

## **BRAND VALUE CO-CREATION VIA THE PLATFORM ENTERPRISE**

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**Abstract:** Firms today focus on the development of long-term customer relationships and seek ways to actively involve customers in the marketing process. Platform enterprises such as Amazon, Airbnb, and Uber are spearheading the efforts in this direction by providing a digital platform enabling multiple stakeholders to engage in and contribute to brand value creation. However, scholarly research to date has not yet addressed the question of how platform enterprises can effectively and efficiently operate the network they build in a global market in order to stimulate co-creation and enhance brand value creation. We integrate Porter's "diamond" with the dynamic capabilities approach and develop a conceptual framework, which helps us better understand how platform enterprises utilize their capabilities to exploit the "diamond" and build an "ecosystem of partners" while fostering innovation and encouraging brand value co-creation.

**Key Words:** Michael Porter, diamond, dynamic capabilities approach, platform enterprise, co-creation, brand value.

**JEL:** M30.

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## **Introduction**

Due to today's dynamic marketing landscape, forward thinking firms focus less on developing and delivering products and services to "passive" customers and more on crafting long-term customer relationships that actively involve customers in the marketing process. For example, many firms have found success by encouraging customers to participate in marketing decisions, a practice often referred to as customer co-creation (Fang, Palmatier, & Evans, 2008; Mahr, Lievens, & Blazevic, 2014; Nuttavuthisit, 2010). Customer co-creation has taken many forms, such as soliciting customers for new product ideas, using contests for advertising, and incorporating customer reviews and feedback as marketing content. This means that firms are no longer completely "in charge" of their marketing offerings. Rather, firms may cede some power to their customers. In this sense, the role of the customer becomes one of a co-developer, a co-designer, and a co-communicator as one who actively participates in the firm's brand value creation (Bal, Weidner, Hanna, & Mills, 2017; Fang, 2008; Fang et al., 2008).

Customer co-creation has been studied mostly in the context of new product development (NPD) and entails customer input on product concepts and attributes in order to generate new product ideas that will be better accepted and more valued by customers (Fang, 2008; Merlo, Eisingerich, & Auh, 2014; Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2004). However, emerging platform enterprises such as Amazon, Apple, Airbnb, Facebook, and Uber offer applications for customer co-creation beyond the NPD process by providing integrated systems for customers, retailers, suppliers, and app developers to actively engage in brand value creation (Nuttavuthisit, 2010; Ramaswamy & Ozcan, 2016; Täuscher, 2017). In fact, even non-web-based businesses, such as Starbucks, Nike, LEGO, and Red Bull take advantage of platforms to get "closer" to their customers. Thus, these firms are what has been referred to as *platform enterprises* because multiple stakeholders of compatibly aligned interests are involved in brand value creation (Hatch & Schultz, 2010). Platform enterprises can be two-sided in which case only one stakeholder group is involved in brand value creation (e.g., Wikipedia) or multi-sided such that multiple stakeholders are involved in value creation at the same time (e.g., Apple, gaming consoles) (Evans & Gawer, 2016).

Platform enterprises help accelerate innovation across industries, and also play a key role in economic development and job creation (David-West &

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Evans, 2016). According to Accenture, a leading global consulting company, the market capitalization of the top 15 platform public enterprises is \$2.6 trillion, that of private platform enterprises \$500 million, for a combined market value of over \$3 billion, which points to the importance of these firms from an economic perspective as well (see Accenture Technology Vision for Banking Report, 2016).

The platform business model is an “ecosystem of partners,” relying on conglomerating varied and compatible capabilities of its members and leveraging their networks, thus creating value through scale (Evans & Gawer, 2016). Consequently, as more participants utilize a platform, it becomes more attractive to join the ecosystem and contribute to brand value creation (Evans & Gawer, 2016; Steiner, Wiegand, Eggert, & Backhaus, 2016).

