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TWO-SIDED MARKETS MODELS AND APPLICATIONS

YÜKSEK LİSANS TEZİ

Beyza Nur SAMUTOGLU

Tez Danışmanı: Prof. Dr. Türker BAŞ

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RÉSUMÉ

Ces dernières années, il est devenu difficile de comprendre le concept d'innovation disruptive sans platesformes qui sont devenues la stratégie de base pour dominer le marché. L'un des principaux facteurs d'être un fournisseur de plateforme réussie est la compréhension correcte du modèle d'affaires bidirectionnel. Cela nécessite de comprendre les stratégies de plateforme, d'analyser les chaînes de valeur et de tenir compte des considérations théoriques. Les entreprises ont besoin d'innovations pour maintenir leur position sur le marché. De nombreuses entreprises s'inquiètent de l'absence d'un modèle d'affaires qui apporte une croissance durable.

Aux États-Unis au cours de la dernière décennie (2008-2018), les plus grandes entreprises de la liste Fortune 500 ont changé de 43% (Desjardins, 2020). Ces 43% indiquent que seulement 285 des 500 entreprises figurant sur cette liste ont conservé leur position sur le marché, tandis que d'autres ont été retirées de cette liste. J'ai calculé les mêmes données pour la Turquie; la situation était presque la même. Le taux de variation sur 10 ans des 500 premières entreprises en Turquie est de 59,6%. Selon les ratios D'EBITDA, actuellement seulement 202 entreprises sont sur la liste Fortune 500. Comment les plus prospères du monde, les entreprises perdent leurs positions malgré les meilleurs gestionnaires et les meilleures ressources financières?

En cherchant la réponse à cette question, j'ai examiné la recherche qui prétendait qu'un modèle d'affaires bidirectionnel pourrait être une solution à ce problème. Ces études expliquent que les marchés où le modèle d'affaires bidirectionnel est appliqué se développent à un rythme élevé, créant une barrière élevée d'entrée sur le marché par l'effet de réseau (Zhao, 2011) (Sun, 2006) (Junic, 2015). Donc, ils contiennent des données que les entreprises avec ce modèle d'affaires ne perdront pas leur position sur le marché. La recherche a indiqué que, tout en trouvant ces résultats par modélisation mathématique, il y a aussi quelques dilemmes. Ces dilemmes décrivent la difficulté de créer un modèle d'affaires bidirectionnel: le dilemme poulet-oeuf et le paradoxe que gagner domine l'ensemble du marché.

Dans mon travail, je voulais résoudre ces paradoxes et voir dans quelle mesure les pratiques réelles des études mathématiquement prouvées se chevauchent. Pour atteindre cet objectif, j'ai utilisé L'approche de conception intégrée et multi-états proposée par Yin. Avec cette méthode de recherche, j'ai examiné deux secteurs différents et sept entreprises différentes opérant dans ces secteurs. J'ai fait mes recherches dans les pays en développement. Par conséquent, j'ai prêté attention aux questions suivantes lors du choix du secteur et des pays sur lesquels travailler :

- D'avoir des opérations en Turquie
- Adopter un modèle d'affaires bidirectionnel
- Entreprises mondiales
- Les joueurs locaux qui réussissent contre des adversaires mondiaux

En plus des critères ci-dessus, des secteurs fonctionnant principalement comme des platesformes de sélection des cas ont été examinés (rendez-vous en ligne, pari, tourisme, transport, etc.). Deuxièmement, s'il y a plus d'une entreprise opérant comme plateforme dans le secteur, la concurrence entre elles est examinée. Les entreprises et les entreprises locales qui ont une influence mondiale dans ce concours ont été examinées. La recherche a inclus des entreprises locales et des concurrents mondiaux qui ont eu du succès sur le marché contre leurs concurrents mondiaux. Dans ce contexte, les deux secteurs sur lesquels j'ai choisi de travailler sont le secteur des bons alimentaires et celui le marché.

Les entreprises que j'ai décidé d'interviewer de ces secteurs et leurs raisons sont les suivantes:

SECTEUR DU MARCHÉ

• Amazon.com.tr, a été inclus dans cette étude pour être un chef de file mondial dans l'industrie du marché. Amazon est le 13ème meilleur au monde en 2019 avec des revenus de 232 887\$, selon Fortune data. il devait être une entreprise. Je voulais savoir pourquoi Amazon n'a pas obtenu le même succès sur le marché turc. Pour comprendre la réponse à cette question, il est nécessaire de comprendre le marché turc.

• Alibaba (Trendyol), l'un des géants mondiaux du commerce électronique, est entré sur le marché turc en acquérant Trendyol, une société turque, en 2018. Aujourd'hui, c'est le leader du marché dans la catégorie mode avec une part de marché de 48,52% (Twentify, 2018). Cela nous permet d'examiner les différentes stratégies du marché et leurs conséquences.

• Le Leader du dimanche HepsiBurada est une société turque. Contre plus de 13 concurrents sur le marché, tous continuent leur croissance durable et leur position de Leader dimanche ici. À quoi doivent-ils tous ce succès ici?

• HappyCenter est une entreprise qui adopte le modèle d'affaires traditionnel avec 162 magasins physiques en Turquie. De nombreux supermarchés en Turquie ont perdu des revenus au cours de la dernière décennie. Cependant, HappyCenter a combiné son modèle d'affaires existant avec son modèle d'affaires bidirectionnel, atteignant une part du marché d'environ 7% sur ce marché.

LE SECTEUR DES BONS ALIMENTAIRES

• Sodexo est une société française de services alimentaires et de gestion d'installations basée à Paris. En 2019, elle a été l'une des plus grandes multinationales au monde avec 428 237 employés et des opérations dans 80 pays.

• Multitnet Up, fondé en 1999 en tant que société de cartes à manger, est devenu un groupe fintech leader aujourd'hui avec des investissements dans la technologie et les start-ups. Multinet-up a créé un grand écosystème d'affaires avec deux cent mille entreprises membres et deux millions d'utilisateurs de cartes.

• Metropol Card est née en 2013 en tant que société turque. Ils sont devenus reconnus sur le marché entre 2017-2019 car ils sont en cours de développement de produits jusqu'en 2017. Bien que la date d'entrée sur le marché était trop tard que ses concurrents, il a rapidement trouvé une part de marché de 10%.

J'ai contacté des personnes que je souhaitais interviewer sur Linkedin pour mener à bien la recherche. J'ai mené mes rencontres en ligne avec les participants qui ont accepté entre le 1er mai 2020 et le 1er juin 2020.

Pour assurer une grande fiabilité, j'ai créé une base de données d'études de cas et codé les données avec NVivo 1.0 avec une approche de triangulation. NVivo 1.0 a un système d'index pour des données et des fonctions analytiques d'opération, ainsi il est idéal pour classer et configurer des données. Cette structure permet de traiter de grandes quantités de données. Nvivo permet d'utiliser les données collectées à partir d'interviews, de pages web, de médias sociaux et de contenus en ligne. Par conséquent, Nvivo 1.0 est le logiciel approprié pour ce travail. Nvivo a été utilisé en continu dans les Analyses pendant la phase de compilation, la phase de classification, la phase d'analyse de la phase de liaison.

Des 5e et 6e sections de la recherche sont la section de rapport des études de cas. J'ai donné des informations sur la situation dans cette partie du monde et en Turquie dans le secteur. Ces sections comprennent les taux de croissance et les analyses des concurrents, ainsi que les données des entreprises que j'ai interviewées. De plus, j'ai expliqué les réponses aux questions de recherche de chaque entreprise que j'ai interviewée avec le modèle que j'ai créé.

Dans la section résultats, j'ai comparé les résultats de ma recherche aux résultats de la littérature universitaire. Les principales données que j'ai obtenues de cette comparaison sont les suivantes:

• L'effet réseau est aussi important dans la pratique que dans la littérature. Les entreprises atteignent une croissance rapide après avoir atteint un volume critique. Cependant, la connaissance que surmonter l'effet de réseau crée une barrière d'entrée sur le marché difficile contredit mes résultats de recherche.

• Chaque entreprise que j'ai interviewée a déclaré que la demande provenait principalement du client. De là, je suis arrivé à la conclusion que les platesformes sont axées sur le client.

• Contrairement aux stratégies de croissance de Porter, la stratégie de leadership en matière de coûts ne s'applique pas aux marchés bidirectionnelles. Le rassemblement des parties sur la plateforme affecte la décision d'acheter.

• Les étapes de l'entreprise dans la littérature s'appliquent également aux marchés bidirectionnel: entrée sur le marché, croissance, expansion, maturité.

• Le principal problème des marchés bidirectionnel est la gestion de la croissance rapide. Toutes ces entreprises se développent presque deux fois par an. La gestion de la croissance à ce rythme devient donc un défi à la fois en termes d'infrastructure technique et de ressources humaines.

• Ce qui distingue les entreprises qui adoptent un modèle d'affaires bidirectionnel des entreprises qui adoptent un modèle d'affaires de la chaîne de valeur est le suivant: les entreprises qui adoptent un modèle d'affaires bidirectionnel se définissent comme une entreprise technologique. Ils décident en conséquence et définissent la stratégie. Il est donc différent du modèle traditionnel.

• Le mot stratégie ne s'applique pas à un modèle d'affaires bidirectionnel. Ces entreprises développent des stratégies à long terme, mais leurs stratégies changent dynamiquement très souvent à court terme. Le changement rapide de la dynamique dominicale affecte également les entreprises.

• Ces entreprises ont créé des mécanismes qui peuvent prendre des décisions rapides pour répondre à cette croissance rapide. Culture d'entreprise est basée sur les données.

• Faire des affaires sur les plateformes dans les pays en développement limite ces entreprises en termes de croissance, pour l'instant à cause des droits de douane et des frais de port.

Les principales contributions de cette recherche sont les suivants. Tout d'abord, les différences et les caractéristiques fondamentales entre la littérature que j'ai étudiée et la pratique sont présentées. Deuxièmement, ce travail élargit les modèles d'affaires des entreprises qui mettent en œuvre le modèle d'affaires de la chaîne de valeur. Troisièmement, cette recherche montre les quatre principales étapes de croissance de l'activité de la plateforme et les stratégies critiques pour chacune de ces étapes.

En conséquence, cette étude a examiné les stratégies employées par les entreprises qui adoptent un modèle commercial bidirectionnel dans les pays en développement. Avec les résultats obtenus, il vise à contribuer à la fois à la vie académique et à la vie professionnelle.

Mots-clés: 1) le modèle d'entreprise 2) la Plateforme 3) le modèle affaire bidirectionnel 4) stratégies pour les pays en développement.

ABSTRACT

It is challenging to understand disruptive innovation without mentioning the platforms that have become the primary strategy for dominating the market in recent years. Correct understanding of the dual-track business model is an essential factor in being a successful platform provider. For this reason, it is necessary to understand platform strategies, analyze value chains, and address theoretical considerations. Companies need innovations and worry about the lack of an efficient and sustainable business model.

In the USA, just in ten years (2008-2018), the top companies changed over 43%. (Desjardins, 2020) It means the companies in the top 500; only 285 companies still could hold their place, others lost. I calculated the same data for Turkey; the situation is almost the same. In Turkey, the change rate is 59,6%. Just 202 companies are still on the Fortune 500 list according to their EBITDA. How are the world's most successful companies losing their positions despite having the best managers and the best financial resources?

While searching for the answer to this question, I looked at studies suggesting that two-sided markets could be a solution. (Chen, 2008) (Eisenmann, Parker, & Van Alstyne, 2006) (Zhao, 2011)These studies explained that two-sided markets were overgrowing, creating a high barrier to the market due to the network effect. Therefore companies with this business model would not lose their places. While the researches reached these conclusions by mathematical modeling, they mentioned that there were some dilemmas. These dilemmas are the challenge of building a dual business model: Chicken-Egg dilemma and Winner takes all dilemma.

In my study, I wanted to solve these dilemmas and see to what extent the real-life applications of this academically proven study match. To achieve this goal, the embedded and multi-state design approach will be used that suggested by Yin. (Yin, 1994) With this research method, I examined two different sectors and seven different companies operating in these sectors. I conducted my research in developing countries. For this reason, I paid attention to the following issues while choosing the industry and countries I would work in.

- Operating in Turkey
- Companies that have adopted the "two-sided market" business model
- Global companies
- Local players who succeeded against global competitors

To select the better cases, except above, firstly, the sectors working as platforms were examined. (Online dating, betting, tourism, transportation, etc.) Secondly, If there is more than one company operating as a platform in the sector, the competition between them was examined. In this competition, globally influential companies and local companies were reviewed. Local firms and their global competitors who have achieved success in the market against their global competitors were included in the research. In this context, the two sectors I have determined to work with are the meal coupon sector and the marketplace sector.

The companies that I have decided to discuss from these sectors and their reasons are as follows;

MARKETPLACE SECTOR

- **Amazon.com.tr** was included in this study because this company is the global leader in the world in the marketplace industry. Amazon was the 13th most prominent company in the world in 2019, with $232,887 revenue, according to Fortune data. I wanted to know the reasons why Amazon been unable to capture the same success in the Turkey market. To understand the answer to this question came to be essential to understand the Turkey market.
- Alibaba (Trendyol), one of the world's e-commerce giants, entered the market by purchasing Trendyol, a Turkish company, in 2018. Today, it is the market leader in the fashion category, with 48.52%. (Twentify, 2018) This situation allows us to follow different strategies in the market and examine the results of these strategies.
- The market leader is HepsiBurada, a Turkish company. There are over 13 competitors in the market; One of them is Amazon. However, HepsiBurada maintains its sustainable growth and market leader position. What does HepsiBurada owe this success to?
- HappyCenter is a company that adopted a traditional business model with 162 physical stores in Turkey. Many supermarkets have lost their income over the last ten years in Turkey. However, HappyCenter has combined the current business model with the two-sided business model and has achieved a market share of approximately 7% in this market.,

MEAL COUPON SECTOR

- Sodexo is a French meal services and facility management company based in Paris. As of 2019, it is one of the largest multinational companies in the world, with 428,237 employees and a presence in 80 countries.
- Multitnet Up was established as a food card company in 1999 and has become a leading fintech group today with its technology and start-up investments. Multinet-Up has created a business ecosystem with a two-hundred-thousand merchant and two-million card users.

- Metropol Card was born in 2013 as a Turkish enterprise. Since they are in the product development process until 2017, their market awareness is caught between 2017-2019. Although the market entry date was too late compared to its competitors, it quickly found a 10% market share.

  I reached people I wanted to interview on Linkedin. I conducted my interviews with the accepting participants online between 1 May 2020 and 1 June 2020.

To provide better reliability, I created a case study database and coded the data with NVIVO 1.0 with a triangulation approach. Nvivo 1.0 has an index system for data and analytical study functions, so it is ideal for classifying and structuring data. This structure makes it possible to process large amounts of data. Nvivo makes it possible to use data collected from interviews, web pages, social media, and online content. Therefore, Nvivo 1.0 is suitable software for this study. Nvivo was used continuously in the analysis during the compilation phase, classification phase, analysis phase in the connection phase.

The 5th and 6th sections of the research are the reporting section of the case studies. I gave information about the sector in the world and Turkey. In addition to growth rates and competitor analyzes, data on the companies I interviewed are also presented in these sections. Besides, I explained the answers to my research questions of each company I interviewed with the model I created.

In the findings section, I compared the results with the expected & observed form in the academic literature. The attractive data I got here is as follows:

- The network effect is also significant in practice, as in the literature. Companies achieve rapid growth after reaching critical mass. However, the knowledge that the network effect creates a difficult market entry barrier contradicts my research findings.
- Every company I have interviewed has experienced that the primary demand comes from the customer. From here, I conclude that the platforms are customer-driven.
- Unlike Porter's growth strategies, cost leadership strategy is not applied in two-sided markets. The parties' meeting on the platform affects the purchasing decision.
- The phases of companies in the literature are also valid for two-sided markets: Market Entry, Growth, Expansion, Maturity.
- The main problem of two-sided markets is this: Managing rapid growth. All of these companies are growing almost twice every year. Therefore, managing growth at this speed becomes challenging in terms of both technical infrastructure and human resources.
- The point that separates companies that have adopted a two-sided business model from those that have adopted the value chain business model is as follows: Companies that have adopted a two-sided business model position themselves as a technology company. They decide accordingly and determines the strategy. Therefore, it differs from the traditional model.

- The word strategy is not applicable to a two-sided business model. These companies are strategizing in the long term, but their strategies change dynamically in the short term very often. The rapid change in market dynamics also affects companies.
- These companies have created mechanisms that can make quick decisions to respond to this rapid growth. Company culture is based on data.
- Doing platform business in the developing country limits these companies in terms of growth; for now, the reason for this is customs and shipping.

The main contributions of this research are as follows. First, the main differences and features between the revised literature and the practice are presented. Second, this study expands the business models of companies applying the value chain business model. Third, this research shows critical strategies for each of the four major growth stages of the platform business.

As a result, in this study, the strategies implemented by companies that adopt a two-sided business model in developing countries were investigated. It is aimed to contribute to both academic and business life with the results obtained.

Keywords: 1) Business model 2) Platform 3) Two-sided business model 4) Emerging market strategies

ÖZET

Son yıllarda pazarı domine etmek için temel strateji haline gelen platformlardan bahsetmeden yıkıcı yenilik kavramını anlamak zorlaştı. Çift yönlü iş modelinin doğru anlaşılması, başarılı bir platform sağlayıcısı olmanın temel faktörlerinden biridir. Bu nedenle platform stratejilerini anlamak, değer zincirlerini analiz etmek ve teorik düşünceleri ele almak gerekmektedir. Şirketlerin pazardaki pozisyonlarını korumak için yeniliklere ihtiyaçları var. Birçok şirket sürdürülebilir büyümeyi getiren bir iş modelinin eksikliği konusunda endişeleniyorlar.

ABD'de son on yılda (2008-2018), Fortune 500 listesinde olan en büyük şirketler % 43 oranında değişti. (Desjardins, 2020) %43, bu listedeki 500 şirketten yalnızca 285 pazardaki konumunu koruduğunu diğerlerinin ise bu listeden silindiğini anlatır. Türkiye için de aynı verileri hesapladım; durum hemen hemen aynı idi. Türkiye'de ilk 500 şirket listesindeki 10 yıllık değişim oranı% 59,6'dır. FAVÖK'üne göre halen sadece 202 şirket Fortune 500 listesinde yer almaktadır. Dünyanın en başarılı şirketleri, en iyi yöneticilere ve en iyi finansal kaynaklara sahip olmalarına rağmen konumlarını nasıl kaybediyorlar?

Bu sorunun cevabını ararken çift taraflı iş modelinin bu soruna bir çözüm olabileceğini öne süren araştırmaları inceledim. Bu çalışmalar, çift yönlü iş modelinin uygulandığı pazarların yüksek hızda büyüdüğünü ve ağ etkisi sayesinde pazara yüksek bir giriş bariyeri oluşturduğunu açıklıyorlardı. (Zhao, 2011) (Sun, 2006) (Junic, 2015) Dolayısıyla bu iş modeline sahip şirketlerin pazardaki pozisyonlarını kaybetmeyeceklerine dair veriler içeriyorlar. Araştırmalar bu sonuçlara matematiksel modelleme ile ulaşırken, bazı ikilemlerin de olduğunu belirtmişlerdir. Bu ikilemler, çift yönlü bir iş modeli oluşturmanın zorluğunu anlatmaktadır: Tavuk-Yumurta ikilemi ve Kazanan tüm pazarı domine eder paradoksu.

Çalışmamda, bu paradoksları çözmek ve matematiksel olarak kanıtlanmış çalışmaların gerçek hayattaki uygulamalarının ne ölçüde eşleştiğini görmek istedim. Bu amaca ulaşmak için Yin tarafından önerilen gömülü ve çok durumlu tasarım yaklaşımını kullandım. Bu araştırma yöntemi ile iki farklı sektörü ve bu sektörlerde faaliyet gösteren yedi farklı şirketi inceledim. Araştırmamı gelişmekte olan ülkelerde yaptım. Bu nedenle çalışacağım sektör ve ülkeleri seçerken aşağıdaki hususlara dikkat ettim.

- Türkiye'de faaliyet göstermek
- Çift-Yönlü iş modelini benimsemiş olmak

- Küresel şirketler
- Küresel rakiplere karşı başarılı olan yerel oyuncular

Yukarıdaki kriterler dışında, vakaları seçmek için öncelikle platform olarak çalışan sektörler incelenmiştir. (Online randevu, bahis, turizm, ulaşım vb.) İkinci olarak, sektörde platform olarak faaliyet gösteren birden fazla firma varsa aralarındaki rekabet incelenmiştir. Bu rekabette dünya çapında etkili şirketler ve yerel şirketler incelendi. Araştırmaya küresel rakiplerine karşı pazarda başarıya ulaşan yerel firmalar ve küresel rakipleri dahil edildi. Bu bağlamda çalışmayı belirlediğim iki sektör yemek kuponu sektörü ve pazar yeri sektörleridir.

Bu sektörlerden görüşmeye karar verdiğim firmalar ve nedenleri aşağıdaki gibidir;

PAZAR YERİ SEKTÖRÜ

• Amazon.com.tr, pazaryeri sektöründe dünya lideri olduğu için bu çalışmaya dahil edilmiştir. Fortune verilerine göre Amazon, 232.887 dolar gelirle 2019 yılında dünyanın en iyi 13. şirketi olmuştur. Amazon'un Türkiye pazarında neden aynı başarıyı yakalayamadığını öğrenmek istedim. Bu sorunun cevabını anlamak için Türkiye pazarını anlamak gerekmektedir.

• Dünyada e-ticaret devlerinden Alibaba (Trendyol), 2018 yılında bir Türk şirketi olan Trendyol'u satın alarak Türkiye pazarına girdi. Bugün moda kategorisinde% 48,52 pazar payı ile pazar lideri konumunda. (Twentify, 2018) Bu durum, pazardaki farklı stratejileri ve bu stratejilerin sonuçlarını incelememizi sağlıyor.

• Pazar lideri HepsiBurada bir Türk şirketidir. Pazardaki 13'ün üzerinde rakibine karşı HepsiBurada sürdürülebilir büyümesini ve pazar lideri konumunu sürdürüyor. HepsiBurada bu başarısını neye borçlu?

• HappyCenter, Türkiye'de 162 fiziksel mağazası ile geleneksel iş modelini benimseyen bir şirkettir. Türkiye'de son on yılda birçok süpermarket gelirini kaybetti. Ancak HappyCenter, mevcut iş modelini çift taraflı iş modeli ile birleştirmiş ve bu pazarda yaklaşık % 7'lik bir pazar payı elde etmiştir.

YEMEK KUPONU SEKTÖRÜ

• Sodexo, Paris merkezli bir Fransız yemek hizmetleri ve tesis yönetim şirketidir. 2019 itibariyle 428.237 çalışanı ve 80 ülkedeki varlığı ile dünyanın en büyük çok uluslu şirketlerinden biridir.

• Multitnet Up, 1999 yılında bir yemek kartı şirketi olarak kurulmuş, teknoloji ve start-up yatırımları ile bugün önde gelen bir fintech grubu haline gelmiştir. Multinet-Up, iki yüz bin üye işyeri ve iki milyon kart kullanıcısıyla bir iş ekosistemi yaratmıştır.

• Metropol Card, 2013 yılında bir Türk şirketi olarak doğdu. 2017 yılına kadar ürün geliştirme sürecinde oldukları için 2017-2019 yılları arasında pazar bilinirliği yakalamıştır. Pazara giriş tarihi rakiplerine göre çok geç olmasına rağmen kısa sürede% 10 pazar payı buldu.

Araştırmayı gerçekleştirmek için röportaj yapmak istediğim kişilere Linkedin üzerinden ulaştım. 1 Mayıs 2020 - 1 Haziran 2020 tarihleri arasında kabul eden katılımcılarla görüşmelerimi online olarak gerçekleştirdim.

Yüksek güvenilirlik sağlamak için, bir vaka çalışması veritabanı oluşturdum ve verileri bir üçgenleme yaklaşımıyla NVIVO 1.0 ile kodladım. Nvivo 1.0, veri ve analitik çalışma fonksiyonları için bir indeks sistemine sahiptir, bu nedenle verileri sınıflandırmak ve yapılandırmak için idealdir. Bu yapı, büyük miktarda veriyi işlemeyi mümkün kılar. Nvivo, röportajlardan, web sayfalarından, sosyal medyadan ve çevrimiçi içerikten toplanan verileri kullanmayı mümkün kılar. Bu nedenle, Nvivo 1.0 bu çalışma için uygun bir yazılımdır. Nvivo, derleme aşamasında, sınıflandırma aşamasında, bağlantı aşamasında analiz aşamasında sürekli olarak analizlerde kullanılmıştır.

Araştırmanın 5. ve 6. bölümleri, vaka çalışmalarının raporlama bölümüdür. Bu bölümlerde dünyada ve Türkiye'de sektör hakkında bilgiler verdim. Bu bölümlerde büyüme oranları ve rakip analizlerinin yanı sıra görüştüğüm firmalara ait veriler de yer alıyor. Ayrıca görüştüğüm her firmanın araştırma sorularının cevaplarını oluşturduğum model ile anlattım.

Bulgular bölümünde araştırmamın sonuçları akademik literatürdeki haliyle karşılaştırdım. Bu karşılaştırmadan elde ettiğim başlıca veriler şu şekildedir:

• Ağ etkisi, literatürde olduğu gibi pratikte de önemlidir. Şirketler kritik kütleye ulaştıktan sonra hızlı büyüme elde ediyor. Bununla birlikte, ağ etkisinin aşılması güç bir pazara giriş bariyeri oluşturduğu bilgisi araştırma bulgularımla çelişiyor.

• Görüştüğüm her şirket, öncelikle talebin müşteriden geldiğini tecrübe ettiklerini ifade ettiler. Buradan, platformların müşteri odaklı olduğu sonucuna vardım.

• Porter'ın büyüme stratejilerinden farklı olarak, maliyet liderliği stratejisi çift taraflı pazarlarda uygulanmaz. Tarafların platformda toplanması satın alma kararını etkiler.

• Şirketlerin literatürdeki aşamaları çift taraflı pazarlar için de geçerlidir: Pazara Giriş, Büyüme, Genişleme, Olgunluk.

• Çift taraflı pazarların temel sorunu şudur: Hızlı büyümeyi yönetmek. Tüm bu şirketler her yıl neredeyse iki kat büyüyor. Bu nedenle büyümeyi bu hızda yönetmek hem teknik altyapı hem de insan kaynakları açısından zorlu hale geliyor.

• İki taraflı iş modelini benimseyen firmaları, değer zinciri iş modelini benimseyen firmalardan ayıran nokta şu: İki taraflı iş modelini benimseyen firmalar kendilerini bir teknoloji firması olarak konumlandırıyorlar. Buna göre karar verirler ve stratejiyi belirlerler. Bu nedenle geleneksel modelden farklıdır.

• Strateji kelimesi, iki taraflı bir iş modeli için geçerli değildir. Bu şirketler uzun vadede strateji geliştiriyor ancak stratejileri kısa vadede dinamik olarak çok sık değişiyor. Pazar dinamiklerindeki hızlı değişim şirketleri de etkiliyor.

• Bu şirketler, bu hızlı büyümeye yanıt vermek için hızlı kararlar alabilen mekanizmalar oluşturmuşlardır. Şirket kültürü verilere dayanır.

• Gelişmekte olan ülkede platform işi yapmak bu şirketleri büyüme açısından sınırlar; Şimdilik bunun nedeni gümrük vergileri ve nakliye.

Bu araştırmanın başlıca katkıları aşağıdaki gibidir. İlk olarak, incelediğim literatür ile uygulama arasındaki temel farklılıklar ve özellikler sunulmuştur. İkincisi, bu çalışma, değer zinciri iş modelini uygulayan şirketlerin iş modellerini genişletmektedir. Üçüncüsü, bu araştırma, platform işinin dört ana büyüme aşamasını ve bu aşamaların her biri için kritik stratejileri göstermektedir.

Sonuç olarak, bu çalışmada, gelişmekte olan ülkelerde çift taraflı bir iş modeli benimseyen firmaların uyguladıkları stratejiler incelenmiştir. Elde edilen sonuçlarla hem akademik hayata hem de iş hayatına katkı sağlanması hedeflenmektedir.

Anahtar Kelimeler: 1) İş modeli 2) Platform 3) İki taraflı iş modeli 4) Gelişmekte olan Ülke stratejileri

CHAPTER 1: INTRODUCTION

1.1 Problem

It is witnessed by history that in many different industries, the lead companies lose their leadership position and either lose their market share or even goes bankrupt. (Chritensen, 1997) Yet these best companies have the best human resource, better financial situation than others, why they lose their position?

In a bestseller book "Good to Great," by James C. Collins look into a similar question. Why are some companies more successful, why they leap, and others not? (Collins, 2001) He examined 1,435 companies for 40 years and determined eleven great companies. Today, when I look into these companies, the result is like the below table.

Table 1.1

Status of Great 11 Companies in 2020

Company	Description	2020 Status
Abbott	Medical devices and health care company	Profit under 10%
Circuit City	Consumer electronics retail company	Bankruptcy
Fannie Mae	Mortgage Association	Bankruptcy than U.S. Treasury Department acquisition
Gillette	Safety razors and other personal care products	Merge by P&G
Kimberly-Clark	Paper-based consumer products	Bankruptcy
Kroger	United States' largest supermarket by revenue	Profit under 10%
Nucor	The Highest income steel producer in the US	Profit under 10%
Philip Morris	Cigarette and tobacco manufacturing	Profit over 10%
Pitney Bowes	Global technology company	Profit under 10%
Walgreens	The second-largest pharmacy store chain	Profit under 10%
Wells Fargo	Multinational financial services company	Profit over 10%

In table 1.1, Philip Morris and Wells Fargo have profited over %10, Walgreens, Pitney Bowes, Nucor, Kroger, and Abbott, which companies still alive but profit under 10% and Kimberly-Clark, Fannie Mae, and Circuit City that bankrupted. Just 18% of these companies even profitable.

