SUSTAINABLE
COMPETITIVE
ADVANTAGES IN THE
INDUSTRY OF MOBILE GAMBLING

GUSTAV HÄHLE

Master of Science Thesis
Stockholm, Sweden, 2016
SUSTAINABLE COMPETITIVE ADVANTAGES IN MOBILE GAMBLING

-A study of how firms in the industry of mobile gambling can create sustainable competitive advantages by utilizing firm specific resources and capabilities.

Gustav Hähle

Master of Science Thesis INDEK 2016:156

KTH Industrial Engineering and Management

SE-100 44 STOCKHOLM
SUSTAINABLE COMPETITIVE ADVANTAGES IN MOBILE GAMBLING
-A study of how firms in the industry of mobile gambling can create sustainable competitive advantages by utilizing firm specific resources and capabilities.

Abstract

This study investigates how firms in the mobile gambling industry can develop long-term competitive advantages through utilizing firm specific resources and capabilities. The aim of this research is to connect classical theoretical knowledge with the challenges the modern industry of mobile gambling is facing. Earlier research within the subject are limited, however previously findings indicates that fast response time, logic site mapping and security are important factors when consumer are choosing supplier for mobile gambling. Data is collected through a consumer survey and interviews with three industry experts, moreover; a theoretical framework from previously conducted research are underpinning the study. The results show that firms should focus internal resources and capabilities to develop a superior technology. A superior technology can generate numerous of competitive advantages, as well as working as a leverage effect in other areas. Moreover, superior technology will also likely be sustainable over time by being governed by isolating mechanisms. Lower price is discussed as a competitive advantage in the mobile industry, however findings indicates several of long run negative effects enabled through a lower price. Future research needs to investigate how customization and dynamic offerings can optimize a firm’s profit. Future research should also investigate what kind of negative effects mobile gambling could have on the social welfare in terms of total effects.

Key words: Online gambling, mobile gambling, gaming, competitive advantage, resource-based theory of the firm.
## Table of Contents

1 Introduction .......................................................................................................................... 5
   1.1 Background ...................................................................................................................... 5
   1.2 Research question .......................................................................................................... 7
   1.3 Purpose and contribution ............................................................................................... 7
   1.4 Definitions ....................................................................................................................... 8
   1.5 Delimitations and sustainability .................................................................................... 8
   1.6 Outline of the paper: ..................................................................................................... 8

2 Theoretical framework .......................................................................................................... 10
   2.1 Previous research ........................................................................................................... 10
   2.2 Competitive advantages ............................................................................................... 11
   2.3 The resource-based theory of the firm .......................................................................... 12
   2.4 Critics towards the resource-based theory of the firm. .................................................. 14
   2.5 The online gaming and mobile gambling industry. ....................................................... 14

3 Methodology ....................................................................................................................... 17
   3.1 The case study .............................................................................................................. 18
   3.2 Operationalization ......................................................................................................... 18
   3.3 Survey and interview methodology .............................................................................. 19
   3.4 Research quality .......................................................................................................... 20
   3.5 Validity ......................................................................................................................... 20
   3.6 Reliability ..................................................................................................................... 20
   3.7 Limitations .................................................................................................................... 21

4 Empirical findings ............................................................................................................... 22
   4.1 Survey data .................................................................................................................... 22
   4.2 Interview Data .............................................................................................................. 23
      4.2.1 Question 1: What are the next trends in the online and mobile gambling? .......... 23
      4.2.2 Question 2: Which are the most important competitive advantages within the industry of mobile gambling? ........................................... 25
      4.2.3 Question 3: What is fundamental in order to make competitive advantages sustainable within the industry of mobile gambling? ................................................................. 26

5 Analysis and discussion: .................................................................................................... 28

6 Conclusion: ........................................................................................................................ 31
   6.1 Suggestions for future research: ................................................................................... 32

7 References .......................................................................................................................... 33
1 Introduction
This chapter introduces the reader to the industry of online and mobile gambling. The resource-based theory of the firm and the importance of competitive advantages in the industry of mobile gambling is also discussed. The reader will also be acquainted with the paper’s purpose and scientific contribution. Finally will definitions be stated and delimitations elaborated.

1.1 Background
The act of playing games of chance and wagering on the outcomes of competitions and event has fascinated and engaged humans for thousands of years. Even Zeus, Hades and Poseidon are said to have split the universe by sharing heaven, hell and sea with the throw of a dice. Nonetheless, the industry of gambling was for a long time characterized by a static business environment with few technology drivers. Meanwhile other industries undertook significant reformations more or less the same fundamentals governed the concept of gambling for centuries. (Schwartz, 2013) However, in the spirit of Schumpeter (1934) and creative destruction, the development of internet in the end of the last century created something renewed. Entrepreneurs all over the world and in various fields was eager to benefit from the new technology and even the conservative gambling industry undertook a significant transformation. The advantages by offering gambling solutions to end consumers through online channels were palpable; by almost deleting transportation and transaction costs meanwhile substantially improving the flow of information and the availability to consumer – the online gambling industry was created. The growth was rapid; numerous of startups were founded on daily basis and the young industry of online gambling quickly became a well renowned industry contributing significantly to the development of new technologies and innovative solutions. (Schwartz, 2013) Even though antagonists still claims that profits comes from exploitation of human addiction and unethical and sometime even illegal activities, the online gambling industry is today undoubtedly a vital part of the global economy. (Wolley, 2003) It is a complex undertaking to measure the online gambling industry due to different regulations, illegal gambling activities and continuing endogenous growth, however estimates shows that the market revenue have ten folded five times since the start of the last decade, with continuously strong growth. Noteworthy, even though the online gaming industry has undertaking an impressive growth, by year 2012 it still only contributes with 9% of the total gaming industry, measuring approximately $ 440 billion and four fold compared to the related video gaming industry (Gartner’s website, 2016). The small portion of revenue coming from online gambling compared to the whole gambling industry indicates an enormous potential for further market growth both in terms of taking market shares from traditionally physically present gambling but also through continuously driving organic growth. (H2 Gambling Capital, 2013)

Logically, the online gambling industry follows the development of the phenomena Internet closely. Hence, the paradigm shift the internet has undergone, from consisting of exclusively
traffic from stationary devices to a significantly part of traffic coming from mobile devices have heavily influenced the gambling industry. Mobile devices have allowed customers to more quickly and smoothly connect to an online site, moreover; customers are available almost everywhere and at every time. Statistics shows that 89% of Swedish inhabitants use mobile devices on a daily basis and 43% of all internet traffic is allocated from mobile devices. (Findahl, 2014) Furthermore, gaming, including gambling, is one of the most popular undertakings with a mobile device and also one of the most common types of app downloads. The trend on growing streams of traffic through mobile devices is strongly positive. (Findahl, 2014) The wide availability to customers, the severe marketing possibilities and continuous flow of live information makes the services of gambling especially suitable for mobile platforms (Price Water House Coopers 2014). Henceforth, the substantial and qualitative traffic from mobile devices are forcing suppliers and subcontractors to adjust processes and even business models in order to satisfy new challenges and demands in order to capture vital revenue stream coming from mobile traffic.

