

A comparative study between fully digital retailers and partly digital retailers on the Swedish sports nutrition market



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Abstract

Digitalization has a big impact on the retailing market. Customer behaviour is changing towards an increasing preference for digital sales channels. It is a challenge for companies to adapt to the rapid market changes. Barriers of market entry for digital retailers are decreasing and the competition is getting tougher. Some actors are trying to integrate their physical and digital sales channels whereas others only focus on E-commerce.

This master thesis investigates retailers on the Swedish sports nutrition market, which is an unexplored research topic. A comparative study was conducted to analyse the strengths and weaknesses of fully and partly digital retailers. Additionally, differences regarding E-commerce between the different business strategies were identified. Four companies were interviewed to provide qualitative data for the study. The empirical findings were analysed and compared to relevant existing literature before any conclusions could be made. Parts of the empirical data served as a brief market analysis to contextualize the findings.

Keywords: E-commerce, M-commerce, multichannel retailing, digitalization, sports nutrition market, business model adaptation, SWOT analysis

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1. Introduction

This introductory section contains background information of the specific research areas that will be investigated throughout this thesis. Starting with presenting information about the sports nutrition market, then continuing explaining E-commerce and its different components, followed by multichannel retailing, moving on to introducing the research questions and the purpose of this thesis, finishing with the delimitations of the study.

1.1 The sports nutrition market

The term sports nutrition is referring to products that aim at increasing one's fitness performance and to improve the recovery from physical activity. It takes shape in different forms, such as different types of energy bars, protein powders, pills, and sports drinks. It could both be used for increasing the caloric intake or serve as ergogenic such as creatine or caffeine. Some say that the main difference between food supplements and sports nutrition is that the effect of sport nutrition in general is more instant (Ministerrådet, 2009). Many athletes use sports nutrition to maximize their performance. It's usually more convenient for them to consume the specific nutrients they need in forms of supplements than to eat a lot of certain foods. However, it's not only used by professional athletes, but regular people who exercise and want to increase their endurance or muscle mass use sports nutrition too.

The global sports nutrition market is valued at approximately 500 billion SEK¹ in 2018. The market is growing rapidly and is estimated to be valued at over 800 billion SEK in 2023 (Shahbandeh, 2019). In Sweden in 2018, the market is valued at approximately 1,5 billion SEK and the growth trend is positive, with 5-9% annual growth from 2014 to 2018 (Svensk Egenvård, 2019). The estimated global annual growth of the sports nutrition market until 2026 is estimated to be 10,5% (Acumen Research and Consulting, 2018). In contrast to many other industries, such as the fashion industry, the sports nutrition market is generally considered to have very few product returns after the purchase is made (Postnord, 2020). Usually, the customer has an idea of what they are looking for, the difference in product sizes are predictable and obviously it is not possible to return an opened product. The distribution channels in which sports nutrition products are being sold are in supermarkets, convenience stores, sports nutrition stores and online stores (Mordor Intelligence, 2019). It is estimated that approximately 20% of all the global sales of sports nutrition are coming from E-commerce and the remaining 80% come from brick and mortar stores (Grand View Research, 2020). This report will focus on retailers in the category of sports nutrition, both those that use E-commerce as their only sales channel, but also those that have mixed sales channels with E-commerce and physical stores combined.

1.2 E-commerce

To truly understand what E-commerce is, let's first have a look at related terms and concepts. The following definitions might differ a bit depending on the source, but these are the ones that will be used throughout this thesis. The definition of commerce refers to selling or buying goods or services, with at least one entity or organization involved (Investopedia, 2019a). A transaction is commonly defined as the purchase or sale of a single item, whereas commerce

¹ Converted from USD (\$), based on the transaction price as of 2020-05-01.

usually refers to all purchasing transactions that are made. A subcategory of commerce is electronic commerce, also referred to as E-commerce. It is a business model where all the transactions are made over the internet. Moreover, it could be divided into four segments, depending on who the seller and who the buyer is (Investopedia, 2019b). These segments are: Business to Business (B2B), Business to Consumer (B2C), Consumer to Consumer (C2C), and Consumer to Business (C2B). Since the business is online, it's less dependable on the customer's location and it can remain open during all the hours of the day. Similar, but yet with some key differences to the term commerce, retail means to sell goods to the public but usually for personal use and in small amounts (Cambridge Dictionary, 2020a). There are even more specific subcategories of these concepts. Electronic retailing, also called E-tailing, is E-commerce retailing (Investopedia, 2019c). In order to sell something online though, there must be a web shop, platform, app, or another form of payment solution to complete the purchase. This thesis will particularly focus on B2C E-tailing of sports nutrition products.

Prior to the Covid-19 outbreak, the estimated revenue of the global E-commerce market was almost 22 000 billion SEK² for 2020, with an estimated annual growth of 7,6% for the upcoming 5 years (Statista, 2020a). E-commerce is steadily taking a larger market share of the total retail market year by year. The global rate of E-commerce share of the total retail sales is by this year approximately 16%. The market segment that is the most popular in E-commerce is clothing, in terms of the highest number of the global population buying a product in that category (Statista, 2020b). The global E-commerce market is continuously growing and is estimated to replace more and more of the original brick and mortar retail stores. The highest growth can in the future most likely be seen in developing countries where technological changes, such as internet connection and computer and phone devices that enable E-commerce are happening faster (Statista, 2019a). Despite that, E-commerce in Sweden grew by 13% in 2019, which is far greater than the global growth rate, and the Swedish E-commerce market reached a value of 87 billion SEK. During an average month, 70% of the Swedish population between 18 to 79 years old buy at least one product online (E-commerce News, 2020).

1.2.1 M-commerce

To make this even more complex, E-commerce could be further divided into different components. Mobile commerce, also called M-commerce, is a subcategory of E-commerce. To simplify this explanation, one could say that E-commerce is divided into commerce via desktops and mobile commerce (M-commerce), which includes mobile devices such as mobile phones and tablets. In other words, M-commerce is E-commerce but excluding transactions done via computers. Moreover, M-commerce can more formally be defined as “the use of wireless handheld devices like cell phones and tablets to conduct commercial transactions online” (Investopedia, 2019d). M-commerce retailing could be done via apps. However, due to the fact that the empirical data does not cover any app usage, this thesis focuses on M-commerce as shopping via a website on a mobile phone or a tablet.

In conjunction with newer and improved phones, better and faster internet connection, and more time spent in front of phones and tablets (mobile devices), there is no surprise in the rapid development of M-commerce. It also generally becomes more common for customers to accept mobile payments (Statista, 2019b). The most widespread payment method from the phone is still credit cards but alternative payment options, such as PayPal, are increasing due

² Converted from USD (\$), based on the transaction price as of 2020-05-01.

to the lower transaction costs. During the time period between 2014-2018, the global transaction value of M-commerce increased drastically with 900%. The market is also estimated to continue to grow since more people are getting smartphones and spending more time in front of their phones (Nodes Agency, 2019).

In comparison to E-commerce done via computers, global M-commerce users spend significantly less time on the web shop (Statista, 2020c). Statistics of the shopping behaviour in 2019 show that the conversion rate of E-commerce differs a lot depending on the device. The conversion rate from computers is approximately 4,1%, 3,4% from tablets, and only 1,5% from mobile phones (Statista, 2019c). Even though most of the website traffic comes from mobile devices, shopping via computers has a higher average order value. Without evaluating the cost of the traffic to the website, E-commerce visits via computers seem to score higher on the commonly used KPIs compared to M-commerce. The market of so-called computer commerce is stagnating. Whereas the growth of E-commerce as a whole almost only comes from M-commerce (Statista, 2019c). In general, the business opportunities are more likely to be lucrative if the market is growing. Therefore, one should not underestimate the possibility of generating incredible business opportunities in M-commerce, both at this very moment, but also in the future. Surprisingly, recent statistics show that Sweden, according to some metrics, can be seen as the most mature country when it comes to M-commerce. If looking at the percentage of the total E-commerce transactions done globally, Sweden scores the highest with a number of 60% done via mobiles or tablets (Statista, 2019d).

1.3 Multichannel retailing

Traditional physical retailing stores are known as bricks and mortar types of businesses. The biggest retailing market is the US, followed by China and then Europe (Statista, 2020d). In 2020, brick and mortar retailing is estimated to account for approximately 80% of all retailing worldwide, whereas E-tailing only has a 20% market share. Instead of choosing to sell only via the internet, or to sell only in physical stores, there are many retailers using a so-called multichannel business model. By incorporating both digital and physical selling solutions simultaneously, it is said to give the customer more flexibility in deciding what kind of shopping experience one wishes in the shopping process. Also, physical retailing is restricted to a specific location where the store is. By complementing the brick and mortar business with E-commerce, it could be easier to grow the business to a bigger geographical area since it is not necessary to open up new stores. Multichannel is something that is becoming widespread in retailing as digitalization pushes companies to adapt their business model to the business environment and the customer's preferences (Stojkovic, Lovreta & Bogetic, 2016). One distinct difference between the different sales channels is that physical retailing stores approximately have 10% product returns whereas online channels have 20% instead (Postnord, 2020).

Although the definitions go slightly apart, multichannel is vaguely defined as a product from the same company being available to buy across different sales channels (Deloitte, 2015). A similar definition puts it this way: "Multichannel retailing involves retailers' use of two or more integrated channels to sell products and services to the customer" (Lewis, Whysall & Foster, 2014, p.2). However, the validity of the word "integrated" in the previous sentence could be questioned, which soon will be explained. There is a similar term, called omnichannel, which partly is overlapping with the definition of multichannel. The terms are often confused with each other since they could be difficult to separate. Omnichannel retail

could be referred to as having fully integrated online and offline retailing channels (Cambridge Dictionary, 2020b). Additionally, the omnichannel business model focuses more on the brand and that the marketing possibly could have a spillover effect towards all different channels (Shopify, 2019). The author of this thesis perceives the consensus to be that omnichannel can be seen as having better integration between the channels and can provide customers with relevant products or services on all channels. All in all, it could be concluded that multichannel is a broader definition of selling products across different channels. Omnichannel is therefore a specific type of multichannel retailing. It could sometimes be difficult to determine if a company could be classified as omnichannel or not, whereas it is easy to determine if a company is using a multichannel business model. Therefore, the definition that will be used throughout this thesis is multichannel, and it refers to selling online as well as in physical stores simultaneously.

1.4 Problem discussion

When it comes to the sports nutrition market, very little previous in-depth research on the retailers on this market has been done. The only reliable data that could be found on this market was general statistics, but no real comprehensive business case studies. What is interesting to look at is that actors on the same market, selling the same or very similar products, are using different sales channels. Perhaps digitalization is disrupting the market and customer behaviour so quickly that it is difficult for the retailers to decide on which strategies to use. Digitalization could be defined as “the use of digital technologies to change a business model and provide new revenue and value-producing opportunities” (Forbes, 2018). Research suggests that digitalization is changing many elements of the retailing market (Hagberg, Sundström & Egels-Zandén, 2016). The market environment changes and customers are increasingly more willing to use technology as a tool to do their shopping with.

A business model could be defined as “a business concept that has been put into practice” (Hamel, 2000, p.117). Judging by this definition, it can be concluded that traditional retailing with physical stores is a different business model compared to E-commerce retailing. Even though the supply offerings of the products are very similar, the whole shopping experience and how the product is delivered is definitely different. The combination of these two business models creates an additional business model, which is what can be called as multichannel retailing, meaning when the product offerings come from multiple channels. With more viable business models to choose from, it puts pressure on each business to choose the right one to pursue since they all have their strengths and weaknesses. Once a business model is set, it does not mean that it can never be changed again. In fact, it is said that “Successful new businesses typically revise their business models four times or so on the road to profitability” (Johnson, Christensen & Kagermann, 2008, p.10). Trying out different sales channels could then be something that retailers on this market do before deciding which strategy to use.

Companies need to continuously use business model adaptation to stay competitive on the market in the ever-changing market environment (Teece & Linden, 2017). Because it is said that the only companies that will survive in the long run are those that are able to reinvent themselves (Hamel, 2000). There are different benefits with both physical stores and fully digital retailers (Stojkovic, Lovreta & Bogetic, 2016). The main reasons for companies to pursue a multichannel strategy is to meet customers’ needs and to potentially increase the revenue (Lewis, Whysall & Foster, 2014). However, are physical stores really needed nowadays? The author has observed that many newer actors start their business with only

digital sales channels whereas traditional retailers complement their physical stores with E-commerce as well. The internet reduces the barriers for retailers to compete on the global market since the purchasing process of E-commerce is fully digital (Mäenpää & Korhonen, 2015). What once was a market competition within your local area now turns into a competition against the whole world on the internet (Deloitte, 2017). Furthermore, the E-commerce market is growing, especially when it comes to sales from mobile devices (Statista, 2020a). Besides from being aware of the strengths and weaknesses with the different sales channels, do the companies themselves really know how E-commerce differs between fully digital retailers and multichannel retailers? The author aims at finding some generalizing patterns to create new theory and to get more insights in this rather unexplored research area.

1.5 Purpose of the study and research questions

The purpose of this thesis is to examine underlying reasons for why some retailers are fully digital whereas others within the same industry are using a multichannel strategy instead. Thus, strengths and weaknesses with the different sales channels will be examined. The aim is to educate the actors on the Swedish sports nutrition market about the implications about the different business models in order to help them making a strategic decision of what sales channels to use. Also, the findings will give insights in how the companies on this market can leverage the strengths and minimize the weaknesses of their business model and to potentially revise it if necessary. The study will contain qualitative interviews from both multichannel retailers and fully digital retailers. Additionally, these companies' perception of both of these two business models will be analysed.

What multichannel retailers and fully digital retailers have in common is that they are both using E-commerce as a sales channel. Therefore, this study additionally aims at looking at how their choice of business model affects their E-commerce. In order to make a comprehensive in-depth analysis, one must understand the factors that influence the market. A transformation is currently happening where an increasing number of sales are happening online. For that reason, understanding how digitalization affects the market will serve as a support to answering the research questions because it is highly connected to the purpose of the thesis.

With the help of investigating existing literature on the topic and conducting an empirical study, results will be concluded from a comprehensive analysis. This thesis aims at filling a gap in existing research since studies focusing specifically on the Swedish sports nutrition market are extremely rare. It will also contribute with a brief market analysis to understand the current market conditions from the companies' perspective.

To acknowledge the purpose of the thesis, the following research questions have been constructed:

- Primary research question:

What are the strengths and weaknesses of fully digital retailers and multichannel retailers on the Swedish sports nutrition market?

- Secondary research question:

How does E-commerce differ between fully digital retailers and partly digital retailers on the Swedish sports nutrition market?

1.6 Delimitations

To narrow down the scope of the research, the study will only investigate the selected companies' B2C sales channels. Some of the retailers on this market use a strategy of producing their own products that are being sold B2B as well, which for the most part will be neglected in this thesis. Furthermore, there are some multinational B2C retailers active on the Swedish sports nutrition market that were ignored due to the fact that this study is focused on the Swedish-based actors. Including international actors would mean that it would be more difficult to compare the results since there are some differences between countries that are out of the scope of this research. Moreover, the empirical data collection is limited to the sports nutrition market. The author has identified 14 companies that meet the requirements for the selection of companies in this research, which will be further explained in the *Methodology*. However, some of these companies sell more products than just sports nutrition, such as home workout equipment. These companies were included in the study as long as their main business was sports nutrition.

2. Literature review

The aim of the literature review is to investigate what existing theory is saying about the topics related to the purpose of this thesis. No existing literature could be found that was researching this specific market, the Swedish sports nutrition market. Therefore, the theory discusses these topics from a general perspective, focusing on comparing the multichannel business model with fully digital retailers, their strengths and weaknesses, as well as investigating what factors influence their E-commerce. It contains an in-depth overview of existing frameworks published from many well-known authors. This theory in conjunction with the empirical data findings will together serve as the tools needed to analyse and answer the given research questions. The structure of this section is divided into digitalization of retailing, business model conceptualization, partly and fully digital sales channels, and business model strategy for gaining competitive advantage.

2.1 Digitalization of retailing

Digitalization is the underlying reason for the development of alternative sales channels in retailing. Therefore, it is a topic that cannot be ignored when it comes to comparing and investigating the different sales channels that retailers use. Furthermore, the roots of E-commerce stem from digitalization, without it there would not be any E-commerce and the retailing market would look completely different (Hagberg, Sundström & Egels-Zandén, 2016). It is also crucial to know about the impact digitalization has on retailing in order to determine the strengths and weaknesses with different business model strategies. Hence, there will be an overview here in the literature review about relevant digitalization theory with regard to retailing.

The exact definitions of digitalization differ a bit even though the meaning of the different definitions is similar. As mentioned in the problem discussion, the following definition is well suited for the intention of this thesis: “Digitalization is the use of digital technologies to change a business model and provide new revenue and value-producing opportunities” (Forbes, 2018). One could say that digitalization of retailing already began back in the 1970s with the rise of electronic cash systems etc. However, it was not until the late 1990s when the initiation of E-commerce began, when the internet started to become publicly available. Nowadays, digitalization has started occurring in the whole value chain, across the globe (Hagberg, Sundström and Egels-Zandén, 2016).