In the USA, just in ten years (2008-2018), the top companies changed over 43%. (Desjardins, 2020)It means the companies in the top 500; only 285 companies still could hold their place, others lost. I calculated the same data for Turkey; the situation is almost the same. In Turkey, the change rate is 59,6%. Just 202 companies are still on the Fortune 500 list according to their EBITDA.

The business model concept has reached a global impact, not only in management science but also on a firm's success in its competitive market. (Wirtz, Pistoia, & Ullrich, 2016) The business model definition has changed over the years. The description of the business model started to be made in the 1940s; it is still evolving today. The basic definition made by Michael Lewis as "All it meant was how you planned to make money." (Lewis, 2014) Definitions vary from year to year around this concept. (Ovans, 2015)Joan Magretta, Peter Drucker, Alex Osterwalder, Michael Porter, and Clay Christensen have different and academically essential aspects of the business model term.

The business model is a logical and consistent scheme. The business model shows the activities of a company to create sustainable profit and the relationship between these activities. (Dubosson-Torbay, Osterwalder, & Pigneur, 2002) A different view of the business model is a depiction of a firm's processes and underlying structure in how it meets consumers' needs and creates a profit. (Wirtz, Pistoia, & Ullrich, 2016) The main components of a business model are infrastructure – key activities, essential resources, partner network- value proposition, customer segments, channels, customer relationship, cost structure, and revenue streams. Alex Osterwalder and 470 co-creator "Business Model Canvas" practitioners from 45 countries defined these nine building blocks. (Osterwalder & Pigneur, 2010) This theoretical progress in the business model has become common knowledge with its applications in the business world.

Today, the business environment is very dynamic. Disruptive technology, customer needs, regulations, politicians, laws, and international relations are changing fast and dramatically. (Environments and Strategic Management, 2020) Continuous industrial and corporational change has led businesses to adopt new business models. (Aversa, Furnari, & Haefliger, 2015) The FMCG sector is an excellent example to show this change. In Turkey Market, Hepsiburada.com is the incumbent market platform. It started in 1998. In 1998, the internet penetration rate was 0.7% in Turkey;

people did not know what online shopping is. However, in 2019 just in 21 years, the internet penetration rate is 74%, and the online shopping rate is %30. The online shopping growth rate is 30% in Turkey. (Deloitte, TUBISAD, 2019) The online shopping rate is over 80% in England, Denmark, Sweden, Norway, the Netherlands in 2019. (Eurostat, 2020) Turkey is moving in the pattern of these countries. According to statistics, online shopping rates will grow over the years.

Two-sided business models change the dynamics of a market. When Amazon and eBay were first introduced, no one predicted that they would become one of the most valuable they are today. When Microsoft set up, it was IBM's subcontractor. Today Microsoft is the market leader in the operating system industry for desktop (Fisher, 2000). When it comes to Browser wars, Microsoft has lost competition with 49.3% to Google Chrome despite paying high penalties for Internet Explorer. (Ltd, 2020) Another example to be emphasized is Nokia. Nokia is the leader in the mobile phone market between 2000 and 2012. When it hit the market, it outperformed giant players such as Motorola, Ericson, Siemens, and Sony. However, with the introduction of Apple and Android, it lost a significant share in the market and sold the mobile and devices segment to Microsoft.
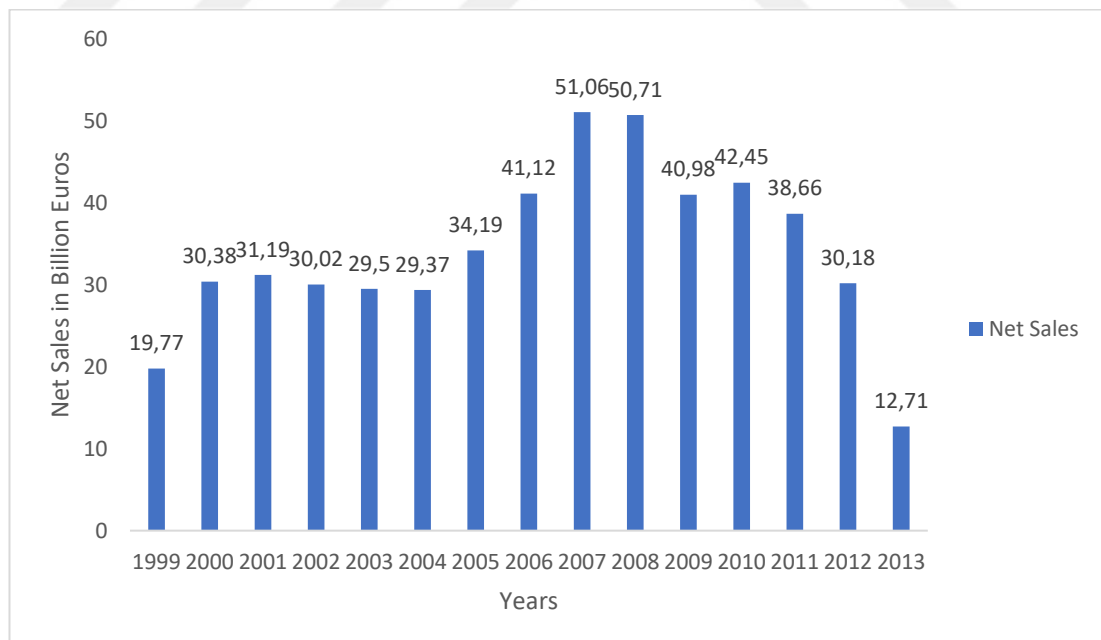
Figure 1.1

Nokia's net sales from 1999 to 2013

Source: Statista 2020

The two-sided business model theory suggested as a solution to catch the change and to solve the problem of losing a market leadership position. Wugang Zhao, Edison Tze, Mignchun Sun, Richard Mace, and Junic Kim created a mathematical model that shows the advantages of a two-sided market model over the value chain model. The two-sided business model has changed the market and competition. These newcomers take the market share and change the game. So a deeper understanding of the two-sided business model is a core strategy for companies that want to be the incumbent and to keep their position in the market.

In the value chain model suggested by Michael Porter, the workflow is shown as linear from left to right. At that model, producers located on the left side, and customers are on the right. (Junic, 2015) Companies have two strategic options to increase their margin; decrease the cost that pays the company for suppliers or operations, or differentiates the product and increases the price that asks from customers. In the two-sided business model that mainly theorized by the French economists Jean Tirole and Jean-Charles Rochet, companies have one more option: using network effect. According to the network effect, the value proposed increases as the number of people using it on the other side increases. (Shapiro & Varian, 1998)
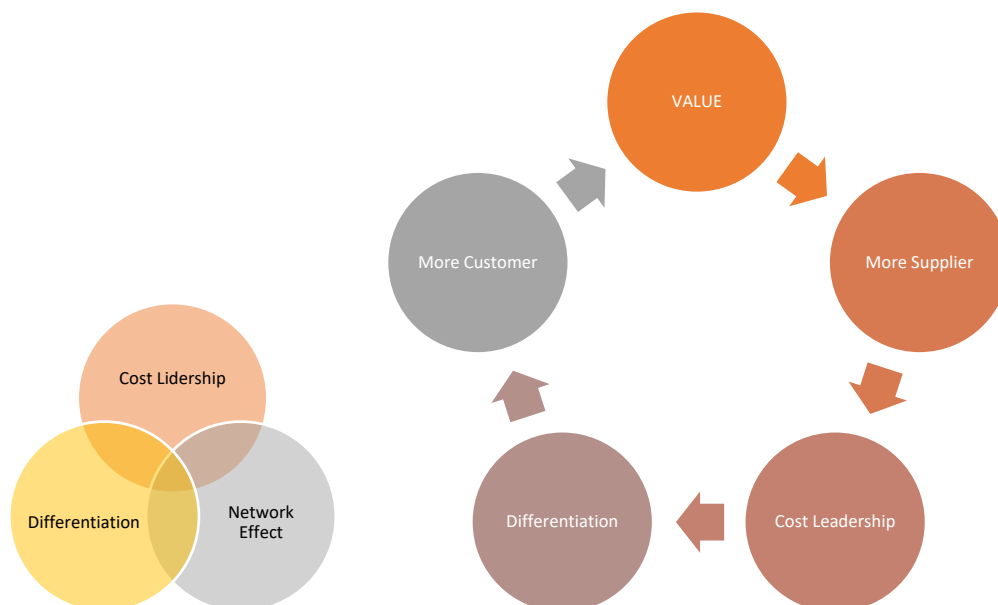
Figure 1.2

Shows the ways of increasing value proposition according to the two-sided business model

Christensen mentions about disruptive technology in his bestseller book Innovator's Dilemma. Sun Tzu and his students improved mathematical models, which explain the two-sided business model, dynamic competitions, price structure for their doctoral thesis at Stanford University. According to their study, one of these disruptive technologies is the two-sided business model. (Zhao, Two-Sided Markets Model and, Its Applications, 2011) (Sun, Dynamic Network Platform Competition in Two-Sided Markets, 2006) (Kihoon, 2009) (Chen, 2008) Today, the new core economy, 60 out of 10 world-leading companies are using a multi-side market business model. (Muravskii, 2015) This data supports Prof.Tzu's proposal.

Wugang Zhao proposed and empirically proved to use their current customers to create a network effect to companies that have the value chain business model to catch the competitive advantage. In the retail industry, Happy Center applied this strategy. The happy center is a supermarket that known with its 162 physical stores in Turkey since 1969. However, Today Happy Center is also known as an online platform and has an 11% market share. (Twentify, 2018) Today almost every physical store has an online store. That shows companies adopting new business models and strategies.

In this thesis, I examine detailed the two-sided business model, its dilemmas, and its advantages over the value chain model. I will create two case studies for the retail and finance industry, which have already changed by the two-sided business model to explain the reason for this change with in-depth interviews and content analysis methods. I will complete the thesis with suggestions for current companies to catch the difference and innovate their strategies.

With the case study for the marketplace sector in Turkey, I will examine the failure of Amazon, which means the success of HepsiBurada.com. E-trade industry has a 30% growth rate in Turkey. It shows the retail industry is still evolving, and the two-sided market model is still successful over 20 years. The market incumbent is HepsiBurada, which is a Turkish company. There are over 13 competitors in the market; one of them is Amazon. Amazon was the 13th most prominent company in the world in 2019, with $232,887 revenue, according to Fortune data.

Amazon dominates almost all markets that exist. How does this Turkish company, which has not reached the size of one-tenth of Amazon according to revenue, have a more significant market share? Furthermore, Hepsiburada grew by 60 percent in 2018 after the entry of Amazon to Turkey.

The E-commerce market in Turkey is entirely appropriate to examine the strategies of the company. Because Alibaba, one of the world's e-commerce giants, entered the market by purchasing Trendyol, a Turkish company, in 2018. Today, it is the market leader in the clothing category, with 48.52%. (Twentify, 2018) This situation allows us to follow different strategies in the market and examine the results of these strategies.

The same question comes to the finance industry. Multi-Net is a Turkish company which provides a platform between customers and restaurants with meal coupon. Its global competitor is Sodexo from France. Sodexo has operations on 67 countries, 470,237 employees, and €22 billion in revenue in 2019. (Sodexo, 2020)However, Multi-net has a 57% market share and is incumbent with just 241 employees. How was it possible to change the game for Multi-net, when its competitor is the World leader, market incumbent for years, and even the first entrant to the market?

1.2. Purpose of the Research

The first purpose of this study is to examine how strategies for managing the two-sided business model in different organizations affect companies' performance. Understanding the effect of policy for handling the two-sided business model may guide scholars and business practitioners in addressing the future viability of business organizations adopting the two-sided business model on emerging markets.

Without a better understanding, the creation and implication of the strategies of the two-sided market model, companies, and industries may face challenges to adopt them when the market change. The software industry is another excellent sample to explain this challenge. Until 2009, companies improved software as desktop software. In 2010, Microsoft introduced Microsoft Azure, which is cloud technology. (Cloud computing, 2020) It started small; however, the customer wants this technology today. People do not buy desktop software anymore; they pay the monthly fees, they reach their account wherever they are and whenever they want. The companies which saw the change and took action, they transform themselves into a platform that creates

software as a service, used previous customers and saved them. Others have lost the customer because of not meet the need.

Secondly, strategy research on emerging markets is unsatisfactory. When the literature is examined in detail, it is possible to reach adequate information for strategies, two-sided business model markets, and emerging markets. (J. Teece, 2010) (Bharadwaj, Sawy, & Pavlou, 2013) (Muzellec, Ronteau, & Lambkina, 2015) (Rochet & Tirole, Competition Policy in Two-Sided Markets, 2005) (London & Hart, 2004) (Khanna, Palepu, & Sinh, 2005) However, no research examines strategies for two-sided markets in developing countries; this is the area in which this study intends to make a research contribution by illustrating how the two-sided business model has advantages over the value chain model and how it changes markets.

Furthermore, this study expects to analyze the strategies for companies that have a two-sided business model. Without a clear understanding of business strategies, companies tend to face difficulties in the market. (Junic, Platform Business, and Network Strategy, 2014) The most critical inadequacy of the research in this field is that these have done by mathematical methods. Although the conclusions reached by mathematical modeling give general information about the market, they are not sufficient to implement the recommendations of these results. So, another aim of this research is to obtain clear and in-depth information about the market with the case study method.

The two-sided business model is new in the literature, and there is no research for the emerging markets. However, dynamics are changing for different kinds of markets. (Khanna, Palepu, & Sinha, 2005) According to the International Monetary Fund, the economy of Turkey is an emerging market economy. (Fund, World Economic Outlook, 2011) Also, Turkey is an important market not only for international companies but also for regional companies. Turkey has the world's 19th-largest nominal gross domestic product (GDP) and the 13th-largest GDP by purchasing power parity (PPP). (Fund, imf.org, 2020)

Especially, understanding the effects of a two-sided business model strategy on performance for emerging markets backs the need for additional scholarly research into understanding elements that support successfully managing a two-sided business model. Scholars and practitioners involved in managing two-sided business models can use this study to understand how the strategies impact company's performance.

1.3. Research Questions

In the classic competitive strategies written by Michael Porter in 1980, there is only two way to take the market advantage; cost leadership and differentiation. (Porter, 1980) These two strategies have a focus scale. According to Porter, companies have to adopt one of these strategies; otherwise, they stuck in the middle. In the research on the business strategy area, the researchers have been studied on Porter's views. (Zi, 2004) (José & Orte, 2010) (Barney & Clark, 2007) (Tanwar, 2013) However, today is slightly different. Two-sided business models have changed the industries. We have a new theory; network effect. This change in the market brought along the transformation of the value-chain model. The most known types of these transformations are the external expansion of the value chain, a reverse flow of the value chain, and a combination of the value chain. (Junic, 2015) This change is the result of the interaction of the customer and the supplier between and among themselves.
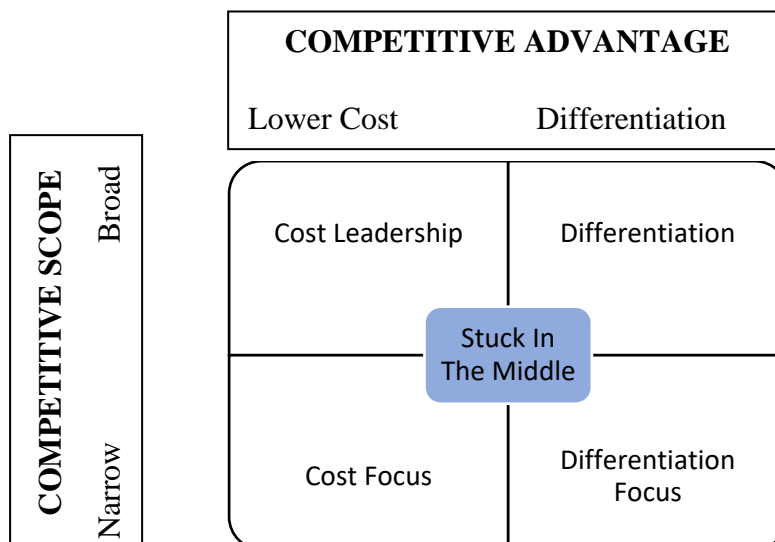
Figure 1.3

Porter Competitive Strategy

Source: Porter

It is crucial to understand how the network effect changes the market and how it evolved competitive strategies on each stage for both researchers and industry managers.

The objective of this study is to understand what implications and influences did business model strategies have on a companies' performance.

This study investigated different strategic approaches to managing the two-sided business model and how it affects the company. The research questions are:

RQ1: How did the network effect change existing business models in the retail industry?

RQ2: How would platform providers apply the two-sided market model in emerging markets?

RQ3: What strategies help companies that are expected to fail but succeed over strong competitors?

Although this research is provided data by industry managers and researchers, it is not intended to find the "best strategy." Because in a business strategy research, it is more important to gain a general aspect than make a generalization. So, the aim is to gain a deep understanding of the two-sided business model and its strategies on emerging markets.

1.4. Assumptions of the Research

The first assumption in the conduct of this study is that the research is conducted with only two case studies, and it is enough. However, the information obtained in this thesis should then be applied in a larger sample, and the results should be generalized. Yet, very detailed data about the business model and its strategies have been collected by the researcher.

The second acceptance in the research for the case studies, the information that companies provide about themselves, their competitors, and the market is accurate and objective.

Lastly, companies have either a pure value chain model or pure two-sided market model for their business when applying the mathematical model. However, it is challenging to make such a definite distinction. Besides, many companies do not just adopt a strategy in practice. Companies dynamically differentiate their approach with the change of environment. (Junic, Platform Business, and Network Strategy, 2014)

1.5. Limitations of the Research

There are several limitations to this study. First of all, there is no data for Turkish Companies before 2008 published by Fortune 500. So, it is hard to make more comprehensive research. This date range is insufficient to comment on long-term strategies.

Secondly, this study is conducted for the Turkey market. It covers the years 2008-2018. It would be better to do this research and make a general judgment in all developing countries.

Lastly, different dynamics affecting the situation in the industry have been ignored. (e.t. political.) However, these dynamics greatly affect the success and decisions of companies. As an example, Uber, a taxi application, was banned from operation in Turkey in 2018. (Erkoyun, 2018)

1.6. Definitions

Business Model: The business model is the companies profit-making plan. It is an essential term that exists almost a hundred years and answers the question of "how to make money with your business?". Day by day, the definition has changed; however, the main idea is still the same. This plan includes the financial structure such as the products or services that the company will sell, the target market it defines, and the expenses it envisages. (Zott & Amit, 2010) It includes four nested concepts; Customer value proposition (CVP), profit formula, essential resources, and key processes. (Johnson, Christensen, & Kagermann, 1996)

Business Plan: In the literature, the business model and business plan are used interchangeably. However, these are different terms. The business plan is the documented version of the business model. Peter Drucker, Michael Porter, Joan Margetta, and Alex Osterwalder described the business plan with assumptions and strategies. It shows the activities that your company does to create a product or a service and sell it, such as; purchase, design, R&D, delivery, distribution, and collaborations, etc.

Business Strategy: A business strategy is a series of competitive moves and actions that an enterprise uses to gain customers, compete successfully, strengthen performance, and achieve corporate goals. It outlines how the work should be done to achieve the desired goals. (Environments and Strategic Management, 2020) It is the initial plan applied by company management to ensure a competitive position in the market, to continue its activities, to satisfy customers, and to achieve the desired goals of the business. (Khanna, Palepu, & Sinh, 2005)

Disruptive innovation: Disruptive innovation describes a process where new entrants in the market prove disruptive by systematically and purposely targeting overlooked market segments and gaining a foothold by delivering proper functionality at a lower price (Christensen, Raynor, and McDonald, 2015). Initially coined by Christensen, disruptive innovation allows a whole new population—in this case, the bottom of market consumers—access to a product or service that was once only accessible to consumers with more significant resources or skills.

Emerging market: An emerging market is defined as a "transactional arena" where counterparties cannot quickly or efficiently come together due to the absence of specialized intermediaries able to support and facilitate transactions between buyers and sellers (Khanna & Palepu, 2010). Collectively termed "institutional voids" (Khanna et al., 2005, para.2), these are standard variables that are unique characteristics of emerging market countries because of the absence of specialized intermediaries, regulatory systems, and contract-enforcing mechanisms.

CHAPTER 2: RELATED LITERATURE

2.1. Two-Sided Markets Model

In this section, I will review the literature, explain what the two-sided markets model is, what are the key features, and giving example companies from Turkey and the U.S.

A two-sided market defined as a platform or an intermediary that brings together at least two different groups. As a characteristic, the market needs to serve multiple user groups. The first known company that applied a two-sided market model is Adobe. They created PDF. There is two-sided: Writers and Readers. Adobe catches the network effect. More people develop files as PDF (writers); as a result, more people have software for reading and versus versa. (Kai Reimers, 2019)

With the increased internet penetration, the development of technology, and the more accessible communication of people with each other, companies using the two-sided market model have increased. The increase in internet usage has shown below the table.
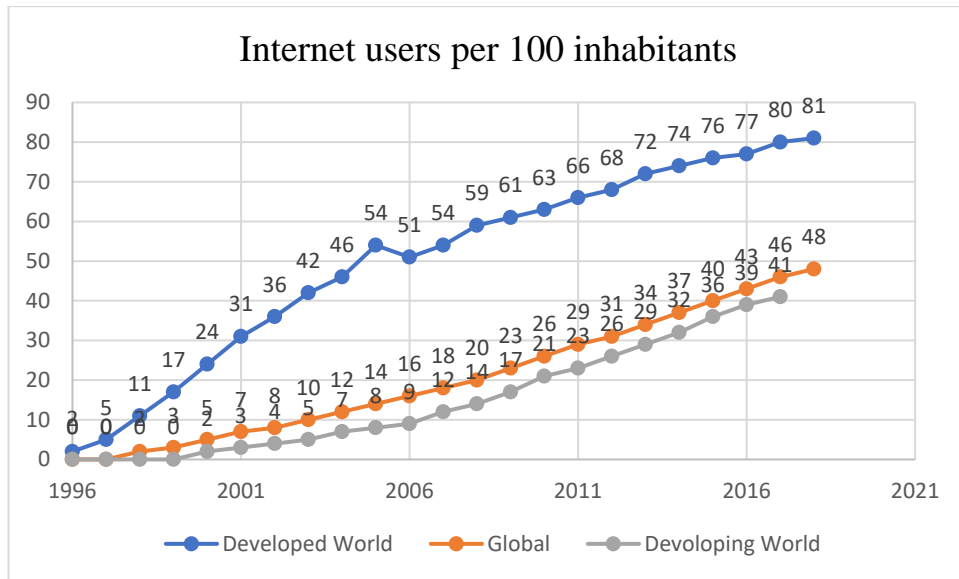
Figure 2.1

Internet users per 100 inhabitants

Source: International Telecommunications Union.

Two-sided market model companies change the industries. These kinds of companies usually have a disruptive technology, which means change the competition way on the industry and create new competition methods. (Danneels, 2004)

I will examine the retail, hotel, and transportation industry at this thesis. So, the first disruptive technology example is for the retail sector: Amazon. Amazon started to trade in 1994 as a Book Publisher. Today, it is one of the biggest retailers all over the world. It continues to grow. The revenue increased by over 30% from 2018 to 2019. (Fortune, Fortune 500 Companies in 2019, 2020)

One other example is Airbnb. It starts business life as a company that offers an air bed and breakfast. Today, over 100-year-companies like Mattriot International, Hilton Worldwide Holdings and, Wyndham Destinations lose their revenues according to the previous year. (Fortune, Fortune 500 Companies in 2019, 2020) However, Airbnb reported a 40% revenue growth in 2019. (Roof, 2019)
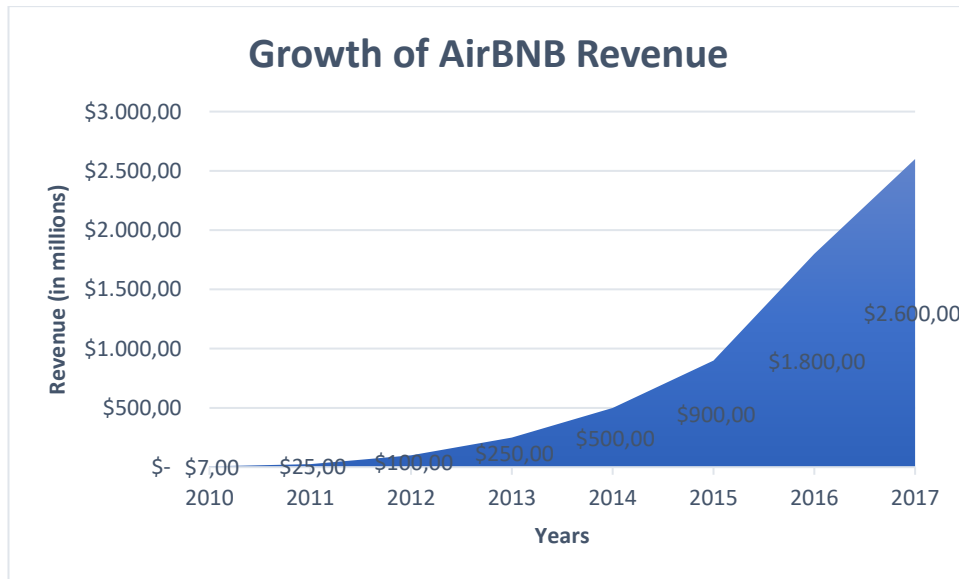
Figure 2.2

Airbnb Revenue Growth from 2010 to 2018

Source: https://www.statista.com/topics/2273/airbnb/

To better understanding the two-sided market business model, we need to look into its components like the network effect, pricing structure, chicken-egg-problem, and competition.

2.2. Network Effect

The network effect is essential to examine the two-sided markets. Two-sided market models attract the attention of many entrepreneurs. The primary sample is ebay.com, which creates 340,000 daily transactions and $190,000,000 per month four years after the beginning (1999). (Lucking-Reiley, 2000) However, there are many platforms, such as Chemdex.com. Even if it is a well-funded company that raised $112,5M as a B2B working platform for the chemical industry, it never makes a profit because of the lack of enough customer networks. (Catherine Tucker, 2010) Today, many of us do not know even its name. Accordingly, it is crucial how to build the networks and their effects on each other.

The network effect is a phenomenon using by economists. It exists if the one group derives & effects from other group's existence. This effect described as follows; With two-sided network effects, the platform's value to any given user largely depends on the number of users on the network's other side. The worth grows as the platform matches demand from both sides. (Thomas Eisenmann, 2006) For instance;

Application developers develop applications for platforms that have a more significant number of users like Android, iOs; because developers need a considerable amount of download numbers. In turn, users prefer these platforms because there are many different applications which meet the need.

There is a high number of the researcher who estimates the network effect. For two-sided markets, this network effect can be four different types. Below two types can also have two different outcomes. So the total result can be four. (Oliver Hinza, Estimating Network Effects in Two-Sided Markets, 2020)

- Cross-side network effects
- Same-side network Effects

Cross-side network effects: Cross-side network effects describe the situation whereby the presence of many sellers attracts more buyers to the market (e.g., Amazon, HepsiBurada) and vice versa. (WEBER, 2019)

Same-side network Effects: This term describes the effects created on the same side. For example, on the Android Platform, if there are many developers on the same type of application, because of the competition, the developers can be affected negatively. On the other side, users can like the variety.
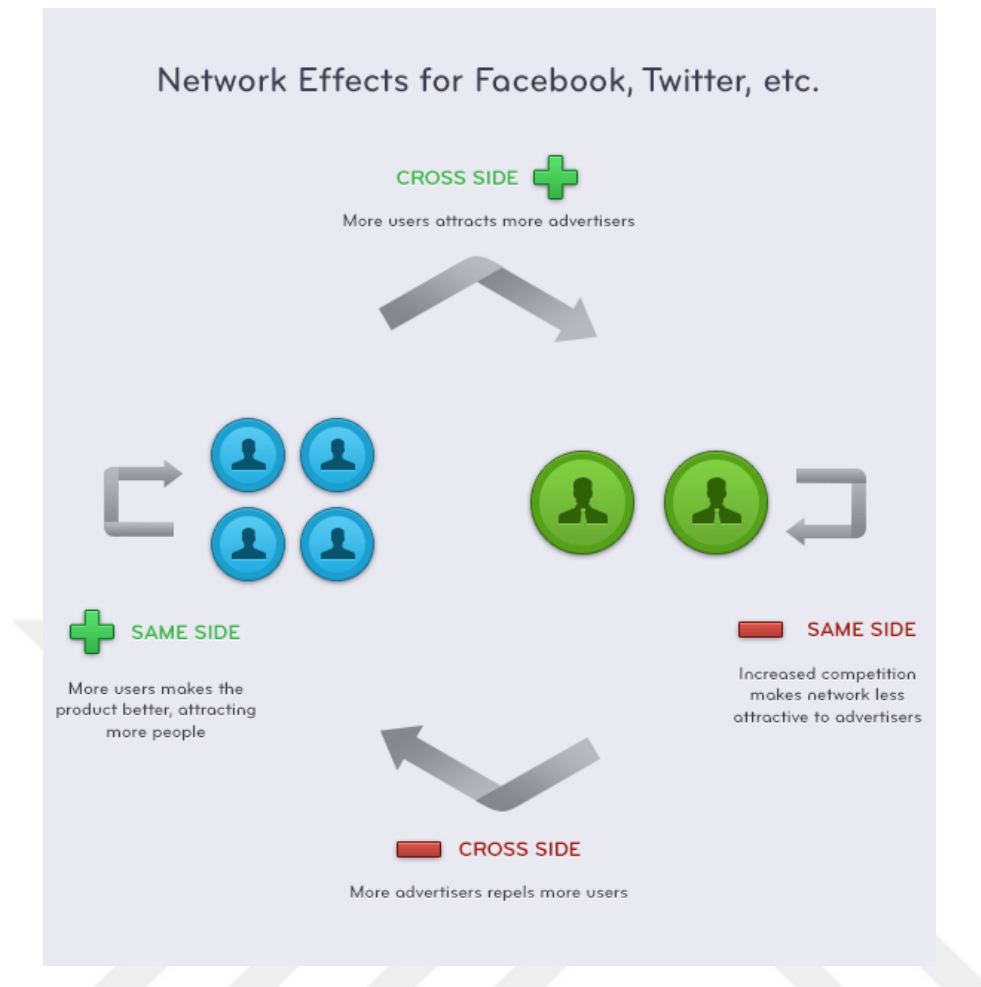
Figure 2.3

Network Effect Visualization

Source: (TRAYNOR, 2012)

There are new empirical researches on probability on negative same side effect (Atip Asvanund, 2004) (Catherine Tucker, 2010); even there are researches on network effects over 30 years. In 2020, there is a new model that name is "the influx-outflow model," which suggested by Oliver Hinz, Thomas Otter, and Bernd Skiera. According to their paper, they have a new model in which we can estimate more close data on network effect by measuring both side network effects and the effect on each other. (Oliver Hinza, Estimating Network Effects in Two-Sided Markets, 2020)

It is also useful to better understand the network effect to determine growth predictions and support information technology (I.T.) or marketing investment decisions. So, there are many empirical models on it as literature referred above.

