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Platform Strategy and Sustainable Market Dominance: The Moderating Role of Network Effects

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Abstract: A digital platform can reach a large market, but network effects are not always constant. This conceptual paper explores the relationship between platform strategy and sustainable market dominance and argues that network effects buffer it. Based on the dynamic capabilities perspective and network externalities theory, and after an integrative review of studies published primarily between 2023 and 2026, the paper explains the three constructs, compares platform development in China with the rest of Africa and other emerging markets and reviews survey, panel, cross-country, quasi-experimental, case and modelling studies. According to the review, platform strategy is achieved through capabilities that maintain platform flexibility; position durability depends on the strength and direction of network effects, which institutions, demand conditions, and competition influence. If there are negative or low network effects, a large number of users can actually harm the network. No reviewed study considers network effects as a moderator between general platform strategy options and dominance. The paper fills this gap with three propositions and a conceptual framework that does not assume network effects. It concludes with suggestions for managers and regulators, and an action plan to pilot the framework with firm level data from Nigeria.

Keywords: platform strategy, sustainable market development, dynamic capabilities, digital platforms.

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1.0 Introduction and Background

Many aspects of commerce now occur on digital platforms, and some of these platforms play roles that are extremely difficult for rivals to replicate. The concept of sustained advantage through barriers to imitation has long been around. The second recent mechanism is the network effect: platforms will be more successful in terms of value as they grow, as each additional member will make the platform more valuable for others, and the larger the user base, the more of an advantage this will give a platform over time (Yang et al., 2026).

Dominance, however, is not the same thing as lasting dominance. In a cross-country analysis of the sustaining power of network effects, Yang et al. (2026) conclude that the sustaining role of network effects depends on context: stronger intellectual property protection weakens it, while greater demand heterogeneity strengthens it. Network effects are not something a platform can simply have; they depend on context. Karhu et al. (2024) agree, arguing that multiple types of network externalities can become more or less pronounced. In addition, Soares and Nieto-Mengotti (2024) review the theoretical literature and note that few studies account for negative effects on players on the same

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side of a market. When these effects exist, Singha et al. (2026) show that a platform must balance its control over transactions with the fees it charges, but profit is not necessarily affected.

Platform strategy shapes these forces. Participant retention and growth as an asset or liability depends on governance, pricing and complementor treatment decisions. As Engert et al. (2023) demonstrate, engagement with complementors is not something that can simply be taken for granted when forming a platform; rather, it is a process.

Yet, there is little research that has investigated the platform strategy and market dominance from the network-effects perspective. Network effects are not an end in themselves and therefore do not provide a clue as to when strategic choices make sense and when they don't. The question is important because it can have totally different results on platforms with poor and good networks.

Hence the paper examines the relationship between the platform strategy and sustainable market dominance, and the role of network effects in this relationship. The aim of this conceptual paper is to propose construct relationships, a boundary condition and future empirical testing, following the model proposed by Jaakkola (2020). It seeks to establish network effects as a moderator in the strategy and marketing literature and to create formal propositions on the extent to which network effects should dictate growth, governance and pricing decisions. The remainder of the paper includes a description of the review process, conceptual clarification, theoretical perspectives, country and organisation comparisons, empirical evidence, propositions and conceptual framework, critical discussion with managerial implications, and conclusion.

The following approach is used in this review:

This paper is an integrative review and not a systematic review. Key words were combined to identify sources in Scopus, Web of Science, and Google Scholar databases: platform strategy, digital platform, network effects, network externalities, platform ecosystem, performance persistence, and market dominance. Peer-reviewed papers were preferred, and focus was given to those published in the time span 2023-2026, which are related to platform strategy, network effects, and/or durability of platform positions. Works that were foundational were kept if the argument relied on them (Barney, 1991; Katz & Shapiro, 1985; Rochet & Tirole, 2003; Teece, 2007). There are ten empirical and modelling studies that form the core evidence base and reviews frame the field. The aim was not to carry out a literature survey, but to gather the evidence needed to build and validate the propositions in section 6.0.

