



Networks of internationalizing digital platforms in physical place and digital space

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Abstract

Research Summary: The existing literature provides contradictory evidence on how digital platform firms establish network relations for internationalization. Some studies argue that they all but obviate the need for traditional relations in physical places. Others argue that these firms can suffer from overreliance on online interactions in digital space. We examine the coexistence of the network relations of international digital platform firms in physical place and digital space. Our multiple-case study identifies three coexistence mechanisms: reinforcement, separation, and simulation. These mechanisms are conditioned by three respective modes of bordering between physical place and digital space: soldering, interosculation, and division. We contribute to the network approach to internationalization and formulate implications for the concepts of location and borders in international business.

Managerial Summary: International digital platform firms establish traditional network relations in physical places and rely heavily on online interactions in digital space. However, how do they combine their networking activities in these two localities? We examine the coexistence of the network relations of international digital platform firms in physical place and digital space and identify three coexistence mechanisms: reinforcement, separation, and simulation. These mechanisms are conditioned by

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three respective modes of bordering between physical place and digital space: soldering, interosculation, and division. We show that international platform companies, despite being digital in nature, are well advised to pay attention to not only digital but also actual physical networking, and that they come to see these as mutually nurturing.

KEYWORDS

case study, digital platforms, internationalization, location, networks

1 | INTRODUCTION

The network approach has come to be one of the most established and influential theoretical lenses through which to examine a firm's internationalization (Bai et al., 2022; Johanson & Johanson, 2021; Johanson & Vahlne, 2009; Musteen et al., 2014). Numerous scholars have acknowledged that, for large and small firms alike, establishing relationship commitments in foreign markets and gaining a favorable network position both in home and host countries is essential for mobilizing resources and gaining the knowledge needed to conduct international operations (Coviello, 2006; Johanson & Vahlne, 1977; Parkhe, 2011). While locational contexts (e.g., cultural and institutional environments) are still recognized as critical determinants of networking for internationalization (Al-Laham & Souitaris, 2008; Hermes & Mainela, 2022; Musteen et al., 2014), the markets-as-networks view (Johanson & Vahlne, 2011) implies that developing relationships does not halt at the border of a country (Johanson & Mattsson, 1988). Hence, networks are principally borderless, and internationalization is associated with neither geographic distance nor national borders (Johanson & Vahlne, 2003; Johanson & Vahlne, 2009). This insight has stimulated a substantial conceptual transition in understanding internationalization processes and foreign market penetration (Holm et al., 1996).

The recent global trend of digitalization has embraced this idea of “borderlessness” and developed it further due to its role in dramatically changing where, and how, international firms build network relations (Furr et al., 2022; Ojala et al., 2023; Sigfusson & Chetty, 2013; Stallkamp & Schotter, 2021; Zeng, 2022). In this context, Banalieva and Dhanaraj (2019, p. 1383) stipulate that “digitalization alters the concept of the market from a common physical space for buyer–seller interactions ... to a data-rich environment that buyers and suppliers cocreate through new digital technologies.” This holds true especially for digital platform firms. To a great extent, these firms operate in “digital space,” and their footprint in any given “physical place” remains minimal (Jacobides et al., 2018; Monaghan et al., 2020; Sturgeon, 2021). Prior research has presented contradictory insight into the networking of digital platform firms. On the one hand, studies show that they “alleviate some, if not most, of the need for the traditional type of relationship building” (Monaghan et al., 2020, p. 20). Furthermore, engaging in these relations is less resource-demanding and time intensive, occurring all but “at a click of a button” (Langley & Leyshon, 2017). This direct and rapid outreach to richer and broader relations is recognized as one of the chief advantages enjoyed by digital platform firms in the internationalization process (Autio et al., 2021; Chen et al., 2019; Stallkamp & Schotter, 2021).



On the other hand however, evidence exists that digital platform firms often suffer from the liabilities of platformization (Galkina & Atkova, 2022) and can experience serious challenges in establishing commitments with foreign partners, rapidly attracting users, and creating network relations abroad (Stallkamp et al., 2022; Verbeke & Hutzschenreuter, 2021). For instance, Sinkovics and Sinkovics (2013, p. 130) relate these hurdles to the “virtuality trap,” which indicates situations in which digital platform firms underestimate the importance of a physical market presence and overly rely on online interactions. Also, Wentrup et al. (2018) point to digital mistrust resulting from the absence of actual human interaction in relationships between digital platform firms and their digital workers; this mistrust leads to waxing technological control over international business (IB) relations and waning commitment levels amongst network actors. Other scholars find that online networks of users cannot easily be transferred from one country to another, due to low embeddedness within a foreign market’s user communities and the concomitant liabilities of user network outsidership (Brouthers et al., 2016). It follows that the instantaneous nature of international network relation-building of digital platform firms remains problematic (Stallkamp & Schotter, 2021), and they still need to place “boots on the ground” (Stallkamp et al., 2023, p. 2), that is, to have some form of physical presence in foreign markets (Verbeke & Hutzschenreuter, 2021). This implies an unavoidable overlap between the two spatial dimensions—physical place and digital space—where network interactions occur, which results in an even higher degree of complexity in international networking activities.

Overall, given such controversial evidence, it remains unclear how international digital platform firms become embedded in these two localities and accordingly orchestrate their network relations. Hence, this article aims to *explore how network relations of international digital platform firms coexist in physical place and digital space*. We do so by conducting a multiple-case study of six international digital platform firms from Finland that includes two rounds of interviews, electronic diaries, and secondary data.

Our study proffers several contributions. First, we contribute to research on the network approach to internationalization. We advance the understanding of the networks of digital platform firms as essentially multilayered entities (Autio et al., 2021; Ojala et al., 2018); and we unveil how these firms form conventional network connections in physical place and integrate these with relations in digital environments in step with their internationalization. Although we do not focus on temporal changes, our aim is to depict nuanced dynamics, interactive mechanisms, and the concomitant complexity of international network relations as they spread across physical and digital dimensions. In this way, we address calls in IB research to examine challenges of managing relationships in the new digital context of global platform and ecosystem partners (Chakravarty et al., 2021; Nambisan & Luo, 2021; Zeng, 2022). Specifically, we expand understanding of a place-space balance (Stallkamp et al., 2023) and how digital and nondigital activities are orchestrated (Stallkamp et al., 2022) by depicting the mechanisms of the coexistence of network relations in physical place and digital space. In particular, we draw here from Stallkamp et al. (2023, p. 5), who posit that “neither of the ‘space’ or ‘place’ logics provide a full account of the internationalization of born digitals,” and we thereby open up digital space (Batsakis et al., 2022; Birkinshaw, 2022; Monaghan et al., 2020) as a crucial locational dimension in which networking for internationalization occurs. Second, we inform the concept of location in IB research (Saittakari et al., 2023) and build on the multilocation perspective offered by Beugelsdijk and Mudambi (2013), who point to the weaknesses inherent in the traditional IB premise of adopting the crossing of countries’ geopolitical borders as the main focus of analysis. We build on the view that digital markets often bear little resemblance to territorial markets particularly in terms of their boundaries (Lobato, 2020); rather, they represent

“self-contained social systems, with their own rules and conventions, value systems, modes of communication, and formal and informal politics” (Jordan, 2009, p. 185).

The remainder of this article is organized as follows. In the next section, we present the theoretical background of our study, where we compare how networks are understood in the traditional network approach to internationalization as well as in research on international digital platform firms. We subsequently formulate and argue for our methodological choices. Following this, we present our findings and discuss them in light of the extant research. In closing, we put forward the theoretical and practical implications of our study, illustrate its limitations, and outline promising avenues for future research.

2 | THEORETICAL BACKGROUND: NETWORK APPROACH AND THE INTERNATIONALIZATION OF DIGITAL PLATFORM FIRMS

Over the past three decades, the network approach has become an acknowledged theoretical point of view for examining internationalization (Cuypers et al., 2020; Johanson & Mattsson, 1988; Johanson & Vahlne, 2009). This approach shifts attention from internal firm characteristics to the external environment and underlines the importance of building cooperative relations with network actors, as well as their coordination in foreign markets (Holm et al., 1996; Manolova et al., 2010). Accordingly, problems surrounding internationalization are related more to relationship-specificity and network-specificity than to location-specificity (Johansson & Elg, 2002). From this perspective, firms do not decide on entry “modes” but instead select entry “nodes,” which represent “establishment points in a foreign market network” (Jansson & Sandberg, 2008, p. 67) that connect internationalizing firms with customers and suppliers. In the network approach to internationalization, the constructs of network position and liability of outsidership play a more central role (Johanson & Vahlne, 2009) and complement psychic distance and the liability of foreignness. Overall, from the point of view of networks, internationalization is a nondeterministic, cumulative, and interactive process of constantly reconsidering actions and adaptation amongst network actors under ever-changing conditions (Johanson & Vahlne, 2003).

