Value in Platform Ecosystem Governance: Interplay between Creation and Capture, and the Roles of Leakage

Abstract

The growth of platform-organized ecosystems calls for new understandings of value, including how it is formed and captured within these organizations. This need arises from platforms' ability to facilitate new and more frequent interactions among actors, as well as from their organizational structures, which enable distinct mechanisms of value creation and capture. Drawing on a processual single-case study of a Chinese social commerce platform, this paper shows that a sustainable business model based on platform ecosystems hinges on the continuous interplay between value creation and value capture, which provide iterative feedback to one another. Effective value capture requires platforms to engage in ongoing governance revision processes that calibrate interactions enabling value creation and capture while staying sensitive to shifting contextual conditions. The study further indicates that value creation in platform ecosystems can lead to value leakage and externalities. Contrary to conventional views, such leakage and the resulting externalities function as a key iterative mechanism that prompts platforms to revise governance arrangements. Finally, the study highlights the significance of techno-nationalist agendas, state intervention, and geopolitical tensions in shaping governance change in digital platform ecosystems.

Introduction

As ecosystems become a dominant organizational form in today's economy, scholars have increasingly called for more studies of their value creation (Lindhult et al., 2018; Lusch & Nambisan, 2015). Notable recommendations include emphasizing strong (inter)actional and dynamic orientations (Beirão & Patrício, 2016), investigating technological roles and capabilities (Karpen et al., 2012), and analysing value creation across multiple levels (Lepak et al., 2007). These suggestions came along with advances in digital platforms that have a stronger tendency to foster ecosystem organizations (Gawer, 2022). These interrelated technological and organizational changes support the emergence of a virtual-based value logic, in which enhanced information-processing capabilities make integration processes more intelligent and expand opportunities for interaction and value creation (Saarijärvi, 2012).

In this quest, however, the limitations of traditional, firm-centric value models become increasingly apparent. They often conceptualize value creation and capture as static outcomes of predefined structural arrangements, struggling to account for the dynamic nature of platform ecosystems (e.g., Porter, 1985; Williamson, 1975), where value exists in ongoing interactions and governance emerges and shifts over time in reaction to feedback.

Platform ecosystems often do not assume predefined boundaries that enclose actors' value-related activities (Razmdoost et al., 2023). Rather, the creation and capture of value here mandate interactions between ecosystem participants and the operating context (Khademi, 2020; Kapoor, 2018). Through these interactions, how, what, and how much value is formed and captured can elude the design of firms. The diversity in actors and interactional mechanisms also makes the nature of value itself increasingly multidimensional (Vargo et al., 2017). For firms, these ramifications introduce governance challenges in successfully translating this value into revenue form.

Since value is collectively formed by diverse actors across a distributed network, the key to value optimization lies in managing the interactions and interdependencies between various sides (Gandia & Parmentier, 2017). At the same time, the hierarchical structure of digital platform ecosystems potentially enables platform owners to appropriate a disproportionate share of created value through control over data and boundary resources (Tiwana, 2013; McIntyre & Srinivasan, 2017). Reflecting on such governance challenge and recent calls (Lusch & Nambisan, 2015; Storbacka et al., 2016; Schreieck et al., 2021), this paper argues that the topic of value creation and capture in platform ecosystems deserves further attention. And a processual perspective is critical for capturing the dynamic between value creation and capture, and how they evolve in relation to governance, rather than operate as separable and static mechanisms.

Despite these theoretical concerns, empirical studies on value creation and capture in digital platform ecosystems remain scarce, especially ones departing from a dynamic, processual perspective. Schreieck et al. (2021) offer a rare contribution, though their study focused solely on the emergent stage and calls for further research into these phenomena in established platform ecosystems. To address this gap and move toward a more integrative, dynamic value framework, this paper adopts an interactional perspective on value (Ramaswamy & Ozcan, 2018; Dyer et al., 2018), inspired by the service ecosystem lens (Vargo et al., 2017), incorporating subjective interpretations and the interaction mechanisms through which value is formed. Nonetheless, this paper remains focused on the value capture aspect and the firm perspective key to digital platform ecosystem governance.

Drawing on a single-case study of a Chinese social commerce platform over the period from 2013 to 2025, this paper asks: how does the interplay between value creation and capture in platform ecosystems unfold in relation to governance change? And how do interactions between ecosystem actors, platform owner and the broader context sustain platform governance? The study reveals two main findings. First, value creation and capture in platform ecosystems, rather than resulting as passive prompts responding to a notion predefined by the firm (platform owner), hinge on interactions between actors and with the context providing feedback to platform governance. In the creation process, value involves more diverse interactional mechanisms and emerges in varied (often non-economic) forms. Value capture requires the platform to undertake a process of reconfiguring value to calibrate revenue extraction. Second, the fluid organizational boundaries encompassing platform ecosystems can result in value leakages, creating both positive and negative externalities in the operating context. Whereas positive externalities serve as an iterative feedback mechanism to revise governance through economic incentives, negative externalities do so when they trigger regulatory interference.

Theoretical Framework

Coupling Strategic Management and Service research

The construction of the theoretical framework here relies on a scoping review of the relevant concepts in Strategic Management and Service research. Value creation and capture have long been examined under the business model construct as a unifying unit of analysis (Amit and Zott, 2001). In parallel, service research and the proliferation of ecosystems as an organizational form populated discussions around value cocreation (Vargo et al., 2017; Lusch & Nambisan, 2015). Yet the understanding of these concepts remains fragmented across disciplines and can invoke different connotations (Lepak et al., 2007).

In Strategic Management, traditional frameworks have conventionally focused on market structure analysis, interfirm relations, and price–output determination (Pitelis, 2009; Jacobides et al., 2006). Prominent examples include the value chain framework (e.g., Porter, 1985), the resource-based view (e.g., Barney, 1991), and transaction cost economics (e.g., Williamson, 1975). Value capture, "the process of securing financial or nonfinancial return from value creation" (Chesbrough et al., 2018), also referred to as "value appropriation" or "value retention" (Mizik & Jacobson, 2003; Reitzig & Puranam, 2009), is often treated as a separate construct from value creation (Lepak et al., 2007). Accordingly, the creation and capture of value are perceived to involve distinct and discontinuous mechanisms (Santos, 2012). The simultaneous pursuit of value creation and capture can generate tensions at various levels of a business model (Bowman and Ambrosini, 2000) and lead to undesirable outcomes (Bos-de Vos, Volker & Wamelink, 2019).

However, there is an increasing call for recognizing the existence of an interplay process between value creation and capture, which plays constructive roles in a firm's strategic changes (Kowalkowski, 2011). This processual dynamics between value creation and capture and the remains largely underexplored empirically. Whereas existing literature often assumes the former positively contributes to the latter, the opposite process and effects, that is, how value capture influences value creation, are rarely featured and are in need of further study (John and Ross, 2022).

Although Strategic Management literature has made critical contributions to understanding how value is created and captured in firms, the shortcomings, on the other hand, are clear-sighted in its inability to accommodate processual dynamics, especially given their significance in ecosystem organizational structures underlying many of today's firms. The diversity of participants in value-related activities prompts a multidimensional value that cannot be fully grasped through a static economic lens. The fluidity of organizational boundaries complicates efforts to capture value when departing solely from a firm-centric perspective. Recognizing these issues, other streams of literature may offer complementary understanding of value and lend to deeper engagement with the ongoing discussions.

Service ecosystem scholarship sees value as emergent and multidimensional, thereby more fitting a processual analysis (Vargo et al., 2017). Value here is always an outcome of collaborative efforts among multiple actors, with activities that are at least partially reciprocal

(Vargo, 2009). As value depends on subjective criteria and the context of use (Prahalad & Ramaswamy, 2004), its definition also varies according to the target or source, as well as the timing of decision-making. Previous research has uncovered a variety of specific practices and processes that cocreate value (Skålén et al., 2015; Beirão and Patrício, 2016), highlighting its dependence on interaction (Vargo et al., 2017; Grönroos & Voima, 201; Karpen et al., 2012). Interaction thus becomes the locus where value emerges; each point of interaction presents an opportunity for value creation and capture (Prahalad & Ramaswamy, 2004).

Despite its dynamic focus, this approach to value can appear problematic for several reasons when applied to guide ecosystem governance. First, the cocreation concept implicitly assumes a positive denotation, whereas it overlooks scenarios in which interactions lead to negative outcomes. Lumivalo et al. (2024) highlight that not all value creation efforts are beneficial, and some may lead to adverse effects for the parties involved. Second, this scholarship often assumes equal participation among actors, disregarding the political aspects and power imbalances that can influence outcomes (Echeverri, 2021). Lastly, the encompassing nature of this conception of value implies that practical implementation is challenging. Within the wide array of values related to actors' respective use contexts and perspectives, the monetary value core to any business model is often lost. In constructing a dynamic, integrative value framework, this value concept provides useful sensitizing effects, but for the purpose of this paper, it remains critical to "bring back the money" (Hietanen et al., 2018).

Moving towards an integrative value framework for ecosystem governance

This paper proposes a perspective on value by viewing its creation and capture as distinct yet interrelated facets emerging from interactions and in constant interplay. Creation and capture processes in ecosystems are not fundamentally separate; rather, they are both outcomes shaped by different interactional mechanisms, and they provide feedback to enable changes in future processes. The interactional mechanisms identified in this paper therefore form the basis of the processual interplay between value creation and value capture.

As such, depending on the interactions, value creation may not be inherently positive. While it is a prerequisite for building a successful ecosystem, it does not automatically translate into business success. When poorly orchestrated or left unfiltered, value creation can result in undesirable outcomes at the ecosystem level or spill over. Further, value capture is not only an outcome of prior value creation but also a driver that reshapes subsequent value creation.

While ecosystems can exist in varied forms, this paper focuses on platform ecosystems. Platforms cultivate ecosystems through modular structures that facilitate interactions among actors and resources (Lusch & Nambisan, 2015). They give rise to new business models and, relatedly, new meanings of value creation and capture. A key explanatory factor is that platform ecosystems built on such technologies "enable densities in interaction" (Lindhult et al., 2018) and liquefy resources to enhance innovative synergies through network effects (Rochet and Tirole, 2003; Parker and Van Alstyne, 2005; Boudreau and Jeppesen, 2015). Compared with traditional firms, the key difference lies in the platform's ability to facilitate interactions and transactions in more flexible, complex ways and on a much larger scale.

It therefore becomes useful to consider value in platform ecosystems as "value-in-interaction" (Ramaswamy and Ozcan, 2018), enacted through "a multiplicity of interactive system-environments among persons and material entities (e.g., devices), afforded by technological platforms enhanced by digital technologies." To sustain the well-being of ecosystems, platform owners must simultaneously facilitate collective value creation across participants and capture a sufficient share of the formed value to ensure continuous development (Tiwana et al., 2010). Fostering collective value creation necessitates relinquishing a degree of control, which can compromise the platform owner's ability to capture value. Excessive value capture can deter third-party developers from engaging with the platform, thereby undermining their creative potential (Ceccagnoli et al., 2012). This balancing act presents governance challenges that associate closely with various institutional mechanisms (Cennamo & Santaló, 2019) and can only be resolved through a combination of technology-related and relationship-driven capabilities (Schreieck et al., 2021).

