

THE NAME OF THE GAME

A qualitative study on what influences how Swedish iGaming operators manage the balance between customer retention and responsible gambling

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Bachelor Thesis

Stockholm School of Economics

2023



“THE NAME OF THE GAME”

Abstract:

In industries where homogeneity of products and services prevails, the objective of retaining customers becomes tangible. Due to the potential adverse effects of business operations on both society and individuals, the significance of Corporate Social Responsibility (CSR) has become evident. It has been established that prioritizing CSR facilitates the challenge of enduring customer relationships and the preservation of loyalty, resulting in customer retention. Despite the extensive literature on CSR and customer retention, a research gap exists regarding how corporations within stigmatized industries manage their commercial and social activities, the balancing act between CSR and customer retention. One example of such an industry is the iGaming industry. To answer the research question: “*What influences how iGaming operators manage the balance between customer retention and responsible gambling?*” 11 qualitative semi-structured interviews were conducted with representatives from four iGaming operators and three external iGaming stakeholders. The research drew upon the Theory of Planned Behavior and Stakeholder Theory. The research revealed divergent attitudes among operators towards responsible gambling, with some regarding it as a competitive advantage, while others perceive it as a hygiene factor. External stakeholders, including investors, suppliers and a regulatory authority, exert influence over operators' intentions and behaviors. Furthermore, the operators exhibit their perceived behavioral control and commitment to balancing business objectives with social responsibility through the AI detection systems and customer support. Moreover, the lack of clarity in gambling regulations allows for varying legislative interpretations by operators, potentially resulting in harm for vulnerable customers. The study emphasized the necessity for more precise regulations and guidelines in the iGaming industry to facilitate the balancing act.

Keywords:

CSR, Customer retention, Stigmatized industries, iGaming, Responsible gambling

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Bachelor Thesis in Management

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Acknowledgments

We would like to express our gratitude to all the people that have made this study possible. First, we would like to thank all the iGaming employees, who participated in the study, for providing valuable insights and devoting their time. We would also like to thank our supervisor Anna Söderblom for her constructive feedback. Lastly, we would like to thank our supervision group for their ideas, help and cheers along the way.

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Definitions

Table 1. Definitions

Concept	Definition
iGaming	A collective name for any form of online betting that wagers on the future outcome of a game or event (South, 2022).
CSR	Corporate Social Responsibility is a self-regulating business model that helps a company to be socially accountable to itself, its stakeholders and the public (Fernando, 2022).
Customer Retention	The rate at which customers stay with a business in a given period of time (Salesforce, 2023)
Responsible gambling	Responsible gambling is a part of Corporate Social Responsibility within gambling (Fiedler et al. 2021) and comprises policies and practices designed to prevent and reduce potential harms associated with gambling (Blaszczynski et al, 2004).
iGaming Supplier	A company that provides services such as sports books B2B, i.e., they sell their services to operators (Kambi, 2023).
iGaming Operator	A company that offers gambling services B2C. I.e., they sell their services to the players (Betsson, 2023).
Stakeholders	A person or a group with an interest in the enterprise (Fernando, 2023).

1. Introduction

1.1 Background

Customer retention has always been a critical concern for the growth of companies worldwide (Matthews-El, 2022). However, with a greater variety and easier access to goods and services, markets are facing an increased level of competition (Giffi et al., 2016). This has made customers harder to retain and challenged companies to come up with innovative strategies on how to be unique (Kurmar, 2023). On top of that, the growing awareness of Corporate Social Responsibility in society has become an essential factor for businesses to consider (Homann, 2022). Trends reflect a shift in popular opinion about the role of corporations in society and indicate a growing capacity among stakeholders to impose accountability on corporations (World Investment Report, 2022).

Social enterprises such as Ben & Jerry and Patagonia have been able to integrate the social and commercial sides of their businesses by distinguishing themselves through an extraordinary long-term commitment to social responsibility (Porter & Kramer, 2006). However, in stigmatized industries such as chemicals, alcohol and oil, this type of integration appears to be more difficult. Companies whose products or manufacturing processes in some way negatively influence society and generate public concerns, may instead choose to pursue a social initiative as a form of insurance, in the hope that its reputation for social consciousness will temper public criticism in the event of a crisis (Porter & Kramer, 2006).

The iGaming industry is another example of a stigmatized sector that faces the challenge of balancing customer retention with responsible gambling promotion. In January 2019, Sweden introduced a more stringent version of its national iGaming legislation due to the growing number of players exhibiting signs of gambling addiction. In fact, the societal costs associated with problem gambling in Sweden for 2018 reached an alarming 1.42 billion euros, which accounted for 0.3% of the country's GDP (Hofmarcher, 2020). These regulatory changes have placed higher demands on licensed operators to adopt more robust responsible gambling measures. Simultaneously, operators are under pressure to develop effective strategies to retain their players in a fiercely competitive industry, characterized by similar service offerings, rapid technological advancements, and a complex regulatory landscape (IAGA, 2023).

Although there is abundant literature on both customer retention and CSR (Borglund, 2009; Aspinall et al., 2001), there is limited research on what is influencing how corporations in stigmatized industries manage the balance between their commercial and social activities. This is surprising given the importance of CSR in today's business world and the vast scrutiny that stigmatized industries face from regulators, media and the public. The iGaming industry in particular, is an interesting sector to analyze due to the recently elevated tension between the commercial and social dimensions of the industry.

Hence, this study intends to contribute to the literature by providing a qualitative insight of the complex dynamics involved in balancing social and commercial activities in stigmatized industries. The thesis will specifically examine how operators in the iGaming industry manage the balancing act between customer retention and responsible gambling. The study will be based on empirical data from representatives of four iGaming operators and three external iGaming stakeholders. Furthermore, a combination of Theory of Planned Behavior (Ajzen, 1991) and Stakeholder Theory (Freeman, 1984) will be used as a theoretical framework as both theories can take a holistic approach to what is influencing business strategy, considering the broader societal contexts in which businesses operate.

1.2 Purpose and Research Question

The study's contribution to the literature lies in its focus on stigmatized industries and its application of Theory of Planned Behavior and Stakeholder Theory to understand what influences how corporations manage the balance between social and commercial activities. The study will offer insights into the challenges and opportunities that corporations face in balancing these two dimensions as well as the strategies that they use to achieve this balance. It will also provide a better understanding of the role that stakeholders play in shaping companies intentions and behaviors.

The study aims to answer the question:

What influences how iGaming operators manage the balance between customer retention and responsible gambling?

1.3 Delimitations

The scope of this study has been limited to iGaming companies that are operating in Sweden with a Swedish license. The reason behind this decision is that there are major differences in what demands different countries' licenses put on the operators. Furthermore, the authors have chosen to examine the closest external Swedish stakeholders to the operators, except the stakeholder group of the players. The reason behind the choice to exclude players from the study is because there is a great variety in how different players perceive the iGaming industry. Thus, if the player group would be included, it would be hard to obtain a sufficient sample that would provide us with a representative view.

