# Expansion of urban sharing business models: a business ecosystem view

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## 1. INTRODUCTION

Over the last decade, we have observed a significant expansion of new business models, which are now commonly known as sharing economy models. These are based on digital platforms and mobile applications, which often directly connect providers of goods and services with consumers to facilitate access to and consumption of idle or redundant resources of individuals and organisations (Amit and Han, 2017; Chandna, 2022; Hossain, 2020). Companies such as Airbnb and Uber are among the global household names associated with the sharing economy, with many more platforms operating at the national and local city-region scale (Hausemer et al., 2017; Mont et al., 2020; Zvolska et al., 2019).

Urban settings, due to their relatively high density of population and developed infrastructure, are obvious targets for sharing economy models. Equally, these models could be of interest to key stakeholders in cities and surrounding metropolitan areas due to the potential for sharing models to provide innovative solutions for urban development and sustainability (e.g., as part of the smart cities agenda) (Grinevich et al., 2019; Henry et al., 2021). In this context, the ability to fully utilise the capacity of an urban area as a physical hub for sharing is critical to the success of sharing platform models. For any business model, the failure to acknowledge the place specificities in expansion may lead to misidentification of critical resources and, ultimately, to business failure. This is even more so the case with platform-based business models, where the offerings are effectively shaped by activities of external parties that are strongly embedded within territorial (predominantly urban) settings and their socio-institutional set-up and underlying resources (e.g., physical infrastructure, market and/or public demand, access to finance, complementary services and local government powers). Even the cases of rapidly growing Uber and

Airbnb demonstrate that the pace of expansion of a sharing economy platform may be highly uneven and involve both success and failure across different urban contexts (Murgia, 2017; Sullivan and Hook, 2016), strongly indicating an important role played by place in digital geographies.

Hence, the aim of this chapter is to conceptually elaborate on resource requirements in terms of physical and market infrastructure, finance, and local knowledge as well as associated actors, activities and capabilities that are critical for a successful expansion of sharing economy business models in urban contexts. To achieve this aim, we frame our conceptual elaboration from a business ecosystem perspective, which stresses the importance of cooperation with external organisations and players that influence the value proposition (Adner, 2017). The arguments are gleaned and extended from our previous empirical research (Grinevich et al., 2015; 2019; Hausemer et al., 2017). We investigated sharing economy platforms in accommodation, transportation, and personal and professional services, which operate in the UK and aim to expand nationally or internationally in different urban settings. The results are based on semi-structured interviews with founders or top executives of 30 sharing economy businesses, complemented by background longitudinal information from company websites and other self-published materials, as well as an analysis of web interfaces of 75 sharing economy platforms. To arrive at the findings, an iterative analytical procedure was deployed, in which insights from the primary qualitative data were corroborated by analysis of secondary data sources and continuously re-examined in the context of business ecosystem theorising (Gioia et al., 2012).

Based on our analysis of how the urban context is leveraged by sharing economy models to make their value proposition relevant, we propose a structured approach based on classifying sharing economy business models by the degree of the localisation of their services. As such, our conceptualisation identifies the presence of three sharing business ecosystems as ideal types in a given urban setting – 'staying local', 'born global' and 'glocal'. Each of these is characterised by a distinct set of alignments, linkages and resources that must be nurtured by the respective sharing economy businesses for the latter to expand successfully. This, in turn, implies prioritising the development of the relevant organisational capabilities that we explicitly discuss. The chapter contributes to the small but growing literature on sharing economy ecosystems (Leung et al., 2019; Ma et al., 2018; Pankov et al., 2021; Rong et al., 2021). Within this literature, very few studies are concerned with the inter-influences and interactions between business and urban ecosystems (Ma et al., 2018). The dynamic aspects and factors of the sharing economy expansion from one urban location to another remain largely under the radar (Mont et al., 2020), providing a strong theoretical motivation for this chapter. By contextualising the resource and capability requirements for the expansion of sharing economy business

models in urban contexts, our proposed conceptualisation can also aid policy stakeholders (such as local governments, planning authorities and regulators) in developing mechanisms for co-creating value for urban communities based on the boundaries of upscaling associated with each of these three types of sharing business ecosystems.

The remainder of the chapter is structured as follows. Section 2 provides an overview of the sharing economy landscape through the lens of a business ecosystem perspective before Section 3 elaborates on three different types of sharing economy ecosystems, and the associated requirements for their urban expansion. Section 4 provides a concluding discussion.

