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Developing digital platforms' actor value proposition for seller participants

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ABSTRACT:

In the last decades, digital platform businesses have become an essential part of the world economy. Many of the world´s largest companies are benefiting from platform business models, and their effect on people´s everyday lives has increased significantly. Consequently, theoretical research on digital platforms has increased substantially during the last decades. Digital platform businesses and their value offerings have been studied from various angles, but there is a gap in the research in the understanding of how participants perceive the value that they are receiving for participating on the platforms. By understanding the needs of the participants better, it is possible to develop better digital platform businesses. This thesis focuses on the value perceptions of the seller-side participants on B2C platforms, where sellers are SME retailers and service providers. More specifically, the research is conducted on restaurants participating in food delivery platforms. The basis for the research is the actor value proposition, which has been developed as a framework regarding the value offering of digital platforms for the participants. Because of the fundamental differences in the value offering of platform business and traditional pipeline business, the concept of value proposition does not work similarly with platform businesses, and the actor value proposition has been developed in response to that. In this thesis, it is studied how the restaurants perceive the value that they are receiving for participating in the food delivery platforms. The results of the study are embedded in the actor value proposition and are used for the development of the original actor value proposition. As a result of the study, a revised actor value proposition for seller participants on digital platforms, where sellers are SME retailers and service providers, is presented. The revised actor value proposition can be used to develop better digital platform businesses, which better answer the needs of the platform seller-side participants.

KEYWORDS: Digital platforms, value perception, value proposition, actor value proposition, B2C digital platforms, business models, SME retailers & service providers

Contents

1 Introduction 5
1.1 Background Study 5
1.2 Motivation 5
1.3 Objectives and research question 7
1.4 Thesis structure 8
2 Theoretical background 9
2.1 Dynamics of digital platforms 9
2.1.1 The business model 9
2.1.2 Success factors of digital platforms 17
2.2 From value proposition to actor value proposition 22
2.3 Theoretical framework 28
3 Methodology 29
3.1 Research approach 29
3.2 The data 31
3.3 Data collection 32
3.4 Data analysis 34
3.5 The assessment of the quality of the data 35
4 Findings 38
4.1 Perceived value types currently 38
4.2 Unmet value types currently 43
4.3 Summary of the findings 50
5 Discussion 52
5.1 Theoretical contribution 52
5.2 Managerial implications 55
5.3 Limitations and suggestions for future research 57
References 60

Pictures

Picture 1. Value types for seller participants (Hokkanen et al., 2021) 27

Figures

Figure 1. Differences between the platform business model and the traditional business model 17

Figure 2. Actor value propositions (Hokkanen et al., 2021) 25

Figure 4. Theoretical framework 28

Figure 5: Data structure 35

Figure 6. Revisited theoretical framework 51

Tables

Table 1. The interviewees 32

Abbreviations

B2C = Business to consumer
B2B = Business to business
SME = Small and medium-sized enterprises
AVP = Actor value proposition

1 Introduction

1.1 Background Study

Business research indicates that the development of digital platforms has been significant in recent decades, and they have become a notable part of the world economy (Cusumano et al., 2020; Jia et al., 2023; Qureshi et al., 2023). Already in the last decade, companies utilizing platform business models have started to occupy the top of the list of the world's biggest companies. These companies include Apple, Microsoft, Google, and Amazon, for example. The impact of digital platforms on people's lives has also increased, for example, through social media, food delivery, and ride-sharing services.

The increasing importance of platform businesses has led to a growing body of research on them (Rietveld & Schilling, 2021; Rohn et al., 2021; Qureshi et al., 2023). Platforms have already been researched from various angles, including network effects (Gawer, 2014; Steffen et al., 2023), business models (Andreassen et al., 2018), value creation processes (Rohn et al., 2021), and government (Rietveld & Schilling, 2021). Previous research has highlighted the crucial role that network effects play in the success of a platform (Steffen et al., 2023; Van Alstyne, 2016). Primarily due to network effects, platform industries can produce a winner-takes-all situation. However, this has been questioned recently, especially regarding the fact that the size of the network is not the only key to a dominant market position (Afuah, 2013; Cennamo, 2018). For example, the variety and quality of participants also determine how well the network effects are working for a platform company. Competition between platforms has increased recently (Jia et al., 2023) as the number of platforms has increased and their potential has been recognized.

1.2 Motivation

In conclusion, research on platforms has been increasing, which is justified given their importance in the current global economy. However, more research is needed on the needs of the supplier or, in other terms, seller-side participants on the platforms (Rohn

et al., 2021). More research is needed on this topic, providing tools for platform companies to attract and retain more supplier-side participants on their platforms. Hokkanen et al. (2021) have constructed an actor value proposition framework for digital transaction platforms. It demonstrates platforms´ current value proposition for different actors. Value propositions are presented in accordance with Day and Moorman's (2010) concept of three distinct value types: performance, price, and trust.

However, Hokkanen et al. (2021) call for an analysis of the value perceptions of buyer and seller actors on platforms. To clarify, the current value propositions of platforms for different actors have been studied, but it remains unclear how actors perceive the value they receive for participating in a platform. This is an essential part to understand regarding the platform businesses, because understanding the needs of the suppliers is the first step for platform companies to attract them to join and stay on the platform. Clauss et al. (2019) have investigated the significance of emotional relationships for participants in maintaining their presence on a specific platform. They stress that studying "how emotional relationships are built, maintained, and grown" (Clauss et al., 2019: 627) would be beneficial. This highlights the importance of understanding the value that participants seek from a platform.

A better understanding of this topic would pave the way for studying the market entry of new platforms and tackling the "chicken-and-egg" problem, which Kretschmer et al. (2022) suggest should be investigated. The chicken-and-egg problem refers to the issue that new platform companies face: how to attract participants to the platform when there are no other participants yet? Studying the value that participants want from a platform also helps answer Rietveld and Schilling's (2021: 1537) research suggestion: "How can new entrants dethrone a dominant platform, especially in situations where market positions are sticky due to network externalities and lock-in effects?"

1.3 Objectives and research question

This thesis aims to examine supplier actors' value perceptions on digital B2C platforms by answering the following research question: ***How can digital B2C platforms develop their actor value proposition for seller participants?*** The research was done by using a qualitative method and multiple case studies. Semi-structured interviews are conducted to collect data from the case companies. According to Steffen et al. (2023), this type of methodology is necessary for platform companies, as they argue that in-depth case studies and interviews are required to understand the success factors of these platforms. Using multiple cases enables the collection of diverse viewpoints, providing a more comprehensive picture of the research topic. Specifically, in this study, I examine what supplier companies, in this case SME retailers and service providers, are looking for when they participate on digital platforms. For instance, I examine why case companies participate or do not participate on the platforms and what the benefits of using the platforms are for them. Evidence from the empirical research also includes the negative aspects of platform use and how companies would like to develop their relationships with the platforms. The case companies were also given the possibility to speak freely about the relationships with the platforms.

This study contributes to the digital platform literature by examining the nature of the value proposition that digital platforms should offer to participating suppliers. This benefits platform companies by giving them guidelines for creating a strategy. More specifically, the results of this study help platform companies acquire and retain supplier-side participants on their platform. The study also fills some of the needs stated by Rohn et al. (2021) of examining the participant perspective towards a platform. Cennamo (2018) has argued that platform companies should consider the value creation possibilities for complementor firms on their platform. This study provides concrete guidance for platform companies on how to execute it. Examining the value proposition of platform firms towards suppliers also enables comparison to the value proposition that traditional business model firms offer towards their customers. Fundamentally, this study complements the existing literature on the success factors of digital platform companies. This will help

both new and established platform companies navigate the accelerating competition between platforms and the shortened innovation cycles (Jia et al., 2023).

1.4 Thesis structure

This thesis will begin with the analysis of the theoretical background behind the phenomenon. First, digital platforms are introduced, and mainly, the differences between their business models and traditional business models are explained. This will be done by comparing the business models with the business model canvas framework (Osterwalder et al., 2010). Additionally, the critical success factors of digital platforms will be analyzed. After that, the value proposition and actor value proposition (Hokkanen et al., 2021) are explained. The theory section is concluded with the theoretical framework.

Chapter three will explain the methodology in this thesis. It will explain the research approach and the chosen sample in the thesis, and the reason why they are chosen. Chapter three will also discuss the thesis's data collection and analysis methods. At the end of chapter three, the quality of the collected data will be assessed. The fourth chapter will consist of the discussion regarding the findings from the study. In this section, the findings will be analyzed and organized into a usable framework. Moreover, finally, in the fifth chapter, the findings will be concluded in the discussion chapter. The discussion chapter will also include theoretical and managerial implications of the study. In the fifth chapter, the limitations and avenues for future research will be presented as well.

2 Theoretical background

This chapter introduces the theoretical background for the thesis. First, the theory regarding digital platform businesses and platform business models is presented in subchapter 2.1. The subchapter is divided into two parts: explaining the platform business model, especially in comparison to traditional business models, and analyzing the critical success factors of digital platforms. Second, the value proposition and actor value proposition are explained in subchapter 2.2. The subchapter explains their differences and the reasoning why the actor value proposition provides a reasonable basis for analyzing the value promises of digital platforms. Lastly, the theoretical background is connected in subchapter 2.3, where the theoretical framework for the thesis is presented.

2.1 Dynamics of digital platforms

2.1.1 The business model

A business model can be viewed as a narrative that explains how a firm operates (Magretta, 2002). It demonstrates the economic logic behind the company's operations and how it is attempting to generate a profit. According to Angwin et al. (2020, pp. 221-223), a business model comprises three key components: value creation, value configuration, and value capture. Osterwalder et al. (2010) have developed a business model canvas, which organizes the business model in nine building blocks. It provides a fruitful framework for comparing the traditional pipeline business model and the platform business model. Obviously, most companies' business models differ from one another, even if they all employ, for example, a platform business model. However, it is possible to compare generally the differences between traditional pipeline and platform business models.

Customer segments are the first building block for the business model canvas (Osterwalder et al., 2010). Traditional pipeline businesses can have one or more customer segments. However, the key difference from the platform business model is that there are

always at least three actors involved. In a traditional business model, the customers are usually buyers, and the company is the seller (Andreassen et al., 2018). In a platform business model, there are usually buyers and sellers who interact on the platform. Therefore, traditional business models are generally dyadic by nature, and platform businesses are triadic. Consequently, platform business models can be seen as marketplaces that connect suppliers and buyers (Täuscher & Laudien, 2018). Relating this notion to the customer segments, it means that platform companies have always had at least two customer segments, because there are always at least two participant groups.

The second building block of the business model canvas is the value proposition, which typically comprises products, services, or a combination of both (Osterwalder et al., 2010). In the traditional pipeline business model, these are then sold to the customer. However, for platform businesses, the value proposition typically focuses on facilitating interactions between participants on the platform (Rohn et al., 2021). In this case, the participation of the other side (for example, the seller or buyer) should increase the value of the platform for the other side. Naturally, platforms can also provide products and services to their customers; however, the fundamental nature of the value proposition in the platform business model differs in this sense from traditional business models. The focus of the strategy shifts from increasing customer value to increasing the value of the entire platform ecosystem.

Due to the involvement of multiple actors, platform companies must also develop multiple value propositions (Andreassen et al., 2018). Each participant group requires its own value proposition in order for the platform company to attract them to the platform. The platform is not seen as valuable, for example, by buyer participants if there is insufficient presence from seller participants (Kretschmer et al., 2022). Therefore, to create a lively ecosystem needed for the platform's success, the value proposition must be attractive enough for each participant group. Because participation for actors on a platform is voluntary, the incentives for participation must exceed the opportunity costs of joining a platform.

