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VT 22

The Role of Digitalization for New Ventures

A qualitative study about how digital platforms and social media influence new ventures' ability to discover and exploit entrepreneurial opportunities

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Sammanfattning

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Forskningsfråga: Vilken roll har digitaliseringen för nya företags förmåga att upptäcka och exploatera entreprenöriella möjligheter?

Syfte: Syftet med studien är att ge insikter i hur nya företag kan dra nytta av digitaliseringen för att upptäcka och exploatera entreprenöriella möjligheter.

Metod: Studien genomförs som en kvalitativ forskning, där empiri har samlats in genom semistrukturerade intervjuer med nya svenska företag. Studien har vidare ett abduktivt förhållningssätt när det gäller den teoretiska synen och forskningsperspektivet.

Teoretiska perspektiv: Studien bygger på tidigare forskning om de tidiga faserna av nya företag, vikten av nätverkande och forskning om hur digitalisering kan bidra till nya företags förmåga att upptäcka och exploatera entreprenöriella möjligheter.

Resultat: Det empiriska materialet består av data om nya företags processer om att upptäcka och utnyttja entreprenöriella möjligheter.

Slutsats: Resultatet från studien pekar på att digitaliseringens roll för att upptäcka och utnyttja möjligheter skiljer sig mellan nya företag som besitter tidigare erfarenheter innan de identifierar affärsidén, från de som inte gör det. Resultatet visar också att nya företag utan tidigare erfarenhet tenderar att ha en bredare användning av digitala lösningar and i större utsträckning.

Abstract

Title: The Role of Digitalization for New Ventures

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Key words: Entrepreneurship, New ventures, Networking, Digitalization, Digital Platforms

Purpose: The purpose of the study is to bring insights about how new ventures can benefit from digitalization when discovering and exploiting entrepreneurial opportunities.

Methodology: The study is conducted as a qualitative research, where empirical data has been collected through semi-structured interviews with Swedish new ventures. The study does further take an abductive approach in terms of the theoretical viewpoint and research perspective.

Theoretical perspective: The study is based on previous research about the early phases of new ventures, the importance of networking, and research about how digitalization may contribute to new ventures' ability to discover and exploit entrepreneurial opportunities.

Results: The empirical material consists of data about new ventures' processes of discovering and exploiting entrepreneurial opportunities.

Conclusions: The result from the study indicates that the role of digitalization in the discovery and exploitation of opportunities differs between new ventures that possess previous experiences before initiating the business idea, from those who do not. The result further shows that new ventures without previous experience tend to have a wider use of digital solutions, and use it to a greater extent.

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Lund June 3rd 2022



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Chapter 1 Introduction

The introductory chapter covers the background to the research topic, followed by the problem statement and the purpose of the study. The section is concluded with the research question the study aims to answer.

1.1 Background

Towards the end of the 1970's, several scholars identified the emergence of new ventures, young companies that are in an early stage of development (Oxford Bibliographies, 2020), as beneficial for the national economic system and the economic growth (Henrekson & Stenkula, 2016; Szarek & Piecuch, 2018). For instance, it was seen that new ventures can contribute to the rise of new markets, products, services, concepts (Henrekson & Stenkula, 2016), new jobs, stimulate innovation and technological development and enable increased national GDP (Szarek & Piecuch, 2018).

According to Baron (2006) and Starr & MacMillan (1990), new ventures generally face several obstacles in the discovery and exploitation of entrepreneurial opportunities, which may constrain them from succeeding or even proceeding with their ideas. First of all, Baron (2006) suggests that new ventures that lack prior knowledge and experience within their industry may face difficulties recognizing patterns between unrelated events, which he means is necessary in order to identify profitable business ideas. Secondly, due to the 'liability of newness' when initiating a new business without having any previous experiences, new ventures may also face struggles of attracting the first customers, suppliers, partnerships, as well as acquiring the knowledge needed to realize the business idea (Blank, 2013; Starr & MacMillan, 1990). Accordingly, new ventures may possess a rather limited network within the industry, which may decrease the probability of identifying profitable business ideas (Baron, 2006; Singh et al., 1999), since previous studies show that a broad social network may affect new ventures' possibility to overcome common obstacles when exploiting their idea, such as gaining customers, suppliers, or knowledge (Elia,

Margherita & Passiante, 2020; Nambisan, Wright & Feldman, 2019; Starr & MacMillan, 1990; Yang et al., 2021).

Simultaneously, the business world has been, and is still being reshaped due the rise of digitalization (Nationalencyklopedin, n. d.). Advanced digital technologies have changed daily business operations and allowed for new business models, strategies and processes (Elia, Margherita & Passiante, 2020). Further, digitalization has contributed to new ways for ventures to discover and exploit their ideas (Elia, Margherita & Passiante, 2020; Nambisan, Wright & Feldman, 2019; Yang et al., 2021). For instance, previous research shows that digitalization has created opportunities to exploit digital business models (Elia, Margherita & Passiante, 2020; Fossen & Sorgner, 2021; Nambisan, Wright & Feldman, 2019; Yang et. al, 2021) and new ways of communicating and networking have evolved due to the emerging digital context within the business world, as well as the constant connectivity (Elia, Margherita & Passiante, 2020; Fossen & Sorgner, 2021; Nambisan, Wright & Feldman, 2019; Yang et al., 2021; Vaida & Manta, 2021). Social media, such as Facebook, Instagram and YouTube open up for online social networks and are being increasingly used by the population and among ventures (Nationalencyklopedin, n. d.; Steinhoff et al., 2019; Wang et al., 2020). Accordingly, the digital era can be marked as a shift into new ways of executing entrepreneurial activities and further research has to be made due to its newness (Elia, Margherita & Passiante, 2020).

However, the research topic regarding how new ventures may use digital technologies in the process of starting a new business is rather limited, and digitalization in relation to the commonly faced constraints of liability of newness is fairly unexplored (Zhai et al., 2022). Additionally, digital technologies are constantly being developed and advanced, which entail further research about digitalization in relation to entrepreneurship (Elia, Margherita & Passiante, 2020; Nationalencyklopedin, n.d.; Zhai et al., 2022).

1.2 Problem Statement and Purpose

During the last decade, digitalization in relation to entrepreneurship has gained extensive attention as a subject of research (Elia, Margherita & Passiante, 2020; Fossen & Sorgner, 2021; Hervé, Schmitt & Baldegger, 2020; Nambisan, 2017; Rosin, et al., 2020; Vaida & Manta, 2021). While some studies have determined that digitalization may be a trigger of entrepreneurship due to its ability to inspire, or force, employees to leave for self-employment (Fossen & Sorgner, 2021), others have discovered a relationship between digitalization and a more risk-averse entrepreneurial orientation (Hervé, Schmitt & Baldegger, 2020). Furthermore, it has been suggested that digitalization may change the nature of entrepreneurial opportunities and agency towards more flexible means (Nambisan, 2017). A research by Rosin, et al. (2020) has further shown that new ventures might be able to reduce their costs, and increase their efficiency, by incorporating digitalization into the business.

However, researchers argue that digitalization in relation to entrepreneurship, is still a fairly new area of research (Fossen & Sorgner, 2021; Nambisan, 2017; Rosin, et al., 2020; Yoo, Henfridsson & Lyytinen, 2010; Vaida & Manta, 2021), and there is still little research made on the role of digitalization in the phases of discovery and exploitation (Zhai et al., 2022). The research gap considers, amongst other; ‘What kind of digital infrastructure are new ventures in need of in order to discover and exploit entrepreneurial opportunities?’, ‘How are new ventures using digital technologies to discover and exploit their entrepreneurial opportunities?’ and ‘What value do different digital infrastructure bring for new ventures?’.

As previously mentioned, new ventures may face obstacles of lacking experiences and knowledge, as well as suffering from ‘liability of newness’ in the discovery and exploitation of entrepreneurial opportunities. Meanwhile, digital entrepreneurship is increasingly being considered as a potential contributor to the wealth of society and the achievement of sustainable development goals (Soltanifar, Hughes, & Göcke, 2021). Accordingly, the incentives for learning more about how digitalization can support aspiring new ventures in their process of identifying

and realizing profitable business ideas, increases. The field surrounding digital entrepreneurship in general is growing, but the field is still insufficient in many ways (Elia, Margherita & Passiante, 2020; Nambisan, 2017; Sahut, Iandoli & Teulon, 2021; Zhai et al., 2022).

Previous research suggests that digitalization has fostered an openness within entrepreneurship in terms of facilitating and encouraging market actors to interact and collaborate with each other (Elia, Margherita & Passiante, 2020; Nambisan, Wright & Feldman, 2019; Yang et al., 2021). Accordingly, advancing digital infrastructures and platforms, as well as social media, may increase new ventures' possibility of identifying profitable business ideas, through increased knowledge-sharing between actors (Elia, Margherita & Passiante, 2020; Nambisan, 2017). Furthermore, new ventures may also boost their opportunity of overcoming the 'liability of newness', by engaging in platforms that encourage market actors to collaborate (Elia, Margherita & Passiante, 2020; Nambisan, 2017) and to do things on their own (Rosin, et al., 2020). The digital era can therefore be marked as a shift into new ways of executing entrepreneurial activities and further research is essential in order to generate complete understanding of entrepreneurship in relation to digital technologies (Elia, Margherita & Passiante, 2020).

In order to contribute to current research, this study aims to bring insights about how digitalization can support new ventures in the discovery and exploitation of entrepreneurial opportunities. The study mainly draws its attention to how new ventures benefit from digital solutions, such as digital platforms and social media, in order to overcome the issues of having a lack of knowledge and a supporting social network, in the early stages of starting a new venture. Accordingly, the gathered empirical material consists of new ventures residing in Sweden, and the purpose of the research is to examine how these new ventures used digital platforms and social media in the phases of discovering and exploiting their business ideas. In line with the stated purpose of the study, the following research question will be investigated:

What role does digitalization have on new ventures' ability to discover and exploit entrepreneurial opportunities?

Chapter 2 Theory

This section includes a presentation of chosen theories and literature for the study. The following areas are presented: Discover Entrepreneurial Opportunities, Exploit Entrepreneurial Opportunities, Networking in the Phase of Discovery and Exploitation, and Digitalization within Entrepreneurship. The chapter concludes with the theoretical framework.

2.1 Discover Entrepreneurial Opportunities

Discovery of entrepreneurial opportunities refers to the activity of identifying entrepreneurial opportunities (Shane & Venkataraman, 2000). These entrepreneurial opportunities, or business ideas, involve everything from new products and services, to new methods of organizing (Shane & Venkataraman, 2000). A majority of scholars within entrepreneurship view entrepreneurial opportunities as an objective phenomena, waiting to be discovered by entrepreneurs (Alvarez & Barney, 2007; Shane & Venkataraman, 2000). Further, scholars agree that the entrepreneurial orientation is an essential factor for the emergence of entrepreneurial opportunities (Alvarez & Barney, 2007; Baron, 2006; Schumpeter, 1961; Venkataraman, 1997). Venkataraman (1997) argues that the division of knowledge between individuals, caused by their different lifestyle, job and social circumstances, can determine their ability to identify entrepreneurial opportunities. Due to the differences in knowledge and experience, some individuals are expected to be better at interlinking independent events, and hence, to recognise entrepreneurial opportunities (Baron, 2006; Schumpeter, 1961). Baron (2006) describes this as how some individuals are better at recognizing patterns or ‘*connecting the dots*’ due their possession of relevant experiences, which may lead them to search for certain trends.

Previous research has examined three key factors that are essential for people’s ability to recognize opportunities (Baron, 2006). The first factor is the individual’s *alertness* to combine different events and thereby, discover opportunities (Baron, 2006; Singh et al., 1999). Alert individuals are those who possess a ‘creativity’ and ‘cognitive capacity’ to imagine new

solutions, without actively searching for them (Baron, 2006). If an entrepreneur possesses a high level of alertness, Baron (2006) means that the founder may be engaged in *passive search*, which means that they are searching for opportunities in a rather automated way. The second factor to opportunity recognition is the *active search* for opportunities (Baron, 2006). Active search can be carried out in a somewhat programmed, or ‘automated’ way, but can also be a more ‘conscious’ process done by individuals (Baron, 2006). The last factor to opportunity recognition is the individual’s *prior knowledge* of a certain industry or market (Baron, 2006). Having a wide range of experiences, acquired from personal life and work life, as well as from a broad network, is viewed as premiering for recognising ‘patterns’ between changing events and thereby identifying entrepreneurial opportunities (Baron, 2006; Singh et al., 1999; Venkataraman, 1997).

2.2 Exploit Entrepreneurial Opportunities

The phase of exploitation can be explained as the activity of realizing an entrepreneurial opportunity, and this phase generally implies several obstacles for new ventures to overcome (Shane & Venkataraman, 1997; Starr & MacMillan, 1990). Many constraints evolve from the ‘*liability of newness*’, which involves both internal and external constraints for new ventures to overcome once they are in the process of exploiting their idea (Starr & MacMillan, 1990; Aldrich & Auster, 1986). The ‘liability of newness’ evolves because stakeholders often lack confidence in new ventures’ ability to perform in the future, and their probability to survive (Blank, 2013). This phenomenon is often referred to as the new ventures having a *lack of track record* within their industry, which may cause them to fail to build important relationships with stakeholders (Aldrich & Auster, 1986; Starr & MacMillan, 1990). Accordingly, new ventures may experience constraints of gaining the first customers, suppliers and partnerships (Aldrich & Auster, 1986; Blank, 2013; Starr & MacMillan, 1990), but also face limitations from lacking previous experience and knowledge (Aldrich & Auster, 1986; Blank, 2013; Keyhani et al., 2021; Shane & Venkataraman, 2000). Blank (2013) further claims that high costs of acquiring the first customers, the lack of expertise about running a business, and long cycles of developing technology, are some of the reasons why new ventures fail. Compared to established businesses, new ventures may also lack established relationships that can support the venture in the

exploitation of the idea (Aldrich & Auster, 1986). Consequently, Blank (2013) argues the importance of asking potential customers and partners for feedback about the business idea in order to refine the business model, and hence, ease the process of establishing the first relationships in the industry.

2.3 Networking in the Phases of Discovery and Exploitation

Previous research has identified a relationship between a broad social network and the probability of recognizing profitable business ideas, and some scholars suggest that the relationship exists because social networks can provide entrepreneurs with extended knowledge (Baron, 2006; Singh et al., 1999). In the entrepreneurial context, networking can be referred to as the activity of creating and maintaining relationships that benefits the creation and development of the business (Zhao et al., 2021). Social networks can generate necessary information to the business, and can support the business with indirect access to resources through other market actors (Yang et al., 2021; Zhao et al., 2021). Accordingly, social networks can also benefit new ventures in the process of exploiting their ideas (Yang et al., 2021).

