# UNIVERSITY OF GOTHENBURG
## SCHOOL OF BUSINESS, ECONOMICS AND LAW

# Challenging Traditional Growth Strategies

*An exploratory single case study on how Forza Football designs user involvement growth strategies to enable viral growth*

**Master's Degree Project in Knowledge-Based Entrepreneurship**

by

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**forza football**

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# Abstract

**Background and Purpose:** In order to stay competitive in a rapidly changing business environment, the question of growth is perceived to be an essential issue of survival and entrepreneurial behavior. Traditionally, strategies related to growth have mostly been related to expenses on marketing or acquisitions of smaller competitors. An alternative to spending money to achieve growth is to employ growth strategies related to market forces such as crowdsourcing and network effects. Growth strategies related to the implementation of crowdsourcing activities and the creation of network effects have proven to be effective strategies for achieving viral growth. This thesis considers a single case study of Forza Football and the purpose of the research is to explore how user-generated content applications can design their user involvement operations to create network effects as means for enabling viral growth.

**Theoretical Framework:** The research builds on an extensive theoretical framework of the concepts of open innovation, network effects and viral growth, with smaller related concepts as subcategories, resulting in a compilation of the characteristics that distinguish each concept and how they are related.

**Methodology:** The thesis is of a qualitative nature and the primary data is collected through semi-structured interviews as well as inside action research to make observations within the organization. The interviews were held with representatives from Forza Football with extensive knowledge of growth-related strategies in order to increase the chances of getting the most relevant empirical data in regard to the purpose.

**Findings and Conclusion:** After summarizing and analyzing an extensive number of empirical findings, several conclusions can be made. It can be concluded that Forza Football designs their application carefully to be able to make use of crowdsourcing and thereby engages their users in the core business strategies and achieves a cost-efficient strategy to grow virally. Besides growth, the user involvement growth strategies come with benefits like competitive advantage where Forza Football is gaining access to information that is difficult for the competition to receive. Moreover, Forza Football designs the crowdsourcing strategy in a way that yields network effects which in turn also favor the company and the users in several ways. Although many benefits come with this strategy it is concluded that there are several challenges related. This thesis presents a new way of cost-efficiently increase a company's growth in different ways, which is undoubtedly interesting for the majority of profit-driven enterprises. Also, the thesis contributes to theory by a proposed conceptual model explaining the relationship between considered concepts. Furthermore, the conclusion chapter includes practical and theoretical implications as well as limitations and proposals for further research.
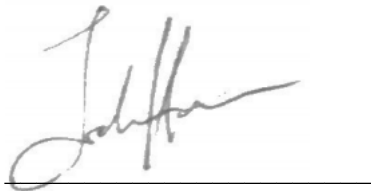
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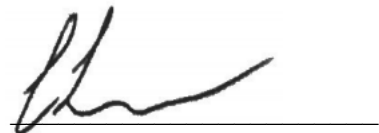
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Johan Horn                                                                      Carl Larsson

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# 1. Introduction

*The introductory chapter aims to provide a brief explanation of different dimensions of growth in a venture and introduces a background to the concepts of crowdsourcing, network effect and viral growth. Adding to this, a background of the case company is presented. The background is followed by a problem formulation and an explanation of the purpose of this research. Furthermore, this chapter introduces the research question that are intended to be answered, delimitations of this research as well as a disposition of the different sections.*

## 1.1 Background

In a rapidly changing business environment, the question of growth is perceived to be an essential issue of survival and entrepreneurial behavior, and is deemed crucial to stay competitive in order to maintain and increase market shares (Sadler-Smith et al. 2003). Both in new and developing ventures as well as in established businesses, the question of growth is consistently worth considering as growth can be both positive and negative for the development of a particular venture and could essentially be boiled down to a matter of survival. Among other factors, growth could include an increase in sales, turnover, customer base, market expansions, or an increased organization in terms of number of employees (Murphy et al. 1996). Gilbert et al. (2006) describe that new venture growth differs from that of established firms and that the entrepreneur behind the new venture must choose in which aspect to measure growth. Growth will occur most readily when the entrepreneur possesses the resources that enable growth, has a strategy that fosters growth, operates in an industry conductive for growth, and develops structures and systems that accommodate growth (Gilbert et al. 2006).

Furthermore, Gilbert et al. (2006) point to human resources, financial resources and external resources as important aspects of new venture growth, yet the resources a new venture will acquire depend to a large extent on the decisions the entrepreneur has made for how growth should be realized. For example, a new venture that intends to grow through internal innovation has greater need for technical employees compared to a new venture that does not intend to grow through innovation (Santos-Vijande et al. 2016). In a similar way, a new venture's strategy influences its growth particularly when certain resources and industry characteristics are in place. Already in 1934, the economist Joseph Schumpeter held that transformative technologies, involving a wide range of activities at introduction, were the drivers of rapid growth and productivity (Schumpeter, 1934). By adding the communication revolution that has occurred since 1995 (Nickson, 2016), the relevance of this matter has only increased.

The questions regarding the extent of growth and in what pace to grow are of highest relevance, especially in the case of new and developing ventures as several factors of growth could harm instead of favoring the particular venture. Gilbert et al. (2006) hold that entrepreneurs reflect on whether the firms growing size could affect well-being of the employees, decrease his or her ability to control the firm as well as maintaining the relative independence of stakeholders. It is also emphasized that the entrepreneur's decisions in the growth phase affects the venture in

the long run. Contrary to what some may think, limited growth is not always associated with an inability to grow. Instead, the limited growth may be reflective of a limited desire of the entrepreneur to grow the firm, mainly based on the factors previously described (Wiklund et al. 2003). Similarly, Baum and Locke (2004) find evidence that the goals the entrepreneurs set for growing the venture, the vision they communicate to the employees, and their belief in themselves to effectively execute the strategies related to growth are significant factors that influence the growth of new ventures. These findings have led many researchers to conclude that the decision whether to grow the venture is primarily a strategic decision all entrepreneurs must make (Wiklund et al. 2003; Baum & Locke, 2004).

### 1.1.1 Digitalization Creates New Means of Growth

Growing requires great effort and could be achieved through a number of activities, including expenses on marketing or acquisitions of smaller competitors (O'Toole & McGrath, 2018). An alternative to spending money for achieving growth is to grow organically by making use of market forces like crowdsourcing and network effects. Since the internet emerged in the 1990's and social media revolutionized the communication landscape a couple of years later (Leskovec et al. 2005; Hutter et al. 2013), it has become easier than ever to share content and involve consumers in the innovation and value creation process, hence also creating possibilities to grow efficiently through an existing base of users. By employing practices related to crowdsourcing, which in short are practices connected to the integration of people outside the company to create value for a particular purpose (Schenk & Guittard, 2009), companies create for themselves opportunities to grow organically by involving more users in the value creation process, and thereby the value of the product increases for all product users, something that Easley and Kleinberg (2010) refer to as network effects. The involvement of crowd and the creation of network effects open up for the possibility of viral growth, which in short denotes a type of growth that demonstrates rapid growth at maximum market penetration within a short duration of time and yet at low marketing costs (Boppolige & Gurtoo, 2017).

The concepts of crowdsourcing, network effects and viral growth are particularly interesting in the case of application developing companies with user-generated content. User-generated content applications, hereby referred to as UGC applications, are simply applications that involve the creation of content by users as a core strategy for growing organically (DeGruttola, 2015). The concepts explained previously are especially of high relevance for these kind of companies as UGC applications are inherently digital platforms where the users contribute with most of the content while the value of the product increases the more content that are generated by all types of users (DeGruttola, 2015). Great examples of UGC applications include social platforms such as Facebook and Twitter, but also other types of digital services such as the communication tool Slack and the housing service Airbnb.

### 1.1.2 The Case Company

Forza Football is an UGC application delivering live score updates, lineups, video highlights and player profiles for more than 800 football leagues and tournaments all over the world. As

well as being a live score application, Forza Football is simultaneously aiming to assemble the opinions from fans from all over the world and spreading it. With the powerful mission of *making the world of football a better place and available for everyone,* innovation plays an important part of the corporate strategy by finding new ways to connect within football (Arnesson, 2020), and solving problems for fans is basically what drives the company forward.

Forza Football was founded in 2012, and like many innovative startups the company experienced rapid growth in the first executive years, increasing their user base from a couple of thousand users to over three million users in four years. The ambition of the company is to grow through network effects by connecting fans all over the world and engage millions of fans who themselves report to the app through crowdsourcing from matches all over the world. Forza Football's overall objective in terms of growth and business development is to reach virality created from network effects in the existing base of users.

## 1.2 Problem Framing

As of today, an extensive pack of literature exists regarding the importance of growth, both for new and developing ventures as well as for established businesses, in what way a company might operate to increase the chances of growing, and implications of growing too fast in early stages. Some researchers have problematized the concept of growth by reflecting over how growth could affect the well-being of employees and a potential decrease of control for managers (Gilbert et al. 2006), but most literature, however, argue that these are challenges necessary to overcome in order to reach the final goal of necessary growth (Weiss & Welsh, 2013). A research gap has been identified regarding how UGC applications could utilize an existing base of users to achieve viral growth by the creation of network effects. The challenges related to continuous organic growth are many, and the most influential challenges are described to be how to utilize an existing network of users to attain growth as well as how to incorporate a network effect to support a desired development of viral growth (Belvaux, 2011).

## 1.3 Purpose and Research Question

The centrality and importance of growth for UGC applications represents the basis for this thesis. This thesis aims to explore how UGC applications can design their user involvement operations to create network effects as means for enabling viral growth. As growth is described to be central part for Forza Football to survive in a fiercely competitive landscape, finding new ways in making use of current resources to grow is crucial. The lack of research in the practical implications as well as the benefits of this matter creates a need to understand which elements are important considering viral growth through the creation of network effects and the relationship between the concepts. The thesis considers a single case study of Forza Football and the intent of this research is to elucidate the importance of creating network effects to achieve viral growth for UGC applications, such as Forza Football.

The researchers in conversation with Forza Football decided to limit the scope of the thesis in order to enhance the possibility to find valuable answers and insights to the research purpose,

which is closely related to Forza Football's future strategic agenda and resulted in the research question depicted below:

*How does Forza Football design user involvement growth strategies to enable viral growth?*

## 1.4 Delimitations

This thesis will study the specific single case of Forza Football and therefore ignores the possibility of differences in considered matters between different companies and UGC applications. Since the thesis is of an exploratory nature, the authors have made this delimitation in order to keep the thesis narrow and focused, aligning with the strategic agenda of Forza Football. Furthermore, only growth strategies related to the involvement of the crowd are taken into consideration based on Forza Football's desire to investigate how existing users can be used to achieve viral growth. Growth strategies regarding other types of methods, such as paid marketing, will therefore not be taken into consideration.

### 1.4.1 COVID-19 Pandemic

Due to the unforeseen spread of COVID-19 in the spring of 2020, the possibilities related to the execution of face-to-face interviews were drastically affected, and so was also the possibilities for extensive in-house observations at Forza Football. In order to ensure that the necessary primary data could be collected, while simultaneously taken the recommendations by the government into consideration, half of the interviews were conducted digitally.

## 1.5 Disposition

The thesis is divided into six main parts that are intended to reflect the different dimensions of the research as well as the sequence of activities. The introductory part included a background description, problem framing, the research question and the purpose of this research. The next chapter presents the theoretical framework, explaining the concepts of open innovation, network effects and virality. Following the theoretical framework, the methodology is presented including approaches linked to research strategy, design, method and quality as well as data collection and analysis. The chapter regarding empirical findings presents the results from the primary data collection, collected from interviews with representatives at Forza Football and through inside action research. Following the empirical findings, the analysis and discussion chapter is centered around the interactions between the empirical findings and the outlined theoretical framework. Lastly, the chapter regarding conclusions presents conclusions deriving from the analysis, divided into implications for practice and implications for theory, with the purpose of synthesizing the thesis and provide key takeaways.



*Figure 1.1 Illustration of the disposition of the thesis*

## 2. Theoretical Framework

*The purpose of the theoretical framework is to provide the reader with the fundamental understanding of the research area of this study. The theoretical framework consists of three parts; the first one regards open innovation, including crowdsourcing, user innovation and value co-creation, the second one regards network effects, and the last one regards viral growth. The aim is that the theoretical framework will provide the reader with a deep understanding of the various concepts and how they are correlated.*

### 2.1 Open Innovation

Based on Chesbrough's (2003; 2007) study on open innovation and open business models, the central idea of open innovation is that in a world of distributed knowledge, companies and organizations should not only rely on their own research and development, but instead outsource some R&D functions to external actors through intellectual property rights (IPR) purchases. Open innovation is defined as "the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively" (Chesbrough, 2003, p.37). Once open innovation has been adapted, the company's or organization's boundaries become permeable which allows for a combination of internal resources and external co-operations.

Chesbrough (2003) describes that due to increased competition and shorter product life cycles over the past decades, firms have witnessed a general decrease in their top line growth. Simultaneously, the cost of R&D has increased significantly. The result of increased competition, shorter product life cycles and an increase in R&D activity costs has been a decrease in the productivity in of the innovation process. In order to overcome this issue, firms are advised to become more permeable to the external environment by relying on externally developed knowledge and technologies, as well as allow their own technology to be used and brought to the market by other firms. By operating in this way, firms have the possibility to acquire new revenues from licensing and decrease both the cost and time of the development of new ideas by leveraging external technology and knowledge (Cassiman & Valentini, 2016). Furthermore, easier access to the resources needed to be innovative, which are increasingly distributed among firms, also allows firms to develop both more and better products. Therefore, being open to the external environment increases the productivity of the innovation process (Cassiman & Valentini, 2016).

The concept of open innovation is subject for sometimes being mixed up with the closely related concept of crowdsourcing as both of the concepts fall into the same paradigm: knowledge is distributed between several actors and the opening of a firm's R&D processes might become a source of competitive advantage. However, there are three distinct differences between the two concepts. First, open innovation focuses exclusively on innovation processes while crowdsourcing includes several other areas. Second, open innovation describes interactions between firms and organizations, while crowdsourcing refers to interactions between a firm and the crowd. Lastly, open innovation can be described as a particular form of crowdsourcing, but it should not be reduced to this aspect as open innovation is a two-way process that involves

selling and buying both knowledge as well as processes between firms (Schenk & Guittard, 2009).

## 2.1.1 Crowdsourcing

Crowdsourcing is defined as "the act of taking a job traditionally performed by a designated agent [usually an employee] and outsourcing it to an undefined, generally large group of people in the form of an open call" (Howe, 2008, p. 251). In other words, crowdsourcing basically means integrating a crowd of people outside a company or organization to create value for a particular purpose. Crowdsourcing is a neologism, composed of 'crowd' and 'outsourcing', thus crowdsourcing means outsourcing to the crowd (Schenk & Guittard, 2009). Crowdsourcing have the potential to enable the collective intelligence of crowds to serve specific organizational objectives, where the control of the creative production of goods and ideas exists in both the company and the public (Pinto & Dos Santos, 2016).

Pinto and Dos Santos (2016) explain that crowdsourcing most often follows a predetermined guideline: the organization identifies an activity, which the organization does not intend to carry out in-house, opens a call on a crowdsourcing platform and sets out the terms of participation of the crowd. While many contributors will work simultaneously on a given project, the organizer have the possibility to choose the results that best fits the needs and will only pay (either in intrinsic rewards or extrinsic rewards) for those products or services that meet the intended expectations. The probability that a particular organization decides to use crowdsourcing with the aim of solving a problem depends on the complexity of the problem, knowledge requirements and the size of the crowd. The probability is greater when (1) the problem is easy to formulate and broadcast to the crowd, (2) the knowledge required to solve the problem is beyond the internal knowledge, (3) the crowd is large with members motivated to solve the problem, (4) the final solution is easy to be evaluated and integrated in the value chain, and (5) the information technology has low cost and is present in the environment that includes both the organization as well as the crowd (Afuah & Tucci, 2012).

Afuah and Tucci (2012) distinguish between two forms of crowdsourcing: tournament-based crowdsourcing and collaboration-based crowdsourcing. In tournament-based crowdsourcing, each contributor from the crowd self-selects to work on its own solution to the communicated problem, and the best solution is chosen by the organizer as the winning solution. In collaboration-based crowdsourcing, self-selected contributors of the crowd work together on the problem to solve it, and the result is the one solution from the crowd. Hossain (2012) discusses the engagement in crowdsourcing from different contributors and highlights the importance of lead users, which is described as those contributors who engage heavily in the crowdsourcing activity. The lead users are the users who experience the needs that are still unknown to the general users and are sometimes well ahead of the company behind the crowdsourcing initiative. Evidence suggest that many radical innovations have resulted from the lead user's ideas. Although the value of the lead users' contribution is perceived as very high and the general users do not contribute significantly, the general users' opinions are described to be worthwhile for the companies in the idea selection phase (Hossain, 2012).

Crowdsourcing is effective in combining collective efforts of the crowd in order to accomplish a specific task, such as collecting large volumes of data, which is otherwise extremely costly to collect, or even unattainable (Schenk & Guittard, 2009). Hossain (2012) takes it one step further and argues that crowdsourcing is crucial for companies in order to identify consumer's needs and to find solutions to solve these needs.