2.3. Chicken - Egg Causality Dilemma

As mentioned above, the network effect is crucial for the two-sided market business model. The main idea is to create a positive network effect and make a bigger side, thanks to the other side. However, companies need to solve this problem for his business model; if not, the two-sided market model will be born died. (Zhao, Two-Sided Markets Model and, Its Applications, 2011)For example, Dell started-up a B2B Marketplace in 2000. In this platform, customers could buy Dell products such as laptops, notebook from suppliers. However, after a 1-year beginning, it stopped the operation. Because there were only three suppliers on the platform and not enough transactions. (David S. Evans, 2010)

There are strategies to solve this problem. In 2007, Sun and Tzu suggested strategies derived from a dynamic system model. According to their model, they offer solutions like merge, acquisition, price arrangement, strategic alliance with similar companies, and licensing (Sun & Tse, Sustainable growth of payment card networks: A two-sided market approach, 2007).

One of the other solutions is critical mass. To create the critical mass to build the network effect is the key for a successful start. To reach this number, companies usually burn money from investors. The money burning includes low introductory prices, advertising, viral marketing, vendor-supplied content, and seeking marquee participants. After catching the mass, the company continues to grow. (Schmalensee, 2010)

The successful example of critical mass is MySpace.com. When the platform started the operation, they offer to 250 employees to join the platform and invite their friends. There was a $ 1000 prize for the person who could bring the most friends to the platform. (Schmalensee, 2010)

2.4. Price structure

The price structure is complicated in two-sided markets, and it is a crucial decision. The difference of price structure from other business models is that two-sided networks, cost, and revenue are both to the left and the right because the platform has a distinct group of users on each other. (Eisenmann, Parker, & Van Alstyne, 2006)

The pricing structure is important because it has a considerable effect on network growth. (Zhao, Two-Sided Markets Model and, Its Applications, 2011) At the platform, both sides cause the cost, however usually one side subsidized by the other side, and the platform provider charges just one side. (Eisenmann, Parker, & Van Alstyne, 2006) So, there are different pricing strategies such as membership fee (lump-sum), per transaction fee, the mix of a membership fee, and per-transaction cost. Besides, this pricing strategy shows variety also on the charging side; platform providers can charge only one side or both sides. (Zhao, Two-Sided Markets Model and, Its Applications, 2011) (Sun & Tse, 2007) (Armstrong, 2006)

The researches try to find an optimal pricing structure. The latest thesis, written by Ming Gao, suggests an empiric model that can apply by mixed two-sided markets. Here, Mixed two-sided markets mean is that one user can be either side of the platform. For example, a food delivery company driver can also order food via the platform. (Gao, 2018)

2.5. Competition in Two-Sided Market Platforms

For a better understanding, I will explain a monopoly network, single-homing, and multihoming terms.

Monopoly Network occurs when there are no other competitors on the market, or they are far away from the platform. This framework is not universal; however, the profit is maximum in this case. For example: sometimes, shopping malls far away from each other and serve a particular population alone, or for a niche market, there can be only one platform to help. (Armstrong, 2006)

Single-Homing term occurs if one side of the market just chooses one platform. For example; Even there are many competitors, many game-player choose only one

provider, such as Xbox, PlayStation. (Rochet & Tirole, Platform Competition in Two-Sided Markets, 2003)

Multi-Homing term occurs if one side of the market chooses different platforms to take the service. For example, credit card users usually have more than one credit card. (Armstrong, 2006)

In two-sided platforms, there are three different situations.

- Two sides single homing → A newspaper reader buy only one newspaper, and one company give advertising to only this newspaper
- Two sides multihoming→Market place merchandiser has seller account in different platforms, and the customers also have accounts on different platforms
- One-side single homing, the other-side multihoming →
  Phone users choose one platform (IoS or Android); however, one developer can code for both.

These possibilities create massive differentiation in the competition. The outcome can be one dominant player on the market or multiple ones that share the market. (Zhao, Two-Sided Markets Model and, Its Applications, 2011)

2.6. Value Chain Model

The value chain is a business model proposed by Michael Porter in 1985 with a book called "Competitive Advantage: Creating and Sustaining Superior Performance." It is a set of activities created by companies to create from raw material to better goods or services to the market. According to the model, there are primary activities and support activities for every single company; thanks to these activities, companies create value, which means profit. The model consists of 9 activities shown below in figure 6.
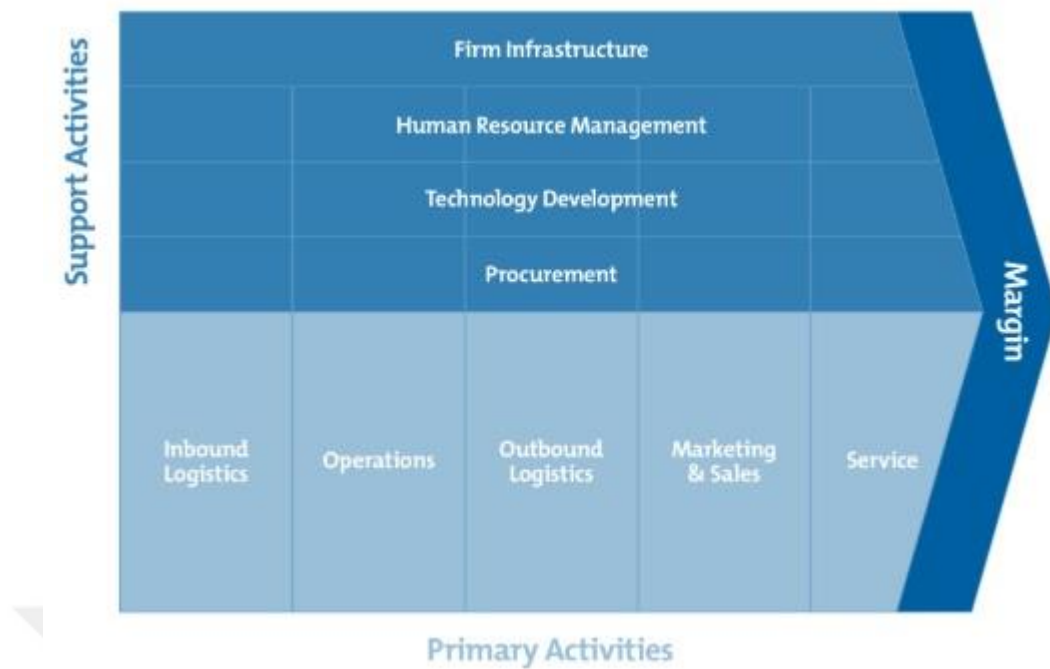
Figure 2.4

Porter Value Chain Model Company Activities

The main idea is to apply this model to your company, analyze the activities, and catch a competitive advantage over other companies in the market.

Porter suggested three main strategies to achieve competitive advantages. These are; cost leadership, differentiation, and focus. Companies should choose one of them and apply them to achieve their goal.

Cost leadership is a strategy that suggests increasing profit by reducing operating costs. The companies try to decrease the price so that they can make more profit at the same price. They should watch their operations and make them better. These kinds of companies usually use scaleability, low-cost base, efficiency on logistics, etc. For example, to adopt this strategy are Walmart, Southwest Airlines, BIM, Pegasus. The primary demolition of this strategy is the possibility of other companies to access cheaper products.

The second generic strategy is differentiation. It means a company that seeks to create a unique product or service. So it should determine the price in an individual market. Companies can choose to be unique any step of their value proposition like customer service, product, or experience. The companies which adopt this strategy always should make R&D or H.R. investments so that it could be costly. Their target

customer is usually non-price sensitive. Also, their product could be copied in time, so they need to innovate themself continuously. Example to companies that choose a differentiation strategy is: Walt-Disney, Apple, D-Market(Hepsiburada.com)

The last strategy is the focus. Usually, it is shown separated as a focus on cost and focus on differentiation. It advises focusing on a narrow group. The companies which adopt this strategy take target a niche product or service or a segment of the customer for a specific market. For example, Lefty, Rolls Royce. (Du Preez, Katz, & Schutte, 2013) (Zhao, Two-Sided Markets Model and, Its Applications, 2011) (Chritensen, 1997) (Zamora, 2016)
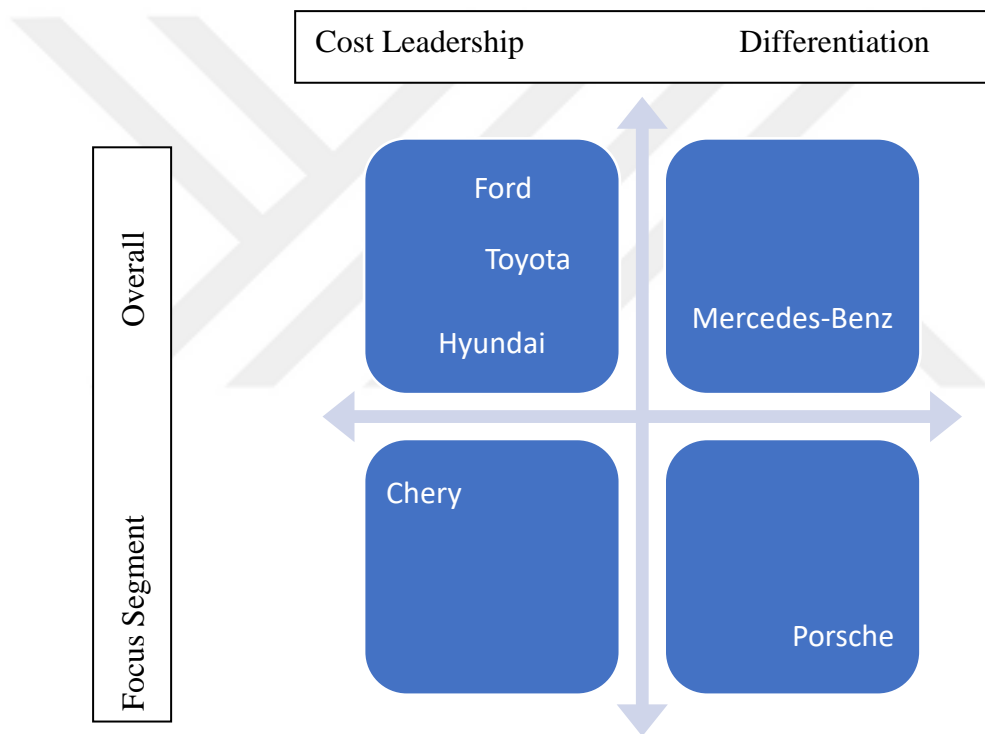
Figure 2.5

Automotive examples for Porter's generic strategies

Source: (Du Preez, Katz, & Schutte, 2013)

Porter advises companies to stick one approach and do not stuck in the middle. However, there is a new approach called Hybrid Strategy. The research focuses on Uber Company and asks if it stuck in the middle or has a hybrid strategy? (Hales & Mclarney, 2017)

Companies that have only one strategy which focused on the product have difficulties in keeping their competitive advantages in the long run. Jim Collins watched 1,435 good companies over 40 years, and he decided 11 of them are great. All of these companies have a value chain model. Today, please see the below table regarding what happened to these companies. (Collins, 2001)

CHAPTER 3: METHODOLOGY

3.1. Introduction

The purpose of the research is to understand how the markets are transforming with the network effect, how the two-sided business model is applying in emerging markets, and what is the reason of failure world's best companies against their local competitors.

In relation to the purpose of the research, the main research questions of this study are "how" and "what" problems. These questions are asked to deal with of exploration of a complex and contemporary phenomenon.

The research frameworks created by Meredith, Eisenhardt, and Yin were considered and used in this research to determine better research methodology. (Eisenhardt & Graebner, 2007) (Yin, Case study research: Design and methods, 1994)

Given the type of research questions and the purpose of the research, the current study will be based on an explorative and interpretive research strategy.

In 1989 Meredith and his friends published an article named "Alternative research paradigms in operations." In this article, they described below framework for researchers. (Meredith, Raturi, Kaplan, & Amoako-Gyampah, 1989)

Table 3.1

A Framework for Research Methods

	Natural ⟷ Artificial		
Rational	Direct Observation of Object Reality	People's Perceptions of Object Reality	Artificial Reconstruction of Object Reality
Axiomatic			-Reason / Logic Theorems -Normative Modeling -Descriptive Modeling
Logical Positivist / Empiricist	-Field Studies -Field Experiments	-Structured Interviewing -Survey Research	-Prototyping -Physical Modeling -Laboratory -Experimentation Simulation
Interpretive	-Action Research -Case Studies	-Historical Analysis -Delphi -Intensive Interviewing -Expert Panels -Futures/ Scenarios	-Conceptual Modelling -Hermeneutics
Critical Theory		Introspective Reflection	

Existential

Source: (Meredith, Raturi, Kaplan, & Amoako-Gyampah, 1989)

In this interpretive research the case study methodology is chosen because of the below reasons;

- The shape of the research questions,
- The purpose and scope of the study,

- Focusing on the study of contemporary events.

Data collection will be done with historical analysis and intensive interviewing methods.

Case study: This method is used to investigate a particular phenomenon with an in-depth, limited, comprehensive review. Typically, it is limited to a single area, which is probably studied in detail over a long period of time. Independent and dependent variables are c uncontrollable, but varied results and processes are widely and systematically measured using multiple data sources. The attraction of the case study is that it can be studied in the natural environments of operations and theories produced from direct data. Also, we can find the answers to how and why questions.

Intensive (unstructured) interview: In this methodology, people are interviewed using open-ended questions. This approach is particularly suitable for the descriptive and discovery stages of the research. It has the advantage that the subjects are framed by the participants, and the researcher is not even aware of these issues. This method is used as the primary methodology in this study. The aim is to get in-depth information about the market and to determine the strategies.

Historical (archive) analysis: The archiving approach investigates documents or recorded data to understand the factors, make comparisons, see similarities and differences, deduce, gain insight and analyze a case from an individual perspective. In this research, this method will be used to strengthen the research data and increase its validity.

3.2. Design and Methodology

The case study methodology allows researchers to explore a complex phenomenon in their context and learn about the research question. A case study is an ideal methodology when a holistic, in-depth investigation is needed. (Meredith, Raturi, Kaplan, & Amoako-Gyampah, 1989)

The type of research question is the most crucial point in defining the appropriate research method. Determining the case study as a relevant research methodology for a research study should be based on some essential criteria. Three questions decided by Yin to define the correct research methodology; (Yin, Case study research: Design and methods, 2014)

1. Type of research question,
2. The extent of a researcher's control over actual behavior events,
3. The degree of contemporary focus, unlike purely historical events.

If the research focuses primarily on answering the "how" or "why" question, and the behavior of the participants cannot be manipulated, and the boundaries between the case and context are unclear, Yin, recommends a case study as a research method. (Yin, Case study research: Design and methods, 2014)

Table 3.2

Relevant Situations for Different Research Methods

Method	Form of Research Question	Requires Control of Behavioral Events?	Focuses on Contemporary Events?
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much	No	Yes
Archival Analysis	Who, what, where, how many, how much	No	Yes & No
History	How, why?	No	No
Case Study	How, why?	No	Yes

Source: *(Yin, Case study research: Design and methods, 2014)*

The type of research question is the most important to choose different research methods. In this study, "What" and "How" questions were asked. "What" items can be descriptive. However, when research questions are primarily "how" and "why" type questions, r.esearchers usually prefer the case study method.

The following five components should be considered when designing case studies. (Yin, Case study research: Design and methods, 2014)

1. The research question of the study,
2. Research proposals (if any)

3. Analysis unit,
4. Logic linking data to suggestions
5. Criteria for interpreting the findings.

The first three components show which data to collect and how to design the research. The last two elements shape what will be done later with the data collected.

3.2.1. The research question of the study

The type of research question is an essential criterion for deciding whether a case study is an appropriate research methodology for research. Case study questions are likely to be relevant to the "how" and "why" questions.

Research questions of this study;

RQ1: How did the network effect change existing business models in the retail industry?

RQ2: How would platform providers apply the two-sided market model in emerging markets?

RQ3: What strategies help companies that are expected to fail but succeed over strong competitors?

The main research question is about a "how" question and needs a descriptive approach to uncover the dynamics of real-life experiences. For these reasons, the case study has been accepted as an appropriate methodology for this research.

3.2.2. Research proposals

Case study research proposals allow the researcher to limit the scope of the study and increase the feasibility of completing the research project. Propositions can come from literature, personal or professional experience, theories, and & or generalizations based on empirical data.

The propositions of this research come from literature, empirical data, and professional experience.

Proposition 1: The main difference between the two-sided business model and the value-chain model is the network effect.

Proposition 2: According to' Technology Cycle' by Anderson and Tushman (1990) and 'Stages of Growth Model' by Gibson and Nolan(1974), Two-sided business model businesses have four major growth stages, and different core elements and strategies exist for each step.

Proposition 3: According to Thomas R. Eisenmann, Geoffrey G. Parker, and Marshall W. Van Alstyne, to beat the "winner takes all" phenomenon for two-sided markets, a newcomer can offer better value. Pricing, differentiation, and network strategies can help to beat the competition.

3.2.3. Unit of Analysis

The unit of analysis defines who or what to analyze in the envisaged case study. When describing the case and setting the boundaries of the case, Yin suggested focusing on clarifying the unit of analysis. (Yin, Case study research: Design and methods, 1994) It can be a person, a group, a community, a process, or an entire ecosystem analysis unit within the defined context. Defining the analysis unit helps the researcher determine the information to be collected.

This study focuses on the strategies of companies that have adopted the two-sided business model in the marketplace and meal coupon sectors.

The unit of analysis in the current research is a business phenomenon. In other words, the strategies applied when establishing a market place (chicken-egg Dilemma), strategies applied to keep leading position in the market (winner takes alls dilemma), and the effect of network effect on these strategies will be investigated.

3.2.4. Linking Data to Propositions

In order to provide a solid basis for the analysis of the data obtained, the correct method and approach should be chosen between the various analytical techniques and tools at the design stage before the field study. If the collected data is not sufficient or too much, or if the data content is not suitable for use with the desired analytical or qualitative techniques, the process must be repeated or redesigned. The link between data and propositions or the purpose of the study should be considered in advance so that there is no setback in data analysis at the design stage.

In this study, the case study was used as a methodology. For this purpose, a qualitative and exploratory research approach will be made. The link between the purpose of the study and the data to be collected was established by using interview guides to serve the purpose of associating the data with the proposals. (Yin, Case study research: Design and methods, 1994) (Meredith, Raturi, Kaplan, & Amoako-Gyampah, 1989)

3.2.5. Criteria for Interpreting the Findings

In general, the case study method is not based on qualitative and statistical data. Therefore, the researcher needs to find other ways to analyze and interpret the collected data. One approach is to use propositions to analyze data collected from case studies. (Rowley, 2002)

Propositions can be used when interpreting case study findings. The proposals cover the objectives of the research, and the data collected were shaped taking these objectives into consideration. (Rowley, 2002) Therefore, the analysis of data collected from different sources should use the propositions at the center, and the researcher should test whether the evidence converges or deviates from the assumptions of the relevant proposal. (Rowley, 2002)

3.3. Type of Case Studies

Case studies can be used for different purposes in the research area. Yin opposed to classifying and limiting research strategies in a hierarchical manner and criticized the belief that case studies are only relevant to the research stage. (Yin, Case study research: Design and methods, 2014) According to Yin, case studies can be descriptive, explanatory, or descriptive. Yin also distinguishes between single, holistic, and multi-case studies. (Yin, Case study research: Design and methods, 2014)

Table 3.3

Basic Types of Designs for Case Studies
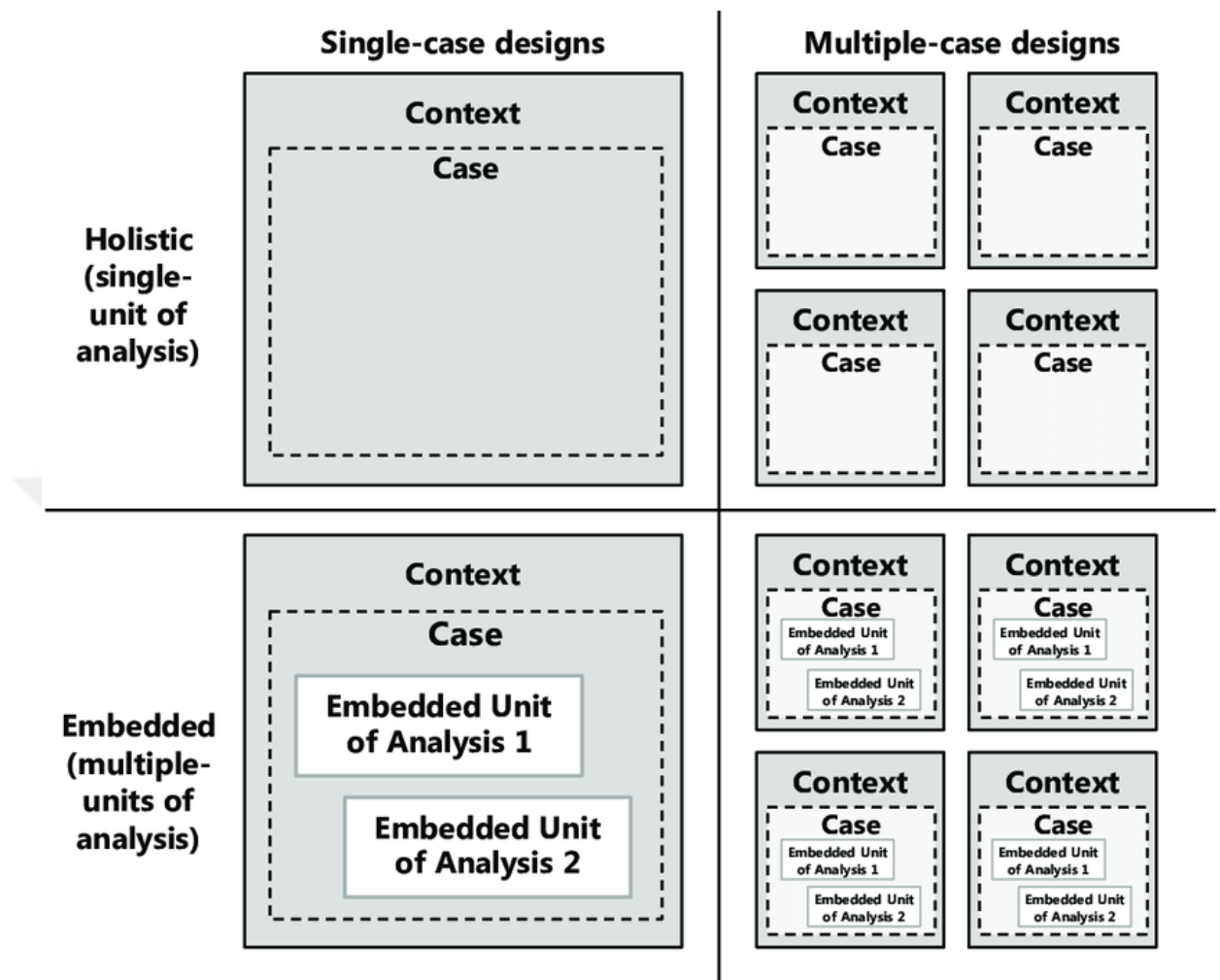
Source: *(Yin, Case study research: Design and methods, 2014)*

If the researcher aims to explore a phenomenon in a real-life context while preserving its wealth, single-case studies are the strong choice of methods, especially in such situations (Eisenhardt & Graebner, 2007). Multiple case studies allow the researcher to repeat the findings in different cases. Choosing between multiple and single case method has some exchanges. Some riches will be sacrificed in multiple case studies but will allow the researcher to develop a more generalizable and better-tested theory in different real-life contexts. (Eisenhardt & Graebner, 2007)

In multiple case studies, another approach that can be used for an in-depth investigation of cases is the comparative case study. Comparative case studies include the analysis and synthesis of similarities, differences, and patterns in two or more cases with a common focus or target. Comparative case studies consist of two or more cases, producing more generalizable information about causal questions. (Goodrick, 2014)

In a comparative case study, the number of cases is often limited because each case needs to be understood in-depth, and this requires extensive data collection and analysis. Comparative case studies can include at least two cases; When a large number of cases are included, depth and detail will have to be sacrificed. (Goodrick, 2014)

Another differentiation for the type of case studies is between holistic or embedded designs. Holistic case studies see the case as a single unit and examine processes, focus on broad topics such as structures or the entire organization itself. Holistic case studies may not analyze the analysis unit sufficiently in-depth, as they view the situation from a broader perspective. Embedded designs examine multiple units of analysis and explore them one by one in their familiar contexts. Embedded designs sacrifice a holistic view from the entire case story and focus on individual subtopics. (Goodrick, 2014)

According to given the research questions and research objectives of this study, this research uses an exploratory, embedded, and comparative multi-state study methodology.

The exploratory and comparative multiple case study enables the researcher to discover the differences between the cases. The aim is to repeat the findings between cases. In a multi-state study design, it is recommended that cases are carefully selected, as comparisons will be drawn, and the researcher should predict similar or opposite results between cases. (Yin, Case study research: Design and methods, 1994) (Meredith, Raturi, Kaplan, & Amoako-Gyampah, 1989)

Table 3.4

Case Study Design for this Research
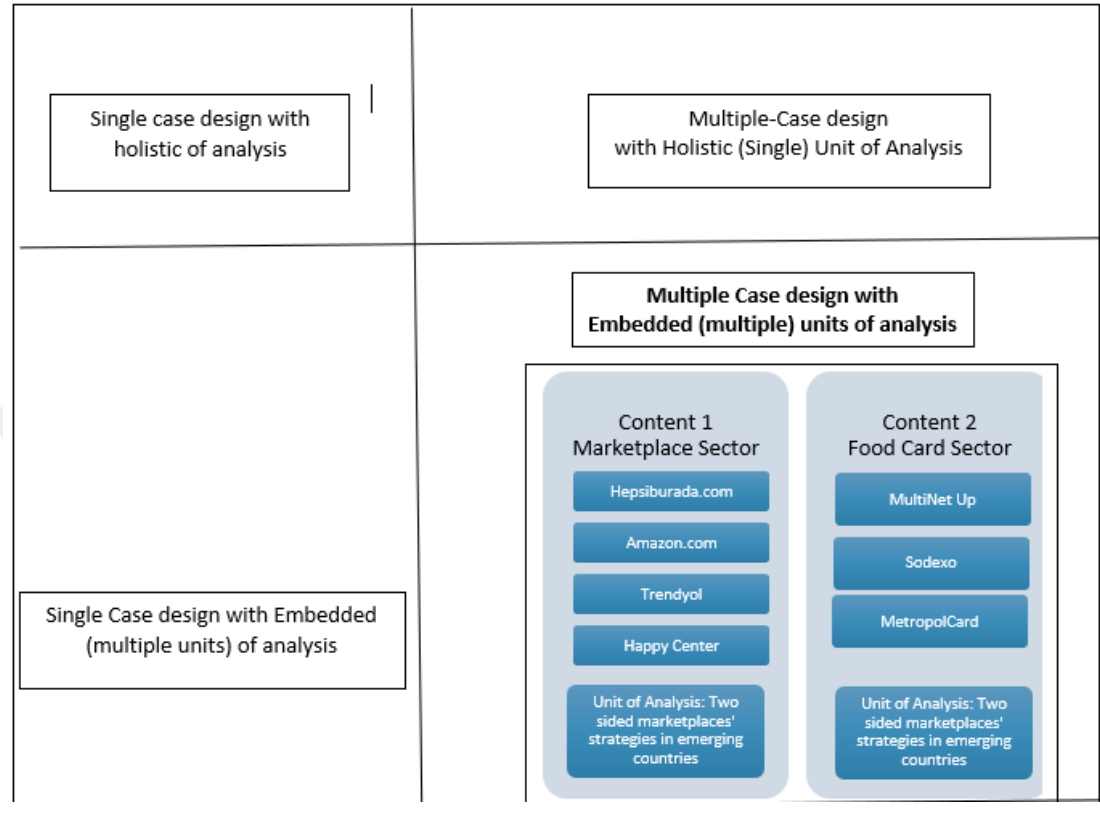
The research design is based on the process suggested by Rose, and the research will follow the steps shown in Figure 7. In the current study, and embedded and multi-state design approach will be used. (Rose, Spinks, & Canhoto, 2014)

3.4. Criteria for Case Selection

The following reasons were considered as criteria when selecting cases in the marketplace and meal coupon sectors as a real-world research example for this research;

- Illumination of the research subject
- Criticality
- Commonly
- Access to Research Data.

Yin (2009) recommends focusing on the type of research questions of case selection, the degree of control that can be applied to the case, and current or previous phenomena. Therefore, this study is selected the cases with below conditions;

- Operating in Turkey
- Companies that have adopted the "two-sided market" business model
- Global companies
- Local players who succeeded against global competitors

It also selects multiple cases and multiple analysis units in a multiple embedded case study to elaborate on research. (Yin, Case study research: Design and methods, 2014)

To select the better cases, firstly, the sectors working as platforms were examined. (Online dating, betting, tourism, transportation, etc.) Secondly, If there is more than one company operating as a platform in the sector, the competition between them was examined. In this competition, globally influential companies and local companies were reviewed. Local firms and their global competitors who have achieved success in the market against their global competitors were included in the research.

