



UNIVERSITY OF GOTHENBURG
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*Strategies for Success: Innovating Business Models in the Dynamic
E-commerce Landscape*

A Multiple Case Study

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Authors: Amalia Lövstrand & Linn Sätmark

Supervisor: Ethan Gifford

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Abstract

The rapid growth of the e-commerce industry has fundamentally transformed the traditional business landscape, creating both new opportunities and challenges. As online retail grows, e-commerce companies need to be able to innovate and build sustainable business models to remain competitive. This thesis therefore explores strategies for new e-commerce companies to adapt to thrive in this dynamic environment while empathizing the importance of aligning practices with evolving consumer behavior and market dynamics.

The study adopts a qualitative research strategy with an inductive approach, generating theory from empirical observations. The research design employs a multiple case study to provide comprehensive insights. Primary data were collected through in-depth, semi-structured interviews which enabled a nuanced exploration and allowed for the identification of emerging themes and patterns. The findings of the study are supported by a systematic literature review that contextualizes the empirical findings with existing theory and theoretical frameworks.

This thesis develops a framework for strategies for new e-commerce businesses to adapt to in order to succeed in the dynamic environment of the e-commerce industry. The research questions cover identifying components of successful business models in the e-commerce industry, creating sustainable strategies for long-term success, and how to adapt to evolving consumer behavior. By analyzing strategic approaches, the thesis provides actionable insights for small and medium-sized enterprises in the business-to-consumer sector, while enhancing the overall understanding of e-commerce practices. Findings highlight the importance of building strong customer relationships, offering a compelling value proposition, and differentiation. For new e-commerce companies the findings show that knowledge, understanding target markets, and developing a unique value proposition are crucial, as well as continuously conducting market research and making data analysis to be able to adapt to changing consumer behaviors.

Keywords: *E-commerce, Business Model Innovation, Business Model Canvas, Consumer Behavior, Market Orientation*

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1. Introduction

This chapter aims to introduce the thesis subject, providing a background followed with a problematization of the chosen research topic. Further, the purpose of the study is presented along with the research questions to concretize the aim of the study. Finally, the chapter presents the delimitations of the study.

1.1 Background

E-commerce stands for the buying and selling of goods or services on the Internet and compasses a variety of data, systems, and tools for online buyers and sellers. E-commerce businesses come in all sizes, from start-ups to big enterprises and the industry has rapidly evolved over the past few years. (Big Commerce, n.d) The rapid growth of the e-commerce sector has allowed internet retailers to reach many more customers as well as higher profits. (Muhammad, 2022) E-commerce is more than just another way to sustain or enhance existing business practices, it is a paradigm shift and a disruptive innovation that has changed the traditional way of doing business. One main reason for the industry to have rapidly evolved over the past few years is that it operates under totally different work rules in the digital economy with an all knowledge-intensive and technology-based environment. (Lee, 2001)

It has become important for businesses to create strategies that align with the development of customers' behaviors and market dynamics. It is shown that retailers that have been slow to adapt to the rapid growth of the e-commerce industry are facing big challenges. (Big Commerce, n.d) In just ten years comparing the year 2010 and the year 2020, global e-commerce sales have increased from \$572 billion to \$4.2 trillion, which indicates the rapid growth of the industry. (Rheude, 2023) E-commerce is not a trend passing through, in fact, the revenue of the e-commerce business is expected to grow each year at a rate of 14.56% which is resulting in a projected market volume of \$1,365.00 billion by the year 2025. (Big Commerce, n.d)

E-commerce companies need to have an appropriate strategy especially adapted to the e-commerce sector to achieve sustainable financial growth. Another important aspect is to understand the customers and the customer behavior. Customer behavior refers to the actions and decisions that people make when they are buying or using products or services. Understanding this fundamental aspect will help the business to make better decisions and adapt its strategy according to the target market. (FutureLearn, 2022) Working with identifying the customers' needs, preferences, and motivations and adapting the strategy to meet the demands will foster a deeper understanding as well as ensure long-term sales stability. (Online Manipal, 2022)

1.2 Problematization

The accelerated evolution of the digital landscape, together with the increasing pace of technological advancements, has pushed the e-commerce sector into a state of constant change. Many traditional firms have been outperformed by innovative and rapidly expanding digital entrants, facing setbacks as a consequence. The increased growth of online retailers has heavily affected traditional retailers where the new online retailers go beyond the traditional retail industry, entering new markets in search of further growth opportunities. The strong impact of digital transformation and the resultant new digital business models have fundamentally changed consumers' expectations and behaviors. Despite the pervasive impact, there is still little attention to the massive development of the topic. (Verhoef, Broekhuizen, Bart, Bhattacharya, Qi Dong, Fabian & Haenlein, 2021)

In today's competitive landscape, it is crucial to have a financially sustainable business model in order to survive and succeed. Chesbrough (2010) highlights that technology itself has no value, it attains value when it is commercialized through a business model. Companies tend to invest large amounts of money in exploring new ideas and technologies but often lack the ability to innovate their business models. The e-commerce industry has over the last decade experienced substantial expansion which has resulted in a significant increase in online shopping. Along with the expansion, a lot of players in the industry are facing challenges in terms of identifying benefits and challenges to harness growth. (Gupta, Kushwaha, Badhera, Chatterjee & Gonzalez, 2023)

Lee (2001) explains that there is no simple prescription and no such thing as an established business model for all companies to follow, even for companies operating in the same industry. This indicates the importance of an analytical framework to follow to assess critical success factors when formulating business models and strategies. Further, Lee (2001) highlights that many companies struggle with the basic problem of understanding what the best approach for their business is in the e-commerce industry. Another problem many companies face is how to fundamentally change the mindset of operating in the traditional business, and understanding that e-commerce is more than just another way to sustain or enhance already existing business practices.

Since the digital transformation is accelerating, the e-commerce landscape has become more and more dynamic. New players have entered the market and the established ones have taken on new roles and challenges, and with that new business models have transformed the landscape. The survival and success of e-commerce businesses depend highly on their ability to not only adapt to emerging technologies but also to innovate their underlying business structures. (OECD, 2019). Digital technologies such as artificial intelligence, the Internet of Things, blockchain and cloud computing are currently transforming the e-commerce industry, which enables new business models along with innovating already existing ones. (World Economic Forum, 2019). For emerging e-commerce companies, navigating the complexities of the market requires an understanding of how to create business models that are not only innovative but also financially sustainable in the long run. It is not just about embracing the

latest technological trends but rather about orchestrating these technologies within a coherent and adaptable framework. The ability to create a business model that can withstand the rapid changes in consumer behavior, technological advancements, and competitive landscapes is essential. (OECD, 2019)

Even though the e-commerce industry is attractive and provides a lot of benefits, Barroso et al. (2019) state that small and medium-sized enterprises (SMEs) are more reluctant to the industry than multinational companies are. The reason behind this is that SMEs prefer to do business in more traditional ways and that these firms have a limited ability to implement the practices necessary for adapting to the industry. Smaller firms with fewer resources take a higher risk when they venture into a new industry. However, the digital transformation taking place in the industry has opened up opportunities for new innovative firms to benefit from the constantly changing trends. Simakov (2020) states that entering the e-commerce industry is a smart choice for entrepreneurs today based on the low overhead costs. The e-commerce industry has the potential to remodel the underlying mechanisms of entry strategies and competitive battles on the market. However, research focusing on the interplay between e-commerce and entry strategies are currently scarce in the existing literature.

1.3 Purpose & Research Questions

The purpose of this study is to investigate strategies and approaches that can empower new e-commerce companies not only to survive but to thrive and be successful in today's competitive market. The term successful in this thesis is defined as companies' abilities to sustain profits. This research aspires to go beyond the surface and develop an intricate framework for business models tailored specifically for emerging e-commerce companies. The emphasis is on crafting a framework that guides these companies through the groundwork for success in the long term.

In order to achieve this purpose, the study will analyze various strategic approaches, taking into account the dynamic nature of consumer behavior, the evolving market dynamics and different success factors when it comes to creating a sustainable business model. The research aims to contribute significantly to the enhancement of the overall understanding of the complexities involved in establishing and sustaining e-commerce companies. By offering a comprehensive and adaptable framework, the study intends to equip new e-commerce companies with the tools necessary not only to weather the initial challenges of market entry but also to establish a resilient foundation that promotes long-term success in a dynamic and competitive landscape. Thus, the research questions are stated as follows:

- What are the key components of successful business models for companies in the e-commerce sector?
 - How can new e-commerce companies formulate and implement innovative and financially sustainable business models to achieve long-term success in the competitive landscape?

- How do e-commerce companies adapt to consumer behavior changing over time?

1.4 Delimitations

In delineating the scope of this study, the focus lies on e-commerce businesses operating within the business-to-consumer (B2C) industry. Since the content of the study is the e-commerce industry, there will be no consideration taken to companies' physical stores, if there are any. Furthermore, the study is tailored to encompass relatively young companies, established less than five years ago, that have been established primarily with an e-commerce orientation. By concentrating on these emerging ventures, the aim is to closely scrutinize the innovative approaches of contemporary e-commerce practices. Additionally, the research is delimited to small and medium-sized enterprises (SMEs) within the e-commerce landscape. This strategic decision allows for a focus on the unique challenges and opportunities faced by SMEs in navigating the competitive e-commerce sector.

2. Literature review

This chapter aims to provide a deeper understanding of the research topic. First, the concept of business model and business model innovation is defined and explored, Secondly, the e-commerce business, including new e-commerce companies, strategies and success factors are introduced followed by the external factors, consumer behavior and market orientation. Thirdly, literature about the resource-based view, followed by adaptive firms and the PDCA cycle are disclosed. Finally, the findings are presented in a theoretical framework.

2.1 Business Model

When a business is established, it either explicitly or implicitly employs a particular business model, outlining the structure and strategy for creating, delivering, and capturing value. The core of a business model lies in defining how the business provides value to customers, attracts customers to pay for that value, and converts those payments into profit. In essence, it represents the management's assumptions about customer preferences, their desired manner of receiving value, and how the company can efficiently organize itself to meet those needs, generate revenue, and achieve profitability. Without a well-developed business model, there is a high risk that companies will fail to either deliver or to capture value from their offers. In order to achieve a competitive advantage, companies need to develop a successful business model that is differentiated and hard for other companies to imitate. Further, a business model is an essential component in a market economy characterized by consumer choice, transaction costs, and diversity among consumers and producers, fostering a competitive environment. Profit-driven companies operating in such settings strive to address diverse consumer needs by continually innovating and introducing new value propositions to attract and engage consumers. (Teece, 2010)

Other authors discussing the concept of business models are Osterwalder, Pigneur and Tucci (2005), describing business models “as the blueprint of how a company does business” (Osterwalder et al., 2005, p. 4). The business model is a translation of the strategic issues, positioning and goals into a model that states the business functions. Further, there is a distinction between the term business model and strategy. A lot of people use both of the terms interchangeably, using them to describe everything a company does to get a competitive advantage. A distinction between the two describes business models and shows how different parts of a business fit together whilst strategy includes competition. Casadesus-Masanell and Ricart (2010) describe the differences similarly, explaining that the business model follows as a reflection of the strategy. They explain that the business model refers to the way a business operates to create value for its stakeholders whilst strategy is referred to as the choice of business model through which the business will compete within the industry. Business models are according to Casadesus-Masanell and Ricart (2010) composed of two different elements, firstly, the choices about how the organization should operate and then, secondly, the consequences of the choices, where every choice has one or

several consequences. It is implied that every organization has a business model since every organization makes some choices that will lead to certain consequences. It is therefore up to every company to make choices in order to create the best possible business model in their opinion.

2.1.1 Business Model Canvas

Osterwalder and Pigneur (2010) state that a business model is best described through nine interrelated building blocks that visualize the logic of how a company intends to make money. These nine blocks cover the four fundamental areas of business, customers, offer, infrastructure and financial viability, together forming the so-called business model canvas. The first building block described by Osterwalder and Pigneur (2010) is customer segments, an important part of the business model canvas as profitable customers are a crucial part of a company's long-term survival for any business. In order for a company to satisfy their customers it is important to group them into distinct segments based on needs and behaviors. When doing this, an organization needs to make a decision about which segments to focus on and which segments to ignore. The most central building block of the business model canvas is the value proposition, namely the offered value to the customers. The value proposition a company offers in terms of for example price, speed of service, design and customer experience is the reason why customers choose one company over another. The next building block described by Osterwalder and Pigneur (2010) is one named channels, which describes how a company communicates and reaches the chosen segments in order to deliver a value proposition. The communication, distribution and sales channels a company uses plays an important role in the overall customer experience. It is of great importance to the company to find the right mix of channels in order to satisfy customers' wants and needs.

The customer relationships building block describes the different types of relationships a company establishes with particular customer segments. The customer relationship in a company's business model is something that affects the overall customer experience. A company must think about what type of relationship it wants to establish with the different customer segments based on their expectations and thereafter examine how they are or could be integrated with the rest of the business model. The revenue stream building block represents the money a company generates from the different customer segments. When it comes to this building block a company must ask themselves what the customers are willing to pay for the product or service offered. Osterwalder and Pigneur (2010) state that all business models require key resources, which is the next building block described by the authors. These key resources allow a company to create and offer a value proposition, reach new customer segments and maintain a relationship with the already existing ones in order to create revenue for the company. The next building block, key activities, describes the most important actions a company must take in order to make the business model work and to operate successfully. Key resources and key activities are closely connected since they both are required to create revenue for the company. Following building block is key partnerships. This building block emphasizes the connection between the company and external actors, such as suppliers and partners, making the business model work. The last building block

described by Osterwalder and Pigneur (2010) is cost structure. A company that creates, captures and delivers value always incurs costs. These costs are relatively easy to calculate when the key resources, key activities, and key partnerships are defined. In summary, the business model canvas is a universal tool used by companies to visualize and iterate on their business models.



Figure 1. Business model canvas (Osterwalder & Pigneur, 2010)

2.2 Business Model Innovation

The term business model innovation (BMI) is growing amongst organizations and has proven to play a primary role in firms' success and performance. BMI is conceptualized when it comes to content as a new structure of a company's value proposition, value-captured activities, and/or its value chain. (Andreini, Bettinelli, Foss, Mismetti & Marco, 2022). Wirtz, and Daiser (2018) describe BMI as an activity of modifying an already existing business model or creating and implementing a new one. It is seen as an effective form of innovation that is directly linked with sustainable competitive advantage if implemented successfully. Further, it allows companies to adjust to changes in market trends and to survive and succeed in a dynamic and competitive landscape. Like Andreini et al. (2022), Wirtz and Daiser (2018) state that the purpose of BMI is to identify new value propositions in order to generate revenues, along with finding new ways to create and capture value for the company's stakeholders.

Sorescu (2017) states that BMI does not only apply to product innovation since it can be designed around certain processes as well. Further, BMI does not have to be disruptive, although it needs to generate a change in the value creation, value appropriation, or value

delivery that would result in an improvement in the company's value proposition. Sorescu (2017) continues that there is no strong agreement on the factors that drive the success of BMIs, however, it is clear that BMI can lead to a strong competitive advantage if done right. Taran, Boer and Lindgren (2015) explain the importance of BMI due to today's increasing and globalizing competition, but also emphasize the practical and theoretical challenges for companies innovating their business model. Many organizations are determined to make more disruptive changes to their business model, however, they often struggle with articulating the already existing business model which makes it difficult to understand the potential for innovating it. According to Taran et al. (2015) most companies tend to focus on the same value proposition as they already have, using the same strategy to target the same customers. This could work if the company has a secure competitive advantage based on their unique assets, intellectual property rights and more, so that they do not need to take the risk of radically innovating their business model. However, since the global competition intensifies over time, few companies have a hard time relying solely on their assets. The term innovation has a lot of definitions, however, they all describe innovation as doing something new. The first explanation of innovation originates from the 1930s and is described as the introduction of a new good, the introduction of a new method of production, the opening of a new market, the conquest of a new source of supply, and the carrying out of a new organization. It is hard to define when an organization can call a change in their business model an innovation. (Taran et al., 2015)

Foss and Saebi (2017) state that the concept of BMI and the usefulness of business models have in recent years become a more important topic to more organizations, especially in the e-commerce industry. BMI has proven to be a key source of sustained value creation, outcompeting new products and services as a competitive advantage. Already established firms that innovate their business models tend to experience positive performance effects. Schneider and Spieth (2013) explain that due to ever-changing trends, companies are forced to find new and improved ways to achieve competitive advantages. To respond to a changing environment, BMI provides an analysis considering the relevant internal and external factors. BMI is aiming towards renewing a company's core business logic, instead of limiting the innovation to single products or services. Further, Schneider and Spieth (2013) distinguish between BMI and business model development. They explain that BMI is a company's response to changing sources of value creation, whilst minor continuous changes to the already existing business model focus on the usage of the resources and competencies and their development, leading to a development of the business model.

2.3 E-commerce Business

Rosário and Raimundo (2021) describe e-commerce as the sale and purchase of goods and services through the Internet in exchange for money. Competition, both regionally and globally has intensified due to the creation of the internet-based marketplace competing with the physical one. Jain, Malviya and Arya, (2021) state that due to the internet and accelerated expansion of technology, the e-commerce industry has become an important field for today's companies. The internet has contributed to the ability to access new markets and customer

segments, forcing companies to adapt and innovate their business models. Warpade and Bhikaji Sane (2023) highlight that studies are demonstrating a significant market increase in purchasing products online and that many individuals have transitioned from traditional purchasing methods to a more internet-centric approach. There are many advantages of online shopping for customers such as easily accessing product information, comparing prices from different sources, and obtaining comprehensive details through a combination of visuals, audio, and text descriptions. Increasingly, people are using internet-based services and the internet empowers consumers in a world of rapid e-commerce development. Companies need to strive to exceed customer expectations in a highly competitive environment. All of this strengthens the importance of understanding e-commerce to succeed with new businesses.