The next phase in the business model canvas involves determining the channels, which refers to the methods used to reach customers and deliver value to them (Osterwalder et al., 2010). These include, concretely, the distribution, sales, and communication channels. Platforms enable direct sales between sellers and buyers, and they also provide visibility and communication opportunities for platform participants (Suuronen et al., 2024). Therefore, the platforms can be seen as the channels through which the sellers deliver value to customers. As Rohn et al. (2021) discuss, platforms utilize digital technologies to connect people, organizations, and resources, thereby creating value within interactive ecosystems. Consequently, digital technologies are an essential part of the digital platforms' efficiency as a channel, as they enable interaction between participants on these platforms.

Regarding customer relationships, the primary difference between the platform business model and the traditional pipeline business model is that platform business models typically involve at least two customer segments, whereas traditional business models can have only one. Customer relationships can be seen as an essential part of platform business models, because they need to persuade participants on the platform for the network effects to start generating growth (Van Alstyne et al., 2016). The network of participants (consumers, producers, etc.) is often viewed as the key resource for platforms, which makes ecosystem governance and customer relationship management essential skills for platform businesses. Therefore, it is not surprising that various studies regarding platform businesses discuss how platform companies can attract participants to them (Gawer, 2014). Traditionally, customer relationships have three primary targets: customer acquisition, customer retention, and sales growth (Osterwalder et al., 2010). In this sense, there are many similarities in customer relationships between the platform and traditional business models. However, platforms can also pursue boosting the co-creation or customer relationships between participants on the platform, which differs from the traditional business model.

Revenue streams refer to the methods by which a company generates revenue from its customers (Osterwalder et al., 2010). Methods can be separated into two categories: transaction revenues and recurring revenues. The first category includes, for example, direct sales of a product or service to a customer. The second category can include, for example, subscription, usage fees, lending, or licensing. Andreassen et al. (2018) state that traditional business models focus more on sales or indirect sales.

On the other hand, platform businesses focus more on transaction fees, advertising, and subscription models as revenue streams. Direct selling occurs on platforms when producers and consumers interact directly with each other, and the exchange of products and services takes place directly between them. Täuscher and Laudien (2018) recognize the commission or subscription fee as the most common revenue model for platform businesses. They make the notion that revenues for platforms can come from the demand or supply side, or from third parties.

Google´s search engine is a good example of a digital platform that gathers revenues from third parties. The search engine gathers significant revenues from advertisers, who are third-party entities on the platform. Many digital platforms are mixing different revenue methods. Taipale-Erävala et al. (2018) note that the revenue methods of platform businesses include transaction fees, charging a participant group for access to another group, charging for improved access to the platform, or charging for higher-quality content. Freemium is also an increasingly common revenue model for the platforms (Rietveld, 2018). In the freemium model, the customer is initially given free access to the product or service, and to access better features, the customer is required to pay an additional fee. For example, YouTube is free for users to use, but it requires a subscription to view videos without the advertising breaks.

Key resources are the critical assets that enable the provisioning of the previously described building blocks to customers (Osterwalder, 2010). They are the assets that enable the business model to function. Key resources vary depending on the business model,

as different business models need different key resources. Key resources can be physical, financial, intellectual, or human in nature. Physical key resources can include, for example, an effective factory. Financial resources can be, for example, convenient access to credit. Intellectual key resources could include brands, copyrights, or patents, whereas human key resources could be highly skilled employees. In this sense, especially in the human category, key resources share many similarities with core competencies (Prahalad & Hamel, 1990). Core competencies can be described as the unique set of skills, technologies, and processes that a company possesses and utilizes to differentiate itself from its competitors.

For digital platforms, critical assets or key resources are often the community of participants on the platform and the participants' resources (Van Alstyne, 2016). Therefore, the focus of the platform companies' strategy shifts from controlling to orchestrating the resources. Facilitating external interactions becomes more essential than optimizing internal processes, which are often in key positions in traditional pipeline business models. Rohn et al. (2021) also discuss that platforms' success is often not dependent on physical infrastructure or assets, but instead, the ability to connect people, organizations, and resources is the most important resource for the company. Therefore, the need for platform companies to own assets is lower compared to traditional businesses. Instead, important resources or skills in platform organizations are designing the digital architecture and the ability to create an agile and scalable platform ecosystem. That often requires openness to innovation and experimentation, which could be described in other words as a start-up culture.

The next building block in the business model canvas is the key activities (Osterwalder, 2010). Key activities are the specific things and actions that the company must undertake to make its business model successful. These could include, for example, production for manufacturing firms or executing the services for service-focused firms. Again, the key activities are dependent on the business and the industry where the company operates. For platforms, naturally developing the digital platform is practically always a key activity

for the company. By its essence, the key activities do not differ significantly in platform business models compared to the pipeline business model. Developing the platform can be seen as a similar key activity to a manufacturing company developing its product. Activities such as marketing and promotion also have a similar nature in both platform businesses and traditional business models.

The focus area of key activities, however, is the entire ecosystem of a platform company, rather than its own internal processes (Van Alstyne, 2016). Therefore, the focus on orchestrating the platform and the company's external ecosystem is more important in platform business models compared to traditional business models. The key thing for platform companies is to enhance the functioning of the entire ecosystem, not just their own operations. Suuronen et al. (2024) imply, on the other hand, that traditional manufacturing businesses could benefit from incorporating a platform business model into their existing business model. Therefore, the key activities of traditional manufacturing businesses can be supplemented with external ecosystem orchestration. A well-known example is Apple, which started as a manufacturing company but has since incorporated platform business models into its operations, resulting in changes to its key activities during the company's development.

The next phase in the business model canvas is key partnerships, which describe the network of partners crucial to the business model's success (Osterwalder, 2010). Strategic partnerships can be developed with non-competitors or competitors, or they can exist between supplier and buyer. They can also be developed in collaboration with previously unknown partners to create new businesses through joint ventures. The incentives for creating strategic key partnerships can be divided into three categories: Optimization and economy of scale, reduction of risk and uncertainty, and acquisition of important resources or activities.

As previously discussed, platforms aim to facilitate the co-creation of value among platform participants (Andreassen et al., 2018). Therefore, the different actors on the

platforms can be seen as key partners for digital platform companies, and they are an essential part of their business model. Without different actors, the value co-creation would not be possible. Cennamo (2018) has also noted the importance of enabling the value creation between participants on the platforms. Through this, the platforms enable the development of network effects, which make the platform more valuable for participants as the number of participants grows (Täuscher & Laudien, 2018). Therefore, the key partnerships again do not focus on accessing, for example, physical resources on the platform business models, but instead, the organizations and people on the platforms are usually the essential key partners. Obviously, participants can consequently bring physical infrastructure to the platform ecosystem with themselves.

Governments also play a key role as partners to the platforms, and in some cases, the platform companies' power and size have increased to the point where it is hard for governments to control their operations (Lindman et al., 2023). Specifically, the power and position of big technology companies towards governments have been discussed increasingly. In some instances, they have even been criticized for crossing the line on human rights, and controlling the power of big tech companies can be complicated. For example, governments often rely on the infrastructure that the big tech companies provide. This also highlights the important role of governments as key partners to platform businesses, as platforms require permissions and suitable laws from governments to operate successfully.

The last and ninth part of the business model canvas is the cost structure (Osterwalder, 2010). Cost structure types can be broadly divided into two categories: cost-driven and value-driven. Cost-driven cost structures aim to benefit customers by offering more straightforward value propositions at lower prices. Value-driven cost structures aim to provide a higher premium value for customers at a higher cost. Some authors, including Porter (1980), have argued that companies should choose either one of these strategies, or otherwise they can end up being in the middle of them, which leads to not benefiting from the advantages of either one of these strategies. However, a cost structure, which

falls somewhere between these two types, has also been identified as a possible successful strategy (Osterwalder, 2010).

The key difference between traditional pipeline business models and digital platforms' cost structures is that digital platforms generally require less investment in physical infrastructure or production than traditional business models (Rohn et al., 2021). Because suppliers on a platform typically provide the products and services, there are no costs for platform companies in generating them. Consequently, often acquiring the critical mass initially is the key challenge for the platforms, which may require substantial costs. Therefore, it is recommended to focus on the beginning to acquire a limited number of participants on the platform who have distinct needs. After having this type of "niche" segment on the platform, it is easier and cheaper to broaden the platform for other market segments as well. Network effects start to work in the company's favor during this phase. Network effects benefit the cost efficiency of platform companies, which is known to be one of the key elements in the success of digital platforms (Grossmann et al., 2021). This phenomenon is also referred to as demand-side economies of scale (Katz & Shapiro, 1986).

Below are presented the key differences between platform business models and traditional business models. As stated earlier, business models vary between industries and companies. However, the main differences between traditional pipeline business models and platform business models are highlighted in the table.

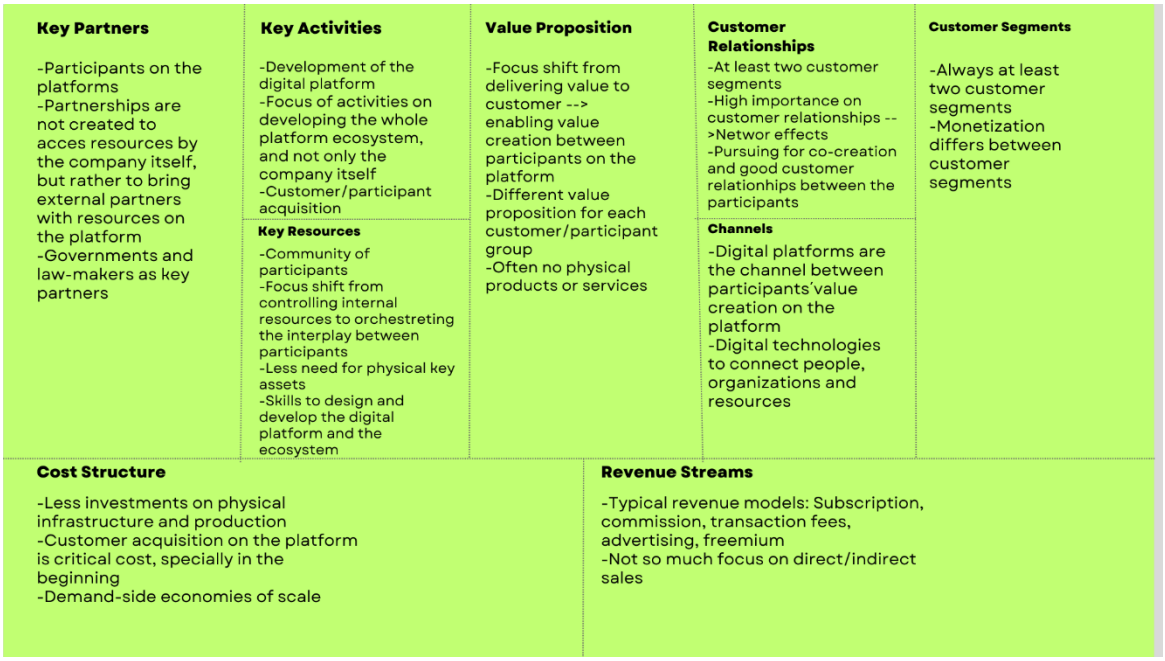

Figure 1. Differences between the platform business model and the traditional business model

2.1.2 Success factors of digital platforms

A significant amount of research recognizes network effects as the key success factor for digital platforms (Gawer, 2014; Steffen et al., 2023; Van Alstyne, 2016). The core idea of network effects is that as the number of participants on the platform grows, the value that participants derive from the platform increases. This creates a positive feedback loop, and the demand for participation on the platform increases continuously. Consequently, digital platforms can generate more revenue as the number of participants or customers increases, and the platform is perceived as more valuable. At the same time, digital platforms continuously receive more data from the activity on the platform, and the functioning of the digital platform can be developed. This could include, for example, better matchmaking between the participants on the platform or more user-friendly digital platform applications.

