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Marketing Platform Strategy

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Abstract

Platforms have revolutionized the way we think about marketing and strategy. Further, the platform strategy is a growing area that has provided the business firms with multiple opportunities for generating value. Many firms are employing noticeably different tactics depending on whether they see a platform as a way to improve performance (by focusing on what they do best), grow their footprint (by leveraging capabilities that in the past they would have had to own), innovate (drawing on that vast majority of smart people who aren't strictly in their employ), or capture more value. Platform thinking has thus revolutionized the way value is created and transferred. The business, which will survive in the modern era, should place a platform strategy as one of the key priority areas. It is not just enough to prioritize the platforms, but understanding that they can be integrated within a marketing strategy is very essential. Even though the study on platform strategy only focuses on digital platforms, this chapter provides a comprehensive overview of both digital and non-digital platforms and the strategic implications of both.

Keywords: platforms, strategy, marketing

1. Introduction

While platforms and open business models are not new, their mathematical formalization is very recent. The underlying economics of such business were first set out in 2003 scholarly article by 2014 economic Nobel Prize winner Jean Tirole. His seminal work was primarily focused on market dynamics and antitrust concerns rather than the management of platform business themselves. Since then, new platform-empowered challengers have emerged and have been disrupting entrenched competitors with their meteoric rise. More importantly, these new model companies have revealed that some markets once thought to be traditional, such as taxis and hotels, could in fact be served more efficiently with innovative and open platform

business model enabled by digital technologies. In many cases, platforms are able to bring to bear the power of communities to become real competitors to established companies [1].

The concept of platform has moved through different phases and each had its specific orientation. Product development researchers first used the term “platform” to describe project that generated a new family or a cluster of products for a particular firm [2]. The concept of “platform product” was later introduced to describe new products that address the need of a core consumer group [3]. This work was followed by research on “platform investments” [4], “platform technology” [5], “platform thinking” [6], along with rich field studies [7] and managerial advice on platform-oriented product planning [8, 9]. In the second wave, technology strategists identified platforms as valuable points of control in an industry. Industrial economists adopted the concept of a “platform” to characterize products, services, firms, or institutions that mediate transactions between two or more groups of agents [10]. An important property of platform systems is that they are evolvable, in the sense that they can adapt to unanticipated changes in the external environment [2].

The platform strategy is a growing area that has provided the business firms with multiple opportunities for generating value. Whatever a platform does, it only comes down to two main issues which are relationship building and solution delivery (products and services). Within this line is where a range of other things comes to feature. There are several types of platforms but a general category falls within the digital and non-digital platforms. Within this general classification, there are also specific forms of platforms. What drives the classification of these platforms is their primary functions. The study on platform strategies narrowly focuses on digital platforms; however, what defines platform is not just the technology behind but the level of interaction which is provided. With this thinking in mind, even simple relations can be viewed as platforms. The non-digital platforms have existed in the past but what has now changed is harnessing the potential for value creation. Today, the entire networking market is built in terms of relationships. The relationship can be optimized to generate value through combining the multiple individual relationships.

Platforms can be designed to provide social interaction (e.g., Facebook and Instagram) or can be created for providing a specific product or a service (e.g., the Air bnb and Uber). Whatever the primary motive for the creation of a platform, its ability to drive user traffic can be transformed into a value creation potential. A major concern for managers is how to develop sustainable business models with platforms. This chapter thus provides a comprehensive overview of how marketers can strategically utilize platforms. The chapter does not intend to address the designing and development of platforms.

2. Platform trends and prospects

Platforms command a total market share value of \$4.3 trillion and an employment base of at least 1.3 million direct employees and millions of other indirectly employed; platforms have become an important economic force [11]. In the third quarter of 2016, the five largest companies in the world were platform-empowered: Apple, Google, Microsoft, Amazon, and Facebook [11].

Enterprises that utilize the power of platform business models have grown intensely in size and scale over the past decade. No longer the solitary domain of social media, travel, books,

or music, platform business models have covered transportation, banking, and even health care and energy [11]. The innate reason that platforms have lately captured so many business leaders' imaginations is that they enable the "pull-based" approaches which have long been seen as the future of serving customers profitably [12].

