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What Drives Incumbent Firms to Acquire Sharing Economy Platforms?

A Multiple Case Study

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Abstract

Platforms from the sharing economy have turned traditional patterns of ownership upside down. The trend has fundamentally challenged market mechanisms and disrupted industries. Incumbent firms relying on traditional business models, seem to no longer ignore these threats. Apart from simple competition through differentiation, also partnerships and acquisitions are increasingly becoming relevant for the incumbent firms. This thesis aims to answer: "*What drives incumbent firms to acquire sharing economy platforms?*" In particular: *"What are the incumbent firms' strategic aims and integration strategies?"* Lastly, this thesis provides insights of how these acquisitions affect the environment of the sharing economy.

The Håkanson model (1995), as well as the business model by Johnson et al. (2008) lay the foundation of the analysis to answer the research questions. Herein, six cases that include an incumbent firm as acquirer and a sharing economy platform as acquisition target are studied in-depth. The aggregation and pattern matching analysis revealed three categories of incumbent firms. Based on their positioning in the value chain these categories include: *The Manufacturer, The Distributor* and *The Maverick*. These three categories of incumbents are distinguishable in their strategic aim and integration of distinctive product and service offerings from the sharing economy. The Manufacturer is motivated to move downstream in its value chain by capitalizing on customers that are access over ownership oriented. The Distributor's motive is to complement its offerings with unique offers from the sharing economy. Lastly, the Maverick, represents a unique category, distinct in the way it integrates the sharing economy platform to provide additional services.

Subsequently, the acquisition targets were revealed. Through the imposed changes on the sharing economy platform's business model, the environment is affected by these acquisitions. Transaction costs are further decreasing, causing human interactions to decline. The sharing economy is considered by many as an advocate of social and environmental values; this master's thesis suggests these values are rather positive side effects than embedded values. By answering the research questions, we lay the foundation of research for a newly emerged phenomenon. Furthermore, we give indications for future research from which practitioners, as well as academia will be able to benefit.

Glossary

Abbreviation	**Meaning**
B2B	Business-to-Business
B2C	Business-to-Consumer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
IoT	Internet of Things
M&A	Mergers and Acquisitions
OEM	Original Equipment Manufacturer
OTA	Online Travel Agency
P2P	Peer-to-Peer

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1. Introduction

1.1 Discussion & Relevance

Times Magazine named the *sharing economy* as one of ten ideas that will change the world (Walsh, 2011). The concept of sharing economy platforms gained more attention after the financial crisis in 2008 when consumers were trying to find alternatives to owning due to a financially distressed situation (Bardhi & Eckhardt, 2012; Belk, 2009). Furthermore, sharing economy platforms have been facilitated by a change in customer trends and the rapid growth of technology (Boumphrey, 2016; Constantiou et al., 2017). According to PwC, since 2013, the acceleration of transaction value and revenue in the sharing economy has exceeded previous expectations (Vaughan & Daverio, 2016). McKinsey & Company forecast the sharing economy to have a $335 billion revenue by 2025 (Marchi & Parekh, 2015).

The sharing economy is growing across the world as a result of numerous "mega trends" and are fundamentally disrupting the value creation process (Vaughan & Daverio, 2016). Although the largest share of participant are consumers of younger well-educated generations, participation is increasing among older generations as well and spreading in emerging markets (Nielsen, 2014; Vaughan & Daverio, 2016). Vaughan & Daverio, (2016) state that the rapid growth of these platforms is an economic opportunity to create sustainable and wide-spread growth. However, it is often argued that social, sustainable and environmental effects are just side effects from a sharing economy that is rather motivated because it makes economic sense (Eckhardt & Bardhi, 2015a; Wallenstein & Shelat, 2017a, 2017b).

According to the global information and measurement company Nielsen, out of all respondents in the global survey conducted, more than two-thirds said they were willing to share their personal assets for financial profits (Nielsen, 2014). Similarly, one-third of respondents said they would be willing to use, as well as rent out products to strangers in shared communities. These consumer shifts have the potential to both disrupt existing markets and create new ones (Nielsen, 2014). The sharing economy is creating new sources of revenue and profit in at least two ways (Wallenstein & Shelat, 2017a). By expanding markets, the sharing economy is attracting customers who cannot afford ownership or have not sufficient need to do so. In addition these platforms are increasing supply of available products and services, as well as demand, which is no longer dependent on walk-in traffic (Wallenstein & Shelat, 2017a). Although renting has existed for a long time, the sharing economy has decreased the hassles of renting significantly. Second, the sharing economy has increased the willingness to pay. As a

BCG survey suggests people would spend more for especially durable and shareable products (Wallenstein & Shelat, 2017a).

Fuelled by the development in communication and information technology, growing customer awareness, social commerce and an increase of collaborative communities, the sharing economy is an emerging economic-technological phenomenon (Hamari et al., 2016a). Technology has made sharing assets easier and cheaper than ever, as well as driving the transaction costs down. Due to the Internet of Things (IoT), everything can now have an online presence. In addition to a world that is increasingly becoming connected and frictionless, this means sharing is possible on a much larger scale (The Economist, 2013; Wallenstein & Shelat, 2017c). Before digitalization took off, renting and sharing practices were also common, however the internet and data accessibility of people and things, make access based consumption much easier and scalable beyond local communities (The Economist, 2013). Furthermore, the sharing economy stimulates "micro-entrepreneurs" and enables creation of new markets and economic activity (Biswas & Pahwa, 2015). The sharing economy challenges the assumption that goods and services are provided merely by businesses. In fact, intermediaries and matchmaking will decline altogether, as buyers and sellers may interact directly (Wallenstein & Shelat, 2017c).

Belonging to the customer segment among which participation is highest, this phenomenon has since it emerged caught our attention. As a generation that grew up with technology at our hand, and growing along with the expansion and development of technology, we are familiar with the wide use of apps and social communities. We are fascinated by their ability to innovate and make life easier for consumers. We are both active users of platforms such as Airbnb, Uber, BlaBlacar and Peerby. We have personally seen how sharing economy platforms can disrupt industries like the hospitality and the mobility industry. These platforms need to be taken seriously, and incumbent firms can no longer ignore their presence in certain markets. Throughout the thesis we refer to the sharing economy platform's traditional counterpart as incumbent firm, which brings us to the point where we introduce what is meant with incumbent businesses. According to Black et al. (2009), an incumbent firm is "a firm which is already in position in a market". Investopedia (2018) further refers to incumbent businesses as leader in the industry being discussed.

Due to sharing economy platform's innovative way of combining organisational and market mechanisms, these platforms are gaining a competitive advantage over incumbent firms

(Constantiou et al., 2017). Further, understanding the impact of the sharing economy on various industries is vital due to its potential disruption (Olson and Kemp, 2015). While some critics argue that the sharing economy is just a distraction and largely irrelevant for most industries, it definitely creates new revenue streams and market opportunities (Wallenstein & Shelat, 2017a). Not only the hospitality and mobility service industry are being disrupted, but other industries are affected by sharing economy platforms as well. Figure 1 illustrates the increasing funding, categorized by the products and services offered by the sharing economy platform. It becomes clear that the sum of funding is increasing rapidly. As illustrated, the mobility service (ride sharing, vehicle sharing), as well as hospitality, receive most of the investments.

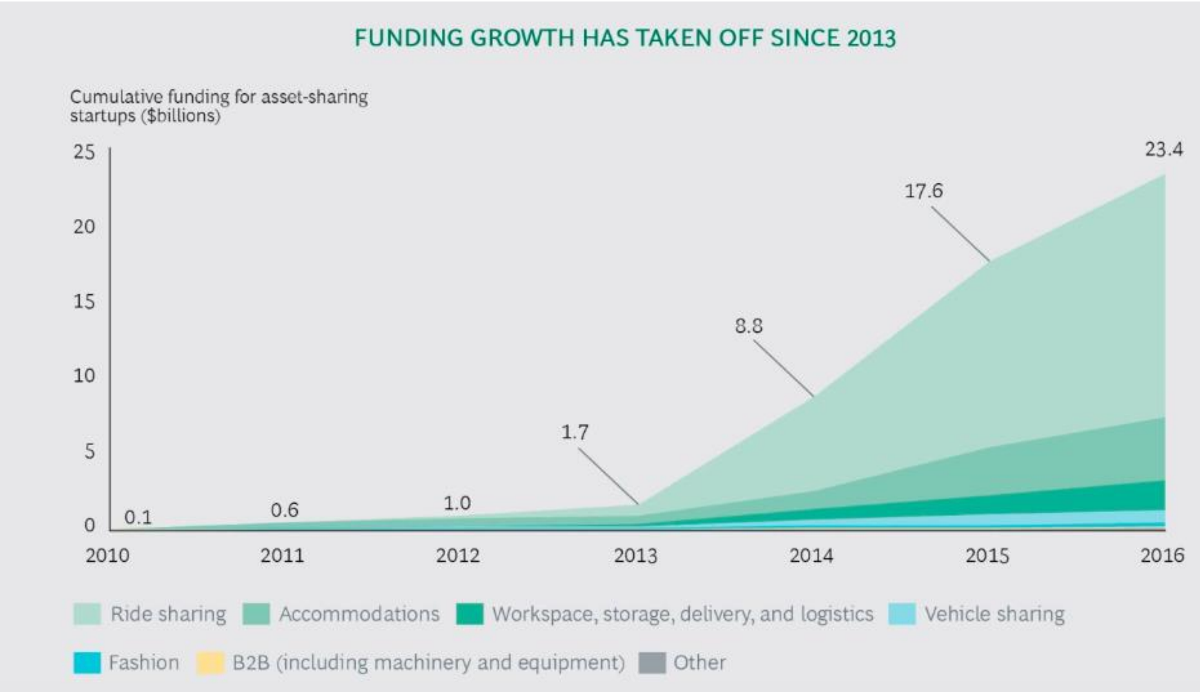

FIGURE 1: FUNDING GROWTH HAS TAKEN OFF SINCE 2013 – FROM WALLENSTEIN & SHELAT (2017A)

Ignoring the sharing economy is no longer a viable method for incumbent firms to deal with declining transaction costs and rising consumer interest in sharing. They too should seek ways to explore options in the sharing economy. Wallenstein & Shelat (2017a) argue that if they do not, their competitors almost certainly will. Constantiou et al. (2017) have identified three main ways incumbent firms react to competition from sharing economy platforms, competition, partnership, and acquisition. The purpose of our research is to focus on the latter. Since both of us are part of the study program International Business, we aim to investigate how multinational firms react to the disruptive nature of sharing economy platforms. Acquisitions are one of the methods for internationalization we studied throughout the course of our studies.

This, in combination with technology-savvy sharing economy platforms that have a disruptive nature, deeply interests us and we think is an excellent matter of research.

1.2 Research Gap

In general, the sharing economy is still relatively young and underdeveloped (Wallenstein & Shelat, 2017c). According to Cheng (2016) and Cohen & Kietzmann (2014), more research is necessary to investigate business models of sharing economy businesses. Sigala (2017a) identified that there is a research gap regarding the impact of the sharing economy on incumbent firms and their respective success factors, as well as sustainability of their business model. More importantly, we would like to follow up on effective ways of incumbent suppliers to compete with sharing economy alternatives. What strategies should be used to redefine the incumbent's strategy and build effective value creation business model (Sigala, 2017a). In addition, Cohen & Kietzmann (2014) state that "scholars [...] have barely scratched the surface on shared economy business models and their implications for companies, cities,...". Interestingly, they suggest future research should investigate "how do sharing economy business models differ among startups and corporations? In the case of corporations, what motivations do they have for emerging in sharing economy models and what impacts do they have on their environmental impacts and on profits?" (Cohen & Kietzmann, 2014, p. 282).

Due to the lack of research within this field, we are aiming to provide some useful insights to why incumbent firms now find sharing economy platforms attractive acquisition targets (Cheng, 2016; Cohen & Kietzmann, 2014; Sigala, 2017b). This research has a broad approach, investigating several elements and steps of the acquisition process. By focusing on multiple cases, our ambition is to provide a holistic understanding and identify patterns. We start by reviewing existing literature, where we discover a lack in research regarding acquisitions in the context of the sharing economy. Pursuing this research gap is eminent due to the novelty of the phenomenon and the potential impact it has on incumbent firms' market domination.

1.3 Research Question

The introduction presented the relevance of the topic and our personal motivation to pursue this research field. This research is aiming to investigate acquisition in the context of the sharing economy. Hence, we aim to answer the following research question:

"What drives incumbent firms to acquire sharing economy platforms?"

This research will further provide insights through the sub-question:

"What are the incumbent firms' strategic aims and integration strategies?"

To answer the aforementioned research question we will first apply a framework by Håkanson (1995) to reveal the strategic aims incumbent firms retain in the process of acquiring a sharing economy platform. Further, we will use the same framework to investigate the integration strategy applied on each case. Moreover, we will apply the business model framework by Johnson et al. (2008) to investigate changes in the business model of the applicable sharing economy platform. Through this lens, we hope to gain further insights.

1.4 Thesis Delimitation

In order to conduct high quality research, we acknowledge the importance of defining the scope of this thesis. The primary aim of this research is to explore the incumbent firm's acquisition motives into the sharing economy. Naturally, this excludes every acquisition that does not fulfil two basic criteria: First, the acquirer must be regarded as an incumbent firm. Second, the acquisition target must be a sharing economy platform. Regarding the scope of the sharing economy, we excluded the gift economy. Moreover, we do not emphasize on key research themes such as circular economy and closed loop supply chain.

Our findings will be relevant to both incumbent firms and sharing economy platforms. To incumbents, this research will provide a better understanding of the strategic aim behind the acquisitions and further the post-acquisition integration process. The emphasis of this thesis lays on the former. Moreover, to the sharing economy platforms our research will provide insights on the type of competition that is emerging through the incumbent firm's market entry.

1.5 Thesis Disposition

The thesis is structured as follows. Chapter two introduces the theoretical background of the sharing economy and reviews the mergers & acquisitions literature. Chapter three introduces the conceptual frameworks applied throughout the thesis. Chapter four presents the research methodology that has been applied throughout the research process. Chapter five presents the findings of our analysis. It consists of an analysis of six cases of incumbent firms acquiring sharing economy platforms. It provides insights of external and internal factors influencing the strategic aims of the acquisitions, what integration strategy was applied between the acquirer and the acquisition target, and the changes in the business model of the sharing economy platforms. Lastly, chapter five provides a cross case analysis. Chapter six discusses the findings from our analysis and implications for practitioners as well as academia. Chapter seven discusses the limitations of this thesis and provide recommendations for future research. Lastly, Chapter eight concludes this thesis.

2. Theoretical Background

This chapter will introduce the sharing economy as well as acquisitions and discuss their current state in academic research. We will introduce the sharing economy by providing an overview of its origin and terminology which naturally leads us to defining the phenomenon. Thereafter, we outline the current state of research. This chapter then introduces some of the most important characteristics of sharing economy platform's business models and outline their differences to traditional businesses. In addition, we review existing literature on the relationships between incumbent firms and their counterparts in the sharing economy before discussing the research gap. Finally, the chapter outlines existing literature with regards to acquisition theories. In particular, the strategic aims as well as integration strategies lay the foundation of this review.

2.1 The Sharing Economy

The concept of a *sharing economy* or often referred to as *collaborative consumption* is not new, in contrary it is an ancient practice (Belk, 2009). What is new is that instead of engaging in sharing practices within a community, sharing practices now take place outside of it, with strangers (Schor & Fitzmaurice, 2015). After the financial crisis, in the period after 2008, these concepts received a lot more academic attention (Belk, 2009). After the financial crisis, many consumers were looking for alternatives to ownership due to a financial distressed situation (Bardhi & Eckhardt, 2012). One of the first authors in this field, Rifkin (2001) described the shift from ownership to access. Not only did changing consumer trends, due to falling disposable income in the crises (Belk, 2014a) facilitate the rise of access based platforms online, but so did the rapid growth of technology (Bardhi & Eckhardt, 2012; Constantiou et al., 2017; Sundararajan, 2013).

Academic research has since the phenomenon rapidly established itself, focused on defining the concept and its terminology. In academia, not only the terms *sharing economy* and *collaborative consumption* are frequently referred to describe the phenomenon as Peer-to-Peer (P2P) sharing of access. But also *accessed based consumption, P2P economy, on demand economy, collaborative economy,* and *gig-economy* are commonly referred to (Cheng, 2016). Whereas the former are more generic terms of sharing economy, the gig-economy describes crowd work and on-demand work via apps. While crowd work usually puts in contact an indefinite number of organizations and individuals through the internet, on-demand apps encompass the completion of tasks by peers for other peers (De Stefano, 2015).

One difficulty with the sharing economy is that there is no consensus on the terminology as well as no clear drawn line between sharing economy and collaborative consumption (Cheng, 2016). Therefore, we are going to use *sharing economy* throughout this paper as an umbrella term to describe the phenomenon. Another problem that is often mentioned, is the fact that many companies label themselves as a sharing economy business, which adds further complexity to the phenomenon (Plewnia & Guenther, 2018; Schor, 2014). Therefore, the approach has been rather pragmatic than analytical; companies and press use self-definition to decide whether to be part of it (Schor, 2014). Constantiou et al. (2017) suggest sharing economy platforms are not actually revolutionary. Their difference does not lay in *what* they do but *how* they do it. More precisely, organizational and market place boundaries, especially in the digital economy have become more fluid. Sharing economy platforms, Constantiou et al. (2017) argues, exploit these fluidity as a strategic assets to gain a competitive advantage. In fact, these fuzzy boundaries have enabled sharing economy platforms to coordinate and collaborate more easily without the need to create a formal organization. In addition, digitalization such as increasing internet usage have made sharing economy platforms scalable in order to generate the critical mass of users (Constantiou et al., 2017).

Although there is no universally accepted definition of the sharing economy, reviewing the literature revealed some common characteristics. Appendix 1 summarizes the most commonly cited definitions in academic literature. One of the first publications that deals explicitly with the thematic of the phenomenon is (Lessig, 2008). He defines that "collaborative consumption [is] made by the activities of sharing, exchanging, and rental of resources without owning the goods" (Lessig, 2008). Matofska (2014) adds: "It includes the shared creation, production, distribution, trade and consumption of goods and services by different people and organizations." In addition, among the most widely cited definitions is Gansky (2010) book *The mesh*. He identified four characteristics for what he calls *a Mesh business* which is equivalent to a business in the sharing economy:

(1) The offering can be shared, not limited to a familiar local community
(2) Advanced Web and mobile data networks facilitate the operation of the business
(3) Focus lies on shareable physical goods (rather local community)
(4) Facilitated through word of mouth augmented by social network services

After reviewing the literature, we identified the following common characteristics as criteria for our case identification as a sharing economy:

(1) Sharing activities with strangers
(2) Access consumption opposed to ownership
(3) Technology as enabler
(4) Networking effect (attraction of platform increases by increasing number of users)

An additional element that we came across but is more related to collaborative consumption solely is that Peers may be users as well as suppliers.

In general, it can be observed that there are two philosophical standpoints for the sharing economy: The first suggests that the sharing economy is a moral economy from postmodern sociology (Haenfler et al., 2012; Molz, 2013; Stephany, 2015), the other suggests that it is access based consumption from neo-classical microeconomics (Belk, 2014b; Eckhardt & Bardhi, 2015b).

2.1.1 Critical Perspective on the Sharing Economy

Following the neo-classical microeconomic standpoint, this section outlines critical perspectives of the sharing economy. While the sharing economy is generally associated with favorable environmental effects as well as socially engaged peers (John, 2013; Kim et al., 2015; Molz, 2013), recent research suggests some controversies about the effects of the sharing economy.

Belk (2014b), Dredge & Gyimóthy (2015), Malhotra & Van Alstyne (2014) Martin & Shaheen (2011) and Schor (2014) offer critical perspective with regards to the effects of the sharing economy. A primary concern is that the treatment of the supply side-participants is unethical (Constantiou et al., 2017). These participants are treated as quasi employees but do not receive employment benefits and at the same time, are left with most of the transaction risk. Belk (2014b) and Schor (2014) conclude that sharing economy activities have adverse effects and may do more harm than good to the environment. This is because more people now have access to polluting goods than before, increased consumption, and increased disposable money for the one with ownership. Also sharing economy businesses often brand themselves as social advocates, however evidence suggests that the relationships are hallow and not long-lasting (Schor, 2014). For instance, Fenton (2013) and Schor (2014) argue two parties involved in car sharing never meet in person but merely rely on remote access technology for communication as well as operation. Schor (2014) also argues that the sharing economy is causing a race to the bottom. Even though the sharing economy has enabled users to become micro-entrepreneurs, the risk of operating is shifting from companies to the individual.

Richardson (2015) offers an explanation to the adverse effects caused by sharing economy. She describes the sharing economy as a series of performances rather than a coherent set of economic practices. These performances help to explain the paradoxical potential of the sharing economy. While creating new diverse economic activities, it also destroys ongoing practices of dominance. She argues that through digital technology, sharing economy has performed a "genuinely collaborative communal", yet hotly competitive and profit driven (Richardson, 2015). The latter performance suggests that companies use the labeling of a sharing economy as means to attract attention and investments rather than genuinely engaging people in collaborative consumption.

Other critics argue that sharing economy does not primarily include more people in economic transaction, but suggest that consumers with high cultural capital take part in the sharing economy (Carfagna et al., 2014; Schor & Fitzmaurice, 2015). The most frequent sharing economy users are households with incomes ranging from $50.000 to $75.000 and urban millennials aged between 18 and 24 (Santana & Parigi, 2015). This is because these consumers have distinctive consumption preferences and are more likely to engage in sharing economy (Schor & Fitzmaurice, 2015).

2.1.2 Current State of Research

As previously outlined, academia lacks a commonly accepted definition of the phenomenon but Bardhi & Eckhardt (2012), Belk (2014a), Botsman & Rogers (2010) are among the most common authors referred to. The publications in academic literature covers a range of topics. Cheng (2016) offers an insight on what the thematic research has focused on. The results indicate that academia focuses on three areas (1) business models and its impact, (2) nature of sharing economy and (3) sustainability development. In addition, Cheng (2016) identified five research clusters; (1) Lifestyle and social movement, (2) Consumption and practice, (3) Sharing paradigm, (4) Trust, (5) Innovation. A brief overview of existing academic literature is provided in the following section. The section is divided into three levels: The micro-level (individuals such as the users), the macro-level (interplay of government and cross industry ranging aspects) and the meso-level (firm perspective). Following the meso-level, we will review sharing economy platform's business model as well as their relationship with traditional businesses comprehensively. This is because we aim to provide an in-depth understanding of the literature's status quo.

Micro-Level

Academic literature has primarily dealt with studies regarding the micro-level (Cheng, 2016). Among others, focus lies on understanding how users adopt to the sharing economy (Eckhardt & Bardhi, 2015a; Hamari et al., 2016a; Kim et al., 2015), who engages in the sharing economy (Tussyadiah & Pesonen, 2016), how it impacts the individual (Santana & Parigi, 2015), and why people participate (Hamari et al., 2016b; Kim et al., 2015; Schor, 2014; Teodoro et al., 2014).

In principle, there are three reasons that motivate people to engage in the sharing economy: (1) ecological, (2) economical and (3) social (Plewnia & Guenther, 2018). Schor (2014) states another motivation: people that are attracted by the novelty of the platforms. In contrary Lamberton & Rose (2012) suggests, what discourages people to engage in sharing economy activities is the perceived product scarcity risk. Meaning the likelihood that the product will be unavailable.

Macro-Level

The most prominent and most often studied cases are Uber (Posen, 2015) and Airbnb (Zervas et al., 2014). Since these businesses have been successful in disrupting incumbent businesses, in the mobility services and the hospitality sector, academic literature has frequently studied the relationship with regulators. This is due to the fact that these business models are not only innovative and disruptive, but also controversial (Baker, 2014; Dredge & Gyimóthy, 2015; Dyal-Chand, 2015; Hartl et al., 2016; Miller, 2016; Posen, 2015). Cohen & Kietzmann (2014) suggest that these businesses have taken a *go it alone* approach instead of collaborating and seeking a dialogue with regulators. This led to Uber being banned from several countries (Posen, 2015). At the same time Cusumano (2015) suggests that one way for incumbent firms to compete is by influencing policy makers.

Meso-Level

The reason why there is a need for operators in the sharing economy is that a trusted third party is needed to reduce the perceived risk of participating in the sharing economy (Kim et al., 2015; Lamberton & Rose, 2012; Santana & Parigi, 2015; Schor & Fitzmaurice, 2015). Lamberton & Rose (2012) reviewed the role of perceived product scarcity risk in commercial sharing propensity and studied the costs and benefits in promoting commercial sharing options. They designed a model that predicts and may alter the propensity for sharing. Figure 2 illustrates the function of these platforms.