2.3.1 New E-commerce Companies

To succeed in the digital economy, Zimmermann, (2000) discusses three challenges for new business models. The first challenge is deciding the best structure for the company in terms of how to formulate and build the value chain. The second challenge is formulating the most suitable processes for the company. When it comes to formulating the best processes for the company, Zimmermann (2000) enhances the importance of understanding the customer's needs and that they are constantly evolving, and when formulating processes this must be kept in mind. The third challenge is products and how to meet the customer's needs through them. Salamzadeh and Kawamorita (2015) also discuss the challenges new companies face and explain that many challenges are unique, but some are commonly identified. Human resources is an important factor and for some companies, the founders may lack knowledge in the e-commerce industry or just in the industry which enhances the importance of hiring people with the right knowledge of the field to succeed. Kanchana, Divya and Ansalna Beegom (2013) also discuss the importance of having a team with the right knowledge.

Salamzadeh and Kawamorita (2015) argue that some new companies fail due to a lack of attention to environmental elements such as market trends, limitations in the market, legal issues, etc. The importance of paying attention to environmental elements is enhanced by Kanchana, Divya and Ansalna Beegom (2013) who further argue that it is important to be prepared for, for example, unexpected lawsuits and inconsistent government policy. Kanchana et al. (2013) emphasize the importance for new companies to build loyal customers and to deal with competition beneficially as competition stimulates creativity and innovation. Being responsive to trends and being able to swiftly adjust the business according to trends is important as well as having the right focus. Having the right focus includes understanding which customers to focus on, spending energy on the right things, and having a passion for the company. Wilson and Abel (2002) argue that a well-structured and well-thought-out business plan is the backbone of any company that plans to be successful in any medium and that the basics of a business plan apply whether it is in the e-commerce landscape or not.

2.3.2 Strategies and Success Factors

When analyzing business models and strategies in the e-commerce sector it is important to understand that the e-commerce industry is a disruptive innovation that is radically changing the traditional way of doing business, as well as the industry is moving faster than traditional businesses. (Lee, 2001) The fact that there is no simple prescription for the industry strengthens that there is no established business model for companies to follow that will automatically work for every company. Lee (2001) highlights that to be able to build a framework that will fit the business planning to operate in the e-commerce industry, it is important to create an analytical framework to assess the critical success factors when formulating the business model and strategy.

E-commerce is constantly changing the way of doing business and for many companies, e-commerce is no longer an alternative but an imperative. There are many different ways of doing business in the digital economy and Lee (2001) explains that some companies move their entire business to the Web, some are establishing subsidiaries and then spinning them off as separate online business entities and some are investing in or merging with online startups. Further investigations made by Lee (2001) to analyze if a company's business model for the e-commerce industry is viable have been made by formulating a framework. For the business model to be viable, it needs to have some important characteristics formulated in the framework following. The characteristics include designing programs that take advantage of the Internet network effects, leverage a single set of digital assets to provide value across many different and disparate markets, building trust relationships with customers through e-business communities, transforming value propositions and organizational structures for enhanced value creation and lastly generate synergy effects on e-commerce product and service offerings.

Further, (5) steps suggested by Lee (2001) that are important to include in the strategy for e-commerce companies to succeed will be explained; (1) Redefine competitive advantage. Operating in the e-commerce sector is very different from traditional businesses. There is a need to redefine competitive advantage in terms of cost, differentiation, and marketing to stay competitive. Transaction costs from sellers are continuously being reduced with an increase of the sellers' messages into the market, which makes differentiation harder and consumers' ability to compare between options easier. (2) Rethink business strategy. The strategy must be web-based. It is important to focus on a winning strategy, such as leveraging the brand name or customer assistance. E-commerce companies have cost efficiency towards communication to their consumers that includes revealing purchase patterns and preferences. (3) Re-examine traditional business and revenue models. It is important to pay attention to how the company creates value both in the physical traditional business and the e-commerce information world. (4) Re-engineer the corporation and Web site. The website should be a channel to collect customer information through interactions, transactions, and/or personalization as well as fostering a feeling of community among consumers. (5) Re-invent customer service. The advantages of e-commerce in terms of being able to build relationships with customers are important to consider. Lee (2001) highlights that this step is about the ability to build

cost-effective total experience and loyalty-enhancing relationships with the most profitable customers. Receiving feedback and product development based on the feedback to improve the products according to the customers is a success factor.

Subhashini and Hemamalini (2016) state that e-commerce gives customers the ability to order products according to exact specifications and with a personalized experience. The personalized experience is defined as a tool that helps reduce administrative costs and cycle time as well as stream business processes and improves relationships with both business partners and customers. Due to uncertainties in the e-commerce sector, it has become a necessity to develop a strong customer satisfaction program. Satisfied customers are profitable, being able to keep them will raise profits as well as those customers will recommend the business to other potential customers. However, dissatisfied customers will share their negative experiences with more people than satisfied customers will. Five maxims of satisfaction for customers have been identified which are product design and delivery according to the customers' needs, delivering quality consistent with price level, delivering the product in a timeframe desired by the customer, customer care, and a fair way of conflict resolution. (Subhashini & Hemamalini, 2016)

The concept of business models can be applied to companies online and offline, but the rapid growth of the e-commerce industry has led to the need for rethinking how most value can be created from a business model. Amit and Zott (2017) have identified different value drivers for e-commerce business models where the value is referred to as the total value created for all parts of the business model. The first value driver discussed is efficiency, which is referred to as a particular transaction enabled by a business model. When a company increases its transaction efficiency, the more valuable the business model will become. This in turn can lead to reduced marketing and sales costs along with communication costs. Amit and Zott (2017) continue by explaining that transactions are a central part of value creation in the business model. Another value driver discussed is the potential of a business model to motivate customers to execute repeated transactions. Creating a business model to keep customers as well as attract new ones through an attractive marketplace can lead to an increase in repeated transactions. To know if a specific e-commerce is perceived as attractive to the customers, a good way for the company is to gather feedback from the customers.

2.3.3 Consumer Behavior

To survive in the e-commerce business, it is important to understand that one needs to compete with others to retain customers. Masyhuri (2022) discusses that tremendous efforts are required to meet the expectations of demanding online customers and that online businesses need to understand what key factors determine customer satisfaction. Further, it is important to understand that consumer behavior in e-commerce versus traditional shops differs. What is leading the purchase path in e-commerce is the perceived value from the customer, which enhances the attitude. Attitude in this concept is defined as the positive or negative feelings related to the accomplishment of the purchasing behavior on the internet, which the e-commerce experience has some effect. Customer satisfaction however is an

important term as it is the key for retaining the customer. Customer satisfaction is defined as the customers' feelings of delight or disappointment toward the expectations of a product. With high customer satisfaction comes higher repurchase intentions. Another important term of e-commerce is customer loyalty, customer loyalty is considered a necessity both for economic and competitive reasons. Loyal customers will repurchase and recommend the services or products offered, which also indirectly reduces marketing costs. Building strong relationships with customers increases customer loyalty, and loyal customers have strong intentions to buy from the same e-commerce website and do not easily switch to another. The service offered by e-commerce businesses is judged by efficiency, reliability, privacy, fulfillment, responsiveness contract, and compensation. (Subhashini & Hemamalini, 2016) Warpade and Bhikaji Sane (2023) discuss that factors affecting consumer behavior and the propensity of customers to make online purchases are factors such as convenience and that it saves time, perceived risk of the purchase, the characteristics and attributes of the product.

Key factors for a successful e-commerce business according to Subhashini and Hemamalini (2016) are perceived value, attitude, customer satisfaction, and customer loyalty. It has been proven that the perceived functional, social, and economic values, attitude, customer satisfaction, and customer loyalty are positively correlated with each other. An increase in customer satisfaction will lead to an increase in the number of loyal customers and thereby enhance the profit of the e-commerce business.

Consumer behavior is affected more and more by social media. Social media is a tool that offers marketers an opportunity to connect directly with customers and strengthens communication and value proposition to the customers, this is especially beneficial towards the top customers regardless of the customers' location. Yadav and Rahman (2018) explain that social media is a platform used for customers to gain information about products and services that they are interested in, this enhances the importance of having satisfied customers that will promote the products and be able to show the benefits of the product for potential customers to see. Social media marketing includes tools such as user ratings, reviews, recommendations, referrals, internet forums, online communities, and social shopping groups. The prime objective of marketing programs is to boost stakeholders' value and to develop and sustain strong relationships with customers. The foundation of social media is indeed the relationships being built. Social media marketing activities of e-commerce businesses comprise five dimensions and have a positive influence on the drivers of customer equity; interactivity, informativeness, word-of-mouth, personalization, and trendiness. Using social media marketing activities gives superior value to customers in terms of authentic information from actual buyers, recommendations, and reviews for example. When the aim is to deliver enhanced customer value, social media marketing is a good way of building and preserving customers and has been shown to have a significantly positive effect on customer loyalty. (Yadav & Rahman, 2018) Warpade and Bhikaji Sane (2023) further emphasize the role of social media and sponsored social media in initially capturing the consumers' attention and subsequently shaping their thoughts to enhance online user engagement, website traffic and conversions.

When it comes to consumer behavior, different generations have different characteristics that are important to take into account to be able to deliver the best experience. Sudirjo et al. (2023) discuss the characteristics of Generation Z and that they are more firm, independent, emotional, expressive, innovative, stand-alone, and more curious than other generations. Further comparing Generation Z to other generations, they are more accessible to communication patterns which indicates a lack of short-term planning and thought processes. Site features and visual appeal are taken into account when deciding whether to make an online purchase for Generation Z on a large scale, as well as impulse-triggering features. It is important to understand that different generations have different characteristics and different consumer behaviors, to succeed the company needs to understand which target group of their products are.

Further Sudirjo et al. (2023) discuss the connection between privacy and online buying intentions and that a quality website's characteristics of security, usability, and visual appeal play a significant impact in influencing online buying impulse for the customers. Another important component is personalization services online and that can affect consumer behavior. This can affect the consumers to shop more frequently and without thought and features such as "search more in" can trigger impulsive buying. Impulsive buying is defined as an action that occurs from a thought that was not pre-decided before entering the store, it is a strong uncontrollable need to make an immediate, unplanned purchase of anything without giving it much thought. When it comes to e-commerce, buying items online differs a lot from physical stores and Sudirjo et al. (2023) discuss the importance of taking features such as usability and visual attractiveness into account. Further, features such as quick responses from customer service representatives, online stores that regularly update their website and make it easy for the customers to access them, and features that show the customers' recent buys and adapt accordingly have become a powerful force in e-commerce.

When making purchases online, an attribute to making customers feel secure is the confidentiality and privacy of the transactions. Further factors that make customers feel secure that can trigger the will to buy and impulsive buying are the direction of the brand, the direction of quality, and the direction of online trust. Sudirjo et al. (2023) It is important to understand which strategy is suitable to adapt for e-commerce businesses and follow it in all the different phases the consumer goes through. During the evaluation phase, customers prioritize the reputation of e-commerce websites and the security of payments, while in the post-purchase concerns revolve around after-sales services such as customer service. Online retailers must closely evaluate internet-related factors that will facilitate online consumer behavior. (Warpade & Bhikaji Sane, 2023) Overall, it is the experience for the customer that affects the intentions of making a purchase. Sudirjo et al. (2023)

2.3.4 Market Orientation

Ghauri, Wang, Elg and Rosendo-Ríos (2016) state that keeping track of market trends helps companies develop capabilities that can support their adaptation strategies, increase their ability to meet customer needs and thereby achieve higher performance. However, a company

that is constantly changing in order to adapt to local market trends could lose long-term focus, which in time could lead to losing its competitive advantage. Companies that are operating in multiple markets, such as many e-commerce companies, often choose little adaptation to local market trends and instead prioritize unique value propositions that address the unmet needs of customers (Ghauri et al. 2016). Aaker and Moorman (2023) explain that digital disruption has changed a lot in the markets such as customer behaviors, business models, decision-making, and how markets develop. Marketing is described as an important business function and as a process for creating and capturing value for a company. The central focus of marketing is to make decisions based on the customer and market insights.

Narver, Slater, and MacLachlan (2004) present two types of market orientation, namely, responsive and proactive. Responsive market orientation comprises the reaction to market changes in terms of the expressed needs of customers. In this type of market orientation, a company tries to discover, understand, and satisfy the customers' needs. Proactive market orientation addresses the latent needs of customers, explained as needs of which the customer is unaware. According to Narver et al. (2004) a company should always first consider the expressed needs of the customers. However, just satisfying customers' expressed needs could be insufficient since it may result in not attracting new customers and keeping the existing ones. Further, Narver et al. (2004) state that the concept of marketing is about being more effective and efficient than competitors in order to satisfy the needs of the company's target markets. In order to stay competitive it is of great importance to have a market orientation strategy to be able to succeed in terms of profitability, and sales growth and to reach high achievement when it comes to launching new products.

Octavia et al. (2020) state that the business environment is a crucial factor affecting business performance. Since the global economy continues to undergo an extensive transformation in technology companies must adapt to these changes in order to stay competitive. Further, Octavia et al. (2020) explain that all e-commerce companies need to understand the market orientation of their customers and competitors in order to differentiate and be able to meet customer needs in the best possible way. Rosário and Raimundo (2021) argue that companies within the e-commerce industry struggle with identifying effective engagement and marketing strategies that align with consumer expectations due to the rapid increase in the sharing of information in today's online environments. There is a need for large amounts of information in order to better understand the customers' needs. The e-commerce industry is dependent on global technological trends and the developments and advancements when it comes to global technologies and e-commerce have an extensive influence on consumers' purchasing behaviors and their intentions. Companies can with the help of data technologies track purchasing activities and other demographic factors in order to better understand the market and be able to match their offers to customers' needs and expectations.

2.4 Resource-Based View

The resource-based view initially began as a shift from the sources of profit in the external environment to the sources of profit within the firm, in which the resource-based view of the

firm identified the resources and capabilities of the firm as its main source of competitive advantages. (Grant, 2018; Peteraf, 1993) Grant (2018) explains that resources are the productive assets owned by the firm and capabilities are what the firm can do, they must work together to create organizational capability and when they work together through an appropriate strategy it creates a competitive advantage as visualized in Figure 2. The resource-based view recognizes that each company possesses a unique collection of resources and capabilities, and it is about identifying how the company is different from competitors and designing strategies that exploit the differences. Companies need to understand the underlying purpose of the firm by understanding what the company is offering, which is made by understanding who the main customers are and what needs the company is aiming to serve those customers. However, we are living in a world where customer preferences are volatile and constantly changing and therefore it's crucial that the company focuses on identifying its capabilities and resources to stay competitive in the long run. To provide a secure foundation for the company in a rapidly changing external environment, it's more likely that the internal resources and capabilities rather than an external market focus will do so. Especially in technology-based industries such as the e-commerce industry, basing strategies upon capabilities can help companies outlive the life cycles of their initial products. (Grant, 2018)

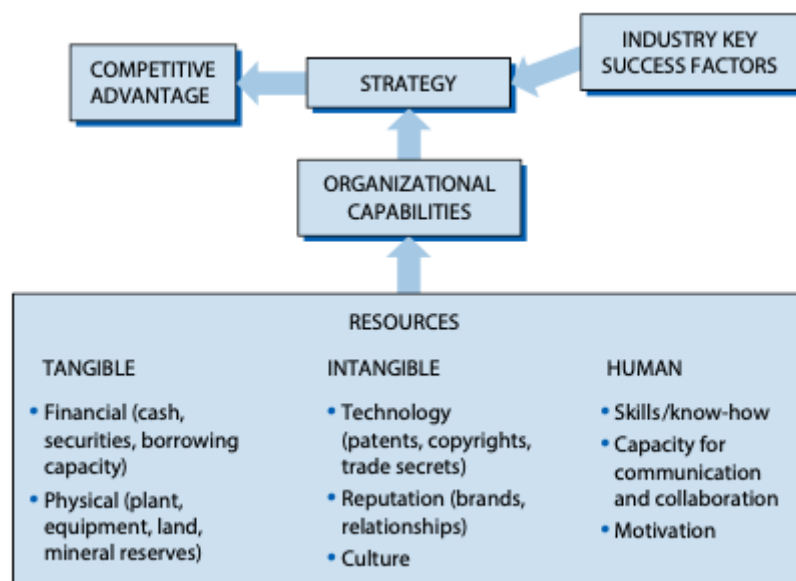


Figure 2 - The links between resources, capabilities, and competitive advantage, Grant (2018) p. 113

Grant (2018) discusses the three main types of resources of a firm which are tangible, intangible, and human as shown in Figure 2. Tangible resources are financial resources and physical assets and are valued in the firm's balance sheet. The primary goal of measuring the tangible resources is to understand the potential for generating profit and can be made by understanding what opportunities exist for economizing and if existing assets can be redeployed more profitably. Intangible resources are harder to value as it includes factors such as patents, copyrights, trade secrets, the value of brands, and organizational culture.

Intangible resources also include the firm's network which can include access to information, know-how, inputs, and a wide range of other resources that lie beyond the firm's boundaries. Human resources is the third main resource and is considered as the skills and productive effort offered by an organization's employees. Human resources are the know-how of the employees as well as the ability of communication and collaboration, and the motivation. Grant (2018) Further discussing the organizational capabilities, Grant (2018) enhances that it is the firm's capacity to deploy resources for a desired end result, it is important to understand that the resources of the firm are not productive on their own. Organizational capability involves coordinated behavior among the members of the organization and this is what distinguishes organizational capability from individual skills.

