

# Promotional Tools Influencing Service Consumption of Platform Businesses: A Study on Dhaka City

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## ABSTRACT

This paper aims to investigate the impact of promotional tools on platform businesses, which is a capability-based value-creation business model. Primary and secondary information has been collected for this study to identify the affiliation between promotion and its impact on users' responses. To test the hypothesis that the promotion of platform business leads to an increase in its usage rate, a survey is conducted, and respondents are selected from two different City Corporations in Dhaka. A descriptive analysis is made by surveying total of 219 respondents. Among them, 116 samples are collected from Dhaka South City Corporation & remaining 103 samples are collected from Dhaka North City Corporation. The result revealed that there is an impact of promotion to increase the usage frequency of the platform's users. Particularly sales promotional offers are mostly influencing users of platform businesses. It is also evident that due to promotional offers users are motivated for stockpiling which is directly hitting the sales revenue of the platform businesses.

**Keywords:** Eco-System, Interactions, Network Effect, Platform Business, Supply-and-Demand Side, Shared Value, Value Co-Creation.

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## I. INTRODUCTION

Understanding the impact of marketing promotion or communication tools on platforms usage rate has been the main interest of this study and the subject of investigation. The increasing use of promotional tools is motivating platform users to make more use of platforms at their convenience.

A platform business is a market space that only facilitates users (supply-side and demand-side) to make interactions whereas the platform doesn't have its inventories and equipment to run the business. It works as a medium for demand-side and supply-side participants to meet their needs through value co-creation. Platform business is enabling & supporting transactions between independent supply-side and demand-side participants who are co-creating value (Täuscher & Laudien, 2018). Platform business is encouraging interactions among the demand and supply side participants such as Uber, Evaly, Pathao, Daraz, etc. They are following an open business model where any entity can join as a participant either on supply side or demand side only opening an account.

The trigger point of platform businesses is the network effect which can be stimulated through making effective promotions. Peattie and Peattie (1994) gave an idea that marketing activities are specific to a particular time, distinct places and different user groups which are encouraging user's responses directly. Offering additional incentives or benefits

are also contributing to generating user's responses for platform businesses that differ from conventional business operations. Businesses are using different promotional tools to increase brand awareness and differentiate the brand. But competition is very intense among the brands and platform businesses are also facing intense rivalry in the related industry. The promotional tools have a direct impact and strong influence on an individual's purchase behavior by inciting users towards the platform and retaining existing users. It is observed there is a need for a more clear idea about how promotional tools have an impact on platform businesses. Therefore the study aims to explore the impact of promotional tools on platform businesses' usage rate, i.e. advertising, sales promotion, personal selling, direct marketing, and public relation (PR), to scrutinize out-turn on platform businesses. A platform business is following a complex two-sided model unlike a conventional one-sided pipeline business (Evans & Schmalensee, 2008; Kim, 2014) so it is important to make business decisions evaluating adequate information and relevant considerations. Thus this study provides a suggestion about how users are getting affected by the promotional offers of the platform business that increases their usage rate.

In the relevant platform industry, there are major competitors, offering similar services at similar or different prices to an extent. Businesses must stand out from each other so that they can maximize profits. As there is a lower scope of differentiation in platform services so users are very much price sensitive in this regard. For that strong reason,

businesses are more focused on implementing their sales promotional strategies, and direct marketing to extract expected responses from the users. Therefore, it is more important now to identify whether promotional tools are affecting the user’s responses or not in the case of platform businesses.

This study analyzed various forms of promotions platform businesses are using and how those promotional methods are affecting users and their usage rate. To figure out how platform businesses used promotions to have a positive impact on platform usage rate is the principal focus of the study.

*A. Objective of Study*

The purpose of the study is to identify the impact of promotional tools on platform business’ usage rate. The customer’s black box is unknown to marketers so there is a need to identify whether users of platform businesses are affected by promotions or not. The objectives of the study can be stated as following specific objectives.

- To explore the promotional tools used by platform businesses.
- To study the impact of various promotional tools on platform businesses.
- To identify the opportunities platform businesses can seize.
- To identify the challenges of platform businesses in Bangladesh.
- To recommend ways to overcome the challenges.