Many firms are employing noticeably different tactics depending on whether they see a platform as a way to improve performance (by focusing on what they do best), grow their footprint (by leveraging capabilities that in the past they would have had to own), innovate (drawing on that vast majority of smart people who aren't strictly in their employ), or capture more value [13]. At the same time, platform companies have been disruptive. Online platforms have upended several brick and mortar chain and are making profound penetration into other industries from television to transportation [11]. It is becoming increasingly possible and therefore crucial for sellers to move to pull-based approaches. These reorient operations such that nothing happens until actual demand signals are received from real buyers [13].

The rise of platforms is propagating strong reaction. A growing number of traditional firms are beginning to explore business models through a variety of strategies. Some attempt to grow them organically while others are using acquisitions to speed growth [11]. Smart managers will refocus their platform strategies again on the deliberate pursuit of the learning advantages that platform participation exclusively affords [11]. There is thus money to be made in providing layers of capabilities and standards that other players in that market can tap into and use to interact more efficiently [13].

3. Conceptual overview of marketing platform strategy

Strategy is convened with the long-term direction of the firm, the overall plan for deploying the resources that a firm possesses, the willingness to make trade-offs, achieving unique positioning, and achieving sustainable competitive advantage over rivals [14].

The term platform has been used in a variety of ways. Platforms have unique characteristics, with a central feature being the presence of network effect. Network effects are predominant in platforms, and they mean that more users create more users, a dynamic which in turn prompts a self-enforcing cycle of growth [11].

A platform is a space where there is an opportunity for interaction. Though we find much of the study of platform strategy, which focuses on digital platform, the phenomenon applies to many other categories, which are not digital. Platform can range from transport mode (boats, airline, care, etc.), meetings, even in a relationship. As long as there is an interaction that takes place, then this is a potential for a platform. What differentiates a platform and markets or distribution channels is that the focus is not products but interactions. Such interactions can be optimized to generate value beyond the primary reasons. Key functions of a platform are thus matching, interaction, complementary, and ecosystem [11].

Platforms help to make resources and participants more accessible to each other on demand basis. Properly structured, they can become strong catalysts for rich ecosystems of resources and participants. A couple of key elements come together to support a well-functioning platform:

A governance structure includes a set of protocols that determines who can participate, what roles they might play, how they might interact, and how disputes get resolved. An additional set of protocols or standards is typically designed to facilitate connection, coordination, and collaboration [13].

Unlike traditional business, platforms don't produce anything and don't just produce anything and don't just distribute goods or services. What they do is directly connect different customer groups to enable transaction [1]. Platform business models can be customized to meet a wide range of needs [1]. They include the following:

Marketplaces, which attract, match, and link those looking to provide a product or a service (producers) with those looking to buy that product or service (users).

Social and content networks, which enable users to communicate with each other by sharing information, comments, messages, videos, and pictures, and then connect users with third parties such as advertisers, developers, and content providers.

Some platforms are hybrid, meaning they can combine different aspects. For example, WeChat is a social network combining an app store with payment functionality.

4. Types and forms of platforms

There are several ways to classify platforms. One of the dominant ways is to classify them in terms of the technology. Under this classification, there are two major types of platforms. These include digital and traditional (classical) platforms.

4.1. Technology-based classification

4.1.1. Digital platforms

Technology has enabled business models to scale to a global level. The very first platforms that scaled globally were the credit card companies (such as Discover, Visa, Mastercard, and Amex). However, no one scaled as quickly or as globally as new technology-focused players such as Apple, Google, and eBay. Digital marketing platforms are designed to support an extensible set of requirements within a single neighborhood or two. A digital marketing platform exposes key elements as standardized services via a programmed application interface for building custom applications, extensions, and integrations with other custom and commercial applications and data. Digital platform is a technology-based for platform which involves the interaction between two.

Platforms are progressively supported by global digital technology infrastructures that help to scale participation and collaboration, but this is an enabler, rather than a requirement, for a platform [13]. Digital platforms, however, may not be merely digital, but they use the supremacy of Internet communication technology to connect with a wide range of the Internet consumers [24].

