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Strategies and Tactics for Initial User Acquisition to Multi-sided Platforms
A comparative case study in a context of geographical expansion
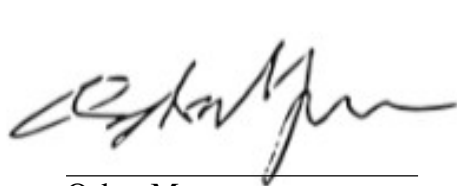
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Abstract

A multi-sided platform is only useful when there is a group of users on each side of the platform. In an initial phase, when there are no established users, a multi-sided platform company faces the fundamental challenge to create such participation on both sides. In order to attract one side, e.g., demand, there needs to be a group attracting on the other side, e.g., supply. And users on the supply side will only use the platform if they know that demand will be present, much like the chicken-and-egg dilemma. Furthermore, multi-sided platforms that rely on one or multiple sides being physically present in a geographical area to create value to the local users, the chicken-and-egg dilemma will return when the multi-sided platform expands geographically.

This study has been conducted on multi-sided platform companies in a geographical expansion context. The purpose of the study has been to identify strategies and tactics being used by case companies for initial user acquisition to overcome the chicken-and-egg dilemma. To reach that purpose, the study has set out to answer two questions: (1) *What strategies and tactics are used by multi-sided platform companies to initially acquire users when expanding to new geographical areas?*, and (2) *How do the identified strategies and tactics relate to the geographical expansion context?*

Earlier theoretical and empirical research has discussed the challenge of initial user acquisition to multi-sided platforms, as well as a few strategies and tactics of how to approach it, yet there is a lack of research in the area, since the topical companies are relatively young. Also, no earlier research has explored the issue of initial user acquisition in the context of geographical expansion. The theoretical framework for the study includes earlier research on multi-sided platforms, in particular what strategies and tactics could be used to acquire users from multiple sides when initially launching. Also, the main similarities and differences between an initial launch and further geographical expansion are outlined.

The study identifies two strategies for initial user acquisition being used when expanding geographically, namely the Two-step strategy and the Zigzag strategy, the first being the most common strategy used among the case companies. The study identified two tactics, namely Non-scalable efforts, in particular Self-Supply, and Initial target group. Furthermore, the most common combination of strategies and tactics was to use the Two-step strategy with an initial target group. The identified strategies and tactics relate to the geographical expansion context in terms of what indicators are seen as important for market attractiveness. For instance, the focus on the supply side of the multi-sided platform as part of the Two-step strategy was commonly associated with potential supply as an indicator of market attractiveness. Also, local presence can facilitate initial user acquisition since organizational legitimacy can be created through networking with local stakeholders.

List of Content

1. Introduction

1.1 Background

In recent years, multi-sided platform (MSP) companies have become increasingly common, revolutionizing traditional industries such as the hotel, transportation and food industry. In 2016, online platforms were among the highest growing Internet startups around (Teixeira and Brown, 2016). As knowledge about the dramatic growth of many platform companies has become common, the interest in the platform business model and its implications has increased amongst academics and entrepreneurs.

Hagiu (2014) defines MSPs as "technologies, products or services that create value primarily by enabling direct interactions between two or more customer or participant groups". In addition to being some of the largest and most fast-growing businesses, MSPs are of interest to study further due to their ability to occupy privileged positions in a wide range of industries (Hagiu, 2014). The MSP is only useful when there is a group of users on each side of the platform. In an initial phase, when there are no established users, an MSP company faces the fundamental challenge to create such participation on both sides. In order to attract one side, e.g., demand, there needs to be a group attracting on the other side, e.g., supply. And users on the supply side will only use the platform if they know that demand will be present. Harvard Business School's Thales Teixeira (2015) describes the dilemma as "the classic chicken-and-egg problem" and argues that small companies cannot afford to focus on acquiring both sides with the same amount of effort, rather they have to prioritize one side before the other. Thus, the prioritization that has to be done is presumably a matter of a strategy choice for MSPs.

Moreover, the cost of acquiring users is mentioned in a recent report from the Swedish Competition Agency (Konkurrensverket 2017) as a strategic obstacle for MSPs, which may be one of the reasons why the renowned MSP company Uber accounted for a loss of 2.8 billions dollars in 2016 (Carlsson, 2017). Evans (2009) calls attention to the fact that the most difficult challenge for entrepreneurs in general is to reach economic viability through getting enough customers to buy the product or service. However, Evans argues that this challenge is even more difficult for MSP start-ups, since they must secure enough customers on both sides to provide enough value to the user groups. Similarly, Hagiu (2014) sums it up by stating that overcoming the chicken-and-egg problem is one of the most difficult challenges for many MSPs, since no side will join without the other, and thus it is an important strategic issue. Earlier theoretical and empirical research has discussed the challenge of user acquisition to the MSP, as well as a few strategies and tactics of how to approach it (Evans, 2009; Evans and Schmalensee, 2016; Fath and Sarvary, 2003; Caillaud and Jullien, 2003), yet it could easily be argued that there is a lack of research in the area, since the companies at issue are relatively young. Therefore, the exploration of current MSPs' strategies and tactics used to overcome the chicken-and-egg problem is motivated for scholars.

Another point of view could be formulated for some types of platform companies, namely that the challenge mentioned in earlier research presumably is present also when expanding to a new geographical area. More specifically, MSPs relying on one or both sides being physically present in a geographical area to create value to the local participants, the chicken-and-egg dilemma will presumably return during the geographical expansion. Consequently, the context for the challenge of acquiring users from multiple sides is not limited to startups launching their MSP for the first time, but for each geographic expansion, which reasonably should be of interest for companies aiming to expand from their home market.

1.2 Purpose and Research Question

The purpose of this study is to identify a set of strategies and tactics to the dilemma of user acquisition for MSPs, in particular during geographical expansion. Furthermore, these strategies and tactics are aimed to inspire MSP companies in their expansion strategy. The following two research questions have guided us in achieving the purpose:

>*1. What strategies and tactics are used by multi-sided platform companies to initially acquire users when expanding to new geographical areas?*

>*2. How do the identified strategies and tactics relate to the geographical expansion context?*

1.3 Outline of the report

After the introductory chapter, relevant literature within the area is presented aiming to give the reader a summary of initial user-acquisition strategies and tactics for MSPs. The third chapter aims to link the dilemma of initial user acquisition handled in chapter one, with the context of geographical expansion. Then, the methodology used for the study is presented and motivated, in chronological order. Also, the methodology is critically looked upon in the last part of the fourth chapter. Following the methodology, the findings from the empirical data of each case company are presented, with the aim of describing the findings and how they were derived. Then follows the analysis chapter, where patterns in the empirical data are analyzed by examining the findings from all case studies collectively. Observations of similarities and differences across the empirical data are presented. Following the analysis, the discussion aims to discuss the findings in more detail. In the final chapter, conclusions that can be drawn from the study are presented. Finally, suggestions on further research are outlined.

2. Theoretical Framework

This section presents the theoretical framework for the study, which includes earlier research on MSPs, and in particular what strategies and tactics MSPs could use to acquire users from multiple sides when initially launching.

2.1 The Multi-sided Platform and User Acquisition

To begin with, the need for MSPs to acquire users from multiple sides will be presented based on how MSPs differ from other intermediaries, followed by how these differences end up in what is referred to as the "chicken and egg" problem. In an article, Hagiu (2014) presents how the MSP is unique compared to product platforms and resellers. As illustrated in Figure 1, each user group, i.e. "Side A" and "Side B", are customers to the MSP, and the MSP enables direct interaction between the two sides. These conditions are not present in the case of product platforms or resellers.
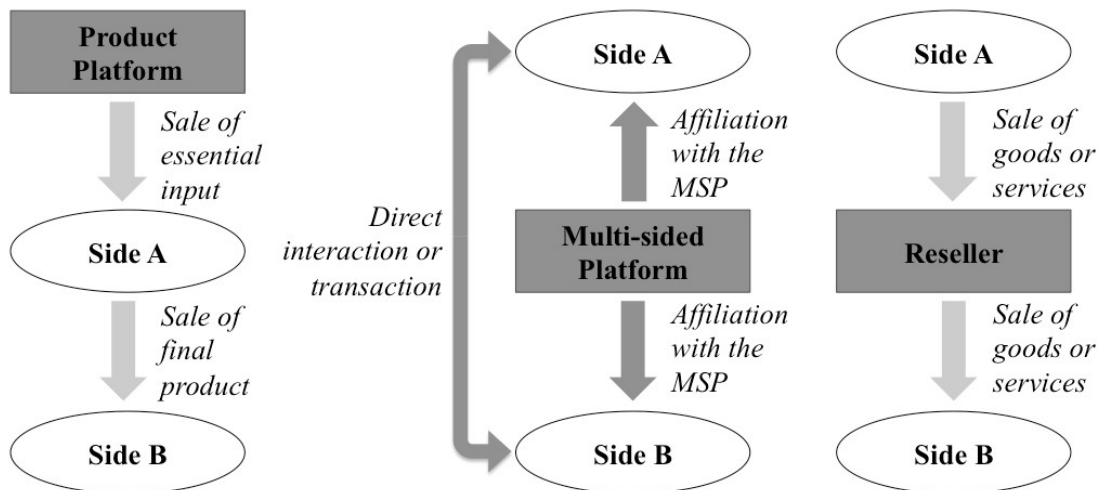
Figure 1. Reproduction of illustration showing a comparison of value exchange between MSPs, product platforms, and resellers (Hagiu, 2014)

To further illustrate how the MSP differs from other intermediaries regarding user groups, an exposition of the business model could be made. Osterwalder and Pigneur (2010) have in their work on business models described how an MSP creates, delivers, and captures value. Since MSPs create value as intermediaries by connecting two or more distinct but interdependent user groups, the key for MSPs is to attract and serve all these groups simultaneously. According to Osterwalder and Pigneur (2010), the MSP's value proposition creates value in three main areas. Besides the matchmaking process (1) and by channeling transactions (2), the MSP creates value by attracting user groups (3). In addition, the value achieved by a particular user group depends in many cases on the number of users on the platform's other sides. Hence, Osterwalder and Pigneur (2010) suggest that MSPs must ask themselves if they can attract a sufficient number of users for each side of the platform.

The definition of an MSP, as stated in the background section, describes a value exchange between two or more sides, thus multiple sides could uniquely contribute to the value creation by their participation in the MSP. Osterwalder and Pigneur (2010) refer to user groups as customer segments being two or multiple, similar to the description made by Hagiu (2014). The two or multiple sides are considered customers due to the affiliation fee, see Figure 1, even if one side could be argued to supply the service. However, in this report the value exchange enabled via an MSP is handled as two-sided, as seen in Figure 1, where each user group or "side" could either be demand side or supply side in the interaction. Hence, if the exchange of value consists of a service, the service provider is seen as the supply side, and consequently, the other user group is seen as the demand side. Further, both the situation of business-to-business (B2B) and business-to-consumer (B2C) could be recognized in MSPs, which in this report implies that the demand side could be either a business or a consumer. To illustrate, Uber could be used as an example: drivers with access to a car are connected via an MSP (Uber) to passengers who wish to go somewhere. In this example, the drivers are identified as the supply side of the MSP and passengers are the demand side. Both supply and demand pay an affiliation fee, which is why user groups are seen as customers (Osterwalder and Pigneur, 2010; Hagiu, 2014). Also, Uber is identified as a B2C, since the passengers are consumers and not businesses.

Since the MSP has at least two user groups, each of which has its own value proposition and associated revenue stream (Osterwalder and Pigneur, 2010; Hagiu, 2014), one user group cannot exist without the other. Evans and Schmalensee (2016) describe the phenomenon as a coordination problem, because the fundamental product or service that MSPs are selling is to provide one user group access to the other user group. Further, Caillaud and Jullien (2003) describe it as the chicken-and-egg problem, because in order to attract the demand side, the MSP should have a base of registered suppliers, but these will be willing to register only if they have an expectation of being demanded. To illustrate, Uber could be used as an example again: drivers must be recruited to drive potential passengers, but without passengers there is no reason for drivers to join. And vice versa, the same issue will be present for passengers who will not see any value if there are no drivers are available to be connected with.

Evans (2009) concludes that all entrepreneurs face the challenge to get to a point where the business is economically viable, which is particularly difficult for entrepreneurs launching a MSP, since at least two groups of users must be acquired. Consequently, strategies of how to acquire two user groups are essential to MSPs, in trying to overcome the chicken-and-egg problem (Hagiu, 2014; Evans and Schmalensee, 2016), and will be further described below.

2.1.1 Strategies for User Acquisition
Earlier published studies on MSP's user acquisition strategies could be argued to be conspicuous by their absence. However, Evans and Schmalensee (2016) have, based on studies of both B2B and B2C companies, suggested three main strategies for MSPs to acquire a sufficient number of users for each side of the platform.

Zigzag strategy: The MSP acquires both sides simultaneously to achieve sufficient participation from each user group.

Two-step strategy: The MSP acquires one user group to join the platform at first, and then, when a sufficient number of these users have joined, they acquire the other group of users.

Commitment strategy: The strategy used by MSPs where one group needs to make investments to participate in the platform is called the commitment strategy.

To further describe these strategies, earlier case studies can be used as illustrations. Evans and Schmalensee (2016) use the case of OpenTable, a restaurant-diner matchmaker service. OpenTable used the *Two-step strategy*, by first focusing on the recruitment of restaurants to join and then focusing on acquiring the other side of users, in this case consumers looking to book a table at a restaurant. According to the case of OpenTable, the recruitment of a dozen restaurants in each area was needed to ensure that the consumers could have sufficient value and not abandon the platform. However, the case of OpenTable brings up another issue to consider. Even if a clear strategy was identified, a further subject of interest is how OpenTable recruited a dozen of restaurants at first, if there were no consumers on the other side. This could be described by different tactics, and will be presented in section 2.1.2.

