

# How to Take Advantage of Online Platforms Like the Sharing Economy Does

Anja Herrmann-Fankhaenel

# 1 Introduction

No matter how we name the activity around online platforms—sharing (Belk, 2014b; Benkler, 2004) access (Bardhi & Eckhardt, 2012) or collaboration (Botsman & Rogers, 2010)—and no matter from which perspective we try to understand it—business models (Kathan, Matzler, & Veider, 2016; Muñoz & Cohen, 2017), innovation (Pur, Huesig, Mann, & Schmidhammer, 2014) or social contribution (Jaeger-Erben, Rückert-John, & Schäfer, 2015)—one thing is evident: the phenomenon has entered many different communities—friends (Belk, 2014a), cities (Sharing Cities, 2016), markets (Zervas, Proserpio, & Byers, 2017) and the economy (Herrmann-Fankhaenel, 2016).

It is further noticeable that there is a lot of critique, a huge gap of evidence and that numerous topics should be taken into consideration when trying to understand the Sharing Economy, e.g. about 15% of all online platforms are related to different concepts like co-working (Spinuzzi, 2012) and crowdsourcing (Gassmann, 2012). To fully understand these forms of business, it is thus important to take on different perspectives. Still, it is obvious that these online platforms are developing rapidly in different fields and that they are increasingly used by a wide range of actors (e.g. startups, private users). Media coverage is broad und intense (Lorenzen, 2013; Ortmann, 2013), and only rarely academic expertise is involved. Moreover, focus and content are changing as the Sharing Economy itself is constantly evolving, e.g. AirBnB ban in New York (Röper, 2016).

Online platforms are rising and falling, some are succeeding, and some are failing, e.g. when this research started in 2013 more than 70 online platforms have been associated with this phenomenon in Germany. These days, about 15 of these online platforms shut down, 34 new platforms were created. This rapidly changing

A. Herrmann-Fankhaenel (🖂)

Chemnitz University of Technology, Chemnitz, Germany e-mail: anja.herrmann-fankhaenel@wirtschaft.tu-chemnitz.de

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environment is also valid in an international context (e.g. Owyang, 2016). Hence, a systematic and comprehensive analysis might help to better understand the Sharing Economy and provide valuable insights for business.

This article is based on results from research on the Sharing Economy in Germany which focused on questions like: Which criteria can define the Sharing Economy? Are there distinct types of online platforms? What are similarities and differences with business as usual? Therefore, more than 70 online platforms associated with the Sharing Economy were explored inspired by the Grounded Theory research approach and focused on terms and conditions and imprints (Lueger, 2007; Strubing, 2008; Breuer, 2010; Mayring, 2007).

In Sect. 2, a qualitative picture of the Sharing Economy will be drawn. Furthermore, quantitative characteristics around business related issues of online platforms and the Sharing Economy are established. Section 3 covers basic types of online platforms and their business concept from a practical point of view. The goal is to outline practical guidance to make use of online platforms. In Sect. 4, managers will receive a broader perspective on online platforms and the Sharing Economy by considering private users, competitors and non-profit or value issues as impact factors. Finally, conclusions will be drawn from a macro perspective including business, social, individual and economy-wide matters.

# 2 Basics of the Concept: What Do We Know?

# 2.1 The Variety: Technology, Platforms, Marketplaces

'Sharing' defines the process of granting or getting access to infrequently-used resources, e.g. products or space (Bardhi & Eckhardt, 2012). The main driver of the Sharing Economy is the development of information and communication technologies (Müller, 2014). Web 2.0 approaches set the stage for online platforms with user-generated content and enabled sharing and collective behavior (Lackes & Siepermann, 2013). Hence, an online platform can be interpreted as an intermediate connecting supply and demand (Demary, 2015) and thus can be referred to as a marketplace (Hamari, Sjöklint, & Ukkonen, 2016), e.g. *Airbnb, eBay, Whyownit, Car2Go, NextBike* etc. This broad definition makes it hard to decide on what is part of the Sharing Economy, and what isn't. Based on the insights from the explorative research in Germany, a generalizable definition was derived to fully grasp the phenomenon (Herrmann-Fankhaenel & Huesig, 2016).

The major aspects are:

- Sharing Economy is made up of **online platforms** that are established **in any kind of legal forms**.
- Common feature of these platforms is an interaction called '**sharing**', which can be (**re**-)**selling**, **bartering**, **lending**, **renting**, and **donating**.
- 'Sharing' partners may be private users, organizations and freelancers.
- Items to be shared may be **products**, **services**, **knowledge**, **information**, and **money**.