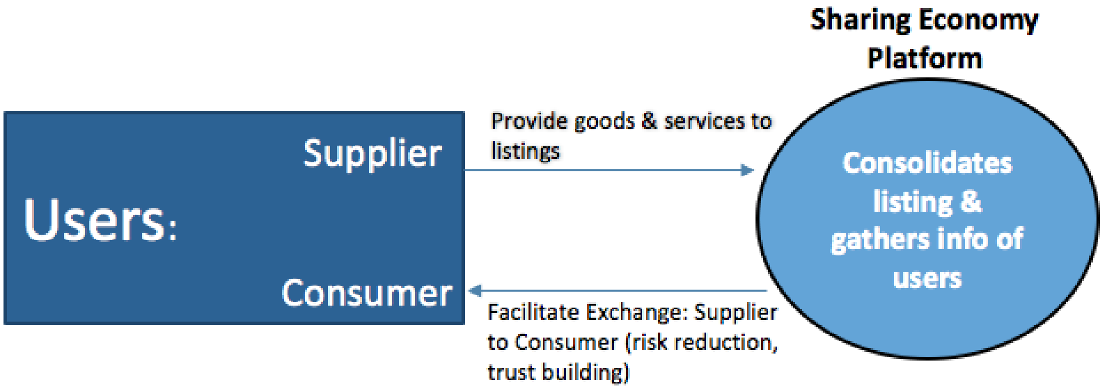

FIGURE 2: THE SHARING ECONOMY PLATFORM – SELF-PROVIDED

According to Hamari et al. (2016a), sharing economy platforms are intermediaries between peers (E.g. a host and a guest). The role of intermediaries is typically threefold: 1. Achieving market transparency (the listing) 2. The use of services via a shared transaction infrastructure (service, contracting, billing and fulfillment) and 3. Regulation (service, contracting, billing and fulfillment) (Hamari et al., 2016a). For platforms' in the sharing economy, it is critical that these three roles are fulfilled. This is due to the need to mitigate trust between hosts and guests. According to Kim et al. (2015), trust refers to "the belief that the commercial sharing service platform is honest, reliable, and competent" (Kim et al., 2015, p. 5). Particularly in the tourism sector, the reviewing system is necessary for strangers to engage in a transaction as it mitigates the moral hazard of transacting with strangers (Eckhardt & Bardhi, 2015b). A P2P review system as well as a verification system is often introduced by platforms such as Airbnb, Uber, CouchSurfing, etc.

2.1.3 Business Models in the Sharing Economy

The business model of the sharing economy platform operators tabs on resources that are not entirely exploited by the owner (Botsman, 2013). Thus, creating an intermediary between owners and users. Miller (2016) argues that the sharing economy enables the individual to offer their products and services on an intermediary platform. The platform gathers all the offers from, in most cases small market participants. As previously outlined the basic functions that these operators provide cover: intermediary role to create trust, supporting technological infrastructure (the platform and its utility), secure payments, and provide customer support. The business model of sharing economy platforms differs, on the one hand from incumbent businesses as it builds on changing consumption patterns (decreasing need of ownership) (Bardhi & Eckhardt, 2012; Belk, 2014a). On the other hand, just like the shift from physical stores to e-commerce, the sharing economy utilizes web technology to challenge the assumption that a sharing economy operates merely local and marginal (Dyal-Chand, 2015). Among the first companies, Schor (2014) categorized platforms such as EBay and Craigslist as sharing economy operators. Sophisticated software reduced the high transaction costs of secondary markets (P2P), namely the recirculation of goods. Thus web technology enabled the sharing economy to generate the critical mass of users (Constantiou et al., 2017; Dyal-Chand, 2015).

"The use of technology is an important part of this sharing economy. Technology has given rise to networks and cloud services that allow people to access resources only when they need them, connecting people to resources through the simple click of a button" (Posen, 2015, p. 412).

According to Schor & Fitzmaurice (2015), the business model of sharing economy platforms is reallocating the wealth across the value chain, more specifically away from the middle man and towards small producer and consumers. Consequently, those individuals who act as suppliers in the exchange of the platform can be regarded as tiny businesses or entrepreneurs that permit them to leverage their assets (Dyal-Chand, 2015; French, 2015). Dyal-Chand (2015) argues that the biggest change from traditional structures is the distinction from companies and customers. Customers now have the opportunity to become business people on a part-time, temporary and flexible level (Dyal-Chand, 2015).

Schor (2014) and Schor & Fitzmaurice (2015) identified four broad categories for sharing economy activities: recirculation of goods, increased utilization of durable assets, exchange of services, and sharing of productive assets (Schor, 2014; Schor & Fitzmaurice, 2015). Alternatively, building social connections is also mentioned by (Schor & Fitzmaurice, 2015). The latter, building social connections, has been studied in academia and is also considered as one of the driving forces that motivate people to participate in the sharing economy (John, 2013; Kopnina, 2017; Martin et al., 2015; Schor, 2014). Another perspective academic literature holds, focuses on the online platform side and how it has created disruptive innovation and social innovation with incidental positive environmental effects (Cohen & Kietzmann, 2014; Heinrichs, 2013; Martin & Upham, 2016; Sigala, 2017a).

2.1.4 Incumbent Firms within the Sharing Economy

According to Miller (2016), every sharing economy business model has an equivalent non-sharing economy. Therefore, instead of reinventing the product offering to the customer, most sharing economy businesses replicate services that are already offered by incumbent businesses. According to Black et al. (2009), an incumbent firm is “a firm which is already in position in a market […] the incumbent has established market contacts, and has already incurred the sunk costs”. Investopedia (2018) further refers to incumbent businesses as leader in the industry being discussed.

The primary concern for the disrupted incumbent businesses, according to Olson & Kemp (2015), is that the established players are expecting slowed growth as they lose market share to the sharing economy alternative. For example, the hotel industry in Texas has been affected. As for every 1% increase in Airbnb listings there was a corresponding 20bps decrease in annual hotel revenue (Zervas et al., 2014). As expected, low priced hotels were most affected by Airbnb listings. This illustrates the relevance of sharing economy platforms as an industry disrupter and the need for incumbent businesses to react.

One factor that distinguishes sharing economy platforms form their incumbent counterparts is the fact that set-up costs are small. This has decreased the barrier of entry and enabled many businesses to start up with a potential to disrupt industries (Sigala, 2017a). This is because once a platform has reached a critical mass of users, it is going to attract more users as the service offering and therefore attraction increases (Constantiou et al., 2017). Cusumano (2015) argues that in the hospitality sector, sharing economy businesses have the advantage of lower capital needs compared to hotel chains. Even though hotel chains often do not own buildings either, but just manage them, it is often difficult to find investors. Furthermore, Cusumano (2015) offers some insights how these incumbent business models may compete with sharing economy businesses.

The literature suggests three categories how incumbent businesses may compete with sharing economy platforms, since ignoring is not a sustainable option. Figure 3 outlines these three options. In the following section, we will briefly discuss these options before we focus on one of them.

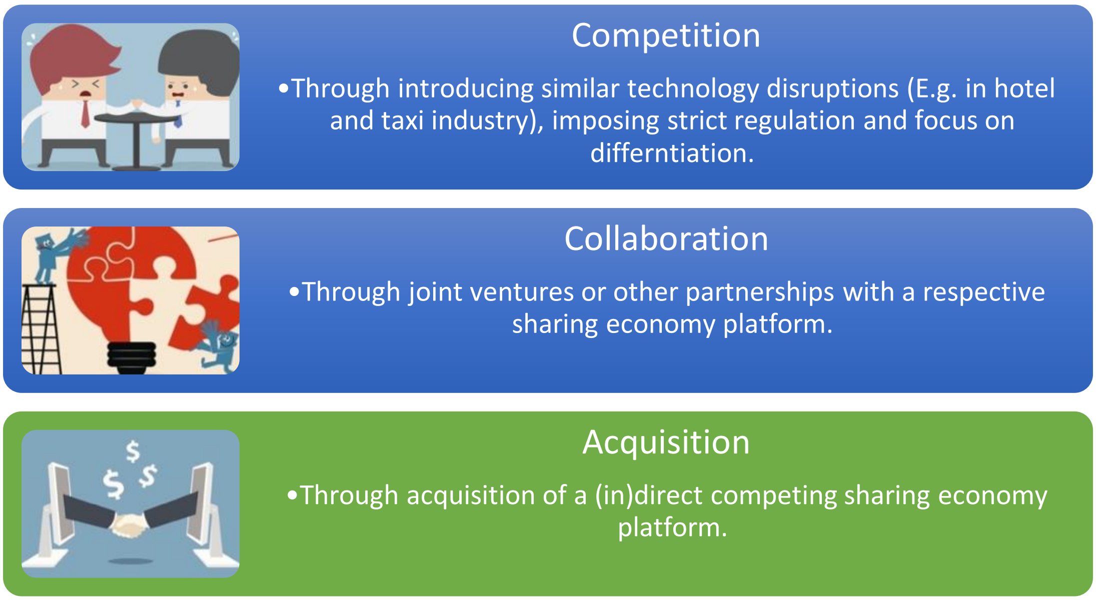

FIGURE 3: INCUMBENT COMPETITION OPTIONS – SELF-PROVIDED

Competition

Cusumano (2015) suggests that one way for incumbent businesses to compete with disrupting sharing economy alternatives is to focus on differentiation. He argues that incumbent businesses have the potential to be more reliable, offer a broader product range and be safer than the sharing economy alternatives. Second, also established players may use technological innovation to offer better customer experience[1]. Finally, by collaborating with regulators, the incumbent business may toughen the regulatory environment for the sharing economy platform. Thus, it increases operating costs and may restrict operation altogether. Likewise, Miller (2016) elaborates the argumentation for established market participants to use specific government regulatory structures to limit the penetration and undermine the emerging competition. The increase in tax compliances and regulatory hurdles would likely mean increasing operating costs for sharing economy businesses, which would be passed through price increases to the consumers (French, 2015). Critics argue, this prohibits the object of P2P companies to reallocate more value away from the middle man and towards the peers (French, 2015). Koopman et al. (2014) argue that the sharing economy has helped to overcome market imperfections and that the outmoded regulation regimes are likely to harm the consumer.

In the long run, however, incumbent players must differentiate by providing a type of service that sharing economy players are unable to match. Cusumano (2015) presents, some of the advantages incumbent businesses have over sharing economy platforms: They can host any

[1] MetroCab Boston cab drivers introduced an App. Marriott introduced the Autograph collection.

size of parties small and big gatherings, have more sophisticated connections within the tourism and transportation sector, and may offer loyalty programs and discounts. Wallenstein & Shelat (2017c) claim that luxury brands may shift toward highly customized products that meet niche needs, this in turn will make them less exchangeable. Schor (2014) suggests that the functions these sharing economy platforms offer are not difficult to replicate.

Collaboration

The aforementioned section pointed out that on the one hand, entry barriers are decreasing. On the other hand, incumbent businesses may compete with unique features. Apart from competition, incumbent firms may also seize opportunities created by the sharing economy. By partnering with a sharing economy platform, Toyota for example, signed an auto-leasing deal with Uber. Some platforms in the real-estate industry collaborate with hotels to increase the use of idle meeting rooms. Partnerships may introduce some aspects of the sharing economy into the traditional B2B context (Constantiou et al., 2017). In fact, partnerships are increasing, Brad Burnham, a venture capitalist, predicts: “a coming round of cost-squeezing akin to the cost-squeezing that the start-ups are inflicting on legacy businesses” (Schor, 2014, p. 10). She predicts, the sector will be more monopolized as more platforms are backed by and integrated with large corporations that are dominating the economy. She argues, this will cause providers and consumers ending up with smaller shares of the pie (Schor, 2014).

Acquisition

Miller (2016) argues, that these established market participants are now seeking ways to enter the new markets created by the sharing economy. Either by repositioning their businesses or by purchasing their products. Some examples include companies from the car manufacturing industry, such as Daimler who has entered the sharing economy through their new sharing mobility venture (Lamberton & Rose, 2012). Constantiou et al. (2017) propose a model that aims to understand the sharing economy platform’s strategic positioning. This model could help incumbent businesses to understand their counterparts’ in the sharing economy. Moreover, reflecting about their own strategic positioning, in order to compete in or against the sharing economy (Constantiou et al., 2017). As the literature suggests, incumbent businesses are required to understand their competing sharing economy alternative. This is because sharing economy platforms are increasingly becoming relevant. Due to their greater flexibility in adapting strategies to environmental changes, they have a competitive advantage in exploiting new business opportunities (Constantiou et al., 2017).

This lays the foundation of our research; first our analysis will focus on the acquisition perspective from incumbent businesses. We will then further elaborate on the business model of the acquired sharing economy platform. Constantiou et al. (2017) argue business models change; analyzing the business model design is a good starting point in observing whether the business model is aligned with the firm's strategy.

2.2 Mergers and Acquisitions

The aim of this section is to provide the reader with an insight into research conducted on mergers and acquisitions. We will review general theory regarding the changes happening in the M&A market, leading us to investigate the different M&A waves that have existed in the field. Relevant for the M&A market today is the focus on high-technology environments and how this influences M&A deals. Following the introduction, we provide an overview of theory regarding the strategic aim, integration and success criteria behind acquisitions.

The acceleration of globalization, has led us to identify changes in the international economic and regulatory environment. The pace of changes in the global environment are more rapid that before, mainly due to the rapid changes in technology. Due to globalization as well as diverse market conditions, many companies go global as a way to spread risk, gain a competitive advantage and reach a wider customer segment (Gleason & Wiggenhorn, 2007; Hitt, 2000; Knight, 2010; Tallman & Fladmoe-Lindquist, 2002). Cross-border M&A has become an important alternative to quickly respond to these changes (Andersen, 1997; Kogut & Singh, 1988). As a result, the number of cross-border M&A has increased considerably over the last decade (Caiazza & Volpe, 2015). Rapid globalization introduced opportunities to grow and expand businesses to new markets, but also leaves less time for thinking due to increased time pressure (Haspeslagh & Farquhar, 1994). Thus, the acquisition process and the integration are of even higher importance to create value (Haspeslagh & Farquhar, 1994).

Strong strategic foundation in the M&A choice and a good execution of the integration process can be a way for firms to turn a turbulent landscape into an opportunity for value creation (Shimizu et al., 2004). As previously outlined, sharing economy platforms challenge traditional firms; incumbent firms react to this threat by competing, collaborating or acquiring these platforms (Constantiou et al., 2017).

2.2.1 History of M&A Waves

Acquisitions of sharing economy platforms are a new trend in the M&A market, and there is little to no literature regarding this topic. Hence, a look at previous trends provides some insights into the changes that occur in the M&A market. Moreover, knowing the history of M&A is a vital part to avoid making the same mistakes (Gaughan, 2010).
Whitaker (2016) argues that there are two types of elements that support a deal. First, the strategic goal a firm may pursue, which is dependent on a firm's competitive position, its resources, and other firm-related factors (Caiazza & Volpe, 2015). The second element is related to cycles in the M&A market the firm operates in (Whitaker, 2016). According to Gaughan (2010) and Whitaker (2016) there have been six periods of high M&A activity, referred to as waves. These waves have been useful in identifying the cycles, and can provide us with an insight in a wide range of M&A market drivers and their evolution over time (Whitaker, 2016).

M&A waves are caused by a combination of economic, regulatory and technological shocks (Mitchell & Mulherin, 1996). The economic shock has its base in economic growth that motivates companies to expand to meet the increasing demand in the market. M&As are a way of achieving this growth faster than organic growth (Gaughan, 2010). The regulatory shock come from the elimination of regulations that have been acting as barriers in combining firms. Gaughan (2010) argues that the last shock, the technological shock, can come in many forms. Technological change can disrupt markets and even create new ones.

Schweiger & Goulet (2000) argue that the M&A wave in the beginning of the 21st century was driven by globalisation, technological change and deregulation. Sharing economy platforms are enabled by technology (Bardhi & Eckhardt, 2012; Sundararajan, 2013), they expand globally at a rapid pace, and take advantage of deregulated markets and fluid boundaries (Constantiou et al., 2017). Schweiger & Goulet (2000) argue that the acquisition wave of the 21st century seem to be strategically motivated. Meaning "companies are attempting to improve their current and future strategic positions, domestically, regionally and globally, and are doing so by acquiring new technologies, product and services […]" (Schweiger & Goulet, 2000, p. 61). Moreover, Deloitte predicts an increase in M&A in 2018 both in number of deals and their size. Another finding from the study suggests gaining access to technology as one of the biggest strategic motivation behind acquisitions today. The report states that previous concerns regarding political, regulatory and economic uncertainty, market volatility and valuations, are diminishing (Thomson et al., 2018).

2.2.2 M&A in High Technological Environments

Over the last decades there has been a significant increase in the number of M&A in high-tech industries (Guardo & Valentini, 2015). It has been argued that the acquisitions in these industries are not only motivated by the “traditional” goals such as economies of scale, increase of market share, and market expansion. M&A are also motivated by the opportunity to obtain highly advanced technical expertise and R&D skills, skilled personnel, and particular new technologies in fast-paced industries (Guardo & Valentini, 2015). de Man & Duysters (2005) argue that in order to be successful in radically changing markets M&As are to a higher degree used to absorb external technological capabilities. Chaudhuri & Tabrizi (1999) supports this, arguing that high-tech companies must focus on the long-term capabilities, often meaning holding on to a skilled workforce.

Hagedoorn & Duysters (2002) argued that technological synergies are one of the strategic aims behind M&A. Further Makri et al. (2009) argues that the speed of innovation and the need for original solutions in high-tech industries contribute to extending their capabilities and resources through M&As. Studies suggest that M&A are important to the technology acquisition strategy of companies in various industries, but especially in the R&D intensive (high-tech) industries (Hagedoorn & Duysters, 2002). However, Chaudhuri & Tabrizi (1999) argue that acquiring smaller and younger companies to gain specific capabilities outside the high-tech environment transform the acquiring company to a more flexible firm.

Deloitte identified technology attainment as the number one strategic driver behind acquisitions this year (Thomson et al., 2018). Wallenstein & Shelat (2017b) argue that the sharing economy is driven by smartphones, internet connectivity and cloud solutions, to provide their customers with a solution that enables them to use these technologies from searching to receiving their products or services. This drives the transaction cost down, and causes a lot of traditional firms a headache. Furthermore, sharing economy platforms are dependent on people. The sharing economy is a socio-economic system (Matofska, 2014), using technology to offer better customer experiences (Cusumano, 2015).

2.2.3 Type of Acquisition

After a brief introduction to previous and existing trends in the M&A market, we will now present literature regarding acquisition type, strategic aims, and integration strategies. The presentation of this literature will be relevant when presenting our framework for further analysis.

According to Howell (1970) the Federal Trade Commission defines three types of acquisitions: horizontal, vertical, and conglomerate. Horizontal acquisitions are about merging two firms that sell closely related products or services, and operate in the same market (Howell, 1970). Horizontal acquisitions eliminate competition and provide the acquirer with new markets to operate in (Pearce & Robbins, 2008). Vertical acquisitions are about merging companies that previously had a buyer-seller relationship (Howell, 1970). The strategic aims of vertical acquisitions are to gain more control over their value chain (Pearce & Robbins, 2008). Conglomerate acquisitions emerge when the target company operates in an unrelated market or produce unrelated products, and are not concerned with creating synergies between the firms (Pearce & Robbins, 2008). Conglomerate acquisitions are however not of interest in our thesis. All cases we analyse are either horizontal or vertical acquisitions. Furthermore, we are interested in investigating if there are synergies between the firms' post-acquisitions, hence the exclusion of the conglomerate acquisitions category is in order.

2.2.4 Strategic Aims

According to Haspeslagh & Jemison (1991), there are four main streams of literature regarding acquisitions. The first stream in the literature is the capital market school, which seek to analyse whether and how acquisitions lead to creation of wealth. The second stream in the literature, the strategy school, attempts to investigate the likelihood of success related to the different types of acquisitions. The third stream consist of literature regarding the organizational behaviour perspective. It focuses on the individual acquisitions and its impact, outlining the problems caused by the differences in culture between the acquirer and the acquired further outlined in subchapter M&A success criteria. The last stream is the process school. Here, the literature attempts to combine organizational and strategic considerations, and addresses how the acquisition process affects the attainment of strategic goals (Haspeslagh & Jemison, 1991; Schweiger & Goulet, 2000; Thomson et al., 2018). Within the first stream, Haspeslagh & Jemison (1991) suggest four types of strategic aims and their potential benefits which are the following:

The first type of strategic aim is *organisational resource sharing* is motivated by creating economies of scale and scope (Howell, 1970; Lubatkin, 1983). Through this strategic aim Marks & Mirvis (2010) argue companies may capitalize on economies of scale, savings made from consolidation, elimination of redundancies, or shared sourcing and marketing.

Secondly, *the transfer of functional skill* is motivated by improving the firm's competitiveness. Also Chatterjee (1986) and Lubatkin (1983) identify achieving operational synergies in marketing, production, managerial experience, scheduling, or in compensation systems, to be functional skills the acquirer seek to gain through an acquisition. Marks & Mirvis (2010) elaborates seeking synergies by grouping factories that share distribution and manufacturing, or by combining IT. Furthermore Shrivastava (1986) identify strategic reasons behind M&A to be motivated by reinforcing networks, gain efficiency through synergies and size, obtain new technology and brands, gain access to new markets, customers and new distribution channels.

The third type of strategic aim is *transfer of general management skill*, hoping to enhance competitiveness (Chatterjee, 1986; Lubatkin, 1983; Shrivastava, 1986). Marks & Mirvis (2010) add that new knowledge and capabilities may be transferred between the two firms, leading to a mutual learning from each other's culture and distinct competencies.

The last type is the *combination of benefits* it is motivated by the increase of market power, enhanced reputation, or greater financial leverage (Haspeslagh & Jemison, 1991; Lubatkin, 1983; Steiner, 1975). Barkema & Vermeulen (1998) and Vermeulen & Barkema (2001) identify acquisitions to be the fastest way to access strategic assets as brand names, licences and local permits. In addition Marks & Mirvis (2010) identify synergies by leveraging a larger customer base, cross-selling, or streamlining the supply chain. Alternatively, removing competitors and impulse purchases are additional strategic aim behind M&A (Caiazza & Nueno, 2014; Shrivastava, 1986).

2.2.5 Integration

Pablo (1994) argues that there are different levels of integration, identified in the technical, administrative, and cultural alignment. The level of integration is determined by the task, cultural and political features of the acquisition (Pablo, 1994). Moreover Shrivastava (1986) and Håkanson (1995) identify three different types of integration: procedural integration, physical integration or technical integration, and managerial and sociocultural integration.

Procedural integration requires standardization of accounting systems, budget and reporting procedures. Technical integration entails establishment of communication infrastructure (Håkanson, 1995). The managerial and sociocultural integration requires immediate, strong and effective strategic leadership. However, new strategies should be outlined jointly. Shrivastava (1986) argues that not every type of integration is needed in each merger situation. Therefore it is important that every merger is evaluated separately as the process is highly complex and cannot be generalized (Howell, 1970).

Schweiger and Very (2003) argue that based on product lines, geographical areas and functions, firms can determine what approach should be taken within an acquisition. The four approaches are: 1) Combination; Consolidate the two separate functions and activities from acquirer and acquired into one entity. Olie (1990) defined this integration strategy as the *merger*. 2) Standardisation; The two units will not physically consolidate, but the separate functions and activities of both firms will be standardized and formalized, due to best practices being shared between the firms. The integration strategy has been described to seek synergies between the two firms and require a high degree of integration (Olie, 1990). 3) Coordination; both firms coordinate their functions and activities (e.g. one firm's products are sold through the channels of the other company's distribution channels). 4) Intervention; actions are being made by the acquirer to turn around the poor cash flow or operating profits in the acquired firm. This can include replacing management or dropping products that don't generate profits (Schweiger and Very, 2003). Olie (1990) call the integration strategy *redesign*, and is characterized by a clear power distance between the two firms. Moreover, Olie (1990) present the integration strategy *portfolio acquisition* that are characterized by a slight power distance between the firms, that represent a low degree of integration.

Nahavandi & Malekzadeh (1988) propose different modes of acculturation to address the different ways the culture, organisational practises and systems of two firms can be combined. The degree of congruence between the acquirer and the acquired will affect the success of the implementation process according to the two. Nahavandi & Malekzadeh (1988) argue how the mode of acculturation is dependent on both the acquirer and the acquired. From the acquired point of view, the acculturation is dependent on the willingness to adopt to the acquirer's culture and practices. In the case of the acquirer the acculturation is dependent on the firm's level of multiculturalism and the degree of relatedness between the two firms. A firm's multiculturalism refers to what degree an organization appreciates cultural diversity and its readiness to tolerate and encourage it (Nahavandi & Malekzadeh, 1988). The degree of relatedness is defined by Lubatkin (1983) as the strategic fit between the firms, referring to their respective environments and the firms unifying features.

There is a tendency in most studies to aim attention towards the post-acquisition integration process (Haspeslagh & Jemison, 1991; Pablo, 1994). Shrivastava (1986) states that almost half to two thirds of all mergers fail, and one third of the failures are caused by flawed integration. Schmidt (1999) and Schweiger & Goulet (2000) argues incompatible cultures is a core factor for flawed integration. Schweiger & Goulet (2000) defined integration as the process of combining the assets and the people of the acquire and the acquired. Creating sustainable growth from an acquisition is related to how well the acquirer integrates the business after the merger (Shrivastava, 1986), and the integration must occur at several levels (Marks & Mirvis, 2010; Schweiger & Goulet, 2000; Shrivastava, 1986). Furthermore, the strategic aim of the acquisition must be clear in order to understand the integration design (Howell, 1970; Pablo, 1994; Shrivastava, 1986).

2.2.6 M&A Success Criteria

A pressing issue in the M&A literature is the sustainability of the value creation. Chaudhuri & Tabrizi (1999) argue that to gain sustainable value, the focus of the acquisitions need to shift form products to people. Due to an extreme shortening of product life-cycle in the high-tech industry, acquisitions need to be handled differently than in other industries. Due to this shortened life-cycle, a company's success is no longer determined on the success of a product, but the company's ability to build on exceptional, develop or incorporate new technologies, and adjust them to fit new markets. Thus, only acquisitions that look for capabilities that they need and not specific product and markets will be successful (Chaudhuri & Tabrizi, 1999).

Depending on the motive and type of merger, the acquirer must decide on an appropriate implementation strategy (Nahavandi & Malekzadeh, 1988). Nahavandi & Malekzadeh (1988) argue the degree of relatedness between the acquirer and the acquisition target is dependent on the strategic aim. In order to accomplish synergies, Nahavandi & Malekzadeh (1988) argue the acquiring company needs to acquire a firm which is in varying degrees related to its own business.