The strategically important resources and capabilities are those with the potential to generate substantial streams of profit for the firm and it depends on three important factors, which are the potential to establish a competitive advantage, to sustain that competitive advantage and to appropriate the returns from the competitive advantage. Figure 3 visualizes the key relationships of the three factors. (Grant, 2018)

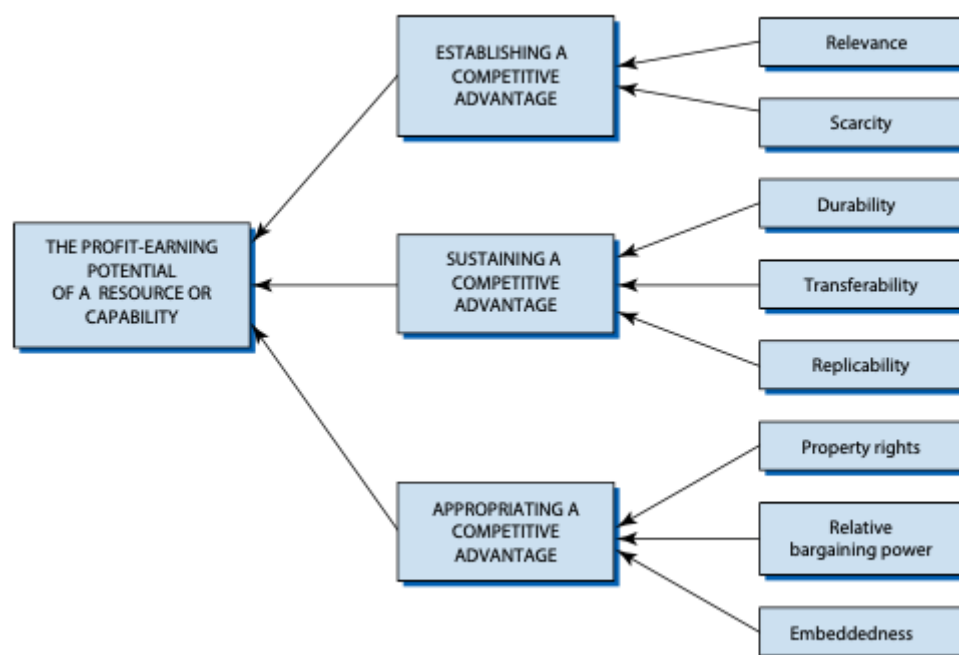


Figure 3 - Appraising the strategic importance of resources and capabilities, Grant (2018) p. 120

To establish competitive advantage, Grant (2018) explains that two conditions must be present. The resource or capability must be *relevant* to the key success factors in the market which means that it must be valuable for the customers. *Scarcity* is the second condition that must be present because if a resource or capability is widely available within the industry, it will not provide a basis for competitive advantage. Further when it comes to sustaining competitive advantage once established, Grant (2018) discusses three important characteristics of resources and capabilities. The first is *durability*. The more durable a

resource is the greater its ability is to support a competitive advantage over the long term, for example the quickening pace of technological innovation, such as in the e-commerce industry, is shortening their life spans. The second important characteristic to sustain competitive advantage is *transferability* which means that if a resource or capability is able to be transferred between firms, then any competitive advantage that is based upon them will be eroded. Most resources are easily acquired, but some resources and capabilities are not so easily transferred and some are immobile. The third characteristic is *replicability* which indicates that if a firm cannot buy a resource or capability, it must be built and the competitiveness lies in if other companies also have the ability easily to build it. (Grant, 2018)

2.5 Adaptive Firms

When companies grow they find ways to acquire new resources and at the same time combine them with already existing resources in order to increase the value creation of the firm. However, Eshima and Anderson (2017) state that there is a weak correlation between past growth and future growth. It can be hard for a company to maintain growth due to external factors such as competitiveness in the market and market changes. In order for a company to grow and achieve long-term success a lot of emphasis is put into a company's ability to adapt. In other words, a company that can increase its adaptive capability will result in growth that enables future successful activities. Further, by changing a firm's resource base is a foundation to adaptive capability. In order to increase the adaptive capability a firm must be able to meet the assumptions of future change in product and market trends with its existing resources. Expanding the current resources to be able to create new combinations will enable a firm to find different potential ways to satisfy changing market expectations. When it comes to small and medium-sized companies wanting to pursue new opportunities a lot of the attention and effort should be directed towards the organizational resources. (Eshima & Anderson, 2017)

Friedman, Carmeli and Tishler (2016) refer to adaptation as a firm's ability to adapt and react to dynamism and turbulence in its respective industry. This includes the firm's willingness to change its strategy and operational activities when the market is changing. There is a great difference between firms when it comes to the level of adaptability. Firms that are not adapting will most likely disappear from the market, while adaptive firms will withstand. Birkinshaw, Zimmermann and Raisch (2016) explain that even well-established firms frequently fail to adapt to changes in their external environment effectively. Failure to adapt comes mainly from the fact that external change is discontinuous rather than incremental, which means that firms need to reevaluate and change their existing ways of working along with rethinking assumptions about how to succeed in a changing industry environment.

2.5.1 Dynamic Capabilities

In order to overcome turbulence and uncertainty in the business environment, firms need to adapt their way of working in order to survive and succeed. Balta, Papadopoulos and Spanaki

(2024) state that firms need to develop their dynamic capabilities in order to address rapidly changing environments. These dynamic capabilities are developed by integrating and reconfiguring internal and external competencies in order to be able to operate in a competitive and dynamic environment. Dynamic capabilities are according to Balta et al. (2024) an extension of the resource-based view and explain how firms respond and adapt to changes in the business environment. Birkinshaw et al. (2016) are describing dynamic capabilities in a similar way, defining it as a firm's ability to create, extend, upgrade and protect the assets. According to Birkinshaw et al. (2016), dynamic capabilities can be categorized into three different parts, sensing, seizing and reconfiguring, where these parts are a part of a firm's adaptation process in fast-moving environments. Sensing is described as a process of identification and assessment of threats and opportunities, seizing includes mobilization of resources to address the identified threats and opportunities, and lastly reconfiguring, which is described as continuous renewal of the firm's tangible and intangible assets. A common conception of dynamic capabilities is that they are “higher-order” capabilities that orchestrate change among lower-level and more ordinary and operational capabilities. Grant (2018) also argues that dynamic capabilities can be disaggregated into the capacity to sense and shape opportunities and threats, to seize opportunities and to maintain competitiveness through enhancing, combining, and when necessary, reconfiguring the firm's intangible and tangible assets.

In fast-moving business environments open to global competition, such as the e-commerce industry, sustainable advantage requires more than assets that are difficult to replicate. Teece (2007) argues that it also needs to involve unique dynamic capabilities. Dynamic capabilities are further important since they embrace a company's capacity to shape the industry where it operates, develop new products and processes, and implement successful business models. Further, it is suggested that when managing these capabilities with excellence, a company's capacity to innovate and capture value will lead to long-term positive financial performance. Teece (2007) continues by stating that dynamic capabilities are notably important to multinational companies working in environments exposed to international commerce in combination with opportunities and threats associated with rapid technological change. Dynamic capabilities can help a company shape the environment it operates in, not just adapt to the changes. In fast-paced and competitive environments dynamic capabilities have proven to be extremely relevant to achieve a competitive advantage.

Akgün, Keskin and Byrne (2012) discuss adaptive capabilities, which refers to a process of interaction between market, technology, and organizational design. Adaptive capabilities are not a single construct, but rather an iterative process where all of these constructs are interconnected. Further, Akgün et al. (2012) state that knowledge is a key factor for guiding organizational adaptation. Knowledge can help reduce the uncertainty generated by fast changes in markets and technology. Organizational adaptation is grounded in the connection between the organization's external environment and its internal structure. In other words, a company can through its external environment scan changes in customers, competitors and general conditions and then filter the information to make a decision on how to address these changes. Organizations that have adaptive capabilities can according to Akgün et al. (2012)

learn faster and by that create new routines in exchange for the old ones, and identify new technological opportunities to develop and implement new innovative ideas.

2.6 PDCA

The plan-do-check-act (PDCA) is a continuous feedback loop to identify and change process elements to reduce variation. Gupta (2007), Isniah, Hardi Purba, and Debora (2020) explain that the objective of the PDCA is to plan to do something, manufacture or do it, verify or check it for meeting requirements, and correct the process to maintain the acceptable output performance.

In the first step of planning, the goal is to identify and plan the changes or improvements to be made. In this phase, there is a need for setting objectives, identifying processes in need of improvement, and developing a plan. The second step is implementing the intended plan which can be implementing a new process, testing a new product, or making changes to an existing procedure for example, and the effectiveness of the changes. The third step is “check”. However, the PDCA cycle has evolved as maintaining or controlling processes, it was not seen as enough, and a plan-do-*study*-act (PDSA) framework arose focusing on continuous improvements. The PDCA arose as the study of variation in process output is important to continually improve the process. The PDCA can be used to identify the need for improvement, and the PDSA for sustaining the improvement. (Gupta, 2007; Moen & Norman, 2009) Gupta (2007) explains that the PDSA empathizes the study of excessive variation concerning the acceptable limits and identification of causes of excessive variation for necessary adjustment, rather than identifying the root causes of the problem, and therefore the importance of *studying* the outcome was acknowledged and the third step in the cycle is about comparing the the actual outcomes with the plan established in the first step. The last step in the cycle is to act and is based on the findings from the previous step. If the outcome is not successful or improvements need to be made, the cycle begins again from the beginning as visualized in Figure 4, and the learnings from the outcome are then used to make continuous improvements. (Gupta, 2007; Moen & Norman, 2009)

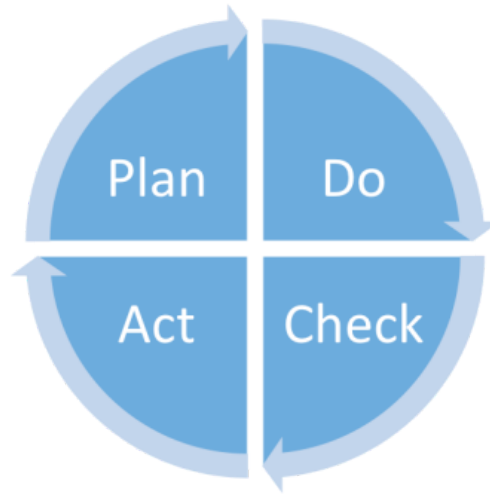


Figure 4 - Plan Do Check Act. (Gupta, 2007)

Moen and Norman (2009) argue that the PDCA cycle is applicable to all types of organizations and to all groups and levels within an organization. The PDCA cycle allows for project plans to adapt as learning occurs, provides a simple way for people to empower themselves to take action that leads to useful results, and facilitates the use of teamwork to make improvements. (Moen & Norman, 2009; Isniah et al., 2020)

2.7 Theoretical Framework

From the literature review, some crucial factors affecting the success of an E-commerce business have been identified. There is a clear link between the factors and the outcomes when it comes to operating in a constantly changing environment. The literature addresses key concepts and variables, however, it does not focus on their relationships and connections. This theoretical framework aims to bridge the gap by systematically examining the interconnectedness of the different chapters in the literature review. A theoretical framework has been created in Figure 5, where the framework is a general overview of important aspects to consider when it comes to succeeding in the e-commerce industry.

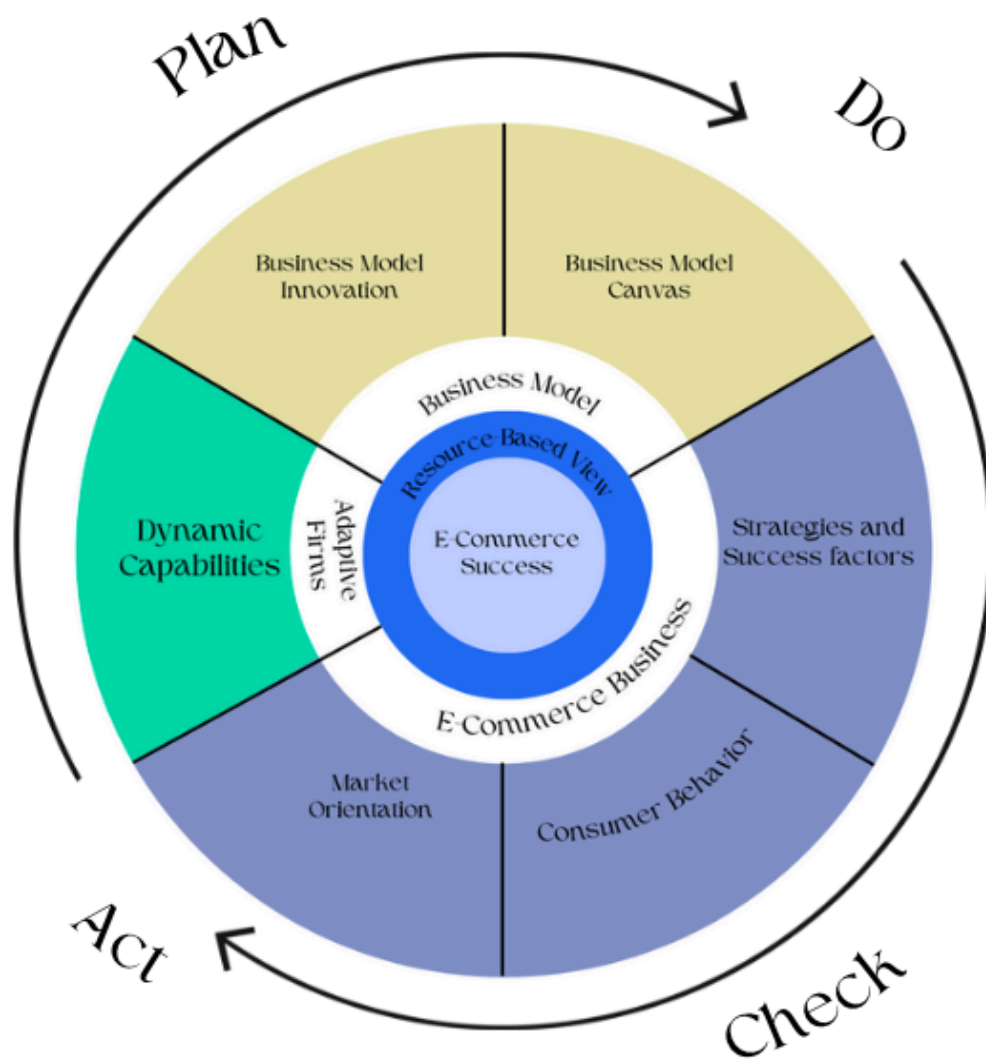


Figure 5 - Framework of factors that affect the success in the e-commerce industry

First and foremost, the success of E-commerce businesses is connected to their ability to understand and work with the firm's unique resources and capabilities to be able to achieve long-term success in the competitive landscape and to have a better adaptation to external factors changing over time. The resource-based view offers profound insights into how firms can achieve and sustain competitive advantage and highlights the importance of identifying and leveraging these resources and capabilities within the company, both to develop a sustainable business model and to differentiate from competitors as the resources and capabilities that the company possesses form the basis for its success. As visualized in Figure 5, the resource-based view is the foundation of the company, and being able to create value from the resources and capabilities that the company possesses is crucial for its success.

The business model is considered to be a key factor in every company, not least e-commerce companies. It is as stated a way for companies to create, deliver and capture values. The business model is highly interconnected to the resource-based view since the theory states that a firm's competitive advantage is derived from its internal resources and capabilities. This perspective is closely aligned with the formulation of a business model, where firms

describe how they create, deliver and capture value. Moreover, the value creation in a business model reflects on the theory of the resource-based view. By integrating resources into a firm's value proposition, e-commerce firms can differentiate from competitors and create a more competitive positioning in the market. By aligning a business model with the principles of the resource-based view, e-commerce companies can enhance their innovation and long-term financial sustainability in a competitive landscape. When looking at the business model canvas, it is a valuable tool to help visualize the business model consisting of different building blocks. One of these blocks is closely related to the resource-based view consisting of a firm's key resources. Looking at the BMI, it is clear that innovating a firm's business model is guided by the principles of the resource-based view. By strategically reconfiguring already existing resources along with acquiring new ones can help a company create new value propositions and revenue streams along with innovating its business model. By integrating BMI with the principles of the resource-based view, firms can innovate their business models to tailor it to the strength of the resources.

Understanding the e-commerce landscape and the different strategies needed compared to in-store is important for companies to succeed in their business online. As there is no simple prescription for the industry, it's important to assess the critical success factors for the specific company when formulating the business model and strategy. Understanding online consumer behavior is another important factor for long-term success which includes understanding purchase decisions where factors such as preferences, needs, motivations, attitudes, and perceptions play a vital role. Also the increased usage of social media as a marketing tool for e-commerce businesses. Further, understanding how to create a positive user experience for the customer such as navigation, product presentation, checkout processes, and making customers feel secure when making purchases as well as personalization and targeting drives the success of the e-commerce business. Successfully understanding consumer behavior and having the ability to build loyal customers and a relationship with the customers is a success factor long-term, which includes working continuously with customer feedback to improve the offering. Further, analyzing which customer segment and the characteristics of that segment in compilation with continuous improvements for the e-commerce business based on the customer insights, and being able to adapt to changing preferences of the customer, market trends, and market dynamics is important for long-term success. However, adapting to market trends needs to be strategically considered and long-term success includes understanding when and if to change the offerings to meet market trends.