II. LITERATURE REVIEW

*A. Platform Business*

Platform business is a predominant type of business model premised upon to bring different players together and increase interaction among themselves. Platform business is a capability-based value creation model which encourages actors of the platform eco-system to make a high level of interaction among themselves. Platform business is a kind of business model that facilitates both producers and ultimate users as a whole without owing any physical equipment for its own. Platforms businesses are creating a scalable network between required resources & their users which will be accessible only when the demand arises i.e. Amazon, Uber, eValy, Pathao, Airbnb, Alibaba, Daraz, etc. They are creating an infrastructure to enable producers & users to interact with each other. It facilitates users with more choices to satisfy their needs at their convenience.

About platform business, a theoretical base can be formed by reviewing studies regarding platforms from different perspectives. So there is theoretical evidence that for each and every successful platform it is indispensable to consider both sides of the market (two-sided context) and emphasize network effect too.

*B. Systematic Nature of Platform Business*

Platform business’ activities are quite different and systemic. The nature of the platform business can be summarized in Table I.

TABLE I: SYSTEMATIC NATURE OF PLATFORM BUSINESS

Subject of considerations	Robertson & Ulrich, 1998	Rochet & Tirole, 2003	Eisenmann <i>et al.</i> , 2006	Gawer & Cusumano, 2013
Description	The platform is a collection of shared assets.	Platform business is a two-sided market.	Platform is mediating interactions between supply & demand-side users.	Platform business can be any one of two distinct types; internal platform & external platform.
Viewpoint	Implies operations management perspective.	Implies industrial economics perspective.	Implies business strategy perspective.	Implies interdisciplinary research perspective.
Method	An empirical case study conducted on Graphic arts Imaging Technology Consumer Products; Fuji and Kodak. Used qualitative research method.	An empirical study focusing on network externality. Used quantitative research method.	An empirical study on Linux- which is a compatible software application. Used qualitative research method.	Empirical case study on Intel. Used qualitative research method.
Theoretical Lens	Two-sided market context.	Two-sided market context.	Two-sided market context.	Two-sided market context.
Contribution	Exhibits that effective production planning, managerial & system-level designs enable platforms to dispatch products to the market. And these are conserving resources related to production & development.	Outlines that different governance structures have distinct determinants of price allocation & compares those in an integrated way.	Reviews ingredients that are motivating decision-making to open or close mature platforms.	This reveals that industry platforms have more focus on innovation & enhancing network effects that motivating to use of platforms.

Source: Author’s elaboration

TABLE II: KEY BUSINESS MODEL ATTRIBUTES OF PLATFORM BUSINESS

Type of Platform can be	Activity	Pricing	Systematic Review
Mobile app-based	Content creation	Can be fixed; Settle by the seller	Review by users
Web-based	Data service; Community creating.	Settle by buyers; Negotiable; Auction	Review by platforms

Source: (Täuscher & Laudien, 2017)

Platform businesses can create value for both sellers and users, using a digital or offline transactional system that has vertical and horizontal industry scope. The participants of the platform business can be any player from C2C, B2B, and B2C markets as well as it can operate its business global, local, or regional level. Platform businesses can be either pure web-based or mobile apps where they can use commissions, subscriptions, advertising, or service sales as their revenue stream. The pricing mechanism is also not fixed for any platform, according to the business nature and the level of player's involvement in the market business can set a price. Pricing methods can be any one of the following; fixed pricing, market pricing, or differentiated pricing strategy. Pricing dimensions can also be discriminated based on product or service features, location, and quantity (Author's elaboration, 2021).

### C. Platform and Complementary Components

A platform business is organizing and encouraging interchangeable interactions with each player existing in the ecosystem. Platform business is an open platform where there is a lower level of rigidity. There is the ease of restriction to use that platform and commercialization of the technology (Boudreau, 2010). Platform business is considering two-sided networks; demand-side users and supply-side users. To organize & incorporate the platform two or more mediators have to attain marked roles, platform provider and platform sponsor. Providers of the platforms conciliate user's interactions and transactions by providing user surface to commerce through the platforms. Sponsors of the platform are not directly interacting with users instead of that control the power to adjust the platform's system and technology (Eisenmann *et al.*, 2008).

### D. Platform Ecosystem

Platform business is following two-sided market theory where participants are connecting and interacting through the interface of a platform. Platforms have to follow a well-defined business eco-system that is creating values & aids for all contributors. To sustain in the relevant platform industry it is important to take care of establishing a business ecosystem. Research suggests that quality management and structure of the revenue stream are core components of the platform business model (Kim, 2016).

