

# WINNING THROUGH PLATFORMS

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# WINNING THROUGH PLATFORMS

How to Succeed When Every  
Competitor Has One

BY

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INVESTOR IN PEOPLE

*To our families, for their infinite inspiration,  
encouragement, and love*

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# AMA INTRODUCTION TO BOOK SERIES

Welcome to marketing in the 21st century – the age of data, social, mobile, automation, and globalization. The field is changing so quickly; it's difficult to keep up. There is increasing uncertainty about the profession's mission and responsibilities. Meantime, the demands marketers face are ever more complex and critical.

This is why the American Marketing Association (AMA) has engaged some of the world's most innovative professionals, academics, and thought leaders to create *The Seven Problems of Marketing* – a seven-book series that introduces and explores a new set of organizing and actionable principles for the 21st-century marketer.

Each book in the series takes a deep dive into one problem, offering expertise, direction, and case studies while striking a balance between theory and application. The goal is to provide a contemporary framework for marketers as they navigate the unique challenges and vast opportunities of today's dynamic global marketplace.

Here are the seven problems addressed in the series:

- Problem 1: Effectively targeting high-value sources of growth.
- Problem 2: Defining the role of marketing in the firm and C-suite.
- Problem 3: Managing the digital transformation of the modern corporation.
- Problem 4: Generating and using insight to shape marketing practice.
- Problem 5: Dealing with an omni-channel world.
- Problem 6: Competing in dynamic, global markets.
- Problem 7: Balancing incremental and radical innovation.

Importantly, the books in this series are written by and for marketers and marketing scholars. All of the conceptual and analytical frameworks offered are born from practice. The authors have applied their tools and methods in client settings, allowing them to test and refine their ideas in the face of real-world challenges. You'll read true stories about how marketers have used innovative thinking and practices to overcome seemingly impossible dilemmas and bring about game-changing success. Theories are explored in a way that busy marketers can understand viscerally. Client stories have been incorporated to illustrate how to apply the analysis frames as well as deal with application and practice-based issues.

Our fundamental aim with this series is to hone the practice of marketing for the 21st century. The AMA has asserted that there is a critical tension within every enterprise between “best” and “next” practices. Marketers often choose best practices because they are safe and proven. Next practices, which push boundaries and challenge conventions, can be riskier. Few enterprises, however, transform themselves and achieve breakout performance with best practices alone. The next practices discussed in this series are often responsible for driving outperformance. The books in this series are designed to engage you on two levels: individually, by increasing your knowledge and “bench strength,” and organizationally, by improving the application of marketing concepts within your firm. When you finish each book, we are confident you will feel energized and think differently about the field of marketing and its organizing principles. Through the explanation of theory and compelling examples of its application, you will be empowered to help your organization quickly identify and maximize opportunities. After all, the opportunity to innovate and make an impact is what attracted most of us to the field of marketing in the first place.

Bennie F. Johnson, CEO  
American Marketing Association

## BOOK SERIES OVERVIEW

In 2016, the AMA established its first-ever intellectual agenda. This intellectual agenda focused on complex, challenging, and difficult-to-solve problems that would be of interest to both academics and practitioners. A working team of scholars and practitioners, selected by AMA leadership, identified seven big problems of marketing as the foundation of the agenda. These problems were ranked from a much longer list of challenges. These seven big problems shared three attributes: they were pressing issues that confronted every organization, they were C-suite level in scope, and they could not be solved by one article or book. Indeed, the team felt that each problem could trigger a decade-long research agenda. A key purpose of the AMA intellectual agenda was thus to stimulate research, dialogue, and debate among the entire AMA membership.

The purpose of the AMA book series is to shed a deeper light on each of the seven problems. In particular, the aim of the series is to enable readers to think differently and take action with regard to these big problems. Thus, the book series operates at two levels: individually, increasing your knowledge and bench strength, and at the organization level, improving the application of marketing concepts within your firm.

Given the nature of these problems, no single book or article can fully address the problem. By their very nature, these problems are significant, nuanced, and approachable from multiple vantage points. As such, each of the books provides a single perspective on the issue. This single perspective is intended to both advance knowledge and spark debate. While the books may emerge from academic literature and/or managerial application, their fundamental aim is to improve the practice of marketing. Books selected for the series are evaluated on six criteria.