At a glance: consumption for everyone, everywhere, of everything and at any time.

To get a clearer picture of the variety, let's look at some quantitative results on the Sharing Economy landscape in Germany based on 70 cases (Table 1).

What is new here compared to traditional businesses is that on most online platforms private users may become producers or suppliers at the online platform. Thus, consumers can turn into 'prosumers' (Heinrichs & Grunenberg, 2012) which makes it very appealing for private people to join and be part of the Sharing Economy in general (Müller, 2014). However, the online platforms that exclude professional users and allow private users only should be regarded as a special case (about 20% in Germany). The alternative to business as usual within such economic activity arises because it is neither based on power and control nor on exploitation of people and environment (Voss, 2010). Hence, the Sharing Economy and its online platforms are discussed as an alternative, sustainable or solidary form of consumption (Müller-Plantenberg, 2007).

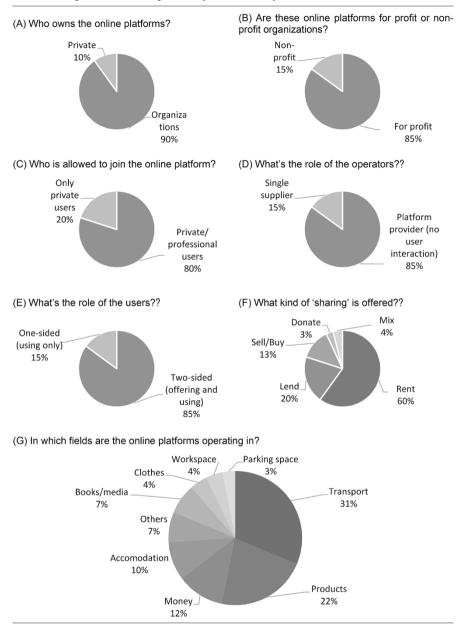
This aspect is backed by a large number of online platforms where operators merely act as service providers or intermediaries (about 85% in Germany). Hence, the users are taking care of supply and demand. In addition, users themselves create content and design consumption how they like it (Fraiberger & Sundararajan, 2015). Moreover, sometimes the *operator* of an online platform is an organization that is running the online platform *besides other business segments* (about 20% in Germany).

The great heterogeneity among the Sharing Economy makes it very interesting to be further explored. There are many approaches for organizations to choose from, e.g. *Deutsche Bahn AG* is offering own Bikes via *CallABike.de*, while *Spock* is an online platform that is inviting a third person to interact.

#### 2.2 Types of Online Platforms

#### The Roles of the Operator

Operators of an online platform are holding two separate roles from an external perspective: being an operator or being the operator of and the single supplier on the platform. From this perspective, there are two kinds of online platforms within the Sharing Economy: *marketplace for others* (Hamari et al., 2016) and *online platform as medium* of distribution (see also Table 2). In the case of Germany, online platforms are mainly created for others as a platform for interaction (80%) referred to as exclusively user-supplied online platforms. Exclusively operator-supplied online platforms in contrast add up to 16% of all cases in Germany. Only in few cases (4%), the online platform operator allows users to act as suppliers besides himself. However, in most cases of this category users merely complement the offer of the operator.





#### **A Business Perspective**

Some online platforms follow very traditional business approaches. In these cases, the operator is the single supplier and hence users can only consume (and not tender own) products or services (Table 2). *Marketplaces for others* include two interesting

			OP as medium	m			
	- 		(operator- and user-	nd user-		-	-
	OP as medium (exclu Online Platform)	OP as medium (exclusively operator-supplied Online Platform)	supplied Online Platform)	line	OP as marketplace for others (exclusively user-supplied Online Platform)	or others (exclus)	vely user-supplied
Role of operator	16%		4%		80%		
User groups	Private	Private and profess.	Private	Private	Private	Private and	Private and
				and		profess.	profess. With
				profess.			exceptions
Examples	Drive now	Betahaus	Common	DeinBus.	Nach-barschafts-	eBay	Mitfahr-
			Vintage	de	auto		gelegenheit
Form of business	B2C, B2B		B2C, B2B		C2C	C2C, B2C,	C2C with
						B2B	exceptions
Business as usual	Business as usual	Business as usual with	Mainly medium	ium	Marketplace for	Marketplace	Marketplace for
or market-places	with private	all groups of customers	(no further		private	for everyone	nearly everyone
	customers		consideration)	(u)	consumption		
Share	20%				18%	58%	4%

 Table 2
 Overview of types of online platforms (in Germany)

types. There are online platforms where private people are acting without business intermediates (often called peer-to-peer concepts (Fraiberger & Sundararajan, 2015) or consumer collaboration (Botsman, 2013)); and there are hybrid marketplaces for all kinds of user groups where both private and professional users may be a supplier and consumer.