Marks & Mirvis (2010) claim that in order to be successful at M&A, one should seek out synergies at *all steps* of the value chain. Haspeslagh & Jemison (1991) view the integration process as a gradual process where acquirer and acquired learn to join efforts and cooperate in the process of transferring strategic capabilities. They propose five key ingredients to create an atmosphere that support the integration process: a mutual understanding of each other's organization and culture, the willingness from both firms to work together after the acquisition, the capacity to transfer and receive capability between the two firms, discretionary resources to contribute to nurturing the atmosphere needed to support the transfer, and a cause-effect understanding of the benefits anticipated form the acquisition (Haspeslagh & Jemison, 1991).

This Chapter introduced a review of the literature regarding the sharing economy and M&A. It sets the theoretical foundation of this research and provides an overview of the studied concepts and existing research. Based on this Chapter, the following Chapter will introduce the applied conceptual frameworks in this Thesis.

3. Conceptual Frameworks

After reviewing the literature of both the sharing economy as well as M&A, this chapter is going to outline the frameworks applied throughout this thesis. First, we will present the Håkanson (1995) framework that is applicable in identifying the acquisition type, strategic aim and integration. Subsequently, the business model by Johnson et al. (2008) is outlined. It is the second framework for the analysis and is concerned with the changes of the sharing economy platform. These frameworks lay the foundation of our analysis and are appropriate tools to answer the research question.

3.1 The Håkanson Framework

Following the overview on strategic aims and integrations present in the M&A literature, this chapter will introduce the frameworks applied in the analysis. Håkanson (1995) investigated Swedish companies acquiring firms across their own borders, exploring the international decentralization of their research and development (R&D) departments. Håkanson (1995) argues how foreign R&D units can provide a "tap into" foreign technical and scientific infrastructure through acquisitions. To some extent we would argue that also sharing economy platforms offer unique capabilities, technology and characteristics. Not only do sharing economy platforms provide technology that can be of interest to the acquirer, they also provide new customer segments (Vaughan and Daverio, 2016).

Håkanson (1995) claims that acquisitions facilitate necessary adaptations of processes and products due to new proximity to markets and customers. Håkanson (1995), Olie (1990), and Schweiger & Goulet (2000) argue that M&A's success are critically dependent on the integration of the two firms. Not only is the success of the acquisitions dependent on integration, but Håkanson (1995) also states that post-merger integration processes are dependent on the strategic aim and organizational characteristics. He argues, that this is especially due to differences in organizational cultures. Moving forward with the framework, it is important to keep in mind that it provides a crude classification of the strategic aims and integrations. All mergers and acquisitions will not fit into these categories that are presented (Olie, 1990). However, they can provide a general picture that can be of use when investigating the cases.

3.1.1 Strategic Aim

Marks & Mirvis (2010) emphasize the importance of M&A not being a strategy in itself, but as a mean to achieve a strategy and grow. An overview of the M&A literature was given in

Chapter 2. The framework will be presented throughout this section. The model is provided by Håkanson (1995) and includes the following elements: Type of acquisition, Strategic Aim, and Integration. We have further added the element of the External Environment which is illustrated in red in Figure 4.

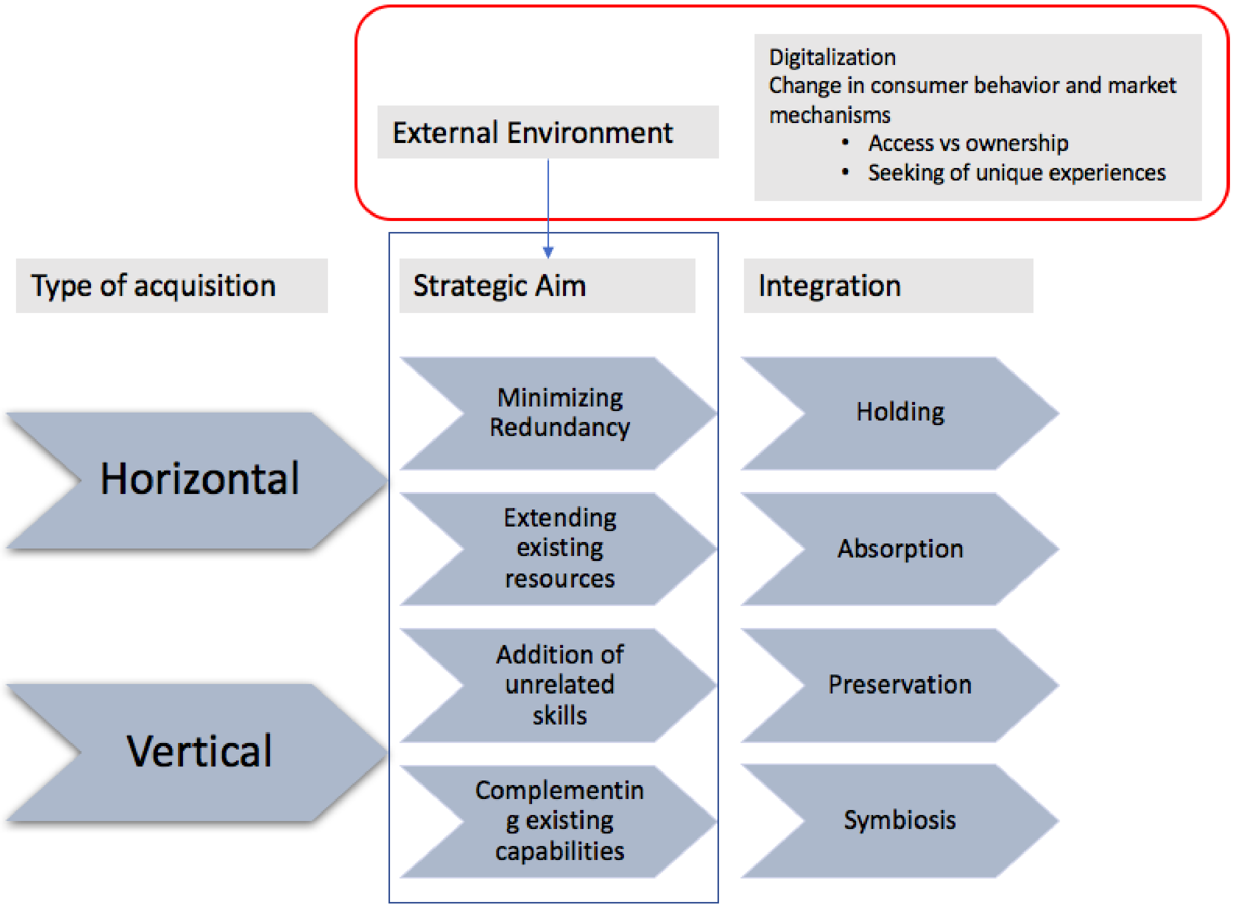

FIGURE 4: THE HÅKANSON FRAMEWORK – MODIFIED VERSION BASED ON HÅKANSON (1995)

Horizontal acquisitions

Minimizing redundancy

Most acquisitions are in the same industries or product areas as the acquiring company. These acquisitions are referred to as horizontal and can be motivated by the wish to gain access to distribution channels, brand names, productions capacity, etc. Technological capabilities might only have marginal value to the acquiring company as their capabilities are duplicates of existing ones (Håkanson, 1995). Furthermore, Barkema & Vermeulen (1998) and Vermeulen & Barkema (2001) revealed gaining access to brand names, licenses or local permits, as strategic aims behind M&A. Moreover Hagedoorn & Duysters (2002) describe M&A as an alternative to reduce uncertainty, increase control over the environment they already operate in, or decrease dependency of their existing environment. Marks & Mirvis (2010) argue this strategic aim is based on achieving financial and cost saving benefits.

Extending existing resources

Sometimes the acquisition target has resources that overlap those of the acquiring firm, this does not mean that those resources do not represent an asset to the acquirer. In these circumstances the technical capabilities might still represent a significant asset as they may increase the R&D capacity of the corporation. The strategic aim behind the acquisition might lie in transforming the acquired unit into a sub-supplier of technical services (Håkanson, 1995). Gaining access to new technical capabilities through acquisitions is a reoccurring strategic aim in the literature (Caiazza & Nueno, 2014; Chaudhuri & Tabrizi, 1999; Hagedoorn & Duysters, 2002; Lubatkin, 1983; Marks & Mirvis, 2010; Shrivastava, 1986).

Vertical acquisitions

Adding of unrelated technical skills

Acquisitions under this category introduce the buyer to new product categories outside their technical knowledge or capabilities. The strategic aim behind these acquisitions might be to broaden the product line in order to meet the needs of specific customer groups. In the case of R&D units, allowing the acquired unit autonomy could make more sense than to incur the cost and difficulties of coordinating the technical transfer. However, synergies might be available in other functional areas (Håkanson, 1995). Chaudhuri & Tabrizi (1999) argue that acquisitions of smaller firms may be motivated by gaining specific capabilities that the acquiring company does not possess. Furthermore, Caiazza & Nueno (2014) mention obtaining new technology and gaining access to new markets as strategic aims behind M&A. Similarly Marks & Mirvis (2010) claim access to new knowledge or capabilities motivates firms to acquire new entities.

Complementing existing technical capabilities

Some acquisitions create opportunities to leverage existing technical competences to more meaningful uses. If the acquired company has capabilities that complement the acquirer in significant ways, one could expect a broadening of the product range and technical synergies as a result (Håkanson, 1995). This is in line with what Marks & Mirvis (2010) described as being motivated by new resource combination, or by exploiting synergies between two firms (Caiazza & Nueno, 2014; Shrivastava, 1986).

3.1.2 Integration

Håkanson (1995) further builds on a framework by Haspeslagh & Jemison (1991) to present four types of integration strategies. Håkanson (1995) links the integration with the four strategic aims given earlier. The integration strategies by Haspeslagh & Jemison (1991) are dependent on the strategic interdependence, meaning the degree of capability transfer, mutual learning, and adaption necessary to accomplish the aim of the acquisition. Moreover, the integration strategy also depends on the organisational autonomy, meaning the preservation of the existing culture in the acquired firm.

Holding

A holding strategy involves minimal technical integration and few capability transfers. The only intention behind the acquisition lies in creating value through financial transfers, risk-sharing, or general management capability. In order to minimize duplicates, the acquirer might introduce tight controls on the acquired technical activities (Håkanson, 1995). Hence, this integration strategy requires low strategic interdependence and high level of organisational autonomy. Shrivastava (1986) argues that this integration does not include the integration of physical assets, but rather an integration of procedures. Furthermore Pablo (1994) argues that *holding* requires low level of integration. This strategy limits the integration strategy to only share financial risk and resources. It also involves standardization of basic management systems and processes in order to facilitate communication between the two firms.

Absorption

An absorption strategy implies essentially total assimilation of the acquired unit or firm. The acquired company may experience the loss of autonomy, and its activities become more dependent on the parent company. The acquisition has a high need for strategic interdependence and a low need for organisational autonomy. Pablo (1994) argues that this is the highest level of integration as there is a complete cultural and structural absorption of the acquired firm. Due to the integration strategy being linked with the strategic aim of extending existing resources the functional integration between the firms will be of high importance (Howell, 1970). Assimilation is described as a procedure where the acquired firm willingly adopts its system and culture to the acquirer (Sales & Mirvis, 1984). Hence the acquired company will cease to exist (Nahavandi & Malekzadeh, 1988). Schweiger and Very, (2003) identified this integration strategy as *combination*, as the strategy requires the two separate functions to become one entity.

Preservation

The preservation strategy is most appropriate in case of a high need to maintain organisational autonomy and a low degree of strategic interdependence. Allowing the acquired firm to maintain its autonomy will help the firm preserve its organizational culture. This is an attractive strategy when the acquiring firm does not have the same technological or product areas as the acquired entity. Nahavandi & Malekzadeh (1988) argue that this integration strategy requires a separation mode of acculturation, as both firms maintain their culture and organisational systems. This form of integration is influenced by a low degree of compatibility between the firms, as the strategic aim suggest the *addition of unrelated skills*. Thus, the level of integration will be low (Olie, 1994).

Symbiosis

This integration strategy is the most difficult and ambitions out of the integrations strategies presented. The acquisition will be characterized by a high need for strategic interdependence and high need for organisational autonomy. Substantial technical capabilities need to be transferred and it is thus considered to have a high degree of strategic interdependence. However, the acquired unit is further dependent on its specific organizational context. This form of integration is indeed complicated. The literature suggest a high organisational integration when there is a high need for strategic interdependence. Schweiger and Very (2003) described an integration strategy with similarities to this category, named *standardisation*. The integration requires firms to remain separate units. However, a standardization and formalization of all activities and function of the two firms is required.

3.1.3 Application

The Håkanson framework is applied throughout the analysis. This is because, it offers a holistic framework connecting the type of acquisitions, the strategic aims, and the integration. Other frameworks we have examined have either been too specific regarding integration alone, and/or have not provided us with the connection we find in this framework. The Håkanson framework is an extension of a framework provided by Haspeslagh & Jemison in 1991. It is one of the most eminent post-acquisition integration frameworks in the literature (Gomes et al., 2013). Haspeslagh & Jemisons framework considers both the organisational autonomy, and the strategic interdependence between the firms after the integration. Whitaker (2016) argues that there are two elements that influence M&A, the strategic goal a firm might pursue, and the second factor is related to cycles in the market the firm operates in. Therefore, we have added the “External Environment” as a factor that influence the internal Strategic Aims. Figure 4 illustrates the framework that is applied in the analysis. This section further presents the importance of the external factors and how incumbent firms are different form sharing economy platforms.

Mitchell & Mulherin (1996) argued waves in the M&A market were caused by a combination of external factors, those being economic, regulatory and technological shocks. Gaughan (2010) express the importance of technological factors, as they can disrupt markets, and may create new ones. Further we have observed there is a shift in the trend towards access over ownership (Rifkin, 2001), which is being fuelled by the rapid growth of technology (Bardhi & Eckhardt, 2012; Constantiou et al., 2017; Sundararajan, 2013).

Market mechanism: Incumbent Firms vs. Sharing Economy Platforms

Collaborative commerce restructures the e-commerce domain by reshaping the ways in which transactions and marketplaces are formed. It redefines the experience of the trading partners (Sigala, 2017b). Sharing economy platforms operate as intermediaries, matchmakers or gatekeepers. Hence they mitigate risk and lower the transaction cost for their user base (Constantiou et al., 2017). Set-up cost are low for sharing economy platforms (Sigala, 2017b), and their entry barriers are lower in comparison to incumbent firms (Constantiou et al., 2017). To increase revenue, sharing economy platforms increase the number of transactions, either through returning customers or more customers entering the platform; whereas incumbent firms usually rely on maximizing the return per transaction. At the core of the business model and more specifically the value proposition of sharing economy platforms, we find the network effects (Constantiou et al., 2017).

The birth of new consumerism is driven by changing consumer behaviour and market mechanism, preference for access over ownership, and the search for authenticity (Euromonitor International, 2016a; Hamari et al., 2016a; Kim et al., 2015; Rifkin, 2001). In addition, Constantiou et al. (2017) outline the socio-economic developments that influence the sharing economy which are the following: P2P economy, and allocation of idle resources. More precisely, sharing economy platforms seek to exploit underutilized assets, hence reducing the inefficient nature of sole asset ownership. Moreover, customers now see the economic value of using sharing economy platforms (Wallenstein & Shelat, 2017a). These changes in consumer behaviour and market mechanisms are influencing changes to existing markets and industries.

The framework we use is originally applied to cases of cross-border acquisitions of R&D departments. The acquisitions were argued to promote the assimilation of new technological developments, and the acquirers proximity to foreign customers, markets, and manufacturing enabled the necessary adaptations of products and processes to local conditions (Håkanson, 1995). If we translate this into the terms of the sharing economy, traditional firms have gradually realised the importance of sharing economy platforms and are now seeking to gain access to an increasing customer segment. Enabled to grow to a critical mass of users facilitated by digital technologies (Constantiou et al., 2017) traditional firms might seek to access their technologies, and possibly use them to adapt their own products. By including the External Environment to the Håkanson model, we reflect on the outlined changes in market mechanisms and take these into consideration in the analysis.

3.2 The Business Model Framework

This section will briefly introduce the business model that is going to be used for the in-depth analysis of the cases. Osterwalder et al. (2005) offers three scholar perspectives on business models: (1) as an abstract overarching concept that can describe all real-world business, (2) abstract types of business models each one describing a set of businesses with common characteristics, (3) aspects of conceptualization of a real world business model. Fundamentally, it is a conceptual tool that describes the set of elements and their relationships and allows expressing the business logic of a specific firm (Osterwalder et al., 2005).

A business model according to Arend (2013) is "[…] a useful representation of how the organization creates value through transforming and transferring matter, by drawing on available factors, fueled by an identifiable economic engine" (Arend, 2013, p. 391). The business model is concerned with how the enterprise delivers value to customers and how it captures that value in form of payments from the customer. Essentially, it is the organizational and financial architecture of a business (Teece, 2010). Contrary to the Håkanson framework previously presented, the business model is not about strategy, but is more generic (Teece, 2010). Both, the strategy and the appropriate business model are needed to protect the firm's competitive advantage. Teece (2010, p. 174) suggests that "a good business model yields value propositions that are compelling to customers, achieves advantageous cost and risk structures, and enables significant value captured by the business that generates and delivers products and services."

In general, it should be noted that technology had a transformative effect on the cost of a business model. New cloud based computing models, such as sharing economy platforms do not require to invest in expensive servers, but can buy server capacity as needed (Teece, 2010). Teece (2010) suggests that a business model must be evaluated against the current state of the business ecosystem and how it might evolve. This is the aim of our in-depth analysis that studies how the business model of the sharing economy changes after the acquisition. Following the Håkanson framework presented in Chapter 3.1, we would expect an appropriate response of a changing business model depending on the strategic aim and integration.
Subsequent the literature which has taken a rather practical approach regarding business models, we are going to apply the business model in that sense as well (Arend, 2013; Teece, 2010). It is an appropriate tool that allows us to illustrate the differences in the business models for comparison purposes, meaning patterns for an industry. Moreover, it is the basis for an exhaustive analysis and allows us to dive deep in the key elements of the respective business model.

3.2.1 Application

After reviewing the literature for business models we have decided to apply the business model by Johnson et al. (2008). It is about existing companies altering their business model or spinning off a new entity with a new business model and is therefore appropriate to our cases. Our cases take a very similar angle as we look at incumbent businesses such as IKEA, Daimler, Caterpillar, Expedia, Avis and AccorHotels. These have identified a missing point in the customer value proposition and are aiming to cover that gap with an acquisition of a sharing economy platform. The critical difference of our cases compared to the ones in Johnson et al. (2008), is that the platforms that are being acquired already have a proven profitability. This is an important advantage over an organic spin-off from the incumbent business as their businesses already have a proven early profitability. This is the best validation of a viable business model and does not require high risk for established businesses to test the business model first (Johnson et al., 2008).

First, the model encompasses the customer value proposition and suggests that to create value for customers, the businesses solve a fundamental problem in a given situation. The offering can only be designed once the "job" is fully understood including the full process to get there.

Second, the profit formula is the company's blueprint of how value is created for the customer and itself. It consists of the revenue model (price x volume), cost structure (direct costs, indirect costs, economies of scale), marginal model (the contribution from each transaction to achieve desired profits), resource velocity (inventory turnover, fixed assets).

Third, key resources are assets such as people, technology, products, facilities, equipment, channels and brand. Emphasize lies on the *key* resources that create value (not generic resources without competitive differentiation).
Fourth, key processes that allow to deliver value to the customer. These include: recurrent tasks such as training, development, manufacturing, budgeting, planning, sales, service, rules metrics and norms.

Table 1 summarizes the changes in the business model from the perspective of the acquisition target.

Before acquisition	Name of Case	After Acquisition
Target Customer Job to be done Offering	Customer Value Proposition	Target Customer Job to be done Offering
Revenue model Cost structure Margin Model Resource velocity	Profit Formula	Revenue model Cost structure Margin Model Resource velocity
People, technology, products, equipment, information, channels, partnerships and brand	Key Resources	People, technology, products, equipment, information, channels, partnerships and brand
Processes, rules and metrics, norms	Key Processes	Processes, rules and metrics, norms

Table 1: The Business Model – Modified version based on Johnson et al. (2008)

The primary reason for choosing the framework by Johnson et al. (2008), is because the model was specifically designed to reinvent your business model. Following the strategic aim and the integration strategy, this business model captures changes imposed on the acquisition target. This framework allows businesses to (re)construct the model in three simple steps. (1) opportunity to satisfy a real customer, (2) construct a blueprint laying out how the company will fulfill that need at a profit, (3) compare the model to existing models, and see how much must be changed to capture the opportunity (Johnson et al., 2008).

Therefore, minor adaptations to the model will be introduced; rather than seeing it from the incumbent firm, we take a closer look at the changes imposed from the acquirer on the sharing economy platform. This is due to the fact that the decision to acquire a separate unit has already been taken. Therefore, the acquirer is concerned with the degree of integrating both businesses as well as the change in business model that the incumbent firm wants to implement. This framework, is very useful due to its novelty, focus on technology and the complex interdependencies of its parts. The latter means, that any major change in one of the elements will affect the others and the whole.

Johnson et al. (2008) suggest five strategic circumstance that often require a change in business model. Outlining them briefly is going to give us an idea what to look for and relate to the cases at hand.

(1) Large customer base shut out of a market because existing solutions are too expensive or complicated for them
(2) Opportunity to capitalize on new technology by wrapping the business model around it
(3) Job to be done: Fulfilling an entirely unmet customer need
(4) Fend off low-end disrupters (applies to low-cost driven business models)
(5) Respond to shifting basis of competition (acceptable solution in a market changes over time)

It should be noted that a new business model does not necessarily mean that the current model is obsolete or threatened, rather it is an extension or often reinforces and complements the core business (Johnson et al., 2008).

This Chapter was built on the Theoretical Background presented in Chapter 2 and set the foundation of our analysis. First the Håkanson model (1995) was presented as the framework to examine the type of acquisition, the strategic aim, and the integration. Second, the business model by Johnson et al. (2008) aims to explore changes in the business model of the acquisition target.

4. Methodology

The following chapter aims to provide the reader with an understanding of the applied methodology in this thesis. For this purpose, the research onion model by Saunders et al. (2009) illustrated in Figure 5 helps to unpeel the different layers of our underlying research methodology. First, we outline the principal research philosophy. Secondly, we present the rationale behind the chosen research approach, purpose, strategy, choice as well as the time horizon. In the final layer, the data collection techniques and data analysis procedures will be outlined. Finally, we elaborate on the reliability and validity of this research.

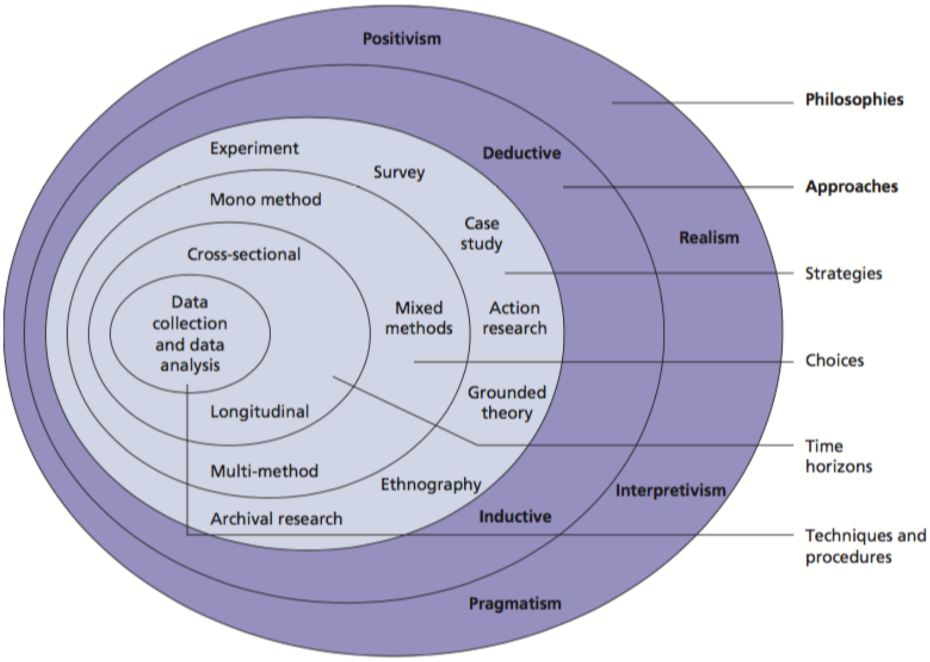

FIGURE 5: THE RESEARCH ONION – SAUNDERS ET AL. (2009)

4.1 Research Philosophy

It is important to outline the researchers' underlying philosophical research standpoint. With regards to ontology, epistemology and axiology, we are going to discuss the way the researcher views the world. According to Saunders et al. (2009, p. 110), ontology is concerned with the nature of reality and has important implications about the researcher's view as well as assumptions about how the world operates.

There are two main positions, objectivism and subjectivism (Saunders et al., 2009). Often related to natural science, objectivism assumes that "social entities exist in reality external to social actors concerned with their existence" (Saunders et al., 2009, p. 110). Subjectivism assumes "social phenomena are created from the perceptions and consequent actions of those social actors concerned with their existence" (Saunders et al., 2009, p. 110). As often the case for qualitative case studies (Saunders et al., 2009), subjectivism is applied in our thesis. In order to understand the qualitative nature of the data, we are required to interpret the data and explore the subjective meanings that motivate incumbent firms to acquire sharing economy platforms (Saunders et al., 2009).