1. *Seven Big Problems Focus*

Each book is focused on one of the seven big problems of marketing. These problems identify key conceptual issues in the field of marketing that are the focus of emerging academic research and that practitioners are actively confronting today.

2. *Audience*

The book is written primarily for an audience of thoughtful practitioners. Thoughtful in this context means that the practitioner is an active reader of both professional articles and books, is dedicated to enhancing his/her marketing knowledge and skills, and is committed to upgrading the organization's marketing culture, capabilities, and results. A secondary audience is academics (and students) and consultants.

3. *Integrative Framework*

The book provides an integrated framework that frames the problem and offers a detailed approach for addressing it.

4. *Field-based Approach*

The authors have applied their frameworks in client settings. These client settings enable authors to test and refine their frameworks. Conceptual and analysis frameworks are enlivened via practice and case examples that demonstrate application in the field. Named and/or disguised client stories illustrate how to apply the analysis frames, how to deal with application issues, and other practice-based issues.

5. *Academic Literature*

The integrative frameworks should be new to the marketplace. The conceptual frameworks should extend existing thinking and the analysis frameworks should provide new ways to conduct marketing-related analysis.

6. *Readability*

The book should be intelligible to the average reader. The concepts should be clearly defined and explained, and cases written

so that a reader can understand the content on a first read. On behalf of the AMA, I am excited to bring these books to market. I am anxious to hear your feedback – both positive and challenging – as we move the field forward.

Bernie Jaworski  
AMA Book Series Editor

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# FOREWORD

*David Aaker*

*David Aaker is the author of 18 books and over 100 articles on business strategy, marketing strategy, and branding. A member of the NY AMA Marketing Hall of Fame, he is often called the father of modern branding. He is Professor Emeritus at UC Berkeley and Vice Chair of Prophet, a global growth consultancy.*

Dear reader,

This book is a tour de force, providing a comprehensive roadmap for platform-based digital strategies. It is astonishingly broad in scope, organized with a rich conceptual model, and full of deep insights that lead to actionable strategic options. This book is also incredibly timely in the way it addresses topics like Artificial Intelligence and Extended Reality. Every executive, manager, and rising professional who needs to cut through confusion around intelligent platforms and then identify business risks and opportunities will benefit greatly by reading and applying *Winning Through Platforms*.

Let me highlight four specific reasons why I am impressed.

First, the central concept of this book – the digital platform – provides readers an expansive look at recent trends in digital strategy. It reveals many different ways that platform data sensing, software code, and computing power enable you to observe, interact with, and provide value to customers as they use what it is they have accessed from your company. The authors show how the customer’s use journey — formerly inaccessible but now visible through platforms — holds the most value.

This book explains how a wide range of companies have creatively used their platforms to beat competitors and create new avenues for growth. It explains the strategic evolution of companies you might naturally think of as platform owners – Uber, Zillow,

Airbnb, Salesforce, and Netflix for example. It also explains strategic innovations by companies you might not think of as platform owners – Nike, Haier, Autodesk, Disney, and SleepNumber to name a few. Each company has innovated through platforms to shift what their customers buy and use, opening huge growth opportunities. In all, this book distills winning moves of over 50 companies into principles you can use.

Second, the methods and tools of the platform age are explained in action, from Internet of Things to different branches of Artificial Intelligence (machine learning, natural language processing, computer vision, and generative intelligence). The book demonstrates how they can be applied in a competitive context to win the customer.

In the same vein, this book helps me better understand why Artificial Intelligence and Extended Reality have been on such a sharp rise when their underlying technologies have been advancing for at least two decades. The authors' depiction of recent widespread platform adoption makes clear that there is much more customer "use journey" data now to access, analyze, and act on than before. Because this book also shows how innovative user journey experiences can drive customer relationship, loyalty, and expansion, the case for company investment is made, including strategic value at a level not seen in the past.

Third, I value how this book organizes winning moves into an amazingly comprehensive playbook. The playbook covers – with equal intensity – platform plays for strategic advantage (business portfolio and platform design), in-market advantage (demand acceleration and ongoing innovation), and organizational execution (operations and transformation). Each of 24 "plays" falls into a way of winning that can drive growth.

