**Platforms: The Winner Takes It All**

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In recent years, platforms have been disrupting existing business models. By the use of networks (platforms), a new type of ecosystem has emerged in which parties collaborate with each other and all the information is shared. Single competition, aimed at gaining market share, is shifting towards collaborated competition based on creating value in a network. As a consequence, the traditional supply chain undergoes some major disruptions. In a sales-driven supply chain, business success is highly dependent on the linear sequence of value activities along the supply chain, with the customer at the final stage. By contrast, platforms have multiple groups of users on all sides and value is created back and forth. In a platform business model, value is no longer created by a value chain and the customer is no longer at the final stage, but constantly contributes to the value creation across the network. Therefore, the focus has shifted towards the needs of the customer (demand) and has become fundamental to a platform’s business success. As a result, existing supply-driven businesses experience – or at least will – difficulties to compete against this new type of network-based business models and ought to look for other strategies and digital marketing tools in order to remain relevant.

Increased customer focus combined with the boundless opportunities of the Internet (e.g., websites, social media networks) nowadays has to offer, has radically changed the basis of the classical marketing instruments – product, price, place, promotion – leading to a different dimension of competition. Rather, competition is based on motivating customers, than defeating other competitors (Molenaar, 2019). Thanks to the Internet, information has become widely accessible leading to a more transparent market leading to better informed customers which enables them to compare products and their prices with the single click of their mouse. The focus of the network-based marketing instruments is amongst others on individual propositions, dynamic prices, Internet of Things (IoT), direct connectivity and personal communication. The main objective is to observe customer behavior by analyzing customer data, which is best achieved by machine learning (based on algorithms). As a result, conventional marketing tools (e.g. TV, radio, print media) have been replaced by digital algorithm-based marketing applications such as content marketing, search engine optimization (SEO) and social media marketing.

Building on the observations above, one can only conclude that the most important stakeholder for a company is the customer. From now on, the customer determines what to buy, when to buy, and where to buy. Business success is just a matter of picking up the specific needs of a customer and link it to the possibilities in the market. Platform have already adapted to this trend. Trading platforms such as Bol.com and Amazon.com are marketplaces that bundle their own products with the products of third parties and sell it to the customer. A different type of platform that is more disruptive are the matching platforms such as Uber, Airbnb and Booking.com. Those platforms are independent intermediaries that match and connect parties on the demand side (e.g. visitor, customer) with parties on the supply side (e.g. supplier, participant). Their matching concept is a demand-driven concept in which the needs of the customer are central and creates the so-called network effect: the network becomes more valuable to the user as the amount of users on the platform increases.

Furthermore, a platform’s value is enhanced by analyzing customer behavior. As more companies adopt a direct-to-consumer approach, collecting data has become crucial. Therefore, companies are trying to gain competitive advantages through data extraction and new ways of customer interaction supported by artificial intelligence (AI) techniques. Machine learning, a subset of AI, uses algorithms to automatically learn how to perform a given task and is the most important component for companies to predict customer behavior, anticipate customer needs, and hyperpersonalize messages. For example, the content recommendation systems of Spotify and Netflix are driven by machine learning based on customer data, which enables them to recommend new music and movies to their customers based on their needs. According to McKinsey, personalized recommendations drive 75% of what Netflix users watch and 35% of Amazon’s annual revenue is the result of recommended products.

All in all, the rising success of platform businesses is a result of the advent of AI (i.e. machine learning). Already, trading platforms and matching platforms have been applying those data driven techniques to gain competitive advantages. As the needs of the customer are becoming increasingly more important, analyzing customer behavior – resulting in more knowledge of the customer’s needs – is crucial. For business success it is essential to explain why the customer is behaving in a certain way to fulfill their needs. Therefore, as the rapid pace of change is caused by technology adoption, existing business models should be prepared by building a new ecosystem in which both digital technology and the [new] needs of the customer play a significant role. Hence in a new competitive reality, a company’s ability to gain competitive advantage is strongly dependent on a digital marketing strategy and network-based collaborations with a strong customer focus.