The industry of mobile gambling has rapidly evolved from a relatively novel state, were incumbent firms faced limited competition and challenges typically was characterized by product development and customer recognition and approval, to a structure of monopolistic competition. Today numerous of firms are providing similar, close to identical, services and products. Hence, as markets of monopolistic completion often are, is the industry of online and mobile gambling characterized by fierce competition with focus on price and strong marketing activities (H2 Gambling Capital, 2013). According to classical economic theory will increasing competition decrease the possibilities of profit over time, thus force firms to seek out new opportunities and sources to differentiation in order to gain revenue and minimize costs to avoid exit. (Besanko et.al 2013). Consequently, it will be fundamental for firms to develop unique factors and abilities in order to generate long-term profit to ultimately survive in the mobile gambling industry. Competitive advantages is factors which will enable a firm to create more value than the competition or create the same value to a lower cost, ultimately, create more profit than the competition. (Porter, 1985). Massive amount of research in the field of competitive advantage have been undertaken, especially with the stance in the research based theory of the firm, popularized by Barney (1991), Peterad (1993) and Wernerfelt (1984) among others. The resource-based theory of the firm synthesizes on how to create sustainable competitive advantages through firm specific resources and capabilities. Resources are assets, which can be utilized in order to generate competitive advantages, capabilities are processes and firm specific know-how which arise from utilizing the firm’s resources. (Besanko et.al 2013)

Previously research in the field of competitive advantages applied on mobile gambling is limited. However, Liou and Gao (2008) examination of the Taiwanese online gaming industry shows the importance of two sorts of resources when creating competitive advantages in online gambling; intellectual property and relationship assets, such as technology and customer service, hence, firms with advantage in technology and customer relationships perform better than other firms.
Panis et al. (2002), in their study regarding suitable business models applied on mobile devices finds that a smooth and easily manageable customer experience is fundamental in order for firms providing mobile services to succeed. The ability to operationalize business from physical and desktop channels into mobile platform is another important source for success according to Niegel and Gerpott (2009). However critics could be raised against Niegel and Gerpott (2009) since research have shown that not completely the same mechanisms govern business in mobile devices as in physical stores. (Torres et al., 2014)

1.2 Research question
The paradigm shift from stationary devices to mobile devices for internet purposes has changed the foundation and challenges but also created new opportunities for firms in the competitive industry of mobile gambling. Meanwhile have the barriers to enter decreased due to new technology rapidly becoming more accessible and less ultimately creating a dense competition. In such complex market structure and fierce rivalry is the importance of sustainable competitive advantages for a firm in order to survive and generate profit fundamental (Day & Wensley, 1988). Hence, this paper aims to investigate how firms can use firm-specific resources and capabilities in order to develop sustainable competitive advantages within the business of mobile gambling with the following research question: How can firms within the industry of mobile gambling use firm-specific resources and capabilities in order to develop sustainable competitive advantages? The research questions will be investigated by using following two questions: Which are the most important competitive advantages within mobile gambling? And What is fundamental to make competitive advantages sustainable within mobile gambling?

1.3 Purpose and contribution
There exists extensive knowledge regarding theories for managerial economics and strategy for creating competitive advantages such as Barney (1991) and Porter (1985). Moreover the resource-based theory of the firm is well popularized and examined in numerous of scientific papers such as Barney (2001). However the lack of scientific literature regarding firm-specific assets and competitive advantages in the online gambling industry and especially in the novel mobile gaming industry indicates a knowledge gap in the field. Presumably has the fast growth and development of the online market and especially the development of mobile devices created a time lag between classical theoretical knowledge and applied knowledge on how competitive advantages can be enabled in the industry of mobile gambling.

Thus, this paper aims to contribute with stretching existing theoretical knowledge regarding creating sustainable competitive advantages to the industry of mobile gambling. Thus, contributing to a foundation for future research and structure regarding industrial practice how firm-specific resources and capabilities can enhance a firm’s competitiveness and long-term growth in the industry of online and mobile gambling.
1.4 Definitions

The online gambling industry is referring to firms supplying gambling possibilities with real money in order to make profit. The online gambling industry is sometimes referred to as “the online gaming industry”, however, in order to avoid misunderstandings the definition online gambling industry will be used in this paper. Mobile gambling is according to industry practice included in the online gambling industry, thus will be further referred to as mobile gambling, the industry of mobile gambling or the segment of mobile gambling. (SNI)

A competitive advantage is a specific factor which enables a firm to create more value than its competitors, ceteris paribus. A sustainable competitive advantage is a factor which enables a firm to create more value than its competitors over time. (Besanko et.al 2013)

Resources are assets, which can be utilized in order to generate competitive advantages. The assets can be either tangible such as machinery or a distribution network but they can also be intangible such as patents or customer knowledge. (Besanko et.al 2013)

Capabilities are processes and firm specific know-how, which arise from utilizing their resources. (Besanko et.al 2013)

Long run is in this study regarded as a period longer than one year.

1.5 Delimitations and sustainability

The discussed subject in the paper is rather unexplored; there exist only limited previously work regarding the online gambling industry and mobile gambling. The lack of a previously scientific foundation within certain areas will complicate the analysis process. Moreover, a standard working method when conducting scientific research is to build hypotheses, theories and methods on previously conducted research, hence the lack of previous material may affect the result presented in this study by reducing the robustness of the results. The choice of case study as a methodology will limit the study in terms of generalization and transferability. Sustainability effects in terms of environmental and socioeconomic consequences are not discussed in detail in this paper. Gambling can have several of negative socioeconomic factors, such as addiction and other psychological effects, which can decrease the social welfare (Wynne & Shaffer, 2003). However, this paper might contribute to a more efficient economic and allocation of resources.

1.6 Outline of the paper:

This paper will start with an introduction where the papers subject will be presented, elaborated and problemized. How the paper contributes to present knowledge is also mentioned as well as it’s limitations. In chapter 2 previously research will be presented together with a market analysis of the online gambling industry and the mobile gambling segment. Moreover the resource-based theory of the will be explained and discussed. Chapter 3 will explain and motivate the chosen research methodology. Section 4 will present the empirical findings. In section 5 will the
conducted data be analyzed and discussed. Finally will the paper be concluded and suggestion for further research will be presented in section 6.
2 Theoretical framework
In this chapter previously research within the field will be presented. Thereafter is the resource-based theory of the firm with the perspective on how to create sustainable competitive advantages as well as critics towards the theory discussed. Finally will the landscape of the mobile gambling industry be.

2.1 Previous research
There exist extensive research regarding managerial economics, competitive advantages and the resource based theory of the firm. However, as aforementioned, there are limited studies regarding competitive advantages within the online gambling industry, especially with focus on the novel segment of mobile gambling.

The relationship between competitive advantages and firm performance has made researchers to examine how to create sustainable competitive advantage. Peteraf (1993) investigates which factors enables competitive advantages to be sustainable over time by using a stance in the resource-based theory of the firm. She synthesizes on the fact that a unique resource may not be the source to a sustainable competitive advantage as long as it is not immobile. Accordingly, a world-class scientist can be unique but unless he has strong firm specific ties the mobility makes him an unlikely foundation for sustainable competitive advantage. Moreover, findings suggest that a firm should strive for heterogeneity in resources. Hence, firms endowed intrinsically with a wide selection of resources have the possibility of generating more value than competitors due to barriers of replication.

Barney’s (1991) examination regarding the link between firms’ resources and the possibilities for firms to develop sustainable competitive advantages partly supports Peteraf’s research. He finds four factors regarding a firms resources to be fundamental for sustainable competitive advantages to evolve; resources needs to be valuable in terms of either enabling economically opportunities or neutralizes potential threats. The resource needs to be scarce thus hard to acquire, they need to be imperfectly imitable and no strategically equivalent substitutes may exist. Additional perspective regarding the foundations of sustainable competitive advantages exists. Rubit (2001) argues that tacit knowledge and intellectual capital, rather than access to resources and markets, have become increasingly important for competitive advantages due to its tacitness. Rubit argues that firms either can internally spread knowledge which other companies will find difficult to replicate, or firms can enable superior knowledge capabilities by stimulating ongoing innovation. The importance of tacit knowledge is also supported by Berman (2002) who finds a positive relationship between shared team experience and team performance.