Network effects are sometimes referred to as network externalities, which fundamentally refers to the same effect (Katz & Shapiro, 1986). They are not a new concept related only to digital platform businesses, as they have already existed in businesses related to,

for example, telephone networks and railroads. Network effects or externalities create "demand-side economies of scale", as the increasing number of customers or participants increases the value of the platform and reduces the unit costs of each participant on the platform (Van Alstyne, 2016: 58). Often, the competitive advantage of traditional business models has been the supply-side economies of scale (Van Alstyne, 2016). In supply-side economies of scale, the manufacturing companies benefit from diminishing costs per unit as the volume of production increases. The driver of digital platform businesses' success, however, has been the effective demand-side economies of scale.

Network effects can be divided into direct and indirect network effects (Rohn et al., 2021). Direct network effects increase the value of the same side participants as the number of participants grows in that participant group. For example, social media platforms become more valuable for people, when the number of people on the platform increases. Indirect network effects on the other hand increase the value of the platform for other participant group, when the number of participants grow on the other side. For example, more buyers on an online marketplace make the platform more valuable for sellers. Social media platforms often have indirect network effects as well: a social media platform becomes more valuable for advertisers as the number of people grows on the platform. Therefore, digital platforms can have direct and indirect network effects simultaneously.

Network effects, however, create a fundamental problem for new digital platforms, as without an existing base of participants on the platform, it is hard to attract participants to the platform (Gawer, 2014). This phenomenon is known as the so-called chicken-and-egg problem. On the other hand, network effects often create a winner-takes-all type of situation, as it can be hard to challenge the established digital platforms with existing strong network effects. The established participant base attracts more participants, and as mentioned earlier, the digital platforms also benefit from the continuously increasing amount of data that they receive from interaction between the participants (Van Alstyne, 2016). This enables providing better value per transaction for participants, and the

digital platform can reap the rewards in the shape of increasing profits. Examples of digital platforms that have created a winner takes it all type of dynamics are Google's internet search engine and Facebook, as the leading social media during its peak time.

Because of the dominating presence of network effects in the digital platform literature, they are an interesting topic to study more thoroughly. Additionally, understanding them better can provide answers to the chicken-and-egg problem and enable the development of better and more competitive platform businesses, even while starting from zero. This study, for its part, tries to provide answers to the question by understanding the value that the participants on the platform are looking for. In some studies, it has been challenged that the success of the digital platforms is not only about the size of the network, and that it is possible to challenge the dominant platforms of the industries (Afuah, 2013). Networks' structure and conduct have also been recognized as important success factors for digital platforms. Structure refers to features including the feasibility of transactions, centrality of members, the number of their roles on the platform, structural holes, and the strength of ties in the network. Conduct, on the other hand, refers to possible opportunistic behavior, the platform's reputation, and perceptions of trust. It is encouraging to realize that the size of the network is not the only determinant of the digital platforms' success, and it motivates us to study the topic more.

Platform governance and ecosystem orchestration have become an important topic in the platform literature recently (Rietveld & Schilling, 2021). Good governance practices attract more customers and suppliers to the platforms, and failing practices accelerate the number of participants leaving the platform. Therefore, platform governance should be seen as a strategic choice for digital platforms, because it is one determinant when considering the platform's competitive advantage. Successful platform governance decisions enable more effective value creation between all the participants on the platform.

Digital platforms' degree of openness versus control is one critical governance choice for them (Gawer, 2014). It determines how freely participants on the platform can operate

and how much the platform sets rules for participation. Openness on the platform makes it easier for new participants to join the platform as the rules are lighter (Rohn et al., 2021). This can be seen as an advantage for a digital platform when the desire is to grow the participant base. More participants enable the existence of network effects, which is essential for digital platforms' growth, as stated earlier.

On the other hand, too much openness can cause problems for the platforms and their participants in the long run as well (Cennamo, 2018). A high degree of openness may cause tensions between the participants and obscurity about the value capturing of different participants on the platform. Therefore, finding the right balance between openness and control is a critical success factor regarding platform governance and the overall performance of the platform.

Digital platforms receive data from the usage of the platform, leading to the importance of effective data analytics in the platform companies (Jia et al., 2023). As the platform and the activity on it grow, the amount of data gathered on the platform increases. To benefit from this, digital platforms must have a well-functioning digital infrastructure. Data collecting and processing are essential skills for the platform companies, and real-time data should be leveraged as well when possible. These activities enable digital platforms to provide better value propositions, personalization, and matchmaking for the participants. Because of the centrality of leveraging data in digital platforms, it can be seen as a critical success factor for digital platforms (Cusumano et al., 2020). This phenomenon is only likely to strengthen in the future.

To benefit from the data, the platform architecture must be in place to support it (Cusumano et al., 2020). As the amount of data and complexity increase with the platform's growth, its architecture must develop to fit the demands. Steffen et al. (2023) propose a modular architecture design as an efficient system to cope with the increasing amounts of data. The modular architecture of a digital platform refers in practice closely to agile product development, which provides an open and less hierarchical environment for

rapid improvements in the architecture. This increases the openness on the platform and possibly enables the development by third parties as well. At the same time, digital platforms must take care of their security and performance reliability. Therefore, the technical architecture must be well-balanced to benefit from the innovations that the data has fueled (Jia et al., 2023). The importance of this will increase in the future, as the presence of artificial intelligence, machine learning, and big data analytics becomes more common in digital platform businesses' strategies (Cusumano et al., 2020).

As discussed earlier, digital platforms can have various monetization methods. Possible options include transaction fees, commissions, advertising, subscription, and freemium methods. Another option to categorize the monetization methods is to distinguish the source of monetization on the platform. Platforms can choose to collect profits from supply-side participants, demand-side participants, or third parties (Täuscher & Laudien, 2018). Platforms in the early start-up phase can also choose not to monetize from any parties and initially only focus on growing the base of participants on the platform. Naturally, the monetization of a digital platform must be successful for the platform company to be profitable. Otherwise, even a large number of participants will not provide the desired results for a platform that aims to generate profits.

Hagiu (2009) has studied the different pricing mechanisms on the platforms. He argues that the dynamics on the platform determine the preferred pricing strategy for platform companies. For example, when customer-side participants desire more variety from the products on the platform, the optimal monetization strategy shifts towards making a larger share of profits from the producer-side participants. This is a subsequence of lower competition between producers, because the customers' demand is more diversely spread. Therefore, supply-side participants can be charged more, as they have a strong position on the platform. In the same context, Hagiu (2009) argues that it is not efficient for platforms to charge less from the consumers to attract more producers to the platform. Because customers care about product variety, they will not change platforms simply because of the price cuts. Therefore, as a conclusion, an effective

monetization strategy for digital platforms depends on the dynamics of the platform between supply and demand-side participants. Obviously, the dynamics affect as well, when it is clever to charge the third parties more.

As discussed earlier, enabling value co-creation is another success factor for digital platforms (Andreassen et al., 2018). The value in the platform ecosystem is created by the participants on it, and the digital platform's role is to enable it, whether the participants are buyers, sellers, or third parties. The platform's scope of value creation shifts from firm-centric value creation to the whole digital ecosystem's value creation. The platform usually serves as a facilitator for the transactions between buyers and sellers. It does not generally have production or other traditional types of value creation of its own, unlike pipeline business model firms, where the value is typically created and then sold to the customers (Täuscher & Laudien, 2018). Hokkanen et al. (2021) have studied the value creation of different actors on the digital platform ecosystems, and this thesis will dive deeper into the discussion in the next chapter. However, the core notion is that, because in the digital platform ecosystems, value creation is taking place between the different actors, the whole value proposition concept needs to be examined from a different perspective.

2.2 From value proposition to actor value proposition

The concept of value proposition was first presented in a McKinsey staff paper by Michael Lanning and Edward Michaels (1988). They argued that business is a system that aims for superior value delivery. Customers choose from their perspective the best value proposition minus the cost. Therefore, choosing the best value proposition and communicating and delivering it is the top management's primary job in the companies. To achieve a winning strategy, there must be a superior value proposition. Value delivery system is the chain by which the value proposition is delivered to the customers. The value delivery system includes steps of choosing, producing, and delivering the value to the customers.

Anderson et al. (2016) stressed the need for a more specific determination of the value proposition. The value proposition had been used widely as a term, but it needed clarification. Many managers claimed to have a value proposition, but often it focused on describing all the benefits of the company's products and services that the company sees itself as offering. Some value propositions focused on describing how they differ from other competitors. Eventually, most successful value propositions seemed to have few benefits compared to the competitors, but the benefits were targeted specifically for the customer's needs. Therefore, the value proposition must be targeted for the target customers, or otherwise, even high-level products and services will not provide success.

The concept of value proposition has been studied and discussed frequently. One notable contribution is the value proposition canvas designed by Ostervalder et al. (2015). It is a comprehensive framework for developing a well-functioning value proposition. In the canvas, there are two sides: Value map and customer profile. A customer profile helps to understand the customer and their needs. It is divided into three parts, which are customer jobs, pains, and gains. Customer jobs describe what jobs the customer needs to be done, customer pains are the current pains or problems that the customer has, and the customer gains are the desired outcomes or concrete benefits that the customer is looking for. On the other side, the value map has three different sections as well. These sections are products and services, gain creators, and pain relievers. Products and services are the combination of those two elements, around which the company's value proposition is built. Pain relievers describe the way in which the value proposition will relieve the customers' pains, and gain creators, on the other hand, describe how the value proposition will fulfill the customers' desired concrete benefits. Lastly, fit is needed between both sides of the value map and the customer profile. Fit ensures that the value map matches the customer profile and is relevant and accurate in matching the customer profile segments.

As shown, the concept of value proposition has developed over time, and it has become gradually more detailed, and the steps for creating it have been clarified. Practical tools

like the value proposition canvas have been created for managers to utilize, simplifying the process of generating comprehensive value propositions. However, considering platform business models, the value proposition is not a flawless concept to utilize. The common storyline in previous descriptions is that the value proposition is something that the company generates and then delivers to the customer, or in other words, the value created goes only in one direction. Ostervalder et al.'s (2010) business model canvas is related initially to a similar one-way type of thinking. Business model canvas and value proposition canvas are meant to enable companies to create, deliver, and capture value from the customers.

However, for digital platforms, there are a few fundamental differences that require examining the value proposition concept from a different perspective. First, platform business models are not dyadic, because there are always at least three parties involved (Andreassen et al., 2018). That notion changes the logic from the previous discussion about value proposition, where value is created and then delivered to the customer. Because of the number of actors, platform companies must have multiple value promises. Second, platforms do not necessarily charge payments from all the parties on the platform (Täuscher & Laudien, 2018). Therefore, the value proposition towards these participants does not fit the traditional value proposition thinking, where the value proposition must be something that the customer is willing to pay for. Lastly, in platform business models, the value is co-created between the participants on the platform. Therefore, the concept of value proposition, where the company first creates value and then sells it to the customer, does not entirely match the platform business models' way of generating value.