According to Starr & MacMillan (1990) and Aldrich & Auster (1986), new ventures can overcome the issue of having a lack of track record, by ‘coopting legitimacy’ through networking. In this context, legitimacy is described as having “*institutional support of powerful external actors*” (Starr & MacMillan, 1990, p. 83). They mean that instead of *building* trust, which is thought of as a slow and difficult process, new ventures should instead *coopt* legitimacy (Starr & MacMillan, 1990). This means that new ventures should gain trust through social contracting and networking. The thing about social transaction agreements is that they usually cause feelings of diffuse and unidentified future obligations, but also appreciation and trust between parts, which the authors mean can foster new relationships (Starr & MacMillan, 1990). To execute this method, Starr & MacMillan (1990) suggest four essential strategies for new ventures to use. The first strategy is to *share information* with other market actors that includes relevant knowledge about the market, or different business strategies, etc. (Starr & MacMillan,

1990). The purpose of this strategy is to bring a sense of gratitude and trust between the new venture, and relevant actors (Starr & MacMillan, 1990). The second and third proposed strategies are *solving and receiving help with problems*, and *giving and receiving favors* (Starr & MacMillan, 1990). These strategies are rather similar, and the purpose is to create and nurture relationships with other actors, by creating a sense of appreciation and future obligation between the parties (Starr & MacMillan, 1990). Lastly, Starr & MacMillan (1990) suggest that new ventures should *create opportunities for people to demonstrate their skills and competence*. This strategy is meant to bring a sense of social goodwill, which can enhance the venture's legitimacy, as well as fostering valuable relationships with relevant actors (Starr & MacMillan, 1990). The authors suggest that by using these strategies, new ventures may increase their ability to overcome several issues related to the discovery and exploitation of entrepreneurial opportunities, such as resource constraints and lack of knowledge. Accordingly, the strategies can help new ventures to 'coopt legitimacy' through the act of building friendship, and creating a debt of gratitude between parts (Starr & MacMillan, 1990).

2.4 Digitalization within Entrepreneurship

The last decade, digitalization has transformed the process of discovering and exploiting entrepreneurial opportunities (Elia, Margherita & Passiante, 2020; Nambisan, Wright & Feldman, 2019; Yang et al., 2021). With new ways of organizing resources, and collaborating, possibilities have opened up to identify and execute new business models, processes and strategies (Elia, Margherita & Passiante, 2020; Nambisan, Wright & Feldman, 2019; Yang et al., 2021). Accordingly, digital technologies have impacted the way in which market actors network with one another by providing new ways of communication flow (Elia, Margherita & Passiante, 2020; Nambisan, Wright & Feldman, 2019). Digitalization has hence fostered openness within entrepreneurship by encouraging entrepreneurs to connect with each other, and other actors, in order to discover and exploit entrepreneurial opportunities (Nambisan, Wright & Feldman, 2019).

2.4.1 Digital Artifacts, Platforms and Infrastructure

To bring an understanding to the notion of digitalization in the entrepreneurial context, three major elements of digitalization have been examined in previous research; *digital artifacts*, *digital infrastructure*, and *digital platforms* (Elia, Margherita & Passiante, 2020; Modgil et al., 2022; Nambisan, 2017). These elements make up the base for digital communication, and interaction, between entrepreneurs and other actors (Modgil et al., 2022; Nambisan, 2017). These may also be used in order to understand how digitalization can affect the nature of opportunities and barriers within entrepreneurship (Nambisan, 2017).

A *digital artifact* can be described as an application, digital component, or digital content, which brings an extended value or function to the end user of a product or service (Elia, Margherita & Passiante, 2020; Modgil et al., 2022; Nambisan, 2017). Accordingly, digital artifacts may for example be used as an extension of physical products, such as for creating digital content on social media (Sigfusson & Chetty, 2013). Hence, digital artifacts are often used in order to enhance the social capital of a company (Sigfusson & Chetty, 2013).

Digital infrastructure is the set of systems, tools, and technology that enable interaction, collaboration, and computing capabilities (Elia, Margherita & Passiante, 2020; Modgil et al., 2022; Nambisan, 2017). Examples of digital infrastructures are cloud computing, social media, and big data, as well as crowdsourcing systems (Elia, Margherita & Passiante, 2020; Modgil et al., 2022; Nambisan, 2017; Soltanifar, Hughes, & Göcke, 2021). These infrastructures open up new possibilities for entrepreneurs to build digital networks, test concepts, and to acquire scarce resources (Elia, Margherita & Passiante, 2020; Modgil et al., 2022; Nambisan, 2017).

Finally, *digital platforms* constitute the shared space, or architecture, that hosts and integrates different services and components, as well as digital artifacts (Elia, Margherita & Passiante, 2020; Modgil et al., 2022; Nambisan, 2017). By integrating digital infrastructures, companies are able to create interactive and collaborative digital platforms for users that allow services to be

matched with demands (Elia, Margherita & Passiante, 2020; Sussan & Acs, 2017). Furthermore, digital platforms can help ventures with becoming more specialized, or to facilitate their production, and marketing activities (Nambisan, 2017). Furthermore, since digital platforms offers a space for suppliers, consumers, and other actors to be matched with each other, digital platforms can also contribute to the creation of *digital entrepreneurial ecosystems* (Elia, Margherita & Passiante, 2020; Larsson, Mohagheghzadeh & Mörstam, 2020). Examples of digital platforms include Mozilla's Firefox browser (Elia, Margherita & Passiante, 2020), and AirBnB (Sussan and Acs, 2017).

2.4.2 Digital Entrepreneurial Ecosystems

Digital entrepreneurial ecosystems are spaces where different market actors can be matched with each other in order to collaborate and support each other (Adner, 2017; Audretsch et al., 2018; Elia, Margherita & Passiante, 2020; Isenberg, 2010). Compared to *physical* entrepreneurial ecosystems, digital entrepreneurial ecosystems also involve algorithms, software systems, and web applications, which enable actors to effectively be matched with each other, data to be processed in real-time, and complex tasks and routines to be facilitated by interacting with humans (Elia, Margherita & Passiante, 2020). Due to the digital context of these ecosystems, it has evolved a new environment for entrepreneurs to exploit their ideas (Elia, Margherita & Passiante, 2020). Digital entrepreneurial ecosystems are commonly 'hosted' by larger companies which possess an integrative digital platform where market actors can meet in a shared space (Elia, Margherita & Passiante, 2020). An example of an digital entrepreneurial ecosystem is Amazon, which with its digital platform allows customers and suppliers to automatically be matched with each other, in order to buy and sell products in a shared space (Larsson, Mohagheghzadeh & Mörstam, 2020).

Further, digital entrepreneurial ecosystems allow entrepreneurs to more easily acquire scarce resources, such as knowledge (Elia, Margherita & Passiante, 2020; Yang et al., 2021). Digital entrepreneurial ecosystems can also foster trust between actors by creating digital networks that support companies, customers, and stakeholders with sharing information and data, making

transactions, and developing entrepreneurial projects (Elia, Margherita & Passiante, 2020). Subsequently, the external risks of starting a new business may be reduced within digital entrepreneurial ecosystems (Audretsch et al., 2018; Elia, Margherita & Passiante, 2020; Yang et al., 2021).

2.4.3 Social Media Platforms

Previous research conveys that social media can provide entrepreneurs with essential knowledge about entrepreneurial opportunities, and potential customers (Wang et al., 2020; Steinhoff et al., 2019). Social media refers to various channels of digital communication (Nationalencyklopedin, n.d.; Wang et al., 2020), and among the most common social media platforms are Facebook, Instagram, LinkedIn, and YouTube (Statista, 2020). Social media can support entrepreneurs with mobilizing resources, and establishing and maintaining social relationships through its allowance of digital communication between actors (Wang et al., 2020; Steinhoff et al., 2019). Accordingly, social media is being used increasingly among entrepreneurs (Smith, Smith & Shaw, 2017) as it enables entrepreneurs to develop a greater network (Smith, Smith & Shaw, 2017; Wang et al., 2020), which has been stated by previous research, as beneficial for the discovery (Baron, 2006; Singh et al., 1999) and exploitation of entrepreneurial opportunities (Yang et al., 2021). Further, Wang et al., (2020) differentiate between *offline social networks* and *online social networks*. The authors describe the former as the way in which communication flows ‘face-to-face’, whereas the latter is explained as the communication between people through digital channels, such as social media platforms. Through the use of social media and the establishment of online social networks, entrepreneurs can geographically extend their offline social networks as well as easier maintain the relationships within their network (Wang et al., 2020). Further, Smith, Smith & Shaw (2017) mean that online social networks allow entrepreneurs to conveniently and effectively reach a targeted crowd. Muninger, Hammedi & Mahr (2019) further suggest that social media can provide entrepreneurs with useful knowledge, since it can gather knowledge, insights, and feedback from users.

Moreover, Silaban et al., (2022), means that social media has become a central aspect in marketing since social media enhances new ventures' ability to perform marketing activities at a lower cost, which in turn increases the possibility to attract customers (Silaban, Chen & Silalahi, 2022). Additionally, Mumi (2020) suggests that social media presence can support entrepreneurs with product development, by getting guidance through customer feedback and discussion.

2.5 Theoretical Framework

The theories are carefully chosen to enable an insightful analysis about the role of digitalization on new ventures' ability to discover and exploit entrepreneurial opportunities. First of all, previous research suggests that people with prior experiences should be better at interlinking independent events, and hence be more alert in discovering profitable business ideas (heading 2.1). Accordingly, research argues that people without prior knowledge are more obliged to actively search for entrepreneurial opportunities in order to identify profitable ones. In the exploitation phase, new ventures may however face constraints of exploiting their idea, due to the 'liability of newness' (heading 2.2). With a lack of track record within a chosen industry, new ventures may therefore struggle with gaining necessary knowledge, as well as acquiring the first customers and suppliers needed to exploit their ideas.

Further, previous scholars suggest that new ventures can benefit from having a broad network in the entrepreneurial process (heading 2.3). By networking, new ventures are expected to increase their probability of discovering profitable business ideas, but also to increase their chance of gaining support from stakeholders, to exploit their ideas. In order to build a network, scholars therefore suggest different strategies for new ventures to use, including giving and receiving favors from other actors.

During the last decades, digitalization has changed the ways in which new ventures can discover and exploit entrepreneurial opportunities (heading 2.4). With emerging digital infrastructures, such as social media, new ventures are today able to interact and collaborate with other actors in the market differently than before (heading 2.4.1). Through the use of digital infrastructures,

digital platforms are today able to create shared spaces for market actors to meet and interact. Furthermore, with services of matching and encouraging market actors to collaborate and exchange services, digital platforms are today able to create supporting digital entrepreneurial ecosystems for new ventures to benefit from (2.4.2). Similarly, social media platforms are today facilitating interaction between new ventures and market actors through new spaces for new ventures to communicate and gain reach (2.4.3).

In order to gain insights about how new ventures may benefit from digitalization, this study focuses on the role of digital platforms and social media platforms, in the process of starting a new venture. The study aims to investigate how the mentioned platforms may support new ventures in the discovery and exploitation of entrepreneurial opportunities by enabling more collaboration between new ventures and market actors, and by facilitating the starting of a new venture through new processes.

Chapter 3 Methodology

The following chapter presents the chosen methods for investigating the research question and the purpose of the study. First, research strategy and research design are explained, followed by a presentation of the selected data in terms of literature and empirics. Then a section of how the empirical data was collected is presented. Lastly, the chapter presents the method of analyses following how the study relates to the criterias of reliability and validity.

3.1 Research Strategy

This study was conducted as a qualitative research, which Bryman & Bell (2011) describes as a method of emphasizing words over quantification, to enable an in depth analysis of how digitalization may support new ventures in the discovering and exploitation of entrepreneurial opportunities. The empirical data consists of semi-structured interviews with Swedish new ventures, where founders of the ventures were asked about their experiences of using digital solutions in the discovering and exploitation of their business ideas. The semi-structured approach allowed a flexible structure to the interviews and enabled the interviewees to highlight their individual experiences (Bryman & Bell, 2011). The aim of the interviews was to gain a practical insight of how digitalization might support new ventures in the process of starting a new venture.

Furthermore, this study has an abductive approach, which means that the research perspective and theoretical viewpoint has emerged from relevant literature studies (Alvesson & Sköldbberg, 2017). This means that the used research approach is a close combination of executing an inductive and deductive approach (Alvesson & Sköldbberg, 2017). The deductive tendencies can be interpreted in the positioning of the studies (Bryman & Bell, 2011), which is that new ventures should be able to benefit from digitalization in the discovery and exploitation of entrepreneurial opportunities. However, the inductive approach can be perceived through the way the research searches for answers (Bryman & Bell, 2011) about *how* new ventures might *use*

digital solutions to overcome common obstacles in the startup process. The abductive approach was chosen since it enables the theoretical positioning to evolve during the course of the studies (Alvesson & Sköldbberg, 2017). Extensive literature exists on the field of new ventures, but the knowledge about the role of digitalization within entrepreneurship is a fairly new area of research. The abductive approach supports the investigative, but yet predetermined, focus of the study (Alvesson & Sköldbberg, 2017).

3.2 Research Design

The conducted research took a comparative design. However, with the qualitative approach of the research, the design was conducted as a multiple-case-study (Bryman & Bell, 2011). Since the research aimed to gain contrasting or comparative findings between the studied cases, the same method was used to investigate each case (Bryman & Bell, 2011). The cases consist of ventures from different industries and founders with different backgrounds. This allowed the study to compare different cases of how digitalization may be used to support the starting of a new venture. In order to gain comparative findings, a similar interviewing structure was used for each case.

With a comparative design, there is a risk of the context being dismissed in the comparison of the cases (Bryman & Bell, 2011). This could in turn lead to a desire to decide upon a specified focus early in the study, rather than keeping an open approach, which could be more beneficial at a later stage in the study process (Bryman & Bell, 2017). With the comparative design, the findings have therefore mainly given insights about how certain conditions have influenced certain phenomena to occur (Bryman & Bell, 2017). However, since the focus of the study was to determine the role of digitalization in new ventures in the discovery and exploitation of entrepreneurial opportunities, the comparative design has enabled the discovery of how certain conditions can affect how digital technologies are used, through examining their use in different contexts.