Table 3.5

Selected cases for multiple-case analysis

Companies that Have Adopted the Two-sided Business Model	
Market Places Sector	Meal Coupon Sector
Market incumbent Local Company	Global Incumbent Losing market share in Turkey
Global Leader Brand awareness rate of 33% in Turkey Purchase rate of 3% in Turkey Direct Enter to Market	Turkey market incumbent Acquisition with Up Group
Local Company 142 Physical Store 7% market share	Late Comer to market Local Company 15% market share
Acquisition with Alibaba Global Company High awareness and purchase rate	

Figure 3.1

Selected cases for multiple-case analysis

3.5. Data Collection

One of the strengths of the case study as a research method is that case studies are not limited to a single type of data collection method. Case studies can combine various data collection methods, such as archives, interviews, surveys, and observations. Evidence can be qualitative, quantitative, or both (Eisenhardt & Graebner, 2007). While conducting case studies, Yin referred to six sources of evidence that could be used as a data collection tool; documents, archive records, interviews, direct observations, participant observations, and physical works. (Yin, Case study research: Design and methods, 2014)

The research data in this study were obtained from in-depth interviews, published public data, news, researcher industry observations, reports, and conferences.

Research data is not based on a single source or method. In order to increase data validity and make the findings more robust and reliable, data was triangulated by using more than one source of evidence.

3.5.1. Triangulation

In social sciences, triangulation is used to increase the validity of research findings and decisions. Triangulation is a method that allows researchers to have more confidence in their conclusions. While explaining the definition of triangulation, Jick created an analogy with geometry. (Jick, 1979)Given the basic principles of geometry, we can say that multiple perspectives provide higher accuracy. Similarly, Jick explained that organizational researchers could improve the efficiency of their judgments and findings by collecting different types of data from various sources that turn into the same phenomenon. (Jick, 1979)

3.6. Data Collection Instruments

3.6.1. Primary Data - Interviews

In the case study research, interviews allow researchers to collect primary data directly from critical participants who are either witnesses or directly involved in the real-life phenomenon under investigation. Interviews with these participants enable the researcher to gather insight from the participants and observers of the topic directly. Meetings can be considered as one of the most powerful data collection methods in case study research.

In an interview, the researcher directs the various questions to the informants, and the dialogue is often shaped around these questions. Interview questions must be based on research questions and serve research purposes. In this way, an interview template or guideline is critical to the effectiveness of the interview.

Interview questions can be open-ended questions that enable participants to share their personal views, experiences, and observations without any limitations, thereby enabling the researcher to gather extensive information on the subject. Closed or directed questions limit participants to focusing on a particular aspect of the topic. Interviews can be divided into three forms, considering question types; unstructured, semi-structured, and fully structured.

A fully structured interview is like a survey, and all questions addressed to the interviewed people are planned and organized before the meeting is held. In semi-structured interviews, questions are prepared before the meeting, but not in a scheduled order. Unstructured interviews are based on an exploratory approach. Formulated questions help researchers gain new information on the subject. (Yin, Case study research: Design and methods, 2014)

This study is based on a two-phase interview process with semi-structured and structured interviews. In the first round, a semi-structured interview based on open-ended questions was held. Structured interviews allowed the researcher to gather more information about the cases and to approach the issue with a broader approach. In the second round, more structured questions based on predefined propositions were posed to the participants.

I contacted all respondents via Linkedin. After the permission of the company board of directors was taken, interviews with video conferences were completed. I had a total of 12 in-depth interviews with the platform company manager or owners. All conversations were recorded using the recording software on the smartphone to prevent data loss and increase data validity. The recorded files were stored as sound data in the case study database and were then converted into text formats using internet-based speech to text service providers.

Table 3.5

Characteristics of in-depth interviews

	Characteristics of in-depth interviews	
	Platform Business Category	No. of Respondents
Market Places	Multi-National Enterprise	3
	Small and Medium Enterprise	2
	Consulting Firm	1
Meal Cards	Multi-National Enterprise	4
	Small and Medium Enterprise	2

At the beginning of each interview, the participant was asked to record the conversation. Besides, informers were informed about the research objectives, the main research question, and the content of the research study to avoid misunderstandings. The scope of the information provided at the beginning of each interview is restricted so as not to cause any bias in the responses of the participants.

My interview guide consists of three parts:

1. I asked the company managers and experts to discuss significant platform companies in Turkey and explain how successful platform business models differ from failed platform business models.
2. I asked about the value chain business model, how these value chains differ under a platform business model, and the properties of new prosses.

3. I asked industrial managers and experts how platform work was set up, and identified 18 successful and unsuccessful strategies in the platform business area, using 18 deep questions based on the semi-structured interview method.

The data obtained from all three sections were analyzed using the based theory to define the value chain and strategy in the platform business model.

Table 3.6

Characteristics of in-depth interviews

Interviewee List	Position	Education
Hepsi Burada	Manager	BSc
Amazon	Manager	BS
Trendyol	Manager	MBA
HappyCenter	Manager	MBA
MultinetUp	Manager	MS
Sodexo	Manager	BSc
MetropolCard	Manager	BS

I collected data on each platform company's business model, strategy, capabilities, and management processes. This in-depth data collection enabled detailed data to be produced. I gathered as much information as possible about different services and business models from various interviewees and completed the interviews only when I provided sufficient data.

3.6.2. Secondary Data

Secondary data directly related to the research was collected from sources such as public documents, company bulletins, reports, news articles, journal articles, archive records, reports, seminar notes, and books. This information provides an understanding of the overall business environment of platform companies. The data were collected by considering the subjects examined in this research. Secondary data has strengths and weaknesses (see Table 6), so while avoiding data, I avoided weaknesses such as bias selectivity and reversibility and focused on advantages such

as repeatable testing and creative data collection. Also, I attended four conferences, two national and two international, to secure the latest research materials.

Table 3.7

Secondary data collection: strengths and weaknesses

Secondary Data Collection: Strengths and Weaknesses		
	Strengths	Weakness
Documentation and Archival Records	Stable-can be reviewed repeatedly	Retrievability can be challenging to find
	Unobtrusive-not created as a result of the case study	Biased selectivity, if the collection is incomplete
	Exact-contains exact names, references, and details of an event	Reporting bias-reflects (unknown) bias of the author
	A broad coverage-long span of time, many events, and many settings	Access may be deliberately withheld
	Often standardized	
	Many tests can be administered to groups Which saves time	
	Tests are usually already developed	

Source: *(Yin, Case study research: Design and methods, 2014)*

3.7. Data Recording Procedures and Ethics

Deciding what to save is an integral part of qualitative data collection. In particular, it is always necessary to review and change the initial notes created during in-house work to increase the completeness and accuracy of the data (Yin, Case study research: Design and methods, 2014). This study created descriptive and reflective notes, as suggested by Creswell. (Creswell, 2003)

The explanatory notes mainly include the information of the interviewers, while the thoughtful signs mainly include the thoughts and ideas produced during the interviews. Also, all the information in the meetings was recorded on a recorder, and a written note was taken after giving the consent of the interviewers.

Hesse-Biber and Leavy (Biber & P., 2006) stated that a researcher should estimate the ethical problems that may arise during the research process. Punch has argued that ethical issues are inevitable when research is designed to collect data about and from people. (Punch, 2013) A researcher should protect and trust the research participants. Also, the researcher should ensure that the study does not cause any harm to him/her. Ethical issues; may be related to the literature review process and data collection and evaluation, such as confidentiality, distortion, and incorrect translation. (Biber & P., 2006)In other words, an ethical problem can always arise. (Punch, 2013) For ethical reasons, a researcher has to follow strict ethical rules during his / her working period. (Biber & P., 2006) (Punch, 2013)

There are many ethical problems in the data collection process. Therefore, additional measures were taken in this study. In this study, no confidential information about participants was confirmed, and participants were informed about confidentiality. Besides, before the interviews were done, the participants were defined as the research objectives and expected results. (Creswell, 2003)

3.8. Quality of Research Design

Yin suggested that four types of tests should be taken into account when assessing the quality of a study; construct validity, internal validity, external validity, and reliability. (Yin, Case study research: Design and methods, 2014)

3.8.1. Construct validity

Construct validity is the creation of correct operational measures for the concept being studied. (Yin, Case study research: Design and methods, 2014) As suggested by Yin, during the data collection phase, having critical sources of information to use multiple sources of evidence, establishing a chain of evidence, and reviewing the draft case study protocol will be considered in the present research to ensure better construct validity.

3.8.2. Internal Validity

Internal validity is defined as establishing a causal relationship. Descriptive or exploratory research designs are not subject to internal validity; only causal or explanatory studies should be considered. (Yin, Case study research: Design and methods, 1994)

Since the current research is a qualitative and exploratory study, methods such as pattern matching or logic models have been used.

3.8.3. External validity

External validity is a concern for the creation of an area where the findings of the studies can be generalized. (Yin, Case study research: Design and methods, 2014) In order to ensure external validity, replication logic was used in multiple case studies in established companies during research design. Using a case study protocol is expected to help achieve a higher level of external validity.

3.8.4. Reliability

The purpose of reliability in case study research is to reduce errors and prevent biases in data collection, analysis, and interpretation. Reliability in research design is to demonstrate that a study - like the data collection procedures of the study - can be repeated with the same results. (Yin, Case study research: Design and methods, 2014) To provide better reliability, the current research data collection phase will use a "case study protocol," a case study database, and a triangulation approach.

CHAPTER IV: DATA ANALYSIS

The data analysis in this qualitative research aims to understand the phenomenon examined by obtaining valid results from the data collected for the qualitative study. (Dey, 1993) According to Merriam and Marshall and Rossman, in qualitative research, data collection and analysis tend to co-occur. (Merriam, 1988) (Marshall & Rossman, 2006)Unlike quantitative studies that begin to analyze data after they are collected on the field, qualitative studies start to analyze the data at the collection point in the area and develop it with its collection. For this reason, this research performed data collection and analysis at the same time.

Jacob explained that qualitative studies try to classify objects, people, and cases. Therefore, the researcher should categorize their data during the data analysis. (Jacob, 1987)It should also understand and explain topics and patterns. Data should be reviewed over and over again during the study and should be coded continuously. Patton emphasized that three methods are needed for qualitative data analysis. (Patton, 1990) First of all, the data should be arranged and collected in chronological order by a researcher. Second, the data should be converted to a summarized format. Third, a qualitative researcher should find patterns and topics in the data. Dey (1993), defined data analysis as a logical explanation and derivation course while reducing the number of databases or subject elements to explain the properties and meaning of the data. (Dey, 1993) According to Dey, in a qualitative study, the analysis is mainly done as follows:

- Description: A comprehensive definition of the situation in which the behavior occurred, the intentions of the actors, and the development process of social behavior.
- Classification: Classification of data into subject or code.
- Connection: Creating new meaning through rearranging categorized and subdivided data.

To analyze a multi-case study, this research was compiled with Dey's analysis process, which is acceptable for systematic analysis. First, a database was created with the data collected. Then, three procedures based on qualitative analysis were analyzed as a circular process, as suggested. (Dey, 1993) As a result, data analysis was carried out in four stages, mainly 1) compilation, 2) explanation, 3) classification, and 4) connection. The compilation is a process that continues throughout the entire study.
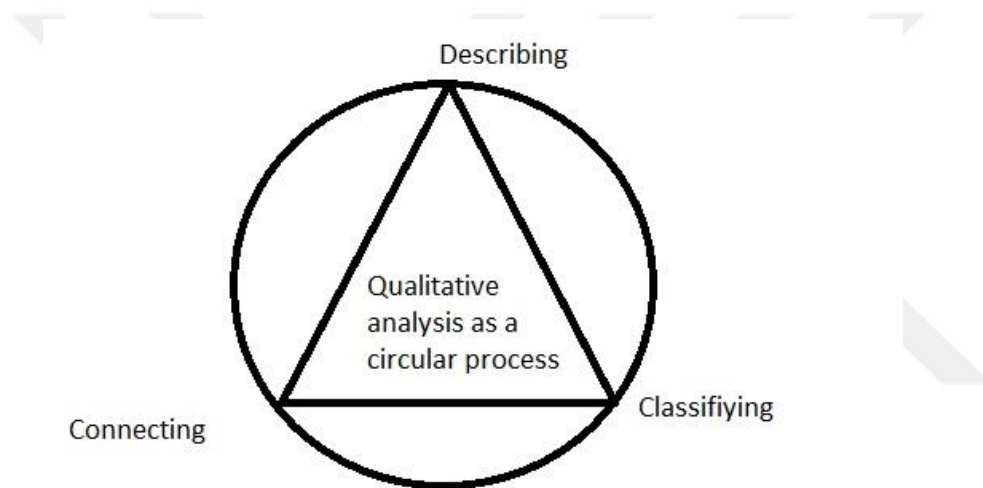
Figure 4.1

Qualitative Analysis as a circular process

Source: (Dey, 1993**)**

Analysis of the data collected through the interview records, interpretation of the collected documents, and revealing evidence from all blocks of the case study database collected during the field study is an essential step in case study research. Rowley argued that there were no accepted cookbook procedures for analysis of case study evidence. (Rowley J. , 2002) However, a good case study suggested that the report should address four criteria. First, the story should use all relevant evidence. Second, the chief competing comments should be taken into consideration and researched.

The analysis should also address the most critical aspects of the case study. Finally, Rowley (2002) emphasized that the investigation should include the researcher's relevant experience and knowledge from an objective and impartial perspective.

Yin proposed five analytical techniques that can be used when analyzing case data. (Yin, Case study research: Design and methods, 2014)

Pattern matching is a logical approach that compares empirical patterns with predicted patterns. The practical design is findings from case study evidence. The predicted trends represent the researcher's mental model. If both patterns show similarities, this will increase the internal validity of the case study.

The second is to create a rational, technical explanation. The purpose of disclosure building is to analyze case study evidence to create a statement about the case. Pattern matching can be used as a basis for commenting, but more attention should be given to details and logical comments.

The third technique proposed by Yin is a time series analysis. It is a time series analysis of the empirical data collected. This technique requires appropriate data collected over a certain period of time, and this data is sufficient to apply analytical and statistical methods for further processing.

In the fourth technique, the logic model. Uses consecutive stages in which events within a time frame are analyzed and evaluated. The use of the logic model approach consists of pattern matching since it compares empirically observed events with predicted events.

Cross-Case synthesis is the fifth analytical technique proposed by Yin that can be used to analyze case study evidence. This approach is relevant if the case study has at least two cases and treats each case as an individual case study. Evidence from each case can strengthen findings and increase the external validity of arguments.

As a general strategy, current research is based on theoretical propositions. It uses logic generation and cross-case synthesis as an analytical technique. The recommendations cover the objectives of the study and assist the researcher in collecting data.

This approach is a widely used approach among researchers in the analysis of case study data. (Rowley J. , 2002) While analyzing and evaluating the data, pattern matching, logic model, and cross-case synthesis techniques were used in this study.

4.1. Reporting Case Studies

This research study includes traditional and contemporary data analysis applications. Combining traditional and contemporary methods has provided more excellent reliability, validity, and reliability. For example, while the researcher collects, interprets, and inputs many complex data, the software platform only draws conclusions from the researcher's data editing.

Reporting case studies are as critical as the data collected in the case study research and the analysis of these data. The purpose of the report is to present the case in a structured, clear, and understandable way. Thus, readers can quickly grasp the analysis and understand causations and relationships. The report shapes the reader 's opinion on how to apply the findings in real life. A report is a tool for healthy and effective communication between the researcher and the readers of the case study.

There is no single way to report a case study accurately. (Baxter & Jack, 2008) It is the researcher's task to turn a complex phenomenon into an understandable, structured, and open context in reporting.

There are proposed six alternative types to report case studies. (Yin, Case study research: Design and methods, 2014)

Yin (2003) proposed six alternative types to report case studies.

- The linear analytical approach takes into account the standard research reporting structure, begins with the definition of the problem, continues with the relevant work, method, analysis, and finally results.
- The comparative reporting method requires the same case to be repeated two or more times to compare alternative descriptions, descriptions, or perspectives.
- The chronological method is usually based on a structure suitable for longitudinal studies.
- The theory-making approach presents the case according to some theory-making logic to cover a chain of evidence for the theory.
- The stress method undoes the linear-analytical structure and reports the results first and then supports them with evidence.

- The out-of-order reporting approach does not address any of the above, often used to report the general characteristics of a group of cases.

For this research, the first step I take to analyze the data of this research correctly is the compilation. The purpose of this step is to collect all the data to create a mass database. The second stage consists of a description of the data: the situations and consequences that occur at this stage are explained comprehensively based on the data from the case analysis. The third stage is 'classification.' At this stage, the data are coded according to the database prepared in the first stage, and the description created in the second stage. Nvivo 1.0 was used to encode the data, and the results were detailed and understandable. The fourth stage is 'connection.' The encoded data are analyzed as a conceptual framework to create a connection. To report the case studies, I will use a linear analytical approach. Also, propositions are handled in a structured way and adapted to the systematic structure.

4.2. Data Compilation; Creation The Database

The first stage of the analysis in this study is data collection. (Yin, Case study research: Design and methods, 2014) The main element of this phase is to prepare the database. In other words, procedures for systematic structuring of data were carried out before the analysis began. Such structuralization studies much support a researcher's data analysis, and it is essential to create a database before coding. (Yin, Case study research: Design and methods, 1994)

Nvivo 1.0 has an index system for data and analytical study functions, so it is ideal for classifying and structuring data. This structure makes it possible to process large amounts of data. Nvivo makes it possible to use data collected from interviews, web pages, social media, and online content. Therefore, Nvivo 1.0 is a suitable program for this study. Nvivo was used continuously in the analysis during the compilation phase and in the next classification phase, as well as during the analysis phase in the connection phase.

4.3. Data Description

One of the features of qualitative studies is the system that expresses the data and results of the study in a predictive way instead of numbers. (Marshall & Rossman, 2006)This system is related to the purpose of qualitative work, which represents people's experience, life world, and understanding. So, there are limitations to the extent that these data can be described numerically, and since there are numerical limitations of phenomena and reality, qualitative studies should not convert or reduce data, but continue their analysis using closer enriched data.

Therefore, 'data description' in a qualitative study aims to facilitate understanding of reality. Data definition is an essential element of data analysis in both multi-case studies and qualitative studies. For this reason, I deciphered the sound recordings I created during the interviews. One hundred thirty-six pages of data were obtained in total. Efforts have been made to reshape the themes and codes that have been read over and over again after each interview recorded for the depth of the research and that the data are not missing or inaccurate. The resulting text files are prepared and coded as separate pages for each interview. Records were transferred to Nvivo 1.0, a qualitative data analysis program, and content analysis was performed.

4.4. Classification

Classification defines how data is structured correctly, how to compile and identify data, and how to classify it. (Dey, 1993) (Creswell, 2003) The most important part about the analysis of qualitative data is the classification and linking of the categories. It was emphasized that the categorization of data and related categories should be done analytically. (Dey, 1993) Because qualitative analysis requires the definition and interpretation of the events examined. In this study, many ideas emerged and recorded continuously throughout analytical procedures. Classification is based on analytical procedures recommended by Tesch (1990). (Tesch, 1990)

First of all, before coding, the database and the description prepared in the previous stage were thoroughly read, and I noted my thoughts that emerged. Then I made a list of the whole topic, grouped each of the related issues in one category, and expressed it on a chart. Then I organized the main items and subcategories. I scanned the collected data and created structures to support subcategories. Words that can best express the subject were found, and categories were prepared. Finally, a preliminary analysis was carried out by collecting data for each group.
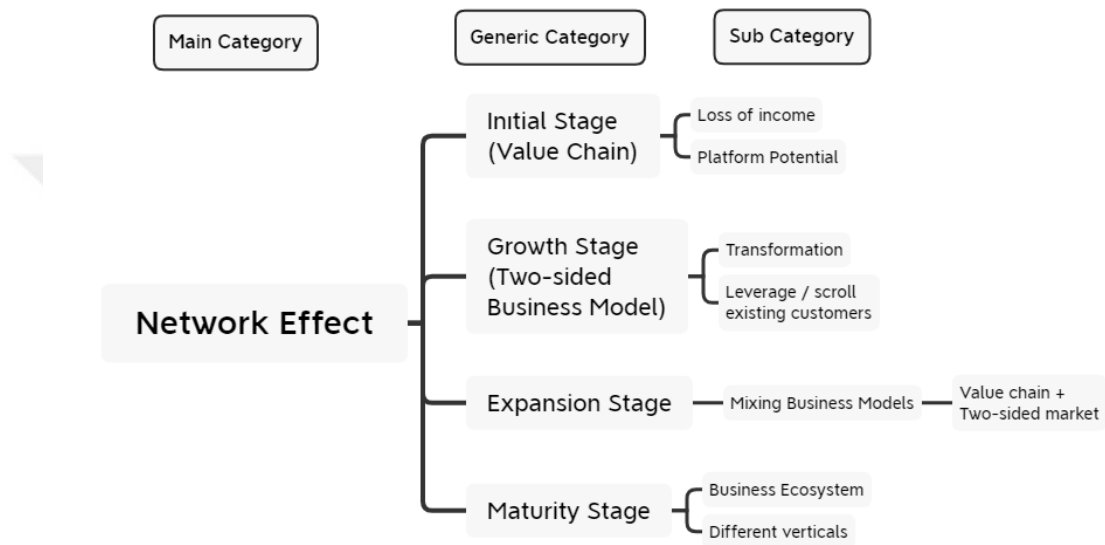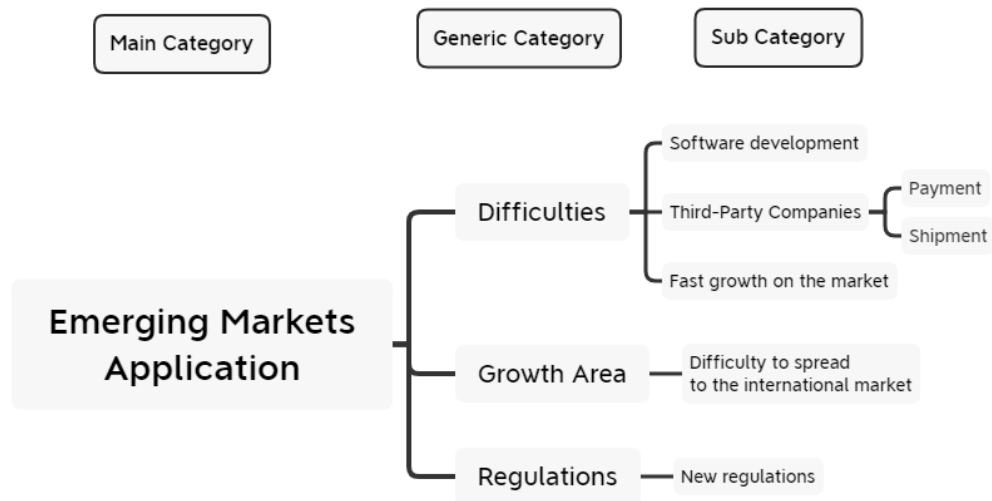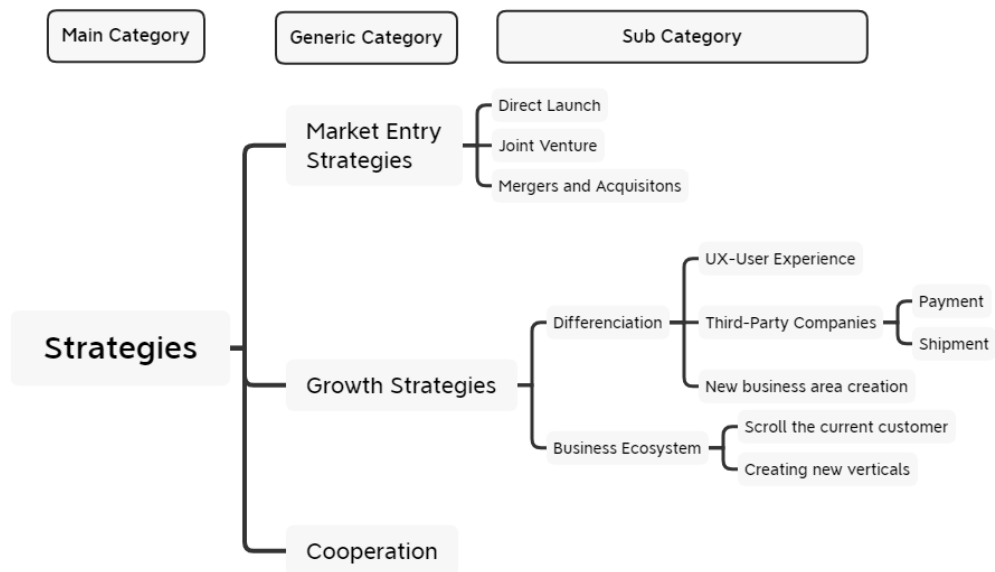

Figure 4.2

A more refined category list for the research question 1

Figure 4.3

A more refined category list for the research question 2

Figure 4.4

A more refined category list for the research question 3

4.5. Connections

Making connections indicates that a new meaning is generated by re-examining the encoded data. In other words, the analyzed data should be gathered based on the patterns and connections that have emerged. In this study, the "Conceptual Framework "method was used based on each of the main propositions of the study.

4.5.1. Conceptual Framework

A conceptual framework is an intuitive framework for assessing the logical relationship of the concepts used and evaluating the cause-effect relationships that define or explain conditions, objects, and the concept itself, thereby creating a complex case link that tends to repeat.

This study analyzes explicitly whether consecutive cases with the same cause-effect effect are interconnected and reproducible, and whether they are applied in other cases.

CHAPTER 5: THE RETAIL E-COMMERCE MARKET CASE

In this chapter, I will examine e-commerce in Turkey and the companies included in this study.

5.1. Retail E-Commerce in World

In recent years, with the effect of trends in world trade, companies have started to deliver their products to foreign markets through online channels. This movement gives sellers an advantage beyond being available in domestic markets while offering consumers access to a broader product network or products of the same or similar quality at more affordable prices. (Deloitte, E-Ticaretin Gelişimi, Sınırların Aşılması ve Yeni Normlar, 2019)

According to the data of the 2018 Cross-Border Consumer Survey conducted by PayPal with approximately 34,000 consumers over the age of 18 from 31 countries, the rates of consumers in the regions that only shop in the local market, shop in the domestic and cross-border market and only cross-border shopping are determined. The findings that stand out in line with the prepared study are as follows: (PayPal, 2018)

- The consumer profile that does cross-border shopping or just cross-border shopping alongside local markets is mostly seen in the Middle East. Africa is the leading region for cross-border shopping following the Middle East. The main factor in the prevalence of cross-border trade in these regions may be the flexibility in customs regulations, the ease in tax legislation, and the fact that customers reach the products they demand more expensive than the cross-border sales prices in their regions or they cannot access the product at all.

- When the continent of Europe is analyzed, Irish consumers make purchases only from cross-border markets with a rate of 19%, both from the cross-border and local market with a rate of 65%, and this rate is at the top of the world.

- Austria, Belgium, and Russia also have consumers who do a significant amount of cross-border shopping.

- As for the Asia Pacific and North America, there is a 40% consumer group who prefer to make purchases only from local and cross-border markets.

According to the information conveyed in the IPC study, where the countries that make the most transactions in cross-border e-commerce behaviors are examined; (IPC, 2019)

- China supplies cross-border import products from Japan by 42%, the USA by 14%, and Hong Kong by 12%.
- American consumers order products from 57% China, 10% UK, and 6% Canada.
- Consumers in Russia purchase products from 83% China, 5% USA, and 2% in Germany.
- England; It purchases products from China by 50%, the USA by 19% and Germany by 7%.

Exporting more products to the world every day, China is a leader in cross-border transactions. The primary motivational sources of cross-border trade worldwide are defined as affordable products and attractive promotional opportunities.

5.2. Retail E-Commerce in Turkey

In Turkey, the scope of the e-commerce market included in retail, online gambling, and holiday-travel sectors. In this part of the research, I will consider the retail industry. The retail e-commerce market size is 44.9 billion Turkish Liras - $ 7.9 Billion in Turkey. (Deloitte, Türkiye de E-Ticaret, 2020) Market size is increasing day by day. The 2018-2019 growth rate in this area is 32% for multi-channel retail and 48% for online retail only. When analyzed in the last four years (2015-2019), it is observed that the average speed of growth is 35%, but the rate of increase has increased in recent years. Therefore, understanding e-commerce becomes more important for companies.

Traditional trading retail companies should catch the change and be wherever the customer is, i.e., online to keep sustainable profitability. Although e-commerce has become very common now, traditional retailers are still not late in picking this change. The ratio of online trade of developed countries to total business is, on average, 12.3%. Although this rate even close to 20% in the United States, Turkey has yet to around 6%. Online Retail / Total retail rate is still far behind the world average for Turkey. (Table 5.1) The E-commerce penetration rate is also still far away from developed countries' standards. (Table 5.2). This graph us gives the signals of e-commerce will grow in Turkey.

