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Towards Sustainable Platform Ecosystems: Reinforcing The Two Pillars Of Trust

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Problem of practice

Today, digital platforms have become the foundation of a digital economy. App stores, e-commerce marketplaces, ride-hailing networks, and food delivery apps, among others, bring together millions of complementors (e.g., sellers, developers, and logistics agents) and billions of users by mediating digital interactions within a multi-sided platform ecosystem. Of foundational importance to such ecosystems is the trust between the platform participants and platform owner. Any breaches of trust can not only cause disengagement among sellers and buyers but also multiply quickly within a digital ecosystem. To address this issue, research by Annabelle Gawer and Martín Harracá investigates how inconsistent platform governance can trigger diverse practices among sellers and sometimes breach trust among platform participants.[1] Conversely, platforms that invest in transparent governance, fair value sharing with complementors, and participatory rule setting tend to sustain higher levels of engagement, attract higher-quality sellers, and face fewer regulatory interventions. This essay unpacks how inconsistent governance breeds misconduct and offers a concrete set of actions for platform owners to establish stronger governance and more sustainable growth

[1] The article 'Inconsistent platform governance and social contagion of misconduct in digital ecosystems: A complementors perspective' by Annabelle Gawer and Martín Harracá, featured in Volume 54, Issue 8 of *Research Policy*, shows that inconsistent platform governance erodes trust and spreads misconduct among complementors. To strengthen compliance and platform ecosystem sustainability overall, they recommend clearer, fairer, and more consistent rule enforcement

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Governance-growth trade-off

Digital platforms create value by orchestrating interactions among multiple market participants (e.g., buyers, sellers, developers, users, and logistics providers). Research refers to these participants as complementors — businesses or individuals who create products, services, or content on top of a platform's infrastructure, thereby adding value to the platform ecosystem. For example, complementors are third-party sellers of Amazon and food outlets or restaurants on Zomato or Swiggy. To enable coordination, platforms create rules, set standards, and implement algorithms that govern various aspects of their ecosystems. The aspects include participant entry and onboarding to the platform, pricing, data use, payments, and dispute resolution, all aimed at maintaining efficiency and protecting users. While platform owners must maintain transaction quality and instil trust among users, they are also driven by their economic objective of maximising transaction volume and growing revenue. Herein lies a tension: these dual objectives create an incentive for platform owners to tolerate some misconduct for higher sales growth. The tension results in a deliberate trade-off between revenue maximisation and the enforcement of laid-down rules and policies. What exacerbates the situation is the power imbalance between the platform owner and the participants. Across a range of ecosystems — ride-hailing, food delivery, media platforms, and app stores — the power imbalance has been at the centre of boycotts, lawsuits, and negative media coverage.[2] Often, sellers, third-party developers, and other complementors feel trapped because they cannot access customers individually to enhance their economic benefits.

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Types of complementor conduct

As a result of platform governance, the ecosystem participants may display a range of behaviours. Based on their research on Amazon, Gawer and Harracá outline a





spectrum ranging from full compliance ('white hat') to outright misconduct ('black hat'), and a broad grey area in between ('grey hat').

- **White-hat practices:** Most sellers follow and keep up with Amazon's constantly changing rules, pay for training, and avoid breaking the rules. Still, these sellers are frequently worried about being suspended for no reason; in polls, 41%–76% said they were worried that their accounts could be terminated or their listings taken down.
- **Grey-hat practices:** Many sellers exploit unclear laws or prevailing governance gaps to gain benefits. Examples include changing product titles or pictures to get buyers' attention, using automated programs to request reviews, or breaking packaging rules. Sellers say they must use these strategies to stay competitive, even as others can break these rules without getting in trouble.
- **Black-hat practices:** In extreme cases, a few sellers break the rules on purpose by buying phoney reviews, using 'zombie' accounts to boost sales, stealing competitors' listings, or selling fake goods. Surveys suggest 48-66% of sellers on Amazon fear black-hat tactics from competitors, and some even admit to using them themselves.

These practices do not arise in a vacuum. Strict control over pricing and other value-capture mechanisms, inconsistent governance, unclear rules, poor communication, and unpredictable enforcement: these factors all create a social contagion of non-compliance among complementors. Further, when sellers observe violators going unpunished, they mimic the unscrupulous merchants' behaviour. In 2024, Amazon invested more than US$1 billion dollars in artificial intelligence and other controls to address fraud and counterfeit activity, which arose in part from governance gaps.[3] Once unprincipled norms take hold in a marketplace, trust among buyers erodes, repeat purchase rates fall, and the platform's credibility is eventually damaged.