Furthermore, Evans and Schmalensee (2016) illustrate the Zigzag-strategy with the case of Youtube. They attracted users to both sides simultaneously, although some days were spent to focus on one and other days to focus on the other. The goal was to continuously make more people upload and to get more people to view. The commitment strategy is illustrated with the case of Microsoft. When they created the Xbox, they had to convince developers to develop games to the Xbox, or in other words commit to the platform, although there were no users yet.

By summarising the recognized strategies presented by Evans and Schmalensee (2016), one common denominator could be stated to be the initial platform side focus. Both the *Two-step strategy* and the *Commitment strategy* suggest an initial platform side focus implying that one side of users is acquired at first. In contrast, the initial platform side focus of the *Zigzag strategy* is basically on both sides of users. Consequently, to identify the initial side focus when a MSP is trying to acquire users can be useful as an indicator as to what strategy a certain MSP uses.

Another approach to the chicken-and-egg problem is discussed by Hagiu and Wright (2013). Since single-sided firms do not face the mentioned problem, and hence, MSPs could start out with a more traditional reseller model and later transform to a MSP. Furthermore, if considering strategies for intermediaries, rather than for MSPs in particular, Caillaud and Jullien (2003) described a strategy for the intermediation market. The suggested strategy was called *Divide-and-Conquer*, implying that one side of the market is subsidized and profits are made on the other. This strategy is related to the Two-step strategy for MSPs, since subsidies are used to acquire one user group at first.

To sum up, Evans and Schmalensee (2016) argue that the chosen strategy by an MSP depends on the business itself and the circumstances in which it finds itself. Also, the acquisition of users is not just a numbers game, it could also be the case that users on one side enjoy great value of having access to a small number of users on the other side.

2.1.2 Tactics for User Acquisition

In order to implement the mentioned strategies, Evans and Schmalensee (2016) suggest three tactics used by MSPs: *Self-supply*, *Marquee Customers*, and *Shaping Expectations*. Self-supply means that the MSP, instead of waiting for one side of users to join, supplies one side itself. If acquiring an initial group of users, called "marquees", on one or multiple sides that generate a momentum, in terms of creating a buzz and to get other users to join, the tactic used is called Marquee Customers. The tactic Shaping Expectations implies that the MSP convinces users to join based on the expectation that users on the other side will be participating as well.

The tactics, such as Self-supply is an example of when efforts to acquire users could be considered non-scalable i.e. will not be profitable in the long term and not part of the business model, but rather of efforts to boost for a limited time. The subject of doing things that do not scale is not recognized in the literature about MSPs, although Paul Graham's well-known essay on the topic suggests how startups should behave in order to make it take off, and hence could be mentioned in the context of MSPs as well. Evans (2009) states that MSPs during launch have even a greater issue acquiring users than single-sided startups, an issue that is the foundation of Graham's essay. However, Graham argues that successful startups have taken measures to get customers in the early days of their businesses; these measures are described as tactics that would never work for a high-volume business. The tactics outlined below are a reproduction of some of those suggested by Paul Graham and give examples of non-scalable efforts.

Recruit: Users will not come by themselves, it is necessary to go out and get them. Call the users manually and ask them to join, instead of relying on the long-term business model's idea to generate users automatically.

Fragile: Remember that startups are fragile, balancing on the edge of failure. There is presumably a need of providing an extraordinary service to the first users, to reduce the risk of them never coming back.

Fire: Focus on a narrow market. Build a service for an initial market where you know it will be valuable, thereby assuring an initial adoption to the service.

These tactics are actually recognized among a couple of famous cases of MSPs, also some illustrated by Graham (2013). AirBnB, the rental service platform, hired professional photographers to take photos of the first hosts' homes, and thus, made the first ads look extraordinarily good (Ibid). According to Boyd and Ellison (2008), Facebook, the social

media platform, launched only at well-reputed colleges initially before scaling it worldwide, and thus, had an obvious narrow market focus.

The tactic mentioned by Graham (2013) as Fire is also touched upon in the field of MSPs. According to Evans and Schmalensee (2016) the focus on a narrow market is often a requirement for MSPs to create a thick market, meaning that there are enough users on each side wanting to interact with enough users on the other side. The narrow market focus could be recognized in areas of research outside MSPs. Product positioning and market segmentation is a well-known marketing strategy that is also applicable for platform user acquisition. According to Smith (1956), market segmentation involves "viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to the desires of consumers for more precise satisfaction of their varying wants." Some users are desirable to target and attract early on. Evans and Schmalensee (2016) state that marquee customers are people that are more likely to influence others to join. If they are attracted early on, they can accelerate the growth of the platform.

Since the MSP enables direct interaction between user groups, the quality of the value provided by the MSP could reasonably be a challenge to control. If observing some of the most well-known MSPs e.g. Uber and AirBnB, these have a rating tool that enables user groups to share their experiences with each other, which assumedly can be viewed as a sort of quality transparency.. Even though Rogers (1962) argues that quality and quality transparency are important to attract large groups of users, there is a lack of recognized research in the field of how MSPs' rating tools correlate to user acquisition. According to Rogers (1962), the early majority, which is one of the two largest adoption groups, is more conservative than the earlier adoption groups (innovators and early adopters) but still open to new ideas. Early adopters influence the early majority. Therefore, if the early adopters are satisfied with the quality of a product or service, and this information is transparently presented, it is more likely that early majority will adopt the product or service.

Evans and Schmalensee (2016) touch upon quality transparency and user participation for MSPs. They state that modern technology, such as e-mail and access to information via the Internet, has made it more convenient to interact with potential users of a platform. However, trust is still a major issue. According to a survey conducted by the Chinese platform company Alibaba "90% of businesspeople conducting business online cite Trust as the most important factor in finding trading partners online." Evans & Schmalensee (2016) bring up Alibaba as a company that handled this issue by creating a feedback forum where users can view and post comments on the quality of members on the other side of the platform.

To sum up, the presented tactics for user acquisition can be divided into three main areas: (1) Non-scalable efforts, (2) Initial target group, and (3) Rating tool as quality measure. Non-scalable efforts include Self-supply, Shaping Expectations, Recruit, and Fragile. Further, the idea of an Initial target group is recurrent, both in the MSP context as well as others. The Initial target group includes Marquee Customers, Fire, and Narrow Market Focus. Moreover, the use of ratings as a tactic is an interesting finding, presumably useful for user acquisition,

and may after further research be recognized in the literature of MSPs. Finally, the areas presented are potentially useful when identifying tactics used by MSPs to implement their chosen strategies.

3. Geographical Expansion Context

The previous chapter described the chicken-and-egg dilemma that MSPs face when acquiring users to each side of the platform at initial launch. The context of the study is geographical expansion, which in many ways is a representation of an initial launch, but with some differences. Both the similarities and differences between user acquisition to MSPs during initial launch and geographical expansion will be outlined and discussed in this chapter.

If two sides of a MSP have to be acquired locally in each new location that the platform expands to, the MSP will face the chicken-and-egg problem at each geographical expansion. The platform company Uber is an illustrative example. Uber has established its business in city A and wants to expand to city B. When Uber expands to city B, both drivers and riders need to be acquired to the platform. Even though both drivers and riders are present on the platform in city A, the chicken-and-egg dilemma will appear in city B since local drivers need to be present to attract riders, and local riders need to be present to attract drivers. In other words, geographical expansion for MSPs where two sides of the platform need local user acquisition is similar to initial platform launch in the sense that they face the chicken-and-egg dilemma.

Considering geographical expansion in general, Barringer and Greening (1998) resemble the expansion of a small business to a new site as a "start-up", meaning that the business in the new expansion site goes through similar challenges as newly founded ventures. On top of the earlier mentioned chicken-and-egg dilemma that some types of MSP face, some other challenges when expanding geographically are to select location and to build organizational legitimacy, according to Barringer and Greening (1998).

3.1 Important Indicators of the Attractiveness of a Market

When expanding geographically the new location is normally untested and unfamiliar, much like when initially launching, which makes it challenging to successfully establish the business. To handle the unfamiliarity of new locations, and to select a location as an expansion target, it can be helpful to have a set of predefined indicators that identifies whether an expansion site is attractive for the business or not. Barringer and Greening (1998) found that each case in their research used a set of indicators to identify potential sites when doing their expansion site selection. This helped the companies avoid entering into unattractive locations. Barringer and Greening (1998) further list three key indicators, namely *demographic makeup* (1), *geographic makeup* (2) and *legitimacy of business concept* (3).

Demography (1), as defined by Doyle (2016), is the study of human populations in terms of size, density, location, age, sex, race, occupation and other statistics. The specific demography metrics that measure market attractiveness are not specified, supposedly since this differs on a case-to-case basis. However, according to Hanson (2005), the *size* of a population in a market affects its attractiveness, derived from the logic that larger markets give more potential to sell. Thereby, *potential demand* as a consequence of the size of a population can be an indicator for judging market attractiveness. As that conclusion is derived from literature in a context of single-sided companies that produce the supply themselves, the

aspect of a market's *potential supply* is not covered. However, since the market creates supply in the case of MSPs, potential supply could also be considered as a potential indicator of market attractiveness.

Moreover, geographic makeup (2) can include aspects such as strategic importance of location and geographical distance. The legitimacy of a business concept (3) is a measure that refers to the fit between the behavior of the population and the business model. As an illustration, an online platform for table bookings in a city with low Internet penetration has a low legitimacy of its business concept.

If a company is contemplating to expand to a new location, it is likely that the business has shown promising signs in the area in which the company already is present. Therefore, a difference between initial launch and geographical expansion might be that the company has knowledge about and experience of what can be important to establish the business. In other words, the business model has been tested. That knowledge might be valuable, but as Teece (1998) argues, replication of a firm's capabilities in different geographical contexts might be difficult since competitive advantage to a large degree is attributable to local or regional forces.

Furthermore, it might be difficult to objectively suggest a set of suitable measures to decide whether a location is attractive or not. Chandler and Hanks (1994) argue that in order to identify suitable measures, expert knowledge of the specific organization and its relation to the market environment is necessary. However, for start ups, the experts that can identify these characteristics are the owners of the business that use their perceptions as indications, which according to Chandler and Hanks (1994) means that they have perceptual biases. Therefore, the validity of proposed measures cannot be guaranteed.

3.2 Local presence

Barringer and Greening (1998) argue that the challenge of small business geographic expansion has another dimension, namely that the small business manager will have to manage an existing business in parallel with a "start-up" in the new site. That entails an important difference between initial launch and geographical expansion. One implication of that difference is that local presence becomes an issue when expanding geographically. During the first launch of the business, the local presence of the owner and potential staff had come naturally, basically since they had no other location to give their attention to. Therefore, the manager of the expanding business is probably used to having control of the majority of the business's activities, whereas it is more difficult to have such control in the new site when being physically separated from it. Barringer and Greening (1998) found that there was a tendency for small businesses to choose expansion sites within a geographical radius that was manageable for the companies' management teams to frequently visit. Thereby, a satisfactory level of control could be held. Drake (1999) further states that especially service firms benefit from being close to the client.

Apart from having a motivated manager in place, local knowledge and a loyal clientele might according to Barringer and Greening (1998) be resources that have contributed to the success of the business in the home market. However, those resources might be difficult to transfer to the new sites, as touched upon in the discussion of replication in section 3.1. Related to local knowledge and clientele, Barringer and Greening (1998) also argue that one key challenge with geographical expansion is to create organizational legitimacy. As with any new organization, establishing relationships without a track record is difficult, which makes the business particularly vulnerable. Therefore, local networking in the expansion sites helps to establish relationships with local stakeholders to create organizational legitimacy.

3.3 Summary of Differences

To sum up, geographical expansion is a case that represents a dilemma of an MSP launch. However, there are some differences between the initial launch of a MSP and further geographical expansion launches. Specifically, there seem to be two main differences, namely previous experience and local presence.

The first difference refers to the fact that at geographical expansion launches, the owner has experience from the initial launch and knowledge about the organization and how it relates to the environment. However, that knowledge might be subject to perceptual bias, reducing the trustworthiness of the accuracy of the conclusions about what aspects are important for the business.

The second difference refers to the fact that when expanding geographically, the expansion has to be managed in parallel with the existing business, increasing the complexity of, for instance, the possibility for the owner or manager to be locally present. Since local presence comes naturally at the initial launch of a business, organizational legitimacy, local knowledge and a loyal clientele can be acquired more easily than when the new site is physically separate to the company's headquarters.

4. Method

In this chapter, the methodology used for the study is presented and motivated, in a chronological order. The complete case descriptions can be found in Appendix I. The chapter ends with a section discussing the relevance, generalizability and reliability of the study.

4.1 Research Design

The master thesis was initiated in collaboration with the company Studentvikarie. To find a topic relevant for the master thesis, initial meetings were held with the main stakeholders, namely the university supervisor, Studentvikarie's founders and the company's advisor. It was important to find a topic that related to an existing challenge for Studentvikarie. Therefore, we interviewed all the full-time employees at Studentvikarie that were able to set aside time for an interview (12 interviews in total) to understand the business, to get input on what challenges they faced and to find tendencies in order to formulate a research question.

All employees interviewed mentioned that the company was expanding rapidly and that there were new challenges every day. Everyone also stated that the company culture was friendly and cooperative, and that work was enjoyable, yet demanding. There was a tendency to speak well about the management team. As an illustration, one employee said "The founders of the company know what they are doing, which creates confidence in the company. We have great respect for them and for each other." Another said "The management team is very keen on keeping the employees happy, which they do successfully." Another aspect that was mentioned was that expansion of the business to new cities is a challenge. To exemplify, one employee said "managing growth is a challenge." Another said "Although our home market is prospering, it is difficult to know how to successfully transfer the business to a new city." This made us conclude that expansion to new cities was an interesting aspect to research.