Sun and Lin (2009) investigates the relatively importance of different factors as a competitive advantages for e-commerce businesses. Their research shows that factors of security and trust are essential for creating competitive advantages. Moreover, sophisticated technologies in accordance with the customers’ needs are fundamental to prevent the customer from holdup costs, which could give customer a frustrating experience and ultimately the customer to leave.
the store before checkout. Sun and Lin have support for their research from Phan (2003) who in his research regarding competitive advantages for e-commerce business synthesize the importance of correct system infrastructure as well as quick time to market factor for products and technology in order to give the consumer a smooth and agile experience. Wang and Fesenmaier (2006) examine the factors affecting the implementation of online-based marketing. Findings suggest that development of a favorable technology environment, innovative capabilities and coordination of processes to simplify the customer experience is vital when implementing new marketing strategies. Kiang et al (2000) examines which product characteristics that are determinative regarding suitability for internet business. Evidence suggests that the most efficient online strategies is related to companies either providing digital products due to delivery and transaction benefits, or physical products with high possibilities of customization due to the transaction complexity and the difficulties of product availability.

Liou and Gao (2008) empirically examine competitive advantages in the Taiwanese online gaming industry. Two types of necessarily resources in order for sustainable competitive advantage to be present are found; intellectual property and relationship assets. Intellectual properties refers to technologies, license and know-how meanwhile relationship assets refers to a firms relationship with suppliers. Niegel and Gerpott (2009) investigate success drivers in the startup scene for mobile gambling business in Germany. Their findings suggest the ability to operationalize services from desktop platforms and point of sales to the mobile platforms as fundamental for success. Furthermore, they support the importance of well-functioning and slim lined mobile experiences for the customer as a key factor for success in mobile business. Concordant with above research is Panis et.al (2002) findings regarding a smooth and easily manageable customer experience in the mobile gambling segment. A customized layout regarding offers and gambling possibilities depending on the customers’ preferences will enable a satisfactory customer environment. Synthesize is put on the payment process, which needs to be fast and timed right to avoid inconvenience and lost revenue. The influence of social networks and the possibilities of merging such networks with mobile gambling are discussed by Torres & Goggin (2014). The positive effects of such combination could be substantially for both an online gambling supplier but also for a social network service, e.g. additionally added value for customers and ultimately attracting more traffic and thus revenue. Further synergy effect discussed is data collection and data sharing. Moreover, the opportunity of implementing social possibilities for customer in-house is concluded to be an advantageous factor. (Torres & Goggin, 2014)

2.2 Competitive advantages
For a firm to be able to create more value than its competitors, thus be able to generate higher profits than industry average, a firm needs to possess competitive advantages (Besanko, et.al, 2013). Porter (2004) defines two types of competitive advantage; lower cost advantages and
differentiation. Lower costs advantages refer to factors enabling a firm to produce value more efficient, i.e. for a lesser cost. Differentiation advantages refer to the possibility for a firm to create value a competitor cannot imitate.

For a competitive advantage to be sustainable over time it is fundamental that asymmetries among firms within the industry exist. Asymmetries will create firm-specific resources and capabilities, which enable a competitive advantage to persist despite competitors and potential entrants’ efforts to replicate or neutralize it; hence underperforming firms will not be able to duplicate strategies of top performing firms. On the opposite, the theory states that if all firms have the same stocks of resources and capabilities, no strategy for competitive advantages is available to one firm that is not available to all other firms. (Besanko et.al, 2013, Barney 1997)

2.3 The resource-based theory of the firm

Occasionally ideas and theories are thought of long time before they are put together into a scientific framework. This could be the case regarding the resource-based theory of the firm. The expression was first coined in 1984 in a research article by Wernerfelt (1984), however the foundation of the theory has been elaborated in several of earlier researches. To synthesize, the resource-based theory of the firm explains how sustainable competitive advantages can be reached through management of a firm’s resources and capabilities. Resources relate to firm-specific assets such as patents, brands and human assets meanwhile capabilities relate to activities and processes a firm performs more efficient than its competitors. (Besanko et.al, 2013)

The underlying fundamental for competitive advantages to be sustainable over time is that resources and capabilities that are scarce, imperfectly mobile and govern by isolating mechanism support them. Undoubtedly, a scarce resource cannot easily be acquired by a competitor, hence a firm that possess a scarce resources can profit from the unique advantage that resource generate. Imperfectly mobile resources and capabilities cannot easily be traded on an open market or transferred from one place or environment to another. There are numerous examples of resources that are immobile and even non-tradable, such as the know-how a firm has acquired through a cumulative learning curve or its reputation as an innovative player. On the other hand, talented employees who can sell their abilities to the highest bidder are an example of the opposite, a mobile resource; however an employer can limit the mobility of human talents by long-term contract, non-compete clauses or other aspects, which connect the talent to the firm and limit the mobility. (Besanko et.al, 2013) Moreover to increase the immobility and enhance the competitive advantage a firm can develop co-specialized resources, resources that only work, or work more efficient together with another resource. E.g. the joint production generated by a well implemented and experienced production team is higher than the whole group would generate if they worked separately or together with other employees. Hence, for a competitor to copy the advantage they would need to acquire a whole team, the environment and the machinery instead of a single person (Porter 2004). Scarcity and immobility are factors facilitating long-term
competitive advantages but those two factors solely are not sufficient for creating them. (Baye, 2010)

Isolating mechanisms are factors that impede competitors from developing similar resources and capabilities and undermining a firm’s competitive advantage. Rumelt (1974) coined the term to refer to economic instruments, which govern how a competitive advantage can be undermined by other firms developing similar resources and capabilities. Hence, “Isolating mechanisms are to a firm what a barrier to entry is to an industry.” Peteraf (1993), Besanko et.al (2013) The theory divides isolating mechanism into two subgroups; Impediments to imitation and early-mover advantages. Impediments to imitation are factors that obstruct potential entrants and competitors from replicating the resources and capabilities, which generate the competitive advantage. Legal restrictions such as patents and trademarks as well as governmental regulation are strong impediments to imitation (Besanko et.al 2013). Bloom (2002) show in their study “Patents, Real options and firm performance.” that products protected by a patent have higher yield return on investment than other products in the United States. Additional sources of impediments to imitation could be superior access to inputs and customers by a unique physical location of a production or sales facility. The other subgroup, early-mover advantages, refers to isolating mechanisms connected to be either the first or an early entrant into an industry. (Besanko et.al, 2013) Early-mover effects generally increase over time such as a compounded learning curve and accumulated network effects. Montgomery (1988) shows that a firm can benefit from an early-mover advantage by creating substantial switching costs for consumers. Switching costs can be certain consumer know-how regarding a specific brand. A consumer who has developed extensive knowledge regarding Volvo cars by previously owning several of Volvo cars will also most likely buy a Volvo car next time he is looking for a new car. Customer loyalty programs are another potential source to switching costs and customer retention and long run competitive advantages. Porter (1985)

Besanko et.al. (2013), highlights the competitive advantages of network effects. A product or service holds networks effects if the value increase by the numbers of consumers who use it. For example the internet, in the beginning of internet, it only consisted of a few people sharing information but with more users more features, applications and information was added. According to Richardson (2010) network effects is especially suitable in virtual networks, such as the internet. As the numbers of consumers in a virtual network increases, the demand for complementary consumer goods increases which enhances the strength of the network. For instance, the network effects for Apple and the iPhone are substantial. Numerous of applications, connections and complementary goods are now existing due to the extensive numbers of users in the network. The presence of a broad network will also enable early mover to create barriers of entry in terms of industry standards. JVC’s launch of Video Home System (VHS) in 1976 is a good example when a company due to early mover advantage was able to set an industry standard, thus creating a sustainable competitive advantage. (Lardner 1987)
2.4 Critics towards the resource-based theory of the firm.