3.3 Selection

The following section contains a description of the selected information for the theoretical and empirical chapters. The first part goes further into how the literature for the theoretical chapter was chosen and the reasoning behind it. The second part contains a description of how the empirical study was conducted and the decisions that laid the foundation for the interviewees.

3.3.1 Selection of Literature

A general literature research was done in the beginning of the study in order to gain insights about the chosen topic (Bryman & Bell, 2017). During the course of the study, the literary research became more focused on the topic of research for the study itself. The interest for the topic had evolved from an increased curiosity about digitalization as a potential enabler of entrepreneurship, as well as from studies of course literature at the faculty of management at Lund University. Some of the keywords that were used during the literature research were “digitalization”, “entrepreneurship”, “new ventures”, “networking”, among others, which Bryman & Bell (2011) suggest helps the researcher to limit the area of research. However, there is a risk of literature being excluded when focusing the search (Bryman & Bell, 2011). Accordingly, an overview was created about what topics previously had been covered within the field, as well as what gaps still exist (Bryman & Bell, 2017). The chosen literature consists of peer-reviewed research-articles, digital and physical books, as well as of conference material that originated from a trusted and reliable source. These types of sources were chosen with the intention of only using credible sources that would strengthen the reliability of the study and the conclusions that are drawn from it.

3.3.2 Empirical Selection

In accordance with the qualitative research method, semi-structured interviews were conducted with Swedish new ventures. This means that the interviews had a flexible structure, where the respondents were able to share their individual view of the subject (Bryman & Bell, 2017). The emphasis during the interviews was on the view of the respondents and what they regarded as

important within their own case, in contrast to a structured interview where the researcher's interest is of more focus (Bryman & Bell, 2017). As Bryman and Bell (2017) suggest, the focus was to gain as much information as possible from each interviewee regarding each question, which is why both open questions, and follow up-questions were used. The interviewees were furthermore kept anonymous, in order to make the respondents more encouraged to speak broad about the questions. Consequently, the qualitative interviews supported the study by providing contextual understandings and insights about the role of digitalization in the two phases of discovery and exploitation of entrepreneurial opportunities.

In order to gain different perspectives on the research question, seven interviewees were selected from different industries and backgrounds using a purposive sampling method (Bryman & Bell, 2017). This method was chosen in order to gain intended variation among the interviewed subjects (Bryman & Bell, 2017). The criterias of the chosen interviewees were that they should be Swedish for-profit new ventures founded within the last decade and that they used digital technologies when starting the business. Furthermore, it was important that the interviewees had different business ideas, since the digital use may differ in different contexts. The purpose behind this selection was to gain deeper insights on how digital technologies and networks can be more or less useful in the discovery and exploitation phase of entrepreneurship.

3.4 Data Collection

Before the interviews were carried out with the interviewees, an interview guide was conducted with four themes and associated questions (Bryman & Bell, 2011). The interview questions had an open format, which allowed the respondents to answer according to what they thought was most relevant (Bryman & Bell, 2011). No leading or general questions were asked during the interviews in order to avoid misunderstandings and collection of faulty information (Bryman & Bell, 2011). Furthermore, the interview guide was organized with consideration to different question formats, such as introductory questions, direct and indirect questions, follow-up questions, and specifying questions, to encourage the interviewee to share different perspectives on their individual case (Bryman & Bell, 2011). To review the interview guide before the

interviews were held, a pilot guide was tested on one of the candidates (Bryman & Bell, 2011), which brought important insights about the chosen themes for the interviews. After the pilot testing, the interview guide was revised and the result was more focused themes, with less and more focused questions.

To prepare the interviewees on the research topic, a brief presentation on the study was shared in the beginning of each interview (Bryman & Bell, 2011). The timeframe of the interviews were about 30 minutes, depending on the amount of information that was shared by the respondents. Further, the interviews were carried out through Zoom-calls, since some ventures were located in other cities. The interviews were held in Swedish, which means that the presented quotes in the empirical results have been translated by the authors into English in order to achieve a coherence with the rest of study. As Bryman and Bell (2017) states, there is always a risk when translating quotes to another language since nuances and cultural meanings can be lost in the process. To minimize this risk, all three authors have gone through each quote, both in the original language and its translation, to make sure it is accurate and well-representative of the original statement and the meaning behind it. The interviews were further transcribed in their entirety to avoid misinterpretation of the interviewees statements, and to increase the reliability of the material (Bryman & Bell, 2017).

3.5 Method of Analysis

To analyze the empirical result, gathered from the conducted interviews, an in-case and a cross-case tactic was used (Eisenhardt, 1989). The in-case analysis was made by analyzing how the empirical data in each case related to the reviewed literature, which allowed unique patterns to be recognised for each case (Eisenhardt, 1989). This also brought a familiarity to each case, which made it easier to later compare the cases with each other (Eisenhardt, 1989). In order to carry out a cross-case analysis where the ventures are compared with each other, different categories were chosen (Eisenhardt, 1989). The categories emanated from the research question, and the theoretical framework, and were structured in line with the empirical results (Eisenhardt, 1989). By categorizing the analysis into the two phases of research, discovery and exploitation,

and narrowing down the categories to the two elements of digitalization which had played the most predominant role for the interviewees, social media platforms and digital platforms, the cases were able to be compared with each other. Accordingly, the collected data of interviews were compared with reviewed literature in order to formulate theories that could be drawn from the findings (Eisenhardt, 1989). Eisenhardt (1989) explains that the in-case and a cross-case analysis allows the researcher to investigate the collected data beyond the first impressions gained from collecting the data, and to easier recognise patterns between the cases (Eisenhardt, 1989). The author argues that this method increases the probability of portraying an accurate depiction of the collected data and reliable theoretical conclusions.

3.6 Reliability & Validity

To determine the quality of a qualitative research study, there are certain criterias that are relevant to examine (Bryman & Bell, 2017). The first section argues the reliability of the study, whereas the second section covers the validity of it. Each section has an explanation of the meaning behind the concept, followed by how the study relates to it.

3.6.1 Reliability

Reliability concerns the trustworthiness of the study, which means that the presented data should be a correct reflection of the research object, rather than an accidental result (Bryman & Bell, 2017). In qualitative studies, the trustworthiness can be examined in two ways, through the internal and external reliability (Bryman & Bell, 2017). The external reliability of a study is directly related to its ability to be replicated by another researcher (Bryman & Bell, 2017). Bryman and Bell (2017) mentions that this aspect is harder to achieve in a qualitative study than a quantitative one, due to the inability to freeze or completely control a social setting from evolving. This problem has been tackled by depicting a higher level of transparency through a detailed description of the study process, used methods and gained insights. All conducted interviews have furthermore been transcribed during the process in order to document everything that was mentioned in the interviews. The internal reliability however refers to numbers of observers in the research team that have agreed about the observations (Bryman & Bell, 2011).

During the course of the research all three members in the research team have taken part in reviewing the chosen literature, revising the results of the empirical material, in order to increase the internal reliability.

3.6.2 Validity

The validity of the study refers to “the integrity of the conclusions that are generated” from the research (Bryman & Bell, 2011, p.42). The validity can further be divided into two issues; the external and internal validity (Bryman & Bell, 2011). The internal validity concerns the causality of the study, which means to what degree the drawn conclusions within the study holds a valid casual relationship (Bryman & Bell, 2011). The correlation between these aspects determines how credible and useful this study will be as a contribution to current research, and for future ones (Bryman & Bell, 2017). To ensure the strength of the parallels drawn from the observations to the conclusions written from them, a thorough analysis was made of the data analysis (see section 3.5), in which all authors were present. In accordance with the purpose of this study, a fair and accurate conclusion from the empirical data, in terms of what role digitalization has for new ventures in the discovery and exploitation of entrepreneurial opportunities, was made, to ensure that the research is of use to understand the subject chosen for this study.

The external validity refers to which degree the result of a study can be generalized and applicable to different social contexts (Bryman & Bell, 2011). This is usually a difficult condition to achieve through qualitative research, in particular when using case studies with a limited selection (Bryman & Bell, 2017). Since the aim for this study is not to create a generalized conclusion that would reflect and be representative of a population, external validity is in this matter less relevant. However, conclusions that are drawn may be generalized within the context of the study and the investigated cases.

Chapter 4 Empirical Studies

The chapter consists of a collection of the results from the performed interviews and is presented case by case. Each case consists of a brief description about the venture and the business idea, followed by a presentation of how the founders discovered, as well as exploited the entrepreneurial opportunity. The exploratory sections have evolved from theories in chapter three where commonly faced barriers of exploitation have been depicted. Furthermore, this chapter focuses on the founders' use of offline and online social networks, digital platforms and social media.

4.1 Venture A

The venture operates within the wellness industry and was founded in the spring of 2020 by two university students. Their idea is to distribute the newest and most innovative products within wellness and have two different machines focusing on improving mental and physical health. Their first product was a minus 160 degrees celsius cabin, which for instance boosts the immune system, reduces chronic pain, increases body control, and decreases body inflammation. Their second product is a waterbed combined with mindfulness and breathing exercises, which relaxes the whole body. Their ambition is to add more wellness products to their portfolio and to become the leading wellness company in Scandinavia.

4.1.1 Digitalization and Networking in Discovery

The two founders are childhood friends and both have a passion for fitness and wellness, which contributed to their business collaboration. The interviewee and his co-founder have a passion for sports and have always been interested in their own health. Accordingly, their interest contributed to their constant interaction with wellness focused Instagram accounts, which allowed for a deeper understanding about wellness. Due to the shared interest and their close friendship, the interviewee explains that it was natural to collaborate in order to develop a business idea in the wellness industry. However, the idea of distributing the first wellness

machine emerged during a stay abroad, where they both tested this method. After the trip, the two founders began to follow Instagram accounts within the wellness industry, and did further online research through Google, which provided them with information about the machines and their availability in Sweden. The interviewee means that the venture had great use of Google in order to find necessary information:

“We used digital sources enormously in order to understand how the products work; To try to see if there are customers today in other countries and what they think about the products.” (Interviewee A)

Moreover, the founders used Instagram to learn more about the trends within the wellness industry and read reviews about the products in the comment function. Accordingly, the founders could easily interact with users and suppliers in the industry. In combination with Googling, the founders soon understood that there barely exists a market for the wellness machines in Scandinavia today and therefore realized the potential for a business idea. However, they also learned through their research that there are available suppliers of the product in Sweden. The interviewee further highlights that surrounding people, such as family and friends, played an important role for the discovery. The founder states “nothing exists in vacuum” and means that their close network played an essential role in the phase of creating the business idea, since they could give feedback on the business idea. Accordingly, discussion among the two founders was not the only way in which the idea was developed.

4.1.2 Digitalization and Networking in Exploitation

During the beginning of the venture’s existence, the two founders handled the daily operations without any additional employees. Instead, they learned more about the first machine through online research and social media accounts, especially accounts from the United States since they have several clinics and many health treatments. Additionally, their personal contacts played an essential role for understanding general business operations. After a while, the founders were in need of additional employees, which they found through digital recruitment platforms, such as Indeed and The Hub. Their job advertisement on The Hub resulted in the finding of an intern,

which currently works in the venture. Accordingly, the venture is currently advertising for a beauty manager on The Hub, Indeed, and LinkedIn. Although the founders have considered people within their personal network, the interviewee means that different platforms, such as the above mentioned, facilitates the process of finding appropriate human capital. Due to their limited personal network, the interviewee means that they have benefited essentially from alternative digital networks and member websites.

The interviewee means that the lack of a track record and being unknown, makes it hard to enter the market and achieve the very first customers. In order to overcome this constraint, the two founders introduced the idea and their products to their family, friends and acquaintances. Since they already had an established relationship, the interviewee means that it was easier to overcome the constraint of lack of trust, that entrepreneurs generally face in an early stage. Their very first customer was therefore achieved through personal contacts. Once the first customer was attracted, it became easier to attract others. The interviewer believes that word of mouth and satisfied customers played an important role for obtaining new customers. In addition, the interviewee highlights that their advertisements on social media and Google facilitated the process of attracting a greater amount of new customers.

“It is an easy and cheap way to spread and market ourselves and I think that it accelerated how many new customers we got and that existing customers bought [again].” (Interviewee A)

From actively searching for customers, the venture was contacted by interested buyers who had seen their online marketing or heard about them from elsewhere. He means that social media, such as Instagram, Facebook and LinkedIn, have been a convenient and affordable way to advertise and spread knowledge about their products.

Further, the founders also used digital platforms and social media in order to find relevant suppliers. By the use of Instagram and other social media platforms, the founders could easily overview different suppliers in the wellness sector, and carefully read about the products and the

suppliers by clicking on the website link in the accounts. Further, the interviewee means that users can easily leave comments and reviews, which helped the founders to decide on which product to pursue with and which supplier to embark.

“It usually starts with social media, where I follow relevant accounts. For instance, if a machine appears several times in about five different accounts - it looks interesting and if people write a lot of good things in the comment field - then I usually proceed with Googling about the product. So I usually go from sources where I can see how users talk and think about the products.” (Interviewee A)

All in all, the research resulted in the finding of an Eastern European supplier which seemed to suit their needs. The founders emailed the company and asked further questions about their distribution. After a period of emailing and calling, the founders decided to visit the factory and signed the contract.

Furthermore, the interviewee mentions their collaboration with different leasing firms. The founders searched online for potential partners and found Svea Ekonomi, which they contacted through the company's website. Their choice of leasing firm was mainly based on recommendations from their personal networks, as well as from great reviews provided on websites and social media. Further, the venture was in need of a gas supplier since their first products were gas powered. Similarly, the gas supplier was found through online research and after some investigation, they found an appropriate gas supplier in Sweden. Additionally, the founders took a smaller loan to kick-start the business. The choice of lender was based on a personal contact with an employee of a lending firm, which facilitated the process of finding an appropriate lending firm. The same firm has been useful for legal issues and other business related tasks and the interview underlines the benefits from having a strong personal relationship with their collaboration partners, since it makes the daily business operations relatively easy.

4.2 Venture B

This venture was founded by a university student in the spring of 2019 and the idea is to help companies with social media advertisement. This implies that the venture calculates reasonable budgets for social media marketing and creates advertisements that go in line with the customers' sales goals. Overall, the purpose of the advertising is to enhance the traffic flow on the customers' websites, and to reach out to established and potential customers for increasing the overall sales. Today, the venture has two employees apart from the founder, and provides social media advertisements for several companies with a minimum revenue of 10 million SEK.

