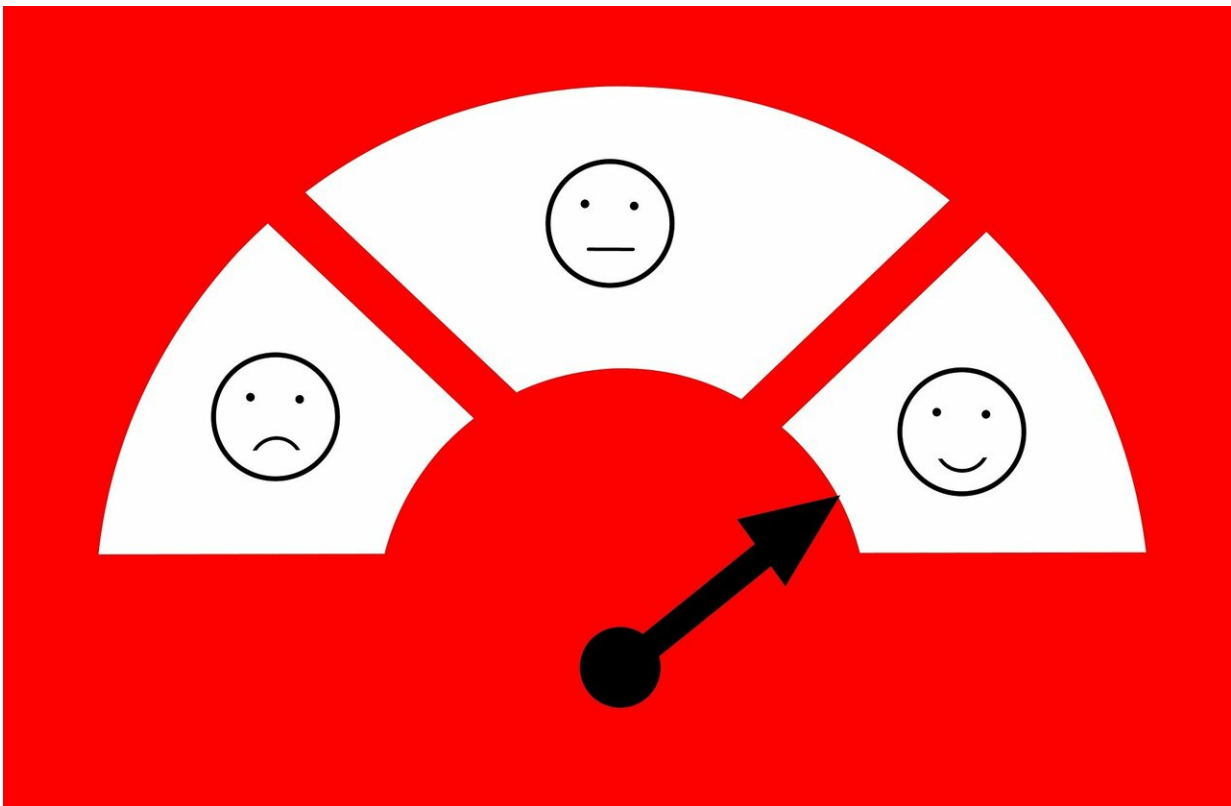


# Why product brands should build their own platforms

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Researchers from University of Cologne and Vrije Universiteit Amsterdam published a new paper in the *Journal of Marketing* that examines the processes and building blocks underlying brand flagship platforms.

Digital platforms like Amazon, Zalando, and JD.com have conquered the interface to [consumers](#) by offering vast assortments of competing products and vendors. This has put considerable pressure on traditional product brands that face increasingly fierce price competition and diminished brand differentiation on these platforms. However, the poison can also be the antidote. Brands such as Nike, adidas, AISICS, and Bosch are operating their own brand flagship platforms that incorporate a host of functionalities and stakeholders, thereby regaining the direct interface to consumers and deepening buyer loyalty.