2.0 Conceptual Clarification

Platform strategy

Platform strategy refers to the intended actions a platform owner takes to establish, manage and build a multi-sided market. Platform research has generally focused on technical architecture, network effects, and individual tactical choices, and Mamonov (2023) suggests a broader perspective that incorporates five elements, markets, partnerships, differentiators, staging, and profit logic. This paper takes that perspective. Platform strategy is how a platform approaches its users, complementors, what it does well, growth, and revenue generation. The partnership element is of particular interest, as the engagement must be maintained over time, as Engert et al. (2023) demonstrate, a complementor's engagement will change over time and will not be finalized at launch. Platform strategy is not the same as network effects, either. Management decides the strategy, while participants' actions create network effects.

Sustainable market dominance

Market dominance is a dominant position in the market that gives a platform significant influence over the market, its competitors, and its partners. The word sustainable adds a temporal dimension. A platform that takes the top spot and is outgunned the following year is notable, but not dominant. Time is captured by performance persistence across periods, i.e., whether the leading platform maintains its lead over time (Yang et al., 2026). Market share at one moment is not necessarily an adequate measure; durability matters as much as size. Multihoming (using multiple platforms) reduces exit costs and can make it harder for a large position to become secure (Herawatie et al., 2025). Empirically, sustainable market dominance can be observed through the persistence of share or performance over multiple periods, user churn rates, and the extent of multihoming.

Network effects

Network effects arise when a user's utility from a platform depends on the number of other users. Same-side effects affect one group of participants, while cross-side effects impact groups, such as buyers and sellers. They are typically thought to be positive. Karhu et al. (2024) problematize this assumption by distinguishing between positive, negative, and amplified externalities and considering their interactions. According to Soares and Nieto-Mengotti (2024), the theoretical literature does not address negative same-side effects, and Singha et al. (2026) show that negative same-side effects require a trade-off between transaction control and fees. For this paper, network effects are therefore considered variable in both strength and direction, not always positive. Same-side and cross-side

effects should be evaluated separately for measurement; direction should be noted in addition to size.

Conceptual linkage

Platform strategy is the independent variable, sustainable market dominance is the dependent variable and network effects is the moderating variable. The moderating effect results from the conditional nature of network effects mentioned above. The same strategies are likely to yield more lasting impacts where network effects are strong and positive, and less or even harmful impacts where network effects are weak or negative. As Yang et al. (2026) show, the sustaining power of network effects is not inherent to a platform but depends on the level of IP protection and the degree of demand heterogeneity. These relationships are expanded upon into propositions in Section 6.0.

3.0 Theoretical Perspectives

The paper is guided by two theories. The dynamic capabilities perspective helps explain how a platform can construct and sustain its position. The theory of network externalities can be used to account for the various durations of its position in different platforms and settings. Mamonov (2023) notes that platform research has evolved along distinct lines and that merging these lines is one way to address the fragmentation.

Dynamic capabilities view

The resource-based view holds that valuable, rare, inimitable, and non-substitutable resources are the basis of sustained advantage (Barney, 1991). In digital markets, this seems like a limited perspective as power lies in renewing resources, not just in maintaining them. The dynamic capabilities view of the firm overcomes this limitation. Dynamic capabilities are the ability to "sense opportunities, seize them and reconfigure resources as conditions change", according to Teece (2007). Ogrean (2025) conducted a bibliometric study of 521 articles published in Scopus-indexed journals to trace the field's development from a focus on firm routines to capabilities embedded in social and technical arrangements, driven by platforms and ecosystem-oriented.

The findings of the platform firms are similar. Haki et al. (2024) explored a transition from a product platform to an innovation platform and identified four capabilities needed for the transition: resource curation, ecosystem preservation, resource reconfiguration, and ecosystem diversification. Engert et al. (2023) analyse the dynamics of complementor involvement in platform systems. These studies corroborate that deploying capabilities within the reading platform is a strategic choice and that the platform's and its ecosystem's adaptability will help it assume a dominant role.

The view is somewhat restricted for the purposes of the present. It explains how a platform can be renewed, but it does less to explain why similar capabilities can lead to long-term domination on one platform and only short-term advantage on another. That difference needs to be explained from a different perspective.

Network externalities theory

Network externalities theory assumes that the more people use a product, the more valuable it is to an individual (Katz & Shapiro, 1985). They have been extended in the theory of two-sided markets by Rochet and Tirole (2003), where two different groups of participants depend on one another and, in which the form of prices on the two sides is relevant. Recent research challenges the notion that these effects are always beneficial to the leader. Karhu et al. (2024) classify externalities as positive, negative and amplified; and demonstrate how these externalities interact. Negative effects within the same group of participants are seldom modeled (Soares and Nieto-Mengotti 2024) and, as Singha et al. (2026) demonstrate, when negative effects do exist, platforms need to weigh fees against control of transactions.