2. The Industry

2.1 iGaming

iGaming, which is a frequently used term in gambling contexts, is a collective name for any form of online betting that wagers on the future outcome of a game or event (South, 2022). Online casino, sports betting, poker and live dealer games all fall under the iGaming definition (South, 2022). Internet gambling first became possible in the mid-1990s as technology evolved and entrepreneurs began to realize the internet's potential for gambling (Williams and Wood, 2007). Since then, the industry has experienced tremendous growth. In 2022, the global online gambling market was valued at \$63,53 billion and is expected to reach \$153,57 billion by 2030 (Grand View Research, 2022).

The iGaming ecosystem which is illustrated in *Figure 1* refers to the network of companies, organizations and individuals involved in the online gambling industry. An *Operator* in the iGaming industry is a company that provides online gambling services to the players (Thomas-Akoo, 2023). This can include sports betting, casino games, poker and other forms of online gambling. Operators are also responsible for obtaining licenses to operate in regulated markets (IAGA, 2023). To be able to offer games and services to players, the operators purchase products and services such as software platforms, game content and payment processing solutions from the *Suppliers* which are a key stakeholder in the industry (O'Hagan, 2023). Lastly, a *Player* is an individual who participates in online gambling activities (Hofmarcher, 2020). The ecosystem is supported by other stakeholders such as *The Swedish Gambling Authority* who ensures the legality and safety of the Swedish market (Spelinspektionen, 2023) and by *Investors* who contribute to the financing of the operations of the suppliers and the operators.

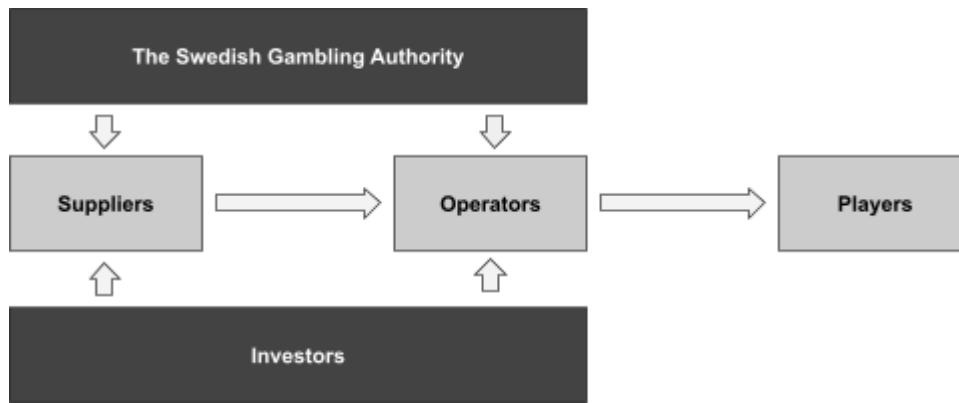


Figure 1. Illustration of key stakeholder in the iGaming industry (Fröderberg & Rask, 2023)

2.2 Legislation

The gambling industry has undergone significant changes in the past two decades, leading to a shift in the regulatory landscape. However, due to the lack of sector-specific legislation, there are notable differences in the regulations among European countries regarding gambling services (European Commission, 2023). With the majority of gambling now taking place online, players have access to gambling websites worldwide, leading to some regulatory challenges. For example, a Swedish player playing a game on a Maltesian platform is not viewed as an infringement on the Swedish market, but rather as the purchase of a Maltesian service (European Commission, 2023). In practice, this means that operators with a license in Sweden do not have a monopoly on the Swedish market (Spelinspektionen, 2020).

Prior to 2019, the companies Svenska Spel and ATG, had a monopoly on the Swedish market (Nilsson, 2018). However, this changed as new operators without a license began to gain market share through aggressive marketing and lucrative bonuses (Spelinspektionen, 2020). As a result, policymakers recognized the need for a reregulation to impose equal requirements on all operators. This led to more operators becoming licensed and conducting business under the same legal conditions (Ibid). Despite the regulation, there are still multiple unlicensed companies that operate in Sweden without complying with responsible gambling and consumer protection requirements (Spelinspektionen, 2023). This poses a significant issue for the industry, as vulnerable players may turn to these operators once they are no longer allowed to play on licensed platforms (Choghrich, 2023).

3. Previous Research

In this section the authors review relevant literature on the topic of customer retention and CSR. By examining the existing research the authors aim to provide a comprehensive overview of the current state of knowledge in the field and further specify the research gap that has been identified.

3.1 Customer Retention

Numerous studies have examined the concept of customer retention, as it is widely recognized as a critical factor in achieving long-term business success. Previous research has explored various factors that influence customer retention, such as customer satisfaction, loyalty, trust, service quality, and perceived value (Irfan et al., 2020). Simultaneously, although the relationship between customer retention and profit can differ among corporations, researchers agree that retention should be recognised as a key driver of firms profitability (Gupta et al., 2006). Additionally, research has highlighted the importance of creating positive customer experience and customer satisfaction, as dissatisfied customers are more likely to switch to a competitor (Reichheld, 1996). Satisfied customers are also more likely to contribute, by recommending the business to others (Reichheld, 1993). Furthermore, Winer (2001) asserts the importance of understanding customer behaviors and targeting customers who have the potential to generate long-term profits for the firm in building successful relational exchanges. Several studies have also investigated the relationship between customer retention and other organizational outcomes, such as employee engagement and productivity (Reichheld, 1996).

Retaining customers can be difficult, especially in a marketplace where products and services offered by one company are relatively similar to those of its rivals (Victorino et al., 2005). In homogeneous markets, corporations are commonly trying to stand out by offering their customers a rare, meaningful and positive experience (Wong et al., 2013). An increasingly critical factor that influences customer retention is CSR, as customers prefer to associate with socially responsible companies (Irfan et al., 2020). However, according to (Porter & Kramer, 2006) these social initiatives are often used as a means of addressing public criticism in the event of a crisis.

3.2 Corporate Social Responsibility

The topic of Corporate Social Responsibility (CSR) has gained significant attention in recent years, indicating the growing acknowledgement of business's role in society (Chen et al., 2018). Various studies have highlighted different factors that drive CSR, including ethical considerations, stakeholder pressure, and reputation management (Dhanesh, 2015). While multiple drivers of CSR have been proposed by scholars, the discussion is primarily dominated by two contrasting perspectives: the moral perspective and the strategic perspective. The moral perspective suggests that businesses adopt socially responsible behaviors because it aligns with their sense of what is morally right. It emphasizes intrinsic factors such as ethical values and moral leadership as the driving forces behind these behaviors (Bansal, 2003; Heugens et al., 2008; L'Etang, 1994). On the other hand, the strategic perspective argues that businesses engage in CSR due to external motivators such as market and institutional pressures. It also highlights the benefits derived from CSR, such as increased employee commitment and customer loyalty (McWilliams and Siegel, 2011). A third perspective proposes that businesses are motivated by a combination of intrinsic and extrinsic factors, blending both moral and strategic considerations (Child & Tsai, 2005).