Kim and Yoo (2019) suggest the house of platform business indicating the ways to complete the business ecosystem. In that house, platform business is following stages of growth model as conventional businesses do. To build the business eco-system platform needs to combine the core elements with different stages of the growth model asking relevant strategic questions. In the initial stage of choosing a platform business, it is important to make environmental analysis considering internal & external environments. In the growth stage, the platform should consider both sides of the market and address the ways to create values for the participants of both sides. In the business expansion stage, there is a need for creating a network effect model for the platform addressing the ways of encouraging the same side or cross side networks effectively. The network effect happens as more people use the platform and it becomes more valuable. In the maturity stage finally, the quality structure and revenue structure will build (Kim &

Yoo, 2019). Another evidence is given by Kim and Yoo (2019) that network effect among the players of the platform eco-system has a significant impact on its users & revenue stream of platforms.

### E. Business Promotion and Its Impact

The promotional mix includes such tools which are communicating benefits of the products and services effectively to its target users to convert the potential users into actual ones (Alireza Aghighi, 2020). Marketers attempt to promote the products & services to persuade the users and instigate their intention to purchase. Odunlami and Ogunsiyi (2020) investigated that the effectiveness of promotional tools such as sales promotional tools could lead to higher sales & ultimately generate profit margin for the business. In addition to that occasionally businesses can take full advantage of that by executing an effective sales promotion to increase brand awareness. It is also leading to greater sales & profit margin of the business (Odunlami & Ogunsiyi, 2020). One of the essential parts of marketing is a promotion which increases customer's purchases & hits on the company's profit indirectly (Alireza Aghighi, 2020).

Most of the researchers use marketing communication programs for generating findings of the impact of promotional tools on a company's performance in the consumer product industry. More precisely they find out the impact of advertisement execution quality on user's response, amount of media spending on company's profit margin & major effects of sales promotion on sales revenues of the business. All these are very much applicable to all pipeline businesses but in the case of platform business, it will be quite different. The main reason behind that is platform business is centered on a core interaction between two participants in the eco-system, whereas pipeline is centered on a process (production, assembling, and distribution). The platforms are using five major promotional tools to create an impact on user's responses. Not only the impact of promotion on user's purchase decisions was recognized but also the impact of promotions on a user's stockpiling was also studied.

Research suggests that consumer's attitude toward stockpiling has changed. Due to rapid promotional impact consumers are now not making categorical purchases to fulfill their needs. Instead of that, to avail some sales promotional incentives they are tempted to purchase more goods (Mela *et al.*, 1998). The promotion also has an impact on brand switching; studies evident that brand switching is a common incident when consumers are getting promotional offers (Sun *et al.*, 2003). In the case of platform businesses, these two cases are related. To avail of the promotional offers users who use those platforms are not bound to their categorical limited number of purchases. They are purchasing more (non-food, packaged consumer goods) in that promotional offer period, which is also encouraging their stockpiling. In the case of brand switching, while users are getting promotional offers from platforms, and they are motivated to switch. For example, if anyone wants to use a ride-sharing service; the person will prefer to go with a particular ride-sharing platform that is giving a promotional discount or other offers.

The promotional strategies of platform businesses are quite different from pipeline businesses so does the impact of these

tools on user's responses. In recent years, marketing programs have been changed and using the power of internet platform businesses are driving qualified and essential leads as well as increasing their revenue. Different promotional tools will create an impact and stimulate user's responses towards the brand.

#### F. Research Gap

Research evident that the relationship between marketing communication tools and the impact of those on company sales, but most of the cases are taken in the consumer product industry sector (Ailawadi & Neslin, 1998). So there is a scope to study the impact on promotional tools in the case of platform businesses. The current study provides the opportunity to reexamine and build a clear understanding of existing knowledge related to marketing communications effects on platform business' usage rate. The motive of the study is to identify the promotional tools impacting the service consumption rate of platform businesses.

### III. METHODOLOGY

According to Goddard and Melville (2001, p.1), the methodology of research goes beyond only gathering information. It is also about discovering new knowledge & for this purpose finding out the answers to all unanswered questions related to the study. In the case of newly discovered knowledge, being accepted and recognized is important to prove the validity of the study. The validity of the study is anchored based on the research methodology.

Unlike the quantitative approach that aims to count things to explain what is observed, the qualitative research method is geared toward creating a complete and detailed description of observation (Macdonald *et al.*, 2008, p. 9).