As a response to stated conflicts between traditional value propositions and platform businesses' way of operating, Hokkanen et al. (2021) created an actor value proposition (AVP) concept. The actor value proposition takes participants on the platform into consideration as more active members of the ecosystem and recognizes the different roles that the actors perform on the platform. More specifically, the actor value proposition is defined in the article as follows: “A competitive statement of the type of value (whether

performance, price, or trust) offered to a specific group of actors (whether buyers or sellers), how the platform facilitates value creation, and reasons for actors to participate in the platform" (Hokkanen et al., 2021:265).

In their study, Hokkanen et al. (2021) focus on retail platforms, where products and/or services are sold to consumers. They examined what kind of value digital platforms are currently offering to customers. The seller participants were categorized into three groups: Service providers and SME retailers, selling consumers and retailers, brand & suppliers. The value types were analyzed with the perspective of Day and Moorman's (2010) categorization of value types, which are performance, price, and trust. Performance value refers to providing increased benefits for the participant, price refers to decreasing costs, and trust refers to lowering the customers' perceived risk. In their analysis, they identified eleven value types for seller participants on the platforms and six value types for buying consumers. Below are the findings from their study.

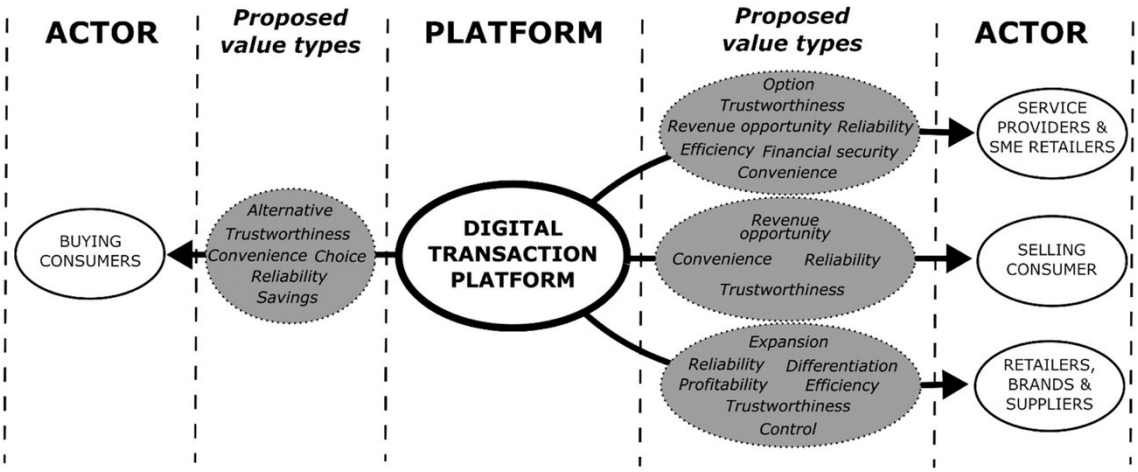

Figure 2. Actor value propositions (Hokkanen et al., 2021)

As stated in the introduction, I will be focusing on my thesis on the seller participants' perspective regarding the actor value proposition. That is due to the limited scope of the master's thesis, which allows enough in-depth analysis of one specific topic. Additionally, for example, Cennamo (2018) has made the notion of the importance of digital platforms to take care of the complementors' value creation possibilities on the platforms. Also, as

we see from the actor value proposition figure, there is a larger number of proposed value types on digital transaction platforms, where service providers and SME retailers are the seller-side participants. Many of those value types exist in different types of sellers' actor value propositions as well. Therefore, studying the value types in the context of service providers and SME retailers could provide helpful information as well for digital transaction platforms with different types of seller participants.

As the focus is on the seller side participants, below are defined more specifically the identified value types by Hokkanen et al. (2021: 266) in Figure 3 “Value types for seller participants”. As seen in the actor value propositions figure, some of the proposed value types also overlap on the buying consumers' side. However, the content, motivation, and focus on the identified value types towards the buyer side differ from those proposed towards the seller side. This recognition reinforces the notion that platform business models should offer distinct value propositions to various types of platform participants (Andreassen et al., 2018).

For sellers	Identified value type	Definition and application	Case example and description
Performance value types Performance value refers to offering increased benefits to sellers (Day and Moorman 2010)	*Control*	To influence or direct one's behavior by providing autonomy	*Airbnb* enabling sellers to use multiple sales channels (beside *Airbnb*) simultaneously and providing integrated easy-listing feature to share available dates between other services. (*Appendix case example no.1*)
	Convenience	To proceed with something without difficulty by making the use of the service as effortless as possible.	*Amazon Marketplace* creates convenience for sellers to sell online providing the right to choose the just right level of ancillary services relevant for their own business. For example, to leverage fulfillment models or alternatively manage the entire process themselves. (*Appendix case example no.4*)
	Differentiation	To distinguish oneself from others by enabling to customize offerings	*Rakuten Ichiba* enables sellers to customize their online storefronts and create personalized customer experiences to differentiate from other sellers. (*Appendix case example no.40*)
	Option	To increase freedom of choice by providing meaningful options would not be met on other channels.	*Etsy*, as an intermediary between artists, crafters, collectors and buyers of a unique products, is encouraging individuals to attain their dreams by turning a hobby into a profession, or vice versa. (*Appendix case example no.19*)

Price value types Price value refers to decreasing costs inflicted on sellers (Day and Moorman 2010)	*Efficiency*	To accomplish something with the least time and effort by providing solutions to reduce the wasteful use of resources.	*Uber* provides ability to receive orders, payments, and support services (e.g. navigation, scheduling, discounted repairs, gas, and car washes) enabling drivers to utilize their existing vehicles and select appropriate work hours. (*Appendix case example no.51*)
	Expansion	To enter new markets or create growth by increasing regional market reach	*eBay* supports transaction processes via payment solutions and logistics partner networks over regional market boundaries expanding seller's market reach from local to global. (*Appendix case example no.15*)
	Revenue opportunity	To find new potential sales by colliding with new consumers groups or segments	*Wish* service exclusively targets cross-border buyers enabling supplier and brands from low production cost counties to reach a new customer base primarily willing to buy e.g. low-cost products. (*Appendix case example no.54)*
	Profitability	To obtain financial gain from one's business activities by supporting increase of sales performance.	*Walmart* marketplace provides a dashboard for carefully selected suppliers, which includes tools to manage profiles, products, inventory, orders, and sales optimization (e.g. insights and analytics) combined into cost efficient high-volume supply chain solutions. (*Appendix case example no.52*)
For sellers	Identified value type	Definition and application	Case example and description
Trust value types Trust value refers to lower customer-perceived risk (Day and Moorman 2010)	*Financial security*	To protect oneself from financial losses by reducing intolerable financial risk	*Delivery Hero* support local restaurants to outsource online customer acquisition, home deliveries and web development by providing online browsing, ordering, payment, and delivery with no investment requirements, significant changes on existing inhouse processes or increased fixed costs. (*Appendix case example no.11*)
	Reliability	To perform consistently well by being guided successful platform owner policy	*To ensure* international brands positioning into emerging markets, *Alibaba Tmall* requires, that each seller personalized marketplace is operated by a cross-functional team or certified partner. (*Appendix case example no.2*)
	Trustworthiness	To be relied on as honest and trustworthy by delivering the value proposition consistently.	*Swap.com* 'Sure Sell Guarantee' eliminates the uncertainty over whether a specific product will be sold or not ensuring sure transaction for independent sellers. If a product has not been sold, a seller can choose to receive a guaranteed price, product return, or sales period extension. (*Appendix case example no.46*)

Picture 1. Value types for seller participants (Hokkanen et al., 2021: 266)

2.3 Theoretical framework

As discussed, the digital platform's critical success factors include having network effects that work in the platform company's favor. To achieve this, the digital platform must provide participants with opportunities for value creation on the platform, offering incentives for them to join. Therefore, it is essential to understand how participants on the platform perceive the value they derive from it. Previous research has noted a gap in this matter (Hokkanen et al., 2021; Rohn et al., 2021), and this thesis aims to fill that gap.

The actor value proposition template provides a fruitful basis for examining the topic (Hokkanen et al., 2021). As discussed in the previous chapter, the focus of this thesis will be on the actor value proposition of digital platforms towards seller-side participants. More specifically, the examined seller-side participants in this thesis will be service providers and SME retailers. Therefore, on the left side of the theoretical framework is the digital transaction platform, and on the right are the service providers and SME retailers. Proposed value types are currently embedded in the framework from the actor value proposition. In the study, the purpose is to examine the perceived value types that the seller-side participants experience on the digital platforms currently. Another purpose of the study is to examine the value types that the seller-side participants hope to experience on the platforms but are not currently experiencing. Based on the findings from the study, I will be proposing a new version of the actor value proposition, which considers the participants' perceived value better than before.

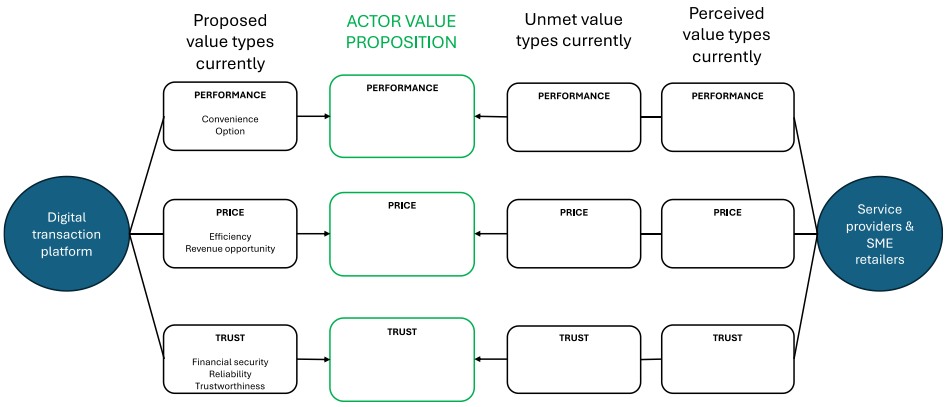

Figure 4. Theoretical framework

3 Methodology

In this chapter, I will discuss the methodology of the thesis. The methodology is chosen to fit the needs of the research question. First, I will explain the research approach, which will be continued by presenting the sample. After that, I will demonstrate the data collection and analysis, and the chapter ends with the assessment of the quality of the data.

3.1 Research approach

As stated earlier, for example, Steffen et al. (2023) have noted the need for case studies and interviews regarding the digital platforms. Additionally, upon taking a closer look at the suggested research avenues regarding this thesis´s research topic, it is evident that this type of approach is suitable for most of them. Rohn et al. (2021) have implied the need for understanding the needs of the supplier side participants on the platform, and Clauss et al. (2019) have called for analysis on how good relationships with participants on the platform are built. Also, Rietveld and Schilling (2021) and Kretschmer et al. (2022) have noted the need for understanding how new digital platforms can challenge the established platforms with already existing participant base and network effects. Moreover, finally, Hokkanen et al. (2021) have called for analysis on how participants perceive the value that they receive from the digital platforms. These suggestions, along with other literature, have led to this thesis´s research questions: How do digital B2C platforms develop their actor value proposition for seller participants?

As seen in the research question and other suggested research avenues, many of them require understanding the participants´ point of view on the platforms. Therefore, case studies and interviews provide a helpful path for understanding that. Through interviews, participants can tell their opinions freely, and it enables analyzing their answers and opinions in depth. Eisenhardt (1989) has noted that case studies are an effective way to create novel theories and detect creative ideas, as the interviewees have the opportunity to tell their insights without limiting their answers too much. This also reduces the possibility of the interviewers' biases affecting the results, as the questions are more

open-ended, and they do not lead towards answering in line with the interviewer's expectations. Therefore, case studies and open-ended interview questions provide the opportunity for discovering novel insights, which might not have even come to the interviewer´s mind earlier.