As dynamic capabilities are a company's ability to adapt, innovate, and reconfigure its resources in response to changes in the business environment, dynamic capabilities are an important ability for companies to possess to be able to adapt to external factors changing over time to ensure long-term success, which also is related to the resource-based view. This is a continuous and important process to stay ahead of competitors. Further, being strategically flexible is related to dynamic capabilities and is the capability of reallocating resources and adjusting strategic priorities in response to emerging opportunities or threats. E-commerce companies that have dynamic capabilities can sense market changes, capture

emerging opportunities, and reconfigure accordingly. By integrating dynamic capabilities into the business model, companies can effectively navigate in the changing business landscape and maintain their competitiveness. It is clear that for firms to be adaptive, they need to possess dynamic capabilities.

In a changing environment, such as the e-commerce business, innovation, adaptation to trends and strategic adjustments are necessary in order to stay competitive. In this case, this is an iterative process that can be linked to the principles of the PDCA method. By planning and stating specific goals and objectives will ensure a firm a clear direction for achieving success in the industry. By implementing the plans and setting the strategies into reality will affect all parts of the firm, including its business model. In order to review the plan, monitoring or checking the results of the actions will give a clear view of the results in terms of what worked well and what needs improvement, along with identifying strengths and weaknesses. Based on the evaluation done in the monitoring phase, a firm has the possibility to make further improvements or take corrective actions in order to enhance the strategy and business model. By continuously iterating the process and making adjustments, a firm operating in the e-commerce industry has the possibility to enhance its performance and success over time.

Overall, this theoretical framework provides a holistic understanding of the versatile nature of e-commerce businesses and highlights the interconnectedness of various factors influencing their success.

3. Methodology

This chapter aims to provide an overview of the process of the study. The chapter starts with introducing the chosen research strategy and design and continues by presenting how primary and secondary data was collected and reviewed. Further, the chapter describes the method used to analyze the data along with the research quality. Finally, the ethical considerations taken into account are presented.

3.1 Research Strategy

Bell, Bryman, and Harley (2022) describe the qualitative research strategy as a strategy that emphasizes words and images, being more influenced by interpretivism. Looking at the quantitative strategy it is more influenced by numbers, in both collection and analysis of data. A qualitative research strategy is more appropriate for this research due to the qualitative nature of the research questions and the need for a deeper understanding of the success factors influencing business models and BMI in the e-commerce landscape. Bell et al. (2022) emphasize that a qualitative research strategy is suitable for investigating a broad research question where people's perceptions and words play a crucial part in the study. The research questions for this study are broad and require deep reflections built on interpretations of information from the interviews.

When it comes to e-commerce, success is often based on understanding consumer behaviors, emerging market trends, and the dynamic technological landscape. Qualitative research is well-suited to capture the complexity of these phenomena, where methods such as in-depth interviews, provide the flexibility to dive into the contexts of individual cases, allowing for the identification of patterns, challenges, and innovative practices that might not be immediately apparent in quantitative data.

To relate theory with research it is important to choose the right approach. This research will be characterized as predominantly inductive. Bell et al. (2022) explain that a qualitative research strategy is in general inductive where theory is generated out of the research. Through this approach it is possible to study how different companies within the e-commerce industry can innovate and implement financially sustainable business models. In this case, the research aims to explore and understand how new e-commerce companies can formulate and implement financially sustainable business models along with BMI. Therefore, the use of an inductive approach will allow the generalization of theories from empirical observations. Other authors discussing qualitative research strategy with an inductive approach are Gioia, Corley and Hamilton (2013) who emphasize that all good qualitative research uses multiple data sources, which is going to be used in this study as well. Further, Gioia et al. (2013) discuss the importance of an inductive approach since this gives the researcher the ability to connect the data with the theory. The theory when it comes to an inductive approach should show the dynamic relationships between data and theory. This is the aim of this study, where

the interrelationship between data and theory should follow an inductive approach in order to avoid getting stuck in the theory, and not being able to create connections between the two.

3.2 Research Design

According to Bell et al. (2022), several prominent research designs exist to follow and use, this study will be a multiple-case study, which is an extension of the case study design. A multiple-case study fits the research since the purpose of the study is to explore multiple cases within the e-commerce business. A multiple-case study allows for comparisons and contrasts in the different cases. In this way, it is possible to consider what is unique and what is common across different cases. The results obtained will be based on a detailed and in-depth analysis of several cases to derive patterns and insights into sustainable business models. As this study has a unique focus that is limited to a specific industry, e-commerce, is why a multiple case study is a better fit than a cross-sectional research design (Bell et al., 2022).

Goffin et al. (2019) state that when it comes to business model innovation, case study research is a highly appropriate design. When it comes to multiple cases, Goffin et al. (2019) argue that the external validity can be considered higher than for single cases. A multiple-case study consisting of different sources allows triangulation to be conducted and different insights can be generated. Since the purpose of this study is to find out how new e-commerce companies can formulate and implement innovative and sustainable business models to achieve long-term success this type of study will allow for a deeper understanding of the different success factors.

3.3 Data Collection

3.3.1 Primary Data Collection

The chosen method to gather and analyze the qualitative data is through in-depth interviews that have a semi-structured approach.

Bell et al. (2022) explain that the choice of the semi-structured approach is that it allows a much greater interest in the interviewee's point of view as the interview reflects the researcher's concerns. The semi-structured approach is flexible and allows for a balance between a predefined set of questions and the spontaneity of the responses. The depth and nuance of the approach enable rich qualitative insights. The insights are gathered by combining structured questions with open-ended questions, allowing the interviews to go in different directions depending on the interviewee. Bell et al. (2022) highlight that going off topics often is encouraged as it gives insights into what the interviewee sees as relevant and important. Further, semi-structured interviews provide a holistic exploration of the interviewees' experiences and perspectives, which gives valuable insights into the different decision processes (Bell et al., 2022). As the interviewees gave different expertise and shared different experiences, using a semi-structured approach allowed for an adaptation toward the

participants' diversities. Depending on the interviewees' responses, the interview questions were adapted during the interview to encourage a discussion in order to explore the subject in-depth.

Another important quality of using a semi-structured approach to the interviews is that it allows for emerging themes of the interview. Emerging themes can unfold unexpected topics and directions with valuable insights. Using semi-structured interviews regarding the research topic of how the implementation of innovative and sustainable e-commerce business models enables adaptability to the dynamic and multifaceted nature of the topic. The semi-structured approach prioritizes the interviewees' engagement towards the interview and encourages engagement and nuanced insights, allowing the interviewees to go deeper into the topic. (Bell et al., 2022)

3.3.1.1 Selection of Firms and Participants

Bell et al., (2022) discuss that the research questions should give the indicators of what units need to be sampled. The research questions have provided guidelines as to what category of people and companies need to be the focus of attention and have therefore been sampled. The selection of samples followed purposive sampling which refers to a group of non-probability sampling techniques in which the interviewees are selected because they have the characteristics needed for the study. The sampling process adopted a theoretical sampling approach which is a form of purposive sampling. Bell et al., (2022) further explain that theoretical sampling is not bounded by the limits of a prior selection, but instead entails jointly collecting and analyzing data to decide what data to collect to develop theory. The theoretical sampling approach ensures the representation of the focal phenomenon to generate theoretical understanding, which the selection of samples was based upon.

Bell et al., (2022) argue that the sample size should not be so small as to make it difficult to achieve the right amount of data, but at the same time not be so large that it is difficult to undertake a deep, case-oriented analysis. The interviews have the goal to be intense and provide a lot of information about the company and how they operate, therefore the sample size had the aim to reach the saturation stage without having a fixed sample size to begin with. The selection of participants for interviews was made according to a predetermined set of criterias. The predetermined criterias were made to ensure that the selection of samples had the right competencies to contribute the needed knowledge and insights. The first criterion was that the company operates in the e-commerce industry with a positive track record and with good revenues. The second criterion was that the interviewee needed to have great knowledge about how the company operates with a relevant position in the company to be able to answer the questions related to the research questions. Lastly, the company needed to fit the criteria to be a small/medium-sized company and not be older than five years. Further, another criterium was to interview people from different industries to achieve a variety of views.

Approximately 40 candidates were contacted and the candidates were found on different websites and by personal network. An email containing information about the study was sent to the found candidates and ultimately seven companies were interested in being interviewed. For the interested candidates, an interview guide was sent before the interview to allow for preparations for the interviewee. The majority of the candidates being contacted did not answer or answered that they did not have the time to participate.

Table 1 - Information about interviews and participants

Participant	Company Role	Industry	Date of the Interview	Interview length	Setting
P1	Business Developer	Aggregator	2024-03-14	61 min	Zoom
P2	COO	Retail	2024-03-18	58 min	Zoom
P3	Founder	Tobacco	2024-03-20	68 min	Zoom
P4	E-Commerce Specialist	Retail	2024-03-26	59 min	Google Meet
P5	CEO/Founder	Retail	2024-04-03	55 min	Google Meet
P6	Head of Operations	Fashion	2024-04-08	62 min	Zoom
P7	CEO	Fashion	2024-04-05	48 min	Google Meet

3.3.1.2 Interview Process

Before conducting the interviews an interview guide (Appendix 1) was written. The interview guide was formed to include key topics and questions in order to provide a framework for the interviews. Bell et al. (2022) states that the questions should allow the interviewer to understand how the respondents view specific contexts and frameworks in order to clearly understand the answers. Further, order and structure are important in order to form the basis of the interview guide. The topics included were based on findings in the literature review and formed to get the interviewees' own perceptions and interpretation on the questions. To make the interview process more coherent, a certain amount of order on the topics were created. The interview guide was sent out to the participants in accordance once they had confirmed the interview. According to Bell et al. (2022) this is something that can help strengthen the dependability of the study. The date and time of the interviews were scheduled

at least two weeks in advance and the approximate length of the interview was communicated at the same time.

The interview process itself was started by asking the participants the consent of recording the interview which they agreed to. The interviews were recorded in order to ensure the focus of the actual interview as well as enable the authors to transcribe and relisten if necessary. Bell et al. (2022) states that by audio recording an interview the interviewer has the ability to fully attend to the interview instead of focusing on taking notes on what is said. The participants were also asked regarding whether or not they wanted to obtain anonymity. Interviewing face-to-face is considered preferable according to Bell et al. (2022) since it is not limited to words and includes aspects such as non-verbal cues for instance body language and facial expressions. Due to the preferences of the companies all interviews were conducted digitally by video conferencing. The choice of conducting virtual video interviews was because it would provide a greater commitment and motivation from the interviewee than it would over the phone. Another advantage of having virtual video interviews instead of over the phone is that face-to-face interaction is possible. Even though face-to-face interviews would have been preferred, interviewing via virtual video was the best available option.

Since all participants and the authors were native Swedish speakers, the interviews were held in Swedish. Although the study is written in English, holding the interviews in Swedish was preferable to avoid misunderstanding and misinterpretation between the parties. Since the authors did not know the participants' proficiency in English beforehand, translating the transcriptions was seen as the most advantageous.

3.3.2 Systematic Literature Review

The collection of literature used for the study is based on secondary data in terms of existing literature including reviewed scientific articles, books, reports, and websites within the current subject. Bell et al. (2022) state that by engaging with the existing literature, authors can start to develop an argument about the significance of the research and where it intends to lead. Further, the insights gained from existing literature and previous research can serve as a comparative component to the primary data. A systematic literature review is a replicable, scientific and transparent process aimed at minimizing bias through an extensive search of literature (Bell et al., 2022). The literature review was conducted systematically by collecting literature that was comprehensive to create an understanding of the chosen topic. Furthermore, the literature review was narrowed in order to be able to find information, theories and models to the questions the study intended to answer. The authors placed great emphasis on evaluating and selecting literature that was considered relevant to the study and its research questions in order to minimize any biases.

The literature review followed the main steps of the systematic literature review suggested by Bell et al. (2022), where the first step was to formulate clear and answerable research questions. When completing the research questions and planning of the literature review, a

search for literature based on keywords and search terms were carried out. The search of information led to a comprehensive list that was examined in order to see which ones were relevant to include in the review and which ones that should be excluded.

3.3.2.1 Literature Search

The literature search began by identifying keywords in order to define boundaries in the search. The literature review includes academic articles collected from various databases such as Google Scholar and the search engine Super Search provided by the University of Gothenburg library. According to Bell et al. (2022) online databases are one of the most valuable sources when it comes to academic articles and journals. However, a problem with using search engines online is that it could be hard to know if the information is legitimate (Bell et al., 2022). In order to ensure that the sources were trusted, all journals in the literature review are peer-reviewed. In order to get a deeper and more nuanced view of the literature, the references from already found literature were used in order to find additional literature.

3.4 Data Analysis

The qualitative methodology deployed in this study implies that a lot of information has been collected, once obtained, the information can be extrinsic and problematic to analyze. Adapting a systematic approach to the analysis simplifies the understanding of the meaning and content of the collected data. (Bell et al., 2022) To manage the collected data and to avoid obvious flaws a thematic analysis has been made which is one of the most commonly used approaches to analyze qualitative data. Bell et al., (2022) explain that the researcher when making a thematic analysis generates a theoretical understanding by identifying themes in the collected data, which also allows for better management of the data and the information will be more understandable.

Transcriptions of the interviews were made directly after each interview to provide a greater understanding of the information. As the interviews were held in Swedish, the interviews were transcribed in Swedish as well and thereafter translated into English. Cross-checking was made with the interviewees where there were uncertainties of the correct translation.

Bell et al. (2022) emphasize that coding, which is a part of the thematic analysis, helps to link the collected data to the research question as well as the literature and theoretical concepts. After the transcription was made after each interview, coding of the material was made to identify recurring themes and patterns in the data. Bell et al. (2022) explain that the coding process is made by breaking down the data from the interviews into component parts and giving them labels. Key themes and patterns within the collected data guided the thematic coding, and a search for the recurrences of sequences of coded text within and across the different interviews was made. Pinpointing repetition in the interviews and finding common patterns or codes help to interpret the data and to identify the different themes. This approach was made to find links between the different codes to identify and organize them. Bell et al. (2022) specifies criterias to focus on which have been followed in this study. When

identifying different themes it's recommended to look for patterns by analyzing similarities, differences, repetitions, transitions, and linguistic connections and this criterium was followed both individually and across the interviews. The thematic analysis method that is used in the study enables a systematic and structured approach when analyzing the gathered qualitative data.

3.5 Research Quality

According to Bell et al. (2022), qualitative studies should be evaluated with different criteria than quantitative studies. Criteria to evaluate the quality of business research are typically reliability and validity. However, in qualitative studies these criteria are not applicable since they suggest only one social reality that the researcher aims to reveal, when it in fact can be more than one and possibly several accounts. It is necessary to specify ways of establishing and assessing the quality of qualitative studies that will provide an alternative to reliability and validity. Qualitative studies emphasize that interpretations and understandings may change over time, and therefore primary criterion for assessing qualitative studies is trustworthiness and authenticity which provide an alternative to reliability and validity.

Trustworthiness is made up of four criteria: *credibility*, *transferability*, *dependability*, and *confirmability*. The four criteria are further elaborated in how they were considered, and how they affected this study.

3.5.1 Credibility

Credibility is described by Bell et al. (2022) as the trustworthiness of the study and is equivalent to internal validity in quantitative research. As one of the criteria for trustworthiness, credibility is a central part in making sure that the study's findings are believable. When it comes to understanding different aspects of social reality, there are a lot of various explanations when asking different people. Concerning the credibility of this study, it has been taken into consideration that all parties involved have their own partial opinions. In order for the authors to avoid bias, a focus of maintaining objectivity throughout the research was necessary in order to not influence the interpretations of the findings. Consideration of multiple perspectives was always acknowledged in order to engage with diverse viewpoints. A way to promote credibility when it comes to participants is to ensure that there are no right or wrong answers, an aspect that was incorporated for all the interviews. Furthermore, Bell et al. (2022) state that confirmation of how the authors understood the participants needs to be confirmed for increased credibility, also named respondent validation. In order to do this, the findings were sent out to the participants in order to verify interpretations.

Additionally, another concept of ensuring credibility is triangulation, which is a practice including the usage of more than one source of data or method (Bell et al., 2022). By triangulating data from different sources, including different organizations in the interviews the credibility of the interpretations increased. The sample of primary sources included a

variety of organizations in order to ensure that the study can be applicable to a broader set of perspectives that have a better representation of the social reality and not only a single organization's specific context.

3.5.2 Transferability

As this study's qualitative research entails an intense study of individuals sharing certain characteristics with a focus on depth, the qualitative findings in these terms according to Bell et al. (2022) tend to be orientated to the contextual uniqueness and significance of the aspect of the social world being studied. Transferability is related to the concept of external validity and refers to the extent to which the findings and conclusions can be applied and generalized. The transferability gives this study insights into how the findings can be applicable to other concepts and situations and contributes to broader knowledge and understanding. (Bell et. al., 2022)

To make sure that transferability is considered throughout the study several key steps have been followed. The sampling of empirical findings have been chosen to be as diverse as possible in terms of factors such as industry sector, different roles, and the age of the company. Since the data is built on multiple cases, to ensure transferability the authors made sure that the findings are applicable to other contexts. However, a qualitative study according to Bell et al. (2022) can not be generalized to a full extent outside its context as the context is specific to the particular phenomenon and therefore the study does not have the aim to fully generalize but instead provide a contextual understanding of the aspects of the experiences.

3.5.3 Dependability

Dependability in qualitative research is a parallel to reliability in quantitative research and refers to the stability of data over conditions and time. Dependability is a key criteria that is used consistently for trustworthiness in the study to be able to draw meaningful conclusions from the collected data. (Bell et. al., 2022) To ensure dependability in this study, records of the different stages in the process of conducting the study, such as the interview transcripts, have been kept in accessible manners. There has been consistency in the collection of data with an interview guide used for all the interviews, transcriptions being made directly after each interview and with standardized processes interpreting the data. Coding and thematic analysis have been consistently made of the samples to ensure dependability as well as transparent documentation.

