

# Problèmes managériaux Contemporains

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Platform strategy





## **Platform strategy**

# Key article

- Marshall et al. 2016

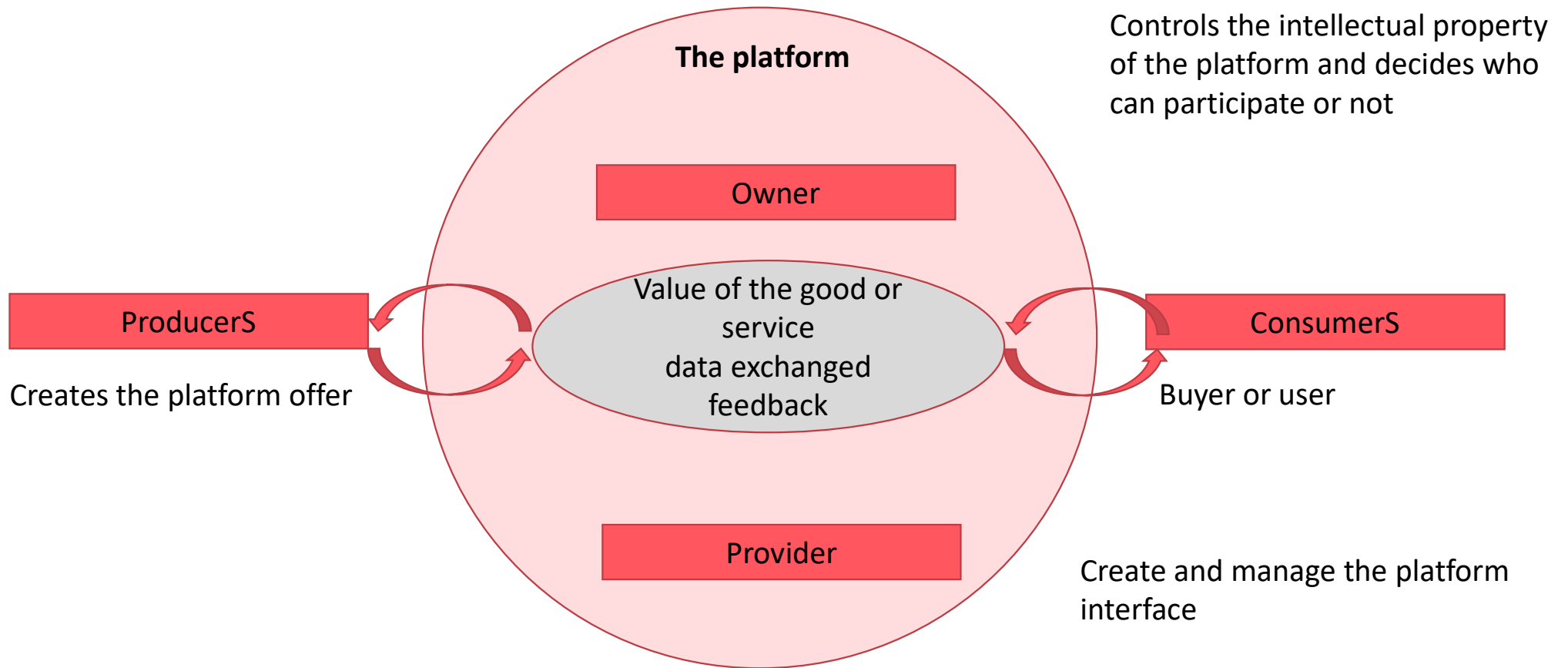


# Exercice 1 : characterize the platform strategies of a company

Full answer :

- Present quickly the company
- Justify the choice : because known platform strategy etc.
- Explain what you will do : characterize the platform strategy
- Full answer
  - 4 actors
  - Network effect: positive/negative; direct/indirect
  - Source of value: value of Goods & Services / feedback

