Given these points, Matchi is currently using a mix of both beachhead and cluster strategies depending on the existing key players of the new market. The advantages with these two strategies are large, and with a thoughtful market analysis Matchi has great possibilities to become a global firm using these techniques.

Referring back to “The Padel Report”, Matchi has also divided their current operating markets into; established markets, maturing markets and the emerging growth markets. According to the CGO, depending on the establishment and predictions of padel, Matchi needs to analyze and choose which cluster to enter or key players to build networks with. As mentioned earlier, Matchi’s mix of both a cluster and a beachhead strategy makes them adjustable to enter different types of markets.

To clarify the analyzed concepts, frameworks and strategies, the researcher has provided a table (figure 5) with a summary in order to get an overview of the analysis chapter.

<u>APPROPRIATE FUNDAMENTAL CONCEPTS</u>	<u>USEFUL THEORETICAL FRAMEWORKS</u>	<u>IMPORTANT ASPECTS REGARDING STRATEGIES</u>
<p><u>FIRST MOVER ADVANTAGE AND THE IME CHARACTERISTICS</u>  Advantage of the IME and greater effect of networks.  Continuous improvement of the business model and reinvestment in the firm.  Prioritize new innovations.</p>	<p><u>UPPSALA MODEL</u>  Learning process. Experimental self-learning --&gt; incremental internationalization process.  Physical distance: expand further and further away from the home base.</p>	<p><u>BEACHHEAD STRATEGY</u>  Choosing the right location to enter. New market need to have beachhead qualities.  Choice is dependent on barriers and opportunities.  Create competitive advantage.</p>
<p><u>TECHNOLOGY ACCEPTANCE</u>  Technology Acceptance Model (TAM)  Factors which impacts consumer behavior towards digital payments: Privacy, Accessibility, Security, Content, Design, Perceived benefits, Trustworthiness.</p>	<p><u>THE DIGITAL BORN FIRM AND ITS INTERNATIONALIZATION PROCESS</u>  Balance between offline and online presence  Establish both offline and online presence in new markets.  Establish local organizations.</p>	<p><u>CLUSTER STRATEGY</u>  Value of choosing the right networks and partnerships.  "The geographic concentration of interconnected companies and institutions in a particular field"  Analyzed clusters which have potential to grow and succeed.</p>
<p><u>UNDERSTANDING OF MATCHI'S OPERATING INDUSTRY</u>  Digitalization.  Platform economy.  Digital born firms.</p>		<p><u>MATCHI STRATEGY</u>  Mix of beachhead and cluster strategy.  Established, maturing and emerging growth markets.  Analysis of future markets--&gt; primary or secondary markets.</p>

**Figure 5** Summary of the analysis chapter

# 6

## Conclusions

*The last chapter of this case study research will provide the results from the primary data collection in relation to the literature review. This chapter will illustrate the founded concepts and theories from the whole research.*

As the purpose of this research was to investigate what a digital born firm should strategically consider when globalizing and/or entering new markets, a case study of the Swedish digital firm Matchi was conducted. With help from recent and previous academic literature together with insights from Matchi, the researcher has been able to present factors and significant aspects in order to answer the research question.

### **6.1 The digital born firm in a platform-economy within a niche market globalization process**

The presented fundamental concepts illustrated in section 2.1, are representing Matchi's operating industry and characteristics. As a digital born firm, Matchi is dependent on technology and is a part of the *platform economy* (section 2.1.2). The increased willingness of using platforms and apps for customer convenience have led to a new era of digital born firms. These characteristics impact how they strategically enter new markets or globalize compared to traditional firms. As illustrated in the empirical findings, Matchi is operating in a very niche market and at the same time they mix their B2B and B2C in their overall business plan. These conditions add complexity and attentiveness towards their globalization strategy. Depending on how a digital born firm operates, there are different factors and attributes that will impact the globalization process. However, during this research it was found that the identified conditions in the data collection in correlation to a globalization strategy had not been researched deeply before. Existing research demonstrates factors, implications and aspects in similar industries, but lacks up-to-date technological firms globalization strategies. Therefore, the researcher has identified influencing factors and aspects in regards to Matchi's operating characteristics, but they are also applicable to other similar digital born firms, and



this last chapter will bring all the researched puzzle bites together and provide strategic recommendations as well.