Previous research has explored several of the benefits of CSR. A company's CSR activities can improve the customers' opinions of the company (McDonald & Rundle-Thiele, 2008) and ethical CSR initiatives have a strong impact on corporate image among customers (Kim et al. 2012). Companies that prioritize CSR are also more likely to build long-term relationships with their customers, maintain their loyalty and thus retain customers Kim et al. (2017). However, CSR also presents a number of challenges for organizations, such as defining and measuring social and environmental impacts, balancing the competing interests of stakeholders, and ensuring alignment with core business objectives (Andrews, 2016; Gjølborg, 2009).

Companies and industries falling under the category of stigmatized, which includes those whose products or manufacturing processes have a detrimental impact on a societal issue, often feel compelled to address heightened public scrutiny (Miller & Sinclair, 2012). In order to reduce concerns regarding the negative consequences associated with their products, these companies frequently undertake CSR initiatives (Ibid).

3.3 Research Intersection

Retaining customers can be challenging in various sectors, but especially in those where products and services are homogenous (Victorino et al. 2005). Therefore, previous research has explored various factors that influence customer retention (Irfan et al., 2020). Simultaneously, there is a growing public expectation that companies should take more responsibility for their social and environmental influence (Cowper-Smith & de Grosbois, 2011). According to Kim et al. (2017), companies that prioritize CSR are more likely to retain their customers by building long-term relationships with them. However, there are no studies investigating whether this is the case in stigmatized industries, where the customer retention and CSR practices appear to be in conflict with each other. Hence, despite the considerable amount of literature available on CSR and customer retention (Borglund, 2009; Aspinall et al., 2001), there is a research gap concerning the balance between commercial and social activities among corporations in stigmatized industries.

4. Theoretical Framework

This section presents the theoretical framework, which departs from the Theory of Planned Behavior and Stakeholder Theory.

4.1 Theory of Planned Behavior

The Theory of Planned Behavior (TPB), originally proposed by Ajzen in 1985, constitutes a framework widely employed for comprehending and forecasting human *behavior* across diverse domains. According to TPB, human conduct is contingent upon the *intention* to engage in a specific *behavior*, which is shaped by the interrelated factors of, *attitudes* towards the behavior, *subjective norms*, and *perceived behavioral control* (Ajzen, 1991), as illustrated in *Figure 2*. *Attitudes*, encompassing a range of positive or negative evaluations, pertain to individuals' subjective assessment of the behavior under scrutiny (Ibid). *Subjective norms* cover the perceived social pressures exerted by external actors and societal expectations, that either endorse or discourage the performance of the behavior (Ibid). Lastly, *perceived behavioral control* pertains to the self-assessed capability to effectively execute the behavior, influenced by factors such as competencies, available resources, and situational opportunities (Ibid). The more factors that are unfavorable, the less likely is the individual to conduct the behavior.

“Intentions are assumed to capture the motivational factors that influence behavior; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behavior. As a general rule, the stronger the intention to engage in a behavior, the more likely should be its performance” (Ajzen, 1991, p. 181).

TPB implies a few advantages that make it a useful, yet complex, model for understanding human behavior (Ajzen, 1991). One of the key advantages of TPB is its predictive power, as it has been shown to be effective in predicting behavior across a range of domains such as health, environment, and business (Armitage & Conner, 2001; Sheeran & Orbell, 1999). TPB is also flexible and adaptable, as it can be applied to various cultural and social contexts (Ajzen, 1991). Additionally, TPB emphasizes the importance of intention in predicting behavior, which is a key factor in behavior change (Ibid). Another strength of TPB is its focus on attitudes and beliefs, and by recognizing the role of attitudes and beliefs in shaping behavior, TPB provides a framework for developing interventions that target these factors (Ibid). Moreover, TPB integrates social norms, which recognizes the role of social pressures in influencing behavior.

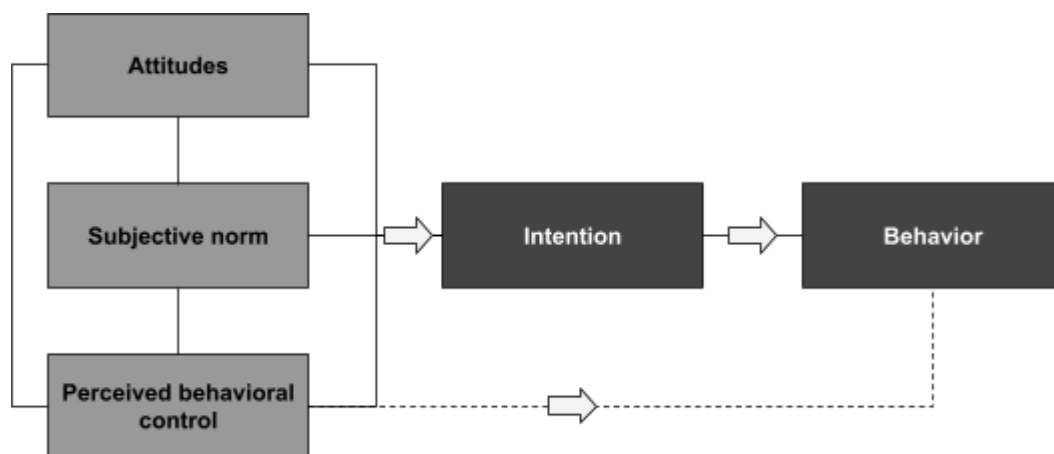


Figure 2. Illustration of the Theory of Planned Behavior (Ajzen, 1991)

4.2 Stakeholder Theory

Stakeholder Theory was first introduced by Freeman in 1984. The theory is developed in response to a lack of comprehensive management frameworks during a period of significant environmental turbulence and change. According to Freeman and Mcvea (2001), the Stakeholder Theory is necessary due to the increasing complexity of modern business environments. Freeman (1984) defines a stakeholder as *"any group or individual who can affect or is affected by the achievement of the organization's objectives"*. This definition highlights the importance of considering the interests of all

stakeholders, not just shareholders, when making strategic decisions. A stakeholder analysis involves identifying and prioritizing stakeholders, assessing their needs and interests, and determining the potential impact they may have on the organization (Freeman, 1984).

Stakeholder analysis is increasing in importance and relevance, as organizations recognize the need to be more socially responsible and accountable to their stakeholders (Mitchell et al., 1997). By conducting a thorough stakeholder analysis, organizations can increase their legitimacy, build better relationships with stakeholders, and ultimately enhance their performance (Ibid). Overall, a stakeholder analysis is an important tool when investigating whether an organization is considering the needs and interests of relevant stakeholders in their decision-making, which if done correctly, can enhance the legitimacy and ultimately improve the performance of an organization (Mitchell et al., 1997).