This follows the interpretivist philosophy. To be able to describe and explain the studied phenomenon in our research, we need to interpret aggregated qualitative data. On the one hand, the challenge of the interpretivist philosophy is that we need to interpret data in accordance to our own criteria and worldview. On the other hand, there is the challenge to enter the social world of our research subjects and understand the world form their point of view (Saunders et al., 2009). We come back to this at the evaluation of our research process in Chapter 4.7.

Epistemology concerns "what constitutes acceptable knowledge in a field of study." (Saunders et al., 2009, p. 112). According to Saunders et al. (2009) the interpretivist perspective is appropriate in business and management research. This is due to business situations complexity and uniqueness. These situations are a function of "a particular set of circumstances and individuals coming together at a specific time" (Saunders et al., 2009, p. 116). This thesis examines a relatively new phenomenon, the sharing economy. Academic research in the field of the sharing economy is in its early stage (Cheng, 2016; Cohen & Kietzmann, 2014). There is still too little research to clarify how sharing economy platforms function and what their future holds. This is one of the reasons why we engaged in the topic, the future and current development in the sharing economy interests us. As both of us are coming from the business management discipline, we are particularly curious about the strategic reasoning and interplay of incumbent businesses and sharing economy platforms.

This brings us to the next point, axiology is a "branch of philosophy that studies judgements about values" (Saunders et al., 2009, p. 116). We have chosen to focus our research on the sharing economy as we are advocates of this emerging phenomenon that is arguably disrupting the incumbent businesses in a conscious driven way.

4.2 Research Approach

The two main approaches in research are deduction or induction, and are not mutually exclusive in a research process. The deductive approach uses theory as a basis from which a hypothesis is designed and then a research strategy is designed to test a hypothesis (Mark et al., 2009). Whereas the inductive approach collects data first and then theory is developed resulting from the data analysis (Saunders et al., 2009, p. 124). Inductive research approaches are likely to study the context in which events are taking place (Saunders et al., 2009). Naturally, qualitative studies with small samples of subjects are more inclined to fit the inductive approach (Saunders et al., 2009). This is the case in our research, as we are studying small samples from a relatively small population.

Our thesis aims to gain a deeper understanding of the context of sharing economy platforms at the event of post-acquisition. More specifically, our research involves collection of qualitative data, it allows us relative freedom for changes in the research progresses and since the context is specific to sharing economy platforms, we are less concerned to generalize our findings. According to Saunders et al. (2009) these are all indications that our research follows an induction approach. Nonetheless, before the data collection, we pursued existing theories in related fields in order to gain a deeper understanding. Alternative theories may be suggested by deduction (Saunders et al., 2009).

Abduction, may offer a better understanding of our realized research approach. Abduction assumes "the researcher grounds a theoretical understanding of the contexts and people he or she is studying in the language, meanings, and perspectives that form their worldview" (Bryman, 2015, p. 401). What distinguishes abduction from induction is that the theoretical account is grounded in the researchers' worldview. As outlined, we both come from the same business discipline and prior to the collection of data, we formed a theoretical understanding to get acquainted with the worldview from the individual source authors (Mark et al., 2009).

As we are using secondary data from desktop research, this approach is imperative to our research approach. We must understand the larger context of the sharing economy as well as existing acquisition theories. This is aligned with the interpretivist philosophical standpoint that requires us to understand and interpret data written by the authors in their respective social contexts. Due to the lack of existing theory in the literature regarding the studied phenomenon, it is not possible to test previous theories or hypothesis. This does not allow us to follow a deductive approach. Instead, we follow the abductive approach which is more appropriate for small sample qualitative case studies in a relatively infant research domain.

4.3 Research Purpose

In research methods, the research purpose can be classified into three; descriptive, explanatory and exploratory (Mark et al., 2009). The way the research question is formulated gives a strong indication which research purpose is going to be applied. The exploratory research purpose typically aims to find out what is happening, seeking new insights and/or asses a phenomenon in a new light (Robson, 2002, p. 59). This research purpose is especially relevant for studies whose purpose is to clarify an understanding of a problem (Saunders et al., 2009). Commonly used research design include: the search of literature, interviews with field experts and focus groups (Saunders et al., 2009).

As Saunders et al. (2009) noted, the research purposes are not mutually exclusive, therefore depending on the research stage, different research designs may be applied. Our study begins by exploring existing literature within both the context of the sharing economy and M&A. Aiming to provide a holistic overview, we investigate the strategic aims, integration as well as the realized changes in the business model. Therefore, our thesis uses an explorative research purpose. This is also reflected in the way the research question is formulated. “What drives incumbent firms to acquire sharing economy platforms?”

4.4 Research Strategy

The research strategy is important to enable the researcher to answer the research question and meet the objectives. While the different research strategies may be used for any research purpose (explorative, descriptive, explanatory), they clearly follow either an inductive or deductive research approach (Saunders et al., 2009). As outlined, our study follows the abductive research approach which is closely related to induction (Saunders et al., 2009). Rather than outlining all research strategies that may be employed we will justify our choice for the applied research strategy.

For this study, we have chosen to employ a multiple case research strategy. Robson (2002, p. 178) defines case studies as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence”. As we wish to gain a rich understanding of a newly emerging trend of acquisitions in the sharing economy, the case study approach is especially applicable (Pickard, 2013; Saunders et al., 2009). Due to the fact, that there is no academic research conducted for acquisitions in the sharing economy, we expect to obtain a profound understanding through the use of case studies. The advantage of this approach is that it gives us the opportunity to dive deep into a contemporary phenomenon. In addition, the case study approach enables us to relate to and challenge existing theory with regards to acquisition, uncover strategic aims, and investigate changes within the sharing economy.

More precisely, the type of case study we conduct is a representative case study, or often referred to as exemplifying case study. Bryman (2015) suggests exemplifying cases' objective is to either provide a suitable context to answer the research question or to epitomize a broader category. Moreover, our case study type contains elements of the revelatory case study. According to Bryman (2015) and Yin (2003), revelatory cases are applicable for a research phenomenon that was previously inaccessible for academic investigation. This reflects our choice as the sharing economy literature is still in its early stages, but more importantly, the studied phenomenon has not been investigated before.

Following the abductive research approach, we are influenced by various theories about acquisitions as well as the sharing economy literature. We decided to apply a multiple case study approach with both exemplifying as well as revelatory elements. On the one hand, the abductive nature enables us to relate to or challenge existing theory. On the other hand, we aim to represent the cases in categories based on their strategic aim. Our study then investigates whether, and if so how, the strategic aim of the acquisition affects the integration as well as the business model.

4.5 Research Choice

4.5.1 Secondary Data

Considering the abductive approach together with the time limitations, we have chosen to rely on secondary data. Secondary data is the re-analysis of data that has already been collected for some other purpose (Saunders et al., 2009). As part of case studies, business and management research commonly uses compiled secondary data. That is data, that has already received some form of selection or summarizing (Saunders et al., 2009). We rely on documented written material such as: qualitative news data (such as journal, magazines articles and newspapers) and collected data from organizations for other purposes (press statements, external communication).

The strategic aim, integration and business model cannot be described in numerical data, the collection of qualitative data serves our purpose to describe the investigated phenomenon. In this research, a single data collection technique is applied in the form of secondary desktop research. This is merely due to extensive availability of secondary data in the web. Moreover, this research choice may lead to detailed and intensive examination of cases opposed to quantitative research (Bryman, 2015).

Given that the sharing economy and acquisitions in general enjoy a high amount of attention from the media (Ahern & Sosyura, 2014; Vaara & Tienari, 2002), we expected to gain extensive insights from applying a mono method with desktop research. The way we triangulated the data collection is through collecting data from multiple sources. These sources include communication from the acquirer and the acquisition target as well as communication from third party providers such as media outlets. By cross checking the statements, it increased the validity and decreased biases.

Because of the chosen research approach, abductive, an effective allocation of resources at hand was essential. Therefore, we distinguished the research process in two main steps. First, the research of existing theories and existing literature within the sharing economy and M&A literature was conducted. It allowed us to not only identify research gaps, but also create a profound understanding of the research context and current status quo. Second, based on our findings in the literature, we collected qualitative data through the means of web search results. This subsequent step is based on an abductive approach as well as reflects our interpretivist research philosophy. It played an important role in our choices as well as generation of new knowledge.

4.5.2 Time Horizon

Independent from the research strategy is the choice of the time horizon. Essentially there are longitude and cross-sectional time horizons. Longitudinal studies, take the "diary" perspective and are a series of "snapshots". They are concerned with researching repeatedly over a specific time frame (Saunders et al., 2009). Whereas cross-sectional studies take the "snapshot" perspective. In a particular moment in time, cross-sectional studies investigate a particular phenomenon (Saunders et al., 2009). The latter time horizon is applied in our research. The data of the different case variables are collected nearly simultaneously. That is due to the incumbent acquisitions and their respective strategies, integration, and change in business model for the acquisition target, happening at a given point in time. The phenomenon of sharing economy platforms is contemporary and the events can be clearly defined in a timely manner. The time horizon of the event of the acquisition can be regarded from the moment when the acquisition is announced to the point when integration is implemented. Due to the recent nature of the acquisitions, data regarding the integration was limited. Acquisitions are highly distinctive and can take years to be fully completed and integrated (Birkinshaw et al., 2000;

Håkanson, 1995). Most of our acquisition cases, except Avis-Zipcar, occurred after 2016, thus we expect limited data on the type of integration. Conclusive evidence regarding the type of integration may be revealed in future research.

4.6 Data Collection and Analysis

4.6.1 Sampling of Cases

Subsequent the choice of undertaking multiple case studies, it is important to consider the criteria and choice for the case selection (Yin, 2003). We chose to apply selection sampling suggested by Patton (1990) and criterion sampling. Patton (1990) suggests a purposeful sampling approach to select cases based on the information richness. This allows us to dedicate our resources such as time effectively and avoid dead ends. The aim of this research as the aforementioned section outlined, is to categorize cases based on their strategic aim. This allows us to study the cases in-depth and come to overarching conclusions in order to be able to generalize the findings to its respective cluster as well as comparing clusters.

Naturally, the cases were collected based on two criteria. First, the acquired company must operate within the broadly defined category of the sharing economy. Chapter 2 revealed that these criteria can be considered as rather broad. The sharing economy has no clear boundaries and relies on self-definition and press to decide who is in and who is out. The second criterion excludes all acquisitions that involve two sharing economy platforms. These acquisitions are horizontal in nature. But more precisely, we do not intend to dismiss horizontal acquisitions in general, but the ones that are between two sharing economy platforms.

In total, Appendix 2 illustrates 74 acquisitions within the sharing economy. These acquisitions were identified on Crunchbase, index.co as well as organic web search on March 23rd 2018. Index by TNW is a platform that connects startups, corporate brands and investors (Index, 2018). The platform gathers data of companies aiming to fuel growth and innovation around the world. From those 74 acquisitions, 56 were identified irrelevant for our population sample as the acquisitions did not fulfill our requirements. These cases involved horizontal acquisitions of two sharing economy platforms. This excludes cases such as Airbnb and Accomable, which are both in the sharing economy – hospitality industry. After disregarding the inappropriate horizontal acquisitions, we identified a total of 18 incumbent firm acquisitions in the sharing economy (illustrated in Appendix 3).

After having established our initial sample size that meet all criteria, we needed to introduce a third reduction criterion to identify the six cases to be studied in-depth. The sharing economy is very broadly defined and hence the sample includes companies operating in various industries with diverse business models. Figure 6 outlines the overview of the case selection criteria. As the case overview in Appendix 3 suggests, the majority of the cases involves a mobility service platform and a hospitality service platform. Therefore, we decided to include two cases of each industry. Following the purposeful sampling method, we then decided to study the cases in which most information was available. According to these criteria, the final six cases are composed of: Daimler - Chauffeur Privé, Avis – Zipcar, Caterpillar – YardClub, IKEA – TaskRabbit, Expedia – HomeAway, and AccorHotels – Onefinestay.

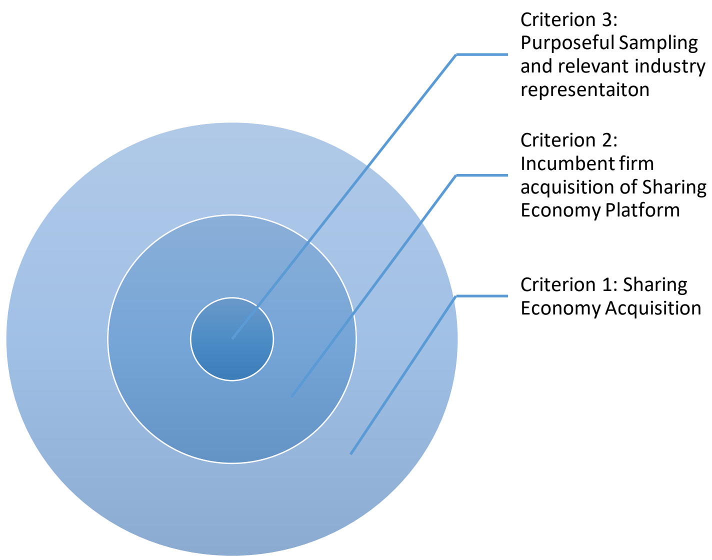

FIGURE 6: SELECTION CRITERIA – SELF-PROVIDED

After establishing the final selection of case studies, we started collecting data for each case separately. As a main source for company information, we gathered information from the company websites. Our adaptation of the Håkanson (1995) framework along with the business model by Johnson et al. (2008) was our guideline as to what information to include. In addition, we relied on search engine results. This was especially relevant to get recent and pertinent information regarding the acquisitions. These included reports such as press releases, interviews, column writers and analysts' publications. To obtain a large variety of sources and exhaust the search result as much as possible, we used as many relevant keywords as possible and combination of them.

The downside with e-research but also with secondary research in general, is that it is most likely collected for another purpose (Saunders et al., 2009). According to Saunders et al. (2009), the culture, predispositions and ideals of the authors from the original source influences the nature of the data. This is because the writer's perception and views will have influenced the data to at least some extent. While the interpretivist philosophy allows us some freedom, it is important to be aware of this. We are therefore sensitive to the limitations of the use of websites and have thus triangulated our data collection through multiple sources.

4.6.2 Multiple Case Study

The presented framework suggests presumed relationships between the type of acquisition, strategic aim and integration. By utilizing the acquisition framework for our analysis, we were able to observe if these relationships would occur in the recent phenomenon of the sharing economy as well. This follows a deductive approach as we develop a theoretical position and tested its applicability (Saunders et al., 2009). As we would like to avoid premature closures resulting from the application of the chosen framework, we have chosen to follow an abductive approach. This allows us to be more flexible with regards to the analysis of data, while still using existing theory in the literature to analyze data. It enabled us to seek and formulate alternative explanations and negative examples that are not necessarily explained by the existing framework. The relationships confirmed through the framework along with the alternative explanations or negative examples moved us towards discovering patterns as well as formulating valid conclusions. This is referred to as pattern matching and increases the validity of our findings as it is evaluated with the model as well as with alternative explanations (Saunders et al., 2009).

Furthermore, the business model framework provided a useful tool to categorize the data collected. This is due to the fact, that the business model framework allows certain flexibility to what we think is relevant and could reveal pertinent findings. The coding for data analysis can be found Appendix 4. The data collection happened on a continuous basis and, aligned with the abductive research design, allowed us to rearrange data depending on the key themes and patterns. Furthermore, by using two frameworks for the categorization of data, we followed a hierarchical approach. Meaning that we started from broad perspective Industry > Type > Strategic aim > Integration > Business model elements. This increased our internal as well as external aspect for meaningful relation to data and categories respectively (Saunders et al., 2009).

The data was analyzed through three steps according to Coffey & Atkinson (1996). First noticing relevant phenomena, second collecting examples of those phenomena and third analyzing those phenomena. This aims to find commonalities, differences, patterns and structures. We categorized the data simultaneously to our data collection as we had followed a thoroughly review of the literature and framework. After each round of data collection, we reevaluated the applicability of the categories before conducting further in-depth analysis.

4.6.3 Cross Case Analysis

In the cross-case analysis, the findings of each case are aggregated and summarized. The findings of the cross-case analysis are outlined Appendix 5 that aggregated the analyzed data. In order to identify dimensions and categories of the phenomenon, both the existing theory as well as our own analysis suggest new findings. The frameworks that were applied to the single case studies are also going to lie the foundation of the cross-case analysis. Eisenhardt (1989) suggest that this approach serves the purpose in generating new theories and findings. This revealed patterns and variations among the studied cases.

4.7 Credibility

Reliability and validity are important criteria to assess the quality of research. Reliability refers to the extent to which the data collection techniques or analysis procedures yield consistent findings (Saunders et al., 2009). Validity is concerned about whether the findings are really about what they appear to be (Saunders et al., 2009). For our case study approach Yin (2003) suggest four tests to evaluate the study with regards to both validity and reliability. First we outline the threats to validity and discuss the generalizability. Then we review the reliability of our study.

4.7.1 Validity

The studied cases are operating in diverse industries in addition to the complexity of the sharing economy context. The abductive approach allowed us to construct a well-funded understanding of the underlying market logics. Complementary to building theoretical understanding, we provided an industry overview of every case to further construct validity of our study.

One challenge regarding external validity is about the generalizability of a case study (Bryman, 2015; Saunders et al., 2009). After organizing the applicable cases, we categorized the cases based on the industry of the sharing economy acquisition target. We realized that hospitality and mobility services were by far the most common acquisition targets. Hence, we decided to concentrate on six individual case studies, two of which were within hospitality and another two in mobility services. The remaining two cases were chosen based on relevancy and information availability. Following these criteria increased the external validity and our ability to generalize. Since we complemented the cross-case analysis with categories of our own, we were able to further increase validity of our study. This is referred to as pattern matching and increased the validity of our findings as it is evaluated with the model as well as with alternative explanations (Saunders et al., 2009).

By cross-checking the public announcements of the acquirer with third-party article publications we triangulated our sources and we able to further increase validity. Ahern & Sosyura (2014) and Borochin & Weihua (2015) suggest that this is especially important as companies try to influence their stock prices when they publicly announce acquisitions.

4.7.2 Reliability

With regards to reliability of our study we aim to review whether the data collected is going to yield similar observation to others and at a different point in time. Since we exclusively rely on published secondary data, our data can be recollected by others. The studied phenomenon has only very recently emerged. With the exception of one case, all our cases announced their acquisition post 2016. This has limited certain aspects of our data collection as the integration process was not completed. The data collected was transparent and we were able to triangulate our sources. As we relied on published secondary data, our sources were press releases as well as news articles. We cross checked the collected data from press releases (either acquirer and acquisition target) with independent news publications (see Appendix 4). Following the interpretivist philosophy, Bryman (2015) suggests one should make sure before analyzing the data to be aware of the social context the article was published in. By conducting this research at a later point in time, we would expect more insights into the categories of integration and business model changes. In fact, due to the analysis being based on websites that may no longer exist in addition to new information emerging, we would encourage future research to confirm or challenge our findings.

5. Findings

The following section is going to analyze the six cases we identified from the sample size. For this purpose, the two conseptual frameworks, the Håkanson (1995) framework as well as the business model by Johnson et al. (2008) will be applied on each case. We start presenting our findings for each individual case study before we conduct a cross-case analysis. The detailed data collected for each case can be found in Appendix 5.

5.1 Case Caterpillar – YardClub

General Information

Company Profile

Caterpillar is the world's leading manufacturer of construction and mining equipment (Caterpillar, 2018a). Caterpillar has more than 90 years of experience and in 2017 realized a total revenue of more than $45 billion. Caterpillar operates through three primary segments: construction industries, resource industries, and energy & transportation (Caterpillar, 2018a).

YardClub is considered the Airbnb for construction as it provides P2P exchange of construction equipment (Slowey, 2017). It allows the equipment owners to earn money on their equipment's down time and offers an alternative to traditional rental companies such as Caterpillar's distributors. Caterpillar has been involved in YardClub since it was founded by Colin Evran in 2013 (Bloomberg, 2018a; crunchbase, 2018a). The involvement included connecting Caterpillar's dealer network with contractors and construction crews (Rauch, 2017). In 2017, two years after Caterpillar announced a strategic partnership with YardClub, it completed the full acquisition with undisclosed terms (crunchbase, 2018a; Hagerty, 2015a; Lawler, 2017). In 2016, YardClub created approximately $120 million in transactions across 2500 contractors and rental companies (Lawler, 2017). YardClub operates merely in the Bay Area (U.S.) and competitors in the P2P equipment rental include: EquipmentShare, Getable, United Rentals, Sunbelt and Hertz (Nickson, 2017).

Industry Characteristics

According to Hagerty (2015a), the share of US construction equipment owned by rental companies grew from 40% a decade ago, to 54% in 2015 and is expected to reach 60% within the next 5-10 years. This reflects the overall trend of decreasing ownership, that led to the hype of sharing economy platforms emergence. According to Ted Grace, an analyst at Susquehanna Financial Group: "Younger contractors are more comfortable with renting […] unlike old school contractors who have always owned" (Hagerty, 2015a). In addition, Grayson (2017a) suggests that the industry has been lacking technological innovation.

This trend has adverse effects on the construction equipment manufacturing industry. Key players include Caterpillar and Hilti. On the one hand, a higher rental rate hurts sales of new machinery. On the other hand, this represents an opportunity to Caterpillar's distributors who might offer their own equipment for rental (Hagerty, 2015a). According to Mike DeWalt, Caterpillar Vice president: "We are big time in the rental business" (Hagerty, 2015a). This means that distributors are required to invest more heavily in equipment in order to make it available for rental (Hagerty, 2015a).

Strategic Aim

According to Grayson (2017a), the deal was not really about P2P rental, but merely about technology. Caterpillar has in recent years increasingly invested in technological solutions to differentiate itself from its competitors. An exploration of Caterpillar's website illustrates this as its product offering is sheathed around digital innovations. These digital innovations connect heavy machinery with smart digital solutions that offer deeper insights into the usage of the machinery. For example, data driven benefits with Cat® Connect. According to the company's website, the technology "gives you a single view into the intelligence you need to make quick informed decisions. Decisions that have the potential to change your business for the better" (Caterpillar, 2018a). Telematics subscriptions enable customers to improve scheduling, identifying under-utilization, better planning for maintenance and geo-fences to get alerts when equipment is moved outside boundaries (Caterpillar, 2018a).

Prior to the YardClub acquisition, Caterpillar acquired Uptake for $45 million in October 2015 (Slowey, 2017). Uptake is a data analytics startup and the acquisition was motivated by Caterpillar's ambition to become technologically savvy. Through this acquisition Caterpillar hoped to predict future performances and failures of machinery before major incidents or malfunctions occurred (Slowey, 2017). Similarly, Caterpillar's aim is now to integrate YardClub's technology. Caterpillar hope to benefit from the YardClub team's expertise as well as product development (Grayson, 2017a).

"The strategic aim for the acquisition was as much about the team's expertise and development style as it was about the products we'd developed*"* (Grayson, 2017a).

According to YardClub's COO, Aaron Kline: "Cat's customer portal my.cat.com allows customers to access rental information, inspections, telematics data, and a variety of other information. The YardClub rental application is "a standalone project but we're working with Cat to port its functionality over to Caterpillar's applications" (Grayson, 2017a). This illustrates that the acquisition is predominantly about acquiring the technical capabilities that YardClub developed into Caterpillar's equipment. The growth of internet of things (IoT) enabled YardClub to offer its customers' constant monitoring of machine health. Capabilities that are extremely important for a company such as Caterpillar that wants to offer its customers a product with high amount of up-time. According to Phil Kelliher, Caterpillar's vice president for Americas distribution services, Caterpillar hopes to increase the customer reach. Thus, they aim to use YardClub's technology to strengthen their relationship with customers (Pramuk, 2015). At the same time, it offers an opportunity to differentiate itself from the competition by not only providing more reliable equipment but also by offering a more holistic product offering. Caterpillar's CEO, Oberhelman, argues that this is what companies in the industry build their success on (Grayson, 2017a).

*"*Our business runs on uptime for our customers," he said. "If we do it at a lower cost than our competitors, we win*"* (Grayson, 2017a).

Integration

Besides the production of construction equipment, Caterpillar also offers a rental store network. Thanks to its large distributor's network, Caterpillar claims to offer the largest construction equipment rental fleet in the world (Caterpillar, 2018b). Caterpillar distribution channel contains a combined global network of 1,429 dealer-owned locations. This enables Caterpillar to distribute and leverage the rental of equipment (Caterpillar, 2018b). Although Caterpillar's acquisition appears to be vertical at first sight, it is in fact horizontal, due to Caterpillar's integrated distribution channel. Thus, the acquisition of YardClub is an extension to the vast distribution channel that Caterpillar covers.

The question arises if Cat's own rental distribution and YardClub will be integrated, meaning that one will be eliminated or if they may exist simultaneously. The main difference in both platforms is that YardClub allows P2P exchange of machinery, while the offering of Caterpillar's services only encompasses the distribution of its dealer's equipment.

On the one side, YardClub's CEO Colin Evran stated: "Our visions are aligned. We were already working within the Caterpillar distribution network and they were an investor in our company" (Lawler, 2017). On the other side, Caterpillar did not really acknowledge the purchase at all as there was no communication, no press release and no comments (Grayson, 2017a).

Lawler (2017) and Slowey (2017) state that following the deal, 13 employees from YardClub have joined Caterpillar as "digital presence" in San Francisco. Before the acquisition took place, Caterpillar was involved in a strategic partnership with YardClub, where YardClub maintained full autonomy. However, according to Colin Evran, YardClub is after the acquisition working together with Caterpillar to absorb its functionality over to Caterpillar's application (Lawler, 2017). This strongly suggests that the acquisition is merely about technology acquisition, and that there is no intention of keeping YardClub's operations alive.