4.2.1 Digitalization and Networking in Discovery

The interviewee started his entrepreneurial path with drop shipping, a retail-model that allows entrepreneurs to sell products without a physical inventory, and sold products from Alibaba, a platform for wholesale trade on a global level (Alibaba, n. d.). At the time, the entrepreneur drop-shipped different products and sold everything from bikinis in Australia to toys in Germany, which allowed for a deeper understanding in logistics and distribution channels. However, the dream of establishing his own firm developed extensively during his stay in London, where the founder attended different physical networking events for entrepreneurs, where he was inspired by digital entrepreneurs and the possibility of running a business digitally.

One day in 2018, the interviewee came across a YouTube video about social media marketing, which got his attention. The interviewee explains that YouTube has provided him with almost all inspiration for the business idea: "I kind of got all the inspiration from Youtube, where I watched a lot of videos about digital entrepreneurship and so on." (Interviewee A). However, he further states that Facebook-groups, such as 'Svensk E-Handel' (Swedish E-commerce) and 'Digital Marknadsföring Sverige' (Digital Marketing Sweden), consisting of entrepreneurs who either create advertisements on social media platforms or are in need of the service, were used. The groups allowed for open discussions with relevant actors in the market, which helped the founder in the process of discovering the idea. Further, the founder used Google to find relevant articles

and information which could complement what he learned from social media. In combination with support from YouTube videos, social media platforms and web research the founder was able to identify the entrepreneurial opportunity of providing social media advertising to companies. Additionally, the interviewee states that his personal network lacked people with knowledge and experiences within the field, and therefore, already established relationships did not contribute to the discovery of the business idea. He underlines that his business idea would not have been possible 20 years ago, since it is based on digital technologies and the increasing number of social media users.

4.2.2 Digitalization and Networking in Exploitation

Once the idea was discovered, the interviewee acquired extended knowledge and skills within social media marketing through social media, digital articles, and online research. However, he underlines that YouTube has provided the founder with the most essential knowledge of how digital tools work:

“There you can find videos from the whole world about how everything works, how to make advertisements and [how to] use social platforms to post advertisements, determine the target group and such.” (Interviewee B)

Further, the interviewee had use of different Facebook-groups that he initially joined in the phase of discovery. Through these groups the interviewee was able to connect with other entrepreneurs and potential customers. Besides matching members with each other, the interviewee means that these forums allowed entrepreneurs, like him, to exchange knowledge and useful information to help solve encountered problems when exploiting the business idea. The interviewee had great use of the Facebook-groups in the beginning of this phase, but not any longer due to members being less knowledgeable than him within the field at this point.

When it comes to hiring employees, the interviewee emphasizes trust over skills and competences. The founder means that the needed skills are rather easy to learn, meanwhile the importance of being able to build long term customer relationships is crucial. Hence, the

interviewee used his personal network in order to find employees to the business. His first coworker was an acquaintance's sister, who also created social media advertisements. The second hired employee was chosen from his established network on LinkedIn.

In order to find the first customers, the interviewee used different databases, to identify Swedish companies with a turnover over 10 million SEK. For this, he mainly used such as Allabolag, which is a database with all registered companies in Sweden (Allabolag, n. d.).

“AllaBolag has a search function, so you can easily filter and see lists of companies for the industries they are registered in ... That was how I got my first customer and after a month or so, I got an additional customer through the contacts of the first one.”

(Interviewee B)

He underlines the amount of email that was sent out to e-merchandisers and how difficult it was to attract the very first customers. Further, the interviewee wrote to several target groups by filtering the search. Many did not respond, while others politely said no to the founder's service. After a month with no customers, the founder managed to convince a mail-order company to sign a contract with him. Shortly after, two additional companies became customers through the network of his first customer. The interviewee emphasizes the amount of time spent on sending emails before attracting the very first customer, but the founder indicates that he would use the same strategy if he started the venture today. Accordingly, the interviewee had no use of his personal network to recruit the first customers due to their young age. The interviewee stated “there are few among my established contacts who run an e-commerce turnover of over 10 million SEK”. The interviewee mentions that he tried to advertise on social media platforms in the phase of attracting the very first customers, but means that due to his limited network, was unsuccessful and did not manage to attract any customers using that strategy. However, at a later point, the venture found customers through social media advertising on LinkedIn, Instagram and Facebook.

The business idea does not require any physical equipment besides a computer, since the business operations are digital. Hence, the venture does not have any suppliers. During the interview, the founder stated that everything is operated digitally, and that many of the digital programs he uses daily are free to use. The design of the advertisements is done through Canva, an online tool for graphic design (Canva, n. d.), and their website is hosted by Squarespace, which allows for unique web page designs and templates (Squarespace, n. d.). The design program, Canva, was chosen due to the founders previous knowledge about the program. Squarespace was found through online research, and the interviewee explains that he compared this platform with other actors, such as Shopify, which provide a wider range of supplementary services. However, due to great reviews from users, and the broad range of unique designs and templates that are easy to use, the founder finally chose Squarespace. The interviewee was furthermore only interested in the supply of unique design options, rather than additional services provided by the other actor.

4.3 Venture C

This B2B-venture helps firms to enhance the visual aspect of the reception, service, and office outlook. It was founded in 2015 by four people with previous experiences within advertising, human relations and education, and within the coffee industry. Their idea is to help companies with the physical delivery of the ‘brand promise’ by focusing on the entry of company offices. For instance, they sell high quality coffee machines, provide education for receptionists and recruiters, and help with design for the reception area. Their priority is customers with a premium mindset, since their vision is to be a high quality conscious company. Today the venture has grown to eleven employees and has many customers within the city they are operating in.

4.3.1 Digitalization and Networking in Discovery

At the time the business idea was discovered, the interviewee worked as a marketing director at another company where her role was to search for potential business opportunities for the company. In the role, the interviewee attended many networking events, social gatherings and business trips, which resulted in an increasing amount of personal contacts and business

relationships. Through a network within the sports industry in 2012, the interviewee met the other three founders and once they started to talk about business, they realized that their different competencies could generate a business idea. They also saw a potential with the founders' broad networks within their respective industries and their collective view on the importance of networking both offline and online. The interviewee means that digital forums, such as LinkedIn, are important in order to maintain built relationships.

“It is a component that is included to have a continuity between the times when we do not see each other. It is also a way to stay active all the time, and to be a part of a context where you are reminded, and see the others, to not forget between the physical meetings.”

(Interviewee C)

When the founders started discussing potential business opportunities and how they could merge their different expertises, combined with their experiences of visiting many companies, they recognized that many companies generally do not prioritize their front offices. The interviewee states that companies often spend great financial capital on marketing, recruitment and image, but forget what the visitors first see once entering the office — the reception. With their different expertise and experiences, they came up with the idea of providing companies with an all-in-one concept. They eventually moved ahead with the idea of providing the service of improving companies' front offices by offering great coffee machines, education to receptionists and other employees, as well as the physical design of the front office.

4.3.2 Digitalization and Networking in Exploitation

All four founders have broad networks in which they had great use for exploiting their business idea. Further, all founders had solid and diverse experiences within the business' industry, which facilitated the exploitation of the entrepreneurial opportunity. However, the venture employed additional people in order to increase the social capital of the venture once the venture started to grow. The interviewee indicates that their personal (offline) network and their network on LinkedIn played an essential role in finding the right people. Due to their broad network, the venture has not encountered any constraints with finding the right competencies.

In order to attract the first customers, the founders invited all people in their personal network to a launching event in which they pitched the idea. Since the interviewee emphasizes the importance of networking, she had previously connected with a lot of people on LinkedIn through professional and social events, as well as through previous business experiences. This contributed to the great size of the event, which increased their possibilities to present their ideas to a large crowd. The launching event was held as a mingling event where the founders had the chance to *discuss* the idea with external actors and potential customers, rather than trying to *convince* them about the idea. The event provided the founders with valuable feedback on their idea, and an understanding of whether there is a potential market need. The founders also succeeded in recruiting their first customers attuned with their premium vision. The interviewee believes that their broad network was crucial for gaining their first customers, and she highlights that networking and maintaining relationships was key for overcoming the lack of track record. She mentions that LinkedIn was important for maintaining these relationships and that she tries to be active on the platform. Today the venture also uses UpSales, which matches the venture with potential customers, based on their current customers.

The founders also had great use of their personal network and LinkedIn network for establishing their first suppliers. The interviewee mentions an example of when they were in need of computers. One of the founders knew the owner of an IT-firm and due to their great relationship, the venture was able to gain computers with the condition of paying at a later date. Furthermore, the venture was in need of a coffee machine supplier, which was fairly easy due to the founders' track record within the coffee market. They already had essential knowledge about the market as well as the machines, and they had good relations with coffee machine suppliers.

“Then it was not so difficult to contact these suppliers that you bought from before and say hello now we have started this box [venture], are you interested in selling to us as well?” (Interviewee C)

Since their business idea is based on helping companies with their brand promise, the founders prioritized premium quality coffee machines instead of cheaper coffee machines. Once again, the interviewee highlights the importance of having a strong network, and assures that almost all equipment and necessities have been obtained through personal contacts of the founders. Further, through their large personal network, the venture manages to spare a great amount of financial capital.

4.4 Venture D

This newly established venture was founded in 2021 by a university student who wanted to create high quality clothes at a reasonable price. The business idea is to provide unisex clothes and accessories with a simple design. The aspiration for the business is to build a digital culture around the brand, and the interviewee has a vision of establishing a community for people who are interested in the products. Since the venture was recently established, it is still at an early stage of the development.

4.4.1 Digitalization and Networking in Discovery

The founder of the venture has always expressed his creativity through music, photography, editing and YouTube, which eventually lead to this idea of starting a clothing firm. The inspiration for the business was born when he randomly saw a tattoo with a simple, yet unique character that he liked, which he decided to move ahead with to create a logo. After some photo editing on Adobe Photoshop in combination with feedback from friends and family, the entrepreneur decided to move ahead with the idea. Further, the founder highlights his pursuit of developing something that would contribute to a shared digital community among the customers. This idea was developed through the use of social media, mainly Instagram, which inspired the founder to focus on the fashion industry and to add the value of companionship to his physical products.

“You see a lot there [Instagram] and get inspired by what people post. I'm quite active there and it has definitely gotten me into this with clothes ... It makes it easier to create an image of the company with how one is presented and how the clothes are displayed.”
(Interviewee D)

The vision of establishing a digital culture for the brand was born from the possibilities of spreading and building a community on social media, where the brand can be represented and enhanced with use of images and sharings between friends and followers. Further, the founder chose to focus on premium quality since a great majority of clothing companies nowadays focus on fast fashion. He means that there is a lack of quality clothes at a reasonable price, which in turn increases the environmental problems on a global level. Furthermore, the interviewee underlines how financially limited today's students are, which often are consumers of fast fashion clothing. Overall, the idea was discovered with inspiration from social media, discussion and complaints about fast fashion clothes among his friends, as well as from the one tattoo he randomly overcame.

4.4.2 Digitalization and Networking in Exploitation

This entrepreneur has used his personal network as a base for establishing the business and finding customers. However, the venture also had great use of social media and digital platforms to obtain relevant knowledge, attract customers, and find the right supplier. The interviewee explained that he used Google and YouTube videos to learn more about how to build an online store and design the website on Shopify, a commerce platform for firms to build online stores and combine them with other online markets (Shopify n. d.). Further, Google and YouTube were used in order to understand how to connect the website to social media and the venture's payment system. Due to the founder's previous experience in photography and photo editing, he already had essential knowledge with different editing programs, such as Adobe Photoshop and Canva. This also contributed to the result of produced marketing material, clothing design and website layout. Furthermore, to gain knowledge about how to start and run a business, the interviewee consulted with friends and family with experience within the field. He highlights that many within his personal network have started their own firm, which has been helpful for the

exploitation phase of the business idea. The interviewee mentions that it facilitated the process, since his contacts supported him with guidance about what to do in each step of exploitation. The interviewee also had some use from his university studies, which contributed to knowledge within marketing, and business management.

The interviewees' first customers consisted of friends and family from his personal network that wanted to support the business. With the appreciation from the customers, regarding style and quality, the founder has been able to gain new customers through word-of-mouth, as well as through the spread in social media. The interviewee also hosted physical events among his personal network, where he was able to gain new customers and advertise the brand on social media. The event was shared on different social media channels before the event, in order to attract both old and new customers. He pinpoints how positive his friends and acquaintances were, and that many chose to upload an Instagram story or Instagram post of the event and the apparel. Accordingly, the founder means that their posts are of essential value for the venture, since all posts together reach a big amount of people simultaneously. In order to maintain the culture of the brand and to attract more customers to the community, the founder has also actively been sharing content about the brand and clothing on social media, such as Instagram, Facebook, and LinkedIn, to enhance the attractiveness of the brand. Further, he plans to host future similar events since they are truly appreciated among his friends and customers, as well as increasing his overall sales.

To gain insights about potential suppliers, the interviewee used Google. He points out that his focus was to recruit a local actor with legitimacy, rather than going through suppliers on platforms, such as Spreadshirt and Alibaba. Spreadshirt is a global platform which allows people to express their creativity through the design of clothes and accessories (Spreadshirt, n. d.), whereas Alibaba is a platform for wholesale trade on a global level (Alibaba, n. d.). Instead, the entrepreneur focused his Googling on local areas, since he believed that the short geographical distance could generate a relationship on a more personal level. Additionally, the interviewee pinpoints the importance of a trustworthy relationship between his own venture and the supplier,

and means that it is easier to establish valuable relationships nearby, compared to suppliers overseas. The founder eventually decided to proceed with a Swedish supplier of high-quality and PETA-approved (vegan) clothes that are made from recycled materials. Through them, he is able to control the quality and material of the products, which would have been harder if they were located abroad. The design of the clothing is achieved through Adobe programs, such as Illustration and Photoshop, which the interviewee had previous experience from using. Further, the interviewee uses Shopify, an online store builder, for building the website and managing the administrative parts of the business, such as payments and connecting customers from social media pages directly to the website and vice versa. However, the founder mentions the plan of switching to another hosting platform, due to their limitations for design and templates. The reason for choosing Shopify was based on recommendations from personal contacts with experience from using the tool. The interviewee stated the following about Shopify:

“It makes everything very simple that way, but you are a bit "limited" in the creativeness and how you can personify the design, but I think it is a good place to start. It does not cost *too* much to operate either and you can still tailor it in many ways.” (Interviewee D)

To design the brand and clothing the interviewee has used editing programs, such as Adobe and Canva, which the interviewee has experience from using from previous interests and hobbies.