A research question was formulated and reconciled with the study's stakeholders, and a planning report was written. The planning report was sent to a peer student for review, who responded with feedback. The key part of the feedback was to formulate a more specific research question, which at the time was too broad. Also, the context of the study's focus area could be more clearly formulated. As a response to the feedback, we made the research question more specific and the context clearer. The planning report was thereby improved by being more specific and in line with the focus area of the study.

We studied literature about MSPs and geographical expansion to get a theoretical understanding of the focus area of the study. The literature was summarized as a theoretical background to the thesis. The literature study was iterative throughout the project, as new aspects appeared when the thesis evolved and needed to be covered. Examples of such an aspect is Self-supply, which we found in the empirical data as important for the purpose of the study since the majority of the case companies referred to these aspects in the case interviews described below.

4.2 Data Collection

Case studies were conducted. It was important that the case companies had a similar business model as Studentvikarie and that they had faced or were about to face similar challenges related to geographical expansion, in order to assemble empirical data that could be used to answer the research question and to have findings that were interesting for platform-based companies facing the challenge of user acquisition when expanding to new locations. Based on that, a set of criteria was established to identify potential case companies.

To be eligible for selection, each company had to have a digital platform as its business model, where both users on the demand side and supply side were physically present in a geographical area. Also, the company had to have experience from expanding geographically or ambitions to do so. To judge each company's relation to those criterions, we collected data by visiting the companies' websites where information about the business models and the number of sites that the companies had business in was found. Also, we read news articles written about the companies, where information was found about the companies' business models and future expansion ambitions. Firms were selected that represented polar types in terms of the amount of geographical expansions made in terms of how many cities they had expanded to, in order to contrast data from experienced companies with data from less experienced companies. 33 companies that matched the criteria were contacted. Nine companies managed to set aside time to take part in the study. All companies selected define themselves as service companies. The interviewed company representatives were all involved early on in the company and either currently worked as the head of geographic expansion or had had a similar role in the company.

The aspects that the literature mentioned as important to get both sides on board when expanding with a platform-based business to new locations were used to create a framework. This framework was then used to formulate interview questions to conduct structured interviews with the case companies. For instance, as described above ,the literature states that there are several different strategies to initially attract users to both sides of the platform, such as targeting one side of the platform, targeting one specific group of people or creating the supply internally. Therefore, we formulated questions for the interviews asking if the company targeted any specific side of the platform initially, if they had an initial target group, and if they had any non-scalable efforts to initially attract users to the platform.

Nine structured interviews were conducted, two of which were done online through a video call and the other seven were done in-person. After the first interview, some minor changes were made to the formulations of certain interview questions for increased clarity. The unclear interview questions were identified when the respondent did not understand what a question referred to. An example of such confusion was that it was not clear what user group of the platform the question referred to. Therefore, questions related to user groups were asked twice; once specifically for the supply side, and once specifically for the demand side. The newly formulated questions were asked to the same person that initially was confused, and the interviewee now knew what the question referred to, which would indicate that the changes were successful. Both authors of this study were present at all interviews. We failed

to stick to the interview protocol in one of the interviews, and time constraints bot for us and the interviewee made it impossible to arrange an additional interview session. Therefore, that case was discarded altogether.

4.3 Data Analysis

We summarized the data from the interviews, and the interviewed company representatives verified the case studies. To structure the research findings from the empirical data, each case was summarized in a table. The table corresponds to the framework that was created for the interviews based on the theoretical framework. Each aspect in the framework was filled according to the way in which each case was interpreted in relation to that aspect, and the empirical data behind that interpretation was also included in the table.

One specific aspect, namely "Level of Local Presence", was determined as low, medium or high, depending on how much local presence the case company had in expansion sites. In order to judge that, we decided what the difference levels corresponded to. Low was when the case company had no specific activities locally in the expansion site and no local offices. Medium was when the case company in some instances had had specific activities locally in the expansion sites and/or some local offices. High was when the case company constantly had specific local activities in the expansion site and some local offices.

We then analyzed the findings by comparing all cases with one another, in terms of how they related to each aspect in the table. On certain occasions, a number of cases related similarly to one aspect, and potential reasons to that were discussed. On other occasions, different cases related differently to certain aspects, and potential reasons to that were discussed. A discussion was made to further analyze the findings and to identify similarities and differences with the theoretical background.

4.4 Discussion of Methodology

As the research questions were developed closely together with practitioners to identify a research area of relevance, the study should be considered as relevant. Also, previous research (Evans 2009) has called for case studies within the area of MSPs, as there has been a lack of such studies, further motivating the relevance of this study.

The empirical data were collected by structured interviews, both face-to-face either in-person or online. Face-to-face interviews offer a synchronization of communication in time and place, which, for instance, creates high visibility of social clues (Opdenakker 2006). In our case, the social clues were not seen as important when collecting the data, since the interview questions touched upon things that had nothing to do with the interviewee as a subject in his/her own right. In order to mitigate the risk of the interviewer giving social clues that guide the interviewee towards a specific direction, an interview protocol was used.

The generalizability of the results of the study is increased due to the fact that eight cases with significant differences are studied. However, a case study gives insight into the situation in one place, and the relation of those insights to the particular circumstances of the studied case

is difficult to map. On the other hand, the findings of the study have been linked to literature discussing similar findings, which according to Eisenhardt (1989), increases the internal validity of the study, wider the generalizability and gives a higher conceptual level. Also, the findings in terms of identified strategies and tactics for user acquisitions have no relation to the relative success of the outcome of using them, since the nature of the study could not provide any evidence of such conclusions. However, the fact that certain aspects have been identified is difficult to dispute.

In order to increase the internal validity and thereby the credibility of the study, peer scrutiny of the research project has been used in two instances: once in the planning phase of the project and once at the end of the project. According to Shenton (2004), peer scrutiny can make others challenge assumptions made by the investigator, which can give a fresh perspective and help the researcher improve the research in terms of, for instance, clearer explanations, stronger arguments and refined methods.

5. Findings

This section presents and explains the findings from the empirical data of each case company.

5.1 Studentvikarie

Studentvikarie was founded in 2015 and offers a substitute teacher service for secondary schools and high schools in Sweden. It operates in a B2B-situation. When a school needs a substitute teacher, the school posts an ad on Studentvikarie's digital platform. Substitute teachers in the area who are connected to the platform and who have the right set of skills for the specific class, get notified and can accept to work. Studentvikarie has since the start had a yearly growth of 200% and has over 1000 students connected to the platform as part-time substitute teachers. Studentvikarie employs 15 people full-time and has offices in Gothenburg, Lund and Stockholm.

The emphasis on geographical expansion has been moderate. Studentvikarie's goal is to be present in ten cities in four countries by 2019, but the plan to reach that is not fixed. The primary reasons behind the willingness to expand are for internal motivation among employees and to increase revenue. The expansions have so far been funded by the company's cash flow. See Table 1 for further findings.

Table 1. Findings from Studentvikarie

Company: Studentvikarie	Finding	Empirical Data
User Acquisition-Strategies and Tactics		
Initial platform-side focus	Both sides	"From the start, an equal effort is made to attract both schools and students, (...)."
Non-scalable efforts	Self-supply Recruit	"During the first months, the owners act as substitute teachers as an extra effort, (...)." "Also, the focus initially is not the matchmaking process provided by the platform. It is rather to manually call students in order to assure the supply of substitute teachers to schools."
Initial target group	Yes	"There are early adopters on both sides. Schools characterized as early adopters are high schools, a large share are private, the principals there are often young and understand how to use the platform." "The initial segment of students is engineering and teacher students, (...)".
Rating tool as	No	"The quality of the service is measured from two sides, not

quality measure		via ratings from users, but through other internal measures."

Geographical Expansion Context

Most important indicators for expansion site	Potential supply Size of population	"(...), the most important indicators are the number of students, a good university and demographics." "The demographical aspect is about students versus population."
Local presence at expansion site	Moderate	"The HQ is in Gothenburg, where also all full-time employees sit. In Stockholm, student ambassadors are working from an office hotel, and people from the sales team visit frequently. In Lund, there is a permanent office, (...), where student ambassadors work and one of the founders is there a couple of days per week."

5.2 OnlinePizza

OnlinePizza was founded in Linköping in 2005 as Sweden's first online home delivery service of food and drinks from restaurants. The company operates in a B2C-situation and offers an online platform where buyers can decide what sort of food they want, order it from whichever restaurant that is connected to the platform, pay by card and have it delivered. In 2012, OnlinePizza was acquired by the German company Delivery Hero, and by then over 1000 restaurants in more than 160 Swedish cities were connected.

The emphasis on geographical expansion has been high. Approximately 90% of the time was spent on expansion to new market, and the remaining ten percent were allocated for customer service and growth in current markets. The primary reason for geographical expansion was that OnlinePizza wanted to become a market leader and therefore needed to increase the geographical spread of the company's market presence. The expansions in Sweden were funded by OnlinePizza's cash flow. Initially, however, it was boosted by salary withdrawals for the owners. See Table 2 for further findings.

Table 2. Findings from OnlinePizza

Company: OnlinePizza	Finding	Empirical Data

User Acquisition-Strategies and Tactics

Initial platform-side focus	Supply side	"OnlinePizza focused on attracting one side of the platform initially, namely the supply side, i.e. restaurants."

Non-scalable efforts	Not identified	-
Initial target group	Yes	"(...) local fast food restaurants offering home delivery." "The initial customer segment was young adults that quickly understood and appreciated the service. The majority of those were students, since they were easy to reach."
Rating tool as quality measure	Yes	"In order to control the quality of the service, each customer was asked to review the experience by rating the purchase."

Geographical Expansion Context

Most important indicators for expansion site	Potential supply Size of population	"(...), there had to be enough local fast food restaurants offering home delivery." "the size of the city was important, since the business model requires high volumes to be profitable."
Local presence at expansion site	Moderate	"In addition to sales meetings, local operations consisted of marketing efforts, such as handing out flyers and giving stickers to restaurants to put on their windows. Apart from that, the local presence was low in order to maintain resource efficiency and the organization was centralized to a high degree."

5.3 DogBuddy

In 2013, DogBuddy was founded in London, UK. DogBuddy operates in a B2C-situation and connects dog owners with dog sitters through an online platform. Today, the company has 30 employees and is present in seven different European countries with around 30 000 freelancing dog sitters and 500 000 dog owners connected to the platform.

The emphasis on geographical expansion has periodically been high. The ambition has been to expand to a new country every three months. The primary reason for these geographical expansions has been to create a market foothold. Dogbuddy has financed the geographical expansions with venture capital. See Table 3 for further findings.

Table 3. Findings from DogBuddy

Company: DogBuddy	Finding	Empirical Data
User Acquisition-Strategies and Tactics		
Initial platform-side focus	Supply side	"When all dog sitters are recruited, normally two months after the start of the new city expansion, the platform is launched."
Non-scalable efforts	Fragile Self-supply	"During the three first months after launch, DogBuddy reduce their fee with 50%, creating monetary incentives to sign up early." "Also, the founders of DogBuddy have worked as dog sitters themselves through the platform, initially to ensure dog sitter supply."
Initial target group	Yes	"Initially, dog sitters that can work for DogBuddy halftime are targeted." "The initial target group on the dog owner-side is women, between 30 and 45 years old, that work and travel a lot."
Rating tool as quality measure	Yes	"In order to control the quality of the service for the users, there is a rating function that gives the dog owner the possibility to rate and give a review of the dog sitter."
Geographical Expansion Context		
Most important indicators for expansion site	Size of population Potential demand Legitimacy of business concept	"The attractiveness of a city is based on the size of the population, the number of dogs, the purchase power of the residents and the dog owner's frequency of traveling."
Local presence at expansion site	High	"One local person who understands the city is hired. If the city is in a new country, this person becomes the country manager." "(...) marketing to and partnering with local companies, such as pet stores, are done" "In order to attract dog owners, marketing efforts are done with (…) local campaigns. Normally, there is also some type of launch event."

5.4 Meetrd

Meetrd is an online platform operating in a B2B-situation, where users (called renters) can rent meeting rooms for an hourly fee from other companies (called hosts). At the moment, there are approximately 40 hosts and 200 renters registered. The company was founded in 2016 in Stockholm, Sweden, and is still in its early days. Meetrd is owned by Centigo, a management consultancy firm and was initially an initiative from a consultant working at Centigo. Today, Meetrd has one full-time employee, who works as a Chief Operating Officer (COO), and the platform is present in six cities in Sweden.

The emphasis on geographical expansion has been low. So far, the main focus has been to establish the business in Stockholm, Meetrd's home market. The primary reason for geographical expansion has been to show that the business model works in different cities. The main resource that has been spent on Meetrd's business is the COO's time, which is financed by Centigo. See Table 4 for further findings.

Table 4. Findings from Meetrd

Company: Meetrd	Finding	Empirical Data
User Acquisition-Strategies and Tactics		
Initial platform-side focus	Supply side	"To build the platform's value offer, Meetrd has focused on attracting hosts."
Non-scalable efforts	Fragile Self-supply	"To initially help hosts, Meetrd has hired professional photographers to take photos of the meeting rooms to make them look attractive for potential renters on the platform." "Meetrd created supply with Centigo's meeting rooms. As an attempt to attract renters to the platform, Meetrd supplied the rooms for free." "It turned out that the users who got meeting rooms for free felt that they owed Meetrd something. Therefore, Meetrd started to take a fee for each transaction, keeping only the first booking free of charge."
Initial target group	Yes	"Meetrd initially targets two different kinds of renters: entrepreneurs and big service companies." "Entrepreneurs are often open to the idea of networking, they might be in an early stage of their own business and therefore have a need of meeting rooms, and they are curious to try out new ways of doing business." "(Meetrd has) made efforts to attract the interests of bigger companies that for instance are interested in having conferences or board meetings in new locations."

Rating tool as quality measure	No	"(...) the quality control has been made manually, by calling the hosts to get feedback. Normally, if there is an issue, the hosts call Meetrd directly themselves. The renters are asked to provide any feedback in the email that contains the bill."