Figure 7 summarizes Caterpillar's type of acquisition, strategic aim and integration. As outlined earlier, the acquisition is a horizontal one. The external environment was outlined briefly in the industry overview and suggest price driven decision making towards access over ownership. The internal strategic aim seems to address these challenges by extending resources of Caterpillar's distribution channel. Finally, the integration suggests an absorption of YardClub into Caterpillar's services.

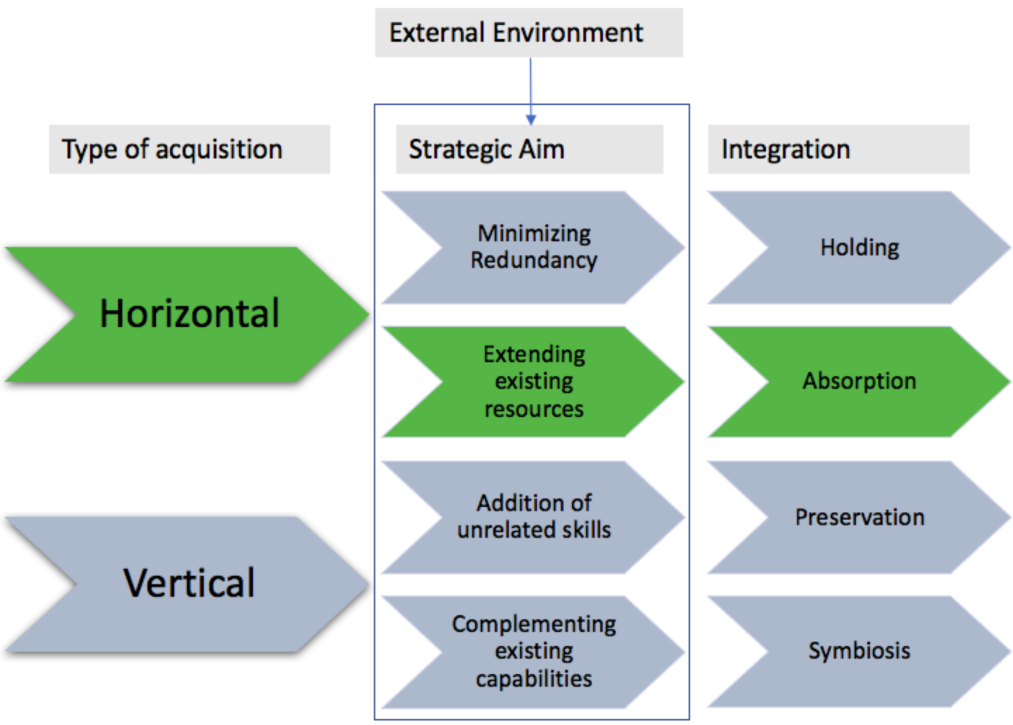

FIGURE 7: CATERPILLAR-YARDCLUB ACQUISITION – MODIFIED VERSION BASED ON HÅKANSON (1995)

Business Model

The customer, meaning the construction companies that uses the tools from Caterpillar, require tools that are available and functioning properly. These customers (constructors) do not make money by owning the tools but by using them in the most efficient way (Johnson et al., 2008). YardClub presents an attractive alternative to owning machinery. Similarly Hilti can help contractors get the job done by selling the service of tool *use* instead of the tool itself (Johnson et al., 2008). This way they could manage the customer's inventory by providing the best tool at the right time, and quickly furnishing tool repairs, replacement, and upgrades - for a monthly fee.

Caterpillar is now reinventing the business model of YardClub. As the integration strategy suggests, YardClub is likely to disappear soon. This means that YardClub's business model is also going to disappear. Part of YardClub's resources, both human as well as technology, are going to be implemented to Caterpillar. Caterpillar's aim is to absorb the technology of IoT from YardClub and integrate it into its machinery and services. This allows Caterpillar to offer a more complete value proposition for its customers. In order to achieve this, Caterpillar needed to create a new fleet management program to compete with companies such as Hilti - exactly what YardClub had already developed (Lawler, 2017). This would lay the foundation of a shift from having a merely manufacturing focus to service oriented focus. Similarly, to Hilti, Caterpillar needed to construct a new profit formula and develop new resources and processes - achievable through the acquisition of YardClub.

Johnson et al. (2008) suggests that Hilti is in fact shifting from the customer owning the equipment to the customer renting it. Hilti arguably has gone a step further with reinventing its profit formula with a new revenue channel through a lease/subscription model. Through its sizable distribution channel, Caterpillar already has some of the required resources and processes in place. As Caterpillar's initiative my.cat.com suggests, certain processes are in place to enable the new revenue channel through the rental model. However, YardClub has provided more insights and technological capabilities to improve the model. Caterpillar's new business model, with the change in profit formula requires a change of its whole.

Before acquisition	YARDCLUB	After Acquisition
More efficient use of construction equipment P2P rental of machinery to reduce downtime Platform to bring supplier and customers together	Customer Value Proposition	SaaS platform to help customers manage all their equipment. Part of Cat's overall integrated customer value proposition
Transaction fee for connecting (20%) Asset light model (no ownership of equipment)	Profit Formula	Integrated in Caterpillar's my.cat.com subscription model Asset heavy model (Cat distributors own equipment)
Platform functionality for users (technology) Back end development Users (suppliers) with 700 pieces of equipment worth $200 million	Key Resources	Short-term: platform will exist and keep its resources Long-term: the platform is likely to disappear – integrated part of Cat's resources
Rental agreement Both sides are insured Rating system	Key Processes	Tools for dispatch, scheduling, fleet visibility and inspection and maintenance management

Table 2: Business Model YardClub – Self-provided based on Johnson et al. (2008)

5.2 Case Avis - Zipcar

General Information

Company Profile

Avis was incorporated in 1974 and provides rental of vehicles and car sharing services (Reuters, 2018a). It provides its car rental services worldwide through its subsidiaries, Avis, Avis Budget[2] (both car rental suppliers) and in 2013 acquired Zipcar (Bloomberg, 2018b). Avis is the second largest car rental business in the world, following Hertz Cooperation. Its primary revenue comes from business travelers and a concentration on airport rentals (Reference for Business, 2018).

[2] In 2006, Cendant Corp. separated into four independent companies: Realogy, Wyndham Worldwide, Travelport and Avis Budget Group, Inc., which is now the parent company of Avis Car Rental.

Antje Danielson and Robin Chase came up with the idea to conceive Zipcar (Eha, 2013). In 2003 Scott Griffith replaced Co-founder Robin Chase as CEO. Griffith, expressed Zipcar's goal: "To make owning a car truly optional and, in doing so, to create a world where there are more car sharers than car owners in cities around the globe. To achieve this profound social impact, we must make car sharing more affordable and more convenient than car owning" (Griffith, 2009). In 2006 Zipcar received $25 million in venture capital to expand its services to Europe (Eha, 2013). Although Zipcar continued growing, it struggled with profitability and posted losses each year since it was founded (Kell, 2013). In the last quarter 2012, Zipcar then reported a strong third quarter and announced full year profitability. It was only a few months later, in early 2013 when Zipcar and Avis announced to merge, an acquisition that would make Zipcar part of Avis Budget Group.

Industry Characteristics

The car rental industry has seen strong growth of 5.7% (CAGR 2012-2016) and is expected to grow at a similar strong growth over the forecast period (MarketLine, 2018). The major drivers of growth are rising global tourism, increasing globalization of corporate operations and increasing income levels across the globe (Reportlinker, 2016). The US represents the largest market with 46.5% of global revenues followed by Europe 24.1% and Asia-Pacific 20.6% (MarketLine, 2018). The market is dominated by a small number of large companies, that have consolidated throughout their years of existence (MarketLine, 2018). The offering is quite homogenous and companies usually try to gain an advantage by selling extras on top of the rental car (MarketLine, 2018). Therefore, the rivalry in the industry is considered to be high with Enterprise, Hertz, Avis Budget Group and Europcar as key players. In addition, Zipcar and few other new car-sharing services have been successful in emerging in the industry to compete with traditional car rental companies. BMW's and Daimler's joint venture applies as a competitor as well. With a business model that targets urban areas and more flexible rental options, these players were able to overcome rather high entry barriers (MarketLine, 2018). Shortly after Avis acquired Zipcar, Hertz and Enterprise launched their own services to target urban areas.

Strategic Aim

The industry overview suggests lucrative prospects for the car rental industry. Avis's CEO Nelson said that "by combining with Zipcar, we will significantly increase our growth potential, both in the United States and internationally, and will position our company to better serve a greater variety of consumer and commercial transpiration needs" (Zipcar, 2013a).

Through the acquisition it is expected Zipcar will grow both nationally as well as internationally. Scott Griffith, chairman and chief executive officer of Zipcar elaborates that through this acquisition, he considers a well positioning to grow and expand Zipcar's network and reach (Zipcar, 2013a). He argues the acquisition will enable Zipcar to achieve its goal to revolutionize personal mobility (Gelles, 2013; Zipcar, 2013a).

As pointed out earlier, Avis relies on business travelers and airport rentals, while Zipcar relies on urban car sharing with predominantly focus on American college campuses. Prior to the acquisition in 2013, Avis' CEO Ronald Nelson was quoted to be dismissive of car sharing alternatives (Gelles, 2013). It comes as no surprise when he later stated: "[…] I have come to realize that car sharing […] is complementary to our traditional car rental model." (Gelles, 2013).

In fact, CEO Ronald Nelson considers both businesses to complement each other with regards to fleet utilization. While fleet utilization of Zipcar is low during weekdays and spike during the weekends, Avis' fleet utilization is reversed (Kell, 2013). This is due to commercial-travel periods during the week. Hence, both companies can reduce their excess capacity in their low-utilization periods. In addition, Mr. Nelson considers Avis to be able to increase Zipcar's profitability. By leveraging Avis's fleet and infrastructure (Kell, 2013), for example by offering Avis's infrastructure and parking lots for Zipcar rentals at airports (Zipcar, 2013b). In particular, CEO Nelson sees opportunities to offer Zipcar rentals at airports (Zipcar, 2013a). Which is one of the segments that according to Reportlinker (2016), is expected to grow at CAGR of 5.6% from 2016 to 2021. Finally, he expects Zipcar to increase revenue by targeting corporate clients and one way-rentals (Kell, 2013).

Through the acquisition, Avis expects significant cost reductions across the fleet life cycle which involves procurement, operations, maintenance, disposal and financing (Worstall, 2013; Zipcar, 2013a). For example, by increasing the number of purchases, Avis as a group might increase its purchasing discounts at the manufacturer (Kell, 2013). Also, Avis expects savings from eliminating Zipcar's public-company costs (Worstall, 2013).

These are all reasons that explicitly suggests that this acquisition is aimed to achieve synergies and reduce redundancies. This suggests that the strategic aim of this acquisition can be categorized under "Minimize Redundancies" and hence we would expect the followed integration strategy to be "holding"

Integration

After the merger announcement in early 2013, it was communicated that Zipcar will operate as a subsidiary of Avis Budget (Gelles, 2013). In addition, Zipcar's CEO at the time, Griffith will stay with the company. Only shortly before the merger was announced, Zipcar had planned to move its Headquarter to Boston, Massachusetts. Avis's acquisition did not affect these plans. Even though Avis's headquarter is situated in New Jersey, Zipcar proceeded with its move to Boston.

Some critics argued that Zipcar's culture might not survive the merger: "Sadly, the Zipcar culture may not survive the merger" (Sundararajan, 2013). Statements like these would suggest a low degree of organizational autonomy, however, statements from both companies seem to have adverse implications. The management team, including Mr. Griffith and Mark Norman, president and Chief Operating Officer, stay with the company in the short run. They will continue setting the overall direction and run the day-to day operations of Zipcar (Zipcar, 2013a). An Avis's spokesperson states: "[…] we are committed to retaining the elements of the Zipcar brand and culture that have allowed Zipcar to achieve such rapid growth and success over the last twelve years" (Zipcar, 2013a). Moreover, the fact that the two companies operate in two different locations suggests that the acquisition follows a rather low level of organizational autonomy. In contrary, long term involvement suggest a lower degree of autonomy. In 2014, Avis Budget Group announced that Kaye Ceille would be appointed as new president at Zipcar (Zipcar, 2014). Kaye Ceille has 20 years of experience within the Avis Budget Group and was previous Managing Director of Avis UK (Zipcar, 2014). In 2017, Zhen was appointed as new president for Zipcar. She has nearly 20 years of experience from the consumer technology industry (Zipcar, 2017a). She worked in senior management roles at Expedia. Moreover, she has experience from sharing economy platforms such as TripAdvisor and Flipkey, from the online vacation rental market (Zipcar, 2017a).

This suggests that in the short run, Zipcar was allowed a rather high degree of organizational autonomy with less strategic interdependence. We assume that Zipcar still enjoy a rather high degree of organizational autonomy due to its Headquarter not beign removed. However, some recent changes suggest that organizational autonomy as well as strategic interdependence is low.

With regards, to the strategic interdependence, the data uniformly suggest a low degree. The data collected provides adverse interpretations as to whether Zipcar retained a high or low degree of organizational autonomy. The statements were collected primarily from Zipcar's press articles and 3rd party communication. Therefore, the analysis is inconclusive as we cannot state with certainty the type of integration. However, we perceived a declining trend in the given degree of autonomy after the acquisition as more recent evidence suggest that this is declining. Therefore, the integration follows either a *Holding* or a *Preservation* integration.

Figure 8 summarizes Avis's type of acquisition, strategic aim and integration. As outlined earlier, the type of acquisition is horizontal. This is due to the proximity of the both businesses. Both companies are B2C rental companies. In principle, only the business model and the customer segment differ slightly. This is in line with the expected strategic aim of the acquisition: minimizing redundancies. Primarily driven to further consolidate the market and reach customers that prefer more flexibility and access in urban areas. Regarding the integration, this case provided adverse data. Both *Preservation*, due to a high degree of organizational autonomy, and *Holding* were found applicable. However, over time, the data suggest a decreasing trend in organizational autonomy. Thus, representing a *Holding* strategy in the long run.

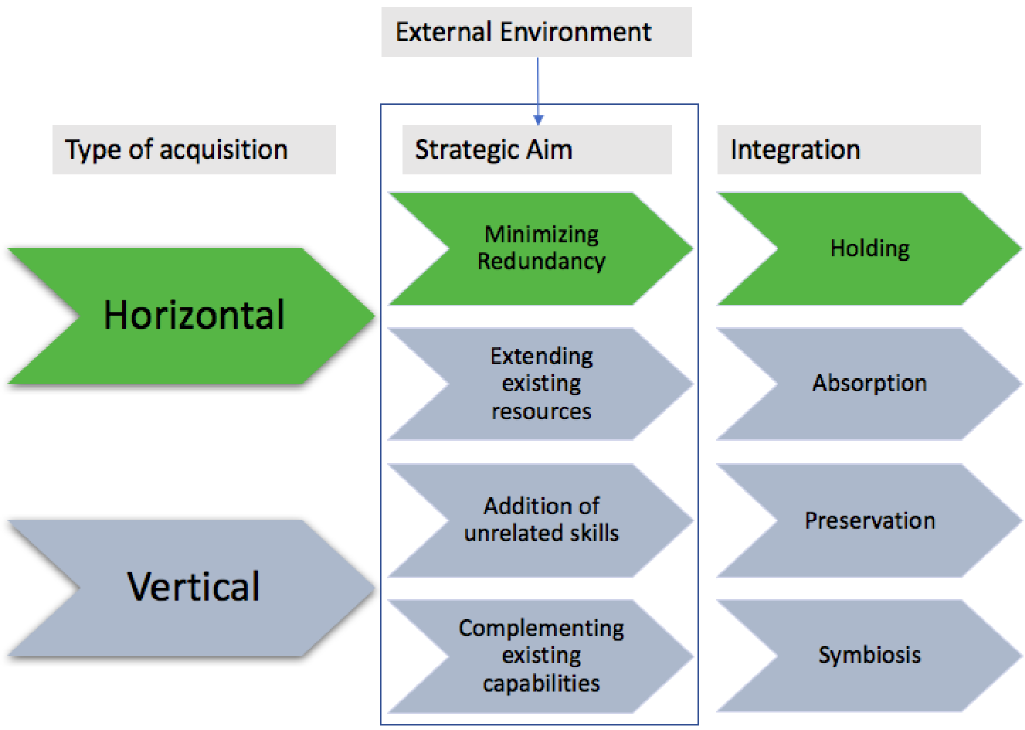

FIGURE 8: AVIS-ZIPCAR – MODIFIED VERSION BASED ON HÅKANSON (1995)

Business Model

Zipcar's demographics initially focused on young, college-educated, higher-income, environmentally conscious, technology-savvy Facebook and Twitter users (Keegan, 2009). Its customer value proposition was merely targeting people who look for an alternative to the high costs and inconvenience of owning a car. Zipcar's business model varies in the way the consumer can reach the rental car as well as the flexibility in which the consumer can do so. By 2013, Zipcar offered more that 30 brands and models of self-service vehicles spread out in urban locations. In addition, it was able to provide a more flexible rental regarding the length of the rent. These are important characteristics that differentiates its business model from traditional car rentals who are concentrated in the city center and airports (Zipcar, 2013a).

After the acquisition was announced in January 2013, Zipcar announced March the same year, that it would offer airport rentals thanks to its recent partnership with Avis. These vehicles are now parked on Avis parking's at the airport which makes it convenient to the customer. By the end of 2013, Zipcar had already expanded to 26 airports in the US. By 2015, they had expanded to 50 airports in the US and the UK. Further expansions after the acquisition included: Spain and France (2014), Turkey (2015), Brussels (2016), Latin America and Asia (2017). In 2017, Zipcar further strengthened its initial target population. It added over 100 colleges to reach more students. At the same time Zipcar launched new marketing campaigns to focus on "generation Z" (Zipcar, 2017b).

In 2015, Zipcar acquired Local Motion in order to develop fleet and mobility management technology. This effectively accelerated Zipcar's development of its next generation car sharing platform. It represents a key resource that eventually makes it to a competitive advantage (Zipcar, 2016a).

Prior to the acquisition a typical rental with Zipcar included a standard annual membership fee in addition to the hourly rate of the rental (Zipcar, 2013b). Gas, insurance and 180 miles per day are included in the reservation price for these vehicles. The vehicles contain E-ZPass® readers, and members will be billed separately for the toll charges (Zipcar, 2013b). After the acquisition, Zipcar introduced a new monthly membership plan that costs $6 per month (plus a $25 application fee for new members) (Zipcar, 2013c). Standard usage rates vary on several parameters but start at $8.25 per hour or $74 per day (Zipcar, 2013c). In addition to the international expansion that offered wider spread of Zipcar's business model, Zipcar introduced slight adjustments to its business model. Along with the 2016 launch in Brussels, Zipcar offered a more flexible system to its users. Its "floating service" will make the introduction of Zipcar's to-date most flexible car-sharing service. Appendix 4 outlines the changes that took place. The main changes include flexible features for the user and a new fleet management service called Local motion (Zipcar, 2016b, 2016a).

These changes illustrate how Avis's acquisition enabled Zipcar to introduce its services in many more locations, expand internationally and introduce useful new features for its customers. In 2013, Zipcar stated that its new feature is "[…] the first in many new offerings that will enhance the value of Zipcar membership that we can provide thanks to the support of the Avis Budget Group" (Zipcar, 2013b). This further strengthens the argumentation that this acquisition was about reducing redundancies.

Before acquisition	zipcar	After Acquisition
Target college and Urban locations Differentiate through better service & flexible rental Brand loyalty	**Customer Value Proposition**	Larger customer market target: universities, corporations and governments (large fleets) Increased focus on B2B market Target companies through Premium offer International expansion (go where the customer goes) More flexible options for customer, see Appendix 4.2 More flexibility pick up and drop location Local motion & Fleet management
Standard membership fee + cost per rental	**Profit Formula**	Slightly adopted fees and costs for users Increased purchasing power at manufacturer for fleet
Technology – data collection and analysis of users and vehicles Convenience in Urban locations (location placement) Vehicle fleet	**Key Resources**	Additional financial means to expand internationally Additional pick-up locations Acquisition Local Motion (fleet and mobility management technology)

		Increased fleet
See Appendix 4.2	**Key Processes**	See Appendix 4.2

Table 3: Business Model Zipcar – Self-provided based on Johnson et al. (2008)

5.3 Case Daimler – Chauffeur Privé

General Information

Company Profile

Daimler is one of the world's largest car manufacturers and its divisions include: Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services (Daimler, 2018a). Daimler considers itself as a premium car manufacturer with brands including among others Mercedes-Benz, Smart, Mercedes-Maybach and Setra (Daimler, 2018b). Daimler operates worldwide and has production facilities in approximately 20 countries with over 8500 sales centers (Reuters, 2018b). According to Crunchbase, Daimler has been involved in more than 40 investments in start-ups, such as car2go. Moreover, they have acquired several car sharing platforms including Mytaxi, flinc, Beat and Chauffeur Privé (Crunchbase, 2018a). In late March 2018, Daimler agreed to merge its car2go platform with BMW's DriveNow in a joint venture agreement (Sachgau, 2018). Chauffeur Privé is a French ride-hailing company founded in 2012 by Omar Benmoussa, Othmane Bouhlal and Yannick Hascoet (Chauffeur Privé, 2018a). It serves up to 1.5 million clients and contains a fleet of more than 18,000 drivers (Chauffeur Privé, 2018a). It operates solely in France, namely Paris, Lyon and the Côte d'Azur. In 2017, Chauffeur Privé was among the top 45 most valuable start-ups in France.

Industry Characteristics

Without going too much in depth, Daimler's core business involves the production of commercial cars and buses. The industry had total revenues of $1,378.9 billion in 2016 (MarketLine, 2017) and although it realized 4.8% growth in 2016 the industry is characterized by some key trends. First, the industry is becoming a less lucrative investment opportunity for investors due to below average return on investments compared to the S&P 500 (Singh et al., 2017). Second, the automotive industry realizes a trend towards autonomous driving (Etherington, 2017). Thirdly, car sharing services are increasingly becoming an investment target by not only Daimler, also Audi, BMW, Ford and General Motors' have made similar investments (Edelstein, 2017). These car-sharing services promote access over ownership and rely on these structures for their business model. Like in other industries, consumers are shifting from ownership to access based consumption (short period rentals, ride hailing, on demand booking) (Escande, 2017). These models are a threat to the car manufacturers as these business models allow customers to use a car without the need of ownership. Moreover, it can be perceived as an opportunity to engage with the consumer more closely and enhance positioning for when autonomous driving takes off.

The competitive landscape of ride-hailing services is dominated by Uber in Europe with France as key European market. Other French competitors include: Heetch and Taxify. The regulatory environment in which these car-sharing platforms usually find themselves in are rather soft, but this is about to change as the European Union’s highest court ruled that Uber should be regulated just as a taxi service (Edelstein, 2017). This could affect other app-based transportation services.

Strategic Aim

Daimler’s acquisition of Chauffeur Privé is not Daimler’s first acquisition of a sharing economy platforms. Up to this point, Daimler has expanded its mobility services with acquisitions or investments in car2go, Beat, flinc, mytaxi, moovel, RideScout and Chauffeur Privé (Crunchbase, 2018a; Daimler, 2018c; Etherington, 2014). Therefore, unlike Ford’s acquisition of Chariot, this acquisition was not motivated by learning more about car sharing. Daimler has already been through these learnings with its earlier acquisitions within car-sharing (Lunden, 2018a).

One trend revealed that the industry is affected by technological change, that is how consumers use vehicles. Although the industry is still growing, there are customer segments that choose access over ownership of a car. Lavell (2017) argues automakers need to response to these shifts by developing digitally based divisions. Campbell & Agnew (2017) argue this is also one of the motivations behind Daimler deciding to pursue acquisitions within the ride hailing sector, such as Chauffeur Privé. By widening the service offering to consumers, Daimler may offer transport to appeal to these customers as well (Campbell & Agnew, 2017). Even though these services decrease the need for car ownership, they offer an additional source of revenue for the automaker (Edelstein, 2017). Lunden (2018b) suggests, traditional automakers have margins around 10% or less, while mobility services enjoy much better margins with 20-30%.

Daimler has incorporated its CASE strategy which stands for “Connected”, “Autonomous”, “Shared & Services” and “Electric**”** (Daimler, 2017). Chauffeur Privé’s acquisition is one of the acquisitions that is arguably motivated to position Daimler right for the “Autonomous” driving future. Daimler might pursue additional sources of revenue from targeted, premium mobility services such as Chauffeur Privé (Mocker & Fonstad, 2017)**.** According to Daimler’s press release in 2017, Daimler continues “[…] its transformation from a pure car manufacturer to a comprehensive mobility services company as we pave the way to autonomous driving (Daimler, 2017). Etherington (2017) suggests that since Daimler has been particularly aggressive in the ride hailing space through its acquisitions, it could be a big asset for future autonomous hailing services. As previously outlined, this is a key trend in the automotive industry (Capital.fr, 2017). Arguably, these investments are expected to lay the foundation of Daimler’s competitive advantage.

*“*Daimler, with its financial strength, is ideally poised to continue its transformation from a pure car manufacturer to a comprehensive mobility services company as we pave the way to autonomous driving*”,* stated Bodo Uebber, Board of Management Member of Daimler AG responsible for Finance and Controlling and Financial Services (Daimler, 2017).

As pointed out earlier, Uber and Heetch are regarded as main competitors to Chauffeur Privé**.** According to Lavell (2017) as well as Daimler’s press release, the acquisition is just another step to compete with Uber and expand Daimler’s mobility services internationally. Consequently, these acquisitions are motivated to improve Daimler’s portfolio in the category “Shared & Services”. Especially in Europe, Daimler has positioned itself in a competitive position for the ridesharing market. Through various acquisitions in national platforms and through the recent merger of DriveNow and car2go, Daimler has established significant presence in the European car-sharing services (Ayre, 2018; Etherington, 2017; moovel Group, 2017; Singh, 2018).