## 2. SHARING BUSINESS MODELS AND ECOSYSTEMS

Mixed expansion experiences of sharing economy companies indicate that having a promising business idea and superior offering, backed up by financial resources, may not necessarily be enough for business success across different urban contexts. One concept which helps to understand how urban contexts can be leveraged by firms to translate a business idea into market success is the business ecosystem view. Initially introduced by Moore (1993), it interprets any business as an ecosystem that extends beyond the conventional value chain and can include any players that are deemed vital for the business's success. According to this view, the success of a business model depends on establishing and nurturing relationships with ecosystem players, to co-develop and align products, services and actions (Adner, 2017; 2022).

The ecosystem boundaries depend on a given business and can, for instance, include organisations that perform outsourced business functions, financial institutions, firms that provide technology to support business operations, customers and competitors (when, e.g., their actions affect the development of the value proposition), government organisations, regulators, and media, among others (Adner, 2017; 2022; Iansiti and Levien, 2004). There are multiple examples in the literature of how business ecosystems contributed to both the successes and failures of seemingly promising business models. For instance, Michelin's revolutionary flat tyre system (PAX) was unable to translate to market success due to the company's business model overlooking the critical importance of co-adoption and co-innovation by service stations providing maintenance for PAX tyres. Conversely, the initial success of the Airbus A380 depended on airports investing in the respective infrastructure development and regulators revising safety procedures (Adner, 2017; Adner and Kapoor, 2010).

In this regard, the business ecosystem concept easily lends itself to the sharing economy landscape (Ma et al., 2018; Rong et al., 2021; Zeng et al., 2021). Firstly, the value proposition of sharing businesses (such as providing access to

underutilised or redundant physical resources) is highly dependent on services provided by external players, with customers also being resource providers (Amit and Han, 2017). An 'outsourcing' of a substantial portion of conventional business functions, e.g., management and maintenance of assets, customer service and marketing, is at the heart of sharing business models (French, 2015). The majority of sharing economy business models are organised as asset-light, two-sided digital platforms enabling direct interactions between distributed providers of goods/services and consumers (Sundararajan, 2016). In this context, digital platform technologies play a key role in minimising transaction costs of outsourcing, creating efficient matching and pricing mechanisms, establishing remote management systems, and introducing alternative systems for reducing uncertainty and monitoring user behaviour, e.g., through online reputation systems (Schor, 2015; Schor and Fitzmaurice, 2015; Thierer et al., 2015). In a one-sided sharing platform set-up, users interact with the platform itself, rather than with each other via the platform, as is the case with two-sided platforms. One-sided sharing economy platforms are especially common in the transportation sector (e.g., car-pooling/sharing) (Bardhi and Eckhardt, 2012). Also known as product service systems (Akbar and Hoffmann, 2020; Somers et al., 2018), these models provide their users with flexible access to vehicles owned or leased by the business, with efficiencies achieved through more intensive use of cars by pool members, as well as 'outsourcing' certain functions to members (e.g., car cleaning).

Secondly, given that many sharing economy businesses design their offerings for highly regulated conventional service activities such as accommodation and public transportation, they may become highly dependent on public sector offerings co-evolving as well as co-innovating conventional services. For instance, Ma et al. (2018) demonstrate that there is a mutual inter-influence between urban transformation towards more sustainable ways of organising urban services at a city governance level and business ecosystem innovation triggered by sharing platforms facilitating green and smart transportation. Similarly, Scavarda et al. (2020) observe a close interrelationship between sustainable urban practices, servitisation and digitally enabled sharing models as they co-create more sustainable urban interfaces and value chains. Related to the above, Barile et al. (2021) observe an important role played by municipalities as an enabler of sharing initiatives, as the latter can be encouraged or constrained via the supply arrangements of services as well as by the allocation of material and financial resources and infrastructural assets controlled by municipalities. Conversely, sharing economy models are thought to represent a transformative factor in public sector innovation, making municipalities consider and/or assume other roles in the sharing ecosystem, such as those of provider and customer (Hofmann et al., 2019).

Based on the business ecosystem view, we can now delineate broad analytical boundaries of the sharing economy ecosystem (Figure 4.1). This will involve a sharing business that is embedded in an ecosystem comprising sharing platform users such as providers (sellers) and consumers (buyers) of sharing services, market infrastructure players (e.g., investors, insurance providers, marketing), government authorities, municipalities and regulators, technology providers, other sharing businesses, incumbent competitors, and media. Our primary focus now is to conceptually elaborate on the ecosystem elements that are most critical for shaping the proliferation of different sharing economy business models in urban settings, as well as the relevant resource requirements for leveraging ecosystem interdependencies.