Even though the resource based theory of the firm can be seen as a well-founded concept of knowledge there exists criticism. Priem and Butler (2001) argue that the resource based theory of the firm is redundant and self-verifying. A theory that defines valuably resources as the foundation for competitive advantage gives circular reasoning and is operationally invalid. Further criticism towards the theory is the lack of practical implementation; for instance, it is unlikely that a resource, which holds all demanded characteristics, exists in a majority of industries. The theory also neglects external factors affecting a specific industry’s possibility to profit and only focus on intra-industry factors (Barney 2001). Moreover, the resource based theory of the firm may be contradicting with the efficient market theory. In an efficient market firms are capable of accurately pricing all resources, according to the resource-based theory, purchasable resources cannot be sources of sustained competitive advantage, since they by default can be purchased. Dierickx & Cool (1989) Moreover the absence of a definition regarding the magnitude of sustainable or long term makes it difficult to empirically test the theory. Barney, (1991) Criticism has also been stated against the robustness of the causality between competitive advantages and superior firm performance. Gautam et.al. (2004), questions the direct link between competitive advantages in firms processes and total firm performance. According to the study numerous of factors can affect a firms performance, hence an ambiguous relationship between competitive advantages and firms overall performance is argued and thus difficult to scientifically prove in what ways competitive advantages generates superior firm performance (Gautam et.al. 2004).

Nevertheless, what is important to bear in mind is that a theory is a simplification and modification of a real world phenomenon. A theory cannot include all factors present in a complex practical environment. However the resource based theory of the firm provides a respected and recognized framework regarding how a firm’s resources and capabilities can provide sustainable competitive advantages.

2.5 The online gaming and mobile gambling industry.

Logically, the online gaming industry has its origin alongside the development of internet. When faster and more stable connection progressed together with an increasing amount of users the opportunity to apply the traditional gaming structure into an online version was created. In 1994, the government of Antigua and Barbuda was the first nation to agree upon legislation that regulated licenses for companies interested in supplying online casinos (Onlinegabling webpage, retrieved 2015-02-18). The rigid and complex legislation has throughout history been a resistance for the growth of the online gaming industry, different reasons to the regulation has been argued. Matthews et.al (2009) claims that consequences for public welfare such as the threat to public health and the risks of addiction and likewise psychological diseases closely connected to gambling are severe. Meanwhile taxation and surveillance issues are discussed by Paton et.al. (2002). Moreover Franssen (2006) implies that in countries were the government holds a gambling monopoly it has resulted in significance revenue collection, thus the incitement
to have an unregulated market is less. Nevertheless, the strict regulation has also had positive effects on the industry. Ventures and entrepreneurs have been forced to act proactively, thus developing a fertile and creative business culture to overcome governmental barriers. This ultimately has facilitated both the exploitation of new markets when regulation has become more liberalized and the utilization of new innovative solutions such as mobile devices as business channels. (H2 Gambling, 2013) Moreover the strong regulation in certain geographical regions has created online gambling clusters, most prominent one is located on Malta. Cluster enables numerous of online gambling industry enterprises to benefit from favorably regulations and taxations as well as further cluster advantages such as knowledge spillovers, access to labor and technology which ultimately drives increasing return to scale (Tallman et.al. 2004).

As aforementioned, the online gaming industry and especially the mobile segment is still a relatively novel business. However it have undertaken an impressive growth since its creation in the end of last century, both through endogenous growth but also due to online gaming taking shares from traditional land based gaming (Morss 2009). The global online gambling industry had 2013 total gross revenue of 41.6 billion dollars and a compound annual growth rate of 9.5% between 2009 and 2013 (Figure 1, Pwc 2014). However, even though the online gambling industry has seen strong growth it still only contribute with 11% when measuring gambling as one whole market (Pwc, 2010). Moreover the online gambling revenue of 41.6 billion dollars is only 45% of the comparable online video gaming market. These numbers indicate there is still plentifully of opportunity for the online market to further grow (Gartner webpage, retrieved 2015-02-18).

During the recent years have there been a trend to legalize online gambling, although under a strict jurisdiction. A legalized market will capture both jobs and public revenues and stimulate the business environment. The more liberalized regulation together with possibilities to profit and relatively low barriers to entry, including accessible technology, has created a comparatively strong competition, were several of firms are both enter and exit. (Svenska Spel, 2013 & Stewart et.al, 2013). The competition is further driven by a majority of firms supplying their services cross-boarders, enabling a potential customer to choose from a vast option of mobile gaming suppliers. (H2 Gambling capital, 2013) Moreover, there are factors affecting the online and mobile gambling market structure from land based gambling enterprises. Both through land based firms seeking for incremental revenue and expanding their already existing business into online markets, thus increasing competition, but also through a strong group of land based gambling firms trying to protect their business from online and mobile suppliers by pursue governments and legislators through lobbyist and consultants. (KPMG, 2010) As aforementioned
barriers to entry are limited and could mainly be described as legal restrictions and technical solutions which could be overcome by relocation and acquisitions, respectively (Betsson AB annual report, 2013). Furthermore, the industry is characterized by intense marketing; hence, high focus on sophisticated and well-founded marketing mechanism is fundamental for a possible entrant in order to survive. (Svenska spel annual report 2013) In generally the mobile gambling industry can be categorized as a market of monopolistic competition, where numerous of firms are selling similar but not identical products.

Strong market drivers are the increasing numbers of internet users, the accumulative numbers of smartphones and tablets as well as new creative gaming solutions alongside strong marketing efforts (Griffiths, 2003 & Betsson AB annual report, 2013). As Pavlou (2003) also argues has the acceptance towards e-commerce and mobile devices as business channels heavily increased the last decade. Noteworthy is the strong growth of revenue coming from mobile devices; one of Europe’s biggest online gaming companies have increased revenue streams from mobile devices compared to total revenue streams from 1% in 2011 to 12% in 2014 (Betsson AB annual report, 2013). This trend is also significant in general e-commerce where customer behavior is shifting towards more traffic through mobile devices (Findahl, 2014). Hence, firms are allocating resources in order to capture profit from ongoing market changes, such as mobile traffic.

In general same fundamentals drive revenues for desktop devices as for mobile devices, however there exist some noteworthy differences. As consumers in general have less attention span and visiting time when using mobile device the amount of information needs to be minimized and call to action maximized, moreover response time and uptime needs to be optimized. (Findahl, 2014) These trends are also visible in the payment process where agile payment methods are fundamental; e.g. saved payment details for recurring customers or even subscription technology automatically charging a card every month. To connect gambling services with external networks such as social media to enable customer to share experiences and play together with friends as well as facilitate account setup and account management are also important with regards to mobile services. (Tradedoubler website, 2016-04-16) Furthermore, as more countries move towards a more liberalized legislation regarding online gambling and more people get access to internet through mobile devices new geographical and cultural opportunities to siege will evolve (H2 gambling Capital, 2013). Versace (2014) states that an increasing numbers of women will start visit mobile gambling sites, which also enable new business opportunities. KPMG (2010) synthesize on trends towards industry consolidation as the generally case in maturing markets. Also the business-to-business expansion forecasts to increase when established gaming sites license their software and services for incremental revenue streams.
3 Methodology

This chapter describes how the study was conducted through a breakdown of the methodology phases and which methods was used. Furthermore, an explanation regarding how the interviews was conducted and how the selection of interviewees was undertaken is presented.

A research methodology outlines the way in which a research project is to be undertaken. It also presents the methods to be used to explain and answer the purpose and the stated research question. As aforementioned, the aim of this thesis is to investigate how to create competitive advantages in the industry of mobile gambling. The research will be conducted as a case study of the mobile gambling industry with the perspective of investigating how to create sustainable competitive advantages. The case study will have the whole industry of mobile gambling in scope and will not focus on a single firm. The study will take it stance from a deductive perspective; hence previously research and logic reasoning will underpin the scientific analysis and conclusion. (Robson, 2002)

There exists no exact definition of what a case study is, in general a case study enables an up-close and detailed examination of a subject of study. Moreover, a case study will give the author the possibility of a more in depth collection of information by giving the opportunity to focus towards the exact research question through scientific experiments. (Yin, 2011) A case study approach is suitable when the study has an up-to-date research question and when it allows for a simplification of data collection (Creswell, 2009). Furthermore, as the research field of competitive advantages within the mobile gambling segment is a relatively novel topic and only limited previously research exists a case study will enable a foundation for adapting new ideas and creating a framework which can be tested in future research.