Klaus Entenmann, CEO Daimler Financial Services said in an interview with French media that: with this step, Daimler is continuing to strengthen its presence in Europe with a dynamic portfolio (Jacqué, 2017). He continues that the aim is to consolidate Daimler’s leading market position within the mobility services (Jacqué, 2017).

In summary, Chauffeur Privé’s acquisition was about acquiring the brand’s name but more importantly to gain access to a French distribution channel (Capital.fr, 2017; Etherington, 2017). Therefore, this acquisition is strengthening Daimler’s portfolio of car-sharing platforms (see Appendix 6). In total, Daimler's mobility services are estimated to have captured more than 17 million clients, more than 100 cities in Europe, North America and China (Capital.fr, 2017). This acquisition therefore, represents the framework's category "Minimizing redundancies". In the long term, however, we can see another strategic aim: Daimler is positioning itself with a broad brand portfolio to prepare for autonomous driving appealing to the consumers who do not own a car.

Integration

Daimler's entry into the sharing-economy suggests that multiple approaches are being pursued. Daimler not only acquired platforms (Chauffeur Privé, flinc, mytaxi), but Daimler also build (car2go platform) and partnered with BMW in a joint venture. In fact, prior to this acquisition, Daimler has already committed itself as a leading mobility service provider. Hence, this acquisition is to be considered as horizontal, due to its aim to further strengthen Daimler's positioning in the downstream value chain of mobility services. This is a strategy that many automakers seem to be employing (Etherington, 2017). Jörg Lamparter, describes Daimler's portfolio of car-sharing platforms as "broad" and states: "Over the course of the last several months, we have intensified our investments in mobility services in order to create a holistic mobility system with a broad portfolio" (Lunden, 2018a). Then added: "As part of this strategy, we decided to fully acquire the remaining shares in car2go Europe" (Lunden, 2018a). This does not only illustrate Daimler's strategy to expand into the mobility services, it also implicitly something about the integration. The wording portfolio[3] suggests that these acquired units may, for now at least, keep a relatively high degree of autonomy (Grant, 2016, p. 94; Hamermesh & White, 1984).

Daimler is a large cooperation with more than 280 thousand employees and various departments (Daimler, 2018d). Arnold (1999) suggests that Daimler is a global player and follows a highly centralized (hierarchical) organizational structure. This means that decision-making is centralized with few autonomy given to departments and subsidiaries. However, Arnold (1999) study was conducted nearly 20 years ago. More recent publication (Robinson and Stocken, 2013) as well as Daimler's press release suggest a shift in culture and decision making processes (Daimler, 2018e). The formulated CASE strategy suggests that S – Shared

[3] Portfolio management: "is based primarily on diversification through acquisition. The corporation acquires sound, attractive companies with competent managers who agree to stay on. While acquired units do not have to be in the same industries as existing units, the best portfolio managers generally limit their range of businesses in some way, in part to limit the specific expertise needed by top management" (Goold and Luchs, 1996, p. 298).

& Services is high on the agenda at Daimler. Although some of Daimler's press releases indicate that decision-making is becoming less centralized (Daimler, 2018e, 2018f, 2018g).

"We are changing our structures and processes to optimize the opportunities offered by digitalization. Our goal is to successfully combine the speed and risk-taking culture of the digital sector with our company's goals of perfection and innovative capability" (Daimler, 2018g).

The section regarding strategic aim outlined that this acquisition is about expanding Daimler's portfolio to gain access to a French distribution channel. Chauffeur Privé is France's second biggest player after Uber (Jacqué, 2017). According to Klaus Entenmann, CEO of Daimler Financial services in French media, this is the next step to strengthen Daimler's presence in Europe and to consolidate its position within the multimodal mobility services (Jacqué, 2017). In an interview with Capital.fr, CEO and founder of Chauffeur Privé Yan Hascoët, strengthens this assumption by stating that this "alliance" is going to enable Chauffeur Privé to compete with Uber for the European leadership position in the medium term.

Although Daimler has taken a majority stake in Chauffeur Privé, the acquisition is not entirely complete (Etherington, 2017). Daimler intends to acquire the remaining stakes of the start-up by 2019 and for the foreseeable future, Chauffeur Privé will continue to operate after the acquisition (Etherington, 2017). Founder Yan Hascoet who is keeping his position as CEO, stated "we share the same vision for the issue of new and advanced mobility concepts, especially in urban areas" (Keane, 2017). These factors indicate that, for now, Chauffeur Privé's integration can be regarded as *Preservation* according to our framework.

In the short-term, Jacqué (2017) indeed reinforces the assumption of a *Preservation* integration as Chauffeur Privé is set to expand under its original name internationally. However, in the long-run, Jacqué (2017) argues the start-up is likely to change its name and migrate to Daimler's other services. This would suggest that in the long run a *Holding* strategy will be pursued. This will enable Daimler to achieve synergies and offer its customers a more complete offering.

Figure 9 below summarizes Daimler's external environment, the type of acquisition, the strategic aim and the integration. As outlined earlier, the type of acquisition is horizontal. This is due to Daimler's previous commitment into mobility services. This particular acquisition was about *reducing redundancies* and gaining access to Chauffeur Privé's brand name and distribution channel. Finally, the integration suggests, a *Preservation* integration in the short term and a *Holding* integration in the long term.

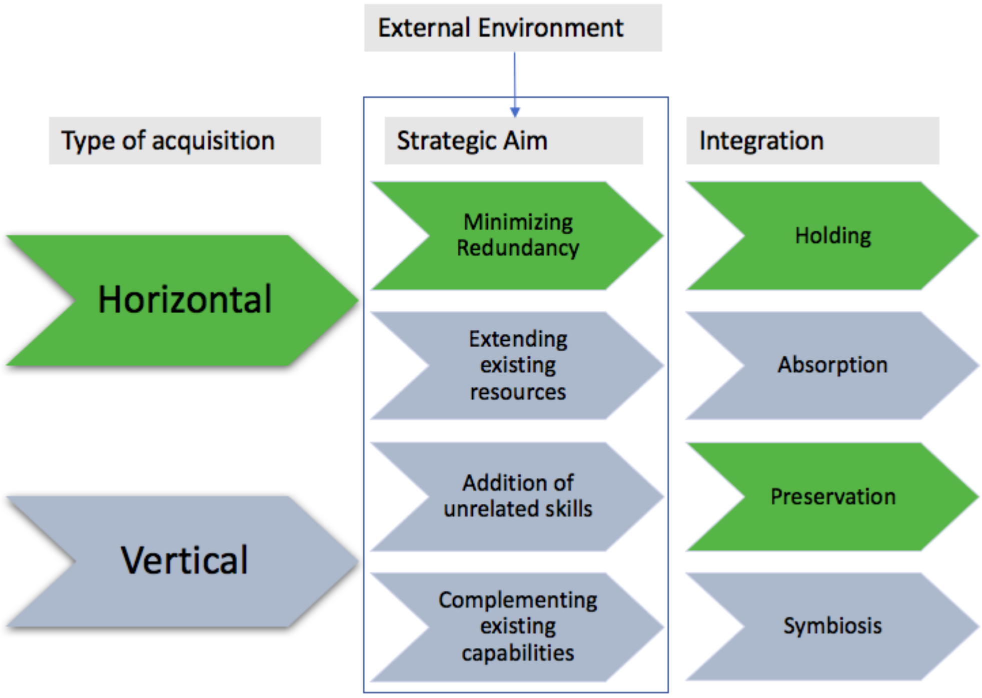

FIGURE 9: DAIMLER-CHAUFFEUR PRIVÉ – MODIFIED VERSION BASED ON HÅKANSON (1995)

Business Model

According to Chauffeur's website, in 2018 the company is aiming to introduce its services in several other cities in Europe without specifying which (Chauffeur Privé, 2018a). Post integration changes have not been imposed by Daimler as both the management team and the brand name remain unchanged. Regarding the businesses' processes, at this point in time we could not identify any significant changes.

Before acquisition	chauffeur privé	After Acquisition
On demand peer taxi service Focus on high-end market Major cities in France coverage Target companies through Premium offer Differentiate through better service	**Customer Value Proposition**	Same as before – in addition: Target larger customer market Expand to international markets
Transaction fee model (commission)	**Profit Formula**	No change to date
Most drivers work for Chauffeur Privé AND for Uber	**Key Resources**	Additional financial means to expand internationally 18000 drivers
Main usage in Paris, Lyon and Côte d'Azur Car compliance with regulation Pre-booked ride hailing Loyalty program	**Key Processes**	No change to date

Table 4: Business Model Chauffeur Privé – Self-provided based on Johnson et al. (2008)

In Paris, there were only few operating taxi providers. The community did have enough cabs but arguably not enough competition to choose from. New legislation in 2010 allowed alternatives to offer ride hailing services without having to get a taxi license. Only if the service is requested in advance and the operating car is conforming the minimum requirements, is the offering of ride-hailing alternatives legal (Talmon, 2013).

In order to better compete with Uber for the customer's value proposition, Chauffeur Privé introduces a loyalty program in 2017. The program's aim is to lure away users from competing platforms but more importantly lock these customers into their platform to increase switching costs (Duperrin, 2017). Beginning of 2017, Chauffeur Privé offered users that were using Uber's services more than 50 times in 2016 a gold loyalty status at Chauffeur Privé (Duperrin, 2017).

5.4 Case AccorHotels – Onefinestay

General Information

Company Overview

AccorHotels is a leading global hotel operator and "is a group united by a shared passion for hospitality and driven by a shared promise to make everyone Feel Welcome" (AccorHotels, 2016a). The group has nearly 4,300 hotel establishments and is present in 100 countries. The group provides a large portfolio of international brands covering the luxury, midscale and economy establishments (AccorHotels, 2016a). There are 250,000 employees under the AccorHotels Group, and the revenue in 2016 was €5,631 millions. The history of the hotel chain started in 1967 when Paul Dubrule and Gárard Pélisson opened their first hotel in France. The chain changed its name to Accor in 1983, a new entity with 440 hotels. In 2013 Sébastien Bazin was appointed as CEO for the AccorHotels Group (AccorHotels, 2017a).

Onefinestay is a sharing economy platform founded in London in 2009 and has since grown their business with offices in Paris, New York and Los Angeles (Crunchbase, 2018b). Onefinestay is providing customers a special way to experience their favourite cities (Onefinestay, 2018a). They offer fine homes, help the customers book, and meet them when at arrival (Crunchbase, 2018b). The platform enables the customers to enjoy a luxury stay and "offering an unprecedented level of service for stays in the finest homes" (Onefinestay, 2018a). While the homeowners earn money on providing their homes to guests when they are out of town (onefinestay, 2018b). Services provided include the inspection and approval of homes they rent out, before photographing it and putting the home up on the website (onefinestay, 2018b). Further the reservation team answers enquires before the team prepares the homes for guests, and sets everything in order before the homeowner returns (onefinestay, 2018b).

Industry Characteristics

AccorHotels is providing hospitality services. While the hotel business accounts for $458.4 billion in the industry, short term rentals only account for $64.8 billion in a hospitality industry worth to a total of $611.8 billions (Euromonitor International, 2016b). In the hospitality sector, P2P bookings are estimated to represent as much as 10% of accommodation booking by 2025 (Olson & Kemp, 2015). The hotel sector is estimated to grow 5-6% over the course of 2018. However it faces significant hurdles form alternative bookings such as private accommodation rentals (Langford & Weissenberg, 2018). AccorHotels, like other hoteliers in the market are becoming increasingly experience driven, and are concentrating their innovation efforts on up-market (Langford & Weissenberg, 2018). A Deloitte suggest hoteliers lay heavy focus on technological enablers in the industry, such as artificial intelligence, IoT, voice technology, block chain, and automation (Langford & Weissenberg, 2018). However, they recognize that the core of the hospitality business is reliant on a people-to-people experience. Hence; "For today's travel brands (and tomorrow's), technology must be leveraged to produce elevated, authentic experiences without losing sight of the human connection" (Langford & Weissenberg, 2018).

Strategic Aim

AccorHotels Chairman and CEO Sébastien Bazin stated the following about Onefinestay: "Onefinestay has successfully captured a sweep spot: a combination of needs that neither traditional hotels nor new actors of the sharing economy can meet" (AccorHotels, 2016a). Bazin further elaborates that Onefinestay has "[…] an exceptional brand, unique operating model and outstanding management team." AccorHotels is currently developing towards the goal of being the worldwide leader of the Serviced Homes market. In a statement AccorHotels was quoted to "capture the value creation linked to the rise of private rentals and also strengthening our presence in the luxury market with a complementary offer" (AccorHotels, 2016a). According to the CEO the acquisition is motivated by extending AccorHotels offer to customers in the luxury market by providing customers to stay at the finest homes in the private rental market. Dominique Vidal, a partner at Index Venture, expressed "Accor is a perfect and natural partner to help turn Onefinestay into a truly global brand" (Shead, 2016).

The acquisition of Onefinestay is part of three similar acquisitions AccorHotels has gone through in a short period of time. In 2017 AccorHotels acquired Squarebreak, a French home rental company (Reuters, 2017) and Travel Keys, an elite travel booking service (Crunchbase, 2017). The three brands will fall under the Onefinestay brand. Together they will provide customers with access to over 10,000 rental spaces (Reuters, 2017). These acquisitions will enable Onefinestay to extend their offerings beyond current presence in London, Los Angeles, New York, Paris and Rome (Sawers, 2016). Due to an extensive service offering, Onefinstay requires a local team close to the listings. Services include among others, making the home ready for the guest and welcoming them at the location (onefinestay, 2018b).

Bazin has long been aware and warned that the traditional hoteliers are under the threat from companies like Airbnb operating in the sharing economy segment, who has changes the trend of accommodation from hotels when on vacation or business (Vidalon, 2016). Traditional hotel chains are now making big investments acquiring start-ups and sharing economy platforms, as well as developing their own initiatives, at a time when online groups are disrupting their business models (Ahmed, 2017). Bazin expressed his own thoughts in an interview: "For me, when I see the consolidation of the industry, when I see the growth is that there are others, not only us, that believe in the growth of the sector" (Ting, 2017). According to Bazin the hotel industry must respond to these changes, and he estimated that within five years 30 per cent of Accor's business would originate from revenue streams other that hotel rooms (Ahmed, 2017). Bazin announced "we are accelerating the transformation of our business model to capture the value creation linked to the rise of private rentals and also strengthening our presence in the luxury market with a complementary offer" (Vidalon, 2016). Rather than being reluctant about and perceiving the disruptive changes in the accommodation market as a threat, AccorHotels chose to see the opportunity and invest in it (Terrelonge, 2016).

These finding clearly show evidence of AccorHotels being motivated by *Minimizing Redundancy* through accessing new distribution channels and the brand name Onefinestay. Moreover, AccorHotel's management clearly communicate their awareness towards the disruptions happening in the hospitality market, thus the acquisition is part of staying relevant to its customers in the market.

Integration

On April 4th 2016, AccorHotels published a press release on its web-site stating Onefinestay would remain an independent business unit under the AccorHotels group and would continue to be led by Greg Marsh, Co-founder and CEO of Onefinestay. Marsh further expressed the shared conviction about the scale of the home rental opportunity of both AccorHotels and Onefinestay. In fact, the plan is to expand Onefinestay's services to 40 new markets (AccorHotels, 2016a). According to Marsh "Onefinestay will remain an independent company" he continues "we're not going anywhere, the business will continue to be led by the current founders and management team. In many ways, nothing will change in the way we deliver our service" (Dillet, 2016).

However, we have observed a change in management since the acquisition. Marsh stepped down as CEO and left the position to co-founder Evan Frank in September 2016 in order to create continuity (AccorHotels, 2016b). Frank had the position in Onefinestay until Javier Cedillo-Espin was appointed as current CEO. He is responsible for leading the assimilation of Squarebreak, Travel Keys and Onefinestay in July 2017 (onefinestay, 2018c). Cedillo-Espin has been a long time executive at AccorHotels and has recently worked as a Global Integration Officer (onefinestay, 2018c). The management of the Onefinestay brand now consist of a mixture of highly experienced executives and managers from all of the three acquired firms with a hint of “fresh blood” (onefinestay, 2018c).

We have already presented the integration and merger of Travel Keys and Squarebreaks under the Onefinestay brand. The integration of the three brands is part of a strategy to provide customers more choice in luxury vacation rentals (Ting, 2017). Onefinestay’s CEO Cedillo-Espin said “we asked our customers what could get you to come back. They told us: ‘Give us more destinations’ […]” (Ting, 2017). Cedillo-Espin further stated “With this new step in consolidating our leadership position, Onefinestay now has a sound platform combining brand excellence, a vast and complementary offer and distribution efficiency. We are hugely excited about the global development potential for our network.” (AccorHotels, 2017b). He further explains that the focus of the integration of Squarebreak, Travel Keys and Onefinestay, will be based on culture and building a network. This will enable a service culture, passion and dedication, in addition to an out of ordinary flair added to their offerings (Ting, 2017). Greg Marsh, previously CEO of Onefinestay said at the time of the acquisition: “AccorHotels’ investment in Onefinestay is a tremendous invitation for us to write the next chapter in our story […]” (AccorHotels, 2016a). These acquisiitons are proof that AccorHotels is implementing change to its existing offerings in order to respond to market changes and stay relevant in the hospitaity industry.

After the acquisition of Onefinestay in April 2016, AccorHotels CEO Bazin said the following: “You don’t know how strategic and key this acquisition is for changing AccorHotels. It’s all about providing guest satisfaction and Onefinestay is so unique and their team is so strong, it will bring enormous value to our company” (Ting, 2017). The CEO also claimed that within three months after the acquisiton, customers would find listings from Onefinestay at AccorHotels.com and that a few moths later the loyalty program would be added to Onefinestay customers. However, the integration has not moved as fast as Bazin first calimed it would. Onefinestay CEO Cedillo-Espin exlained: “We have some links that take you from AccorHotels to Onefinestay, and for now that’s as much as we’ve been able to do” (Ting, 2017). Cedillo-Espin further insinuated that there will be more synergies between AccorHotels and the Onefinestay brand going forward (Ting, 2017).

Due to AccorHotels operating within the hospitality industry, the acquisition of Onefinestay represents a horizontal acquisition type. Moreover, we previously outlined that the strategic aim of AccorHotels is *Minimizing Redundancy*. Our findings provide evidence of a *Holding* integration strategy in the case between AccorHotels and Onefinestay. There is a change in the management, and Onefinestay is working towards assimilating the culture within the group of acquired companies. We do not identify a strategic interdependence between AccorHotels and the Onefinestay group, however both firms communicated stronger synergies will occur in the future.

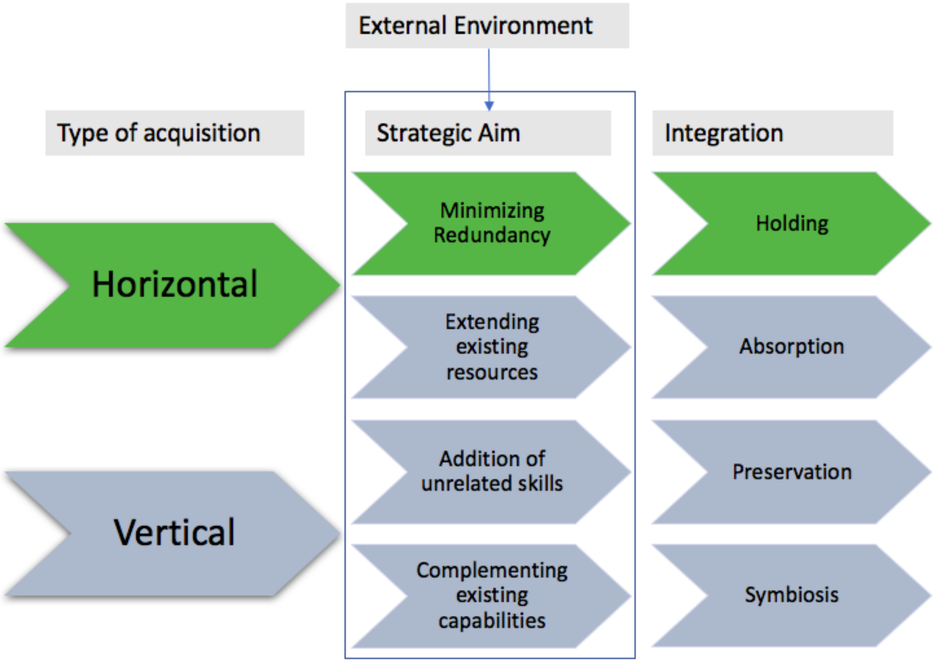

FIGURE 10: ACCORHOTELS-ONEFINESTAY – MODIFIED VERSION BASED ON HÅKANSON (1995)

Business Model

AccorHotels operate with a holding integration for Onefinestay, meaning they will not impose big changes to their business model. However, the merger of the three companies Squarebreak, Travel Keys and Onefinestay indicates changes to the business model. We have not identified severe changes to neither the profit formula nor customer value proposition. Cedillo-Espin expressed in an interview that the firms "[…] were like-minded and they have the expertise about the customer experience […] and they had the same passion for service and the curation of the experience. For us it enabled us to accelerate that growth" (Ting, 2017).

Since the acquisition and the integration of the Onefinestay brand, the platform now provide 10,000 listings in 180 destinations (onefinestay, 2018d). This year the brand has also announced the launch of a 'guest relationship program' by the end of this year. The program will provide customers with a year-around personalized concierge service after their Onefinestay trip (Onefinestay, 2018b). Onefinestay's CEO Cedillo-Espin explains: "Most of the time, when you leave a trip and it's over. Guests feel that they're kicked out of their experience. We're taking the opposite approach and actually coming back with you" (Porter Katz, 2018).

Onefinestay have struggled to be profitable in the past. "As said at the time of the acquisition in May 2016, we plan to bring Onefinestay to breakeven in 2019" a spokesperson form AccorHotels explained (Whyte, 2016). According to Bazin operating losses of 15-20 millions pounds for a start-up are "perfectly acceptable" (Vidalon, 2016). Expansions to more markets and the launch of the customer relationship program is an attempt to create a bigger customer base and increase revenue.

Before acquisition	onefinestay	After Acquisition
Provide customers with an alternative to traditional hotels, in the luxury (niche) market. Provide around the clock service by phone or email. Set the home ready for the guests with new sheets and towels. Also, provide a cellphone with a local sim-card.	**Customer Value Proposition**	Launch of app – Higher Living. Provide more travel destinations.
Customers pay a variable nightly rate. Homeowners receive a fixed nightly rate. Onefinestay takes half of each transaction.	**Profit Formula**	More listings to more locations. Offer additional services through the app "Higher Living".
Relationship with peer suppliers of unique listings. Sherlock app locking system for opening doors.	**Key Resources**	Knowledge and skill from Squarebreak and Travel Keys.
High quality and concierge services. Homeowners do not have to provide any additional service other than providing their homes.	**Key Processes**	Concierge service differentiate Onefinestay from its competitors. Travel Keys have 15 years of experience within the field.

Table 5: Business Model Onefinestay – Self-provided based on Johnson et al. (2008)

5.5 Case Expedia - HomeAway

General Information

Company Overview

Expedia, part of Expedia Group, is an online travel agency. The company is one of the world's leading full-service online travel brands (Expedia Group, 2018). Expedia is part of a big portfolio of branches within the travel segment. The platform enables the consumer to book flights, hotels and cars. The website can also be used to book cruises and vacation packages (Expedia Group, 2018). Expedia seeks to grow their business through a dynamic portfolio of travel brands (Expedia Group, 2016). According to Expedia's annual report in 2016, the groups growth strategies focus on product innovation, global expansion, and new channel penetration (Expedia Group, 2016).

HomeAway is a world leader in vacation rentals and has a portfolio of leading vacation websites (HomeAway, 2018). It became a publicly listed company at the New York Stock Exchange in 2011 (Euromonitor International, 2016b). Through the platform owners of property can provide travellers with accommodation, often for less money than hotels, and provide a more personal and memorable experience. The company was founded in 2005 in Austin, Texas, US. HomeAway has listings of vacation rental homes in 190 countries. The offerings represented on the platform consist of various rental homes, guest houses, condos, cottages, and cabins in various countries. Part of the HomeAway portfolio are other rental sites like VRBO.com, Vacactionrental.com in the US, as well as similar websites in Europe, Australia and New Zealand. HomeAway also operate BedandBreakfast.com (Lardinois, 2015). Going forward we will only refer to HomeAway, however, homeowners with listings at the platform also originate form companies in the HomeAway portfolio.

Industry Characteristics

The global travel industry is one of the world's largest and fastest growing sectors in the world (Quinby, 2017). The source of the industry growth lies in the strengthening of the global economy. Every year millions of new consumers from developed and emerging markets, with higher disposable income are looking to explore the world (Langford & Weissenberg, 2018). The travel industry is the sector most effected by the growth of the sharing economy (Trivett, 2013). Online travel agencies (OTA), like Expedia, are continuing to grow in the travel industry, and for the first time ever, OTA's hotel bookings have exceeded the number of total hotel website bookings (Langford & Weissenberg, 2018). Online travel agencies are not only growing their customer segment, they are expanding their offering with additional segments such as tours and activities, restaurant reservations, private accommodations, and more. Furthermore the online travel agencies are investing heavily in emerging technologies (Langford & Weissenberg, 2018).