Figure 5.1
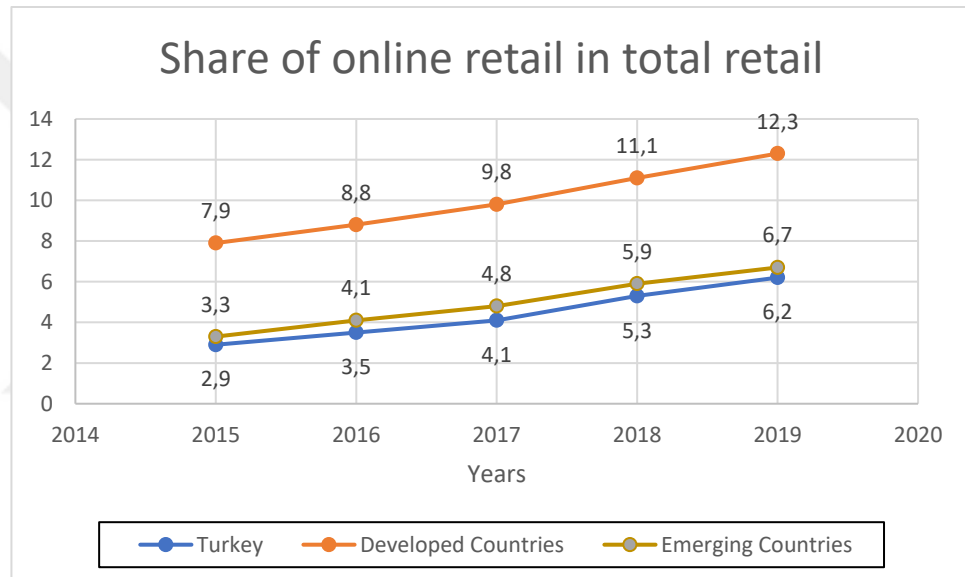
Share of Online Retail in total retail

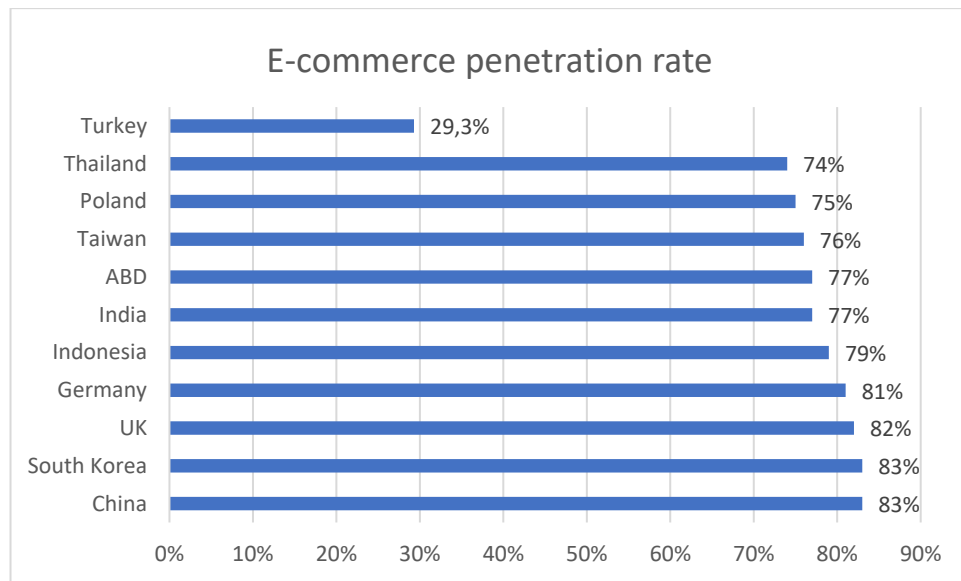**Source: Euromonitor, IMF, GlobalWebIndex and Deloitte analysis**

Figure 5.2

E-commerce penetration rate

Source: Statista, Global Markets with the highest online shopping penetration rate

Table 5.1

E-Commerce comparison for countries

	Country	Fixed Broadband Penetration	Mobile Broadband Penetration	Online Shoppers	Mobile Shoppers	Per capita income PPP$	Population (Million)
Developed Countries	UK	40,20%	101,10%	81,00%	50,00%	$ 46,80	66,8
	ABD	34,30%	149,60%	77,00%	49,00%	$ 65,10	329,20
	Germany	41,70%	85,00%	82,00%	34,00%	$ 53,50	82,90
	France	43,60%	90,70%	73,00%	31,00%	$ 47,20	64,80
	Japon	32,00%	176,60%	69,00%	38,00%	$ 45,50	126,10
	Spain	32,30%	101,30%	74,00%	45,00%	$ 41,50	46,60
Developing Countries	China	32,60%	109,80%	83,00%	83,00%	$ 19,50	1400,00
	Poland	19,70%	111,20%	82,00%	42,00%	$ 33,80	37,90
	India	1,50%	48,10%	74,00%	67,00%	$ 8,30	1351,70
	Brazil	15,60%	90,60%	70,00%	50,00%	$ 16,40	209,90
	Russia	23,50%	95,70%	60,00%	36,00%	$ 29,60	146,70
	Turkey	**17,20%**	**76,80%**	**68,00%**	**51,00%**	**$ 28,20**	**83,10**

Source: (Deloitte, TUBISAD, 2019)

Turkey is predicted that the e-commerce market of the future, the percentage of fixed and mobile broadband penetration increases are expected to increase the rate of online and mobile shopping. (TÜBİSAD, 2020)

Turkey, thanks to its strategic location, in the distance four-hour flight, a total of 1.6 billion people who is above the national income of 30 trillion US dollars, the total global trade is almost corresponding to a trade potential half has the possibility of access to a market. However, despite all these, prepared by the World Bank Logistics Performance Index (LPI) Turkey, 3.15 points compared to the 2018 assessment ranks 47. Turkey LP received 2.71 with the lowest score scoring "event customs and border crossing operations" while in the field, where the most potent 3.63 points title "is the access time of delivery to the recipient." (Deloitte, E-Ticaretin Gelişimi, Sınırların Aşılması ve Yeni Normlar, 2019)

Turkey in the retail e-commerce market, competition is intense. Although there are two different business models, generally, there are five types of companies according to their business transformation types. These types and their example companies are like below:

Table 5.2

Turkey e-Commerce company types

Company Type	Example
Being a traditional retailer and opening its online store	Migros Sanal Market
Only online traders	
Those who are traditional retailers and turn their online stores into a marketplace (two-sided market)	Happy Center
Only those who start with online retail and return to the marketplace (two-sided market)	HepsiBurada, Trendyol (Alibaba), Amazon
Only those with a Marketplace (two-sided market)	Sahibinden.com, Gittigidiyor (eBay)

We will examine those who apply the two-sided market place business model from these five groups in detail.

5.3. HepsiBurada.com

Hepsiburada.com is an online shopping site that has been in operation since 1998. 2011, 2012, and 2013 is the most popular brand in Turkey. In 2013, the E-commerce Site of the Year was selected. (HepsiBurada.com, 2020)

It has a management center in Şişli, Istanbul, and an operation center with an area of 100,000 m2 in Gebze, Kocaeli. All services are provided from this center. The company works with more than 5000 suppliers. (HepsiBurada.com, 2020)

Hepsiburada is the leading e-commerce company in Turkey and the region. supporting the local economy and improving customer who pioneered the retail sector in Turkey for digital conversion, which connects suppliers and entrepreneurs. (Hepsiburada.com, 2020)

Overgrowing since its debut, Hepsiburada currently hosts more than 100 million visits, and there are tens of millions of product types in about 40 categories. (Hepsiburada.com, 2020)

Research Questions

Hepsiburada combines two business models under one roof. Pure retail has been trading online since it was founded until 2016. With a decision taken in 2016, they turned the company into a marketplace, and today they are trying to run these two business models together.

With the implementation of the Marketplace model, the company recorded high growth rates. The company grows two times, on average, every year.

The company has two strategic challenges:

- **To manage aggressive growth:** So the word strategy usually includes, by definition, a little bit more such medium and long term plans, but everything is very fast in the e-commerce industry. Change is speedy. Therefore, it is necessary to make strategic decisions and to update these decisions frequently. It is a bit of a strange situation, in fact, during the combination of strategy and e-commerce.

- **To match the mix between these two business models:** To achieve sustainable growth, Hepsiburada incorporates two different business models and tries to manage this mix.

RQ1: How did the network effect change existing business models in the retail industry?
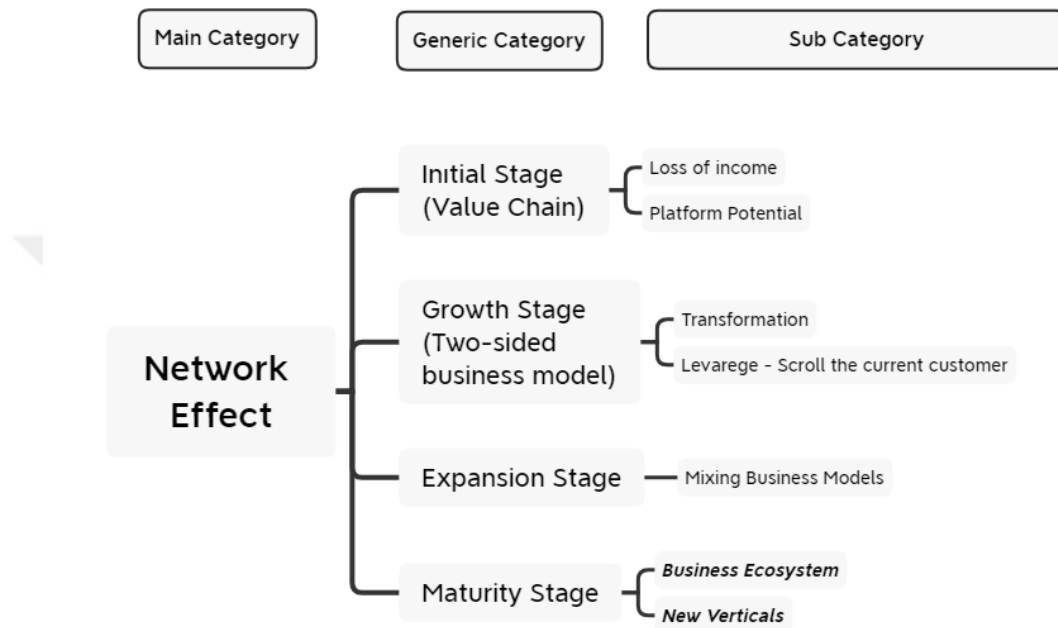

Figure 5.3

Effect of Network Effect for HepsiBurada

As extracted from our interview, the network effect caused the transformation of hepiburada.com's business model on the growth stage. Hepsiburada.com, whose business model is online trade until 2016, has become a marketplace after 2016. Hepsiburada.com, which chooses this way to respond more to the needs of society and attributes its growth rates to this business model change.

Hepsiburada aims to achieve the right rates for the maximum sustainable profitability of the two business models it applies during its expansion phase. The dilemma here is this: What will be the company's pure retail rate, what will be the market place rate? For example, it is desired to establish a balance, such as whether X percent is retail, and the remaining Y percent is the market place. The balance of this is a critical strategic move.

When we come to today (maturity stage), we see that HepsiBurada wants to create a business ecosystem as a goal. HepsiExpress, HepsiJet, and HepsiPay brands are results of this strategy. HepsiExpress shipping, HepsiPay payment, and HepsiJet is a grocery shopping solution. At this point, according to my observations, HepsiBurada is not only in competition with the marketplaces. It is also a competitor to shipping companies, payment institutions, and companies that make online grocery shopping. In summary, with the creation of the ecosystem, different verticals/business areas converge.

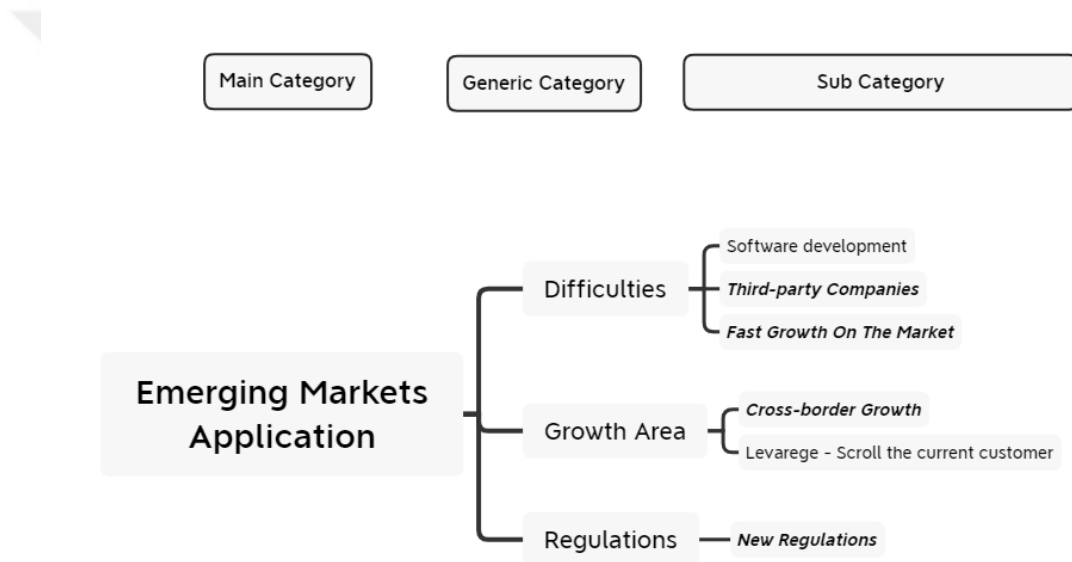**RQ2: How would platform providers apply the two-sided market model in emerging markets?**

Figure 5.4

Hepsi Burada Emerging Market Applications

The bottleneck of e-commerce in Turkey is shipping. In order to control the end-to-end customer experience and maintain brand standards in service quality, HepsİBurada has established its own shipping company called HepsiJet. Although HepsJet does not operate in 81 provinces at the moment, it creates demand in the market with the same day and next day delivery options. It aims to improve the distribution processes of its business partners with the service it offers in e-commerce transportation. (HepsiJet, 2020) Moreover, HepsiJet is a two-sided market solution. HepsiBurada combines shipping to be carried on one side and carriers on the other.

As a third party company group, payment is also a problem in Turkey. HepsiBurada has implemented the HepsiPay online solution to solve this problem. This solution also serves to other e-commerce problems. However, the main goal is to create an ecosystem.

Regarding cross-border growth, Hepsiburada makes international trade. There are 130,280 products for overseas sales on the platform. E-commerce companies are growing very serious in cross border operations globally. There are many benefits among European Union members in terms of logistics and daily transportation. We are at the station in Turkey. We trade this with the European Union, Russia, the Middle East, and the Far East. Engaged in a cross-border e-commerce company in Turkey, and he has specialized in the area but not enough. Of course, there are many more in the world. Therefore, unlike us globally, cross border e-commerce is a bit more prominent.

When it comes to regulations, the work to be done in "customs processes and legislation" and "transportation legislation" should be prioritized within itself.

For cross-border shipments, foreign trade, logistics, and other stakeholders should act together by ensuring national coordination in the field of logistics, and joint studies should be conducted with NGOs and public institutions.

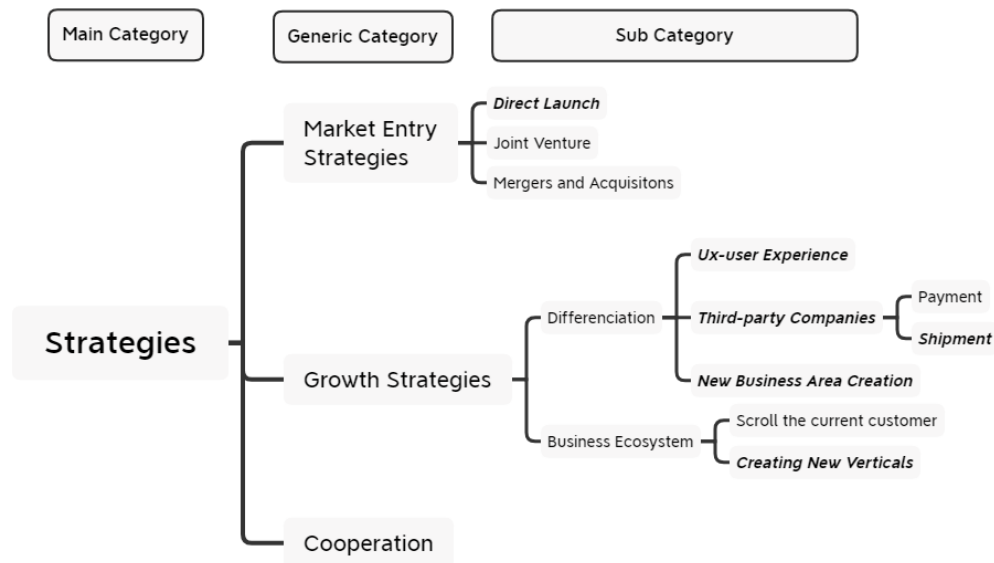**RQ3:** What strategies help companies that are expected to fail but succeed over strong competitors?

Figure 5.5

HepsiBurada Strategies

Hepsiburada is a company that launched in 1998 with "May everything knock at your door." slogan, in Istanbul, Turkey.

When we look at growth strategies, we see that they are on the way to differentiate and create a business ecosystem.

The differentiation strategy is gathered under three main headings. These are:

- **User Experience**
  - **Listing Quality:** When the customer arrives on the platform that is intended to be built here, customer can examine the product s/he wants, hustle-free, quickly check the product sample, product features in full detail, see the seller of the product, and look at the product in a clean, neat structure. On the platform, it is necessary to arrange to maximize the customer experience continuously.
  - **Browsing**
  - **Easy payment**

- **Third-Party Companies**

  Distribution. The distribution side of the handle, which Turkey is an excellent platform-specific firm, the others will decompose in a massive amount of its competitors. Hepsiburada invests in this area with the company HepsiJet. HepsBurada provides its last-mile delivery business to its customers with its high service quality, same day, next day delivery, to offer a top customer experience with the brand of HepsiJet.

- **Create New Business Areas**

  Hepsi Burada constantly enlarges the ecosystem. For example, there is a HepsiExpress solution on the platform. This section is a platform where grocery products can be ordered home at specific time slots. On the other hand, it offers a service to meet people's grocery needs more quickly. New services like this are on the list of HepsBurada. Hepsi Burada differentiates itself in this way.

5.4. Trendyol

Trendyol is a mobile commerce company in Turkey and in the MENA region. It was founded in 2010 by Demet Mutlu and is located in Istanbul.

Trendyol Group brands include Trendyol.com, Modagram.com, and Milla by Trendyol. Trendyol received support from Tiger Global, a US-based investment company six months after its establishment. Besides, Kleiner Perkins and the European Development Bank invested in companies such as Google, Amazon, Groupon, Zynga, and Twitter. (Trendyol, 2020)

Trendyol, which initially started by selling only in the clothing sector, is a marketplace selling in over 40 categories today. Total traffic on the platform in July 2020 is 127,000,000. It was first ranked in the world in the Lifestyle - Fashion and Apparel category. (Trendyol, 2020)

Most of Trendyol's shares were purchased by Alibaba for $ 728 million in 2018. Today, Trendyol's main shareholder is Alibaba.

Turkey has made the following statement by competition authorities: "The acquisition of the sole control of DSM Group Company to Alibaba.com Singapore E-Commerce Private Limited was allowed." (Papuççiyan, 2018)

Alibaba acquired about 75 percent of Trendyol with this share purchase. Although Alibaba is the strategic partner of the company after the investment, Trendyol's management did not change. Its founders and current management team continued to lead Trendyol. (Papuççiyan, 2018)

Research Questions

Trendyol combines two business models under one roof. When the company was first established, it is an online retail company that was created solely for selling textiles. Then they turn the company into a marketplace, and today these two business lines work together. However, they derive a large share of their income from market place sales.

With the implementation of the Marketplace model, the company created high growth rates. Although it was founded in 2010, it has received much more market share than its competitors, which were established in the 1990s.

The main problem is on the company is fast-growing and scaling. With over 2000 employees, the company, which is expected to enter the bureaucracy, still maintains the spirit of a start-up. They owe their success to this start-up spirit.

RQ1: How did the network effect change existing business models in the retail industry?
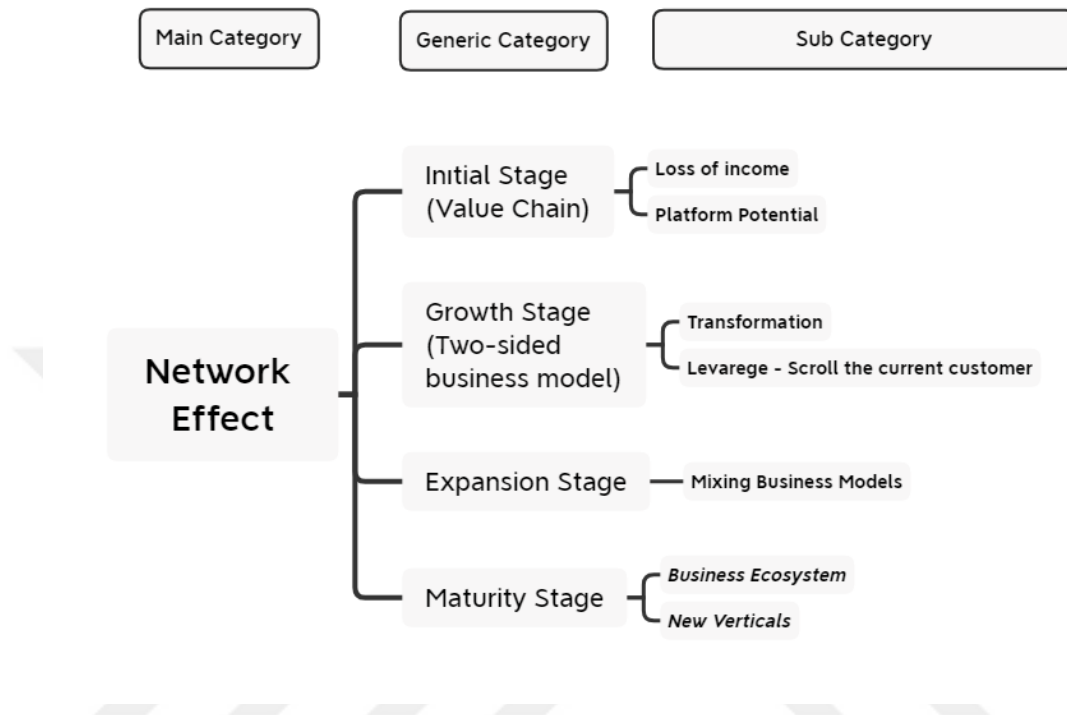

Figure 5.6

Effect of Network Effect for Trendyol

As extracted from our interview, Trendyol is a company that has experienced its network impact at every strategic level.

In the beginning, Demet Mutlu Üçok established a site called Trendyol with a capital of 300 thousand dollars in the concept of private shopping. In the beginning, Demet Mutlu Üçok created a website called Trendyol with a capital of 300 thousand dollars in the concept of private shopping. This concept continued for about six years. After the potential was realized, the company was transformed into a marketplace.

She managed over $ 4 million in investment while managing the online retail process. In 2018, it was sold to Alibaba. They have been managing both business models for the last four years. When returned to the Marketplace business model, it has already had a site in Turkey. In a short time, it gathered over 30 thousand sellers.

Also, creating a business ecosystem is among its primary goals. They enter new verticals to realize this goal. Today, they deliver grocery shopping within 1 hour with TrendyolGo brand. They will also have an initiative in meal delivery soon. Trendyol is moving forward with the goal of being the search engine for shopping.

RQ2: How would platform providers apply the two-sided market model in emerging markets?
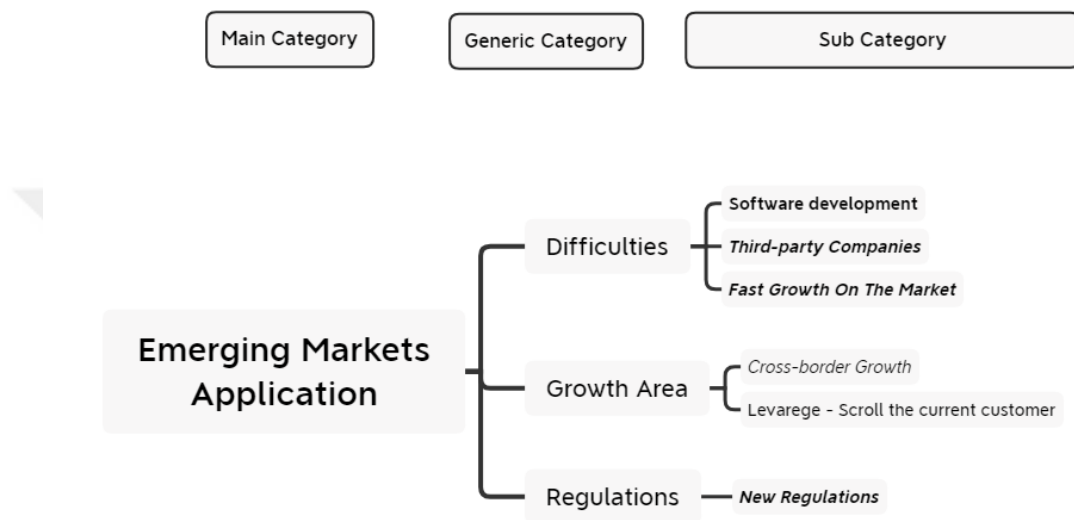

Figure 5.7

Trendyol Emerging Market Applications

The market growth rate in Turkey is high-speed. Because of this fast change, companies have some troubles.

- **Software development:** Trendyol is a company that uses new technologies and still has not lost its entrepreneurial spirit. However, the company is still trying to grow technological problems. An application used today becomes unusable due to the increase in the number of users in a few years. This problem may cause a loss of time with previous applications rather than developing new jobs.

    At this point, a second problem is this: Trendyol does not control every listing created by the sellers. However, if a complaint is received from users, the listing is deleted. This situation caused different claims in 2020 (like Wayfair) and the company to make a statement. (Celik, 2020) In order to

prevent this and similar problems, they will use machine learning applications in their future goals.

- **Third-Party Companies:** The biggest problem is shipping for marketplaces in Turkey. To solve this problem, Trendyol created its own solution called Trendyol Express. With this shipping company, it aims to deliver to the customer as promised.

- **Managing the growth:** According to Trendyol, the biggest challenge they have ever encountered is managing growth. Teams, strategies are constantly changing, and the company needs to keep it alive every day.

Trendyol.de site is available for cross-border growth. Although Trendyol wanted to gain market share in Germany and Europe through this website, they could not reach the level they wanted. (Eyidilli, 2018)

Also, the company had to make improvements in payment systems due to new regulations. This system is not open to other companies; it is designed for its use.

RQ3: What strategies help companies that are expected to fail but succeed over strong competitors?
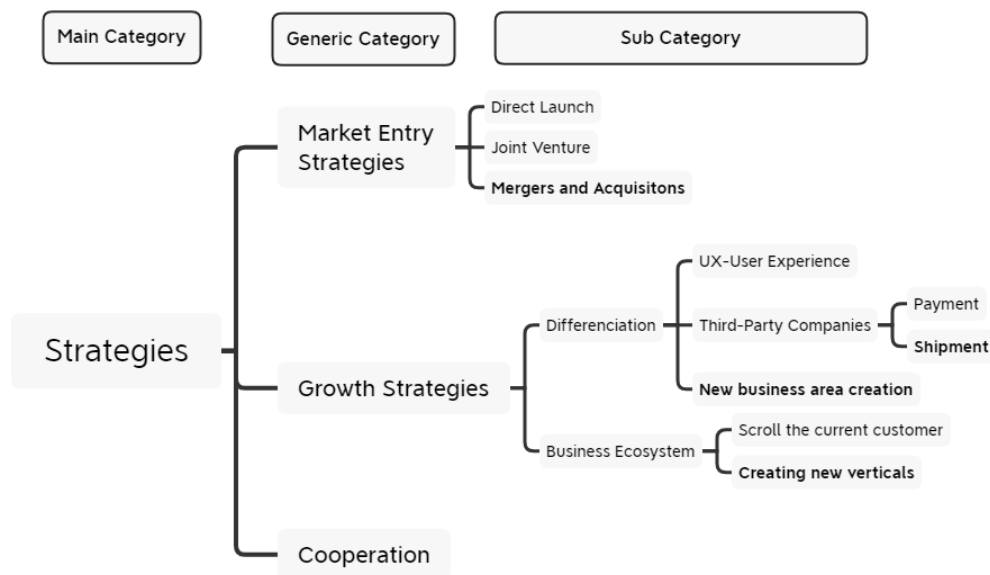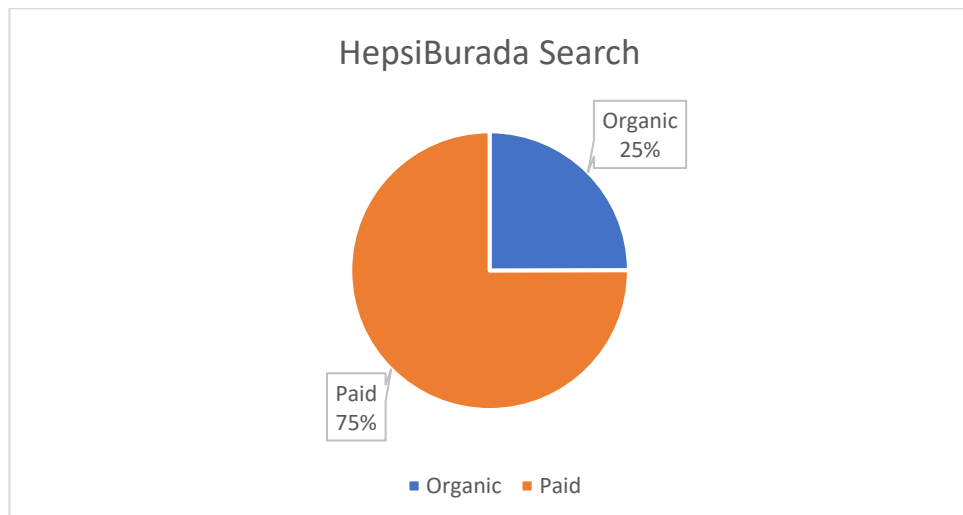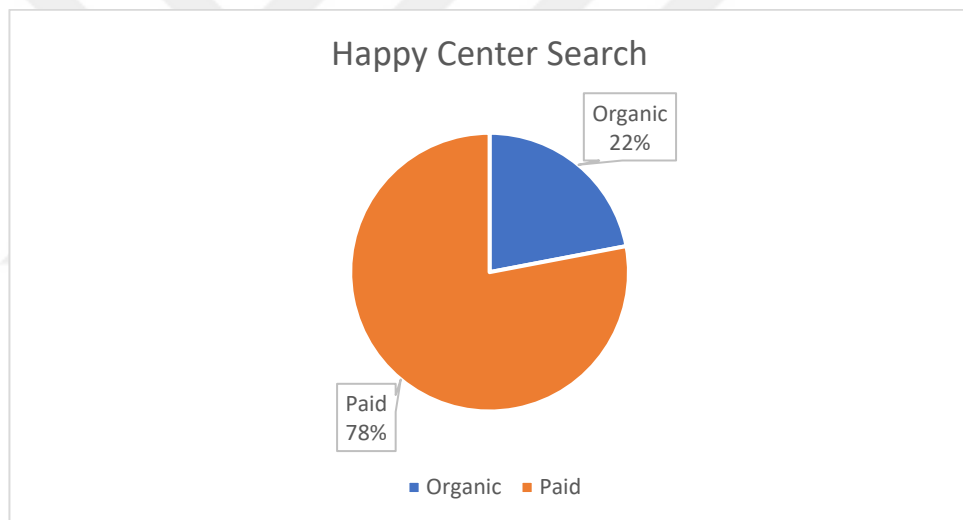

Figure 5.8

Trendyol Strategies

Although Trendyol started as a Turkish entrepreneur, I reviewed this structure under the title of Mergers and acquisitions because Alibaba entered the market by purchasing. This entry strategy allowed being the most influential player in the market, compared to competitors entering the market at similar times. Here, there was a ready team that has already recognized the market and data that Alibaba captured.