Geographical Expansion Context

Most important indicators for expansion site	Potential supply Geographic makeup	"(...) there has to be a certain amount of companies present, so that there are enough hosts available to create a sufficient supply of meeting rooms." "A final indicator is the geographic spread of offices in a city."
Local presence at expansion site	Low	"The local presence in cities apart from Stockholm has not been prioritized."

5.5 Universal Avenue

Universal Avenue is a platform-based company, founded in 2014 in Stockholm, Sweden, with 83 employees. The platform operates in a B2B-situation and gives companies (called brands) access to an on-demand workforce of freelance sales people (called brand ambassadors) who can reach out to local stores (called venues) to sell the brands' digital solutions on a commission basis. At the moment, there are thousands of Brand Ambassadors registered and 20 selected Brands are live on the platform. Universal Avenue currently has offices in four European countries and also in Chicago, IL, US.

The emphasis on geographical expansion has periodically been high. Universal Avenue has periods of aggressive growth, and expands like an accordion. First they make a push for a new market. Then, they need to assess that they are doing things right and that they have traction in that market to expand further. Then, they do a new push for a new market. The primary goal with geographic expansion is to become a global player. In order to reach that ambition, capital has been raised from investors. See Table 5 for further findings.

Table 5. Findings from Universal Avenue

Company: Universal Avenue	Finding	Empirical Data

User Acquisition-Strategies and Tactics

Initial platform-side focus	Demand side	"In order to attract brand ambassadors to the platform in a new city, the brands need to be connected."

Non-scalable efforts	Self-supply	"Universal Avenue also hires in-house sales people and sales coaches to ensure a solid sales platform from start."
Initial target group	Yes	"(...) 20 selected Brands are live on the platform." "To find the initial freelance brand ambassadors, young and ambitious people are targeted, preferably with previous sales experience."
Rating tool as quality measure	Not identified	-

Geographical Expansion Context

Most important indicators for expansion site	N/A	"The specific factors are confidential."
Local presence at expansion site	Moderate	"In each market where Universal Avenue has an office, there is a local Head of Sales who is responsible for the top-line growth of the local markets and is head of the local brand ambassadors and internal sales team." "In North America, Universal Avenue has also hired a Growth Manager." "When launching in a new city, Universal Avenue takes local external aid on a number of areas, when needed. Examples of such can be local PR-agencies, since it is important to have knowledge about the local press landscape. Also, they use local recruiting channels to find brand ambassadors." "(...) to get potential brand ambassadors' and venues' interests, Universal Avenue spreads knowledge about the fact that there will be a launch in their city. Usually, there is some kind of launch event."

5.6 Urb-it

Urb-it was founded in Stockholm in 2014 and offers an online platform operating in a B2C-situation, where users can find and buy a range of items and get them delivered within one hour. The platform essentially has three stakeholders to manage and link together: the companies that sell items (called Retailers), the people delivering the items (called Urbers) and the ones buying the items (called Consumers). In this study, the supply side of the platform consists of both the Urbers and retailers. There are approximately 800 licensed Urbers and 100 Retailers connected, while the number of Consumers is confidential. Urb-it has begun its international expansion and is about to launch in both Paris and London. Currently, Urb-it has 56 employees in total: 32 employees in Stockholm, ten in Paris and six in London.

The emphasis on geographical expansion has periodically been high. Presently, Urb-it spends most of the time on current business and less time on new markets. The goal is to be present in 200 cities within ten years. The primary reason for geographical expansion is to increase the volume of the business since Urb-it has a business model that depends on high volume. External capital has been raised to reach their aggressive expansion target. See Table 6 for further findings.

Table 6. Findings from Urb-it

Company: Urb-it	Finding	Empirical Data

User Acquisition-Strategies and Tactics

Initial platform-side focus	Supply side	"The establishment of retailers is the first side to attract to the platform, (...)."
Non-scalable efforts	Self-supply	"If need be, Urb-it can send Urbers from Stockholm initially when entering new cities if there is a lack of local Urbers at the time." "In Paris, (...), so to get the business up and running they initially used Swedish Urbers."
Initial target group	Yes	"The typical Urber is a student, in the age of 18 to 22, still living at their parent's home and has a primary occupation." "The first retailers are retailers that fit the Urb-it business model in terms of mainly their products."
Rating tool as quality measure	Yes	"(...) and rating that consumers are asked to give for each delivery." "Urbers can rate the deliveries as well, (...)"

Geographical Expansion Context

Most important indicators for expansion site	Potential demand Potential supply Business model feasibility	" (...) Urb-it has developed an evaluation model, which is a graph with market potential and Urb-it feasibility on the axis." "Urb-it feasibility includes customer behavior, tech savviness and labor market rules that affect Urb-it's business model."

Local presence at expansion site	High	"Urb-it needs local presence in terms of a sales team (...)". "Also, a local recruitment team recruits Urbers and a marketing team conducts the campaigns for the local market." "There is a CEO for every country that is responsible for P&L and the local employees. The CEOs are recruited locally, since it is important with knowledge about the local retail market."

5.7 Let's Deal

In 2010, a company called Let's Deal was founded in Gothenburg, Sweden. Let's Deal is an online platform operating in a B2C-situation, where users can find special deals for travels, shopping and products or services from local stores such as restaurants and beauty salons. Today, the company employs 100 people and is present in three Nordic countries. Furthermore, more than two million users and thousands of companies are registered on the platform.

The emphasis on geographical expansion has periodically been high. The amount of time and capital spent on geographical expansion vary in different phases. When Let's Deal does a push for a new site, a great deal of effort is put into getting a market foothold. After that, more time is spent stabilizing the market. As the company has grown, the percentage of time spent on expansion has decreased, and more work has been spent on the quality and profitability of the current business. In order to be profitable, Let's Deal needs high volumes of deal transactions. Therefore, geographical expansion is essential to increase their market share. Today, geographical expansion is financed by Let's Deal's cash flow and the capital required to expand to a new site is not significant. At first, Schibsted Media Group acquired a minority part of Let's Deal, and helped finance the expansions. See Table 7 for further findings.

Table 7. Findings from Let's Deal

Company: Let's Deal	Finding	Empirical Data
User Acquisition-Strategies and Tactics		
Initial platform-side focus	Both sides	"When launching in a new city, both sides of the platform are targeted simultaneously."
Non-scalable efforts	Not identified	-

Initial target group	Yes	"The targeted customers are essentially everyone who is online, (...)" "On the company side, the initial target is to connect well-known, local stores."
Rating tool as quality measure	Yes	"Also, the customers can rate a deal when a transaction is made, (...)."

Geographical Expansion Context

Most important indicators for expansion site	Size of population Geographic makeup	"When analyzing what new cities to enter, population is an important indicator." "Another metric that is important is the distance of the new site from the main offices (...)."
Local presence at expansion site	Moderate	"Earlier, Let's Deal had several local sales offices on different locations to be close to the users of the platform." "When Let's Deal's business grew, and the brand and the platform's network became established, they centralized their sales strategy." "However, in each country there is a Country Manager (...)." "The main part of the Country Managers' work is sales management (...)." "Usually, there is a two-week local marketing campaign before the launch date of the platform. At launch, substantial marketing efforts are made during about two more weeks to ensure high engagement from both sides of the platform directly."

5.8 Bonsai

Bonsai was founded in 2016, and offers a staffing service via a platform in a B2B-situation, that matches companies in need of extra staff with students in need of extra work. Today, the company has eight full-time employees and is present in Gothenburg and Stockholm, Sweden. On the platform, around 400 companies and 2000 students are connected, with around 65% of the users based in Gothenburg, where Bonsai started its business.

The emphasis on geographical expansion has been moderate. About half of the employees' time is spent on geographical expansion, and the other half to grow and insure quality in current markets. The primary goal with Bonsai's expansions to new sites is to grow its revenue and scale up the business. Through one funding round, capital was raised to grow in Gothenburg and to expand to Stockholm. See Table 8 for further findings.

Company: Bonsai	Finding	Empirical Data

User Acquisition-Strategies and Tactics

Initial platform-side focus	Supply side	"Before launching in a new city, students are recruited to satisfy the platform's supply side."
Non-scalable efforts	Not identified	-
Initial target group	Yes	"The target groups on the demand side are small and medium sized companies, preferably with cyclical businesses that require additional staff at certain peak times." "The early adopters on the supply side are technical university students in their early twenties, although the target group has been university students in general."
Rating tool as quality measure	Yes	"To ensure quality of the platform, the students go through a vetting process before getting access to the platform. Also, the companies can rate each student after work has been conducted. This is solely shared with Bonsai and is a measure to quickly identify and follow up on possible issues. In the future, the students will be able to rate the companies as well to create quality control for both sides of the platform."

Geographical Expansion Context

Most important indicators for expansion site	Potential supply Size of population	"First of all, there needs to be one university, or more, with a good reputation in the city. Secondly, there needs to be a sufficient amount of students present. Also, the city's population is important and the ratio between population and the number of students."
Local presence at expansion site	High	"Bonsai believes it is important to always have local presence in their markets. When the company expanded to Stockholm, one co-founder moved there." "To attract companies to the platform, efforts are made to build relations by, for instance, setting up meetings with companies that are potentially interested in Bonsai's offerings."

6. Analysis

In this section, patterns in the empirical data are analyzed by examining the findings from all case studies collectively. Observations, based on the theoretical framework, of similarities and differences across the empirical data are presented. The latter part of this chapter synthesizes some of the previous analyses to identify further patterns.

6.1 Initial Focus on Platform Side

One observation related to how the case companies handle the issues of acquiring user groups to their MSPs when launching in a new site is that there is a difference between the initial focuses on the MSP side (see Table 9). Five companies (OnlinePizza, DogBuddy, Meetrd, Urb-it, and Bonsai) focus on the supply, whereas two companies (Studentvikarie and Let's Deal) focus equally on both the supply and demand side. The remaining company (Universal Avenue) has an initial focus on the demand side.

Table 9. Initial platform-side focus

Company	*Supply*	*Demand*
Studentvikarie	X	X
OnlinePizza	X	
DogBuddy	X	
Meetrd	X	
Universal Avenue		X
Urb-it	X	
Let's Deal	X	X
Bonsai	X	

Based on the findings, the identification of strategy for initial user acquisition could be made. The findings did not show that any company offered a user group to invest or be a part of the MSP in another significant committed way, and thus the Commitment strategy could not be considered. Furthermore, the findings, as seen in Table 9, suggest that the majority of the cases use the Two-step strategy since they focus on one side of the MSP. Also, two of the cases (DogBuddy and Meetrd) suggested to use a Two-step strategy, could more specifically be referred to as the divide-and-conquer strategy due to the subsidization of one side as seen in the empirical data. In addition, the findings suggest that two cases use a Zigzag strategy since they focus on both sides of the MSP.

6.2 Non-scalable efforts

As can be observed in Table 10, five case companies (Studentvikare, DogBuddy, Meetrd, Universal Avenue, and Urb-it) have initial efforts to acquire user groups that could be identified as Non-scalable. The three remaining companies (OnlinePizza, Bonsai, and Let's Deal) do not have such identifiable initial efforts.

Table 10. Non-scalable efforts

Company	Yes	Not identified
Studentvikarie	X	
OnlinePizza		X
DogBuddy	X	
Meetrd	X	
Universal Avenue	X	
Urb-it	X	
Let's Deal		X
Bonsai		X

For the companies that have non-scalable efforts, two of them (DogBuddy and Meetrd) have monetary incentives that benefit and attract users on the demand side of the platform. The monetary incentives in terms of subsidization are part of the divide and conquer strategy, which both these companies have been identified to use. Five companies (Studentvikarie, DogBuddy, Meetrd, Universal Avenue, and Urb-it) have non-scalable efforts in terms of Self-supply. The five companies have different takes on how they create self-supply; some of Studentvikarie's full-time employees and the owners of DogBuddy act as substitute teachers and dog sitters, respectively, themselves, Universal Avenue hires in-house staff for the supply side of the platform, Meetrd uses their own rooms as supply and Urb-it has the capacity to relocate users on the supply side to new expansion sites. Another non-scalable effort identified used by Studentvikarie, was the use of manual efforts to conduct the matchmaking otherwise done by the platform. This effort could be referred to as the Recruit tactic.

6.3 Initial Target Group

The findings show that all case companies, except for Let's Deal have an Initial target group when expanding to new locations (see Table 11). For Meetrd, a specific target group has not been identified in the empirical data for the supply side. Also, no specific target groups on the demand side have been identified for Urb-it.

Table 11. Initial target group

Company	Yes	No
Studentvikarie	X	
OnlinePizza	X	
DogBuddy	X	
Meetrd	X	
Universal Avenue	X	
Urb-it	X	
Let's Deal		X
Bonsai	X	

Studentvikarie, DogBuddy, Urb-it and Bonsai communicate that their Initial target group of users on the supply side are people that can work part-time at their platforms. The other part of Urb-it's supply side, retailers, is companies with a good fit for Urb-it's business model. For OnlinePizza, the Initial target group is companies that already supply the essential part of OnlinePizza's offering, namely home delivery. Also, the supply side of Universal Avenue should already have experience from the service offering, namely sales. In addition, Universal Avenue uses selected brands as their supply side, which reasonably could be referred to as Marquues due to the specific selection of MSP users.

The most common finding in the field of Initial target groups is the importance of the users' ordinary occupation, since a majority (Studentvikarie, OnlinePizza, DogBuddy, Meetrd and Bonsai) identifies their MSPs as a place for part-time workers. However, the level of detail when communicating the Initial Target groups varies between the cases in the findings.

6.4 Rating Tool for Quality Transparency

The findings show that four case companies (OnlinePizza, DogBuddy, Urb-it, and Let's Deal) use rating of the users on the MSP for quality transparency, see Table 12. Urb-it is the only company where both the users on the supply and demand side can rate their experience via a Rating tool. For the others, the users on the demand side can rate the specific user on the supply side via a Rating Tool. However, these findings suggest that half of the case companies may apply to the tactic of using a Rating tool for user acquisition.