The burgeoning importance of digital platform firms in the global arena has vital implications for the field of IB (Birkinshaw, 2022; Monaghan et al., 2020; Stallkamp & Schotter, 2021; Zeng, 2022), as well as for the core tenets of its network approach, in that it provides an understanding of where, and how, relations are established (Brouthers et al., 2016; Sigfusson & Chetty, 2013). While enjoying wide digital presence, these firms still imply the existence of some degree of physical presence in host countries (Stallkamp et al., 2022, 2023; Verbeke & Hutzschenreuter, 2021), for instance in terms of nontraditional entry modes of capital access, innovation outposts, and managed ecosystems (Brouthers et al., 2022). Overall, the resulting network complexity relates to several aspects, which we now proceed to discuss (see Table 1 for an overview).

2.1 | Physical place versus digital space, socially constructed borders versus informational borders

The first of these implications relates to the *locality* where network interactions occur, specifically the overlap of two dimensions: *physical place* and *digital space* (Sigfusson & Chetty, 2013). From the conventional network perspective on internationalization, the “where” of firms’

TABLE 1 Overview of core differences between the traditional network approach and digital platform firms' networks.

Characteristic	Traditional network approach to internationalization	Networks of international digital platform firms
Locality/the “where” of network activities	Physical place	Digital/cyber/virtual and infinite space
Understanding borders	Intangible, socially constructed, and identity related	Intangible, incorporeal, informational
Orientation and focus	Long-term stable relations	Scalability and user retention
Governance	Interpersonal trust	Disembodied interactions and digital control
Level of interactions	Dyadic relations	Ecosystems and communities
Aim of interactions	Mobilizing resources and building commitments	Connecting users and channeling their interactions

international activities and their country choice are relationship-driven and depend on the position of a firm in a foreign market network, specifically in terms of strength and content of relations with other actors (Johanson & Vahlne, 2009; Wright & Dana, 2003). This, in turn, has implications for understanding *borders*. From the network perspective, internationalization is not associated with crossing territorial borders (which are identified with states in geopolitical terms and understood as the two-dimensional tangible “lines” between countries). Instead, it is seen as the general expansion of a firm (Johanson & Vahlne, 2003) by means of overcoming liabilities of outsidership and gaining a stronger insider position within a network (Johanson & Vahlne, 2009); thus, borders are understood as the *intangible, identity related, and socially constructed* boundaries between “us” and “the others.” In this regard, building a favorable network position requires establishing direct interpersonal relations and becoming highly embedded into sociocultural contexts and, therefore, such positioning is subject to linguistic, cultural, and institutional contexts (Al-Laham & Souitaris, 2008; Musteen et al., 2014). It follows that numerous studies emphasize the importance of possessing an actual physical presence in foreign markets, as well as the benefits of direct face-to-face networking activities that occur in physical place (see, e.g., Leppäaho & Pajunen, 2018; Musteen et al., 2014; Vanninen et al., 2022).

In turn, online “digital space” is a substantially different terrain for activities. This locality is *intangible* yet no less real than the physical surroundings of a firm; and forms of communication in digital space are as real as nondigital, traditional forms (Batsakis et al., 2022). Digital space has a recognizable and distinct border with the physical world, yet the concepts of locality and borders in a geographical or geopolitical sense do not fully apply there¹ (Goolsbee, 2000; Kobrin, 2001). Digital space is immaterial and its borders are *incorporeal*; at the same time, it is inherently international in a geographical sense because it blurs national boundaries. The increasing availability of online connections and improved communication over distance lowers the capacity of states for self-determination and undermines illusions of territorial integrity, hence making these borders *informational* in nature (Friedman, 2003; Reeves, 2014).

Under these conditions, the locus of network participation for international digital platform firms becomes increasingly layered, thereby substantially increasing the complexity of interactions. On the one hand, such firms have a minimal physical footprint in host countries (Chen et al., 2019; Sturgeon, 2021; Tippmann et al., 2022), and the vast majority of their interactions

occur in digital cyberspace, which is virtual and a-geographic (Banalieva & Dhanaraj, 2019; Monaghan et al., 2020). On the other hand, the traditional face-to-face, direct, and tangible interactions in physical place remain important for localizing the ownership of nonfungible resources and obtaining local context knowledge (Stallkamp et al., 2023; Verbeke & Hutzschenreuter, 2021). Entirely avoiding these network activities in foreign locations is unrealistic, for without them digital platform firms lack legitimacy and encounter institutional barriers; thus, these firms may still experience the liabilities of foreignness (Brouthers et al., 2016; Garud et al., 2022).

2.2 | Long-term interpersonal relations versus network scalability and disembodied interactions

The traditional network approach to internationalization implies the establishment of durable relations, which firms prefer to keep *stable* by binding these into tight circles (Holm et al., 1996). In order to achieve compatibility between partners' goals, actors need to invest significant time into maintaining those relations, with *long-term* commitments becoming vital for continuity. This approach clearly emphasizes the *interpersonal* nature of establishing network relations. Numerous scholars argue that developing foreign commitments requires a physical presence in host countries (Malhotra & Hinings, 2010), as well as the establishment of informal communication channels (Fernhaber & Li, 2013). Notably, *trust* is recognized as a crucial relationship *governance mechanism* that reduces transaction costs, decreases uncertainty, and enables learning about foreign markets (Bianchi & Saleh, 2020)—overall, actual human interaction is crucial for effective networking.

While digital platform firms also seek enduring relationships by building a stable base of platform users and *retaining* them in digital ecosystems, they rely on a more expanded set of relations where participants have the freedom to log on or off at any moment and may have short-term opportunistic incentives to come or go (Wentrup et al., 2018). Users can join a platform community “at the click of a button” and, likewise, they can leave it almost instantaneously. While in traditional network relationships the nature of exchange in a dyad is marginally affected by the overall size of the focal firm's network, in digital ecosystems the size of the network of platform users, and the concurrent network effects and *scalability*, critically influence the value created for each participant (Banalieva & Dhanaraj, 2019; Birkinshaw, 2022; Jacobides et al., 2018; Stallkamp et al., 2022). Also, in the connections established via digital platforms, the actual personal, human component tends to vanish. Having lost some degree of corporeality, individuals communicate through virtual identities, such as profiles and avatars, which may not have much congruity with the actual person in offline reality (Jordan, 2009). While localized asset ownership and knowledge of local context remain relevant for the network governance mechanisms of international digital platforms and, hence, require a degree of local presence in a host country (Verbeke & Hutzschenreuter, 2021), this governance is further aided by *technological control*. Such a decrease in real human interactions can result in disembodied IB relations and digital mistrust, which, in turn, engenders lower commitment levels (Wentrup et al., 2020). Importantly, this *disembodiment* does not imply that online spaces and communities become neutral platforms for doing business, as they still cannot exist without some form of social order (Kobrin, 2001). Beyond this, social inequalities, such as those related to gender roles, race, access to resources, and so forth, may also be reproduced online (Dy et al., 2017).



2.3 | Dyads versus ecosystems and communities

A further implication relates to the difference in the level of network interactions (and, concomitantly, the unit of analysis). Due to its roots in the International Marketing and Purchasing (IMP) research tradition, the traditional network approach to internationalization predominantly analyzes network relations at the level of *dyads*, where the degree of foreign market penetration depends on the strength of these relations and a firm's position within a network (Forsgren, 1989; Johanson & Mattsson, 1988). Yet, due to network externalities, networks of platform firms in digital space emerge as wider *ecosystems* or user *communities* (Brouthers et al., 2016; Li et al., 2019; Thomas et al., 2014). Here, relationships are “at the level of the roles or groups of actors as opposed to the dyad, which is a fundamental shift from the usual mode of analysis” (Jacobides et al., 2018, p. 2265). These roles can be represented by supply-side providers or complementors, demand-side users, and the digital platform firms themselves that orchestrate the ecosystem (Jacobides, 2022). The greatly extended relations to which digital platform firms are exposed allow for greater scalability to global markets (Stallkamp et al., 2022; Stallkamp & Schotter, 2021; Tippmann et al., 2022).