One of the essential items of the company culture is "We live with Data." Instead of only differentiation, Trendyol is continuously growing by advertising. However, it is possible to say that they are successful because they do this based on data. Today, 45% of those who come to the website through internet searches reach the website through advertisements.

I also added below the traffic paid and organic ratios for other competitors, which included this study for better compression.

Happy Center Search

Organic 22%
Paid 78%
■ Organic ■ Paid

HepsiBurada Search

Organic 25%
Paid 75%
■ Organic ■ Paid

Amazon Turkey Search

Organic
43%

Paid
57%

■ Organic ■ Paid

Trendyol Search

Paid
46%

Organic
54%
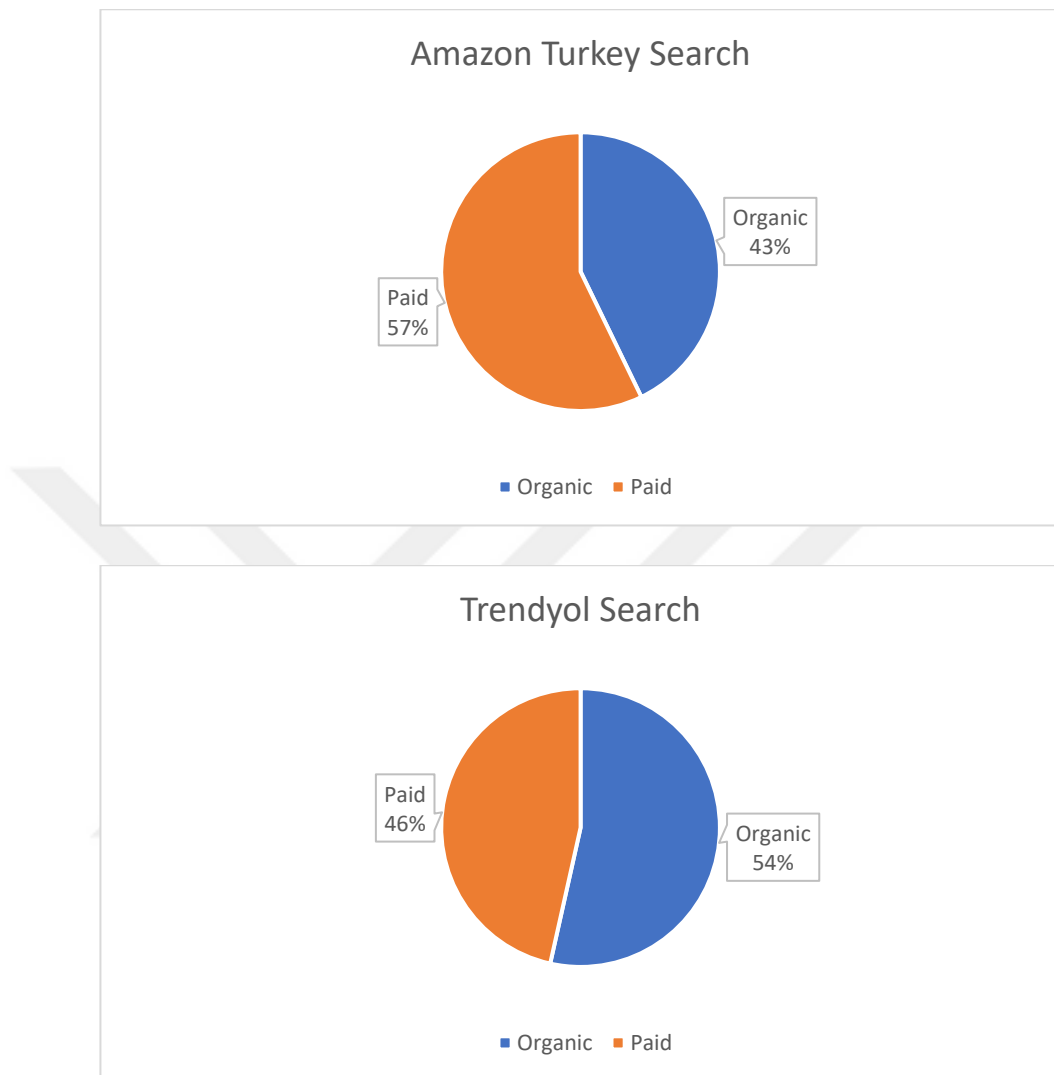
■ Organic ■ Paid

Figure 5.9

Above figures show the rate of the search source as paid and organic

Source: Analytics from https://www.similarweb.com/

Trendyol, like other market competitors, is trying to solve the shipping problem. Besides, it goes into different verticals like groceries, second-hand market (dolap).

5.5. Amazon Türkiye

Amazon.com is a United States-based e-commerce and cloud computing company. It was founded by Jeff Bezos on July 5, 1994, in Seattle, USA. It is the world's largest shopping site in terms of total sales volume and market value.

The United States Amazon UK and Ireland, France, Canada, Germany, İtayl, Spain, the Netherlands, Avustrayl, Brazil, Japan, China, India, Mexico, Singapore, has a separate shopping site for Turkey and the United Arab Emirates. Dutch, Polish, and Turkish language options on the German site; The USA site also offers Spanish, Chinese (Simplified), German, Chinese (Traditional), Portuguese, Korean, and Hebrew language options.

Amazon has more than 110 active fulfillment centers in the US, and more than 185 centers globally. Amazon.com reached a market value of $ 1 trillion on September 4, 2018. It is the second company to reach this level after Apple. (Palmer & Rattner, 2020)

Amazon uses a multi-level strategy. When Amazon started, it was a model built to sell books to users. In this model, it was a company that does retail business rather than a platform. It then turned into a platform, allowing other vendors to sell products to customers. In 2015, Amazon opened its first physical store in Seattle. Today, it has a total of 526 physical locations. (Amazon (Company), 2020) So Amazon is not just a platform today. A company with $ 233 billion in revenue that makes both online retail, platform, and physical retail. The annual growth rate is 30%. (Fortune, Fortune 500 Companies in 2019, 2020)

Amazon.com.tr officially opened in 2018. The total visit to the website is 7.35 million in June 2020, and the site's ranking in Turkey 146. (Amazon.com.tr, 2020) With these numbers, Amazon.com.tr has reached approximately 5.5% of the clicks of its major competitors in the market.
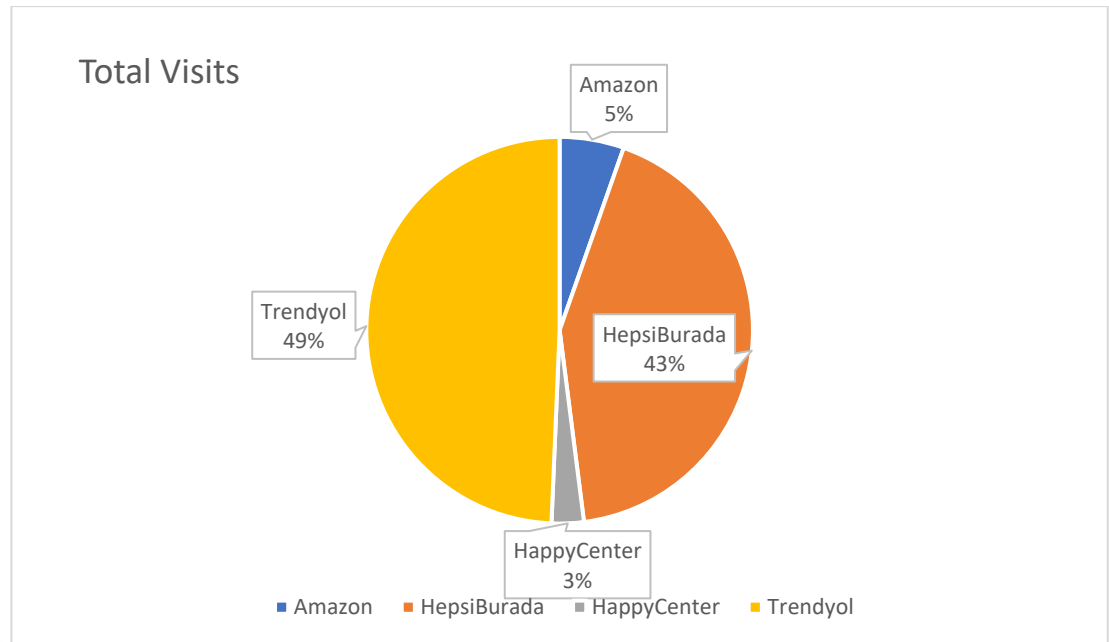
Figure 5.10

Total visit

Source: *Analytics from https://www.similarweb.com/*

Amazon.com.tr was included in this study because this company is the global leader in Global sense. I wanted to know the reasons why Amazon been unable to capture the same success in the Turkey market. To understand the answer to this question came to be essential to understand the Turkey market.

RQ1: How did the network effect change existing business models in the retail industry?

Amazon Turkey has two primary business models: pure retail online and Marketplace. Typically the Marketplace model has two different applying methods as fulfillment by Amazon (FBA) and Fulfillment by Merchant (FBM). Even both ways are available in Turkey; however, the merchants prefer FBM. So Amazon uses both business models to expand on Turkey.
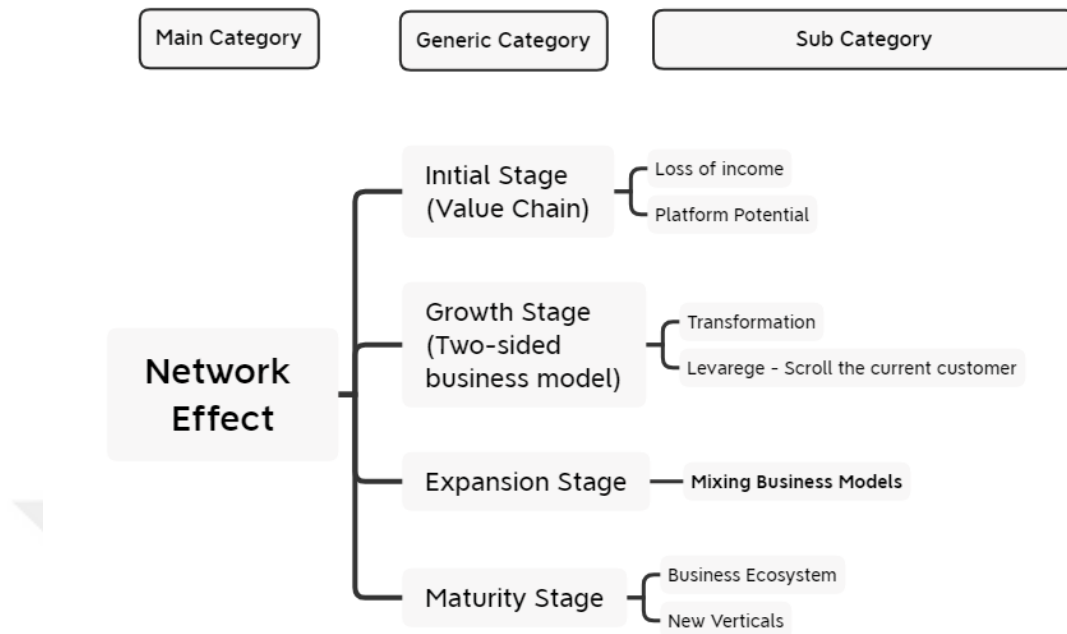
Figure 5.11

Effect of Network Effect for Amazon

The moment they try to achieve their goals in the enlargement process not yet entered into a new vertical for Turkey.

In fact, they have not achieved the momentum required for growth right now. However, to achieve this, it is necessary to reach critical mass. To achieve this, Amazon prefers to grow by learning in the market.

RQ2: How would platform providers apply the two-sided market model in emerging markets?
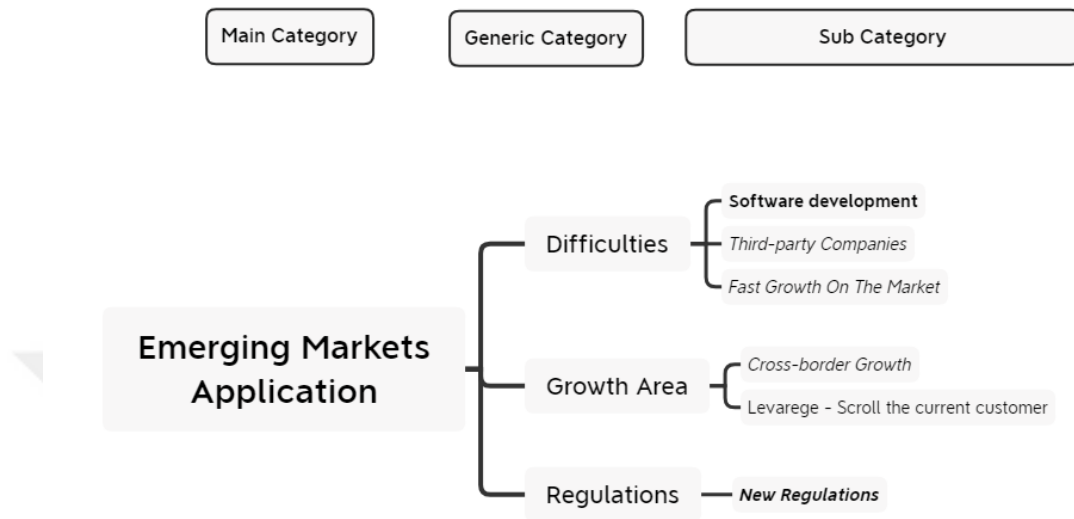

Figure 5.12

Amazon Emerging Market Applications

Strategies in developing countries differ enormously for Amazon. It is possible to collect these differences under two main headings: Community difference, Regulation difference.

Amazon is the world's most valuable company today. It has established its service policy and collaborates efficiently with crucial companies in America. Also, e-commerce is accepted by the community. But e-commerce is not the same in Turkey with America. Bringing the system in America here causes adaptation problems, and it is not possible to do the same application. This lowers the penetration rate. It takes time to discover this situation and take action. For example, a seller has to enter about 150 different information in some categories to list a product on Amazon. Compared to other e-commerce sites in Turkey, this poses a "challenge on the product listing." This difficulty causes the seller not to list products on the marketplace. And this creates fewer product options. Even if Amazon wants to educate merchants, this system comes either too complicated or do not want to make it to dealers in Turkey. Therefore, Amazon will make a software change in this system and reduce the details in the

product listing process. The team also responsible for the e-commerce company in Turkey, in general, is quite small, and this team is going all responsible for all marketplaces and their own web-site online sales. So they are not used to the self-service model of Amazon.

Also, usually, Amazon is a company that concludes deals globally. However, Amazon needs to work with local companies in the Turkey market. At this point, the fact that the team responsible for the sellers is abroad is one of the mistakes made. Because one-on-one interviews and visits to local vendors in Turkey, they think it necessary. This situation brings with it the language problem. The newly established team is in Turkey. However, this caused time loss.

Another challenge is the customs. Constantly changing new regulations is very difficult to set up a system. Since Amazon is a global company, customs is part of Amazon. However, they need a stable environment to achieve their goals.

RQ3: What strategies help companies that are expected to fail but succeed over strong competitors?
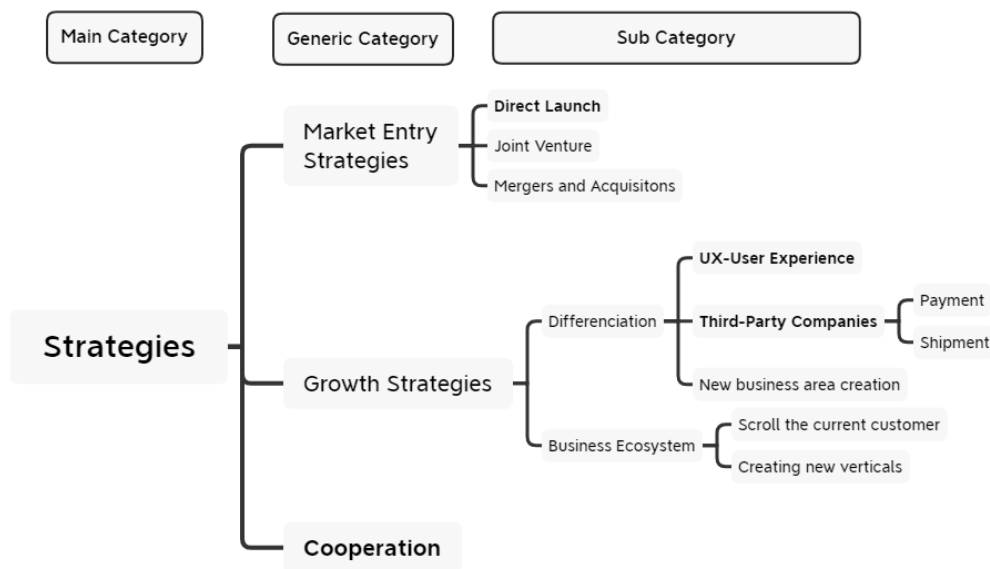

Figure 5.13

Amazon Strategies

Amazon's international expansion was not done until 2016. However, after 2018, Europe took the decision to grow in Singapore and Turkey. It entered these countries with their own brand. However, it is not possible/efficient to carry the whole system correctly. Amazon is also a data-driven company. Therefore, it takes time for new data to be formed.

Third-party companies' issues have solved with cooperation with them. With the terms of the agreement stemming from its global past, it currently offers the best experience at the shipping, even without establishing its own shipping company. On the same day, and next day shipping options have been available since its inception.

5.6. HappyCenter

Happy Center was founded in 1969 to operate in the retail sector in Turkey by Nadir Altun. Today a total of 142 stores across Turkey continue to trade with these physical stores.

With the growth of e-commerce in Turkey, with the philosophy "We are everywhere where the customer is" begins making sales from online channels. While it was a company that only sold its products on its website, it has turned into a platform today.

Happy Center, which is one of the top 5 companies in the physical retail in Turkey, continues to grow as the online platform.

Happy Center was included in this research because almost all supermarkets that operate as a physical store in Turkey have opened their online store. At this point, I should talk about a transformation. Companies that fail to do this transformation will eventually disappear. (Özer, 2020) However, it is essential to understand this market by achieving this transformation and then turning it into a platform and getting a share from the market.

RQ1: How did the network effect change existing business models in the retail industry?

Happy Center is a grocery store chain operating in Turkey. While many companies with a similar business model —value chain- are closing, Happy Center has different strategies. These strategies allow them to grow over 50% annually.
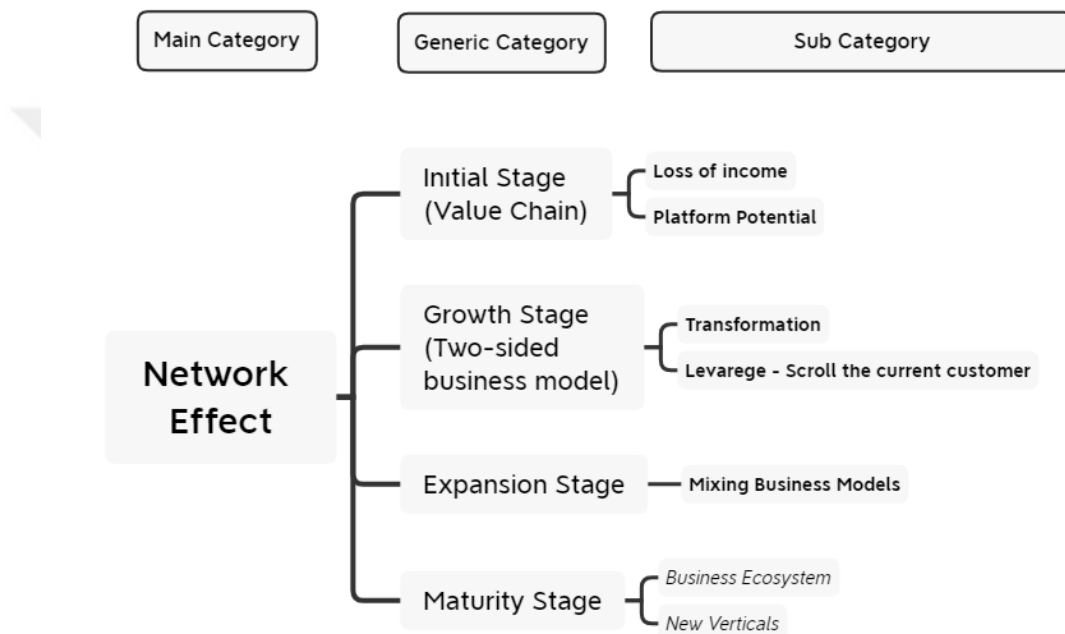
Figure 5.14

Effect of Network Effect for Happy Center

When the slowdown in physical retail disturbed the Happy Center, they looked at where the customer was. They are beginning a transformation with the strategy of "It is necessary to focus on change, not a growth." First, they set up a website to sell their products online. They attracted their current customers to this site and caught the first website traffic from here.

At the same time, they entered the existing market places as sellers. They caught high sales volumes and received special discounted commissions from marketplaces in Turkey. Today, it is the best seller in the grocery category in all market places in Turkey.

After the high growth rates in their Market Places have emerged, they turn their websites into a market place. This 2-year marketplace generates more income than a 60-year physical store.

Happy Center manages a mixed business model. However, since it is a family business and comes from traditional merchandising, it is difficult for the board (family members) to persuade this change.

RQ2: How would platform providers apply the two-sided market model in emerging markets?
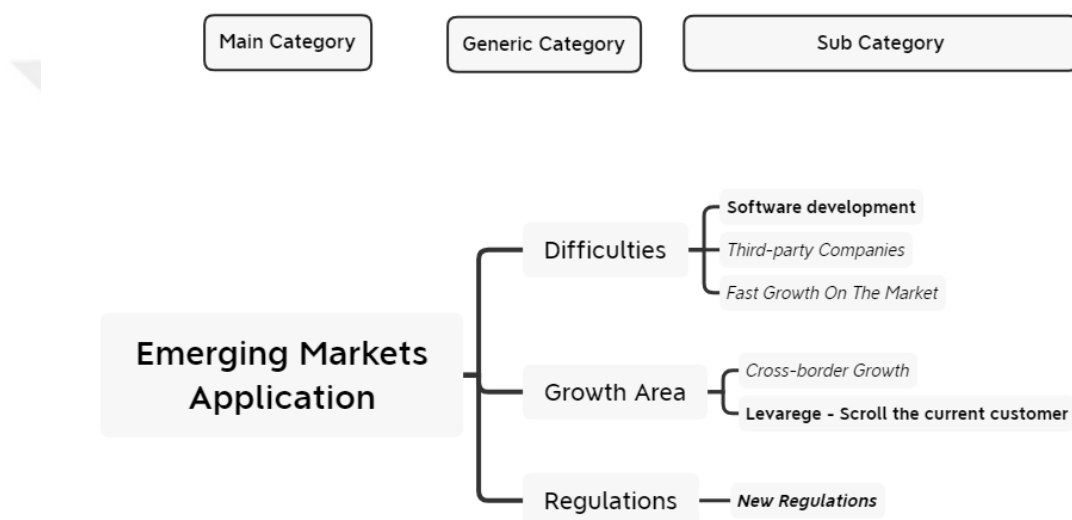
Figure 5.15

Happy Center Emerging Market Applications

Since Happy Center comes from traditional merchandising, today, it is difficult to evolve into a technology company. However, all other marketplaces already see themselves as a technology company. At this point, the most challenging part of Happy Center was software development. However, today they have been able to solve these problems with an IT team of 40 people.

The plus of coming from traditional merchandising is that they have already resolved fast delivery. Especially for orders in the grocery area, it can give a delivery time under 30 minutes. New regulations affect them the most. (Because they have a cash register) However, they anticipate the regulations that may come with the existing experience and prepare themselves and do not feel any problems in operation.

RQ3: What strategies help companies that are expected to fail but succeed over strong competitors?
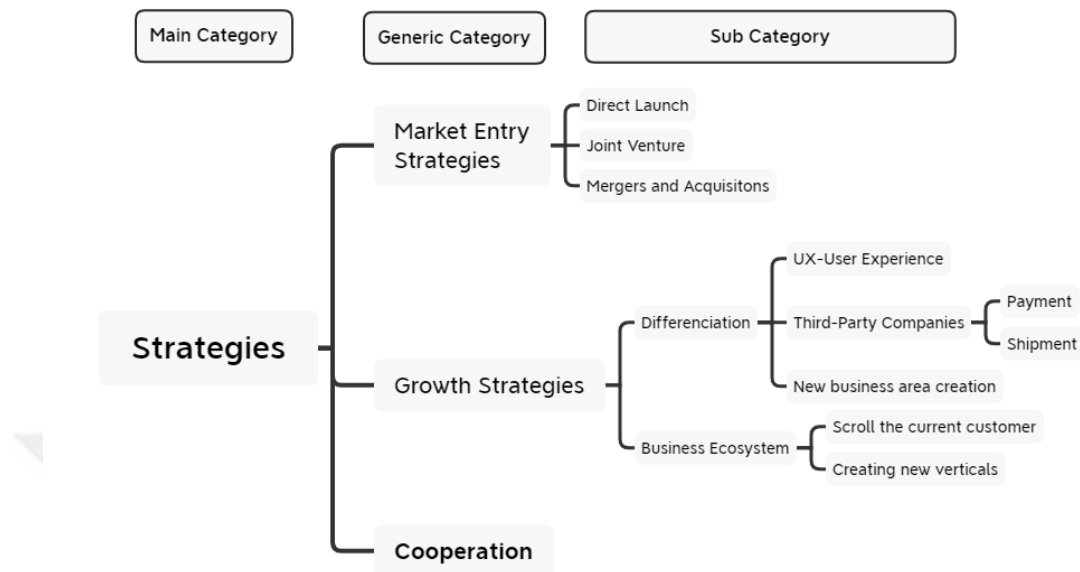
Figure 5.16

Happy Center Strategies

Happy Center is a family business that was opened 60 years ago and is managed by the 2nd generation today. They did not feel the need for joint ventures or mergers and acquisitions. They continued to grow, depending on the dynamics of the time.

Today, it is the first company that has created its market place among traditional retailers. They attribute this success to their cooperation strategy. They say, "We don't see anyone as a competitor," and talks with everyone about "how to grow the business." In this way, they are successful both in their competitors and also at HappyCenter.

All traffic on the Happy Center website is organic. However, even in this case, Happy Center has managed to get a share from the market. It aims to invest more in this area, which is overgrowing in its future targets.

CHAPTER 6: THE MEAL COUPON MARKET CASE

In this chapter, I will examine the meal coupon sector in the world, in Turkey and the companies included in this study.

6.1. Meal Coupon Sector in the World

The general working logic of the meal coupons sector is to provide a tax advantage. For this reason, meal coupon companies define themselves as a financial solution company and work accordingly.

Table 6.1

Sector segmentation for Meal Coupon Market

	B2B	B2G	B2C
Dedicated Fund	• Food Benefit • Non-Food Benefit • Expense Management • Gift (multi-brand)	• Food • Education • Fertilizer • Fuel	• Gift (single-brand or multi-brand)
Non-Dedicated Fund	• Expense management (open loop) • Insurance	• General subsidies to citizen	• Travel • Youth • E-wallet • Gift (open-loop) • Remittance • General purpose

Source: (Edenred, 2011)

Although this sector is called " meal coupon," there is every solution that touches human life such as gasoline, hotel, clothing, gift, theater as well as restaurants. The segmentation is shown in table 6.2.
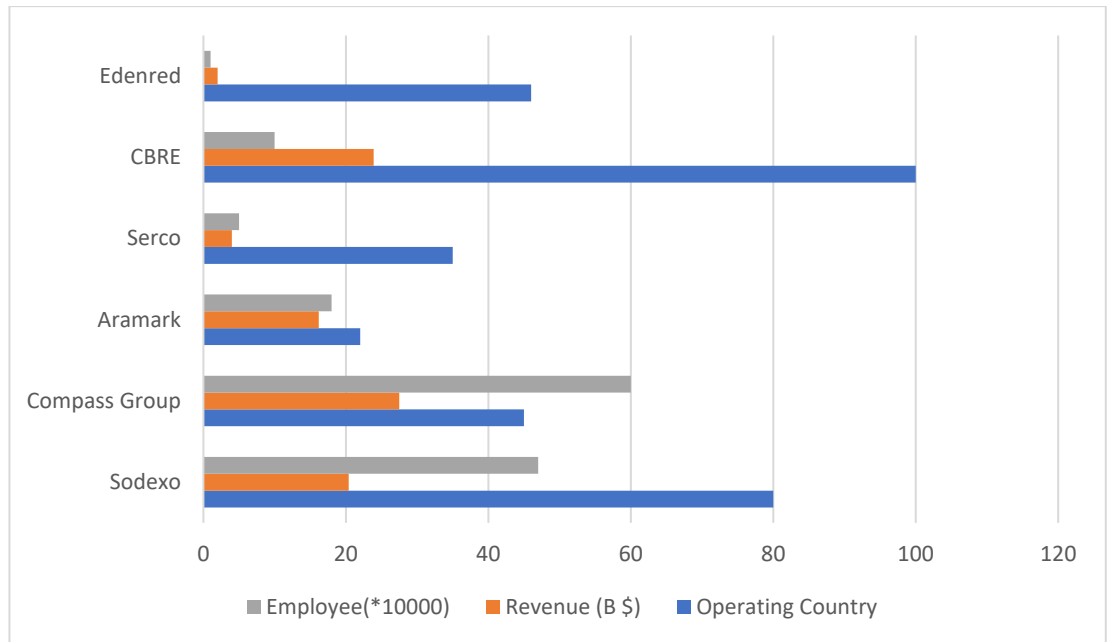
Figure 6.1

Global Competitors for the foodservice industry

Source: (Craft.co, 2020)

Table 6.1 shows global players in the food coupon industry, their income, number of employees, and the number of countries in which they operate. Although all the companies in the table are global, it is not possible to talk about a common way of working for food profits. The industry is directly subject to regulations in countries. For example, there are 132 food card companies in Brazil. Each meal card company can only serve one company. (Edenred, 2011)

6.2. Meal Coupon Sector in Turkey

The level of 13 percent of the meal card utilization rate in Turkey. The use of meal cards in EU countries is about 30 percent. (IPSOS, 2019) Thus in Turkey is expected to increase this penetration.