4.1.2. Non-digital platforms

For thousands of years, markets have been physical and local. Connecting groups of buyers and sellers have played a huge part in the structure of human society. As long as there is the opportunity for interaction, there is a platform. A relationship, for example, is a platform. The entire concept of networking marketing is actually built upon the relationships. Within this relationship, which exists for the sake of mutual cooperation, it has been transformed to other forms of markets. This is what I refer to as a second and third transformation of marketing. The first fundamental marketing transformation occurred when the market changed from the seller to the buyer (meaning the marketers have to understand the needs of the customer before developing the product). The second transformation was that of the increased interaction between the buyer and the seller via the use of technology. The third transformation within marketing is to turn every form of that interaction to a market. With this form of transformation, the products are no longer located into a large physical location. Transportation mode is another example of a non-digital platform. Buses, trains, ships, and airlines provide an interaction space, which can be optimized the same as how it is performed online. The passengers in these transportation modes can be turned into a market for other products even though this was not the original intent of them being there. The study on platforms has, however, provided less focus on this form of platforms with an assumption that these are traditional, but there is significant value which can be generated in these platforms.

4.1.3. Hybrid platforms (digital and non-digital platforms)

The hybrid platform marketing involves the combination of both digital and non-digital forms of marketing strategies. A good example of hybrid platform strategies is where an organization has both online and offline product offerings. The hybrid platform strategy will define the future of marketing strategy as we know it. There are several reasons why the hybrid platform strategy is common. In places like developing countries where it is not easy to establish trust with purely online platforms, some companies can establish the underground physical platforms, for example, start the physical office/agents and then optimize the digital platform afterwards. Autotec Japan and BeForward car exporting companies had to establish the non-digital platform so as to build more trust locally.

4.2. Motives and usage classification

The second way to classify platforms is by their motives. Hagel (see [13]) provides a classification of platforms of bases of aggregation.

4.2.1. Aggregation

Aggregation platforms bring together a broad array of relevant resources and help users of the platform to connect with the most suitable resources:

- assist transaction
- link users to resources
- tend to operate on a hub-and-spoke model.

Within this category there are three subcategories. First, there are data or information accumulation platforms like stock performance databases for investors or scientific databases. Second, there are marketplace and broker platforms like eBay and the App Store online store.

Aggregation can also be subclassified on the bases of transaction, innovation, investment, and integration [11]:

Transaction is a technology, product, or service that functions as a channel (or intermediary), enabling exchange between different users, buyers, or suppliers.

Innovation: a technology, product, or service that serves as a basis on top of which other firms (loosely organized into an innovative ecosystem) develop complementary technologies, products, or services.

Investment: consists of companies that have developed a platform portfolio strategy and act as a holding company, active platform investor, or both.

Integrated Is both transaction platform and an innovation platform. It includes companies such as Apple, which has both matching platform like App store and large third-party developer ecosystems that support content creation.

4.2.2. Social platforms

These are similar to aggregation platforms in the sense of gathering a lot of people. The existence of broad-based social platforms has to be thought about. They differ by the following specific dimensions:

- enable social interactions
- link individual to communities
- foster net relationship networks (*people connect with each other over time in more diverse ways that usually do not involve the platform organizer or owner*).

4.2.3. Mobilization platforms

These platforms are not just about talks and interests; they focus on moving people to act together to accomplish something beyond the capabilities of any individual participant. These platforms achieve the following:

- enable mobilization
- move people to act together
- foster long-term relationship to achieve a common goal.

All the platforms have the potential to evolve into learning platforms. The companies that find ways to design and deploy learning platforms will likely be in the best position to create and capture economic value.

4.3. Structural and governance based

4.3.1. Dedicated versus referral digital platforms

Platforms can also be viewed in terms of the nature of solution that they provide. We can view them in terms of whether they provide a dedicated solution for a given business firm or whether the platform provides solution for other firms. The dedicated platforms are those that are designed to save the specific business solutions for a given firm. Examples of such platforms are Uber and Air bnb. The referral digital platforms are those that have been designed for other purposes such as interaction or social purposes but can be converted for business purposes. Within this, we can have a subclassification of owned versus outsourced platforms. The owned platforms are those that have been developed by the organizations to save their own purpose.

5. Value creation through platforms

5.1. Value concept of a platform

The concept of value creation is at core of what a firm does, since only superior value creation vis-à-vis rival opens up the opportunity for superior profitability. Value created is the difference between the consumer's perceived benefit from a given product and the firm's cost for providing that product. In other words, value is the difference between the benefit that consumers get from using a product and the costs that are incurred to produce the product.