The research question is noticed to start with the word "how". That is one of the types of questions that is useful to analyze through qualitative research (Lim, 2024). Qualitative research suits questions starting with these words, because it enables exploring complex phenomena, people's experiences and perspectives, and it is not limited to merely counting occurrences. It enables understanding the contexts of the phenomenon and provides new, previously unknown insights. The methods in qualitative research include open-ended interviews, in-depth interviews, and participant observation. These are needed to understand the research question comprehensively and to analyze the underlying thoughts of the interviewees to get the complete picture of the topic. It is possible that the analysis of the interviewees´ behavior and body language during the interviews can provide insights about their opinions of the digital platforms, in addition to what they say out loud. Therefore, it seems evident that qualitative research is the best way to find answers to the research question.

To analyze the chosen research method deeper, it can be seen as inductive. Inductive research refers to research where the observed empirical phenomena and findings lead towards theoretical findings (Dubois & Gibbert, 2010). That is often associated closely with qualitative research. In inductive research, there is often no clear hypothesis beforehand, and the theory emerges from the research. That idea suits this thesis well, as it seeks to explore a topic where there is no substantial research yet, and therefore, it is not simple to form a clear hypothesis either. Additionally, the objective is to analyze the empirical findings in the real-life cases and complement the theoretical framework through that. Therefore, the purpose is to create a theory from empirical findings, and that is at the core of inductive research.

3.2 The data

As noted in the discussion leading to the theoretical framework, the target group for the interviews was service providers and small to medium-sized retailers. Hokkanen et al. (2021) recognized three different actor value propositions for seller participants in their study, which differ partially by the value that the digital platform is offering for the actor, and the target groups differ by their nature as well. In addition to service providers and SME retailers, the other groups are consumers as sellers, and a group including retailers, brands, and suppliers. These are demonstrated in Figure 2.

More specifically, in this thesis, I interviewed five restaurants participating in the food delivery platforms Wolt and Foodora. The interviewees, their position in the restaurant, and the length of the interviews are presented in Table 1. The targeted restaurants fall into the category of SME retailers and service providers. Therefore, they provide a typical sample that represents the examined target group. Also, Wolt and Foodora are already well-known digital platforms in the Finnish market area, which makes it more certain that the interviewed restaurants and people in charge of their strategy have meaningful insights regarding the topic. The number of interviews enabled comparing the results, but also provided enough in-depth analysis of the answers. Because the number is not too large, it enabled comprehensive interviews and data analysis of the specific cases.

The restaurants were chosen with theoretical sampling, which refers to choosing the cases that are relevant in terms of the research and are likely to provide new insights for building theory (Eisenhardt, 1989). Therefore, the restaurants or case companies were chosen with a limitation, that they must have participated in or at least considered participating in food delivery platforms. In the sample, four of the five restaurants are currently participating in the food delivery apps. Choosing the restaurants with this method also allowed cross-case analysis, because all of them have considered the upsides and downsides of participating on the platforms. Cross-case analysis enables searching for patterns, which can be used for creating a stronger theory from the gathered data.

Additionally, the chosen interviewees were persons in charge of the restaurant's strategy. Therefore, the interviewees had had their own hands-on experience from analyzing the good and the bad sides of participating in the food delivery platforms. Therefore, the specific chosen interviewees were also chosen by theoretical sampling.

Interviewee	Role	Interview duration
1	Owner/founder	51min
2	Chief Operating officer (COO)	25min
3	Owner/founder	34min
4	Owner/founder	15min
5	Restaurant manager	19min

Table 1. The interviewees

3.3 Data collection

Data was collected through semi-structured interviews. In this way, the answers to the chosen specific questions were gathered from all the case companies, enabling comparison. Additionally, it enabled participants to speak freely, which revealed insights that were previously unknown. Lim (2024) suggests that semi-structured interviews provide a helpful way of exploring the interview topic in great depth, but also enable comparability between the cases. It is, however, necessary to note that semi-structured interviews require a high level of interviewing skills to extract enough information from the interviewee, which is also relevant for the study. The interview questions for all the case companies were:

1. How convenient the use of the food delivery platforms has been, and what challenges have there been?
2. Has the use of the food delivery apps brought more customers and revenue?
3. How fair are the payments and the commissions for the platforms, in your opinion?
4. Do you believe that you have enough freedom of choice regarding what you are selling, the prices, and how the menu is presented in the apps?

5. Is the handling of the orders coming through the food delivery platforms efficient in practice?
6. Does it improve your efficiency that you do not have to make the food deliveries by yourself, and the orders are handled by the platform?
7. How reliably are the food delivery apps working technically?
8. Do you feel that there are clear and fair rules regarding the responsibilities in the deliveries, and who is responsible if the customer makes a complaint?
9. How would you like the relationship with the food delivery platforms to be developed?

In addition to these structured questions, the interviewees were allowed to speak freely regarding their relationships with the platforms. Also, during all the interviews, I asked some additional questions. These were asked to ensure that all the desired topics were covered during the interview. Vice versa, if the interviewee had already spoken about some specific topic or value, the questions targeted for that value were necessarily not asked. The questions were chosen with an inductive research methodology. Therefore, Hokkanen et al.'s (2021) findings in the actor value proposition, or more specifically, the distinguished value types, are not embedded in the questions. The purpose is to guide the answers of the interviewees as little as possible beforehand and formulate a theory based on the answers. Afterward, the answers of the interviewees can be compared to the findings in the actor value proposition through data analysis. However, the questions were asked with those specific value types in mind to gather understanding, whether interviewees are experiencing the value types of the actor value proposition currently. For example, regarding the efficiency topic, I asked questions five and six. Alternatively, regarding reliability, I asked: “How reliably are the food delivery apps working technically?”. In this way, the interviewees´ experiences of Hokkanen et al.´s (2021) value types were gathered, enabling an analysis of them.

In practice, four of the five interviews were conducted as phone interviews and one as a face-to-face interview. All of the interviews were recorded to enable analysis of the

answers. Permissions were asked from the interviewees to record the interviews. Phone interviews appeared to be a good method in practice for interviews, as it was easier to find time for phone calls with the interviewees compared to, for example, Teams meetings. For many interviewees in the restaurant industry, it seemed to be a suitable way to conduct the interviews. That enabled having an extensive enough number of interviews, which were also in-depth interviews. All of the conversations were interesting and provided multiple meaningful insights.

3.4 Data analysis

Data gathered from the interviews was analyzed carefully afterward. In the analysis, Grodal et al.´s (2021) concept of active categorization and data-analysis methods suggested by Gioia et al. (2012) were used to formulate the raw data into practically usable concepts. Active categorization refers to the process by which a researcher makes intentional moves to turn data into theory. The researcher should demonstrate the active categorization process verbally, or, for example, in the form of a picture. In that way, the readers of the study can get hold of the researcher's reasoning, and that adds to the credibility of the study.

In Figure 5, “Data structure”, the path from raw data to theory is visualized. It is organized from first-order concepts to second-order themes, and eventually to aggregate dimensions as suggested by Gioia et al. (2012). First-order concepts include actual concrete notions from the interviews and direct quotes from the interviewees as well. These findings are the raw data that enable the formulation of the theory. In the second-order themes, the findings are connected to the values, which were formerly known from the actor value proposition (Hokkanen et al., 2021). Additionally, insights that could not be connected to the previously known value types were gathered into new value type themes. Through that process, three new values were created, which were data leveraging, mutual value creation, and data leveraging.

In the aggregate dimensions section, these findings were directed into conclusions, and the newly found value types were categorized. Therefore, as a result of the data analysis, it can be recognized that previously known value types from the actor value proposition should also be embedded into the improved actor value proposition. Additionally, data leveraging and mutual value creation were added to the performance value category, and profitability was added to the price value category. There were no new findings made in the research in relation to trust value types. The data structure and data analysis lay the foundation for the conclusions of this thesis.

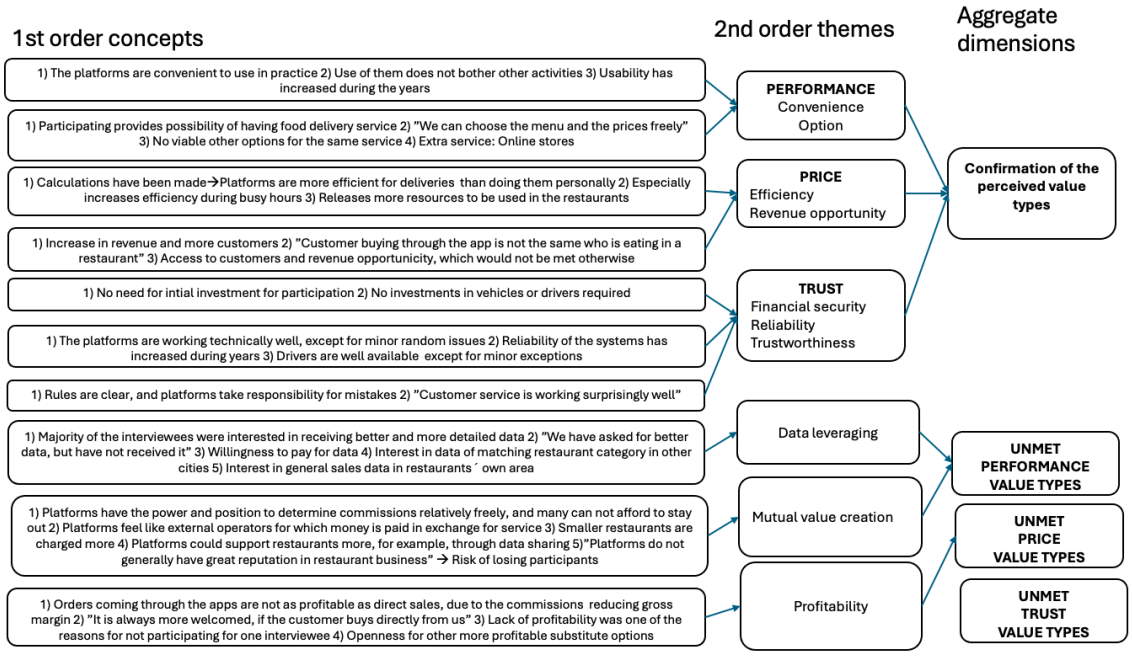

Figure 5: Data structure

3.5 The assessment of the quality of the data

The assessment of the quality of the data, or the research as a whole, is done by analyzing the realization of internal validity, construct validity, external validity, and reliability of the study (Gibbert et al., 2008). Internal validity refers to the strength of the causal relationship between the logical reasoning and the research results. Construct validity determines how precisely the researcher has chosen the methods to address the issue that he or she claims to be investigating. External validity, on the other hand, refers to

the extent to which the results of the research can be generalized to a broader population and settings. For example, a strong argument behind the chosen sample strengthens the external validity. Finally, reliability determines how prone the research is to random errors, which can lead to wrong conclusions. If the reliability is on a reasonable level, other researchers conducting the same research should arrive at the same conclusions as the original research.

This research is arriving at the conclusions as a combination of previous research and the results of the case interviews. Therefore, the conducted research complements the previous research. The formulated theoretical framework explains the internal validity of the research. The theoretical framework is justified more precisely in the theory section. The purpose of the study is to develop the actor value proposition of the seller participants participating on the platforms. Therefore, it is reasonable that the target of the examination is what these participants are looking for when they participate in those platforms. With the knowledge of the seller participants' needs, it is possible to develop the actor value proposition. The target of the actor value proposition is these participants. If the actor value proposition is developed in the direction that the participants are looking for, it is evident that the actor value proposition becomes more attractive to these seller participants. In that way, digital platforms can attract more participants to the platform. In the findings chapter, the revised theoretical framework is used to elaborate on the internal validity of this thesis.