Further, an interaction-based value framework addresses the possibility of value created in platform ecosystems spilling over to the context or neighbouring ecosystems. This has two implications: from the firm perspective, it might create challenges for the platform to lock in the value created, especially given the possibility of forking, i.e., duplicating others' repositories for diverging protocols to enable separate development (Karhu et al., 2018). From a broader perspective, this may also generate effects external to the platform ecosystem that the firm may or may not be incentivized to moderate (Alaimo et al., 2025).

Taken together, this section suggests a tentative process framework foregrounding the interactional mechanisms through which value emerges and changes, and the processual interplay between value creation and capture, in relation to how they provide feedback through which reshape subsequent platform ecosystem governance. Against the backdrop of a static perspective on value, this framework sees value creation and value capture as an ongoing process rather than separable stages. It is therefore better equipped to sensitize the analysis to the influences of evolving interactional mechanisms between the ecosystem actors and between the contextual conditions.

Research Design

Platform ecosystems provide a fitting context for investigating how value is formed and captured through interactions for two reasons. First, while interaction is central to value creation and capture in all organizations, digital platforms exponentially increase the frequency, scale, and complexity of such interactions (Lindhult et al., 2018), leaving abundant digital traces that allow interactional mechanisms to be studied with unprecedented granularity. Second, the nested hierarchical structural characteristics of platform ecosystems (Kretschmer et al., 2022; Gawer, 2022) and the magnifying effects of digital technologies (Saarijärvi, 2012; Karpen et al., 2012) make the interplay between value creation and capture more visible.

Case Study

To study the interactional mechanisms foregrounding value creation and capture in digital platform ecosystems, and the roles of their interplay in governance change, I draw on a single case study of the Chinese social commerce platform Xiaohongshu (小红书), commonly known as RedNote. Social commerce platforms derive substantial commercial value from the interactions they organize within their infrastructures (Lin et al., 2017). While RedNote offers integrated shopping features, core to its value creation is its massive content economy. As of January 2025, RedNote boasts over 350 million users and a reported $1 billion in quarterly sales in the past year. The platform experienced further a notable surge in U.S. users amid concerns over a potential TikTok ban, positioning itself as a popular alternative for global content creators. However, throughout its development, RedNote experienced a series of governance challenges aimed to align value creation and capture, linked to value leakage and regulatory interference. This development offers fertile ground for studying the research problem at hands (Liang & Turban, 2011).

Methodology

Stage 1 – Temporal bracketing: To trace the development of the platform ecosystem from its establishment to maturity, this study adopts a processual approach (Langley, 1999). In the initial stage, I used archival data to construct a timeline of the platform's strategic development over the past decade, which revealed three major transformations, each driven by distinct patterns of interplay between value creation and value capture. Data sources included relevant news entries from 36Kr[1], general news from Sohu[2], and broader regional coverage from the South China Morning Post[3] from 2013 to 2024. From 2023 onward, international outlets such as CNN, Reuters, and the BBC also began covering RedNote, and their reporting was incorporated into the analysis. Additional materials included RedNote's official publications: the Life Trend Report, which offers data insights, and financial reports, both available only from 2021 onwards. The archival data highlighted shifts in the constitution of value, the platform's mediation of interactions with complementors, and its evolving approach to capturing value formed by the ecosystem.

Based on these data, I identified and bracketed three phases characterised by distinct interplay between value creation and capture processes and subsequently designed the primary research around them. Each phase features distinct actors driving value creation and capture, along with specific mechanisms, contextual conditions, and resulting externalities leaked outside the ecosystem. The outcomes of each phase feed into the next, forming a dynamic and iterative creative context. See Table 1 for the bracketed phases and descriptions of the processual findings. I further sketched the initial interactional maps describing the mechanisms between various ecosystem participants that lead to the creation and capture of value in each phase. See Figures 1, 3 and 5 for details.

[1] 36Kr is a publicly listed Chinese media company that focuses on technology and financial news. It also is a data provider for entrepreneurs and investors.

[2] Sohu News is a major Chinese online news platform operated by Sohu.com, delivering comprehensive national and international coverage across various categories.

[3] South China Morning Post is Hong Kong's journal of record offering comprehensive English-language coverage of local, regional, and international news with a focus on Greater China.

Stage 2 – Interviews: In the second part of the research, I conducted semi-structured interviews with various subgroups of actors who are active in or have experience with RedNote's platform ecosystem. See Table 2 for a summary of interview information. The interviewees included current and former RedNote employees, content creators with different follower sizes and content categories, multi-channel networks (MCNs), and brands or stores engaged in direct sales or advertising on the platform.

Guided by an official classification provided by a former employee, I aimed to diversify the sample of content creators. Of the content creators interviewed, 8 belonged to the "head" (top) tier with over 500,000 followers; 6 to the "waist" (second) tier with 100,000–500,000 followers; 7 to the "tail" (third) tier with 10,000–100,000 followers. The categories of content produced also varied.

During the interviews, MCNs emerged as key actors in facilitating knowledge flows and coordinating value-forming activities on the platform. To deepen this perspective, I conducted additional interviews with representatives from three MCN companies. One interview with a content creator raised suspicions that domestic and foreign brands may receive different treatment on the platform. This prompted a series of interviews with brand representatives to compare experiences; however, the data did not support these claims, while providing other valuable insights.

The aim of the interviews was first to nuance the understanding of interactions and processes involved in value creation and capture, as well as creators' changing practices and experiences with the platform and each other. During interviews with MCNs and RedNote employees, the focus was instead placed on the evolving ecosystem governance, including changes in social and technical design, as well as how these relate to strategic priorities, regulatory frameworks, and other contextual conditions.

In total, 34 interviews were conducted, each lasting between 50 and 70 minutes. Of these, 12 took place onsite in Shanghai, 2 in London, 2 in Stockholm, and 18 online. Interviews were conducted in either English or Mandarin. All sessions were audio-recorded with participants' consent and transcribed. This process generated a total of 156 pages of data for analysis.

Digital ethnography: In addition to the interviews, I conducted a six-month digital ethnography on the platform, divided into three two-month periods: December 2021 to February 2022, July to September 2024, and January to March 2025. Ethnographic research on social media platforms has attracted growing attention in investigating digital data in recent years (Schellewald, 2021). As these digital environments become central to human interactions and activities, the volume of relevant data has increased exponentially. Online ethnography represents a contemporary extension of traditional ethnographic methods and encompasses a wide range of approaches. (Murthy, 2008)

Following the framework proposed by Behrendtz (2011), I conducted online ethnographic observations to examine virtual behaviours, sentiments, and relational dynamics. Adopting a non-intrusive stance, I focused on variations in activity and interaction within RedNote's ecosystem. These included observations of user profiles, posts, comments and replies, save and like rates, discourses in live-streaming sessions, and group conversation histories. I also monitored messages and notifications disseminated by RedNote's official accounts. In response to interview reports that the platform promotes different content based on user gender, I created two accounts to verify the claim through comparative observations, which found it valid. The observations were recorded in either note or screenshot formats.

These observations resulted in a collection of materials capturing recurring and changing patterns in interactional mechanisms underlying the value creation and capture interplay. The combination of interview data and ethnographic observations allowed for reiteration and deepening of the phase findings constructed in the first stage. The observations spanned across 4 years also allowed me to capture the processual changes in interactional mechanisms and platform ecosystem governance.

Findings

The development of RedNote demonstrates that a sustainable ecosystem-based business model depends on the continuous interplay between value creation and value capture, with governance revision serving as a critical alignment mechanism. The partitioned digital infrastructure of platform ecosystems creates the risk that value emerging from interactional mechanisms becomes difficult to extract in economic forms. To balance creative incentives and economic prospects over the long term, it is essential that the interactional mechanisms of value creation and value capture do not operate as separate processes. The findings further indicate that internal interactional mechanisms can lead to value leakage, generating externalities. These externalities may intensify interactions between the ecosystem and its exogenous context, thereby contributing to subsequent governance revisions.

Phase 1 – Unfiltered growth

Designed value creation: RedNote originated in 2013 as a simple PDF file uploaded online titled RedNote Overseas Shopping Guide. The guide was created to address the various information barriers that made it difficult to access international market offerings at a time when overseas shopping was an emerging trend among Chinese consumers. Within a month of its release, it had been downloaded over 500,000 times. Despite its popularity, the static format of the PDF limited interactive and real-time information sharing. In response to the overwhelming demand, an app version of RedNote was launched two months later.

The first version of the RedNote app was released in Hong Kong as a test market. Its initial aim was to foster an e-commerce community where users could also share shopping experiences and knowledge. In 2014, RedNote introduced e-commerce features under the name Welfare Society, connecting overseas brands with domestic consumers. These efforts initially gained traction, but that same year, China's cross-border e-commerce sector saw explosive growth, driven in part by major players like JD.com and Taobao. In this increasingly competitive environment, RedNote sought to differentiate itself.

Organic value creation: In the following years, RedNote's content economy flourished, fostering a strong sense of community and significantly influencing consumer choices through trendsetting. This occurred as RedNote transitioned its focus from overseas shopping to cultivating a community centred on knowledge creation and sharing. In other words, utility-driven creative content became the core of relational engagement and the organic growth of a value-creating ecosystem. As interviewee 17 noted, "RedNote impresses me as a space where my content can create real effects, because my content is functional in the sense that you can use it right after watching it." This is echoed by interviewee 21: "As a travel blogger, you can't just post beautiful pictures. You need to also tell them exactly where you took that picture, how to adjust the camera position, and even how to get there." This rich information attracted a broad range of creators and users, expanding beyond the platform's initial focus.

From the firm side, RedNote actively supported this expansion by offering skill development opportunities and "data traffic support" through algorithms. Several interviewees who joined between 2016 and 2018 observed that it was relatively easy to attract followers during this period, as content in emerging genres, such as health, opinion leadership, cooking, and relationship consulting, could quickly amass followers in an ecosystem that was still nascent and unsaturated.

In addition, an unexpected value formed from this organic creation was that RedNote, with its predominantly female user demographic, constructed a perceived safe haven for young women. Many users found the platform appealing because it was considered "female friendly." It allowed for open discussion of socially sensitive or awkward issues, such as harassment, with support from the online community. As interviewee 15 put it, "RedNote is like a high school girls' restroom."

Together, these value-creating mechanisms enacted a substantial advertising economy. As the community expanded, content diversified beyond shopping to encompass broader topics such as food, sports, travel, learning, and many more. In response to setbacks in e-commerce, RedNote began to focus more on developing and formalizing its advertising model. These efforts attracted over 140,000 brands to officially join the ecosystem. By the end of 2018, RedNote's user base had surpassed 150 million. This evolving economic model became known as B2K2C (Business-to-Key Opinion Leader-to-Consumer). Interviewee 1 described its impact: "Content creation is a great way for business development. A lot of brands found my company and said they wanted to collaborate. Like IKEA—they found me through RedNote to design their menu."

Value leakage resulting in positive externalities (revenue loss): Despite this period of organic growth, RedNote struggled to convert its creative activities into sustained monetary gains. Having invested heavily in community development, the platform faced persistent shortcomings in its transactional infrastructure, particularly in areas such as supply chain management, logistics, and user interface design. Interviewee 5 remarked, "If you mention online shopping in China, you think of Taobao. Shopping on RedNote is just weird. Plus, their backend interface is poorly designed. Their logistics infrastructure is quite awkward." Interviewee 19 added, "Transactions are difficult on RedNote. If you open a shop, you have to respond to customer inquiries within 45 seconds, or there's a penalty. So, you rely on their customer service, but they don't understand your products at all."