The question then becomes how platform enterprises can effectively and efficiently operate the networks they build in a global market in order to stimulate co-creation and enhance brand value creation. We develop a conceptual framework that helps improve our understanding of how platform enterprises build an “ecosystem of partners” while fostering innovation and encouraging brand value co-creation. To do this, we turn to Michael Porter’s “diamond” according to which the following factors affect a firm’s innovation capacity and competitiveness—factor and demand conditions, related and supporting industries, firm strategy, structure, and rivalry, and institutional forces such as public policies that directly affect the operations of firms in a given market (Porter, 1980, 1991). A firm’s ability to manage the dynamic interaction among these “diamond” variables is what determines its success. Since platform enterprises operate in an environment characterized by rapid technological change, we integrate Porter’s “diamond” with the dynamic capabilities approach, which focuses on the firm’s ability to develop and utilize the internal and external capabilities required to successfully operate in rapidly changing environments (Eisenhardt & Martin, 2000; Teece, Pisano, & Shuen, 1997).

### **The Rise of the Platform Enterprise**

Friedman suggested that the winners in a global economy will be those players whose collaborative relationships effectively augment their own operational excellence, consequently enabling them to deliver value farther, faster, deeper, and cheaper to customers wherever they may be (Friedman,

2006). Platform enterprises bring together a community or cluster of firms that possess complementary assets and capabilities. These enterprises thus have an extensible resource base, allowing for greater market reach with products, services, and support systems (Wernerfelt, 1984). Platform leaders provide impetus for community and collaboration to evolve over time, yielding a productive portfolio of location-bound and non-location-bound advantages that serve both its members and its markets (Cerrato, 2009; Dunning, 1993, 2009; Porter, 1991; Rugman & Verbeke, 2001; Shan & Song, 1997). So, whether small or large, firms can participate gainfully as members of platform enterprises (Friedman, 2006).

In a recent interview with Charlie Ross, Jeff Bezos, founding CEO of Amazon, declared himself an advocate of being more customer-obsessed than competitor-obsessed (Bezos, 2016). This downstream-focus on customers aligns with Friedman's suggestion. It also explains Amazon's trajectory as a leader in a variety of businesses, such as e-commerce retailing, web services, order fulfillment, entertainment, and digital assistants. In short, Amazon's focus on customer obsession has made it a market-*driver* in the minds of end customers. As a result, Amazon has positioned itself as an attractive platform leader with the gravity to draw eager and capable collaborators that can contribute net value within Amazon's ecosystem of market offerings (e.g., product selection, shopping experience, order fulfillment). As Amazon has extended its reach beyond Tacoma, Washington to other parts of the United States and the world, it has proven its ability to aggregate global resources and deploy them downstream towards local partners and customers in various country markets.

### **Porter's Diamond and Dynamic Capabilities Approach**

Porter (1991) advanced a dynamic theory of strategy, according to which the environment within which a firm operates is comprised of factor and demand conditions, related and supporting industries, firm strategy, structure, and rivalry as well institutional forces. These factors largely determine a firm's ability to develop capabilities necessary to achieve sustainable competitive advantage (Porter, 1991). As the environment changes, firms must continually innovate and upgrade their competitive advantage by utilizing more sophisticated technology and improving their capabilities. Moreover, a firm's innovation is

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deemed successful when it is valued not only in its home market but also abroad (Porter, 1991). Thus, the mere presence of favorable conditions within the environment does not guarantee firm success. Rather, firms should possess the capabilities necessary to take advantage of the environment within which they operate. We thus believe that by integrating Porter's "diamond" and the dynamic capabilities approach, we can gain a better understanding of how platform enterprises can thrive at home and abroad.

Dynamic capabilities refer to "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (Teece et al. 1997, p. 516). Since platform enterprises operate in an inherently dynamic environment characterized by rapid technological change, in addition to constant changes in customer demand, the dynamic capabilities approach is particularly relevant to the study of the platform business model. Moreover, in line with Porter's proposition, the dynamic capabilities approach assumes that the routines and competences firms possess are largely dependent on local and regional environmental forces; these routines and competences in turn help firms shape the capabilities necessary to succeed at the early stages of firm establishment (Teece et al., 1997).

We next discuss Porter's "diamond" and the capabilities necessary to exploit the conditions of a firm's environment as we chart the way for successful brand value co-creation via the platform enterprise.

### *Factor conditions*

Factor conditions are idiosyncratic factors in a given industry, which are created through private and social investments (Porter, 1985, 1991). Platform enterprises have emerged largely as a result of the digitization of products, services, and business processes (Ramaswamy & Ozcan, 2016). This means that certain factor conditions must be in place for platform enterprises to operate effectively.