However, the diffuse nature of these relations generates certain hurdles for digital platform firms. One such obstacle relates to the liability of user–network outsidership, understood as “the lack of direct ties to potential platform users in the target foreign market” (Brouthers et al., 2016, p. 515), which results from a platform firm's inability to transfer its network of acquired users to the new foreign market that it seeks to enter. A further challenge derives from a firm's weak interactions with the users of its platforms and is related to the firm's limited control over supply and demand activities occurring on the platform (Chen et al., 2019). In addition, rapid user growth and the scalability of platform ecosystems in digital space vary greatly; for instance, users in different parts of the world may value digital products differently (Stallkamp et al., 2022). This can further be influenced by institutional forces: access to these products can be legally restricted (e.g., downloading a certain app may be forbidden in some countries) or the availability of computer-based information systems, internet connectivity, and sufficiently sophisticated devices may be inadequate (Brouthers et al., 2016). Overall, forming user ecosystems and communities in digital space is also subject to traditional nondigital factors that intervene in physical place (Li et al., 2019; Stallkamp et al., 2023).

2.4 | Mobilizing resources and building commitments versus connecting users and channeling their interactions

The traditional network approach to internationalization largely builds on a resource-based view (Lavie, 2006). Thus, the main goal of establishing network relations in conventional dyadic business relations is *generating tangible and intangible resources*, including *building resource commitments* that are otherwise unavailable. These can consist of financial resources, new capabilities, and knowledge of foreign market and institutional structures (Keupp & Gassmann, 2009; Wright & Dana, 2003; Yeung, 2002). Therefore, regardless of a firm's size or age, its resources for internationalization depend more on inter-firm interactions than intra-firm characteristics (Coviello & Cox, 2006; Johanson & Vahlne, 2009; Oviatt & McDougall, 1994).

The nature of platform firms' networking in digital space is different, as it predominantly relates to attracting new platform users and *connecting* the supply and demand sides of the platform. Their core activity is to *channel*, organize, and manage interactive multilateral

communications and transactions between users (Brouthers et al., 2016; Marano et al., 2020; Stallkamp & Schotter, 2021); therefore, the internationalization of digital platform firms critically hinges on users' collective interactions. In terms of the resource-based view, the user network serves as an intangible asset, which is initiated as a gravitational field that contains these users (Chen et al., 2019). However, this intangible digital asset can be hard to transfer across borders due to various institutional constraints, such as ineffective or mismatching internet regulations, digital insecurity, a country's international influence, and so forth. (Garud et al., 2022; Verbeke & Hutzschenreuter, 2021). Also, a liability of user network outsidership (in digital space) can be caused by a liability of outsidership brought about by institutional barriers to building relationship commitments in physical place (Brouthers et al., 2016).

3 | METHODOLOGY

3.1 | A multiple-case study

This study has adopted a multiple-case study research design to explore how network relations of international digital platform firms in physical place and digital space coexist. This design suits our theory-building purposes, as we do not aim to test specific hypotheses but, instead, intend to capture dynamic network mechanisms within specific contexts (Cassell & Symon, 1994; Stake, 1995). Our case study followed an exploratory and process-based strategy, which is relatively seldom used in IB (Piekkari et al., 2009). In addition, the flexible nature of the case study research design allows for iterative theoretical and empirical choices (Denzin & Lincoln, 2011), which is appropriate for the comparatively nascent understanding in the literature of how the digitalization of firms' activities informs IB (Edmondson & McManus, 2007).

3.2 | Case selection

We selected case firms by following the purposeful sampling approach (Gartner & Birley, 2002); to be consistent with the specific purpose of our study and to ensure the presence in the research setting of the phenomenon of our interest—that is, the coexistence of international networking activities in both physical place and digital space—these firms had to meet a set of criteria. First, firms needed to conduct international operations in at least one foreign market besides the domestic market (Finland). Second, to ensure the homogeneity of our sample and further comparability of the data, we selected firms with similar business models. Specifically, all firms in the sample were required to provide business-to-customer digital platform marketplaces and operate on the basis of smartphone applications; this also implies the adoption of the same entry mode to foreign markets, which is a managed ecosystem² (Brouthers et al., 2022). Given our inductive approach to theory development, we did not want to limit our scope to a single type of digital marketplace; hence, we followed a maximum variation logic in our case selection (cf., Bohnsack et al., 2021; Ciulli et al., 2020). Specifically, we aimed to select platforms whose user networks exhibited varying degrees of location-boundedness,³ therefore choosing to include location-bound, nonlocation-bound, and hybrid digital platform marketplaces (cf., Stallkamp & Schotter, 2021). On the basis of these criteria, we searched for suitable companies via the Internet, initially inviting 10 firms to participate in our research. In the end, six firms agreed to take part in the study (see Table 2 for an overview of the sample).

TABLE 2 Background information about the sample (names of the firms are anonymized).

Company	Year of inception	Core business	Location-boundedness	First international market entry, international markets, and number of employees at the time of data collection
A	2011	B2C platform that connects individual consumers and merchants, and allows consumers to collect cash points from different purchases	Hybrid	2012, Russia, Sweden, Turkey, Singapore, India, Malaysia, Poland, Estonia, Latvia, Lithuania, United States, Hungary, Romania, Czech Republic, and the Netherlands, 302 employees
B	2013	B2C digital marketplace bringing together individual consumers and sustainable product brands	Nonlocation-bound	2013, United States, Sweden, United Kingdom, and Germany, 102 employees
C	2013	Online B2C booking service platform bringing together venue providers and people/organizations in need of event spaces	Location-bound	2015, Sweden, Denmark, Poland, Estonia, Germany, Spain, Italy, and United Kingdom, 368 employees
D	2014	Food delivery B2C service that operates as an online platform bringing together restaurants, delivery couriers, and food consumers	Location-bound	2016, Sweden, Estonia, Denmark, Latvia, Lithuania, Croatia, Czech Republic, Norway, Hungary, Georgia, Israel, Poland, Serbia, Greece, Azerbaijan, Slovakia, Slovenia, Kazakhstan, Cyprus, Malta, Japan, and Germany, 452 employees
E	2015	Online B2C marketplace platform that brings together sellers and buyers of second-hand clothing and accessories	Nonlocation-bound	2018, Denmark and Germany, 154 employees
F	2015	End-to-end online platform that enables scalable reselling of refurbished mobile phones	Hybrid	2017, Belgium, Denmark, Estonia, Hungary, Latvia, Malta, Austria, Slovakia, Sweden, Croatia, Germany, France, Ireland, Lithuania, the Netherlands, Poland, Slovenia, Czech Republic, Spain, Greece, Italy, Luxembourg, Norway, and Portugal, 420 employees

3.3 | Data collection

We collected the data by incorporating several techniques (see Table 3). *First*, in order to grasp the dynamics of digital platform firms' network development, we conducted two rounds of interviews with the key decision-makers of the sampled firms. The first round was arranged for December 2019–May 2020, and the second round about a year later, from December 2020–June 2021. We employed a semistructured interview technique to provide our informants with the flexibility to express their subjective opinions on their networking experiences (Gummesson, 2000; Stake, 1995). The interview guides used in this study (see Appendixes 0 and 0) comprised open-ended questions, as they allow interviewees to express themselves in their own terms (Patton, 2015). This method also provides the opportunity for further topics to emerge during the conversations (Patton, 2015). We arranged both face-to-face interviews and online meetings; the format depended on the preferences of our informants and safety restrictions during the Covid pandemic. In total, we conducted 27 interviews; each interview lasted 25–78 min and was recorded, and subsequently transcribed verbatim. Prior to each interview, we asked informants' permission to record the conversation. As recommended for qualitative research (cf., Gummesson, 2000), we documented the details of the data collection process (e.g., interview setting, general atmosphere of the conversation, postinterview discussions) in a research diary, which allowed us to adhere to our procedures and achieve methodological rigor. Also, we sent the transcripts of the interviews to the informants so as to ensure their accuracy. In cases where additional follow-up questions were necessary after the actual interviews, these were asked via email or sent as text or voice-recorded messages via instant chat applications, such as WhatsApp or WeChat.

Second, in the period between the first and second interview rounds, we also employed a diary technique. This allowed us to apprehend real-time dynamics of network relations of the firms in the sample. A diary can be understood as an annotated chronological journal where informants reflect on their own actions, experiences, and behavior related to a certain topic (Nezlek, 2012; Zimmerman & Wieder, 1977). We find this method particularly suitable for the purposes of this research due to its advantages over more traditional techniques: specifically, this method overcomes the problems of conducting direct observation when it is not physically possible, allowing us to obtain an in situ record of the processes in question. Also, this method provides additional insights into the phenomenon being studied because it reveals natural and spontaneous contextual details, as well as mundane and seemingly unimportant aspects (Wheeler & Reis, 1991). Moreover, it increases research reliability by reducing retrospection bias; naturally, the time elapsed between an event and its record remains relatively short (Bolger et al., 2003).