The case study will have an explanatory perspective. An explanatory case study is generally used when the evaluated case has no clear outcome. An explanatory case study investigates specific phenomena when there is lack of preliminary research and problematic research environments limits methodology possibilities. Hence it is suitable as a preliminary step for investigating a relatively new field of study when detailed research questions have not been clearly identified and formulated and the data required for a hypothetical formulation have not yet been obtained. Since an exploratory case study is generally applied in a research context, which is not clearly specified, and absence of data complicates formulation of valid hypotheses, their broad perception provides the study with a high degree of flexibility and individuality. (Lune et.al, 2004, Yin, 2011)

The data from the quantitative and the qualitative research will be analyzed and discussed together. Since there is not exact stated hypothesis to falsify nor a statistical significance to test a separate analysis would not bring additional value to the context. On the opposite, since the data
is connected and aims to underpin the purpose of connecting classical scientific knowledge with the novel industry of mobile gambling an assembled discussion would be more logic and comprehensive.

3.1 The case study
The case study will start with a literature research, where previously research within the resources based theory of the firm, competitive advantages, and online, including mobile gambling, will be investigated and elaborated. This will give an informative and a well-founded overview of current knowledge which will facilitate the analysis process and enhance the level of causality when concluding the paper. Furthermore, a mixed methodology of qualitative and quantitative data collection will be used. A quantitative approach will be used in surveys with potential mobile gambling consumers where they will on an ordinal scale rate importance of different factors when choosing mobile gambling service. This will give comparable data from the customer perspective regarding the relatively importance of various sources of competitive advantages in the mobile gambling segment. Respectively, a qualitative approach will be applied on three interviews with industry experts. A qualitative research generally includes the collection, analysis, and interpretation of data that are not easily reduced to numbers. (Anderson and Pharm, 2010) These interviews will provide valuable intrinsic intra-industry knowledge from the supply side. The interview part of the research will contribute with an exploratory approach regarding how to develop competitive advantages to be sustainable over time within mobile gambling. Furthermore, it will complement the surveys with an additional perspective regarding which factors affect the customer perspective regarding competitive advantages and added value.

3.2 Operationalization
The theoretical definition of sustainable competitive advantages refers to a factor which enables a firm to create more value than its competitors over time. Rational customers will chose a provider of mobile gambling, which offer the most value relatively to the cost. Weather the advantage is sustainable or not will not matter for the customer as long as switching costs are low and information is easily accessible. (Besanko et.al. 2013) The operational definition of a competitive advantage will in this research be; a factor, which the customer believes, is relatively important when considering mobile gambling supplier. However, to be able to also measure how to develop the advantages to be sustainable over time an additional operational definition is necessary. Thus, factors decisive for a competitive advantage in mobile gambling to be sustainable over time will be distinguish through qualitative interviews with three industry experts. Hence, the operationalization will be conducted through two steps; first through a customer survey to identify which factors enables competitive advantages, second, through three qualitative interviews to recognize factors which are fundamental to make competitive advantages sustainable over time. The interviews with the industry experts will also add information regarding which factors that are regarded as competitive advantages.
3.3 Survey and interview methodology

The survey will be based upon previously research within the resource-based theory of the firm and mobile gambling. As aforementioned, the survey will have a quantitative approach where the purpose is to give comparable data regarding which factors will contribute with most value for a potential mobile gambling consumer. The selection of survey participants will be conducted from the researcher network of friends, families, colleagues and other peers, 99 recipients are contacted. In the survey will the respondent on an ordinal scale rate selected attributes with a grade from 1 to 10 where 10 means the factor is very important and 1 means it is not important when the respondent are choosing mobile gambling supplier. Each factor the respondent rates will have its foundation in either creating additional value for the customer or reducing the cost of using the service for the customer. Furthermore, the respondent will have the opportunity to add additional factor/factors as important competitive advantages and rate those respectively. The results will be displayed by the average value, the median value and the standard deviation of the collected data. The average value will be the focus value used in the analysis, the median value and standard deviation will be added for a transparency perspective but might also generate further conclusions. These indicators are chosen in order to get easily comparable values where analysis can be made dependent on how high the respondents have rated each factor but also how widespread the distribution is (Körner & Wahlgren 2012).

The interviews will also have its foundation and structure underpinned from previously research within the resource-based theory of the firm and mobile gambling. The results conducted in the interviews will contribute with knowledge regarding which mechanisms enable competitive advantages to be sustainability over time. The interviews will be conducted in a semi-structured system with predetermined focus areas. A semi structure setup will enable an open dialogue where new ideas can be brought up during the interview depending on how the dialogue evolves. According to Bernard (1988), a semi structured interviewed is suitable when the researcher only have one chance to interview the object and will provide a less intrusive environment, which will encourage discussion of sensitive issues. Furthermore, the open-end questions enable opportunities for detecting new ideas and an understanding, of not just the answers, but also the reasons behind the answers. The three selected focus areas will be accordingly:

1. What are the next trends in online and mobile gambling?

2. Which are the most important competitive advantages within mobile gambling?

3. What is fundamental to make competitive advantages sustainable within mobile gambling?

The purpose of the first focus area is to open up for discussion and elaboration of ideas as well as highlight focus towards mobile gambling. Focus area number two will give valuable information regarding the supply-sides perspective of which factors are considered as important competitive advantage is in the mobile gambling industry, thus complete the data from the survey with an
additional perspective. The third focus area will contribute with information regarding the underlying fundamentals of how to make competitive advantage sustainable over time.

The three industry experts are chosen by the author, partly due to their professional experiences and partly due to their willingness of participation.

3.4 Research quality
Regardless of the advantages with a case study method, biased results are a commonly questioned issue in such studies since the same researcher typically performs both data collection and analysis. Hence, to maintain a high level of research quality it is fundamental to consider reliability and validity in the conducted research. (Tellis, 1997) According to Riege (2003) there is no single coherent set of validity and reliability tests for case study research. Riege argues that the methodology in each case study needs to be customized to fit respectively purpose. This is supported by Healy & Perry (2000) who stresses the importance of a suitable methodology in order to satisfy validity and reliability demands in case studies.

3.5 Validity
In order to minimize biased influence and positivism and secure that the methodology will investigate the subject it is designed to measure validity will be supported through discussions with key informants in order to review the draft of the interviews to reduce misinterpretations and positivism. Furthermore, multiple sources of information will be used as well as evidence will be underpinned through previously scientific research. To secure a high level of internal validity and credibility cross-case pattern analysis such as coherence of findings and concepts will be undertaken. Data will be analyzed in order to see consistency with previously research. Moreover, both interviewees and survey respondents will have the opportunity of anonymity in order to prohibit biased data. Since the purpose of this paper is not to statistically prove previous research but to create hypothesis and stimulate further research within the field, a defined scope and boundaries of reasonable analytical standard will be the most fundamental for forming external validity and transferability (Gibbert et.al. 2008). Consequently, the foundation of previously research and theories as well as the interview guides and performed surveys will secure transferability and a transparent methodology. (Merriam 1998)

3.6 Reliability
Concerning the research’s repeatability and consistency, often referred to as reliability, Riege (2003) suggests that a detailed description of theories and ideas is crucial when conducting case studies. Yin (2011) synthesizes the importance of creating an open and confident for respondents in order to minimize a biased outcome and presence of scientific artifacts and encourage participants to answer freely. Hence, detailed interview and survey protocols will be used and a close peer review will be undertaken alongside the research. Furthermore all respondents will be anonymous and will have the opportunity to undertake the survey online. The measurement of the conducted survey will mathematically be presented by the average value, the median and the
standard deviation. These key indicators will be used in order to get a clear overview of the relatively importance of each factor as well as describing the distribution.