### 2.1.1.1 Incentivized Crowdsourcing

The completion of crowdsourcing always implies mutual benefit, both for the company as well as for the contributors. The user will get the satisfaction of a given need, while the organizer of the initiative will obtain and use what the users brought as a contribution for his or her own benefit (Pinto & Dos Santos, 2016). Chen et al. (2019) argue that the scale of user participation as well as the contribution from each individual participant lay the foundation of the potential success of a crowdsourcing platform. In order to recruit and maintain a large number of contributors, it is common that the crowdsourcer provides the users with monetary compensation, referred to as extrinsic rewards. In contrast to such extrinsic rewards, contributors usually enjoy a reward that is mainly derived from a sense of satisfaction, social status or honor. Such rewards are inherently referred to as intrinsic rewards. However, the intrinsic rewards do not typically remain unchanged as the size of the participant populations increases. Instead, when a user's behavior aligns with other participants, he or she will obtain higher intrinsic rewards, usually due to social factors, a phenomenon in which Chen et al. (2019) refer to as network effects, further elaborated on in section *2.2 Network Effects*. Pinto and Dos Santos (2016) continue on the track of extrinsic and intrinsic rewards and explain that the main extrinsic rewards include monetary rewards and acknowledgement, while the main intrinsic rewards include satisfaction, fun and learning. Moreover, Pinto and Dos Santos (2016) argue that the contributors in crowdsourcing are mainly driven by intrinsic motivations rather than by extrinsic motivations.

In alignment with extensive literature on incentivized crowdsourcing, Hossain (2012) argues that the accomplishment of a crowdsourcing platform mainly depends on the contributors and their motivation to engage. For the organization initiating the crowdsourcing activity, it is decisive to understand the factors that motivate people to participate. Getting insights about the incentives required to increase motivation has the possibility to boost the users' participation in crowdsourcing platforms as it determines both the quality and quantity of contributions (Hossain, 2012). Frey (2002) describes that motivations arise through interaction among different motives and incentives in a particular situation. People are generally intrinsically motivated if the task itself is enough for satisfaction and there is no further reward apart from the activity, while people are extrinsically motivated when the motives are apart from the actual activity where external factors such as money, fame, prize et cetera prompt motivation.

### 2.1.1.2 Crowdsourcing as a Source in Business Model Innovation

In recent years, extensive literature on crowdsourcing have focused on the value of crowdsourcing from a problem solving viewpoint in general and product innovation point of view in particular (Poetz & Waldner, 2015; Afuah & Tucci, 2012), while crowdsourcing has

taken a larger role as a way of opening up a firm's business model to external partners (Afuah et al. 2010). Poetz and Waldner (2015) elaborate on the concept of crowdsourcing in a business model context even further and describe that crowdsourcing-based mechanisms can contribute to the process of developing business model innovation. Poetz and Waldner (2015) argue that involving active product users more directly in the product development by allowing them to contribute with solution-based information to the innovation process is a successful way to overcome the sticky information problem in the development phase, which simplified is information that is important in the product development, but is costly to acquire alone. Despite the fact that crowdsourcing as a formal term is relatively new, extensive research has already touched upon potential benefits of involving crowds in the process of new products and services. Except for overcoming the sticky information problem, these advantages include knowledge-related benefits that suggest that drawing on a large and diverse base of knowledge, skills, and pre-existing solutions increases the likelihood that a particular problem is solved, reduces the time required to solve the problem, and generally leads to more novel and valuable outcomes (Poetz & Waldner, 2015).

Ebel et al. (2016) argue that the benefits of including external stakeholders, like the crowd, in the new business model development lie in the assumption that if the users are the people who decide whether or not a new offering represents a suitable way of meeting their needs, naturally customers should be thought as a valuable source to initiate exploitative business models. Unified literature has previously suggested that crowdsourcing might serve as an effective tool in idea generation for new product development (Afuah et al. 2010; Afuah & Tucci, 2012). Ebel et al. (2016) find that crowdsourcing the business model development might be as effective and argue that an optimal approach in practice might more often than not lie in a combination of professionals collaborating with the crowd in business model innovation and justify more active involvement of crowds in the development of new business models. Since the crowdsourcing concept is an emerging phenomenon, its contours are not clearly defined by unified literature. The results may be either some confusion with related concepts, such as open innovation and user innovation, or a denial of the concept per se (Schenk & Guittard, 2009).

## 2.1.2 User Innovation

User innovation refers to innovation by intermediate users or consumer users, rather than by suppliers or producers (Afuah et al. 2010). von Hippel (1986) finds evidence that shows that products and services are often and to a large extent developed by users at the site of implementation and use, or at least refined, rather than by suppliers or producers of the actual product. These new ideas developed by the end-users are then moved back into the supply network since products or services are developed mainly to meet the widest possible need. When individual end-users face issues the majority of consumers do not pay attention to, they have no choice but to develop their own modifications to existing products or services, in order to solve their issues. Usually, user innovators share their ideas with manufacturers and producers in hopes of having them modify the product or service, a process referred to as free revealing (von Hippel, 1986). User innovation is mainly driven by pioneer users who face specific needs and who are willing to bear the risks and potential costs connected to innovation.

An early research stream that previously explored the role of end-users in innovation showed that users play a significant but peripheral role by providing producers with some of the critical inputs that they need to develop and market products that meet the customers' needs to a larger extent (Rothwell, 1977). Subsequent research elaborates on the concept of user innovation even further by arguing that users can be the actual source of innovation, that users can be innovators too, not just providers of information to the producers who innovate (von Hippel, 1988). More recent research suggest that users are more able not only to innovate for themselves, but also to commercialize their innovations by becoming 'user entrepreneurs' or otherwise give rise to a new market niche or industry (Shah & Tripsas, 2007). For example, Shah and Tripsas (2007) show that users collectively often develop and commercialize innovations within their social network of user communities.

Afuah et al. (2010) highlight three reasons for why users choose to be involved in the innovation process. First, the users, compared to the producers, develop fundamentally different innovations because they benefit from using the innovation, at the same time as they also draw on a different knowledge base. Users are more likely compared to producers to innovate if their expectations of innovation-related benefits are higher. Second, some users might be able to draw profits from selling their innovations. While there is evidence of users becoming entrepreneurs (Shah & Tripsas, 2007), a critical condition for user entrepreneurship is the ability to gain intellectual property protection for their innovations, which often is extremely difficult. Lastly, another way in which the users can expect to benefit from their innovations does not relate to the actual outcome of the innovation, but rather relate to the process as some users simply enjoy the process of problem solving (Afuah et al. 2010).

Similar to open innovation, there are three distinct differences between the concepts of crowdsourcing and user innovation. First, user innovation mainly refers to user-driven projects, while crowdsourcing refers to firm-driven projects. Secondly, crowdsourcing is not restricted to innovation issues, as already described. Lastly, in user innovation, the process of innovation is made by end-users of the final product while in crowdsourcing, any individual can be involved in the entire process from manufacturing to end product (Schenk & Guittard, 2009).

### 2.1.3 Value Co-Creation

Value co-creation is a widely researched topic, often in relation to theories such as the service dominant logic (Ballantyne & Varey, 2008; Storbacka, 2011; Grönroos, 2012; Saarijärvi et al. 2013; Anker et al. 2015; Zaborek & Mazur, 2019). Due to changes in technological and managerial mindset, it is essential to have an understanding of value co-creation and how businesses apply it (Saarijärvi et. al. 2013). Value co-creation differs from the traditional perspective that the value creation is done by the supplier- and production side. Instead, it focuses on the joint activities of supplier-consumer actors who act as co-creating parties where the value creation represents a result of the direct interaction between the two parties (Grönroos, 2011) with the essence being that they find common ground to create a mutual value through an exchange (Storbacka, 2011). This transition aligns with the shift from the product/goods centric perspective to a service offering (Lusch & Vargo, 2006; Grönroos, 2012).

By looking at value creation in an interactive setting, the user or consumer is always part of the value creation process. Developing value through co-creation can be very simple as it only demands the consumer to share its expectations and experiences (Lusch & Vargo, 2006). Involving the end-users brings several benefits to the company such as strengthened brand and an increased customer loyalty (Piligrimiene et al. 2015). Further, the use of value co-creation has the potential to favor competitive advantage since it could result in both financial and operational benefits (Zaborek & Mazur, 2019) and also be a driver to innovation since it is a collection of knowledge from the involved parties (Brynjolfsson & McAfee, 2014). Moreover, value co-creation represents an easy-accessible competitive advantage since it is easy to implement and has direct influence on customers' loyalty (Cossío-Silva et al. 2015). However, a negative aspect of value co-creation is that the company risk to lose control over the value-creation process if the user-side becomes too involved (Fisher & Smith, 2011).

Aarikka-Stenroos and Jaakkola (2012) find evidence that value co-creation is a part of knowledge intensive services since customers in those services have considerable influence on the construction of the value proposition by contributing with their own resources and negotiations. Furthermore, Aarikka-Stenroos and Jaakkola (2012) emphasize the customer's role in the value proposition where the customer can act as co-diagnoser, co-designer, co-producer, and/or co-implementor. Cossío-Silva et al. (2015) add to the importance of the customer-perspective, showing that firms need to know the customer's perception on their value co-creation participation. By doing that, the firm has the potential to influence the overall customer loyalty. However, Cossío-Silva et al. (2015) reject the hypothesis on influence regarding behavioral loyalty, thus only confirm influence on attitudinal loyalty which is defined as when the "loyalty is a personal attitude in that different emotions make up the loyalty of consumers toward a product, a service, or a retailer" (p.1622).

Value co-creation naturally triggers engagement for the users since they are engaged directly in the value creation process (Grönroos & Voima, 2013; Zaborek & Mazur, 2019). Zaborek and Mazur (2019) conclude that in a service context, dialog is connected to a greater performance which speaks for emphasizing aspects that favor two-way communication. Gustafsson et al. (2012) explain that the communication between the supplier and end-user in co-creation should be democratic and that companies' ability to interact and communicate with their users has been improved mainly due to internet panels and social media. It is therefore encouraged to create dialogues with the users during the value co-creation process since interaction and communication is deemed to be crucial to achieve product and market success. Saarijärvi et al. (2013) claim that by engaging users, firms can gain access to resources that could potentially facilitate the value creation process such as design and development of new products or forecasting demand.

## 2.2 Network Effects

The concept of externalities is described by several authors (Easley & Kleinberg, 2010; Belvaux, 2011) to be an important aspect to include in the discussion regarding network effects. Easley and Kleinberg (2010) define an externality as "any situation in which the welfare of an

individual is affected by the actions of other individuals, without a mutually agreed-upon compensation" (p. 509). A network effect is the effect deriving from positive network externalities (Easley & Kleinberg, 2010). In the context of this research, the concept of network effects therefore serves as a cornerstone in the theoretical framework, rather than externalities. Network effects are the forces that affect the perceived value of a product or service, where the value or benefit of using a service or buying a product is increased by the number of users (Katz & Shapiro, 1985; Easley & Kleinberg, 2010; Belvaux, 2011). Katz and Shapiro (1985) hold that a smaller network of people using a product or service will also decrease the initial willingness to pay for the product or service. Although Katz and Shapiro (1985) touch upon the phenomena of network effects, it was not until 1999 the actual term 'network effects' was qualitatively researched for the first time (Shapiro & Varian, 1999). A network's value is decided by the number of potential interactions between the users in the network (Aggarwal & Yu, 2012). An example where network effects play an important role is on social media platforms, where Belvaux (2011) holds that a larger network will increase user generated content, hence also increase the utility of using the service. As a result, the network will attract additional users since the new users will see that the particular product or service as a destination of choice for others (Belvaux, 2011). In accordance to this, it is crucial to attract a large share of the market swiftly, since the product's or service's level of growth is dependent on the number of people using it (Easley & Kleinberg, 2010), aligning with Belvaux's (2011) argument that consumers usually wait to see if the product or service is worth adopting.

Although network effects often can serve as an effective tool to generate growth in several industries, it is often a matter of black or white. For example, in a competition perspective, network effects often favor one actor, making it dominant in the market whilst the competitors stay insignificant, even though both actors include network effects in their core growth strategies (Easley & Kleinberg, 2010). This could be explained by the theory of the 'lock-in' mechanism of network externalities, where Bonaccorsi and Rossi (2003) state that "a virtuous cycle is set in motion such that consumers will have even more incentive to use it, there will be an increase in the supply of complementary products (applications, maintenance) and that particular piece of software will start to dominate the market and become the standard" (p. 1251). Of this reason, the importance of being the first actor to attract users cannot be overseen and could even be considered as more important than having the most valuable product or service (Easley & Kleinberg, 2010). Furthermore, Baker and White (2010) state that if a user perceives many friends using the site and anticipates more friends joining it, the user's intention to continue use the site intensifies.

The benefits of including network effects in the core growth strategy are many. Lin and Lu (2011) describe that the main benefit of utilizing network effects is that it helps to scale the business by increasing the customer base, market share and the overall value proposition of the product or service, which in the long-term will yield economic benefits. Further, Bonaccorsi and Rossi (2013) highlight the advantage of network externalities creating a sort of lock-in mechanism, previously elaborated on above. Easley and Kleinberg (2010) build on the theory of lock-in mechanisms and add to the discussion the concept of user investment, based on the principle that if the users have invested heavily in a particular product or service, either in

monetary terms or more intrinsic forms, they would lose the investment if they were about to switch to another product or service. Garigliano and Mich (2008) refer such an effect to as user exit barrier. The effect of user investment is mainly present on the online market but can be observed in the offline market as well, although it is very marginal. In the online world, users may have invested the equivalent of several hours a day for several years, plus the emotional and social investment in the product or service, leading to that the switch to another product or service would be traumatic. Moreover, Garigliano and Mich (2008) hold that the more users are given the tools to create and modify a particular online platform, the more the users' own involvement creates such barriers. Since these exit barriers are an automatic consequence of the users' activity, and are not explicitly imposed by the core producer, they usually do not cause resentment, feeling of capture or dispossession. From this viewpoint, there are no immediate negative side-effects of the creation of network effects (Garigliano & Mich, 2008).

### 2.2.1 Local and Global Network Effects

Sundararajan (2007) distinguishes between two different categories of network effects; local network effects and global network effects. Through this perspective, the difference between the two lies in the type of value that is created through an increase in the user base, where global network effects represents value in an increase in a user base or network in general, whereas a local network effect is when an individual values an increase in a smaller subset of users. An example of a company utilizing global network effects is the US-based housing service Airbnb, where an increase in the number of users will favor the entire base of users since it would result in more customers or more renters in more cities. Considering the local network effects, an increase in the user base will only favor the small subset of individuals engaged in this marketplace, hence not globally benefit. Sundarajan (2007) holds that the difference lies in who benefits from whom, because several products or services nowadays might not interest the general user base, but only a specific subset of users.

## 2.3 Viral Growth

The term viral growth has in recent times received a great deal of attention in business and management research and has become something like a business buzzword. In definition, viral growth denotes a type of growth that demonstrates rapid growth at maximum market penetration within a short duration of time and yet at a low advertising cost (Boppolige & Gurtoo, 2017). Spreading rapidly from one consumer to the next, Hemsley (2014) explains that the phenomenon mimics the growth pattern of a rampant biological virus. In order to achieve viral growth, Kaplan and Haenlein (2011) hold that two concepts need to be emphasized, namely viral marketing and word of mouth. The use of viral marketing has the potential to allow firms to promote products or services with very low budgets and still reach the same level of awareness that are usually achievable only through the use of high-frequency advertising on traditional mediums. The concept is defined as any kind of electronic word of mouth whereby some form of marketing message is transmitted between customers in an exponentially growing way, not rarely through the use of social media platforms. Furthermore, the concept of viral marketing has two defining elements. The first element is a growth, or reproduction, rate that

is greater than one, meaning that each receiver passes the message to more than one other person. If the reproduction rate is greater than one, the resulting growth pattern is exponential (Kaplan & Haenlein, 2011). The second element often associated to viral marketing regards the use of social media platforms, as social media applications are particularly suited for viral marketing as the community embedded in social media makes it effective to transmit a particular message to a large group of people. Also referred to as virality, the types of content with a possibility of going viral include product, service, technology, information, an event or an idea (Kaplan and Haenlein, 2011).

## 2.3.1 Word of Mouth

Kaplan and Haenlein (2011) loosely define the concept of word of mouth as "the sharing of information about a product, promotion, et cetera, between a consumer and a friend, colleague, or other acquaintance" (p. 254). Evidence show that word of mouth substantially influences consumer attitudes and behaviors, and to be nearly seven times more effective than traditional advertising in impacting brand switching decisions. Hemsley (2014) elaborates on the concept of virality from a marketing setting and argues that virality is a word of mouth diffusion process where a message is forwarded from person to person, in multiple weakly linked personal networks, and is signified by a period of exponential growth in the number of people who are exposed to the message. Similar to Hemsley (2011), Cruz and Fill (2008) highlight the importance of word of mouth as a cornerstone to achieve viral growth. People enjoy expressing their involvement with products or services for a variety of reasons. These reasons include the potential prestige and status that may arise through ownership or a need to share their purchase experiences in order to consult others. These conversations are often passed to family, friends, and other people in their social network. Word of mouth communication is regarded as a powerful and influential form of communication, mainly because of the perceived objectivity and credibility often associated with the parties involved. Research by Pruden and Vavra (2004) indicates that word of mouth is the highest ranked technique used by customers not only to gather information about a particular product or service, but also to make purchasing decisions.