4.3 Theory Criticism

4.3.1 Criticism towards Theory of Planned Behavior

TPB faces criticism regarding its relevance and adequacy in explaining human behavior. Some authors argue that the support of the theory is overstated. As an illustration, Sniehotta et al. (2014) claims that TPB only explains pre-planned behavior, and that emotionally charged or motivated behavior is neglected (Ibid). There are superior explanations for behavior, and researchers have been modifying the theory to suit their needs, suggesting its inadequacy (Ibid). Nevertheless, Schwarzer (2015) acknowledges the need for researchers to expand on the theory but argued against the claimed “overstated” support, proposing that it could still be extended. Moreover, numerous studies have provided empirical support for the TPB's predictive power. Armitage & Conner (2001) conducted a meta-analysis of 154 studies and concluded that attitudes, subjective norms, and perceived behavioral control were significant predictors of intention.

4.3.2 Criticism towards Stakeholder Theory

A few scholars challenge the philosophy of The Stakeholder Theory, with Von Hayek (1960) asserting that allowing management to pursue objectives other than those that maximize shareholder value gives them excessive and socially hazardous power. Argenti (1997), on the other hand, criticizes the Stakeholder Theory for failing to consider the lack of clarity in stakeholders' expectations and the compromises that an organization must make when considering stakeholder interests. This lack of clarity and compromise is not adequately addressed within The Stakeholder Theory itself. However, it

is important to note that Stakeholder Theory does not advocate for organizations to pursue objectives that do not maximize shareholder value, but rather argues that in the long run, maximizing shareholder value is best achieved by considering the interests of all stakeholders (Freeman, 1984). Moreover, Stakeholder Theory does not assume that stakeholder interests are always clear and easy to balance, on the contrary, the theory recognizes that stakeholder interests can be complex and conflicting, and that organizations may need to make trade-offs to satisfy multiple stakeholders (Brugha & Varvasovszky, 2000).

4.4 Theory Discussion

Despite the criticism of the relevance and adequacy of the Theory of Planned Behavior (TPB), the authors still argue that the theory provides a comprehensible framework for understanding the basis of what influences different behaviors (Ajzen, 1991). As this study intends to explore what is influencing how the companies, and not the individuals, manage the balance between their commercial and social activities, the authors will apply the TPB theory in a new fashion. By taking the perspectives of the companies instead of the individuals, the authors hope that the theory will provide a holistic understanding of what is influencing the corporate behaviors, i.e. the actions of companies as single bodies. In this case, the corporate behavior of managing the balance between social and commercial activities in stigmatized industries will be investigated.

In the redefined TPB theory, the attitudes of the employees will serve as a basis for the attitude of the company as a whole. Furthermore, the subjective norms which are normally discussed from the perspective of the individuals, will now reflect the subjective norms that the companies experience from external stakeholders and artifacts. Lastly, the individuals perceived behavioral control, will now mirror the companies capability to effectively execute the behavior. The Stakeholder Theory will serve as a framework that will provide a basis for the analysis of the subjective norms within TPB.

5. Methodology

5.1 Method of Choice

5.1.1 Research Paradigm

The ontology of this research paper was subjective, as it aligns with the philosophical position described by Saunders et al (2019). A subjective philosophy emphasizes that reality is created intersubjectively through interactions between social actors (Ibid). Furthermore, the inductive approach was useful for generating knowledge about the balancing act between customer retention and responsible gambling through empirical observation and data analysis. This inductive research approach allowed for flexible change and modification on how the data and theoretical framework was approached and developed. The authors started with specific observations and then developed generalizations based on patterns that emerge from the data. Moreover, the epistemology was interpretivism. An interpretative viewpoint was suitable since the purpose was to explore novel understandings (Ibid). According to Saunders et al. (2019), *“the purpose of interpretivist research is to create new, richer understandings and interpretations of social worlds and contexts”*. This was done by interviewing different members of the iGaming industry, to create an understanding for how they interpret reality.

5.1.2 Research Design

The research data was collected through qualitative semi-structured interviews, which, as described by Saunders et al (2019), provide the advantage of allowing follow-up questions to be asked by the researchers, thereby enhancing the significance and depth of the obtained data. However, as noted by Bell et al (2019), a potential drawback of this method is that it may reduce the comparability between interviewees. Lastly, given the aim of obtaining an understanding of a market, the researchers opted to conduct a cross-sectional research, in order to yield heterogeneous data.

5.2 Data Collection

5.2.1 Sample

The study was based on interviews with 11 individuals from 7 different organizations. Given a Swedish iGaming market screening, these organizations were selected. The data collection took place

between February and April 2023. The interviews varied from 35 to 60 minutes in length, and were all conducted digitally. All interviews were recorded and transcribed by the authors.

5.2.2 Interviewed Individuals

The interviewees were contacted by email through the contact details on the organizations' official websites. The selection of individuals was based on the intention to obtain varied data from different industry perspectives, referring to different external stakeholders of relevance. An overview of the participating respondents are summarized in *Table 2*. The interviewees were asked to answer from the perspective of their organization, rather than their individual perceptions. Nonetheless, biased perspectives were a present aspect, and the research topic is arguably sensitive and important, which could have incentivized skewed interviewee viewpoints. This risk was regularly contemplated in order to not display a tendentious picture, since the aim of the research is that it should be relevant for corporations outside the iGaming industry.

Table 2. List of interviewees.

No	Position	Gender	Company	Type of organization
1	Senior Communicator	Male	Company A	Operator
2	Equity Research Analyst	Male	Company B	Investment Bank
3	PR & Communication Manager	Male	Company C	Operator
4	Investigator	Female	Company D	Authority
5	Head of Sustainability	Female	Company C	Operator
6	Investigator	Male	Company D	Authority
7	Head of Marketing	Female	Company E	Operator
8	Chief Communications Officer	Female	Company F	Supplier
9	Chief Care Communications Officer	Female	Company A	Operator
10	Chief Communications Officer	Male	Company G	Operator
11	Chief Strategy Officer	Male	Company C	Operator

5.2.3 Interview Design

By considering the interpretivist perspective necessary to analyze the research question, semi-structured interviews are an appropriate method to utilize. These interviews facilitate in-depth and insightful answers from the interviewees while also giving interviewers the flexibility to ask additional questions if needed during the interview process.

5.2.4 Interview Setting

All the interviews were conducted virtually via Microsoft Teams or Zoom. Nevertheless, for flexibility reasons, the participants were given the option to have the interview physically if they preferred that setting. All interviews were conducted by both authors.

