Incumbents and Business Model Innovation for the Sharing Economy: Implications for Sustainability

Last Modified on 20/06/2019 11:26 am CEST

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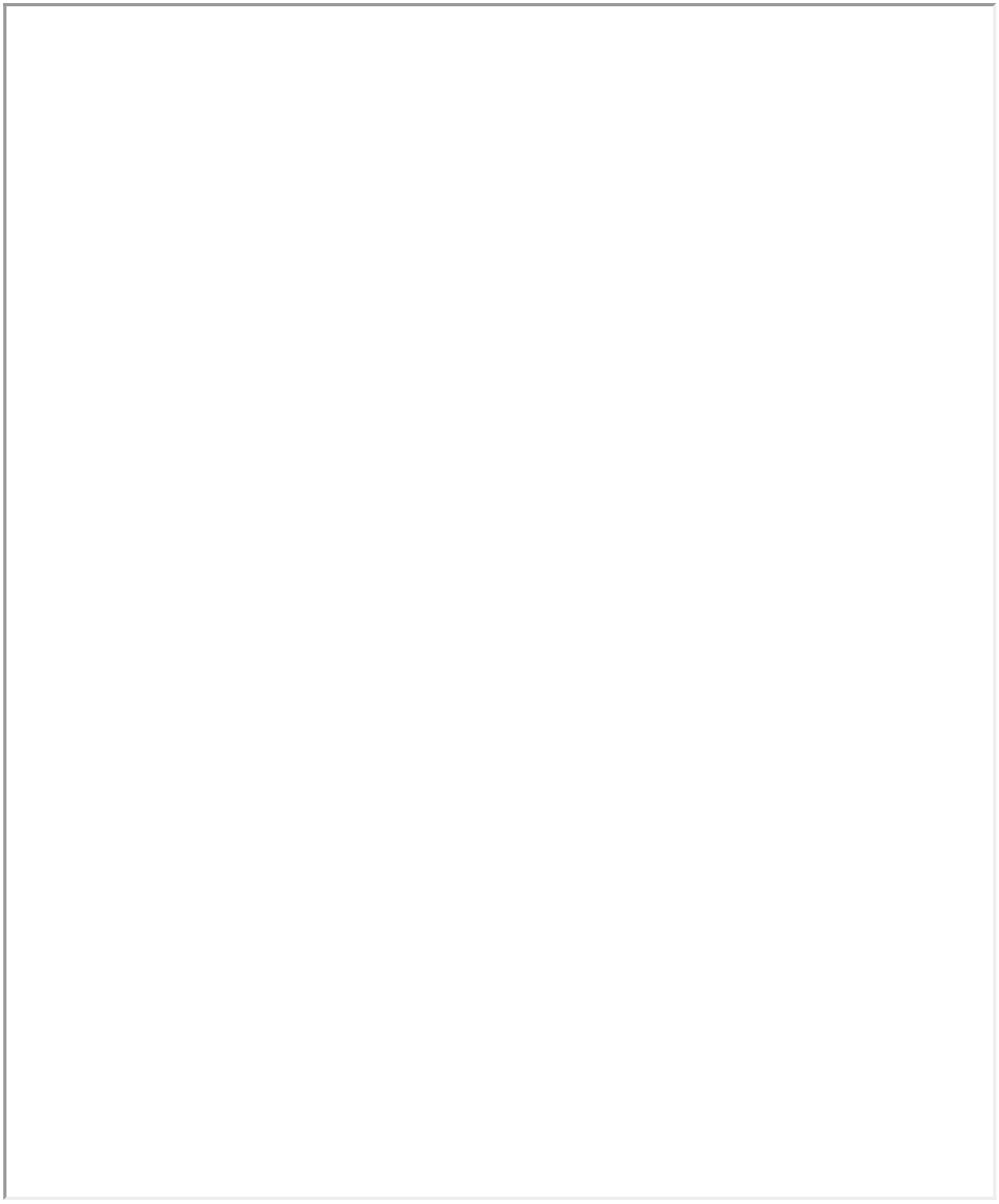
Date of publish: December 2018

Why did we select this research?

The sharing economy is definitely filled with environmentally friendly emerging companies, young people fighting for a purpose and old companies trying to improve what they once thought was good enough. Nevertheless, the fact that traditional well-established players are getting an increasing interest on this new way of making business (and a positive impact) cannot be ignored. In this paper, the authors talk about the potential of these big corporations to shape the circular and sharing economy.

Key findings:

- Incumbents (established companies) may position their current practices and to explore the options at their availability to enter the sharing economy.
- Start-ups in the sharing economy, the entry of incumbents may represent both an opportunity and a threat.
- Partnering with an incumbent or being acquired by one may allow sharing start-ups to thrive in the market. Yet, an incumbent entering the sharing economy may also threaten a start-up's mar- ket share, spur mission drift or, due to the incumbent's bargaining power, create unbalanced relationships.
- The sharing economy is still a relatively new phenomenon, and its dynamics and effects are not fully clear yet.
  Due to their size and financial and economic power, incumbents may significantly affect the sustainability of the sharing economy.



Reference:

Ciulli, F., & Kolk, A. (2019). Incumbents and business model innovation for the sharing economy: Implications for sustainability. *Journal of cleaner production*, *214*, 995-1010.