Beyond technical shortcomings, a more critical issue was that the platform's community narrative had become so deeply ingrained in users' perceptions that they perceived RedNote as conflicting with commercial activities. As interviewee 13 noted, "Many consumers are reluctant to shop here. They don't have that habit. They just look for information here and then go to Taobao. It's an information platform, and it's hard for them to close the commercial loop." This quote indicates that the value created in RedNote's community was leaking out to neighbouring platform ecosystems. From 2014 to 2018, this value leakage caused RedNote to experience a gradual decline in its share of the overseas retail e-commerce market. This reveals a significant gap, if not an offsetting effect, between the platform's creative, community-driven strengths and its commercial potential. Interviewee 27 summarized this disconnect: "They have a big pool (for content creation), but e-commerce is another pool. They tried to move the community pool directly to e-commerce, but this process has not been smooth."

Value leakage resulting in negative externalities, and regulatory interference: RedNote's strategy of encouraging prolific content creation by maintaining a loosely regulated environment to appeal to advertisers led the platform to increasingly become a channel for fake content and promotions of harmful products, such as tobacco. These issues triggered direct political intervention. In 2019, the Chinese Ministry of Industry and Information Technology launched an investigation into the platform. As a result, RedNote was suspended temporarily for 77 days to undergo architectural restructuring and implement stricter content-filtering mechanisms.

During this first phase, RedNote evolved from a channel-based model into a platform business model. An open infrastructural design and relaxed governance enabled the platform to gain momentum rapidly, fostering a creative ecosystem driven by a community value logic. Figure 1 details the composition of this value creation network and outlines the various mechanisms involved, highlighting a high level of mutual reliance among ecosystem participants. However, RedNote's pronounced community characteristics conflicted with the platform owner's commercial objectives. A significant portion of the value created through community engagement leaked out and failed to convert into robust financial gains. Unfiltered value creation also triggered direct regulatory interference. See Figure 2 for a visual representation of the interplay between value creation and capture at this stage.

Phase 2 – Overt control

First governance revision: The economic incentives to redirect positive externalities and the state interference triggered by negative externalities prompted the first major governance revision of the ecosystem. First, the incident with the Ministry marked a pivotal turning point for RedNote. Since its reintroduction, the platform's collaboration with the government and alignment with the national socioeconomic agenda have become increasingly evident. For example, RedNote implemented a list of prohibited words for posts and comments, many of which reportedly reflect current political directives. Religious content is similarly restricted. It is also widely understood among users that any content referencing Party leadership is strictly forbidden. This regulation was further reinforced during the period following the 14th National People's Congress (China's highest organ of state power), when discussions of major national issues, including leadership elections, took place. "On occasions like that, when the election was taking place, it was highly restrictive of overseas content," the interviewee explained.

A subtler but more common approach operates through manipulation of the algorithm to promote or suppress content based on alignment with national policy agendas. As interviewee 5 explained, "We later found that the video (about LGBTQ rights) was a joke. Nobody but us could see it, but the platform didn't even notify us that it violated any regulation or needed edits. Even if you ask customer service, they won't acknowledge any regulation, although the video had only 20 views." Conversely, the algorithm actively boosts content that aligns with national priorities. "It also depends on national policy. For instance, the trend around outdoor activities was already noticeable in 2022, when the government was developing hiking infrastructure and national parks" (Interviewee 22). Following the COVID-19 pandemic, China prioritized stimulating domestic consumption, particularly through tourism. In this context, RedNote entered official partnerships with local tourism ministries and even state media outlets, and as a result, overseas content tends to underperform. "It's related to national policy. The domestic economy needs growth. We had some photos taken in Tibet that initially didn't get much attention, but then they pushed them. They can push content into a bigger traffic pool and direct engagement toward it." In contrast, "we were in Indonesia last month. The content was good, with a high read-to-like ratio. It should have grown, but the platform held it back. It doesn't want to promote overseas travel" (Interviewee 21).

These control mechanisms strongly influenced the interactional mechanisms through which value is created. Changes in technical arrangements, such as boundary resources, altered how participants interacted with one another and with the platform. As a result, data traffic became more closely aligned with the strategic objectives of the platform owner. During this phase, the state also emerged as a clear actor in the value-creating network, exerting substantial influence.

Misaligned value capture: To prevent value from further leaking to competing ecosystems, RedNote introduced a series of interface changes to control interactions, including a subsidiary platform designed to centralise all ad-related activities, and features to enable seamless linking between content and in-app shopping. RedNote began charging both brands and creators a 10% fee for advertisements published on the platform, and any unreported promotional content was penalized algorithmically. All ad-related transactions were thereby locked into the platform's own ecosystem.

Significant investments were made to build up livestreaming capabilities, a new interactional mechanism aimed for value capture, through official training programs and targeted support for creators. "I received an invitation from RedNote officials to collaborate in live streaming. Since it was an official invitation, the platform would support you by increasing data traffic and exposure. They don't usually do this, but when they went for livestreaming, they really invested effort into building a network of creators with potential. I was invited to headquarters, where we discussed how to develop this function and how the platform could improve" (Interviewee 17).

To more effectively monitor and channel creative resources toward monetary gains through algorithmic control, RedNote structured categories for both creators and their content. The platform internally ranks creators based on follower count and content type. The classification divides creators into four tiers: “head” (>500,000 followers), “waist” (>100,000), “tail” (10,000–100,000), and a bottom tier (<10,000). Further, content types are categorized using a set of predefined tags established by the platform. While creators technically have the option to customize these tags, most tend to adhere to the existing taxonomy and align their content accordingly. As one interviewee explained, “If your content is vertical (within a consistent and homogeneous category), the platform knows how to label you, and it knows which audience to target and what kind of data traffic to push” (Interviewee 28).

Each content category is overseen by a dedicated team responsible for monitoring and guiding content development within their assigned domain. These teams maintain official public accounts on the platform, strengthening direct communication and coordination with creators. One approach is the release of suggested content themes within designated creator groups. Creators who engage with these topics may be rewarded with increased algorithmic exposure. As interviewee 13 described, “Someone internally invited me to join since he was responsible for managing the content of the coffee community. He sometimes helps me push data traffic, and after my content becomes popular, they use it as a template for other creators so that more content will flow in.” He added, “If you use the suggested hashtags, you might get more visibility. They push it more to a larger audience.”

Stronger technical control over interactional mechanisms and categorization designed for algorithmic analysis and control signified the platform owner’s attempt to strengthen value capture. Despite these initiatives, outcomes in terms of actual monetization fell short of expectations. Livestreaming proved difficult to scale because the tension between community-driven and commercial logics lingered. Creators on RedNote remained reluctant, viewing it as too overtly commercial and potentially damaging to the relationships they had cultivated with their audiences. Participants found themselves bewildered by algorithmic opacity, as RedNote’s ad economy became increasingly complex through the implementation of interface changes, governance rules, and algorithmic manipulation. Many creators expressed a sense of unpredictability and lack of control over content performance: “It feels like a lottery,” said interviewee 15. “I had a video that became popular very fast, but after 5,000 likes the traffic suddenly stopped. They stamped the video as restricted. I don’t know why.” Others pointed to inconsistencies in content moderation: “If you speak of something for too long, the algorithm just assumes it’s an ad,” and “During COVID-19, suddenly you cannot mention masks. Or death” (Interviewee 12).

Value leakage resulting in positive externalities (social movement): When RedNote began taking a more active role in content curation to attract male users to strengthen consumption, a related incident illustrates how ecosystem participants do not passively react to misaligned value capture mechanisms. They instead provide feedback and actively shape subsequent governance both directly through data traffic and indirectly though contextual changes.

During this phase, it was reported that the algorithm steered content creation toward topics perceived as more appealing to male audiences, such as automobiles, sports, and content featuring conventionally attractive women. "Depending on whether you register as male or female, the content recommendations are very different. If you register as male, it becomes a platform that highly objectifies women. You can choose your interests during registration, but those don't matter, only gender does," said interviewee 25. Digital observations using separate accounts registered respectively as male and female users confirm this statement. Further, many interviewees reported that the inflow of male users came along with contents that unease and resistance from existing female users. In response, female users resorted to tactics such as using hashtags like #babyfood to trick the algorithm and avoid unwanted data traffic from male users.

This growing gender tension peaked in 2022, following a high-profile assault incident in Tangshan. RedNote's female-centric ecosystem made it a central site for the outlet of criticism and the amplification of awareness of women's rights in China. In the aftermath, content under the hashtag #GirlsTalk proliferated and rapidly gained traction on the platform, becoming a vehicle for community support and societal commentary. "RedNote used to promote GirlsTalk a lot. I know a few creators who grew their followers from a few thousand to 500,000 in a year." As interviewee 7 put it, "RedNote gives space for these voices, where women ask questions and encourage each other." Gradually, #GirlsTalk became a social movement that generated value centred on female community and empowerment, spreading beyond the ecosystem.

Organic value creation (returning): The previous incident shows that despite the platform owner's best efforts, the algorithm relies on organic user interaction data generated for feedback, learning, and adjustment. As one participant noted, "Everyone who sees it will like it, or comment, or save it, or even repost it. These interactions take the content into a pool that is organic and real, and that kind of data traffic cannot be stopped by the algorithm." Interviewee 26 added, "Internally, the platform can see which posts are gaining traction and generating engagement without any technical boost, entirely through natural data traffic and search results. They monitor this and try to capture emerging keywords, hoping other creators can replicate that success."

These tensions emerging from misaligned value creation and capture mechanism fostered the organic emergence of a new intermediary actor class: MCNs. These organizations possess technical expertise in navigating platform mechanisms and play a critical role in helping creators coordinate their content for monetization efforts. RedNote supported the growth of MCNs, as it is easier to maintain regular communication with MCNs to ensure strategic coherence throughout the value-creating network. "MCNs are in close contact with the platform, quite frequently, as all monetization has to be done bound to the platform. You cannot use it to do random commercial activities without aligning the purposes" (Interviewee 24). This privileged relationship allows MCNs to access early information on trending keywords or content themes. Additionally, "If you work with an MCN, RedNote only takes a 6% (normally 10%) commission," interviewee 1 shared.

Overall, during this second phase, RedNote shifted its strategic priorities from expanding content creation and community growth to intensifying revenue extraction through implementation of more rigid control. Structural changes aimed at consolidating interactions for commercial goals were made throughout the ecosystem. Despite these initiatives, RedNote's economic performance remained unsatisfying, while value-creating practices and experiences were largely compromised. Further, the phase evidently shows that platform governance and value creation are not driven solely by internal dynamics but were significantly shaped by exogenous influences, including state regulation and other societal occurrences. Figure 4 illustrates the progressing processes and mechanisms underpinning value creation and capture within the ecosystem. As shown in the interactional mapping (Figure 3), the platform owner came to assume a more central mediating role in orchestrating these interactions.