An increasing number of businesses are going fully or partly digital. The internet makes businesses able to compete on the global market without much effort since the boundaries of physical location are eliminated. Many of the processes of purchasing are also commonly automated, which make online retailing stores able to be open 24 hours per day. These changes force many retailers to become fully or partly digitalized. The companies need to meet the customers' demands, who sometimes feel that digital retailing is more convenient. It could either be to add value, in terms of digitalization, to the existing business model, or to fully leverage digitalization and change how the business model is conducted. Starting a web shop is also generally less costly than to open a physical store, which lowers the barriers for new entrants to the market. The younger generation has been growing up with digital technologies and nowadays they oftentimes expect businesses to have some kind of digital technology integrated with their business. Studies show that many millennials look up what they want to buy online before going to a physical store and buying it. They also commonly

make price comparisons online before deciding where they shall buy their product (Mäenpää & Korhonen, 2015). Since E-commerce, in comparison to brick and mortar retailing, potentially lowers the fixed costs of operations, many E-tailers could provide relatively lower prices on their products. That definitely brings them a competitive advantage (Reinartz, Wiegand & Imschloss, 2019).

2.1.1 Framework of the elements of digitalization

Hagberg, Sundström and Egels-Zandén (2016) have designed a framework to illustrate the different elements of the transformation that is happening towards digitalization in retailing and how these elements are correlated. The framework, containing all the four elements and an illustration of how they relate to each other, can be seen in the figure below. Thereafter, an explanation of each of these elements will be covered in the four upcoming paragraphs.

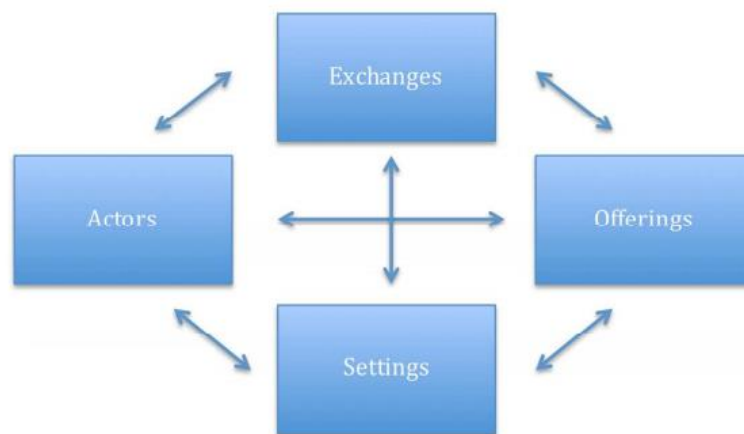


Figure 1: *Conceptual framework of the elements of digitalization in retailing* (Sundström & Egels-Zandén, 2016)

The first element, *exchanges*, has to do with the changes in the communication channels, transaction systems, and the way of distribution. Marketing is increasingly happening online and there can also be a two-way communication done via social media, both in private and public online interactions. Moreover, the way the purchase is being made now has a lot of variety. It can either be bought online, offline, or be bought online and picked up offline in a physical store, or in a pick-up place. Also, some retailers have started providing self-service in their physical stores (Hagberg, Sundström & Egels-Zandén, 2016).

The second element, *actors*, partly refers to the idea that the boundaries of the different actors' roles are becoming blurred. Furthermore, digitalization has given birth to new intermediaries between different actors and between customers. Digital technologies are becoming more interlinked with each other and sometimes replaces the need for human connection. This element also has to do with bringing more power to the consumer. The internet makes the consumer able to communicate with each other, compare suppliers, and to give feedback in real time (Hagberg, Sundström & Egels-Zandén, 2016).

The third element is the digitalization of *settings*. Back in the day, retailing solely happened in physical stores. Nowadays, retailing can happen via computers too. Also, many households in the developed world have so-called Internet of Things technologies as well as tablets and smartphones to expand the alternatives of retailing purchases. It can be done from anywhere since mobile devices can be carried around with widespread access to the internet. Some claim that E-commerce could be renamed as “everywhere commerce” instead. Lately, even some location-based apps for retailing have emerged, as well as online auctions. The market is becoming more mixed and the business models are coming together (Hagberg, Sundström & Egels-Zandén, 2016). Perhaps the future of retailing will even lay in a virtual environment.

The fourth and final element of the framework is *offerings*. In the past, there has been a clear distinction between products and services. Digitalization has blurred the boundaries of these concepts. There has been an increasing amount of retailing offerings that are a mix of products and services. Many products are featured by digital functions that makes them difficult to define as being completely categorized as a product or a service. Therefore, the offerings are sometimes as a subscription model and sometimes as a one-time payment. These trends are likely to continue as technology is becoming more advanced (Hagberg, Sundström & Egels-Zandén, 2016).

2.1.2 Technology acceptance model

An author that has been cited frequently in regard to E-commerce and digitalization is Fred Davis, he is even the most cited scholar within the research area of M-commerce (Du & Li, 2019). Technology makes the retailing business evolve and many both incremental and radical changes have happened lately. Davis, together with Bagozzi and Warshaw (1989), developed a model called the *Technology acceptance model* that intends to help explain user’s behaviour in regard to computing technologies. The logic behind the theory is that complex new technologies contribute to some uncertainty for the potential users. Their own perceived attitudes and intentions towards the new technology could impact how accepted and used it is by the individual. The full original model can be seen in the figure below.

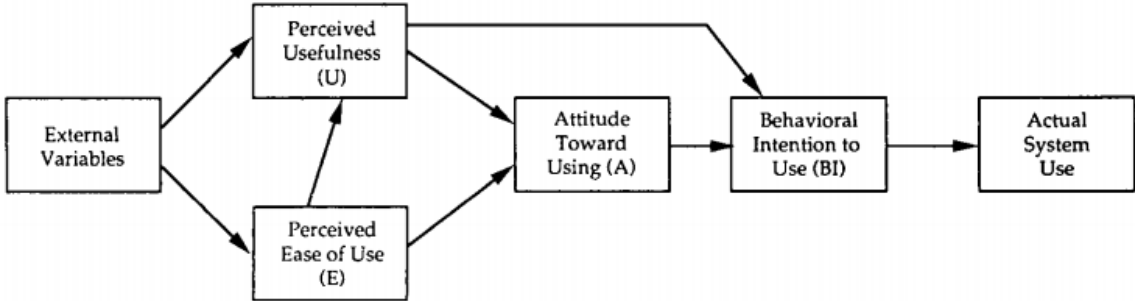


Figure 2: *Technology acceptance model*
(Bagozzi & Warshaw, 1989)

Starting at the left side of the figure, which is the first step in the chronological order of events, external variables refer to factors such social influence. Whether it is conscious or subliminal, different people react differently to external variables, but the theory claims that

these can have significant influence over the actual system use, which is the last step of the process that the figure illustrates. Next, perceived usefulness refers to the probability that the user operating with the new technology will boost the performance of getting the intended job done. Perceived ease of use on the other hand is a measure of how effortless the usage of the system is. It shall be noted that perceived ease of use can impact perceived usefulness, but not the other way around. These two variables combined influence the user's attitude towards continuing using the technology, in other words, the user's overall first impression. The next step in the model, behavioural intention to use, in short, leads people to actually use the technology. This step is built upon the variables of the users' attitude towards using and the perceived usefulness. The behavioural intention to use is the final step that decides whether the technology will be used by the user in the future or not (Davis, Bagozzi & Warshaw, 1989).

There are some critiques of the Technology Acceptance Model. However, the several revised versions of the model that have been created by other scholars have not been as widespread. Some say the original model lacks practical value, others claim that it overlooks important variables that should be taken into account, such as costs. It could also be questioned if perceived ease of use actually could be determined by the user's attitude and usage intention. Considering the fact that it's the most well-known model on this topic, one could definitely assume that it still is somewhat valid (Bagozzi, 2007). All in all, the Technology acceptance model could be a tool to help explain the retailing digitalization process from a user's perspective.

2.2 Business model conceptualization

In order to compare the two business models multichannel retailing and digital retailing, as the main purpose of this thesis is, it is important to know what characteristics a business model has. To fully be able to understand the underlying reasoning behind a company's choice of business model, one must also investigate the composition of a business model. In this section, there will be a brief description about what a business model is, followed by introducing a framework that aims at explaining how business models are composed. Lastly, it will cover what business model innovation and business model adaptation is. Additionally, what companies should do to improve their business model and what factors they should take into consideration will be written about.

2.2.1 Definition of a business model

There are several different definitions of the term business model. Mitchell and Bruckner Coles (2004, p.2) claim a business model is "the combination of "who", "what", "why", "where", "how", and "how much" an organization employed to serve its customers, end users and other stakeholders (including but not limited to employees, partners, suppliers, distributors, lenders, shareholders and the communities affected by the organization's activities)". Teece (2010, p.1) on the other hand claims that "The essence of a business model is in defining the manner by which the enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit". Hamel (2000, p.117) has a more simplistic definition of it, he claims that "a business concept that has been put into practice". As mentioned in the problem discussion, using different sales channels could in fact mean having a different business model.

2.2.2 Business model composition

Since the definitions of what a business model is varies a lot, let's instead have a look at an extensive framework which illustrates the composition of a business model. This way, the concept becomes more concrete and easier to grasp, compared to a definition explained in a few sentences. According to Hamel (2000), a business model is based on four main pillars. These are: customer interface, core strategy, strategic resources, and value network. Between these, there are three so-called bridges that work as link the main pillars together. These are: configuration, customer benefits, and company boundaries. Together, these pillars and bridges form an outline of a business model that has potential for wealth creation for a company if the business model has the qualities necessary for success and if it is implemented correctly. A visual representation of the model is presented in the figure below.

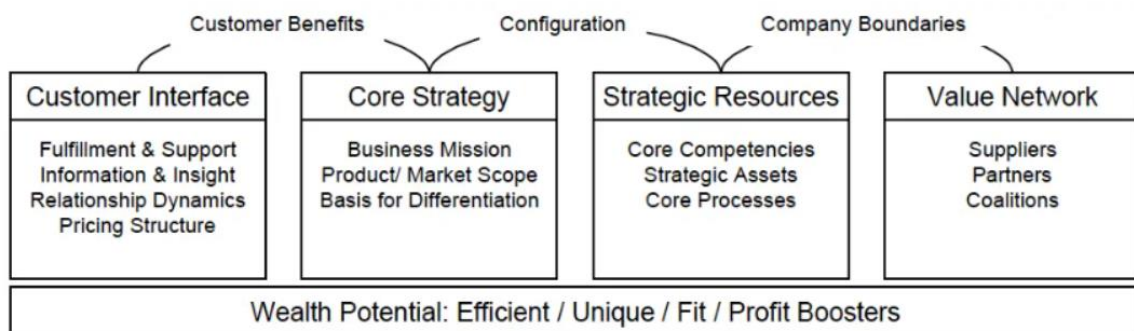


Figure 3: *Components of a business model*
(Hamel, 2000)

Now a more comprehensive overview of the four pillars will be presented. Customer interface concerns how the company and its customers reach each other. To be more precise, this pillar refers to how the company exploits itself to the customer. It is built on a premise that the benefits of all the other pillars are shown to the customer with a valid interface. This includes their customer support, pricing structure, and additional information that could be valuable for the customer. Followed by Core strategy, which refers to the essence in which the firm competes with competitors, what mission the business has, what is being sold, and how it positions itself on the market. This is similar to the section 2.4.1 *competitive advantages* in this thesis, which will include explaining the concept of business strategy. The next pillar, strategic resources, is highly connected to the core strategy. In short, it is the internal resources that are put into practice. This includes the unique resources of the company, the human capital, the company's assets and developed processes that can execute the chosen core strategy. The final one, value network, is referred to as the resources that could be used from the external environment. This could be their suppliers, business partners or coalitions (Hamel, 2000). A company might not have all the internal resources needed to pursue its strategy and therefore the company could leverage external actors to complement its own resources.

The framework could either be used to design a new business model or to analyse the quality of an existing one (Hamel, 2000). According to the creator of this model, using this model could help at determining whether a business will succeed or fail in its mission for success. It

is mentioned that there are especially four additional factors that could play a key role in increasing a company's profit potential and wealth creation. These four are efficiency, uniqueness, fit, and profit booster. Profit boosters include a vast number of things. It could be network effects, organizational learning, having economies of scale or scope, and strategic flexibility such as lower breakeven or operating agility.

Many of the components of the framework, and a company's business models, are to a certain degree being influenced by digitalization. Hamel (2000) claims that the only companies that will manage to survive and prosper in an era surrounded by radical innovation, are those that are able to reinvent themselves. He furthermore claims that business growth stems from innovation, renewal and change. Therefore, the composition of the business model has to be built and reinvented to fit the market. This is also true when it comes retailers deciding what sales channels to use.

2.2.3. Business model dynamics

There are many subcategories of business model dynamics. The two that will be focused on in this section are business model innovation and business model adaptation. It could sometimes be difficult to tell the terms apart. However, business model adaptation can generally be seen as changes in the existing business model. This is something commonly happening incrementally as a natural evolution within the company as the business environment changes and the management becomes more knowledgeable and experienced. Business model adaptations are regularly occurring by external factors forcing the business to change in order to stay competitive on the market. In contrast, business model innovation is usually a more radical and disruptive change in the business model. Business model innovation is also more likely to be influenced by an internal motivation of the firm to create disruptive innovations rather than to just adapt external factors (Saebi, Lien & Foss, 2017). Additionally, business model innovation is a type of innovation that distinctively differs from product and process innovation and its benefits are therefore generally perceived to be higher, since it changes the construction of value creation and value capturing (Verma & Bashir, 2017). All in all, business model innovation can be seen as creating an innovative new way of doing business whereas business model adaptation is the changes a company needs to do with their business model to stay relevant.

Many companies are increasingly using the internet in their business model as a way of business model adaptation. A business model that has a good design is sustainable and is said to have a balance between providing and capturing value from the customers. The relatively low barriers for creating an online business has made the overall competition harder since companies are becoming more globalized. There are pros and cons to all business models. Usually, new business models are a hybrid between different business models or adding a disruptive application to the existing business model. Almost all business models have a finite life span, which makes it even more important to continuously adapt to the business environment (Teece & Linden, 2017). The internet is something that is trending in today's society but it might not be like that forever.

To reflect this to the purpose of this thesis, using the internet as a sales channel for retailing was back in the day something disruptive and innovative that radically changes the business model. In other words, it could then be defined as business model innovation. Nowadays however, physical retail stores that add E-commerce as an additional sales channel can be seen as business model adaptation. It is common for digitalization and new technologies to

trigger business model adaptation. It shall be mentioned however that there is usually a significant temporary decline in business performance once business model adaptation is executed (Saebi, Lien and Foss, 2017). It could sometimes be a barrier to copy another company's business model, especially if it is a new and disrupting one. Because then it might be difficult to understand or requires specific expertise. When it comes to regular E-commerce retailing however, the business model is already widespread and it is easy for new actors to implement the systems needed to use it (Teece, 2010).

There are some characteristics for retailing business models. Retailers are adding more value than just being an intermediary between buyer and seller. Retailing businesses have to adapt to the whole ecosystem to please both parties of suppliers and customers, and to strategically use its resources. What retailers should think about regarding their business models is the format of how the key activities are being executed, such as sales channels. Additionally, how the customer experience should look like, as well as purchasing inventory, and the governance of all the actors involved to perform all activities (Sorescu et al., 2011).

2.3 Fully digital and partly digital sales channels

As related to the purpose of this thesis, theory regarding different types of sales channels for retailing will be investigated. The section begins with discussing the implications with multichannel retailing. Followed by investigating E-commerce with focus on excluding M-commerce to a certain extent. Thereafter, M-commerce and its emergence will have its own section. Lastly, a comparison between the digital sales channels will be done, where the differences that separates them are identified and described.

2.3.1 Multichannel retailing

In the last decade when digitalization has radically changed the retailing market, many actors are struggling with implementing multichannel retailing and deciding business strategies. In the majority of cases, the main drivers of choosing to go with a multichannel business model is to meet customers' needs and potentially increase sales (Lewis, Whysall & Foster, 2014). Since multichannel retailing means using at least two different sales channels, it is not something new. What's new is how many retailers are adapting E-commerce in combination with physical stores as their multichannel business models. The initial phase of E-commerce was, back in the day, almost exclusively referred to shopping via desktop, now more and more companies have introduced a newer channel that is skyrocketing in popularity, namely M-commerce. One explanation for adapting to multiple channels could be that the different channels could have synergies with each other. The brand awareness increases because the combined channels reach more people in total. Additionally, the customers could choose which channel to use in different stages of the buying process. For instance, to look for inspiration online and later shop the product in a physical store, or the other way around. Some advantages for shopping in a physical store are that the customer receives the product instantly and is able to actually try, touch, smell, and see the product. Some data has also been able to see that multichannel shoppers in general have a higher purchasing frequency and thus spend more money in comparison to shoppers who only use one retailing channel (Lewis, Whysall & Foster, 2014).