The diary was administered in digital format by using the Webropol tool; a link to the diary was sent to the same individuals whom we interviewed. The participants were asked to describe their current international activities, key decisions on foreign markets, and respective networking activities in a free-form format (see Appendix 0). In total, 12 out of 17 interviewed informants made diary entries every 2–3 months; to ensure entry regularity, we sent a reminder to our informants when it was time to make a new entry. Each diary consisted of 3–5 entries, and we received 39 entries in total. On average, each entry was about half a page in length; together, the diaries produced 61 pages of written text (Times New Roman, 12-point, line spacing 1.15). These data supplemented the interviews and served as material with which to prepare for the second interview round.



TABLE 3 Data sources.

	Interviews (primary)	Electronic diary entries (primary)	Company blogs and vlogs (secondary)	Company stories from their web pages (secondary)
Data item	27	39	35	6
Pages of transcribed text	262	61	198	12
Description of the data and type of information obtained	Informants shared their opinions and stories on how their company changed its BM in order to remain resilient and develop international market opportunities under adverse conditions; retrospective interviews	Informants wrote their own thoughts and current reflections on the firm's activities and main decisions; real-time journaling-type data	Company representatives shared the stories of their firm as part of a business or educational event; they gave their speeches in light of the event themes and/or according to the questions asked by moderators; users shared their experiences of using the studied firms' digital platforms; real-time data	Companies presented the stories of their development, describing events, key decision-makers, and milestones (e.g., how a firm was founded, by whom it was founded, markets entered by year); retrospective data
Advantages	Primary in-depth insider information from decision-makers; two rounds of interviews allowed researchers to grasp the dynamics of change	Primary real-time data; understanding the phenomenon in question across time	Insider information from decision-makers, against which the primary data can be verified and amended	Official information against which the primary data can be verified and amended
Limitations	Retrospection; the accuracy of information obtained may be affected by post hoc rationalization	Time-consuming method for informants; requires continuous reminders to fill in the diaries	Information provided may not fully correspond with the research aim of the study; analysis of social media information excluded	Information is condensed into a short story that does not open up key decisions about the studied period and reasons for making them

Third, in addition to the primary data, we included secondary data sources, such as websites of the studied firms that included published stories and news updates; we also looked at news, blogs, and podcasts about the interviewees, their firms, products, major clients, and so on. As with the interview transcripts and diary entries, we transformed these secondary data into textual format for further analysis. We used these secondary data to prepare for interviews and verify the information gathered from the informants during the interviews (Cassell & Symon, 1994). For instance, many first-round interviews contained stories about how the informants had established their venture and subsequently internationalized; wherever possible, we corroborated this information with information available online. Overall, the combination of interviews, diaries, and secondary data served as the data-source triangulation (Denzin, 2012), thereby strengthening the validity and reliability of our research (see Table 4).

3.4 | Data analysis

As is common in qualitative research, informal data analysis began already during the interviews. For example, we posed questions for the sake of clarification, or asked an informant to elaborate on specific topics; we also connected particular events with the international network activities of the firms at hand. Following data collection, our further analysis included inductive theory-building procedures and identifying provisional informant-centric themes. Consistent with our aim, these emerging themes were related to the coexistence of network relations of the studied firms in physical place and digital space. We followed Corley and Gioia (2011) and Gioia et al. (2013) by starting out by performing “initial data coding, maintaining the integrity of first-order (informant-centric) terms” (Gioia et al., 2013, p. 26). Our data in textual format were analyzed by employing an open-coding technique (Glaser, 2016), meaning that prior theoretical knowledge did not guide the way in which we defined, labeled, and categorized our codes; rather, we let the data “speak” and retained the specific words and phrases used by our informants. Next, we moved towards categorizing first-order concepts and clustering them into more general second-order themes, which were then distilled into overarching aggregate theoretical dimensions (see our data structure in Figure 1). This was an iterative process, where we repeatedly moved back and forth between the data and the themes. In addition, collecting our data over an extended period of time allowed us to capture the dynamism and interactivity between firms’ networking in physical place and digital space; here, delta in time was important in order to grasp the cause-effect interconnectedness and mutual influences between networking activities. Notably, all authors of this contribution were involved in data analysis so as to avoid ambiguity in interpretations.

4 | FINDINGS

The data analysis revealed a set of mechanisms deployed by international digital platform firms that depict how their network relations in physical place and digital space coexist; these mechanisms also determine bordering between these two localities of networking. In the following section we illustrate these mechanisms through representative quotes; more evidence and additional quotes are provided in Table 5.



TABLE 4 Overview of primary data collection.

Company	First round of interviews (interviewee, date, duration)	Second round of interviews (interviewee, date, duration)	Electronic diary entries
A	CEO, 20.12.2019; 80 min CTO, 21.12.2019; 35 min Co-founder, 20.1.2020; 32 min	CEO, 17.12.2020; 73 min Co-founder, 18.12.2020; 42 min	CEO: 27.2.2020; 20.4.2020; 15.8.2020; 30.10.2020 Co-founder: 30.2.2020; 4.5.2020; 15.9.2020
B	CEO/Co-founder, 22.12.2019; 70 min Co-founder, 29.1.2020; 25 min	CEO/Co-founder, 26.3.2021; 63 min Co-founder, 30.3.2021; 37 min	CEO/Co-founder: 29.1.2020; 3.3.2020; 12.6.2020; 10.10.2020; 30.1.2021 Co-founder: 15.2.2020; 12.6.2020; 10.10.2021
C	Co-founder 1, 21.1.2020; 51 min Co-founder 2, 15.1.2020; 75 min Co-founder 3, 20.1.2020; 65 min CEO/Co-founder, 30.1.2020; 67 min	CEO/Co-founder, 9.12.2020; 71 min Head of Expansion, 7.1.2021; 69 min	CEO/Co-founder: 15.3.2020; 20.6.2020; 10.12.2020 Head of Expansion: 16.3.2020; 21.6.2020; 10.11.2020
D	CEO, 27.2.2020; 60 min. Director of New Markets, 14.3.2020; 53 min Head of Expansion, 20.3.2020; 78 min	Head of Expansion, 18.12.2020; 45 min Director of New Markets, 3.2.2021; 65 min	Head of Expansion: 20.5.2020; 22.8.2020; 2.10.2020; 2.2.2021 Director of New Markets: 31.5.2020; 17.8.2020; 11.10.2020; 27.1.2021
E	CEO/Co-founder, 23.2.2020; 64 min	CEO/Co-founder, 27.1.2021; 76 min	CEO/Co-founder: 10.5.2020; 31.8.2020; 3.11.2020
F	CEO/Co-founder, 20.5.2020; 45 min CEO/Co-founder, 26.5.2020; 57 min Co-founder, 26.5.2020; 55 min	CEO/Co-founder, 3.6.2021; 58 min Co-founder, 4.6.2021; 55 min	CEO/Co-founder: 13.8.2020; 14.11.2020; 4.2.2021; 16.4.2021 Co-founder: 13.8.2020; 23.10.2020; 1.2.2021

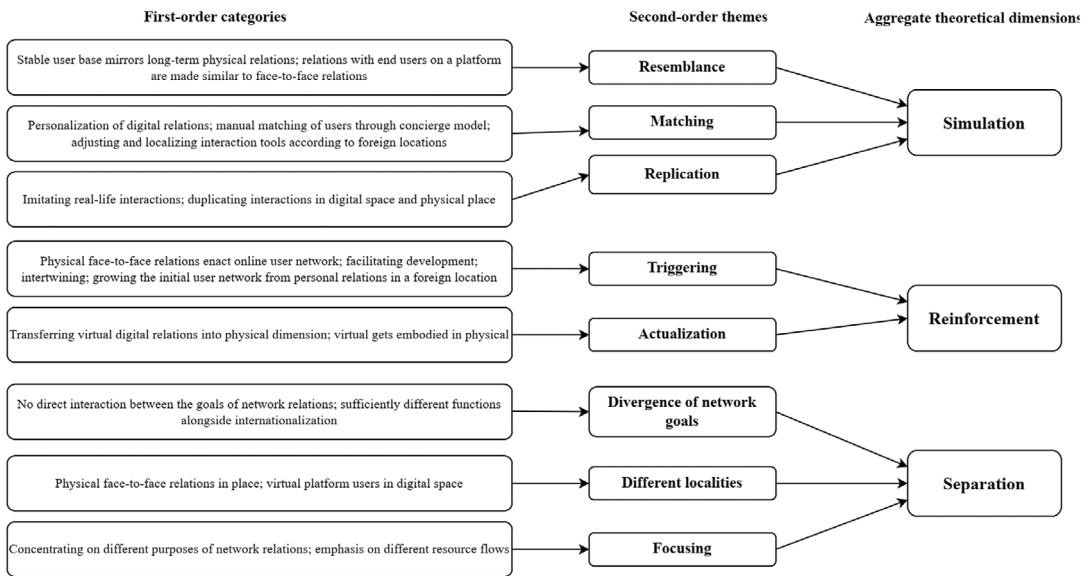


FIGURE 1 Data structure.