This study identifies two central processes that shape brand flagship platforms: consumer crowdsourcing and crowdsending of products, services, and content. Consumer crowdsourcing refers to consumers drawing value from [platform](#) participants such as the brand, other consumers, or third-party businesses. Consumer crowdsending refers to consumers providing value to these platform participants.

Consumer crowdsourcing and crowdsending processes manifest in various interactions on flagship platforms. The researchers group these interactions into five key platform building blocks: transaction block, community block, benchmarking block, guidance block, and inspiration block. They argue that brands should assemble these [building blocks](#) and their functionalities based on a common overarching consumer goal. For example, Nike's Run Club addresses the overarching consumer goal of living an active, healthy lifestyle by offering exclusive products (transaction block), sports events (community block), tracking and competitive features (benchmarking block), and expert guidance and personal coaching (guidance block).

Brands can tailor the degree of consumer involvement in the crowdsourcing and crowdsending processes, which has important implications for the emergent consumer-platform relationships. As Wichmann explains, "The more frequently and more intimately that

consumers interact with the platform, the more intensely they crowdsource and crowdfund and the more the relationship transforms from purely transaction-focused to highly self-relevant, committed, and durable."

The study describes four different states that consumer-platform relationships can assume. In ad-hoc relationships, consumer crowdsourcing and crowdfunding intensity is limited and interactions are firmly focused on the brand's core product. In this state, the platform often features a strong transaction block or (smart) extensions to the core product (e.g., Philips' Sonicare App for its dental health products). The emerging relationships are instrumental and characterized by cold loyalty as consumers focus on the platform's utilitarian benefits such as convenience or cost savings.

In capitalizing relationships, there is intense consumer crowdsourcing as the platform integrates a variety of third-party business into the value creation. Consequently, the platform's focus expands from the core product to the broader category space under an overarching consumer goal. For example, an athletics brand can invite coaches and nutritionists onto its platform to assist consumers on their journey to an active and healthy lifestyle. Accordingly, a common building block of such a platform is the guidance block. The emerging platform-consumer relationship is characterized by a warm loyalty with strong commitment and attachment that exceeds purely rational motives.

In catalyzing relationships, consumer crowdfunding is intense, implying a deep integration of consumers into the value creation process. LEGO Ideas represents such a platform on which consumers create and publish their own LEGO designs. These platforms often feature strong community and inspiration blocks through which they become like a blank canvas that consumers can project their own identity and goals onto. As such, consumers are highly involved, engaged, and committed,

representing another form of warm loyalty.

Finally, in nurturing partnerships, consumers engage in intense crowdsourcing as well as crowdsending, which leads to a profound relevance of the platform for consumers' sense of self. That is, the platform becomes a co-creator of a consumer's identity as much as the consumer co-creates the platform offering, leading to what we term hot loyalty. A consumer seeking to become a proficient runner, for example, crowdsources training routines while also exercising her new identity as an increasingly avid runner through crowdsending by advising other consumers, setting up competitions, or sharing running routes.

Wiegand warns, though, that "While the opportunities of brand flagship platforms are enticing, they also come with distinct risks, such as the dilution of the core brand due to the inclusion of third parties, platform hijacking through consumers, and high operational costs."

For managers, the platformization of brands implies some fundamental changes to established notions. Flagship platforms shift the market focus from products to entire category spaces, require measurements that extend beyond brand performance to interaction quality, and demand new resources and skills that enable the ongoing orchestration of interactions and relationships. Given the increasing platformization of the marketplace, Reinartz says that "Companies will need to decide whether they want to stick to the traditional pipeline model, complement other platforms, or embrace the opportunities and challenges of operating their own [brand](#) flagship platform."

**More information:** Julian R. K. Wichmann et al, EXPRESS: The Platformization of Brands, *Journal of Marketing* (2021). [DOI: 10.1177/00222429211054073](https://doi.org/10.1177/00222429211054073)

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