In contrast to Cruz and Fill (2008), Bampo et al. (2008) view the concept of virality in terms of strategy and define the concept as "any strategy that encourages individuals to propagate a message, thus creating the potential for exponential growth in the message's exposure and influence" (p.274). Bampo et al. (2008) claim that the advantages to this approach include speed of diffusion, meaning that the likelihood for the message to be altered by senders is reduced while the potential of reaching hard-to-get audience members increases.

In recent literature, several authors have converged on the idea that virality is a growing strategy that includes the concepts of duration, fidelity of message, and reach, where the latter suggests the ability to target niches in a network (Boppolige & Gurtoo, 2007; Hemsley, 2014; Bampo et al. 2008). Nahon et al. (2011) elaborate on the concept of virality even further by including the aspect of virality as a process, and argue that virality is "the process which gives any information item the maximum exposure, relative to the potential audience, over a short duration, distributed by many nodes" (p. 1).

## 2.3.2 Evaluation of Viral Growth

Cruz and Fill (2008) continue by discussing the evaluation criteria on virality and argue that ideal viral growth will convert and retain a large number of recipients as new users, and thereby they advocate the aspects of penetration, loyalty and frequency as appropriate evaluation criteria. However, Cruz and Fill (2008) argue that the approaches used to evaluate the relative success of virality are many and varied, ranging from criterions such as changes in attitudes and behaviors, including the number of new users or degree of loyalty, to other measures such as reach, frequency, penetration, speed of transmission and the context of conversations (Cruz & Fill, 2008). This variety in evaluation criteria demonstrates that there is little agreement about what it is that should be evaluated and which criteria to be used in order to measure virality.

### 2.3.2.1 Retention as a Criterion for Evaluation

Reichheld (2003) highlights the importance of customer loyalty in connection to viral growth and defines loyalty as "the willingness of someone - a customer, an employee, a friend - to make an investment or personal sacrifice in order to strengthen a relationship" (p. 48). Customer loyalty involves several other aspects than repeated purchases. Even if a customer buys from the same company over and over again, the customer may not necessarily be loyal to the company but instead may be trapped by inertia, indifference or exit barriers erected by the company in question. Conversely, a loyal customer may not necessarily make frequent purchases mainly because of a reduced need for a product or service. Further, Reichheld (2003) holds that true customer loyalty obviously affects profitability. While regular customers are not always profitable per se, the customer's choice to stick with a product or service generally reduces a company's customer acquisition cost, while customer loyalty also drives top-line growth. Similar to Hemsley (2014), Cruz & Fill (2008) and Pruden & Vavra (2004), Reichheld (2003) argues that word of mouth serves as an effective part of achieving viral growth and explains that highly loyal customers uses world of mouth to recommend a particular company to their friends, family and colleagues. In fact, such recommendations serve as one of the best indicators of loyalty because of the customer's sacrifice. When customers choose to act as references, they do more than indicate that they have received good economic value from a company, but they also put their own reputation on the line. Customers will only risk their reputation if they feel intense loyalty to a particular company. The tendency of true loyal customers to acquire new customers, at no charge to the company, is particularly beneficial as a company grows, especially if the company operates in mature industries where the tremendous marketing cost of acquiring each new customer through promotions makes it difficult to grow profitably. Actually, the one and only path to profitable growth may lie in a company's ability to get the loyal customers to become, in effect, its marketing department (Reichheld, 2003).

Gee et al. (2008) go one step further and argue that, as competition has intensified in today's global marketplace, "customer loyalty is rapidly becoming the marketplace currency of the twenty-first century" (p. 359). This view advocates the need for businesses to adopt a customer-centric vision. According to Anderson and Narus (2004), customer retention serves as more effective business strategy than continuously trying to acquire new customers in order to replace

the defecting customers. Terblanche and Boshoff (2006) note that customer loyalty is both a long-term attitude and a long-term behavioral pattern, which are reinforced by several and multiple experiences over time. Generally, the concept of customer satisfaction is important since these multiple experiences need to be satisfactory to lead to the positive predisposition of long-term loyalty. In accordance with Terblanche and Boshoff (2006), Gustafsson et al. (2005) note three drivers of customer loyalty, namely calculative commitment, affective commitment, and overall customer satisfaction. Calculative commitment is described to be the rational and economic decision-making, reviewing costs and benefits, where commitment to the current brand is due to a lack of alternatives for similar products or high-switching costs. Affective commitment is described as a warmer and emotional factor, to a large extent based on trust and commitment where customer trust in building sustainable and loyal relationships with a brand is of high importance (Gustafsson et al. 2005).

Customer loyalty and an increased level of retention brings several advantages to a company, for example that loyal customers cost less to serve, they will pay a higher price for a set of products, and they will act as word-of-mouth marketing agents for the company (Gee et al. 2008). Building on these advantages, Michalski (2004) highlights the importance of decreasing the defection rate of important customers and finds six distinct categorizations regarding relationship ending, which are based upon three triggers; situational triggers, reaction triggers and influential triggers. Situational triggers are those that are driven by the customer himself, for example by an increase or decrease in income. A reaction trigger is, on the other hand, a company driven reason and can be due to factors such as poor customer service, reduced quality of the product, or if the company denies the customer a particular service. Gustafsson et al. (2005) hold that reactional triggers have the potential to cause the customers to evaluate present performance more closely than previous performance, which may put customers on a switching past. Influential triggers are driven by competitors and include reasons to induce a customer to defect from the current company. Influential triggers include factors such as price, perceived value for money, and service quality (Michalski, 2004).

Furthermore, Reardon and McCorkle (2002) argue that "the choice for a consumer to choose one distribution channel over another can be viewed as an optimization problem" (p. 181). It is proposed that consumers review the potential gains of switching to another company versus the costs of leaving the current company. Building on this argumentation, Burnham et al. (2003) propose three different switching costs, namely procedural, financial, and relational costs. Procedural switching costs are the effort and time a consumer must put into initiating a relationship with a new company. Financial switching costs includes the monetary costs that companies put in place in an attempt to reduce customer defections. Lastly, relational switching costs relate to the loss of personal relationships with employees of the current company. Together these switching costs can be employed by a company in order to reduce customer defection rates and thereby increase the rate of customer retention (Burnham et al. 2003).

# 3. Methodology

*The outline of the methodology chapter aims to clarify and critically reflect upon the choices made regarding research strategy, research design, research quality, data collection and data analysis. Furthermore, the choices made in connection with the data collection process and analysis is introduced. Lastly, a specific set of criteria when conducting qualitative research is presented.*

## 3.1 Research Strategy

This thesis considers an inductive approach, hence also of exploratory nature due to the fact that the research topic is fairly unexplored and novel. The inductive approach is explained more as an exploratory approach, where theory is an outcome of research (Bryman & Bell, 2015), which argues for this approach since the research question in this thesis is quite broad and exploratory in its nature. Inductive research involves searching for patterns through observations and developing explanations - theories - for the identified patterns. This will then lead to the generation of theories (Crowther & Lancaster, 2012; Bryman & Bell, 2015). Further, no developed theories or hypotheses will apply in the beginning of an inductive study and the researcher is free in terms of altering the direction of the thesis as the research process continues. What is important to highlight and emphasize is that an inductive approach does not disregard theories when formulating research questions and objectives (Bryman & Bell, 2015). The inductive method aims to generate meanings from data collection in order to identify patterns and conditions to create theories.

Moreover, this research is of qualitative nature based on Bryman and Bell's (2015) perspective that qualitative research usually involves an inductive approach which put emphasis on words and oral explanations rather than quantification of numbers in the collection and analysis of data in order to generate theories. This fits well with this thesis since the overall aim is to provide an answer to the research question by creating and developing theories from the empirical findings and match these with the concepts from the theoretical framework. Crowther and Lancaster (2012) strengthen this argumentation by claiming that qualitative data is associated to phenomenon that are difficult to quantify, which is the case of this thesis.

### 3.1.1 Qualitative Method Critique

In terms of qualitative research, there are some common issues raised with regards to critique by quantitative researchers. Qualitative research is often criticized as being too impressionistic and subjective, meaning that findings of qualitative characteristics rely too much on the researcher's perception of what is important in a particular case and also upon close personal relationships that the researcher develops with the people being studied (Bryman & Bell, 2015). Especially when conducting action research, this is an inevitable risk needed to be taken into consideration. Furthermore, quantitative researchers argue that these tendencies are even more of a problem because of the difficulty of replicating a qualitative study, mainly because the research is to a large extent unstructured and therefore reliant upon the qualitative researcher's ingenuity. In qualitative research, the researcher is the main instrument of the data collection

process, meaning that what is observed and what the researcher decides to concentrate upon is to a large extent a product of the researcher's own predilections (Bryman & Bell, 2015). There are several components of this type of criticism: what qualitative researchers decide to focus upon; the responses of participants to qualitative researchers is likely to be affected by the characteristics of the researcher; and, because of the unstructured nature of qualitative data, interpretation will to a high degree be influenced by the subjective learnings and understandings of the researcher.

Another critique regards the problem of generalization. Often, it is suggested that the scope of the findings in qualitative research is restricted. When observations are used and/or when unstructured interviews are conducted with a small sample in a certain organization, critics argue that it is impossible to know how the findings can be generalized and apply to other settings (Bryman & Bell, 2015). Nevertheless, as this research is based on a qualitative approach solely based on one company's reality, it might be difficult to draw any further conclusions on a broader scale of how different companies can operate within this type of research area. However, conclusions are exclusively drawn for the company based on the empirical findings at the company and the people who are interviewed in this case study are not meant to be representative of a population. Instead, the findings of this qualitative research are to generalize to theory rather than to populations and it is the quality of the theoretical inferences that are made out of this research that is crucial to the assessment of generalization.

Lastly, another proposed critique regards the issue with lack of transparency as it is often difficult from qualitative research to establish what the researcher actually did and how the researcher arrived at the conclusions of the research. For instance, qualitative research reports are sometimes unclear about such matters as how people were chosen for observation or interview. This type of deficiency sharply contrasts with the laborious accounts of sampling procedures in reports of quantitative research, where the research and analysis approach often are clear and transparent (Bryman & Bell, 2015). In order to cope with this potential issue, the authors kept protocols during the course of the project as well as compiled transcripts of interviews immediately after the interview was completed.

## 3.2 Research Design

The source of the collected primary data comes from a five-month long experience at Forza Football where the authors of this thesis pursue a master thesis project within growth and business development. The project aims to increase the understanding of how UGC applications should operate in order to increase growth despite that growth has stagnated in recent times. Throughout the project, the authors have interacted with individuals of significance within the company in the business area of growth and business development with the goal of gaining an in-depth understanding of the reality the organization is facing. The research study is a single organization case study. The basic case study entails the detailed and intensive analysis of a single case, in this case, Forza Football. As observed by Bryman and Bell (2015), case study research is occupied with the complex and particular nature of the case in question, and it is a popular and widely used research design in business and management research.

### 3.2.1 Single Case Study

A case study focuses entirely on an entity or several entities with an objective (Yin, 2014; Bryman & Bell, 2015). By implementing a single case study, the researchers were able to get an in-depth understanding of the case that were studied. Based on the theory by Yin (2014), the most suitable case type to study in the case of this research is the representative or typical case, which represents when seeking to explore a case that embodies commonplace situations or forms in an organization. This decision was based on the fact that the objective is to study how UGC applications might design their user involvement growth strategies with the aim of achieving viral growth. Furthermore, a single case approach is argued to be relevant for this thesis since the authors needed to get insights regarding practical matters, through observations and interviews, hence focusing on one single case would make the study both clearer and more focused. By doing a case study the authors had the resources needed to reach the purpose and also close access to individuals that were subjects to the interviews and observations.

This thesis and the basis for the research was formulated together with Forza Football and the case was discussed and set before going through any literature. This type of research design was based on the researcher's judgement that in order to make the most of the case study, the priority was to form an understanding of the company and their expressed challenges before getting influenced by literature. Henceforth, the researchers could quickly grasp what the main topics were and that would also form the basis for the theoretical framework. In accordance with the formulated problem, the following topics were considered in the framework; open innovation, network effects and viral growth.

### 3.2.2 Action Research

Action research is a qualitative approach in which the researcher engages in its own research, that is engaged in an organization which is the object of the study. In action research there is an actual organization with a real problem where the researcher is involved in the process of finding a solution to this problem (Bryman & Bell, 2015). By adopting this approach, the researchers could get a practical perspective which in turn led to practical implications.

One benefit of action research was that the approach gave the researchers more access to the organization which facilitated the data collection of conducting interviews (Mercer, 2007). Furthermore, the researchers gained a practical perspective that led to findings in practical implications (Bryman & Bell, 2015). A challenge when using the approach of action research is to keep the balance between the two roles the researchers are undertaking; organizational member and action researcher (Coghlan, 2007). For five months, the researchers in this thesis were involved in development of the growth strategies at Forza Football and therefore the action research was an appropriate approach in relation to the research subject.

## 3.3 Research Method

The research methods incorporated in this thesis to collect data is through both primary as well as secondary data collection. The primary data was collected through observations and semi-

structured interviews, and secondary data was collected mainly through websites and previous interviews with people from Forza Football. Both the data collection methods are explained more in detail below.

### 3.3.1 Secondary Data Collection

Secondary data is described to be data collected by a researcher from another study accomplished by another researcher for another purpose or other organizations related to their business (Bryman & Bell, 2015). The arguments for using secondary data include the fact that it is both time efficient and cost efficient since the data is already collected, as well as that the secondary data most often are of high quality and offers a lot of perspectives to delve into.

This thesis has focused primarily on primary data from interviews and observations but collected secondary data from websites and previous interviews to properly explain certain concepts and the case company in the introductory chapter.

#### 3.3.1.1 Literature Review

To structure and formulate the theoretical chapter, a literature review was performed. Several databases were used in order to ensure that a sufficient number of relevant articles were found. However, a restriction of the number of databases used was made by assessing the trade-off between the limitation of time and the value of finding additional articles. The utilized databases were Emerald, Business Source Premier, Scopus and Google Scholar, which were chosen based on their field, range and quality of content.

Keywords for finding articles included user involvement, crowd, crowdsourcing, network, network externalities, network effects, open innovation, user innovation, value co-creation, virality, growth, and viral growth.

### 3.3.2 Primary Data Collection

Primary data was collected in order to gain a richer and broader coverage of Forza Football and their operations, and the primary data collection was mainly based on findings from the secondary data and the literature review. Connected to the research question, it was deemed necessary to analyze the secondary data and compare it to the operations of Forza Football, in order to find new angles on the investigated phenomenon. Bryman and Bell (2015) explain that there are mainly three different methods to apply in primary qualitative data collection, namely ethnography and participant observation, interviews, and focus groups. The data collection method of ethnography and participant observations could be described as a method in which the researcher immerses himself or herself in a particular social context over a specific period of time with the aim of understanding the social context through observations of behavior. The method of utilizing interviews is a method in which the researcher gathers data through a special kind of interview method (Bryman & Bell, 2015).

In this thesis, the primary data collection methods applied are participant observations as well as ordinary interviews, primarily based on the difficulties the other alternative of focus groups

would present. The researchers overlooked the method of focus groups based on the fact that there are only a few people in a specific department of interest for this thesis' interest.

### 3.3.2.1 Interview Structure

In qualitative research, Bryman and Bell (2015) explain that there are two main interview methods to apply, namely unstructured interviews and semi-structured interviews. In contrast to unstructured interviews, semi-structured interviews are more specific, with the researcher commonly having an interview guide to follow that includes the most important topics to be covered. However, except from the predetermined questions in the interview guide, the interview is flexible and allows the respondent to develop answers and highlight other important aspects that is not part of the interview guide. Semi-structured interviews are deemed to be appropriate when the researcher from the beginning have a clear focus on what he or she wants to emphasize (Bryman & Bell, 2015). Based on the fact that this research to a large extent has a clear focus on what to be investigated from the start, a semi-structured interview approach was applied.

All of the interviews were held in a face-to-face setting at the Forza Football headquarter or digitally through Google Meet. The initial aim was to conduct all of the four interviews face-to-face, but due to the outbreak of COVID-19 in the early spring of 2020, two of the four interviews were forced to be conducted digitally. The interviews started with an introduction of the purpose of the interview as well as for the entire research, before going into the actual interview questions. The aim of the introduction was to make the participants feel comfortable, to understand the purpose of the research as well as avoiding overstepping ethical principles, such as invasion of privacy, deception, and lack of informed consent (Bryman & Bell, 2015). The researchers made the decision to transcribe all of the interviews, with the aim of increasing the reliability of the study (Bryman & Bell, 2015). Based on the respondent's national scope, the interviews were held in Swedish, which naturally resulted in the transcriptions being in Swedish to stay as close to the original interview as possible.