4.1 | Simulation

Our data indicate that the long-term orientation and stability of connections between individual partners in physical place were essential for firms' foreign market penetration. These relations enabled the firms to enter new markets and consolidate their position there. Notably, despite the high reliance on digital operations and the relative ease of transferring the technical component of the business to a new country, our informants emphasized the significance of a long-term physical presence in foreign locations. This presence was critical for establishing workable and trustworthy relations with, for example, local businesses, authorities, and investors:

Company A, CEO, 1st round: “Our first foreign market was Russia. It worked nicely because I worked there before and had some long-term connections there. I could trust them ... that they would take care of our operations. Without this trust it would be impossible.”

Company E, CEO, 1st round: “We used local advisors and multiple referents to make sure all the aspects of our business were localized correctly and complied with local standards. We usually network with big local tax and auditing companies to make the business interactions with our headquarters [so as] to get financial set-up. We build strong relationships with them.”

Company D, Director of New Markets, 1st round: “We don't launch [in] a country without going there and seeing it ourselves. During a trip, we typically talk to everyone. We call it the holy triangle: the customer, the restaurant, the courier. We get as much data points [as possible] from every part of that triangle. We interview restaurant owners, we talk to customers by going to co-working spaces, going to start-up events.... We have to mingle and build a network in different countries,

TABLE 5 Additional evidence from data analysis.

Aggregate dimensions and themes	Representative quotations
Simulation Resemblance Matching Replication	<p>Company A, CTO, 1st round: “You are better equipped to do different kind [s] of partnerships when you are involved in the local scene and with the local staff; when you do not have the local contacts you cannot build the same kind of relationships that you could if you would be there. So, there is a benefit to be there.”</p> <p>Company A, CEO, 1st round: “The first part of the business is to get the users in, then the second part of the business is to communicate with the users in their way, to resemble real interaction as much as possible. In that case, we have left a lot of freedom for the country managers in the tone of communication and how strong it is, how friendly it is and so it can be varied a lot.”</p> <p>Company C, Head of Expansion, Diary entry 2.2.2021: “We just took a strong foothold in Denmark. We did enough [of a] bigger launch so that we have a foothold there. Now we have Swedish, Polish and a Spanish team proactively working for these markets; so, the growth does not happen automatically, the real team needs to be there to match the networks off-line and on-line.”</p> <p>Company B, Co-founder, 1st round: “We do a lot to personalize our communication on the platform; basically, we try to make it so that it replicates the real communication.”</p>
Reinforcement Triggering Actualization	<p>Company A, CEO, 1st round: “If we have a deal with [online accommodation booking site], we are able to use the same deal in a new country, but then we need some local merchants too. So, local relations help virtual ones.”</p> <p>Company B, CEO, 1st round: “X, our first partner, was doing a lot of sales, and because of X’s awareness people came to our company. Basically, the first years we were more like X’s web shop.”</p> <p>Company D, Director of New Markets, 1st round: “When we launch a new market, to get the first platform users from the supply side, for example, we really needed to go and meet them personally. We had to tell them what our business was and explain them the benefits. Then, they join as service providers, and then other[s] start joining.”</p> <p>Company E, CEO, 2nd round: “I have many examples when totally impersonal contacts online became the actual business relations in reality. Nowadays, there are many industry events arranged as online seminars, after which one can meet partners face-to-face and develop international business together.”</p>
Separation Divergence of network goals Different localities Focusing	<p>Company D, Head of Expansions, 2nd round: “I remember, there was one restaurant in Kazakhstan, [its] owner joined our platform as the supply side, but then we met face-to-face for a training.”</p> <p>Company E, CEO, 2nd round: “In terms of their functions, network relations with our partners (I mean, direct connections with those whom I meet in real life) and networks of users on our platform do not coincide. They just have [a] different purpose. I do not mean that my partner cannot be a user of our app, but in term of functionality, they are different.”</p> <p>Company F, Co-founder, 1st round: “It is a bit hard to explain ... but relations in place and online place are like different layers. They are different</p>

(Continues)

TABLE 5 (Continued)

Aggregate dimensions and themes	Representative quotations
	dimensions that might overlap. But they exist in different planes. For example, we have our hardware part, the refurbishment centers, these are real people doing manual work. But users are online. Both are important.”
	Company D, Director of New Markets, 2nd round: “Digital and physical overlap, but they are still separated ... like parallel realities.”
	Company D, Director of New Markets, 2nd round: “To use network relations from these two realities [digital and physical] in the most efficient way, one needs to work with them differently and focus on each.”
	Company C, CEO and Co-founder, Diary entry 20.6.2020: “We are now focusing mainly on networking with venue providers in Spain and Poland. We meet them and try to get them onboard.”

and really just talk a lot. Then we order a lot of food from different competitors, from different food delivery players, interview their couriers, and do a lot of benchmarking just to understand ultimately if there is demand for our service.”

In terms of digital space, firms invested substantial effort into consolidating and retaining their network of supply- and demand-side platform users. Creating this long-term stable user network in foreign countries served the firms as the basis for providing value for all participants, as well as for scaling their operations abroad. The firms retained their user base by making disembodied relations with online users in digital space resemble real-life, face-to-face relations in physical place. A range of strategies were adopted to *simulate* relations in physical place, thereby blurring the border between the digital and physical domains and soldering these networking localities. For example, Company C adopted the “conciERGE” platform model: by manually matching two trusted parties and imitating real-life interactions, the company added a layer of trust to digital–user relationships. Companies B, D, and E simulated physical place by facilitating users’ communication through support chats and calls. Respecting the legal and cultural contexts of host countries, the platform firms personalized and localized user interactions on the platform by deploying various adjustments in terms of, for example, language, service options, and payment methods, as illustrated in the following quotes:

Company D, Head of Expansion, 2nd round: “The supply side, the restaurants, needs to stay stable. And we need to keep the demand stable by having restaurants. Because if there are no restaurants, there are no customers; and if there are no customers, there are no couriers.”

Company F, CEO, 2nd round: “We try to keep long-term-oriented relations with our online users in each country. Of course, we don’t know everyone personally, they are online, and it is impossible. But we try to simulate real communication and personalize our interactions through different messages; we want them to stay with us [and] that they buy their next phones through us.”



Company C, Head of Global Operations, 2nd round: “What our venue providers need to know is that there's a physical person behind the platform anytime they need it. It adds trust; ... every time we open a new market, we need local customizations to the platform, we can't just duplicate it to all countries. It is about language, receipts, search options....”

Company D, Head of Expansion, 2nd round: “If someone told me four years ago that we would do cash, I would jump off the roof probably because we would just cannibalize our own business efficiency. But in the end, it has actually been pretty good in the markets where cash usage is huge. So, we changed to accepting cash, which is very manual.”

4.2 | Reinforcement through triggering and actualization

At the level of interactions, we identified the *reinforcement* mechanism between network relations in physical place and digital space. Our findings show that for internationalizing digital platform firms, dyadic personal relations of firm representatives with, for example, their family members, friends, business partners, acquaintances, and so forth, strongly facilitated the development of online user networks during the firm's expansion into foreign markets. From a practical point of view, it is precisely these individuals who became the first online platform users around whom the further digital platform ecosystem expanded. For example, in the case of Company B, connections with international designers and producers of ecological products, with whom the CEO and the co-founder had had personal relations in the past, became the first members of the digital platform as supply-side users. In a similar vein, when expanding to Russia and the Netherlands, Company A created the basis for the demand side of their platform through the personal connections with merchants that had already been established by the company's founder. These merchants already possessed a strong international user base; hence, through them the firm could obtain knowledge about the local market, build legitimacy, and reach out to these online customers. These insights show the deployment of a *triggering* mechanism from the physical place to the digital space. The quotes from Companies A, D, and E below provide further evidence of how actual personal relations established in the physical place triggered the development of ecosystem networks of platform users in digital space:

Company E, CEO, 2nd round: “Your first user will be probably your mom, your girlfriend, your brother. And then it expands, the platform grows. Opening a new market works so that first you start creating the first group of people there [in a foreign country]. And then naturally, when you have personal connections to people who work with your team in that country, you want to incentivize their friends and create a close network. Then it grows to the bigger network of online users, which of course requires investments into marketing, working with influencers.”