#### A. Methodological Approach

To investigate the effect of promotional tools influencing service consumption of platform businesses, it's important to find out is there any relationship between the use of promotional tools and the rate of service consumption of platform businesses. Primary data is required to achieve the aim, which will also be useful to explore the most effective promotional tools that are stimulating service consumption of platform businesses.

To identify the effect of promotional tools on platform businesses the study focuses on observational research method to find out the after-exposure effect of promotional tools on users, where variables are independent of one another during the research process. Primary data is collected to explore the promotional tools affecting service consumption rates.

#### B. Rational of Using the Observational Research Method

Observational research is a quantitative method to gather information, where it provides valid statistical analysis. This powerful method is used to gather primary data and describe the effect of promotional tools on platform businesses with the assistance of a statistical investigation. Variables used in the observational method can't be manipulated because variables are uncontrolled by the researcher. Due to these distinct characteristics, the nature and manners of the

variables can't be controlled by the researcher that ensures a higher level of internal validity. Internal validity is essential to draw statistical inferences about the hypothetical statement (Bhasin, 2021). This approach will help to check the effectiveness of promotional tools to decide whether to continue those or not. In addition to that identifying the most effective tool, spend more on that tool or divest expenditure from lower effective tools.

#### C. Methods of Data Collection

To conduct the observational or descriptive study and to identify the after-exposure impact of promotional tools on platform business' usage rate quantitative data is used. That is also useful to generalize the findings of the study to a wider population. To collect quantitative data operational definition is used to translate abstract concepts (e.g., perception) into observable and quantifiable measures (e.g., purchase intention) (McCombes, 2022). For this study, the abstract concept of user's purchase intention from platform businesses is operationalized by converting it into measurable observations. That operationalization reduces subjectivity & increases the reliability of the study. Three main steps are used for operationalization (Bhandari, 2022).

1. Identifying the main concepts studying.
2. Choose variables to represent each of the concepts.
3. Select indicators for each variable.

To identifying the main concept of this study, the research question can be operationalized in the following way. Is there a relationship between promotion and service consumption of platform businesses?

The use of quantitative data is giving the benefit of reproduction of the study in other cultural settings, in a different time even with different groups of respondents and the results can be statistically compared (McCombes, 2022).

TABLE III: OPERATIONALIZATION OF RESEARCH QUESTION

Main concept	Variables	Indicators
Promotion	Ad	Users are exposed to an advertisement & use that platform.
	Sales promo	Users getting promotional offers & use the platform.
	PR	Having reviews from others, users are using that platform.
	Personal selling	Employees are stimulating user's purchase decisions.
Service	Direct marketing	Direct promotion to users to instigate their purchase intention.
	Online purchase	The usage rate of platform businesses.

#### D. Target population

The target population of the study includes users of platform businesses, and the sampling frame includes users of platform businesses use the platform after exposure to any promotional tool and giving reviews in social media, are staying in Dhaka city during the survey period.

#### E. Sample Size

The sample size is 219 for this study & criteria for selecting samples:



- Users who are using platform businesses after exposure of their promotions.
- Users who are using the platform businesses more than once in the last 6 months.

F. Sampling Technique

For primary data collection population of the study is divided into two geographic strata and by convenience around 116 samples are collected from Dhaka South City Corporation and remaining 103 samples are collected from Dhaka North City Corporation. The survey is conducted with the assistance of a structured questionnaire to reveal the opinion about how promotional tools are affecting the respondents. The secondary data is collected from prior research done by different agencies and experts.

Data is analyzed using frequency distributions to evaluate the respondent’s frequency of using platforms after exposure to their promotions.

G. Data Collection Methods

For primary data collection, a survey is conducted. The survey is conducted with the support of a structured questionnaire to reveal the opinion about what promotional tools are most affecting to the respondents. Structured questions are designed to assess opinions, attitudes, or behaviors toward platform businesses after exposure to promotional tools of the platform businesses. Using the convenience sampling method respondents are selected. 116 samples are collected from Dhaka South City Corporation and 103 samples are collected from Dhaka North City Corporation. The survey is conducted in the meantime of January 2021 to February 2021.

IV. FINDINGS

A. Findings of the Study

Most of the users are highly interested to use platform businesses while promotions are going on and among the promotional tools sales promotional method is most affecting them. The study is made by analyzing responses taken from 52.97% of respondents in Dhaka South City Corporation & 47.03% of respondents are from Dhaka North City Corporation.