To enhance the construct validity of the thesis, the theoretical sampling method was used to choose the cases, as was already discussed in the 3.2 subchapter. Therefore, the chosen companies and people for the interviews were chosen as relevant as possible interview targets from the perspective of construct validity. Obviously, the sample still represents only a small number of companies from the whole population. Therefore, that notion has to be taken into account when interpreting the results of the study. For the transparency regarding the topic, the used data collection methods were described in more detail in subchapter 3.3

Multiple case studies were used in the research to provide more external validity for the research. A chosen sample size of 5 cases was chosen, which fits the suggested number of cases in multiple case studies by Eisenhardt (1989). Eisenhardt has suggested that the number of cases in multiple case studies should be somewhere between four and ten. That allows cross-case analysis and analytical generalization. Obviously, as stated earlier, the number of cases is still limited, and therefore, the generalizations should be made with caution. Additionally, the case studies were all restaurants participating in food delivery platforms. The results could differ if SME retailers and service providers were interviewed on different digital platforms.

The fourth dimension in the assessment of the quality of the data is reliability. Through reliability, the target is to minimize the possibility of random errors in the study. Transparency of this methodology section has been pursued to enhance the reliability. Additionally, the case interviews were conducted with the same formula, which means that they were repeated with as similar a protocol as possible. These factors are diminishing the possible occurrence of random errors. It has to be stated that most of the interviewees had the same main points in mind when analyzing their companies´ relationships with the food delivery platforms, for example, in basically all of the interviews, the notion came up, that the food delivery platforms do not feel like partners, who are actively trying to enhance the value creation and profitability of the participants on the platform. Because of the substantial occurrence of this topic, it can be confidently stated that most of the other companies in the same population are experiencing the same issue. This provides evidence of the reliability of the study.

4 Findings

In the findings section, the results of the study are explained and organized. The chapter will begin with the analysis of the perceived value types currently. Subchapter 4.2 will present the unmet value types currently, which were discovered during the research. At the end of the chapter, the findings are organized in the summary section, and the revisited theoretical framework is presented.

4.1 Perceived value types currently

In the actor value proposition and the theoretical framework of this thesis, there were seven different known value types that the digital platforms are currently offering for SME retailers and service providers. They were categorized into three different themes: Performance, price, and trust. Performance values were convenience and option, price values were efficiency and revenue opportunity, and trust values were financial security, reliability, and trustworthiness. The interviewees recognized the importance of all of these value types in their relationships with the platforms.

Convenience refers to making the use of the digital platform convenient and effortless. In the research, four of the five interviewees experienced that the food delivery platforms were relatively convenient to use for them. They experienced that the use of the platforms was mostly effortless, and there had not been significant issues in the practical use of the platforms. They also experienced that the use of the platforms did not bother the other standard services in the restaurants. “The orders are really smooth to handle, when they come through the system to the iPad” (I4), stated one of the interviewees. Many of the interviewed restaurants had been on the food delivery platforms for a long time, and their use of them had become more convenient over the years. One of the restaurants, which has decided not to participate in the food delivery platforms, felt that the use of the app would not be optimal in relation to the other activities in the restaurant, and that it would not be convenient for the restaurant´s employees to use. Also, one of the restaurants had experienced some problems in the use of the app, and the

interviewee stated that: “It would increase the convenience if the app were developed to be more practical to use” (I5). However, in general, it could be described that the convenience value is currently being delivered to the participants.

The second previously known value type was option, which stands for providing the freedom of meaningful options, which would not be met otherwise. The food delivery platforms currently offer delivery services for all participants, which leads to the freedom of choice, allowing their sales offerings to be sold through that channel. Therefore, that value type is fulfilled by all of the interviewees. “We can choose the menu and the prices freely on the apps” (I3), commented one of the interviewees, and this was the case with the other interviewees as well. None of the participants of the interview had problems with the freedom of choice on the food delivery platforms. The participants did not have viable options for the same service from elsewhere, either, so the option value is increased for them when they participate in the food delivery platforms.

Four of the restaurants had an online store on their website, which allows ordering food straight from the website. Wolt is operating the delivery of food for one of these online stores. This specific restaurant commented that: “We are really happy with the option that Wolt has provided regarding online store, since it was easy for us to implement, and it allowed us to establish online store effortlessly” (I2). Two other restaurants had their online store operated by an external party, and one restaurant is operating the online store by itself. Delivery of the food from the online stores can be seen as an extra service adding to the option value of the food delivery platforms, if the restaurants decide to use it. However, as found out through the interviews, the restaurants can also have the online store service from elsewhere, so it is not solely a service provided by the food delivery platforms.

Efficiency is a price value type, which enables efficient use of resources through solutions that require less time and resources. For most of the interviewees, this value was provided by the food delivery platforms, as the restaurants saw that it was more efficient

for them that the food delivery app delivered the food instead of themselves. One of the five restaurants has its own delivery of food as well, but the interviewee saw that it is efficient to have the food delivery app deliver the food during the busy hours of the day. “Then it is efficient to have help from the food delivery platforms” (I4). During the slower hours, this specific restaurant is delivering the orders coming through Foodora itself. That adds to the option value, as the company can deliver the food by itself as well, and in those cases, the commission of the food delivery app is smaller.

Three of the five restaurants had made calculations on whether it is more efficient to deliver the food themselves instead of using the delivery service of the food delivery apps. All of them had concluded that it leads to more efficient use of resources when they use the delivery service of the food delivery apps. This releases the restaurant´s own employees to work full-time in the restaurant. One of the restaurants had conducted some test explorations of their own delivery, but they did not experience it as efficient in the long run. “These were pilot-type explorations, and they were not the solution in the long run” (I2), commented the COO of the company. Therefore, it can be concluded that the food delivery platforms are delivering efficiency value to the restaurants.

The other price value type is revenue opportunity, which stands for the opportunity of having more revenue by accessing new customer groups or segments. Revenue can also grow through increased sales to old customers. All of the case companies recognized the revenue opportunity of the platforms. The mutual understanding between the interviewees was that the customer ordering the food through Wolt or Foodora is a different customer from the person who is coming to eat in the restaurant in person. In other words, the person who has decided to order the food through a food delivery app is often not considering going to eat at a restaurant anymore. “The competition for this type of customer is taking place between the participants on the app” (I2), noted one of the interviewees. Therefore, the common agreement between the case companies was

that participating in the food delivery platforms enables access to revenue opportunities that would not be met otherwise.

However, one of the interviewees noted that before the food delivery apps existed, they received, handled, and delivered the orders totally by themselves. The rise of the food delivery platforms has moved some of their customers to ordering the food through Wolt and Foodora, and not anymore straight from the restaurant. “Nowadays it is rare that people call us except for old people” (I4), the interviewee commented. Therefore, in a way, the food delivery platform provides a revenue opportunity nowadays, but earlier, some of that revenue was coming straight to the restaurant. Obviously, the food delivery platform is taking a commission from the sales, and in that sense, the revenue opportunity provided by the food delivery platforms has a bitter taste in the interviewees’ minds.

Additionally, one of the interviewed persons mentioned that “The food delivery apps have moved some of the restaurants' potential customers to order food straight to their home more often and visiting restaurants in person less often” (I1). This thought also adds to the bitterness that the revenue opportunity of the food delivery platforms is offering. The interviewee also questioned whether that is the direction of development that we want to progress to as a society. In other words, do we want people to eat at home, instead of spending time in public, for example, restaurants, and socializing with each other? All in all, even though the revenue opportunity on the platforms currently exists, the feeling among multiple interviewees was that the food delivery platforms have taken some of the revenue opportunity they are providing directly from the restaurants.

Financial security is one of the trust value types that digital platforms have been recognized for offering to customers. Financial security is security provided by the platform in response to the participants' financial risks to avoid unnecessary financial losses. Food

delivery platforms are providing food delivery service for the restaurants as an external service, which means that the restaurants do not need to invest in their own food delivery systems. Three out of five interviewees recognized the benefit to them. The food delivery apps provide a relatively safe way to try food delivery, and there are no investments needed. If the companies started food delivery by themselves, they would be required to acquire access to vehicles and hire people to do the deliveries. “Therefore, we should benefit from the resources of the food delivery platforms” (I3), commented one interviewee on the topic.

Reliability is a trust value type, which stands for offering a consistent value consistently well for the platform participants. Out of four case examples, which were participating on the platforms, three were completely happy with the reliability of the platforms, and one had had some issues with it. Technically, the systems related to the food delivery apps were working well in all of the restaurants. It was noted as well that the technical reliability of the systems had increased over the years. One restaurant (I5) had some minor issues with the orders coming to the iPad in the restaurant through Wolt, which affected the effectiveness of handling the orders in practice.

One of the restaurants had had some problems with the reliability in the sense that sometimes the people from Wolt or Foodora delivering the food came to pick up the food late. “Sometimes we have the food ready and the driver is not yet present to make the delivery” (I3), the interviewee commented. That obviously affects the time between when the food is ready and when it is delivered to the customers. Additionally, the deliverers are sometimes delivering food from multiple restaurants to multiple addresses. That increases the time as well until the food is delivered to the customer. This can affect people´s opinions of the restaurants, even though the reason for the delay is in the food delivery service. Obviously, the quality of the food suffers in these cases as well. However, these issues came up in only one of the interviews, and the problems were not significant in that case either. Therefore, it can be concluded that the restaurants perceive that they are receiving the reliability value currently.

Trustworthiness is a trust value type, and it is the last one of the previously known value types in the actor value proposition. Trustworthiness refers to the honesty and trustworthiness in cooperation with the platform. All of the case interviewees who were participating in the food delivery platforms stated that they had no issues with these topics in their operations with the food delivery platforms. All of them stated that there are clear rules, for example, regarding the responsibilities in the process of delivering the food to the customer. If the food is damaged during the delivery or the deliverer has accidentally taken the wrong serving for the customer, the food delivery platform has the responsibility to compensate the customer. The interviewees stated that in these cases, the food delivery platforms are always admitting their responsibility, and the restaurants have not had to argue with the food delivery platforms. Also, otherwise the restaurants had had no issues with the honesty of the platform, which can be interpreted as the restaurants are experiencing trustworthiness value on the platforms. Additionally, one of the interviewees commented: “The customer service is working surprisingly well” (I5).

In total, it can be concluded that all of the previously known value types are perceived by the participants currently on the food delivery platforms. Some of the value types are not delivered in a way that satisfies the companies completely, but regarding all of the value types, it is more true that the participants are perceiving them currently than that they are not perceiving them. Additionally, all of the value types seemed to be valuable for the interviewees, and therefore, they should also be taken into account in the revised version of the actor value proposition.

4.2 Unmet value types currently

There came numerous interesting ideas into discussion during the interviews in this research regarding the value that the digital platforms are currently offering, and also regarding what value they could provide more for the customers. Many of these values could be concluded to belong to the previously known value types, and these were explained in the previous chapter. Additionally, there came up a few values that repeated

in different interviews, and were distinguished as separate value types that could not be embedded in the value types of the actor value proposition.

The first of these value types was data leveraging. All four of the restaurants that participated in the food delivery platforms were receiving data from their sales through the app. This was seen as valuable, according to the interviewees. The restaurants are receiving financial information on their sales, including, for example, the amounts of the different products that they are selling and at which time the products are sold. This data includes only the data of the restaurants´ own sales through the app, and it does not include sales of the other restaurants in the app.