There is evidence of persistence points in the same direction. In this paper, Yang et al. (2026) demonstrate that network effects are sustaining only if there is heterogeneity in demand and if there is protection of intellectual property. Another factor, which has been discussed in various studies on platform competition (e.g. Herawatie et al., 2025), is multihoming, which can reduce the power of a large network.

Theoretical integration

The two viewpoints give two different answers. The dynamic capabilities view is about what a platform does and the network externalities view is about the conditions under which it does it. The latter is required because network effects are not enough to account for how a platform grows and evolves its network. The latter is required because similar capabilities do not always lead to a lasting dominance in one situation and only a temporary advantage in another. By combining them, this paper views platform strategy as the use of dynamic capabilities, sustainable market domination as the longevity of the dynamic capabilities' position and network effects as the phenomenon that conditions the power of the relation between the two. The more positive the network effect, the more value each new player that a strategic move brings to the others, the longer the strategic move position is likely to endure. In markets with low or negative network effects, the same actions can also draw in consumers, but can also result in a loss of value. This argument also indicates that network effects are a moderator, not a mediator or a direct cause, and justifies the propositions in Section 6.0.

4.0 Comparative Analysis of Countries and Organisations

This section discusses how platform strategy and network effects interact in national and organisational contexts. The cases are drawn from published research and illustrate variations in institutions, control over access to the network, and how scale was achieved. Both sides of each case are read through the two points of view outlined in Section 3.0.

China and evidence across countries

In China, the state strongly supported the development of the platforms. During the beginnings of the Chinese platform market, the government was heavily involved, a follower strategy was adopted with respect to technology, and the language and culture of the country were kept in mind (Mokhammad, 2025). The government also limited foreign companies' activities in the national internet space in the second half of the 1990s, thus protecting domestic leaders from powerful foreign competition. However, Mokhammad (2025) warns that no single measure can capture the strength of a national platform: The United States outperforms China on a number of international measures of digital competitiveness and network readiness. Now, according to the same author, Chinese authorities are worried about rebalancing current ecosystems, as a reaction to labour problems and to competitive practices like discrimination against small companies and dumping, giving platforms room to manoeuvre when it comes to the adjustment. Having market leadership thus involves regulatory and competitive risk.

There is need for additional caution on a nationwide basis. Whereas Yang et al. (2026) determined that the sustaining power of network effects is lower in international markets with high levels of IP protection and higher in markets with high demand heterogeneity. Thus, dominance in one country does not necessarily translate into another country with other institutions.

Africa and other emerging markets

The challenge is different in many emerging markets: institutions can block the emergence of a network in the first place. Peprah et al., (2024) examined Jumia, the panAfrican e-commerce company based in Lagos, and found infrastructural, regulatory and legal, and cognitive and cultural gaps which limited the company's business model. The firm's response was a nonmarket strategy with a focus on establishing legitimacy, and part of the firm's strategic thrust was in the institutional arena, not at customers or rivals. Regulatory changes that enabled nonbank operators to operate mobile money platforms boosted credit access from formal financial institutions, according to Agarwal and Assenova (2024), who analysed data on 151,771 people across 78 countries. They believe that this is achieved through scaling via network effects. In this context, network effects only come into existence when the platform becomes legal and legitimate. Together, the two studies indicate that in emerging markets, the first challenge is to establish conditions where a network can emerge and the second is to defend it.

Organisational Differences with China

Even within a country, there are variations in the routes to scale between organisations. According to Mokhammad (2025), Alibaba is the centerpiece of a platform that encompasses trade, payments, cloud services and logistics, and the marketplaces generate revenue in various manners. Taobao doesn't charge anything to the sellers or buyers and makes money from advertising and priority services, while Tmall makes money from subscriptions, commissions and in-platform services. There is a similar reasoning in the case of the incumbent software company examined by Haki et al. (2024), which had to acquire the skills for ecosystem preservation and ecosystem diversification to transition to an innovation platform ecosystem.

But Pinduoduo went the other way. It joined hands with Tencent, and by accessing the WeChat network, it soon emerged as Alibaba's chief competitor (Mokhammad, 2025). It is demonstrated in the case that it is possible to use an existing network by partnership rather than creating a new network, and also that the advantage of a leader can be lessened when access to the users changes.