In an ever changing business environment in the retailing market, highly influenced by digitalization and changing customer behaviours, it is important for businesses to strive for adapting their business model to please the customers. It cannot be said that multichannel retailing is in general better or worse than any type of single channel retailing. However, if used optimally, there could be many benefits to it. Businesses choose their business model because of different underlying reasons. Perhaps traditional stores are adding E-commerce as a sales channel since they want to compete for the growing market shares of online shares. Whereas a company that would start their business for the first time today, and does not have a recognized brand, would put all their efforts into E-commerce instead of including physical stores in their business model. It also makes sense to complement physical retailing stores with E-commerce since it breaks the boundaries of physical location and having specific opening hours (Stojkovic, Lovreta & Bogetic, 2016). It makes it easier to reach more people that could be potential customers with marketing since the market is not limited to an area close to the physical stores. Therefore, many say that digital retailing is more scalable in comparison to traditional brick and mortar retailing. The strategy to combine these two business models could thus lay ground for lucrative business opportunities, especially if the channels are well integrated between each other. Diversifying the business to be active on several sales channels could also help to mitigate the overall risk for the business. For instance, many physical retailing stores had to shut down around the world due to quarantine during the Covid-19 virus outbreak. If one part of the business is failing it could save the company from bankruptcy if there are several different revenue streams. At the same time, there are some downsides to a multichannel approach as well. Since so many businesses are using this strategy, it leads to tough competition. Having multiple sales channels means that the company also has to have expertise in managing all the different sales channels, which could require more resources. Furthermore, businesses with multiple sales channels could possibly compete for its own customers, meaning that more channels do not necessarily mean more sales. Conclusively, each company needs to determine if the benefits of pursuing a multichannel business model exceeds the disadvantages in their specific situation (Stojkovic, Lovreta & Bogetic, 2016).

Customer's shopping behaviour is difficult to track, analyse, and to understand in a complex internal business environment of multiple sales channels for partly digital retailers (Chiou, Chou & Shen, 2017). This can threaten companies if they are using a multichannel strategy containing sales channels that are not optimally used that could drag down the whole business. The customers might have different expectations on the different sales channels. Some customers expect lower prices when shopping online while others expect the prices to be as low as online when they are in a physical store. This could be challenging for a multichannel retailer to cope with. If the integration between the different sales channels is not handled wisely, it might negatively impact the whole brand. On the other hand, this creates a lot of opportunities for those that are adapting it successfully. Considering the fact that it is easier and more common to make comparisons between different online retailers and products online, companies need to adapt to the market. Meaning that both the competition and the demand is different between the physical and online channels. Research shows that there are several ways of creating synergies between channels. If the employees in the physical store manage to build good relationships with its customers, then the customers are less likely to switch to another actor the next time purchasing something online. A lot of factors differ in the shopping experience between channels. Confusion could arise within the company if E-commerce is introduced as an additional sales channel to physical stores. The conventional roles of the employees are likely to change a bit as the traditional store has to become integrated with other online sales channels. Additionally, customers value different

things. For some people, shopping in a physical store is more beneficial even though it is more time consuming, and other people have contrasting opinions. If a company's capabilities and resources differ between the channels, it might make it difficult to integrate the channels and have a consistent brand image. For instance, if a traditional retail store is well-known for having extraordinary customer service, it could be challenging to transfer that exact capability to an online channel. Therefore, there could easily arise incongruences between the channels. Since the market is constantly changing, the companies need to change as well. Many companies are struggling with deciding how to position themselves on the different channels when pursuing a multichannel strategy. In order to be as successful as possible, it requires continuous improvements and a lot of awareness about how the different sales channels influence each other (Chiou, Chou & Shen, 2017).

2.3.2 E-commerce retailing

As previously explained, retailers could either pursue a multichannel strategy with E-commerce and physical stores, or they could focus solely on a single sales channel. E-commerce is said to have a number of driving forces behind its development. Some examples of these are business strategy, innovation, better technology, and social controversies (Laudon & Traver, 2019). E-commerce includes shopping via computer and mobile devices. A decade ago, the consensus was that E-commerce meant shopping via computers only, but nowadays M-commerce is even more common than traditional E-commerce where the shopping is done via a computer. Little research has been done trying to determine differences in E-commerce between fully digital retailers in contrast to multichannel retailers. Therefore, this section will be about E-commerce in general, without any delimitation of whether the company is fully digital or what kind of E-commerce it is in terms of which device is being used. First when the empirical data is collected, there will be an analysis trying to identify any distinct patterns to explain the differences.

An online transaction could be divided into three phases (Madlberger & Matook, 2017). First, the information phase where either the customer is searching for information that guides them to make a purchase, or the company reaches out to the customers by marketing their products. Here the customer reads about the product and determines whether the price is good. Second, comes the agreement phase where the customer agrees to the purchasing conditions such as the payment method and the terms of delivery. Nowadays, there are many third-party payment solutions that make the customers feel more secure. The third phase is about fulfilment, making sure that both parties live up to their agreements of the purchasing terms. In many cases, the purchaser has the opportunity to return the product within a certain time frame, if the customer wishes to. The full transaction is not considered done until both parties go through all the three phases.

International cross border E-commerce accounts for a big part of the increase in global trade. Although B2B E-commerce is more common between countries in comparison to B2C, the demand and supply for B2C E-commerce is steadily increasing. Internationalization of E-commerce makes the competition tougher and it makes it more difficult for companies to use price discrimination. It is difficult to compete in price with some countries like China, which has cheap labour and both economies of scope and economies of scale. It could then be said that many researchers believe that differentiation is getting increasingly important, to not just compete with cheap product prices. Many big platforms, which are using a mix of a B2B and B2C strategy, are taking very dominant positions on the global E-commerce market. Many smaller retailers perceive it to be difficult to compete with the big actors on the international

market. It shall be noted that the rules of international transactions differ between countries, sometimes there are additional taxes for international purchases (Xue, Li & Pei, 2016). Therefore, some B2C companies might have a competitive advantage on the domestic market against the bigger international actors but it is difficult to make any general conclusions.

2.3.3 The emergence of M-commerce retailing

The emergence of mobile devices and wireless internet service has advanced rapidly. Since portable electronic tablets have a very small number of traffic in comparison to mobiles, M-commerce almost solely refers to shopping via mobile phones. In many countries, the availability of mobile devices is even higher than computers. The data capacity of the mobile devices is increasing, and the user interface is getting better and better with time. Many people also carry around their mobile devices during most times of the day. M-commerce shopping is usually convenient and efficient in comparison to regular E-commerce and brick and mortar retailing. There are no boundaries to when, where or how the customer wishes to shop with a mobile device. It is also easy to personalize the marketing. Nowadays, online shopping usually matches, if not even outperforms, the prices and supply of physical stores (Al-Adwan et al., 2019).

Trust is an important factor for M-commerce. If a potential customer feels that a purchase would be secure, meaning that the customer will get the product as described and without any privacy threats, then the customer is much more likely to buy something. M-commerce is relatively new, especially in the less developed parts of the world, some people are sceptical and distrust the mobile sales channel. It is a natural occurrence to have doubts about new technologies and business models. Therefore, it is important that the company who wishes to sell something builds a good relationship with the customer. Especially if one wishes for recurring customers. Social influence also plays a role for getting people to trust M-commerce to be a valid sales channel. Both word of mouth from family and friends, but also mass media influences the behaviour of customers (Bhullar, 2018).

Moreover, how visually appealing the website is also influences the shopping decision. Enjoyment of the shopping process, how interactive it is, how easy it was to navigate on the website also matters. This is even more important for M-commerce, since it could be a challenge to make it as visually appealing as a bigger screen on a computer. Furthermore, if the website has a good reputation and if there are any safety guarantees are additional variables that are of importance. Since many M-commerce purchases tend to be more spontaneous than shopping done via the computer, this can have an even bigger impact. Conclusively, whether a customer will use M-commerce as a tool for retailing purchases depends on a complex set of many different underlying variables. Companies are trying to continuously improve M-commerce in order to try to outcompete other retailing businesses (Rodríguez-Torrico, San-Martín & San José-Cabezudo, 2019).

Research also shows that people who have a higher degree of “innovativeness” are likely to adapt to new technologies earlier than the rest of the population (Salimon et al., 2017). In other words, those individuals who generally are adopting new ideas faster than the average individual in their social system. Since M-commerce already is widespread in most of the developed countries, this fact is difficult to elaborate on because it is debatable if M-commerce still can be seen as a new technology when so many people already have adapted to it. However, it is likely that this occurrence was true in the initial phase of the M-commerce development. Other data shows that there are more factors involved in explaining

whether people will adapt to this technology (Blaise, Halloran & Muchnick, 2018). In addition to trust and social influence which already are mentioned, an individual's age, gender, previous related experiences, and overall expectations also play a role. For instance, whether or not an individual who never has used the technology before thinks it is effortless or not can make a big difference.

2.3.4 Differences between the digital sales channels

Although having many things in common, there are some distinct things that separates M-commerce from the rest of the parts of E-commerce. Selling products via computers, has been around for a much longer time than M-commerce. M-commerce is experiencing more changes, due to rapidly improving technology and wireless connection opportunities, and is growing at a higher rate than both the desktop part of E-commerce and physical stores. However, M-commerce has some obstacles in its development. Even though M-commerce has many advantages, it suffers from a few drawbacks that make some people avoid using it. In comparison to other sales channels, such as shopping via computers and physical stores, M-commerce is generally perceived to be less trustworthy. Research implies that a lot of the traffic from M-commerce is done via public networks which are exposed to the risk of security issues and data theft (Blaise, Halloran & Muchnick, 2018). E-commerce via desktop is usually connected to the individual's home network, which is generally more secure in terms of data protection. Additional disadvantages of M-commerce have to do with the limitations of the size of the screen of the mobile device. Even though the website is optimized for the phone, some type of online shopping would be better to be doing with a bigger screen, such as a screen of a computer. Also, it is common for people to use their phone in a disturbed environment where they lack concentration or they are under time pressure, which could lower the potential of a purchase conversion (Madlberger & Matook, 2017).

To summarize the differences between M-commerce and shopping via computers, some researchers claim it comes down to three specific factors. These factors are comfort, mobility and spontaneity (Sultan, Khan & Khan, 2016). For many, it is more convenient, and it is comfortable to use the tool to do online shopping that has the highest degree of perceived ease of use. Since a wireless device can be carried around and be used anytime and anywhere, it has many advantages against the other retailing sales channels. As technology improves, this trend is likely to continue in the near future. Using a mobile device for entertainment could also trigger spontaneous purchases as a cause of good marketing. Therefore, the advantages of M-commerce could be concluded to be more comfort, higher degree of mobility, and more spontaneity. Furthermore, other researchers mention additional differences. Some of these are that the overall experience could be seen as having a higher degree of efficiency and serves the urge of impulsive needs (Salimon et al., 2017). Additionally, some of the branding and marketing also has a higher integration with the company's promotional channels such as social media, which could be perceived as a more dynamic shopping experience.

2.4 Business model strategy for gaining competitive advantages

This section will investigate how companies generate competitive advantages and how that is related to their choice of business model and sales channels. It will thus cover the meaning of competitive advantages and business strategy. In short, business model strategy is referred to as the business model that a company strategically chooses to implement and use.

Additionally, the SWOT framework will be introduced in order to, later in the analysis, be able to elaborate on the strengths and weaknesses of digital companies in comparison to multichannel companies.

2.4.1 Competitive advantages

The term competitive advantage can, in business, be seen as an attribute that can be used for a company to become superior and to outperform the competitors in some way. In other words, it is the leverage that a company has against its competitors. Business strategy is about positioning your company to become unique in some aspect in order to gain competitive advantages. Businesses can have competitive advantages for a number of reasons. Some last long because they are difficult to replicate while others happen accidentally as a sequence of changes in the business environment or a shift within the organization influences its prerequisites. Having operational effectiveness is something very important for most businesses, but it is not enough while trying to create competitive advantages since it is not something that is unique. To get sustainable competitive advantages over time it is crucial to have a business strategy and a plan to stick to (Stonehouse & Snowdon, 2007). When looking at what actually forms a competitive advantage, one must know the distinction between resources and capabilities. Having valuable resources that are unique in comparison to a company's competitors does not necessarily mean having competitive advantages. The unique valuable resources only convert to a competitive advantage if the company is able to have the capability of using those resources efficiently (Omerzel, 2011). When deciding business strategies, a company should first have identified its resources, capabilities, and competitive advantages before selecting a suitable strategy (Grant, 1991).

Having a successful business model can also be a tool for achieving competitive advantages especially if it is difficult for competitors to imitate it and it is effective and efficient (Teece, 2010). Porter and Millar (1985), claim that there are two categories of competitive advantages in which both are related to the company's value chain. Firstly, cost advantage refers to a company's costs in regard to the different activities performed in the business. Thus, having lower costs could ultimately lead to providing the same product as the competitors but for a reduced price. Secondly, differentiation means to be able to differentiate your company against the competitors. It could be applied to each activity that adds value to the customer. For instance, providing better or unique products or services or delivering some kind of other additional benefit to the customer. These categories are referred to as cost advantage and differentiation advantage. Competitive advantages can stem from many sources. Having superior technology or being able to implement successful innovations are examples of that. Further sources of competitive advantages could be human resource management and the organizational structure. All of these factors, and many others too, could generate competitive advantages if used smartly (Wen-Cheng, Chien-Hung & Ying-Chien, 2011). Constant external changes are occurring on the retailing market due to digitalization and internationalization. Therefore, it could be difficult for companies, such as those active on the sports nutrition market, to have sustainable competitive advantages without constantly adapting themselves to the circumstances on the market. In an industry with fierce competition, it could be more difficult to obtain and to maintain competitive advantages. It can then be a good idea to be thoughtful about the business strategy and to revise it if necessary.

2.4.2 SWOT framework

SWOT is an abbreviation of Strengths, Weaknesses, Opportunities, and Threats, these are presented in a 2x2 matrix framework. Although the claims are contradicting each other, some say that SWOT has been used in universities and academia as early as since the 1960-s. It is a well-known tool used mainly for strategic planning and identifies and evaluates a company's internal and external situation on the market. Since it highlights both the harmful and the helpful things of the firm, it could be used for analysing strategic moves and help with decision-making. It can help to formulate a business strategy that can be converted into competitive advantages as well as minimizing the risk of failures. Its benefit is that it manages to reduce the quantity of information and make it visually accessible. Doing this kind of thorough analysis from different perspectives could give insights that one might not have been aware of before. The usage of the framework is extensive. Not only companies can be analysed. Countries, industries, individuals, and many other things such as business models can also be analysed (Helms and Nixon, 2010).

Both internal and external factors that influence the phenomenon one wishes to investigate should be taken into consideration when using the framework. If analysing a company, factors such as finance, operations, marketing and other areas that the company have control over should be taken into consideration. The external factors are usually out of the company's control and can include the political situation, laws, emerging technology, and market competition. Then the analysis is done from a helicopter perspective where the problem is looked at from different angles. In research, SWOT does not have to be the only theory used. It could also be seen as a tool in some instances where it helps getting a better understanding of the current situation of what is being investigated. The findings of the framework are more valid in a stable market dynamism. Researchers claim that the market environments were more stable back in the day when the framework was introduced. Drastically changing external factors could be an obstacle for conducting trustworthy findings with SWOT. Another common mistake that reduces the quality of SWOT is if the analysis is done with poor diligence. Also, one should be aware of the fact that factors applied to the framework could overlap more than one square in the matrix, but this does not have to be seen as a limitation (Ghazinoory, Abdi & Azadegan-Mehr, 2011). Further critique of the framework is that it does not directly provide a guide to some kind of strategic action. A more in-depth analysis might be required before determining a final decision. The variables used in the frameworks also need explaining for providing a full understanding. There is however a general consensus and acceptance among researchers that SWOT is a useful tool for reviewing the competitive position of what is being analysed (Sammut-Bonnici & Galea, 2014).

To exemplify what variables might be included in this kind of analysis, a prior analysis with the SWOT framework on E-commerce will be described. Here are some of the variables that the analysis contained: customer service, communication, marketing, sales channels, distribution, security, start-up costs, barriers, scalability, accessibility, technology, customer behaviour, branding, competition, regulations, staff, integration, maintenance. These were shortened from the original source, since they were only used to serve as an example (Fisher, Chrispin & Fisher, 2000). Figure 5 and 6 in the *analysis* displays how the SWOT framework can help to explain the advantages and disadvantages with the different business models used in the Swedish B2C sports nutrition market. However, a brief outline of the conceptual structure can be seen in the figure below.

	Internal Factors	External Factors
Favorable Factors	STRENGTHS	OPPORTUNITIES
Unfavorable Factors	WEAKNESSES	THREATS

Figure 4: *SWOT framework*
(Valentin, 2001)

2.5 Summary of literature findings

Digitalization has a big impact on the retailing market (Hagberg, Sundström & Egels-Zandén, 2016). Companies are increasingly using more technology to operate their businesses. This transformation has led to more companies implementing digital sales channels. Customers' behaviour is changing towards accepting this digital shift. Some of the explanations to this are that it is perceived to be useful and that it is socially accepted (Davis, Bagozzi & Warshaw, 1989). The internet reduces the barriers for retailers to compete on the global market since the purchasing process of E-commerce is fully digital (Mäenpää & Korhonen, 2015).

The term business model can simply be defined as “a business concept that has been put into practice” (Hamel, 2000, p.117). A business model has many components, which many are influenced by digitalization. Those companies that will survive in the long run are those that are able to reinvent themselves. Therefore, companies need to continuously use business model adaptation to stay competitive on the market in the ever-changing market environment (Teece & Linden, 2017).

