Friction as a Source of Sustainable Advantage

Nature or Nurture?

By Reinout Schotman – September 2026



Advantage does not come from eliminating friction, but from shaping it: low resistance where movement is needed, high resistance where control is required.

A restaurant can be full every evening and still have no durable advantage. The food is good, the reviews are strong and the owner knows the regulars by name. Value is clearly being created, but whether the restaurant will keep it is another matter. The landlord can raise the rent at the next renewal, the chef can leave for a better offer, and a delivery platform can put itself between the kitchen and its customers. Revenue shows that value enters the business. It says nothing about who ends up with it.

That second question, where value leaks and who catches it, is where strategy starts.

Friction and value leakage

Every business leaks value. Customers bargain prices down, suppliers push input costs up, employees take knowledge with them when they leave, and competitors copy whatever visibly works. In a frictionless market this leakage would erode any advantage quickly.

Friction is anything that makes value harder to copy, bargain away, bypass or extract. Brand trust, switching costs, regulation, location and scale all work this way. Professor Peter Zemsky of INSEAD places this logic at the centre of value capture: value creation explains why customers pay, while friction explains why the margin is not immediately competed away.

McDonald's shows how far this logic can be taken. An ordinary restaurant depends heavily on its cooking, its location and its staff. McDonald's built a system that reduces its dependence on each of them. The large yellow arches of its logo lower search costs from a distance, and a standardised menu removes the risk of a disappointing choice: customers know exactly what they will get, whatever they think of it. Standardised processes make individual employees easier to replace, purchasing scale limits supplier leverage, and site selection follows traffic data rather than instinct. The result is an operating model that closes many of the obvious exits for value, though not all of them. Landlords, franchisees and shifting tastes still take their share.

From friction to control

Takeaway.com started from an entirely classical observation. There was demand for convenient ordering and there was supply in the form of thousands of restaurants, but the two were poorly connected. Restaurants were fragmented, hard to compare and uneven in quality. Takeaway.com made them visible and orderable in one place.

In the beginning, this was simply friction reduction. At scale, it became the route to the market. More diners attracted more restaurants, which attracted more diners, and every order improved ranking and conversion. A service that began by removing friction became the layer through which restaurant demand is reached. Takeaway.com does not own a single kitchen, yet it has considerable influence over which kitchens get chosen.

The position changes in kind. McDonald's built its advantage inside the restaurant category, while Takeaway.com built its position above it. Friction protects a firm's own value from leaking away. A control point governs the terms on which others reach theirs.

How much control the platform holds depends on where the customer's intent is formed. A diner who opens the app wanting McDonald's has already decided, and for McDonald's the platform is a delivery channel. A diner who opens the app wanting something Thai makes the choice on the platform, and for the local Thai restaurant the platform is the gatekeeper. The same app can be a supplier to one business and a control point over another.

Control over access also does not translate automatically into profit. Restaurants list on several platforms at once and diners move between apps with little effort, and Takeaway.com spent years struggling to turn its position into consistent margin.

Data loops

Control points are not limited to marketplaces. John Deere sells tractors and combines, but its modern machines also record what happens in the field: soil conditions, seeding rates, yields, fuel use and machine performance. That data flows into Deere's own software, where the farmer can see it and act on it.

The value lies in aggregation. One farm tells you about one farm. A large connected fleet, working across different soils, climates and seasons, shows how equipment performs under which conditions, where components wear and which practices raise yields. Each machine becomes more useful because of all the others. The loop runs from usage to data, from data to better agronomic and maintenance insight, from there to higher productivity and stronger buyer preference, and back to a larger installed base producing more data.

For the farmer, this changes what is being bought. The next purchase is partly about the machine and partly about continued access to that accumulated knowledge, including the history of their own fields held in Deere's systems. A competitor can fit the same sensors tomorrow. It cannot fit years of field data, and each new sale is partly secured by what earlier machines have learned.

Deere's hold shows in what the farmer cannot easily do without it: repair the machine, move the field history elsewhere, or switch brands without starting the learning again. The control point is not the sensor, and not even the data itself. It is the learning loop and the terms of access to it.

The position is powerful enough to be contested. Farmers have fought for years over who controls the data their machines produce, and over the right to repair those machines, a fight that has drawn in state legislators and federal regulators in the United States.

AI

AI follows the same pattern at larger scale. At the application level, copilots, agents and analytical tools will be available to almost everyone. Using them will rarely produce an advantage, while not using them will increasingly produce a disadvantage.

The infrastructure underneath is concentrated in a small number of firms that control compute, cloud capacity, frontier models and enterprise distribution. Each runs a version of the same loop: usage produces feedback, feedback improves the model, a better model wins distribution, and distribution produces more usage. That loop lets these firms set the terms on which others build with them.

A firm building on a frontier model through an API can still differentiate through its own data, processes and customer relationships. It cannot remove the dependence

underneath, and the two can grow together. Capability gained through someone else's infrastructure is also freedom borrowed from that infrastructure.

The loan can be called at short notice, and not always by the lender. In June 2026, three days after Anthropic released its most capable models, a US export control directive barred all foreign nationals from using them. Unable to verify nationality in real time, Anthropic suspended access for every customer worldwide until the restriction was lifted about three weeks later. Companies that had built on those models lost access to them through a decision made by neither party to the contract. Export controls are only one such route. Sanctions and jurisdictional conflict work the same way.

Not all AI runs this way. An unknown but probably substantial share of industrial AI runs on open-weight models, adapted and deployed on premise and trained on process data that never leaves the plant. There a firm can build a learning loop of its own, much as Deere did with its machines. The independence is partial. Open-weight models are still released by a handful of developers, and the chips they run on come from fewer still. For most companies, the question is less whether they depend on the layer below than how far down that dependence reaches.

Found or built

Some frictions are found, others are built. The restaurant from the opening had found ones: a good location, a talented chef, loyal regulars. McDonald's built its frictions into an operating model. Takeaway.com built something else, a position from which it governs how restaurants like the first one reach their customers. Found friction, built friction and built control can sit in the same street.

Built friction also wears out. Nespresso's machines were sold at modest prices and the margin sat in the capsules, protected by patents. When those patents began to expire around 2012, compatible capsules followed. Nespresso answered with Vertuo, a new capsule format read by the machine through a barcode and covered by fresh patents. The legal friction had an expiry date, so the company designed a new one.

The patent was probably never the whole defence. The original capsules kept selling because Nespresso had also built a brand, its own boutiques and a direct relationship with its members, and these held the position after the patents lapsed. There is a limit to such building, though. Competition authorities have questioned technical changes that hindered rival capsules, which marks the line between building friction and blocking access.

For a board, this adds several questions to the familiar one about which frictions the company can exploit. Which frictions are others building around us? Which are we building ourselves, and do we actually own them? Which of them have an expiry date? And where are we treating access to a capability as if it were freedom to act?

Building friction is an old discipline. What has changed is the scale at which data and networks allow a few actors to build control. Advantage is no longer only something a firm finds in a market. Increasingly, it is something powerful actors build into the market others must use.

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