Table 12. Matrix that shows if a case company is B2B or B2C and whether it had rating as quality measure or not

B2B or B2C | Rating for Quality Transparency	*Yes*	*No*
B2B		Studentvikarie Meetrd Universal Avenue Bonsai
B2C	OnlinePizza DogBuddy Urb-it Let's Deal	

Another analysis made from the findings of the use of ratings is to map it to B2C or B2B. As seen in Table 12, all case companies in a B2C-situation used a rating tool for quality control, whereas none out of the four case companies in a B2B-situation did the same. Bonsai did use a rating tool, although the input from the rating tool was only available internally within the company. Consequently, the use of the rating tool for user acquisition could not be stated according to the factor quality transparency towards users.

6.5 Mapping User Acquisition strategies and tactics

From the findings it is possible to map strategies and tactics, to see if specific tactics are more commonly linked to certain strategies. As seen in Table 13, the most common strategy among the case companies was the Two-step strategy, and of those cases, all except one were linked to the use of an Initial Target Group. Further, both non-scalable efforts were used as initial user-acquisition tactics by five companies, four of which implemented the Two-step strategy.

Table 13. Mapping of strategies and tactics

Strategies | Tactics	*Non-scalable*	*Initial Target Group*	*Rating Tool*
Zigzag	Studentvikarie	Studentvikarie	Lets Deal
Two-step	DogBuddy Meetrd Universal Avenue Urb-it	OnlinePizza DogBuddy Meetrd Universal Avenue Urb-it	OnlinePizza DogBuddy Urb-it Bonsai

6.6 User Acquisition Strategies and Market Attractiveness

When observing the findings of what indicators were seen as the most important for a new site to be interesting for expansion, summarized in Table 14, the vast majority of the case companies (Studentvikarie, OnlinePizza, DogBuddy, Meetrd, Urb-it, Let's Deal, and Bonsai) indicated that aspects related to market potential in terms of supply and demand were important. Five of these companies (Studentvikarie, OnlinePizza, Meetrd, Urb-it, and Bonsai) specifically stated that the potential supply at the site was important. For DogBuddy, the potential demand at the site was important, whereas both potential demand and potential supply was important for Urb-it.

Table 14. Important indicators of the attractiveness of a market

Company	*Size of Population*	*Potential Demand*	*Potential Supply*	*Geographic Makeup*	*Legitimacy of Business Concept*
Studentvikarie			X		
OnlinePizza	X		X		
DogBuddy	X	X			X
Meetrd			X	X	
Urb-it		X	X		X
Let's Deal	X			X	
Bonsai	X		X		

Four companies (OnlinePizza, DogBuddy, Let's Deal, and Bonsai) referred to the size of population as an important indicator for a potential expansion site. Although other aspects of a locations demographic makeup, such as age and occupation were part of six companies' (Studentvikarie, OnlinePizza, DogBuddy, Universal Avenue, Urb-it, and Bonsai) initial target group on the supply side, they were not mentioned as important indicators of market attractiveness. Furthermore, Meetrd and Let's Deal stated that geographic makeup was an important aspect. Finally, Urb-it and DogBuddy indicated that the legitimacy of business concept was an important aspect for a potential expansion site.

Further mapping of findings could be done by linking the Platform-side Focus and Important indicators together. As seen in Table 15, a majority of the cases (Studentvikarie, OnlinePizza, Meetrd, Urb-it, and Bonsai) used Potential Supply as an Important Indicator when evaluating new geographical areas of interest for an expansion. This majority also stated that their initial Platform-side focus was the supply side, except for one (Studentvikarie) who focused equally on both supply and demand.

Table 15. Matrix that shows the mapping between Platform-side Focus and Important Indicators for each case company that indicated potential supply or/and potential demand as an important indicator for business model feasibility

Platform-side Focus | Important Indicators	*Potential Supply*	*Potential Demand*
Supply Side	Studentvikarie OnlinePizza Meetrd Urb-it Bonsai	DogBuddy Urb-it
Demand Side	Studentvikarie	

6.7 Self Supply and Potential Supply

To build on the analysis in section 6.5 and 6.6, it is notable that all companies except one (Let's Deal) either use Self-supply as a tactic, or have Potential Supply as an indicator of market attractiveness, as shown in Table 16. The findings indicate that almost all case companies have a way of securing supply, either by focusing on locations where supply is likely to be available or by initially creating the supply themselves.

Table 16. An illustration that shows whether the case companies used Self-supply as a tactic for initial user acquisition and/or potential supply as an indicator of market attractiveness

Company	*Self-supply*	*Potential Supply*
Studentvikarie	**X**	**X**
OnlinePizza		**X**
DogBuddy	**X**	
Meetrd	**X**	**X**
Universal Avenue	**X**	
Urb-it	**X**	**X**
Let's Deal		
Bonsai		**X**

6.8 User Acquisition and Local Presence at Expansion Site

Four case companies (Studentvikarie, OnlinePizza, Universal Avenue, and Let's Deal) have moderate levels of local presence in their new expansion sites (see Table 17). Three companies (DogBuddy, Urb-it, and Bonsai) have a high level of local presence, whereas the remaining company (Meetrd) has a low level of local presence.

Table 17. Local presence at expansion site

Company	Level of local presence
Studentvikarie	**Moderate**
OnlinePizza	**Moderate**
DogBuddy	**High**
Meetrd	**Low**
Universal Avenue	**Moderate**
Urb-it	**High**
Let's Deal	**Moderate**
Bonsai	**High**

Four companies with international presence (DogBuddy, Universal Avenue, Urb-it, and Let's Deal) have a country manager for each country in which they are present. Two companies without international presence (Studentvikarie and Bonsai) have a local office in each city where they are present. The two remaining companies (Meetrd and OnlinePizza) have a centralized office structure and thereby no local offices.

When expanding to new cities, all case companies except for one (Meetrd) have some kind of physically local marketing efforts. Furthermore, two companies (DogBuddy and Urb-it) specifically recruit people to the company with local knowledge to help establish the business in the new city.

7. Discussion

The purpose of this study was to identify a set of strategies and tactics for MSPs to overcome the dilemma of initial user acquisition, in particular during geographical expansion. Six findings were made that in general are in line with the literature on MSP and geographical expansion, and linking the two areas of research together. Below we will discuss our findings in more detail.

7.1 Initial Platform-side Focus

Our analysis suggests the Two-step strategy as being the most common among the studied cases. The other identified strategy was the Zigzag model. The identification was made based on the Initial Platform-side Focus, and a majority of the cases focused on one side initially, which, according to Evans and Schmalensee (2016), is recognized as the Two-step strategy. It should be mentioned that the identified strategies are based on our interpretation of the empirical data. However, also the Commitment strategy could reasonably be suggested based on the empirical data about the Initial Platform-side Focus for the majority of the cases, although none of the findings pointed out any initial side as committed according to the strategy description by Evans and Schmalensee (2016). It may be difficult to identify the latter strategy, since the information needed to state the use of such strategy is more likely to be confidential. If offering a particular user group of one side to invest in the platform, and if this information later is shared with the public, acquiring more users on this side will probably be hard. Also, the number of users on the other side may be difficult to increase. To describe this further, an illustration could be made. If an MSP acquires brands on one side and salesmen on the other side, and if a brand has made a significant investment initially to be a part of the MSP, this particular brand will probably be opposed to letting other brands join. However, the brand that invested first will presumably claim some privileges. The salesmen in this case, are probably achieving more value if they can be matched via the MSP with several brands. Consequently, to avoid a conflicting situation due to a user group having made a significant investment, it will probably be of interest to the MSP to keep strategic information about this matter confidential.

Comparing the user groups of the companies that used the Zigzag-strategy to those that used the Two-step-strategy, it is possible to argue that it takes more of an effort to acquire users to the demand side for companies using the Zigzag-strategy than for companies using the Two-step-strategy. As an illustration, a pizza consumer most likely has a less complicated procurement process when acquiring a pizza, than a public school has when acquiring supplement teacher services. Furthermore, there is probably a difference between the situation of B2B and B2C, where user groups on the demand side presumably have a more complicated procurement process if they are in the situation of B2B. This reasoning suggests that the type of users on either side of the platform affect what strategy for Platform-Side Focus is appropriate, which is strengthened by Evans and Schmalensee (2016) who state that the particular circumstances are important for a platform company's chosen strategy.

7.2 Non-scalable Efforts

Our analysis identifies the use of Non-scalable efforts, where the tactic called Self-Supply was the most common one in our cases. It is notable that Self-supply entails that the company essentially leaves the concept of the MSP implying that the interaction between user groups is the value created by the MSP. The findings also show tendencies of the single-sided approach discussed by Hagiu and Wright (2013). Although the studied cases could not be defined as single-sided in the initial phases of an expansion, one of the cases could be defined as partly single-sided by hiring in house sales people. Hagiu and Wright (2013) touch upon an interesting subject of discussion. The use of Self-supply and being single-sided are related, since the value created is supplied by the MSP rather than another user group via the MSP. As an illustration, an MSP enabling interaction between dog walkers and dog owners could use Self-Supply if they lack the user group supplying the service i.e. dog walkers. The service provided by dog walkers could be considered to be low in complexity. Consequently, the use of Self-Supply may be easier to conduct more spontaneously than for MSPs enabling interaction with more complex services. Although our findings only suggest one case touching on be single-sided, the service provided by that MSP could be considered of high complexity compared to the other studied cases. So, a majority of the cases uses Self-Supply, where one of these could be defined as acting single-sidedly. Hence, could the level of complexity of the service provided via the MSP be a factor deciding if an MSP should use Self-supply or act fully single-sidedly in order to mitigate the chicken-and-egg problem initially? Based on the discussion made by Hagiu and Wright (2013) and the discussion of our analysis, the topic of being fully single-sided if providing a complex service as an MSP would be of interest for further research.

7.3 Initial Target Group

Another analyzed finding is the Initial Target Group, referring to the fact that all but one of the cases focused on a targeted group in order to initially acquire users. This rhymes well with, for instance, Smith (1956) who states the importance of market segmentation and product positioning. Also, both Evans and Schmalensee (2016) and Graham (2013) touch upon this when emphasizing the importance of initially focusing on marquees and a narrow market. In the majority of the studied cases, a narrow market focus was identified. A common stated approach was to have some requirements, and hence, specify a suitable user profile to target. The targets were generally perceived as easier to attract to the MSP than other types of people because of a need or behavior suitable for the MSP. As an illustration, if a MSP offers home delivery from restaurants, it is probably easier to acquire restaurants with the logistics in place for such a service. In other words, if the target already behaves in accordance to the essence of the MSP's service offering, it might initially be easier to acquire those users.

7.4 Rating Tool as Quality Measure

An additional analysis is the use of rating of users on the MSP as a way to have quality transparency. It is notable that all case companies in a B2C-situation used a rating tool for quality transparency, whereas that was not the case for the majority of the B2B-companies. This finding might be related to the difference in user groups and needs further research. However, the empirical data suggest that rating as a tool for quality transparency is more

important for B2C-platforms than for B2B-platforms. Nevertheless, quality transparency is important for every business, for user adoption, as described by Rogers (1962), and trust, as described by Evans and Schmalensee (2016). Therefore, the B2B-platforms might use other tools than rating to provide quality transparency, which has not been covered in this study.

7.5 Mapping of User Acquisition Strategies and Tactics

The mapping in our analysis suggests links between chosen strategies and tactics among the studied cases. The use of an Initial Target Group together with the Two-step strategy was most common. Further, the second most common tactic identified in combination with the Two-step strategy was the use of a Rating Tool. It can be argued that the Rating Tool with the Two-step strategy is not used as a tactic for user acquisition as part of the implementation of the chosen strategy. The Zigzag-strategy serves as a contrast to that, since simultaneous focus on each side would enable the Rating Tool to enhance quality transparency and thereby be of value for initial user acquisition. However, the majority of our cases did not suggest the use of a Rating Tool in that sense. Furthermore, a conflicting use of a tactic and a strategy is identified, which is the combination of the Two-step Strategy with initial focus on the supply side and using Self-Supply as a non-scalable effort. As an illustration, if a MSP has a supply side consisting of drivers, and hence focusing on acquiring a number of drivers before passengers, it is contradictory for the MSP to drive the first passengers by themselves, since the drivers should already have joined. Consequently, this conflicting behavior in our findings may suggest that the Two-step strategy is not used as sequential as described by Evans and Schmalensee (2016), rather the use of strategies are more flexible, shifting between the Two-step strategy and the Zigzag strategy.

7.6 User Acquisition and Market Attractiveness

As a result of the analysis, two indicators of market attractiveness stood out as important for the majority of the case companies, namely size of the population and potential supply. It is possible to argue that these aspects are related, since a larger population generally results in a higher potential supply. An interesting finding, and maybe quite expected, is that potential supply was the most important indicator for companies with an initial focus on the supply side. When supply is the initial focus, it is not surprising that potential supply is an important aspect when choosing an expansion target.

Another interesting finding is that almost all case companies have a strategy or tactic to secure the supply of the platform, either by using Self-supply or by targeting expansion sites with more potential supply than others. Further, in order to facilitate initial user acquisition, it is presumably a wise approach to target the locations where the potential of supply and demand is higher than others. In the literature, targeting locations with high potential of user acquisition was not specifically stated as a tactic, which might be explained by the obvious nature of that finding.

Some case companies have had significant experience from geographical expansion, whereas others are in the initial phases of expanding geographically. When contrasting the data from these polar types of cases, it is notable that all cases use similar types of strategies and tactics.