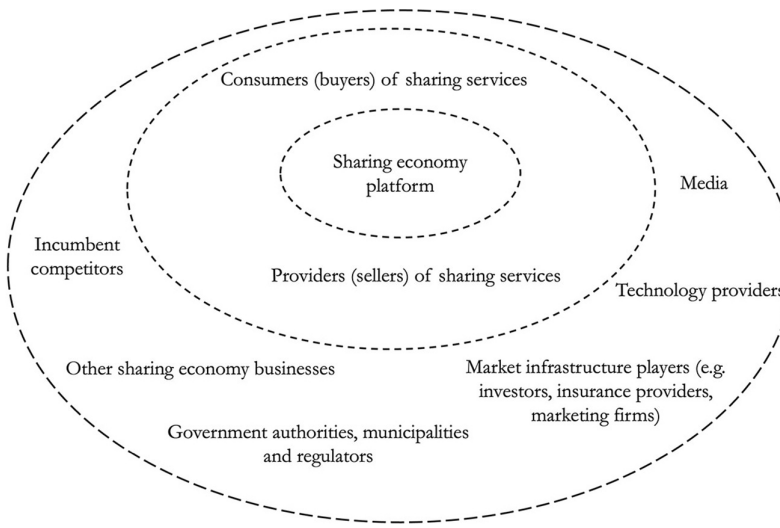


*Figure 4.1 The sharing economy ecosystem*

## 3. URBAN SHARING AS A TRIPLE ECOSYSTEM

Urban settings represent the most obvious arena for sharing economy companies due to the high density of population, the already existing shared infrastructure and sharing practices (e.g., public transport, shared access to public spaces, and public museums). Inherent to urban space is proximity, which amplifies social interactions and the culture of sharing that are important for the success of any sharing economy platform (Barile et al., 2021; Davidson and Infranca, 2016). Sharing economy companies demonstrate significant

heterogeneity and diverse geographical value propositions (Hausemer et al., 2017), which as we conceptualise, shape how sharing platforms become integrated into urban contexts. Correspondingly, we distinguish between three ideal models of sharing business ecosystems that may simultaneously operate in a given urban setting. Specifically, building on our previous research, we identify key differences in the geography of the value proposition, in platform design and in the type of ecosystem engagement (Grinevich et al., 2015; 2019; Hausemer et al., 2017). In the following sections, we introduce the distinctive features of each model, centred around the capabilities required for offering services in different urban geographical contexts, which include engagement with different ecosystem players and internal organisational capabilities.

The first key distinction is centred on the geography of the value proposition. Here, we introduce three models, which we label (i) 'staying local', (ii) born global, and (iii) 'glocal' models, respectively (Figure 4.2).

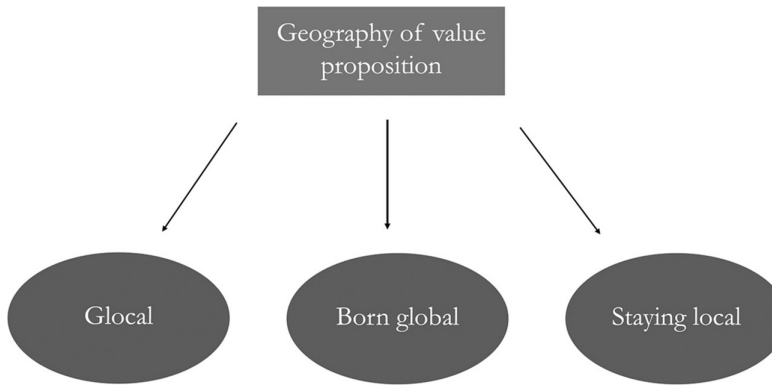


*Figure 4.2 Geography of value proposition*

### 3.1 The 'Staying Local' Model

Staying local models can be conceptualised as a distinctive type of sharing platform with a value proposition that can only be appealing to platform users within a market (or setting) of co-located service providers and service consumers (e.g., food sharing, pet sharing, or sharing local community spaces). The value proposition is inherently local; that is, the aim is to offer resources for a specific local community without the intentions to offer the service to other communities in other locations. This explains the 'lack' of ambition on the part of such platforms to expand their services to other locations. Such

platforms are normally comfortable operating on a small scale within a specific urban context, where they usually address a very niche service demand. Given the limited network effect, these platforms are not for profit, focusing on a specific local social need and organically integrating into an urban fabric. Yet, they heavily depend on their capability of engaging with local authorities, e.g., in relation to securing access to idle municipal spaces, community gardens, or specific 'sharing city'-type urban regeneration initiatives (Barile et al., 2021; Bernardi and Diamantini, 2018; Zvolska et al., 2019).[1]

### 3.2 The 'Born Global' Model

In stark contrast to the staying local model, the born global model is represented by platforms whose value proposition is designed for international contexts from the start. The operation of these platforms is not confined to specific urban or national contexts but is internationally transferable and sustainable from the very beginning of operations. The value proposition of such platforms is attractive anywhere in the world, and their services can be traded between providers and consumers located in completely different urban areas across the globe. Examples include home swapping or short-term accommodation-sharing platforms.