### 3.3.2.2 Interview Selection

Bryman and Bell (2015) describe that sampling is the segmentation of units that are selected to be part of the research. There are two distinct categories of sampling, namely probability sampling and purposive sampling. The latter category refers to a sampling method in which the researcher relies on his or her own judgement when choosing members of a particular population to participate in the study (Bryman & Bell, 2015). A purposive sampling method was applied in this research based on the fact that the researcher in this type of sampling method enhance the possibility to collect a sample in a strategic way to fit the research question. The representatives chosen from Forza Football were based on their responsibilities within the company. The aim was to interview people in the area of business development, preferably with strategic knowledge in the areas investigated in the theoretical framework, namely open innovation, network effects and viral growth. One could critically argue that more than four interviewees would enrichen the findings and thereby be preferable, but the authors argue that since this research only considers Forza Football, it was more suitable to keep the candidates

close to the scope under investigation. Since the thesis considers user involvement, one could argue that interviewing the users would enhance the thesis and its results. The authors considered this but were forced to neglect it due to limited time, elaborated more upon in section *6.4 Limitations and Proposals for Further Research*. A complete list of the interviewees can be found in *Table 3.1*.

| Name | Title | Duration | Form |
|---|---|---|---|
| Patrik Arnesson | Co-Founder and CEO | 42 min | Face-to-face |
| Erik Heinemark | Co-Founder and Driver of Virality | 40 min | Digitally |
| David Hallberg | COO | 48 min | Face-to-face |
| Martin Laanemets | Sales and Clubsourcing Responsible | 52 min | Digitally |

***Table 3.1** List of Interviewees*

### 3.3.3 Additional Data Sources

The researchers found that a qualitative approach building on quantitative datasets provided a deep understanding of the research problem and that this research strategy was the most suitable one in terms of the exploratory investigation (Bryman & Bell, 2015). In order to fulfill the purpose of this research and provide an answer to the research question, the researchers wanted to understand which aspects in the user involvement growth strategies that have the greatest impact on the final outcome, as well as to dig deeper into these aspects in order to understand the underlying dynamics of the interactions between the aspects in the process. A superficial analysis of quantitative datasets provided by Forza Football laid the foundation of the understanding of important aspects which paved the way to a more in-depth qualitative analysis of these aspects. Further, through qualitative interviews the researchers were able to gain detailed knowledge into how Forza Football perceives important aspects related to growth.

### 3.4 Research Quality

Potential issues related to research quality have been discussed previously throughout the methodology. However, this section seeks to elaborate further on research quality concerns and how these concerns have been mitigated in order to ensure the utmost quality of this study. As this thesis incorporates a qualitative research strategy building on quantitative datasets, there are several concerns that could be emphasized. The quality concerns of reliability and validity are the two most common measurements of research quality (Bryman & Bell, 2015).

### 3.4.1 Reliability

The reliability of a qualitative study measures the ability for other researchers to replicate the findings if the investigation was to be repeated (Bryman & Bell, 2015). Leung (2015) explains

that the concept of reliability can be divided into external reliability and internal reliability. External reliability refers to the degree in which a study can be understood and replicated and is generally a major issue in qualitative studies, and in case studies in particular, since this kind of research approach often constitutes specific details of a company or setting. In order to mitigate this type of concern, Bryman and Bell (2015) highlight the importance of detailed documentation of every step in the research process, i.e. methodological choices and research motivations. Throughout the entire research process, the authors outlined detailed descriptions of the different steps concerning the qualitative research strategy, and carefully documented the data collection process in interview transcripts and code descriptions. The social setting is described to be a key element of a qualitative research and the interviewees play a crucial role in the final results. In this thesis, the interviewees have agreed to be transparent with both name as well as title, which enhances the aspect of reliability substantially. Further, the interview guide is fully transparent and attached in *Appendix A* which makes it possible to reproduce the interviews for other researchers.

Internal reliability concerns the issue regarding agreement of findings and is determined by to which extent researchers can agree on findings and results from a particular study (Leung, 2015). A strong agreement indicates a high level of internal reliability while a weak agreement indicates a low level of internal reliability. Although the subject incorporated in this research is rather novel, the internal reliability has been addressed by including more than one researcher through all the phases of the study. Bryman and Bell (2015) argue that having several researchers involved in the research process improves the inter-observer consistency, meaning that more than one observer agree on focus points and ultimately how the findings are used in the analysis. As a result, the internal reliability of this research is perceived to be high.

## 3.4.2 Validity

The aspect of validity includes several measurements and is far and foremost a concern in purely quantitative studies, although the validity measurement could be applied to qualitative studies as well. Yin (2011) distinguishes between three main validity issues concerning case studies in particular; construct validity, internal validity and external validity. Construct validity measures the degree in which the case study is used to give an answer to the research question. Case studies have previously been criticized for the lack of ability to develop organizational constructs. In this thesis, several interviews were conducted in a semi-structured setting, allowing the respondents to emphasize on important aspects in order to enhance objectivity across data and mitigate potential biases. Yin (2011) further describes that the use of primary data in the form of interviews as the main source of data might become a major threat to the internal validity, the ability for a study to outline explanations for its findings. To address this concern and mitigate this kind of risk, the empirical findings were matched with research observed in the secondary data collection in order to ensure a high quality of the primary collected data.

External validity measures the ability to generalize the main findings and results. This type of concern was addressed by conducting a profound theoretical framework. As the analysis of this

particular case and research is based on theoretical concepts, the study contributes to a large extent to the generalizability of the research topic (Yin, 2011). Despite the qualitative consciousness of this thesis, the findings should be generalized with prudence as the findings have not yet been statistically tested or confirmed.

## 3.5 Data Analysis

A proper data analysis method connected to the collected data is of highest importance based on how rapid data can be collected and become a challenge to manage and thus drive conclusions from (Bryman & Bell, 2015).

### 3.5.1 Thematic Analysis

In this thesis, the researchers decided to analyze the collected data through a thematic analysis, which basically follows the same codification of data as the grounded theory approach but does not perform the same iterative and extensive process (Bryman & Bell, 2015). The aim of the thematic analysis was to match concepts into themes based on theory, empirical findings, and the research question. To efficiently find codes the software Atlas was used, which facilitated the forming of categories and further themes. First, codes were developed from the interview transcripts and later revised in several rounds to end up with codes that represented what was being discussed in the interviews and were separated from other codes. The researchers searched for patterns in order to formulate proper codes, hence the similarities that were found in the collected data made it possible to categorize and demonstrate the data in a structured way. The researchers then developed themes based on the revision of codes. Later, the themes were used to compare, cluster and differentiate the material which enabled the researchers to draw conclusions from the similarities in the collected data material.

During the first phase in the data analysis process, coding is seen as an important aspect although there are some concerns to take into consideration according to Bryman and Bell (2015). The main problem that might occur when utilizing a thematic analysis is the issue of codification of answers, with most criticism emphasizing the loss of data, either by losing the context of data or the fragmentation of data (Bryman & Bell, 2015). In order to mitigate these kinds of concerns, the researchers used clear categories in the interview guide, proper transcription directly after conducted interviews, and a relatively small sample of respondents which made the researchers assume that the issues connected to a thematic analysis would not interfere with the data analysis.

## 3.6 Ethical Considerations

When conducting qualitative research, it is of utmost importance to consider ethical issues that potentially could arise at different stages in the research process. In terms of the primary data collection in the form of interviews with representatives from Forza Football, the respondents in advance clearly agreed upon that the company name, their personal name, title and opinions were exposed in this thesis. Information regarding the purpose of the research and the following interviews were given to the participants before the actual interviews took place so that the

participants had the chance to make an informed decision about taking part in the research or not. Even though it is difficult to present the involved parties with complete information in advance regarding the study as new angles of the research arise regularly, it was perceived that the most relevant and important information was revealed for the parties in order for them to decide whether to take part in the study or not. Consequently, the ethical principles involving harm to participants and lack of informed consent have to a large extent been mitigated. Also, the research area of this research is not perceived as harmful to the company in itself but is instead perceived as a potential way to discover new possibilities to improve or develop new growth strategies.

# 4. Empirical Findings

*The empirical findings chapter presents the results from the primary data collection. The results from the conducted interviews with representatives from Forza Football are compiled, as well as data collected through observations, following the concepts elaborated on in the theoretical framework. Quotations are used to provide explanations from the interviews while free text are findings through the authors' own observations from inside action research. The first section regards strategies linked to crowdsourcing activities while the second section regards the utilization of network effects and how they are incorporated. The last section describes how Forza Football operates strategically with the aim of achieving viral growth.*

## 4.1 The Purpose, Advantages and Challenges with Crowdsourcing

After conducting the interviews, it became clear that the main focus of Forza Football in regard to the practices of open innovation concerns the activities linked to the concept of crowdsourcing. Given the main purpose of this study, the concept of crowdsourcing therefore came to play a significant part in the empirical findings chapter. In the first section of the empirical findings, the results regarding crowdsourcing activities are presented, including the purpose, advantages and challenges of crowdsourcing in the context of Forza Football.

### 4.1.1 The Purpose of Implementing Crowdsourcing Activities

In recent years, respondents from Forza Football describe that competition has increased significantly in the markets in which Forza Football operates, mainly due to the fact that the interest in the world of football has reached unprecedented levels and thus new competitors have emerged. Simultaneously, the behavior of consumers has changed to a large extent where consumers today place higher demands on product design and content. Currently, there are a number of applications that provide similar type of information as Forza Football, unlike what the situation looked like around eight years ago when the company was founded. In order to increase the number of users and thereby competitiveness, the company CEO explains that Forza Football has in recent years started to develop new strategies linked to gathering information that no other competitor can do, with the aim of creating a competitive advantage.

> *"After a period of stagnant growth, we realized that there were several products that provided the same type of information as us and that we therefore had to start creating content that no one else could. We had to start delivering a solution to the problem that none of our competitors had identified, a solution that would also be difficult to copy."*
>
> - Patrik Arnesson, CEO

The focus on delivering content that no other players on the market has the possibility to cover has taken Forza Football to a unique position in the marketplace where the company has managed to create possibilities to differentiate themselves from competitors in a clear way. Adding to this, involving the crowd in the content development has so far showed to be an effective way to establish close connections with the users and thereby maintaining a high number of crowdsourcing contributions. The main crowdsourcing activity in the case of Forza

Football is done through a reporting tool called Forza Reporter, a reporting tool that allows all clubs, regardless of professional level, to report their matches themselves and thus be visible in the application. The purpose of the tool is described to out-compete the strongest competitors in the market by offering unique content from matches and leagues that no one else has the capacity to cover. In practice, it works in the way that a club reports an interest in Forza Reporter that they want to start to report their matches, which is then manually controlled by Forza Football before the club is approved and can then begin to report matches and events.

*4.1.1.2 Crowdsourcing Enables Broader Coverage*

Forza Football utilizes strategies in connection to crowdsourcing for several purposes, where the main purpose is described to broaden the overall coverage by gathering and delivering data from matches and leagues that no other competitor is able to do. Forza Football works a lot with ambassadors, people that are described to be active reporters that Forza Football has close contact with. The reason for including the crowd in the content development is described to gather unique data in order to create a competitive advantage against competitors in the market. Forza Football works directly with partners that serves the company with live score updates from the most popular matches and leagues all over the world, but in order to reach segments that no other competitor has the possibility to do, the COO at Forza Football explains that other strategies is necessary to look into.

*"For us, the purpose of crowdsourcing is to gather data from matches that no one else has. We buy some data from our partner Sportsradar, but they only cover a very small part of all the football in the world. We want everything in our platform, and we believe crowdsourcing serves as an effective way to gather the data that we need to achieve our mission, which is to make the world of football a better place, and available for everyone."*

- David Hallberg, COO

Respondents from Forza Football describe that there are two approaches to access the data requested by the company and the consumers. Although the company could grow and reach scalability by setting up different teams to cover different leagues, it would be an enormous project compared to the approach where the users themselves contribute to the content development through crowdsourcing activities. Through the use of crowdsourcing, the COO at Forza Football describes that it is possible to grow rapidly in several markets at a low cost.

*"The scalability, speed to market and the low costs associated with crowdsourcing activities are the main advantages. With crowdsourcing, there is the opportunity to grow quickly in several markets at a low cost without doing any particularly extensive job ourselves."*

- David Hallberg, COO

Furthermore, the possibility for the users to combine their interest in major leagues and teams together with smaller leagues and local teams in the same platform creates important competitive advantages over competitors. Instead of using different types of applications and sources to find the information requested, everything is visible on the platform developed by Forza Football.

*4.1.1.3 The Creation of Entry Barriers and Lock-In Mechanisms*

Another purpose for implementing crowdsourcing activities for Forza Football is explained to be that it has the potential to create large barriers to entry for competitors, a phenomenon that respondents from Forza Football describe as the presence of high monetary start-up costs or other potential obstacles that prevent new competitors from easily entering a market and earning market shares. These barriers benefit existing companies in the market because they indirectly protect revenues and profits. Through the reporting tool, it is for Forza Football possible to create high barriers of entry against competitors by getting users to report information to the platform themselves and to frequently change their behavior. The CEO at Forza Football describes that this type of entry barrier in turn creates a lock-in mechanism for existing users, making it difficult for users to switch to another application because they have invested both time and effort into Forza Football's crowdsourcing activities.

> *"One of the biggest advantages of our reporting tool is the entry barrier that it creates for our competitors. If we manage to take the position where our users start to report their matches and get used to that behavior, it will be extremely difficult for other players in the market to overtake that position."*
>
> - Patrik Arnesson, CEO

In this way, barriers to entry are formed in a natural way as both brand identity and user loyalty act as further barriers to potential market entrants. The ultimate goal of the creation of entry barriers is described to create a brand identity so strong that the brand becomes synonymous with the type of product that Forza Football offers, making it extremely difficult for competitors to overtake market shares from specific market segments connected to the product.

## 4.1.2 Incentives and Motivations for the Users to Contribute

It is described by several of the respondents that the incentives for a user to contribute to the crowdsourcing activities developed by Forza Football depend to a large extent on who the user is. In terms of players, the strongest incentive is described to be the contribution of their own statistics so that family and friends can follow the player's development through the application. In terms of a particular team or for a whole club, the strongest incentives regard the possibility for other people to follow the results. The COO at Forza Football explains that locally, there has been shown to be strong interest among the local population to follow their local club mainly because many have a relationship with that particular club.

> *"If you are a football player, the main incentive for contributing is probably for you to have a player profile so that your friends and family can follow you and your matches, in the same way as anyone can follow Cristiano Ronaldo or Lionel Messi. For clubs, the strongest incentive is that other people can follow the results."*
>
> - David Hallberg, COO

Moreover, the sales and clubsourcing responsible at Forza Football argues that the ease of use is one of the strongest incentives for users to contribute to the crowdsourcing activities. Compared to how reporting of matches has traditionally been done, the option to report results

through Forza Football is simpler and more flexible, while reaching a larger audience due to an extensive base of users.

*"Our reporting tool is very simple to use, which means that more and more teams prefer our platform over other more traditional tools of reporting. The ease of use is one of the keys to get more reporters, it should be easy and smooth."*

\- Martin Laanemets, Sales and Clubsourcing Responsible

According to the COO at Forza Football, the company currently has no stated strategies to intentionally increase the incentives for users to contribute to the crowdsourcing activities. Instead, the focus is on delivering an outcome where the content generates value for the users and thus strengthening the incentives for the users to continue using the platform. Forza Football is divided into different teams with different areas of responsibility where each team is responsible for understanding how the product needs to be developed in order to increase the value for the users. By frequently gathering feedback from users, Forza Football can understand what needs to be developed and thus adapt the product to the users' needs and demands.

*"We do not assume that we know what the users want, but instead we listen to their needs and demands and adapt the product accordingly."*

\- David Hallberg, COO

Since there is extensive knowledge available in the public today, Forza Football has in recent years changed the strategy from developing only innovations in-house to integrating users in the product development process. Forza Football has begun to search for other ways to increase the efficiency and effectiveness of their innovation processes outside their walls, becoming more permeable to the transfer of ideas. The opinions and suggestions that the users contribute with to the development of the product are carefully reviewed by Forza Football. For the proposals to be implemented in the development of the product, it is described that there has to be a potential to generate value for a significant portion of the user base. The sales and clubsourcing responsible at Forza Football gives an example of when Forza Football took comments and feedback from their users into consideration when taking the decision to integrate Forza Football with other social applications in order to make it easier to report their matches.

*"We saw that many English players and clubs reported their matches through Twitter, and we therefore made the decision to integrate Twitter into the application, which meant that all reporting that was done through Forza Football could easily be shared on Twitter. We simply created an integration between the applications."*

\- Martin Laanemets, Sales and Club Sourcing Responsible

What is important to note is that only a small part of all feedback and requests from the users result in new features and innovations. Some feedback that comes in is described to be good but not important at the moment, which means that this feedback is put aside and then possibly comes up to discussion again when the time is right. Overall, Forza Football takes great account

of the users' ideas and demands, but a large portion of the feedback gathered are simultaneously removed during the process.

*4.1.2.1 Intrinsic and Extrinsic Rewards*

The crowdsourcing contributors receive frequent reports that describe statistics regarding the number of followers that particular team has in the moment, the number of people who watched their last match, the number of new followers in the last week et cetera. The COO at Forza Football explains that this type of feedback is provided by Forza Football with the aim of proving to the reporting users that their contribution creates value for their followers, thus Forza Football's users.

*"We frequently send reports that show the number of followers, how many people followed the last match, how many new followers in the last week et cetera. We provide that type of feedback to prove that the reporters create value for many of their followers, i.e. our users."*

- David Hallberg, COO

At present, no reporters are rewarded in monetary terms for their contributions in the crowdsourcing activities. However, the COO at Forza Football explains that there are considerations that in the future begin close collaborations with particular teams and help with, for example, sponsoring match kits or materials that can be used in training. By operating in this way, a value is created for both the club in question as well as for Forza Football. Other potential rewards could include customized features on the platform, such as themes for that particular team or a chat function. The primary focus at present, however, is on rewarding contributing users without interfering in monetary terms.