3.7 Limitations
Due to the lack of resources will the data collection and analysis be undertaken by one single researcher; hence a complete random and unbiased data collection will not be possible which may decrease the level of the paper’s validity.

Disadvantages with the use of a case study to bear in mind is that collected information cannot conveniently be generalized to other research questions and verticals; moreover, there is also a risk for biased result since both data collection and analysis is conducted by the same researcher (Schell, 1992). The complexity in drawing definite cause-effect from a case study will limit the conclusions to hypothesis for further investigation, hence the conclusion part should be considered as hypothesis and as a foundation for future research and not scientific proven knowledge. (Tellis, 1997)

The selection of the respondents can have an impact on the results, since the sample are all from the author’s network it might include biased data. However the survey is a part of the data collection and is not the sole source of data. The ten chosen factors in the survey are chosen by the author based upon the theoretical chapter, as aforementioned the respondents have the possibility to add additional factors in the survey. This can have an impact on the results since the respondent might only focus on the mentioned factors and neglect to add additional factors. The selection of the interviewees, partly by their willingness to participate, can affect the data to be biased.
4 Empirical findings
This chapter will present the empirical findings. First will the results from the conducted consumer survey regarding which factors are decisive for a customer when choosing mobile gaming provider be presented. Finally will the author summarize the finding from the three interviews with the industry experts in order to get an overivew of the mechanism enabling a competitive advantage to be sustianable over time.

4.1 Survey data
The survey was conducted through the service of SurveyMonkey ®. (SurveyMoney´s website) The survey was sent to 99 recipients the 16th of February 2015, a reminder was sent the 19th of February 2015 and the survey was closed the 22nd of February 2015. 60 valid answers were collected. The respondents could rate the importance from 0-10 with an interval of 1.0 on a ratio scale.

In Figure 2 is the summarized data from the 60 respondents for each factor importance when consumer chooses mobile gambling service presented. Inside the parenthesis is first the average value for each factor displayed and thereafter the median value and the standard deviation.
The factor with the highest relative importance is “Competitive odds”. Almost half of the respondents choose to rate that factor importance with the highest possible rating, an average value of 8.47, a median of 9.00 and a standard deviation 1.45. The following three factors in order of importance; “Attractive offers, such as a deposit bonus”, “Convenient and easy to withdraw and deposit funds” and “Convenient and easy to navigate and place bets through the mobile platform”, ranks all three relatively high with an average value of between 7.00 and 8.00.

In the mid-tier ranking 5th and 6th in order of importance is “a safe and secure customer experience” and “Wide selection of gambling possibilities” with an average score between 5.00 and 6.00.

After the first six factors, mentioned above there is a gap with around 1.00 average value units until the remaining four factors. “Innovative, exciting and new gambling possibilities”, “strong brand and attractive marketing” and “Social interaction possibilities, e.g. interact with players and experts”. The last four factors have an ranking ranging from 4.65 to 3.92 average value units.

In summary, the ten factors could be divided into three tiers with clear barriers between them; the five four between 8.47 and 7.00 in average value in the first tier, the two following factors between 5.67 and 5.59 in the second tier and finally the last four factor with an average score of 4.65 to 3.92 in the third tier.

4.2 Interview Data

As aforementioned, the interviews were conducted with three industry experts. Business developer at Betsson AB, a Swedish company within the online gambling industry, called interviewee A. Head of Sales at Tradedoubler AB, a Swedish company within the online marketing industry, called interviewee B. Director of Business Development at company X, a company within the online and mobile payment industry, called interviewee C. As aforementioned the interviews foundations is three focus questions and these will be presented accordingly;

*What are the next trends in online and mobile gambling?*

*Which are the most important competitive advantages within mobile gambling?*

*What is fundamental to make competitive advantages sustainable within mobile gambling?*

Following will a summary of the most important findings from the results be presented.

4.2.1 Question 1: What are the next trends in the online and mobile gambling?

All three interviewees are generally highlighting traffic from mobile devices such as tablets and smartphones, as the focus area within the industry of online gambling. However, mobile gambling is not considered as the next trend since all respondents argues that it is already the major focus for suppliers due to the majority of traffic is coming from mobile devices. “Mobile gambling is not a recently upcoming trend; it has been the major scope of development during
the last five to eight years. The possibility of always be able to communicate with consumer have been seen as a major opportunity for incremental revenue streams, hence, resources have been focused towards the mobile experience for quite some time.” (Interviewee B). Interviewee C is consistent with Interviewee B “The first thing people do when they wake up in the morning is to check their smartphones. It is not a question whether mobile gambling will be big because we already see that the majority of traffic comes from mobile devices, the question is how we can optimize our revenues from mobile devices. (Interviewee C). Interviewee A discusses a paradigm shift; “…in numerous of different types of verticals have traffic from mobile devices passed the share of traffic from desktop devices.” Interviewee B also pinpoints that the Internet of things will change the fundamentals for suppliers in online gambling. “The phenomena of Internet of things and with more products being connected will force suppliers to adapt to new behavior and new technology. The fact that suppliers always will be able to connect with the consumers will create new opportunities but also new demands from consumers asking for service where and whenever. It will be fundamental for a successful supplier to listen to the market and to the consumers and be very quick and dynamic to adapt to new technologies and behaviors.”

Additionally new trends discussed during the interviews are social gambling possibilities, meaning social interactions and the possibility to play against other real players instead of against the “bank” or the supplier. “To be able to act as a marketplace and match players against each other is a very attractive position for minimizing risk.” (Interviewee B) A wider selection of gambling possibilities is also discussed, referring to the opportunity to wage money on different types of events, such as video and mobile games and other live events. Furthermore, the geographical spread of both internet connections but also mobile devices is cited as future trends within the online gambling industry. Interviewee C synthesizes on what impacts this will have on suppliers; “Meanwhile new markets and new demographic groups finds gambling services there will also be new demands. Cultural as well as financial aspects will need to be taken into considerations in order to adapt to new moral laws as well as jurisdiction.” Also interviewee A discusses the increasing mass of consumers utilizing mobile gambling. “When more people get access to internet connection through mobile devices an enormous mass of potential new customers will be created. However, for suppliers this will demand a high level of agility and flexibility since cultural norms and financial aspects can be very diverse within regions not used to gambling possibilities.”

The cost and processes of marketing is also highlighted; “With high profits, the rate of new business within the industry will continue to be high, which will increase competition and in the long run decrease profit. Hence an increased focus on cost will be necessary in order to survive. Specifically marketing processes will most likely undergo streamlining as well as new innovative approaches, since it today requires an non-proportioned large amount of investments.” (Interviewee A)
In summary, the interviewees’ states that mobile gambling already is the major focus for firms supplying online gambling services, moreover is the interviewees’ highlighting the increasing streams of new customers from various demographic groups finding mobile gambling. Challenges such as get consumers to socially interact with each other and develop new creative gambling opportunities are discussed as next trends. Also, to internally streamline processes to be more cost effective are mentioned as future focus areas.

4.2.2 Question 2: Which are the most important competitive advantages within the industry of mobile gambling?

All interviewees’ discusses the importance of user-friendliness in order to keep customers and enhance their lifetime value. ”Data analysis of e-commerce have shown that around 80% of potential consumers abandon an already started shopping basket, the underlying reasons could be many but logically is inconvenient shopping processes one of the main reasons, this numbers is supposedly bigger in mobile devices due to the smaller screen and the bigger dependence of smooth processes. A smooth consumer experience will be even more important in the future since customer will demand higher standards as well as more traffic will come through mobile devices.” (Interviewee A) Interviewee B also argues that user-friendliness is a factor to sustainable competitive advantage, “There is generally two major issues for online gambling suppliers in order to raise revenue; get the players to choose their services and to get the players to continue to use it. The fastest and easiest way to win new consumers is through attractive offers and strong marketing, which can be relatively expensive. However, to maximize the customer lifetime value it is crucial to build a fun and friendly environment and focus on product development. A user-friendly experience is the most important factor, if you are able to combine it with a creative and wide selection of gaming possibilities your product will be very competitive.” (Interviewee B).