4.5 Venture E

This venture operates within the field of high-speed charging for electric vehicles and was founded in 2020 by four people with previous experience within the industry of renewable energy. A more in-depth explanation of what the venture does is that they project and enable high-speed charging stations in areas where the local or regional electricity network can facilitate high-capacity chargers, and where there is an established or potential need for it. In the long run, the venture also intends to expand to project substantially larger charging-sites, which would

require an expansion of the current electrical network in the area. The venture consists of the four founders and five other employees who were recruited to the organization at a later date.

4.5.1 Digitalization and Networking in Discovery

The interviewee has 20 years of experience working within renewable energy, and has therefore learnt about the importance of establishing solid grid connections within the industry. Accordingly, he has gained essential knowledge about the industry during his employment in the market, which further contributed to the business idea. In combination with earlier experiences and the fact that the interviewee owned an electric car, he was able to identify the market need for charging sites in Sweden. The interviewee mentions that he felt a frustration over the poor supply of viable charging stations in the country and decided to embark on the entrepreneurial opportunity.

“We in the family have been driving electric cars for many years and had for a long time felt frustrated in several situations. What is missing is a map of existing charging stations and established market actors. In this way, we identified an opportunity to establish a venture and develop this kind of service.” (Interviewee E)

Further, the interviewee presented the idea for his brother who has experience with management and about how to run a business. After some discussion about the need for fast charging sites in Sweden, they decided to move ahead and involved two other people from the interviewee’s personal network. One of them is an engineer and the other has knowledge about network connections, which increased the amount of social capital within the venture. The interviewee explains that it was natural to collaborate together, due to their early established relationships and his value of being able to trust whom he collaborates with. He means that the foundation of a new venture is time consuming as well as it requires a great amount of financial capital, and therefore, he chose to present the idea to people he could trust. Together they identified the need of establishing fast chargers at attractive sites around Sweden as well as their aspiration to eventually build larger sites of charging stations.

4.5.2 Digitalization and Networking in Exploitation

The founders' diverse experience and knowledge within renewable energy, business and technology, contributed to their possibility to exploit the entrepreneurial opportunity. Accordingly, the interviewee means that the founders complemented each other in terms of essential knowledge. However, they needed to map out the current supply of charging stations as well as which established actors in the market in order to identify where the major need was. By the use of digital mapping tools, such as Eniro, Lantmäteriet, Google Maps and Hitta.se, the founders learned more about the current supply and were eventually able to embark on certain areas. Further, their diverse experiences have also contributed to their broad formal and informal networks, which have helped the venture to find further competencies in forms of employees. Accordingly, many of their current employees are from their established network, but they have also used recruitment channels, such as LinkedIn. Regardless of the recruitment strategy, the interviewee highlights the importance of finding the right personality rather than a specific competence.

Since this venture is still in the process of establishing electric vehicle chargers, it does not have any end-customers yet. The interviewee explains that they in this current stage are focusing on reaching out to landowners in order to find sites to install their charging stations at. Further, the interviewee explains that these partners are comparable to customers at this stage, since the employees need to convince the landowners about their business idea. In order to establish the first partnerships, the venture mapped out potential charging sites and contacted the land-owners. In order to identify potential sites, the venture used their previous knowledge about potential sites, and digital databases such as Nätområden.se, Google Maps and Hitta.se. In some cases, they also consulted with energy companies in Sweden, which could provide them with information about sites which already have the electrical capacity needed for running the charging stations. To obtain relevant information about the site, as well as contact information to the land-owners, they mainly used different digital databases, such as Eniro and Lantmäteriet.

Further, to get in touch with the land-owners, they performed the classic ‘cold-call’ to present themselves and pitch their idea.

The venture was also in need of finding suppliers of charging stations. The interviewee explains that they mainly focused on the biggest actors within the market when looking at suppliers. Since the venture is still small and unknown compared to the bigger actors, the interviewee further explains that the initial contact had to be made on their own initiative. The interviewee further mentions that there are quite few actors within the field, and that they were aware of most of them due to their previous years within the industry. Hence, the founders basically contacted all suppliers they knew about.

“Since we have a lot of experience in the industry of sustainable energy from our previous employment, we were aware of many actors within the market, which made it easier to find the right suppliers.” (Interviewee E)

However, they did premiere those who had shown high quality, thoroughly-tested technology, good reputation, and high credit value, but also a general stability. The interviewee mentions that as their presence has become more established, the awareness about them has increased among other actors, which has led to suppliers beginning to reach out to the venture instead.

4.6 Venture F

This venture is active within the padel industry, where they sell padel-rackets and equipment of high quality. The venture was founded by two university students in spring of 2020, and the interviewee explains that they are currently broadening their product portfolio. Their goal is to profile the venture as a premium brand, with athletes as a target group. At this point, the venture does still consist of the two founders, and they have not yet hired any employees.

4.6.1 Digitalization and Networking in Discovery

The two founders' interest for paddle developed during their teenage years. As the interest for paddle began to increase in Sweden, the two founders came up with the idea of selling fashionable paddle bags and started searching for potential suppliers in Asia on Alibaba. However, the founders soon realized that they also could order samples of paddle rackets on Alibaba, which made them decide to proceed with that idea instead. Since they both play paddle, they had previously experienced that some paddle rackets are made of hard and inflexible material. Additionally, many players within their paddle network had experienced the same. This eventually contributed to their final idea of selling paddle rackets that are produced in high quality. However, the first sample of rackets that they test-ordered from Alibaba did not live up to their expectations, which made them proceed their research with a focus on different regional areas that are famous for paddle. Eventually, the founders found another paddle racket supplier in Europe by Googling, and after reading reviews about the company and investigating further about the rackets, the founders decided to order a new set of samples. Both of them liked the quality and the feeling of the rackets and brought the rackets to the paddle center, where they were able to receive feedback and comments from experienced paddle players that were useful in the creation of the business idea.

4.6.2 Digitalization and Networking in Exploitation

In order to gain knowledge and skills about the quality of the products, the founders have used their personal connections from the local padel-center. These have helped the founders with testing and evaluating their products in order to give them insights on the quality and function of it. Through their personal network, they have also been able to broaden their network of experienced players who can review their products. In terms of the product design, the interviewee has been using instruction videos on YouTube to learn about how to use Adobe Photoshop and Illustrator as designing tools. The interviewee states the following:

“Yes, because I, who does the design part, sit a lot with Adobe Illustrator or Adobe Photoshop and that has made it incredibly easy. There is a lot on YouTube that

explains how to do stuff, which has been very good since I, who did not know anything before, have been able to learn and do so much through the programs for the design part. This has also meant that we have not had to bring in anyone new since I can do this, or at least find out how to do something. This has also saved us a lot of money.” (Interviewee F)

To gain knowledge about managing the business, the founders have mainly consulted with their family who have experience from entrepreneurship. Both of the founders also have a similar education within business which has given them some knowledge about business management. The interviewee states the following regarding the availability of knowledge and information, as well as contacts in a digital space:

“Yeah, digitally it is quite easy because there are so many ways. If we want to do something, there is always someone you can reach out to, and there are often forums in which you can join and write in if you need a designer or something. Or you can just Google it.” (Interviewee F)

The interviewee explains that the venture mainly focuses on business to business sales, since it can deliver larger sales. To gain their first big clients, their personal network was of great importance. One of the founders had contacts within one of the largest retailers within sports in Sweden, which eventually became their first big client. Followingly, they continued reaching out to different retailers within the industry through phone calls and asked if they wanted to try out their products. These were mainly chosen through previous knowledge or Google. The strategy was to let retailers try the products, and if they liked them they could order more products. The interviewee further mentions that after the collaborations with bigger vendors had begun, smaller retailers started to show interest in their products. The interviewee states that smaller retailers usually look at where the larger vendors buy their products for inspiration when looking for suppliers of their own.

To raise awareness about their products among the end users, the venture mainly used social media to gain attention. Since the sport was becoming increasingly popular in Sweden, they

joined some of the newly established Facebook groups. They also sponsored some Facebook-groups in order to gain extended visibility and promotion on their Facebook page. Furthermore, they joined different online events to gain visibility, and reached out to different profiles within paddle on social media that tested and reviewed their products. The idea was to raise awareness of the label through channels in which their target group could be active. The interviewee says the following about marketing through these social media-channels:

“It is a quite cheap way to advertise rather than if you would use banners or signs around town. You can also advertise posts to a very cheap price, for example you can pay 5 000 SEK to reach out to 120 000 people. This gives a lot of value.” (Interviewee F)

The venture’s first suppliers were, as previously mentioned, found by using Alibaba and Google. However, the interviewee explains that Alibaba initially played a central role in finding various suppliers within the industry and learning about which countries that are known for producing high-quality rackets. He further explains that relationships gained through Alibaba and Google allowed them to build a network of suppliers within the industry, and to test and evaluate products from different suppliers. Furthermore, the interviewee explains that their initial research for suppliers led them to a consultant in Taiwan who has a wide network and a lot of experience within the sporting industry. This contact has allowed them to get in touch with other actors within the industry, which have helped them with developing their products.

To create the online shop, the founders researched different ‘hosting’ platforms and found Shopify. Neither of the founders have any experience within design and were in need of finding an easy way to build an online store. The interviewee means that Shopify is simple to use in terms of integrating different components to the website, such as social media.

For the upcoming launch of new products, such as clothes and bags, the venture have used their current connections that they have gained during their earlier research for suppliers. The interviewee mentions that they have more connections within paddle at this stage and since they have come further now, there is more money involved, which means that they are more cautious

and prefer to consult trusted allies before making big decisions. This, in contrast to the earlier stages when they to a greater extent made decisions as they went along and explored options.

4.7 Venture G

This venture was founded by two friends in 2020 during their last year at a technical high school. Their business idea is to help companies with developing their website and producing social media content on LinkedIn, Instagram and Facebook. Their services include providing companies with graphical content, pictures, and texts, on their websites, as well as updating the content on the clients' social platforms. Their target group are well established industrial companies in Sweden. Until this day, the venture consists of the two founders and two other employees who were hired to the firm at a later stage.

4.7.1 Digitalization and Networking in Discovery

The venture were originally a JA Company (Junior Achievement Company) which the interviewee and his co-founder established during the senior year in high school. Junior Achievement Sweden works for promoting entrepreneurship among students and allows them to realize their business ideas with educational support (Ung Företagsverksamhet, n. d.). The interviewee explains that the founder attended a course in entrepreneurship in which students are supposed to start and run their own business, and with their technical background they had experiences within web development. Unlike many students, these founders wanted to find a business idea that they eventually would be able to turn into a 'real' business, and with their previous contact with industrial companies through their internships, they saw a potential of claiming their first customers. The founders also had a great interest in social media and an aspiration of doing more of this. They also saw a benefit in their knowledge about creating content on Adobe and other design programs. With their previously claimed skills within web development and creating content, as well as the discovery of lack of media agencies in their hometown they saw a potential business idea.

“Both have studied web development so it became quite natural to start googling and we noticed that in the town, where we come from, there was no media agency so we started to build websites. In line with that, we noticed that none of the industrial companies in town existed or appeared digitally [social media], in addition to their websites, so we started to maintain social media as well.” (Interviewee G)

The interviewee further explains that they decided to target larger industrial companies, instead of trendy new companies due to a lower competition of claiming these companies. Furthermore, by having open discussions with the first customers about their needs, this venture has also been able to develop their idea through the course of time. Once the founders eventually graduated, they decided to continue their business and turn the JA company into a corporation.

4.7.2 Digitalization and Networking in Exploitation

As previously mentioned, the two founders possessed prior knowledge and skills within web development from their high school education. These practical skills enabled them to exploit the idea without the need of acquiring new skills. However, the interviewee explains that it has been essential to gain inspiration and knowledge about the market need and how to stand out from the high competition, by doing market research on Google, and by discussing ideas with their customers. As they turned the business into a corporation, they hired two additional employees. The first employee was found through the interviewees personal educational network, since they went to the same high school and had the same background within web development. The second employee that they hired was found through LinkedIn, or more precisely the recruitment robot offered by LinkedIn called ‘Talent Solutions’. This allowed them to match their employee preferences with talents on LinkedIn, through advanced filters and recommendations.

“When we advertise for employees, a digital strategist for example, we post the advertisement within that specific field, which directly reaches the right crowd ... It is a very cheap way to recruit compared to recruitment agencies.” (Interviewee G)

In order to turn the JA venture into a 'real' venture, the founders had great use of their years in high school. The Junior Achievement program meant that the founders got continuous lectures and guidance through the school regarding how to run a business. These lectures included everything from budgeting, managing, production, and personal advice from their teachers, where they learned how to solve issues related to the phase exploiting the opportunity (Ung Företagsverksamhet, n. d.). Accordingly, they were also accepted to an incubator in which they have received support from a business advisor. They also obtained additional help from people within their personal network, which all have experience about running a business. Moreover, in discussion with trusted clients, the venture was provided with feedback and encouraging comments, which also facilitated the phase of exploitation.

The venture managed to gain two larger clients in the beginning of their year as a JA company due to their previous internship in two different companies. Thereafter, they conducted an online search for local businesses and asked if they were in need of help regarding their digital presence. The survey resulted in answers from companies interested in their service and laid ground for additional customers. However, once the JA company turned into a 'real' venture, the founders faced unexpected barriers with attracting further customers. The interviewee mentions that it probably was easier to gain clients as a JA Company, since some companies find it attractive to support student initiatives. They hoped to gain some clients through referrals from earlier clients, but it was not the case. Instead they spent time researching on Google and AllaBolag for potential clients and called them in order to present their service. After about two months, the mass-calling eventually paid off, and they got their first client.

The venture is not in need of any suppliers in terms of physical products, since their business idea is completely digital. However, the venture uses different digital systems and software for designing and retouching. They mainly use the Adobe programs for designing and editing, such as Creative Cloud, Photoshop, and Lightroom. The interviewee explains that had previous experiences from using these programs due to former interest. Furthermore, the interviewee states that the chosen programs are well known and widely used within their industry, which made it an

easy choice. For creating the websites to the clients, the founders originally built everything from scratch, due to their previous knowledge within coding. However, with recommendation from a former client they eventually adapted to WordPress, which is a platform that provides different designing tools for building websites (WordPress, n. d.). Furthermore, the venture collaborates with a local firm which offers hosting and storing of websites. This firm was originally a local competitor that the founders knew about, and asked to instead collaborate with. Through this partnership the partnering firm does the so-called ‘hosting’ of the clients’ websites, and in reciprocity, the founders gain new clients that need help with building their website.