Platforms create value in two principal ways. The first way, which corresponds to transaction platform, facilitates transactions between different types of individual and organizations that would otherwise have been difficult finding each other. Examples include Uber, Google search, Amazon Marketplace, and eBay. This is sometimes called multisided platform [11]. There are also innovation platforms, which consist of technological building blocks that are used as a foundation on top of which a large number of innovators can develop complementary services or products. These complementary innovators can be anyone, anywhere in the world, and together they form what is called an innovation ecosystem around the platform.

Within any platform ecosystem, the users value is important because they provide the foundation for the value creation process and business concept of the platform. The business model is then built on this primary layer of the established. Marketing strategy that is built on this platform has to clearly understand the nature of the value within the platform before synchronizing the business concept within this. Marketers should understand how to match between the value proposed and the platform structure. Segmentation is thus important especially when communicating in multi-platforms.

5.2. Align digital and physical platforms to enhance value

The alignment of organization's physical-world strategy and its e-strategy requires strategic decisions to be made on issues such as branding, pricing, IT, and channel conflict. Guiding

question is what we should do regarding our physical operations and our digital operations. Concerning the channel issue, when adding the electronic channel, we need to determine how to align it with the existing physical channel conflict and setting prices for different channels. In this first issue, if the old and new channels compete for the same group of customers, then this is likely to result in a conflict because of cannibalization effect. The old channel is expected to remain important and the likelihood of a channel conflict is high, then it is essential to address this conflict early on and to find ways to reconcile the interests of the two channels. This can be achieved for instance by creating one unified profit center. For example, in a digital-based grocery, we should

- apply the same product price
- charge lower prices
- charge higher prices.

6. Platform strategy

6.1. Overview

A platform strategy is an approach to entering a market that revolves around the task of allowing platform participants to benefit from the presence of others. In a traditional competitive strategy, it is generally assumed that customers can determine their willingness to pay for the product or the service independently. This assumption breaks down when studying platforms, as the participation of platform participants is interdependent with the choices of other users. This is why the formulation of a platform strategy requires somewhat distinct tools to help platform entrepreneurs and managers tackle the challenges of value creation and value capture [15]. Platforms present different strategic objectives than traditional frameworks for corporate strategy, which will often emphasize concepts like “lean” and “just-in-time” supply chain delivery. Platforms change what it means to lead organizations, forcing them to rethink their strategies, business models, leadership, organizational structures, and approaches to value creation and capture systems. Aiming to become a platform leader entails a vision that extends beyond one’s own firm and aims to build and sustain in an ecosystem of partners, where the platform leader has to be the equivalent of a captain [11].

Platforms can thus be effective vehicles to create new value [13]. The risk is that they might also undermine the ability of individual companies to capture their fair share of the value being created, especially if they do not own the platform [13]. By creating a far more visibility into options and facilitating the ability of participants to switch from one resource or provider to another, platforms can commoditize business and constrain the margins of participants. The greatest opportunities for value capture on platforms require an understanding of influence points that can create and sustain sources of advantage and make it feasible to capture a disproportionate share of the value created on the platform. Influence points tend to emerge whenever and wherever relationships begin to concentrate on platforms. By having privileged

access to a larger and more diverse array of knowledge flows, the company occupying an influence point has an opportunity to predict what is going to happen by seeing signals before anyone else does. That company is also better positioned to shape these flows in ways that can strengthen its position and provide greater influence. When you are in the center of flows, small moves, smartly made, can indeed set very big things into motion.

Where would these influence points tend to emerge on platforms? These points often provide a significant and sustainable functionality to the broader platform or ecosystem. For example, the broker positions in a market platform. It is also better if the functionality of these influence points evolves rapidly over time because it creates incentives for other participants to stay in close contact with the occupier of the influence point.

6.2. Approach for developing the marketing platform strategy

6.2.1. SWOT analysis

The first key step in establishing a platform marketing strategy is to conduct an internal and external environmental analysis. The external environment analysis will provide the insight on the existing opportunity and threat. The opportunities are promising factors or trends in the external environment that the firm can exploit for its own advantage. The threats are unfavorable external factors or trends that may present challenges to performance. The goal is to establish a match between the firm's strength to attractive opportunities in the environment, while eliminating or overcoming the weaknesses and minimizing the threats. The internal analysis will provide an insight on the organization strength and weaknesses. Strength includes internal capabilities, resource, and positive situational factors that may help the firm to survive. Weaknesses include internal limitations and negative situational factors that may interfere with the company's performance.

