Upscaling in the sharing economy: insights from the UK

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There has been an increasing interest in the UK in the emerging sharing economy phenomenon and associated business models (Wosskow, 2014). Essentially, the sharing economy is the way to engage households, individuals, businesses, government and non-government organisations and their idle resources in collaborative production, distribution and consumption of goods and services, via digital platforms and mobile applications. As such, this can lead to a wide range of economic, social and environmental benefits, by effectively reducing unemployment, sustainably using and re-using idle capacities, and promoting social equity through facilitating access rather than individual ownership of goods, services and other assets (Botsman and Rogers, 2010; Gorenflo, 2012).

Typically, sharing platforms are set up to serve a particular city or region, with more successful ones being able to expand across multiple localities and countries. Among the most publicised examples of the sharing economy worldwide are Airbnb (accommodation sharing), BlaBlaCar (car sharing) and Taskrabbit (personal services). Most sharing platforms, however, are struggling to scale. This could be due to the intrinsic characteristics of the sharing platform itself related to its ability to build trust, and manage resources in order to achieve critical mass of users. This could also be due to the deep spatio-social embeddedness of some sharing platforms, which might make it difficult to expand in different cognitive, normative and institutional contexts across different locations. The current literature on the sharing economy in the UK provides little or no analysis of these upscaling issues.

Hence, the aim of the paper is to identify what types of sharing mechanisms (both technology- and non-technology related) are context specific and difficult to scale in different socio-spatial contexts; what types of sharing mechanisms are generic and can be replicated across different contexts; and what types of relational actor characteristics, and policy and normative rules can influence the uptake of the sharing economy.

Our analytical framework is informed by two pieces of innovation theory: the network innovation concept (Nambisan and Sawhney, 2011) and the inter-niche learning theory (Geels and Raven, 2006). We conceptualise that any sharing-based model can be considered as a network-centric “niche” project, where the niche represents a contextualised space hosting a disruptive innovation. There may be several niche projects across different locations addressing
similar needs. The extent to which these projects can learn from each other may determine the diffusion and scaling up of sharing platforms. We hypothesise that the inter-niche learning is affected by both the degree of the context-specificity of niche projects and their internal capabilities to manage or “orchestrate” innovation networks across different contexts. The innovation network orchestration can be about articulating key innovation and integrating communities to create the final product or service, facilitating access to resources, knowledge and innovation, building trust, transparency and reciprocity, and maintaining network coherence and stability.

Our analysis is based on the materials from 30 semi-structured interviews with the founders and senior managers of UK sharing platforms in three sectors: transport, real estate and professional/personal services. These provide information on key intra and inter-organisational learning routines and their alignment with the specific context, events, actions and characteristics of stakeholders, enabling and constraining institutions, and other relevant relational, cultural and socio-spatial dimensions.

Our initial findings indicate that upscaling processes in the sharing economy may be constrained by the lack of knowledge exchange and inter-organisational learning. Most sharing platforms do not embrace an open innovation model, which appears to be a barrier for growth. The apparent lack of mutual trust among competing platforms also translates into a weak inter-platform co-operation when it comes to dealing with local and national stakeholders. Both factors together appear to represent a significant constraint for strengthening niche-level innovation. Building stakeholder relationships at different geographical scales represents an important component in upscaling strategy for sharing platforms, but mainly results in a diverse range of micro-tactical competitive activities.

References


Wosskow, D (2014). *Unlocking the sharing economy: Independent review*, UK Department for Business Innovation and Skills, BIS/14/1227