Companies using different sales channels can be seen as having different business models. A retailer could either be fully digital, only having brick and mortar stores, or combining these two business models, which is called a multichannel strategy. The main reasons for companies to pursue a multichannel strategy is to meet customers' needs and to potentially increase the revenue (Lewis, Whysall & Foster, 2014). There could be many benefits to a multichannel strategy but there are also many implications to it, such as integrating the channels with each other (Stojkovic, Lovreta & Bogetic, 2016).

Digital sales channels are gaining increasing popularity, which makes some companies pursue a fully digital business strategy (Laudon & Traver, 2019). Due to better efficiency and convenience, mobile devices are now dominating E-commerce sales (Salimon et al., 2017). However, there are some downsides of mobile devices too. They are perceived to be less safe to do transactions with and the small screen requires the website to be easy to use and optimized for different devices (Madlberger & Matook, 2017).

If a company has unique resources and capabilities, it has the potential to create competitive advantages and to outperform competitors in some way (Stonehouse & Snowdon, 2007). The two main types of competitive advantages are to either have a cost advantage, or to differentiate your company against others (Porter and Millar, 1985). To obtain a sustainable competitive advantage over time, it is important to have a business strategy that is difficult for competitors to copy (Stonehouse & Snowdon, 2007).

3. Methodology

The purpose of the following section is to explain the methodology that has been applied to the research conducted in this thesis. Explanations to what the chosen methods are as well as why these were chosen and the process of how the research was conducted will be presented. The different parts of this section are structured into research strategy, research approach, research design, data collection, data analysis, and lastly a chapter dedicated to the research quality.

3.1 Research strategy

After elaborating on different possible research strategies, the author decided that a qualitative exploratory research strategy would be best suitable for the purpose of this thesis. Therefore, this type of research strategy was applied to this study. In short, this is due to the fact that there is limited existing literature on this particular topic and that the aim of this thesis is to generate new theory rather than to test existing theory. Also, the research questions were phrased in a way that would be suitable for conducting the research in a qualitative way by doing an in-depth analysis rather than to use calculations. Moreover, Bryman and Bell (2011) claim that when it comes to a qualitative research in general, the benefit is that gives room for new discoveries, but the downside is that the findings can be seen as generalized knowledge that might not be applicable in all contexts.

The most common research strategies are qualitative, quantitative, or a combination of those two. Quantitative research uses numbers as a way of gathering and comprehending the data. Statistical tools and mathematical formulas are used to present the data findings. Moreover, quantitative research uses different numerical variables and oftentimes have hypotheses about the outcomes they want to investigate in the research. The author did not have any hypotheses about the potential outcome of the study, therefore a quantitative approach was neglected. In contrast, qualitative research does not rely solely on calculations and statistics. If the phenomenon one wishes to research requires an in-depth understanding of a complex topic, then it could be an option to instead collect data by qualitative surveys, interviews, observations, or other methods that are not suitable for a quantitative methodology. This is why a qualitative strategy seemed more appropriate. However, there are some downsides of qualitative research too. For instance, many critiques it for being too subjective. The data that is collected can be interpreted differently depending on the researcher. Additionally, that it is only backed by subjective qualitative data without any quantitative confirmatory components. Also, it is said that qualitative research is more difficult to replicate in comparison to quantitative research (Bryman & Bell, 2011).

Exploratory qualitative research could be good to use when there are very few studies on the research topic and the answers to the research questions are quite unexplored in existing theory. The aim with exploratory research is to come up with new theories or insights that add new knowledge to existing research (Bryman & Bell, 2011). This does not necessarily mean coming up with a final solution to the problem, but rather to get more insights into what is being investigated. Even though the applied research strategy will contribute with new knowledge in this field of research, it will still leave room for future research to verify the findings.

3.2 Research approach

An inductive research approach was chosen for this study. A research approach could either be inductive, deductive, or a combination of the two, which is called an abductive research approach. It is most common to use an inductive approach for qualitative research and deductive for quantitative research. A deductive approach usually tests existing theory and it is common that the research has hypotheses about how the outcome of the study will look like. The conclusions from a deductive research could be that the analysis confirms or contradicts the theory that was being tested. Similarly to why a quantitative research strategy was neglected, a deductive research approach did not seem appropriate for this unexplored research area. Inductive research on the other hand aims at adding new theory which goes hand in hand with the research design that was chosen (Bell & Bryman, 2011). Since the research strategy of this thesis was exploratory and qualitative, it was logical to choose an inductive research approach. An inductive research approach matches the purpose of the study and is satisfactory for answering the research questions. According to Bryman & Bell (2011), good research questions should be not too broad but not too narrow either. Furthermore, they should be unambiguous and phrased in a way that the questions are researchable. If there are multiple research questions, there should be a clear connection between them. These things were taken into account when coming up with research questions for this thesis. The research questions were constructed to be appropriate for an inductive research approach and also to match the chosen research strategy and research design.

Another difference between the approaches is that they deal with shifting between empirical data and theory in a different way (Yin, 2011). When using an inductive approach, it is common to seek to identify generalizing patterns derived from existing literature. The inductive approach usually relies on empirical data to be able to emerge concepts and find patterns in the analysis. The inductive approach goes from specific instances to, what can be seen as, generalized conclusions. Therefore, the inductive logic has been used throughout the thesis. The deductive approach however tends to take the opposite direction and goes from generalized knowledge, taken from valid theory, then uses empirical data to make a specific conclusion that is not generalized.

3.3 Research design

Research design is a blueprint for the methods used for data collection and analysis one can use in order to answer the research question. The research design of this study will be what Bell and Bryman (2011) define as a comparative design. A comparative research design is something that could be done both with a quantitative and a qualitative research strategy. This type of research design uses the same methodology on several contrasting case studies and compares them to each other. The only requirement to be able to define it as a comparative design is that it has to be at least two contrasting cases, but it could also be a much higher number than that too. In short, it is a multiple case study that aims at, from the empirical data, finding patterns related to the research objectives, for instance similarities and differences and using that to compare the cases and to come up with results. One benefit to this design is that it is easier to grasp the underlying mechanisms of what is being investigated if comparisons are being made between the two groups and between the different companies participating in the study. In many instances, comparative research with multiple cases still holds some of the benefits as a regular case study too but has additional benefits. One of those benefits is that it is still possible to get a lot of data from each case. Furthermore, Yin (2009) claims that cross-

case analysis strengthens the findings in comparison to a single case study due to the fact that it provides a better comprehension of what is being investigated since it is possible to collect even more relevant empirical data.

A brief initial analysis of the Swedish-based B2C retailers on the sport nutrition market showed that approximately half of the companies were only using E-commerce as their sales channel. The other half also had E-commerce, but they had physical under the same brand as well. In this research, the companies were grouped into 2 groups. One group for fully digital companies and one group for partly digital companies who used a multichannel strategy. The aim of the comparative research design was to contrast these groups to each other. Then in the *analysis*, the groups would firstly be looked at individually and then later compare them to each other to look for patterns and concepts. As the essence of qualitative inductive research is to build conclusions that could be seen as patterns that are reflecting a generalization of the researched phenomenon on a larger scale, it could be wise to include more than two companies in contrasting cases (Bryman & Bell, 2011). Having several companies in each contrasting group makes the results more credible. Therefore, this research aimed at including as many relevant companies as possible in each group in order for the findings to increase the validity of the findings. Additionally, the companies' perceptions of all the sales channels was included in the research design.

3.4 Data collection

This section will explain the process of collecting the empirical data and its implications, as well as describing how the literature review was conducted.

3.4.1 Empirical data

The selected market in which empirical data was to be collected was the Swedish sports nutrition market. When it comes to the selection of companies, it was a theoretical sampling approach that was done by looking at the actors on the market that would be relevant to research (Bryman & Bell, 2011). The author set up requirements for what companies to include in the research. Their main business had to be regarded in the category of sports nutrition. Additionally, they had to be B2C retailers that had an existing and active E-commerce website. They also had to have Sweden as their main market, and they had to have an active company registered in Sweden. The companies also had to have at least 10 different products to sell and that ordering in bulk was not a requirement. Lastly, they had to be founded in 2019 or earlier.

After analysing the Swedish sports nutrition market by using the search engine Google as the main tool for being redirected to valid sources, as well as directly contacting the companies, it could be seen that 14 different companies met the requirements for being interviewed for this study. All of these companies were contacted and asked if they would like to participate in a phone interview for a master's thesis. The author tried to get the interview with the person who was in charge of E-commerce. They were asked if they would like to have the interview being done in Swedish or English. All the participants chose to be interviewed in Swedish because it was their native language. The interview-guide was translated to both languages so that there would be no skewed results due to the language difference. The transcriptions were also later translated by the author to English. It was mentioned to the companies that agreeing

to an interview could be mutually beneficial since the author would send them the finished thesis that could bring them new insights they could potentially apply to their business. The author also asked the other companies during the phone call if they had additional companies in mind that could meet the requirements of the study, to try to snowball the sampling in case any companies were missed in the initial selection. Firstly, all of them were contacted by phone and if they did not answer, an email was sent to them. This process was repeated several times. In fact, it turned out that the Covid-19 virus outbreak put many of these companies in a difficult situation where they were extra difficult to get a hold of. Employees were working from home in combination with higher demand than usual. Even to this date, months after the initial attempt of contact, a few of them still have not answered. Some of them refused because of lack of time whereas others rejected to participate because they were a public company and did not want any information to leak. Even though all of them were asked if they wanted to be anonymous, it did not seem to make any difference. Finally, 4 out of the 14 companies accepted my request and participated in a phone interview. 3 of them were in the fully digital group and 1 company was in the contrasting group partly digital group since they had a multichannel business model.

Since an exploratory qualitative research strategy with an inductive approach was chosen, it seemed to be the most suitable to construct semi-structured interviews. The initial idea was to have face-to-face interviews but due to the current circumstances of social distancing, the interviews had to be done over the phone instead. This was not a major setback at all. The author's subjective view was that phone interviews would have slightly lower quality because it could be potentially be more difficult to understand each other, or the technical equipment might not work properly. However, it turned out that the interviews were successful anyway, and the author believes that the quality was as high as face-to-face interviews. In order to be able to get in-depth knowledge about their business and answer all the questions from the interview-guide, the author informed the participants that the interview would have to be at least 30 minutes long but the interview could be as long as they wanted to. It turned out that the interviews were between 30 to 60 minutes long. The interviews were recorded and then the author made a full transcription of each interview. At one occasion, additional information was included in an email from a participant since that person had to look up some details before providing a clear answer.

As Bryman and Bell (2011) recommend for semi-structured interviews, questions on specific topics were prepared in the interview-guide. The reasoning behind choosing semi-structured interviews was that unstructured interviews seemed to make it too difficult to make comparisons of the collected data between the groups. Also, in contrast to fully structured interviews, the questions in the semi-structured interview-guide covered specific topics were somewhat general but then there were follow up questions to be able to fully grasp the underlying reasoning behind the answers. The follow up questions were differing depending on what the interviewee is answering. Depending on how the participant answers a question, the interview could go slightly different directions. The purpose was to get as detailed answers as possible and to be able to understand the situation from the interviewee's perspective. The interview-guide can be seen in Appendix 1. Since the business model of the contrasting groups that were interviewed differed, a few questions had to be changed for each interview-guide. The interview-guide was divided into 3 parts. First, general background questions about the companies were asked. Thereafter, questions that would be suitable for companies in both groups were asked. Lastly, specific questions related to physical stores were only asked to the company in the partly digital group. The questions were formulated to be able to answer the research questions regarding E-commerce and the different business

models of digital versus multichannel companies. The author aimed to not have any biases or influence in what the interviewees answered.

3.4.2 Literature review

After getting familiar with the research topic and deciding the methodologies that would be applied to the study, the process of creating the literature review started. The author gathered information from various sources, such as academic articles and books. The purpose of the literature review was to understand the existing research within the focus area of the purpose of the thesis. The intention of the study was to build new theory, therefore it was crucial to interpret and build an understanding of what was already studied in this research area. To the author's knowledge, none of the used sources for the theory studied this size of companies in particular. Nor did any study specifically look at Swedish based companies or any companies in the sports nutrition industry. The lack of specific knowledge in this research area in the existing theory made the literature review be quite general knowledge. Whether the theory still is applicable or not for these kinds of companies remains to be seen in the upcoming analysis. Also, none of the existing theory covered the exact same topic and research focus like this thesis. Therefore, the topics that were investigated had to be separated and structured in a clear and logical way.

The literature review was based on a narrative approach (Bryman & Bell, 2011). In contrast to a systematic approach, this would cover a wider area of previous research, which could be to prefer in a comprehensive qualitative study. Keywords were used to find relevant publications. Peer-reviewed articles were preferred over those that were not. However, the author included some non-peer-reviewed articles because they seemed trustworthy and the research could not be found elsewhere. The main database that was used was Google Scholar. The motivation behind that choice is because it has a lot of content and is well optimized for a descriptive search as well as a keyword search. As a student of Gothenburg's university, their online library was used to grant access to publications that were unavailable for the public. A rough estimation is that approximately 200 abstracts of articles were read before deciding the structure of the literature review. Thereafter, the most relevant articles and books were used to discuss and describe relevant theory for the research topics. The inclusion criteria for the theory used in the literature review was that it had to be relevant for the purpose of the research. The main keywords being used were:

- *Sports nutrition market, sport nutrition retailing*
- *Retailing digitalization, digitalization business model, technology acceptance model*
- *E-commerce retailing E-commerce strategies, E-commerce adaptation, e-commerce business model*
- *M-commerce retailing, M-commerce, M-commerce adaptation*
- *Difference M-commerce and E-commerce, strengths and weaknesses E-commerce*
- *Multichannel business model, multichannel retailing, strengths and weaknesses multichannel business model adaptation, business model innovation, business model strategy*
- *Business model composition*
- *SWOT analysis, SWOT E-commerce, SWOT retailing*
- *competitive advantage model, competitive advantage retail, business model competitive advantage*

Note that some terms could be spelled differently, M-commerce for instance could be spelled mobile commerce, mobile e-commerce and so on, hence all the different spellings of all words were used as keywords. Some publications were found due to what Bryman and Bell (2011) call a snowballing-effect, where many articles were referring to another specific publication that then was investigated that way instead of being found by the keywords. This method allowed for finding some relevant research with many citations and other relevant

articles that were not found by the keyword search.

However, not all of the literature found was relevant for the research because the author had an exclusion criterion. Most of the research on the emerging markets was excluded due to it being too inappropriate. Although articles with high citations were to prefer, there could be no such criteria for excluding articles with few citations. In some chapters of the literature review, newer publications were preferable, therefore an exclusion of articles that seemed too outdated were made. The author tried to find research that specifically was conducted in Sweden, since that would make it easier to compare with the collected primary data. However, few publications like this were found.

When it comes to the background information and investigating a consensus for the different definitions of the research terms in this thesis, other search methods were applied. The search engine Google was then used to find appropriate sources to find the information that was looked for. Then, the definitions of some terms were compared and later the most trustworthy and valid source was being used. When it comes to finding data regarding market information and statistics, the database Statista was the first choice of data collection, due to being known for its trustworthiness. Statista was however complemented with additional sources when necessary. The latest information and statistics for the background information was aimed being used in order to provide relevant data.

3.5 Data analysis

The empirical data analysis process was done with what Bryman and Bell (2011) call a thematic analysis. It is a common tool used for qualitative studies. With this method, the researcher is looking for so-called themes, as can be seen as patterns, in the interview transcriptions. The first step with a thematic analysis is to familiarize with the data from the interviews. Qualitative research often contains a large amount of data, so it is important to be strategic in the way the data is used. After getting an overview of the collected data, one can start to structure the data by analysing data that could be interpreted as patterns, in that way the data is divided into segments and easier to handle. The different topics in the results were used as codes for determining themes. Illustrations of how the data was analysed can be seen in Figure 7, as well as in Appendix 3-6. First order themes were distinct patterns found from the empirical data. Whereas second order themes were concluded from the first order themes. To simplify the analysis, the themes were structured into different research categories. Only themes that seemed to be of importance for the research purpose were looked upon. The relevant themes that were found were then in the *analysis* compared to the existing theory to try to look for similarities and differences. In this stage, the author was shifting between the empirical data, the literature review, and writing the analysis. The purpose of this is to make sure that no data is missed out from the transcriptions, and that all the claims in the analysis are backed by relevant theory or primary data findings.

As the aim of the study was to make comparisons between fully digital retailers and partly digital retailers, the similarities and differences between the study groups were analysed. Since there was no proper existing market analysis of the Swedish sports nutrition market, parts of the empirical data served as a way of better understanding the market. When the author felt like he had a good understanding of the market, the existing theory, and the empirical results, he could finally work with the analysis and generate conclusions. In an optimal scenario, the analysis should be started immediately after the interviews have taken

place (Eriksson & Kovalainen, 2008). This is because the researcher should be able to recall everything with fresh memory and remember the meaning of the notes that were taken during the interview. The author of this thesis did the four interviews within a one-week time frame and thereafter started working on the analysis. The literature review was almost finished before the empirical data was collected in order for the author to be knowledgeable in the research area before the interviews were taking place. The primary research question was answered with the help an extensive analysis, as well as creating two SWOT frameworks. Whereas the secondary research question was answered by an analytical discussion between existing theory and the empirical data.