Phase 3 – Balance and innovation

(Unexpected) organic growth caused by geopolitical tensions: With a substantial portion of its user base overseas, RedNote had gained significant international recognition over the years. The platform, once considered primarily a niche lifestyle app within China, had been steadily building a global following through diaspora communities and creative networks. In January 2025, this cross-border growth suddenly transformed into a surge of global attention after the U.S. Supreme Court unanimously upheld a law requiring ByteDance to sell TikTok's U.S. operations or face a nationwide ban. (TikTok Inc. v. Garland, 2025) Millions of American and other international users flocked to RedNote as an alternative. Within two days of the announcement, more than half a million new users had joined the platform.

This group quickly became known as the "TikTok refugees," even forming a corresponding TikTok Refugee Club on the platform. The Club served as a hub where incoming creators and users could share advice on migrating content, rebuilding networks, and understanding the algorithms, interfaces, and ecosystem culture. This inflow of new participants further diversified value creation activities. One noticeable change during this period is that, as the incoming participants merged TikTok's content with RedNote's existing infrastructure and conventions, they populated the short-video content format, which had previously been less common on the platform. The topics of discussion and aesthetics also further diversified, featuring, for instance, more content on body positivity and lifestyles abroad.

Another positive outcome of this unexpected organic growth was the revival of community- and knowledge-sharing-based culture following the previous setback. Despite cultural differences, the newcomers sought not only to establish a presence on the platform but also to integrate into the community. They did so by posting so-called "content taxes," such as pictures of their pets, as a way to demonstrate that their value, namely, their tastes or intentions for using the platform, was aligned with RedNote's ecosystem.

Although these changes sometimes sparked mixed reactions among the platform's predominantly Chinese user base, many welcomed the fresh creative contributions. Concern was mostly voiced around the possibility that the influx of overseas creators might intensify competition for advertising space.

Second governance revision: Unique to the "TikTok refugee" phenomenon was that it was largely driven by geopolitical tensions in the platform economy – forces that RedNote could neither predict nor control. Though not the result of a strategic decision, the platform clearly capitalized on the shift and swiftly adapted its technical infrastructure, such as the addition of a translation feature, to support evolving value-creation activities. Other backend adjustments included expanding server capacity to handle traffic spikes and integrating more robust moderation tools for multilingual content to cater to a broader demographic.

However, overseas participation in value creation presented RedNote with not only values that are difficult to economize but also values potentially misaligned with the national agenda and therefore subject to regulation. This is evident in the following statement: “I couldn’t get approved for livestreaming. Foreigners have trouble getting approved. There’s a separate approval process for livestreaming” (Interviewee 18, American). This distinction between domestic and overseas user permissions can be interpreted as a form of selective gatekeeping. One plausible explanation is that, while the platform can exert relatively high levels of control over pre-recorded posts through algorithmic monitoring and curation, it has far less capacity to monitor livestreaming sessions and filter material perceived as problematic in real time. In livestreaming, unpredictable interactions can create a dynamic environment that resists automated moderation. These risks can be particularly acute when dealing with complementors whose language and cultural references fall outside the platform’s expertise.

Besides these mitigations, the revival and further growth of the knowledge-sharing community nonetheless afforded RedNote another opportunity to realign value creation and value capture mechanisms. The platform’s expanding international presence and heightened societal visibility enhanced its symbolic legitimacy, enabling RedNote to reposition itself not only as a content intermediary but also as a trusted cultural arbiter capable of anchoring new forms of value capture.

Aligned value capture: Following its second setback in commercial gains and informed by recent changes in the value creation network and interactional dynamics, RedNote began exploring alternative ways to extract revenue by linking online content creation with offline, local consumption to influence lifestyles through its community.

The platform organized offline events, such as market fairs, and established official collaborations with local shops and restaurants. “RedNote chose a path unlike other platforms. It used to have overlaps with TikTok, but it has been hard. Now you see it organizing many festivals and exhibitions offline. This is something other platforms have never attempted before. RedNote connects to local living and the economy. It organized a coffee festival with thousands of independent cafés in Shanghai when the economy was at its worst. Their entry point was exactly where the physical stores needed it,” noted interviewee 13.

Today, in first- and second-tier cities in China, as well as in overseas markets like London with significant Chinese populations, it is common to see participating shops and restaurants displaying “Recognized by RedNote” stickers on their doors or using other methods to indicate their affiliation. In many ways, RedNote has evolved from a platform into a well-trusted brand with legitimizing power. “RedNote has become a brand, a really prestigious one at that. Some creators are even willing to work for free just to be officially featured. It just looks good.” “They have a fashion line called Wrap Label, where they collaborate with many designers.

These designers will have a stamp on their profiles showing their relationship with RedNote" (Interviewee 11).

This legitimizing effect has amplified RedNote's trendsetting influence in the offline economy, creating a compelling dynamic closely coupling online value creation and offline value capture. "Just look at the cafés in Shanghai—9 out of 10 menus have the same items, flavoured lattes and all that. This phenomenon is co-created by the platform and the cafés. The cafés see what's trending on the platform and want to replicate it. Then, as those cafés become popular, they influence even more to follow. It's a chain reaction between online and offline activity," as interviewee 13 explained.

In the already mature content and advertising economy, the platform formalized its interactions with participants to rebalance governance. The platform also began playing a more active role in mediating the distribution of revenues among participants. "Their backend is improving. When I update my pricing, the platform now advises me on what pricing level matches creators with a similar follower count, as a reference," noted interviewee 17. Through these technical mechanisms, RedNote can more directly influence participants' interactions, enabling revenue extraction.

Overall, in this latest phase, geopolitical tensions enriched RedNote's value creation network and prompted technical revisions that enabled new interactional mechanisms. However, the foreign value introduced by new participants also created tensions that the existing platform infrastructure struggled to manage, prompting further governance adaptations. This phase illustrates the challenges platform ecosystems face in balancing inclusivity and growth with operational realities in a complex, politically charged digital environment.

On a more positive note, this growth in value creation, together with the resulting societal recognition and legitimizing power, led RedNote to innovate new value capture mechanisms better aligned with value creation. By extending its ecosystem and translating value into offline monetary forms, RedNote reconciled conflicting community-driven and monetization-prioritizing logics in a unifying, innovative business model. This hybrid operation both emerged from and gave rise to new interactional possibilities. See Figure 5 for the mapping of interactions underlying the interplay between value creation and capture at this stage, illustrated in Figure 6.

Discussion

The findings of this study describe a business model change process within a digital platform ecosystem, facilitated by the interplay between evolving stages of value creation, value capture, and governance revision. These dynamics are captured in the conceptual model laid out in Figure 7. This process is enabled by multiple interactional mechanisms among the platform owner, ecosystem participants, and exogenous influences. The core insight of the study highlights the importance of aligning interactional mechanisms of value creation and value capture, and of ensuring that understandings of value are continuously communicated through feedback loops. Furthermore, organic value creation may generate value leakage and externalities, which can trigger revisions to ecosystem governance and contribute to the sustainability of the business model.

Value-in-interaction and its dimensions

It is essential to account for both use-based and exchange-based values, as well as their mutually constitutive roles, to understand business model change within an ecosystem. These two perspectives exist in dynamic interplay and guide interactions and processes that continuously shape and inform one another. Figure 7 illustrates this interplay between value creation and value capture processes. Irrespective of whether value is realized through use or exchange, however, the central argument is that value cannot be produced by a single actor in isolation. (Vargo et al., 2017) Instead, value emerges and evolves through interactions among diverse actors within and beyond the ecosystem. To understand the nature of value in this context, it is therefore imperative to pay close attention to the interactional mechanisms between actors and the conditions under which these interactions occur. Such value is not static but continuously changes in response to evolving interactional patterns.

This paper identifies dimensions in which interactions can differ: *direction, density,* and *directedness*. In terms of direction, interactions can occur unilaterally, bilaterally, or multilaterally, often influenced by the perceived dependency of one actor group on another. Perceived dependency in this context is associated with access to social or technical resources. For example, in the case of MCN firms, their privileged access to exclusive information and broad networks enables them to interact with multiple parties at once. Their roles as junctures in value creation then enable them to negotiate favourable revenue shares. Another evident case is the platform owner, whose control over platform infrastructure, including boundary resources and algorithms, places it at the centre of interactions. Yet another pronounced form of dependency in this case also exists between the platform and the state. All these points to the political nature underpinning the interactions that constitute the basis for the platform ecosystem business model.

The density of interactions differs due to levels of perceived utility of one party's activities to another. This can be observed here in the form of organically generated data traffic. The case of RedNote demonstrates that the value of content, that is, its quality in enabling interactions and engaging relations, derives from how it "benefits others" in a practical way. For instance, while controversial topics may attract high view counts, they often yield low levels of engagement in the form of likes, saves, or comments. As the engagement ratio, i.e., the ratio of likes and saves to views, is a critical indicator used by brands to evaluate creators, it directly influences both the success of creative collaboration and commercial partnerships. In this way, organically formed value serves as a foundation for revenue extraction, underscoring the interdependence between the two.

Although value creation conditions the possibility of capturing revenues, the realization of the latter often necessitates a process of re-interpretation of value, as the value formed is inherently more relative, heterogeneous in form, and context-dependent than revenues. This process is referred to here as value datafication, which essentially implies reducing the multifaceted value based on use context and subjective evaluation to data object forms (Alaimo and Kallinikos, 2022), serving as the basis of capital (Lycett, 2013; Sadowski, 2019). A core challenge in digital platform ecosystems is that value which cannot be categorized by algorithmic technologies cannot be translated into monetary value for capture. However, while the platform owner can steer data traffic toward specific content it seeks to popularize and monetize, organic data flows arising from user-driven interactions are not always easily overridden by technical interventions. The interplay between the two types of data traffic thus becomes a key site where value is negotiated iteratively.

This relates to the last dimension of value-in-interaction, directedness. With the need to re-interpret value, the platform owner may attempt to reduce the directedness of interactions between ecosystem participants by inserting itself as a mediator within interactional mechanisms. To enhance revenue extraction, RedNote increasingly intervened in interactional mechanisms through both social and technical means and by reinforcing the categorization of content and human resources.

As illustrated, throughout the process in which the ecosystem business model changes, interactional dynamics diverge significantly in direction, density, and directedness, creating different modes of value creation and capture over time. In value creation, interactions tend to be more reciprocal among participating actors, though still mediated by platform infrastructure. Conversely, in value capture, interactions are highly centralized and directed toward the platform owner, who exerts dominant control over data flows. In this context, the platform owner assumes the role of a gatekeeper of information, selectively shaping flows of interaction and exchange, and thereby structuring the processes through which value is ultimately captured.

Value leakage, externalities and governance

Throughout its decade-long development, RedNote has continually faced challenges in aligning, and at times seeking to synergize, value creation and value capture within its governance strategy. This synchronization has often proven difficult in practice, as mismatches between the two have frequently led to value created by ecosystem participants leaking into the external environment and competing ecosystems, resulting in externalities. However, these externalities have also served as a key driver of the platform's ongoing adaptation.

Motivated by a designed value model, platform owners provide digital infrastructure and creative resources to ecosystem participants, enabling organic value creation. Organic value creation, however, given the heterogeneity of participants and creative incentives, does not completely conform to the designed pathways. Due to the complex nature of value creation and the fluid organizational boundaries of ecosystems, interactions within ecosystems are more likely to produce externalities that spill over into broader social and economic contexts. When value capture mechanisms overshadow value creation, participants' creative incentives may be stifled. Conversely, when value creation dominates without commensurate mechanisms for capture, there is a higher possibility that value leakage occurs. These leakage processes may simultaneously generate both positive and negative externalities.