This indicates that the strategies and tactics for user acquisition to MSPs when expanding geographically are generic and not dependent on previous experiences. Although knowledge about, for instance, what aspects are important for a market to be attractive can be acquired from each expansion, making the process more efficient each time, expanding to a new geographical area with a platform is still much like starting up a new venture, as touched upon by Evans and Schmalensee (2016).

7.7 User Acquisition and Local Presence at Expansion Site

The findings of local presence shows that all companies except one had either high or moderate level of local presence and used local marketing campaigns when expanding to new locations. Thereby, it would seem that the majority of the case companies has a priority on being local and close to the users initially. The essential value from the MSP's service is created between the users, i.e. when one user supplies another user with the demanded service. That value has no direct link to the local presence of people representing the MSP company. Having a local presence might instead be of value for getting local knowledge, which was emphasized as important by some companies. Also, as stated by Barringer and Greening (1998), the local presence might help networking with local stakeholders in order to create organizational legitimacy, which might facilitate user acquisition.

8. Conclusion

This study set out to answer two research questions by doing a literature review, eight case studies and a comparative analysis. In this chapter, the research questions are restated and answered followed by identified areas for further research and some comments on managerial implications.

> 1. What strategies and tactics are used by multi-sided platform companies to initially acquire users when expanding to new geographical areas?

To conclude, the study identified two strategies for initial user acquisition being used when expanding geographically, namely the Two-step strategy and the Zigzag strategy, the first being the most common strategy used among the case companies. The study identified two tactics, namely Non-scalable efforts, in particular Self-Supply, and Initial target group. Rating tool was identified as a potential tactic to increase the MSP's quality transparency, and thereby enhance user acquisition in the theoretical framework, but there were no empirical data in our research that could support the use of a rating tool as a tactic for initial user acquisition. Furthermore, the most common combination of strategies and tactics was to use the Two-step strategy with an initial target group. What strategy and tactics that are most appropriate for a specific MSP depends on the particular circumstances of the platform, such as the type of user groups.

> 2. How do the identified strategies and tactics relate to the geographical expansion context?

The identified strategies and tactics relate to the geographical expansion context in terms of what indicators are seen as important for market attractiveness. For instance, the focus on the supply side of the MSP as part of the Two-step strategy was commonly associated with potential supply as an indicator of market attractiveness. Also, local presence can facilitate initial user acquisition since organizational legitimacy can be created through networking with local stakeholders, although the essence of an MSP's value creation does not directly benefit from local presence.

8.1 Further Research

The study has, as stated in the background, covered a relatively new phenomenon and, consequently, not much earlier research has been carried out. Therefore, several ideas for further research have emerged throughout the project, some of which are outlined below.

First, as touched upon in the discussion, the topic of being fully single-sided if providing a complex service as a MSP would be of interest for further research. The study identified tendencies of this behavior, and it would be interesting to delve further into how an MSP can act single-sidedly in order to overcome the chicken-and-egg dilemma.

Secondly, this study has touched upon how initial user acquisition strategies and tactics differ for MSPs when in a B2C or B2B situation. It would be interesting to investigate this further, looking at other aspects of the MSP, such as the value offering and quality control since these aspects are likely to differ depending on what B2C or B2B situation the MSP is in. Quality transparency is one aspect the study identified as being treated differently by B2B companies compared to B2C companies, which could be further researched. Also, to quantitatively research the aspects of B2B- and B2C companies treated in this study and those left out, would be valuable to increase the empirical data behind such conclusions.

Finally, to quantitatively research the strategies and tactics identified in this study would add value to our understanding of what kind of companies use different approaches and to find other relations. If possible, such studies should be linked to the success or failure of the different strategies and tactics. To do such a link is currently not possible, since the majority of the potential case companies for such a study has neither been successful or failed as of yet. However, in the near future, more such data points will probably be available.

8.2 Managerial Implications

The findings of this study should hopefully inspire companies for their initial user acquisition strategies and tactics. An interesting finding of this study is that the level of experience and maturity of a company does not seem to affect what strategies and tactics are used for initial user acquisition to MSPs, which would imply that the study's findings are interesting for both experienced and inexperienced practitioners. Also, the findings can be applicable both at initial launch and when expanding geographically, since the strategies and tactics were identified both in the literature about initial launch and in case studies about geographical expansion.

Furthermore, as touched upon in the section about further research, the success of applying the strategies and tactics might soon be possible to judge. Currently, it is not possible to judge whether the strategies and tactics have been successful or not, but that is probably simply a matter of time. Soon it might be possible to identify what case companies have been more successful than others and thereby some strategies and tactics might emerge as more appropriate than others. That would be of value for practitioners wanting guidance in how to acquire users initially to an MSP.

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Appendix

This chapter contains the complete case descriptions with all empirical data about each case company that was part of this study.

Case Description: Studentvikarie

Studentvikarie was founded in 2015 and offers a substitute teacher service for secondary schools and high schools in Sweden. When a school needs a substitute teacher, the school posts an ad on Studentvikarie's digital platform. Substitute teachers in the area that are connected to the platform and that have the right set of skills for the specific class, get notified and can accept to work. Studentvikarie has since the start had a yearly growth of 200% and has over 1000 students connected to the platform as part-time substitute teachers. Studentvikarie employs 15 people full-time and has offices in Gothenburg, Lund and Stockholm.

Studentvikarie is growing rapidly and its primary reasons behind the willingness to expand is an internal motive force and to increase revenue. The expansions generate a lot of energy to the company due to new challenges since every new city expansion feels almost like a new startup built from scratch. Increased revenues help to grow further and achieve first-mover advantage, which is important because the demand exist in the whole of Scandinavia, hence, it is crucial to acquire contacts and penetrate with the platform before competitors.

During the first expansion to Lund, one of four employees at Studentvikarie was responsible, although it was rather remote. The expansion itself is resource efficient, since the major part of it is to reorient campaigns to students in a new city. However, to meet people requires resources. If an expansion to Oslo takes place as an example, at least 20 % of the employees will work with such expansion to reduce the risk of losing foothold of the new market.

Expansion has so far been funded by the company's cash flow and informal decisions at Studentvikarie taken by the owners without external support based on a feeling that it is the right time. Furthermore, no one has been recruited to work solely with expansion, but a member of the management team has been assigned the responsibility of expansion. Consequently, the strategic level considering expansion is low. However, it is difficult to set up an expansion plan, the company is young and a lot of change occurs along the way.

> *"The goal is to be present in ten cities in four countries by 2019, but the plan to reach that is not fixed."* Co-founder, Studentvikarie

When looking for a new city to entry, the most important indicators are the number of students, a good university and demographic. The demographical aspect is about students versus population. Since Stockholm has a low share of students versus population that implies a lot of other part time jobs. In Lund, the conditions are the opposite, while Gothenburg seems to have more of a balance. Furthermore, the number of private schools is important, since the

public sector implies other conditions of procurement. Also, more competitors raise the importance of brand. These indicators are the result of the trends experienced so far. The more data collected, the clearer the indicators become.

The HQ is in Gothenburg, where also all full-time employees sit. In Stockholm, student ambassadors are working from an office hotel, and people from the sales team visit frequently. In Lund, there is a permanent office, mostly because of the low price, where student ambassadors work and one of the founders is there a couple of days per week. Gothenburg is the best city for the business, but hard to tell if it is a result of local presence or not. However, there are more sales activities and events at the schools in Gothenburg. Local presence is good, but probably not compared to costs.

The framework for establishing the business in a new city is decided in the management team, but in the following execution the responsible employee has full credence. From the start, an equal effort is made to attract both schools and students, mostly because of the confidence in market demand. There are early adopters on both sides. Schools characterized as early adopters are high schools, a large share are private, the principals there are often young and understand how to use the platform. The platform is worthless if schools are calling to make bookings. The initial segment of students is engineering and teacher students, since they are easy to reach.

To attract schools initially, focus is on direct contact with principals to reach a critical mass of users. Considering students, the importance of being first on Google and marketing campaigns are high. The efforts during the expansion to a new city are reduced as soon as the market is up and running, which means no imposition of hands. Earlier, this phase has been over after 3-4 months. During the first months, the owners act as substitute teachers as an extra effort, and the attitude is "fake it till you make it". Also, the focus initially is not the matchmaking process provided by the platform. It is rather to manually call students in order to assure the supply of substitute teachers to schools.

The quality of the service is measured from two sides, not via ratings from users, but through other internal measures. For schools, the important measure is supplementation rate. Schools that are popular and geographically favorable have a high rate. Students are offered education to assure quality. Because of expansion and extensive recruitment of students, there have been too few assignments for students to attend, which is an indicator of lack in quality towards students.

The establishment in a new city is finished when a critical mass is reached. Although, the company is far from finished, their customers are not high paced. To generalize, the critical mass in region Skåne could be 500 students and 100 assignments. If Gothenburg almost is done, Stockholm is half way to be established. The key is to find the balance, good relations with schools and students.

The expansion made so far has resulted in several insights. In Skåne, they learned about the importance to establish a contact with the municipality early on. Furthermore, Stockholm could be divided into geographical areas to be more efficient.

Case Description: OnlinePizza

OnlinePizza was founded in Linköping in 2005 as Sweden's first online home delivery service of food and drinks from restaurants. The company offers an online platform where buyers can decide what sort of food they want, order it from whichever restaurant that is connected to the platform, pay by card and have it delivered. In 2012, OnlinePizza was acquired by the German company Delivery Hero, and by then over 1000 restaurants in more than 160 Swedish cities were connected.

OnlinePizza had two main reasons for expansion. First of all, the goal was to increase revenue while keeping costs low, simply to gain better margins. Secondly, OnlinePizza wanted to become a market leader and therefore needed to increase the geographic spread of the company's market presence. Thereby, OnlinePizza's marketing campaigns, and also competitors' marketing efforts, would yield higher returns, since the offering was available to more potential customers.

> *"Planning and execution of expansion is an iterative process. You simply have to try and retry until it gets right."* Co-Founder, OnlinePizza.

The founders of OnlinePizza never had a formal plan for their geographic expansion. The only plan was to knock on doors and connect more restaurants in new cities. The idea was to quickly establish a self-going business and create new value in other places, which meant that most of their time was spent knocking on doors in new markets. Approximately 90 % of the time was spent on expansion to new market, and the remaining ten percent were allocated for customer service and growth in current markets. The expansions in Sweden were funded by OnlinePizza's cash flow. Initially, however, it was boosted by salary withdrawals for the owners. Going abroad in 2009, to Poland, Finland and Austria, required funding from external investors.

From the beginning, only the founders worked with expansion. Later, a few sales persons were recruited to work exclusively with expansion to new markets and their roles transformed into account managers as soon as a new market was established. During the international expansion, the situation was different. All cities in Sweden were similar and the market functions were homogenous, whereas international expansions were unique and had fundamental differences that required other resources. In both national and international expansions, the final decisions have been made on the ownership level of the company.

In Sweden, OnlinePizza did not take external help with its expansions to new cities, since resources were limited and the markets were similar across every city in Sweden, hence, it was not necessary. During the international expansions, the conditions were different, thus, the owners took external help to collect market data and to recruit local people.

In order to decide whether a new city was worth an entry or not, two things were considered. First, and most important, there had to be enough local fast food restaurants offering home delivery. The adoption of both restaurants and customers were easier if this service already

existed. Second, the size of the city was important, since the business model requires high volume to be profitable. At first, the founders tried to expand to markets without home delivery, but quickly realized that those efforts were not worth the efforts.

The work with local presence changed over time and with the number of geographical expansions. Before OnlinePizza's brand was built to the level that the general public was aware of the company's existence, physical visits in every new city were necessary, either by the founders or the employed sales staff. In addition to sales meetings, local operations consisted of marketing efforts, such as handing out flyers and giving stickers to restaurants to put on their windows. Apart from that, the local presence was low in order to maintain resource efficiency and the organization was centralized to a high degree. The international expansion, however, required another level of local presence due to mainly the geographical and cultural distances.

OnlinePizza focused on attracting one side of the platform initially, namely the supply side, i.e. restaurants. About one and a half month before the platform was launched in a new city, restaurants were approached by OnlinePizza. The ones that decided to connect to the platform were kept updated to keep a close relationship before the actual orders started to come. In the beginning, direct sales were made as an effort to recruit restaurants. On the customer side, the connected restaurants helped with their existing network of customers. The restaurants could also prize their meals lower on the platform in exchange for having their logo visible on the platform. The initial customer segment was young adults that quickly understood and appreciated the service. The majority of those were students, since they were easy to reach.

In order to control the quality of the service, each customer was asked to review the experience by rating the purchase. Thereby, the transparency on the platform increased and other users could easily see what restaurants generally held higher quality than others. Customers paid online and if something did not work, the feedback was immediate. Such functionality on the platform was gradually improved, and therefore, the platform could handle gradual geographical expansion and traffic increase. When the demand peaked in the early days of the platform, for instance on the first New Year's Day, the platform could not handle the sudden demand increase. Geographical expansion however mainly implied more transactions, which is something that could in general be handled by the platform.

Once, an attempt to enter a new city was pulled back during the startup phase because none of the local restaurants were interested in the service. Other than that, OnlinePizza has been successful in expanding city-by-city, reaching a critical number of home deliveries on each site. There was a constant strive to cover a larger area and connecting new cities to the platform. During this process, OnlinePizza learned what restaurants to include in their network and the mapping of new expansion targets improved, to get the business up and running in each site as quick as possible.

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Case Description: DogBuddy

In 2013, DogBuddy was founded in London, UK. DogBuddy connects dog owners with dog sitters through an online platform. In addition to being a matchmaker between the two sides of the platform, DogBuddy offers payment solutions and insurance. Today, the company has 30 employees and is present in seven different European countries with around 30 000 freelancing dog sitters and 500 000 dog owners connected to the platform.

Financed by venture capital, DogBuddy aggressively expands to new geographic sites to create market foothold. It has been a priority to be agile and to quickly expand to new sites in order to increase the geographic reach of the platform, while at the same time maintaining quality in the existing business. The ambition has been to expand to a new country every three months. Due to the nature of the platform's offering, DogBuddy has to expand and create market liquidity in one city at a time.

