

Platform and value proposition

Article 1: Pipelines, Platforms, and the New Rules of Strategy

Article 2: Customer Value Propositions in Business Markets

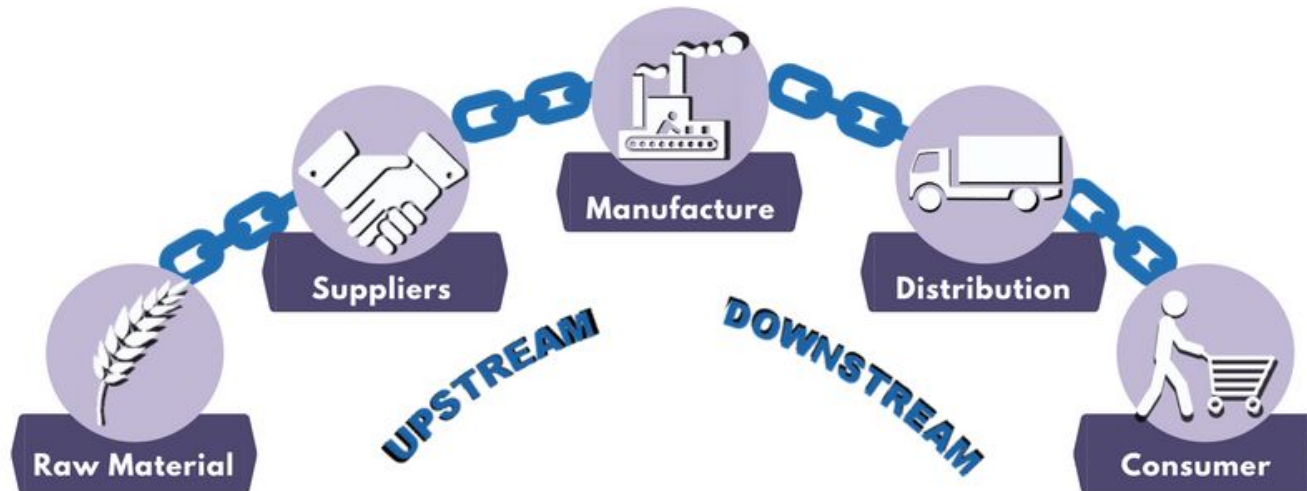
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Article 1: Pipelines, Platforms, and the New Rules of Strategy