Comparative synthesis

There are three differences. First, the origin of the network differs: in China the network was developed with the support of the state, Pinduoduo borrowed a network and in the African cases the network was limited by institutional voids. Second, the strategic task is different, Chinese leaders battled on breadth of ecosystem and structure of pricing, Jumia part of its strategy was on legitimacy. Third, the security of a lead is determined by access to the users, and by the rules that govern access. These differences align with the conditional theory of network effects (Karhu et al., 2024; Yang et al., 2026) as a measure of how dominant a platform can become across different network settings. The cases also imply a simple typology of networks: built, borrowed and institutionally constrained. For future empirical studies, this implies that network effects cannot be taken for granted and should be measured in each setting based on platform size.

5.0 Review of Empirical Evidence

Table 1 summarises the core studies. The discussion that follows groups them by the part of the argument they inform.

Table 1. Summary of core empirical and modelling studies

Study	Context and design	Key finding	Relevance to this paper
Liu and Wang (2024)	Chinese platform firms; questionnaire survey, structural equation modelling	Dynamic capabilities raise ecosystem value co-creation; indirect network effects mediate the link	Supports the capability reading of strategy; treats network effects as a mediator, not a moderator
Haki et al. (2024)	Enterprise software ecosystem; multi-perspective case study	Transition to an innovation platform needs resource curation, ecosystem preservation, resource reconfiguration and ecosystem diversification	Specifies capabilities behind platform strategy; does not measure durability of position
Engert et al. (2023)	Two enterprise software ecosystems; embedded case, 30 complementor interviews	Complementor engagement follows stable, growing, selective or abating trajectories	Shows participation must be sustained over time
Yang et al. (2026)	Social platforms across countries; cross-country panel	IP protection weakens and demand heterogeneity strengthens the role of network effects in performance persistence	Closest to the moderating logic; outcome is persistence of social platforms
Lyu and Jiang (2023)	Listed Chinese platform firms; panel data	Irregular internationalisation pace lowers performance; network centrality of overseas companies and R&D investment moderate positively	Treats network effects as a boundary condition, but for internationalisation
Duan et al. (2024)	Platform ecosystems; Lotka-Volterra simulation	High network thresholds are linked to robust performance and resilience; competition weakens performance	Shows configuration and direction of effects matter; assumed parameters
Duan and Li (2023)	Platform ecosystems; simulation	Identifies conditions for ecosystem collapse and strategies to avoid it	Points to tipping points that threaten durability
Singha et al. (2026)	Two-sided market; game-theoretic model	Negative same side effects force a trade-off between transaction control and fees; profit not necessarily hurt	Shows negative effects alter the payoff of strategy
Agarwal and Assenova (2024)	78 countries, 151,771 individuals; difference-in-differences	Reforms allowing nonbank mobile money operators widen access to formal credit, partly through network effects	Institutions enable or block network formation
Peprah et al. (2024)	Jumia; qualitative case study	Institutional voids constrain the business model; nonmarket strategy builds legitimacy	Legitimacy as a precondition for network effects in Africa

Platform Strategy and Capabilities

Evidence on platform strategies is based on the capabilities that enable platforms to create value. Liu and Wang (2024) collected questionnaire data from platform companies in China and used structural equation modelling to test their model. They discovered that dynamic capabilities of the platform firms has a positive influence on value co-creation in the ecosystem, and that the influence of dynamic capabilities on value co-creation is mediated by indirect network effects. The finding is valuable, but it doesn't test whether it affects the force of the pathway. Haki et al. (2024) found that the incumbent which moves to the innovation platform ecosystem needs four capabilities: resource curation, ecosystem preservation, resource reconfiguration and ecosystem diversification from data collected from the platform owner, platform partners and end-user firms in an enterprise software ecosystem. Both studies validate platform strategy reading based on capabilities, described in Section 3.0, but neither of them measures whether a position is held.

Network Effects and Sustained Advantages

The best evidence for durability is from studies which track performance over time. Based on cross-country data from social platforms, Yang et al. (2026) confirmed their hypotheses that IP protection leads to a decrease in the contribution of network effects to the continued superior performance and demand heterogeneity leads to an increase in the contribution of network effects to the continued superior performance. Using data on listed Chinese platform companies, Lyu and Jiang (2023) found that the relationship between internationalisation frequency and performance was non-linear, and that the network centrality of overseas companies weakened the negative effect of an irregular pace of internationalisation. Investment in R&D also had a moderating effect, and this was more pronounced for firms in the early stages of internationalisation. Both studies see network effects as a boundary condition, but are close to the approach used here in that they focus on the persistence of social platforms and the speed of internationalisation, not platform strategy and market dominance.