To this point, we find that the Sharing Economy is a very complex phenomenon and, hence, we can think of many ways of how to approach it. Moreover, it was shown that online platforms associated with Sharing Economy are following business as usual and alternative business strategies. Following the two basic types of online platforms (*marketplace* and *medium*), the next section derives business strategies for making use of online platforms.

# 3 Lesson Learned: What Is Important?

Based on the findings from Sect. 2, six approaches to online platforms can be outlined (Table 3). From a business perspective to guiding questions are:

- Who will be user of the online platform?
- What will be the level of integration: a new business, an additional business field or another business tool?

# 3.1 Online Platform as Marketplace for Others

The aim of this type of online platforms is to enable sharing for others in the sense of granting and getting access to products, services, and money by renting, loaning or resale between the users and without the operator as part of the consumption (Bardhi & Eckhardt, 2012; Belk, 2014b). Consequently, the aim and at the same time business model of an operator is to create and maintain a compelling marketplace for others to follow consumptive needs. The operator is responsible for the online platform. *eBay*, *Airbnb* and *Wimdu* are prominent examples for this kind of online platform (possibility (2) in Table 3). They created a marketplace for others and succeed without being an active part of the user's interaction (beyond hosting operations). Possibility (4) describes an operating organization that besides follows other business activities. A different approach is possibility (6): here, (professional) users use someone else's online platform. This is a very promising way for traditional businesses to operate in changing environment, e.g. offering product on *Amazon*. Thus, the Sharing Economy is offering new channels for distribution and/or procurement.

# 3.2 Online Platforms as Tool or Medium

In this setting, organizations use an online platform as a tool for engaging in customer interaction. Some incumbents like *Deutsche Bahn*, *Daimler* and *Citroen* 

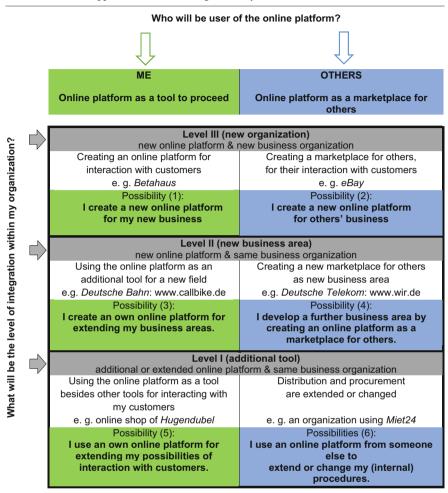


 Table 3 Practical approaches to the Sharing Economy

offer additional services and products via own online platforms (possibility (3) in Table 3), e.g. *CallABike* run by *Deutsche Bahn* that complements their mobility service (trains) with bikes. Online platforms as a new and single business (possibility (1) in Table 3) are an interesting option mostly used by startups who connect online platforms to other innovative approaches, e.g. co-working. Possibility (5) describes approaches that are at an earlier stage of online business prior to Sharing Economy. Here, traditional businesses are seeking for digital solutions in an online platform environment.

#### 3.3 Online Platforms for Competitors and Private Users

In the same way an organization can concentrate on one of these approaches to change their business activities (develop a new one or adopt to changes via online platform as additional or new tool), *competitors* may act in the same way. Thus, incumbents should consider new approaches when a startup is challenging traditional business. The integration of private users into the business environment should also be considered as they might turn into competitors or change consumption behavior.

# 4 Implications for Management

The previous section outlined various ways to use online platforms in a business context: Will I create a new online platform and design a marketplace for others? Do I want to use an online platform as a new channel for distribution? Or can I use existing online platforms to improve my procurement? The task and, hence, challenge of management is to find the right setting to deal with an ever-changing business environment and new business opportunities at the same time. Additionally, management should be aware of macro trends beyond business considerations that might influence markets and business performance, e.g. private users and startups. The following considerations provide information in this matter.

#### 4.1 A (Private) User Perspective

On the individual level, it is obvious that online platforms create new opportunities for consumption, either in finding new private or business suppliers or becoming a supplier and maybe a 'prosumer' (Heinrichs & Grunenberg, 2012). Moreover, a study has shown that about 70% of all participants of the Sharing Economy are taking part for monetary reasons like saving money or gaining further income (Latitude, 2015). Earning money by offering personal goods and services is attainable within 80% of all online platforms in Germany.