First, a well-developed physical infrastructure and cutting edge technology are crucial prerequisites for the operations of platform enterprises as the platform business model relies on electronic storage and transfer of information. In particular, the lack of reliable roads as well as delivery and logistics network and limited power supply would not only increase the operating cost of platform enterprises but would also significantly limit consumer as well as partner access to the system (David-West & Evans, 2016). Limited internet penetration, social media and search engine usage

could also be major impediments to the operations of platform enterprises (David-West & Evans, 2016). A case in point is Africa where the aforementioned constraints are major inhibitors for the successful operation of platform businesses (David-West & Evans, 2016).

In addition, substantial private research and development (R&D) investments as well as government support of scientific and technical research nationwide would accelerate the speed and scale of innovation by platform enterprises. Specifically, platform enterprises rely heavily on crowdsourcing and open innovation programs in order to actively engage external communities in brand value creation. Governmental institutions can become facilitators of private and public R&D efforts. For example, the South Korean Ministry of Science has launched a \$3 billion funding initiative on artificial intelligence (AI) R&D whose aim is to assist with the development of corporate and university AI projects (Evans, 2016). Not surprisingly, platform enterprises have already joined this program in an effort to exploit AI-driven innovation (Evans, 2016). The country is also working on establishing a separately run council for science and technology in order to revamp its R&D efforts. The presence of research universities which can take advantage of such programs is also crucial for the rise of platform enterprises (Evans, 2016).

Human capital, and thus a well-educated workforce, is also an important factor condition for the rise of platform enterprises because the effective implementation of the platform business model requires tech-savvy people who can utilize the technology used as a basis for the platform as well as contributors who have the knowledge and expertise necessary to enhance the platform's value creation activities. On the one hand, the government can play a key role in human capital formation by heavily investing in education. On the other hand, platform enterprises themselves can further enhance human capital development by investing in own workforce training. Firms can implement recruitment and training programs whose aim is to help managers and employees improve the skills necessary to effectively apply the platform's processes to value creation activities and enable multi-stakeholder collaboration (Hatch & Schultz, 2010; Ramaswamy & Ozcan, 2016).

Platform enterprises also need to empower employees and make possible inter- and intra-organizational learning so as to encourage creativity. For example, Nike, the American sportswear company, launched an online training platform called Nike Sport Knowledge Underground (SKU). Nike SKU allows retail sales associates and store owners to learn about Nike's products

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and better their skills in order to improve customer engagement as well as to share experience and information with other retail sales associates and store owners in the network, thus helping them learn from one another and actively participate in brand building (Ramaswamy & Ozcan, 2016).

As platform enterprises span organizational borders, their workforce extends far beyond their own employees. This means that platform enterprises have to heavily invest in cloud-based and social technologies in order to facilitate collaboration with potential value contributors worldwide. For this system of internal and external community of employees to work seamlessly, platform enterprises have to recruit and train managers who are well prepared to lead these firms (David-West & Evans, 2016). Thus, managerial talent, in addition to IT competence, is crucial for platform enterprises as these firms rely on multiple complementary business activities such as strategic planning, business design, marketing, inventory and financial management for smooth operation (David-West & Evans, 2016).

Platform enterprises are designed so as to facilitate collaboration in an effort to stimulate co-creation. Moreover, platform enterprises rely on demand-side, as opposed to supply-side, economies of scale, which allows them to utilize resources they do not own (e.g., through the iOS app store Apple is able to leverage the capabilities of third party app developers). This means that platform enterprises must put in place multi-media tools and technology platforms such as cloud-based storage that can help bring together collaborators and make possible the interaction amongst them and help maximize their contribution to brand value creation. For example, Amazon, the largest online retailer, provides multiple cloud computing and storage services to its partners, in addition to programming commands and tools, which enable collaborators to build their own services, depending on individual firm needs. Amazon also offers already developed applications for those who would like to use more standardized services.

Finally, market-supporting mechanisms such as dependable regulations and credible payment channels need to be present for the platform business model to operate effectively (David-West & Evans, 2016; Zeng & Glaister, 2016). Because platform enterprises are technologically-driven in the sense that digital technologies help provide an engagement platform for

partners to collaborate (Ramaswamy & Ozcan, 2016), these firms also need to develop a technology monitoring capability by keeping track of the latest technologies and constantly investing in technological innovations (Day, 1994). For example, AirBnB, a leading peer-to-peer room, apartment, and house sharing website, has recently launched Samara, its own in-house innovation and design studio in order to develop hardware and software in a desire to stay at the forefront of the latest innovations in the industry and beyond. In a similar vein, the subsidiary Google X was created under Google's parent company Alphabet in an effort to organize Google moonshots, which are projects fostering technological innovations across multiple industries including technology, life sciences, investment capital, and research (e.g., the development of driverless cars, drone deliveries).