3.5.4 Conformability

Bell et al. (2022) explain confirmability in quality research as to the degree to which the findings of a study are objective and not affected by the influence of the researcher's perspectives or values. Conformability is essential for ensuring that the conclusions drawn from this study are based on evidence and not on subjective interpretations. To ensure conformability throughout the study, some key aspects have been taken into consideration.

The researchers have maintained the objective to the data being collected, discussions with knowledgeable people have been made to gain insights from different perspectives, and through mentorship throughout the process of the study.

3.6 Ethical Considerations

Ethical issues are something that needs to be taken into consideration when conducting a research study. To ensure the integrity of the study and the reputation of the research it is of great importance that these types of issues need to be observed and addressed. Bell et al. (2022) describe four ethical principles that researchers are expected to comply with. The first principle, avoidance of harm, includes the researcher's responsibility to prevent possible harm to participants of the research study. The second principle, informed consent, strives to ensure that intended participants are given the information needed to be able to decide whether or not they decide to participate in the study. The third principle, protection of privacy, is related to the importance of protecting the privacy of the participants. When it comes to participants' privacy, researchers need to acknowledge that privacy can be seen in different ways by different participants, and therefore researchers need to approach each participant with consideration to their perceptions. The fourth principle, preventing deception, refers to the obligation of informing the participants concerning the details of the research, representing the research for what it is.

To ensure compliance with the ethical principles in the study, several measures were taken. Firstly, to ensure that the participants had a clear understanding of the research study, a detailed description of what the participation would imply was communicated before making the choice of participating or not. Further, the study obtained voluntary consent without constraint, allowing participants the opportunity to ask questions or withdraw from the study at any time. The participants were asked whether they wanted to be anonymous or not in the research. All participants who agreed to be a part of the research wanted to be anonymous. Ensuring that the participant data is kept confidential and anonymized was done using codes instead of names and securely storing the data. At any time during the interviews, the participants could choose not to answer questions, as well as choose to exclude answers after the interview was conducted. By adhering to the ethical principles, the researchers were able to uphold the integrity of the study.

4. Empirical Findings

This chapter outlines the empirical findings from the primary data collection, which is based on the seven conducted interviews. The disposition of the chapter followed the structure of the interview guide to ensure that the information is presented in a logical order. Lastly, identified codes and themes are presented in a figure acting as an overview of the findings.

4.1 Business Model

The participants view the concept of business model similarly. All participants identify a business model as their company's way to do business that creates value for their customers and stakeholders. An initial part of the interviews revolved around how a business model determines the performance of the company. When asked about the importance of the business model, all participants stated that the business model is a cornerstone for how the company operates in the industry. According to P1, the business model and the performance are interrelated and that the performance depends highly on the business model. Similarly, P2 states that without a functional business model the company would not survive for long. P6 states that the business model is a firm's plan for how the company generates its revenue and creates value for its customers and that without a functional business model it is hard for a company to sustain long term. P4 tells that a firm's performance is deeply intertwined with its business model and that an insufficient business model most likely will lead to poor performance.

“For our company, value creation is the process of transforming resources into something that meets the needs of our stakeholders” - P1

4.1.1 Formulation and Implementation

When it comes to formulation and implementation of the business model, P2 enhanced the importance of having prior knowledge of the industry that the company operates in. P2 further discusses that the prior knowledge that the founder had about the industry as well as creating several other companies in the past has helped them in the formulation and implementation process. P1 explained that their company's journey in formulating and implementing its initial business model was driven by a strategic mix of market insight, technological innovation and a strong focus on customer satisfaction. P1 stated that initially, the company started off by doing extensive market research leading to identifying untapped niches, laying the groundwork for their strategy and business model. Likewise P2 and P5 states that the founders of the company identified a gap in the market, which started off the whole idea of the company. P5 drew inspiration from similar markets abroad, where the aim was to offer high-quality products at affordable prices along with establishing a desirable brand in the retail industry. Rather than striving to become the largest player in the market, the company had, and still has, a strong focus on innovation and creating new products with

passion. P5 shares that the company's initial business model prioritized the product itself over marketing, with a belief that a unique product with superior quality would naturally attract customers.

"When we launched our first product, we had no expectations; however, it sold out within a month without any marketing." - P5

Like P2 and P5, P4 states that the company initially also identified a need in the market, leading them to create and implement a business model in order to be able to offer high-quality products at reasonable prices directly to customers through e-commerce. The company P3 has founded had a slightly different approach when it came to creating and implementing the business model. Since the company operates in a very regulated area of business it was important that they followed all laws and regulations that came with the industry. When talking about the product itself, P3 states that it was a product that was not on the Swedish market until they introduced it. This made the company a bit unsure about whether or not the business model would work in the long run or if the company would even succeed. Overall, all respondents agreed upon the fact that you in some way need to know the market to be able to implement a business model that fits.

P6 contributed with a more detailed explanation of how the company created and implemented their initial business model. P6 explains that their first idea came from, like the others, what they felt was a gap in the market. They conducted a comprehensive research in order to identify the market needs and trends in order to understand the customers and their preferences. Based on the research, the company formulated their initial business model with a strong focus on ensuring that its value propositions were aligned with their strategy and values. Further, P6 emphasized the importance of aligning the company's resources and capabilities with the identified market needs and preferences which P6 states ensured that the company would be able to deliver value to its customers. Additionally, the company had a strong focus on learning and dedication in their team, making it easier to execute the business model more effectively. P6 believed that by creating a cohesive team the company had an advantage when implementing the business model. Overall, P6's insights about the formulation and implementation of the initial business model underscored the importance of resource allocation and team building in order to go from vision to reality.

P7, who works for a relatively small and newly established company, explains that their initial business model was inspired by an observation: the founders struggle to find products with a proper fit. This personal experience led to the recognition of a market gap where the availability of the product in various sizes was limited. Accordingly, the business model was built upon the prerequisite for inclusion, offering products for all individuals. Moreover, P7 states that simplicity was a guiding principle in the company's business model. Recognizing that the ease of use was highly important, especially for older users less familiar with technology, the company made the decision to streamline the user experience. This included providing clear and straightforward instructions for navigating the website and making purchases, as well as detailed guidelines for returns and exchanges. P7 believes that by

prioritizing simplicity over complexity, the company would ensure that its products were accessible to a broader customer segment.

4.1.2 Key Components and Success Factors

When asked about the key components of their business models P1 tells that their business model is structured around several key components that are essential for their success. All of these factors are related to the company's work towards risk management, business development and sustainability. P1 continues by stating that together with their stakeholders, the company is able to capture opportunities and face challenges in order to generate profitable growth and manage risks. The key components of the company P1 works at include a diverse product range, competitive pricing strategies, a seamless shopping experience, and a responsive customer service. P1 elaborates by explaining that the commitment to provide attractive pricing in combination with exceptional service is central to the company's success. Further, P1 also stresses the importance of having an integrated and user-friendly platform when competing in the e-commerce landscape. It is important for the key components to be interconnected, since according to P1 is then a business model will be successful. According to P2, a key component for the company is marketing and highlights that as a company you need to be visible in order to attract customers.

"If you're not visible, you don't exist" - P2

Except marketing as a key component, P2 states that a combination of different components is what drives a company towards success. The components that P2's company works a lot with are the simplicity of the website, seamless logistics and customer satisfaction. P1 shares that the company's core value proposition revolves around delivering convenience, reliability and value to their customers through their platform. This includes a broad selection of products, providing quick shipping options and ensuring that the eventual returns and exchanges are smooth.

"We strive to exceed customer expectations at every stage of the shopping journey" - P1

According to P3, one of their key components is the company's diverse product portfolio where the range of the products the company offers helps meet the needs of different customer segments. Besides relying heavily on their products, P3, like most of the other companies, argues that brand management and marketing are two crucial components. Moreover, P3 states that the company puts a lot of effort into how they distribute their products. In this case, P3 explains that it involves partnerships with retailers and distributors and other platforms to make sure that the deliveries hold a high standard. Unlike the other participants, P5 states that marketing is something that they do not have a big focus on in their business model. Instead P5, explains that the products are the main focus of the business model, and that the company is constantly striving to create products that do not currently exist. Further, P5 elaborates that the reason for the high focus on the products is because anyone can run dropshipping and take cheap products and sell them with the right amount of

marketing costs. With the product focus, P5 means that the company can avoid the heavy marketing costs.

“Word-of-mouth is central to our business model, the product should be so good that it markets itself” - P5

All participants agree that the e-commerce landscape is highly dynamic and P1 emphasizes the significance of having efficient logistics and supply chain management along with a resilient technological infrastructure in order to maintain competitiveness.

P4 says that the key components for their business model include their unique product offering, a strong focus on sustainability in all dimensions, and providing a user friendly platform. P4 continues by telling that most of their value comes from the product range, offering high-quality products at affordable prices, for everyone. Further, P4 states that when creating a business model it is of great importance to have the ability to understand customers needs and behaviors. Like P1, P4 also believes that providing a simple and secure purchasing experience, along with having efficient logistics and delivery solutions are factors that should be incorporated in a company's business model. P6 is on the same track when it comes to logistics and explains that the company is only working with direct sales to customers. This is something the company has chosen due to having more control over the customer experience, higher profit margins, and the ability to quickly adapt to changing market trends.

P7 says that one of their key components in the company's business model is offering a wide range of sizes, especially including larger sizes. P7 explains that other actors in the industry do not offer the same width of sizes, and that this has been a key component in the business model since the beginning.

When discussing success factors, all participants answer that they define success in a monetary way, looking at the company's revenue. P2 adds that they are also tracking the growth rate of the company in order to see how well they follow their set goals. P3 also adds to it, saying that they use increased revenue and a maintained profit margin as key objectives. P1 believes that efficient inventory management is crucial for running a financially sustainable and cost-effective company. Further, P1 explains that the company is working with data to track inventory levels and analyze demand patterns so that they can avoid overstocking, reduce waste and save resources. By tracking sales and inventory data, the company adjusts their ordering and production to better match customer demand. Besides revenue as a key figure, P1 also says that they encompass both quantitative and qualitative performance measures through customer satisfaction ratings, repeat purchase rates, and market penetration. The other participants also work with customer ratings, most of them have it as a key figure. P4 defines and measures success within their business model by analyzing sales figures, customer satisfaction, frequency of repurchases and engagement with the brand.

“By adopting a holistic approach towards success, we gain valuable insights into our strengths and areas for improvement” - P1

P2 states that in order to succeed you need to come up with something new. If a company has the ability to offer something that no one else has, it is a clear advantage. However, this is also something P2 considers to be a risk if the company is too early in the product cycle, offering something without any demand. Further, P2 emphasizes that it is hard for many e-commerce companies to offer something completely unique. In that case, it is important to have an attractive price instead. P5 has the same view of success factors, but adds the information that constant product development is a crucial success factor when it comes to operating in the e-commerce industry. Thinking outside the box in terms of content, collaborations and product development, P5 believes is of great importance when it comes to succeeding in the market.

P6 believes that the key components when creating a business model is to understand and meet customers needs along with having a strong online presence, taking advantage of the developed technology to improve the customer experience. P7 narrates that they measure success through various means such as daily website activity, customer engagement, return of advertising spent, customer ratings, and speed of order fulfillment.

“Success for us is multifaceted. Our ability to consistently meet customer expectations and deliver quality products in a timely manner is a key indicator of our success within our business model.” - P7

Further, P7 states that an advantage of e-commerce is the ability to gather the data desired. By being able to collect data P7 explains that it is easy for the company to make comparisons over time and track the progress.

4.2 Business Model Innovation

When discussing business model innovation all participants define it as improving or renewing an already existing business model. P1 states that business model innovation for the company implies changing the way the company creates and delivers value to its stakeholders.

P1 explains that they continuously work on improving and innovating their business model, for example, they focus a lot on technology, AI, and data to create value for their customers and stakeholders. Both P4 and P6 also explain that they continuously work to improve their business model by, for example, expanding and/or updating their product range, improving their marketing and sales strategies, and more. P2 also improved its business model by offering a wider range of products to meet the evolving needs of the customers. P2 explained that they updated the business model to make complements to the existing assortment to

make customers purchase products spontaneously and to make it more convenient for the customer by offering more products in the same place. P7 says that they have updated their business model continuously, for example, they understood who their target customer was, and adapted their assortment and how they present their products accordingly.

“We learned which customer segment that was our biggest, and adapted our business model according to that” - P7

P5 explains that they continuously work with product development and innovation to stay competitive. P5 and P6 enhance the importance of sticking to the values of the company, for example, what factories they work with and sustainability values.

P3 explains that the product was the whole foundation of starting the company and that they worked a lot with product development to innovate their business model according to customer demands. Both P3 and P4 explain that product development is a central part of their business model to reach out to more customers and meet customer demands. P6 also explains that product development is a central part of their business model and they are continuously working on updating their current products according to customer demands.

P1 and P4 believe that to create an innovative business model it is important to create a learning organization culture to improve performance, engagement, and retention. P1 further believes that leadership for business success and profitability is a success factor as well as focusing on sustainable growth strategies, efficiency, and quality. Both P1 and P6 enhance that creating values within the business is important to shape the culture of the company.

“By fostering a spirit of innovation, we continuously improve our products and services to meet the changing needs of our customers” - P1

Understanding how to work with the resources you have is something that P1 believes is important. Before founding this company P1 had previous experience in starting and running businesses, which P1 saw as an advantage even though P1 did not have prior knowledge in the e-commerce industry. P2, P4, P5 and P7 also enhance the importance of working with the resources that you have and the founders of these companies also had prior knowledge of running e-commerce businesses. P7 explained that for example, knowledge about how to make keyword optimization at Google was a prior knowledge that P7 gained before starting the current e-commerce business, which helped reaching out to customers. P2 and P5 says that in their previous company, P2 and P5 gained knowledge about the industry that today's e-commerce company operates in which gave them advantages. P3 and P6 however explain that they did not have any prior knowledge of businesses or the e-commerce industry and instead used the help of a marketing agency to build the whole brand.

“I have previous experiences in having e-commerce businesses which I believe has helped a lot in starting this one, this is the fourth online company that I have started” - P7

“We are very good at keyword optimization at Google and this is something that I learned from other e-commerce businesses that I have run” - P7

P7 further talks about the importance of working with the resources that you have, their target customers are often looking for simplicity and an easy website to navigate in, and how to create this is something P7 has prior knowledge in by working as a teacher before starting the e-commerce business.

“It is important for us that the website is easy to navigate in as we have a lot of older customers, this is something that I am good at creating at as I worked as a teacher before” - P7

When it comes to success factors in implementing a new business model or innovating a current one, P1, P2, P3, P4 and P7 believe that the key factors are to have a customer focus and the ability to understand customer needs. Both P1 and P2 believe that ensuring a smooth shopping experience, offering unique products, tailoring the experience, staying agile and having the ability to adapt to market changes are key factors. P2 and P4 further believe that one key factor is to make the customers take the company seriously and share the same values as the company. P3, P5, and P6 focus on offering unique features to their products, and continuously innovating, which P3, P5, and P6 believe are key success factors. P7 believes that one success factor for them has been to offer a much wider assortment than competitors.

P1 explains that challenges they have encountered are, for example, staying ahead of rapidly evolving consumer preferences and managing their inventory efficiently. P2 and P4 explain that some campaigns that they have conducted with advice from marketing agencies have not always worked well and both P2 and P4 enhance the importance of continuously trying things out and evaluating the outcome, and by doing that P2 and P4 explain that they have learned the best outcome for them in terms of length of campaigns, how aggressive the campaigns should be, etc.

“When using marketing agencies, sometimes it's hard to use the information to something concrete and it's important to try things out and learn from the outcome” - P2

P3 explains that one challenge they were facing when launching their product was to get market acceptance and to overcome skepticism from customers as their product was new on the Swedish market when they launched. P4 explains that one challenge has been to compete with already-established companies, and to make customers acknowledge the value of purchasing their product instead. P5 explains that the recession and bad currency forced them to end their plan of launching abroad. P6 says that one challenge they encountered was rapid growth and the ability to streamline their processes and to keep customer satisfaction despite high demand. P7 explains that their business model is based on owning their own storage and a lot of products are from Asia, which was problematic during the pandemic when a lot of products were unavailable. P2 however has a business model where they don't have their

own storage and sell directly from grossists and some of them are also based in Asia, which also was a problem during the pandemic with unavailable products and/or long lead times.

4.3 External Factors and Adaption

P1 describes that they employ a multifaceted approach to stay informed about external factors which include doing research about the market, studying industry reports and participating in events and conferences, and more. P3, P4, P5, and P6 explain that they stay informed about external factors by continuously doing market research which includes analyzing market data and trends. P5 explains that it is a combination of personal interest to stay informed and to have a proactive approach to macroeconomic monitoring. P7 explains that to stay informed about external factors, they conduct environmental analyses such as reading news publications, maintaining communication with their suppliers, and utilizing the internet and search engines such as Google. P5 and P6 explain that they make strategic adaptations in response to industry changes, for example, P5 closed an operation due to currency fluctuations and poor trading conditions. P7 explains that they have observed shifts in the industry which they needed to adapt to, for example during the pandemic it was hard to purchase products from Asia and they needed to adapt their strategy to meet the shift. Further, P6 enhances the importance of strategic adaptation to external changes and having a positive approach to whatever changes need to be made.

P2 says that they stay informed about external factors that could influence the e-commerce industry by monitoring the competitors and leveraging industry analysis services to identify emerging trends, they use services from companies that do those types of analyses. P2 further explains that the information they receive is internally evaluated to determine its relevance and potential impact on their business strategies. P2 enhances the importance of making their own assessment of the information they receive about emerging trends as it does not always work well to incorporate trends and trend scouting. P2 says that it can be costly to be too early in the trend cycle, if the trend does not go well it can lead to high storage costs and products that can't sell.