When comparing the different business models of the partly digital retailer in group A with the fully digital retailers in Group B, both groups' perception and thoughts of the two business models will be included. The reason for that is that the number of contrasting companies is low, this approach makes it possible to use more data in the analysis. All of the selected companies made an active choice of which business model to pursue so they have some insights in what it means to be fully digital and partly digital. Additionally, company D has historically been partly digital but has now moved over to being fully digital, which was taken into consideration when presenting the results. Firstly, the two business models will be analysed separated from each other and thereafter general comparisons will be made in the conclusions.

The limitations of thematic analysis are that the findings might be affected by the researcher's subjective perception of the transcriptions (Bryman & Bell, 2011). Furthermore, it is up to the researcher to determine how credible the findings are, and to make sure that the findings are not placed out of context. More about things related to this will be covered in the upcoming section *research quality*.

3.6 Research quality

In order to achieve as high quality of research as possible, there are some factors to take into consideration. If there are some concerns regarding the quality of the research, it is important to be aware of that and to discuss the limitations of the study. As Bell and Bryman (2011) point out, there are three main criteria for evaluating and measuring the quality of business and management related research. Those three criteria are *reliability*, *replication*, and *validity*. What they mean, how they impact the study, and how these criteria look like for this research will be explained in the upcoming sections.

3.6.1 Reliability

Even though reliability is more crucial for the quality of the research when using a quantitative research strategy, it should still not be overlooked in qualitative studies. In short, reliability is determined by looking at if the findings of the study are repeatable. If the concepts used in the theory are consistent, and properly used in the right contexts, then the study has a higher reliability (Bryman & Bell, 2011). Reliability also measures if the method of the study is able to be reliable at achieving consistent and stable results that can be understood (Leung, 2015). A study with a very high reliability means that another researcher would get the same results when conducting the exact same study. Even though it is difficult to measure the exact degree of reliability, it is crucial to aim for having a high reliability to

increase the quality of the research. To give the reader insights in whether the research is reliable, the researcher should be transparent with how the study is conducted.

To be more specific, there are different types of reliability. External reliability refers to the degree in which the study would get the same results once again if repeated. Bryman and Bell (2011) claim that it is difficult to achieve complete external reliability in qualitative research, for instance because the results are influenced by the social settings. In this study, the author put effort into creating as high external reliability as possible under the particular circumstances. The research design and methods used were thoroughly compared with others before chosen and considered to create the highest research quality for this study. Additionally, the author aimed to mitigate being influenced or influence the social setting when collecting data by treating all the respondents equal, and to follow a consistent process in gathering and interpreting data. Internal reliability on the other hand is only taken into consideration if there are many researchers involved and cooperating on the same project. Then, it has to do with whether the researchers agree with each other, and if they interpret the data the same way. Since this study is created by a single researcher, internal reliability can be disregarded.

3.6.2 Replicability

How easy it is to replicate the findings of other researchers is measured by replicability. It is something that is closely linked to the reliability of the research. Sometimes researchers replicate studies to, for instance, test the credibility of the research, even though this is quite an uncommon thing to do. These tests could either strengthen or weaken the credibility, depending on if the results are aligned with previous research (Bryman & Bell, 2011). However, not all studies have a high degree of replicability and are therefore difficult to try to replicate. The degree of replicability could decrease if the environment around the phenomenon one wishes to investigate changes as time goes by. For instance, E-commerce might be completely different in 5 or 10 years from now. The author of this thesis also wants the reader to be aware of the fact that the sampling of companies might impact the results. If similar companies that are slightly different are used instead, the author does not guarantee the exact same results since the company specific details could influence the research.

3.6.3 Validity

What is oftentimes considered to be the most important measurement of research quality is validity. Therefore, the author put a lot of focus on creating as high validity as possible. There are several different types of validity. Internal validity is related to how rational and logical the conclusions that are drawn from the conducted study are. External validity however is referred to as if the findings could be generalized in a larger scale or in a different context. Validity in general is mostly related to the choice of methodology and is partly determined by evaluating if the data collection can be representable for what is going to be investigated in the research questions. One should focus on having a high validity in what is appropriate for the kind of research that is applied. For instance, the criterion measurement validity is less important when it comes to qualitative research since it refers to if the concept that is being measured reflects the research phenomenon (Bryman & Bell, 2011). Qualitative research does not pay a lot of attention to analysing quantitative data and therefore this type of validity could for the most part be overlooked in this study.

In order to strengthen the validity of the research, a lot of companies were contacted because the sample data was supposed to reflect the whole industry. Unfortunately, not all the companies contacted choose to participate, which decreased the validity a bit. To make up for that, a thorough literature review with many articles relevant related to the research topic was done. Yin (2011) refers to this as triangulation, the validity is strengthened when evidence of the results is collected from different sources. Also, it was of importance that the respondents of the companies had the same position so they would have similar knowledge and to know the answers to the questions that were asked during the interview. All the companies interviewed had very few employees, which meant that each employee usually had a wide role in the company. This was not seen as a problem though, since they seemed to have enough knowledge about the questions that were being asked. It was pointed out to them that they were not supposed to give any answers that they were not sure about, to decrease the risk of skewed empirical data. To not miss any details, full transcriptions of the interviews were done. If anyone wishes to further research this topic, the author is willing to help if contacted. It should be taken into account however that one potential downside to the validity of this research is that the collected empirical data reflects the companies' subjective viewpoint of my questions. The validity would be higher if one could be certain about the fact that the respondents' answers accurately represent reality.

According to Yin (2011), another way to strengthen the overall validity is to back up all the claims that are being made with valid data to prove the correctness. The claims that are being made in this thesis, that are not well-known facts in this research area, will therefore contain an explanation of the underlying reasoning in order for the reader to personally determine the validity of the claims. Furthermore, even though the analysis and the conclusions of the data is aimed at not being biased, there could occur some skewed reflections since the data is processed by the author's subjective perspective and his specific knowledge.

4. Results

This section aims at presenting the empirical findings from the semi-structured interviews of the four sports nutrition retailers. Firstly, in order to provide the reader with some context of the findings, a brief introduction of the background information of the companies will be presented. This section of the thesis is intended to reflect the companies' view and perception of the answers from the interviews, the interview-guide can be found in Appendix 1. The interviewed persons' beliefs, experiences, and arguments both from their own business but also from the particular market as a whole will be taken into account when formulating and presenting the findings. The author will follow a clear line of arguments to make the comprehensive data easy to understand in a transparent way.

4.1 Introducing the sample

The first few questions in the interview-guide (question 1-4 in Appendix 1) were meant to serve as getting some brief background information about the companies. A summary of the answers from each company regarding the background information can be found in Appendix 2. The conclusions made from the background information are that they all seemed to have a role in the company that qualifies them for being a good candidate for participating in the interview, which is good when measuring the quality of the study. Furthermore, they are all relatively very small companies (micro-sized) that are no more than a decade old (Publications office of the EU, 2016). Company C has a different ownership structure than the other companies. The other companies function autonomously whereas Company C shares some employees between the other companies within their group of companies. However, it seemingly does not have any major impact on the findings. Based on what sales channels (business models) the interviewed companies had, they are divided into two groups. Company A, marked in *blue*, will be group 1. Company B, C, and D, which are marked in *pink*, will be in group 2 (Appendix 2). The purpose of the study is to make comparisons between the different business models of the two groups and find out what factors differ between them and investigate why those factors differ. Additionally, the companies' perception of the differences between multichannel retailers and fully digital retailers will be included. In short, fully digital companies' opinions about a multichannel approach will be included in the findings, and the other way around.

4.2 Empirical findings

The empirical findings have been structured into 5 categories. Within these categories, the findings have been further divided into different topics. These topics are later in the analysis referred to as *codes*. Quotes from the interviews will sometimes be used in order to highlight a finding and to elaborate further on its meaning. The first section here is *Characteristics of this sample of companies*, which describes the sample group. The second section, *the companies' perception of the B2C sports nutrition market in Sweden*, serves as a brief market analysis from the companies' perspective to contextualize the findings. Next, *what the companies think about digitalization in their business*, findings related to digitalization will help to explain the market changes and support the reasoning behind answering the research questions. Followed by, *the apparent strengths and weaknesses with the different business models*, which is presenting the empirical data needed to answer the primary research

question about the strengths and weaknesses with the different business models. The last section, *perceived differences in E-commerce between fully and partly digital retailers*, is related to the results of the secondary research question about how E-commerce differs between the business models.

4.2.1 Characteristics of this sample of companies

Resources

A³, **B** and **D** explicitly mentioned that they do not have the resources, in terms of capital and workforce, to be able to make the changes they want to do in their way of operating their business. **C**, who is in a group of companies, did not mention capital or lack of workforce as an issue. However, **C** still had not executed all the changes they wanted to do in their business. When discussing the usability and the design of their website, they say that:

“we could have better design but have not prioritized that at the moment”.

This could indirectly be interpreted as having somewhat scarce resources since they claim it is very important and influences their sales, but they do not prioritize that. Additionally, the companies do not have all the capabilities needed in their own workforce, so they have to outsource activities such as marketing and web design.

Internationalization

Even though all the companies are optimistic about potentially selling abroad, they have a very low degree of internationalization. **A** is the only one of them who currently sells something abroad. Since their physical store is located in Sweden, it does not generate any international sales. When it comes to their online store, they say:

“we sell to Norway, Finland and Denmark too but mostly Sweden, 93% Swedish customers, because the website is not yet translated to other languages”.

D also has plans for expanding their sales to all the Scandinavian countries. They have the capabilities to deliver to these countries, but since they are newly started, they have not yet started their marketing abroad because the platform of the website needs to be updated and translated.

Market trends

What these companies have in common is that they are aware of their market position and that they try to continuously improve their business to adapt themselves to the market. To do so, they seek to spot market trends. They all use statistics and numbers to understand their customer behaviour as well. **A** says that:

“we try to update ourselves on the market, see what is trending and what is demanded”.

They listen to customer feedback, and in their physical store they ask for their customers feedback as well. All of them scan the market on products that could be good for them to include in their product offerings. It works the other way around too, **D** mentions removing those products from their website that are not trendy at the moment. **C** also uses benchmarking as a tool to compare themselves to the bigger and more successful actors on the market. **C** additionally aims at having promotional discounts on the trendiest products in order to generate new customers that way.

Suppliers

None of the companies mentioned anything negative regarding their suppliers. All of the

³ **“A”** stands for company A, **“B”** for company B, **“C”** for company C, and **“D”** for company D.

companies use several different suppliers and it appears to work well. It seems like there are many suppliers to choose from and that it is easy to get what you ask for. With some suppliers, they have a personal contact whereas they buy online from other suppliers. A mix of domestic and international suppliers are being used. Sometimes they mutually negotiate prices and other times they need to adapt themselves to the suppliers' prices and terms. It also seems like there are several different types of suppliers. For instance, **A** claims that:

“we are dropshipping some products which reduces the risk of having inventory that cannot be sold”.

This way, the company is ordering from the supplier once they receive an order from their customer. The order is then sent directly from the supplier to the customer. **B** only uses a few different suppliers. The reason for this is that they are niched to being eco-friendly and they offer fewer different products to the customers, so they have high demands on the suppliers that they have the quality they require. Since **C** and **D** mention having margins of at least 30% (there are no explicit numbers from the other two companies), it seems like they are getting fair prices from the suppliers.

Business strategy

Whether the companies are successful or not shall be unspoken of, both because it is not the purpose of the study, but also because it is difficult to measure. However, all of these companies have a business strategy where they position themselves to try to be unique and competitive on the market in one way or another. Companies **A**, **C**, and **D** all try to offer relatively cheap prices. **B** on the other hand has positioned itself to be differentiated by providing everything they offer to be environmentally friendly. Some of them also have their own products that are unique on the market that either have superior quality, some other benefit, or can be sold for cheaper than similar products. **D** says that:

“we have some unique products with flavours that other companies do not have”.

According to them, this gives them recurring customers and enables them to market something that is different from all the competitors.

Customer demographics

Even though there are some differences between the demographics of the customers from the different companies, what they have in common is that the majority of their customers are interested in some kind of training. **C** says that:

“almost all our customers have an interest in some type of training”

and similar sayings could be identified from the other companies. Also, regarding what the companies thought people associated their brand with, **A**, **B** and **C** said it had something to do with training, whereas **D** pointed out their products instead. When it comes to more details regarding customer demographics, **A** and **D** experience having much more men than women as customers, but contrary to that, **B** for instance had a majority of female customers.

Traffic source

The four companies estimate to have between 64% to 80% of their online traffic coming from mobile devices. Therefore, it could definitely be concluded that the majority of the digital traffic comes from mobile devices. **B** and **C** see an increasing trend, **D** has not been around for more than a year, so it is difficult for them to say. When it comes to **A** however, they say that there is no significant difference in comparison to the previous year. **B** has a hypothesis to why they believe their traffic from mobile devices increase. They say that:

“many people come to our website from social media and they use it on their phone more than their computers I guess”.

Websites

All the companies claim that design and simplistic navigation on the website influence the conversion rate positively. Yet, they all say that their websites could be improved in one way or another. **B** says that they want the website to load faster, they want to add more content, and they want to improve the overall shopping experience. **D** says:

“we want our website to look nice and be easy to use”

but their website is not fully optimized for mobile traffic at the moment. **C** wishes to improve their shopping funnel on the website. Furthermore, **A** wants to translate their website to more languages.

4.2.2 The companies' perception of the B2C sports nutrition market in Sweden

Market competition

The companies perceive the Swedish sports nutrition market to be very competitive, **D** even phrases it as:

“extremely tough competition”.

Some explanations to this are that there are a few big actors that have a very dominant market position. **C** mentions these actors to be the four companies:

“Proteinbolaget, Gymgrossisten, MMsports, and Svensktkosttillskott”.

Besides these actors, there are several small and medium sized companies as well. **A** says that “there is a high turnover of actors on the market, many new ones all the time and many that discontinue their business as well. They are also increasingly competing with international actors that are selling to the Swedish market.

Market growth

C says that:

“It is a trendy growing market”.

The companies agree that some of the reasons for the high competition could be that the market is growing. **A** claims that their drastic increase in turnover during the last year partly can be explained by the fact that the market is growing a lot. Also, the demographics, especially for the physical store, is becoming broader. They are starting to see old people buying meal replacements and supplements, which could be categorized as sports nutrition.

Customer behaviour

A says that there are:

“less recurring customers online, they probably compare prices a lot before buying”.

It seems like **A**, **C**, and **D** had this in mind when configuring their business strategy of positioning themselves as providing attractive prices. When competing against many different actors, it is important to be competitive on the market. This is probably why all of these companies have some kind of products that make them unique because they believe customers to be more loyal to products than to retailers. **B** manages even more to avoid the tough competition by offering all of their products to be completely different from competitors' products, since their products are appealing to a different kind of customer group.

In general, these companies experience the market to be price sensitive. **A** puts it this way:

“It is very difficult to charge premium prices for products that competitors also offer”.

Especially since they feel that customers are comparing their products and prices to other competitors before deciding whether to buy or not. Even though **B** agrees that attractive

prices are important, the situation is somewhat different for them, since they aim at having a niched segment of products that cannot be found anywhere else. Therefore, they figured that they do not necessarily have to compete with prices.

Market barriers

Some of the companies believe that the reason for many new actors is that the barriers of entry are relatively low, this is particularly accurate for the fully digital retailers on this market. It proves that it does not require abundant resources to start this kind of business since these companies are very small and still manage to generate sales without a high initial investment. **B** puts it this way:

“Online sales have lower fixed costs”.

This, in combination with the abundant access to good suppliers makes it easy to start a new business. Additionally, all the companies agree that what separates this market from some other retailing markets is that there are extremely few product returns. **C** says that this reduces the fluctuations in the cash flow, which reduces the overall risk of the business.

4.2.3 What the companies think about digitalization in their business

Digitalization

There are several different ways in which the companies feel the effects of digitalization. **B** feels that more processes are being automated due to digitalization. **A** sees that many competitors are using digital affiliate marketing and they want to do that too. Data is easier to collect nowadays with digital tools and all of the companies are using some kind of statistics to help them with their strategic decision making. All of the companies also claim to outsource activities to other businesses which is becoming easier with digitalization. They also believe that shopping with mobile devices will continue to increase in the future. **B**, **C**, and **D** use so-called “a-b tests” when implementing new changes to make comparisons between different versions before deciding what version to continue to run. It can be concluded that all the companies perceive a steady increase of digitalization.

Sales channels

A thinks that it is important to have the same price online as offline. They also try to do cross promotion between the channels, and they integrate the channels as much as they can. They target similar people online and offline. Even though the customer service experience is different between the channels, they try to make it very good no matter the channel. Since more people are using the digital channels, it is important that the physical channel is congruent with the rest of the brand. **C** also claims that if they had physical stores then they would aim at having good integration between all the channels.

Market adaptation

D claims that:

“there are extremely fast changes in the market all the time, so we have to adapt to the circumstances to be able to compete”.