In the meal card system, the companies are exempt from the below taxes:

- 15 percent Social Security Institution worker premium,
- 22.5 percent Social Security Institution employer premium
- 0.75 percent Stamp Tax
- 22 percent Income Tax
- 8 percent VAT

Companies in this sector, which is growing by 30% per year in Turkey. (IPSOS, 2019) In 2018, a regulation on meal card companies was introduced by the competent institution. According to the new arrangement, meal card companies will be able to receive a maximum of 6% commission from member merchants. (RekabetKurulu, 2018)

The companies referred to as the market leader in Turkey are Sodexo, Edenred, and MultiNet. These companies have about 90% of the market. These three companies, which hold the leadership, are of French origin. In my thesis, I examined MetropolCard, which is a latecomer to market comparing these companies, but gained about 10% market share, MultiNet, which was established with a domestic initiative but sold to Up Group in 2010, and global leader Sodexo.

6.3. Sodexo

Sodexo is a French meal services and facility management company based in Paris. As of 2019, it is one of the largest multinational companies in the world, with 428,237 employees and a presence in 80 countries.

Sodexo has been operating in Turkey since 1993. Today it serves more than 40,000 merchants, more than 18,000 customers, and more than 550,000 consumers. (Sodexo, 2020) Journal of Marketing for Turkey, Aksoy Research carried out a "Food Card Survey" According to, Sodexo is the best catering company in Turkey. (25.1%) (Group, 2020)

RQ1: How did the network effect change existing business models in the meal coupon industry?
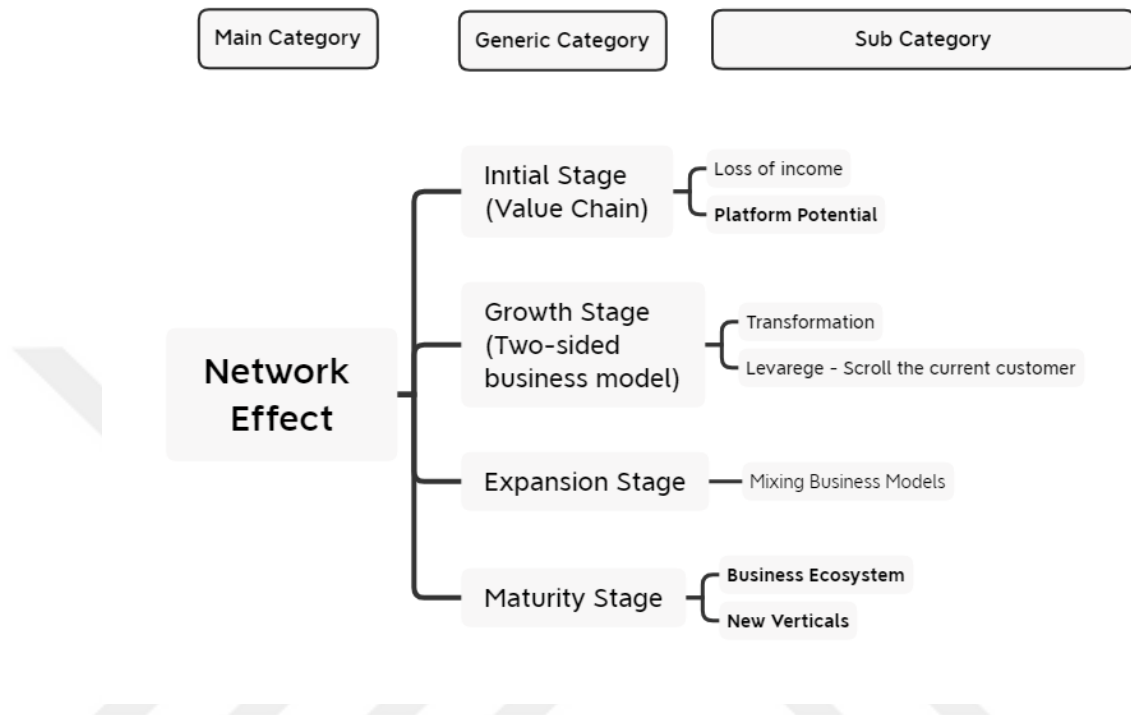
Figure 6.2

RQ1 Network Effect on Sodexo

Sodexo follows an expansion strategy in developing and developed countries. Realizing the market potential in Turkey within the scope of this strategy becomes the first launched meal coupon company in Turkey.

Since the concept has been a meal card for years, there is no significant change in the business model. (Transition from coupon to card) But when they go into the maturity phase, they are called new verticals, and at this point, they follow their strategy to shift existing customers and build a business ecosystem. Besides, they explain that the network effect is felt in the sector in which they are located and that it has been started to grow step by step.

RQ2: How would platform providers apply the two-sided market model in emerging markets?
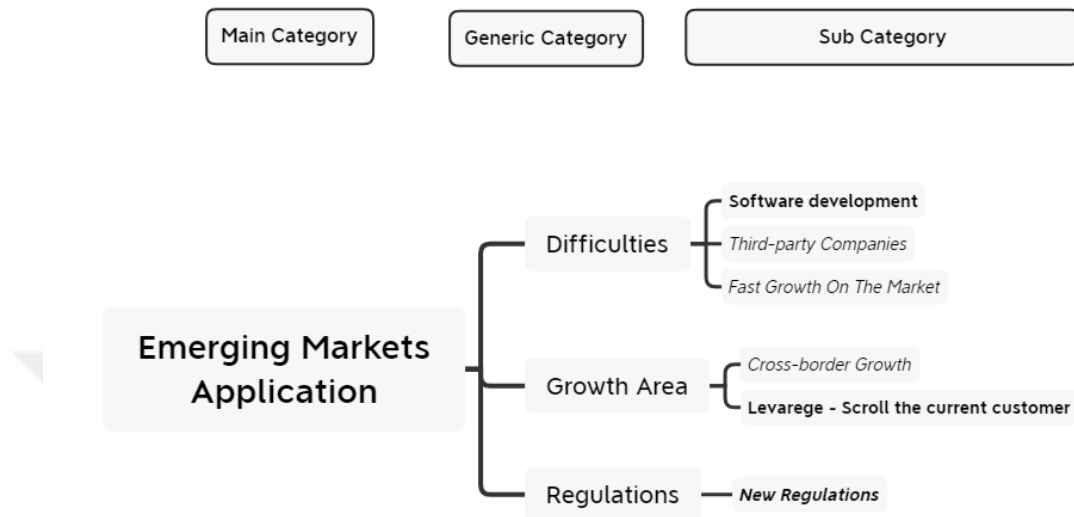
Figure 6.3

Sodexo Emerging Market Applications

Software development is one of the areas where Sodexo invests because they offer a technology solution. There is a system used by devices, government, member merchants, and users. Since there is a government on one side of this business, they have to make changes according to all regulations. Until 2018, customer scrolling and returning money are being made more. But the new law (2018) also affects Sodexo.

They are now less affected by changes as they create new verticals and workspaces. Sodexo onsite service is a product company of this strategy.

RQ3: What strategies help companies that are expected to fail but succeed over strong competitors?
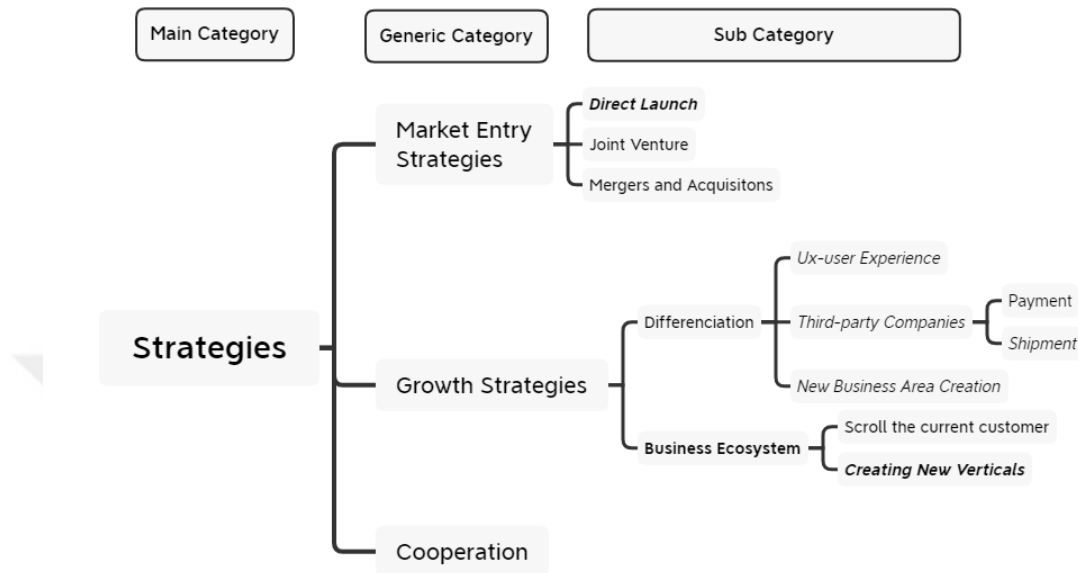
Figure 6.4

Sodexo Strategies

Sodexo has been the market leader for years. He states that this position is about building a business ecosystem. As the penetration rate increases, the rate of effect & shake decreases.

6.4. MultiNet

Multitnet Up was established as a food card company in 1999 and has become a leading fintech group today with its technology and start-up investments. Multinet-Up has created a business ecosystem with a two-hundred-thousand merchant and two-million card users.

Multinet-Up operates in 3 main areas;

- Managing almost all operational costs of a merchant company
- Providing businesses with a virtual payment infrastructure
- Providing payment solutions for individuals not working with banks

Multinet 2018 # 140 is among the biggest companies in Turkey. (Fortune, 2018)

Up Multinet, today Turkey's most abundant food and shopping vouchers and prepaid card network. It was acquired in 2010 by the Paris-based UP Group (previously known as Groupe Chèque Déjeuner). UP Group designs coupon and debit card products, operating expenses management, and payment services for daily use anywhere in the world. It currently has over 21 million customers in 17 countries. (Crunchbase, 2020)

RQ1: How did the network effect change existing business models in the meal coupon industry?
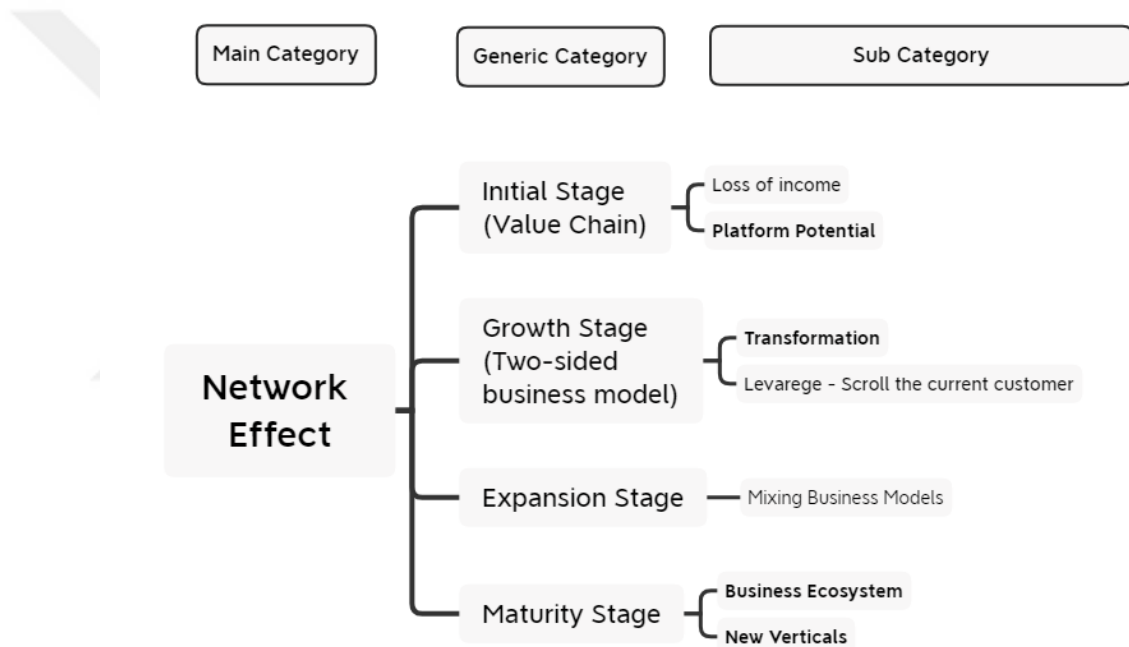
Figure 6.5

RQ1 Network Effect on MultinetUp

Multinet was established in 1999 with the advantages of the market. They call themselves technology companies since the day they were founded. However, it is not possible to define them as a complete platform in those days. Up Group wants to work with both a broad portfolio of customers and a dynamic company in Turkey. As a result, Up Group acquired Multinet. With this acquisition, the company is transforming both financially and technologically and turning into a platform.

While Multinet is only a food card, today it is fuel, clothing, market, travel, car rental company. It has created its business ecosystem and is currently aiming to grow this ecosystem. It offers different solutions for individuals to enlarge.

RQ2: How would platform providers apply the two-sided market model in emerging markets?
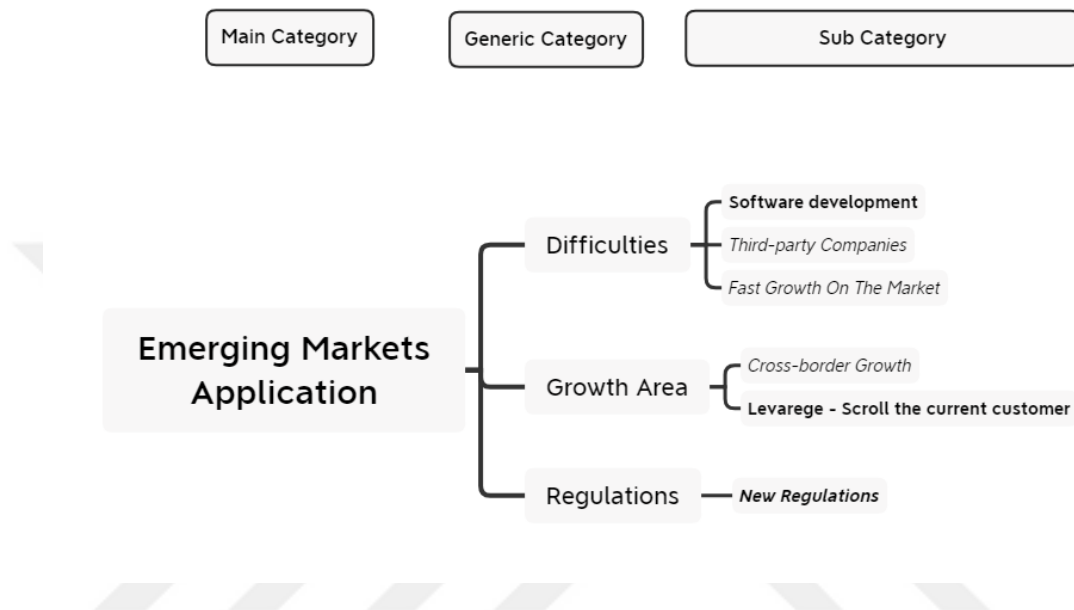
Figure 6.6

Multinet Up Emerging Market Applications

Software development is one of the areas where MultiNet has invested as it offers a technology solution. Another is to expand the portfolio by taking new start-ups (Financial solutions). However, they run a platform that includes the government for their core business. Since there is a government on one side of this business, they have to make changes according to all regulations. The new law released in 2018 also affected Multinet. They made changes in both their software and business models.

They are now less affected by changes, as they create new industries and areas of work.

RQ3: What strategies help companies that are expected to fail but succeed over strong competitors?
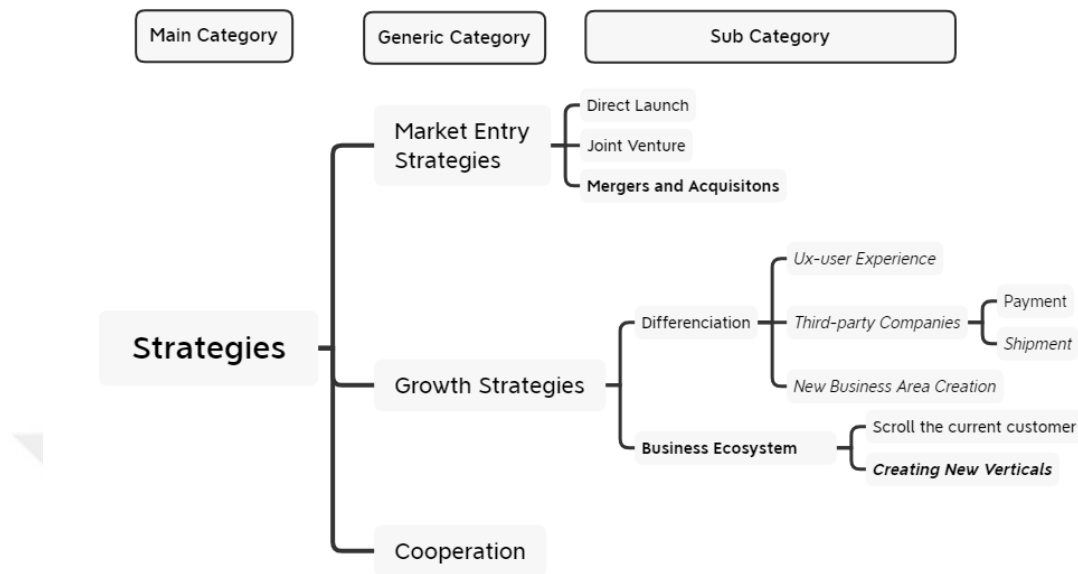
Figure 6.7

Multinet Strategies

Up Group entered Turkey in 2010 with the acquisitions of MultiNet. If Up Group came to Turkey by the direct launch in 2010, according to other cases that I interviewed, It could be failed. Entering the market by buying a company that has the data of the society in developing countries prevents the language difference problems to be encountered and also helps to capture critical mass.

Now they are creating new verticals inside their business ecosystem. MultiPetrol, MultiGift, MultiTravel, MultiCar, MultiAvantaj, and MultiVale are new verticals for MultinetUp.

6.5. MetropolCard

Metropol Card was born in 2013 as a Turkish enterprise. Since they are in the product development process until 2017, their market awareness is caught between 2017-2019. Although the market entry date was too late compared to its competitors, it quickly found a 10% market share.

According to my research, the Metropolcard company is still in the growth phase. Therefore, their strategies are aimed at understanding this period.

RQ1: How did the network effect change existing business models in the meal coupon industry?
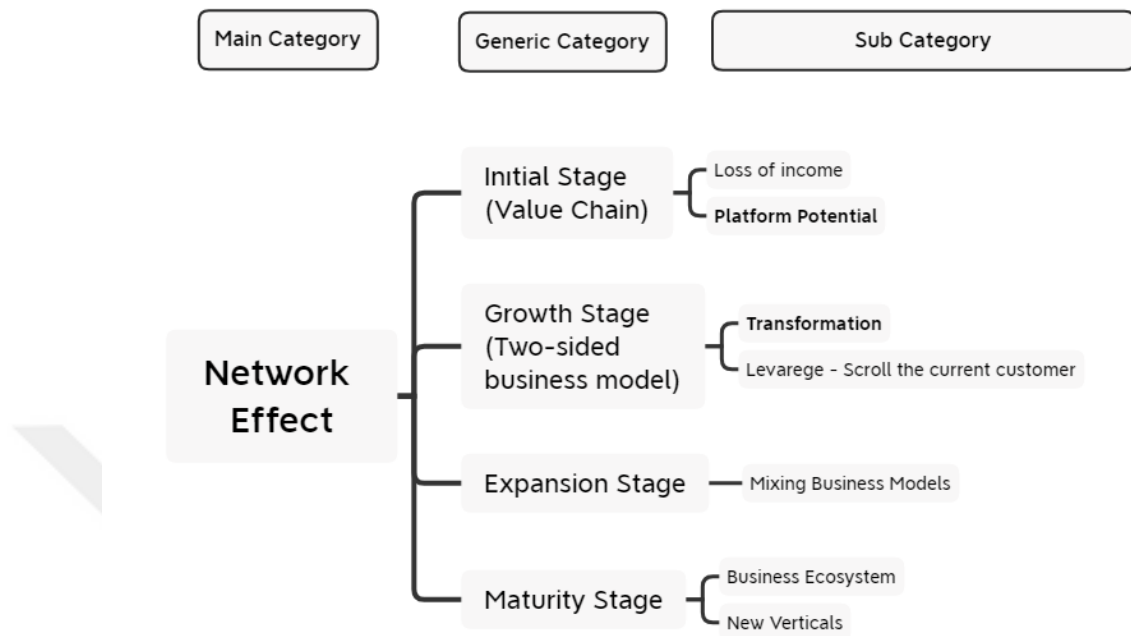
Figure 6.8

RQ1 Network Effect on MetropolCard

Founded by executives from the food card industry, MetropolCard is aware of the potential in this sector. They see that the sector will grow even more and want to develop a local solution here. At this point, the company thinks the demand comes from the customer, and the platforms are customer-driven business models.

Despite the intense effort until 2017, the desired growth was not achieved. The company thinks the problem was critical mass. Because after reaching a specific size, rapid growth started.

RQ2: How would platform providers apply the two-sided market model in emerging markets?
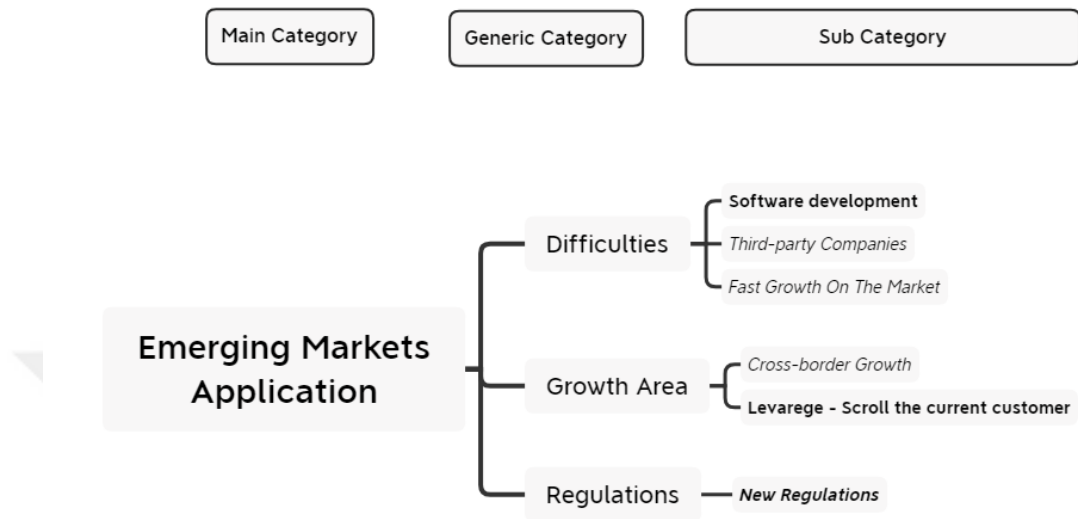
Figure 6.9

MetropolCard Emerging Market Applications

Software development is the core business of MetropolCard. The primary investment area is the R&D Activities. As a company, the most challenging area in the growth phase is technology development.,

They also caught the critical mass in 2019. For this reason, the company is challenging to manage rapid growth.

At this point, the new laws affect them in the same way as other catering companies.

RQ3: What strategies help companies that are expected to fail but succeed over strong competitors?
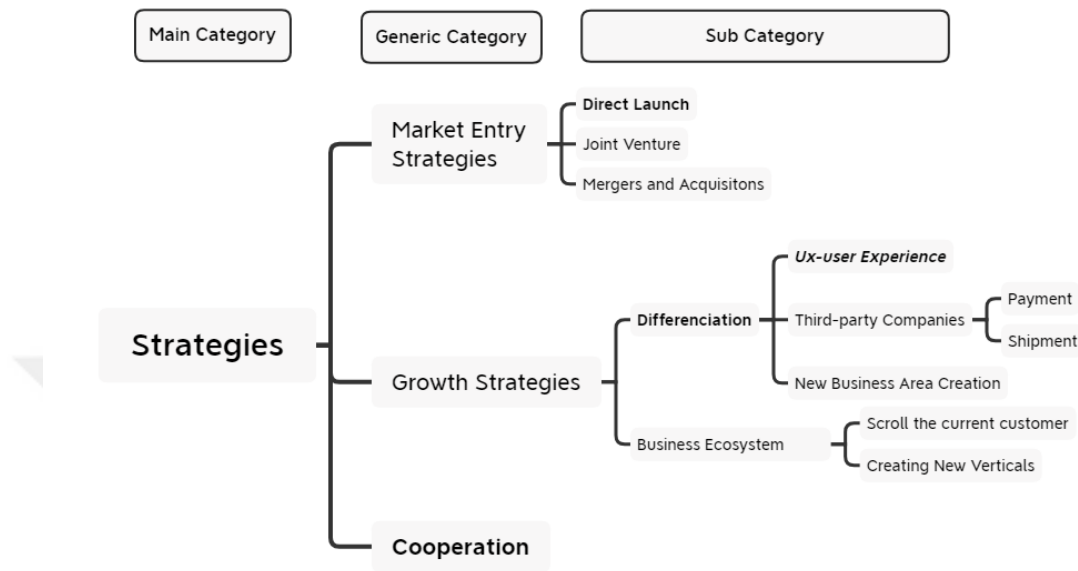
Figure 6.10

MetropolCard Strategies

Metropol Card prefers to enter the market itself. However, when opening the company, it recruits people from other companies in the market who are experienced in the meal card industry to its staff. In this way, although it enters the market late, it can gain market share.

MertopolCard prefers the differentiation strategy for growth. To create differentiation, they create cardless technology. In this way, they define a virtual wallet and password for their meal card customers instead of a card. With this password, other members of the family can also use this card. Also, the card eliminates waiting times (a new card, stolen card, lost card).

Since they are a new company, they also prefer a cooperation strategy. For this, they cooperate with companies from America and Europe. They collaborate on innovations and market monitoring. The last technology company they met is ApplePay.

CHAPTER 7: FINDINGS

This study generally consists of two research steps. The first step is to investigate phenomena inductively using a model matching analytical technique to investigate platform related phenomena. To this end, this study investigates multiple cases and analyzes the data by coding and pattern matching. In this section, the results of this analysis are presented. This study also examines the transformation in the retail sector.

The second step is to understand and analyze how platform business models successfully drive a company into a new market and continue to grow its business. This is accomplished using a conceptual framework analytical technique. This study followed a model that reveals the life cycle of the platform business model and the business strategies needed at the stages of this cycle. In addition, this study presents the general model applied in developing countries with a framework in this step.

For the first step of the case study, this study conducted interviews with seven platform companies that were examined by this platform due to the active implementation of a platform business model. Conversations were recorded, and a database was created based on these records (compilation phase - Nvivo). Then, the results were generated in line with the model that emerged. The resulting results are presented in this section. The case study explained the characteristics of platform business models by matching the pattern technique suggested by Yin. (Yin, Case study research: Design and methods, 2014) The results are divided into three sections according to the results of the analysis.

In the second step, the key elements and strategies to be considered for each of the four chronological stages of the platform business model are analyzed. In order to carry out the second step of the case study, the seven companies mentioned above also

investigated the cases, conducted interviews, and collected public data. The collected data were coded according to the content of the interview minutes and documents. The suggestions were made by matching and comparing the coded content with the conceptual framework. The results of the second step were then classified into four chronic stages and summarized and presented for each chronic stage. The strategic questions and critical elements of each successive stage are shown in the table below.

Table 7.1

Strategic questions and core components for each stage of the two-sided business model companies

Stages of Growth Model	Strategic Question	Core Component
Entry Stage	Why choose a two-sided business model?	• Market Potential (External) • Current business growth rates-profit rate (Internal)
Growth Stage	How should a two-sided business model be established?	• Subsidization • Scrolling current customers
Expansion Stage	How to take advantage of the network effect?	• Scrolling existing customer • Critical Mass
Maturity Stage	How to create a business ecosystem?	• New verticals • Regulation/Quality certification

Source: Author's creation

7.1. Network Effect on Existing Business Models

This study conceptualized the data by interpreting the specific statements of the interviewees according to their background, context, and meaning. The "reading and interpretation" process was repeated several times after reading the interviews to encode and analyze the data. In this study, the sub-categories were chosen from the statements of the interviewers. Also, the top categories covering the specified categories were created depending on the research questions, and a hierarchical structure was built in this way.