*Demand conditions*

Demand conditions refer to consumer demand in the home market. The higher the expectations of home consumers, the higher the likelihood for firm success because firms become accustomed to effectively responding to demanding consumers (Porter, 1985, 1991). Platform enterprises allow consumers to actively participate in the value creation process and design their own products/services. Platform enterprises would thus be particularly successful in an environment characterized by market and preference heterogeneity as well as an environment in which customer engagement and brand-consumer interactions are sought and customer experience highly valued by end users. This means that, in line with the market-driven view of the firm (Day, 1994; Jaworski & Kohli, 1993), platform enterprises need to develop market-sensing and customer-linking capabilities (Day, 1994). Market-sensing allows firms to “continuously sense changes in its market [ahead of competitors] and to anticipate the responses in the market” (Jaworski and Kohli 1993, p. 49) while customer-linking makes it possible for firms to “achieve collaborative customer relationships” (Jaworski and Kohli 1993, p. 49). Therefore, firms which have developed such capabilities can predict and quickly respond to customer demand changes as well as to the competitive actions of rival firms (Day, 1994). For example, Red Bull, the Austrian energy

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drink company, created Red Bull Media House in anticipation of the changing marketing landscape. Red Bull Media House is a media company focused on sports, culture, and lifestyle, offering multiple media platforms such as digital, audio, mobile, TV, and print. Red Bull Media House collaborates with third-party media partners and assists customers with creating customized media content. In addition, Starbucks has created My Starbucks Idea, a website where customers can make suggestions about hot and cold beverages and in-store ambience improvements, among others. Moreover, customers can view and comment on each other's suggestions as well as interact with Starbucks representatives who provide input into the ideas shared on the website. Starbucks thus encourages customers to "tell" the company what they want while sharing ideas and connecting with like-minded customers who wish to participate in Starbucks' value creation process. Another example is Nike. Through Nike's Nike+ Run Club app, developed in collaboration with Apple, users are not only able to create customized running workouts but also can share their progress with friends on social media sites as well as compare and compete with other runners who also use the app. The Nike+ Training Club app offers similar functions but is targeted at fitness enthusiasts in general, not just runners.

Platform enterprises also thrive in an environment in which consumers trust firms selling products online and are open to customer engagement via online platforms. If consumer trust is an issue, platforms would have to adapt by devising ways to reduce consumer wariness. For example, many consumers in Africa do not feel comfortable buying products online due to issues with malfunctioning products offline (David-West & Evans, 2016). Nigerian online firm Yudala has thus made an effort to address this issue by offering products both online and offline (David-West & Evans, 2016).

In addition, platform enterprises need to gather frequent customer feedback because this would lead to faster innovation and better customer experience facilitated by brand value co-creation (Täuscher, 2017; Zeng & Glaister, 2016). For this to take place, firm-level and creativity are crucial (Wilson, Robson, & Botha, 2017; Zeng & Glaister, 2016). Thus, platform firms have to focus their efforts on developing new brand governance mechanisms

and eliminating organizational silos in order to stimulate multi-stakeholder collaboration along the supply-demand chain (Hatch & Schultz, 2010; Ramaswamy & Ozcan, 2016). LEGO, the Danish construction toymaker, for example, created LEGO Mindstorms, a platform which provides software and hardware designed to help adult LEGO fans make their own robots. LEGO has thus ceded brand governance control by fostering customer creativity and empowering customers to create robots that reflect the value of the LEGO brand (i.e., LEGO is about imagination, creativity, fun, and learning). The firm went even a step further and partnered with Massachusetts Institute of Technology Media Laboratory in a desire to make LEGO Mindstorm kits an educational tool, thus launching LEGO Mindstorms for Schools. LEGO Mindstorms for Schools is available with programming software developed at Tufts University which uses LabVIEW, a system-design platform and development environment for a visual programming language developed by National Instruments, an American company which provides automated test equipment and virtual instrumentation software. Moreover, the default software, which comes with LEGO Mindstorms for Schools can be replaced with firmware as well as programming languages such as Java and C offered by third parties. LEGO thus effectively uses a web of collaborators in its efforts to foster brand value co-creation.