5.3 Data Analysis

The authors employed a thematic analysis approach to scrutinize the qualitative data (Saunders et al 2019). The thematic analysis entailed identifying patterns or themes within the qualitative data of this research. An advantage is that it makes up a method rather than a methodology (Braun & Clarke, 2006; Clarke & Braun, 2013). In other words, it is not tied to a particular epistemological or theoretical perspective, in comparison with other qualitative methodologies (Ibid). Accordingly, thematic analysis is a flexible method. In this study, the thematic analysis facilitated the identification of significant or noteworthy patterns in the data, referred to as themes, which were utilized to explore the research question. After concluding the data collection process, the recorded interviews were transcribed. The elimination of extraneous data occurred thereafter. After generating multiple first-order themes from the coding of the empirical material, the theoretical framework led to second-order themes and aggregated concepts, and this structure was used to establish the groundwork for the empirical section. *Table 3* provides a comprehensive summary of the empirical results. Finally, the selected data was analyzed through the analytical framework to classify the data into different parts of the theory.

Table 3. Overview of the empirical results.

Second-order themes	Aggregated concepts
Trust Service Quality Diverse Perspectives	Attitudes
Legislation Investors Suppliers Authority Unlicensed Operators	Subjective Norms
AI Detection Systems Customer Support	Perceived Behavioral Control

5.4 Ethical Considerations

Throughout the study, the ethical principles established by Diener and Crandall (1978) were considered. Anonymization of interview respondents was conducted to minimize potential harm to them, making it challenging to identify specific citations as belonging to certain individuals. All respondents participated voluntarily and were informed about their right to withdraw. Informed consent and privacy protection were prioritized by providing information about the research to the interviewees and giving them the option to participate. The authors adopted the semi-structured interview opening template developed by Saunders et al. (2019) to build rapport and gain trust. All sensitive data was excluded in compliance with GDPR, and the audio files were immediately erased after the thesis was completed. The authors strived to remain objective throughout the process to avoid influencing the participants' responses.

The authors also recognize that even though the iGaming industry can provide entertainment and enjoyment for many people, it is important to acknowledge the risks associated with problematic gambling. The intention of this study was not to inform iGaming operators how to maximize their revenue but rather to objectively investigate what influences the balancing act between customer retention and responsible gambling in the iGaming industry.

5.5 Methodology Discussion

The study's methodology and trustworthiness were assessed according to the criteria proposed by Saunders et al (2019) and Bell et al (2019), including credibility, transferability, dependability, and confirmability. The interviews were conducted in Swedish. However, to ensure consistency, all quotes presented in the empirical section have been translated into English. This could raise concerns about the credibility, since translation can potentially modify the precise meaning of the respondents' answers. Notwithstanding, the translation was managed with considerable caution.

It was important to consider the perspectives of relevant stakeholders, which in this research paper only were external, such as suppliers, authorities, and investors. However, the number of interviews conducted with these stakeholders may not be significant due to various limitations, including time constraints and accessibility. Despite this limitation, the authors were aware of the importance of including the perspectives of these stakeholders. The authors took necessary steps to carefully consider the information obtained from these interviews and supplemented it with nuanced perspectives from the operators. Furthermore, the stakeholder group of players were not involved. This was because the iGaming industry involves a vast number of players with varying experiences and objectives, which can complicate obtaining a representative sample. Ultimately, the focus of the research was on the iGaming operators rather than individual players.

6. Empirical Findings

This section presents the empirical findings of the research, which are based on answers from the respondents and divided into three main categories: *Attitudes*, *Subjective Norms* and *Perceived Behavioral Control*. Each main heading is followed by subheadings, the second-order themes, that present findings related to that specific area. The respondents are anonymous. For a more detailed overview of the respondents, see *Table 3*. The quotes are followed by a respondent's allocated number.

6.1 Attitudes

6.1.1 Trust

During the interviews, “*trust*” was one of the most recurring subjects brought up. As iGaming operators handle customers’ money and private information, such as banking and salary information, it is a highly trust-oriented industry. “*Since banks handle sensitive information about their customers, we do too, and thus we also have to consider the value of trust*” (5). The same interviewee said “*A good product and very trustworthy routines are what is the most important for us, and trustworthiness is one of our selling-points*” (5). Another operator interviewee said “*We believe we are considered a trustworthy company. We are usually at the top of the lists in this aspect and the company is incredibly proud of that*” (7). A few operator representatives claim that proactive Customer Relationship Management is necessary to gain trust, and this could be achieved by customer support, either by phone or chat. “*For instance by providing 24/7 available customer service, preferably in the local language, we are able to build relationships with our customers, which is necessary to gain their trust.*” (5).

6.1.2 Service quality

The user experience and interface, in other words, the service quality, can be seen as a crucial factor for retaining customers. This view is stated by most operator interviewees, and shared by the investment bank representative. The latter mentions that: “*The service quality is one of the most important factors when evaluating an iGaming operator*” (2). What several respondents elaborated on is that the platform must be “*visually pleasing and very easily maneuvered*” (7). As one operator employee mentioned: “*The competition is immense, since we provide very similar products. We must work with the user experience, in other words, everything around the actual product on the platform. [...] If the players are not satisfied with the quality of the website, they will leave immediately.*” (10). Moreover, an interviewee argues that there are ways in which the service quality and the gambling experience could be impaired. “*In order to make the players feel more safe, some companies have chosen to have several time limits on their games and request their players to fill out forms regarding their salary. We think that this is just disturbing for them.*” (3).

6.1.3 Diverse perspectives

When the interviewees are questioned about the operators' view on whether there is a conflict between responsible gambling and customer retention, the responses deviate from each other. One respondent answered: *"Our responsible gambling sets the framework for our operations. We want to grow on healthy and responsible gambling."* (1), and a different interviewee elaborated on the economic incentives *"Responsible gambling is the most important aspect of Corporate Social Responsibility and we are actually able to see a return on investment on our CSR activities."* (3). According to another operator, responsible gambling has been integrated as a natural part of the industry. *"Our industry has come so long when it comes to responsible gaming. In our slack channel every morning we are discussing which players that have been interacted with and the latest deposit limits and XYZ. This is just the name of the game and if you don't like it, leave."* (10).

Another interviewee said: *"Responsible gambling is merely a hygiene factor that is expected to be fulfilled. We believe we are good at it, and even better than others. However, we don't gain anything specific by highlighting it, but we are still proud of our work. It creates the conditions for making our entertainment more competitive"* (11). This standpoint is shared by another operator employee. According to a few representatives from both operators as well as the authority, there is no explicit conflict of interest between customer retention and responsible gambling. *"There are synergies between the two parameters"* (10). *"We believe responsible gambling has a positive impact on customer retention"* (5). Another operator representative claims that *"The balancing act between customer retention and responsible gambling, is often discussed and considered internally"* (7).