Users are hence entering the market in which the online platform is operating in as suppliers, sellers, and providers in expectance of a monetary reward. In fact, the majority of the Sharing Economy enables private users to make money. Gaining further money for the participants means that they have more income for other usage, which is seen as an advantage for users of online platforms. The opposite is true at the same time: loaning products for free means economizing by preventing buying them or renting them from commercial business organizations. Due to the increase of sharing-related options it is possible that people change their habits: with the help of online platforms they access needed products, minimize required capital to finance bottom-line issues or enable more extravagance with the same amount of money (Botsman & Rogers, 2010). Based on this, sometimes the Sharing Economy is associated with users who are creating a new life style.

Likewise, in many cases it is hard to differentiate between professional and private sphere, especially in the areas of transportation and accommodation (Brühn et al., 2014). When offering e. g. accommodation permanently on online platforms, as it is typically on consumer-to-consumer renting online platforms, it is commercial behavior when getting money as a reward. Actually, private users become professional users incrementally.

To sum up what is happening is that private users turn from pure customers to producers/service providers with different implications: First, they can decide which platform to use and which supplier to choose from. Second, they become 'producers' as well as taking the "producer" side of consumption as private or business users. Third, they may start a new business by using an online platform.

# 4.2 The Micro Perspective

Users of an online platform follow personal interests. They consider online platforms as a "good place" to meet private objectives. They are free in deciding to end participation when their objectives are meet better in another organization. Thus, we see substitution effects and an negative impact on traditional industries (Pfeffer & Salancik, 2003). It was shown that joining online platforms and consuming in the offered way changes the scope of consumption on traditional businesses (Zervas et al., 2017). Especially evidence is generated for transportation and accommodation (Fraiberger & Sundararajan, 2015). In Germany, 35% of all online platforms are operating in these fields and hence can have effects on traditional car selling, renting and accommodation. If this is transferred to all rental and loaning online platforms, which are about 68% of the Sharing Economy in Germany, the assumption is that about two thirds are affecting traditional industries.

So, what to do about it? We have learned that understanding the Sharing Economy and this new kind of consumption offers a wide range of business opportunities, in particular for traditional organizations. Organizations could also try to react in the political and legal sphere to protect themselves (Tiberius, 2011), e.g. ban of *Uber* in Germany or restrictions for *Airbnb* in cities like New York or Hamburg. One has to keep in mind, however, that in the long run those strategies, businesses and individual actions will be viable that reach the legitimation of a majority (Pfeffer & Salancik, 2003).

#### 4.3 The Social Perspective

Besides business-related opportunities, the Sharing Economy also bears a huge social potential. It may lead to changes in norms and values. The participation in online platforms influences peoples attitude towards ecology, sustainability, globalization, and the worthiness of social behavior. Even if monetary reasons have been drivers of joining an online platform, studies showed changes in consumers' attitude in general.

Studies in the U.S. found an increase of low-income people's welfare because peer-to-peer rental markets enable a higher standard of living through renting (Fraiberger & Sundararajan, 2015). Online platforms of the Sharing Economy are said to lead to social welfare (Heinrichs & Grunenberg, 2012). In Germany, however, only 3% of online platform can be found here these days (Herrmann-Fankhaenel & Huesig, 2016). Maybe social welfare will further develop as e.g. social innovations evolve with the help of online platforms. It is said to be a form of social innovation, when it solves unmet social needs successfully (Mulgan, 2006).

Summed up, social contribution can be fostered by online platforms. To this day, however, only few cases can be found. But to encourage all willing people to engage, it is possible to use online platforms for creating (social) welfare, like *foodsharing* and *betterplace* are doing (Notz, 2010; Voss, 2010).

## 5 Conclusion

The Sharing Economy is neither the solution for anything nor for anybody—rather it can be interpreted as new technology-driven and thus efficient approach to (collaborative) value creation via online platforms. Basically, there are two kinds of online platforms that enable new practical implications: online platforms as *marketplaces for others* and online platforms as a *medium* to create new businesses, additional business areas and additional tools for customer interaction. Organizations that want to tap into Sharing Economy should consider different approaches to start with depending on their specific context. Besides, organizations should closely monitor the changing market environment and watch out for new competitors that might influence its position.

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**Anja Herrmann-Fankhaenel** is research fellow, lecturer and PhD candidate at Chemnitz University of Technology at the professorship Innovation Research and Technology Management. Her research interests are diverse within the Sharing Economy and range from solidarity and business model innovation to the role of women and cross-country comparisons.