*"No reporters are currently being paid for their reports. What we have been looking at is maybe to sponsor reporting teams with kits or other materials. Lead reporters can be rewarded in ways other than money. For example, sponsored match kits would have created value both for the club in question and for us as a company."*

- David Hallberg, COO

The COO at Forza Football continues by describing that delivering these reports is not an extensive job for Forza Football, but that it creates great value for the reporting users. It is about simple psychology; people need confirmation that the time they spend is actually creating value for their followers. Naturally, if the reporters know that there are many users who follow their reporting they want to continue, which in turn has the potential to increase the level of user engagement.

## 4.1.3 User Engagement and Loyalty

Several of the respondents describe that the level of user engagement and user loyalty are strongly correlated to the incentives for users to contribute to the crowdsourcing activities and the rewards connected. User engagement is defined by Forza Football as the emotional connection that exists between the user and the company or product, where highly engaged users generally use the product on a frequent basis, promote the product to others, and

demonstrate a high level of user loyalty. Providing a high-quality experience to the users is an important component for Forza Football in the user engagement strategy, for example by presenting special offers to important users or delivering value than no other competitor has the potential to do. The COO at Forza Football describes that the company works frequently with increasing the degree of user engagement by creating unique content that no other competitor can offer in the moment, especially in terms of focusing on the local market.

*"We increase user engagement and loyalty by focusing on local football. Being able to combine teams like AC Milan or Manchester United with your local team creates content that no competitor can offer, which raises the level of user engagement. If you follow a team that only we can offer, no user will change to another application, which will strengthen our position as an application worth retaining."*

- David Hallberg, COO

User loyalty is described by the respondents as the measurement of the users' likeliness to repeat interaction with Forza Football, where the level of user loyalty is the result of user satisfaction, positive user experiences, and the overall value of the product the users receive. A high level of user loyalty for Forza Football generally leads to that the users stay loyal and are not particularly affected by product availability or pricing. The loyal users are often willing to invest more interest and time in the product as long as they receive the same quality and value as they are used to. For Forza Football, it is described to be important to strive to improve the level of user loyalty in order to keep users using the product and thereby make them promote the brand or product to new audiences. The level of user loyalty is generally enhanced by building long-term relationships with users. Respondents from Forza Football agree that a clear focus on relationship building also enhances the level of user retention, thereby yielding faster growth than other marketing strategies.

### 4.1.4 Communication with the Crowdsourcing Participants

As crowdsourcing serves as an increasingly important part of Forza Football's product development, communication with the contributing individuals becomes crucial. The use of crowdsourcing means that a large part of the product users is also involved in the workforce, which places high demands on effective and clear communication between the company and the crowdsourcing participants. It is described that users of Forza Football often possesses different types of skills, information, backgrounds, and experiences which can be, if effectively utilized, used to further develop the product in the right direction. For Forza Football, an effective way to proactively engage and communicate with the audience is the use of social media. The use of the internet opens up opportunities to effectively build long-lasting relationships between the company and the users, as well as driving them closer together. Since social media efforts are generally instant, it allows Forza Football to access information from a wide audience in a cheaper and faster way compared to traditional communication. The quicker information is received, the quicker it can be interpreted in the product development process. The sales and clubsourcing responsible at Forza Football described that the company uses, among others, social media platforms such as Facebook, Instagram and Twitter to interact with their users and exchange information.

*"The users always have the opportunity to contact us through social media, through Facebook, Instagram or Twitter. They have the possibility to ask questions, provide feedback or present new ideas to improve the application."*
- Martin Laanemets, Sales and Clubsourcing Responsible

Connectivity with the users through the use of crowdsourcing allows consumers and participants to share and collaborate knowledge with their peers as well. With the ability to communicate and interact with potential and current users, information and answers can be relayed back quickly to Forza Football, which allows the users to get involved on their own volition. The sales and clubsourcing responsible at Forza Football describes that the company currently has no function that allows for communication between the users and crowdsourcing contributors, but each reporter has the opportunity to share the reporting tool to others and thereby increase the awareness of the reporting tool that the company offers.

*"At present, there is no function created by Forza Football that enables communication between the users. However, it is possible to share the reporting tool among each other and thereby increase awareness of the opportunities that exist."*
- Martin Laanemets, Sales and Clubsourcing Responsible

The communication between Forza Football and its users is currently conducted on a daily basis, where users frequently return with questions and concerns regarding everything from registration to reporting. Currently, all steps from registration to final reporting include manual steps that employees at Forza Football have to deal with, which ultimately creates an obstacle to developing a scalable product. In addition, Forza Football is in contact with almost all reporters, as these must be approved before they can start reporting matches and results. Furthermore, the COO at Forza Football describes that the company works actively with clubs and players to present the reporting tool and its main purpose.

*"So far, we are in contact with almost every crowdsourcing participant. We need to approve all reporters and the vast majority we have also spoken to. We have people that are out meeting clubs and associations to present our intentions."*
- David Hallberg, COO

The goal of the incorporated strategies related to the crowdsourcing initiatives is to eventually build a product that is scalable, that is, that no manual steps are required in the registration of new teams and clubs. At present, however, the focus is on proving to clubs that there is a case, that they can create value for their followers by reporting their matches. A lot of questions from users regarding support appear on a frequent basis, and this is something that Forza Football needs to handle. As soon as the registration of new clubs goes on without any obstacles, the focus will shift to eliminating manual steps in order to build a scalable product. Forza Football distinguishes between reporting users and 'regular' users, people who use the application to follow teams, leagues and results. The CEO at Forza Football describes that communication with regular users must be improved. The goal is to build close relationships, whether it originates from face-to-face meetings, e-mails, messages or simply through in-app communication.

*"We need to develop and extend our communication with our users, especially when it comes to retention tools. More frequent communication with our users will most likely result in increased levels of retention and user loyalty."*

- Patrik Arnesson, CEO

The practice of a clear and frequent communication with the users is described as vital parts in the potential success of the crowdsourcing activities. Representatives from Forza Football believe that effective communication between the company and its users has the potential to contribute to the development of more innovative products that meet the demand of the audience to a higher degree, while a clear communication contributes to a higher degree of user loyalty. Furthermore, manual steps in the communication process are destined to be removed in the near future with the goal of creating a scalable product.

## 4.1.5 The Importance of Early Adopters

The COO at Forza Football explains that some crowdsourcing contributors are seen as more valuable than others as these users often experience needs that are still unknown to the public and that they also benefit greatly if they obtain a solution to these needs, which can help Forza Football succeed in the product development. The most important users help identify key customers and develop new product concepts. These individuals also contribute to the innovation management by finding essential product characteristics and drive the product development in a targeted manner. For Forza Football, the most important users are generally characterized by some features; (1) they have self-interest in solving a problem, (2) they have good awareness of the problem which other users observe in a later phase, (3) they have needs in which the market will refer to only in the future, and (4) these users benefit from early innovations that can meet these needs. Because of these characteristics, the important users are particularly motivated to become active and work with Forza Football on the development of new product features. In addition, these users generally contribute to the identification of future opportunities in the market and also actively work on the development of corresponding products. In the case of Forza Football, the COO describes that the most important users and crowdsourcing contributors are the individuals who frequently contribute with match reports through accurate information which increases the long-term credibility of the company.

*"The reporters who are very active are also very interesting to us. There are those who report every match - that is the type of reporters we want. The reporters that report every third match do not create any consistent value for our users and then it is quite uninteresting because of the risk of losing credibility and reliability."*

- David Hallberg, COO

Individuals who use or adopt new products, innovations or technologies before the remaining mass are often referred to as early adopters in business and management research. Early adopters are often important for companies when it comes to implementing new product features or evaluating new innovations, and so also for Forza Football. An early adopter is more likely to pay more for the new product compared to later adopters and often accepts product developments if it increases efficiency, reduces costs, or increases the early adopter's social

status. The CEO at Forza Football describes that the company relies on early adopters to provide feedback on product deficiencies and to cover the cost of the product's research and development. The feedback is then analyzed to further develop the product with the goal of meeting the needs and demand of the users.

*"I would say that our most important users are the people in every single team that make things happen, the people who are the first to sign up and get everyone else to follow suit. Our most important users are the early adopters with a strong following."*

- Patrik Arnesson, CEO

Getting early adopters on board in testing new product features and innovations is a crucial step for Forza Football during the product development phase and for pushing the product forward to the broader market. In addition to the early adopters generally contributing to an increase in sales and usage, the early adopters contribute with critical feedback regarding what needs to be improved to reach a broader market. The most important user for Forza Football, the early adopters, usually do not respond to marketing in the same way as the broader market, but instead require a niche or unique characteristics in the product to generate interest, forcing Forza Football to be creative and find solutions to problems that no other competitor has done before. The early adopters want to be the people who introduce new innovations to friends, family and colleagues, and by getting the early adopters on board therefore creates great opportunities for Forza Football to reach a large audience in a relatively short period of time.

## 4.1.6 Important Challenges to Overcome

In contrast to the obvious advantages described previously that crowdsourcing brings to Forza Football, the disadvantages and challenges discussed concern among others the quality assurance of the data that are being reported by the crowd. For Forza Football it is important to understand what incentives there are for users to report incorrect information, and then consider how to eliminate these types of incentives. The COO at Forza Football describes that if a large-scale audience should begin to report incorrect information, this would also be quickly noticed by many users, which in turn would damage Forza Football's brand and credibility. This would of course only prove to be a real issue if incorrect reporting is growing on a large scale.

*"One of the biggest challenges associated with crowdsourcing is to ensure that the data collected is of high quality. It is important to understand what incentives there are for delivering false information, as well as how to reduce these incentives."*

- David Hallberg, COO

Another challenge associated with crowdsourcing is that Forza Football cannot impose the same type of requirements on the data collected by the crowd, unlike the data purchased by suppliers. By purchasing data from suppliers, you also know exactly what type of data you will receive, unlike the data collected by the crowd which are far more uncertain. Purchasing data from suppliers make it easier to design a product since you know exactly what type of data that is available. Crowdsourcing contributes to uncertainty in this case as it is hard to predict what kind of data that will be available and what type of data that will not. In addition, there are also

issues regarding incentives and rewards. Generally, people expect something of value back if they contribute with something of value. The CEO at Forza Football believes that communication becomes important in this case as the users need to understand what kind of value that is created because of their contribution in the crowdsourcing activities.

*"Another challenge concerns the contradiction of incentives versus rewards. It is a lot of friction, for users to contribute valuable data, they also want to get something back, which places great demands on our product development and communication with our users."*

- Patrik Arnesson, CEO

Furthermore, it is described by several of the respondents at Forza Football that another challenge associated with crowdsourcing concern the issue of the pace of the product development. Forza Football is constantly dependent on the pace of development of the product as the development has to be aligned with the ambitions and the goals that are set. At present, the sales and clubsourcing responsible at Forza Football describes that the development of the product is a few steps away from where the company wants to be, which puts a lot of pressure on the developers as more users require a system that can handle as many users. Forza Football has already encountered problems where the application has crashed due to excessive load. The development of android is around a year behind the development of iOS, which is explained by natural causes such as that Forza Football started and were run entirely without android developers for about a year. Without a functional product that can handle all types of systems, it will also be difficult to reach a network effect where all users are involved and contribute.

*"A major challenge linked to crowdsourcing and an increase in the number of users is to get the product development to run in the same pace. The development of the product must go hand in hand with what we strive for and how we set our goals."*

- Martin Laanemets, Sales and Clubsourcing Responsible

The main challenges associated with crowdsourcing concern the quality assurance of the data collected by the crowd, the issues regarding incentives and rewards, and the importance of the product development running at the same pace as Forza Football's ambitions of growth through crowdsourcing. All challenges are described as vital to cope with in order to reach the final goals of increasing the number of reported matches and thus contributing to a network effect.

## 4.2 The Advantages, Areas of Focus and Challenges of Network Effects

The next section of the empirical findings regards the results connected to the creation of network effects. First, a description of whether the product of Forza Football becomes better with additional users will be presented, followed by a local versus global focus and finally potential challenges in regard to the creation of network effects will be presented.

### 4.2.1 Additional Users Lead to an Increase in the Overall Product Value

One of the largest goals of Forza Football, as well as the company's vision, is described to involve enough users in the product to create a greater voice in the community in order to be

able to influence decisions made in the community of football. To be successful, one of the co-founders and the driver of virality at Forza Football describes that increasing the product value by additional users and the creation of network effects is of high importance. The key is described to get users to generate content that is of value to other users, including content creation and the creation of player profiles and team profiles on the platform. The more users that are on the platform, the more value will be generated, which in turn creates a network effect among the users. Furthermore, commitment and inclusion are described as important components of the process of creating these network effects. These components are most likely to lead to a higher degree of motivation for the users to contribute that causes users to first and foremost use the product on a frequent basis, but also to contribute with content, feedback and new ideas for improvement. Moreover, when users notice that their feedback is welcomed and subsequently leads to new implementations in the product, the willingness to use the product and additional contributions increase.

*"The more users we manage to involve in the product, the more the interest in Forza Football increases in general. If we have more users, there are also more people who want to be visible on the platform. If we also get users to contribute with product content, we have managed to create a unique position where the users create value for other users."*

- Erik Heinemark, Co-Founder and Driver of Virality

Furthermore, the CEO at Forza Football describes that users are divided into two different categories, namely contributing users and viewing users. The contributing users are the users who, in addition to using the product frequently, also contribute with content through, for example, match reporting or registration of team and player profiles. The viewing users are simply the users who use the product frequently, but without contributing with their own content. Further, the product of Forza Football is equated with search engines and online music streaming services, in the way that the value of the product is considered to be higher the larger index available, an index created by the contributing users.

*"We usually divide our users into two categories; contributing users and viewing users. The contributing users will make our index larger, similar to search engines or music streaming services, which will increase the value of the product. There is a clear correlation between the number of users and the value of the product."*

- Patrik Arnesson, CEO

In addition to added value of the product through an extended user base, an opportunity is also created to differentiate against competitors through unique content, previously described in detail in the section of crowdsourcing activities. By allowing users and dedicated consumers to contribute with content themselves, incentives are created to participate in reaching new market segments, something that also enhances the network effect on a local level.

### 4.2.1.1 Product Improvement through Monetary Gains

Apart from improving the overall product through more users, additional users will also create other benefits for Forza Football. It is described by several of the respondents that additional

users of the application contribute to increased traffic on the platform, which allows for stronger arguments when it comes to selling ad slots to advertisers. This in turn has the potential to generate increased revenue for Forza Football which enables frequent updates of the product which enhances the overall value for the users. The co-founder and driver of virality at Forza Football explains that in addition to that added users increase the value of the product's content, it also contributes to increased revenue and thereby continuous updates of the product.

*"With additional users, our chances of selling ads increase and thus we can continuously improve the product which in turn increases the value for our users."*
- Erik Heinemark, Co-Founder and Driver of Virality

Furthermore, the respondents at Forza Football agree that by constantly improving the product, the chances of attracting users from new markets and new countries are also increased. New users from new markets increase the potential to sell advertising sites to foreign companies, which in turn contributes to a greater opportunity to grow globally. Continuously improving the product through advertising revenue enables an effective global growth.

## 4.2.2 A Local Focus Enables Global Expansion

It is described by a majority of the respondents that Forza Football mainly creates network effects that primarily is of local nature, but that the network effects could be enhanced globally as additional users mean greater coverage for anyone using the product. That said, the real benefit lies on the local level where a user will most probably be specifically interested in local coverage rather than global coverage. To exemplify, the COO at Forza Football explains that the probability that a Swedish user will be interested in smaller divisions in Sweden are higher in comparison to an English user, which will lead to a higher sense of local network effects rather than global network effects. Although not global, local network effects could provide benefits in the sense that it creates smaller clusters with great value for each, which in turn has the possibility to grow and reach a global level. Succeeding locally would probably increase the chances of subsequently succeed globally by employing similar types of growth strategies.

*"The main focus is on the local market, with the goal of understanding the concept of network effects and how the user-generated content affects the product in general. if we can succeed locally, we can probably apply the same concept at a global level."*
- David Hallberg, COO

Several of the respondents believe that the local market serves as a good starting point with the aim of developing a similar strategy for growth on a global level. In the future, the sales and clubsourcing responsible at Forza Football explain that global network effects are of higher importance as most of the largest sources of income exist on the global market.

*"A local focus serves as a good starting point, but Sweden will in the future be a small part in terms of the most important sources of income. In the longer term, a global focus is therefore of higher importance, even though a local focus naturally strengthens our brand."*
- Martin Laanemets, Sales & Clubsourcing Responsible

Even though it is to a large extent the local population in question that benefits from more matches being reported in the immediate area, there are also benefits for people and users who come from outside. Previously, benefits in regard to the creation of unique content have been explained, which leads us to the unique advantage that anyone using the application has the possibility to see where and when football matches are being played, at any level. The CEO at Forza Football highlights the example of a tourist traveling to Zimbabwe. This person has the opportunity, through Forza Football, to see where and when football matches are being played anywhere in the country, something that is unique to other comparable services.