6.2 Subjective Norms

6.2.1 Legislation

There appears to be room for interpretation in the current Swedish iGaming legislation. *"The responsible gambling regulations can be interpreted in different ways"* (9). Depending on the operator's interpretation, the operator's platform interface can be designed in a more or less appealing way. For instance, the new regulation stipulated that operators were required to include a digital gambling stop button on their homepage. According to one of the operator employees, the size of the buttons is not specified in the legislation and hence *"[...] A few operators choose to have a large button, while others choose to have so small buttons that you can barely see them. This is dependent on the operators' risk profile"* (11). Another example is the regulatory requirement to have a deposit limit on the website. *"[...] Some operators allow the players to set the deposit limit for themselves,*

while other operators set the limit for the players [...] the regulation does not specify a minimum requirement for how high the limit has to be, which leaves room for the operators to choose themselves” (11). An additional aspect that was mentioned by several operators was how unclear and illogical the legislation within the fields of marketing is. The legislation states that the marketing activities by the operators should be “moderate”, but multiple operators have a hard time understanding what is meant by “moderate”. An interviewee said *“Our marketing must be moderate, however it is difficult to define what that is. There were political suggestions on what is meant by moderate marketing, but the government has not proceeded with them” (7).*

6.2.2 Investors

The representative from an investment bank revealed that *“Investors value customer retention, as it impacts the revenue and profitability of the operators”(2).* According to the investment bank employee, *“Investors may encourage operators to prioritize responsible gambling practices to reduce legal and reputational risks and build trust in their brand [...] it is also very important for the operators to have a good relationship with the regulators as well as to adhere to the regulations, with regards to the threat of losing the operator’s gambling license” (2).*

6.2.3 Suppliers

According to the supplier interviewee, the suppliers have a significant role in the iGaming industry by providing casino games and betting products to the operators. They encourage the operators to work with customer retention since *“[...] they affect the demand for our products, and we receive a share of the operators’ revenue” (8).* Nonetheless, the respondent also mentioned: *“We would not provide our products to an operator, who does not prioritize responsible gambling” (8).* Moreover, it is the suppliers' who provide the operators with AI detection systems to monitor players' gambling patterns and can via the systems report unhealthy gamblers to the operators based on the conditions that the operators have set up. *“We are able to see unhealthy gambling through our systems and then report to the operators, after which they can take action and perhaps suspend the players’ gambling. We also welcome responsible gambling regulations that are followed by the operators, since no one wants to see player’s exceeding their gambling capacity (8).*

6.2.4 Authority

During the interviews with the authority representatives, it was naturally asserted that the authority has a strong interest in responsible gambling measures of the operators. They constantly monitor the operators in order to ensure their responsible gambling procedures meet the applicable requirements. However, one of the respondents from the authority mentioned that *“The authority does not have a*

significant interest in the customer retention operations of the operators, as long as they follow the existing regulations” (4). Regarding responsible gambling, the other interviewee said: “The operators are obligated to work with responsible gambling according to the gambling regulation, yet some do it more and they might possibly use it as a competitive advantage” (6).

6.2.5 Unlicensed operators

Several operator respondents testify about the risk and threats imposed by the unlicensed actors operating on the same market. This view is also shared by authority employees. As an answer to the question whether the strict legislation towards licensed operators might cause players to migrate to the unlicensed market, an interviewee answered; *“What complicates this equation is that these unlicensed actors are able to provide bonuses, more advantageous prices and no complicated money laundering questions” (10).* The same respondent confirmed that the strict regulation on the Swedish iGaming market might constitute a risk for the licensed market; *“If the gambling experience of the unlicensed market becomes better than the licensed one, players will start going there instead” (10).* Another respondent mentioned that *“It is difficult to estimate the extent of this threat. However, players do migrate to unlicensed operators, where the regulation cannot protect them. [...] There is always a balancing act for the government when regulating a market. As an operator we cannot do anything if the players go there” (11).*

6.3 Perceived Behavioral Control

6.3.1 AI detection systems

The respondents were asked about how operators work with responsible gambling and how the industry can minimize gambling addiction. All the iGaming operators obtain artificial intelligence (AI) detection systems, provided by the iGaming suppliers, that monitor the players’ gambling patterns. The purpose of these systems is to counteract gambling addiction. *“The systems detect player’s deviant and riskful behavior in terms of, for instance, the amount of time spent on gambling, the hours the gambling takes place, the amount of money the players’ use and on what specific games” (5).* Moreover, *“The most important part of these monitoring procedures is to actually contact the player when the player has been flagged” (1),* meaning when the system has detected an irregular activity. The same respondent continued by saying: *“This communication could in many cases cover considerate phone calls just ensuring the players’ gambling is under control, or the imposing of deposit limits.” (1).* A considered risky gambling behavior requires a more direct communication

approach from the operators and could potentially result in a gambling suspension via the service *Spelpaus.se*, banning the player from all licensed iGaming operators in Sweden. During the interviews several operator interviewees mention the players' "lifecycle" and one stated that: *"In the long-run we want to keep the player at a high yet stable gambling level, and counteract the risk of the player jumping to an unlicensed operator when being suspended"* (5). Another respondent said *"We want the players to play regularly, however not by exceeding their capacity"* (10).

6.3.2 Customer support

A common view held by the respondents is that in order to prevent gambling addiction, and in that sense maintain a responsible gambling, a functional customer service is an effective tool. The customer support entails, apart from what was depicted under "6.4.1 AI Detection Systems", *"[...] In some scenarios we can speak with relatives of the vulnerable player. We also do phone calls to players who have ended their gambling suspension at Spelpaus.se"* (9). A few operator interviewees mean that customer support is crucial in order to assist customers when they are experiencing difficulties of any kind, and that it is appreciated by the players. *"The players are often grateful when we reach out to them and they say that they feel safe knowing that we will contact them if they are playing at an unhealthy level"* (10). Furthermore, there are apparently evaluations within the industry, measuring how well-functioning customer support an operator provides. *"We are winning prizes for high customer satisfaction rate, largely thanks to our customer support"* (5).

7. Analysis

This section undertakes an analysis of the empirical data, employing the theoretical frameworks of the Theory of Planned Behavior (TPB) and Stakeholder Theory. To facilitate this analysis, the authors have devised an analytical model, visually represented in *Figure 3*. The analysis section starts with discussing the internal *attitudes* of operators towards customer retention and responsible gambling, examining whether they perceive it as a coherent endeavor to address both dimensions simultaneously. Subsequently, the authors delve into the analysis of *subjective norms*, encompassing key stakeholders and external artifacts and their influence on operators. Lastly, under *perceived behavioral control*, the authors analyze whether operators possess the necessary tools and resources to effectively work with the two dimensions. The convergence of these factors culminates in the formation of an *intention*, reflecting the operators' view of customer retention and responsible gambling respectively.