A particular strength of this model is that the demand and supply sides of the market can adjust nearly automatically in certain urban contexts. That is, users may register on those platforms in new geographical locations without central planning or engagement from the platform itself. As a consequence, the initial costs for expanding into new urban contexts for this type of platform tend to be low. Their upscaling efforts focus on matching demand and supply, which are supported by data analytics capabilities and implemented through promotions and marketing campaigns. The interactions between the platform and the customers tend to be highly centralised, automated and standardised, with no need for the business to be physically present in each urban context covered. Yet, given increasingly fragmented legal regulations in different cities and national contexts, interaction with policy regulators is an important type of ecosystem engagement to support users of the platforms (Hofmann et al., 2019), which requires the presence of the respective organisational capability. Box 4.1 provides further empirical illustrations of how sharing platforms representing the born global model view the essential organisational capabilities for managing resources and relationships while expanding into new urban locations.

## BOX 4.1 THE BORN GLOBAL MODEL (ILLUSTRATIVE QUOTES BY SHARING PLATFORMS ON RESOURCES AND CAPABILITIES FOR URBAN EXPANSION)

### Developing a globally transferable value proposition

> The company was global pretty much from day one, there were no restrictions when the platform launched about who could get onto the platform, so at that time, it was perfectly possible for there to be listings in London, Manchester, Edinburgh, wherever.

### Enabling highly centralised, automated and standardised interactions between the platform and the customers

> … they [users] are all experiencing broadly the same thing, even though there are very different local characteristics, that works in the same way wherever you are … The buckets that the feedback and the insights fall into are broadly similar …

### Marketing capability for boosting supply–demand matchmaking

> The design is identical … What gets displayed in terms of the promotional, here are the places you could go, is going to vary from one place to the next. But it is a global platform, and it works in exactly the same way, in various places. There are certain differences that we can trigger in certain places, so for example when it comes to payments, we are increasingly localising the payment methods that you can use. But no, fundamentally, everything looks the same, the flow is the same, the way that things are displayed is the same, the kind of information you get is the same.

### Data and data analytics capabilities

> … we are spending all of our time figuring out … how to match supply and demand, this is a classic two-sided market place, and we have to keep a very close eye on places that people want to go and whether we have got the right kind of supply in those markets to deliver them.
>
> … there is a process that we go through when we shape demand, which is yes we are a global platform, yes anybody can participate wherever you are … But we obviously do work to shape markets, where we think we need

supply or where we have specific issues, so we have to think about our market on both sides.

**Interacting with policy regulators**

… anybody involved in tourism promotion and travel really in a particular city or a market, they are an important stakeholder for us. Local city councils and in the case of London, London boroughs have been quite important stakeholders, and in fact central government as well, so that is where I spend most of my time, is working on relationships with governments around, because whereas the laws that apply to online platforms are pretty stable, pretty predictable, the laws that actually apply to [users] who are engaged in the physical and legal activity of putting their property up on the website and welcoming guests, the rules that they face are very, very fragmented and very different, often from one district to the next, one street to the next, they can be different, so we have to be out talking to governments.

## 3.3 The 'Glocal' Model

A third group of models, which we call glocal models, initially develop a value proposition in a local or regional urban context with the aim of expanding into additional target geographies. In contrast to the born global model, the international expansion of these models is not enabled automatically but usually requires more local knowledge and local engagement in the urban environments where the platform aims to expand. Their value proposition is inherently localised (e.g., a taxi service), which makes it resemble the stay local model. Unlike the latter, however, it is feasible and convenient to make this service available globally, i.e., potentially in any location in the world, assisted by digital platform technologies as exemplified by Uber. Within the glocal model we conceptualise, there are two key distinctions that shape the way in which sharing platforms are embedded in the local urban environment and scale up to new locations:

**(A) Local product service model versus two-sided platforms**

This distinction is concerned with the architecture of platforms, in particular whether they are organised as one-sided platforms versus multi-sided platforms. The difference in the type of platform has important ramifications for ecosystem engagement and the associated organisational resources and capabilities required for upscaling to new urban contexts (cf. the red boxes in Figure 4.3). First, one-sided local product service models are unable to start delivering their services without significant upfront capital expenditure, whereas this