Three of the interviewed firms implied that they would be interested in receiving more and better data from the food delivery platforms. Specifically, receiving data on the sales of other similar types of restaurants would be seen as valuable. One of the restaurants, which is actually a chain containing multiple restaurants under the same name, stated: “We have asked if Wolt could provide this type of data for us, but so far we have not yet received it” (I2). They would have been especially interested in having sales data of similar types of restaurants in different cities. This would benefit them in practice in their strategic decisions regarding opening new restaurants in new areas. With the help of the data, they could target those cities and areas where sales amounts of similar types of restaurants are high on the food delivery apps.

Another interviewee noted: “It would be beneficial to have the information on what its competitors are selling through the food delivery apps” (I5). The interviewee, however, noted that having direct sales data of the competitors would not likely be possible. Instead, also more general data on the sales in the area of the restaurant would be beneficial. That would help the restaurant to decide on the menu that can be ordered through the food delivery apps. With the knowledge of the sales amounts of different food types, they could make better strategic decisions on which foods to keep on the food delivery

apps´ menus and which to discard from them. Additionally, they could develop new foods and meals for the menu based on the data.

The restaurants, which showed their interest in the data, would also be open to paying for that information. Therefore, the better leveraging of data is genuinely seen as something valuable for the restaurants. The food delivery platforms are gathering a significant amount of sales data in multiple geographical locations and across widely different categories. This information is valued between the restaurants participating on the platforms, and it could bring value to the food delivery platforms in the form of revenues as well. That is something that the food delivery platforms should definitely take into account.

Since the limited scope of this thesis, it is not thoroughly explored why the platforms are not currently sharing or selling the data of sales outside the restaurant's own sales. This was further discussed with the interviewees, and the notion came up that it could be that the platforms have not currently embedded these into their value propositions yet. Another possibility is that some larger companies participating on the platforms have already purchased access to this data from the platforms, and this could include some form of exclusive access to the data as well. Anyhow, that topic requires further research in the future.

However, because the interest in the data was shared between multiple case companies, it is evident that it should be embedded into the revised actor value proposition framework. Additionally, it is not simple to include it in the other value types that have been previously known through the actor value proposition. The data leveraging can be seen as a performance value, because it offers increased benefits for the seller participants, who are restaurants in this case. It can not be seen directly as convenience or option value, which are the formerly known value types. Therefore, data leveraging should be seen as a new addition to the performance value types of the actor value proposition.

Regarding price values, as noted in the previous subchapter, the restaurants participating in the food delivery platforms currently perceive that they are receiving revenue opportunities and efficiency through the platforms. The platforms are noted by the participants to be providing customers for the restaurants, which would not be coming physically to the restaurants. Also, restaurants are perceiving that the delivery handling through the apps is efficient, and it is efficient for the restaurants, as they do not have to spend resources on the delivery of the food.

However, the orders coming through the apps are not seen as profitable as the sales taking place directly in the restaurants. It could be interpreted from the interviews that this was significantly bothering three of five respondents, and two respondents were somewhat bothered regarding the topic. All of the respondents, who were currently participating on the platforms, were happier with the orders coming directly through the restaurants. This was due to the commissions that the food delivery platforms charge from the restaurants for each sale. The gross margin that the companies are receiving from the direct sales is higher than the sales coming through the apps. Because of that, the food delivery platforms are not seen as channels that increase the profitability of the restaurants.

The lack of profitability of participating on the platforms, or the adverse effect on the profitability, was one of the reasons why one of the case companies had decided not to participate (I1). Another case restaurant, which was delivering the food by itself before the rise in popularity of the food delivery platforms, had experienced that the appearance of the food delivery platforms had a negative influence on its profitability. “Before, when we delivered the food by ourselves, the home deliveries were more profitable” (I4), the interviewee said. Obviously, participating in the food delivery platforms is voluntary. However, because of the rising popularity of the food delivery apps, this restaurant in question is not receiving as many orders directly from customers as before, because a large portion of customers are used to ordering the food through the apps nowadays. Therefore, they are somewhat forced to participate on the platforms to generate

enough revenue, even though the sales coming through the food delivery apps have a lower gross margin and profitability.

All of the interviewees participating on the platforms implied that they would like the commissions of the food delivery apps to be lower. This is relatively obvious because, naturally, all of the companies would like their expenses to be lower. Naturally, all of the restaurants have the voluntary decision to make whether they are willing to participate in the food delivery platforms with the known commission levels. At the same time, the food delivery platforms are making their own decision on what are optimal commission levels to attract enough participants on the platforms, but also to generate enough revenue. As can be seen from this thesis´s sample, four of these five interviewed restaurants are still participating on the platforms with the current commission levels, even though they are mostly not happy with the levels. Therefore, it can be seen that the commission levels are not too high to push at least these restaurants off the platforms.

However, in multiple interviews, it could be interpreted that the restaurants would be willing to change to another food delivery platform or service if they were offered better profitability. Additionally, multiple interviewees felt that due to their dominant position in the market, the food delivery platforms can keep the commission levels higher than the participating restaurants are happy with. Therefore, even though in the current market situation the platforms have the position to keep their commissions relatively high, the participants and the possible participants on the platform are also looking for profitability in participating on the platforms. Through that notion, to improve the actor value proposition in the platform category, where participants are SME retailers and service providers, the platforms should also embed profitability into their actor value proposition.

As can be seen from the original actor value proposition framework, profitability was embedded as a price value type in the original actor value proposition in the digital platform category, where sellers are retailers, brands, and suppliers (Hokkanen et al., 2021).

To achieve an optimal actor value proposition, profitability should also be added to the digital platform category, where sellers are SME retailers and service providers. To be more precise, based on this research, profitability should be included at least to the extent that seller participants *perceive* the profitability, and that, at a minimum, they do not perceive the adverse effect on the profitability through participating on the platforms. This requires successful communication of the whole actor value proposition for the seller participants.

Through the interviews with the case companies, it could be interpreted that the food delivery platforms do not have a generally excellent reputation among the restaurants. This was directly commented on by two of the interviewees (I1 & I4), and from multiple interviews, this could be understood between the lines. That is due mainly to the commissions that the platforms are charging on the sales through the food delivery apps. The platforms have a relatively strong market position in the food delivery business, and therefore they can determine to a significant degree the levels of the commissions. That leads to the feeling that the restaurants are somewhat forced to agree to the levels that the platform companies determine.

The strong market position of the food delivery platforms has obviously been a result of their successful strategic decisions in history. Therefore, the situation is good for the food delivery platforms regarding their presence in the market. The strong market position enables platforms to charge prices that provide substantial profit for them. The interviewees also said that levels of commissions usually depend on the size of the restaurant or restaurant chain. Smaller restaurants have higher commissions, and larger restaurants or restaurant chains have lower commissions. One of the case companies was a restaurant chain, which has grown remarkably during the last ten years. The interviewee representing the company commented: “The commission levels that the food delivery platforms are charging have decreased over the years” (I2). Therefore, it is no surprise that their opinion on the food delivery platforms was somewhat more positive than the smallest case restaurants´ opinions of them.

Because of the platforms´ ability to determine the commission levels by themselves, and restaurants´ dissatisfaction with the commission levels, it could clearly be sensed that the feeling of mutual value creation was mostly missing between the food delivery platforms and the restaurants. The restaurants see the food delivery platforms as external operators, which provide food delivery services for the restaurants in exchange for the commissions that the restaurants pay to the platforms. If the restaurants participating on the platform perceived instead that they are creating mutual value with the platform, the restaurants´ opinion would presumably be more positive.

By focusing on the mutual value creation with the restaurants, the food delivery platforms could attract more participants to them. Also, the existing relationships with the already existing participants could be strengthened. At the same time, a more positive view of the platforms would be shared between the restaurants. As mentioned earlier, multiple restaurants are currently participating on the platforms, even though they are not happy with the current commission levels. One interviewee in the research mentioned that: "If a company with lower commissions and better co-operation provided the same service, we would consider changing from the current food delivery platforms to it" (I4). Therefore, even though the food delivery platforms have a strong market position now, at least some restaurants are open to switching to another service if better opportunities come to the market.

In practice, digital platforms could implement the mutual value creation into their relationships with the seller participants by enabling them to use the resources that digital platform companies have. One practical way for executing this would be through the already mentioned data leveraging. The platforms are gathering significant amounts of data, which is helpful for the seller participants. By providing better access to the data, the seller participants would perceive that the digital platforms are more of their partners, and the value creation is more mutual. Additionally, multiple interviewees mentioned that they would be open to paying for this data. Therefore, the digital platforms

would have the opportunity to receive more revenue while their image among the participants would also improve.

Therefore, mutual value creation should be added to the actor value proposition, because through that, the digital platforms could attract and retain more seller participants on them. Additionally, that would ultimately enhance the seller participants' offerings to the customer side participants on the platforms. Consequently, more customer-side participants would participate on the platform, and the value of the whole digital platform ecosystem would increase. Mutual value creation can be seen as a performance value type because it would provide increased benefits for the seller participants.

4.3 Summary of the findings

In this research, the seller participants´ value perceptions on b2c digital platforms have been explored comprehensively. More specifically, the value perceptions have been analyzed on seller participants, which are SME retailers and service providers, or more specifically, restaurants participating in the food delivery platforms. The basis for the research was a theoretical framework derived from the actor value proposition (Hokkanen et al., 2021). In the actor value proposition framework, there are various value types that digital platforms are recognized for offering currently to the participants on the platforms.

This thesis has focused on how participants perceive the value that they are receiving for participating in these platforms. In this subchapter, the findings are combined with the revisited theoretical framework (Figure 6). In the revised theoretical framework, the values that the seller participants are currently experiencing are combined with the values that the participants are not currently experiencing. As can be seen, the research has revealed that the participants are currently perceiving all of the values, which were also in the original actor value proposition. There are some deficiencies in how these values are delivered to the participants, in their opinion. Still, it can be concluded that it

is more true that the participants are experiencing these values currently than that they are not. The deficiencies were discussed in Subchapter 4.1.

Additionally, this research has revealed three new values that should be embedded into the actor value proposition for seller participants on the digital platforms, where sellers are SME retailers and service providers. These values are data leveraging, mutual value creation, and profitability. The findings were explained in more detail in Subchapter 4.2. By embedding these value types in their actor value proposition, the digital platforms can acquire and retain more seller-side participants on the platforms. This would also improve the service and products of these seller participants. With the increased number of seller participants and increased quality of their value offerings to the customer side participants, the number of customer side participants would increase as well. Through that, the value of the whole digital platform ecosystem would grow.