Company A, CEO, 1st round: “Our current connections with businesses abroad enable us to grow the user base and do more scalable marketing.... So, without these networks we wouldn't be doing that and if a local company tries to do it

without this network, they don't get as many merchants and as many deals. So, business network and user network are kind of intertwined and reinforce each other when we expand [abroad].”

Company D, Head of Expansion, 1st round: “For the soft launch in a new foreign market, we have about 100-200 direct personal relations with friends, family of the country-team employees; we give them money just to make orders, we add them into the test-user list, they can see the restaurants, but no one else can. So, they make the orders and we simulate the real environment. And when we have 100 orders and everything works, then we have a hard start, from where the actual user network starts growing.”

The role of direct relations for boosting the conversion of platform users was especially important for international marketing campaigns; the firms in the sample established direct connections with foreign influencers through face-to-face meetings, subsequently using these for building their legitimacy and reputation and expanding user-acquisition in order to grow the demand side of their platform ecosystem networks. The quotes below illustrate our findings:

Company A, CEO, 1st round: “It is a lot of manual work. First, we directly contact potential influencers, then we sign up contracts with those who fit. Then, through campaigns with them, we get new users to the digital platform.”

Company B, CEO, 1st round: “Influencers are our most important marketing tool; we contact each of them directly. Then they promote our brand and our user base grows. In Sweden, we have a lot of collaboration with influencers.”

Company C, Head of Expansion, Diary entry 22.8.2020: “We're currently negotiating the campaign with X, an influencer from Spain. She has a broad network in her SM [social media]; so, we're trying to get them as users to our ecosystem.”

Strikingly, the physical-to-digital link also functioned in the opposite direction. Indeed, the relations that were launched digitally with users joining a platform could be transferred into the physical place and actualized into direct, interpersonal relations. Thus, through the *actualizing mechanism*, the networks established on the digital platform are duplicated through physical connections, thereby bringing together the two relationship localities. Informants from Companies C and D explained this as follows:

Company C, Head of Global Operations, 2nd round: “What our venue providers online need to know is that there's a physical person behind the platform anytime they need it. So, if a venue provider signs up to the platform, we take a phone call with them and talk. So, it's not a fully automated on-boarding service. This is old-fashioned; but we believe that we need to have the physical contact there.”

Company D, Director of New Markets, Diary entry 11.10.2020: “One of the important tasks for us in summer was meeting with the owners and management



of restaurants who signed up to our platform in the newly opened locations and train them in person [on] how to operate through us. So, it works the other way round: first, the relation with them is online and then we [get to] know them face-to-face.”

The identified reinforcement mechanism also influenced the border between physical and digital networking localities. Thus, the interview excerpts above show that some relations in physical place penetrated into digital space and vice versa, which furthered the interosculation of two localities into each other.

4.3 | Separation

Our findings demonstrate that the purposes and functions of network relations in physical place and digital space differed in nature. Hence, we identified the *separation* mechanism. On the one hand, a set of relations in physical place assisted focal firms in attracting and securing resources that were hard to transfer across borders. Specifically, focusing on commitments to foreign networks helped firms generate financial capital as a tangible resource, and social capital as an intangible resource:

Company F, Co-founder, Diary entry 13.8.2020: “Our main task for the next couple of months is to secure investment capital from two international investment funds. This is the main focus of these relations. We’re now meeting them on a weekly basis; we need to show that we’re [a] reliable business and [that] we commit.”

Company A, CEO, 2nd round: “We acquired a Swedish firm last May, and decided to keep its founder in the team. He is located in Sweden to help us with the local merchants and our local partners ... and to make our relationship better in the Swedish market.... Most likely if we buy another company from [the] Netherlands in December, we will keep at least the local founder and maybe some of the people for a certain period of time. The reason is that they have better connections with the local merchants and partners, so that will improve our current relationships. This is the purpose to be emphasized.”

On the other hand, the core aim and the essence of the business idea of the studied firms was to connect platform users from both the supply and demand sides, and to channel their interactions in digital space. Also, this channeling implied balancing the different platform sides:

Company A, CEO, 1st round: “Our platform brings together very different networks: affiliate networks, media houses, merchants, marketing partners, and of course consumers who create the content on our platform.”

Company D, Head of Expansion, 2nd round: “Demand and supply sides always have to be in a perfect balance.... It’s about the right number of restaurants in the right area with the right radius. And when the frequency of orders increases, then

there's so much demand that you have to adjust the supply [so] that the customers have a great experience. But not too much supply, because if you have too much supply then couriers don't have enough orders and then they don't make enough money.... For example, in Lithuania we completely messed up with this balance, we had a delivery fee that was too low. We priced our courier fee too low, the couriers didn't feel like they got enough money. So, there was too much demand but we didn't have enough supply. And the balance was completely off.”

The above excerpts illustrate the difference between the purposes and functions—the *why* and *how*—of the network relations in physical place and digital space. Strikingly, because these localities served the pursuit of different activities, their disconnection clearly drew the border between them and provoked their division. Here, the cases of Companies A and F illustrate how firms capitalize on physical relationships in order to mobilize resources, whereas the case of Company D shows the role of the platform in connecting users and balancing the supply and demand sides. These cases also illuminate the role of entrepreneurs in facilitating face-to-face relationships, as juxtaposed to the online networking that is enabled by platform technology.

5 | DISCUSSION

Our findings unearth three mechanisms for the coexistence of network relations of international digital platform firms in physical place and digital space, namely simulation, reinforcement, and separation, whose interplay can be visualized in a model (see Figure 2). Each of the mechanisms also shapes three modes of bordering between physical place and digital space—soldering, interosculation, and division, respectively—which depend on the degree to which these two spatial dimensions converge or diverge. The *simulation mechanism* creates the

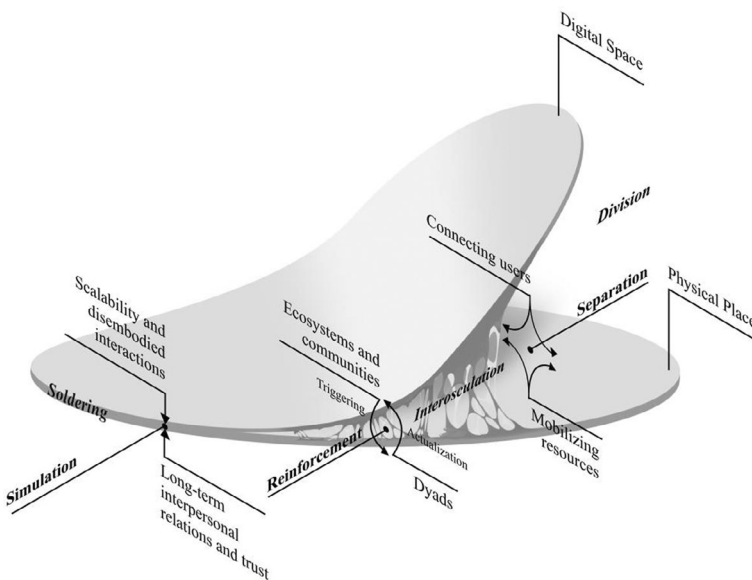


FIGURE 2 Coexistence mechanisms for the network relations of international digital platform firms in physical place and digital space.



strongest convergence, as the physical and digital dimensions are soldered together so as to render the border between them all but nonexistent. In the *reinforcement mechanism*, the convergence is weaker; here, the difference between network relations in the two spatial dimensions is clearer, and the border between them is interosculating in nature. The *separation mechanism*, finally, captures the division between these two dimensions and establishes a border that parts them. Overall, these three mechanisms and the interplay of network relations in both physical and digital localities reveal why digital platform firms have high internationalization potential and network effects yet cannot internationalize “at the click of a button” (Stallkamp et al., 2023). Here, the convergence between the two localities facilitates such firms’ scalability and global reach, and divergence between networking in physical place and digital space is the reason for needing a traditional local presence (Garud et al., 2022; Stallkamp et al., 2023).