Both the value created and retained at this stage and the externalities inform the platform's governance revision. Positive externalities resulting from leakage are often attended to by the platform owner due to economic incentives. In contrast, negative externalities that spill over into the broader economy and society can remain unaddressed unless they escalate to a level that prompts government intervention. When overlooked, activities that take place within the platform ecosystem can unintentionally dampen creative diversity in the physical economy by fostering overreliance on platform-mediated knowledge.

While existing research has traditionally emphasized how value creation contributes to value capture (John and Ross, 2022), this study extends that trajectory by demonstrating that value capture, whether realized or unrealized (leaked), generates critical feedback that prompts governance revision, informs subsequent creation processes, and sustains strategic changes. In other words, a feedback loop is continuously at work. These feedback loops play an essential and constructive role in propelling ongoing governance revision in platform ecosystems. As a concrete example, RedNote's strategy of linking online value creation to offline revenue extraction effectively extended the platform ecosystem, re-channelling positive externalities generated back into the system and converting them into economic value. In doing so, the platform addresses its long-standing challenge of aligning value creation and value capture interplay. See Figure 7 for a detailed illustration of how this dynamic mechanism operates.

Building on Haigu and Wright's (2023) notion of marketplace leakage, this study shows that leakage in platform ecosystems extends beyond transactional disintermediation to encompass spillovers in diverse forms. Leakage also does not merely redirect value but actively reshapes the platform ecosystem by generating externalities that feed back into governance revision. It should thus not be interpreted solely as a loss or inefficiency, but as an inherent feature of platform ecosystems, making visible the need for governance revision. Consequently, leakage emerges not as an anomaly to be minimized, but as a core component embedded in the ongoing dynamic process underlying the value creation and capture in platform ecosystem.

The political nature of platform ecosystem governance

The findings of this case also uncover patterns and effects of interactions between the platform ecosystem and the broader sociopolitical context; in particular, state influences continue to cast a shadow over the platform. In the findings, it is noted that the state can coerce restructuring of the platform's digital infrastructure and governance or compel creative trends on the platform to align with changing techno-national agendas. One example is that, whereas in its early stages RedNote experienced a surge in women's empowerment content, which was widely recognized as critical to its growth and societal impact, later, following a government decree aimed at relaxing the one-child policy to encourage higher birth rates, feminist content experienced a noticeable drop in visibility due to algorithmic gatekeeping.

This study thereby offers a narrative of how value creation and capture within a platform ecosystem can evolve in relation to different structural and cultural elements of a nation. State or regulatory intervention is not external to platform value dynamics but actively shapes the process through which value is created and captured. In RedNote's case, the state agenda was not only a contextual condition, but a direct mandate its platform ecosystem must adhere to and align with for value creation, thereby a key factor determining platform governance modes. From the model, it is visible that platform governance operates as a mediator between political objectives and value processes, translating techno-national agendas into concrete adjustments in infrastructure that influence creative activities.

China's techno-nationalist framework distinctly foregrounds direct interactions between platforms and the state, which in this study emerge as a key factor in governance revision. As platforms "inevitably play a role in the projection and naturalization of power and ideology" (Davis and Xiao, 2021), Chinese platforms do so through a coupled relationship with the state, making them key actors in reshaping the economy, implementing social projects initiated by the government, and promoting Chinese culture and ideology. Particularly with respect to social media platforms, media companies and communication technologies have consistently functioned as subsidiaries of the state's political apparatus (Zhang, 2021; Plantin and de Seta, 2019; Wang & Lobato, 2019). This dynamic within the media industry renders analyses that depart from a state–market separation of limited value in the Chinese context (Schneider, 2018). Examination as such thus requires moving beyond the common laissez-faire assumptions and liberal ontology of the information economy, both of which are largely absent in the Chinese context (Jin, 2013).

Similarly, the "TikTok refugee" phenomenon signifies the growing impact of geopolitical tensions on, and generated by, the platform economy (van Dijck and Lin, 2022). For platform firms, governance within a tension-charged global context poses significant challenges for anticipating shifts in ecosystem composition and identifying viable paths for value creation and value capture. These challenges are particularly pertinent given that value creation in the digital economy often continues to depend on offline operations and physical resources. Such dependencies further entangle platform governance with regulations governing trade, logistics, labour conditions, and related areas (Wood et al., 2019). While the effects of state intervention may appear more pronounced in the Chinese platform economy, the relevance of geopolitical tensions extends to all platform firms operating in international contexts. By tying platform governance revision to shifts in the political environment, the study highlights how value creation and capture in platform ecosystems are continuously recalibrated through interactions with sociopolitical forces.

Conclusion

Through a processual case study of a Chinese social commerce platform, this paper investigates how value is formed and captured through interactions and how the interplay between these two types of processes sustains changes in platform ecosystem governance. The study is an empirical effort responding to previous calls for a dynamic model of value based on interactions (Ramaswamy and Ozcan, 2018), more fitting for platform ecosystem analysis (Cennamo and Santaló, 2019). The study contributes to Strategic Management scholarship by advancing a dynamic and processual understanding of value creation and value capture based on interactions (Lepak et al., 2007), in contrast to static or firm-centric accounts. The paper further advances understanding of the influence of leakage in governance revision and value-related processes, contributing to platform scholarship in general (Haigu and Wright, 2023).

The paper makes three main contributions. First, based on the empirical account, it unpacks the various interactional mechanisms through which value in an ecosystem setting is created and captured, and, relatedly, it develops three analytical dimensions related to the value-in-interaction concept. This conceptualization highlights the necessity of reconfiguring value into a datafied form for purposes of capture, which implicitly grants the platform owner asymmetric control in the process. A further insight is that while value creation conditions value capture, value capture, in turn, provides critical feedback that drives further creation. This paper thereby extends John and Ross' conceptualization (2022), confirming the significance of value capture processes in sustaining an ecosystem and their role in informing further value creation. Second, advancing the notion of marketplace leakage (Haigu and Wright, 2023), the study argues that externalities arising from value leakage play constructive roles leading platform owners to revise governance and value-related processes, in response to economic incentives associated with positive externalities, and regulatory intervention to negative externalities. Finally, the study sheds light on the significance of techno-nationalist agendas, state interference, and geopolitical tensions for the governance and strategic changes of digital platform ecosystems, indicating that platform politics are becoming increasingly difficult to separate from global politics (Gorwa, 2019). Altogether, these insights point to the importance of aligning perceptions of value and ensuring continuous feedback mechanisms between value creation and capture processes in platform ecosystem governance.

The last aspect may be of interest to platform studies scholars given the uniqueness of the empirical setting. Although state influence often underlies the platform economy, it is rarely the case that the state directly interferes in a platform's mundane operations or becomes an active participant in its ecosystem. These, however, are normalized phenomena in the Chinese platform economy, where there is a historical path dependency aligning the communications apparatus with the state and its techno-nationalist agenda. Although this case study is specific to China, the empirical evidence also indicates that state influence is increasing globally, as illustrated by the TikTok incident. Platforms may need to brace themselves for the growing presence of politics in their daily operations. (Gillespie, 2010) This finding further suggests that platforms should more proactively manage the negative externalities generated by their ecosystems to prevent tensions with state actors from escalating to the point of forcing business shutdowns.

Several limitations point to promising avenues for future research. First, while the analysis highlights datafication as central to value capture and governance asymmetry, future studies could examine more closely how different forms of value are translated into data and how translation practices reshape the actor-to-actor relations and interactions within ecosystems. Second, although this study touches upon the influence of sociotechnical conditions, further research could systematically investigate how platform internationalization complicates value creation and capture across regulatory regimes and cultural contexts. Comparative studies across national settings would be particularly valuable in clarifying how different techno-nationalist agendas interact with platform ecosystems. Finally, future work could explore whether and how other types of platform ecosystems can have alternative governance arrangements guiding value processes and mitigate externalities differently.

References

Alaimo, C., & Kallinikos, J. (2022). Organizations decentered: Data objects, technology and knowledge. *Organization Science, 33*(1), 19–37.

Alaimo, C., Gawer, A., Micelotta, E., Reischauer, G., & Kepler, J. (2025). *Platform organizations and societal change* (Working paper).

Amit, R., & Zott, C. (2001). Value creation in e-business. *Strategic Management Journal, 22*(6–7), 493–520.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17*(1), 99–120.

Behrendtz, J. (2011). *Online ethnographic methods: Towards a qualitative understanding of virtual community practices* (Doctoral dissertation). Stockholm School of Economics.

Beirão, G., Patrício, L., & Fisk, R. P. (2017). Value cocreation in service ecosystems: Investigating health care at the micro, meso, and macro levels. *Journal of Service Management, 28*(2), 227–249.

Bos-de Vos, M., Volker, L., & Wamelink, H. (2019). Enhancing value capture by managing risks of value slippage in and across projects. *International Journal of Project Management, 37*(5), 767–783.

Boudreau, K. J., & Jeppesen, L. B. (2015). Unpaid crowd complementors: The platform network effect mirage. *Strategic Management Journal, 36*(12), 1761–1777.

Bowman, C., & Ambrosini, V. (2000). Value creation versus value capture: Towards a coherent definition of value in strategy. *British Journal of Management, 11*(1), 1–15.

Ceccagnoli, M., Forman, C., Huang, P., & Wu, D. J. (2012). Co-creation of value in a platform ecosystem: The case of enterprise software. *MIS Quarterly, 36*(1), 263–290.

Cennamo, C., & Santaló, J. (2019). Generativity tension and value creation in platform ecosystems. *Organization Science, 30*(3), 617–641.

Chesbrough, H., Lettl, C., & Ritter, T. (2018). Value creation and value capture in open innovation. *Journal of Product Innovation Management, 35*(6), 930–938.

Davis, M., & Xiao, J. (2021). De-westernizing platform studies: History and logics of Chinese and U.S. platforms. *International Journal of Communication, 15*, 1–20.

Dyer, J. H., Singh, H., & Hesterly, W. S. (2018). The relational view revisited: A dynamic perspective on value creation and value capture. *Strategic Management Journal, 39*(12), 3140–3162.

Echeverri, P., & Skålén, P. (2021). Value co-destruction: Review and conceptualization of interactive value formation. *Marketing Theory, 21*(2), 227–249.

Gandia, R., & Parmentier, G. (2017). Optimizing value creation and value capture with a digital multi-sided business model. *Strategic Change, 26*(4), 323–331.

Gawer, A. (2022). Digital platforms and ecosystems: Remarks on the dominant organizational forms of the digital age. *Innovation, 24*(1), 110–124.

Gillespie, T. (2010). The politics of 'platforms'. *New media & society*, 12(3), 347-364.

Ghazawneh, A., & Henfridsson, O. (2013). Balancing platform control and external contribution in third-party development: The boundary resources model. *Information Systems Journal, 23*(2), 173–192.

Gorwa, R. (2019). What is platform governance?. *Information, communication & society*, 22(6), 854-871.

Grönroos, C., & Voima, P. (2013). Critical service logic: Making sense of value creation and co-creation. *Journal of the Academy of Marketing Science, 41*(2), 133–150.