### 4.2.3 Challenges related to the Creation of Network Effects

Although the development of network effects has the potential to create a number of benefits for Forza Football, there are also potential drawbacks. Similar to one of the challenges in regard to crowdsourcing activities, the main challenge connected to the creation of network effects regards the technical performance of the application. As more matches and more players join the application, it will demand more in performance from a technical point of view. The additional data will directly influence the perception of a well-functioning product in for example loading time and visuals as it will demand more performance-wise. The sales and clubsourcing responsible at Forza Football fears that the technical development of the application would hinder the overall development in terms of speed, since the developers will get more to handle with additional users, and thereby additional data. This opens up for creating a system that can manage a large number of users and unburden the developers, since Forza Football already experiences problems considering performance when the data load has been too massive. Establishing such as system is regarded as one of the keys in order to manage the aim of a great number of additional users.

*"With additional users, the developers will get more data to handle. More users require a system that has the capacity to handle a larger user base and a larger amount of data. We have already encountered problems where the application has crashed due to excessive load. If we are to achieve the goals we have in terms of number of users, the system needs to be developed accordingly."*
- Martin Laanemets, Sales & Clubsourcing Responsible

The aims of creating network effects are clear, with more users the value of the overall product increases simultaneously, something that is described as necessary to achieve concrete goals in relation to growth in terms of number of users. The challenges previously described are therefore of highest importance to overcome in order to increase the opportunity to reach the final goal of viral growth.

### 4.3 The Strategies and Measurement of Viral Growth

The last section of the empirical findings concerns the results in regard to the strategies utilized in connection to viral growth, or virality, as well as the measurement of virality. First, the strategies employed by Forza Football will be presented, followed by a description of several ways of sharing the application to other users. Lastly, a description of how Forza Football measures virality will be presented.

### 4.3.1 The Strategies Linked to Viral Growth

The question of how and whether Forza Football will be able to reach the final goal of virality has intensified in recent times and has served as a major focus area since the turn of the year. The sales and clubsourcing responsible at Forza Football describes that the company works every day to achieve virality and that everything performed at the company is done with the aim of contributing to a development towards viral growth.

*"Since the beginning of the year, the goal of reaching virality has become an increasingly large area of focus for us and something we work to achieve every day. Everything we do is done with the goal of finally achieving viral growth."*
                                    - Martin Laanemets, Sales & Clubsourcing Responsible

Several respondents believe that the performance of crowdsourcing activities and the creation of network effects serve as keys to ultimately reaching viral growth. Many of the strategies to reach virality are therefore strategies that are too a large extent linked to either crowdsourcing, network effects, or a mixture of the two. The COO at Forza Football emphasizes the importance of demonstrating the creation of value for the users. He believes that if Forza Football manages to create an important and continuous value for its users, the reward will eventually come in the form of scalability and a significant increase in the number of active users.

*"If we can show that there is value in being in the application for both players and clubs, there is a possibility to scale that value since players and clubs will themselves invite new potential users without us putting an effort into that process."*
                                                            - David Hallberg, COO

If the value is shown on the market in the form of a higher number of users, not only the opportunity of scaling increases, but also opportunities for funding are created, which opens up for frequent updates of the application to increase incentives for users to share the application, something that is described as vital for achieving viral growth. One of the features that is frequently referred to by the respondents is the ranking of teams and players based on popularity in terms of the number of followers. The respondents believe that the announcement of the number of followers increases the incentives for the users to share the application in order to increase in rankings, which in turn contributes to the creation of virality. The CEO at Forza Football sees this as a potential problem in the creation of virality and claims that the system in its current form may slow down the process of generating new users in a fast and efficient way, and that the system must therefore be automated to increase the chances of reaching virality.

*"An automated registration process will be of great importance in the near future. In order for us to grow virally, we need a system that can quickly and efficiently register new users and clubs without any manual steps."*
                                                            - Patrik Arnesson, CEO

The employed strategies for finally reaching viral growth are largely connected to the cornerstones of crowdsourcing and network effects. To a great extent, the strategies concern

the creation of a platform that generates important and continuous value to the users, a value that should preferably be perceived as higher the more users that exist on the platform. At the same time, the product must be easy and simple for the users to share in an efficient way, with a system capable of an automated registration process that allows for an efficient influx of new users to ultimately reach viral growth.

*4.3.1.1 The Creation of Exit Barriers and an Increased Level of Retention*

Several of the respondents point out the importance of increasing the engagement of existing users and retaining them for an extended period of time, in addition to the focus of constantly earning new users. This leads to a discussion about the creation of exit barriers and the rate of retention. The co-founder and driver of virality at Forza Football explains that exit barriers are created by the users themselves when deciding which tournaments, teams and players they want to follow. He believes that users invest both time and interest in these settings, which creates increased engagement and thus it becomes more difficult for users to switch application to a competitor.

*"Each user creates their own profiles by following specific leagues, teams and players. It takes some time to configure these settings which makes it harder to leave Forza Football to a competitor. Also, push notifications are sent out regarding the selected leagues, teams and players in order to increase the level of engagement."*

- Erik Heinemark, Co-Founder & Driver of Virality

As more teams and players become registered on the platform and the number of their followers increases, so will the engagement of these users. The CEO at Forza Football believes that as users' engagement increases, exit barriers are created based on not wanting to let down the users that are following the team or player in question.

*"As more team and player profiles are created, these teams and players will also have a number of users following them. If you have users who follow your results frequently, the incentives to keep reporting increase, making it more difficult to leave Forza Football to a competitor. You do not want to disappoint your followers."*

- Patrik Arnesson, CEO

In addition to that the rate of retention most probably increases with a higher level of user engagement through the creation of exit barriers, several of the respondents also highlight the unique content developed through crowdsourcing activities as an important aspect in relation to retention and user loyalty. As Forza Football contributes with content that no other competitor can do at present, there is also no reason for users who care about this type of content to change application to a competitor. Thus, the unique position created by crowdsourcing serves as an exit barrier in itself.

## 4.3.2 Sharing the Product to New Potential Users

Connected to virality and the most important strategy in terms of the effectiveness of spreading the message are the ways in which users are able to share the application. It is described by the

majority of respondents that Forza Football actively works with strategies related to viral growth by making it easy to share content through the application. As previously described, Forza Football as a company grew in terms of number of users at a high rate during the first executive years, without investing anything in marketing or special promotions. Instead, the focus has been on delivering a valuable product to users and thus spreading the message through word of mouth. The sales and clubsourcing responsible at Forza Football claims that the rapid spread through word of mouth can be explained by a well-designed product that has succeeded in meeting the demands from the users to a large extent.

*"We have basically not spent anything on paid marketing or special promotions. I believe that if we deliver frequent value to our users then the word spreads fairly quickly and it is mainly through the spread of the word that has generated the majority of our users."*
- Martin Laanemets, Sales & Clubsourcing Responsible

That being said, several of the respondents admit that until today Forza Football has been rather poor when it comes to features in the application that allows for sharing content to new potential users. However, as the engagement of both clubs and players has increased recently, a major focus has been put on developing new features that allow for a more efficient way of sharing content to new users. As of today, the main ways to share the application, in addition to word of mouth, concern sharing through social media channels or messages through a particular share sheet developed by Forza Football. There are also opportunities for the users to share specific match pages, which, according to the co-founder and driver of virality at Forza Football, represents one of the best practices for earning new users. The focus linked to the technical development of the application is currently on the development of the sharing of specific line-ups, player and team sites, as well as tournaments. At the same time, there are many other concrete ideas within Forza Football regarding how to effectively reach a larger potential user base. The sales and club sourcing responsible at Forza Football holds that the level of exposure on different search engines has the potential to gain many new users in a short period of time.

*"Today, it is possible to share personal team and player profiles through links and social media. In the near future, we want to extend our exposure on search engines, such as Google search. When you search for a football club or player, Forza Football should be among the top results. We believe that increased exposure on search engines will generate more users in the long term."*
- Martin Laanemets, Sales & Clubsourcing Responsible

Technological developments and well-designed sharing features in the application, together with word of mouth and a high level of exposure on different search engines, thus serve as the main strategies regarding sharing of the message. Respondents at Forza Football hope and believe that effective ways for existing users to share the application with new potential users will act as a catalyst for enabling viral growth.

### 4.3.2.1 Motivations for the Users to Share the Application

In order for existing users to share the message and spread the brand of Forza Football to other potential users, incentives and a certain level of motivation are required. Several of the

respondents currently have difficulty in finding uniform answers to what it is that really drives users to share the application to new potential users. The COO at Forza Football explains that they have noticed that match results are often shared when users' own teams that they follow have won a match, probably to show the environment that things are going well for the team in question.

*"We have noticed that users often share the application when the team they are following has won a match or tournament, whether it is their local team or a European top club, probably to brag to friends and acquaintances."*

- David Hallberg, COO

Further, the motivations of Forza Football's users to share the application is described by several of the respondents as rather poor historically. The goal of Forza Football has therefore been to develop the product in a direction that makes it meaningful for users to share the product, thus increasing motivation. By creating player and team profiles in more detail, including won matches, number of goals, number of assists et cetera, the co-founder and driver of virality at Forza Football hopes to increase the motivation and incentives of the users to share the application to other potential users in order to increase the number of followers on their own profiles.

*"We are currently developing a new team and player profile that should be easier to share and that also shows the number of followers, in addition to other statistics. We believe that revealing the number of followers will increase the incentives and motivation to share the application and thus increase the number of followers."*

- Erik Heinemark, Co-Founder & Driver of Virality

Several of the respondents describe that a key to increasing the sharing rate is to include a ranking in the application, a ranking that shows how many followers each team and player has, and which is visible to all users on the application. By operating in this way, the users gain a higher awareness of their own reach and their progress, and as a result the incentives to share the application increase further. A higher degree of motivation will most likely be developed as both teams and players want to beat others in terms of number of followers, which will most likely increase the rate of sharing of the application.

### 4.3.3 Measurement of Virality

Concerning how to measure virality, all of the respondents claim that there is currently not enough hard data to properly measure it. There is in fact evidence that shows that a new registered club results in a number of new users, but Forza Football does not have any possibility to track incentives and find out exactly why new users join the platform at the moment. At present, virality is simply measured by examining how many new users a new registered club brings. The main objective and key results are described by several respondents to measure how many new users are added through new registrations of clubs and players. As a result, the hypothesis is that new users following a crowdsourced team are a product of virality, where they got notion of Forza Football due to the crowdsourcing activities.

*"We file everything we can measure and exactly how much that has given us. We document each club and user we communicate with, in order to facilitate measuring how many new users a certain strategy would generate in the end."*

- Martin Laanemets, Sales & Clubsourcing Responsible

Forza Football is currently testing several strategies regarding how to reach a network effect and finally viral growth, hence also different approaches on how to measure virality. What will most probably prove to be of great importance in the near future is to define virality in order to be able to measure the phenomenon in an acceptable way, with the goal of subsequently understanding which parts of the process that need to be improved to achieve viral growth.

# 5. Analysis and Discussion

*The analysis and discussion chapter is centered around the interactions between the empirical findings from interviews with representatives at Forza Football as well through the authors' own observations from in-house experiences at Forza Football and the outlined theoretical framework of open innovation, network effects and viral growth. Furthermore, the discussion is structured with the aim to elaborate on the answers to the research question.*

## 5.1 Introduction and Approach to Analysis

The analysis is built and designed around four identified themes conducted from the thematic analysis. The themes are developed based on various concepts related to user-involvement growth strategies that were frequently mentioned by the respondents and thus appear to play a major role in the strategies for enabling viral growth. The four identified themes in which the analysis is centered around are the following:

- The creation of competitive advantages
- The level of customer/user engagement
- The importance of drivers of the crowd
- The process of efficiently facilitating contribution

All of the themes are composed by subcategories identified in the thematic analysis, such as the concepts of uniqueness, first-mover advantage, scalability, user investment, user innovation, exit barriers, retention et cetera, all of which are reflected upon on a frequent basis in the empirical findings. The thematic analysis visualized in *Figure 5.1* summarizes what the results showed in terms of codes which was formulated to categories and further composed into themes. It is important to note that the amount of codes was vast and shared many similarities and therefore were comprised to the ones presented below.
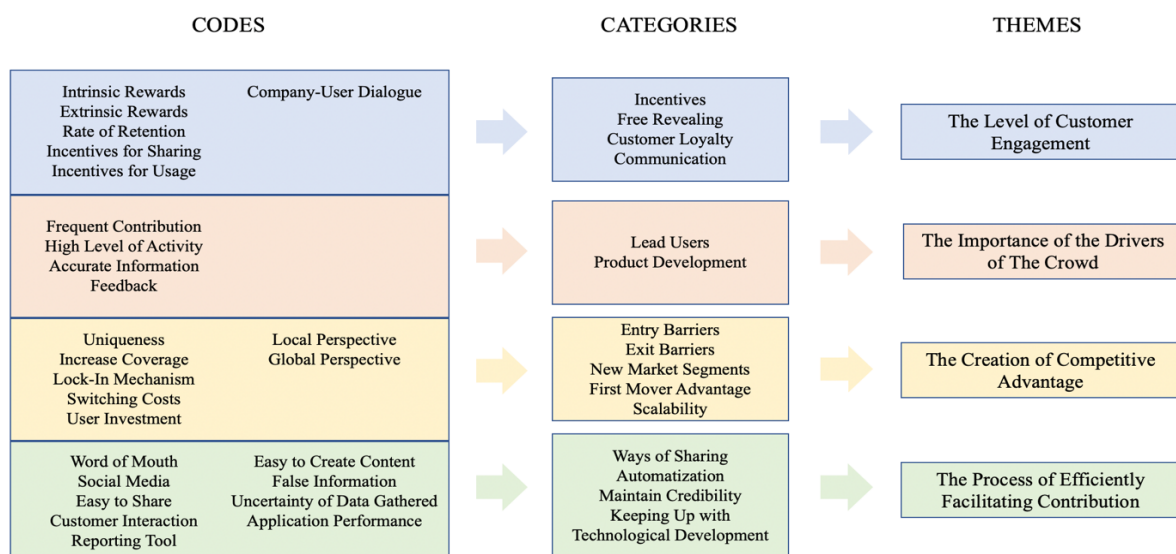


***Figure 5.1*** *Thematic Analysis*

## 5.2 The Creation of Competitive Advantages

The strategy of outsourcing some of the product content of match reporting to the users has been a part of Forza Football's core growth strategy since a few years back, although as an underappreciated factor. Initially just used as a complementary input of information to add more matches and information regarding those to the application, to becoming an important part of the strategies related to growth. From the beginning, the crowdsourcing activities have been dependent on a number of individuals willing to sacrifice time and effort to contribute, without any given rewards. However, tides turn, and the swift and costless growth halted as competition increased and consumers became more demanding. The reason and main purpose for Forza Football to include crowdsourcing in the core of their growth strategy is according to themselves to create additional value to their users by providing unique information and content to create advantages over competitors. This purpose is largely in line with the definition of crowdsourcing developed by Howe (2008) who claims that crowdsourcing aims to integrate a crowd of people outside a company or organization to create value for a particular purpose.

Furthermore, Pinto and Dos Santos (2016) explain in theory that crowdsourcing most often follows a predetermined guideline. The organization in question identifies an activity which the organization does not intend to carry out in-house, opens a call on a crowdsourcing platform and sets out the terms of participation of the crowd. While many contributors will work simultaneously on a given project, the organizer has the ability to choose the results that best fit the needs and will only pay for those services that meet the intended expectations, either in intrinsic or extrinsic rewards. In the case of Forza Football, the company sets the guidelines for the crowd by designing the reporting tool, however, does not exclusively decide what to include or not in the application. Hence, the control is mostly on the crowd's side which contradicts the theory by Pinto and Dos Santos (2016). However, transferring the control to the crowd aligns with the company's mission of giving the world's football community a voice, but simultaneously increases the risk of lacking quality due to no structured review of the imported data. Other than that, the crowdsourcing development literature corresponds well with Forza Football's intentions, with the exception that no contributors are rewarded with extrinsic rewards at present.

### 5.2.1 Unique Position, First Mover Advantage and Scalability

As competition has increased and consumers have become more demanding in recent times, Forza Football eventually realized that actions had to be made to differentiate themselves from the competition and create competitive advantages. With a large user base, it became natural for Forza Football to find ways to make use of their users to create this competitive advantage. By making use of their users it would be both time and cost efficient since it would not require additional resources. The vision was clear; through crowdsourcing Forza Football would extend their coverage of matches and thereby differentiate themselves from the competition, a strategy to increase coverage that is difficult to imitate. Crowdsourcing acts as a complement to Forza Football's sourcing model but also puts Forza Football in front of the competition as the users have the possibility to report matches which is currently not possible on no other live score application.

By transferring a large portion of the live score updates to users and crowdsourcing participants, Forza Football has managed to create a unique position towards its competitors by reaching new market segments that no other competitor has succeeded to do at present. In addition, it can be argued that Forza Football has created a first-mover advantage over its competitors because Forza Football is first in operating in these segments, a first-mover advantage that is strengthened by the creation of exit barriers for the users. A discussion of Forza Football's attitude towards exit barriers in relation to theory will be complied in a later section. Easley and Kleinberg (2010) highlight the importance of being first to market in various segments in order to increase the possibility to eliminate competition, which again confirms Forza Football's strategy to create significant competitive advantages through the incorporated strategies linked to crowdsourcing, reaping the unique market segments.