Negative effects, competition and collapse

A second set of research reveals that network effects do not necessarily lead to stability. Duan et al. (2024) constructed a Lotka-Volterra platform ecology simulation. There was a positive correlation between high network threshold values and good network performance and resilience to network collapse, while high competition reduced network performance. To reveal the conditions and the risk of a platform ecosystem collapse, Duan and Li (2023) employed a simulation to demonstrate that. Singha et al. (2026) built a two-sided market with negative externalities among buyers, where the platform has to balance control of transactions with seller fees, without necessarily harming the profit. These studies use assumed parameters, and thus offer indication of mechanisms, but not magnitudes. As a whole, they indicate that a large user base can be a curse if network effects are weak or negative.

Institutional context

Institutional factors also shape the evidence. Agarwal and Assenova (2024) used a difference-in-differences approach and data from 151,771 people in 78 countries and found that reforms enabling nonbank operators to operate mobile money platforms boosted access to formal financial institutions' credit, particularly for marginalised groups. Based on interviews, observation and archival data of Jumia, Peprah et al. (2024) found infrastructural, regulatory and legal, and cognitive and cultural voids that posed a threat to the business model of the firm and how nonmarket strategy helped them achieve legitimacy. Both are from emerging markets, where network effects are not a given.

Synthesis and research gap

Three patterns emerge. First, survey and case evidence treat platform strategy as a set of capabilities (Haki et al., 2024; Liu & Wang, 2024). Second, network effects depend on institutions, demand, competition, and network position (Duan et al., 2024; Lyu & Jiang, 2023; Yang et al., 2026). Third, evidence from emerging markets suggests that institutional conditions must be present for network effects to exist (Agarwal & Assenova, 2024; Peprah et al., 2024). Two reviews highlight the field: Soares and Nieto-Mengotti (2024) point out that the negative effects of participants on the same side of a market are under-researched, and Herawatie et al. (2025), in their bibliometric analysis of 253 Scopus-indexed studies on multihoming from 2000 to mid-2024, report that the effects of networks in platform competition constitute a research theme.

Important gaps remain. None of the studies reviewed considers whether network effects moderate the link between a wide range of platform strategy decisions and continued dominance, and the modelling studies use assumed values for network effects. Most samples are from China, and no study has focused on Nigeria or similar markets. Outcome measures also vary, from corporate financial performance to credit availability, making comparisons difficult. This gives rise to the following propositions.

6.0 Propositions and Conceptual Framework

The arguments in Sections 2.0 to 5.0 lead to three propositions. They are expressed on the level of the firm and serve as a guideline for empirical testing.

Dynamic capabilities view argues that platforms that sense opportunities, seize them and reconfigure their ecosystems

are more likely to stay in place (Haki et al., 2024; Teece, 2007). Thus, strategy to maintain complementor engagement and adjust the ecosystem should help to maintain sustainable dominance (Engert et al., 2023; Liu & Wang, 2024).

> *Proposition 1: Platform strategy and ecosystem-related dynamic capabilities are positively related to sustainable market dominance.*

According to network externalities theory, the value generated by each new participant is dependent on the power of network effects (Katz & Shapiro, 1985; Rochet & Tirole, 2003). When these impacts are strong and beneficial, a strategic move that brings in participants benefits others and is harder for the opposition to undo. The conditional perspective (Lyu & Jiang, 2023; Yang et al., 2026) is supported by evidence that network effects can sustain themselves when shaped by institutional and demand conditions.

> *Proposition 2: Network effects moderate the relationship between platform strategy and sustainable market dominance, and this moderation is stronger when network effects are strong and positive.*

In some cases, network effects can be negative, so that growth can actually diminish the value that each participant receives. Negative cross-network or same-side effects are found to affect performance and the payoff of governance and pricing decisions in modelling studies (Duan et al., 2024; Karhu et al., 2024; Singha et al., 2026).

