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Platform Business Launch Strategies

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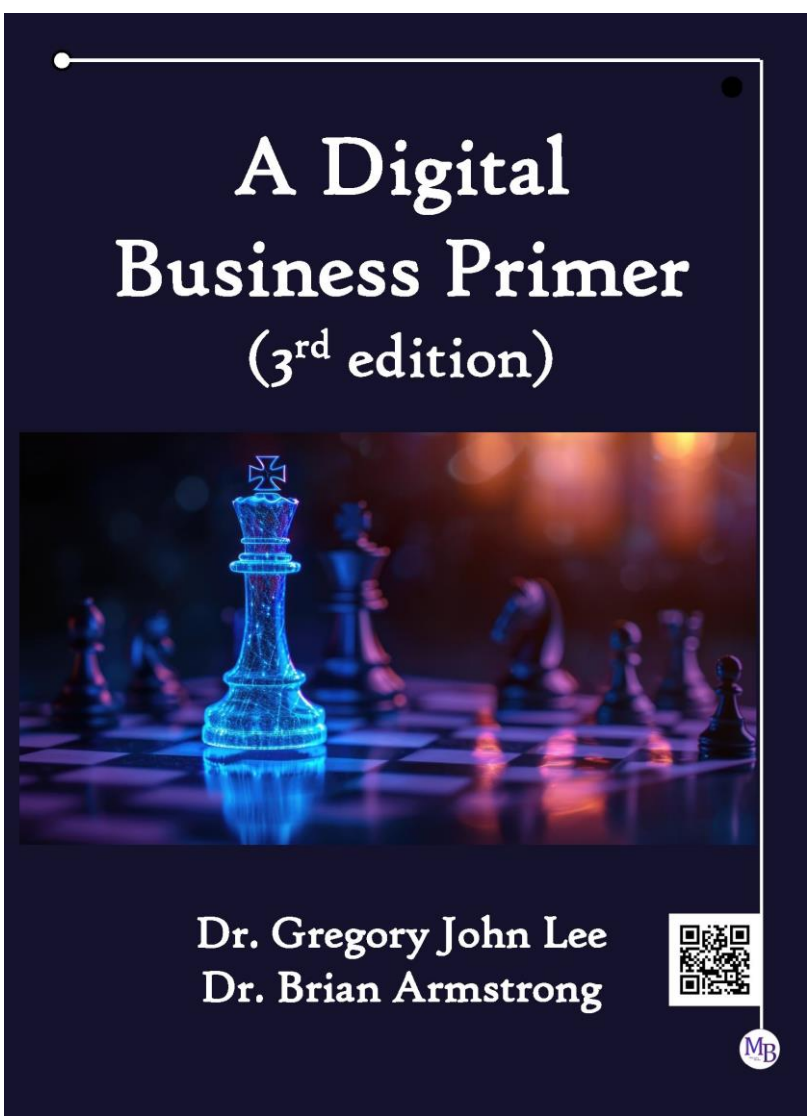

PLATFORM BUSINESS LAUNCH STRATEGIES

Amstrong & Lee (2024) provide the following platform launch strategies as originally compiled by Parker et al. (2016).

Table 1: *Platform launch strategies*
Source: Based on Parker et al. (2016)

Launch Strategy	Definition	Comments and Examples
Follow the Rabbit	Used by existing pipeline businesses to convert to a platform business. E.g. Retailers going online	Amazon, before becoming a proper platform business, operated an effective pipeline business that used online product listings to attract consumers. Then once it had a thriving customer base it converted itself into a platform by starting Amazon Marketplace, opening its system to external producers, and, of course, then taking a slice of the revenue on every transaction.
Piggyback Strategy	Use existing user/complementor base from another platform to recruit users/complementors to your platform.	This strategy captures existing, un-tethered demand rather than creating new demand. It is typically attractive for small companies that may lack a large user base of their own to achieve initial contact with large numbers of users from another platform. This is the strategy that was used to launch PayPal, which piggybacked on eBay, setting up software bots on eBay to buy and sell merchandise, insisting that the other side of the transaction use its payment system. Similarly, Airbnb launched by integrating into Craigslist. The payment service Square launched on top of the iPhone and Android, connecting financially through existing credit card networks. All these firms piggybacked on existing platforms without having to create new demand.
Seeding Strategy	Create value propositions that are relevant to at least one segment of potential users, and then other segments follow them to engage on the platform.	The platform takes the task of value creation upon itself by acting as the first producer. For example, when Google launched its Android smartphone operating system to compete with Apple's iOS, it seeded the market by offering a US $5 million prize to developers who created the best apps across ten categories. Winners became market leaders, it attracted large numbers of customers, and it created critical mass on the side of developers.
Marquee Strategy	Provide incentives to attract a key set of marquee or flagship complementors/users onto your platform.	Marquee strategy is quite closely related to seeding but is focused on coaxing big-name or so-called 'marquee' users, or often more importantly complementors, onto the platform. For example, when Microsoft launched the Xbox platform it brought Electronic Arts (EA) onto its platform by offering incentives that included category exclusivity. Microsoft did this because EA's existing strength with users ensured that it would bring a large number of users that might have been unwilling to join a platform that did not include their EA games, and more importantly perhaps, to lure users away from PlayStation and Nintendo. Another example is that Adobe was able to attract federal tax forms in the US as a flagship application.

Launch Strategy	Definition	Comments and Examples
Single-Side Strategy	Start a business centered on products/services beneficial to a single set of users and later convert the business into a platform business that attracts a second set of users desiring to interact with the first set of users.	OpenTable built a restaurant reservation system for restaurants and then attracted customers to book tables via the same system. Facebook initially built a purely social media service and then brought advertisers into the network.
Producer-Evangelism Strategy	Develop a platform to attract high-potential producers who then attract their own customers to use the platform.	Crowdfunding platforms like Kickstarter thrive in this regard by targeting creators who need funding with the infrastructure to host content about the idea and managing the fundraising campaign. It could conceivably also apply to traditional pre-digital firms with large installed bases and established customer relationships which need alternative digital channels and are seeking platform partners.
Big Bang Adoption Strategy	Use of one or several traditional push marketing strategies to attract huge interest and attention to your platform.	This is a blunt instrument using traditional, expensive, opportunistic push marketing to build awareness and attract attention. Reportedly Tinder achieved its breakout in 2012 during a party at the University of Southern California, which was a hotbed of people looking to connect. Tinder made it easier, and in the process achieved critical mass during the party in a small, constrained location. On a bigger scale and in a more traditional push context, Trivago are advertising very heavily on television through very traditional advertising and media channels in several countries. This is an example of a big bang strategy to drive adoption.
Micro-Market Strategy	Begin by attracting a critical mass of members in a small market and then progressively expand into wider markets.	This strategy restricts the launch to a small community in order to generate strong, albeit bounded, network effects. eBay started as a market for some sweet dispensers. Diners Club initially only targeted restaurants and patrons on Manhattan Island. Facebook launched exclusively among Harvard undergraduates, before expanding to all dot.edu and then all dot.com domains. The idea is that a more sharply defined community will experience stronger network effects if a substantial fraction of the community adopts a particular platform or service. Then, once adoption takes place within that community, the platform can then be opened to adjacent groups, attracting new users onto the platform. This strategy has the advantage of allowing the platform to build capacity in stages, launching into adjacent markets from an established platform. This is the process that Uber used to enter new geographies like South Africa, launching in Johannesburg, then Cape Town, then other major cities.

REFERENCES

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