The hospitality industry, like other industries are being affected by changing consumer preferences. Access over ownership affects the cost of supply, consumer values and preference for authenticity further affects the hospitality industry (Euromonitor International, 2016a). Authenticity means to “do something different”, meaning the experiences the businesses provide should provide more seamless and personalized experiences. Thus, putting the consumer at the heart of the business is a key strategy to stay relevant in the industry. This means that incumbent firms need to embrace the shift of customer focus, and take an active role in reacting to the sharing economy by building long-term relationship with their customer base (Euromonitor International, 2016a).

Strategic Aim

Expedia acquiring HomeAway has been described as “a blockbuster deal” (Demmitt, 2015) and a “game changer” (Schaal, 2015a). Although the CEO of Expedia expressed little concern regarding the sharing economy the 5th of February 2015 (Schaal, 2015b), the company’s CFO, Mark Okerstrom, indicated that the company will compete more aggressively with Airbnb in March 2016. After the deal Expedias’ CEO Dara Khosrowshahi said: “We are thrilled to enter the fast-growing, ~$100 billion alternative accommodations space with HomeAway on our side” (Demmitt, 2015). Nickelsburg (2016) described the deal as a way for Expedia to get a foothold in the alternative accommodation market.

Expedia’s CEO announced on the day of the acquisition: “We have long had our eyes on the fast growing ~$100 billion alternative accommodation space and have been building on our relationship with HomeAway, a global leader in vacation rentals, for two years” (Lardinois, 2015). He further elaborates: “bringing HomeAway into the Expedia Inc. family and adding its leading brands to our portfolio of the most trusted brands in travel is a logical next step” (Lardinois, 2015). In the accommodation industry, Priceline Group, is Expedia’s biggest competitor. Priceline Group does currently not own a travel site operating within the sharing economy (Lardinois, 2015). Furthermore, Euromonitor International (2016b) describe the acquisition as a clear indication that both Expedia and HomeAway considers Airbnb to be a real threat to their business.

Furthermore, HomeAway has expressed their willingness to grow with Expedia through their distribution channels, and further to learn from Expedia's expertise in technology and online travel expertise (Expedia Inc., 2015). Brian Sharples, CEO HomeAway, said "This acquisition is the next step on the HomeAway journey and it sets is on a terrific path forward for travellers and our homeowners and property managers alike" (Expedia Inc., 2015). After the partnership between Expedia and HomeAway was announced in 2013, Sharples stated: "As one of the most visited online travel agencies, each month Expedia.com will give millions of travellers the opportunity to discover the benefits of booking a vacation rental, and we look forward to also helping our customers increase the visibility of their properties" (Schaal, 2013). For Expedia, the acquisition saved the company years of organically building their own P2P vacation rental supply (Schaal, 2015a).

The Expedia and HomeAway acquisition represents a horizontal acquisition. Although Expedia's acquisition intuitively can be assumed to belong under the strategic aim category "Extending Existing Resources" due to the online travel agency already providing an extensive offering of different travel options, our findings provide other evidence. Based on our data collection we can conclude that the acquisition is motivated by accessing a new customer segment in the hospitality sector. Through this acquisition Expedia gains access to a new customer segment, a well-known and leading brand within the sharing economy as well as a competitive offering to compete with Airbnb. This strategic aim therefore, belongs under the category "Minimizing Redundancy". The companies have overlapping resources, and HomeAway's presence in the alternative accommodation market present opportunities for Expedia to increase their online booking service to customers looking for private vacation rentals.

Integration

After the acquisition the two companies still operate as separate entities, however, Expedia has integrated the listings from HomeAway into its offering. Moreover, technical changes have emerged since the acquisition. There has been a change in the algorithm of the HomeAway search engine, prioritizing what they call "best match" (Nickelsburg, 2016). The algorithm now considers how frequently homeowners update their calendar, quality of the photos, how often the inquiries are turned to orders, and how close the match is between the listing and the customer preference. The CEO of Expedia, Khosrowshahi, stated: "The rules of the marketplace are changing […] They will be a bit more favourable to travellers and travel preference so the owners who are updating their calendars, who have great reviews, the owners who have terrific pictures and who put up pricing and are online bookable will tend to get more share in our marketplace" (Nickelsburg, 2016). So far not all bookings have been online with HomeAway, however they will further move to a fully online-booking system over time (Schaal, 2017).

Other changes made at HomeAway since the acquisitions are introducing a two-way review system, much like the system Airbnb already use. Another important feature is a system that protects the costumer in case of a cancellation, fraud and double booking which Expedia introduced as "Book with Confidence Guarantee" (Euromonitor International, 2016b). This feature is only available to customers booking and paying online, and includes a 24/7 customer service.

Since the acquisition took place there has been a change in management in HomeAway. Former executive at Expedia, John Kim, started as Chief e-commerce Officer at HomeAway before he was promoted to lead HomeAway in September 2016 (Hawkins, 2016). A statement from Expedia CEO Dara Khosrowshahi follows; "John's leadership, belief and deep understanding of the power of science and technology drive innovation will allow HomeAway to build first-class experiences for its travellers and partners" (Hawkins, 2016).

Figure 11 summarizes the case of Expedia and HomeAway. Due to Expedia's presence in the online accommodation booking segment, the acquisition of HomeAway's accommodation offerings represents a horizontal acquisition. As outlined previously, the acquisition is motivated by *Minimizing Redundancies*. Despite the efforts of integration, Expedia has claimed that HomeAway would be run almost autonomously form its headquarter (Picker, 2015). However, a change in HomeAway's business model, a push towards only providing listings and bookings online, and change of management suggest that Expedia is partly influencing what is happening internally at HomeAway. HomeAway has moreover gained access to technology, distribution channels, and expertise from Expedia (Picker, 2015). Although there has been changes in HomeAways' business model, it operates as a separate unit with listings occurring at the Expedia platform. The presented evidence suggests that the integration follows a Holding strategy, with high level of involvement form Expedia.

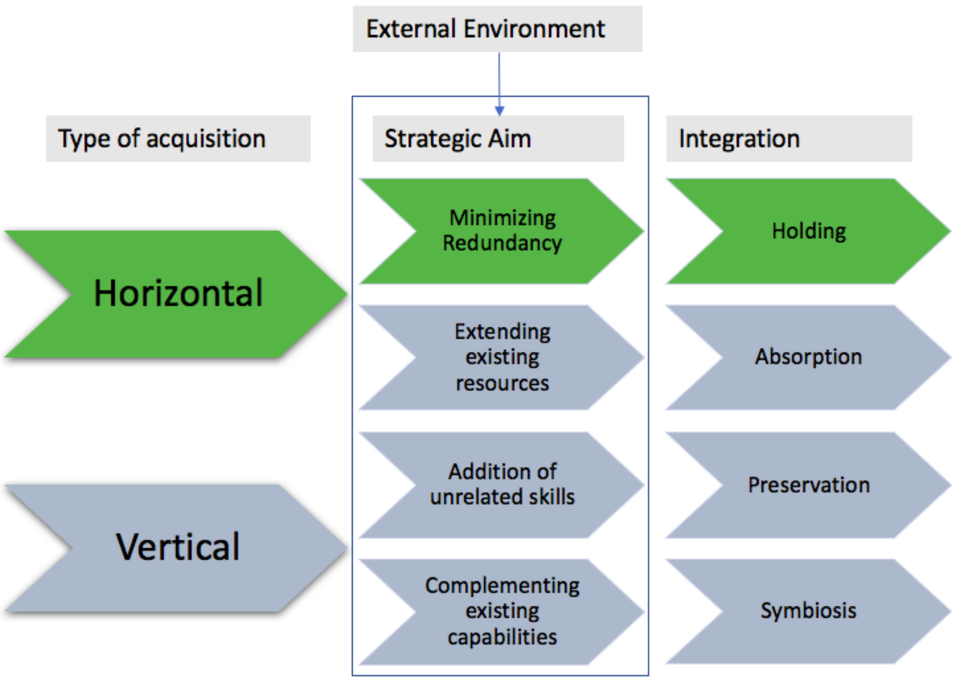

FIGURE 11: EXPEDIA-HOMEAWAY – MODIFIED VERSION BASED ON HÅKANSON (1995)

Business Model

The biggest change to the business model after the acquisition is the adding of booking fees for customers. Previously HomeAway only charged the homeowners a subscription fee for having a listing on their site. The new profit formula has been argued to meet customers' expectations and increase revenue (Nickelsburg, 2016). The previous solution would give annual subscribers (homeowners), that came in the categories classic, bronze, silver, gold, and platinum, priority in search results. Khosrowshahi has announced that HomeAway will phase out the multi-level subscription fee and offer homeowners a yearly subscription of $349 for online booking and $499 for non-online bookings. Homeowners are now also offered a free subscription in the exchange of paying a percentage of each booking through the HomeAway website (Nickelsburg, 2016). Meaning the subscription categories that previously existed are replaced with subscription prices based on online availability, or the alternative to pay a percentage per booking. HomeAway has also changed the search algorithm to provide a "best match" which arguably benefits the customer more than the hosts (Schaal, 2017). Hence, the classic, bronze, silver, gold, and platinum suppliers will no longer be able to pay a higher subscription to gain more customer attention, instead the model will be customized to benefit the customer.

However, the changes in the booking fee and search engine has not come without resistance. Homeowners claim to have been affected negatively by the changes made after the acquisition, and are dissatisfied by the changes as this was not what they signed up for (Nickelsburg, 2016). A user form Hawaii said: "Where once I felt like HomeAway was working for me, now I feel like they are forcing me to work for them" (Nickelsburg, 2016). There has even been filed a class action suit against HomeAway as a reaction to the new booking fee (O'Neill, 2016). Expedia and HomeAway on the other hand believe the competition with Airbnb will increase within the next years, and believe that the changes made are necessary to keep customers satisfied and stay relevant in the alternative accommodation market (Schaal, 2015c).

Before acquisition	HomeAway	After Acquisition
Homeowners with listings communicate with potential renters. Vacation rentals P2P. Offer an extensive selection of vacation homes.	**Customer Value Proposition**	New search algorithm "Best match". Booking with confidence guarantee. Move towards online booking. Fewer social interaction between host and guest.
Subscription for homeowners, no booking fees for the guest.	**Profit Formula**	Charge customers a booking fee in addition to charging homeowner either a subscription fee or a percentage of their booking.
Good partnership with homeowners. Provide bookings in 190 countries. Operate several travel websites.	**Key Resources**	Access to new technology, distribution channels and technology from Expedia. Satisfaction focus lies on the guest.
Telephone bookings. Instant booking and the option of a 24 hour window to confirm inquires.	**Key Processes**	Moving towards online bookings only.

Table 6: Business Model HomeAway – Self-provided based on Johnson et al. (2008)

5.6 Case IKEA – TaskRabbit

General Information

Company Overview

IKEA is a Swedish, multinational furniture retailer, that sells ready-to-assemble furniture. Founded in 1943 the company has a presence in 29 IKEA group countries (IKEA, 2018a), which is excluding 17 countries where stores are owned and run by franchisees (IKEA, 2018b). They had a £38.3 billion sales revenue in 2017, and over 149,000 co-workers over the world (IKEA, 2017). IKEA operates in the retail market, selling "assemble yourself furniture" from department stores located on borders of urban areas. It provides a wide range of furniture in different price segments.

TaskRabbit is a platform that seeks to "revolutionizing everyday work" (TaskRabbit, 2018a). The platforms connect people with skilled "taskers" to help with errands and smaller tasks. The platform provides an easy and cheap way to get those tasks done. The tasks involve everything from organizing closets, yard work, shopping and delivery, to cleaning and moving assistance. The company was founded in 2008 in California, US under the name "RunMyErrand" but changed it to "TaskRabbit" in 2010. The platform is currently present in over 40 cities around the US and in London UK. According to their web-site they are planning to expand globally in the years to come (TaskRabbit, 2018a).

Industry Characteristics

The retail market now is in transition, where adaptation of innovation and reconsidering traditional business models and partnerships are part of staying relevant in the market (Deloitte, 2017). The market portraits an enhancement in the digital strategy, exploring to expand smart-phone strategies across channels and platforms. Although there is a development towards digitalization and rise in online-purchasing, the need for human employees is unlikely to disappear. Providing in-store as well as online presence remains important to retailers. The economic outlook for the industry is reported with a moderate growth in 2018 (Deloitte, 2017).

Strategic Aim

IKEA and TaskRabbit have prior to the acquisition already had a partnership. They collaborated through a pilot program when TaskRabbit launched TaskRabbot's site in London, which offered IKEA customers to get "taskers" to assemble the furniture for them (O'Brien, 2017; Perlman, 2017). Gillian Drakeford, CEO of IKEA UK, said the following in a Business Insider interview: "IKEA can't do everything itself. When we look at the gig-economy, the platform economy, this has the ability to bring people together that have skills and experiences" She continues to explain that the acquisition is part of "becoming more relevant to the consumer" (Williams-Grut, 2017).

Although IKEA offered installation services for bigger IKEA items, there was a gap in the market for installing smaller items (Williams-Grut, 2017). Through the acquisition IKEA can now use TaskRabbit to further built a relationship with their customers in their homes (Morgan, 2017).

Another strategic aim identified was the transition towards a digital customer service capabilities, as this is the first purchase IKEA has made in order to step into the on-demand platform space (Swisher & Schleifer, 2017). Jesper Brodin stated in a press release that "we will be able to learn from TaskRabbit's digital expertise, while also providing IKEA customers additional way to access flexible and affordable service solutions to meet the needs of today's customer" (Dickey, 2017). According to Adrien Nussenbaum, CEO and co-founder of Mirakl, a marketplace technology vendor, the acquisition "is a strategic digital move for IKEA to offer an easy connection to so many service providers who can actually assemble their furniture" (Lindner, 2017). Nussenbaum continues "[…] the holistic experience of finding, buying and assembling any IKEA product is now possible, completely enabled online under the IKEA brand." (Lindner, 2017).

There is a presence of change in the retail industry. IKEA is now in competition with rivals like Amazon, which has increased their presence in home goods and installation services (Swisher & Schleifer, 2017). IKEA is undergoing the process of radically changing their sales strategy, under the face of online competition (Milne, 2017). CEO Jesper Brodin said: "In a fast-changing retail environment, we continuously strive to develop new and improved products and services to make our customer's lives a little bit easier" (Lindner, 2017). IKEA has recently experimented with city-centre pick-up points. Such as, smaller shops with less inventory and parking (Milne, 2017). Their decision to launch a test to sell their products through big e-commerce sites and turn to new type of stores (Milne, 2017) is a reaction to the change in customer need and expectation. Drakeford, CEO IKEA UK, said the following "It's not enough just to have a great product with a great price. We need to offer services. People are saying there's value to time – I don't have time to assemble it myself" (Williams-Grut, 2017).

Other digital transformations that IKEA has been undergoing lately is the launch of two apps. One that allows individuals with Apple devices to visualize IKEA furniture in their homes using augmented reality (Milne, 2017). The other app helps customers navigate through IKEA stores leading them to save time, and is supposed to act as a bridge between a digital and in-store experience (IKEA, 2018a). Regarding the digital push, and especially the push towards e-commerce, Torbjör Lööf, CEO at IKEA Inter stated the following. “We want to learn, and know what it is for a company to IKEA to be there. We want to find out how we could keep our identity on a third-party platform” (Milne, 2017).

The acquisition also means IKEA could attract customers that previously did not have the time or skills to assemble IKEA furniture, according to David Neumann, Vice President of marketing and retail consultancy BRP (Lindner, 2017). TaskRabbit can provide help with the assembly for individuals that are not motivated to buy “do-it-yourself” products or are not able to assemble. Through TaskRabbit’s acquisition, customers can now enjoy the unique design, at low prices without worrying about the assembling the furniture themselves, according to Naumann (Lindner, 2017).

Integration

IKEA and TaskRabbit have been clear from the beginning of the acquisition that TaskRabbit would act as an independent subsidiary within the IKEA group (Swisher & Schleifer, 2017). TaskRabbit’s CEO Stacy Brown-Philpot and her employees would remain, and their headquarters would not be moved (Swisher & Schleifer, 2017). Hence, TaskRabbit will be able to continue with existing partnerships (Dickey, 2017). They also have the ability to form new partnerships (Swisher & Schleifer, 2017). Other than the information already provided, IKEA has offered few details about how the integration of TaskRabbit will proceed within their operations (Hsu, 2017).

We have examined statements about integration of TaskRabbit on IKEAs Web-page. On the American IKEA web-page there is a section presenting “IKEA Services” (Appendix 4.6). These include financing, delivery, and assembly, with the heading “You can do it yourself. But you don’t have to”. Assembly is a service that is provided in countries outside the borders of TaskRabbit’s presence, however the service is provided by other service partners of IKEA. In New York City, “IKEA Assembly” is a specific task customers using the TaskRabbit app are provided with (Taylor, 2017). Other services that can be found on the TaskRabbit site or app, are furniture pickup and delivery (Taylor, 2017).

As previously mentioned, IKEA has realised the potential of digital transformation. On TaskRabbit's web-site it states: "TaskRabbit is now a core driver of the e-commerce and services strategy for the world's largest furniture retailer with the mission of making everyday life easier for everyone." (TaskRabbit, 2018b). However, due to the statement only being observed from TaskRabbit, there is limited evidence to support the statement at this point in time.

This case represents a vertical acquisition type. This is because both companies are engaged in very different industries. Due to the observations discovered in our analysis, we conclude that IKEA was motivated by *Adding unrelated skills* when acquiring TaskRabbit. IKEA has explicitly stated that TaskRabbit will remain an independent subsidiary under IKEA, and our research show no present changes of management, procedures or technical integration. Thus, we conclude there is a *Preservation* integration strategy between IKEA and TaskRabbit.

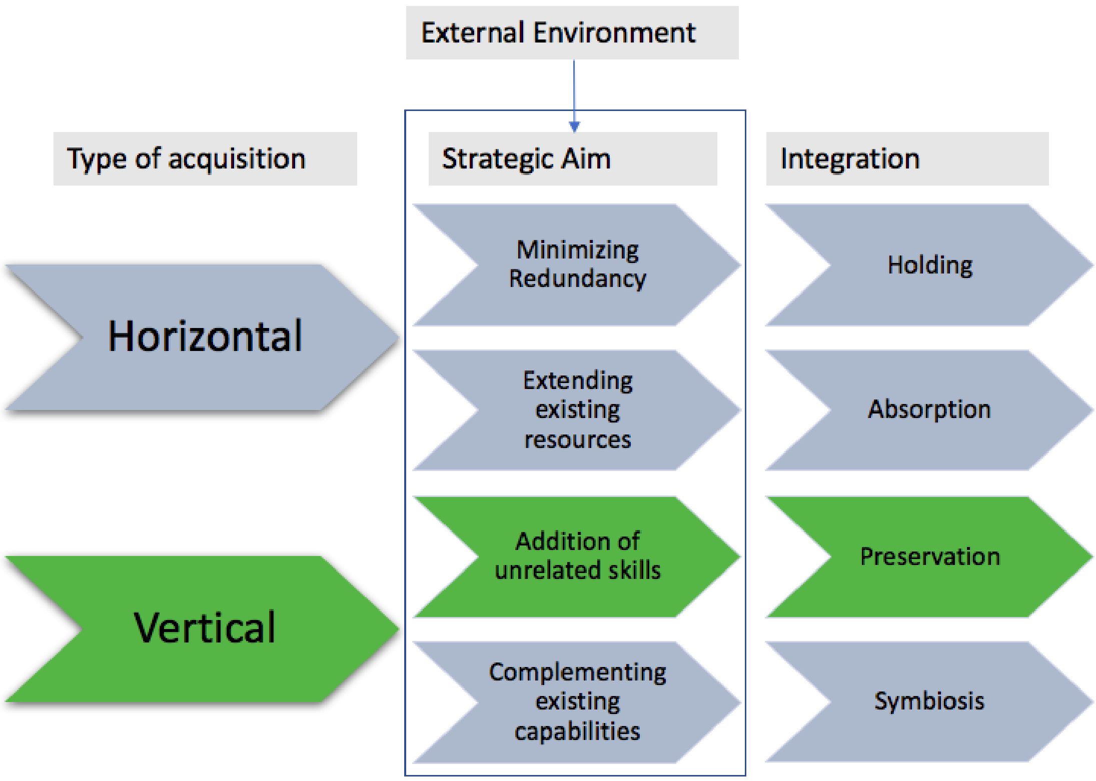

FIGURE 12: IKEA-TASKRABBIT – MODIFIED VERSION BASED ON HÅKANSON (1995)

Business Model

Previously we have outlined that the acquisition would not affect TaskRabbit to a high degree as the sharing economy platform will continue to run under a separate unit in the IKEA group. We have however identified some changes in their business model following the acquisition.

TaskRabbit now offers the assembly or mounting of furniture to a flat-rate pricing starting at $36 in the US, and the service is offered as soon as the next day. "Taskers" availability can be checked based on location and product choice through the IKEA website. Another service provided by TaskRabbit is the availability of "Taskers" in a selection of IKEAs stores (TaskRabbit, 2018c). We also identified a one-time offer specified to IKEA furniture assembly, however only as an introduction to the service as there is a deadline to the offer. Both TaskRabbit and IKEA advertise the assembly of furniture to be completed within the next day.

Before acquisition	TaskRabbit	After Acquisition
Offer P2P service to help with errands and small tasks.	**Customer Value Proposition**	IKEA assembly is offered to a flat-rate pricing. "Taskers" are available in six IKEA stores in the US, with plans to expand this offering in 2018.
"Taskers" get paid after finishing the job. TaskRabbit takes a share of the "taskers" pay.	**Profit Formula**	Profit formula is unchanged. TaskRabbit receives additional funding from IKEA.
Leading platform within the Gig-economy (network effect) High reputation	**Key Resources**	IKEA furniture assembly or mounting is offered both at the IKEA and TaskRabbit website, hence one more distribution channel.
Investigation and clearance of the "taskers", users of the platform to make reduce uncertainty and establish trust.	**Key Processes**	Offer assembly of IKEA furniture as soon as the next day after purchase. Other key processes remain unchanged.

Table 7: Business Model TaskRabbit – Self-provided based on Johnson et al. (2008)

5.7 Cross Case Analysis

In total the analysis encompasses six cases: IKEA-TaskRabbit, Expedia-HomeAway, Daimler-Chauffeur Privé, Caterpillar-YardClub, Avis-Zipcar and AccorHotels-Onefinestay. For this section, we created an Excel sheet provided in Appendix 5, that summarizes the cases. Besides classifying the cases on the categories provided by the literature, we identified additional categories that we found relevant.

5.7.1 Industry

With regards to the industry, we discovered the acquirers to operate in diverse industries. In fact, we have six unique industries: furniture retailer, car rental, car manufacturer, construction equipment manufacturer, online travel agency, and hospitality provider. When taking a broader perspective, one can categorize the acquirer in more broadly defined categories: Manufacturer and Distributor. Avis, AccorHotels and Expedia are all regarded as distributors as they are the firms that supply goods and services to the consumer. Caterpillar and Daimler fall into the category of Manufacturer. As discussed earlier, both Caterpillar and Daimler are vertically integrated to serve consumers in more downstream activities, illustrated in figure 13.

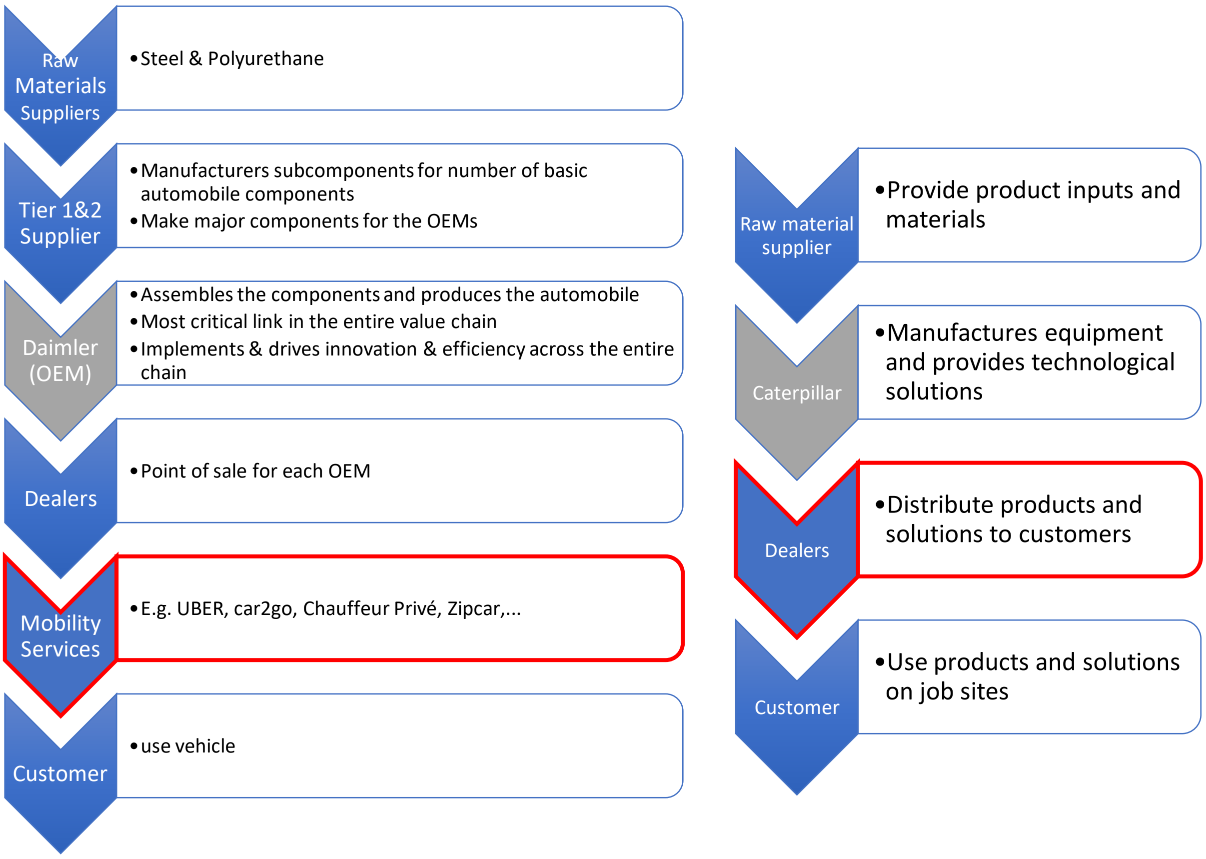

Figure 13: Value Chain: Daimler (left) and Caterpillar (right) – Self-provided

While Caterpillar is also involved in the distribution (sell and rental) of its equipment, Daimler set up a joint venture with BMW to serve consumers mobility services. This illustrates the complexity of both firm's value chain and suggests that Caterpillar as well as Daimler are not only to be regarded as manufacturers but also as distributors. Furthermore, it could be argued that IKEA falls into this category due to ownership of subsidiaries that are involved in the manufacturing of furniture.