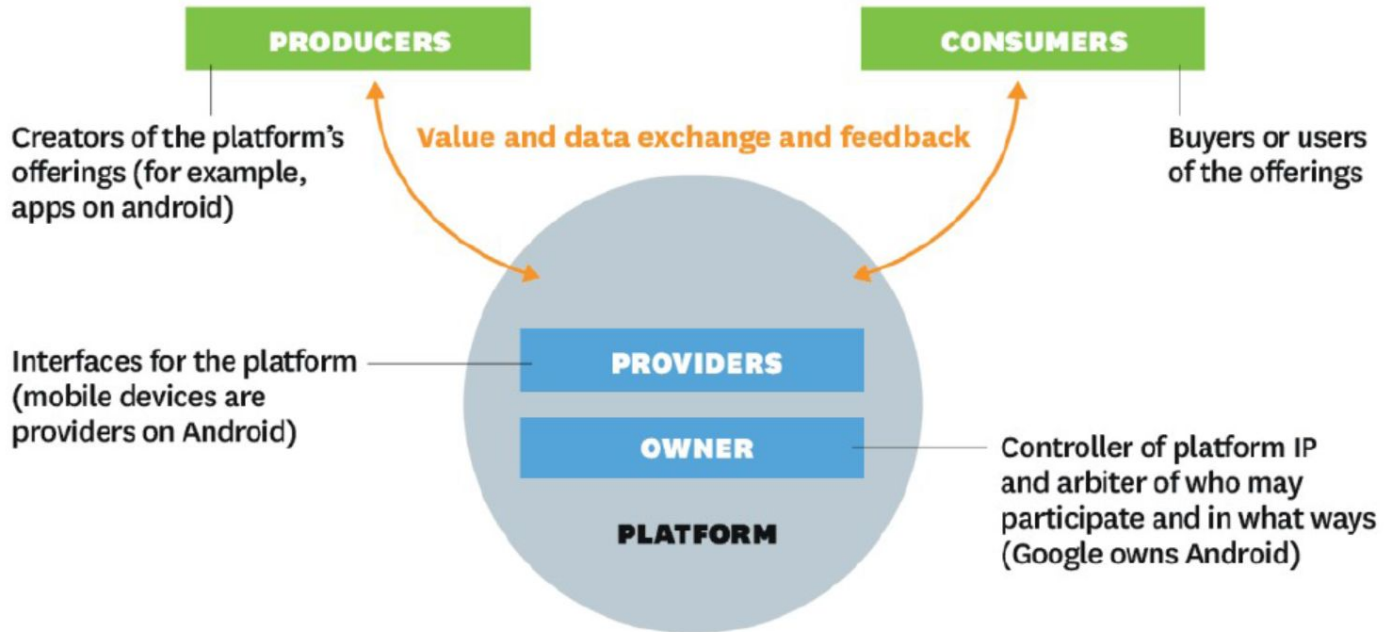
pipeline

Create value by controlling a linear series of activities



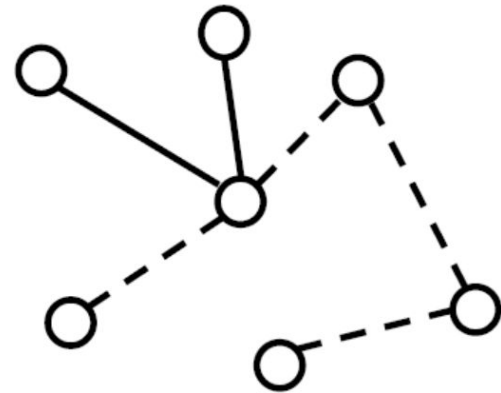
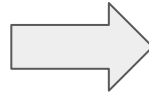
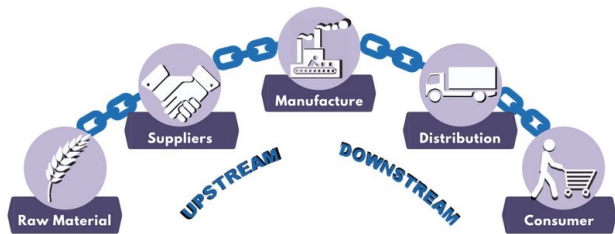
platform

A platform provides the infrastructure and rules for a marketplace that bridge together producers and consumers.



The move from pipeline to platform involves three key shifts:

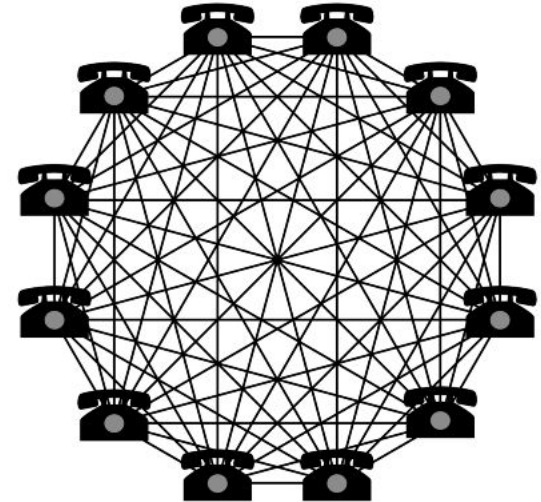
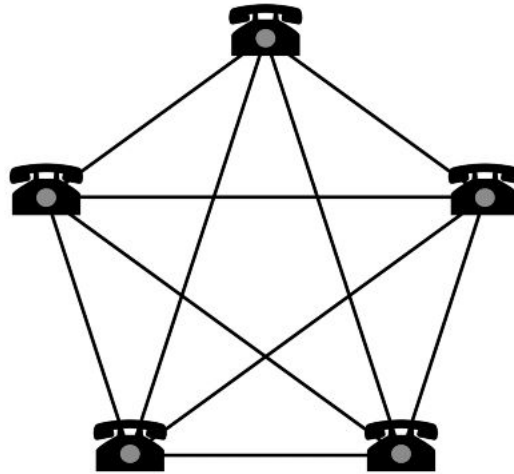
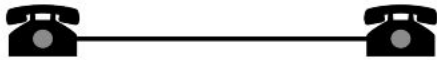
- 1 From resource control to resource orchestration
- 2 From internal optimization to external interaction.
- 3 From a focus on customer value to a focus on ecosystem value.



Network effect

a self-reinforcing feedback loop

Winner take all

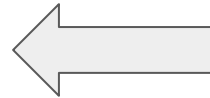


How to trigger the network effect

With platforms, a critical strategic aim is strong up-front design that will attract the desired participants, enable the right interactions (so-called core interactions), and encourage ever-more-powerful network effects

How to trigger the network effect

- beginning: a single type of interaction that generates high value, low volume.
- Then: move into adjacent markets or adjacent types of interactions, increasing both value and volume.