6.2.2. Goal formulation

Once the firm has performed a SWOT analysis, it can proceed to goal formulation and develop specific goals for the planning period. Goals are objectives that are specific with respect to magnitude and time. Most business units tend to have a mix of objectives, including profitability, market share improvement, innovation, reputation, and sales growth. The reasons for firm to utilize single or multiple platforms for its marketing functions have to be clearly established. Careful designing of the objectives will provide guidance in terms of the required platform approach.

6.2.3. Strategy formulation

Goals indicate what a business unit wants to achieve; strategy is a brave blueprint for arriving there [16]. Every business must purpose strategy for achieving its goals, consisting of a marketing strategy and a compatible technology strategy and outsourcing strategy.

Some specific questions could be, for example, whether your business has a product.

The following are key steps in creating a platform strategy [17]:

1. Create social media marketing goals that solve your biggest challenges: understand what your needs in the platform. Set goals that you know are attainable.
2. Research your platform audience: a significant number of adults use Facebook and Instagram but you need to ask whether your customers (target group) use this platform. Understanding the audience will assist in learning issues like who buys your products, what age group is the toughest to sell, and what income makes up most of our returning customers.
3. Establish the most important metrics. Evaluate the platform metrics associated with the overall goal rather than that of platform owner (e.g., metrics performance tools such as reach, clicks, engagement, Hashtag performance).
4. Research platform competitive landscape: research on similar and related existing platforms and compare their advantages and disadvantages.
5. Build and establish engaging platform content: avoid things like reaching out to your unpopular demographics without a complete strategy in place.
6. Engage with audience.
7. Track your efforts and always improve.

6.3. Program formulation and implementation

A good strategy can fail due to poor implementation. If the business entity has decided to attain technological leadership, it must strengthen its R&D department, gather technological intelligence, develop leading-edge products, train its technical sales force, and communicate its technological leadership [16]. Many managers think that doing things right (implementation) is as important than doing right things (strategy), but the fact is that both are critical to success, and companies can gain competitive advantage through effective implementation [18].

The following are steps for building a successful digital platform [19]:

1. conduct training
2. review existing distribution and supply channels
3. comprehend what your customers and partners anticipate from the web
4. reexamine the kind of products and services
5. give a new role to your human resource department
6. extend current systems to the outside
7. track new competitors and market shares
8. develop web-centric marketing strategy
9. participate in the creation and development of virtual market place
10. instill management style.

6.4. Feedback and control

A company's strategic fit with the environment will inevitably erode, because the market changes faster than the company's efforts [16]. Obtaining feedback is very essential for ensuring the continuity of a strategy. This is even more critical with platforms because their evolution is dynamic. There are several means to gather feedbacks but again this will depend on the nature of platforms. Digital platforms offer a variety of metrics but there are also comments and other forms of reactions, which are provided by platform users. The organization can decide to update its strategic orientation based on acquired feedback. This should not take time to be implemented because the impact on business performance can be very drastic.

7. Determinants for successful marketing platform strategy

Boncheck and Choudary (see [20]) provided the following list of a successful strategy:

1. **Connection:** how easily others can enter into the platform to exchange and transact.
2. **Gravity:** how well the platform attracts participants, both producers and consumers.
3. **Flow:** how well the platform fosters the exchange and co-creation of value.

The authors argue that the success is achieved through the following building block:

1. **The Toolbox** creates connection by making it easy for others to enter into the platform. For example, Apple provides developers with the OS and main code.
2. **The Magnet** creates influence that attracts participants to the platform with a kind of social gravity. For example, Apple needed to attract both developers and users.
3. **The Matchmaker** promotes the flow of value by making links between producers and consumers. The Matchmaker captures rich data about the participants and leverages that data to facilitate connections between producers and consumers. For example, Google matches the supply and demand of online content, while marketplaces like eBay match buyers to relevant products.