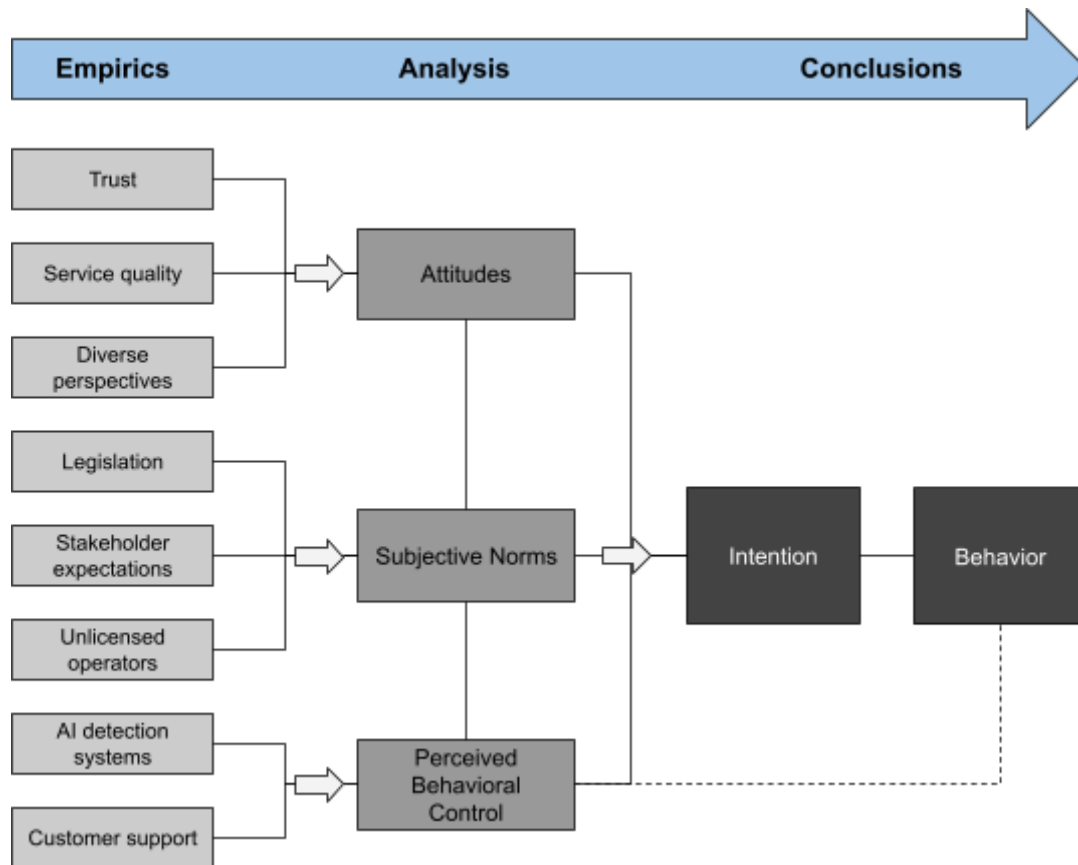


Figure 3. Illustration of the analysis (Fröderberg & Rask, 2023)

7.1 Attitudes

TPB states that attitudes are shaped by beliefs regarding the anticipated outcomes of a behavior and the corresponding evaluations of those outcomes. Attitudes are consequently formed based on the positive or negative appraisal of the behavior itself and its associated outcomes.

An important aspect that shapes the operator's attitude towards the balancing act is that their work should be viewed as trustworthy. The empirics discuss how being viewed as a trustworthy actor contributes to boosting the operators' reputation and loyalty among their players. To become a trusted actor, the operators claim that they need to work with responsible gambling initiatives such as AI and customer support. Hence, the operators strive to be viewed as trusted actors, positively impacts the operators attitude towards working with responsible gambling. Additionally, the companies can feel a strong sense of pride regarding their work with responsible gambling, which also positively impacts their attitudes towards working with it.

Another aspect that is frequently discussed is service quality. The operators see it as critical to have an easily maneuvered and visually pleasing platform as these are two ways in which they can stand out from competitors. Furthermore, an interviewee claims that if a player perceives the quality as poor, they will go to another company. The importance of the service quality makes several operators unwilling to start compensating the quality of their platforms for the sake of responsible gambling. Hence, service quality can negatively influence the operators attitude towards undertaking responsible gambling measures such as time limits, visually unpleasing play-stop buttons and information forms regarding the players salary. Nevertheless, all the operators recognise the importance of being compliant with the legislative demands regarding the design of their platform.

There seems to be a somewhat common view that there are few trade-offs between responsible gambling and customer retention. Some respondents see the responsible gambling demands in the industry as a hygiene factor that they just have to comply with and claim that it is hard to gain a competitive advantage on the market by having an exaggerated responsible gambling agenda. This suggests a somewhat neutral attitude towards how the operators are managing the balance as they conceive it as a compulsory obligation rather than a distinguishing characteristic. On the other hand, other actors feel that they in fact gain a competitive advantage in the sense that their responsible gambling initiatives, such as AI detection systems and customer support, actually provides them with a competitive advantage by becoming a more trusted actor and that it creates a sense of safety for the players.

7.2 Subjective Norms

Subjective norms refer to the perceived social pressures exerted by external actors and societal expectations.

An obvious interpretation of the empirics is that society in general pressures the operators to conduct rigorous responsible gambling activities. As gambling addiction is a highly live subject in society, the operators are pressured to be 100% compliant with the legislation. However, as presented in the empirics, certain aspects of the legislation can be interpreted in ways which enable the marketing campaigns and platforms to be designed in different ways. The vague legislation enables some operators to offer a more flexible and less disturbing user experience which can have positive effects on customer retention and negative effects on responsible gambling. Nonetheless, an interviewee stated that the operator's interpretation of the legislation often depends on the risk profile of the operator. Moreover, unlicensed operators are discussed and how their commonly unethical operations are a large driver to why the industry is highly stigmatized. The unethical operations of the unlicensed

operators may have negative spillover effects on the industry as a whole as they contribute to the general adverse perception the public has of the industry.

Regarding the stakeholder demands, a mutual view is that they want the operators to be compliant with the legislation. The authority's highest concern is whether or not the rules are followed and exhibit limited interest in how the operators are working with customer retention. The suppliers state that they only want to be associated with serious operators and as the suppliers receive a share of the operators revenue, an interpretation could be that they also have an interest in the customer retention practices of the operators. From the investors point of view, they are concerned with both customer retention and responsible gambling practices as they have invested in the company. Arguably, all the analyzed stakeholders in this case have the legitimacy and power needed to influence the operators. However, the power of the investors and the suppliers could possibly vary due to factors such as dependability and size.

7.3 Perceived Behavioral Control

Perceived behavioral control refers to the operator's perception of how easy or difficult it is to perform a particular behavior.

