

The Impact of Business Model Innovation on Platform Performance and Strategic Expansion: A Case Study of Grab in Thailand

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Abstract

This study evaluates the impact of business model innovation (BMI) on the competitive positioning and operational performance of platform-based enterprises, using Grab Thailand as a case study. Additionally, it provides strategic recommendations for platforms entering emerging markets. A quantitative survey of 400 consumers and service providers was analyzed using multiple regression. Results demonstrate that BMI significantly enhances both consumer ($\beta=0.270$) and provider outcomes ($\beta=0.232$), with network effects further amplifying these benefits and strengthening competitive advantage. The study concludes that continuous innovation and ecosystem expansion are vital for operational success. Strategic recommendations highlight the necessity of investing in diverse digital services, leveraging network effects, and balancing multi-sided market incentives to sustain long-term growth in emerging economies.

Keywords: Competitive Advantage, Firm Performance, Market Expansion Strategy

Introduction

The global transition toward a digital economy has fundamentally disrupted traditional pipeline business models, giving rise to platform-based enterprises as dominant organizational forms. Unlike conventional linear businesses that produce and deliver goods in a unidirectional manner, platform enterprises create value by facilitating interactions among multiple user groups—such as consumers, merchants, and service providers—within a shared digital ecosystem (Parker, Van Alstyne, & Choudary, 2016). One of the most prominent examples of this phenomenon in Southeast Asia is Grab. Initially launched as a single-service ride-hailing application, Grab has successfully innovated its business model to become a regional technology giant and a comprehensive "super app" (Sundararajan, 2019). Today, it offers an integrated suite of services, including food and grocery delivery, digital payments, and micro-financing.

Thailand represents a strategically vital emerging market for Grab due to its rapidly growing urban population, high smartphone penetration, and evolving consumer expectations. However, operating in Thailand's dynamic service landscape presents both unique opportunities and complex constraints. To maintain its long-term competitiveness and superior operational performance, Grab cannot rely on simple market entry strategies; instead, it must continuously adapt its operational processes, reconfigure service delivery mechanisms, and



develop localized partnerships that align with both Thai cultural norms and local government policies. The ability to execute business model innovation (BMI) in response to these local market dynamics is critical for enhancing value creation, fostering differentiation, and ensuring regional scalability.

Understanding the outcomes of these strategic innovations is essential for both theoretical advancement and practical platform management. Therefore, this study aims to evaluate the real-world outcomes of these strategies by addressing two primary objectives: first, to assess the impact of business model innovation on Grab’s competitive positioning and operational performance in the Thai market; and second, to provide strategic recommendations for platform-based enterprises that aim to enter or expand within similar emerging markets.

Research Objectives

1. To assess the impact of business model innovation on Grab’s competitive positioning and operational performance in the Thai market.
2. To provide strategic recommendations for platform-based enterprises that aim to enter or expand within similar emerging markets.

Scope of the Research

The study focuses on evaluating the performance outcomes (dependent variables) resulting from Grab’s business model innovations (independent variable) in Thailand. The demographic scope includes 400 key stakeholders: Thai consumers and the service providers (drivers/delivery personnel). The research evaluates competitive performance through metrics such as customer satisfaction, service efficiency, and provider income stability. Geographically, the study is confined to Thailand, spanning from 2018 to 2024 to capture the platform’s strategic evolution.

Literature Review

Platform-based business models fundamentally differ from linear pipeline businesses by facilitating value creation through multi-sided user interactions. According to BMI theory, modifying value creation mechanisms—such as service diversification and ecosystem integration—is essential for capturing new revenue streams and responding to market shifts. In platform ecosystems, innovation directly enhances competitive positioning by strengthening network effects. Rochet and Tirole’s multi-sided market theory further suggests that cross-group externalities play a pivotal role; the presence and satisfaction of one group (e.g., consumers) significantly impact the operational outcomes of another (e.g., service providers). Consequently, BMI is theorized not only to improve direct consumer satisfaction but also to enhance overall operational performance by creating a self-reinforcing cycle of platform engagement.



Research Methodology

This study employed a quantitative research design. A structured survey was administered to a sample of 400 respondents, evenly divided between Grab consumers (200) and service providers (200) in Thailand, utilizing a stratified random sampling approach to ensure demographic and geographic representation. The questionnaire utilized a 5-point Likert scale to measure constructs including Business Model Innovation, Network Effects, Consumer Outcomes, and Provider Outcomes. Data were analyzed using the Statistical Package for the Social Sciences (SPSS). Techniques included descriptive statistics to assess perceived operational performance and multiple regression analysis to test the impact of BMI on stakeholder outcomes. The instrument demonstrated strong reliability, with Cronbach's Alpha values ranging from 0.81 to 0.86.

Research Results

Descriptive analyses indicated high perceived operational performance. Respondents strongly agreed that Grab's innovations improve service efficiency (mean = 3.73) and that network effects strengthen Grab's competitive advantage (mean = 3.55).

Multiple regression analysis provided empirical evidence for the impact of BMI on operational performance. Model 1 demonstrated that BMI has a significant positive effect on Consumer Outcomes ($\beta = 0.270$, $p < 0.001$). Model 2 confirmed that BMI also significantly enhances Provider Outcomes ($\beta = 0.232$, $p < 0.001$). Furthermore, Network Effects proved to be a critical amplifier of competitive positioning, significantly influencing both Consumer Outcomes ($\beta = 0.309$, $p < 0.001$) and Provider Outcomes ($\beta = 0.215$, $p < 0.001$). Crucially, the analysis revealed a positive cross-group impact, where positive Consumer Outcomes significantly enhance Provider Outcomes ($\beta = 0.249$, $p < 0.001$), underscoring the interconnected operational success of the platform.

Conclusion and Discussion

The study concludes that Business Model Innovation (BMI) is a primary determinant of a platform's competitive positioning and operational performance in emerging markets. Continuous improvements in digital service diversification and platform optimization directly elevate consumer satisfaction and perceived convenience. Simultaneously, these innovations improve operational efficiency and income stability for service providers, proving that successful BMI creates multi-sided value. These findings provide strong empirical support for multi-sided market theories, highlighting the critical role of cross-group externalities within platform ecosystems. Specifically, our analysis revealed a significant positive cross-group impact, where enhanced consumer outcomes directly and positively elevate provider outcomes. This indicates that value creation within a digital platform is highly interconnected; innovations that reduce friction for consumers inherently drive demand and boost operational success for the provider side. The findings validate that competitive advantage in the digital economy relies on harnessing network effects; as the user base expands, the operational efficiency for providers increases, creating a sustainable barrier against competitors. Ultimately, improving



consumer experiences translates into tangible business growth for providers, reinforcing the entire ecosystem's sustainability. Therefore, for platform enterprises operating in emerging markets, strategic sustainability depends on continuously fostering this self-reinforcing cycle of engagement and meticulously balancing multi-sided incentives, rather than focusing on single-user-group optimizations.

Recommendations

Based on the empirical findings, strategic recommendations for platform-based enterprises expanding in emerging markets are as follows: 1) Invest in continuous business model innovation by integrating diverse digital services (e.g., delivery, finance) to improve operational efficiency and multi-sided value creation. 2) Cultivate network effects through targeted promotions and local partnerships to rapidly build a critical mass of both users and providers. 3) Prioritize superior consumer outcomes by minimizing friction and ensuring transaction security, as high satisfaction drives demand for the provider side. 4) Establish robust provider support by implementing transparent incentive systems, fair commission structures, and efficient digital tools to ensure long-term loyalty and service quality.

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