## **6.2 Answers to the research questions**

### Research questions

*What should a digital born firm strategically consider when globalizing?*

*Which strategy should a digital born firm choose when expanding to another country?*

Moving forward, this case study research has presented several concepts combining the findings from the literature and empirical findings which differentiates a digital born firm's globalization process from a traditional firm. These factors are important to consider for a digital born firm when globalizing:

- The characteristics of the platform economy and the Internet-enabled-market-environment.
- The value of networks.
- Technology adoption in new markets.

In addition, a completion of essential conditions for new markets regarding the case company Matchi has been done (these conditions are adjustable depending on which industry the digital born firm operates in):.

- Strong racket sport culture/community. *For other digital born firms: a strong community and culture around the product offering.*
- Technology acceptance.
- Trust in digital payment platforms.

However, as stated in the empirical findings, there is a difference of size or acceptance in regards to these conditions and those will determine how profitable it is for Matchi or another digital born firm to enter that specific market.

In addition to these conditions, the empirical findings shows what the barriers to consider when globalizing for digital born firms:

- The infrastructure in regards to payment of means.
- Creation of networks.
- Language.
- Firm capabilities.
- Brand awareness.

Regarding the analyzed strategies, the research has concluded that the beachhead and cluster strategy is useful for Matchi (and digital born firms) now but also in the future. To reiterate what beachhead strategy means: the goal is to gain control over one small area at first, and from there expand further (Corporate Financial Institute, 2022). Considering the advantages listed by Mahon & Vachani (1992) in section 2.3.1, there are great possibilities for Matchi to gain competitive advantage using this strategy, and by entering clusters with this method, Matchi has the conditions and methods to become a global digital firm. Although, they have to assure that the market they enter has all or some beachhead conditions stated by MIT Sloan School of Management (2014). To reiterate; the market needs to consist of customers that demand the same products. Second, the customers have similar expectations and same habits regarding purchasing of products. The last condition is that the customers in the market are willing to change their behavior based on company reputation and known feedback from other customers. These conditions correspond to the known essential conditions for new markets seen in the framework (presented in the next section). Similar demands, expectations and habits will be translated into a strong racket sport culture/community in Matchi's terms. The willingness of changing behavior goes hand in hand with technology acceptance and trust in digital payments.

Furthermore, this research has been able to provide both academic and empirical evidence on strategies, concepts and aspects for digital born firms globalization process. The most important takeaways from this research, especially for Matchi, is to continue their expansion with help from the increased interest in padel. However, in order to not be too dependable on only one sport and to become a global firm they need to follow the globalization process in figure 6 (presented in the following section). In more detail, even though the framework is influenced by the Uppsala Model, which is an old theory based on traditional firms, it is still useful to take learnings from since it emphasizes the self-learning process and how one should gradually expand further and further away with time. Even though technology simplifies the communication between borders, there are still challenges with expansion, and

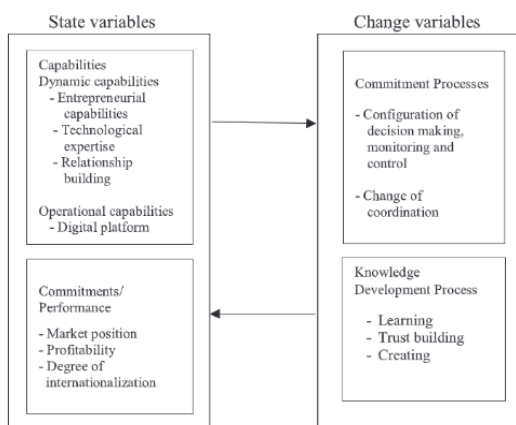
the Uppsala Model believes different aspects need to be taken into account in order to go into the next phase. Another important learning from the Uppsala Model which is applicable for digital born firms is that the market knowledge will impact the commitment decisions.

Implying this into this research, the listed conditions and barriers above, will impact the level of commitment of the firm. This will be illustrated in the strategic recommendations as well.