To give you a taste:

- A play called "Optimal Platform Roles" provides a thought-provoking set of options for platform business strategy. Including a strategy used by Netflix to build a competitive advantage by creating synergies between its platform (streaming media distribution) and physical business (A-list actor movie production).

- A play called “Success to Momentum” illustrates why and how Amazon Prime and Salesforce Trailhead take different approaches to achieve the same customer momentum goal.
- A play called “Full Journey Engagement” shows how Nike engages customers through a full journey of platform touch-points to achieve a 4X higher customer lifetime value.
- Other plays explain how Haier and the World Expo differentiate globally through high-impact innovation using platform-enhanced experiences.

By addressing topics from strategy through execution, this book ensures that every reader will find insights that helps them advance today. Additional insights they don’t use immediately will serve them tomorrow as their needs change.

Finally, I like the writing style that the authors use. The 24 plays are not introduced in the abstract but are illustrated by one, two, or more case studies. I also enjoy the diverting historical metaphors that explain needed culture shifts. You’ll enjoy the read as you learn; so will your teams.

To summarize, this book is a guide to transforming in a way that every business needs. By providing critical stepping stones for winning in a platform world, this book can be a real difference maker for every reader, at a key moment of risk and opportunity.

David Aaker

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# THE SEARCH FOR PLATFORM ADVANTAGE

# COMPETING IN THE PLATFORM ERA

We're living and leading in a fast evolving business era – the platform era.

The 2010s were the takeoff years for platforms, when simply having one could bring differentiation.

In the mainstream 2020s, platforms are becoming a must-have. This means markets will be platform crowded, customers platform expectant, and investors platform impatient.

It's time to move beyond simply heralding platform business, to focus on how companies can win at platforms when every competitor has one. Enough experiments have occurred that we can glean success patterns. Enough technologies are emerging that we can see new opportunities.

What's missing is a how-to-win playbook, focused on ways to earn customer choice and energize customer use for advantaged growth and economics.

This book is that playbook. We believe you should learn it. Because when business eras change, the rules of winning change too. Those who learn, apply, and scale the new rules of platform success are those who will prosper.

# Introduction

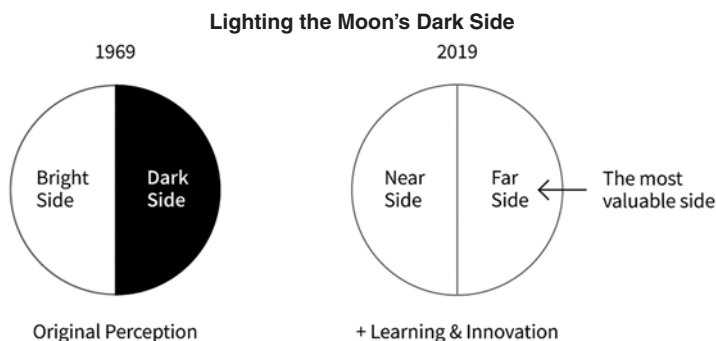
## LIGHT THE DARK

When humanity took its first big space adventure in 1969, our most gripping moment didn't come during the rocket's voyage to the moon and back. It didn't happen during astronaut Neil Armstrong's descent to the surface, walk on the moonscape, or ascent to redock. No, when we really grabbed our chairs and held our breath was when astronaut Michael Collins flew the spaceship Columbia around the "dark side" of the moon, the half that never faces Earth.

It lasted 47 agonizing minutes. No radio contact, no visual sighting, no way to know what was happening. If the ship had crashed or escaped lunar gravity for a long drift toward the sun, we could have only guessed – with a sick feeling in our stomachs – at what had gone wrong. All we would know is that they never came back. We collectively exhaled when Collins and Columbia reemerged into view.

Fast forward to 2019. What a difference 50 years of learning and innovation make! China's Yutu-2 rover landed – on purpose – on what we once called the "dark side" of the moon. We called this new visit a trip to the moon's "far side," no longer dark because we learned the sun shines there and new communication satellites keep us constantly connected.