> *Proposition 3: When negative same-side or cross-side network effects exist, a growth-oriented platform strategy undermines sustainable market dominance.*

Figure 1 shows the framework. Intellectual property protection, regulation, and demand heterogeneity influence the size and direction of network effects as conditions (Agarwal & Assenova, 2024; Peprah et al., 2024; Yang et al., 2026). It is added here for demonstrative purposes only and is not a fourth proposition.

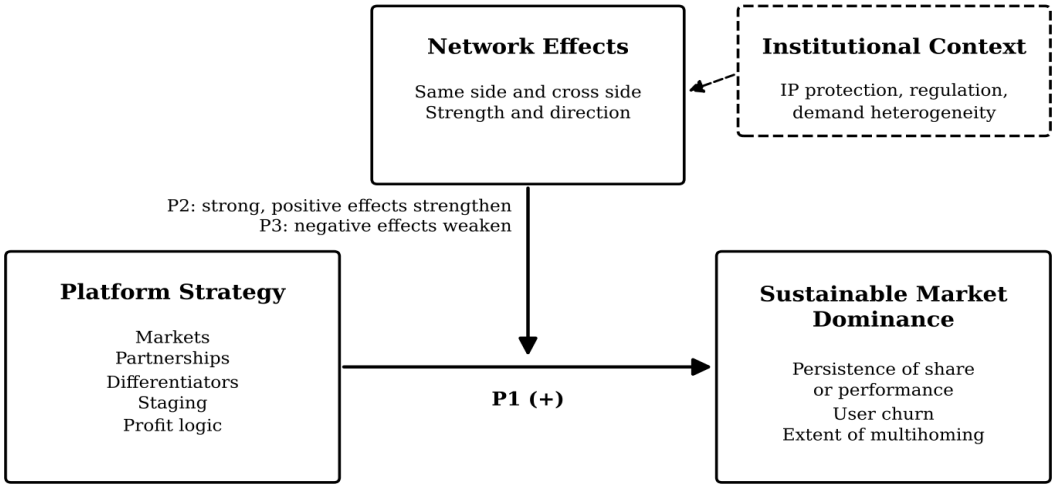


Figure 1. Conceptual framework of platform strategy, network effects and sustainable market dominance

Source: Developed by the author from the reviewed literature.

There should be one qualification stated. As indicated in the cases in Section 4.0, strategy can also influence network effects: Pinduoduo used a network by participating in partnerships, and Jumia created a network by making it possible. In the long term, however, strategy and network effects may interact. Moderating logic is most defensible in the short run when the strength of the network is largely fixed and moderating choices are made within the network. Future research can examine this by comparing a moderating specification with a mediating specification and by using longitudinal designs that capture feedback between the two.

7.0 Critical Discussion and Managerial Implications

Critical discussion

The evidence examined indicates that network effects may influence the payoff of a platform strategy but do not necessarily imply that a platform has won. It's a matter of persistence, Yang et al. (2026) say, because a lead is not necessarily final. They found that the same network can offer greater platform protection in one market than in another, because the sustaining force of network effects is weaker in markets with strong IP protection and stronger in markets with more heterogeneous demand.

The way in which network effects are introduced into a model is important. Liu and Wang (2024) treated indirect network effects as the mechanism linking dynamic capabilities and value co-creation, and Lyu and Jiang (2023) treated network centrality as a moderator of the relationship between internationalisation pace and performance. These results do not conflict; they examine different constructs and outcomes, but they all show that network effects depend on model design. This paper tends to be more moderate, since the network strength is mostly predetermined in the short term and managers select the strategy. Where strategy actively constructs networks, a mediating specification could well be viable and the two should be compared empirically.

Direction matters more than magnitude. Karhu et al. (2024) identify several types of network externalities, some of which can be negative, and Soares and Nieto-Mengotti (2024) note that researchers rarely study negative network externalities among players on the same team. Duan et al. (2024) run simulations and find the same direction, though with less success in areas of intense competition. Measuring network effects by the number of users alone can therefore overestimate the protection that the big platform receives. To manage such effects, Singha et al. (2026) argue that firms can balance control of transactions and fees without sacrificing profit.

Less consensus exists on the capability side of the argument. Ogrean (2025) finds that research on dynamic capabilities has shifted toward ecosystem-oriented capabilities; Haki et al. (2024) categorise the capabilities an incumbent should acquire to join an innovation platform ecosystem; and Engert et al. (2023) show that complementor engagement must be sustained over time. These studies examine not whether adaptation leads to lasting dominance, but the process of platform change. The connection of ability and permanent domination is therefore in part assumed and must be tested.