Our model shows that, despite conducting their core activities and generating value at the digital level (Langley & Leyshon, 2017), platform firms must have a presence in a physical place (e.g., in certain geographical locations within a foreign market), and why “offline” interactions with local actors are equally important for their internationalization (Garud et al., 2022; Stallkamp et al., 2023; Verbeke & Hutzschenreuter, 2021). While prior research has demonstrated such firms’ internationalization from the perspective of entry modes (Brouthers et al., 2022), foreign direct investments (Stallkamp et al., 2023), or firm-specific advantages (Verbeke & Hutzschenreuter, 2021), our study adopts a network approach. Our focus on the dynamics of networks, their interactivity, and their multilayered nature allows us to enhance our understanding by depicting three nuanced mechanisms for the coexistence of networking in physical place and digital space. In this way, we not only show that networking activities in both localities are present and necessary (due to institutional differences, issues of legitimacy and reputation, and the inability to transfer some types of resources) but we also elucidate precisely how digital platform firms combine these activities. In other words, we become able to unearth the dynamics of the balance between the physical and the digital, as well as the interactivity of such coexistence (Stallkamp et al., 2023).

In keeping with the Uppsala model (Johanson & Vahlne, 1977; Johanson & Vahlne, 2009), a physical presence is needed to form long-lasting, trustworthy relationships and to react rapidly to possible obstacles when entering into a new market. In this regard, we did not identify any differences between firms with location-bound, nonlocation-bound, or hybrid platforms. Despite the reliance on digital solutions that fostered high scalability (cf., Ojala et al., 2018; Stallkamp & Schotter, 2021), the firms analyzed in this study substantially adapted their communications in order to ease interactions with platform users in the foreign markets into which they entered. They acknowledged the grave importance of building a stable, long-lasting user-network base for penetrating target foreign markets, which required not only their physical presence in foreign locations but also adapting their digital communication with platform users so as to resemble and replicate real-world interactions. By taking into consideration the differences in institutional and cultural frameworks that pertain between home and host markets (Garud et al., 2022; Stallkamp et al., 2023), these firms personalized their interactions so as to make user interactions on the digital platform simulate network activities in physical places. While users remained connected through virtual profiles (Jordan, 2009), the digital platform firms ensured the trustworthiness of their communications through continuous support. This activity of maintaining trust in digital space resonates with those studies that emphasize the long-term orientation, stability, and trustworthiness of network relations in the network approach to internationalization (Holm et al., 1996; Johanson & Mattsson, 1988). Hence, the *simulation* mechanism is important for bringing together network relations in physical place

and digital space and is highly relevant for a digital platform firm's penetration of foreign markets. Thus, we derive the following proposition:

Proposition 1. *International digital platform firms (not) localizing user communications and simulating interpersonal interactions of a physical place in digital space are (not) likely to penetrate the targeted foreign market.*

Moreover, while some recent research emphasizes the importance of international platform firms establishing and maintaining network relations in host markets (Brouthers et al., 2022; Stallkamp et al., 2023; Verbeke & Hutzschenreuter, 2021), we depict the concrete influence of these connections on digital interactions. Our findings show that networks and partnerships in a physical place used for obtaining legitimacy and local-market knowledge can trigger the emergence and growth of a network in digital space; we find that dyadic relations between individuals who are both external and internal to the firm (e.g., the firm's managers and their acquaintances) in a physical place translate into larger online communities and ecosystem networks around platforms. This link also functions in the opposite direction, where online relations at the platform level can be actualized into real-life, face-to-face interactions. Hence, network connections and networking activities occurring in physical places and digital space enact and facilitate each other through the *reinforcement* mechanism. Building on the insights derived from our cases, we argue that this mechanism has a key impact on whether a digital platform firm penetrates targeted foreign markets. Hence, we propose the following:

Proposition 2a. *For international digital platform firms, interpersonal business relations in physical places are likely to trigger the development of a user network in digital space.*

Proposition 2b. *For international digital platform firms, user network interactions in digital space are likely to be actualized in interpersonal business relations in physical places.*

Proposition 2c. *Digital platform firms whose network relations in a physical place and digital space (do not) reinforce each other are (not) likely to penetrate targeted foreign markets.*

Furthermore, in line with the latest research on the internationalization of digital firms (Brouthers et al., 2016, 2022; Stallkamp et al., 2023; Verbeke & Hutzschenreuter, 2021) as well as more established thinking in the IB literature, the case firms in our study mobilized a variety of tangible and intangible resources by forming relations in physical place and establishing resource commitments in foreign markets (Coviello & Cox, 2006; Johanson & Vahlne, 2009). At the same time, in digital space, their predominant network aim was to connect users and achieve network effects by channeling their interactions—again, an observation that is consistent with existing research (Brouthers et al., 2016; Ojala et al., 2018; Stallkamp & Schotter, 2021). However, we go beyond this literature and not only describe these networking activities in two different localities but also emphasize the importance of their *separation*. Since these network aims differ in terms of purposes and functions, it was essential for our case firms not to allow these networking activities intersect but, instead, to conduct them parallel to each other. The studied digital platform firms still charged users for joining their platforms, which



meant mobilizing resources. However, generating these resources was contingent upon attracting and connecting users, as well as directing their communication from the outset. Again, in terms of the variance in our sample, we did not identify differences in relation to location-bound, nonlocation-bound, or hybrid types of platforms. We suggest that the deployment of the separation mechanism influences a digital platform firm's internationalization; and this leads to our next proposition:

Proposition 3. *Digital platform firms which (do not) separate interpersonal network relations in a physical place from relationships with users in digital space, in terms of the purposes of these relations, are (not) likely to penetrate targeted international markets.*

Beyond this, by deriving the coexistence mechanisms and identifying the degree of convergence or divergence of physical place and digital space, our study provides a fresh understanding of borders and bordering in IB (Beugelsdijk & Mudambi, 2013; Saittakari et al., 2023). While the network approach to internationalization served to shift traditional, “horizontal” understandings of borders in geographical terms at the country level and enriched our understanding by adding a layer of relational and socially constructed borders (Holm et al., 1996; Johanson & Mattsson, 1988; Johanson & Vahlne, 2009), we propose even more “verticality” by incorporating the layer of digital space, that is, a further locality in which networking unfolds. This allows us to derive three modes of bordering that operate between physical place and digital space, and to explore how the tightness of this bordering varies, from the soldering or interosculation of some aspects to their complete division. This, in turn, provides a new explanation of why some aspects of network relations cannot be replaced by digital components, thus implying that international digital platforms firms still need to place “boots on the ground” (Stallkamp et al., 2023, p. 2). Hence, digital space does not render borders more a-territorial; instead, physical location and territorial borders become more pertinent once augmented by a digital dimension.

6 | CONCLUSIONS

6.1 | Theoretical contributions

The theoretical contributions of this study are two-fold. *First*, the study's core contribution lies in its network approach to internationalization (Berns et al., 2021; Hermes & Mainela, 2022). Although digital space has been recognized as an important spatial dimension in which firms' internationalization activities occur (Birkinshaw, 2022; Lu et al., 2022; Sigfusson & Chetty, 2013; Zeng, 2022), the extant literature has largely focused on direct interfirm and interpersonal relations that occur through physical contacts between international partners (e.g., Coviello, 2006; Johanson & Vahlne, 2009; Musteen et al., 2014). This vast body of work describes the high complexity of international network relations and serves as an essential basis for our article. We build on the network approach to internationalization and open up digital space as an additional layer, where international firms build and maintain network relations. By considering both physical and digital space, the networks of IB relations emerge as being far richer, more dynamic, and more complex than previously depicted in the literature. Specifically, our findings demonstrate the presence of all three mechanisms—reinforcement, separation,

and simulation—in the digital platform firms, we examined, and we did not detect significant differences tied to the degree of the platforms' location-boundedness. The derived propositions expand on existing studies (see, e.g., Brouthers et al., 2016, 2022; Coviello et al., 2017; Nambisan & Luo, 2021; Stallkamp et al., 2023) by showing not only the presence of networking activities in physical place and digital space but also the mechanisms of their coexistence and how they allow digital platform firms to enter into foreign markets.