Article 2: Customer Value Propositions in Business Markets

Value proposition is a **bundle of benefits** that address **business goals** of a specific target group, and offer **superior value** for the customer.

Three kinds of value propositions

Type1: All Benefits

- Consists of: all benefits customers receive from a market offering
- Customer questions: why should our firm purchase your offering
- Require: knowledge of own market offering

Three kinds of value propositions

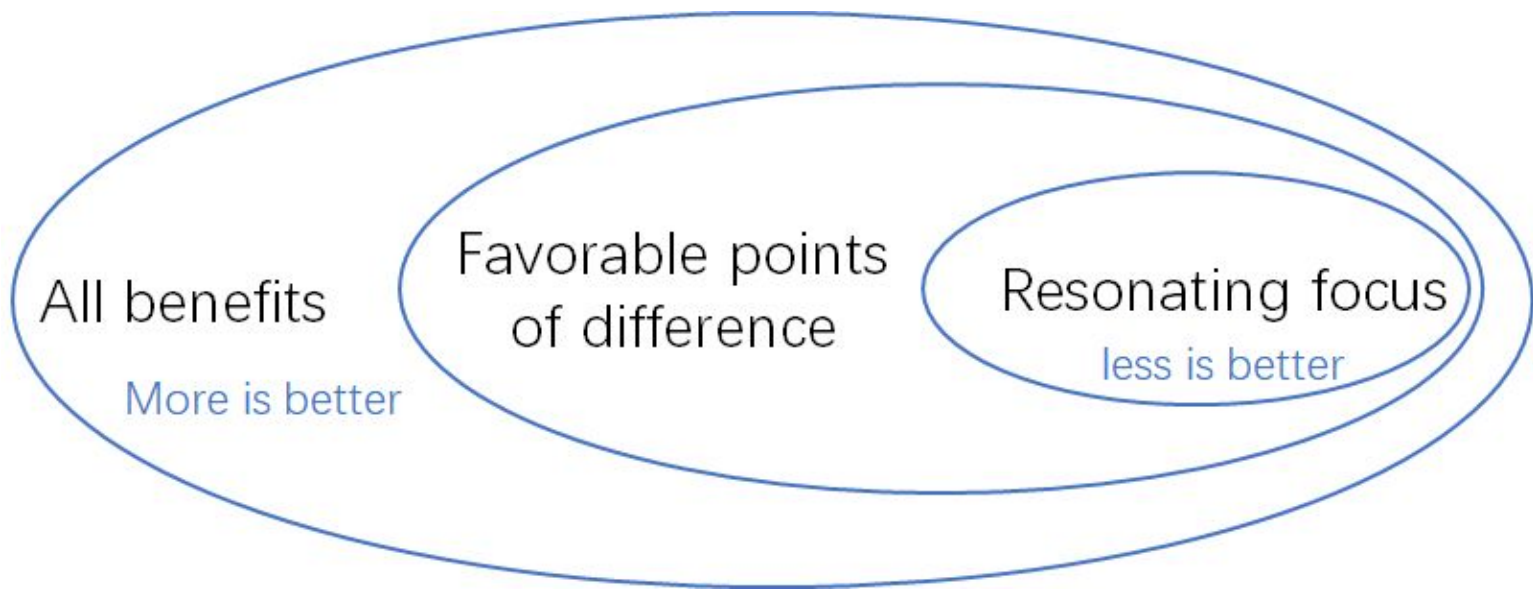
Type2: favorable points of difference

- Consists of: all favorable points of difference a market offering has relative to the next best alternative
- Customer questions: why should our firm purchase your offering **instead of your competitors**
- Require: knowledge of own market offering and **next best alternative**

Three kinds of value propositions

Type3: resonating focus

- Consists of: the one or two points of difference whose improvement will deliver **the greatest** value to the customer for the foreseeable future.
- Customer questions: what is **most** worthwhile for our firm to keep in mind about your offering?
- Require: knowledge of own market offering and **compared with next best alternative**



Insights

- Resonating focus can also be applied to platform marketing
- With a vast amount of user data, resonating focus has a customizing effect when applied to marketing.
 - Because it requires background research and a well-rounded customer portfolio to be used successfully.
- For example, Youtube customizes video orders based on users' previously watched videos. And commercials are targeted only in related video categories

Case study- bike sharing industry

Platform business model



Pipeline business model



mobike

摩拜单车

1. Quality and value
2. Less is more

ofo

1. Quantity
2. More is better

conclusion

For pipeline firms:

In the digitalization era, when a platform enters a pipeline firm's market, the platform almost always wins. so learn the new rules of strategy for a platform world.

For platforms:

1 match quality, reduce interaction failure

2 find resonating focus, reduce the “noise” information