4.8 Summary of the Interviewed Ventures

In this section all interviews are collected and summarized. The table presents a brief overview of the interviewed ventures and what role digitalization had in their process of discovering and exploiting the ventures’ entrepreneurial opportunities. The table further enables the ventures to be compared in terms of strategies, backgrounds and approaches.

Venture	The Discovery Phase	The Exploitation Phase
Venture A <i>Wellness</i>	<i>The idea was discovered through...</i> An interest for health and wellness, and discussions with family and friends about the market potential. Testing a wellness machine on a trip abroad, which they further researched on Google and social media to learn more about the product and availability in Scandinavia.	<i>The idea was exploited by...</i> Researching on social media and Googling for suppliers in Sweden and knowledge about the product. The first customer was gained through the personal network. Once the first customers were established, new customers were gained through social media. Employees were recruited through Indeed and The Hub.
Venture B <i>Digital marketing</i>	<i>The idea was discovered through...</i> An aspiration to start a digital business, gained from attending physical events in London about digital entrepreneurship. Experience from doing drop-shipping. Researching digital business ideas online and identifying the concept of social media marketing on YouTube.	<i>The idea was exploited by...</i> Researching on social media, Googling, and reading digital articles to gain knowledge about social media marketing. Interacting with market actors in Facebook groups and exchanging knowledge. Using Squarespace to create a website and Canva to create content. Employing people from its network on LinkedIn, and offline network. Identifying potential customers on Allabolag, new customers have been gained through social media.
Venture C <i>Consulting</i>	<i>The idea was discovered through...</i> Previous experiences within the	<i>The idea was exploited by...</i> Combining the founders’ different experiences to create

	<p>service industry and a history of building a broad network of people within the market on LinkedIn. Discussions with today's co-founders about the poor visual outlook of many companies they have visited, and the opportunities of combining their different experiences into a business idea.</p>	<p>different services. Using their established network on LinkedIn, and offline network, to invite potential customers to a launching event. Using their established network of market actors to gain suppliers. Recruiting people from their established network on LinkedIn and offline networks.</p>
Venture D <i>Fashion</i>	<p><i>The idea was discovered through...</i> An aspiration to create clothing, and an interest in design. An inspiration to create a logo based on the design of a tattoo. Discussions with friends about the concept of the brand, as well as the issues of fast fashion and finding affordable clothes as a student. An identified potential of establishing a digital culture using social media.</p>	<p><i>The idea was exploited by...</i> Researching on social media and Google for knowledge about establishing an online store on Shopify. Designing the clothes and logo on Adobe. Researching on Google for suitable suppliers within Sweden. Recruiting customers from friends and acquaintances that spread the word about the brand. Using social media to post content about the brand and reach new customers. Gaining support from friends in terms of the process of starting the business.</p>
Venture E <i>Renewable energy</i>	<p><i>The idea was discovered through...</i> Many years of experience within the renewable energy industry. Issues that have appeared related to lack of charging stations, from owning an electric vehicle. Discussions with today's co-founders, which possess different experiences within the industry, about potential business ideas.</p>	<p><i>The idea was exploited by...</i> Combining the diverse experiences of the co-founders to develop the business. Using different databases consisting of maps and information about potential sites for charging stations, to find information about potential partners with possession of land. Contacting all relevant suppliers of charging stations they knew about. Recruiting employees through LinkedIn and offline networks.</p>
Venture F <i>Sports</i>	<p><i>The idea was discovered through...</i> An interest and experience of playing paddle, and an discovered increasing trend of playing sport in Sweden. Looking at potential paddle accessories on Alibaba, and identifying a possibility of selling rackets. Discussing the potential market need with experienced paddle players within their personal network.</p>	<p><i>The idea was exploited by...</i> Using their personal network to develop the product. Learning from Youtube how to do design on Adobe. Consulting with family and Googling about starting a business and creating an online store on Shopify. Researching suppliers on Alibaba and Google, and gaining a network of actors. Gaining their first customer through personal contacts, and new customers through visibility on Facebook groups, the first customer, and by researching retailers on Google.</p>
Venture G <i>Digital marketing</i>	<p><i>The idea was discovered through...</i> The opportunity of creating a JA company in high school. Experiences within web development, and an interest in photoshop. An identified lack of visibility on social media among industrial companies in their town. A discovered lack of media</p>	<p><i>The idea was exploited by...</i> Using their skills in web development to create websites from scratch, and later with WordPress. Creating social media content through Adobe. Researching about the market on Google to learn how they can differentiate themselves from the competition. Recruiting people from their personal network, and through LinkedIn's recruitment robot. Gaining support from the JA program</p>

agencies in their town.

and a business incubator. Gaining their first customer through previous internships, and new customers through referrals and by Googling.

Table 4.1: Summary of interviews for all new ventures

Chapter 5 Analysis

The following chapter consists of the analysis which is divided into two parts. The first section regards the phase of discovery and the second regards the phase of exploitation. Each phase is analyzed using two different aspects of the digitalization; the role of social media, and the role of digital platforms, in the two phases of the investigated ventures.

5.1 The Role of Digitalization for Discovery

Digitalization has influenced and reshaped the process of discovering entrepreneurial opportunities (Elia, Margherita & Passiante, 2020; Nambisan, Wright & Feldman, 2019; Yang et al., 2021) and allowed for openness in entrepreneurship in terms of increasing the availability of information (Nambisan, Wright & Feldman, 2019). Accordingly, digitalization has facilitated the process of *discovering* the idea for six of the investigated ventures (Venture A, B, C, D, F and G). However, how social media and digital platforms were used in the discovery phase differed among the six ventures, which will be explained in the following sections.

5.1.1 The Role of Social Media for Discovery

The founders of venture A, B, D, F and G all lacked *prior knowledge* within their chosen markets, which Baron (2006) argues is helpful for recognizing entrepreneurial opportunities. However, the author further states that some entrepreneurs may also *actively search* for available information in order to discover profitable business ideas, which the founders of Venture A, B, D and G did through their use of several social media platforms. Wang et al. (2020) and Steinhoff et al. (2019) claim that social media can provide entrepreneurs with essential knowledge about entrepreneurial opportunities and can therefore help entrepreneurs to discover profitable business ideas. Accordingly, the founders of Venture A, B, D and G expressed that social media allowed for inspiration and an ability to identify opportunities within their specific markets.

For instance, Venture D, which operates in the fashion industry, had great use of Instagram for identifying the focus of the clothing brand. Through Instagram posts about fast fashion clothes, as well as discussions with friends about sustainability-awareness and students' limited budgets, this venture was able to, what Baron (2006) calls, *recognize patterns* between these supposedly unrelated events, which eventually helped the venture to come up with the idea of creating high-quality clothes for a reasonable price. Social media further inspired the venture to create a "digital culture" in which the venture would use Instagram to post digital content. According to Sigfusson & Chetty (2013) *digital content* can allow ventures to extend their value proposition, as this works as a *digital artifact* of the product. Similarly, Venture A, which operates in the wellness industry discovered their wellness machines on a vacation in Asia and *actively searched* for relevant knowledge on wellness-focused Instagram accounts in order to realize the market potential of selling wellness products in Scandinavia. This venture further benefited from reviews and comments about existing products, as well as by interacting with users and distributors of the machines on Instagram in order to learn about different machines and suppliers. In accordance with Wang et al. (2020) and Steinhoff et al. (2019), this venture was able to discover their final business idea by getting involved in discussions and interactions on social media. Furthermore, Venture G which had experience within web development and an interest for creating a business related to social media, used different social media platforms (alongside Google) to map out the visibility and marketing activity of local industrial companies. Their research brought forth insights about their potential target group and how to focus their business idea to differentiate from the competition. Similarly to ventures mentioned above, these results correspond with Wang et al.'s (2020) view about social media as a potential contributor to ideas and knowledge for entrepreneurial opportunities. The role of social media in these terms facilitated the process of *active search*, which Baron (2006) means increases the probabilities to identify profitable business ideas.

Venture B, mainly expressed that it used YouTube and Facebook as sources of inspiration and knowledge for discovering the opportunity. Venture B's attendance at several entrepreneurial events in London initially inspired the venture to start a digital business and to work remotely.

Accordingly, this venture used YouTube to search for digital business models, until it eventually was introduced to the concept of social media marketing through a YouTube video. Similar to the ventures mentioned above, YouTube thus allowed this venture to what Baron (2006) calls to *actively search* for the business idea. Furthermore, Venture B participated in several Facebook groups, consisting of customers and suppliers within the market. This allowed the venture to interact with other market actors and to gain insights about the market need. Although this venture did not possess a supporting network before initiating the business, which Baron (2006) and Singh et al. (1999) suggests as beneficial for identifying profitable business ideas, social media allowed an environment for the venture to interact and discuss the market with other actors. In line with Wang et al. (2020) and Steinhoff et al.s (2019) theory, social media allowed the venture to gain knowledge needed to create the business idea. The role of social media for Venture B was therefore to provide it with knowledge needed to discover the business idea, but also to understand the market.

The last venture without *prior knowledge*, Venture F, did not express any particular influence from, or use by social media in the phase of discovering the idea. Instead, the venture had great use from discussing the business idea with its paddle network, as well as from researching potential products and suppliers on different digital platforms (see 5.1.2).

Unlike the other ventures, Venture E and C already had previous experiences within their industries before discovering the business idea. Baron (2006) argues that *prior knowledge* is an important factor when it comes to recognising entrepreneurial opportunities, and may bring the founders of these ventures the advantage of acting more *alertly*. In terms of using social media in the discovery phase, the ventures had quite different answers. First, Venture E expressed that it had no use of social media for discovering the business idea. Instead, the business idea evolved from previous experiences within the renewable energy industry, as well as experiences of owning an electric vehicle and through discussion between the co-founders. Through their shared experiences this venture was able to, what Baron (2006) calls to '*recognise patterns*' between events that brought them to their business idea.

Venture C, however, expressed that social media had a fairly important role for the discovery of the idea. Through LinkedIn the founders had been able to stay in touch with each other between the times they did not see each other. Moreover, by being active on LinkedIn the venture had been able to create a broad social network within the industry, which the founders viewed as essential for later exploiting their idea. This aligns with Baron (2006) and Singh et al.s (1999) idea about the importance of having a broad social network in the discovery phase. In contrast to the ventures *without* what Baron (2006) calls *prior knowledge* within their industries, the role of social media in the discovery phase was for Venture C instead to facilitate the maintenance of important relationships with market actors. The role of social media in this context aligns with Wang et al. (2020), which suggest that social media can allow entrepreneurs to nurture their social relationships through the convenience of building *online social networks*. Further, since the business idea of this venture evolved from discussions between the founders, which initially possessed different relevant experiences, this venture was able to discover the idea through what Baron (2006) refers to as a *passive search*, since their discussions enabled them to ‘*connect the dots*’ to identify the opportunity. This differs from the ventures *without* prior knowledge, since they through social media were able to execute their active search for business ideas.

5.1.2 The Role of Digital Platforms for Discovery

As mentioned in the previous section, Venture A, B, D, F, and G, all lacked what Baron (2006) refers to as *prior knowledge* within their industries. However, all four ventures used different digital platforms in order to, as Baron (2006) suggests, *actively search* for information that could help them either shape their idea and/or conduct research about potential markets, products, or business types. The most commonly used source of information and inspiration was Google, which through its shared space of different databases and websites, makes what Nambisan (2017) calls a *digital platform*. Further, with the interactive features of the Google search function, which allows actors to be matched with relevant services and information through algorithms and other digital features, this digital platform can be viewed as what Elia, Margherita & Passiante (2020) describes as a *digital entrepreneurial ecosystem*.

For instance, Venture A, which is active in the wellness industry, used Google to understand the market potential of selling wellness machines in Scandinavia, since they initially found out about the machine on a trip abroad. Based on the Google research, this venture gained valuable knowledge about how the machine works, available suppliers in Sweden, and the potential of selling the product in Scandinavia. After discussing the idea between the founders, and with friends and family, this venture decided to exploit the idea. Google did therefore play a vital role for this venture's ability to what Baron (2006) calls to *actively search* for the opportunity, since it eventually allowed the venture to '*connect the dots*' between the discussions, experiences, and new information. Accordingly, Elia, Margherita & Passiante (2020) and Yang et al. (2021) propose that digital entrepreneurial ecosystems can help new ventures to acquire scarce resources, such as knowledge, through its ability to match the venture with the needed service.

Furthermore, Venture G expressed that it used Google in the discovery phase to learn about the market and how they would be able to stand out from the high competition. Since the founders of this venture had the knowledge needed to create websites and social media content for customers, and had a personal network from school that could support them with creating the idea, the role of Google was mainly to help the venture build an *unique* idea. Accordingly, Google helped the venture to make sense out of their already possessed resources and experiences, and as Baron (2006) refers to it '*connect the dots*' in order to build a *successful* business idea. Again, Google worked as Elia, Margherita & Passiante (2020) call it a *digital entrepreneurial ecosystem* that enabled the venture to acquire relevant knowledge to create the opportunity.

Similarly, Venture B was able to '*connect the dots*' of creating a business on social media marketing, initially discovered as a business model on YouTube, by Googling and reading digital articles about the concept. Since Venture B, unlike the other ventures, did not have a personal network with enough knowledge about the industry to support the venture with creating the idea, which Baron (2006) and Singh et al. (1999) suggest as an important factor to succeed in this

phase, Google served an *important* role of filling the knowledge gaps which social media could not cover.

Like the above mentioned ventures, Venture F used Google to acquire the knowledge which could not be possessed through discussions with its established network or through other sources. However, the idea of producing paddle rackets initially evolved from scouting through potential product assortments and suppliers on Alibaba. This platform allows a wide set of actors to be matched with each other in a shared space, and therefore falls under Nambisan's (2017) definition of a *digital platform*. In a different way from Google, Alibaba can also be viewed as a *digital entrepreneurial ecosystem* within the framework of Elia, Margherita & Passiante (2020), in terms of how it enables market actors to exchange services and to interact with each other. In line with Elia, Margherita & Passiante (2020), Venture F was able to claim knowledge by engaging in this digital entrepreneurial ecosystem. Through the combination of the founders interest in the sport, the recognised increasing trend of playing paddle in Sweden, and the gained insights from scouting on Alibaba and researching suppliers on Google, this venture was able to '*recognise a pattern*' as referred to by Baron (2006), which allowed the venture to discover the opportunity.