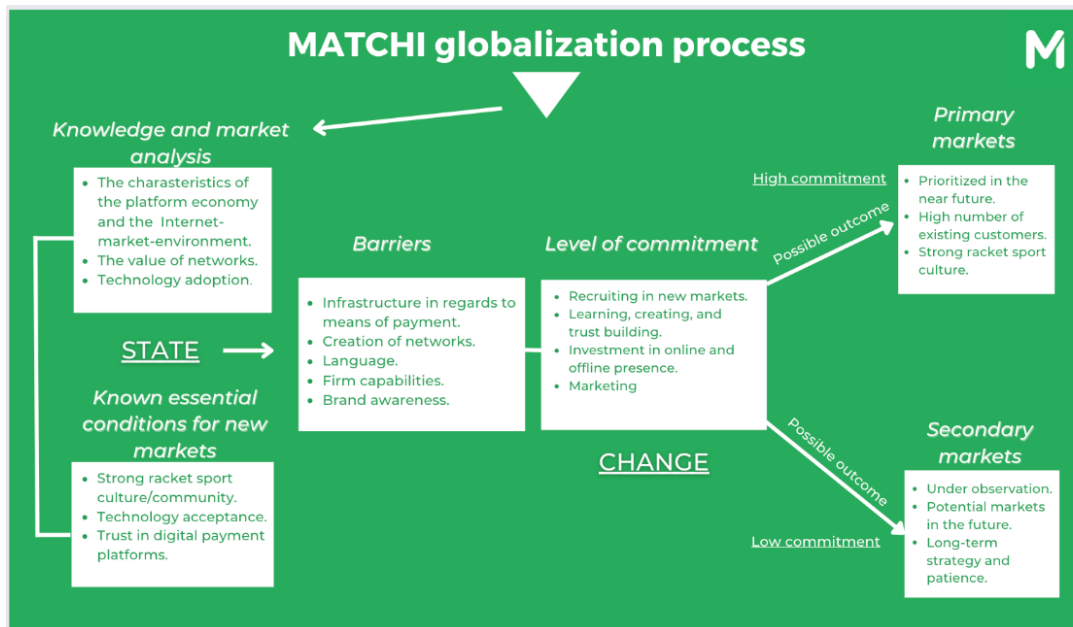
Moreover, with the listed benefits of being the first mover in the IME, Matchi and a digital born firm have to prioritize entering new markets before their competitors and at the same time consider the physical distance. Therefore, additionally to current strategies, there has to be a deeper analysis of potential new markets with no current competitors. Since the possibility of capturing value in new markets in this industry by only being first, Matchi's unique platform and other digital born firms offerings have great potential of capturing this value. However, as mentioned earlier, there are different levels of barriers depending on the characteristics of the new markets which impact the level of commitment corresponding with the Uppsala Model. With help from recruiting new employees together with a stronger offline and online presence, Matchi can decrease these barriers. It all comes down to if they have firm capabilities to do so.

### 6.3 Strategic recommendations for Matchi

By applying these concepts and conditions into a framework (influenced by the literature review and empirical findings), the researcher has been able to provide an explanation of the globalization process specifically for Matchi, but is also useful for other digital born firms. To reiterate the connection with the Uppsala Model, the Uppsala Model's application on internationalization is presented below followed by the researcher's own framework.



**Figure 2** The Uppsala Internationalization Model (Akbar Bhatti, Vahlne, Glowik, Antero Larimo, 2022)



**Figure 6** Matchi globalization process

The globalization process starts off with an analysis of the new market, which requires knowledge regarding the listed aspects above. In addition, there are known essential conditions for the new markets to contain to even be considered for Matchi. Secondly, depending on the level of barriers, Matchi will commit more or less depending on the challenges and predictions. Lastly, the level of commitment determines if Matchi should enter the new potential market in the near future or in the long-term. Therefore, the framework has divided the last step into primary markets and secondary markets depending on the analyzed steps beforehand. However, given their position, they need to prioritize their primary markets and see over firm capabilities in order to determine if they can take on several primary markets at once, or if they can balance entering primary markets and at the same time observe and plan for secondary markets. As the CGO mentioned, it is important to mix both short-term and long-term strategies in order to reach their goal to become a global firm.