A tale of walled gardens

A cautionary tale is the court case fought between Apple Inc. (Apple), the US-based technology giant and manufacturer of the popular iPhone smartphone, and Epic Games, Inc. (Epic), a US-based developer of popular video game titles. Epic sued Apple and won the right to offer consumers a way to pay for in-app purchases that bypassed Apple's payments and the accompanying 30% commission.[4] The case highlighted how large platform

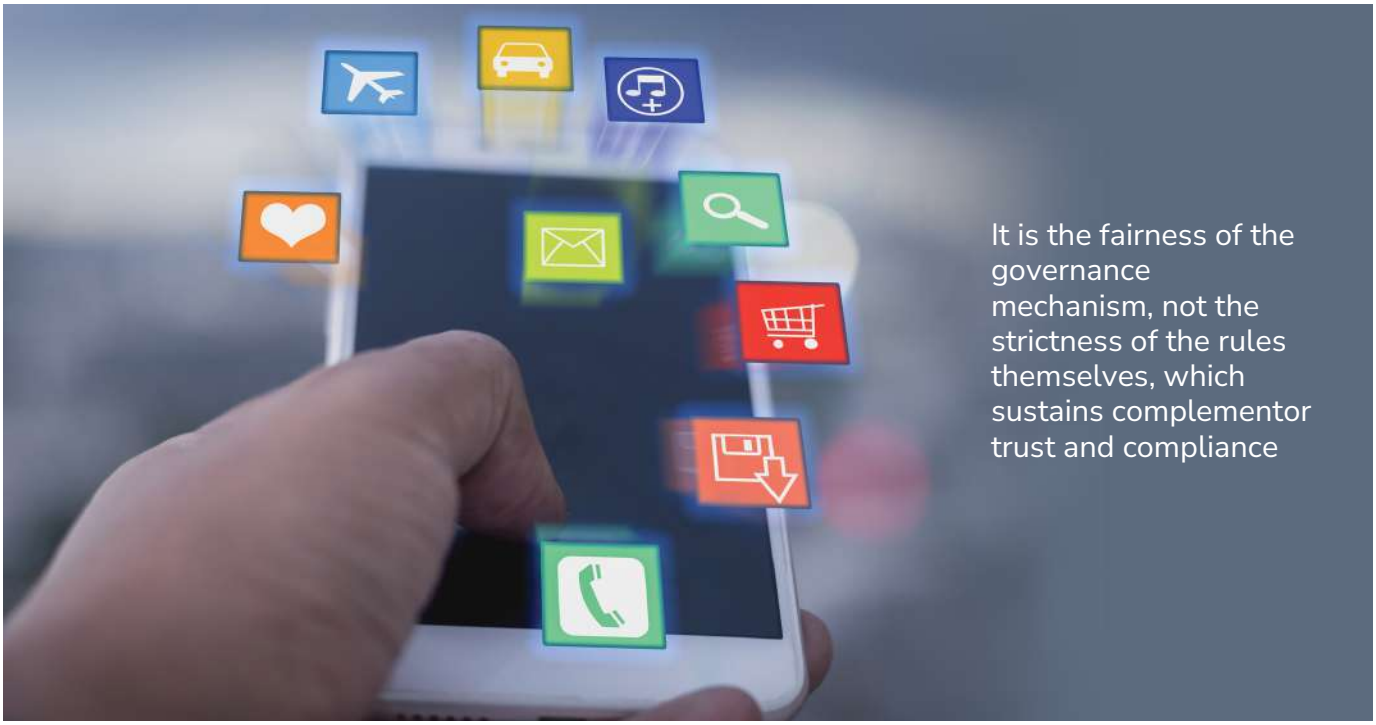
owners can wield absolute authority over the software, distribution, and monetisation within their controlled ecosystems. The landmark legal battle also serves as a defining precedent for a global debate on platform governance.[5] As an example, in India, the Competition Commission of India concluded a long-running investigation into Amazon India and Flipkart, leading electronic marketplaces, in 2024.[6] The probe found that both platforms may have favoured specific sellers through preferential listing placement, lower fees, and other advantages. The platforms' algorithm design and pay-to-play arrangements were found to have caused considerable disadvantage to non-preferred, ordinary sellers. As Gawer and Harracá's research indicates, ranking algorithms and hidden incentives can jeopardise trust and marginalise smaller independent sellers.