The result is indicating that the users of platform businesses can be distinguished themselves as regular platform users for fulfilling their needs or use platforms only when promotional offers are available.

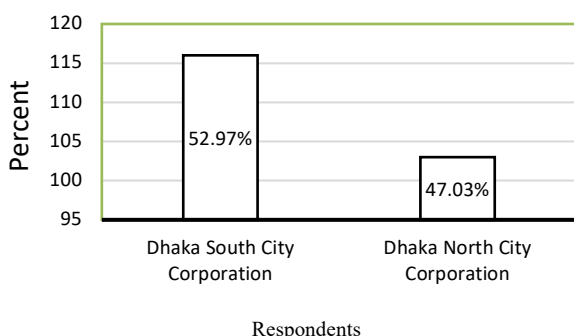


Fig. 1. Number of respondents from each City.

TABLE IV: PLATFORMS USAGE RATE FOR REGULAR PURPOSE

Usage for regular purpose					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	No	115	52.5	52.5	52.5
	Yes	104	47.5	47.5	100.0
	Total	219	100.0	100.0	-

Users of platform businesses are mostly not using the platforms for fulfilling their regular demand rather using those to avail some promotional offers. The result is also supporting that, around 52.5% of respondents out of 219 are not using platform businesses for their regular purpose. From this analysis, it is found that people are not mostly using the platform businesses for serving their regular needs rather using platforms more at the time of promotional offerings.

To measure the impact of promotional tools, each tool is analyzed distinctively and results of those are enlisted in the following part of the report.

B. Advertisements and Usage of Platform

Promotion of platform businesses through advertising is instigating user’s response, and the result also indicating so on. 62.1% of respondents out of 219 are responded positively that after viewing the advertisements they would consider using platform businesses more than before to fulfill their needs. The result is indicating that one of the promotional tools; advertisement has an impact on user’s responses, and after exposure of advertisement users are instigated to use platform business more than before.

TABLE V: IMPACT OF ADVERTISEMENTS ON PLATFORM’S USAGE RATE

Impact of advertisements on platforms					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	No	83	37.9	37.9	37.9
	Yes	136	62.1	62.1	100.0
	Total	219	100.0	100.0	-

C. Sales Promotions and Usage of Platform

Sales promotions which include some short-term incentives are more effective to influence user’s responses in comparison to other promotional tools. The result is giving evidence that out of 219 respondents 83.1% of respondents are using platform businesses more while they are having promotional gift cards, coupons and other sales promotional offers. Sales promotional offers are existing for a short period but in that period, platforms can attain huge profit by increasing sales. Among different sales promotional tools theoretical study suggests that discount offers are most attractive to the users. To investigate that analysis is made and Table VI includes the findings.

TABLE VI: IMPACT OF SALES PROMOTION ON PLATFORM’S USAGE RATE

Impact of sales promotion (gift cards, cash back offers, coupons) on platforms					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	No	37	16.9	16.9	16.9
	Yes	182	83.1	83.1	100.0
	Total	219	100.0	100.0	-

### D. Discount Offers and Usage of Platform

Different discount offers such as price cuts, buy one get one free, special discount for particular usage, using codes for discount etc. are the most popular discount offers for the users of platforms. Discount offers have a radical impact on the usage rate of platform businesses, and result is analyzed using five-point scaling technique. Fig. 2 shows the preference to use platforms more when price discount is given.

Fig. 2 is indicating 51.60% of respondents are agreed with the statement that while discount offers are available, they are highly encouraged to use the platform businesses. 26.03% of respondents are strongly agreed that platform's usage rate raises at the time of price discount. In total 77.63% of respondents are highly motivated to use the platforms while the platforms are giving discount offers.

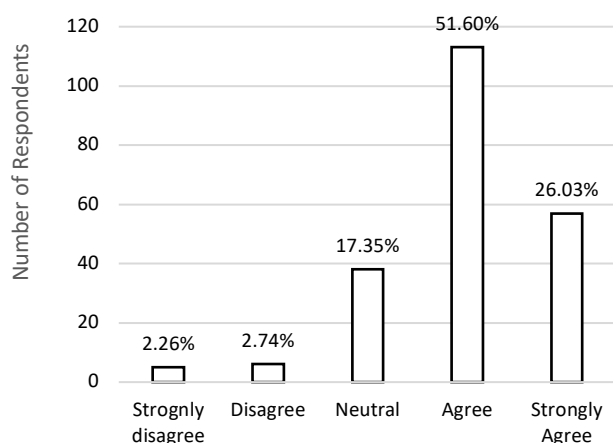


Fig. 2. Impact of discount offers on platform's usage rate.

