

Determinants of Customer Value in Online Retail Platforms

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Abstract : This paper explores the effect online retail platforms have on customer behavior and retail patronage through an inductive multi-case study. Existing research on retail platforms and ecosystems generally focus on competition between platform members and most papers maintain a managerial perspective with customers seen mainly as merely one stakeholder of the value-exchange relationship. It is proposed that retail platforms change the nature of customer relationships compared to traditional brick-and-mortar or e-commerce retailers. With online retail platforms such as Alibaba, Amazon and Rakuten gaining increasing traction with their platform based business models, the purpose of this paper is to define retail platforms and look at how leading retail platforms are able to create value for their customers, in order to foster meaningful customer relationships. An analysis is conducted on the major global retail platforms with a focus specifically on understanding the tools in place for creating customer value in order to show how retail platforms create and maintain customer relationships for fostering customer loyalty. The results describe the opportunities and challenges retailers face when competing against platform based businesses and outline the advantages as well as disadvantages that platforms bring to individual consumers. Based on the inductive case research approach, five theoretical propositions on consumer behavior in online retail platforms are developed that also form the basis of further research with this research making both a practical as well as theoretical contribution to platform research streams.

Keywords : retail, platform, ecosystem, e-commerce, loyalty

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