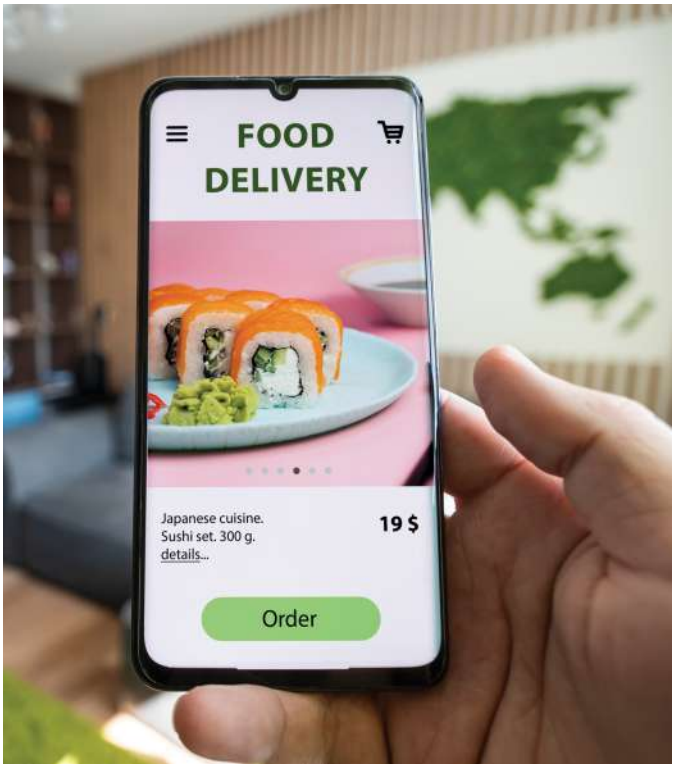
In November 2024, two large Indian food delivery platforms, Swiggy and Zomato, were reported to have violated antitrust rules.[7] These platforms entered into exclusive partnerships with specific restaurants, undermining the rankings of other partners who failed to maintain the price parity needed by the platform owners. Such governance challenges are not confined to consumer-facing marketplaces; in business-to-business marketplaces, governance tensions intensify. Small traders and independent sellers run businesses with tighter margins and longer credit cycles. So for such sellers, unpredictable policies and random changes in affiliation fees set by platforms are more damaging than in retail contexts. Udaan, an Indian B2B platform founded in 2016, has engaged in multiple rounds of restructuring, cost rationalisation, and operational pivots to establish disciplined operating rules and clearer seller-platform relationships; these moves have also helped Udaan achieve profitability.[8]

Other platforms have sought to manage non-compliant participants by proactively addressing the participants' dissatisfaction. In June 2025, Indian ride-hailing company Ola announced a no-commission model across its auto, bike, and cab services.[9] Drivers could now pay a subscription fee and retain the entire fare. Ola's shift illustrates how platform ecosystems face pressure from competitors (e.g., Uber) and other institutions, all of which can push platforms toward more transparent and complementor-friendly governance.

Taken together, these examples span e-commerce marketplaces, food delivery, business-to-business aggregators, and ride-hailing across both developed and emerging markets, and show that the governance-trust mechanism and its subsequent impact on platform operations are not confined to a single platform or industry. When platforms impose rules opaquely or inconsistently on complementors and affiliates, complementors and regulators respond with resistance, litigation, or antitrust action.

When platforms, instead, moved toward disciplined, transparent rules, complementor relationships grew more stable (for example, with Udaan and Ola). This split is consistent with the original research's central argument: it is the fairness of the governance mechanism, not the strictness of the rules themselves, which sustains complementor trust and compliance.





To-dos for platform owners

For platform owners, we suggest two dimensions to consider for platform governance: rule clarity and enforcement consistency (see **Figure 1**). A detailed description follows.