# What is the platform ecosystem?





1- **Company name:** Google

2- **Different Players in the Ecosystem (Faces):**

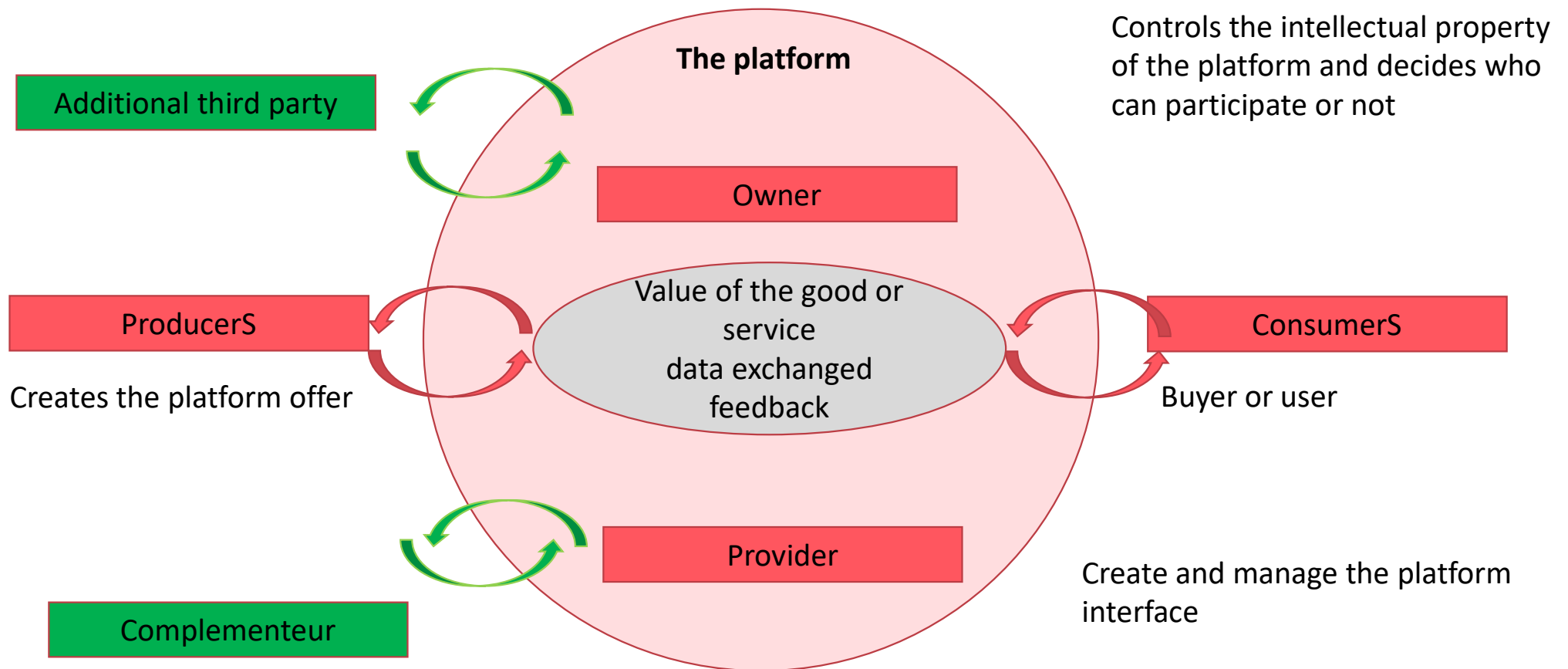
- Users (individuals utilizing Google search, Gmail, Google Maps, etc.)
- Advertisers (businesses running ads through Google Ads)
- Developers (creating apps and extensions for Google's platforms)
- Content creators (publishers, bloggers, and video creators using Google platforms like YouTube and Blogger)
- Android device manufacturers (utilizing the Android operating system)
- Cloud customers (enterprises and developers using Google Cloud services)
- Hardware partners (manufacturers of hardware products like Google Pixel phones and Chromebooks)
- Investors and shareholders
- Regulatory authorities and governments

3- **Network effects:**

- **Direct positive effect:** More users result in more data, leading to improved search results and better-targeted advertising.
- **Indirect positive effect:** More developers create applications, enhancing the utility and appeal of the Android ecosystem.
- **Negative effect:** Regulatory concerns and privacy issues can lead to challenges in data collection and potential limitations on certain business practices.