In contrast to the above mentioned ventures, Venture D only expressed that it used digital platforms in the discovery phase to design the logotype and create the identity of the brand. By using Adobe, which enables a combined set of design tools for users to produce content, this venture was able to easily and affordably realize its visual vision for the brand. Due to the features of Adobe it can be defined as a *digital platform* according to Nambisan's (2017) definition. Through discussions with friends about the potential brand and logotype, and inspiration claimed through digital content on social media, this venture was eventually able to create the final business idea. Adobe therefore played an essential role in the discovery phase, since it enabled the venture to create a vision for the design in an affordable and convenient way.

Venture C and E, which unlike the other ventures, had what Baron (2006) calls *prior knowledge* within their industry before initiating their business idea, did not express that digital platforms had a specific role in the discovery of their entrepreneurial opportunities. These ventures already possessed necessary information about the industry, and a broad network, which allowed them to create their business ideas through discussions. The need to, as Baron (2006) calls it, *actively search* for relevant knowledge through digital platforms was hence absent, instead they discovered their ideas by combining their knowledge, or as Baron (2006) would refer to it '*passively searching*' for opportunities.

5.2 The Role of Digitalization in Exploitation

Digitalization has brought new ways to exploit entrepreneurial opportunities, and fostered a more interactive and collaborative environment for market actors (Elia, Margherita & Passiante, 2020; Nambisan, Wright & Feldman, 2019; Yang et al., 2021). Accordingly, digitalization has impacted the way in which new ventures can network within their industries (Elia, Margherita & Passiante, 2020; Nambisan, Wright & Feldman, 2019). Previous studies show that a broad social network can enhance new ventures' possibility of exploiting entrepreneurial opportunities (Yang et al., 2021), and help new ventures to overcome the barrier of having a *lack of track record* (Starr & MacMillan, 1990; Aldrich & Auster, 1986). Accordingly, digitalization has facilitated the process of exploiting the idea for all of the ventures, to different extent. The use of social media and digital platforms were however quite diverse among the investigated ventures.

5.2.1 The Role of Social Media for Exploitation

Venture A, B, D, F, and G, all lacked what Starr & MacMillan (1990) refers to as a *track record* within their industry before exploiting the idea. To overcome this issue, the ventures used social media in different ways. Previous research suggests that social media can support entrepreneurs with establishing a supporting network (Wang et al., 2020; Steinhoff et al., 2019), and providing useful knowledge and insights (Muninger, Hammedi & Mahr, 2019). Accordingly, some used social media to overcome the constraint of having a lack of knowledge, proposed by Keyhani et al. (2021) as a common issue for new ventures. While others used it to gain the first customers,

suppliers, and other partnerships, which is proposed as common constraints by Starr & MacMillan (1990).

In terms of gaining knowledge, Venture A stated that social media was necessary for learning about different wellness machines and potential suppliers. By researching the Instagram accounts of different suppliers in the wellness sector, and reading reviews from users, this venture was able to gain insights about what the customers thought about the products and how the products work. Blank (2013) argues the importance of learning from potential customers in terms of creating the business model, which was seen in the case of Venture A. In accordance with Muninger, Hammedi & Mahr (2019), Venture A was thus able to gain important knowledge and insights by using social media to exploit the idea. Further, Venture A was the only venture that expressed an actual use of social media for identifying potential suppliers. In comparison, Venture B and D expressed YouTube as a necessary source for learning different skills and gaining knowledge about how to use vital digital programs for creating the product, or building the business. Venture D explained that YouTube was used (alongside Google) to learn how to build an online store on Shopify and how to connect the website to different social media channels. Further, Venture B expressed that YouTube provided the venture with all necessary information needed to create and run a digital business within social media marketing. This also aligns with Muninger, Hammedi & Mahrs (2019) theory about social media being a source of knowledge and insights. However, Venture B also expressed that it had some use from Facebook groups for exchanging information and knowledge with other ventures and actors in the industry. Although Facebook did not have an as predominant role as YouTube for exploiting the opportunity, these groups allowed the venture to communicate with people in the market, and to build a network of potential customers and partners within the industry. Hence, Facebook groups created a space for the venture to start to claim a position in the industry, or as Starr & MacMillan (1990) refers to it, to '*coopt legitimacy*'. The most important feature of these groups was therefore how it encouraged the members to *give and receive help* from each other, and to *share information and knowledge*, which is promoted by Starr & MacMillan (1990) as strategies for '*coopting legitimacy*' as a new venture.

Furthermore, Venture B, C, G, and E, all expressed that they in some way used LinkedIn to recruit their first employees to the venture. Venture G, which did not have an established network within the market, successfully recruited its second employee through advertisements on LinkedIn's 'recruitment robot'. Venture B, which expressed an emphasis on trust over skills, instead used its established network on LinkedIn, consisting of friends and acquaintances, to recruit one of its two employees even though it did not consist of market actors. Venture C and E, which both had what Starr & MacMillan (1990) refers to as a *track record* within the industry, and an established network of market actors on LinkedIn, also used this social media platform to recruit their first employees. However, their strategies were different. Similarly to Venture B, Venture C only targeted people from its established network on LinkedIn, consisting of people from the industry. Meanwhile, Venture E gained its first employees by posting job advertisements on LinkedIn, which was similar to Venture G. Hence, LinkedIn was used differently by the four ventures. While Venture G and E used the recruitment robot on LinkedIn, or what Nambisan (2017) would refer to as a *digital infrastructure*, to find appropriate employees, Venture B and C instead benefited from the possibility of staying in touch with acquaintances on LinkedIn, by building what Wang et al., (2020) call an *online social network*.

In terms of gaining the first customers, Venture A, D, and F, expressed that they got their first few deals through their personal network, consisting of friends, family, and acquaintances. Thus, social media platforms, such as Instagram, Facebook, and LinkedIn, mainly brought them *new* customers as they could not get any more customers through referrals. Although Venture A got some customers through social media platforms, this venture emphasized that it was easier to gain customers through these platforms once the first customer relationships had been built with the personal network. This could be explained with what Starr & MacMillan (1990) refers to as the constraint of new ventures' *'liability of newness'*, which means that new ventures often struggle with gaining the first customers. This also applied to Venture D which used Instagram, and F which used Facebook groups, to gain visibility. Further, Venture B, which initially did not have any people in the personal network that could bring potential customers, which is perceived

by Yang et al. (2021) as beneficial for exploiting opportunities, also claimed that it struggled with gaining customers through advertisements on social media. However, due to the constraint of the ‘liability of newness’, this venture eventually had to find another approach to gain its first customers (explained in section 5.2.2). Accordingly, although Silaban, Chen and Silalahi (2022) and Smith, Smith & Shaw (2017) suggest that new ventures can increase their potential of gaining customers with social media, since it is an affordable and convenient way to gain reach, these ventures struggled with gaining their *first* customers with this method.

Venture C however, which unlike Venture A, B, D, and F, had what Starr & Macmillan (1990) call a *track record* within the industry before initiating the business idea, successfully used LinkedIn to gain the first customers. By inviting people from its established network of market actors on LinkedIn to a physical mingling event, this venture was able to present its idea to several potential customers in an intimate and relaxed way. Yang et al. (2021) suggest that social networks can support new ventures in the process of exploiting the idea, which was seen in the way this venture went about to gain the first customers. Although the venture already had a social network consisting of potential customers at its disposal, LinkedIn was necessary for maintaining the relationships during the years. Venture C further was clear about the importance of having an active presence on the platform for nurturing these relationships. LinkedIn facilitated this venture's process of gaining the first customers by allowing it to nurture previously established relationships through, what Wang et al. (2020) call, an *online social network*.

Compiling all the results from how the ventures used social media platforms, a tendency can be shown towards social media platforms being able to act as, what Elia, Margherita & Passiante (2020) refers to as *digital entrepreneurial ecosystems*. Instagram, Facebook, YouTube, and LinkedIn, allowed the ventures to gain knowledge, and to identify and interact with relevant customers, suppliers, and other actors, which ultimately made it possible for the ventures to exploit their ideas.

5.2.2 The Role of Digital Platforms for Exploitation

Venture A, B, D, F, and G, which as earlier mentioned all lacked what Starr & MacMillan (1990) call a *track record* within their industries before initiating the business idea, expressed that they had some use of digital platforms for exploiting their idea. For instance, digital platforms helped the ventures with overcoming the constraint of having a *lack of previous knowledge and experiences*, which Keyhani et al., (2021) claims to be a common obstacle for new ventures. Further, digital platforms assisted some of the ventures with gaining the first customers, suppliers and partners, claimed by Starr & MacMillan (1990) as a common constraint for new ventures. As mentioned in section 5.1.2, digital platforms, such as Google, may also constitute what Elia, Margherita & Passiante (2020) refers to as *digital entrepreneurial ecosystems that can assist ventures in the exploitation of their ideas*.

For instance, Venture A, B, and D, explained that they used Google as a complement for their lack of knowledge about the product and/or market, or to fill the information gaps which discussions with the personal network or scouting on other channels, such as social media, could not assess. Venture A needed to learn more about how the wellness machines, that they initially discovered on Instagram, worked and therefore had great use from Google in extending their knowledge. Further Venture B used Google to deepen the knowledge about social media marketing, after the basics had been learned through Youtube. Venture D, which sells sustainable clothing, further used Google to understand how to build an online store on Shopify, (besides the knowledge it gained from YouTube), but also found suitable suppliers that matched its preferences this way. Although Venture D got great support from consulting with friends and family, knowledge about building an online store could not be possessed through the venture's personal network. Hence, Venture A, B, and D, all benefited from Google in terms of overcoming the lack of previous knowledge, which Keyhani et al., (2021) target as a common obstacle for new ventures. Google as a source of matching the ventures with relevant information to exploit their idea, support the view of Google being a, what Elia, Margherita & Passiante (2020) refers to as, a *digital entrepreneurial ecosystem*.

In terms of recruiting employees, Venture A was the only venture which expressed a use of digital platforms. When scouting and recruiting the first competent employees, Venture A, partly used The Hub and Indeed, which connects employers with job seekers in shared spaces. These databases fall under Nambisan's (2017) definition of *digital platforms*. These were used as a complement to the venture's personal network, and LinkedIn, when searching for potential employees and allowed the venture to reach out to a wider range of competencies.

In terms of gaining the first customers and suppliers, Venture B, F, and G, expressed that they used digital platforms. Since Venture B lacked what Starr and MacMillan (1990) call a *track record*, and a supporting social network, claimed by Yang et al. (2021) as a great asset when exploiting the idea, this venture had to find another way to bring about potential customers. To do so, this venture mainly used Allabolag, which in tune with Nambisan (2017) definition of a *digital platform*, provides information about all registered companies in Sweden in a shared database. This allowed the venture to identify masses of potential customers, which it consistently reached out to in order to gain its first few customers. Although Venture G claimed its first customers through its personal network, and recommendations, Google helped it to identify *new* customers as it struggled to gain customers when converting from a JA company to a corporation. Similarly, Venture F gained its first retailer through its personal network, but benefited from Google in terms of finding *new* potential retailers once this first relationship was established.

Furthermore, Venture F was able to identify potential suppliers using both Google and Alibaba. Meanwhile Google brought necessary information, Alibaba also allowed the venture to interact with suppliers, and to order samples from several parts of the world in order to test different products. This contributed to the venture's overall knowledge about available products, and allowed it to map different suppliers. Since Alibaba enabled the venture to connect with actors on the market, this digital platform further made it possible for the venture to build a network of suppliers. By actively using Google and Alibaba to gain knowledge, and to interact with other

market actors, Venture F was eventually able to establish a relationship with its current business consultant in Asia, which today helps it to find new partnerships and projects. Subsequently, these digital platforms helped Venture F to what Starr & MacMillan (1990) call '*coopt legitimacy*' within the industry, even though it both lacked experience, claimed by Keyhani et al. (2021) as common constraint, and a social network to support it, perceived by Yang et al. (2021) as a potential contributor when exploiting opportunities. Furthermore, since Venture A, B, D, F, and G, all succeeded to gain support from Google and/or Alibaba in terms of finding customers, suppliers, and knowledge, the theory of these digital platforms constituting what Elia, Margherita & Passiante (2020) refers to as *digital entrepreneurial ecosystems*, can be supported. With the support from these digital entrepreneurial ecosystems, these ventures were able to exploit their idea, independently of, what Starr & MacMillan (1990) call, the constraint of *liability of newness*.

Digital platforms were further used by Venture B, D, F, and G, to create the website of their business. Shopify, Squarespace, and Wordpress, all provide similar 'all-in-one' solutions which enable entrepreneurs to design their website, or online store, with help from integrated tools and services. These can be referred to as, what Nambisan (2017) call, *digital platforms*. Venture D and F both expressed that they used Shopify to create their online store and to integrate essential distributors and social media channels. Venture D further mentioned that it was a convenient and affordable way to create an online store, which did not require the venture to recruit people to do it for the venture. Similarly, Venture B used Squarespace to gain a broad range of templates for designing the website. Neither of Venture B, D, or F, had any prior knowledge within web design, but were still able to create their websites by themselves through these convenient and non-costly platforms. Nambisan (2017) suggests that digital platforms among other things can facilitate production activities, which accordingly aligns with the experiences of Venture B, D, and F. Lastly, Venture G which had prior experiences within web development, and knew how to do coding, initially created websites for customers from scratch, however chose to convert to WordPress after being recommended by a customer to use it. With help from these digital platforms, Venture B, D, and F, were able to create the platform of their business without

worrying about the constraints of what Keyhani et al. (2021) refers to as lack of knowledge, or what Starr & MacMillan (1990) claims about gaining the first partnerships or suppliers - which further would have been less affordable for the ventures.

Other digital platforms that supported the ventures were related to the creation of content, and designing the product. Venture B, D, F, and G, all used either Adobe and/or Canva to design their product or to create digital content for social media, which as previously mentioned, Sigfusson & Chetty (2013) refers to as a *digital artifact* that can extend the venture's value proposition. Venture B, D, and G, had previous experience within design, and from using the platforms, meanwhile, Venture F had never done designing before. These digital platforms allowed the ventures to design their own products and contents, without needing to acquire external competencies, having professional skills in design, or learning to use advanced design programs. Which again means that digital platforms were able to remove the constraint of having a lack of knowledge, which Keyhani et al. (2021) pinpoints as a common obstacle.

Unlike the other ventures, Venture C, which had what Starr & MacMillan (1990) calls a *track record* within its industry, as well as an established network of market actors, perceived by Yang et al. (2021) as beneficial in the exploitation phase, did not have any specific use of digital platforms when exploiting the business idea. Instead of using digital platforms to search for customers, suppliers, and competencies, this venture had great use from its history of networking and connecting with people in the industry. By maintaining these relationships, partly on LinkedIn, this venture was able to find the needed people and resources without involving digital platforms and digital entrepreneurial ecosystems. However, Venture E, which similarly to Venture C also had a *track record* from previous experiences within the industry, still benefited from different digital platforms, consisting of suppliers of maps and contact information, in order to gain important suppliers and partnerships necessary to exploit the idea. However, the use of digital platforms was not as predominant for this venture, as for the ventures without what Starr & MacMillan calls a *track record*.