Hagiu, A., & Wright, J. (2024). Marketplace leakage. *Management Science*, 70(3), 1529-1553.

Hietanen, J., Andéhn, M., & Bradshaw, A. (2018). Against the implicit politics of service-dominant logic. *Marketing Theory, 18*(1), 101–119.

Jacobides, M. G., Knudsen, T., & Augier, M. (2006). Benefiting from innovation: Value creation, value appropriation and the role of industry architectures. *Research Policy, 35*(8), 1200–1221.

Jin, D. Y. (2015). *Digital platforms, imperialism and political culture*. Routledge.

John, K., & Ross, D. G. (2022). How a firm's value capture affects value creation in its ecosystem. *Academy of Management Review, 47*(4), 646–667.

Kapoor, R. (2018). Ecosystems: Broadening the locus of value creation. *Journal of Organization Design, 7*(1), 1–16.

Karhu, K., Gustafsson, R., & Lyytinen, K. (2018). Exploiting and defending open digital platforms with boundary resources: Android's five platform forks. *Information Systems Research, 29*(2), 479–497.

Karpen, I. O., Bove, L. L., & Lukas, B. A. (2012). Linking service-dominant logic and strategic business practice: A conceptual model of a service-dominant orientation. *Journal of Service Research, 15*(1), 21–38.

Khademi, B. (2020). Ecosystem value creation and capture: A systematic review of literature and potential research opportunities. *Technology Innovation Management Review, 10*(1), 45–56.

Kowalkowski, C. (2011). Dynamics of value propositions: Insights from service-dominant logic. *European Journal of Marketing, 45*(1/2), 277–294.

Kretschmer, T., Leiponen, A., Schilling, M., & Vasudeva, G. (2022). Platform ecosystems as meta-organizations: Implications for platform strategies. *Strategic Management Journal, 43*(3), 405–424.

Langley, A. (1999). Strategies for theorizing from process data. *Academy of Management Review, 24*(4), 691–710.

Lepak, D. P., Smith, K. G., & Taylor, M. S. (2007). Value creation and value capture: A multilevel perspective. *Academy of Management Review, 32*(1), 180–194.

Liang, T. P., & Turban, E. (2011). Introduction to the special issue on social commerce: A research framework. *International Journal of Electronic Commerce, 16*(2), 5–14.

Lin, X., Li, Y., & Wang, X. (2017). Social commerce research: Definition, research themes and trends. *International Journal of Information Management, 37*(3), 190–201.

Lindhult, E., Chirumalla, K., Oghazi, P., & Parida, V. (2018). Value logics for service innovation: Practice-driven implications for service-dominant logic. *Service Business, 12*(3), 457–481.

Lumivalo, J., Tuunanen, T., & Salo, M. (2024). Value co-destruction: A conceptual review and future research agenda. *Journal of Service Research, 27*(2), 159–176.

Lusch, R. F., & Nambisan, S. (2015). Service innovation. *MIS Quarterly, 39*(1), 155–176.

Lycett, M. (2013). Datafication: Making sense of (big) data in a complex world. *European Journal of Information Systems, 22*(4), 381–386.

McIntyre, D. P., & Srinivasan, A. (2017). Networks, platforms, and strategy: Emerging views and next steps. *Strategic Management Journal, 38*(1), 141–160.

Mizik, N., & Jacobson, R. (2003). Trading off between value creation and value appropriation. *Journal of Marketing, 67*(1), 63–76.

Murthy, D. (2008). Digital ethnography: An examination of the use of new technologies for social research. Sociology, 42(5), 837-855.

Parker, G. G., & Van Alstyne, M. W. (2005). Two-sided network effects: A theory of information product design. *Management Science, 51*(10), 1494–1504.

Pitelis, C. N. (2009). The co-evolution of organizational value capture, value creation and sustainable advantage. *Organization Studies, 30*(10), 1115–1139.

Plantin, J. C., & De Seta, G. (2019). WeChat as infrastructure: The techno-nationalist shaping of Chinese digital platforms. *Chinese Journal of Communication, 12*(3), 257–273.

Prahalad, C. K., & Ramaswamy, V. (2004). Co-creation experiences: The next practice in value creation. *Journal of Interactive Marketing, 18*(3), 5–14.

Ramaswamy, V., & Ozcan, K. (2018). What is co-creation? An interactional creation framework and its implications for value creation. *Journal of Business Research, 84*, 196–205.

Razmdoost, K., Alinaghian, L., Chandler, J. D., & Mele, C. (2023). Service ecosystem boundary and boundary work. *Journal of Business Research, 156*, 113489.

Reitzig, M., & Puranam, P. (2009). Value appropriation as an organizational capability. *Strategic Management Journal, 30*(7), 765–789.

Rochet, J. C., & Tirole, J. (2003). Platform competition in two-sided markets. *Journal of the European Economic Association, 1*(4), 990–1029.

Saarijärvi, H. (2012). The mechanisms of value co-creation. *Journal of Strategic Marketing, 20*(5), 381–391.

Sadowski, J. (2019). When data is capital: Datafication, accumulation, and extraction. *Big Data & Society, 6*(1), 2053951718820549.

Santos, F. M. (2012). A positive theory of social entrepreneurship. *Journal of Business Ethics, 111*(3), 335–351.

Schellewald, A. (2021). Communicative forms on TikTok: Perspectives from digital ethnography. International journal of communication, 15, 21.

Schneider, F. (2018). *China's digital nationalism*. Oxford University Press.

Schreieck, M., Wiesche, M., & Krcmar, H. (2021). Capabilities for value co-creation and value capture in emergent platform ecosystems. *Journal of Information Technology, 36*(4), 365–390.

Skålén, P., Gummerus, J., von Koskull, C., & Magnusson, P. R. (2015). Exploring value propositions and service innovation. *Journal of the Academy of Marketing Science, 43*(2), 137–158.

Storbacka, K., Brodie, R. J., Böhmann, T., Maglio, P. P., & Nenonen, S. (2016). Actor engagement as a microfoundation for value co-creation. *Journal of Business Research, 69*(8), 3008–3017.

TikTok Inc. v. Garland, 604 U.S. ___ (2025).

Tiwana, A. (2013). *Platform ecosystems: Aligning architecture, governance, and strategy*. Newnes.

Tiwana, A., Konsynski, B., & Bush, A. A. (2010). Platform evolution: Coevolution of platform architecture, governance, and environmental dynamics. *Information Systems Research, 21*(4), 675–687.

Vargo, S. L. (2009). Toward a transcending conceptualization of relationship. *Journal of Business & Industrial Marketing, 24*(5/6), 373–379.

Vargo, S. L., Akaka, M. A., & Vaughan, C. M. (2017). Conceptualizing value: A service-ecosystem view. *Journal of Creating Value, 3*(2), 117–124.

Wang, W. Y., & Lobato, R. (2019). Chinese video streaming services in the context of global platform studies. *Chinese Journal of Communication, 12*(3), 356–371.

Wood, A. J., Graham, M., Lehdonvirta, V., & Hjorth, I. (2019). Networked but Commodified: The (Dis)Embeddedness of Digital Labour in the Gig Economy. Sociology, 53(5), 931-950.

Zhang, Z. (2021). Infrastructuralization of TikTok. *Media, Culture & Society, 43*(2), 219–236.

Appendix

Phase	Ecosystem orienta	Main actors	Contextual condit	Value creation mechanis	Value capture mechanisms	Outcomes	Externalities
2013-201	Unfiltered growth	Platform owner, content creators, users (90% female), brands	Growing interests in oversea shopping. Lack of information	One-directional information provision to bridge domestic-international knowledge gap	Introduction of e-commerce features “Welfare Society”	Realisation of demand for k	Lack of platform regulation and control mechanism leading to a myriad contents, some deemed harmful for societal welfares
			Fierce competition in e-commerce	Massive technological investment in developing the interface to support content community	Revenues from promotional contents in direct payments.	Content economy flourished, with a strong sense of community and significant trendsetting impacts	Weak associations with purchase leading to revenue loss to competing ecommerce platforms
			Early development in Chinese creator economy	Algorithmic support to new entrants. Easy to attract data traffic and grow followers		Homogeneous user group fostered a "safe haven" for young Chinese female	
				Close collaborative projects with creators. Provision of training etc.		Poor e-commerce infrastructure. Failure to turn content economy into monetary gains	
				Relaxed platform regulation on contents. Allows direct interactions between creators and brands.		Formation and maturity of substantial advertising economy	
2018-202	Overt Control	Platform owner, content creators, users (60-70% female), brands, multi-channel networks, state	External regulation taking place. The app forced offline for restructuring. State interference	Incentivise growth through attracting male users by encouraging more gender-oriented content creation	Establishsment of complementary platform mediating creators and brands	Gender divide within users	Social movement "girls' talks"
			Global pandemic abd immobility in creative resources	Foster growth and close collaboration with MCN. Formalize content creation models	More manipulative algorithms to redirect content creation	Algorithmic opacity causes confusion in content economy. Organic vs. artificial traffic	
			Tangshan assult in	control mechanism through technical design such as location tracking,	Investment in e-commerce logistics	User's negative response to commercial contents	
				Official collaborations with governmental organizations	Initial launch of live-streaming features	Stagnated growth rate (except during COVID)	
				Further changes to interface to diversify modes of interactions between creators and followers	Punishment against activities extending transactions to other platforms	Lowered user experience for existing user groups. Exit of existing creators	
				More active engagement in providing creative inspirations. Establishment of sub-communities, each governed by a separate creative team at RedNote		Growth in revenues but unsatisfactory compared to the overall industry	
2022-202	Balance and innova	Platform owner, content creators, users (including "Tik Tok refugees"), brands, multi-channel networks, state, offline shops	Need to boost domestic economy post COVID-19	Training and nework building (online and offline activities) to grow live-streaming talents	Reinforcing live-streaming economy to lock transactions on the platforms	Divide in treatment between international and domestics users in live-streaming sectors	The online-offline interactions caused homogeneous patterns in both contents and physical economy
			Geopolitical elements intensified in global digital platform economy	Introduction of new technical features such as translation to accommodate newcoming participants i.e., "Tik Tok refugees"	Functioning as an event organizer to capture value in physical economy	Emerging business model with online value creation and hybrid value capture	Influx of oversea users created to an extent frustration amongst the dominantly Chinese users
			Chinese creator economy reaches maturity	Enhanced search features augmented by AI, in relation to its new identity as "encyclopedia"	Introduction of new interface features built in-post to encourage spontaneous purchase	The creation of an alternative live-streaming model that captures the strongest consumption force in China	
			State seeks to boost birth rate	Organization of offline initiatives to embed contents in local economy	Establishing the platform firm as a brand to gain commissions	The platform itself developed a form of authority amongst local economies	
				Attraction and formal contracts with celebrities and KOLs participating in the ecosystem as "creative templates"		Formalization of content and ad economies on the platform	
				Issuance of RedNote offocial recognition to brands and shops as a sign of legitimacy			