All interviewees discuss weather price is a source of competitive advantages or not.” If you neglect the sign up offer, the vast majority of customers are not price sensitive when it comes to gambling. The minor shares of customers comparing prices are generally focused on skill games, such as sports betting and card games. In skill games good gamblers can be able to win over time, which is a customer you don’t want as a merchant.” (Interviewee B) Interviewee C synthesizes on the challenges to communicate a price advantage clearly. “The pricing among various gambling models are generally complex and not transparent and easily accessible for consumer, an advantage you cannot communicate is not a very efficient one.” Finally interviewee A argue for price as a strong competitive advantage to win new customers; “Advantageously offers are in general the best way to win new customers, however to get customers to stay at your site is price neither the best method nor the cheapest.”

Discussed during the interviews was also the possibility for suppliers to stronger connect customers to their platform, to minimize the relatively large cost of acquiring new customers and enhance the customer lifetime value. “All methods that connect the consumer stronger to your brand is a very strong competitive advantage. The industry is heavy influenced of marketing
activities, hence the cost of acquire new customer is very high, if this investment does not generates a longer customer relationship the payoff may be negative.” (Interviewee C)

Two of the experts mention that the attractive industry profits will increase competition and will force firms to streamline internal processes in order to survive. “The industry of online gambling and mobile gambling is still relatively young, the coming decade will firms most likely be forced to undergo technical upgrades and cost efficiencies in order to survive”.

In summary, all experts highlight user-friendly processes as a strong competitive advantage. Price is discussed as the major factor to win new customers. Also pull methods to stronger connect customers do your platform was mentioned as well as internally processes to streamline the business.

4.2.3 Question 3: What is fundamental in order to make competitive advantages sustainable within the industry of mobile gambling?

The general result from the interviews is that lower price is not discussed as a strong source to sustainable competitive advantages within online gambling. According to one expert cost advantages are a complicated basis for sustainable competitive advantages due to its simplicity and lack of uniqueness. “Cost advantages are easy to replicate due to its simple foundation and characteristic. Cost advantage could also been created by numerous of different factors, such as lower margins, less costly salaries or machineries; hence it is difficult to exclude competitors to replicate such advantages. Lower price will also invite the market to pressure price and margins further, which could in the long run decrease the entire industry profit. On the other hand cost advantages could enable a supplier to devote resources for other purposes. In that sense it could have a sustainable impact.” Interviewee B. This opinion is supported by interviewee A and C, who mentions the risk of diminishing margins and lack of isolating mechanism as disadvantages regarding price as a competitive advantage.

One of the factors discussed as stimulating competitive advantages to be sustainable over time is to devote resources towards in-house development. Direct control over technology and process development will enable an updated and agile platform as well as the opportunity of new products and processes and ultimately an added value for the consumer compared to other competitors. “To be a sustainable actor in a tech dense industry such as mobile gambling is it crucial to have a cutting-edge development team. Your tech resources are the core of your product, without developers taking your product further you will easily be left behind.” (Interviewee B) Interviewee A supports the importance of an in-house development department; “As the history has proven, to be a serious supplier for online gambling you need to have the technological resources. Except for legal restrictions I cannot see any other resources than technical which is not possibly to immediately replicate by a competitor. Technological resources give you the opportunity of various kinds of added value for the consumer; a user friendly platform, independency of external partners, enabling new gaming opportunities as well as fast to update to new markets, legislation and technical structures. All factors which are
relatively complex and difficult to copy”. Interviewee A is conclusive with the other interview objects and highlights the importance of closely connecting technology to the firm. Interviewee A emphasizes on the fact that a key employee can transfer sensitive knowledge and disturb the isolating mechanism which govern the competitive advantage. Therefore interviewee A argues that resources should be devoted towards software, which is not as easily transferable as human knowledge. Moreover, interviewee A argues that superior technology in some sense could be an isolating mechanism in itself however human capital is not. Hence key employees should be governed by strict non-competitive clause but also benefit from firm successes in order to avoid high employee turnover and loss of important assets. Interviewee C argues that key employees should be remunerated in terms of options or shares in order to connect key resources to the firm.

Interviewee C agrees with the other two experts; “To have both a deep expertise in development as well as a wide variety of developers, including back-end, front-end and management is key factors to create a user-friendly platform, thus enable a sustainable competitive advantage.” Moreover, interviewee C synthesize on the importance of differentiation. “The market of online and mobile gambling is a competitive one and competition will probably be even more fierce the coming years, in order to attract customer in a competitive market you need to offer a superior product. In reality the most important factor is often the market impression of your product rather than actually delivering a better product. How you package and marketing your services have an extraordinary impact on your bottom line in a competitive market. A clear and advantageously marketing positioning could also generate a sustainable competitive advantage.” (Interviewee C).

A customer oriented and technology focused business culture are also mentioned by Interviewee C as a superb isolating mechanism since it is practically nontransferable, complex to copy and takes substantially time to create.

In summary, lower price is explicitly discussed as a factor not creating sustainable competitive advantage, lower cost can give temporarily advantage, however it will ultimately decrease industry profits as well as initiate price wars. Moreover, it is not always simple to marketing a lower price in relatively complex mobile gambling models. However lower costs will certainly open up resources for others purposes and can indirectly give sustainable competitive advantages.

Factors related to develop superior technology are commonly highlighted as a source to sustainable competitive advantage, since technology is regarded to be sticky, governed by isolating mechanism and switching costs. Beneficial employees’ remunerations schemes and firm culture are also discussed as isolating mechanism.
5 Analysis and discussion:
In this section will the empirical findings be discussed in line with the resource-based theory of the firm, sustainable competitive advantages and previous research within the field of online and mobile gambling.

The conducted survey shows that consumers rank factors related to price relatively high when choosing supplier of mobile gambling services. Both the factors “attractive offers such as deposit bonus” and “competitive odds” have high importance for the respondents in the conducted survey. Previously research by Porter (1985) have also shown that goods or services that holds few or none unique features and are traded in a transparent market, such as mobile gambling products, will be more price sensitive than others. Hence, evidence indicates that price is an important factor when it comes to market competition within the industry of mobile gambling. However it is more complex to conclude weather price is a source to sustainable competitive advantages. Interviews with industry experts suggest that lower price as an advantage to win and retain consumers will in long term be difficult to maintain. Since there can be numerous of potential sources to a price decrease few unique isolating mechanisms exist in order to create enough barriers to prohibit competition from replicating a price decrease. Moreover, since a competitor ultimately can lower its price to the extent that it does not cover it owns fixed cost during a limited period in order to compete is it more or less impossible for a firm to control if a competitor does not follow a price decrease. Previously work within the subjects also state that a strategy focusing on lower price will invite to price competition, which will diminish margins and ultimately erase industry profits over time (Besanko et.al. 2013). Data is also contradictory regarding price as a competitive advantage. As aforementioned is a low price rated highest by the respondents in the survey, however data gathered through interviews indicate that a lower price can be complicated and diffuse to communicate to consumers since the gambling models can be complex and not clearly informative. Hence, consumer seems to think they consider price as an important factor when chosen mobile gambling supplier when they in reality might do not have sufficient data to compare. In summary, some conducted data indicates price as a competitive advantage in mobile gambling, however there is also evidence against it. Evidence is neither found to state that price is a strong foundation for sustainable competitive advantage in the industry of mobile gambling.