### E. Personal Selling

In case of personal selling, it is a very crucial part for platform businesses as it's only creating a surface for stimulating interactions between users and suppliers. Result showed that 72.1% of 219 respondents agreed that personal selling of platforms can motivate supply side users more.

TABLE VII: IMPACT OF PERSONAL SELLING ON PLATFORM'S USAGE RATE

Platform businesses can do personal selling through employees				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	61	27.9	27.9	27.9
Valid Yes	158	72.1	72.1	100.0
Total	219	100.0	100.0	-

TABLE VIII: IMPACT OF DIRECT MARKETING ON PLATFORM'S USAGE RATE

Impact of direct marketing on platform business				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	109	49.8	49.8	49.8
Valid Yes	110	50.2	50.2	100.0
Total	219	100.0	100.0	-

### F. Direct Marketing

Direct marketing via text messaging, telemarketing, promotional emails etc. have around 50/50 chance to generate user's responses to use platform businesses. Result showed that 50.2% of respondents out of 219 respondents are using

platforms after getting direct promotional offers & 49.8% of respondents are ignoring those messages. So platform businesses should give lower focus to make strategies for direct marketing programs rather divest the effort to make other effective promotional offers for the users.

### G. Public Relation

Public relationship or PR activities are unpaid promotional offers to the users and for this study respondents are asked about the impact of word-of-mouth communication on their platform usage rate. Word of mouth communication is one of the most powerful promotional tools to build customer equity and result showed that 75.3% of respondents out of 219 have increased their usage rate of platform businesses because they are referred by others. So marketing strategies should build to motivate and stimulate existing users to spread positive word of mouth about the platform. This is only possible if users are satisfied with the service of platform businesses.

TABLE IX: IMPACT OF PR ON PLATFORM'S USAGE RATE

Impact of public relationship				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	54	24.7	24.7	24.7
Valid Yes	165	75.3	75.3	100.0
Total	219	100.0	100.0	-

### H. Impact of Promotional Content and Quality

To generate an ultimate effect of promotions it's necessary to make the promotional content of platform businesses meaningful and useful to the users. 86.3% of respondents revealed that promotion's quality, contents and spending are the matters for consideration. So platform businesses should use marketing myopia strategy to focus more on user's perspectives rather than on sell. In case of platform businesses the whole process is based on interactions of platform's players so to make the interactions occur frequently marketers should make effective promotional contents. Increasing number of users will directly impact on the sales revenue stream of platform businesses.

TABLE X: IMPORTANCE OF PROMOTIONAL CONTENT & QUALITY OF PLATFORMS

Importance of promotional content and quality				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	30	13.7	13.7	13.7
Valid Yes	189	86.3	86.3	100.0
Total	219	100.0	100.0	-

### I. Promotions and Stockpiling Intensity

Theoretical study suggests that there is a positive association between promotion and user's purchase behavior. Now the fact is that users are motivated to use platforms when there are promotional offers, and which is also instigating them for stockpiling. 63.5% of respondents are having that tendency to make stock of non-food items and packaged consumer goods while they have promotional offers.

So as promotional offers are available to users, they are instigated to make more usage of platform, and for some categorical items they are keeping stock. For example, Evaly, daraz, etc. are giving promotional offers for different

groceries, apparel, shoes, electronics etc. Some users are using those offers for their stockpiling purpose.

TABLE XI: IMPACT OF PROMOTION ON PLATFORM'S USE & INTENTION TO KEEP STOCK

Impact of promotions on keeping decisions for non-food items & packaged consumer goods				
	Frequency	Percent	Valid Percent	Cumulative Percent
No	80	36.5	36.5	36.5
Valid Yes	139	63.5	63.5	100.0
Total	219	100.0	100.0	-

### J. Promotion Instigates to Switch the Brand

Promotional offers of platform businesses have a direct impact on platform user's brand switching tendency. Out of 219 respondents, 84% of respondents revealed that they will tend to move to another platform if they get better promotional offers from competitive platforms.