#### *Related and supporting industries*

Firms that have access to potential business partners having the know-how and resources necessary for industry innovation tend to gain competitive advantage because they can leverage the knowledge of their partners in order to improve their own operations (Porter, 1985, 1991). In a platform enterprise, collaborators, which are essentially the platform's partners/innovators, and often comprise multiple stake-holders such as customers, universities, local communities, and supporting companies (Zeng & Glaister, 2016), seek the platform in an effort to contribute to value creation. Moreover, these partners/innovators complement each other's contribution to value creation (i.e., they have complementary capabilities). As such, it is crucial that platform enterprises develop an "ecosystem" of partners/innovators and stimulate collaboration by facilitating partner interaction. In other words, platform enterprises have to support "complementarity and substitutability of

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business offerings” as well as build close relationships with their collaborators who play a crucial role in co-designing, co-creating and co-delivering brand value (Bal et al., 2017; Zeng & Glaister, 2016). Going back to the concept of the market-driven organization, an additional capability that can help platform enterprises foster productive relationships among its contributors (other than customers) is a partner bonding capability (Day, 1994) which makes it possible for firms to form strong relationships with parties that directly or indirectly contribute to brand value creation.

### *Firm strategy, structure, and rivalry*

The competitive landscape in the home market is crucial for a firm’s ability to effectively compete against rivals. Specifically, intense home market competition requires firms to stay on the cutting edge of industry practices and develop multiple sustainable advantages (Porter, 1985, 1991). In a platform enterprise setting, there are two types of competition that essentially shape firm strategy structure, and rivalry – competition at the platform level (i.e., among platform enterprises) and competition within the platform (i.e., competition among platform collaborators seeking to be part of the partner ecosystem).

Competition at the platform level is often quite intense because fewer, but larger firms tend to dominate the market. Moreover, major platform enterprises such as Amazon, Apple, and Google have the experience and resources necessary to develop capabilities that help them stand out amongst competitors. According to the World Economic Forum, the market cap of these three firms has increased by an average of 22% between 2008 and 2015, compared to 11% for the S&P 500. Leading platform enterprises thus operate in very concentrated markets. This constant head-on competition essentially stimulates continuous innovation, which allows platform enterprises to stay ahead of their competitors. Consolidation is in fact not uncommon among platform enterprises (Evans, 2016). For example, Indian online shopping website Flipkart bought online retailers Myntra and Jabong in an effort to increase its market power and successfully compete against main competitor Snapdeal, which in turn acquired three smaller online stores (Evans, 2016). Alibaba, the largest shopping website in China, went a step further by seeking growth abroad through the acquisition of a majority equity stake in Singaporean e-commerce company Lazada.com (Evans, 2016). At the initial stages of platform enterprise development, the competition at the platform

level resembles Schumpeterian competition, which is characterized by: (1) an industry structure dominated by large firms that have significant market power, and that rely on constant innovation, keeping close track of technological changes, to stay ahead of competitors and, as a result, (2) competition which is very dynamic and less predictable (Schumpeter, 1942). At this stage, strategic management is less relevant as firms cannot predict future market trends (Schumpeter, 1942). Firms must hence make significant investments in R&D, which enables them to create radical innovations (e.g., fundamentally different product, technology, or organizational process), which in turn give these firms an immense competitive edge, ultimately leading to superior performance and further strengthening the dominant firms' market position (Nelson & Winter, 1982; Schumpeter, 1942). Once the Schumpeterian revolution has set the tone for future interfirm rivalry, competing firms have to focus their efforts on developing and refining strategically valuable assets and capabilities in order to create sustainable competitive advantage. This type of competition is in line with industrial organization (IO) and Chamberlinian competition (Barney, 1986; Chamberlin, 1933; Porter, 1981). However, if future Schumpeterian revolutions occur, firms would have to adjust their strategies to account for unanticipated changes of the competitive bases within an industry (Barney, 1986). Thus, platform enterprises must, through constant innovation, stay a step ahead of industry trends.