Chapter 6 Conclusion and Discussion

In the following chapter the final conclusions from the analysis is presented along with the answer to the research question which has been the base of this study. There is then a discussion regarding the study as a whole, including the choices that were made throughout the course of research, limitations of the study, the contribution this paper brings to the current field of research as well as the possibilities for future research.

6.1 Conclusion

The purpose of the study was to examine how digital technologies impact new ventures' abilities to discover and exploit entrepreneurial opportunities based on the following research question:

What role does digitalization have on new ventures' ability to discover and exploit entrepreneurial opportunities?

Among the ventures, some founders possessed track records as well as previous knowledge and broad networks within the industry, while others did not. This difference seems to influence the role of digitalization in the phases of discovery and exploitation. Ventures *without* previous experiences used social media and digital platforms differently as well as to a greater extent, compared to the founders *with* previous experience in the industries. Therefore, there might be a relationship between a broader use of digital and social platforms, and lack of experience, knowledge and expertise. For instance, the results showed that the ventures *with* previous experiences in their industries mainly used social media to maintain an already established network and to recruit employees, meanwhile the ventures *without* previous experiences also used social media to gain knowledge, and to find suitable suppliers, as well as to gain new customers as they struggled to gain new ones through referrals. Similarly, the ventures *with* previous experiences barely mentioned that they used digital platforms in the discovery and exploitation of their ideas, meanwhile the ventures *without* previous experiences used digital

platforms to gain inspiration and knowledge for their business idea, as well as to find suitable suppliers, and to execute a wide set of activities in the discovery and exploitation, such as designing. The broad ability that some of the digital platforms had in terms of supporting the ventures in the discovery and exploitation phase, further indicates that some of the mentioned digital platforms in the study can enhance new ventures' ability to proceed with their ideas through what previous research refers to as digital entrepreneurial ecosystems.

In the phase of discovery, ventures *without* previous knowledge used social media and/or digital platforms to actively search for entrepreneurial opportunities. Meanwhile, the ventures *with* previous knowledge generally discovered their ideas through discussions or other events, or by 'passively searching' for opportunities. Hence, their entrepreneurial opportunities were mainly based on previous knowledge and experience from their professional history within the industries. Accordingly, their previously established relationships also allowed them to combine different expertises, which eventually evolved in their discovery. This means that even though the ventures *without* previous knowledge did not have a broad social network and prior experiences to rely on, like the experienced ventures, they were still able to identify their ideas through the support of social media and digital platforms.

In the exploitation phase, the ventures who *lacked* a track record within their industry, used social media and digital platforms to gain knowledge, but also to gain their first suppliers, and/or other partners, as well as customers (to some extent), which has been perceived by previous research as common constraints for new ventures when exploiting opportunities. Accordingly, with their lack of experience within their industries, these ventures did not have any established networks within the industry which could support them in the exploitation of their business ideas. This could describe their broad use of digital platforms and social media for learning more about their industries and products, but also for identifying and building important relationships. In contrast, the ventures who *possessed* a track record within their industries, already had a broad network that consisted of useful contacts within the market to rely on when exploiting their ideas. Hence, these already possessed necessary knowledge and contacts, needed to run their

business and gain customers and resources. However, what was seen is that these founders had a lot of use from LinkedIn in terms of maintaining established relationships with other market actors, which became necessary contacts in the exploitation of their opportunities.

6.2 Discussion

This study was conducted with a qualitative research approach, which allowed for a deeper understanding about how each examined case used digital solutions in the phases of discovery and exploitation. Therefore, the qualitative approach implies that the drawn conclusions can not be generalized as an accurate depiction of tendencies that *all* new ventures share. However, the concluded results can be viewed as generalizations of the investigated ventures, and may hence generate useful insights about how new ventures, with help from digital platforms and/or social media, can increase their ability to overcome issues of lacking experience, and a track record when starting a business. The results may also be more applicable to a younger generation, or people that are used to social media and other digital platforms in general, since a majority of the investigated ventures had a founder in their 20s with a familiarity to using digital solutions. Since the aim of the study was to gain a deeper empirical understanding of what role digitalization has in the discovery and exploitation of entrepreneurial opportunities, a qualitative approach was used instead of a quantitative.

One insight that was made during the course of the research is how digital platforms may foster entrepreneurship, and create new contexts for entrepreneurial ecosystems to exist. The study further showed a tendency of how social media platforms increasingly are becoming enablers of entrepreneurial ecosystems. For instance, Google and Alibaba allow entrepreneurs to in different ways claim knowledge and learn about other market actors. Further, these digital platforms can help entrepreneurs to be matched with other market actors, and to find unique ways to exploit their ideas. Looking at social media platforms, Instagram and Facebook, are today both generating spaces for companies and ventures to interact and collaborate with other market actors, but also to exchange information regarding different markets, trends, or business operations. Further, social media are increasingly being used by companies to engage other

market actors, and to enable new customer or client relationships. Lastly, some Facebook groups are today allowing market actors to exchange services with each other. This indicates that social media increasingly is becoming a source of digital entrepreneurial ecosystems. This may indicate that digitalization, through increased communication and collaboration between actors, may be able to foster greater entrepreneurial ecosystems that can support new ventures. Furthermore, social media has become a space where companies and consumers can meet in a more relaxed and natural setting, which may be beneficial for new ventures in terms of building meaningful relationships with stakeholders, especially when lacking a prior network. The constant connectivity of today may also increase new ventures' opportunity to influence customers and stakeholders to a greater extent, since they are able to be a part of people's everyday life and personal sphere through their digital use.

Another insight that became clearer during the course of the research is how digitalization has allowed new ventures to bring in competence needed to create and operate their business, without being forced to recruit external human capital. Digital platforms and social media platforms are today both sources of information and knowledge, and are able to support entrepreneurs with learning easier tasks, as well as to for instance build an online store. Furthermore, digital platforms are able to support new ventures with tasks that are not their core competence, such as design or advertising. Accordingly, digitalization could be seen as a facilitator of entrepreneurship, since people without previous experiences within an industry or activity are now able to learn from digital platforms and social media. However, to which extent digitalization can enable entrepreneurship should reasonably differ between different industries and markets.

An interesting finding from the study was further that the ventures with less experience and a lack of a broad network, tended to turn to digital solutions in order to overcome the obstacles that the ventures with more experience used their network for. The ventures with less experience were able to use digital platforms and social media in an effective way to find knowledge (especially), but also to gain the first customers and suppliers in the exploitation phase. This

could indicate that lacking a broad network, which has been assessed in previous research as a necessary trait when starting a new venture (Baron, 2006; Singh et al. 1999; Yang et al., 2021), may not be as detrimental when creating a new venture in the age of digitalization. Accordingly, it seems that digital solutions can provide an alternative approach to executing the exploitation of ideas, even if the entrepreneur tends to either lack a network from the beginning, or do not relish the idea of networking, or being in a networking environment in general.

6.3 Theoretical Contribution

This study has contributed to current research within ‘digitalization and entrepreneurship’, by examining what role digitalization, in the shape of digital platforms and social media, can have on new ventures' ability to discover and exploit entrepreneurial opportunities. The conclusions that have been drawn from the analysis have given insights about how digitalization supports entrepreneurs in the different phases, and in what cases the role of digitalization was predominant for creating and proceeding with business ideas. The investigated cases showed that digital platforms and social media can help new ventures with a lack of experience and track record, to create entrepreneurial opportunities, and to overcome the common issues of having a lack of knowledge, and the struggle of gaining the first customers, suppliers and partners, due to the ‘liability of newness’. Further, the cases showed that mentioned platforms were able to help the new ventures with building a network of market actors, even when they initially lacked relevant connections in the industry. Since digitalization in relation to entrepreneurship is a fairly new area of research, this study has contributed to the current research by providing contextual understandings about how digitalization may support new ventures when starting a new business.

6.4 Practical Contribution

The study suggests that digital platforms and social media can support entrepreneurs with ‘connecting the dots’ and overcoming common obstacles when discovering and exploiting entrepreneurial opportunities. The results showed that digital platforms and social media may facilitate the process of discovering and exploiting entrepreneurial opportunities, especially for new ventures that lack a supporting personal network or possess a track record, through social

media. The most prominent findings was these platforms' ability to allow new ventures to actively search for knowledge needed to discover and exploit their ideas. Accordingly, the given conclusions could bring practical insights for aspiring entrepreneurs about how to go about in the early stages of starting a new venture, especially for those who have not yet developed a supporting personal network or possess a track record within their industry. Furthermore, the conclusions could inspire distributors of relevant digital platforms to incorporate features or components that match the behaviors of the ventures without previous experience, in order to enhance entrepreneurship. The findings could further be used as inspiration for governments and municipalities that wish to develop strategies for enhancing entrepreneurship within a region. However, since the results of the study can not be generalized outside of the study, this should be considered when adapting to the practical contributions.

6.5 Future Research

This study brought qualitative insights about what role digitalization may have for new ventures in the discovery and exploitation of entrepreneurial opportunities. To bring further awareness on the role of digitalization in a larger context, future research could focus on generating general conclusions of the results by using quantitative research methods that can generate statistical findings. Since a majority of the ventures were of a younger generation, future research could also focus on determining if there are any differences between generations in terms of using digital platforms and social media in the discovery and exploitation of entrepreneurial opportunities. Since digitalization was seen to enable a facilitated process of discovering and exploiting entrepreneurial opportunities for the less experienced ventures, future research could also conduct studies on the potential impact of digitalization on the motivation to become an entrepreneur. Furthermore, a conclusion that was drawn in the study was how social media and digital platforms seemed to help new ventures to overcome the issue of lacking a broad network within the industry, by providing alternative ways of either networking or proceeding without a network. Future research could therefore also aim to deepen these insights, by investigating if having a broad network is less important when starting a new venture in the digital age, since knowledge and network can be claimed in alternative ways.

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Appendix A: Interview Guide

<i>Fråga</i>	<i>Syfte</i>
Short presentation of the subject	
<p>Hej X! Tack för att du ställer upp på den här intervjun. Vi skriver just nu vår kandidatuppsats i entreprenörskap och innovation, där vi undersöker vilken roll digitaliseringen har för entreprenörers nätverkande. Därför kommer vi att ställa ett antal frågor till dig som entreprenör i syfte att få en större inblick i ämnet.</p> <p>Vi kommer lägga upp intervjun på följande vis. Först vill vi få en inblick i din affärsidé genom att ställa några frågor om de första stegen du tog för att starta eget. Därefter frågar vi om hur du använt dig och haft hjälp av ditt nätverk för att verkställa affärsidén. Avslutningsvis ställer vi par frågor om din användning av tekniska verktyg verksamheten.</p>	Ge intervjupersonen en inblick i över de områden som kommer att täckas under intervjun.
Administrative	
Du kommer att vara anonym i det du bidrar med till studien. Är det okej att vi spelar in intervjun, samt för anteckningar?	Inte begränsa det intervjupersonen svarar.
Theme 1: The Business Idea	
<ol style="list-style-type: none"> 1. Vad är din/er affärsidé? 2. Hur växte din/er affärsidé fram? 	Skapa oss en förståelse för intervjupersonens produkt/affärsmodell. Förbereda den intervjuade med enklare frågor.
Theme 2: Networking, Discovery	
<p><i>Vi kommer nu att ställa några frågor kring nätverkandets roll i skapandet/upptäckandet av affärsidén.</i></p> <ol style="list-style-type: none"> 3. Hade personliga kontakter och relationer en inverkan i skapandet av affärsidén? Isåfall, vilken roll hade de i denna process? 4. Hade digitala nätverk, såsom forum eller medlemssidor, en inverkan i skapandet av 	<p>Få en förståelse för om redan etablerade kontakter hade en betydelse för uppkomsten av affärsidén.</p> <p>Få en förståelse för om intervjupersonen använde sig av digitala forum, medlemssidor eller dylikt vid utvecklandet av affärsidén.</p>

<p>affärsidén? Isåfall, vilken roll hade de i denna process?</p>	
<p>Theme 3: Networking, Exploitation</p>	
<p><i>Nu kommer vi ställa några frågor om ni har, och isåfall hur, ni har använt ditt nätverk för att komma i kontakt med intressenter, såsom kunder, leverantörer, kompetenser, investerare eller andra marknadsaktörer. När du svarar på frågorna; Tänk gärna igenom vilken roll era personliga nätverk hade, samt om digitala nätverk (såsom olika forum, LinkedIn, annonseringssidor osv) hade en inverkan.</i></p> <p>5. Hur rekryterade ni era allra första kunder? 6. Hur kom ni i kontakt med era första leverantörer och andra eventuella samarbetspartners? 7. Hur gick ni tillväga för att få alla de kompetenser som krävs för att driva företaget?</p>	<p>Få en djupare förståelse för betydelsen av personliga och digitala nätverk för entreprenörer i de tidiga stadierna om upptäckande och förverkligande av affärsidé.</p> <p>Kartlägga entreprenörers användning av nätverk för att upptäcka och verkställa en affärsidé, samt få en tydligare förståelse för hur nätverk kan användas i tidiga stadier av den entreprenöriella processen.</p>
<p>Theme 4: Digital Use</p>	
<p><i>Digitaliseringen har kommit att influera hur verksamheter bedrivs med nya sätt att arbeta.</i></p> <p>8. Vad använder ni för digitala hjälpmedel i er verksamhet? <i>[Bokföringsprogram, designprogram, kommunikationskanaler, plattformar, webbsidor, appar etc.]</i></p> <p>9. Vilka huvudsakliga syften har de digitala hjälpmedlen? <i>[Rollen kan vara att underhålla relationer, rekrytera nya kunder, samla information/data/algoritmer, koordinera data/information/resurser, differentiera sig, öka synlighet, etc.]</i></p>	<p>Få en förståelse för betydelsen av digital teknik i värdekedjan, samt om det har några inverknings på hur entreprenörer använder sig mer eller mindre av digitalt nätverkande</p>
<p>Summarizing</p>	
<p>Tack för att du ställde upp på intervju. Det kommer att hjälpa oss framåt i vårt arbete.</p>	<p>Avsluta intervjun och tacka intervjupersonen för sitt medverkande. Fråga om intervjupersonen har några funderingar eller frågor.</p>