TABLE XII: IMPACT OF PROMOTIONS ON PLATFORM SWITCHING INTENTION

Impact of promotions on brand switching				
	Frequency	Percent	Valid Percent	Cumulative Percent
No	35	16.0	16.0	16.0
Valid Yes	184	84.0	84.0	100.0
Total	219	100.0	100.0	-

### K. Promotion is Purchase Time Gaming

Promotion of platform businesses is instigating users to use the platforms exactly for a while, so that it can be a purchase time gaming of platform businesses. 78.5% of respondents are impacted due to that purchase timing game & used the platform which stimulates sales of the platform businesses.

However, it is revealed that around 80.3% of respondents make their perception about the platform from its promotions that converts trial users into an actual one. In addition to that increasing number of user due to promotional impact has a significant effect on sales revenue of platform businesses.

TABLE XIII: PROMOTION OF PLATFORMS IS A PURCHASE TIMING GAME

Promotion of platforms is a purchase timing game				
	Frequency	Percent	Valid Percent	Cumulative Percent
No	47	21.5	21.5	21.5
Valid Yes	172	78.5	78.5	100.0
Total	219	100.0	100.0	-

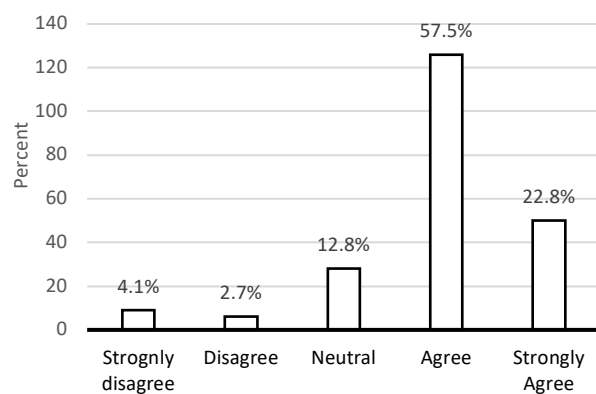


Fig. 3. Impact of promotions on user's perception and platform's sales revenue.

### A. Opportunities

Platform businesses are now playing a trendy role in business scenarios all over the world and in case of Bangladesh, it's not exceptional. This trend has been gaining a new momentum due to Covid-19 pandemic which brings the physical market into a platform.

Fig. 3 exhibits promotion's impact is highly related to consumer's perception and generate sales revenue of platform businesses.

- In benefit of this situation, the e-commerce sector which includes platform business has already been moved 5 years ahead so within next 5 years this sector will take position that it would take 10 years to attain.
- Within next 5 years, mass people will be habituated and dependent to this sector due to some special opportunities. Considering that blooming future this sector has been recorded as the 3rd highest foreign-funded sector (The Daily Star, 2021).
- Now people realized the efficiency & effectiveness of click-only shopping and digital transactions. It is also expanded the playing field boundaries of merchants which will lead the platform industry to enter into the maturity stage.
- Platform businesses ensure convenience to just make click to order the product online, especially if the brand has reputation of safe and proper delivery at the time of hectic schedule.
- Mass people need not carry money to make payment and due to this benefit cashless transactions is now more than 20% (The Daily Star, 2021).
- There is a scope of entry in the platform's ecosystem so that a large portion of citizens will take this opportunity and start their career in this sector.
- Taking benefits of smartphones for online shopping, platforms can minimize the gap between retail brick and mortar stores. Ensuring effective online shopping and delivery system platforms not only enables users to be smarter but also makes themselves automated.

Considering these opportunities it is estimated that approximately 3 billion more buyers will come online within the upcoming year (The Daily Star, 2021).

## B. Challenges

Covid-19 brought a shift in user's behavior and due to this situation, the use of platforms has increased. Though e-commerce sectors like e-retailers, platforms and regulators are the third highest funded sectors in Bangladesh, underlying negative issues about those e-commerce sectors are a matter of concern.

- Trust is the main challenge for platform businesses to overcome as there is an increasing number of problems that arises due to fake products, quality issues, delay in delivery, broken products, rudeness towards users etc.
- Most of the platform owners are start-up founders so they lack maturity about how to handle the investors.
- Brand-loyal users still prefer to purchase from physical outlets. Users of platform businesses aren't buying something that is too brand specific, and they are switching to other brands whenever they found any suitable offers. Lack of user's brand loyalty towards platforms is hampering brand equity of platform business.