“It can be costly to be too early with trends, if the trend doesn't work, you can end up with expensive storage costs and not being able to sell the products at full price” - P2

To understand current market trends, P5 explains that they follow industry developments and trends while at the same time being conscious not to succumb to passing trends. P5 further explains that they focus on creating timeless products of high quality, instead of trends, that resonate with the customers' preferences. P5 explains that their value proposition evolves in line with market trends but with prioritization to the creation of timeless, aesthetically pleasing products that also align with emerging customer demands for sustainability and quality.

“It is dangerous to become a hype because then you also have a long fall down” - P5

P5, P6, and P7 believe that longevity is more important than passing trends, with a focus on product quality, customer experience, and community engagement as pillars of sustained success in the e-commerce industry.

“We don't follow trends to a large extent, we create what we think looks good with a focus on timelessness and quality” - P5

P6 explains that they analyze current market trends and adapt accordingly somehow, but they focus more on offering quality products that are timeless rather than focusing on offering the latest market trends.

*“We continuously analyze trends in the fashion business to adapt our offerings, however, we focus more on offering quality products that are timeless rather than just trendy products”
- P6*

P7 explains that they continuously adapt their business strategy to respond to changes in the industry. To understand changes in the industry, P7 diligently analyzes the market and consumer behavior to stay relevant in the market. However, when it comes to market trends P7 enhances that they do not follow trends to a large extent but instead focus on offering timeless quality products.

“We don't focus on following market trends, our focus is on offering quality products that are timeless” - P7

P4 says that there became shifts in purchasing patterns during the pandemic that still exist today, for example, they offer prenumerations of their products which have been very successful and P4 thinks that it was such a success because people shop more online and prenumerations are very convenient. P4 also enhances that they believe that the prenumeration was such a success because they understand how the younger generation behaves, and that they are looking for convenience when they make purchases.

P2 says that they adapt their offerings accordingly to the market, for example, they make offers during Black Friday. P2 also says that they follow the trends of their industry, if other big companies have special offerings during certain periods, they also make similar offerings.

“We see a value in riding the wave of bigger companies' campaigns, following the trends of the industry has been a successful strategy for us” - P2

P5 explains that they engage in an ongoing study with a university to create a more sustainable material, which they have noticed is highly requested by customers as people get more and more environmentally friendly.

“We have an ongoing research study at a university with the aim to create a more sustainable material” - P5

When it comes to changes in consumer behavior, P1 explains that they analyze market trends and continuously work to update their offering to match the changing behavior of customers. Adapting the offering according to market trends and making strategic adjustments to stay relevant and maintain competitiveness is an important part of the business model according to P1.

“Adapting according to market trends is important for us to stay competitive and meet the evolving needs of customers” - P1

Understanding customer behavior is important and P2 says that they do this in numerous ways. For example, they use Google Analytics and have a digital marketing agency that provides them with different types of analyses and they look at different types of reports every week. Looking at feedback from customers is an important factor and P2 explains that they continuously make changes according to the feedback that they receive from customers.

“Every 14 days we go through reviews from customers and ask ourselves if we could have done something different and if it is possible to make changes, we do” - P2

P3 explains that they brought a new product to the Swedish market, and worked intensively with adapting the product according to customer preferences along with the existing laws and regulations. P3 further explains that adapting the product according to the customer preferences involved product development.

“To meet the demands of the customers, we had to work a lot with product development” - P3

P4 enhances the importance of understanding consumer behavior and that they continuously study purchase patterns, what preferences the customer has, how many people are visiting their website, and how many of those customers actually make purchases, and analyze customer feedback. P4 explains that they closely monitor social media to see what feedback they have received from customers on the customers' private channels.

“We monitor social media to identify and gather feedback from customers that use our products to identify possible problems and areas of improvement” - P4

Understanding consumer behavior is important and P6 explains that they continuously study their customers by analyzing purchasing patterns and customer preferences. P6 says that an important part of their business model is to adapt according to the feedback they receive on their products and continuously work with product innovation to meet the requests.

“We don't change our assortment every year, instead we keep most of our models and make improvements according to the feedback we receive from customers” - P6

Customer experience plays a central role in the business model according to P1 and they strive to create high customer satisfaction with loyal customers. To be able to do this, P1 explains that they offer personalized recommendations, have responsive customer support, and provide convenient check-out processes. Further, P1 explains that they continuously work with customer feedback to improve accordingly to meet the expectations and demands of the customers.

“Customer feedback is very important for us, we are continuously refining our offerings to enhance the overall customer experience” - P1

P2 explains that they strive to have two-way communication with the customers and this is made by for example sending out newsletters and arranging competitions. P2 also explains that it is important that the customers feel safe in the check-out process.

“We strive to have communication with our customers and not only provide them with information, this is made by for example sending out newsletters and organizing competitions” - P2

It is important to be able to make strategic adjustments according to how the market changes, for example, P2 explained that they had to make strategic adjustments during the Covid-19 pandemic. P2 empathizes that a proactive approach to understanding external factors is important, and to embrace a culture of questioning, incremental changes, and continuous evaluation to succeed in the dynamic landscape of e-commerce. P4 also emphasizes the importance of being responsive to market changes and explains that they continuously work to strive to improve their offerings to stay competitive.

“We always strive to have a questioning way of working, to analyze the outcome and see what we could have done better and make small improvements all the time” - P2

P3 explains that consumer experience is a central part of their business model and they prioritize a clean and user-friendly website design with easy check-out processes to ensure that the customers are satisfied and create customer loyalty. To ensure customer loyalty, P3 explains that they continuously update their way of working according to customer feedback through reviews. To be prepared and/or ready to make strategic adjustments is important for P3 as they sell tobacco products and increased regulations may occur, it is important that they can adapt to external changes in the business environment in the best possible way.

To engage and retain customers, P4 explains that they offer personalized service, prenumeration services, fast delivery, easy return policies and continuously listen to feedback in terms of customer reviews to improve the service and the products. Another important thing for P4 is that they have built values around the brand that have successfully created loyal customers that sympathize with the values. P4 further enhances the importance of creating good relationships with the customers to stay competitive.

P5 enhances that they prioritize understanding consumer behavior and that it is a central part of their business model. The packaging, for instance, is a key element in enhancing customer satisfaction by offering a premium unboxing experience. Additionally, P5 explains that they listen a lot to customer feedback to continuously refine their offering.

“The packaging we deliver our products to our customers is our strong weapon, it is an experience itself to open it and it is personalized to all customers” - P5

Customer engagement is also a central part of their business model and according to P5, they foster customer loyalty through a personalized experience with community-building initiatives such as sponsored events.

*“I believe that it is important to create a community, a so-called “tribe”, to stay competitive”
- P5*

P6 explains that they communicate the company values and identity in a way that resonates with their target audience. Customer experience is a central part of the business model and P6 says that they strive to offer high customer satisfaction in all parts of the business such as high-quality products, a smooth purchasing experience with easy check-out, fast delivery, and excellent customer support. P6 also says that offering easy returns is important for them.

“By removing agents and resellers, we can create new products faster and at a better price than our competitors” - P6

A pivotal aspect for P7 is prioritizing customer experience and P7 explains that they continually collect feedback from their customers through various channels such as product reviews and platforms such as Trustpilot and Google.

“Customer experience is very important for us, we always send an email to customers to rate the products seven days after purchase” - P7

P7 further explains that the feedback they receive is crucial for identifying areas where they can improve their business to meet customer needs and expectations. They continuously work to improve according to the feedback they receive. To engage and retain customers, P7 has various strategies such as regular newsletters for existing customers and personalized advertising.

4.4 Future Plans

When discussing the future and how the companies are planning on staying competitive in the coming years P1 starts off by stating that the company plans to invest more in research and development, keep fostering innovation and try to diversify their revenue streams. The company P3 works for are on the same track, stating that their future focus will be on product development. P3 believes that by expanding the current product range the company can

attract other customer segments. In order to tackle the high competition that exists in the e-commerce industry, P1 explains that strategic partnerships is something that the company believes will benefit them in the future. P2 says that they will keep delivering directly from the supplier since this is the most beneficial in terms of costs and delivery time. By skipping middlemen, the company can continue to keep their prices down to attract customers.

“Many sell through wholesalers, and some margin disappears there, we want to share that margin with the customers and be able to offer products of good quality at an attractive price.” - P2

Further, P2 also shares that they will be using influencers in their marketing campaigns, since this is something that they believe will increase the sales numbers and that their target customers are in a generation that listen a lot to influencers. All companies except P7 are focusing on generation Z as they believe that they are their biggest customers, P7 however focuses on an older generation and are therefore not planning on using influencers in their future marketing campaigns. P4 tells that the company is planning for long-term success by continuing to focus on understanding and adapting to market trends. Along with this, P4 also explains that the company will invest further in product development and marketing, trying to build loyalty among their customers by offering a superior purchasing experience. P5 states that they will keep having a strong product focus. P5 also believes that the company will get a lot of external validation in various forms.

“External validation is a very important part for us so that customers recognize us” - P5

In the future, P5 believes that it will become more difficult to find target groups due to regulations when it comes to GDPR. P5 thinks that this is something that is going to affect the whole e-commerce industry. P6, like most of the other participants, explain that the company will continue to invest in technology and innovation to improve the customer experience and streamline their operations. P6 also says that the company will aim to diversify the product range and expand into new markets. P7 says that their main focus in the future is to expand and grow their business, tapping into new markets and customer segments. By doing this their plan is to focus a lot on their marketing strategies, and with time hire more employees to drive the company forward.

“Our first step is to launch abroad“ - P7

4.5 Identified Codes and Themes

Table 2 - Identified Codes and Themes

Group	Theme	Code
Success Factors	Business Model	Value Creation
		Cornerstone
		Influence Performance
	Business Model Innovation	Growth
		Creative Thinking
		Agile
		Development
		Resources
		Culture
	Key Components	Integrated Platform
		Financial Sustainability
		Development
		Simplicity
		Partnerships
	Value Proposition	Attractive Pricing
		Reliability
		Convenience
		Customer Service
		High Quality
Challenges	Market Acceptance	New Product Launch
		Creating Trust
	Competition	Well-Established Companies
	Inventory Levels	Managing
	Dynamic Landscape	Monitoring

External Factors		Evaluation
	Adaptation	Marketing Strategies
		Seasonal Offers
	Market Trends	Follow
		Do not Follow
	Consumer Behaviour	Feedback
		Analyze

In the process of coding the interviews, the groups (Table 2) were pre-identified, coming from the research questions. This leads to the process having a deductive approach. The theories were matched to the pre-identified groups.

5. Analysis

This chapter aims to compare and contrast the empirical findings with the literature. First, strategies and success factors of business models are analyzed, followed by challenges and business model innovation. Secondly, the chapter analyzes the external factors and market orientation with a focus on consumer behavior. Further, new e-commerce companies are discussed and the chapter ends with an analysis and discussion of the theoretical framework.

5.1 Business Model

The empirical findings show that the definition of a business model resembles the one presented in the literature. The literature provides a foundation for understanding the concept of business models, and highlights the role of creating, delivering, and capturing value for customers and stakeholders. Both Teece (2010), Osterwalder et al. (2005), and Casadesus-Masanell and Ricart (2010) emphasize the importance of having a well-developed business model in order to achieve competitive advantage and financial sustainability. It is evident that the participants' views align with the concepts in the literature, where the participants P1, P2, P4 and P6 recognize their business models as something that affects their companies overall performance.

5.1.1 Strategies and Success Factors

The business model canvas addressed by Osterwalder and Pigneur (2010) provides a clear visualization of nine fundamental business areas included in most companies' business models. The first building block addressed by Osterwalder and Pigneur (2010) is the importance of understanding customer segments and how to create value propositions tailored to their needs and wants. Both P6 and P7 state that a crucial role in their business is to understand customer needs in order to formulate a successful business model. All companies stated that the drive that led to the establishment of all companies was a gap in the market. This strategy is something that can be connected to the customer segments Osterwalder and Pigneur (2010) are talking about. By identifying customer segments with needs that were not yet satisfied by the current offers on the markets, the companies saw a chance to be able to meet these needs with their product offerings. P6 had especially a great focus on this before formulating and implementing the business model. Their way of researching in order to identify needs of potential customers is in line with Osterwalder and Pigneurs (2010) description of the building block customer segments.

The empirical findings present that the company P1 works at has a strong focus on including a diverse product range, competitive pricing, along with providing the customers with a good experience and customer service. This can be compared to what Osterwalder and Pigneur (2010) describes as a company's value proposition, also mentioned as the most central building block. Further, this is explained by Osterwalder and Pigneur (2010) as the reason

customers choose one company over another. The empirical findings reveal that having a strong focus on customer experience is a value proposition aligning with Osterwalder and Pigneur's (2010) view of value creation.

Moreover, the channels through which companies communicate and deliver a value proposition, are essential for customer experience. (Osterwalder and Pigneur, 2010) P7's strong focus on simplicity in the user experience aligns with this idea, addressing the importance of clear communication and efficient interactions. Additionally, Osterwalder and Pigneur (2010) highlight the importance of key activities and key partners in making a business model work. P6's emphasis on aligning resources and capabilities with market needs reflect how the company strategically plans its activities to meet customer demands. P3's involvement with the company's retailers and distributors is proof of connection between the company and external actors.

While the empirical chapter covers various aspects of the business model, there is one building block not discussed by the respondents. The empirical findings focus on revenue streams and other success factors, but there is no discussion about the cost structure of the companies. In order to assess the profitability and financial sustainability, the cost structure is a crucial factor. From the literature review Osterwalder and Pigneur (2010) explain that a company that creates, captures and delivers values always incurs costs. In order to calculate these costs, a company needs to define its key resources, key activities, and key partnerships. From the empirical findings it is clear that the companies have managed to define their key activities, resources and partnerships. In this case the companies appear to have a good understanding of their costs in terms of the cost drivers. Further, it is evident that all of the companies use revenue as a key indicator of success, showing good control of the economic aspect of the company in terms of revenues and expenses.

It was found that all participants viewed the e-commerce sector as a highly dynamic industry. This aligns with what Lee (2001) states by saying that the e-commerce industry itself is a disruptive innovation, moving faster than traditional businesses do.

From the empirical findings it is clear that all companies have a very strong product focus, where much of the value comes from the products itself. A majority of the companies invest heavily in marketing, whilst P5 believes that marketing contributes to more costs than benefits.

It was found that all companies initially were established due to the founders identifying gaps in the market where they intended to enter. By identifying gaps in the markets, these companies aimed to address unmet needs, and had the possibilities to capture market share in the respective industries. This proactive approach allowed each company to establish a foothold in their respective industry. The strategy to invest in markets where there are unmet needs, could have helped these companies stay ahead of their competitors by offering unique value propositions. The strong awareness of gaps in the market, enabled the companies to create barriers to entry for competitors. Lee (2001) has a five steps strategy where the first

step is to redefine competitive advantage. Although Lee (2001) refers to redefining the competitive advantage between traditional businesses and e-commerce businesses this can be applied for new companies wanting to enter the e-commerce industry as well. Instead of redefining the competitive advantage, new firms might find it necessary to define a competitive advantage. From the empirical findings it is evident that all companies identified a competitive advantage in terms of differentiation when choosing to enter the industry. Further competitive advantage proved to be the pricing strategies deployed by the companies. Since the e-commerce industry itself has proven to be more open to competition, both locally and globally, the need for competitive advantage is something that is crucial and not just an advantage. By differentiating from competitors, new entrants have a much higher chance of competing with incumbents in terms of pricing, marketing and product.

5.1.2 Challenges

The empirical findings clarify some challenges encountered by the companies operating in the e-commerce landscape. These challenges correspond with the challenges identified in the literature. Zimmermann's (2000) description of challenges in structuring a company's value chain underscores the significance of aligning internal processes with external market dynamics. This challenge is exemplified in the empirical findings through instances of adapting to rapidly evolving consumer behavior and preferences, and the need for efficient inventory management. Further, an essential factor emphasized by Zimmermann (2000) is the necessity of understanding and meeting evolving customer needs by formulating suitable processes. This aspect is highlighted in the findings, in the context of navigating marketing campaigns and the importance of continuous experimentation and evaluation to improve marketing strategies.

Salamzadeh and Kawamorita (2015) emphasize the importance of environmental elements, such as market trends and legal considerations, which are reflected in the empirical findings related to market acceptance and economic downturns. The necessity for a company to be responsive to trends and behaviors by adapting strategies aligns well with the requirements to navigate the dynamic market conditions proven to be pervasive throughout the e-commerce industry. Additionally, the importance of building loyal customer bases is something brought up by Kanchana, Divya and Ansalna Beegom (2013). This resonates with the empirical findings regarding challenges of competition and the emphasis on customer satisfaction. Building strong relationships with customers can mitigate the impact of competitive pressures and foster resilience when it comes to uncertainties in the market. From the empirical findings it is evident that all companies have a strong focus on building and creating good relationships with their customers, focusing on making the shopping experience meet or exceed the customers' expectations.

The empirical findings show that a majority of the founders of each company had prior knowledge in different areas before establishing the company concerned in the thesis. Kanchana et al. (2013) discuss the significance of having a knowledgeable team in order to

build loyal customers and deal with the competition. Lacking expertise in certain areas, such as marketing or branding can be disadvantageous since this is a large part of many companies' value creation. However, the empirical findings revealed a notable observation that some companies lacked the knowledge necessary for marketing. These companies overcome this challenge by hiring companies with the desired knowledge. This proved to be successful in terms of strengthening their marketing efforts and establishing a stronger brand presence in the market. By outsourcing specialized functions like marketing and branding to professionals, the companies can manage to fill the knowledge gaps effectively enabling them to focus on other core competencies.