Pinto and Dos Santos (2016) explain in theory that crowdsourcing always implies mutual benefit for the company and for the contributors. The users will get the satisfaction of a given need, while the organizing company will obtain and use what the contributors bring forward for their own benefit. These theories are well in alignment with Forza Football's view of the creation of crowdsourcing activities. A broader coverage of matches creates a higher value of the product as users have the chance to follow matches and results from different countries in different levels, while Forza Football creates a unique position against competitors and thus a competitive advantage. This unique position is a result of the niched coverage model of combining three different ways of sourcing, with crowdsourcing being the newest addition and the most difficult to replicate for competitors. Furthermore, as touched upon above, the novelty of using the crowd as a source for increased coverage of matches makes Forza Football the first movers which in itself represents a considerable advantage.

In a way disregarded by Forza Football is the usage of crowdsourcing as a way to meet the need of a target group in the most suitable way. Ebel (2016) holds that crowdsourcing can be an effective tool to achieve this state and further initiate exploitative business models but Forza Football does not express this as the main motivation for the utilization of crowdsourcing. That said, in the case of Forza Football it is important to consider that even though it is not the main argumentation for employing crowdsourcing, their initial use of crowdsourcing met the very specific need of a specific target group, hence became suitable on its own.

Another benefit with the crowdsourcing model is that it allows Forza Football to start at their own pace to then ramp up to a larger scale as the user base increases. Evidence from the empirical findings confirms this argumentation as the respondents indicate that Forza Football to a large extent focuses on local network effects. This, through the crowdsourcing activities connected to the reporting of matches in smaller divisions, with the goal that the same type of strategies should be applicable on a larger scale in a global perspective. This strategy could be connected to theory developed by Sundararajan (2007) who describes that the difference between local network effects and global network effects lies in the type of value created through an increase in the user base, where global network effects represent value in an increase in a user base or network in general, whereas local network effects are created when an individual value increases in a smaller subset of users. Although Forza Football puts emphasis

on the local market and smaller subsets of the overall user base, the ability to create value in a global perspective exists since these smaller segments have the potential to grow on a large scale in an increasingly wider market. In a sense, the creation of network effects serves two purposes, creating value for both the local subset and the global user base, in terms of a more extensive application. Moreover, by firstly focusing on the smaller subsets, Forza Football is able to control the pace of scaling, which facilitates the same process by balancing their resources in relation to the scaling. By controlling the pace of scaling, the growth will not harm the company and the company can evaluate whether the scaling is deemed to be successful or not.

Lin and Lu (2011) describe that one of the greatest advantages that the creation of network effects brings to a company is an increased opportunity for scalability through an extended user base, a theory that aligns well with the explanation of the COO at Forza Football. Lin and Lu (2011) argue that an increased opportunity for scalability has the potential to contribute to increased market shares as well as an overall increase in the value of the product, which in the long term will generate economic benefits. In the case of Forza Football, one could argue that the scalability of the product has the ability to increase the number of users in several countries, an increase in market shares which in turn increases the value of the product for all users. A larger number of users in a diverse set of countries will arguably lead to stronger arguments when it comes to selling ad spots, which has the potential to bring long-term economic benefits.

A phenomenon not covered by the literature, rather becoming an extension detected in this case study is the fact that crowdsourcing can be used to enable network effects and vice versa. By letting the users contribute with content related to match reports and other information, the product content increases and thereby offers a more extensive experience, hence increase the likelihood of perceiving increased value. On the other hand, the network effects will in their own nature attract more users that in turn will increase the likelihood of additional users contributing to the application, which in the end affects the network effects positively once again. This beneficial state is activated with the help of the incentives Forza Football is creating in their application.

### 5.2.2 User Investment and the Creation of Exit Barriers

Seen from a competition perspective, the focus of Forza Football on the creation of network effects has led the company to a dominance in the market segments that no other competitor yet has the opportunity to cover, all due to the contribution from crowdsourcing activities as previously discussed. This type of dominance has led competitors to stay insignificant in these types of segments, which in turn has led to the creation of lock-in mechanisms for the existing users of Forza Football. The development of the lock-in mechanisms means that the incentives for current consumers to use the same platform are increasing, aligning with the theories developed by Bonaccorsi and Rossi (2003).

Furthermore, Easley and Kleinberg (2010) add to the discussion of lock-in mechanisms the concept of user investment, which is based on the principle that if the users have invested

heavily in a particular product, either in monetary terms or more intrinsic forms, the users would lose the investment if they were to switch to another product, an effect that Garigliano and Mich (2008) refer to as exit barriers. One could argue that Forza Football creates these lock-in mechanisms and exit barriers by letting their users invest in their product, both in monetary terms through premium subscriptions, but mostly in more intrinsic forms. These intrinsic forms are for example developed through the users' own creation of team and player profiles as well as through the users' own settings when it comes to the following of particular leagues, teams, and players. These strategies related to lock-in mechanisms and exit barriers align well with the theories developed by both Easley and Kleinberg (2010) as well as Garigliano and Mich (2008).

## 5.3 The Level of User Engagement

Congruent in the literature is the fact that engagement from the crowd is essential for the outcome of the utilization of crowdsourcing, where a high level of engagement increases the chances of success (Grönroos & Voima, 2013; Zaborek & Mazur, 2019). For Forza Football, this success could be in the form of for example an increased level of user loyalty or motivation for the users to engage which in the end will be beneficial for the company, either in monetary or growth terms, aligning with the theory developed by Cossío-Silva et al. (2015).

### 5.3.1 Incentives and Motivations for the Users to Engage

In order to increase the scale of participation among the users it is crucial to create motivation to engage, and this goes for all types of users (Hossain, 2012). One motivation could be the lead users, inspiring other users to contribute in the crowdsourcing activities. In that case, new users and less active users will get to some extent motivated by the work of the lead users, but only to some extent as the lead users have no real incentives to act as motivators for less active users. In order to satisfy the need of the lead users, other motivations could be created through rewards which is either intrinsic or extrinsic. In the case of Forza Football, the users are mainly motivated through intrinsic rewards where the users are satisfied by contributing to a greater good. In a few cases there are also room for extrinsic rewards where the user making a contribution is acknowledged. In another perspective, one could argue that there are extrinsic rewards in every step in the process of crowdsourcing of Forza Football since the users either get acknowledgement through an own player page or team page on the application. In the most cases this will probably be enough motivation to participate and the authors' perception is that the more users that participate, the more attractive the application will be to engage in. This development results in an increased intrinsic reward for each user since the more users that are using the application, the larger is the likelihood for increased visibility on one's own team or player profile. This further enables network effects since new users will perceive the application as better if the catalogue of team and player profiles is extensive which is in accordance with the literature regarding positive network externalities (Easley & Kleinberg, 2010).

Another intrinsic reward is the enjoyment of including one's own team or player profile on the application in accordance with the theory developed by Pinto and Dos Santos (2016) regarding different types of rewards. If one or several friends have their player profiles on the application, the individual will likely feel joy of competing with the friends with own statistics. Closely

related to this theory is the inclusion factor, in a sense it is purely selfish but can act as motivation if contributing to the application means inclusion for the user, which it could do the way Forza Football has designed their reporting tool. Another design that is about to be implemented by Forza Football to increase the crowd's engagement and the scale of participation is to get a verified team on the application. This means that there has to be at least eleven (the number of players in a football team) verified player profiles which directly engages the crowd, hence also gives the crowd motivation to contribute. So, if enough motivation is present to create a team, there will most probably be motivation to contribute in terms of player profiles and if one's team already exists there are plenty of teammates to compete with, which creates motivation in that way instead.

## 5.3.2 The Rate of Retention

In relation to the concept of retention, Reichheld (2003) holds in theory that the degree of customer loyalty serves as an important aspect. In alignment with Reichheld (2003) as well as Anderson and Narus (2004), who claim that customer retention serves as a more effective business strategy than continuously trying to acquire new customers in order to replace the deviating customers, Forza Football's user centric strategies connected to an increase in user loyalty and rate of retention have proven to be successful also when it comes to acquiring new users. Further, the literature supports that the loyalty of the users will increase by engaging them in the value co-creation process (Grönroos & Voima, 2013; Cossío-Silva et al. 2015; Zaborek & Mazur, 2019), which is the case of Forza Football and their reporting tool. In turn, the increased level of user loyalty will also increase the rate of retention which is clearly beneficial due to for example the network effects. Moreover, the focus of Forza Football on creating a product that meets the demand from the users by taking feedback into account shows a high level of user interaction which has great potential to increase the rate of retention, aligning with the arguments by Terblanche and Boshoff (2006) regarding long-term customer centric strategies for increasing the rate of retention.

## 5.4 The Importance of the Drivers of the Crowd

After a while of utilizing the new strategic approach connected to outsourcing some of the match reporting information to the users, it turned out that some of the users within the network meant a lot to the spread of the new strategy, and which also proved to be very valuable users of Forza Football. The users and individuals who previously reported content by their own free will would act as an inspiration for what could be crucial to the establishment of the new sourcing model developed by Forza Football. In accordance with the theory by Hossain (2012), Forza Football makes use of lead users, or early adopters as representatives from Forza Football choose to name it, and these individuals are central in terms of both crowdsourcing and sharing the application to new users. These lead users act as drivers for the implementation of Forza Football's new coverage model. As soon as this approach is implemented as well as the reporting tool for the users, the user base will likely realize and acknowledge the benefits with this approach. This aligns with Afuah and Tucci's (2012) theory that the fuel for crowdsourcing is that the users have incentives to solve a problem, in this case by increasing coverage, hence the quality of the overall product.

Considering the theory by Chen et al. (2019), the part of creating incentives for the users to contribute in the crowdsourcing activities is crucial to get successful since the crowdsourcing performance is dependent on the crowd's scale of participation, which means that the users' effort is central in Forza Football's new approach. Furthermore, additional benefits in connection to the users' effort in the crowdsourcing activities include the development of solution-based information in the product innovation process, as well as the acquisition of important information that is costly to acquire alone, something that Poetz and Waldner (2015) refer to as the sticky information problem. In addition to overcoming the sticky information problem, Forza Football earns knowledge-related benefits from their contributing crowd, which increases the chances that the specific problem will be solved, in this case a broader coverage, while reducing the time required and creating more valuable outcomes, which further agrees with the theory developed by Poetz and Waldner (2015). It is evident in this case that the type of crowdsourcing is a collaboration-based type where Forza Football continue their development of their application, including increased coverage, whereas the users increase coverage as well, aligning with the theory developed by Afuah and Tucci (2012).

The discussions regarding whether the value of the product of Forza Football increases with additional users include several different components. First, the division between contributing users and viewing users' needs to be taken into consideration, where evidence from the empirical findings shows that the value of the product does increase with additional contributing users but remains about the same with additional viewing users. An increase in contributing users adds to a wider range of content, which has the potential to increase the perceived value of the overall product for all types of users. A wider range of content creates positive network externalities, aligning with the theories developed by Easley and Kleinberg (2010) and Belvaux (2011). Furthermore, Belvaux (2011) illustrates an example where the development of network effects is of high importance, namely in the area of social media where a larger network will increase user generated content, hence also increase the utility of using the service. As a result, the network will attract additional users since the new users will see that particular product or service as a destination of choice for others. This example can also be applied to Forza Football as more users contribute to a higher level of overall engagement, increasing the attractiveness of the product.

## 5.4.1 Product Development through User Innovation

Forza Football is currently and has been employing open innovation ever since the first executive years. Since the overall aim and mission of the company is to get the football community heard, it is natural for Forza Football to make the development of the application more open and thereby collecting input from the [match] data suppliers that is part of that particular community. Apart from collecting inputs, Forza Football is also able to share output with these actors in the business, which aligns with Chesbrough's (2003) theory that open innovation accelerate innovation through in- and outflows of knowledge. Furthermore, this way of approaching innovation is cost efficient (Chesbrough 2003; Cassiman & Valentini, 2016) which Forza Football is conscious of and benefits from. Schenck and Guittard (2009) hold that there is a difference between open innovation and crowdsourcing, however, also claims that the

former could be a part of the latter. However, since the phenomena of open innovation existed before the concept of crowdsourcing, both of the concepts have to a large extent merged together as a mean of innovation in the past years. The combination of utilizing both crowdsourcing and open innovation in the innovation process enables Forza Football to get access to a wide range of external knowledge which have the potential to create a form of competitive advantage. That said, Schenk & Guittard (2009) hold that open innovation should not be reduced to the selling or buying of knowledge or processes which makes the grade of open innovation in the case of Forza Football questionable since that occurs to be the relationship with the external partners.

Considering the user innovation part of Forza Football, the company states that they listen to their users and take feedback into consideration when developing their application which is in accordance with the overall theory regarding user innovation (Afuah et al. 2010). Moreover, Afuah et al. (2010) name three reasons for employing user innovation, and considering one of the reasons, namely the motivation for the users to share innovation and feedback that will yield innovation for Forza Football, it is solely about personal benefit and the benefits yielded from using the innovation, which could be argued to be in a sense also a form of personal benefit.

In contrast to the argument that Forza Football in fact is employing user innovation during the entire product development process, it could be denied from the perspective of Schenk & Guittard (2009) who separate user innovation and crowdsourcing in the sense that in user innovation, the projects are user-driven and not firm-driven. Furthermore, the innovation process is made by the end-users. Through this perspective, there is no congruence among the theories which questions if Forza Football really is utilizing user innovation in the product development. However, through the observations made within the organization the perception is that Forza Football to a great extent let the users influence the further development and innovative aspects of the application which would indicate that the company indeed engage in user innovation.

Although indications of engagement in user innovation practices exist it is more likely that Forza Football in reality engage in value co-creation. Although the concepts of user innovation and value co-creation do share many similarities which would mean that user innovation to a large extent could be value co-creation and vice versa, the practices employed by Forza Football lean more towards value co-creation in its essence than a combination of value co-creation and user innovation, especially when considering the theories developed by Schenk and Guittard (2009).

Value co-creation obviously plays a large part of Forza Football's growth strategies since the company has from the beginning communicated that they want to be a voice for the football community and make that voice heard on a global level. That mission implies a constant collection of feedback from the product users which directly boils down to the concept of value co-creation, mainly since the users are engaged in both the development of the application as well as the daily operations. By involving the users in the overall product development, Forza Football is able to create value through listening to user expectations and experiences (Lusch

& Vargo, 2006) and thereby strengthen the brand and increase the level of user loyalty (Piligrimiene et al. 2015). The emphasis on integrating the users in the product development reflects a certain theoretical perspective but aligns with the theories developed by Zaborek and Mazur (2019) who claim that value co-creation is to a great extent related to the creation of competitive advantages in the form of both financial and operational benefits. Since Forza Football are delivering a service and to some extent also a knowledge intensive one, the involvement of value co-creation becomes even more important, in accordance with the theory by Aarikka-Stenroos and Jaakkola (2012). Further, Forza Football acknowledges that the users are crucial in terms of receiving input and feedback and how that drives the development of the application. Also, since the company has a tradition of engaging the users and the football community as a whole, one could argue that turning to the users once again when restructuring their business model [crowdsourcing to create network effects] would make sense for the management. Additionally, Grönroos and Voima (2013) as well as Zaborek and Mazur (2019) hold that the employment of value co-creation has the potential to create further engagement for the users as they are directly involved in the value creation process which also serves as an argument for involving the users in the product development as well as the business strategy.

However, in the case of Forza Football as well as of other UGC applications, it is described in theory that there are certain downsides by involving the users in the value creation process. Grönroos (2011) among others points out the importance of the interaction-part of value co-creation. It is described that the company-customer interaction should be a dialogue between Forza Football and the users (Gustafsson et al. 2012) and would in a service context be related to greater performance (Zaborek & Mazur, 2019) which is the case of Forza Football. Aarikka-Stenroos and Jaakkola (2012) add to the discussion that understanding one's users in terms of needs and preferences serves as a key to successful implementation of value co-creation, and obviously argue for fostering a dialogue. In connection to Forza Football, the company makes use of both social media and their own application to communicate with the users, however it is questionable if these kinds of tools favor a dialogue. There is indeed a dialogue between Forza Football and the users, but the perception of the authors is that it is not back-and-forth extensive. One could argue that there is room for improvement in terms of dialogue between the company and the users in order to keep it alive and by that increasing chances of attaining more detailed knowledge of the concerned matter. Especially when considering the increased involvement of the user base. On the other hand, it is further described in theory that it is essential to monitor this process and carefully interrupt if the users get too much influence on the value creation process since Forza Football might lose control (Fisher & Smith, 2011) which in turn could be negative for the company in terms of credibility and reliability.

## 5.5 The Process of Efficiently Facilitating Contribution

According to theory, Kaplan and Haenlein (2011) argue that in order to achieve viral growth in a long-term and sustainable way, two concepts need to be emphasized in the growth strategy, namely viral marketing and word of mouth. Kaplan and Haenlein (2011) claim that the utilization of viral marketing allows companies to promote products at a very low cost and yet reach the same level of awareness that can usually only be achieved through the use of high-

frequency advertising on traditional mediums. The way Forza Football emphasize their strategies in connection to viral growth aligns well with Kaplan and Haenlein's (2011) definition of viral marketing, as the goal of the incorporated growth strategies is described to reach a wide audience of potential users, without heavy investments in marketing and special promotions. According to theory, recent literature suggests that the achievement of virality is a growing type of strategy that include the elements of duration, fidelity of message, and reach, where the latter suggests the ability to target niches in a network (Boppolige & Gurtoo, 2007; Hemsley, 2014; Bampo et al., 2008). Especially the element of reach, the ability to target niches in a network, is of high interest in the case of Forza Football as the company's focus on the local market aims to reach potential users and niched market segments with the goal that these potential users could contribute to the development towards viral growth. Furthermore, the explicit focus of Forza Football on the creation of virality, with a high level of reproduction corresponds to a large extent to the theories of reproduction developed by Kaplan and Haenlein (2011). Reproduction, according to Kaplan and Haenlein (2011), serves as a vital element in the concept of viral marketing, something that Forza Football has adopted in the development of strategies for viral growth.