According to the data conducted from the survey is a user-friendly platform a feature consumers’ value highly in their mobile gambling supplier. Criteria relating to a smooth and responsive customer experience such as logic and agile site structure, a convenient process of transferring funds between bank accounts and gambling wallets and security ranks relatively high by the respondents. Conclusively, all three industry experts also discuss or mention a user-friendly platform as a major competitive advantage. More important, all three industry experts are conclusive regarding these factors as sources to sustainable competitive advantage. With a superior platform isolating mechanisms as well as switching costs will govern the competitive advantage. The cost in term of time and resources a consumer will be forced to invest in order to
potentially switch to a less developed platform will make the competitive advantage sticky and sustainable over time. Evidence from the conducted interviews indicates that the foundation to enable a user-friendly overall experience for consumers is to develop and invest in superior technology and human capital. A superior technology and human capital will also enable a firm to have an agile platform which easily can adapt to new customer behaviors, features such as payment methods, and gambling possibilities as well as interact with additionally platforms such as risk systems, data collection and marketing tools. Resources such as technology and to an extent also human capital are generally both tacit and rare which makes them potentially good sources to enable sustainable competitive advantages (Porter, 1985).

The survey results also indicates that the importance of factors related to a wide selection of gambling possibilities, innovative and social gambling and high limit bets are considered to have relatively low importance when choosing mobile gambling supplier by the respondents. However in the interviews with the three industry experts are above factors discussed as upcoming trends within mobile gambling. The discrepancies in results between the conducted survey and the conducted interviews can have several explanations. A simple one could be that suppliers do not have sufficient knowledge regarding what the consumers demand; another explanation could be that the consumers themselves are not sure of exactly what they want from the suppliers and have not considered this new features. It could also be that the two different groups have different definition of above discussed features. Moreover, there could also be a biased selection of interviewees or survey respondents or both. As the definition states is a sustainable competitive advantage a factor which enables a firm to create more value than its competitors over time, hence, more research needs to be presented in order to claim if above factors enables value in order to be classified as a competitive advantage (Besanko et.al. 2013). Noteworthy, according to the interviews with three industry experts are above factors, classified as competitive advantage or not, enabled and supplied by investments in technology and human capital. Hence they are governed by the same mechanisms as the earlier discussed features; user-friendliness and security. Since the same mechanisms govern several of possible sustainable competitive advantages could a potential investment towards development of technology and human resources create leverage and favorable synergy effects, especially if the value above factors enable will increase.

Findings show resources in terms of human capital need to be governed by isolating mechanisms in order to generate sustainable competitive advantages. This could be regulated by non-compete employees’ clauses, however a more efficient way seems to be options plan connecting key employees remuneration to the firms performance. A superior firm culture is further highlighted as a generic sustainable competitive advantage controlled through isolating mechanism.

Another noteworthy result of the study is the relatively high variation in standard deviation of answers regarding factors importance when choosing mobile gambling supplier. All factors have a standard deviation of around two average value units. These finding may imply that the consumer of mobile gambling should not be considered as a homogenous group. Instead each
factors may have significantly differences in importance for segmented consumer groups meanwhile other consumer groups do not consider the same factor as important at all. For instance an agile and user friendly platform is more important for consumer betting on odds since they in average spend more time on the website and look for more information than for consumers playing casino games who instead want to fast and easy want to find the path to their favorite game. Hence, focus on data collection in order to personalize login pages and gambling experiences could be a profitably action for mobile gambling suppliers. However, a deeper analysis and a wider data selection with reference groups are necessarily in order to establish any patterns.
6 Conclusion:
This chapter concludes the study and elaborates with suggestions for future research.

This paper purpose is to stretch existing theoretical knowledge regarding the resource-based theory of the firm and creating sustainable competitive advantages upon the relatively novel mobile gambling industry. Moreover, by applying proven scientific theories and empirical findings on a modern digital industry is the goal to contribute with a structure for industrial practice how firm-specific resources and capabilities can enhance a firm’s competitiveness and long term growth in online and mobile gambling.

With regards to the findings from the conducted research should firms supplying mobile gaming opportunities to end consumers devote resources and investments towards stimulating and developing internal technology and human capital. Moreover, it is crucial to connect the technology and the human capital investments thoroughly to the firm through isolating mechanism in order to create firm-specific resources and capabilities, which can generate sustainable competitive advantages. Superior resources in technology and human capital will create an agile and competitive firm structure, which will enable the opportunity to easily adapt to new functions, technologies and customer behavior, ultimately creating a user-friendly environment and added value for consumers. The superior resources will also generate leverage effects by enabling capabilities such as wider gambling solutions, a safer experience and a foundation for an in-house R&D. To create firm-specific resources firms should focus on technology, processes and culture as it creates isolating mechanism and stickiness thus connects resources to the firm. Processes and culture is relatively complex to copy and transfer and work as isolating mechanism protecting sustainable competitive advantages to be replicated by competitors.

As the consumers and their behaviors have become more digitalized the demands with regards to customization have also increased, every costumer has different preferences and desires different types of values. Hence as the research indicates the process of collecting data is fundamental in order to be able to personalize the customers experience in order to satisfy as many customers as possible and optimize the total social welfare. With superior collection and utilization of data a supplier will both know what their consumers want and will also be able to deliver it, thus creating sustainable competitive advantage over time.

Findings indicates that the industry of mobile gambling is a relatively price sensitive industry, however it is not established that price is a sustainable competitive advantage. Due to its lack of isolating mechanism and its simple feature makes a low price extremely easy to copy. I would claim that further evidence and more research need to be conducted in order to establish the long term effect of price decreases in the mobile gambling industry.

The research could have been further improved be extending the empirical material through on site observations and additional interviews. Moreover, the conducted survey could include more
respondents in order to get a more reliable outcome. The survey could also have included personal parameters such as age, gender and nationality in order to search for customer differences. Finally, some readers might have preferred an extended literature review, however; enormous amount of material exist within the subject of firm-specific resources and in order to make the paper more readable and exciting focus have been on the most fundamental.

6.1 Suggestions for future research:
The aim of this study is to contribute with knowledge for how mobile gambling suppliers can drive long-term growth and build foundation for coming research. Consequently, it exists significant of topics and hypothesis to be further investigated. The factor price and how price decreases effects the performance of a firm in the long run needs to be further invested. Traditionally theories need to be applied upon new technology and new industries in order to further develop the understandings of market forces and consumer behavior and challenge classical theories in order for optimization and development. Demographic differences and how customized gambling offerings could generate additional revenue for gambling suppliers is another topic, which is not sufficient elaborated. With more data available and more agile solutions new opportunities exists for suppliers to optimize their revenues. Moreover, gambling is generally influenced by several of physiological factors, hence research needs to be devoted towards how firms can benefit from and trigger these effects, especially through a marketing perspective. An understanding of the consumer behavior is also important though a regulation and policy perspective. In order to have a healthy and well-functioning industry it is essential to have sufficient knowledge regarding human psychological mechanism to protect consumers from being exploited ultimately creating a negative social welfare. Finally, further research developing and testing the findings discussed in this paper needs to be conducted.
7 References


Betsson AB annual report 2015.


Healy, Marilyn. Perry, Chad. (2000) ”Comprehensive criteria to judge validity and reliability of qualitative research within the realism paradigm”, Qualitative Market Research: An International Journal, Vol. 3 Iss: 3


Riege, Andreas M. (2003) "Validity and reliability tests in case study research: a literature review with “hands-on” applications for each research phase", Qualitative Market Research: An International Journal, Vol. 6 Iss: 2


Stewart, David O. (2013). “Online gambling five years after UIGEA.” American gaming association. White paper 1


Tradedoubler (2016) “Digital connections research whitepaper”. website, 2016-04-16

Versace, Christopher (2014). “The time is here for online gambling.” Forbes magazine. 2/26/2011