Dreyer (see [21]) provided the following to be the key strategies from marketing to the multi-platforms:

1. Develop customer-centric, not platform-centric, marketing strategies
 - The ultimate objectives should revolve around how they reach, engage, and influence consumers, not platforms. They should first pursue to answer how these consumers are moving from screen to screen and consuming content.
 - Marketers need to place the customers at the center and explore how the platform can enrich the delivery of the value to the customers. Balancing between content.

2. Create consistent, integrated, and platform-agnostic experiences for your customers

- Strive to build products, content, and marketing experiences that operate seamlessly and are complementary across platforms.
- Responsive design and optimization is an area that must be addressed.

3. Maximize effectiveness by leveraging multi-platform synergies

- However, optimizing performance channel by channel creates inefficiencies that are a drag on ROI, which can be remedied by managing them in a more holistic (rather than competitive) fashion.
- Provide key employees with third-party multi-platform data that can still help a business take a broader look at its own current and potential impact on the media and advertising landscape.

4. Understand demographic differences between platforms to drive audience targeting efficiencies

Because not every audience segment behaves in a same way across media platforms, both publishers and advertisers can

- enhance the efficiency of how they capture their core audiences with holistic multi-platform targeting strategies;
- layer in these additional platforms and channels and evaluate campaigns in an integrated fashion, marketers can attain their reach and frequency objectives more efficiently;
- develop their content strategies to better position with the audiences who are more likely to consume content on various channels;
- optimize their content and determine the best marketing mix.

5. Reevaluate your business metrics and KPIs to better optimize your strategies

- As change business KPIs may need to be updated to reflect that. The downside of continuing to optimize to the wrong or outdated KPIs is that it can lead businesses further and further away from the optimal business strategies, especially as the meaning of those metrics changes over time.
- As platform proliferation raises: visitor metrics get expanded while conversion and average engagement metrics drop, thus reevaluating your KPIs to get a sense of how and when this may be appearing is the first step to fix the problem. With a unified view of the digital consumer that takes into account their behavior across platforms, businesses can bring order to this chaos, measure their businesses according to the best metrics, and develop product and marketing strategies that align with how their customers are actually visiting, engaging, and converting.

8. Managing and sustaining marketing platform strategy

8.1. Overview

Managing and sustaining the platform strategy to a great level is determined by the nature and type of platform, but more specifically on the governance of the platforms. For the platforms, which are created by a firm for the sole purpose of serving their products and services, the governance issues will be extensive compared to those, which are outsourced. When it comes to managing platform strategy that applies the outsourcing strategy, the important issue will be to monitor their performance using their own tools and other organizational feedback mechanisms.

Approaches to platform management must consider the way value is created. While traditional business models would incent managers to maximize the price for each product or service, different approaches are needed to management platform [11]. A greater value may be created by offering low or even offering products or services for free to one side of a market if it can attract the participation of another valuable customer.

Platform firms face the formidable task to orchestrating complex ecosystems and to design and develop the governance systems and organizational capital needed to make them succeed. The traditional lever of action of controlling centrally what is done within the firm is exerting power over supplier will not be sufficient, as much of the value is created outside the traditional boundaries of the firm [11].

A fundamental new capability for firms will be the ability to articulate business model not just for themselves but for members of their ecosystem, which are mutually compatible and even self-reinforcing at the organizational level, siloed organizations will fare worse than those who can harness cooperation across technological divisions and business divisions [11].

Identify useful platforms that have yet to be established and choose whether to create those unilaterally or by forming consortia. All should survey the platforms arising in their markets and consider the degree to which they will be active participants in them. According to Hagel (see [13]), the strategic choices for platform are based on the four major kinds of benefits they expect to gain from platforms:

- Performance improvement: as an example, many small-focused product vendors and merchants now depend on Amazon's selling platform to handle a variety of complex and scale-intensive tasks, including website management and fulfillment operations.
- Leveraged growth: some allow participants to link with the abilities of others and make them accessible to their customers in ways that create a significant value for the platform members and the customers.
- Distributed innovation: some companies are concentrating on the use of platforms to tap into creative new ideas and problem-solving from a range of third parties through the use of competitions.

- Shaping strategies: the ability to change how an entire marketplace operates—and seize more value by doing so.

8.2. Measuring performance of the platform

The platform can be measured in terms of the level of activity or the number of users in the platform.

