

Title

And the Winner is ...? Platform Governance, Awards, and Complementors' Product Strategies

Abstract

Many platform firms confer retrospective awards to recognize outstanding innovation by complementors. Yet, we know little about the consequences of such awards. We depart from theory of organizational status and argue that awards induce changes in complementors' product strategies. First, complementors that receive an award shift their focus from new product development to product improvements. Second, complementors that receive an award increase multihoming, in terms of publishing their complements on rival platforms. Finally, an award stimulates new complement development in award-recipients' market niche by attracting other complementors. We test these hypotheses in a quasi-experiment in the context of Google's Android mobile platform and the prestigious Google Play Award. We exploit that Google reveals a shortlist of candidates shortly before the award which provides us with a relatively homogeneous control group: runner-ups. Difference-in-differences estimation and several robustness checks, including alternative matched control groups, support the hypotheses. Our study provides systematic evidence to guide platform firms' decision to confer awards. Beyond, the findings have theoretical implications for understanding non-financial platform governance mechanisms, the literature on the consequences of awards, and understanding the antecedents of complementors' product development choices.