There is an aspect to firm strategy, structure, and rivalry in the context of a multi-sided platform enterprise, which is quite different from conventional competitive forces (i.e., those outlined by Porter and Chamberlin). Specifically, because multi-sided platform enterprises operate across industries, these firms often collaborate with competitors in a controlled environment. For example, Microsoft's Skype and Google's Maps are both available on iOS devices. In this sense, platform enterprises do not need to own inimitable resources in order to achieve sustainable competitive advantage because they can let competitors join them, thus benefitting from positive spillovers as well as maximizing the value of the partner "ecosystem."

There is also competition among the collaborators in the platform "ecosystem," which is often quite dynamic because it involves a larger number of relatively small businesses, compared to the platform enterprise itself (e.g., numerous software developers develop games for gaming consoles). In order for collaborators to be able to create value for the platform business, they need to own idiosyncratic resources, develop inimitable capabilities, and be able to

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exploit these unique strengths in order to create sustainable competitive advantage (Barney, 1991). By doing this, these firms will be able to stand out among rivals and earn the “right” to collaborate with platform enterprises. Unlike competition at the platform level, which often requires radical innovation to survive and succeed on the market, competition within the platform is not as fierce and, thus, firms do not always need to come up with the “next big thing.” Rather, they need to focus on developing competencies, which will help them enhance their brand value contribution to the platform enterprise.

### *Institutional forces*

Platform enterprises are an important part of today’s global economy and competitive landscape and have grown dramatically in recent years. These companies increase economic productivity by achieving highly efficient matching, by supporting more efficient asset utilization, and by stimulating innovation (Evans and Gawer, 2016). For example, the value of 176 of the top platform economy companies is greater than \$4.3 trillion (Evans and Gawer 2016) and in 2014 nine U.S. platform economy companies were awarded 11,585 patents (see “2014 Top Patent Owners”, Intellectual Property Owners Association, June 2015). In addition, platform enterprises are important sources of employment. In North America, these companies employ approximately 820 million people, in Asia approximately 352 million people, in Europe approximately 109 million people, and in Africa and Latin America approximately 27 million people (see Global Platform Survey, the Center for Global Enterprise, 2015, Figure 2). However, these numbers actually understate the employment impact of platform enterprises since they only include publicly traded companies and they exclude privately-held companies or the indirect employment effect due to third-party system partners of all of these companies. Thus, as a large and growing part of the global economy with the potential to stimulate innovation, profits, and employment, the platform enterprise model has important public policy implications for governments wishing to stimulate and encourage further growth of this sector of the global economy.

As mentioned, a well-developed physical infrastructure is a necessary condition for the successful operation of platform enterprises. Therefore, governments may support the development of the platform enterprises by investing in roads, bridges, ports, airports, power supply, logistics networks, and communication infrastructure. Additionally, these companies require

cutting edge technology and an educated workforce. Thus, governments that wish to stimulate the growth of platform enterprises can invest in innovation in cutting edge technology through investment in university scientific and technical research and in programs that retrain workers from industries which have lost their comparative and competitive advantages and by supporting affordable university education, especially in Science, Technology, Engineering, and Math (STEM) fields. Additionally, governments can work to maintain a highly competitive environment. While platform economy industries are often dominated by a few large companies, maintaining competition to stimulate innovation is critical. Entrepreneurs and innovative individuals may also provide the collaboration as co-creators for these platform enterprises that is crucial to their success. Thus, supporting a regulatory and economic environment friendly to entrepreneurs is important. Finally, in the midst of disruption and change, a stable regulatory environment can help stimulate the rise and continued success of platform enterprises. Thus, a stable, rather than chaotic, political environment is desirable.

### **Co-Creating Brand Value Via the Platform Enterprise: a Framework**

In Figure 1 we outline forward-thinking steps for successful brand value co-creation via the platform enterprise. Specifically, we believe that the co-creation process via the platform enterprise could be examined through four phases: (1) development, (2) brand value creation and delivery, (3) facilitation, and (4) learning and improvement. Each phase features a primary influencer and key points of emphasis to be achieved. Per our narrative articulated throughout this work, we argue that several important paradigms can provide insights into how and how well platform enterprises might perform in a given industry. As platform enterprises are forward thinking and stay one step ahead of industry norms, an understanding of globally viable platform enterprises will involve attention to market-based assets, customer-obsession, and a re-prioritized marketing mix (solution, value, information, and access) (Dev & Schultz, 2005a; Dev & Schultz, 2005b) that reflects broader and longer term strategic thinking (Rafiq & Ahmed, 1995). This would require weighting the conventional marketing mix (i.e., product, price, promotion, and place)