Table 7.2

Sub-categories for RQ1

RQ1: Network Effect	Sub-Questions					
	Change of Business Model		From which side does the value chain start? (Chicken -Egg Dilemma)		Pricing Structure	
	Mix Business Model	New verticals	Demand Side	Supply Side	Demand Side subsidization	Supply-side subsidization
Amazon	x		x		x	
Happy Center	x		x		x	
Hepsi Burada	x		x		x	
Trendyol	x		x		x	
Metropol		x	x		x	
Multinet		x	x		x	
Sodexo		x	x		x	

According to the literature, the main difference between two-sided business models from the value chain business model is the network effect. (Chen, 2008) (Junic, 2015) (Zhao, 2011) As a result of my research, the literature information has been confirmed. According to the answers I received from all platform administrators told that network effect affected their businesses.

Sub-Question 1: When I examine the sub-questions, there is a parallelism with the literature on change of business model. (Junic, Platform Business, and Network Strategy, 2014) Sectors are in a transformation. The reason for this transformation is time. Marketplaces are a new vertical/sector, still has not completed its transformation and continues to change. The companies here are still in the phase of market entry, growth, and expansion.

However, the meal coupon industry is a saturated sector. The establishment of Sodexo is 1966. (Sodexo, 2020) Therefore, companies in this sector are currently in the maturity phase. In the Maturity phase, entering new verticals and building the business ecosystem are the future targets of the marketplaces today.
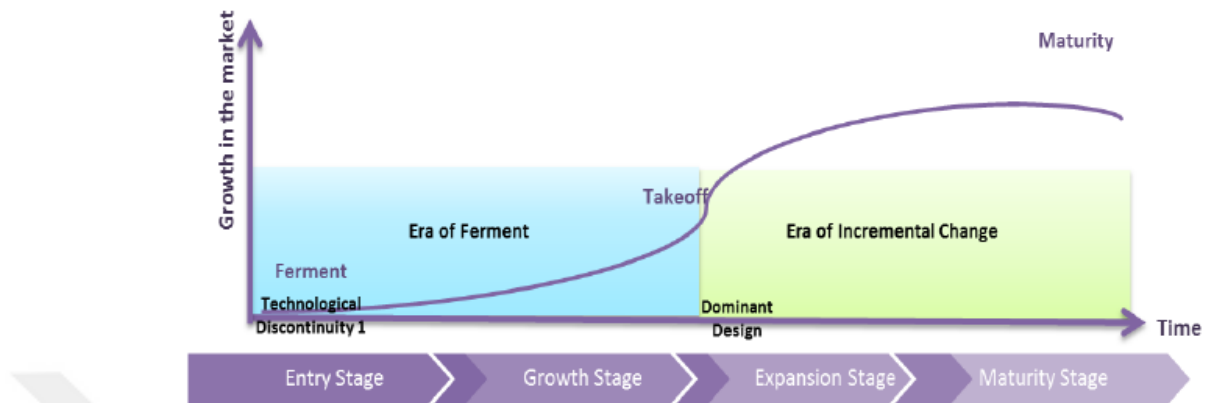
Figure 7.1

Platform business model with four major stages

Source: (Junic, Platform Business, and Network Strategy, 2014)

Sub-Question 2:

Sustainable growth of the market can only be achieved when both the producer and consumer populations are continually increasing. However, this cyclical growth must start from one side of the market. There are different views on this subject in the literature. Some researchers argue that the first demand starts from the producer part, and a market is formed accordingly (Sun, 2006). (Ran, 2016) However, according to the result of my work, the demand is created by the purchaser. In other words, customer demand is the first in the market. Platforms, on the other hand, are growing on the vendor side, depending on this demand.

This question did not differ in either sector. Marketplace managers explained that the demand came from the customer first; platform providers found sellers according to this demand, and accordingly, more customers came to the market, and this attracted more sellers to the market. Meal coupon industry executives also said that the demand came first from consumer companies. The demand here comes from the consumer company, and they want from meal coupon companies to deals with

some restaurants, hotels, etc. Meal coupon companies that have contracted with these vendor companies then agree with more consumer companies and vise versa.

Figure 7.2

Cycle of platform

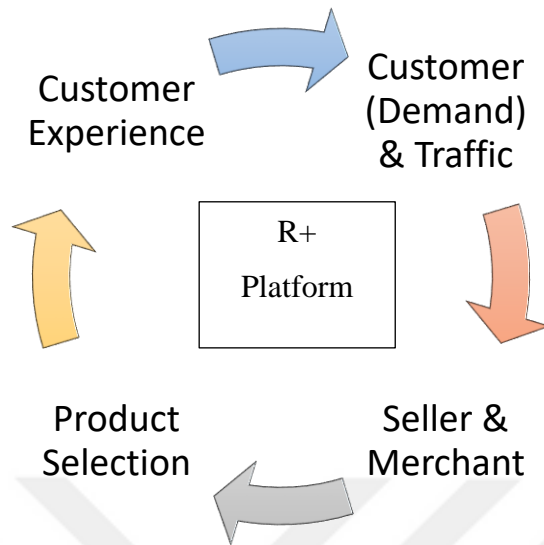After reaching the critical mass, customer-driven platforms catch an exponential growth graph. The companies confirmed that information. After they change their existing business models from pure retail to market place, their growth rate increase almost doubles per year, and platform income has an 80% share on their total revenue.
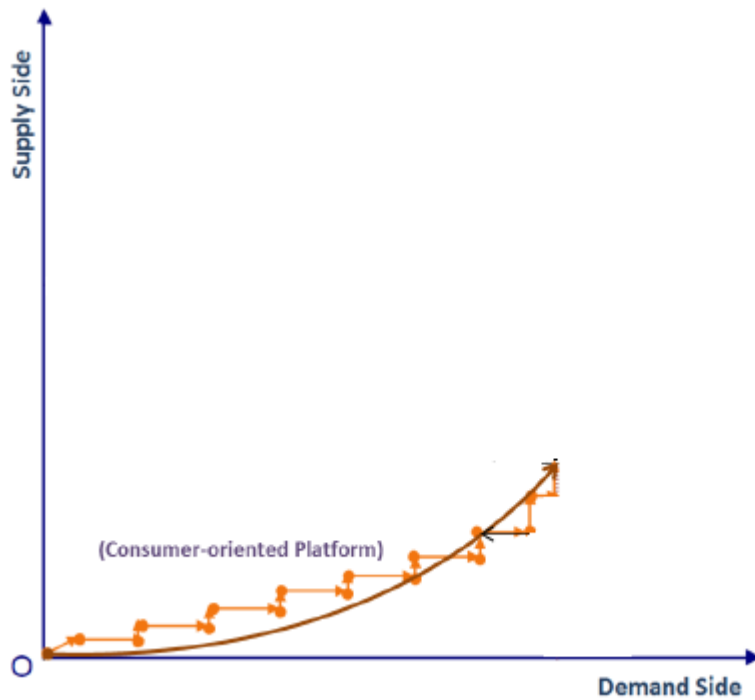
Figure 7.3.

Customer-driven platform critical mass growth graph

Source: (Junic, 2015)

The arrows drawn vertically on the vertical y-axis in the graph show the initial movements to reach the critical mass.

Sub-Question 3: There are too many studies on the pricing structure for platforms. (Chen, 2008) (Thomas Eisenmann, 2006) (Zhao, 2011) In their research, Jean J. Gabszewicz and Xavier Wauthy explained an optimal price structure for two-sided markets with their equilibrium. (Gabszewicz & Wauthy, 2004) According to their paper, low pricing on one side of the market increases the number of active agents/merchants in this market. This increase makes the other side of the market more attractive and allows you to charge higher prices there. Ben Zhen Yue, Kai Chen, Wugang Zhao also suggested the same structure in 2008. (Yue, 2008) (Chen, 2008) (Zhao, 2011) They created their models on different studies with the proposition of optimum pricing, and lower platform prices would attract more users.

However, in both sectors and all companies that I have interviewed, pricing is not a significant effect on the purchase decision. Because the merchants are almost the same at all platforms, there is no too much price difference. Instead of price, the customer has different priorities like delivery and user experience. For example,

Hepsiburada has a higher commission rate than other competitors; this affects the product price determined by the seller on the platform. However, HepsiBurada still has a high market share. The situation is also the same for the meal coupon sector. Because of the new regulation by the government, there is not a differentiation on pricing. So the price does not affect customers' purchase decisions, for cases if there is no too much difference in pricing.

Table 7.3

Pattern Matching Results for RQ1

	Theoretical Pattern	Observed Pattern	Matching
Change of Business Model	X	X	Fit
Value-Chain Start point	X	O	Misfit
Pricing	X	O	Misfit

7.2. Emerging Country Strategies

Except for HepsiBurada and MetropolCard, all companies that I interviewed are international companies. Either they have an investor, or these are initially established in another country and have operations in Turkey. So, these companies have a chance to compare emerging country strategies and developed country strategies. Even HepsiBurada and Metropol want services in other countries, and they have already tried, these companies can also experience the difference.

Table 7.4

Sub-categories for RQ2

RQ2: Emerging Market Applications	Sub-Questions					
	Difficulties			Growth Area		Regulations
	Software Development	Third-Party Company	Fast Growth	Cross-Border	Critical Mass	New Regulations
Amazon	x	x	x	x	x	x
Happy Center	x	x	x	x	x	x
Hepsi Burada	x	x	x	x		x
Trendyol	x	x	x	x		x
Metropol	x	x	x	x	x	x
Multinet	x	x		x		x
Sodexo	x	x		x		x

The difficulty for software development, cross border growing, and new regulations are a common issue that I reviewed. Other matters vary depending on the stage of the companies. At this point, I find it challenging to make a full comparison with the literature because I could not find any other study examining two-sided markets in developing countries. But here I will benefit from general two-sided market studies.

The answer given by the companies I interviewed is the same. Market dynamics in developing countries in two-sided markets are different from those in developed countries. In the questions, I asked to examine these differences; three main topics emerged according to the answers of the managers.

Sub-Question 1: In companies that have adopted the two-sided business model, it is possible to divide the problems into three groups in general. These are third-party companies, software development challenges, and regulations. I will explain all these issues in detail.

Third-party companies are a general problem for companies in the marketplace concept. This is because the platform has to do business with more than one company group in order to perform its function. When you buy products from a marketplace, here are the parties that merge on the marketplace: Seller, Buyer, Shipping Company, Payment Company (Bank or fintech). It is clear that the marketplace does not only serve as a platform between the seller and the buyer in this case. However, the marketplace is obliged to provide an end-to-end experience to provide excellent service. As a solution to the third party problem, the marketplaces either make tighter deals or start their own companies for third-party services.

Payment institutions from third party companies also affect the meal coupon industry. Since the transactions here are physical, changes in cash registers or systems, and regulations brought to this sector also affect the meal coupon industry. Meal coupon companies solve it by having a department on this subject or in cooperation with the industry.

Software development processes are another challenge. Since the marketplaces have scaling problems in their companies, they work like a continuous R&D center. The same situation is emerging in the meal coupon sector, which is trying to create new verticals. In short, software development is part of the core business and the part where the investment is made in all companies and all phases.

Rapid growth is a problem for companies that scale regardless of the sector. This problem also gets more complicated if the industry is overgrowing. In order to keep pace with growth, companies are trying to strengthen company cultures and establish rapid decision mechanisms.

Sub-Question 2: Sodexo, MultiNet, Amazon, and Trendyol are the international companies I interviewed. MultiNet and Trendyol are companies established in Turkey but have been sold to foreign companies. MultiNet, Trendyol, HepsBurada, MetropolCard, and Happy Center want to sell its refined products and services abroad. However, Turkey is not included in the European Union in the United States or eastern circulation. The EU countries are in a commercial circuit among themselves, between America and Canada, and with Europe, the Eastern bloc with Russia. Although Turkey at the center of these countries, it is not open to commercial agreements to exchange goods. Therefore, companies operating in Turkey are forced to sell their products in

local and get locally. This problem is not a general problem for companies that implement a two-sided business model, but of companies that perform a two-sided business model operating in developing countries.

I have not seen this problem in other studies on two-sided markets. (Ran, 2016) (IPC, 2019) However, I have observed this problem in the companies I work with.

Critical mass, on the other hand, is a problem that all companies are implementing the two-sided business model experience during their growth phase. This question fits with the literature as well. (David S. Evans, 2010) (Junic, 2015)Until they reach this number of people, they will try to grow the market in two directions. Here the demand comes from the customer. The platform attracts the seller to the platform to meet this demand.

Sub-Question 3: Constantly changing new regulations affect companies. Companies have to take action on new rules and determine their strategies accordingly. For example, Turkey changed the invoicing system in 2019. The electronic invoice has been made compulsory for all businesses with a turnover of 25 Million TL and above. (GIB, 2019) The transition to this system required software arrangements and integrations in all companies I met.

Yet another change was made for meal card companies in 2018. Until 2018, the working model in these companies was as follows: Meal coupon companies agreed with restaurants. In this agreement, for example, meal coupon companies would pay 80 TL to the restaurant for a meal of 100 TL. In return, a 95 TL invoice would be issued to the customer. This 5TL discount was called discounting the customer. However, the state banned the discount. Also, it brought meal coupon companies a maximum of 6% commission. (Gazete, 2018) This new regulation affected all meal coupon companies, their prices, and business models.

Another of these is the abolition of the tax exemption applied to products under 22 euros from e-commerce sites abroad. (Deloitte, E-Ticaretin Gelişimi, Sınırların Aşılması ve Yeni Normlar, 2019) In e-commerce, where a global flow is desired, changing the customs rules and introducing restrictions make this integration difficult.

Table 7.5.

Pattern Matching Results for RQ2

	Theoretical Pattern	Observed Pattern	Matching
Difficulties- Software Development	X	X	Fit
Difficulties- Third-Party Companies	X	X	Fit
Difficulties- Fast Growth	X	X	Fit
Growth Area – Cross Border	O	X	Misfit
Growth Area – Critical Mass	X	X	Fit
Regulations	X	X	Fit

7.3. Winner Takes All

"Winner takes all" is a dilemma for companies implementing the two-sided business model. In the literature, it is explained that the entry barrier to the sector is high due to the network effect. (Junic, Platform Business, and Network Strategy, 2014) (Zhao, Two-Sided Markets Model and, Its Applications, 2011) According to Thomas R. Eisenmann, Geoffrey G. Parker, and Marshall W. Van Alstyne, to beat the "winner takes all" phenomenon for two-sided markets, a newcomer can offer better value. Pricing, differentiation, and network strategies can help to beat the competition.

Both Trendyol and Happy Center in the marketplace sector and MetropolCard in the meal coupon sector broke this dilemma. The other company executives I interviewed also said that there is a substantial barrier, but this can be overcome. To exceed this barrier seems to be possible with differentiation or marketing. Market share

can be bought, but ensuring sustainable growth is a challenge in the two-sided business model.

Table 7.6

Sub-categories for RQ3

RQ3: Winner Takes All Dilemma	Sub-Questions				
	Market Entry		**Growth**		
	Direct Launch	Mergers and Acquisitions	Differentiation	Business Ecosystem	Cooperation
Amazon	X				X
Happy Center	X				X
Hepsi Burada	X		X	X	
Trendyol		X		X	
Metropol	X		X	X	X
Multinet		X		X	
Sodexo	X			X	

Sub-Question 1:

The market entry of Alibaba (Trendyol) and Amazon in the marketplace sector is 2018. There is a big difference in market shares right now. Amazon has only 7% of Trendyol's traffic. The same is valid in the meal coupon industry. MultinetUp is the market leader today with Up Group entering the market by purchasing. Many strategies are considered together to enter the market by purchasing or direct launch. However, in developing countries, it is more efficient to acquire a brand and to strengthen it that knows the dynamics of that market and has ready customer data.

A joint venture, which is usually another method of entering the market, was not included in this study since it was not included in the cases I interviewed.

Another advantage of the companies entering here by mergers and acquisitions is that the dynamics of developing markets change very rapidly. Local teams can respond to these changes at the same speed.

Sub-Question 2: Growth strategies differ according to the stages of companies. A new company entering the market follows a "differentiation strategy." Growing companies are pursuing a "cooperation" strategy, and expanding companies are developing a "business ecosystem" strategy.

Table 7.7.

Pattern Matching Results for RQ3

	Theoretical Pattern	Observed Pattern	Matching
Market entry- Direct Launch	X	X	Fit
Market Entry – Mergers and Acquisitions	X	X	Fit
Growth- Differenciation	X	X	Fit
Growth – Business Ecosystem	X	X	Fit
Growth - Cooperation	X	X	Fit

Unlike the value chain business model in growth strategies, in this study, we realized that the cost leadership model was not applied. Cost leadership model not used to the two-sided business model because the seller who sells the product sells the same price on all platforms. In the meantime, a platform commission is added to the product cost. However, there are no significant differences in this commission. However, the differences do not affect the purchasing decision of the customer according to our research.

CHAPTER 8. RESULT AND RECOMMENDATIONS

Although research topics on two-sided markets have received increasing attention among researchers, there has been little work done in this area. The issue of two-sided business models is a niche area in the context of its research. However, we hope that digital transformation and digitalization waves will settle into our lives day by day and that we will see more real-life examples in this area with the effect of this settlement.

It has become challenging to achieve sustainable profitability in companies that adopt the value chain business model. (Barney & Clark, 2007) (Tanwar, 2013) In contrast to this business model, companies that adopt a two-sided business model are overgrowing. With the increase in internet penetration, companies that choose a two-sided business model have become widespread.

Some strategies in companies that adopt a two-sided business model are different from those in the value chain business model. (Junic, 2015) I aimed to reveal these differences. Besides, there are some dilemmas in the implementation of the two-sided business model: Chicken-Egg Dilemma, Winner Takes All Dilemma. By listening to these dilemmas from companies that have experienced this, I aimed to bring practical knowledge to the academy. This study was conducted to create a theoretical and academic basis by deriving the status of the platform providers' strategies and strategic propositions.

For these purposes, I conducted semi-structured interviews with seven different company executives from two different sectors. I recorded my interviews and transcribed them. I created models for my research questions by coding the data I wrote

down with the NVIVO program. While coding, I took into account the common and different responses of companies.

In the case study section, sectors, and the opinion, I gave information about the status of the companies in these sectors in Turkey. Besides, I explained the answers to my research questions of each company I interviewed with the model I created.

In the findings section, I compared the results with the expected & observed form in the academic literature. The attractive data I got here is as follows:

- The network effect is also significant in practice, as in the literature. Companies achieve rapid growth after reaching critical mass. However, the knowledge that the network effect creates a difficult market entry barrier contradicts my research findings.
- Every company I have interviewed has experienced that the primary demand comes from the customer. From here, I conclude that the platforms are customer-driven.
- Unlike Porter's growth strategies, cost leadership strategy is not applied in two-sided markets. The parties' meeting on the platform affects the purchasing decision.
- The phases of companies in the literature are also valid for bidirectional markets: Market Entry, Growth, Expansion, Maturity.

Since I was looking for answers to why and how questions in my research, I worked with qualitative research methods; however, it is necessary to advance this study with quantitative research methods in order to generalize the results I have obtained from the study.

8.1. Recommendations for Further Research and Limitations

In future research, as the number of companies adopting a two-sided business model over time increases, future research may benefit from more quantitative research methods on the dynamics of business models. For example, by comparing the financial situations before and after the transformation in the transforming sectors, quantitative results can be analyzed in this area.

In addition, most of the companies and industries that I have studied are companies that are currently transforming very rapidly. Future investigations can be done dynamically when this transformation speed of companies slows down (maturity time). Junic Kim's research can be used at this point. (Junic, 2015) Such a study provides information in terms of both the sustainable profitability of the two-sided market model and its optimum creation method.

Also, there are theoretical studies on two-sided markets. (Armstrong, 2006) (Chen, 2008) (Gabszewicz & Wauthy, 2004) (Junic, 2014) (Zhao, 2011) (Sun, 2006) Aspects of this business model, such as price structure, competition, network effect, have been explained theoretically. However, numerical studies can be done to see their consistency in real life.

However, the difficulty of reaching general judgments in such studies should not be overlooked. Management decisions, corporate culture, environmental factors are variable. This study revealed the existence of the effects of these variables. Since conditions are continually changing, it is difficult to make a completely objective study. Limitations are flaws in research design, and very few studies were perfectly designed. (Yin, 1994)

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APPENDIX

Appendix 1: Interview Questions

Interviewee Background Inquiries

1. What is your name?
2. Who is your present or most recent employer?
3. What is the highest level of education you have received?
4. What are/were your major responsibilities and positions at (present/most recent
5. job)?
6. Discuss/determine skills and level of expertise related to (position title).

SECTION I – General Questions

Questions about General Question in terms of platform service and business to experts

General Question: What is the platform business model, and why is it important for business organizations in the retail industry?

(In the retail industry as well as other industries, many business organizations that had successfully adopted the two-sided business model eventually came to dominate the market)

1. Why is the platform (two-sided business model) famous in the retail industry these days?
2. What is the reason that platform (two-sided business model) becoming more popular these days?
3. Since when has your company been a platform company? (only for industry managers)
4. What are the difficulties for things to companies who are platform service providers?
5. Does your company continue to grow by using the platform business model?
6. After adopting the two-sided business model, did the market share and dominating power of your company increase? (If yes, by how much?)
7. Who are your company's competitors? Do the competitors also adopt a two-sided business model? (working as platform providers)
8. (If your company is a platform provider) How is your company's growth speed different from those competitors that do not adopt a platform business model?
9. Do you think that innovations come about because of the platform business model? (If yes, please give some examples.)

SECTION II –Specific Research Questions

Questions about Research Question 1

Research Question 1: How did the network effect change existing business models in the retail industry?

Research Proposition 1: 'The main difference between the two-sided business model and value-chain model is the network effect.'

1. How are the direct network effect and indirect network effect different in a two-sided business model?
2. If the value chain is started from the supply side, how does it happen? (Chicken-egg dilemma)
3. If the value chain is started from the demand side, how does it happen? (Chicken-egg dilemma)
4. If revenue is begun from both sides, how does it happen?

SECTION III

Questions about Research Question 2

Research Question 2: How would platform providers apply the two-sided market model in emerging markets?

Research Proposition 2: According to' Technology Cycle' by Anderson and Tushman (1990) and 'Stages of Growth Model' by Gibson and Nolan(1974), platform businesses have four major growth stages, and different core elements and strategies exist for each step.

1. How long has your company's platform service been operating?
2. How to build the two-sided market?
3. When was the hardest period while operating a platform service?
4. How to ignite the network effect?
5. Do you have any other methods of network effect generation? (if yes, please explain in detail)
6. How to design the revenue structure?
7. Is your platform service free, or is there a charge?
8. (If your company runs parallel free and charge strategies), Who is your platform service free for?
9. (If your company runs parallel free and charge strategies) Who is charged for using your platform service?

SECTION IV

Questions about Research Question 3

Research Question 3: What strategies help companies that are expected to fail but succeed over strong competitors?

Research Proposition 3: According to Thomas R. Eisenmann, Geoffrey G. Parker, and Marshall W. Van Alstyne, to beat the "winner takes all" phenomenon for two-sided markets; a newcomer can offer better value. Pricing, differentiation, and network strategies can help to beat the competition.

1. Do you have operations in different countries?
2. Do you change your strategies according to the market economy?
3. What kind of strategies do you apply?
4. How to continue to grow the platform business beyond the market for other competitors?
5. How do you keep your position in your industry?

Appendix 2: Participant Information Sheet

You are invited to participate in a research study (as part of a student project - participants have been told about the general purpose of the research and whether it will be for a degree.) Before making a decision, it is essential to understand why the research was conducted and what it will include. Please read the information below carefully and discuss it with others if you wish. Please ask if there is anything unclear or if you want more information. Thanks for reading this.

Who will do the research?

I invite you to participate in a research study. My name is Beyza Nur SAMUTOGLU, and I am a master student under the supervision of Prof. Turker BAS at Galatasaray University.

Title of the Study

Two-Sided Markets and Its Applications in Emerging Markets

What is the purpose of the research?

This research focuses on the platform business and strategy that creates value by allowing direct interaction between two or more different groups, which is a famous business model for various industries.

What will I be asked to do if I attend?

Participating means having an interview with me once or twice. Generally, it will take about an hour to complete the interview phase. With your permission, I would like to record the meeting to ensure consistency between our different researchers. I am interested in a wide variety of factors that may be relevant in business organizations, and the questions will be about your background and your companies, your industry, and your business model.

What happens to the data collected?

The collected data will be used for my master thesis. However, the identity of individuals is **whol**ly anonymized from other information that the University holds or is likely to hold.

How is privacy protected?

All information you provide to me will be kept confidential and used only for this study. The data will be collected and stored and safely destroyed by the Personal Data Protection Act (KVKK). The information will be used in a way that does not allow you to be personally identified. Therefore, all information collected about you during the research will be kept strictly confidential.

Will I be paid for participating in the research?

Your participation in this research is optional.

How long is the interview?

1 to 2 hours.

Where will the research be conducted?

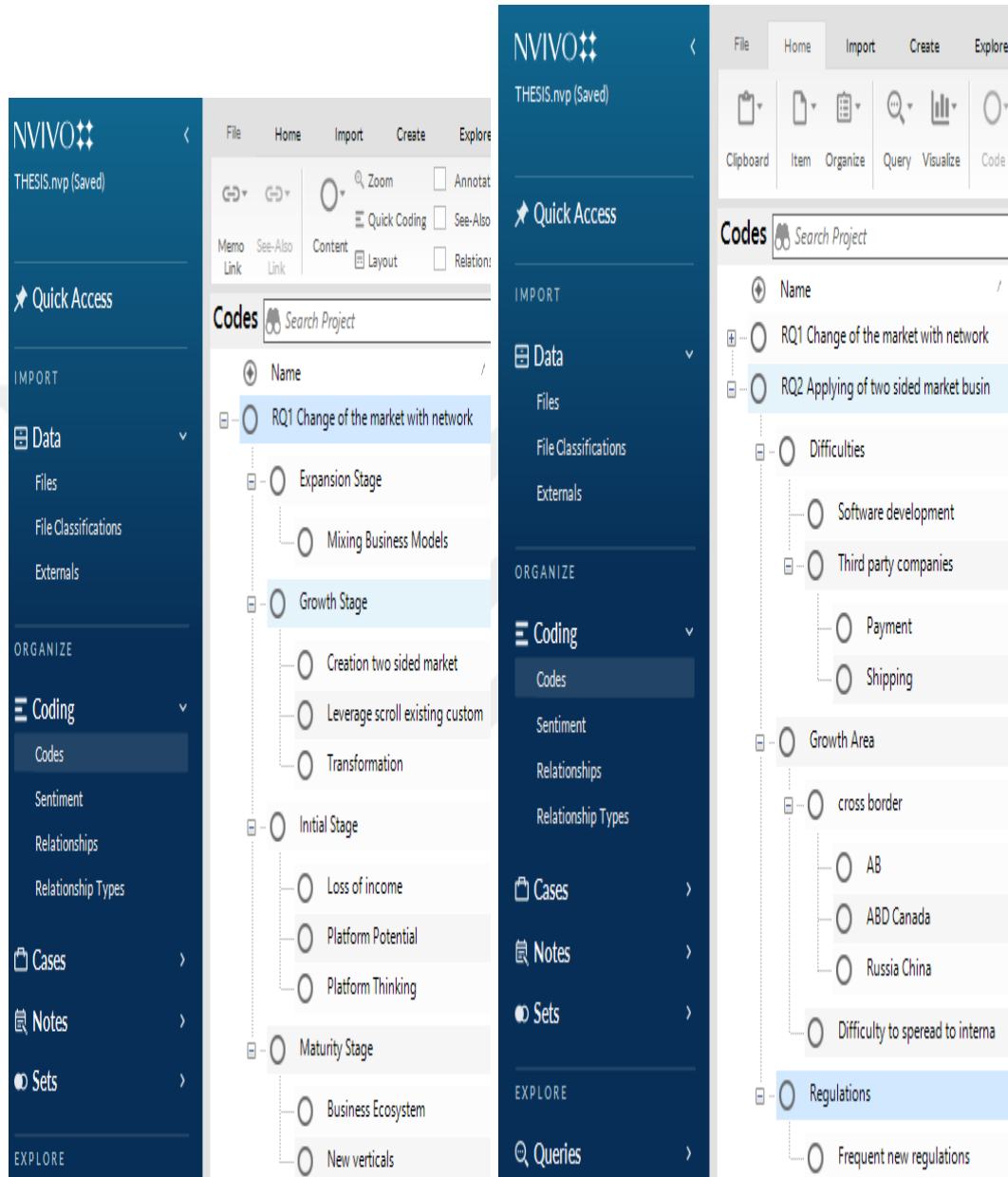An online interview will be conducted. Zoom, Skype, or Google Meeting platforms will be used.

Contact for more information

Beyza Nur SAMUTOGLU **- bsamut@gmail.com**

Appendix 3: Example of codes and themes developed using NVivo 1.0

(46 items in total)

Appendix 4: Word Frequency Query by Nvivo 1.0

RESUME

Beyza Nur SAMUTOGLU was born on March 1, 1994, in Istanbul. She completed her high school education in Kartal Yüksel İlhan Alanyalı Anatolian Teacher-High School. In 2012, she got into Istanbul Technical University Naval Architecture and Marine Machinery Engineering Department; she completed her 4-year formal education and graduated in 2016 as the first in the department. In 2017, she started to study in Galatasaray University Business Administration Master's Program.

Between the years 2016-2019, she worked in the marketing departments of various companies in Turkey. She went to America as an Entrepreneur in 2019. She is currently working at Tech Action.

TEZ ONAY SAYFASI

Üniversite   : T.C. GALATASARAY ÜNİVERSİTESİ

Enstitü   : SOSYAL BİLİMLER ENSTİTÜSÜ

Hazırlayanın Adı Soyadı   : Beyza Nur SAMUTOGLU

Tez Başlığı   : TWO-SIDED MARKETS MODELS AND APPLICATIONS IN EMERGING MARKETS

Savunma Tarihi   : 02 / 10 / 2020

Danışmanı   : Prof. Dr. Türker BAŞ

JÜRİ ÜYELERİ

Unvanı, Adı Soyadı

                                      İmza

Prof. Dr. Türker BAŞ

Prof. Dr. İbrahim Sani MERT

Prof. Dr. M. Yaman ÖZTEK

                Prof. Dr. M. Yaman ÖZTEK
                     Enstitü Müdürü