In the beginning, a co-founder had the main responsibility over new-city expansion. When the platform had reached four countries, a person who early joined the company as marketing manager started to work full time as growth manager, focusing on identifying new cities and starting up the business there. The CEO still makes the final decisions about expansion. The expansion strategy and planning is made in-house, although some consultants were hired in the beginning to guide in these matters.

The process of new-city expansion is defined by DogBuddy's market entry playbook. The general process is applicable for both expansions to a new city in a new country, and for further expansion to new cities within a country where DogBuddy already is present, although some steps need more efforts when entering a new country. The playbook breaks down the process of geographic expansion into four phases: analysis, setup, recruitment and launch. In the analysis phase, the 50 most attractive cities for DogBuddy's business model are listed. The attractiveness of a city is based on the size of the population, the number of dogs, the purchase power of the residents and the dog owner's frequency of traveling. As the value of these indicators increase, the more attractive a site is for DogBuddy. The most attractive cities are then identified, and the site with the most surrounding cities is chosen as the next expansion target. As DogBuddy has expanded, it has been clear what indicators are more important than others. At first, the reasoning behind what indicators make a site attractive was mainly based on estimations and guessing. With experience, it has been made clear that consumer behavior is more important for the viability of the platform than what was initially thought.

After the analysis phase, the setup phase is entered. One local person who understands the city is hired. If the city is in a new country, this person becomes the country manager. One month is spent to set up the technicalities of the business, such as, if necessary, translating the website, setting up a bank account and other technical and operational parts.

In the recruitment phase, one month is spent to recruit dog sitters for the new site. Dependent on the size of the new city, the number of initial dog sitters varies. Normally, 50-100 dog

sitters are recruited before launching in big cities, such as Stockholm. Initially, dog sitters that can work for DogBuddy halftime are targeted, with the assistance from local recruitment agencies. During this phase, marketing to and partnering with local companies, such as pet stores, are done. Also, the technicalities of the platform are finalized, in order to be ready for launch.

When all dog sitters are recruited, normally two months after the start of the new city expansion, the platform is launched. In order to attract dog owners, marketing efforts are done with Google AdWords, press releases and local campaigns. Normally, there is also some type of launch event. The initial target group on the dog owner-side is women, between 30 and 45 years old, that work and travel a lot. During the three first months after launch, DogBuddy reduce their fee with 50 %, creating monetary incentives to sign up early.

Each country manager is responsible for the topline-growth in his or her country, and accountable for some costs. In the future, DogBuddy aims to give the country manager full P&L responsibility. During the first three months, the country manager gets support from the central growth manager. After this period, the growth manager starts to focus on a new site. The country manager continues to conduct marketing and to find new, local ways of reaching and attracting new users. Even when a critical mass is reached to make network effects kick in, DogBuddy does not reduce the marketing efforts. On the contrary, when having network effects, each marketing effort gives a higher return on investment than during the initial stage in the new market, and marketing are therefore increased.

"We want to grow by more than 300% a year. The network effect is not yet enough to reach that growth so we will always want to be aggressive on marketing." CEO, DogBuddy.

In order to control the quality of the service for the users, there is a rating function that gives the dog owner the possibility to rate and give a review of the dog sitter. This is perceived as an important part to increase transparency of the platform and to acquire new users. It especially creates legitimacy when expanding to new sites. Also, the founders of DogBuddy have worked as dog sitters themselves through the platform, initially to ensure dog sitter supply but also to understand the business and to get feedback from dog owners directly.

So far, DogBuddy has not pulled back on any expansion efforts. In some sites, marketing campaigns have been reduced since they did not give sufficient return in terms of dog sitting demand. In other sites, there has been a lack of dog sitters. There is a discussion whether they should hire full time dog sitters to cover the demand in some sites, but that has not been realized yet.

DogBuddy's management team has made several learnings throughout their expansions. First of all, they have become more efficient and they have acquired knowledge about what works, and what does not work. To fortify that knowledge, templates have been made to structure and optimize all types of processes associated with new-city expansion. Also, they have learnt that having a local person is valuable. This has helped to quickly adapt to the new sites culture

and to know what marketing channels are better than others. Furthermore, is has become clear that a "big-bang" launch is good to initially attract as many users as possible on each site of the platform. After that, a constant marketing pressure is however necessary since the marketing has to reach the users simultaneously as the demand appear.

Case Description: Meetrd

Meetrd is an online platform where users (called renters) can rent meeting rooms for an hourly fee from other companies (called hosts). At the moment, there are approximately 40 hosts and 200 renters registered. The company was founded in 2016 in Stockholm, Sweden, and is still in its early days. Meetrd is owned by Centigo, a management consultancy firm and was initially an initiative from a consultant working at Centigo. Today, Meetrd has one full-time employee, who works as a Chief Operating Officer (COO), and the platform is present in six cities in Sweden.

Centigo aims to find another company interested in acquiring Meetrd. Therefore, the primary goal of geographic expansion is to show that the business model works in different cities. By building up a functioning platform and a network of hosts, Meetrd will be ready for a more comprehensive roll out when acquired. So far, the main focus has been to establish the business in Stockholm, Meetrd's home market. The other five cities have been expanded to when opportunities have presented themselves. For instance, local companies have contacted Meetrd asking to get connected to the platform as hosts. Also, personal networks have been used to gain access to potential hosts in new cities.

Meetrd's COO essentially makes all business decisions, including the ones concerning expansion. Also, there are plenty of discussions between the COO and the initiator at Centigo. Furthermore, Centigo provides Meetrd with aid through consultants for technology development and market potential investigation. Another important part of the collaboration between Centigo and Meetrd is financing. The main resource that has been spent on Meetrd's business is the COO's and Centigo's consultants' time, which is financed by Centigo. So far, no significant capital has been put into the business, except for some investments in marketing. However, there is an upcoming investment round internally at Centigo, to finance further geographic expansion.

In order for a city to be interesting to expand to, there are a few indicators that Meetrd look at. First of all, there has to be a certain amount of companies present, so that there are enough hosts available to create a sufficient supply of meeting rooms. In order to satisfy the demand side, the new city should preferably be a growth region. If there is business growth in the new site, companies usually employ more people and need more space. Therefore, it is likely that there is a demand of external meeting rooms. Also, the interest in networking opportunities might be higher amongst companies with growth ambitions, which would also increase the demand to use meeting rooms in other companies' offices. For instance, a city with plenty of startups indicates that Meetrd's business model might be viable. A final indicator is the geographic spread of offices in a city. The bigger the spread of offices, the more likely it is that Meetrd can be a platform to bring companies together for networking.

The local presence in cities apart from Stockholm has not been prioritized. So far, there has been no budget for such efforts. Some resources have been spent on digital marketing, such as Google AdWords and ads on LinkedIn. In the future, it might be necessary to have local sales staff, but today the ambition is to control everything from Meetrd's headquarter. When

network effects kick in, the idea is that new users join the platform without any specific efforts from Meetrd's side.

To build the platform's value offer, Meetrd has focused on attracting hosts. Since companies are not used to rent their meeting rooms to external individuals there is usually no one who owns this question when Meetrd approach them. Consequently, efforts have been made to make companies adopt Meetrd's business model and to convince them about the value of being a host. To initially help hosts, Meetrd has hired professional photographers to take photos of the meeting rooms to make them look attractive for potential renters on the platform. Also, Meetrd continuously sends newsletters to keep the early adopters posted on the latest developments, and to educate them on how to use the platform in the most suitable way.

"The hosts biggest gain does not come from increased revenue, it comes from networking and being contemporary and accommodating." COO, Meetrd

Before launching the platform, Meetrd created supply with Centigo's meeting rooms. As an attempt to attract renters to the platform, Meetrd supplied the rooms for free. However, the retention rate was low. It turned out that the users who got meeting rooms for free felt that they owed Meetrd something. Therefore, Meetrd started to take a fee for each transaction, keeping only the first booking free of charge.

Meetrd initially targets two different kinds of renters: entrepreneurs and big service companies. Entrepreneurs are often open to the idea of networking, they might be in an early stage of their own business and therefore have a need of meeting rooms, and they are curious to try out new ways of doing business. Therefore, entrepreneurs naturally connect to the platform and Meetrd has not done any particular marketing push towards them. They have, however, made efforts to attract the interests of bigger companies that for instance are interested in having conferences or board meetings in new locations. Meetrd has targeted people who make such bookings, like receptionists and manager assistants.

The process of booking and paying for a meeting room is today done with some manual activities made by Meetrd. The goal is to increase the automation, but the platform still does not have a significant amount of traffic and the manual activities, such as invoicing, are therefore manageable. Also the quality control has been made manually, by calling the hosts to get feedback. Normally, if there is an issue, the hosts call Meetrd directly themselves. The renters are asked to provide any feedback in the email that contains the bill.

Initially, the platform was based on a WordPress-site with some Angular build-ons that served as a proof of concept. The website got slower and Meetrd started to improve the technicalities of the platform. Recently, the platform went through a major back-end update to prepare for more traffic and geographic expansion internationally, with for instance better logging capabilities and scalability.

In terms of results, the initial target to connect 25 hosts to the platform is met. Meetrd has met their revenue targets, and has therefore reached the goal to show that the business model works. Looking forward, the goal is to continuously connect more hosts and get more renters, and to find an acquirer that can continue to expand the reach of the platform.

Meetrd has had several insights the last year, of which the key one is that it is more difficult to get people on board on new ideas than what initially is believed to be the case. Even though something seems like a great idea, it is naïve to think that everyone else will agree. Meetrd has learnt to focus more on physical meetings, with more structure. In the beginning, a lot of potential hosts were contacted, but there was no structure on how to follow up on all conversations. Meetrd has realized that these things take time, and it is important to have a long-term ambition and to be persistent. Also, user interface, graphics and coherence are important aspects to gain interest. In other words, attractive is important.

Case Description: Universal Avenue

Universal Avenue is a platform-based company, founded in 2014 in Stockholm, Sweden, with 83 employees. The platform gives companies (called brands) access to an on-demand workforce of freelance sales people (called brand ambassadors) who can reach out to local stores (called venues) to sell the brands' digital solutions on a commission basis. At the moment, there are thousands of Brand Ambassadors registered and 20 selected Brands are live on the platform. Universal Avenue currently has offices in four European countries and also in Chicago, IL, US.

A core aspect of Universal Avenue's business model is growth. The more brands and the more brand ambassadors, the more they can sell to a broader set of customers. Therefore, to expand geographically is important for the platform's value offer. The primary goal with geographic expansion is to become a global player. In order to reach that ambition, Universal Avenue has periods of aggressive growth, which is called the growth stage, and capital has been raised from investors. In order to reach the growth stage, certain key factors, including unit economics, need to be proven and to reach certain levels.

> *"We expand like an accordion: First we make a push for a new market. Then, we need to assess that we are doing things right and that we have traction in that market to expand further. Then, we do a new push for a new market."* VP Clients & Growth, Universal Avenue.

The company's VP Clients & Growth is located in Stockholm and leads the geographic expansion efforts, and was hired as one of the first 15 employees at Universal Avenue. The VP Clients & Growth, and the CEO together with the management team make most of the strategic expansion decisions, and sometimes the board is involved as well.

When the growth stage is reached, certain knowledge needs to be acquired before expanding to new sites. In order to collect data about potential expansion sites, Universal Avenue uses internal and external consultants. The consultants' local knowledge, contacts and legal advice are valuable aspects.

For the analysis of what sites are more attractive than others, an analytic model has been created. The model takes a set of around 15 factors that have an impact on the attractiveness of a city for Universal Avenue's business model, weighs the factors and rates the investigated cities. The specific factors are confidential. Also, the overall business climate in the city affects the viability of Universal Avenue's business.

In each market where Universal Avenue has an office, there is a local Head of Sales who is responsible for the top-line growth of the local markets and is head of the local brand ambassadors and internal sales team. Several central functions from Stockholm support the local sales teams. In North America, Universal Avenue has also hired a Growth Manager. When the timing and performance metrics are right in the first city, the North American Growth Manager will work through the strategic market entry playbook to execute further expansion in the region.

When launching in a new city, Universal Avenue takes local external aid on a number of areas, when needed. Examples of such can be local PR-agencies, since it is important to have knowledge about the local press landscape. Also, they use local recruiting channels to find brand ambassadors. For some operational aspects of the business, they hire accountants and lawyers when necessary.

In order to attract brand ambassadors to the platform in a new city, the brands need to be connected. Therefore, Universal Avenue works with several international brands when expanding to new cities. Then, to get potential brand ambassadors' and venues' interests, Universal Avenue spreads knowledge about the fact that there will be a launch in their city. Usually, there is some kind of launch event. To find the initial freelance brand ambassadors, young and ambitious people are targeted, preferably with previous sales experience. Universal Avenue also hires in-house sales people and sales coaches to ensure a solid sales platform from start.

When expanding to a new site, the technicalities of the platform are usually in place, although there might be some adjustments to be made after launch. If there are functions that are not 100% localized, it can be done manually since the volume in the beginning is manageable.

Universal Avenue considers the business to be established in a new site when a certain sales goal is met. That site is then moved from the company's growth segment to the sales-operations segment. So far, no expansion efforts have been pulled back, although the growth phase has in certain cases taken longer time due to various factors.

To learn from each expansion, there is a post mortem process, where insights are collected about what worked and what did not work in each part of the business. The insights are then used to modify and to improve the market entry playbook to continuously get better. The post mortem process is something that was not as formal in the early days of the company, but has grown to be an enforced part of the work with geographical expansion. Several insights have been made, mainly in terms of how important it is to find good salespeople as brand ambassadors. Also, the challenge to educate brand ambassadors and keep them in the company has been identified. Finally, Universal Avenue has learnt that they need to increase the focus on the actual demand and simply understand the venues better to make their business model work better in different types of markets. Generally, the results of Universal Avenue's geographical expansion efforts have reached the goals and the development of the business is going in the right direction.