Table 1. Phase findings

Content creators									
	IP No.	**Follower size**	**Content categories**	**Year joining**	**Gender**	**Interview duration**	**Interview format**	**Language**	**MCN**
	1	1.7 million	Food	2018	Male	56 min	Online	English	Yes
	2	450 thousand	Education and learning	2019	Female	70 min	In person (SH)	English	Yes
	3	208 thousand	Fashion; Design	2020	Female	57 min	In person (SH)	Mandarin	No
	4	1.5 million	Food	2019	Male	51 min	Online	Mandarin	Yes
	5	265 thousand	Fashion	2016	Female	65 min	In person (Sthlm)	Mandarin	Yes
	6	34 thousand	Fashion; Comestics	2017	Female	60 min	In person (SH)	English	No
	7	649 thousand	Relationship consulting	2017	Female	69 min	In person (SH)	Mandarin	Yes
	8	906 thousand	Travel; Opinion output	2016	Female	65 min	In person (SH)	Mandarin	Yes
	9	984 thousand	Fashion; Opinion output	2015	Female	61 min	Online	Mandarin	Yes
	10	455 thousand	Life style (customised)	2020	Female	54 min	In person (Sthlm)	English	Yes
	11	776 thousand	Fashion; Workout	2018	Female	58 min	In person (SH)	English	Yes
	12	79 thousand	Travel; Opinion output; Workout	2019	Female	60 min	Online	Mandarin	No
	13	328 thousand	Food (coffee)	2018	Male	70 min	In person (SH)	Mandarin	Yes
	14	95 thousand	Travel; Opinion output	2020	Female	55 min	Online	Mandarin	No
	15	384 thousand	Relationship consulting; Opinion output	2019	Female	70 min	Online	Mandarin	No
	16	565 thousand	Travel	2017	Female	52 min	Online	Mandarin	Yes
	17	2 million	Food; Education and learning	2016	Female	69 min	Online	English	Yes
	18	23 thousand	Photography; Design	2018	Male	64 min	In person (SH)	English	No
	19	10 thousand	Design; Technology	2018	Male	55 min	Online	Mandarin	No
	20	9 thousand	Fashion; Photography	2020	Female	50 min	In person (London)	English	No
	21	10 thousand	Travel, photography	2019	Male	51 min	Online	Mandarin	No
Former content creator									
	22	2 million+	Cosmetics	2015	Female	54 min	Online	Mandarin	
MCN		**Contracted talent size**	**Specialized categories**	**Location base**	**Year established**	**Interview duration**	**Interview format**	**Language**	
	23	2700	Comprehesnive	Shanghai	2016	61 min	In person (SH)	Mandarin	
	24	500	Fashion (modelling); Cosmetics	Shanghai	2018	60 min	Online	Mandarin	
	25	850	Comprehesnive	Shenzhen	2018	58 min	Online	Mandarin	
	26	2700	Comprehesnive	Shanghai	2016	50 min	Online	Mandarin	
Former employees		**Period of employment**	**Job functions**	**Interview duration**	**Interview format**	**Language**			
	27	2020-2022	Content management	50 min	Online	Mandarin			
	28	2017-2022	Content management/Marketing	66 min	Online	Mandarin			
	29	2019-2024	E-commerce management	70 min	Online	Mandarin			
	30	2019-2022	Product development	50 min	In person (SH)	Mandarin			
Brands		**Industry**	**Job functions**	**Market position**	**Country of Origin**	**Interview duration**	**Interview format**	**Language**	
	31	Cosmetics	PR and marketing	Industry leader (high-end)	France	70 min	In person (SH)	English	
	32	Cosmetics	PR and marketing	Industry leader (affordable)	China	64 min	Online	Mandarin	
	33	Furniture design	PR and marketing	Niche	Sweden	66 min	In person (London)	English	
	34	Coffee	PR and marketing; purhcasing	Industry leader (high-end)	China	70 min	In person (SH)	Mandarin	