Referring back to “The Padel Report”, padel has good predictions of becoming a global sport according to Matchi’s analysis. Therefore, if they could capture this value together with

padel, and by using help from the globalization framework, there is potential for Matchi to become “the go-to platform for the global racket sports community” (Matchi, 2022).

### **6.3 Implications for further research**

The purpose of this research was to contribute with strategic recommendations for the case company for their long-term goal to become the global leading firm in their industry. In addition, this thesis aimed to complement existing research on influencing factors and implications for digital born firms globalization process. However, concepts and influencing factors have been identified specifically for Matchi’s operating market industry. Although, to what extent these factors and concepts impact Matchi’s globalization strategy is beyond this research. Further research should include a comparative analysis of other digital platform firms which operate in B2B and B2C or competitors to Matchi. This will result in more factors and concepts which also is beyond this research. Lastly, future research could also include a larger scope of interviews from comparative firms and competitors.

# 7

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# 8

## Appendix

### Interview Guide Matchi

#### Objectives of interviews

- Get familiar with the term globalization from different perspectives.
- Get a broader understanding about strategy management.
- Understand results from strategic decisions.
- Understand barriers, complications that impact expansion strategies.
- Identify success factors

#### **Section 1 Background**

General information about the firm, services/products offering, their expansion journey.

#### Matchi firm characteristics

- Total employees.
- Age of the firm.
- Major competence and capabilities (resources, relationships, network, technology).
- Business idea.
- Value proposition.

#### Matchi's operating market characteristics

- Number of competitors.
- Barriers to entry.
- Added value (major competitive advantage)

#### The expansion characteristics

- Was the initial idea to be an international digital firm or was it thought to only operate in the home based country?
- How long after launching did Matchi enter a foreign market?
- Major incentives for entering new markets?
- Major incentives for the selected new markets?
- Prospect of future ambitions.

#### **Section 2 The interviewee**

Information about the interviewee's job description, time working at the company, and capability to influence strategic decisions.

- Job description.
- Duration working at the company.
- Involvement in strategic decisions.
- Key responsibilities

### **Section 3 The expansion journey**

Information regarding the entry of foreign markets and its actions, processes and performance.

#### *Before entering the new market*

- Did you have an initial timeline before entering new markets? Did it result in what you expected?
- How did you adjust to different markets?
- Was there any necessary research to be done? What kind?
- Did you have to adjust after entering?
- How did you prepare before entering?
- Are there different strategies for different markets?

#### *During entering*

- How did you market your services in the new market?
- Did you follow a chosen strategy? Beachhead/cluster strategies?
- How did you choose your locations in the new market?
- What competences and resources were needed in the new market?
- Did you have to use external resources? Recruiting from the inside the firm or outside?
- Did you enter the main market or a certain segment?

#### *Networks*

- Did you establish new connections or did you already have connections in the new market?
- If so, do you believe that new networks were needed in the new market?
- Did you outsource any of your services? If so, why?

#### *Potential barriers*

- How did you handle late majority and laggards (innovation adoption cycle)?
- Problems with foreignness, language barriers, infrastructure.
- Educate the customers and users about your services

#### *After entering a new market*

- How many users and customers did you reach in order to consider the market to be “entered”?

#### **Section 4 Results**

The last section will include success factors, globalization, how the firm followed their intentional strategies

- Was there any difference in the results of entering different markets than others? Why?
- Could you learn from entering another market before entering a new one?
- Are there any frameworks or practices the firm uses in regards to globalization?
- What does the administration within the firm look like when having presence in different markets?
- What do you believe have been the key success factors for the firm in this matter?
- What did you believe worked out well and what did not?
- Where are the future markets for the firm to enter?
- Where was the focus throughout the expansion process? (networks, partnerships, product development, sales, marketing, management)
- What do you believe is most important for Matchi to become a global leading firm in their industry?
- Are there any other strategies Matchi has used other than beachhead or cluster strategies?