Second, at a more general level, our study advances the conceptualization of “location” and “borders,” two foundational themes in IB. The network approach to internationalization has already proposed a shift in our understanding of these concepts by showing that internationalization decisions are often not associated with a particular foreign country or choice of entry mode (in a geographic sense), but rather that they are relationship-driven and crucially associated with the establishment of entry nodes and an insider position in a given business network (Galkina & Chetty, 2015; Johanson & Vahlne, 2009). Here, the concepts of location and borders are intangible, normative, and socially constructed, yet still reproduced around actual, interpersonal interactions in a specific place. Firms' activities in digital space add more complexity for formulating and executing internationalization strategies as they extend the notion of “borderlessness” in geographic terms (Autio et al., 2021). Borders in online space are also intangible; however, they certainly exist and can be linked to real-life individuals and groups. Hence, combining and orchestrating network relations in both physical and digital localities suggests important implications for internationalization strategies, such as reaching customers and partners (Vadana et al., 2021), handling transactions between platform users (Cha et al., 2023), and making international marketing decisions (Katsikeas et al., 2020), amongst others. Overall, our research adds to the existing body of work which acknowledges that location in IB should not be operationalized only at the country level and as geographical place (Beugelsdijk & Mudambi, 2013; Saittakari et al., 2023), and that it should not be associated merely with territorial borders understood as “lines in the sand.” We extend the concepts of location (that is, where a firm's activities occur) and borders by showing their more compound and multifaceted nature; specifically, we demonstrate three “modes” of bordering between physical place and digital space, namely soldering, interosculation, and division.

6.2 | Future research opportunities and limitations

Given the aforementioned theoretical contributions, we encourage future research to delve deeper into examining the variety of locations and borders within which, and across which, IB unfolds. What constitutes tangible and intangible borders? How do firms perceive and manage these? What does border-crossing mean in a digital context? What are the discontinuities in digital space, and how can these be overcome? What do distances and foreignness mean in digital space (Lu et al., 2022)? Addressing these questions would serve to generate more interdisciplinarity within IB.

Beyond this, we identify several directions for future research connected to the limitations of our study. Our study is based on data generated within a single home country, thereby rendering our interpretations specific to their context and, hence, difficult to generalize in terms of other settings. Scholars adhering to positivist and postpositivist views may see this as a limitation, although this could be tackled by taking our findings further and validating them through research in various national and cultural settings. Additionally, in our analysis we place the results of our study into the framework of current theory in order to extend and advance it;



therefore, we follow analytical generalization, which differs from statistical generalization drawn from quantitative, large-sample data (Lincoln & Guba, 2000). Thus, future studies could verify our findings by way of quantitative methodologies and hypotheses testing. For example, our study identified the three coexistence mechanisms inductively and did not aim to measure their intensity as such; hence, it goes without saying that we cannot make claims about the nuances of their unfolding in different contexts. Nevertheless, we speculate that the intensity of these mechanisms may vary depending on platform characteristics and/or the stage of internationalization, thus implying that all three mechanisms may be present at varying degrees of magnitude, or that not all three mechanisms are always activated. With this assumption in mind, we encourage quantitative studies to be conducted on a wider variety of digital platforms (not only B2C digital marketplaces, as has been the case here) that could serve to test our propositions.

Moreover, we encourage expanding data collection because we cannot entirely rule out the possibility that different empirical contexts or methodological approaches would yield additional, or alternative, mechanisms of the coexistence of network activities in physical place and digital space. Multicountry data would enable the adoption of an institutional perspective so as to investigate the dark sides of platform internationalization (Verbeke & Hutzschenreuter, 2021), as well as uncovering how liabilities of platformization (Galkina & Atkova, 2022) and varying institutional environments (Andrews et al., 2022) affect internationalizing digital platform firms and shape the coexistence of network relationships in physical place and digital space.

Furthermore, although our results are derived from processual data, we acknowledge a certain lack of temporality in our analysis that stems from our greater focus on the dynamism and interactivity of network mechanisms rather than on exploring their time-related differences, staged unfolding, or shifts over time. Hence, our derived model (Figure 2) should not be regarded as a process model where the three mechanisms appear sequentially as stages. It follows that future studies could adopt a longitudinal approach to explore these temporal transitions, for instance in scaling processes (Stallkamp et al., 2022), acquiring complementary nondigital resources (Stallkamp et al., 2023), building legitimacy in foreign markets (Garud et al., 2022), or examining the coexistence of physical and digital networks in terms of the stability of network relations during internationalization. In addition to this, it is important to point out that all of the selected case firms investigated here had effective and stable operations within their foreign markets over the course of our study. However, examining failure or struggling-to-survive cases could provide more comprehensive insights into the place-space balance of the network relations of international digital platform firms.

6.3 | Practical implications

Our study proffers several practical implications for internationalizing digital platform firms in regard to their network relations in both physical and digital dimensions. First, the study shows that firm internationalization is strongly coupled with networking processes in physical and digital localities that mutually reinforce each other. It follows that such companies, despite being digital in nature, are well advised to pay attention to not only digital but also actual physical networking, and that they come to see these as mutually nurturing. Discarding physical networking, especially at the stage of entering into a new market, can lead to an inability to develop ecosystems of relations effectively with users in digital space. Second, user retention

should be achieved not only through direct and indirect network effects but also strongly supported by a firm's physical presence in foreign locations. Interconnectedness between networking in digital space and physical places proves that, for digital platform companies, value is created through interactions rather than by means of purely disembodied transactions. Third, digital networking provides tools with which to close the gap between physical and digital forms of interaction, thereby countering trends of dehumanization and instilling trust amongst users. This, in turn, supports the construction of a fan rather than customer base, thereby empowering user-driven customization.

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DATA AVAILABILITY STATEMENT

The data supporting the results of this study contain personal data of the informants and, therefore, is to be protected and cannot be publicly available in any accessible repository. However, they are available from the corresponding author upon reasonable request.

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ENDNOTES

- ¹ The principle of territoriality can be reproduced in online space when geopolitical borders coincide with borders in online space through geoblocking or restricted access to digital content, usually for reasons of censorship or security.
- ² “Managed ecosystem entry modes deal with foreign entries of multisided platforms, in which platform firms leverage their firm-specific digital infrastructure while also cultivating localized operations” (Brouthers et al., 2022, p. 2096).
- ³ This is the extent to which “the network advantage that a platform firm enjoys from its existing user base in its home country is ... transferable to other countries” (Stallkamp & Schotter, 2021, p. 60). Some platforms' user networks are location-bound because users seek to interact with other users in the same geographic location. Other platforms instead have a nonlocation-bound user network because “users who join such a platform benefit from its existing global user base” (Stallkamp & Schotter, 2021, p. 64). Finally, for other, “hybrid” platforms, users on one side are bound to a specific geographic location, while those on the other side are global.

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APPENDIX A: INTERVIEW GUIDE FOR THE FIRST ROUND OF INTERVIEWS

Start the interview with a general introduction of the project.

1. Could you please give me some background on your company? How was the business idea developed? How does your platform business work? What is your role in the company?
2. What about internationalization? When did you start considering it? Was international expansion in the firm's initial business idea? What was/were the first country/countries you targeted?
3. When you decided to expand abroad (some specific cases of countries), what network did you have there, if any? Who were the core contacts? How did you find them (e.g., through a third party, personal encounter)? What was the nature of the relations?
4. How did relations develop (e.g., relations became more formal or informal)? Did you purposefully search for some additional contacts? If yes, how did it develop?
5. Did you feel that your company was outside business networks?



6. Did network relations influence the development of the user–network base around the platform? How so (e.g., obtaining users, keeping retention rates, etc.)?
7. What kind of resources relevant for internationalization did you get through the actual network relations with people, organizations? Did online virtual networks around your platform bring any resources (network effects)?
8. What are your future plans in terms of internationalization?

APPENDIX B: INTERVIEW GUIDE FOR THE SECOND ROUND OF INTERVIEWS

Start the interview by reminding the informant of what the project is about.

1. From the last interview and your diary, I know that (describe the situation/decision)... Can you explain what happened/how the situation evolved (main decisions, difficult moments, results, etc.)?
2. Do you actively network in country X, Y, Z?
3. If the company entered a new market, can you tell me how the process went (main decisions, difficult moments, results, etc.)?
4. What is the situation with attracting new users/other stakeholders to the platform?
5. What are your future plans in terms of internationalization?

APPENDIX C: QUESTIONS FOR DIARY ENTRIES.

1. Please describe the most important decisions/events during the past month(s) relating to the development of your international networks.
2. Have you identified any new foreign partners? If yes, with whom and how?
3. Have you strengthened existing relations with foreign partners? Have any relations been discontinued? If yes, with whom and how?
4. Has your user network grown/decreased in any market? If yes, what are the reasons?
5. What resources (tangible and/or intangible) have you recently gained through your business networks in foreign locations and through online networks?