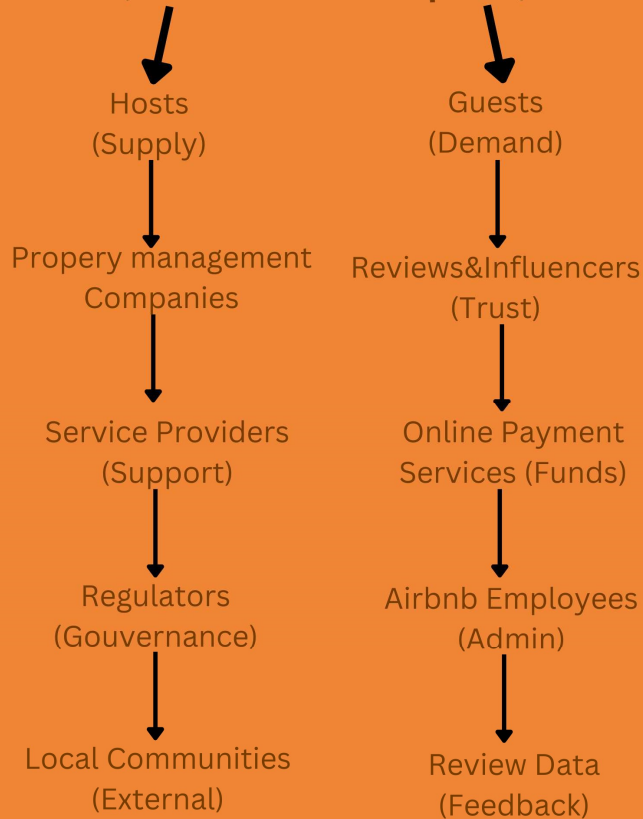


# What is the platform ecosystem?





# Airbnb (Platform / Marketplace)



- Subject: Airbnb Platform Strategy
- Content:
  - List of the different "faces" in the Airbnb ecosystem
  - Visual representation of the ecosystem and network effects.

## Direct Positive Network Effects:

- More Hosts attract more Guests, increasing the number of listings and choices.
- More Guests attract more Hosts, increasing potential earnings for Hosts.

## Indirect Positive Network Effects:

- Positive Reviews and Trustworthy Hosts attract more Guests.
- More Guests lead to better property management companies and service providers.
- Airbnb's growth attracts more regulators and governments to collaborate and define clear rules.
- More Airbnb Employees can enhance user experience, leading to more Guests and Hosts.
- More Reviews and Data lead to better recommendation algorithms, improving the guest experience.

## Negative Network Effects:

- If trust is eroded due to negative incidents (e.g., security breaches or fraudulent listings), both Hosts and Guests may leave the platform.
- Stringent regulations can limit the number of Hosts and Guests in certain regions.





## **Case study 2 : Amazon**



# Format

- Shape:
- Summary then review
- Ability to reuse course concepts to make an analysis of the business strategy (here platform strategy)



# Content

- Question the use of feedback which are the core of a platform strategy
- Long and indirect term outcome : reputation of a scandal in a manager decision
- External tension : customer (low price) and production (ethic)
- Made the link with Netflix and Tripadvisor
- Identify the hybrid strategy



# Platform strategy

- Hybrid strategy





## **Case study : Google Health**



# FORMAT

- Summary then review
- Ability to reuse course concepts to make an analysis of the business strategy (here platform strategy)



# CONTENT

- Strategy paradox also applies to platform strategies : Large successful company can fail
- Failing is part of the risk taking activity of manager
- Concentric diversification
- Market pull : take into account the customers need
- Business model challenge of platform strategy
- Internal tension : no support of the CEO





**Last year exam**



## Last year exam

**What is the managerial challenge for social networks such as Twitter to manage when they want to attract advertisers and are hesitating on which side to attract first: users or advertisers?**

- a. The problem of "multihoming"
- b. The "friction/friction" problem
- c. The "Chicken and Egg" Problem
- d. The "Negative Network Effect" Problem



## Last year exam

**What is the managerial challenge for social networks such as Twitter to manage when they want to attract advertisers and the latter can be on several platforms at the same time?**

- a. The "Negative Network Effect" Problem
- b. A "friction/friction" problem
- c. The "Chicken and Egg" Problem
- d. The problem of "multihoming"