Table 2. Summary of interview details

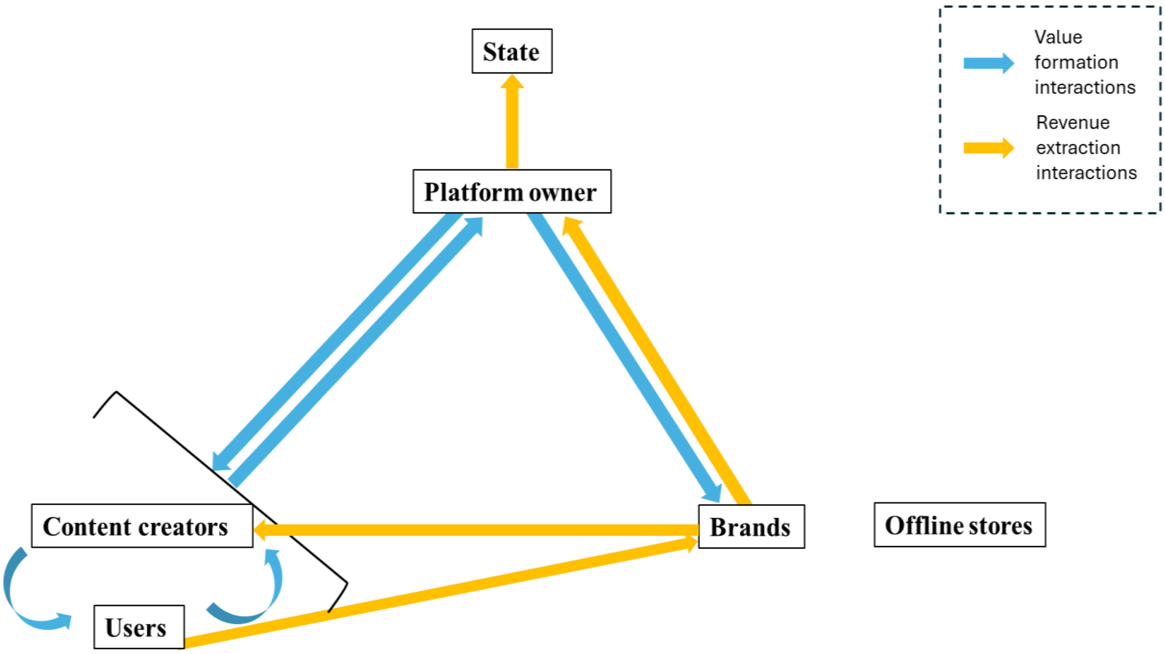

Figure 1 Actor-to-Actor interactional mechanisms in phase 1

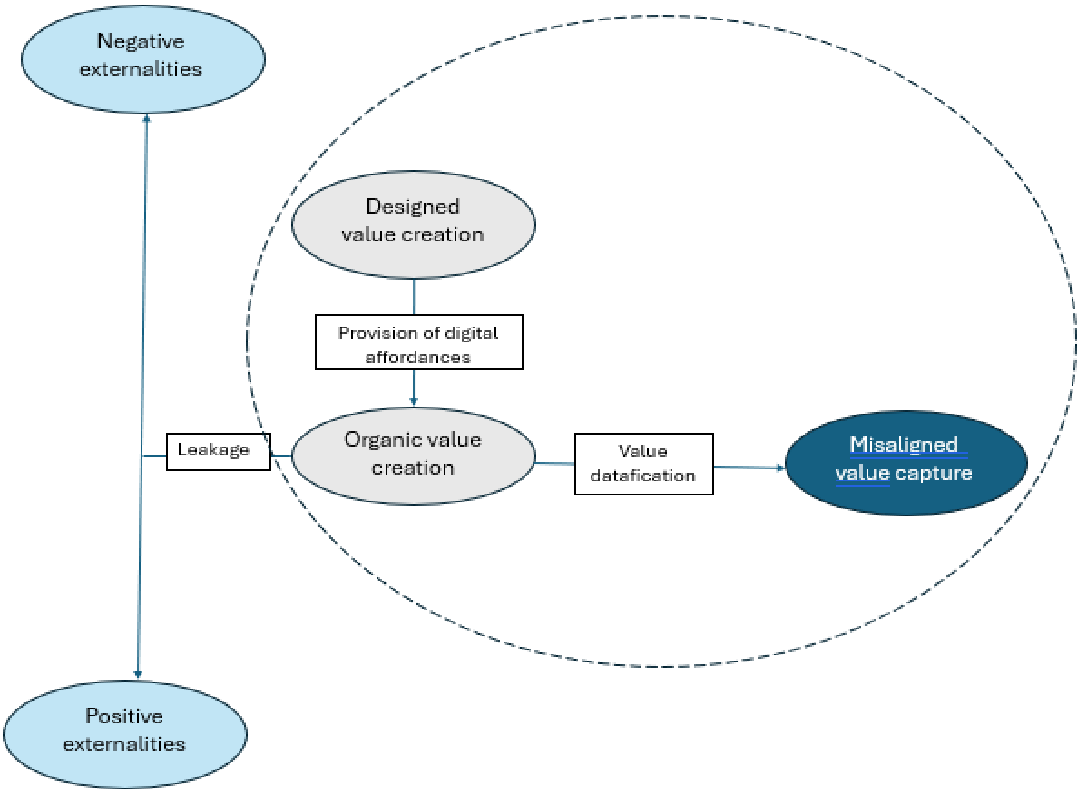

Figure 2 Interplay between value creation, capture and externalities in phase 1

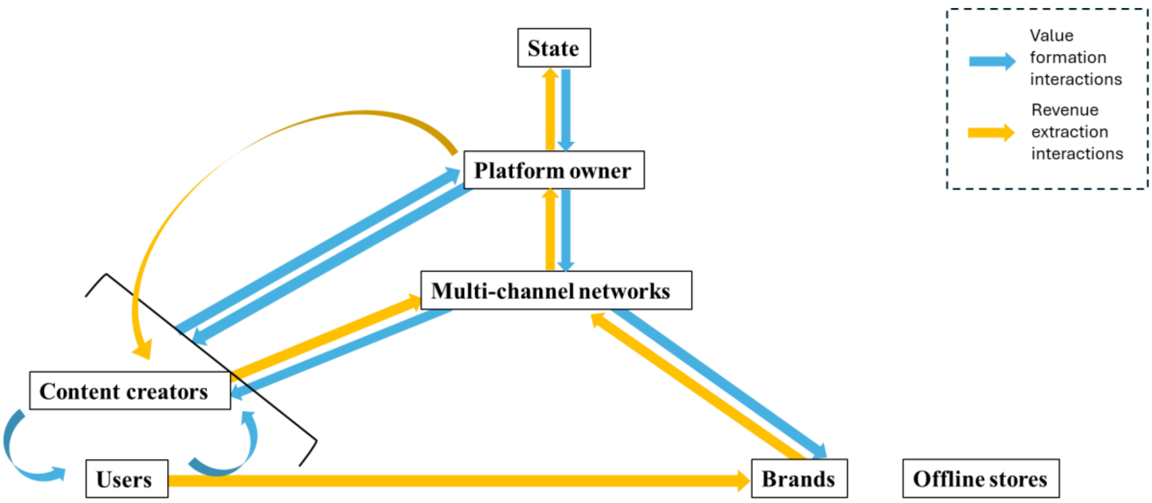

Figure 3 Actor-to-Actor interactional mechanisms in phase 2

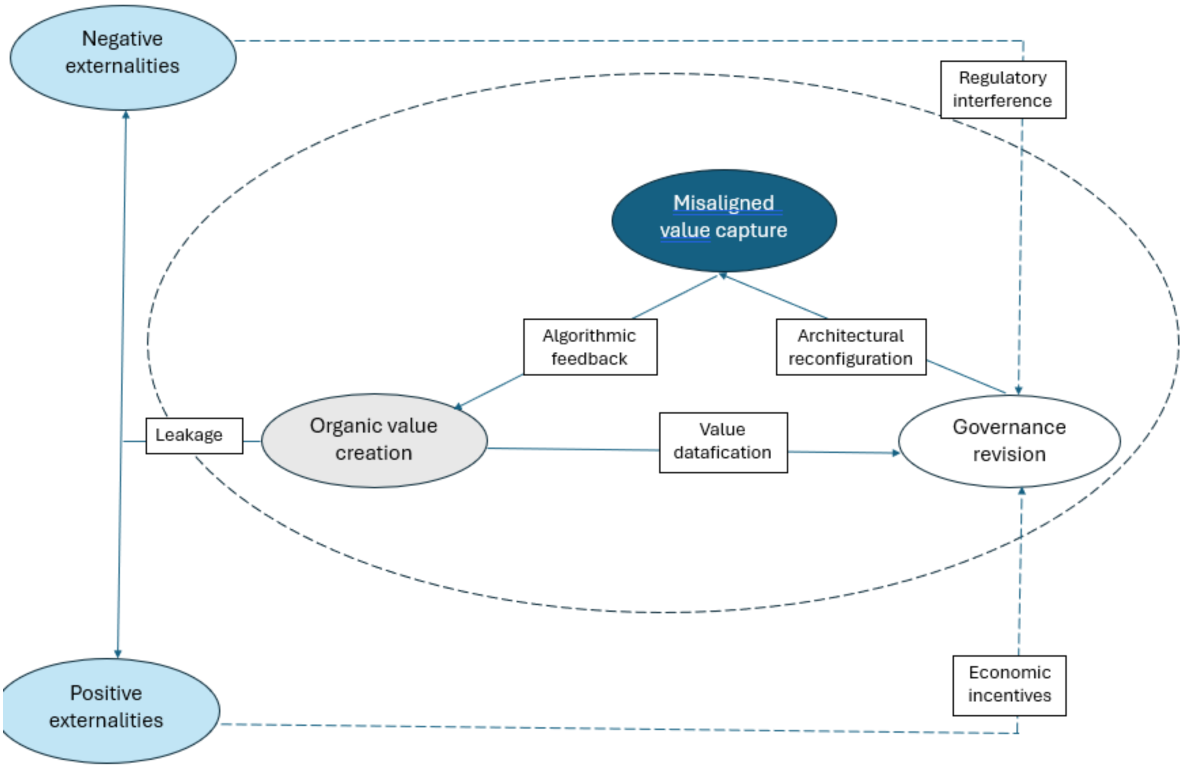

Figure 4 Interplay between value creation, capture, externalities and governance in phase 2

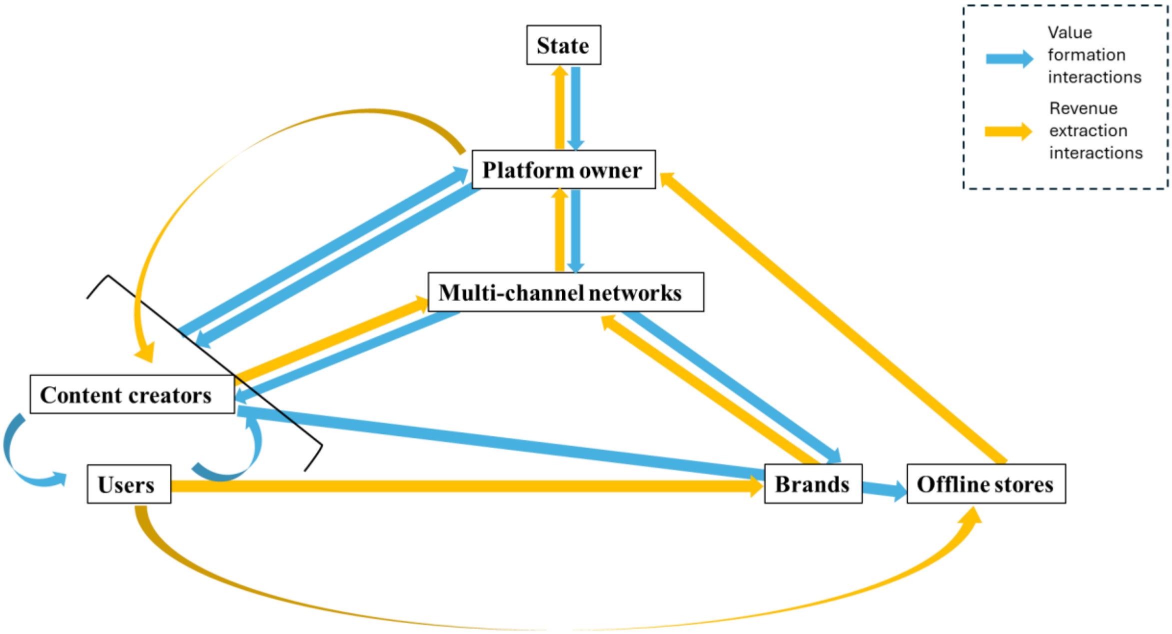

Figure 5 Actor-to-Actor interactional mechanisms in phase 3

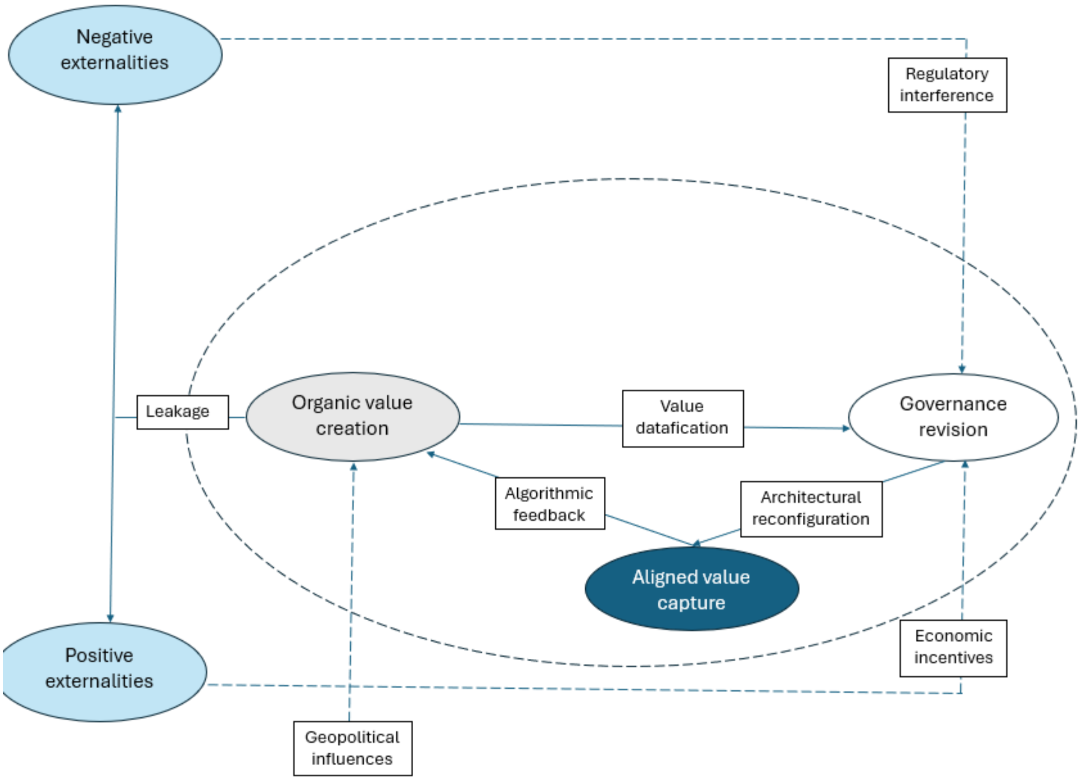

Figure 6 Interplay between value creation, capture, externalities and governance in phase 3

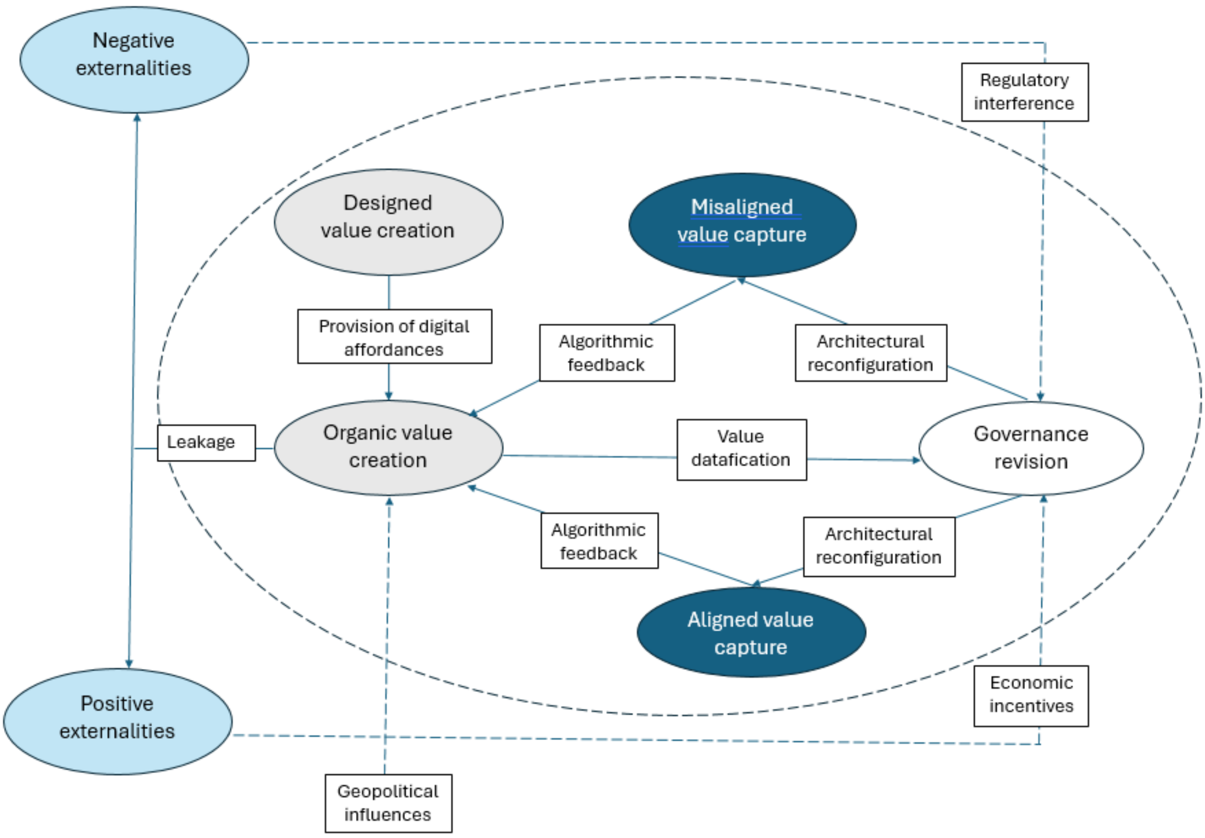

Figure 7 Interplay between value creation, capture, externalities and governance