5.1.3 Business Model Innovation

From the empirical findings it is evident that the participants view business model innovation (BMI) as something essential for improving or renewing existing business models. This aligns with the literature where Andreini et al. (2022) and Wirtz and Daiser (2018) define BMI as modifying or creating new structures within a company's value proposition, activities, or value chain. Sorescu (2017) explains that BMI does not only have to be designed around products since it is something that can be extended to processes as well. All companies in the empirical findings have a strong product focus, where a lot of focus is placed on the products and the development and expansion of the product range. However, like Sorescu (2017), the empirical findings recognize that BMI encompasses changes beyond just product innovation, extending to processes as well. For instance, the company P1 focuses a lot on innovating its technology, AI, and data. Moreover, the empirical findings show that the companies are working a lot on innovating and improving marketing and sales strategies, besides product innovation.

From the literature Sorescu (2017) states that BMI does not have to be disruptive, but it needs to change a company's value creation, value appropriation, or value delivery. In the case of the companies concerned in the thesis it is clear that none of the companies have worked with disruptive innovation when it comes to innovating the business model. More incremental changes that have improved each company's value proposition seem to have been the case for all of them. This tendency towards incremental innovation can be due to several different factors, including the risks associated with disruptive changes, resource constraints, and the rapidly evolving nature of the e-commerce landscape. Another reason could have to do with the fact that all of the companies are relatively young, and therefore do not want to take the risk of innovating the whole business model at the same time. However, while incremental innovation serves as an approach for mitigating risk and maintaining stability, it also presents certain limitations. By primarily focusing on incremental changes, companies may risk falling behind more agile competitors who are willing to embrace disruptive innovations. Moreover, incremental changes may only result in marginal improvements in competitiveness, failing to address underlying structural inefficiencies or capitalize on emerging market opportunities. It is clear that much focus has been put into different parts of the business model, innovating those that the companies are highly certain will lead to a higher competitive advantage. The literature argues that BMI has proven to be a key source

of sustained value creation and that companies that actively work with BMI experience positive performance effects. The empirical findings reveal that all companies believe that BMI is something highly important and are focusing on constantly improving and innovating their business models.

Since the e-commerce landscape is highly dynamic and trends tend to change all the time, companies are forced to find new ways to achieve competitive advantage. Schneider and Spieth (2013) explain that BMI is a way for companies to respond to the changing environment. Empirical evidence has shown that BMI is something all companies are working with, as something that permeates the entire organization. All companies have a constant focus on keeping up with trends, and in some cases trying to set the trends themselves by innovating the parts necessary, not limiting the innovation to only products. This aligns with what Schneider and Spieth (2013) explain as renewing a company's core business logic by BMI.

The participants emphasize various strategies for BMI, such as developing and leveraging technology, expanding product ranges, enhancing marketing and sales strategies, and focusing on customer needs and preferences. This resonates with the literature's statement that BMI aims to identify new value propositions along with ways to create and capture value for stakeholders (Andreini et al., 2022; Wirtz & Daiser, 2018). Additionally, the challenges mentioned by the participants, such as meeting and staying ahead of consumer preferences, managing inventory, and overcoming market acceptance issues, are consistent with the concept that BMI is crucial for companies to adapt to a dynamic landscape with changing market trends and remain competitive (Wirtz & Daiser, 2018).

Moreover, the literature emphasizes the importance of BMI due to the increased and globalized competition the industry is facing. Taran et al. (2015) states that most companies have a strong focus on their already existing value proposition and tend not to innovate the existing business model. This has proven not to be the case when it comes to the thesis concerned companies. From the empirical findings it became clear that the participants emphasize the importance of customer-centricity, adaptability, and continuous innovation. All participants state that the companies have a strong focus on innovating the business model in order to stay competitive. For instance, P2 states that the company improved its business model by offering a wider range of products to target new customers as well as to meet evolving needs of already existing customers.

Further, the empirical findings have revealed that some participants believe that in order to innovate a business model it is important to have the ability to learn. This aligns with what Kanchana et al. (2013) explain about knowledgeable teams. Promoting a culture where employees are eager to learn and gain knowledge over time will most certainly lead to a continuous development of the company, not least by innovating the business model.

Business model is as Taran (2015) describes it, hard to define, and since every participant might view the term differently in terms of what changes to the business model count as an

innovation. This makes it hard to concretely define if the changes the participants describe as innovations really are defined as one.

5.2 External Factors and Market Orientation

The empirical findings show that all companies adapt and stay informed about external factors that impact, or may impact, the e-commerce landscape and the industry the companies operate in. Staying informed about external factors is enhanced by Salamzadeh and Kawamorita (2015) and Kanchana, Divya and Ansalna Beegom (2013) who argue that limitations in the market and legal issues, for example, are important to be prepared for. This is found in the empirical chapter to be important to constantly work on staying informed about those factors and all companies agree that it is important to keep track of changes that may affect their industry.

Lee (2001) argues that there is no simple prescription for industries and no established business model to follow that will automatically work for every company, and it is important to create an analytical framework to assess the critical success factors that work for the specific company. This aligns with findings from the empirical chapter that enhances the importance of the companies determining the relevance and potential impact on their business strategy and making their own assessment of what will work for their company. P5 explains that keeping track of the industry is a personal interest and that the company started from a passion, which Kanchana et al. (2013) state is important. Kanchana et al. (2013) argue that having a passion for the company is important to succeed with the business which is found to be the starting-point for all the companies in the empirical chapter.

Salamzadeh and Kawamorita (2015) and Kanchana, Divya and Ansalna Beegom (2013) argue that it is important to pay attention to market trends and other environmental elements that can affect the market. Ghauri et al. (2016) further discuss that it is important to keep track of market trends because it helps companies develop capabilities to support their adaptation strategies and to meet customer needs, however, they argue that adapting too much to trends could lead to losing the company's competitive advantage. The empirical chapter aligns with an understanding from the companies that they need to be aware of how market trends are evolving, but at the same time focus on what they are offering the customer and not change too much just to follow trends. P2 explains that they follow some trends, but always have a carefully thought out plan with it to not end up with high storage costs of products that cannot sell. P5, P6, and P7 are aligned with the belief that following market trends is not in their intended strategy, and they focus more on offering what they believe will be attractive to the customer. P7 says that they have very little focus on following trends and instead are focused on offering a product range that is wide to the extent that all the possible trends are included. All the companies agree that it is important to study the market to be able to develop capabilities and to adapt to changes if needed. The digital disruption is constantly changing the markets discussed by Aaker and Moorman (2023) that highlights that a focus on marketing with decision-making based on customers and market insights is important. The

empirical chapter aligns with the belief that marketing needs to be a central focus when developing suitable strategies for the companies.

Two types of market orientation are discussed by Narver et al. (2004), responsive and proactive. The responsive is when discovering, understanding, and satisfying the customers' needs according to what has been expressed. The proactive is when addressing the needs of the customers' that they yet are unaware of. All companies in the empirical chapter align with the responsive approach to market orientation as it is about taking expressed needs from the customers into account which is made by all the companies in similar ways. The companies all agree that discovering, understanding, and creating satisfied customers is highly important. The proactive approach is found in the empirical chapter to differ in terms of importance by the companies. P5 for example has a proactive approach when it comes to product development and aims to satisfy needs that the customer is yet unaware of which aligns with Narver et al. (2004) that believe that only offering expressed needs may not attract new customers and keep existing. P6 however uses a responsive approach to its product development and updates its products according to the feedback they receives from customers, P6 does not focus on offering needs that the customer is not aware of. Narver et al. (2004) further discuss that it is important to have a market orientation strategy to succeed and in the empirical chapter, this is agreed with by all participants. The ability to meet customer needs in the best possible way is by understanding the market orientation of the company's customers and competitors which is discussed by Octavia et al. (2020), this is aligned with the findings in the empirical chapter where all companies express the importance of understanding the own customers and create suitable strategies based on the understanding.

Octavia et al. (2020) highlight the importance of adapting to changes in technology to stay competitive. Findings in the empirical chapter show that an awareness of changes in technology, and possible future changes, is central for all companies as they believe that having capabilities to be adaptive is important. Eshima and Anderson (2017) discuss that companies maintain growth when having the ability to adapt to factors such as competitiveness and market changes and Friedman, Carmeli and Tishler (2016) discuss that willingness to adapt to changes is what creates companies that will keep their position. The empirical chapter aligns with the belief that having a willingness to make necessary changes to changes in the market to succeed for all companies, which is further enhanced by Birkinshaw, Zimmermann and Raisch (2016) that discuss that failure to adapt to external factors is common even in well-established companies.

The empirical chapter highlights the importance of being aware of the rapid increase in the sharing of information in today's online environments which is discussed by Rosário and Raimundo (2021). P4 has included in their strategy to keep track of their customer's reviews on the customer's own social media channels to follow the reviews that customers may post which aligns with Rosário and Raimundo's (2021) view of understanding that information online travels fast. Further findings in the empirical chapter show that to understand customer needs the companies use information that they receive from outside of the company by hiring

services that can tell them information about their customers. P7 explain that they can see the traffic on their website and get a better insight of how their customers behave. Using data technologies to track purchasing activities and other types of information is discussed by Rosário and Raimundo (2021) to be an important help. Being able to overcome turbulence and uncertainty is found in the empirical chapter to be important for all companies. Eshima and Anderson (2017) and Balta et al. (2024) discuss that developing dynamic capabilities is a way to address rapidly changing environments. As Eshima and Anderson (2017) explain, dynamic capabilities are developed by integrating and reconfiguring internal and external competencies which aligns with how the companies in the empirical chapter combine internal knowledge with hiring external knowledge.

The definition of dynamic capabilities is described by Birkinshaw et al. (2016) as the company's ability to create, extend, upgrade, and protect the assets of the company. Developing dynamic capabilities is found for all the companies in the empirical chapter to be of importance. The companies show that they possess dynamic capabilities when creating their offering to the customers and when upgrading their product range to satisfy more needs of the customer. The companies also show dynamic capabilities when upgrading their products according to feedback from the customers, this involves product development. When it comes to protecting the assets of the company, P5 uses filing patents as their strategy when it comes to product development to protect their assets.

Birkinshaw et al. (2016) explain that dynamic capabilities can be categorized into three different parts that are sensing, seizing, and reconfiguring as a part of the adaptation process in fast-moving environments. Sensing is found in the empirical chapter to be a process that is used by all companies as they all identify threats and opportunities. Seizing includes the mobilization of resources to identify the threats and opportunities which the companies in the empirical chapter do in similar ways to work with the last categorization which is reconfiguring. The empirical findings show that they align with Birkinshaw et al. (2016) description of the third categorization which is a continuous renewal of the company's tangible and intangible assets. All companies show an ability to continuously renew their assets to stay competitive. This is further strengthened by Grant (2018) and Teece (2007) who also discuss dynamic capabilities as a way to maintain competitiveness.

Adaptive capabilities are discussed by Akgün et al. (2012) and how knowledge is a key factor for guiding organizational adaptation. In the empirical chapter it is proven that knowledge reduces uncertainties, especially as the e-commerce industry is fast moving. The companies mainly use internal knowledge to guide organizational adaptation, but outsource knowledge when the internal knowledge is not enough. Akgün et al. (2012) discuss that the adaption is grounded in the connection between the organization's external environment and its internal structure, which aligns with the findings in the empirical chapter where the companies analyze changes in customers, competitors, and general changes. The companies use several ways to analyze the changes such as analyzing changing patterns in the consumers' purchases, how the competitors update their offerings, and if there are any general changes that may affect the industry. Through observing the external environment, the companies

focus on creating new routines if needed whilst having a focus on identifying new technological opportunities which aligns with the findings of Akgün et al. (2012) that explain that companies that succeed at it will learn faster and have an ability to change old routines for the better.

5.2.1 Consumer Behavior

When formulating the business model, it is important to understand the customer. Zimmermann (2000) argues that customer's needs are constantly evolving and that it must be kept in mind. The empirical findings show that all companies work continuously with developing a deeper understanding of their customers in numerous ways. The companies work in similar ways to develop their understanding of consumer behavior, for example, adapting offerings according to changing customer behavior by analyzing market trends continuously and using digital marketing agencies that provide information about the customers and the market.

Masyhuri (2022) and Subhashini and Hemamalini (2016) discuss the importance of keeping customers satisfied, both because of the positive effects that come with satisfied customers, such as profitability and recommendations, but also because dissatisfied customers can give the company a bad reputation. The companies from the empirical chapter all see customer experience as a central part of their business model which aligns with keeping customers satisfied. The empirical findings further show that the companies work in different ways to keep the customers satisfied. Companies with older customers for example prioritize simplicity.

Subhashini and Hemamalini (2016) further enhance the importance of building strong relationships with the customers which aligns with the empirical findings as all companies work with building strong relationships with their customers. Subhashini and Hemamalini (2016) discuss that loyal customers repurchase the products. The empirical chapter shows that all companies work with building strong relationships with their customers in similar ways. P2, P5, and P7 regularly send out newsletters to their customers and all companies listen and react to customer feedback. To engage customers, build a relationship, and create loyal customers the companies arrange competitions and sponsor events for example. Communicating company values and identity is found to be of importance in a way that resonates with the customers. The importance of building loyal customers is enhanced by Kanchana et al. (2013) who state that the company needs to understand what focus the company should have, and adapt accordingly depending on who the target customers are. This aligns with the empirical findings as all companies work a lot to understand consumer behavior and to be able to strategically adapt their offerings to match the demands.

Lee (2001) argues that a success factor for e-commerce companies is to build relationships with the customers. Building relationships with the customers enhances customer loyalty which includes listening closely to customer feedback. Amit and Zott (2017) also enhances the importance of listening to customer feedback which reflects in the empirical findings as

all companies listen to their customers when it comes to feedback. The empirical findings show that a lot of work with making changes according to the feedback the companies receive from customers is being made. P3 explains that feedback from customers was important to develop a product that the customers were interested in. The intensive work P3 did to match the customer preferences led to product development. Adapting the offering according to customer feedback is shown in the empirical findings to be of great importance for all companies.

Creating value for the customers is found in the empirical chapter to be an important factor for all companies. Creating value is motivating customers to make repurchases and in the empirical chapter it is also found that prenumeration services on products have been a success factor in creating recurrent customers. This aligns with Amit and Zott (2017) who argue that creating a business model that motivates customers to execute repeated transactions is a success factor. Further using social media is shown in the empirical chapter to be of importance when creating value for the customer and satisfied customers, all companies monitor their social media channels and stay updated on how their company is mentioned on social media. This is enhanced by Yadav and Rahman (2018) that discuss that social media is used for sustaining a strong relationship with the customers. Warpade and Bhikaji Sane (2023) also empathize social media's importance in being able to benefit from the activities in terms of receiving the customer's attention.

Different characteristics of consumer behavior are discussed by Sudirjo et al. (2023) which emphasizes the importance of understanding the characteristics of your customers. Generation Z is a large customer base and Sudirjo et al. (2023) discuss that they are more firm, independent, emotional, expressive, innovative, stand-alone and curious which aligns with the strategy of companies in the empirical chapter and how they have built their brand, for example with values to attract and keep customers. Understanding the generation of their own customers also aligns with how P7 has built their strategy, they have understood that their customer base is not Generation Z but instead an older generation and have adapted their strategy accordingly.

The empirical findings show that privacy and online buying intentions and having a website of high quality with characteristics such as security, usability and visual appeal are important for the companies. This is strengthened by Sudirjo et al. (2023) that discusses that all of these play a significant role in impacting the customers to make purchases and to shop without further thought. Encouraging customers to make smaller purchases to complete the intentional purchase is found in the empirical chapter to be of use, this can be seen as an impulsive buying which Sudirjo et al. (2023) discuss.

The empirical findings show that all companies work with offering superior customer support which Sudirjo et al. (2023) highlights is important when it comes to e-commerce companies. Sudirjo et al. (2023) discuss that before making purchases customers prioritize feeling secure and having trust for the company, and after the purchase the customer support is important.

The empirical findings further shows that having features such as showing the customers their recent buys and adapting accordingly strengthens the trust for the brand.

5.3 New E-commerce Companies

All companies in the empirical chapter are relatively newly founded companies. Even though questions about being newly founded were not included in the interview-guide and considered in the interviews, assumptions can be made based on the information.

Three challenges discussed by Zimmermann (2000) are deciding what structure the company should have, formulating processes and how to meet customer needs with the products offered. Findings in the empirical chapter show that the companies continuously evaluate and update the structure of the company depending on what the outcome is. Formulating suitable processes involves understanding customer needs, which is an important focus in all companies. The challenge when it comes to products discussed by Zimmermann (2000) which involves understanding customer needs is found in the empirical chapter to align with the theoretical part. The companies continuously work with adapting their offering to the demands and requests of the customers. This is shown in how P3 describes the company updating their product according to what the market wanted and in how P6 tells that the company updates their products according to feedback from customers. All companies have a customer centric approach where they listen to what the customers express that they want. As the companies in the empirical chapter it has been crucial to work with meeting needs from the customer through their products from the start.

Staying informed about environmental factors is found in the empirical chapter to be a focus for all companies which involves for example tracking market trends, limitations in the market, legal issues. Staying informed about environmental factors is especially important for new firms according to Salamzadeh and Kawamorita (2015), Kanchana, Divya and Ansalna Beegom (2013) and Kanchana et al. (2013). Kanchana et al. (2013) further emphasize that it is especially important for new companies to build loyal customers and to deal with competition.