The companies agree that many factors are changing all the time, the competition changes with new actors on the market, what products that are popular changes, and the customers` behaviour changes too. **A** also points out the importance of being visible on the most popular online websites, such as Google, Facebook, and Instagram. What kind of marketing that works changes over time so you constantly need to adapt to the market all the time.

Online sales

C says:

“I think M-commerce will become even more important in the future”.

Most of the companies believe that E-commerce (including M-commerce) will dominate the Swedish sports nutrition market in the future, in comparison to physical retailing. Even **A**, who has a physical store, only aims at maintaining it the way it is while focusing on growing in the E-commerce department instead. **A** also says that:

“it is easier to scale and automate the business with E-commerce”.

B even claims that:

“we think physical retailing is a dying market”.

Therefore, their perception is that the percentage of online sales of the total sales should increase over time.

Customer habits

When it comes to prices, campaigns and products, the companies feel that the customers are increasingly making a habit of doing comparisons online before buying something. **C** says:

“it is important to have a competitive advantage because customers can easily compare everything online before buying”.

There are many different actors, so it is crucial to be visible and to provide something that the customers demand. **A** says that even in physical stores it is important to have attractive prices and products because the customers in the store can easily make comparisons online with their phones.

Digital presence

Nowadays, the companies feel that they are obliged to sell online and that the website is functional for both computers and mobile devices. Also, **B** says they get a lot of organic traffic from social media, if they would not be active there, they would miss out on reaching those customers. **C** actively seeks out where their target customers are online, and then engages with them there in order to try to convert customers. Digital services are also important to provide, all of the companies try to have good customer service online and integrate tools for tracking orders.

Website design

All of the companies claim that their website’s design and its usability is very important for their business. **A** says that:

“it should be easy to navigate and be optimized for different devices”.

They furthermore say that websites in general are becoming better, so you have to keep up with the development. **B** also implements some storytelling to make the website more appealing. Furthermore, **D** has paid for a quality badge to increase the trust of the website. **C** says:

“we always try to optimize our funnel, to enhance the navigation and speed up the shopping process”.

They want to minimize the number of steps it takes to reach check out.

4.2.4 The apparent strengths and weaknesses with the different business models

Channel specific barriers

D sees benefits with not having to pay for staff that have to work in a physical store. Also, since they are a small business at the moment, they have their warehouse in the same building

as their house, which does not cost them anything extra. **C** agrees that there could be high fixed costs related to running a physical store, whereas most of the costs for a small digital retailer are variable costs. **B** are especially pleased that they do not have a physical store in times like this when the Covid-19 virus outbreak puts a lot of uncertainty on physical sales channels.

Cost structure

C points out that the cost structure of the different sales channels is different but that it is difficult to determine which one is better than the other. For instance, they claim that the variable cost of each product is a bit higher for E-commerce since packing material and shipping costs add up to a substantial amount. **B** also says that it is easier to manage the inventory if being fully digital. Then you do not have to show the customers the real products, but it is enough to have a picture of it. **D** also says that in a physical store you need to pay rent and employee costs whether you get any sales or not, whereas E-commerce is more flexible.

Business model risks

B is very pessimistic about the future of physical stores. However, all of the companies also thought competition on the market as another potential risk. The threat of new international entrants to the market is perceived to be higher online than at the physical retailing stores. Inventory is a different risk as well and the companies think that this risk is higher for physical retailers. However, the companies also point out that the digital market is changing faster and therefore it is important to be fast to adapt to the market. The cost structure also differs, and it is perceived of the companies to be able to increase as well as decrease the size of the business fast if you are fully digital.

Scalability

C says that it could take a long time to open up a new store, whereas it is faster to scale a digital store. It additionally requires a much lower capital investment. **C** also says that faster scalability is connected to higher market reach, which is aligned to what **D** said as well. Especially if you are doing dropshipping that **A** is doing and that **D** is interested in doing, then the scalability goes faster since you do not need to build an inventory before making sales.

Shopping experience

Besides from the personal meeting that **A** describes to be very important in a physical store, there are some additional differences in the shopping experience. **A** furthermore says that:

“a positive thing with physical shopping is that you can touch and see the product before deciding whether to buy or not”.

B says that:

“a disadvantage with online shopping is that the customer has to wait a few days to receive their products”.

However, they are positive about the future of online shopping because they think that very soon most products will be able to get delivered the same day.

The future of physical stores

The reason many of the interviewed companies choose not to have physical stores is because they are pessimistic about the future of the brick and mortar retailing, while they see more opportunities with the growing E-commerce market. **B** even describes it as:

“a dying market”.

Even **A** puts their efforts into growing their E-commerce and they say that if they were to

start over their business today, then they would probably choose to only have digital sales channels.

Window shopping

C says that one of the strengths of having physical stores is because people who walk past it might get interested and go in and buy it, so having physical stores is basically a type of marketing. **D** agrees to that but points out the importance of having stores in good locations, such as malls. However, the rent in attractive locations could be quite costly. **A** also agrees that some of the customers that visit their store only are spontaneously passing by. It is however unclear whether having a physical store also could be a type of marketing for their online sales channels too.

Market reach

The companies think that it is easy to scale their business with online channels. Both when it comes to spreading to all of Sweden, but also when attempting to internationalize. **A** has some sales in other countries too and they think that E-commerce is a safe way of testing your business in other countries without having to make a big investment. **C** thinks:

“it is riskier and more complicated with opening up physical stores in comparison to E-commerce”.

They prefer to operate in the small city in Sweden where they are located and reach all Sweden with their digital channels instead.

Personal connection

B says that

“the only thing we are missing out on with being fully digital is the personal meeting and getting to know the customer”.

There are still certain customers who prefer a face to face meeting when buying something. **A** says that one of the strengths of having the physical store is that they really get to know their customers and they also get a better understanding of which products are demanded. They believe it is easier to give good customer service in their physical store, whereas it is a bit more challenging online.

4.2.5 Perceived differences in E-commerce between fully and partly digital retailers

Expertise

A feels that:

“it requires a lot of resources to run an online store and a physical store at the same time”.

They additionally say that if it was not for the physical store, then:

“we would have more resources to put on improving the website”.

C says that the reason for not having physical stores is partly due to the fact that they want to focus their expertise fully on E-commerce instead. The different sales channels require different capabilities. Therefore, it is easier to master one of the channels before introducing another one. **B** feels that physical stores are a dying market in the long run, therefore they wish to focus on becoming good at managing digital stores instead.

Cross channel coordination

According to **A**:

“it is free marketing for the brand when people are walking past the physical store,

then they might become curious and check out the online store”.

A also uses social media and their newsletter to promote both physical and digital sales channels. **C** claims that they would also have some kind of cross promotion strategy if they had a physical store too:

“if we have events in our physical stores, we promote that on both channels”.

C would furthermore aim at making the channels as integrated as possible, and for instance encouraging buying online and pick up in stores if they wanted to.

Brand congruence

A claims that they try to have good customer service with friendly personal conversations in their physical store, but they believe that it is difficult to replicate this capability to their digital store. They are also able to offer a wider range of different products online, which potentially could disappoint customers visiting the physical store. Also, the store is slightly more positioned towards those who want to buy training equipment because many customers want to try or feel it before buying, thus it is easier to do so in a physical store. They are however aware that positioning the brand differently between the physical store and the online store could decrease brand congruence and complicate the business strategy.

Brand awareness

D believes physical stores would boost the brand awareness and that it would potentially increase the number of website visitors as well. They also claim that it is easier to have an online store and that it is more likely to succeed for newly started companies like themselves. **B** agrees that it would be good for the brand awareness to have physical stores, but since they are so niched, they feel that they would not get any spontaneous so-called “window shopping customers”.

Customer location

As **A** says, some of the customers they have from their physical store seem to shop from them online too. This can be determined by the fact that they have more sales in the geographical area where they are located. This could partly be explained by the physical store being marketed and instead of visiting the physical store, some customers buy online instead. Furthermore, **D** had a physical store before, and they still experience having most of their customers coming from the area where the store used to be located.

Synergies

Judging by the answers from the companies, there could potentially be some synergies or spill over effects between a company's physical store and their online store. A company with a physical store in general naturally has more customers to their online store in that geographical area too, in comparison to other geographical areas. It is however not entirely possible to determine in which direction the spillover effect is happening. In other words, it is strenuous to make any conclusions whether the benefits in the online store are at the expense of the physical store or not. **A** also sees it as a synergistic effect that they have their warehouse for both their digital and physical sales channels just next to their physical store. Then the employees can work on the online store while no customers are in the physical store. **A** also says that the order values are higher from online sales, probably because:

“it is easier to buy many things since they do not need to carry them”.

Then when their customers that are somewhat loyal to their physical stores want to buy many products at once, they can choose to do so online instead.

5. Analysis

This part of the thesis is dedicated to analysing and comparing the theory from the literature review with the findings from the empirical data. The similarities and differences between the empirical data and the literature review will be discussed and conclusions from the analysis will be made. If the empirical data and literature review contradict each other, then potential underlying reasons for this will be explained. The structure of the *analysis* is inspired by the structure of the *results*. There are small differences in the headings, but the content is very similar. The only major difference in structure is the first section of the analysis, where the first two sections of the results are merged to one here in the analysis. The reasons for this are that they are highly connected and are better represented and analysed together. The process of the thematic analysis will be displayed by figures where the codes, first order themes, second order themes, and the specific research category will be illustrated. The first section of the analysis is *the sample group and their market*, the second is *market changes and digitalization*, followed by *strengths and weaknesses with the different business models*, and lastly, *differences in E-commerce between the different business models*

5.1 The sample group and their market

A thematic analysis was derived from the empirical data in each of the sections in the results. Many first order themes were identified which in turn led to concluding second order themes. Regarding the characteristics of this sample of companies, the second order theme was that it was “micro companies with scarce resources that are reactive to the market environment and try to obtain some kinds of competitive advantages”, see Appendix 3 for the full thematic analysis. More about the characteristics of this sample of companies can be seen in *limitations of the study*. Regarding the next research category, the companies’ perception of the B2C sports nutrition market in Sweden, the full thematic analysis can be seen in Appendix 4. The second order theme was that it is a “growing competitive market with high rivalry and the customers actively seek attractive prices on the demanded products rather than being loyal to a single retailer”.

As could be concluded from the results, all of the studied companies in the sample group were micro-sized. Moreover, the study group’s perception that the market is growing can be verified with existing market statistics presented in the background section. The growth trend in the companies’ market has in the last couple of years been 5-9% (Svensk Egenvärd, 2019). Additionally, E-commerce grew 13% in Sweden 2019 (E-commerce News, 2020). Then the logical conclusion out of the empirical data in conjunction with the statistics from the two sources would be that there is a positive growth trend for E-commerce in the Sports nutrition market. This conclusion is likely to be true since three variables are pointing in that direction, but it cannot be determined with full certainty.

The fact that the sample group had very scarce resources could have been a contributing factor to them being pessimistic to using a multichannel sales strategy. One of the main drivers for using a multichannel strategy is to give more flexibility to the customers (Lewis, Whysall & Foster, 2014). However, this might only give a small marginal extra customer benefit. Being a small company, it could make sense to grow in a specific area, such as in their digital channels, before optimizing their business strategy and gain additional market shares with the help of a multichannel strategy. The same reasoning goes for internationalization, that focusing on expanding globally might not be a priority for a small

business. The companies might know their domestic market better and there are also generally less obstacles for doing business in a company's home market. If it is not completely necessary for the survival of their business to have a multichannel strategy, then the extra investments needed for that might not be worth the risks. Due to the market conditions and the customers' demands, it could be concluded that it makes sense to complement physical stores with digital channels as well. However, this does not necessarily mean that it makes sense to complement digital sales channels with physical stores too (Stojkovic, Lovreta & Bogetic, 2016). Some of the drivers of E-commerce are related to innovation and better technologies (Laudon & Traver, 2019). At the moment, no such innovative drivers that have the same impact on the business can be seen in physical stores.

The companies' perception of the tough market competition and low barriers for market entry is likely to be true. The low amount of product returns in this industry is probable to be especially veracious for the digital sales channels (Postnord, 2020). Low product returns enable a steady cash flow which mitigated the financial risks. The ample access of adequate suppliers also lowers the barriers for market entry. When starting a digital retailing business, the website's design and usability highly influence the conversion rate and the success of the business (Rodríguez-Torrico, San-Martín & San José-Cabezudo, 2019). Therefore, it is crucial to have a well-functioning website to enter the market. According to the empirical data, it is easy to outsource those activities needed to develop a website and that also lowers the barriers of market entry.

As Stonehouse and Snowdon (2007) explain about competitive advantages, the companies seem to position themselves on the market to gain some kinds of attributes that enable them to become superior over the competitors in some way. Whether these competitive advantages are sustainable or not remains to be seen. It appears that **B**, who is positioned to be environmentally friendly, has the most sustainable strategic competitive advantage. This is because they have incorporated their whole brand and value chain in a specific niche that requires a lot of efforts for competitors to copy (Wen-Cheng, Chien-Hung & Ying-Chien, 2011). However, due to the fierce competition, it could still be challenging for smaller companies to sustain competitive advantage for long since companies with more resources are competing with them. Porter and Millar (1985) explain **B**'s market positioning approach as a distinct differentiation strategy, whereas the other 3 companies are using a mix of differentiation strategies and cost advantages. However, judging by the empirical findings, **B** would only be able to charge premium prices on their products if their products cannot be found elsewhere from other competitors. Keep in mind that how they position themselves on the market can only be considered a potential competitive advantage if it matches both the company's resources and capabilities (Omerzel, 2011). For instance, no matter how well a company positions itself on the market, it does not matter if not being able to market itself and reach customers. Also, these identified competitive advantages are only those that have been covered in the empirical data. The companies could still have additional competitive advantages that could benefit their business, but these have not been identified because they are not within the scope of the purpose of the research.

5.2 Market changes and digitalization

The research category *what the companies think about digitalization in their business* aimed at understanding how digitalization was changing the market environment. The second order theme that was concluded from here was that "digitalization is definitely affecting how the

companies are operating their businesses. They need to keep up with the increasing digitalization to stay competitive on the market and to meet the customers' needs".

Digitalization has had a big impact on transforming the retailing market (Sundström & Egels-Zandén, 2016), and this could also be seen from the empirical data. The companies are using a lot of technology when running the digital part of their businesses and they are actively trying to meet the customer's demands of digital presence. Internationalization can be seen as a double-edged sword for the retailers. Internationalization and global trade are steadily increasing (Xue, Li & Pei, 2016). Parts of this market transformation could be explained by digitalization. On the one hand, some of the tough competition is due to an increasing presence of international actors. On the other hand, the results show that the companies in the sample group are seeing great opportunity in internationalizing and scaling their businesses abroad. The market changes seem to be happening relatively quickly. Therefore, it is important that the companies continually apply business model adaptation to do the adjustments in the business model necessary to fit the changes of the market environment (Teece & Linden, 2017). Hamel (2000) does a visual representation in Figure 3 about the components of a business model. It could be concluded that basically all of these business model components are either directly or indirectly influenced by digitalization.

The increasing popularity in digital sales channels, especially lately for mobile devices, could be explained with the help of the *Technology acceptance model* (Figure 2). When looking at the model, external variables such as the widespread use of digital sales channels and the fact that it is socially accepted positively favours the perceived ease of use and the perceived usefulness (Davis, Bagozzi & Warshaw, 1989). Subsequently, these variables influence the attitude towards using the technology for digital sales channels. If customers have a good attitude towards it and perceive it to be useful for them, then their behaviour changes to the intention of using the technology, which finally results in the technology being used. These factors seem to be favourable for the usage of digital retailing technologies. Because both the literature review and the empirical findings suggest that there is a growth trend for digital retailing. Higher usage of mobile devices in combination with great efficiency and spontaneity are some explaining factors for its emerging success (Salimon et al., 2017). When interpreting why the companies are pessimistic about physical stores one key contributing factor to this could be the many benefits of the digital sales channels. Nobody knows exactly how the market will look like in the future, but the findings line up to the conclusion that digitalization will continue to have a big impact on the market.

Since digitalization triggers customer behaviour changes, the companies seem to have had that in mind when deciding which sales channels to use (Sundström & Egels-Zandén, 2016). Even **A**, that today has a multichannel strategy, said that they would only focus on digital sales channels if they were to start over today. A speculation could therefore be that many of the new-born companies in this market would be fully digital, especially if having scarce resources. As previously mentioned, all of the companies except for **B** who differentiates itself instead, focus on having relatively low prices. This makes sense since the companies claim their customers to be price sensitive and that they are not loyal to specific retailers. Also, theory suggests that many customers are making price comparisons online before deciding whether to buy a product (Mäenpää & Korhonen, 2015). Then it is even more important to offer attractive prices. Another thing that digitalization has contributed to, that was not elaborated on very much in the results, is how easy and increasingly secure it is to make payments with digital channels (Madlberger & Matoon, 2017). Especially in a country like Sweden with a mature M-commerce market (in terms of traffic), the customers probably

trust digital sales channels more than developing countries do since they already are familiar with the technology (Statista, 2019d).