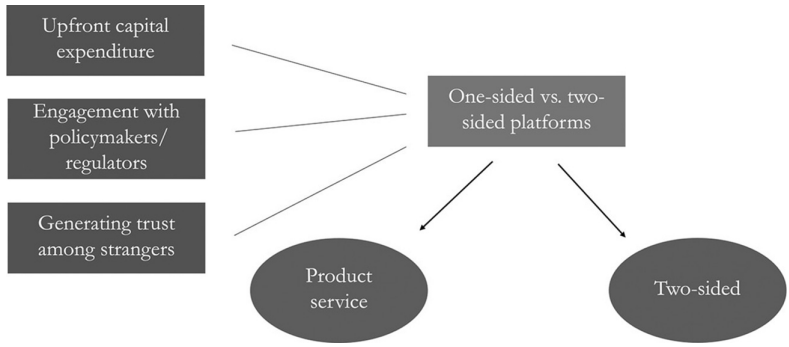


*Figure 4.3 One-sided vs two-sided platforms*

is not necessarily required for two-sided market platforms. Second, a prior, often formal, agreement with local authorities and other infrastructure regulators is required before a one-sided platform is able to offer services in new urban locations. This is again not necessarily the case for two-sided marketplaces, and affects the pace of spreading the model in new locations. Among the examples are short-term car rental businesses, which require engagement with authorities and other regulators before being able to offer their service in new cities. Third, the platform configuration affects the role of network effects and how trust is established. One-sided platforms tend to benefit from direct network effects, with more new customers willing to use the platform as the total number of any type of customer increases (Shih, 2011; Salminen, 2014). Trust is established via the one-sided platform itself, which operates more like a conventional business. By contrast, two-sided platforms face the challenge of having to develop a critical mass of users on two sides simultaneously. They need to coordinate demand between different groups of users and tend to enjoy indirect network effects, i.e., more customers of one type are willing to join the platform as long as the number of other types of customers increases. Also, because two-sided platforms enable peer-to-peer interactions, they need to have the capability to develop more sophisticated ways to establish trust among strangers, as the users not only need to trust the platform organisation but also the peers (Hausemer et al., 2017).

As a consequence, we can conceptualise the 'glocal product service' model as a distinctive type of platform with a specific set of capability requirements for upscaling in different urban contexts (see Box 4.2). The pace of their proliferation in a given urban setting is likely to be determined by their ability to secure approvals from municipalities as well as capital for upfront investment. Yet, due to the one-sided architecture, they can capitalise on the strengths

of a conventional business-to-consumer model to offer highly centralised, automated and standardised services, without the need to invest in developing organisational and technological capabilities to 'orchestrate' different peer groups on both supply and demand sides.

## BOX 4.2 THE GLOCAL PRODUCT SERVICE MODEL (ILLUSTRATIVE QUOTES BY SHARING PLATFORMS ON RESOURCES AND CAPABILITIES FOR URBAN EXPANSION)

### Enabling highly centralised, automated and standardised interactions with customers

> We have a system that allows for sharing cars, that allows for the back office to talk to or communicate with the cars … So in that sense, we have a very automated system and that is necessary in our eyes to run the car sharing company, in a reliable and customer-friendly way.
>
> Exactly, yes. Both front office and back office are very much automated with very small engagement of face-to-face communication.

### (Modest) technology development capabilities

> We are very proud to have a platform that allows for very efficient processes … We basically do the quick fixes ourselves … it is cheaper but the bigger changes, either to the website or to functionality, that is something that our IT supplier deals with.
>
> … so there's ultimately the membership database and the reservation system and the fleet database. But those three are all interrelated to some degree … And then I guess, hanging off that, there are certain pre-sales websites … there are the apps that are attached to the back end. But I think it's largely us knowing how our software works and how we can improve it, to improve the service here.

### Securing upfront fixed capital investment

> … starting a new market is a costly process, very costly process, yes you've got to spend all that time engaging the stakeholders and you've got to invest in cars up front before you have any members, because you can't do any marketing until you have some cars.
>
> We currently own our fleet outright. We did sort of look in to leasing options but again there were some issues there, like a lot of the – well car

manufacturers they weren't really willing to lease us vehicles, being a new company.

**Formally coordinating with local authorities and transport infrastructure providers**

You need a very good relationship with the municipalities you work in, and you need to be allowed to get parking spaces in certain areas, and you need to be able to move and act quickly with them, decide quickly, in changing parking locations. But also talking about we already discussed having a partner or stakeholder like [XX] that really adds to the mobility concept that we have. A customer uses [us] in combination with public transport, so if we join forces, we can become more benefi[cial] for customers.

Well what we did [in city A] and this is what we've done in other cities as well, is we would start by finding our own parking spaces, privately. That is not easy, sometimes but that's what we would do; get ourselves established and then be talking to the Council about, look we provide the service, it would be even better if you could give us some very convenient parking spaces for our members, and then people see the service more and it will grow.