Yet far bigger than a new name was a change in our perspective. Geological moon samples taught us that the far side of the moon is the most valuable side – by far. Economically it has valuable minerals like titanium and platinum. Existentially it has Helium-3, the most promising material for clean, non-radioactive



Int. 1.1

nuclear fusion energy. Experts estimate that fewer than a dozen space shuttle cargos of Helium-3 annually could provide enough fuel to sustain all human beings on the planet for 10,000 years.<sup>1,2</sup> In short, the side of the moon that we couldn't see for so long is the side that can change our future for the better.

Now, the race is on to realize the full value of our discovery. The world's major powers have all reprioritized lunar mining exploration.<sup>3</sup> Tech incubators are developing infrastructure for the far side.<sup>4</sup> Experts in geology, robotics, and energy work cross functionally to solve new problems. And futurists remind everyone that success depends on global collaboration. Our fate is too interconnected to work in siloes.

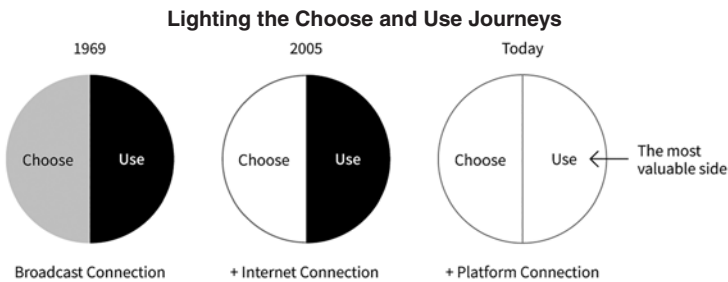
## LIGHTING THE CUSTOMER JOURNEY

The most important business story of our lifetime runs remarkably parallel to our story of lunar discovery. This story is about the digital lighting of the customer journey. It's particularly about how platforms enable your company to light the dark side of your customer's journey – the post-purchase "Use" journey. Platforms are the technologies that enable your company to observe, interact with, and provide value to customers as they use what they have accessed through you. This story is about how you can shine the light of platforms for advantage. Your customer's advantage, your company's advantage, and your competitive advantage. As you do, you'll discover that the

side of your customer’s journey that had always been dark is in fact the most valuable side.

The digital lighting of the customer journey launched in 1969, the same year as our lunar rocket. A new startup named Intel designed a microchip that would change everything – the micro-processor that powered mass market computing.<sup>5</sup> The rising customer visibility that resulted over 50 years is represented by three customer journey “moons” in three different years.

Each journey moon has two sides – the customer’s *Choose journey and Use journey*. In the Choose journey, customers explore their needs and options, assess their final choices, and transact. In the Use journey, customers use the products and services they have accessed, then eventually decide whether to access them again – and if so, from who.



Int.1.2

Two major lightings got us to where we are today.

#### Lighting the Choose Journey: 1969–2005

In 1969, the customer’s Choose journey was murky to companies, and the Use journey was pitch dark. Customers would emerge from shadow into light as shoppers, perhaps lured by an analog broadcast advertisement – no one knew for sure. The shopper would expose their needs and identity, make their purchase, and then disappear into the dark.

When shoppers became users, companies lost their line of sight and communication. If a customer drifted away, there was no way for a company to know if they had learned how to use what they bought, if they had become stuck, or if they turned sour on a

purchase and bad-mouthed the brand to friends. All that a business would know is that the customer never came back.

From 1969 to 2005, the computing revolution started by Intel and other innovators shined new light on the customer's Choose journey. First companies used computers to analytically personalize messages for segmented mailing and phone lists, raising customer response rates. Then networked personal computers enabled direct communication to shoppers, with real-time stimulus-response adjustments.

The Choose journey shone brightest with the Internet revolution. Internet search engines and websites transformed one-way company communication at customers into a two-way dialogue with customers, inbound and outbound, as they were in the act of choosing.

By contrast, in 2005, the customer's Use journey was still dark to companies. True, most companies had improved new purchase onboarding and had set up call centers for moments of need. Yet the real-time user journey remained dark – an undiscovered land, an untapped source of customer and company value, a hidden treasure waiting to be mined.

Until platforms arrived.