It is important for e-commerce companies to develop a suitable business plan regardless which industry the company operates in, this aligns with Wilson and Abel (2002) and how the companies in the empirical chapter view the challenge of building an appropriate business plan. The accelerated expansion of technology discussed by Jain, Malviya and Arya, (2021) explain that there is an ability to access new markets and customer segments that forces companies to adapt and innovate their business models. In the empirical chapter it is found that the companies continuously strive to innovate their business models to keep up with the expansion. Warpade and Bhikaji Sane (2023) highlights the advantages of starting new businesses in the e-commerce industry.

Having a resource-based view focus is beneficial for new firms as it emphasizes internal capabilities and resources as sources of competitive advantage. Further, the resource-based view helps to identify core competencies of the company and to align them with market opportunities which fosters the creation of long-term value. Grant (2018) discusses that each company possesses a unique collection of resources and capabilities. The empirical chapter shows that the companies had prior knowledge in the team in the important areas of their company and industry. However, challenges discussed by all companies in the empirical chapter is having the right knowledge in all areas of the team which is highlighted by Salamzadeh and Kawamorita (2015) and Kanchana, Divya and Ansalna Beegom (2013). The companies that did not have enough knowledge in the team outsourced their knowledge to an external party.

5.4 Framework Discussion

The inductive approach adopted in this thesis required the integration of theoretical insights from existing literature with appearing themes and patterns observed in the empirical findings. Therefore, the theoretical framework is dynamically shaped through the process of data collection, analysis and interpretation. The theoretical framework exceeds the limits of existing literature, incorporating insights and perspectives derived from the empirical findings.

The study is concentrated on the key components of successful innovative business models in the e-commerce sector, leading into how new e-commerce companies can formulate this type of business models in order to achieve long-term success in a dynamic and competitive landscape. In order for new companies to know what to include in their business models they need to know what components that have proven to be successful for already established firms.

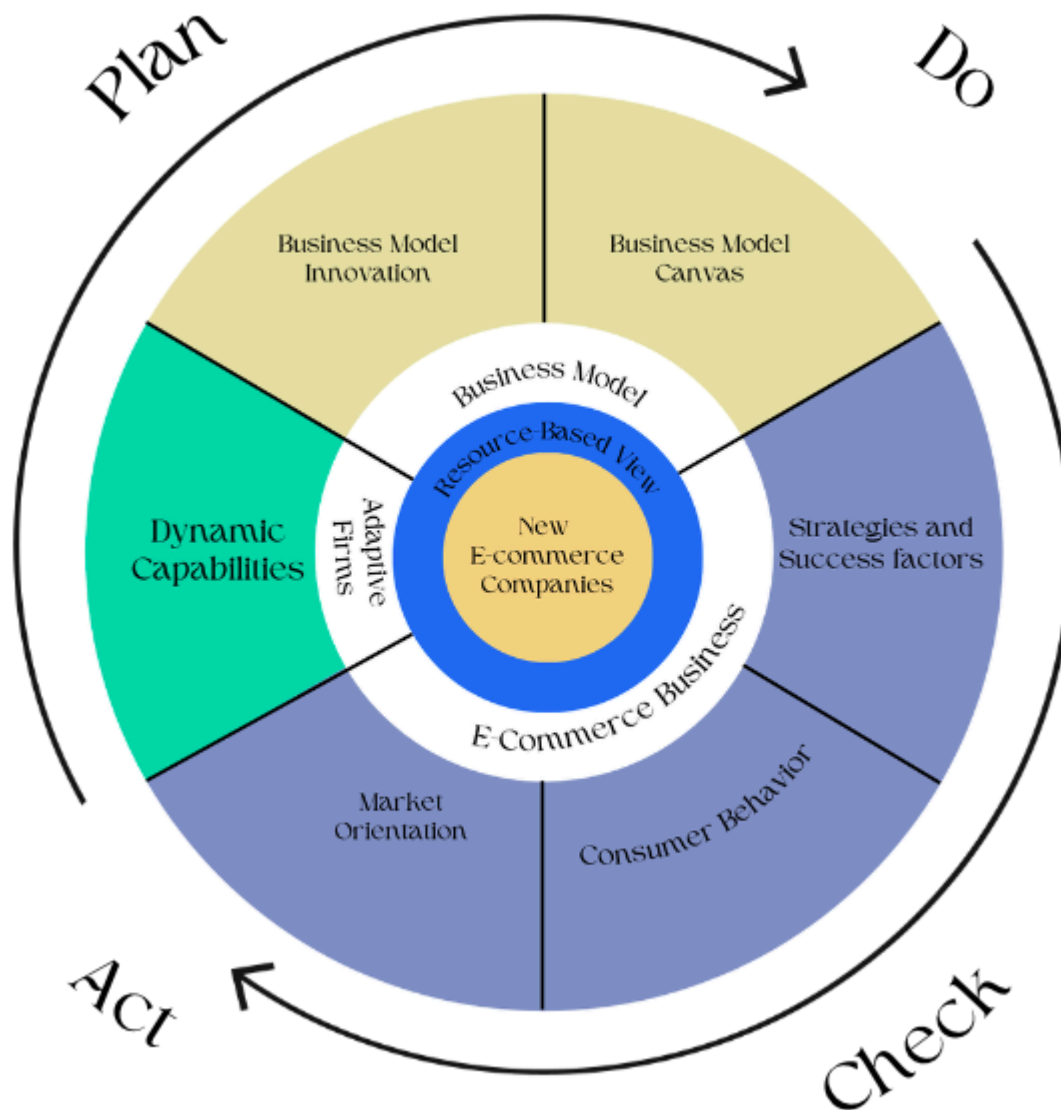


Figure 6 - Framework of factors that affects the success in the e-commerce industry for new companies

The theoretical framework, Figure 6, is constructed into a circle since the different components do not have a specific order when it comes to success for new companies in the e-commerce landscape. From the empirical findings as well as the literature there is no clear structure on what companies should focus on first or in what specific order certain parts and concepts should be arranged. Therefore, the theoretical framework is built up from the inside out, with the resource-based view connecting the different components. Grant (2018) and Peteraf (1993) identify the resources and capabilities of a firm to be its main source of competitive advantage. Consequently, the resource-based view is described as a centerpiece of success by both participants and the literature, and therefore are put in the middle of the framework. The PDCA cycle, put on the outside of the circle shows that all components

within should be reviewed and updated over time. Since PDCA is used to identify need for improvement (Gupta, 2007; Moen & Norman, 2009). From the empirical findings it is clear that all companies believe in change, and that it is important to develop because of the dynamic market landscape. Since the companies are all relatively young and all of them are competing with mostly larger, incumbent firms. Since the PDCA cycle can be applied to all types of companies, this is something new firms likely could benefit from since according to Moen and Norman (2009) and Isniah et al. (2020) the PDCA cycle allows for new knowledge to create project plans that will lead to useful results.

When it comes to new firms in the e-commerce landscape and the formulation and implementation of these companies' business models, they could learn from already established companies as well as gather information about success factors and challenges in the industry. Looking at what each theory and component of the theoretical framework means for new firms is crucial to determine if some factors matter more than others. Starting off with the resource-based view, new companies need to determine what resources and capabilities they possess, and which they need to acquire in order to stay competitive in the long run. As Grant (2018) explains it, a company needs to work with their resources and capabilities in order to create a competitive advantage. Looking at the specific resources presented by Grant (2018) new companies need to have tangible assets such as financial resources in order to even establish the company. Further, it needs to have physical resources in terms of, for example, equipment. Moreover, new companies need to possess intangible resources such as the right functioning technology, especially when working in the e-commerce sector. Grant also talks about reputation, but for new companies this is something that needs to be built up along the way of running the business. When looking at the human resources, knowledge is something that again has proven to be of value, considering the empirical findings. Without the right knowledge, regardless if it is in-house or outsourced a company will not be able to compete with incumbent firms, in possession of the knowledge required. Lastly, motivation and collaboration is also something proven to be of great importance considering the empirical findings, which is something new firms should have in mind.

Further, new firms need to be aware of how to establish a competitive advantage, and in order to do that, the specific resource or capability must be valuable for the customers along with being scarce (Grant, 2018). This is something that the empirical findings have revealed proven to be true. All participants stress the importance of customer value and a lot of the company's focus is put towards having satisfied customers. Scarcity is also something that is embraced by the companies in the empirical findings. Unlike established incumbents, new companies often operate under resource constraints and must leverage their market knowledge and human capital to find a distinctive position in the market. Looking at the concept of dynamic capabilities, which is a way of describing a new company's ability to adapt to changes in the external environment. For new companies, sharpening dynamic capabilities is not just a competitive advantage, but a factor for survival in the dynamic landscape of e-commerce. By embracing agility and continuous learning, new firms can manage uncertainties with resilience.

Moreover, the exploration of BMI could be a guide on how new firms should approach the design and evolution of their already existing business model. Methodologies like the Business Model Canvas can help new companies easily see what parts of the business model that should be focused on further. Because of the volatile environment the e-commerce industry operates in, an iterative process when it comes to BMI, strategies, and dynamic capabilities are necessary to adapt. This iterative approach is guided by the PDCA cycle, will enhance a new company's resilience and foster a culture of innovation that will fuel long-term success and competitiveness.

In conclusion, all factors are important to consider for new e-commerce companies. Without the right resources and capabilities along with a well planned strategy and business model, new e-commerce companies will not succeed in today's dynamic landscape.

6. Conclusions

This final chapter presents the main findings of this study and concludes with answers to the research questions. Further, suggestions for future research are presented.

6.1 Research Questions

This thesis aimed at providing insights into what components in e-commerce companies business models are considered significant. Further, focus is put into how new e-commerce companies can formulate and implement innovative and financially sustainable business models along with the aspect of changing consumer behavior. The purpose was to provide acknowledgements to new e-commerce companies that guide them to success in the long term.

6.1.1 Key Components of Business Models in the E-commerce Sector

By systematically reviewing the literature and investigating multiple cases, key components for successful innovative business models in the e-commerce sector were identified. Firstly, both the literature and the empirical findings both emphasized the importance of building strong relationships with the customers. Strong relationships with customers is based on knowing the customers preferences when it comes to what they want and needs. Getting a strong customer base has proven to be essential for long-term success and repeated transactions. The aspect of having satisfied customers and listening to customer feedback has helped the companies develop their business further. Prioritizing the customer experience in every dimension, from navigating the website to after sales support is a component e-commerce companies should incorporate in their business model. The customer experience could also include responsive customer service and easily accessible customer reviews. Having a customer centric approach incorporated in the business model has proven to be of great value for successful innovative business models in the e-commerce sector.

Another key component found is a company's value proposition. A company's value proposition is a central part of the business model, showing why customers choose one company over another. By focusing on competitive pricing, a wide product range, and an overall good shopping experience are all examples of value propositions that could affect a customer's choice. Further, also connected to a company's value proposition is the product focus. For companies selling a product, most of the value is created by the product itself. Having one or several products on a market where competition is low or nonexistent a company has the ability to meet yet unmet customer needs. A clear and compelling value proposition that addresses customer needs is considered a key component for a successful business model.

Moreover, differentiation is something companies can use to distinguish themselves from competitors. By offering products with superior quality or innovative features that competitors don't offer, a company differentiates from other players in the market.

6.1.2 How to Formulate and Implement Innovative and Financially Sustainable Business Models to Achieve Long Term Success in the E-commerce Industry

In order for new e-commerce companies to formulate and implement financially sustainable business models to achieve long-term success, there are some things that need to be considered. One particular aspect brought up in the literature as well as the empirical findings was the importance of knowledge. For a company to formulate and implement a business model, knowledge is required. Without the right knowledge it is hard to establish a company in today's dynamic world. Learning from previous experiences as well as other companies in the industry is a way of creating knowledge that later can be transferred to the formulation and implementation phase of the business model. By looking at success factors and key components of existing business models, new companies can determine if this is something that might work or not for the specific company. By understanding the target market, including the customers preferences and purchasing behavior a company has the ability to identify gaps in the market to address.

When it comes to the actual implementation, companies need to be certain about what parts should be implemented and how to execute these parts effectively. The company needs to develop an implementation plan that outlines the details of the business model. The company also needs to adequate the right resources to support the implementation process, which includes investing in the right technology and having the right knowledge on the team or outsourcing knowledge.

Further, in order to achieve long-term success it is important to develop a unique value proposition that sets the company apart from competitors. A lot of focus should be placed on parts that make the products different from competitors, and why customers should choose the specific company instead of others.

6.1.3 How E-commerce Companies Adapt to Changing Consumer Behaviour Over Time

In order for companies to be able to adapt to changing consumer behavior over time, conducting market research is of great importance. Regular market research helps companies stay updated on changing consumer preferences and emerging trends. Using surveys, customer feedback, and monitoring industry reports can help companies stay updated with eventual changes over time. Another aspect when it comes to consumer behavior is for companies to understand the characteristics of their target groups. Using data tools to gather insights into consumer behavior, preferences, and purchasing patterns can help companies to better adapt to changes in consumer behaviors. By analyzing data from the company's

website along with customer feedback can help e-commerce companies identify trends and make well informed decisions.

Another way to stay informed of external factors that could influence consumer behavior is to monitor competitors and see how well they adapt to certain changes. It is crucial for each company to determine if some changes are going to affect consumer behavior or not. This is a trade-off that the company needs to make before taking actions on potential changes. What might appear to be a change in consumer behavior, might not change in the long run. Remaining responsive to market conditions and consumer behaviors can help companies stay ahead of the curve.

6.2 Contributions and Practical Implications

Based on insights derived from the research question, there are numerous implications recommended for new e-commerce companies aiming for long-term success in the competitive industry of e-commerce that further will be discussed.

Prioritizing building and maintaining strong relationships with the customers, implementing a customer-centric approach throughout the whole customer journey which includes responsive customer support and easily accessible customer reviews, and ensuring customer satisfaction to build loyal customers are managerial implications to take into account regarding customer relationships. Further, the value proposition is important which includes building a value proposition that differs from competitors with a focus on competitive pricing, products with quality, offering a wide range of products if suitable, and an overall seamless shopping experience. The unique aspects of the product being sold is important to empathize, especially in markets with low competition or unmet customer needs. It is also important to have differentiation strategies which includes investing in product innovation and highlighting these, and consider the overall customer experience as a part of the differentiation strategy by offering a superior shopping experience.

When formulating and implementing innovative and financially sustainable business models, managerial implications are to gather and leverage knowledge from industry experiences and successful business models. It is important to learn both from failures and from success. It is further important to understand the target market which includes preferences from customers and purchase behaviors to develop an understanding for seeing gaps in the market and identifying opportunities. Managerial implications to the formulating and implementing of the business model is also to focus on delivering a unique value proposition and continuously refining the value proposition based on market feedback and evolving customer needs to ensure that it stays competitive.

Managerial implications in order to adapt to changing consumer behavior over time is to continuously do market research to stay informed, for example by studying customer

feedback. The use of data analytics tools can also help to make strategic decisions and adaptations. Regularly going through consumer behavior data from the website and adjusting accordingly is important as well as studying customer interactions to identify trends and making informed decisions and implement changes based on the information. Another managerial implication to adapt to changing customer behavior is to monitor competitors to understand how they are adapting, if you should follow the same path or not. Further it is important to be responsive to market conditions as they can change how customers behave and be flexible and agile.

6.3 Suggestions for Future Research

Something addressed throughout the entire report is the fact that the c-commerce industry is highly dynamic. Technological advancements are constantly changing the way of doing business, and will most likely keep doing so. Understanding the e-commerce industry and its effects on consumer behavior and trends will most likely remain important. Future research should continue to delve into the evolving market dynamics to provide valuable insight for different stakeholders in the industry.

This study focused on empirical findings from e-commerce companies from a single country, Sweden, all classified as SMEs and primarily providing products. Consequently, suggestions for future research are to study e-commerce companies of different sizes, from diverse geographical locations, and possibly companies offering services. This could enable a deeper analysis including more nuanced insights into similarities and differences, with a more global perspective. Further, the external factor explored in this study is consumer behavior, narrowing down the scope of the study. To gain a more comprehensive understanding of various external factors affecting e-commerce companies, and the industry as a whole could be achieved by including market trends, competitive pressure, regulatory environments, and technological disruptions to gain a more comprehensive understanding of the external forces shaping e-commerce companies' strategies

Another recommendation for future studies is to broaden the scope to encompass strategies that differentiate new firms from established firms. By examining the unique approaches and tactics employed by startups and incumbents, research can uncover valuable insights into how emerging companies create their niche and compete in the digital marketplace.

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Appendix 1 - Interview Guide

Background information

- What company do you work at?
- What is your role and how long have you worked for the company?
- When was the company established?

General questions about the business model

- How would you describe the definition of a business model?
- How did the company create and implement the initial business model?
- What was successful and what was not?
- How would you define the term innovation?
- Have you improved/innovated the business model since the company was established?
 - What have you changed and why?

Success factors

- What are the key components of your business model?
- What is the core value proposition that drives your business model?
- What do you believe are the most important factors for an e-commerce business when creating and innovating a business model?
- How does your company define and measure success in the context of your business model?

Challenges

- Have you encountered any challenges when implementing a new business model or innovating a new one?

External factors

- How does your company stay informed about external factors that may impact the e-commerce industry?
- Can you provide examples of changes in the business environment that led to strategic adjustments?
- How does your company analyze and understand the current market trends in the e-commerce sector?
- How does your company analyze and understand consumer behavior in the e-commerce sector?
- What role does customer experience play in your business model?
- How do you engage and retain customers?
- How does your company collect and utilize customer feedback to iterate and improve your business model?
- Is there anything else you perceive relevant and would like to add before ending this interview?

Future plans

- How does your company plan for long-term success in a dynamic and competitive environment?
- What strategies do you employ to stay ahead of the competition?
- How do you differentiate your offerings from competitors when it comes to your value proposition?
- How do you diversify and optimize your revenue streams?