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(McCarthy, 1960) by a consumer-centric view (i.e., customer, cost, communication, and convenience) (Lauterborn, 1990). Figure 1. Co-creating brand value via the platform enterprise

<b>(1) DEVELOPMENT</b>		<b>(2) BRAND VALUE CREATION AND DELIVERY</b>	
Platform Enterprise Leader(s)		Platform Enterprise Leader(s) and Members	
<i>Emphasis:</i> Establish market offering paradigm with "gravity" to attract diverse, complementary collaborators		<i>Emphasis:</i> Direct attention to value for platform's customers Customer obsession > Competitor obsession	
<ul style="list-style-type: none"> <li>▪ Assets, especially market-based varieties</li> <li>▪ Capabilities and their lifecycles</li> <li>▪ Relationships with key partners and allies</li> <li>▪ AAA: Arbitrage, Adaptation, Aggregation</li> </ul>		<ul style="list-style-type: none"> <li>▪ Discern paradigm(s) driving key collaborators:               <ul style="list-style-type: none"> <li>○ Product, Price, Promotion, Place</li> <li>○ Customer, Cost, Communication, Convenience</li> <li>○ Solution, Value, Information, Accessibility</li> </ul> </li> </ul>	
<b>(3) FACILITATION</b>		<b>(4) LEARNING and IMPROVEMENT</b>	
Government and Political Leaders		Platform Enterprise Members and Customers	
<i>Emphasis:</i> Create conditions that make scalable market opportunities accessible to local and foreign firms		<i>Emphasis:</i> Foster innovations that reflect inclusive stream of insights from collaborators and web of customers	
<ul style="list-style-type: none"> <li>▪ Infrastructure</li> <li>▪ Related and supporting industries</li> <li>▪ Demand conditions</li> <li>▪ Ease of doing business, M&amp;A activities, etc.</li> </ul>		<ul style="list-style-type: none"> <li>▪ Prioritize paradigms for co-creating value               <ul style="list-style-type: none"> <li>○ Solution, Value, Information, Access</li> <li>○ Customer, Cost, Communication, Convenience</li> <li>○ Product, Price, Promotion, Place</li> </ul> </li> </ul>	

### **Implications for Practitioners and Public Policy Makers**

In 2015, the Center for Global Enterprise, with the help of regional experts, found that there were over 175 platform companies operating across the world in various sectors, and valued at or above a threshold of \$1 billion (see “The Rise of the Platform Enterprise: A Global Survey”). These data lead us to expect that platform enterprises are not only here to stay but also that they will signal how future exemplars of market-driving and market-driven companies chart joint courses to sustainable success via collaboration and co-opetition (i.e., competition and cooperation).

Aside from insights based on Porter’s “diamond” for platform enterprises in general, leaders of global platform enterprises will be rewarded for their ability to identify and exploit multinational network effects. So, it may be helpful for these leaders to implement one or more aspects of the adaptation, aggregation, and/or arbitrage aka the *Triple-A Framework* (Ghemawat, 2007). In addition, as alluded by Gawer (2009), enterprise platforms compel/allow business executives to think about scaling (vis a vis “stretching” or “shrinking”) their market offerings and, in turn, calibrate how they enlist and appropriate the contributions of partners within their ecosystem (West, 2003). So, as the pressures of “farther, faster, deeper, and cheaper” dictate the standards for improving brand value (Friedman, 2006), these executives can find compelling reasons to revisit a blend of insights from Porter’s (1991) dynamic theory of strategy, Lehrer and Behman’s (2009) modularity vs. programmability, and Nuttavuthisit’s (2010) customer co-creation/participation strategies.

As mentioned earlier, national leaders should consider how their own industries can participate in global platform enterprises, possibly bringing prospects of greater employment, trade opportunities, and skills development. Emerging markets, in particular, that often host somewhat underdeveloped local industries could stand to benefit by achieving orbit as participants in platform enterprises. Of course, as noted above, any considerations of this nature would require careful assessment of the nation’s “diamond” factors. Countries thus have the means and wherewithal (e.g., state-directed funding/investment, grants, special trade areas) to create conditions (“gravity”) that foster greater global business communities and create access to global platforms within reach.

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