#### Lighting the Use Journey: 2005 to Present

A platform runs on customer sensing data linked to cloud-hosted software code and computing power. It is the act of cloud hosting that enables your company to observe, interact with, and provide connected value to customers during their Use journey, for mutual gain and growth. Regardless of whether you're swiping a cell phone, tapping a keyboard, accelerating your car, working out, cooking a meal, or lying in your bed – Use journey darkness between customer and company has come to an end.

A platform isn't experienced directly by the customer, but is expressed to the customer through one or more experience hubs. These experience hubs may take on many names: apps, super apps, clouds, suites, consoles, exchanges, displays, dashboards, and more. The moniker doesn't matter – the job of an experience hub is to convert platform functionality into valued customer experiences of interface, interaction, and performance.

Today's tech titans pioneered platforms for themselves around 2005. Then in a burst of creativity from 2005 to 2010 several titans created the infrastructure that the world's entrepreneurs would need to get into the platform game. Apple (iOS) and Samsung/HTC (Android OS) invented smartphones with app stores, paving the route to market for platform app developers. Titans also began renting their data center infrastructure and know-how to every company, creating a business model that today we call Cloud Service Providers. Those titans were Amazon Web Services, Google Cloud Platform, and Microsoft Azure. Thanks to every titan's lowering of investment barriers, platform innovation took off.

During the takeoff years of 2010–2019 more than 16,000 platform companies started up,<sup>6</sup> backed by risk capital and hoping for Initial Public Offerings (IPOs). Platform companies who filled business headlines in the early 2010s included Uber, Zillow, AirBnB, MasterClass, Netflix, Tesla, and OneTrust, to name just a few. These early disruptors proved what a difference a platform can make. By turning the customer's darkened use journey into a zone of visibility and interaction, disruptors created new markets, took market share from incumbent leaders, and raised customer expectations for what a modern brand could deliver.

Progressive incumbents didn't stand still. Inspired by disruptors, they added platforms to their businesses, most in the later years of the 2010s. Firms like Adobe, Disney, Autodesk, Progressive, Nike, Haier, Thompson Reuters, Zebra, and Sleep Number all began or completed transformations to become platform companies.

And the innovations kept coming. Platforms can now be found across the economy, spanning agriculture, construction, banking, cosmetics, medical devices, fitness, media, eyeglasses, transportation, home appliances, mattresses, apparel, investment management, cybersecurity, real estate, insurance, hospitality, accounting, and global poverty alleviation. Businesses in every corner of the economy are being made stronger through platforms.

Fueled by mounting evidence of success and turbocharged by the pandemic, platforms have gone from being a novelty to being top of the list of every management team's agenda. In other words, the platform era's takeoff years have evolved into its mainstream years.

The implication for business is profound. Just as no major company thrives today without a website to interact with buyers on their Choose journey, in 5–10 years no major company will thrive without a platform that enables them to interact with customers on their Use journey.

That's why business leaders need to raise their competitive game to make experience hub and platform advantage a critical new means of achieving business advantage. Through this book, we'll introduce a playbook for winning through platforms.

But before we do, we'll provide three important answers you can give your leadership team if they question the business imperative behind platform excellence and advantage. Managed well, platforms will redefine your company's relevance to customers; they will give investors confidence in your future; and they will equip you to compete in convergent competitive markets. Managed poorly, the opposite will be true.

## PLATFORMS REDEFINE YOUR RELEVANCE

Platforms redefine – by elevating – a company's relevance to its customers. They add a new value proposition – infinite connection throughout the customer's Use journey – to the company's traditional value proposition. This higher relevance is reflected through the customer's view of the company's brand. One fact-based proof point is found in the results of an annual Brand Relevance Index (BRI) survey carried out since 2014 by the growth consulting firm Prophet.<sup>7</sup> The survey asks tens of thousands of consumers annually about the relevance of hundreds of brands in their lives. The Prophet survey also captures and correlates the underlying drivers of that relevance. Brand relevance is the business equivalent of the canary in the coal mine. It is existential, because it indicates whether customers want to be in a forward-looking relationship with your company.

We averaged the BRI scores of brands who were tested a minimum of three years during this time. The results are revealing. From 2014 to 2022, brands with higher and lower relevance scores are highly correlated to whether a platform does or doesn't play a key role in their value proposition to customers. The top 10 brands are 80% platform businesses; the next 10 brands are 50% platform;