… it's the relationship with the Council that's most important. Because they make the parking available and they want to provide their residen[ts] and their businesses with a good amenity, so we need to provide that for them. So I would say that's the most important.

We came to the UK because we participated in a tender, actually for two municipalities.

### (B) Standardised platform service model versus bespoke platform service model

This distinction is concerned with the type of service provided, stressing the role of the level of service standardisation in shaping upscaling pathways and the embeddedness of sharing economy platforms in urban settings (see Figure 4.4). The level of standardisation affects the required engagement with ecosystem players in target urban contexts in terms of communication and coordination as well as in terms of identifying and selecting service providers. Correspondingly, one subset of glocal sharing economy companies can be defined as standardised service platforms. Among relevant examples are platforms facilitating sharing of underutilised assets and car- and ride-sharing. Compared to the born global model, they require significantly more local knowledge, local coordination and local testing in order to develop a marketplace in a new location. They may also require having local offices in their respective target urban territories. Further challenges include ongoing investment in technology development, public relations, developing local

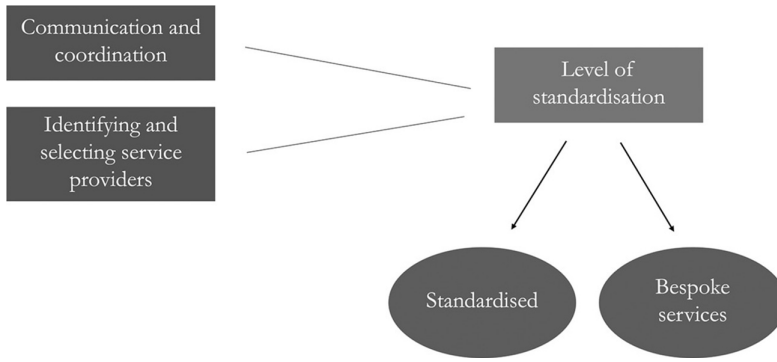


*Figure 4.4 Level of standardisation*

partnerships, balancing the standardisation pressures and community building in the target territories, and dealing with a variety of national or urban legal frameworks (labour laws, taxation, privacy and data protection). At the same time, due to the high levels of standardisation of the service provided, initial start-up costs are relatively low, and the core structure of the service can be transferred relatively easily to new urban locations (see Box 4.3).

## BOX 4.3 THE GLOCAL STANDARDISED SERVICE PLATFORM MODEL (ILLUSTRATIVE QUOTES BY SHARING PLATFORMS ON RESOURCES AND CAPABILITIES FOR URBAN EXPANSION)

**Having a viable minimum product before expanding**

> [The platform] was actually founded in [City A] initially and it's historically [country A]'s company but we are now active in [XX] countries … so now we have in a way, a recipe that often needs local adaptation of course …
>
> We launched our first neighbourhood in the summer of 20XX in [city Y] and then the following months, month by month, we expanded to other neighbourhoods in [city Y] and then we expanded to the entire city and then we expanded to the rest of the [country].

**Ongoing investing in local partners and promotion channels**

> We need people who know the city and we need people who know how people get around in a city, how to market a product like [platform XY] in the

city … where the regular base might be around the city. So they are essentially people who, some of whom get experience in the, in how, in how to recruit [users] and things like that in terms of just growing the number of supply hours we have.

… quickly realised that the only way to be in any country in any language is to have people on the ground who know those countries. And that proves very expensive.

… where you're actually acquiring existing teams, not so much because of the assets of the company that have developed but more because of their understanding of the local market, their passion for ridesharing in their market and for us to actually acquire these teams, it allows us to have immediate local relevance and local understanding and it allows them to scale up their business instantly.

… all that time every day you're out fundraising, you're out speaking to people, you're networking, you're trying to find PR stories, you're trying to get in the newspapers, get on the radio, get on the TV and speak to people so people start hearing about you, and you have do a lot of work to get that name and your brand out there and kindly ask them for money. And that's very exhausting.

### Engaging with legal frameworks

… and the UK it's like a patchwork quilt of regulations effectively, so there are some things that are important, … that are things that are in Leeds regulations that aren't in London regulations, that makes it difficult, we have to change our business model and the way we do business in every different city that we go to, so in a few years' time we might be in 50 UK cities and there might be 50 different ways we use that model.