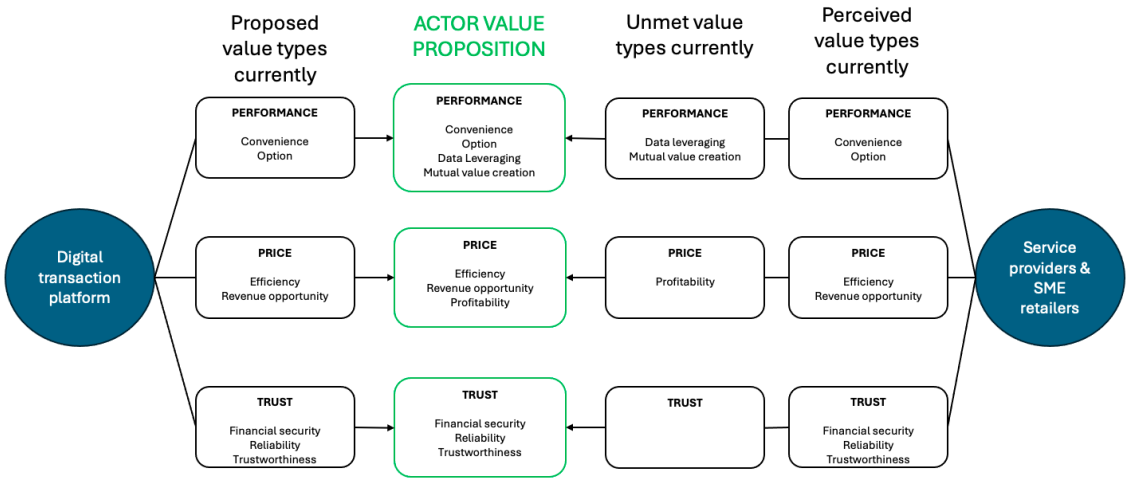

Figure 6. Revisited theoretical framework

5 Discussion

5.1 Theoretical contribution

This thesis complements the prior theory on digital platforms by providing information on the needs of the seller or supplier side participants on the digital platforms. That has been recognized previously to be missing in the platform business theory (Rohn et al., 2021). By understanding the needs of the supplier-side participants, digital platforms can develop better value offerings by matching them more precisely with the needs of the sellers. With the theory provided in this research and the improved actor value proposition, managers of the digital platform companies have better tools to create a strategy.

Additionally, Hokkanen et al. (2021) have called for analysis on the value perceptions of the buyer and seller side participants on the digital platforms. This thesis has focused on the value perceptions of the seller-side participants, and it complements the prior studies by informing how seller-side participants currently perceive the value they are receiving from the digital platforms. More precisely, value perceptions of SME retailers and service providers on the digital platforms were studied in this research. The interviewed SME retailers and service providers were restaurants, and the digital platforms were food delivery platforms.

By understanding the value perceptions of the seller-side participants, digital platforms receive knowledge on how the value that they are offering is actually perceived. With this knowledge, the digital platforms can refine their services better to meet the needs of the seller-side participants. For example, through this study, it is understood that the seller-side participants are experiencing the revenue opportunity value on the food delivery platforms, but there are still some complications in how they perceive that value. Some of the sellers feel that the revenue opportunity provided by the digital platforms is originally a direct revenue opportunity for the restaurants, and therefore, the revenue opportunity provided by the platforms does not entirely satisfy the sellers.

Clauss et al. (2019) have implied the need for understanding how digital platforms can develop emotional relationships with the participants, because they have recognized the importance of the topic. This research has studied, through the semi-structured interviews, also the emotions that the seller-side participants have in the relationships with the digital platforms. This thesis has revealed that the emotional relationship between the restaurants and the food delivery platforms is not optimal. The reasons behind that are, for example, the dominant market position of the food delivery platforms, which has led to their ability to determine, to some extent, the commissions paid by the restaurants freely.

Additionally, the feeling of mutual value creation has been recognized as missing from the relationships between the restaurants and the food delivery platforms. That has led to the situation where the digital platform feels like an external operator, for whom the restaurants are paying money for the services. Optimally, the digital platform should feel like a partner for the seller-side participants, and the sellers would feel like they are mutually creating value with the digital platform. That would enhance the feeling of the sellers that they are on the same side as the platform, and it would consequently strengthen the sellers' emotional relationship towards the digital platform.

Kretschmer et al. (2022) and Rietveld and Schilling (2021) have called for analysis on how platform companies can grow when they do not yet have strong existing network effects. That is often a problem for the digital platform companies at the beginning of their development. That is also connected to the question of how new digital platform companies can challenge the established platforms, which already have strong network effects working in their favor. This thesis has provided pieces of information on the topic. With the improved actor value proposition, new digital platforms companies can direct their value offerings to match the needs of the seller-side participants better than the existing platforms. Also, in this study, it has been revealed that at least the SME retailers and service providers participating on the digital platforms could be open to switching to another smaller platform providing a better actor value proposition.

In the theory section of this thesis, the success factors of the digital platforms were introduced. This study has complemented the information related to the topic by providing information on how the introduced success factors actually exist in the relationships between the digital platforms and the participants. The core success factor of the digital platforms has been recognized to be the network effects (Gawer, 2014; Steffen et al., 2023; Van Alstyne, 2016). This research has confirmed that notion, which could be interpreted as the most important reason for restaurants to participate in the food delivery platforms. Because the food delivery platforms have a critically large mass of customer-side participants, the restaurants are participating in them. More precisely, indirect network effects are significant on the food delivery platforms.

Data leveraging has also been recognized earlier as a critical success factor of the digital platforms (Cusumano et al., 2020). Primarily, it has been seen as a success factor of the digital platforms that they can improve their own performance through the usage of data. This thesis has revealed that there is demand from seller-side participants as well for the access and leveraging of that data. Therefore, that could be added to the critical success factors of the digital platforms. As the digital platforms are receiving substantial amounts of data from the activities on the platform, that data can be used in the value offerings for the participants as well. Accordingly, data leveraging has been added to the improved actor value proposition developed in this thesis.

It has been recognized earlier in the literature that the platform companies should take care of the value creation possibilities of the participants on the platform (Cennamo, 2018). This research has confirmed the topic´s importance for the seller-side participants. The degree to which the digital platforms are focusing on the value creation possibilities of the seller side participants has substantially contributed to the sellers´ perceptions towards the platforms. If the digital platform is focusing more on the topic, it leads to a more positive attitude towards the platform from the seller's side.

Furthermore, this thesis has recognized that mutual value creation should be added to the actor value proposition of the digital platforms. Therefore, digital platforms should align themselves as partners with the seller-side participants. Through sharing the resources of the platform, for example, data, the seller-side participants´ relationship with the platform could be strengthened. That would increase the acquisition and retention of the seller-side participants on the platform, and their value offerings for the customer side participants would be improved as well. That would ultimately lead to more customer-side participants on the platform, more substantial network effects, and an increase in the value of the whole digital platform ecosystem.

5.2 Managerial implications

Managers and other people in charge of the digital platforms strategy should take the findings in the improved actor value proposition into account when developing the strategies of the digital platforms. Regarding performance values, mutual value creation and data leveraging should be added to their actor value propositions for the seller-side participants. Regarding price values, profitability should be added to the actor value proposition as well, or at least it should be considered, how the profitability of the seller-side participants is not diminished through participating on the platform. Also, the values of the actor value proposition, which were already in the original actor value proposition, should be included in the digital platforms' value offerings for the sellers.

In practice, embedding mutual value creation and data leveraging into the actor value proposition could go hand in hand. By providing improved access for the sellers to the data that the platform companies have gathered, the feeling of mutual value creation would be improved in the minds of the sellers. Therefore, providing data leveraging is a practical way to execute the mutual value creation as well. Additionally, as noted in the previous chapters, this would consequently improve the service offering of the sellers. Improved service offering of the sellers would lead to more customer-side participants on the platform, and higher digital ecosystem value, which the digital platform can benefit from in the form of increased revenues.

The communication of the value provided for the seller-side participants is crucial as well. The managers should ponder how they deliver their message of their value proposition to the sellers. For example, the levels of the commissions of the platform are a delicate topic regarding the food delivery platforms, and, naturally, the possible rises in the commission levels are not good news for the restaurants. However, the message should be delivered in a way that the rising costs lead to something else in return for the sellers. For example, the food delivery platforms should communicate to the restaurants that the higher commissions on the platform are used to enhance the performance of the platform, which will lead to more customer-side participants on the platform. Consequently, it would lead to improved revenue opportunities for the restaurants. Therefore, the communication and customer relationship skills should be focused on in the digital platforms strategies.

For the managers or founders of newly founded digital platforms, the improved actor value proposition of this thesis provides a framework for how to build their value offering for the seller-side participants. By focusing also on the topics that are currently not offered enough in general, mutual value creation, data leveraging, and profitability, the new platform businesses could challenge the already established platforms. In this thesis, the notion has been strengthened that the seller-side participants could be tempted to move to another platform if the value offering is better than on the current platform. Therefore, the managers of the smaller platforms should not be encouraged by the extensive network and network effects of the bigger competitors. By focusing on the right things, the power positions in the markets can be changed in the digital platform industry as well.

Vice versa, the managers of the already established digital platforms with a large participant base and network effects should take into account the implications of this research. The actor value framework provides a tool for these digital platforms to develop their value offering for the seller-side participants. The actor value framework also serves as

a checklist for the managers, which they can use to examine the weak links in their service offerings for the sellers. By doing that, the platforms can prepare themselves for the possible rivalry with the newcomers in the industry and be better prepared for the increased competition.

Also, it must be noted that the digital platforms, which have a dominant market position due to the strong network effects, should not be too confident and satisfied with the current market situation. For example, the food delivery platforms are in a strong position currently, and they can determine to a large extent the commissions of the restaurants by themselves. If the commissions are too high for the restaurants, the effect on their profitability starts to diminish, and they will most likely start looking for alternative options outside the platform, where profitability is better. Therefore, continuous observation of the actor value proposition is also important for the established digital platforms.

5.3 Limitations and suggestions for future research

Naturally, there are some limitations to this research because of the limited scope of the master´s thesis. The number of case interviews was five, which represents only a small portion of the whole population. Even though the cases were chosen by theoretical sampling, there is still a possibility for random errors in the results. Another sample of five interviewees chosen by the same method could provide slightly different results on the topic.

Additionally, all of the chosen case interviewees were restaurants participating in food delivery platforms. For better comparability between the cases, all of the interviewees were chosen from the same industry. If the chosen interviewees had been from a different platform, where the sellers are also SME retailers and service providers, the results could have differed compared to the results of this study. For example, if the chosen setting had been app developing companies participating on the Apple store or Google Play, it is unknown how much the results would have differed. Because similar types of

platforms can exist in very different types of industries, the results of this study are presented in a generalized form, which enables using the actor value proposition broadly in different settings.

Multiple avenues for future research have come up through this thesis. First, naturally, it would be beneficial to study more value perceptions of the seller side participants in B2C digital platforms, where sellers are other types of SME retailers and service providers. The above-mentioned app stores, where sellers are app developers, are one example of this. That would strengthen the evidence behind the actor value proposition framework if the research had been done in different settings and platforms as well. It could also generate different actor value propositions targeted more precisely for different digital platforms.

Additionally, research on the value perceptions of the sellers on digital platforms where sellers belong to some other category than SME retailers and service providers is needed. Due to the limited scope of the master´s thesis, this could not be done in this study. Therefore, there is a need for studying the value perceptions of the sellers on B2C platforms, where sellers are retailers, brands, or suppliers. Also, there is a need to study the topic in B2B and C2C platforms. That would help to understand the needs of the seller participants in those settings, and to understand the needs of the seller participants more comprehensively on digital platforms.

Obviously, it would be beneficial to study the value perceptions of the buying consumers on the digital platforms as well. The actor value proposition of digital platforms differs from the value proposition that traditional pipeline businesses are offering to their customers. By understanding better the needs of the buying consumers, a better actor value proposition for them could be developed as well. That would again enhance the network effects on a digital platform, and the value of the whole platform ecosystem would be enhanced.

Lastly, this study touched slightly on the topic of how new digital platforms can dethrone the dominant platforms in the industry, and how participant base can be developed, when there is no existing participant base and network effects. However, this topic requires more research, and it is a critical topic in the digital platform literature, which has not yet been answered comprehensively. Therefore, research explicitly targeted for that topic is needed, because it would provide fruitful answers for managers and entrepreneurs in the development of new digital platform businesses.

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