1. Establish common rules and transparent enforcement: Platforms must prevent inconsistency in rules and governance frameworks, else it could encourage deviant behaviour and undermine the credibility of the platform. To ensure consistency, we recommend structured onboarding and periodic seller awareness sessions that cover three core areas:

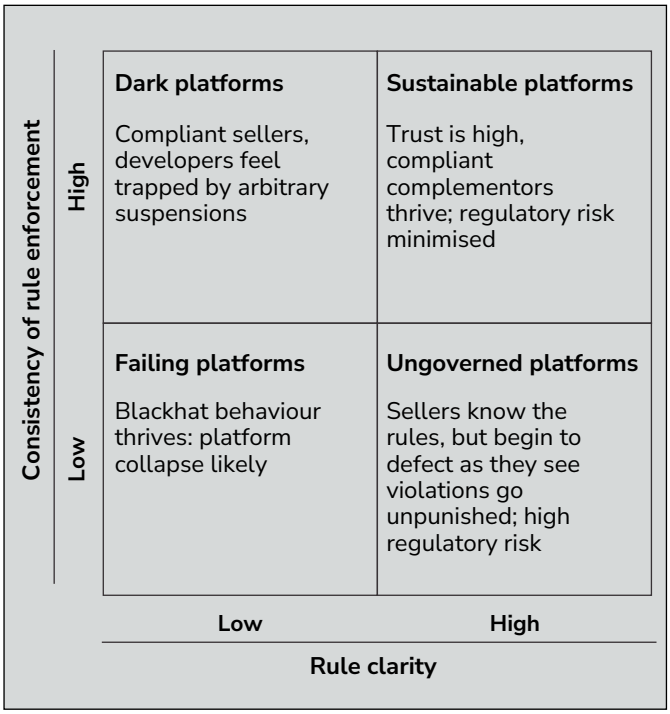
- **Policy awareness sessions:** Explain current listing standards, fee structures, promotional guidelines, and grounds for suspension in plain language, tailored for the smallest sellers who may lack dedicated legal or compliance teams.
- **Dispute resolution pathways:** Train sellers on how to escalate account issues, contest automated enforcement decisions, and provide access to human review.
- **Regulatory updates:** Especially in countries where data localisation rules, antitrust mandates, and consumer protection laws are evolving rapidly, and non-compliance by sellers can expose the platform to regulatory action.

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Such sessions can be delivered via webinars, regional seller summits, and self-service knowledge portals, with dedicated support provided for these non-native-language sellers.

2. Reserve coercive measures as a last resort: Electronic commerce is an evolving market in most countries. Not only platform owners but also most complementors are learning how to participate and thrive in this dynamic environment. Excessive pressure risks may drive complementors to switch platforms, who can use this opportunity to enhance their competitive positioning. Further, as this industry matures and regulations and laws develop, heavy-handed methods such as coercion, suspension, or termination of small merchants and independent sellers might attract regulatory scrutiny.[10] Thus, coercive policies should be avoided. If implemented, they should be fair, transparent, and accompanied by a clear justification to prevent damage to the platform's reputation.

Figure 1: Platform governance framework



Source: Created by the author based on the research by Gawer, Annabelle, and Martín Harracá. "Inconsistent Platform Governance and Social Contagion of Misconduct in Digital Ecosystems: A Complementors Perspective." Research Policy 54, no. 8 (2025): 105300. https://doi.org/10.1016/j.respol.2025.105300

By encouraging transparency of the ranking system, regulators can ensure that platforms do not engage in discriminatory practices that distort competition and effective market operation

Support from policymakers

While digital platforms are becoming the foundation on which digital economies are being built, recent inquiries by regulatory bodies into large platforms and electronic marketplaces underscore the need for vigilant oversight. For example, policymakers have recognised that non-transparent platform ranking systems can strengthen dominant players and harm smaller complementors or newer entrants.[11] By encouraging transparency of the ranking system, regulators can ensure that platforms do not engage in discriminatory practices that distort competition and effective market operation. Recently, Indian policymakers have taken initiatives to safeguard the economic rights of gig workers.[12] Similarly, policymakers can facilitate dispute resolution mechanisms for small independent merchants, gig workers, and individual sellers who affiliate with large platforms and often lack negotiating power.

Toward sustainable ecosystems

Platform ecosystems are immensely dynamic and constantly evolving. Also, with the growth of e-commerce, platforms operate in fiercely contested spaces where control and autonomy often intersect. Hence, effective and sustainable governance requires more than publishing compliance checklists or making algorithmic tweaks; it is a continuous process that engages stakeholders, market conditions, and policy regulators. Given the significance of complementors in creating the overall value a platform offers, platforms must evolve through a rational, transparent, and inclusive approach. Otherwise, there is a considerable risk of deviant behaviour from platform participants, resulting in a degradation of the platform's effectiveness and rising discontent among end customers. The prescription in a nutshell: Platform owners must create governance processes that are clear, adaptable, and participative, balancing control with the autonomy required for innovation.



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