5.3 Strengths and weaknesses with the different business models

This section aims at answering the primary research question: *what are the strengths and weaknesses of fully digital retailers and multichannel retailers on the sports nutrition market?* The full thematic analysis that was derived from the results can be seen in Appendix 6. Overall, there were many similarities between existing theory in this research area, and what could be concluded from the empirical findings. However, there were some differences as well. Not that the findings contradicted each other, but rather that additional findings were found that were not backed up by both the results and the theory. Furthermore, it should be taken into account that the literature findings were general theory whereas the empirical findings were specific to the Swedish sports nutrition market. To get an overview of all the strengths and weaknesses with the different sales channels that were identified from the theory and the results, two SWOT frameworks will be presented. With the SWOT framework, instead of just looking at current strengths and weaknesses, one can additionally analyse opportunities and threats which in the future potentially could be converted to strengths or weaknesses. Therefore, the answer to the research question becomes very comprehensive since it is looking at the existing situation as well as how it might look like in the future. Additionally, both internal and external factors are taken into consideration when making conclusions.

The results provided 9 first order themes in this research area, which contributed to concluding 3 second order themes (Appendix 6). Firstly, “A multichannel strategy requires more resources, but physical stores could attract people passing by to be converted to customers. It is also good for customer service and personal connection, but it has higher fixed costs and might have a challenging future. At the same time, it has many of the benefits of digital stores”. Secondly, “A fully digital retailer generally has lower barriers for entry and is able to scale its business more quickly. It is easy to keep costs low and it seemingly has a bright future unless the competition gets too tough”. Lastly, “Some factors could be strengths or weaknesses depending on how they are contextualized”.

Let's begin the analysis of this section by solely focusing on the strengths and weaknesses of fully digital retailers, before moving on to multichannel retailers. Digital shopping is nowadays socially accepted in developed countries. A digital retailer has the opportunity to reach a large market without having to invest a lot of capital (Laudon & Traver, 2019). Thus, the barriers of market entry are lower. In general, online retailing transactions can be seen as secure, especially in a developed country like Sweden, and it is possible to reach a big part of the Swedish market by only having digital sales channels (Madlberger & Matook, 2017). Although the shopping experience differs between physical and digital channels, a lot of people actually prefer E-commerce over visiting physical retailing stores. Not only are digital stores open 24 hours a day, with mobile devices you can conveniently and efficiently shop wherever is suitable for the customer (Sultan, Khan & Khan, 2016). A summary of all the findings from the theory and the empirical results that are related to strengths and weaknesses of digital retailers on the Swedish sports nutrition market can be seen in the figure below.

Fully digital retailer

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> +Not geographical dependant +Low product returns +Automated shopping all day round +Time efficient shopping +Personalized marketing +Focused expertise +Simple inventory management +Strategic flexibility +Easy to outsource activities +Plenty of good suppliers 	<ul style="list-style-type: none"> -No personal connection -More challenging customer service -Website design is of high importance -Can not touch and see the product -Expensive shipping
<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> +Expansion of online sales +Optimistic future for E-commerce +Growing market +Low barriers for market entry +Good market reach +Relatively easy to internationalize +Good scalability +Digitalization and improving technology +Increasing dropshipping solutions 	<ul style="list-style-type: none"> -Some customers do not perceive it as secure -Requires technological devices and internet connection -Increasing competition -Customers are generally not loyal to retailers -Price sensitive customers

Black=Finding from theory and results combined, Brown=Finding from theory only, Indigo=Findings from results only.

Figure 5: SWOT analysis: Fully digital retailer
(Created by the author)

The overall conclusion from the figure is that the strengths and opportunities seem to outweigh the weaknesses and threats. The findings in the figure with black colour have the highest validity since they are backed up by the results and theory. However, the rest of the findings that are coloured brown or indigo should definitely not be neglected since they still seem credible even though these findings only were found in either the theory or the results. The consensus from the results was also that E-commerce has a bright future and has not yet reached its peak in popularity. Perhaps the biggest threat to E-commerce on the sports nutrition market is the increasingly tough competition. However, since there are so many apparent benefits of being a fully digital retailer on this market, it is logical that many actors want to enter this lucrative market. After all, the low barriers of market entry triggers new actors to try to gain market shares and they all try to achieve some kinds of competitive advantages. That results in many actors having minor competitive advantages, but few companies can obtain any significant sustainable advantages. Which leads to a customer behaviour where the customer switches between different actors and they end up not being loyal to a single one since there are so many good ones, that differentiates themselves, to choose from. It remains to be seen whether the increasing digitalization in our society will trigger even more benefits for fully digital retailers.

Now, over to analysing the strengths and weaknesses of the other business model. When it comes to multichannel retailing, the sample group was a bit more sceptical to this approach in comparison to being fully digital. The consensus was that there are many possible synergies between physical and digital retailing channels but there are also a lot of obstacles for becoming successful with this strategy and it requires more resources. However, the total market is bigger for multichannel retailers since it captures both physical and digital shoppers. Research suggests that there is great potential for multichannel retailing but only if the channels are highly integrated (Chiou, Chou & Shen, 2017). When creating the SWOT

framework for multichannel retailers, only factors that are unique for a multichannel approach were included since many factors overlap with the framework for fully digital retailers. The figure below displays the SWOT framework for multichannel retailers.

Multichannel retailer	
<p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none"> +Alternative shipping methods +Personal customer connection & feedback +Increased brand awareness +Channel diversification +Up to the customer to choose preferred channel +Physical stores are a type of marketing +Possible cross channel promotion 	<p style="text-align: center;"><u>Weaknesses</u></p> <ul style="list-style-type: none"> -Challenging brand congruence -The channels could compete with each other -Requires highly integrated sales channels -Requires a significant initial investment -Relatively high fixed costs
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> +Potential synergies between channels +Wider market (targets digital and physical shoppers) +Multichannel shoppers buy more in total 	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> -Potentially bad future for physical stores

Black=Finding from theory and results combined. Brown=Finding from theory only. Indigo=Findings from results only.

Figure 6: *SWOT analysis: Multichannel retailer*
(Created by the author)

As could be concluded from the figure, there are several potential strengths with a multichannel strategy. Thus, having physical retailing stores could definitely be a viable option for Swedish sports nutrition retailers. One of the strengths of multichannel retailers is that the customer can visit a physical store to touch and see the product if he wishes to (Lewis, Whysall & Foster, 2014). However, it is questionable whether it actually is providing any additional value to the customer if he can touch or see the product when it comes to sports nutrition products. It is not something that necessarily needs to look good or to fit well since it is something that is being ingested. Surely, in some rare instances, the retailer could offer taste samples, but it was nothing that was identified from the results. What potentially could be added to the figure is that the retailer could host events in their physical store and thus achieve synergies, cross promotion offerings, and increase the brand awareness. However, this is just the author's reasoning and nothing that was concluded from the actual study. Another implication to multichannel shopping is that it is difficult to track the customer behaviour (Chiou, Chou & Shen, 2017). This is not necessarily a weakness in itself, but it is possible that running a multichannel business requires greater knowledge of the complex customer behaviour. This is because it could be unknown whether the physical and digital sales channels that a multichannel retailer have is competing with each other or not.

It is not possible to make a general conclusion that fully digital retailers are superior to multichannel retailers, or the other way around. What could be said though is that from what could be found in both the theory and the results is that both a multichannel strategy and a

fully digital strategy seem to be more beneficial on the Swedish sports nutrition market in comparison to having only physical stores and no E-commerce at all.

In short, the answer to the primary research question is that there are many different strengths and weaknesses that are unique for retailers on the Swedish sports nutrition market that are fully digital and those that are partly digital. Figure 5 and 6 provide an overview of the answers to the research question. Since there are strengths and weaknesses to the different sales channels, a company should have its business strategy as well as its available resources and capabilities in mind when deciding if they should be fully digital or if they should have physical stores as well. Additionally, the retailer should choose the business model with the most attractive cost structure for them. As well as think about what kind of shopping experience one wishes to offer to the customers. The sample group seemed to have good awareness of the strengths and weaknesses of the different sales channels. Therefore, it is likely that they made a strategic decision of which sales channels to use depending on their unique position on their market, in hope of obtaining competitive advantages. Some of the main reasons for being sceptical of having physical stores was due to scarce resources as well as they saw more strengths and benefits with the digital sales channels.

5.4 Differences in E-commerce between the different business models

The purpose of this section is to make an in-depth analysis of the research category *perceived differences in E-commerce between fully and partly digital retailers* and compare it to the theory in the literature review. The analysis should then be able to comprehensively answer the secondary research question, namely *how does E-commerce differ between fully digital companies and partly digital companies on the Swedish sports nutrition market?* The full thematic analysis that was derived from the results can be seen in the figure below, the logical order of the analysis is from the left to the right.

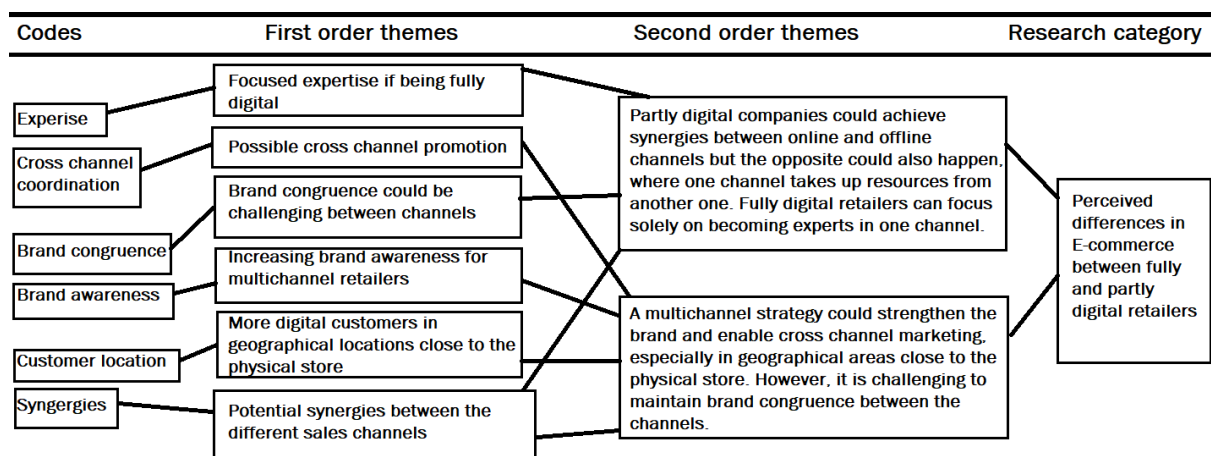


Figure 7: Thematic analysis from the results of section 4.2.5. (Created by the author)

As can be seen in the figure, the empirical data provided plenty of findings, both first order themes and second order themes, in regard to answering the differences in E-commerce between fully digital retailers and partly digital retailers. However, not so much theory from the literature review could provide a direct and comprehensive answer to this question. For

that reason, the literature review will serve as a way of contextualizing the empirical findings as well as be used as a tool to determine the credibility of the results. In short, the empirical findings suggest that it could either be synergies between the channels with a multichannel approach, which is beneficial for the business, or the different channels could potentially thwart each other.

In order to gain competitive advantages, companies need to strategically use their resources and capabilities to become unique in some way (Omerzel, 2011). The way to operate a multichannel strategy differs from a fully digital strategy in multiple ways. Therefore, these different approaches require different resources and capabilities. The empirical findings that being fully digital enables one to have a focused expertise thus seem logical. If two companies have the same resources, then the company that focuses all its resources in one area is more likely to become successful in that area in comparison to another company that diversifies its resources. Overall, multichannel strategies require more resources (Stojkovic, Lovreta & Bogetic, 2016). This reasoning concludes that fully digital retailers are more likely to become skilled in E-commerce in comparison to a similar company that has both E-commerce and physical stores as sales channels.

There is however one thing that contradicts this conclusion. As mentioned in the results as a strength for multichannel strategies in comparison to fully digital actors, they seem to have a better personal connection with their customers and therefore get to know them better. By interacting face to face with customers, they could acquire insights in their shopping behaviour, as well as get feedback on their products and on their website. It might be possible to get similar results from digital shopping, but the companies perceive this as more difficult. As can be seen, there are definitely differences in factors related to E-commerce between the channels. It is difficult to rank and determine the value of the strengths and weaknesses. It also depends on how well the companies are able to make use of the potential advantages that the strategic differences offer. If there is no connection between the physical store department and the E-commerce department of the business, then these potential advantages are not transferred to anything meaningful.

Another difference is the way the customer receives their products after an E-commerce purchase. Not all multichannel retailers offer this service, but some of them allow customers to buy something online and then pick it up in the store when they want to (Lewis, Whysall & Foster, 2014). Since some customers demand this function, it can be seen as an advantage for multichannel retailers. It also makes the customers experience both channels and they are exposed for more marketing which potentially could lead to additional purchases. As seen from the empirical findings, some multichannel retailers could desire to do cross channel promotions between digital and physical sales channels. Obviously, this is something that does not occur for fully digital retailers since they cannot promote their own physical stores since they do not have any. However, a multichannel retailer might compete with its own different channels, which potentially could lower the amount of sales on E-commerce because some customers might choose to buy something in their physical stores instead. This is aligned with what the empirical findings suggest, that when it comes to multichannel retailers, E-commerce is overrepresented in geographical areas near where the physical store is located.

Even though the brand awareness for multichannel retailers might be higher due to more people being exposed to it, it is challenging for them to have brand congruence between the different channels (Chiou, Chou & Shen, 2017). Fully digital retailers do not have to adapt their E-commerce to be congruent with their physical stores, which makes them more flexible

in the way they want to position themselves and how they want to change their business. Multichannel retailers need to always cooperate with their physical channels and there are both strengths and weaknesses in this as described in the previous section. Even though fully digital companies can operate with lower fixed costs and are generally more flexible, multichannel retailers could have some additional synergies between their channels that influence their E-commerce. If a multichannel retailer has an abundant storage of a specific product, then this could be promoted across the different channels to reduce the risk of waste products.

Conclusively, there are generally many direct and indirect differences in E-commerce between fully digital and partly digital retailers on the Swedish sports nutrition market. Here comes a short summary to the answer of the secondary research question. Fully digital retailers are more strategically flexible when it comes to their E-commerce, since they do not have to congruently position themselves in line with their physical stores. Thus, they seemingly become more agile. However, multichannel retailers have the capability to use cross channel promotion on their E-commerce to assist the marketing of their physical stores. Moreover, fully digital retailers can put all their expertise in becoming knowledgeable in E-commerce, whereas a multichannel retailer has to use more resources to master both digital and physical retailing. However, multichannel retailers apparently have more customers from their E-commerce in geographical areas close to the physical stores. Furthermore, the cooperation between a multichannel company's physical stores and E-commerce could either contribute with beneficial synergies for the business or become an obstacle if the different sales channels are not integrated with each other. For instance, sharing inventory between the different channels could either be a benefit or an obstacle depending on how the different sales channels are cooperating with each other. Lastly, a multichannel retailer could offer some of the benefits of physical stores on their E-commerce. For instance, the customer could buy something online and then go to the physical store and pick it up whenever he wishes. This way, he does not need to wait for the product to be shipped to him before receiving it. If a multichannel company's channels are highly integrated, the customer could also return something that was bought online to the physical stores, which could boost the overall shopping experience.

6. Conclusions

Here, the author's final words about the study will be presented. Conclusions about the study as a whole will be made, as well as presenting the main findings. This section is structured by first answering the research questions, followed by explaining the limitations of the study, finishing with proposing relevant future research.

6.1 Answering the research questions

In order to survive in the highly competitive market, the companies need to continuously use business model adaptation to see over their sales channels and additional components of the business model to be competitive on the market. Even though they seem to have been quite reactive to the changes in the market lately, they are still somewhat proactive in the way most of them position themselves for a more digital future. The research questions were answered with the empirical data in combination with the literature review. Many themes were identified in the process of the empirical data analysis. These themes seem to be valid because they sound reasonable when compared to the literature view. Also, most of the time the different companies' statements were very similar to each other. The wide literature review contributed to making it possible to look at the findings from a helicopter perspective to see if they made sense. The author aimed at looking for connections between the findings and the existing theory as well as understanding the underlying reasons for the existence of these connections.

The answers to the primary research question, regarding strengths and weaknesses of the different business models, could be found both in the literature review and in the empirical findings. When these findings were compared, it turned out that they were relatively similar to each other overall, even though there were some differences. A summary of the answers to this research question is illustrated in figure 5 and figure 6. In short, there are strengths and weaknesses with both of these business models and each company needs to decide which business model suits them best depending on the certain circumstances in their business environment. Therefore, no general conclusion whether one business model always is superior over the other one could be made.

When it comes to the secondary research question, how E-commerce differs between the different business models, it was difficult to find any accurate and clear answers only by looking at existing literature. The good thing was that the empirical data with support from the literature review finally gave a sufficient answer to the research question. The theory helped to evaluate the credibility of the empirical findings and to contextualize them. Many differences in E-commerce could be identified between the different business models, these can be seen in section 5.4.