Another set of glocal platforms can be defined as bespoke service platforms. This type is represented by businesses delivering sensitive personal services (such as childcare or housekeeping) rather than enabling the sharing of physical resources. As such, they cannot be directly qualified as part of urban sharing practices. Yet, due to their strong relational element, these platforms might indirectly contribute to an increase in the uptake of new digitally enabled forms of urban sharing. As an ideal type, these platforms stand out because of the significant amount of complex social (human-to-human) coordination required on the part of the platform to engage with different types of platform users to co-create a service experience. That is, a high quality of traditional forms of interpersonal communication tends to be required, which represents a challenge regarding facilitating these interactions in a cost-effective manner. Further challenges include developing local partners for selecting service providers as well as dealing with the complexity of different national and urban legal frameworks (labour laws, taxation, privacy and data protection). In terms

of the geography of value proposition, it is similar to the standardised service platform model and associated with little upfront investment to set up operations in new urban locations (Box 4.4).

## BOX 4.4 THE GLOCAL BESPOKE SERVICE PLATFORM MODEL (ILLUSTRATIVE QUOTES BY SHARING PLATFORMS ON RESOURCES AND CAPABILITIES FOR URBAN EXPANSION)

**Traditional (offline) communication capabilities; ability to integrate online and offline communication channels; standardise and customise**

We don't believe that a human-based service business should be fully online. And so you can do it online if you want but 95% of our customers want to talk to a human being and because our focus is on the regular repeat customers we actually have a chat with them Because almost every high value regular customer has some special requirements so we can talk through those with them.

We really encourage, when the [service provider] and the customer meet for the first time … and for the customer to talk with the [service provider] and explain what kind of [service] they would like done … and what schedule works best for both … We're starting to do that [bringing the service providers in and the customers in] a lot more now. It takes a lot of effort and time to set up sessions … literally have them come in, sit with a cup of coffee or whatever, and just talk to them about how they're doing …

… one of the biggest issues when we started was people … requesting illegal tasks and so they had to be screened out … it's hard to automate that entirely because you can ask in very creative ways using no words that would be flagged up, and it's clear to any human what you are asking is illegal, but it wouldn't be clear necessarily to an algorithm or a computer.

The other thing that we do is we ask the taskers to do tasks for us where there's no end customer so we do a verification on whether they can actually do what they say they do, what's their past work, we take up references as well and we do that more than we used to now …

… every customer will have some sort of project manager or account manager, and so that person will ensure that the tasker, the seller, is doing the job, that the customer is happy with the job that's been done, and also look for other things which we can do for them to keep the subscription going.

**Identifying local representatives**

So, for each country that we go to, we'll hire a country manager who will take care of running all of that piece of work. So they'll look at all the local

regulations, the policies, come up with a suggestion for how the product should be adapted to fit that local geography …

**Engaging with national legal frameworks**

… there are regulations that are important and I think the issue is not that we need new regulations but that we need clarification of current regulations … the technology has blurred the lines between what people were doing in recruitment agencies and what we are doing, so it needs to be clarified.

Labour laws is one really important thing for us. We don't employ the [service providers] – they're self-employed. So making sure that that's clear and is well understood in the geographies is important. … From a technology standpoint, you've got to think about the local laws there – where can data be kept, what are your terms & conditions for the different countries.

## 4. CONCLUDING DISCUSSION

It is argued that digital platform technologies and associated business model innovation can potentially reshape the ways in which services are delivered in the urban context (Barile et al., 2021). Acknowledging the heterogeneity of sharing economy activities, encompassing both commercial and community-driven models, the related debate tends to focus on the issues of how to reconcile the economic, socio-technological, ecological and human implications of the sharing economy without undermining the fabric of urban spaces (Bernardi and Diamantini, 2018). What has remained largely overlooked in this debate is that for any type of sharing model – whether it is for-profit, not-for-profit or hybrid – it is critical to get the business essentials right in terms of understanding the boundaries of the value proposition, the associated business ecosystem and, crucially, the resources and capabilities needed to enable business expansion in the ecosystem (Zeng et al., 2021). Having this understanding would equip both the sharing companies and stakeholders with better knowledge of options that have to be activated in order to co-innovate and co-create value for shared urban contexts.