Measuring the performance of a platform is important for ensuring the value for money and to ensure the achievement of the intended objectives. For most platforms, the switching cost varies extensively, thus marketers need to keep track on their choices and the changes within the entire platform ecosystem. For the online-based platforms, there are several metrics that are provided by the systems, but they should be evaluated from both technical and marketing perspectives. The number of viewers, for example, may seem as an attractive measure but may have less to do the increase in sales.

8.3. Influence and control platforms

Marketers can strategically influence the way people behave and interact in the platform. This can be done by the ability to synchronize the principal and secondary value of a platform. Most of the value generated from the platform is an outcome of the activity level that platforms generate. Segmenting, targeting, and positioning the products and services with a right platform member should be done by an external looking (focusing on the users). This will guarantee that the marketing activities are allied with the platform context.

To some extent, the ability to control platforms will be contingent on the nature of governance (dedicated vs. referrals). Even though there is value that can be generated from a platform, there is a need for organization and to provide a soft control mechanism which will ensure that the primary role of the platform is sustainable and the secondary is achieved. Failure to balance the two will have negative results on the other. Another form of control is the control of supply. Normally, the supply control can be done with the non-digital platforms or in combination of digital. For example, imagine that you are traveling within a ship, and in this controlled environment, your only choice on what to buy will depend on what is available. This is what I refer to as an artificial scarcity, which can be strategically established within a platform.

9. Platform ecosystem

A platform system consists of a core, its complements, and the interfaces between them [2]. The new companies are made of powerful platform ecosystem uniquely able to attract, match, and connect people to enable them to transact. These platforms often use open business model that do not require keeping or manufacturing anything, but harness the power of communities to enable transaction. This is different from traditional organizations which tend to run as linear [1].

Platform-based ecosystems are a vital source of dynamism and innovation for many technologies, products, and services in the global economy. A defining feature of platform ecosystems

is the interdependency between a stable core or a “platform” that interfaces with a dynamic and heterogeneous set of complementary components to generate a stream of derivative products. Platforms spur innovation and efficiency in diverse sectors such as computers, video games, mobile phones, automobiles, payment systems, and e-commerce. Platforms’ successes require coordination and integration across organizational units and firms that often have conflicting interests and requirements.

Platforms raise interesting and complex issues that strategic management scholars are exclusively equipped to address. At the same time, platforms offer new kinds of contexts for strategy scholars to reexamine existing theories of organization, cooperation, competition, and decision making. Platform owners must consider their own competences, technologies, and processes as well as those of their suppliers and rivals to design for modularity and interoperability. Meanwhile, the strategies of platform participants influence how they contribute value to the platform ecosystem and how much of that value they will be able to appropriate. Consequently, managers must understand the nature of competition and collaboration in platform-based ecosystems. Such a strategic decision making goes beyond issues such as critical mass, switching costs, compatibility, and network effects and encompasses a broader set of social, cognitive, and technical aspects. Hakansson et al. (see [22]) support this framework by suggesting that a network analysis of business evolution takes into account resources and web of actors.

Platforms create new connections and new opportunities for trade, but also there have been concerns of its dominance on competition [23–25]. Being a savvy, successful participant may offer a path to profit without the enormous risk of managing the platform itself, if you are willing to cede the glory in favor of growth and stability [24]. In addition, there is the issue of governance of the platform ecosystem, which considers who has access to platform, how to divide value between ecosystem members, and how to resolve conflicts or manage sometimes increasingly different objective [26]. The goal is to arrange complementors and consumer rules to create and sustain vibrant ecosystems. Policies must ensure value creation and also high-quality participation on platform. At the same time, the right mix of incentives is required to encourage joining and good behavior. Platform ecosystems are thus gaining ground through the digitalization of products, services, and business processes in the process of shaping the global landscape.

10. Conclusion

The platform strategy is a growing area, which has provided the business firms with multiple opportunities for generating value. Whatever a platform does, it only comes down to two main issues, which are relationship building and solution delivery (products and services). Within this line is where a range of other things come to feature. Platforms thus form an important part of the marketing strategy. Dynamic and demanding environments will favor those who are able to learn best and fast. Business leaders who understand this will likely seek out platforms, which make work lighter for their participants, but also grow their knowledge, accelerate performance improvement, and enhance their capabilities in the process.

Conflict of interest

I declare that I do not have any conflict of interest with this work.

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