Let's summarize the conclusions made from the analysis of the research questions. The strengths and weaknesses of the different business models have mostly been separated from each other so far in this thesis, but what are the general conclusions if these two business models are being compared? There are some implications to both being fully digital and having a multichannel strategy for the retailers or the Swedish sports nutrition market. The findings are complex and what business model that is best suited for a specific company is determined by what resources and capabilities they have, what risk they want to take, and what business strategy they want to pursue. Being a multichannel retailer requires great

expertise in both digital and physical sales channels, as well as being able to integrate the channels to each other. Therefore, it might be a wise for smaller companies with scarce resources to focus on at least initially being fully digital, because it seems to be a lower risk overall since the cost structure is flexible and it is easy to adjust the variable costs. The exception to this would perhaps be if a retailer finds a location that seems to be very beneficial for physical stores with low competition. The author believes that there is a good risk-reward to being fully digital since it is possible to scale the business very fast if everything goes well. The potential of multichannel retailers is also big, but it is more challenging to succeed. Everything has to be synced between the channels, both when it comes to how to retailer is positioning themselves on the market, but also how the management is cooperating and operating the business. If a retailer has relevant expertise, is willing to take bigger risks, and has abundant resources, then a multichannel strategy could be to prefer over being fully digital. There are synergies that could be achieved between physical and digital channels. However, it could be said that it is more difficult to execute a multichannel strategy but if the synergies between the channels are achieved then that could definitely contribute to having a competitive advantage on the market. Conclusively, being fully digital seems to generally be easier and if a retailer is using a multichannel strategy then the management must really know what they are doing in order to be able to become successful.

All in all, the author thinks the findings and conclusions are reasonably valid and there were no major surprises in the findings along the way of the research process. Nevertheless, it should be taken into account that the data collection phase was done during a global virus outbreak. It remains unclear how this affected the answers from the companies. Time will tell how this Covid-19 virus outbreak influences the market in the future. Perhaps it will even speed up the digitalization transformation. The author also believes that this market is highly influenced by different trends in society. Additionally, if there is a movement towards an increasing health and fitness interest among the population, then this market will most likely grow even quicker.

6.2 Limitations of the study

The results would most likely have differed a bit if the sample group of companies would have been different. Out of the 14 companies that were given the opportunity to participate in the study, only 4 agreed to be interviewed. The companies that were asked to be a part of the study but did not participate, had some different reasons for that. A few did not answer at all, others had a policy to not engage in any types of school projects, and the rest blamed it on lack of time. Also, during the time of conducting this research, the market looked a bit different than usual and some of the employees of these companies worked from home because of the covid-19 virus outbreak. Most of the companies on this market have had an increase in demand while having less employees being able to work. That led to a stressful situation for these companies and therefore, unfortunately, many of them declined being interviewed. It turned out that the interviewed companies were more or less the smallest companies of all of them, whereas the bigger ones declined participating in the study. There are many aspects of operating a business that change as the business grows bigger in size. Therefore, it should be taken into account that these companies are much smaller than the average company operating on this market. Hence, the results might not be accurately representing the market as a whole. If the sample group better represented the actors on the market as a whole, that would most likely increase the validity of the results.

A thorough market analysis on this specific market was difficult to find in the existing literature. The collected empirical data gave good insights into how the market looked like from the companies' perspective. It shall be taken into account however that this was just their perception of the market and it might not completely represent the market as a whole. The interviewed company representatives seemed to be competent in what they were saying. However, the author suspects that some of them did not have long enough experience to be considered experts in their field. Even so, the findings as a whole seem to be credible. Also, due to privacy reasons, the companies involved in this research chose to be anonymous

It shall be taken into account that the findings from this study are just a snapshot of how the current market looks like, but it could perhaps be completely different a few years from now. As the interviewed companies said themselves, the market is changing quickly, and digitalization is likely to continue to reshape the market and make it evolve. Additional limitations of the scope of the study is the one semester time frame that the author is restricted to complete the research in. Having more time and resources available would mean a longer and more in-depth study and that would most likely lead to more accurate and profound results. Lastly, face-to-face interviews was the initial idea of the empirical data collection but had to be changed to phone interviews.

6.3 Future research

This study was mainly investigating the strengths and weaknesses of fully digital retailers in comparison to partly digital retailers. A lot of focus was put on understanding the changing market environment due to digitalization and on identifying the differences of the different business models' E-commerce. The author could barely find any existing in-depth research in the area of sports nutrition retailing, only statistics. It would be interesting to investigate how the sports nutrition market differs from other markets. If anyone wishes to do further research in this industry, this thesis can be used to get a better understanding of the market, especially the Swedish market. It could also be interesting to compare the results of this study if another study would be conducted with only large companies, since all the companies in this sample group were very small. Furthermore, none existing study had the exact research purpose as this study. That means that it is difficult to compare the findings with another similar study. The author therefore encourages others to verify these research findings by testing them with a quantitative approach.

Instead of doing a comparative research study, one could do a case study of a sports nutrition retailer to more extensively understand their strategic reasoning behind the choice of what sales channels to use. Additionally, instead of using the companies' perception of their resources and capabilities like this study did, having more knowledge and insights about the company would probably lead to more comprehensive and precise results. Additional future research, similar to the purpose of this study, could be to analyse if certain types of retailers have more benefits of pursuing a multichannel business strategy than others. This could for instance be to a specific industry or to a particular size of companies.

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Appendix

Appendix 1.

Interview-guide

***Questions regarding background information (for group 1 & 2)**

- 1. What is your role at the company and which are your areas of competence?*
- 2. What's the approximate size of your company? Alternatively measured in turnover & employees.*
- 3. When was your company founded?*
- 4. Do you only sell products online or offline too, has it always been like that?*

***Questions regarding information for the analysis (for group 1 & 2)**

- 5. How do you position yourself on the market (low cost or differentiation for instance)?*
- 6. Would you say you have a strong brand and what do you think people associate with it?*
- 7. Could you briefly describe your customers' demographics, and do you only sell in Sweden?*
- 8. What would you say are your competitive advantages on the market against competitors?*
- 9. Would you say it is tough competition on your market?*
- 10. What do you do to build trust online (and offline)?*
- 11. How does the relationship between you and your suppliers look like?*
- 12. How do you think your website's usability and design influence online shopping and what have you done to make it good?*
- 13. What differences do you see between customers visiting your web shop via phone/tablets versus via computer?*
- 14. How has the amount of traffic from mobile devices changed in comparison to the amount of traffic from desktops in the last year?*
- 15. What do you think are the strengths, weaknesses, opportunities and threats with only using online sales channels, and how do you think that differs from a multichannel strategy?*
- 16. How do you think your industry differs from others in terms of e-commerce?*
- 17. What do you do to innovate and continuously improve your e-commerce? And how do you implement new ideas?*

18. *How do you reach your customers (marketing)?*
19. *Why do you/ do you not have physical stores?*
20. *How do you think digitalization is impacting your business?*
21. *If not already mentioned, could you briefly describe your business strategy/mission and the reasoning behind it?*
22. *How do you think your E-commerce would have looked like if you had/ did not have physical stores?*
23. *Are you planning on using the same sales channels in the future?*
24. *Could you share with me some numbers and statistics regarding your E-commerce? For instance, average order value, conversion rate on the website, customer satisfaction, recurring customers, amount of up sales, and your margins?*
25. *Would you like to add anything you think might be of relevance for my research, or do you think I might have missed anything in the interview? Or do you have any additional recommendations to others for improving their E-commerce in this industry?*
-

***Questions related to physical stores (only for group 1)**

26. *How does the shopping experience differ online from offline?*
27. *Is your price and supply of products the same online and offline?*
28. *How do the numbers and statistics differ online from offline? For instance, average order value, conversion rate on the website, customer satisfaction, recurring customers, amount of up sales, and your margins/profitability?*
29. *How has the volume of sales changed during the last year between online and offline?*
30. *Do you target the same people online as offline & how does the marketing strategy differ?*
-

Appendix 2

Background information of the companies

What is your role at the company and which are your areas of competence?

A-My duty is mainly regarding the economy. However, since we are a very small company, I am doing many other things too. For instance running the physical store and helping with E-commerce.

B-I am the owner and highly involved in the business. My duties are related to the economy of the company, controlling the business, handling inventory and logistics, as well as the staff.

C-I am the CEO so I am knowledgeable about most things in the business. Previously, my duty was E-commerce but now, since 2 years back, I am responsible for everything.

D-I am the CEO but I have another job as well. I am involved in and have competence in most of the business, besides from marketing and web design.

What's the approximate size of your company? Alternatively measured in turnover & employees.

A-We are just 2 full time employees, outsourcing a bit of marketing but besides from that we do everything. The turnover in 2019 was approximately 5 million SEK.

B-We currently have 3 employees and the monthly turnover is about a few hundred thousand SEK.

C-We are a part of a group of companies but with our own brand. Some of the management and logistics are shared between our different companies. But measured in full time employees, for only our company, you could say that it is 5. Last year's turnover was 11 million SEK.

D-We are 2 people working part time. Approximate monthly turnover is less than 50000 SEK because we recently started.

When was your company founded?

A-We were founded in 2014, I joined the company in 2015.

B-Approximately 3 years ago.

C-in 2010 but we got acquired by a conglomerate in 2014.

D-We bought the company 1 year ago. Before it was a physical store and now online E-commerce.

Do you only sell products online or offline too, has it always been like that? (have as 1st question?)

A-Initially, we only had a physical store, then we began selling online too. After that we actually opened another store that we later closed. So today we have one physical store and E-commerce.

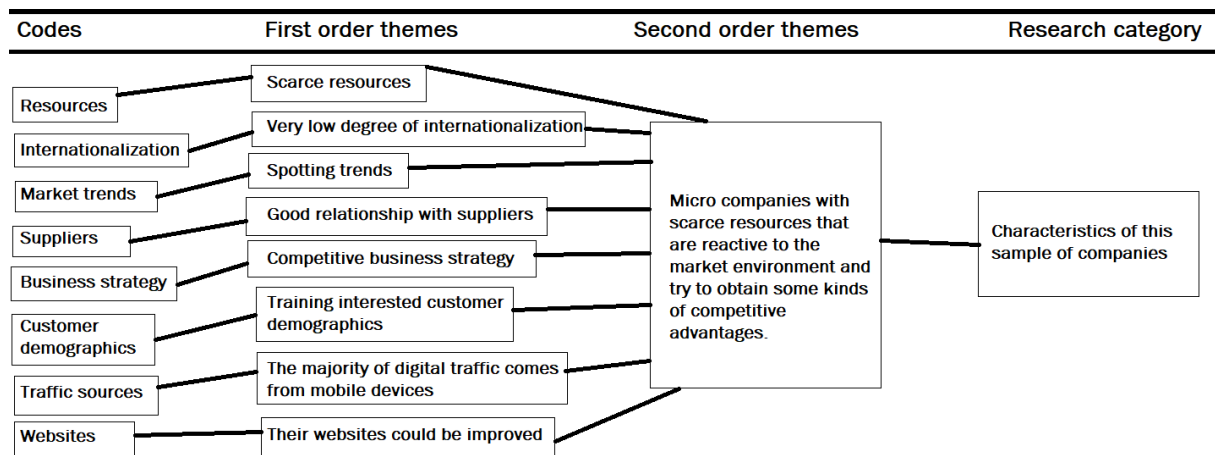
B-Ever since the start, we have only had a web shop.

C-We only sell online and it has always been like that.

D-Right now, we only sell online. The previous owner had a physical store that we closed when we bought the company.

Appendix 3

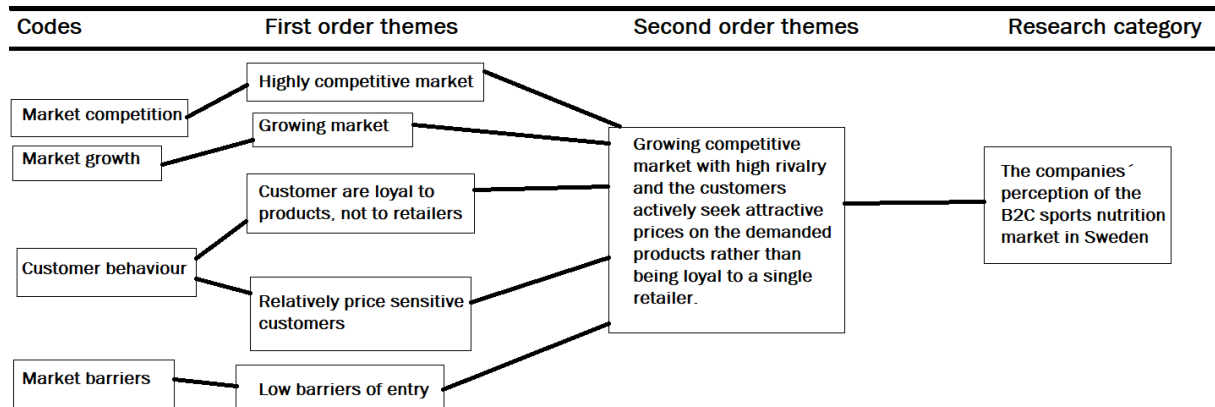
Thematic analysis from the results of section 4.2.1.



Created by the author.

Appendix 4

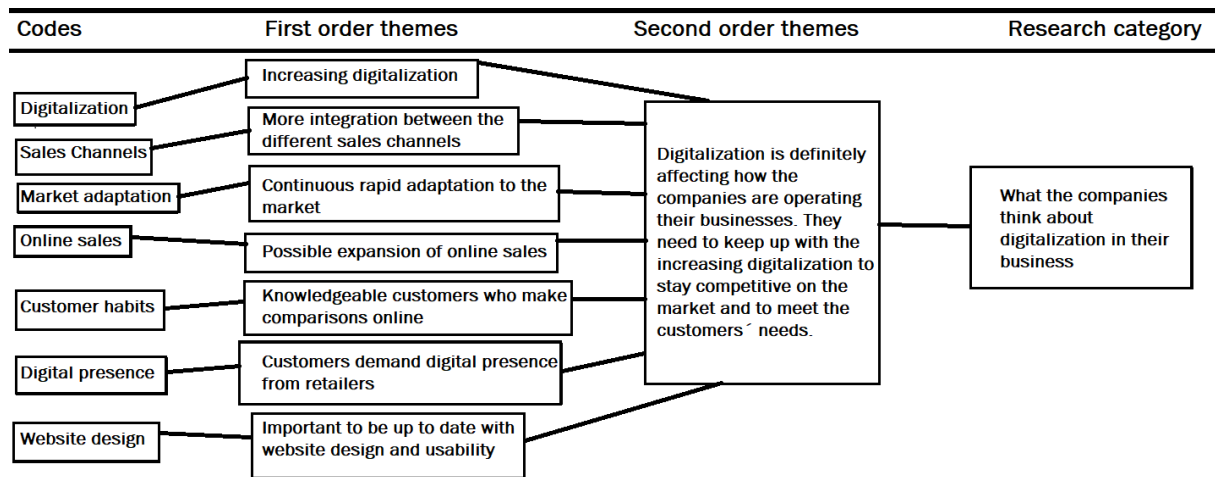
Thematic analysis from the results of section 4.2.2.



Created by the author.

Appendix 5

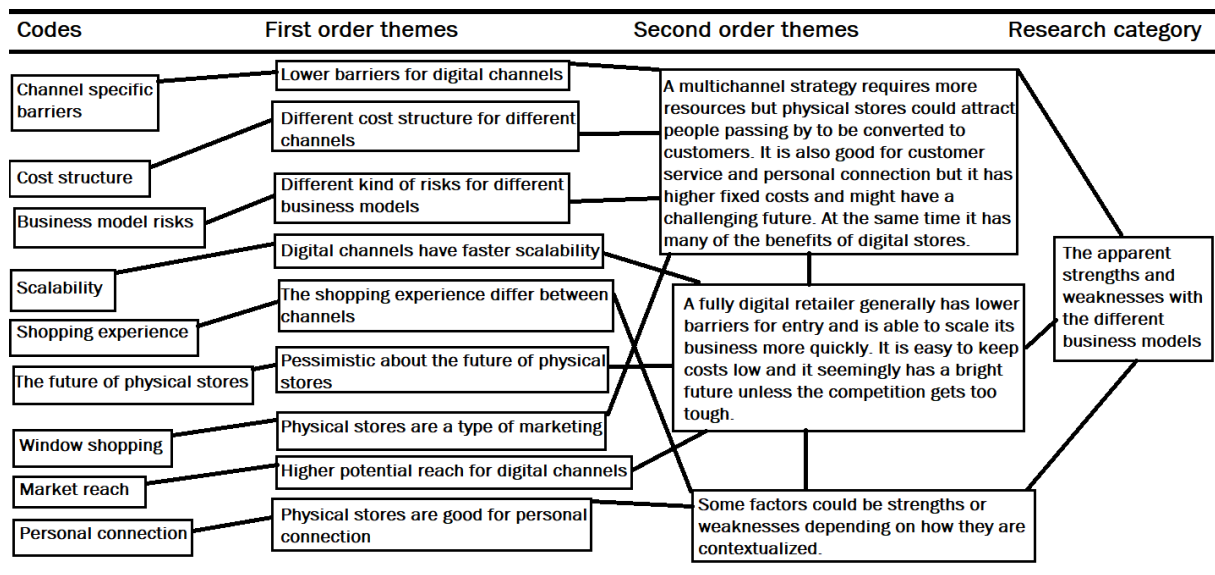
Thematic analysis from the results of section 4.2.3.



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Appendix 6

Thematic analysis from the results of section 4.2.4.



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