Case Description: Urb-it
Urb-it was founded in Stockholm in 2014 and offers an online platform where users can find and buy a range of items and get them delivered within one hour. The platform essentially has three stakeholders to manage and link together: the companies that sell items (called Retailers), the people delivering the items (called Urbers) and the ones buying the items (called Consumers). There are approximately 800 licensed Urbers and 100 Retailers connected, while the number of Consumers is confidential. Urb-it has begun its international expansion and is about to launch in both Paris and London. Currently, Urb-it has 56 employees in total: 32 employees in Stockholm, ten in Paris and six in London.

"Our goal is to be present in 200 cities within ten years." Head of Expansion, Urb-it.

Urb-it has a business model that depends on high volume. Stockholm alone could be profitable, but is not big enough to be satisfying due to the business model. Therefore, geographic expansion is essential for the business and external capital has been raised to reach their aggressive expansion target. Currently, Urb-it spends most of the time on current business and less time on new markets. One employee, the company's Head of Expansion, is recruited to work full-time with global expansion and is during launch supported by a local team in the new site. Furthermore, the organization is flat and the whole management team is responsible for expansion decisions. During the development of the business plan, Urb-it was supported by a management consultancy firm. Also, Business Sweden has provided market expertise when entering new cities.

In assessing potential expansion targets, Urb-it has developed an evaluation model, which is a graph with market potential and Urb-it feasibility on the axis. The market potential includes size of the retail market and other economic measures. Urb-it feasibility includes customer behavior, tech savviness and labor market rules that affects Urb-it's business model. These indicators have been developed through experiences from the launch in Stockholm and by analyzing the business model. Thus, Urb-it has an overall confidence in the accuracy of these indicators.

Urb-it needs local presence in terms of a sales team that is responsible for establishing contact with retailers. Also, a local recruitment team recruits Urbers and a marketing team conducts the campaigns for the local market. There is a CEO for every country that is responsible for P&L and the local employees. The CEOs are recruited locally, since it is important with knowledge about the local retail market. These recruitments have been difficult so far, especially in France, and external headhunting companies have helped Urb-it to find candidates. Furthermore, during the actual launch in a new city, Business Sweden supports with administrative duties. Also, in Paris a law firm has been involved.

The establishment of retailers is the first side to attract to the platform, since they are most critical; there has to be something to sell. For the launch in Stockholm, 170 Urbers were connected to the platform, and one retailer. Now, it is more important with retail partnerships and it is sufficient with only a few Urbers during launch. If need be, Urb-it can send Urbers

from Stockholm initially when entering new cities if there is a lack of local Urbers at the time. Also, Urbers are dependent on local labor market rules. In Paris, it was a challenge to create a sustainable model for French Urbers, so to get the business up and running they initially used Swedish Urbers. The typical Urber is a student, in the age of 18 to 22, still living at their parent's home and has a primary occupation. The first retailers are retailers that fit the Urb-it business model in terms of mainly their products. The products need to be easy to deliver. For instance, a white goods retailer is not suitable for the platform.

Quality is measured by looking at essential data from all transactions, such as delivery time and rating that consumers are asked to give for each delivery. Also, Urb-it measures the satisfaction of their Urbers and how much they work. Urbers can rate the deliveries as well, giving an evaluation of the complete experience; how the retail visit was, how the trip went and how the delivery went. These ratings from Urbers are of interest for retailers to understand how the Consumers could be affected.

The platform has been built to be highly scalable. When entering new markets, only minor modifications on the platform is necessary. So far, the volume of transactions is rather small and the platform is capable of handling significantly higher volumes. This was demonstrated during their latest peak in transaction volume, which was Valentine's Day. Time-to-market is important when it comes to the platform, hence, trial and error is a must. The technical aspects of the platform will probably never be perfect, however, the service is highly appreciated by consumers according to the rating system (rated 4.95 out of 5).

Urb-it has no quantitative measure to define that the establishment of an expansion to a new city is completed. However, when the business seems to be self-propelled in the new city, the local team gets full responsibility to operate the business themselves. The development team is central, therefore there will always be a level of engagement in each city from the company's headquarter.

During the first three years of business, Urb-it has had several insights about what is important to successfully expand geographically. The main insight is the importance of local knowledge and the impact of culture. Also, Urb-it has learnt that communication within the organization between all sites and the headquarters is important to do well, especially since the technical team is located in Stockholm. There are still several improvements that can be made to become even better at internal communication.

Case Description: Let's Deal

In 2010, a company called Let's Deal was founded in Gothenburg, Sweden. Let's Deal is an online platform where users can find special deals for travels, shopping and products or services from local stores such as restaurants and beauty salons. Today, the company employs 100 people and is present in three Nordic countries. Furthermore, more than two million users and thousands of companies are registered on the platform.

In order to be profitable, Let's Deal needs high volume of deal transactions. Therefore, geographical expansion is essential to increase their market share. Many deals are not dependent on a specific site. However, the local deals are an essential part of attracting new customers in new sites and getting a spillover effect on the demand side for deals that are not local. The strategy has been to prioritize expansion to bigger cities since that is where sales volume can grow fast because of a wide customer base potential.

The amount of time and capital spent on geographic expansion vary in different phases. When Let's Deal does a push for a new site, a lot of effort is put into getting market foothold. After that, more time is spent to stabilize the market. As the company has grown, the percentage of time spent on expansion has decreased, and more work has been spent on the quality and profitability of the current business. The platform is not fully self-served, i.e. companies post their deals themselves, and Let's Deal is active in each deal that is posted. The main reason for that is quality control; the customers generally view Let's Deal as the actor responsible for the quality of the deal. Therefore, each expansion requires that more resources are put into control of the platform's content.

Let's Deal's CCO, who is responsible for sales and business development, also leads the geographical expansion efforts. Together with the rest of the company's management team, decisions are made about expanding geographically, and no external aid has been used to strategically plan the expansions. The CCO has been with the company since the start and was in the beginning active in every part of the business. No employee at Let's Deal has been recruited to only work with geographic expansion.

> *"When the company was founded, we entered a war. The competition was ferocious and it was necessary to either find allies or get venture capital to quickly expand and get as much market share as possible."* CCO, Let's Deal.

Today, geographical expansion is financed by Let's Deal's cash flow and the capital required to expand to a new site is not significant. However, in the early days of Let's Deal, the competition was intense and capital was required to quickly gain market foothold. At first, Schibsted Media Group acquired a minority part of Let's Deal, and helped finance the expansions. Later, Schibsted acquired the rest of the company as well.

When analyzing what new cities to enter, population is an important indicator. There has to be a sufficient amount of potential customers per deal, since there is work associated with each deal. Another metric that is important is the distance of the new site from the main offices (in

Sweden, those are located in Gothenburg and Stockholm). The sales teams are based in the main offices, and too much of a distance to the new site makes it impractical to establish new business there, because of for instance travel time. When expanding to a new country, other indicators are essential, such as the current state of the market for deals. Another indicator is the Internet penetration in the new market, since this gives an idea of the customer behavior. Finally, it is important that Schibsted has business in the new country, since Let's Deal can benefit from Schibsted's existing network and local knowledge.

Earlier, Let's Deal had several local sales offices on different locations to be close to the users of the platform. This was different from the competitors that mainly did business over phone. When Let's Deal's business grew, and the brand and the platform's network became established, they centralized their sales strategy. One key reason to this was that it was difficult to establish a sales culture and sense of fellowship that were important aspects for many in their sales staff. However, in each country there is a Country Manager that reports to the company's CCO. The Country Managers have full P&L responsibility. The main part of the Country Managers' work is sales management, whereas all other functions, such as technical support, are handled from the headquarters in Gothenburg. Some external support might be used when entering a new market, such as accounting and legal advice. In Sweden, however, that is not necessary.

When launching in a new city, both sides of the platform are targeted simultaneously. For companies, there is no risk or commitment to sign up to the platform. Therefore it is possible to connect them without having customers in place. With the strong brand that Let's Deal has today, it is also easy to collect email addresses to end customers to easily reach them when the deals are getting put on the platform. Usually, there is a two-week local marketing campaign before the launch date of the platform. At launch, substantial marketing efforts are made during about two more weeks to ensure high engagement from both sides of the platform directly. Extra marketing efforts are usually made for special occasions, such as the Christmas holidays.

The targeted customers are essentially everyone who is online, although their typical customer is a woman, around 37 years old. On the company side, the initial target is to connect well-known, local stores. Those are normally also the ones who are the most difficult to get onboard, but the ones that the local customers value the most.

To ensure the quality of their offering, staff members at Let's Deal continuously search the web for reviews, articles and comments. Also, the customers can rate a deal when a transaction is made, to increase the transparency for other users and to build legitimacy. In the Gothenburg office, there is a customer support department that handles complaints and questions. To maintain and build relationships with the companies offering the deals, Let's Deal physically visits them regularly.

The platform has continuously had technical upgrades to make sure to always be as good as possible. That has been required to be competitive, and it has always been something that

could be improved. The geographical expansions to new countries have significantly increased the demands on the platform. Recently, Let's Deal made a substantial investment in the technicalities of the platform and is soon prepared for more functionality, new markets and increased traffic.

One expansion effort to a Swedish city was pulled back after the realization that the business was not profitable. Otherwise, the company has reached their initial expansion targets in terms of sales revenue and monthly transactions. Several insights helped the company reach their targets. First of all, everything takes more time than what is expected. Even though some situations require that things are made quickly, good planning is important to make controlled and successful launches. Also, to structure information transfer from a new site to the headquarters has shown to be important to keep the business efficient and forward striving. A final advice from Let's Deal is that if something is done, make it count. Do not just test or try something, go all in on every aspect, each step of the way.

Case Description: Bonsai

Bonsai was founded in 2016, and offers a staffing service via a platform that matches companies in need of extra staff with students in need of extra work. Today, the company has eight full-time employees and is present in Gothenburg and Stockholm, Sweden. On the platform, around 400 companies and 2000 students are connected, with around 65% of the users based in Gothenburg, where Bonsai started its business.

About half of the employees' time is spent on geographic expansion, and the other half to grow and insure quality in current markets. The primary goal with Bonsai's expansions to new geographic sites is to grow its revenue and scale up the business. Also, geographic expansion is aimed to build brand awareness and build legitimacy nationally, and in the future internationally.

Four of the full-time employees are co-founders of the company and they constitute the management team. The management team makes all decisions about geographic expansion. So far, no one has been hired to solely work with geographic expansion, although it is a major part of essentially everyone's job descriptions. In the future, they are looking to hire people with knowledge about potential expansion sites, since local knowledge is believed to be important to set up the business successfully.

Through one funding round, capital was raised to grow in Gothenburg and to expand to Stockholm. The investors have assisted Bonsai with insights from previous experiences and have helped to guide the management team with some strategic issues. In the future, external funding might be necessary for aggressive geographic expansion, but the ambition is to manage further expansion with Bonsai's cash flow.

For a city to be attractive for Bonsai, three aspects should preferably be fulfilled. First of all, there need to be one university, or more, with a good reputation in the city. Secondly, there need to be a sufficient amount of students present. Also, the city's population is important and the ratio between population and the number of students. If there are too many students compared to the rest of the population, there might be a lack of job opportunities. The insights that these aspects are important have become clear from experiences in Bonsai's home market.

"When you are always physically present, a lot of good things happen by pure chance." Co-Founder, Bonsai.

Bonsai believes it is important to always have local presence in their markets. When the company expanded to Stockholm, one co-founder moved there. It has helped to have someone present both to accumulate local knowledge and to continuously build customer relations. Interviews of students and development of the platform are functions fully handled by the office in Gothenburg. In Stockholm, the company representatives are focused on customer relations and managing the contact with the local students connected to the platform. The

P&L-responsibility is centralized and the two offices have common goals that they work towards.

Before launching in a new city, students are recruited to satisfy the platform's supply side. The companies on the demand side are connected at a specific launch date. The launch date is released in combination with other press releases to build awareness about the business model and to create a buzz. Unofficially, companies can sometimes connect to the platform before launch to create some liquidity on the platform from day one.

To attract companies to the platform, efforts are made to build relations by, for instance, setting up meetings with companies that are potentially interested of Bonsai's offering. These efforts are not scalable, but are seen to be important to initially increase the participation on the platform and to understand the market. The target groups on the demand side are small and medium sized companies, preferably with cyclical businesses that require additional staff at certain peak times.

The early adopters on the supply side is technical university students in their early twenties, although the target group has been university students in general. Students are mainly attracted through digital campaigns, therefore the efforts to attract the supply side are considered to be scalable.

To ensure quality of the platform, the students go through a vetting process before getting access to the platform. Also, the companies can rate each student after work has been conducted. This is solely shared with Bonsai and is a measure to quickly identify and follow up on eventual issues. In the future, the students will be able to rate the companies as well to create quality control for both sides of the platform.

The platform was from the beginning built to be ready to expand geographically. Thereby, it is technically straightforward to add a new city to the platform. Also, if some registers on the platform where Bonsai at the time has no business in, they are logged for future references.

In order for Bonsai to be established in a market, the local organization should be self-served and the management team should be able to focus on other sites. No market has yet fulfilled that and it is difficult to say when such a stage will be reached. So far, no expansion efforts have been pulled back. If an expansion would not satisfy the growth ambition, it is still possible to conduct profitable business since the main costs are variable costs.

Bonsai has learnt that it is important to create a value offer that first attracts users to the platform, and then also keep participation and retention levels high. Some students are very active on the platform, whereas others are not active at all. Also, it has become clear that communication to the different parties is important. In the initial stages of the platform in a site, it is not possible to give any promises to either the connected companies, or the connected students, which has to be clear in the communication. The development is so far satisfying for Bonsai and future expansions look promising.

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