In this chapter, we, therefore, focus our attention on a business ecosystem view of the expansion of sharing economy companies, with an emphasis on the essential resources and capabilities required for this expansion. We propose a conceptual model distinguishing between several ideal types of sharing economy expansion in urban settings (Figure 4.5). Firstly, we conceptualise that the geography of value propositions of sharing platforms shapes embeddedness in urban ecosystems in a fundamental fashion, and we distinguish between (i)

born global models, where supply and demand develop globally from the start, (ii) staying local models, where the platforms do not aim to expand their operations into additional cities but remain in one particular urban context, and (iii) glocal models, where platforms utilise the value proposition developed in one location to expand into additional urban contexts, yet where expansion requires systematic engagement with ecosystem players in the target cities. We propose that for these three types of value propositions, ecosystem engagement differs fundamentally with respect to customer support, branding and marketing, and relevant underpinning capabilities. Secondly, we elaborate that within the glocal models, there is an additional key distinction that shapes which type of ecosystem engagement tends to be required for upscaling in new urban contexts: one-sided versus two-/multi-sided platforms. In particular, local product

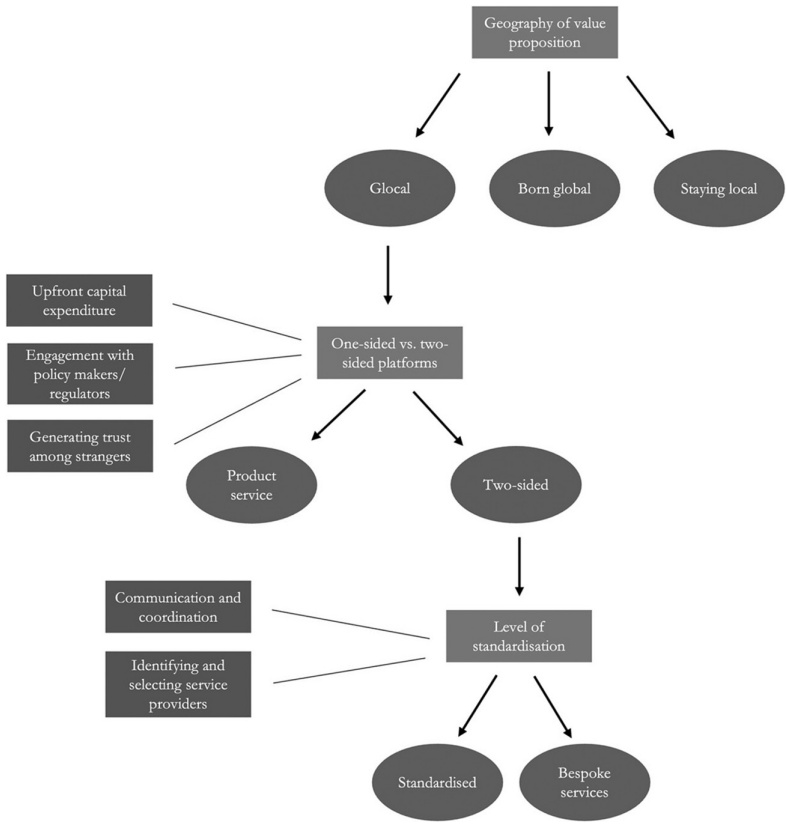


*Figure 4.5 Sharing economy business ecosystems in urban contexts*

service models as one-sided platforms (e.g., car-sharing organisations) are different from two-sided platforms in terms of specific resource requirements such as upfront capital, as well as the need for a well-developed capability to engage with local policymakers/regulators before being able to offer the service in additional urban environments. Conversely, two-sided market platforms face additional challenges in having to generate trust among strangers in new target territories, for which they should develop a relatively unique capability. Thirdly, we emphasise that for two-sided platforms, the level of standardisation of the service provided matters. Bespoke service models require capabilities to orchestrate more complex social coordination. This requires capabilities for selecting service providers as well as for dealing with the complexity of legal frameworks.

By proposing this model, we contribute to an enhanced theoretical understanding of the types of engagement and the associated resources and capabilities that digital sharing platforms need to master when expanding their offerings in a specific urban context (Habibi et al., 2017; Ma et al., 2018). This has direct implications for business practice, helping managers and founders of sharing platforms to meaningfully target the resources and capability development that are essential for their type of platform when entering and growing in new geographies. Policymakers and urban leaders should take into consideration that the integration of sharing platforms into the urban fabric varies according to platform type. Furthermore, we propose our framework is instrumental for advancing the theorising of a sharing business ecosystem that emerges at the intersection of the 'staying local', 'born global' and 'glocal' ecosystems. This is a very relevant issue to explore not only from a theoretical but also a practical point of view as we see an increasing demand for urban leadership to coordinate between platform-sharing services. Limited geographical space, sometimes excessive or clustered sharing services, may lead to negative local effects such as congestion, confused urban consumers and fragmented service delivery without critical mass. Further investigations are needed on the intersecting or overlapping ecosystems to inform the development of interoperable databases and user interfaces that could enhance user experience and support network effects to make sharing urban spaces more desirable (McLaren and Agyeman, 2015).

## NOTE

1. As our initial empirical focus was on sharing platforms that geographically expand, we introduce this important ideal type by referring to the key literature rather than our previous empirical work.

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