Any general statement will be qualified by context. Some of Chinese platforms' success can be attributed to institutional protection, as they developed with significant state participation, while foreign platforms' development was hampered (Mokhammad, 2025). Additionally, networks can be borrowed, as in the case of Pinduoduo and Tencent. In emerging markets, network building depends on regulation and legitimacy (Agarwal & Assenova, 2024; Peprah et al., 2024). Dominance thus is a product of strategy and setting. In this review, evidence from advanced economies is scarce, and so the conclusions cannot be generalised.

Another limitation of the evidence base is that, because modelling parameters differ, it is difficult to compare the results of modelling studies. Interpret their conclusions as signposts, and examine the propositions in this paper using firm-level data.

Managerial implications

There are five implications for managers.

Don't commit resources until you first assess the network. When considering investment in growth, managers should consider the magnitude and direction of each network effect, since they may be positive on one side and negative on the other. The stronger the positive effect, the more likely rapid growth and open participation will pay off. Investing in quality control and governance can better safeguard value in weak or negative areas than adding users (Karhu et al., 2024; Singha et al., 2026).

Second, invest in adaptive abilities. These involve curating resources, preserving the ecosystem and reconfiguring resources as conditions change (Haki et al., 2024). Monitor complementor engagement over time, and don't assume it will hold once it launches (Engert et al., 2023).

Third, watch for tipping points. Simulation analyses indicate that platform ecosystems can hit a performance plateau, where performance declines significantly, or the ecosystem fails (Duan & Li, 2023; Duan et al., 2024). Monitor user participation, competition, and negative interactions, and set early-warning thresholds for each.

Fourth, secure user access. A competitor can scale by partnering with another company that has access to users, as Pinduoduo did with the WeChat network (Mokhammad, 2025). Leaders need to rethink their reliance on communication channels they don't control.

Fifth, in emerging markets, use institutions as part of a strategy. Jumia has built legitimacy through a nonmarket approach amid infrastructural, regulatory, and cultural gaps (Pepáh et al., 2024), while Agarwal and Assenova (2024) show how mobile money reforms that allow nonbank operators to provide formal credit have expanded access to formal credit. Leaders can also expect a dominant position to attract regulatory attention, as happened recently in China (Mokhammad, 2025).

8.0 Conclusion and Recommendations

Conclusion

This is a conceptual paper that explored the relationship between platform strategy and sustainable market dominance and contended that network effects condition this linkage. It drew on the dynamic capabilities view and network externalities theory and viewed platform strategy as the deployment of capabilities, sustainable dominance as the durability of the outcomes of such deployment, and network effects as a moderator. This framing is supported by evidence reviewed. Network effects can help the leader stay

in place, but they are not always very strong and can be either positive or negative depending on the institutions, demand conditions and competition (Duan et al., 2024; Karhu et al., 2024; Yang et al., 2026). Comparative cases indicated that networks can be created with state support, can be borrowed via partnership or can be limited by institutional voids (Agarwal & Assenova, 2024; Mokhammad, 2025; Peprah et al., 2024). The main argument is that platform strategy is no recipe for success, it is dependent on the type of network it is applied to. The paper presents this argument through three propositions and a conceptual framework, none of which the reviewed studies have directly examined.

Recommendations

Recommendations are provided to managers, regulators and researchers.

i. Before investing in a network, managers should measure network effects separately on each side of the platform and determine whether they are strong and positive or weak and negative. They need to invest in capacities that maintain ecosystem adaptability and track complementor involvement over time (Engert et al., 2023; Haki et al., 2024). They should also set early warning thresholds for participation and competition, as ecosystem performance may drop significantly once a threshold is reached (Duan & Li, 2023), and assess reliance on channels that regulate user access (Mokhammad, 2025).

ii. As evidence from mobile money reforms on credit access shows, regulators should note that rules can positively or negatively affect network formation in emerging markets. They should also consider the pros of scale and the cons of incumbency, as larger market shares draw regulators' attention (Mokhammad, 2025).

iii. Future studies should test the three propositions using firm-level data, compare the moderating specification with a mediating specification (Liu & Wang, 2024), and separately measure same-side and cross-side effects. Longitudinal designs could also measure feedback between strategy and network effects over time. A clear gap in the existing evidence could be filled with samples from Nigeria and similar markets.

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