Moreover, as previously described, several of the respondents from Forza Football argue that the use of word of mouth serves as the major source of generating new users for the company, aligning with theory by Hemsley (2014) and Cruz and Fill (2008). Cruz and Fill (2008) argue that the concept of word of mouth serves as one of the keys to achieving viral growth as people enjoy expressing their involvement with products for a variety of reasons and spreading it to others. The reasons are described to include the potential prestige and status that may arise through using a particular product. The intended strategies developed by Forza Football to raise awareness through word of mouth, including the ranking of both teams and players as well as the focus on local football, enhance the theories developed by Cruz and Fill (2008) to a large extent as these strategies strive to increase the prestige and status of using the product of Forza Football.

When it comes to the challenge of measuring and evaluating viral growth, respondents from Forza Football describe that the number of new users that a newly registered player or club generate shows the level of virality, suggesting that penetration serves as a good measure of virality. This type of measurement corresponds to some degree with the theories developed by Cruz and Fill (2008), who claim that penetration is one of the ways to measure virality, along with, among other things, the degree of customer loyalty and frequency of using the product.

### 5.5.1 Elimination of Potential Crowd-Related Risks

In addition to the obvious challenges associated with user involvement growth strategies such as increasing the level of user loyalty, engagement and motivation, there are, in addition to these challenges, other concrete challenges in the case of Forza Football. Evidence from the empirical findings show that there are a number of challenges to tackle for Forza Football in order to succeed with the creation of crowdsourcing activities, network effects and subsequently viral growth. These challenges mainly concern the quality assurance of the data being reported

by the crowd, the uncertainty of what kind of data being reported and collected, and the pace of the technical development of the application.

The challenges regarding the quality assurance of the data being reported and the uncertainty of what kind of data being collected can to a large extent be discussed within the same category as both of these challenges can be described as crowd related. In theory, Pinto and Dos Santos (2016) describe that utilization of crowdsourcing have the potential to enable the collective intelligence of crowds to serve specific organizational objectives, where the control of the creative production of goods and ideas exists in both the company and the public. In connection to Forza Football, the importance of controlling what types of creative production and ideas that are generated is crucial as the content created on the application has the potential to contribute to increased growth, but also to damage the company's credibility if incorrect content is delivered. By providing a reporting tool to the users, Forza Football mitigate the risks of losing control of what data is imported since they are the providers of the tool and are therefore able to restrict possibilities or steer the reporting user.

Fisher and Smith (2011) describe in relation to value co-creation that the company enhancing the co-creation of value risks to lose control over the value-creation process if the user-side becomes too involved. In order to reduce the possibility of the user-side becoming too involved in the content creation process and thus reducing the risk of losing credibility, Forza Football communicates with its users on a frequent basis with the aim of increasing the understanding of what type of data that is being requested and how this data will be used. This type of strategy to reduce the risk of losing reputation and credibility aligns well with the theories developed by Gustafsson et al. (2012), who encourage to create dialogues with users during the value co-creation process since interaction and communication is deemed to be crucial to achieve product and market success. In addition to clear and frequent communication with the users, Forza Football has a manual registration system, which means that every single reporter of matches and results must be approved manually by an employee at Forza Football. Although this manual system may reduce the chance of growing viral due to a prolonged registration process, it reduces the risk of incorrect information being supplied by users and thus also reduces the risk of losing in credibility.

# 6. Conclusion

*The conclusions chapter aims at drawing conclusions deriving from the analysis and discussion, with the purpose of synthesizing the research and provide key takeaways. The chapter is divided into four parts, where the first part aims to give an answer to the research question, the second one being the implications for practice, the third one providing implications for theory, and the last one providing limitations as well as proposals for further research.*

## 6.1 Answering the Research Question

The following question is aimed to be answered in this chapter:

*How does Forza Football design user involvement growth strategies to enable viral growth?*

From the analysis it is evident that Forza Football makes use of user-involvement growth strategies linked to the employment of crowdsourcing activities in order to cost-efficiently enhance the product by letting the users contribute with content in the forms of match reports and other information. By operating in this way, Forza Football engages in value co-creation with their users which comes with several benefits. The type of crowdsourcing is a collaboration-based one, where the initial key factor is the importance of lead users. The analysis shows that these individuals are both initiators of the strategy and the drivers of the crowd to follow suit. By incorporating the users in the development of the overall product, Forza Football increases the chances of getting access to information and matches that otherwise is nearly impossible to retrieve, hence creating a competitive advantage against other players in the market, both in terms of sourcing information that is hard to retrieve and offering increased coverage that is unique to their application. The incorporated user-involvement growth strategies further enable an inflow of feedback and innovation that will favor both the users as well as Forza Football. As a consequence of implementing the users in the core growth strategies it can be concluded that Forza Football further creates a significant first-mover advantage against competitors since approaching and trusting the users for information in the live score industry has previously been disregarded. Although in majority concurrent with the literature, Forza Football's strategies in relation to crowdsourcing heavily rely on the engagement of the crowd and giving them the control of the product content, rather than reviewing and selecting sourced information what to include in the application [which the literature recommends].

Through the employment of crowdsourcing activities and the development of the reporting tool, Forza Football creates the possibility to enable access to all levels of football in terms of both teams and players, from elite players in the European top leagues to amateur players in smaller divisions. The extended range and coverage in comparison to competitors make Forza Football unique in its category of live-score applications, and in addition suppliers of information that is very hard to replicate for the competitors. As a consequence, Forza Football creates for themselves the possibility to gather and unify all live-score football on one application, being the first mover in the market. Albeit targeting all types of market segments can appear

troublesome, Forza Football satisfies needs on both a local and a global scale and lets the local and global crowd invest both time and effort in their contribution to the product. As a result, the first mover advantage creates considerable entry barriers for competitors since the users are accustomed to Forza Football's reporting tool. In the end, the user investment creates exit barriers for the users, decreasing potential willingness to switch application. Moreover, from the analysis it can be concluded that the reporting tool also contributes to the rate of user retention, since the engagement of users in the value creation increases user loyalty, hence the rate of retention.

Furthermore, through the employment of crowdsourcing and the extension of features related to teams- and player profiles on the application, Forza Football enables the creation of network effects. It is clear that the perceived value of the application is increasing by additional users, more specifically additional number of the individuals engaging in the application. It can be concluded that the utility of the application increases as the number of contributing individuals increase, hence increasing the overall attractiveness of the application. The analysis indicates that by adopting both a local and a global focus, Forza Football enables network effects on both levels. It is evident that Forza Football indeed focuses on a local scale, but the analysis shows that the local scale also creates global network effects since the additional coverage on a local level with also be beneficial for the overall application in terms of coverage, hence on a global scale. It can further be concluded that by firstly focusing on the local network effects, Forza Football ensures their ability to control the pace of scaling. By operating in this way, the pace of growth can be closely monitored, and Forza Football could adapt to possible changes and in the long run enable viral growth. Moreover, it is shown that the use of network effects gives the advantage of scaling opportunities and further enables an increase in the crowdsourcing participation.

Concerning how to create incentives and thereby motivate the users to frequently use the application as well as to contribute with content, one key factor for Forza Football is the lead users being the drivers of the crowd. In order to motivate these individuals, the implementation of rewards is crucial, and most important intrinsic rewards. The intrinsic rewards have the possibility to increase further through the use of network effects since the visibility, hence the reward, will be greater the more users who actively use the application.

In order to mitigate some of the risks that comes with the incorporation of crowdsourcing and value co-creation, especially considering the quality assurance of reported information, Forza Football makes clever use of the reporting tool. The analysis finds evidence that by providing the tool to the users as the only way of contributing, Forza Football can steer and restrict the users to some extent, hence also mitigate some of the risks associated. Additionally, it is obvious that Forza Football attempts to mitigate other risks by continuously communicating with their users to understand what data is needed and how that kind of data will be used. However, backed by literature it can also be concluded that Forza Football might improve its communication with the users since there are indications that the communication is not as back-and-forth as preferable in a dialogue, in turn hindering possibilities related to value co-creation practices.

### 6.1.1 Proposed Conceptual Model

The authors would like to propose a conceptual model aiming to visually theorize how the concepts of crowdsourcing, network effects and viral growth are correlated and affect each other. Evidence from the empirical findings and the analysis show that the utilization of user involvement growth strategies, mainly in the form of crowdsourcing activities, allows for the inclusion of more users to contribute in the product development process, which increases the overall perceived value of the product for all existing users. Indications from the analysis show that network effects are created in this way which strengthens the incentives for more users to contribute in the crowdsourcing activities. As a consequence, the concepts of crowdsourcing and network effects reinforce each other, thus increasing the opportunities for enabling viral growth. The creation of viral growth in turn contributes to more users joining the application, which most probably contributes to a higher proportion of crowdsourcing contributors. The proposed model is thus circular to the extent that the concepts of crowdsourcing together with network effects contribute to viral growth, which in turn enables the exploitation of users in formulating user involvement growth strategies.

Although crowdsourcing serves as an effective approach to create network effects and enable viral growth, there is not enough support from the empirical findings suggesting that crowdsourcing is essential to achieve viral growth. However, there is sufficient evidence to conclude that the creation of network effects is necessary to enable viral growth, but that these network effects could be created through other user involvement growth strategies than the employment of crowdsourcing. Hence, the presence of network effects without any relation to crowdsourcing seems to be sufficient to enable viral growth. In *Figure 6.1,* a visualization of how the incorporated concepts are correlated and affect each other is presented.
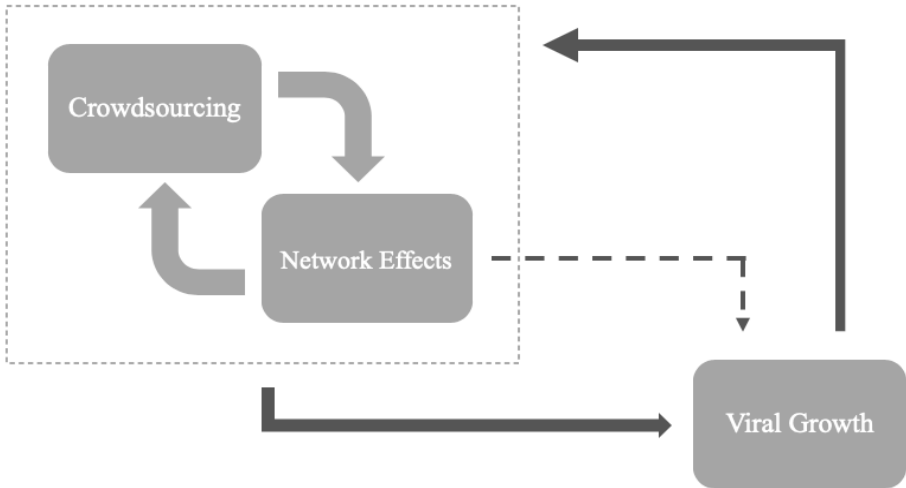


*Figure 6.1* *Proposed Conceptual Model*

## 6.2 Implications for Practice

The authors are confident that the findings in this thesis will benefit not only companies specifically similar to Forza Football [live-score applications] but also shed light on the benefits

of involving the users to enable growth, which is a process that could be useful for several types of companies. This thesis presents a new way of cost-efficiently increase a company's growth in different ways, which is undoubtedly interesting for the majority of profit-driven enterprises. Firstly, the centrality of crowdsourcing in this thesis argues for the inclusion of the crowd to a greater extent as a mean of growth. Although many challenges come with crowdsourcing, the understanding and planning for these will be decisive for how effective the crowdsourcing practices affects the business. Secondly, this thesis has shown that companies utilizing and existing base of users have the potential to create both first mover advantages against competitors and exit barriers for the users by carefully crafting ways for the users to contribute and creating incentives for them to do that, which in the end is crucial. Thirdly, combining the concepts of crowdsourcing and network effects is beneficial with the aim of growing since the two feed each other and directly influences a company's ability to grow. That said, it is important to consider the fact that these practices will be more effective in a user-generated content context due to the imbedded user involvement.

## 6.3 Implications for Theory

In comparison, literature on theories related to the concept of user involvement in general and crowdsourcing in particular is extensive in relation to the literature regarding theories on network effects. This could be explained by that network effects are the positive effects of network externalities and therefore act as a sub concept. In terms of network externalities, extensive literature exists to some extent, but the authors of this thesis argue that this research extends the theoretical landscape of primarily network effects, hence also network externalities. More specifically, this thesis considers the concepts of user involvement, crowdsourcing and network effects together as a tool to achieve viral growth which fills a gap in existing literature. In addition, the proposed conceptual model visualizes the relationship and explains the benefits by combining the concepts. By contributing to the literature of user involvement and network effects, this thesis lays the foundation for further extending the literature, enabling researchers to dig deeper in the phenomena.

## 6.4 Limitations and Proposals for Further Research

There are several limitations to this research, although necessary to narrow down the scope it is important to consider them. First and foremost, this thesis considers the single case of Forza Football which is a limitation in two ways. Since Forza Football, a niched UGC application, is the only subject of research it is not possible to generalize the outcomes of this thesis as accountable for all firms of this kind, however certain indications can be found. These indications could then further lead the way to implementing certain strategies for UGC applications or further research on the matter. On the subject, the second limitation is that the thesis only considers UGC applications which makes it difficult to conclude any contributions to organizations other than UGC applications.

Secondly, this thesis is to some degree based on four semi-structured interviews with people working for Forza Football which in itself is a limitation. The interviews were extensive and

rendered enough data and were therefore considered to be an appropriate amount for the thesis. However, the data gathered only considers one perspective, which is the perspective of Forza Football and since the concepts considered in this thesis is generally regarding user involvements this represents another limitation for the thesis. One could argue that the number of interviews could have been increased and most importantly considered a different kind of interviewee, for example a lead user or another contributing user, providing another perspective to be analyzed. This would provide a completely different side of the concepts to be analyzed, hence possibly having an impact on the conclusion. As a consequence, the authors of this thesis propose this perspective as the first suggestion for further research. Interviewing the other side of the value co-creation and crowdsourcing would add value to both this thesis as well as the research on the relationship between crowdsourcing, network effects and viral growth. Furthermore, such research could be a research on its own and complete the foundation the conceptual framework of the relationship between covered concepts.

Since the literature on the combination of user involvement strategies, network effects and viral growth is rather scarce, the authors of this thesis also propose further research regarding the relationship between the concepts of user involvement, crowdsourcing and network effects for enabling viral growth. Furthermore, the concept of network effects, the positive effects of network externalities, is in itself narrowly researched and can therefore be researched further as a single concept. More extensive research on network effects would possibly increase the possibilities of further research and could also be increasingly relevant in the future, due to the swift development of big data and social media.

Since this thesis has considered a certain type of company, a company offering a user-generated content application, the authors of this thesis believe that it would be interesting to further investigate whether growth strategies related to user involvement could influence growth in other types of companies. This research would further extend the literature and possibly contribute with additional practical implications.

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# Appendices

## Appendix A – Interview Guide

| **General Information about Forza Football** | |
|---|---|
| *Can you tell us about the story of Forza Football?* <br><br> *In the early executive years you experienced rapid growth, what would you say were the main reasons for this?* <br><br> *In recent years the growth have stagnated, what are the main reasons for this?* | |
| **Characteristics of the Different Configurations of Crowdsourcing** | |
| Tournament/Collaboration-based Crowdsourcing | *What is the purpose of the crowdsourcing platform?* |
| Lead users | *Is there any contributors that you consider more valuable than others?* |
| Incentives | *What are the incentives for the users to contribute to the crowdsourcing activities?* |
| Extrinsic/Intrinsic Rewards | *In which way are the crowdsourcing contributors rewarded?* |
| Motivation | *Do you use any strategies to maintain or increase the motivations for the contributors? What kind of strategies?* |
| User Involvement | *Which kind of crowdsourcing platforms does Forza Football use?* |
| Openness to External Actors | *Is there any collaborations with other companies or external actors in the product development?* |
| Free Revealing | *What kind of role do the crowdsourcing participants play in the development of new features?* |
| Customer Loyalty | *How does the involvement of the crowd affect the level of customer loyalty?* |
| Communication | *How does the communication between Forza Football and the crowd look like?* |
| **Characteristics of the Different Configurations of Network Effects** | |
| User Attraction | *What are the advantages of additional users on the Forza Football platform?* |
| Exit Barriers | *In which way does the product become better with additional users?* |

| Local/Global Network Effects | *Who benefits from the incorporated network effects? The local crowd or the global crowd?* |
|---|---|
| User Investment | *Is there anything specific that your user does in terms of personal investment that make the product better?* |
| **Characteristics of the Different Configurations of Virality** ||
| Rate of Retention | *How do you measure virality? Please elaborate on the measure of rate of retention.* |
| Motivation | *What are the main motivations for users to share the application to other potential users?* |
| Customer Loyalty | *In which way does customer loyalty affect the enabling of viral growth?* |
| Exit Barriers | *Does Forza Football intentionally create any exit barriers for their users?* |