The iGaming operators are employing AI detection systems to monitor gambling behavior and take action on players exhibiting riskful behavior. The systems allow them to closely monitor the players, take necessary actions, and even suspend them if required. This proactive approach demonstrates the operators' efforts to exercise control over the gambling behaviors of the players. Another way in which the operators feel that they can assert control over the gambling addicts is through customer support. By implementing these AI detection systems and having an established customer support department, a natural interpretation would be that the operators have a positive perception towards their ability to control and ensure responsible gambling.

However, an interesting dimension of their suspension activities is that they cannot ensure that the risk players do not continue playing at unlicensed platforms. This is something that is outside of the control of the licensed operators. Nevertheless, by contacting players at risk in a timely manner, they are able to help players at risk and hence retain them at a sustainable level. By focusing on responsible gambling and providing support to players with addiction issues, the operators can foster long-term relationships while simultaneously minimizing the number of problem gamblers. This demonstrates the operators' perceived behavioral control and commitment to balancing its commercial and social objectives.

8. Discussion

8.1 Conclusion

In conclusion, the attitudes, subjective norms and perceived behavioral control influence the intentions of how iGaming operators are managing the balance between customer retention and responsible gambling in both positive and negative ways.

Some operators perceive their responsible gambling activities as a competitive advantage and take pride in their responsible gambling services, while others view it as an obligatory requirement. The evaluation of existing regulations and the emphasis on trust and service quality for customer retention also play integral roles in shaping their attitudes and hence corporate behavior. Investors, suppliers, and the regulatory authority, contribute to the subjective norms and exert influence on operators' intentions and behaviors towards the balancing act. The external stakeholders also promote a careful consideration of the balancing act, in order to avoid legal or reputational harm. The regulatory uncertainty allows for interpretations of the legislation, which could undermine the regulatory objectives. Furthermore, the operators demonstrate their perceived behavioral control and commitment to balancing business objectives with social responsibility through the AI detection systems and customer support. The AI systems enable them to identify symptoms of perceived behavioral control among players and take necessary actions, including suspending them if required.

The convergence of these factors leads to the formation of intentions within operators. While attitudes, subjective norms and capabilities to control the corporate behavior may vary, operators generally desire to simultaneously balance both customer retention and responsible gambling. Despite the challenges and variations that may exist, operators aim to retain customers while addressing social needs associated with responsible gambling.

8.2 Answer to the Research Question

The research question is stated as follows:

What influences how iGaming operators manage the balance between customer retention and responsible gambling?

1. The operators' attitudes towards the balancing act. Some perceive the balancing act as an opportunity to boost their reputation while others see it as a compulsory obligation. They also consider service quality as important for customer retention and are hence cautious about compromising it.
2. External stakeholders and artifacts exert pressure on operators to be compliant with responsible gambling legislation, although interpretation and flexibility may exist. Unlicensed operators contribute to the industry's stigma. Stakeholders have varying levels of interest in customer retention and responsible gambling practices.
3. Operators employ AI detection systems and customer support to monitor gambling behavior and take action on risk players. This enhances their perceived behavioral control by allowing them to identify and assist players exhibiting riskful behavior. Operators are unable to control the potential migration of suspended players to unlicensed operators.

8.3 Contributions and Implications

This research paper contributes to the literature concerning what is influencing how corporations in stigmatized industries balance their commercial and social activities. It elaborates on the insight of Kim et al. (2017) that companies that place a higher emphasis on CSR have a greater probability of establishing enduring customer relationships, fostering customer loyalty, and sustaining customer retention. The thesis also confirms (Irfan et al., 2020) view that CSR is becoming an increasingly critical factor that influences customer retention as well as (Child & Tsai, 2005) theory that the drivers for engaging in social behaviors are motivated by a combination of intrinsic and extrinsic factors, blending both moral and strategic considerations. Moreover, the thesis explores the uncertainty surrounding responsible gambling legislation, the impact of this ambiguity on iGaming operators and the challenges and opportunities they face in the balancing act. Ultimately, the thesis suggests that the commercial and social efforts can be simultaneously balanced in stigmatized industries.

The primary implication of this study is that there is a pressing need for the establishment of clearer jurisdiction and regulatory frameworks concerning iGaming. The lack of explicit guidelines and oversight in this domain creates ambiguities and potential loopholes that can be exploited, resulting in risks for both consumers and operators. By defining and enforcing specific regulations, governments can ensure a safer and more transparent iGaming environment while also protecting vulnerable individuals from the adverse effects of excessive gambling.

8.4 Further Research

Future research is proposed in three directions:

First, what is influencing how corporations in other stigmatized industries are balancing their commercial and social activities could be investigated. There are probably several new factors that could be explored here. Secondly, in the iGaming industry specifically, the authors suggest an investigation of how operators in other legislations are managing the balancing act. This type of research could possibly serve as inspiration for the Swedish legislation. Lastly, a deeper understanding of the internal employee perspective of the balancing act would be interesting to research further.

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10. Appendices

Appendix 1 - Interview Questions

Generic

- What is your role at X and what does it entail?
- Tell us about your organization, what makes it stand out in the market?
- Do you see any larger trends in the market, regarding suppliers, operators and regulations?
- Tell us about the regulation in 2019, how did it affect the industry and how did it affect your organization?
- What is your organization's impression of the Swedish gambling regulations today?
- What impact do unlicensed iGaming operators have on the licensed market?

Customer retention

- Can you provide any insights into your long-term strategies for customer retention?
- One way to attract customers to companies was through bonuses and free spins. Before the regulation in 2019, companies could give out essentially as many bonuses as they wanted. However, this is now regulated. What other methods do companies use to retain customers?
- How do your organization balance customer retention and responsible gambling? Is it something you address and take into account? How do the two parameters affect each other? Is there a conflict of interest or do you see any synergies?
- What strategies do you use to build customer loyalty and trust?

Responsible gambling

- Can you specify your work with responsible gambling (CSR)? Are there any specific measures or key figures you can elaborate on?
- What do you or other iGaming operators do in terms of responsible gambling besides what is required by them by law?
- Have you seen any impact of your responsible gambling work on customer retention?
- What do you think customers' opinions are regarding your responsible gambling work? Is it something they value?

Appendix 2 - Email to prospective interview subjects

Hello XXX,

Our names are Per Fröderberg and Philip Rask. We are currently in the final year of the BSc program in Business and Economics at the Stockholm School of Economics. This spring, we are writing our thesis project within the topic of Management, specifically focusing on the Swedish iGaming industry. We are reaching out because we are interested in having an interview with you for our research.

The work will be submitted on May 15 and we would be thankful if you would be interested in participating in the interview as soon as possible. We are flexible regarding the interview setting and can offer it both physical or digital. The interview should not take more than 45 minutes.

We look forward to hearing from you.

Kind regards,

Per Fröderberg & Philip Rask