These are the situational challenges platform businesses are facing but there are lots of challenges platforms are facing while they are making strategies for their promotional activities.

Platform planning is difficult in that sense while a platform fulfilling demands of diverse market segments. It has to salt down development and manufacturing resources. Two difficulties are highly spotted from planning and marketing manager's perspective and system-level designer's perspective. Product planning & marketing manager's perspective include considerations regarding market segments. In that regards platforms are enlisting the right market segments to set foot in, each segment's user's demand and considering the appealing product features for those users (Ulrich, 1998). System-level designer's perspective which is dealing with the issue of what product planning should cast-off to deliver various products at the time of sharing parts. These activities are challenging for their innately complex nature and are requiring collaboration among distinct manufacturing, design and marketing functions (Ulrich, 1998).

Platform businesses have advantage of having a lower cost of operation for example workers take on the costs of fuel, maintenance, insurance, and so on (Srnicek, 2017). Despite this advantage, it is very difficult for the platform businesses to be profitable. Initially, ride-sharing services i.e. Uber, Pathao faced huge legal issues and after considering the convenience, flexibility in Dhaka City it is approved legal as well as for this made appropriate regulations. This also helps to minimize exploitative practices and secure better wages (Srnicek, 2017) but it is fact that sharing economy is short-lived in the world.

Platform businesses should address the challenges of regulatory constraints, growth pressure, market shifts, and technological disruption. Recently Evaly faced a regulatory challenge, and it had to stop its business operations temporarily for a couple of months. Primarily platform businesses are focused on gathering unbridled data so it's an important consideration for platforms to make strategies & regulations that best scrutinize the data. In that situation, on

distribution side to eliminate the influence of unbridled data requires scrutiny which is maximizing data cost.

## C. Recommendations

- Build trust to increase brand loyalty is an important consideration as there is lack of brand loyal customers in case of platform business. So quality products and customer satisfaction should be ensured to gain trust.
- Use the "carrot and stick" approach to eliminate harmful merchants and providing incentives to high rated sellers. This approach will help to improve the eco-system of platform business through encouraging professionalism of platform's sellers.
- Regulators and policy makers should play a considerable role to create a uniform set of laws that will protect online users, scams and frauds.
- To be a market leader particular platform needed to serve required service quality ensuring customer satisfaction, display of excellence and competency.
- Platform businesses should set user-centric business objectives to satisfy the players of demand-side & supply-side.
- To execute purchase time gaming effectively platforms should not make the user understand that the game is set for business' benefit rather should make them understand the offers were only made to satisfy them.
- To eliminate the risk of unbridled data platforms are needed to make strategies that are low-cost complaint data.
- Making the promotional content focusing on how it could solve user's problems through platform's offerings.
- To minimize brand switching platforms are needed to make the business meaningful & useful to its users than competitors.

## D. Limitations of Study

Results of this project have to be seen in consideration of some constraints. This study has to face limitations results from some issues with the researcher. As the measurement of the effect of promotional tools of platform businesses on their usage rate, there was a need for some annual reports of platforms to understand the impact on sales volume but there was limited access to the annual report of platform businesses. Another major issue was time constraints, as pandemic situation is going on all over the world, so it was quite difficult to access required data and information.

## V. CONCLUSION

Over the years scholars studied and figured out promising relationship between promotion and consumer's purchase intentions. Use of promotion in case of platform business can leave an indispensable impression. This study aimed to find out that impression and moved towards identifying the impact of promotional tools on platform businesses. Study revealed that there is a significant after exposure effect on the response of platform users. It is also evident that all the promotional tools; advertising, sales promotion, personal selling, direct



marketing and PR are not accountable to generate user responses to the same extent. In that sense sales promotional tools; price discounts, incentive offers etc. are more impactful to generate user's responses for platform businesses. Ghafran Ashraf (2014) explored elements to motivate user's usage intention through sales promotion such as; physical surroundings, cash back offers, social surroundings etc. This study ended up with the conclusion that special discount offers and promotional incentives are highly countable to raise user's interest in platform businesses. Other than that there is very lower number of regular users of platforms, using those without any promotional offers due to cybersecurity problems. Implication of the study can be noted as platforms can generate more users to appeal to the trail users by effective sales promotional offerings.

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#### CONFLICT OF INTEREST

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