When taking the perspective of the acquisition target in the sharing economy, the results suggests to be more homogenous. We identified two acquisitions targets within hospitality (HomeAway and Onefinestay), as well as two targets within the mobility services (Chauffeur Privé and Zipcar). In addition, there are two unique acquisition targets, YardClub which operates in the P2P rental of construction equipment and TaskRabbit in the gig-economy for small tasks. This is in accordance to the case selection outlined in the methodology in Chapter 4.

5.7.2 Type of Acquisition

Most of the selected cases were horizontal in nature. However, not always evident. Avis-Zipcar (car rentals), AccorHotels – Onefinestay, and Expedia – HomeAway (hospitality) were clearly horizontal. IKEA – TaskRabbit was also clearly identified to be a vertical acquisition as IKEA distributes furniture and TaskRabbit, part of the Gig-economy, which offers taskers to complete small jobs. Despite that the Daimler and Caterpillar cases appear to be vertical acquisitions when considered superficially, they are in fact horizontal. This is due to the company's complex company structure. While Daimler's core business is the manufacturing of cars, it also has an established division for mobility services. Under Daimler's joint venture with BMW it created an umbrella organization that encompasses all mobility solutions (see Appendix 6). The same holds for Caterpillar whose core business is the manufacturing of construction equipment. After further research, it becomes clear that due to Caterpillar's own extensive distribution channel, Caterpillar can also be regarded as a key distributor in the industry. This renders the acquisition with YardClub to a horizontal one.

5.7.3 Strategic Aim

In some cases, we identified that the strategic aim included elements from more than one of the categories. For example, Expedia's acquisition of HomeAway was motivated by gaining access to the brand name, distribution channel, increase in customer base, and extension of offerings to customers. Expedia already offers bookings like hotels, cars, airplane and cruise, and we claim that acquiring HomeAway is adding another booking option to their platform. Hence, one could argue acquiring a sharing economy platform is motivated by *Extending existing resources*. However, our findings suggest that the acquisition was merely about gaining access to HomeAway's brand name, distribution channel and access to customer base from the sharing economy. Therefore, these elements suggest the strategic aim must be categorized as *Minimizing redundancies*.

Across the cases that were studied we identified that four horizontal acquisitions were followed by the strategic aim to *Reduce redundancies*. The sharing economy platforms emerged in a different environment to serve those consumers that are more concerned with access than ownership and the authenticity the sharing economy offers. These offerings were previously inaccessible to incumbent firms. Through the acquisitions, we observed that incumbent firms (AccorHotels, Expedia, Avis and Daimler) did get access to this distribution channel through the acquisitions. The Caterpillar case does also contain elements of *Reducing redundancies*, however, the analysis clarified that this acquisition was motivated primarily by acquiring technical resources. These resources included IoT technology to further strengthen customer relationships. Resources that Caterpillar had already started to acquire and invested in before the acquisition of YardClub. Therefore, this acquisition extended the degree of existing resources and capabilities in the field of IoT. Finally, the IKEA case was about the *Addition of unrelated skills*. As illustrated in the analysis, IKEA acquired TaskRabbit in order to better serve those customers that do not want to or are unable to assemble furniture themselves. They are thus increasing their customer base through a more complete or differentiated service offering.

5.7.4 Integration

In line with the Håkanson model (1995), the integration of the acquisitions followed in most cases what the strategic aim suggested. The Expedia-HomeAway, AccorHotels-Onefinestay and Avis-Zipcar cases were motivated by *Reducing redundancies*. We observed that a *Holding* integration followed.

Another observation in the analysis was the indication of short-term and long-term integration strategy. The focus of our research has been to provide insights of the strategic aim and integration that has been discovered to present day, however in two of our cases, findings provided us with additional information regarding the integration. In the case of Daimler – Chauffeur Privé and Avis - Zipcar, we identified the cases to have *Holding* and *Preservation* integration strategies. More specifically, we found indications that the preservation strategy would change over time. In the case of Chauffeur Privé, findings indicated that the company would continue to expand under their current name for now, however future strategies would integrate the business to the acquirer to a higher degree in the future. Avis-Zipcar was the most mature case dating back to 2013. While we would expect clear indications that this case followed a *Holding* integration we observed adverse evidence. We concluded that, initially Zipcar was allowed more organizational autonomy but over time it faded away.

Although YardClub's platform does still exist, it is likely that it will be absorbed into my.cat.com in the foreseeable future. Furthermore, the fact that YardClub's technology was absorbed by Caterpillar suggests an *Absorption* integration strategy. Finally, the IKEA case followed its predicted *Preservation* integration. This is because the strategic aim suggests that both businesses are quite different and therefore require a high degree of organizational autonomy.

5.7.5 Change in Business Model

The analysis of the changes occurred in the business model after the acquisition, suggests diverse findings. Some of the acquisition targets did not undergo any significant changes to their business model. These include, Chauffeur Privé and Onefinestay which were both motivated by *Reducing redundancies* and followed by *Holding* integration. Only few and mostly insignificant changes in the business model were realized by Zipcar and TaskRabbit. Even though Zipcar now has a much larger fleet with additional access points at airports, the customer value proposition did not realize significant changes. TaskRabbit only saw a revised model that aimed to offer customers easier access to taskers for the assembly of IKEA furniture.

Significant changes incurred and are likely to incur at HomeAway and YardClub. Expedia introduced a couple of significant changes to HomeAway's business model. While the platform does still exist, it offers are integrated into the Expedia booking platform. Moreover, the revenue model was revised along with changes in the search algorithm. YardClub's platform is likely to disappear and be absorbed into my.cat.com in the foreseeable future. Without a standalone platform, the business model of YardClub will disappear.

5.7.6 Additional Categories

Appendix 5 provides an overview of our findings. Apart from collecting general information and summarizing the data with regards to the categories provided in the Frameworks, we identified several additional categorizations. First, we present an overview of the industries and the type of service the sharing economy platform provides. Then we present the acquirer's position within the value chain. We distinguish between Manufacturer and Distributor. Finally, we present the reasons why the acquirer essentially is entering the sharing economy field through an acquisition. This category is distinguished from strategic aims provided by the Håkanson model, in the sense that the reasoning is about the customer's behavior and preference. We identified two key reasons: (1) a threat to the current ownership-based sale and therefore a way to respond to the trend of access over ownership. (2) to provide a more unique experience that is provided through sharing economy alternatives. As a unique case, we identified IKEA-TaskRabbit, where IKEA extends its customer base to those customers who do not wish to assemble furniture themselves. Thus, increasing its customer segment and providing additional services. These findings will be discussed in the following section.

6. Discussion

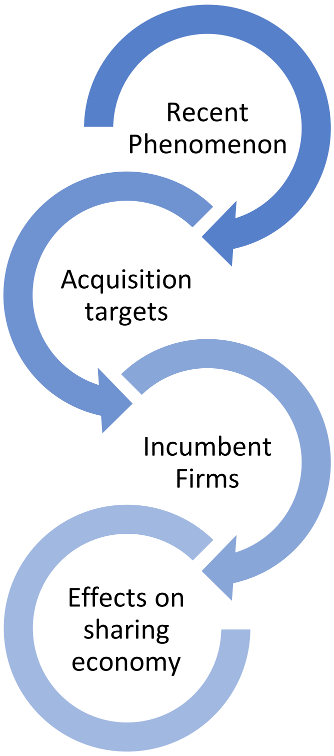

FIGURE 14: DISCUSSION OVERVIEW – SELF-PROVIDED

We start our discussion with examining the topicality of the studied phenomenon, how it led to consolidation. We then move to the implications of this study in order to answer the research question. This will be carried out through a categorization of our findings before we discuss how these acquisitions affect the environment of the sharing economy in general. The structure of this Chapter is outlined in Figure 14.

6.1 Recent Phenomenon

As mentioned throughout the thesis, acquisitions in the sharing economy is a recent phenomenon. Sharing as a practice is ancient (Belk, 2009), however rapid growth of technology has further facilitated the rise of sharing economy platforms (Bardhi and Eckhardt, 2012; Constantiou et al., 2017; Sundararajan, 2013). After the financial crisis in 2008, the concept of sharing economy received more attention from academia (Belk, 2009). Moreover the observation has been made that customers are looking for alternatives for ownership; some due to financial distressed situations (Bardhi & Eckhardt, 2012), others by redefining their values and priorities (Euromonitor International, 2016a).

In Chapter 2.2 we introduced the term M&A waves. According to Schweiger & Goulet (2000), acquisitions in the beginning of the 21st century were motivated by globalization, technological change and deregulation. We observe these external factors still to be highly relevant. Moreover, we have observed an increase in customer base of the sharing economy, see Appendix 7. Figure 15 illustrates the increasing number of acquisitions in the sharing economy market, which indicates a M&A wave in the sharing economy market. Appendix 2 summarizes and categorizes all acquisitions until March 23rd 2018, based on their acquisition type. Due to the nature of the acquisitions we can provide some assumptions regarding the characteristics of the M&A wave in the sharing economy market. First, due to the horizontal nature of the majority of the acquisitions, we argue most acquisitions are motivated by gaining access to distribution channels, eliminate competition and growth in existing market. Second, the acquisitions are leading to a consolidation of the sharing economy market. Following our research question: "*What drives incumbent firms to acquire sharing economy platforms*"; the discussion regarding acquisitions in the sharing economy will only focus on the increasing occurrence of incumbent firms acquiring sharing economy platforms.

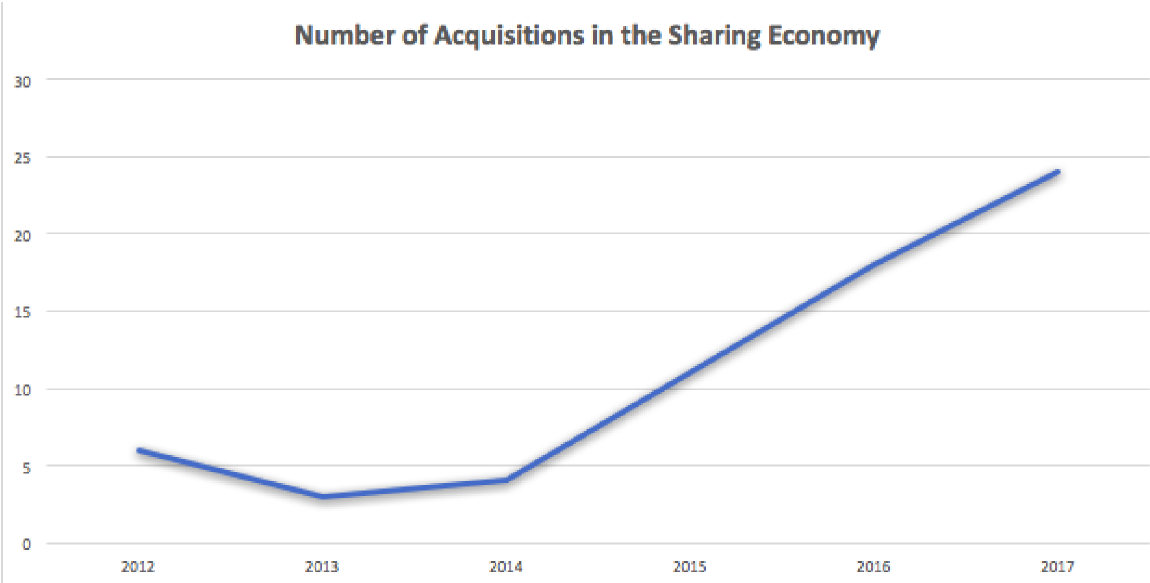

FIGURE 15: NUMBER OF ACQUISITIONS IN THE SHARING ECONOMY – SELF-PROVIDED

The recent phenomenon, in which sharing economy platforms are gaining competitiveness, is considered a threat to incumbent firms, and we observe a clear reaction to what previously was referred to as a "trend". PwC's report by Vaughan & Daverio (2016), observes the rise of sharing economy platforms growth as a result of several global "megatrends". However, the report outlines that the sharing economy is more than a passing trend. It further concludes that the "collaborative economy has become a deep socio-economic trend that is fundamentally changing the way we live our lives" (Vaughan & Daverio, 2016, p. 3). Moreover, the report provides evidence of growth in both revenue and transaction values, at a pace that exceeded previous expectations.

Consolidation

Building upon the observation of a M&A wave in the previous section, our findings suggest a consolidation in the sharing economy. AccorHotels CEO Sébastien Bazin explicitly mentioned this in a statement, however expressed that he considers the market to be open to several players (Ting, 2017). We observed that several key players, such as Airbnb and Uber, are aggressive in acquiring direct competitors, as shown in Appendix 2. This is especially the case within Hospitality and mobility services. These segments are also the largest within the sharing economy (Vaughan & Daverio, 2016). What the consolidation means to the environment of the sharing economy will be discussed in the following sections.

6.2 Acquisition Targets

The cross-case analysis revealed important characteristics of the platforms that were acquired by incumbent firms. Schor (2014) and Schor & Fitzmaurice (2015) were introduced in our literature review when we presented their categorization of sharing economy platforms. For recollection purposes, we outline these categories again. (1) recirculation of goods, (2) increased utilization of durable assets, (3) exchange of services, (4) sharing of productive assets and (5) building social connections (Schor, 2014; Schor & Fitzmaurice, 2015). Figure 16 illustrates the total sample size that included 18 acquisitions of incumbent firms acquiring a sharing economy platform. Eight fall under the category *Increasing the utilization of durable goods*. Likewise, eight were identified as *Exchange of services*, while only two can be defined as *Building Social Connections*.

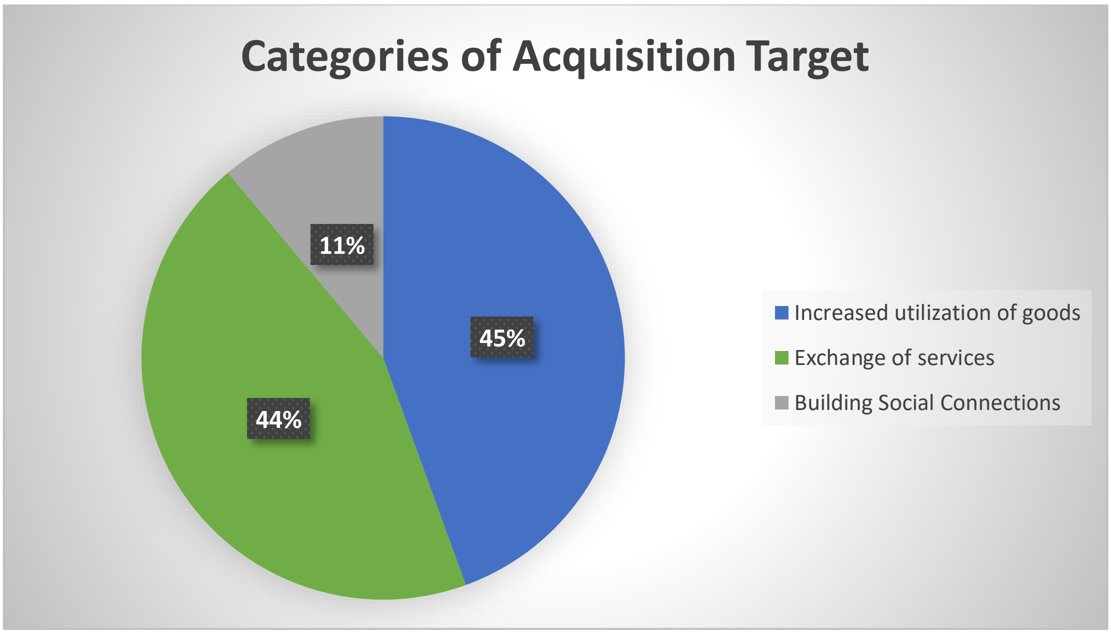

FIGURE 16: CATEGORIES OF ACQUISITION TARGET – SELF-PROVIDED

This revealed some important consequences. Not only are the categories *Recirculation of goods* and *Sharing of productive assets* not represented, but only two acquisitions were about Building Social Connections. This illustrates what type of platforms incumbent firms are targeting when acquiring a sharing economy platform. The results suggest that incumbent firms are more interested in commercially driven platforms that aim to maximize revenue and are less concerned about building social connections. In fact, the acquisitions are more about the provision of goods and services, than about the social exchange that the sharing economy was associated with in the past. Onefinestay, acquired by AccorHotels, illustrates this phenomenon well. The platform promotes luxury rentals of peers and takes a 50% fee on the transaction to list, clean and prepare the property. Social interaction between the guests and the homeowner is non-existent, as guests can unlock the homeowner's door with the means of the app Sherlock.

The observed phenomenon of reduction of social interactions is not only applicable to hospitality platforms, but also to mobility services. Our analysis revealed that none of the acquisitions in the sharing economy involved a target from the P2P car sharing. However, we identified that the majority (4/10) of the acquisitions involved a Ride Hailing service provider with P2P exchange of services, as shown in Figure 17.

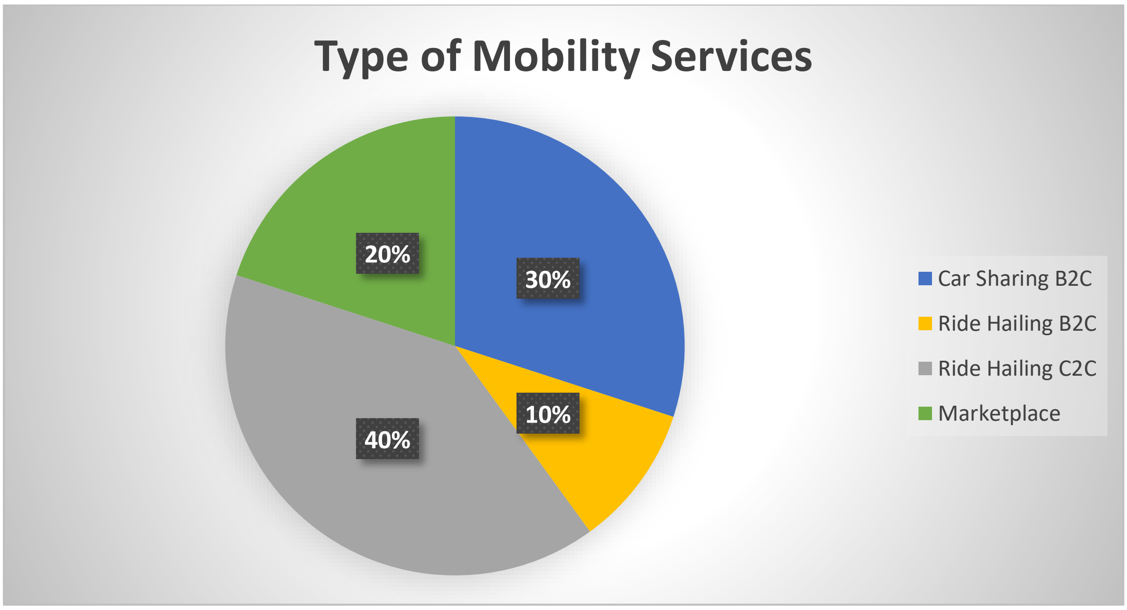

FIGURE 17: TYPE OF MOBILITY SERVICE – SELF-PROVIDED

The Zipcar case illustrates an example of non-P2P rental. Cars are supplied by the Avis Budget Group, that purchases cars from the manufacturer in large quantities. The cars are then parked at several locations for people seeking to rent a car. With a mobile app, users can access the car and drop the car at a point of their choosing without the need of human interaction. This business model is fundamentally not so different from incumbent car rentals. In fact, it requires less social interactions. When one is to rent a car from an incumbent rental company, the customer is required to go to a central rental location and a salesperson assists the customer through the renting process.

Industry

With regards to the applicable industries we discovered, that most acquisitions take place within mobility services and hospitality. Four of our six cases deal within these two industries. Furthermore, when reviewing the larger population of 18 incumbent firms acquisitions in the sharing economy, we are able to confirm this conjecture as Figure 18 illustrates.

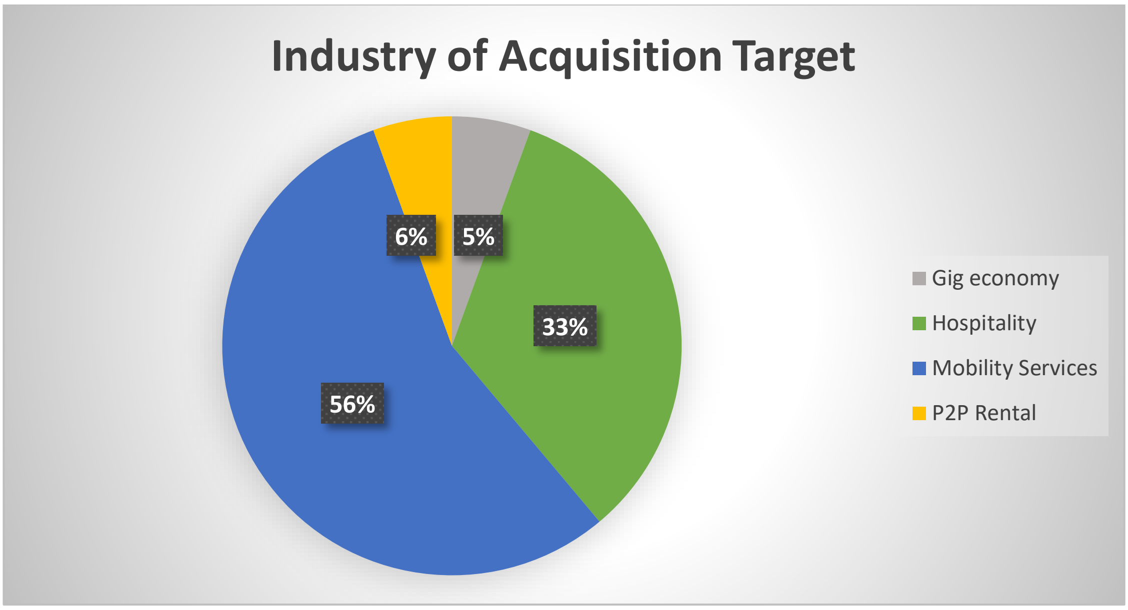

FIGURE 18: INDUSTRY OF ACQUISITION TARGET – SELF-PROVIDED

The acquisition of mobility services (car sharing, ride hailing, carpooling, marketplace) represents the largest amount of cases. From a total of 18 cases, 10 targeted companies offer solutions within mobility services. We find it is worth mentioning that not one single incumbent taxi firm acquired a ride hailing platform. According to Olson & Kemp (2015), taxis have a distinguished disadvantage as they do not allow two-sided rating system. Apart from Cusumano (2015), French (2015) and Miller (2016), there is little research suggesting how these taxi companies may compete with sharing economy platforms. Existing literature suggests that differentiating and requiring strict government regulations are ways to compete; however, none mention partnerships or acquisitions as an option.

The acquisitions in the hospitality segment of sharing economy platforms represents the second largest group with six out of 18 cases. Here we identify that mostly traditional hotel chains have invested in sharing economy alternatives. Moreover, the online travel agency Expedia, bought the sharing economy platform HomeAway. Cusumano (2015) argues that sharing economy platforms within hospitality have the distinct advantage of lower capital needs in comparison to their incumbent peers in the industry.

Only the two remaining acquisitions, which were part of the analysis, belong to other industries. TaskRabbit which is in the gig-economy and YardClub, a P2P exchange of equipment. These observations illustrate how relevant the hospitability and mobility service segments are within the sharing economy environment.

6.3 Categories of Incumbent Firm

The following section is going to discuss the different types of incumbent firms that were involved in an acquisition of a sharing economy platform. This categorization reveals important patterns among incumbent firms that were linked from the findings of the single and cross-case analysis. By reflecting on the strategic aim, integration as well as the business model, we were able to fuse the findings and lay out implications for practitioners and academia.

The Manufacturer

The car manufacturers are the ones that according to Olson & Kemp (2015), will be impacted the most from the sharing economy as the need for car ownership decreases. The manufacturer's business model relies on people owning vehicles. The sale of ownership is the most important revenue stream for the manufacturer.

The automotive value chain is experiencing significant transformations. The Daimler case illustrates the impact of changing customer behavior on its value chain. Daimler evolved from a mere manufacturer to offering mobility services. Figure 19 illustrates how Daimler has entered the downstream segments in the value chain.

Investments into mobility services is a crucial industry overarching trend as the industry overview revealed. With investments, we not only refer to acquisitions but also to green field investments and partnerships. Among others: Hertz's and Enterprise's green field investments in their own urban car sharing platform, and Daimler's and BMW's early partnerships with car2go and DriveNow exemplify the variety of investments. Car manufacturers such as Ford, Seat, BMW, Daimler and Toyota, only to mention a few, have all been involved in numerous investments in mobility services. Hence, they have entered the downstream segments in the value chain as well.

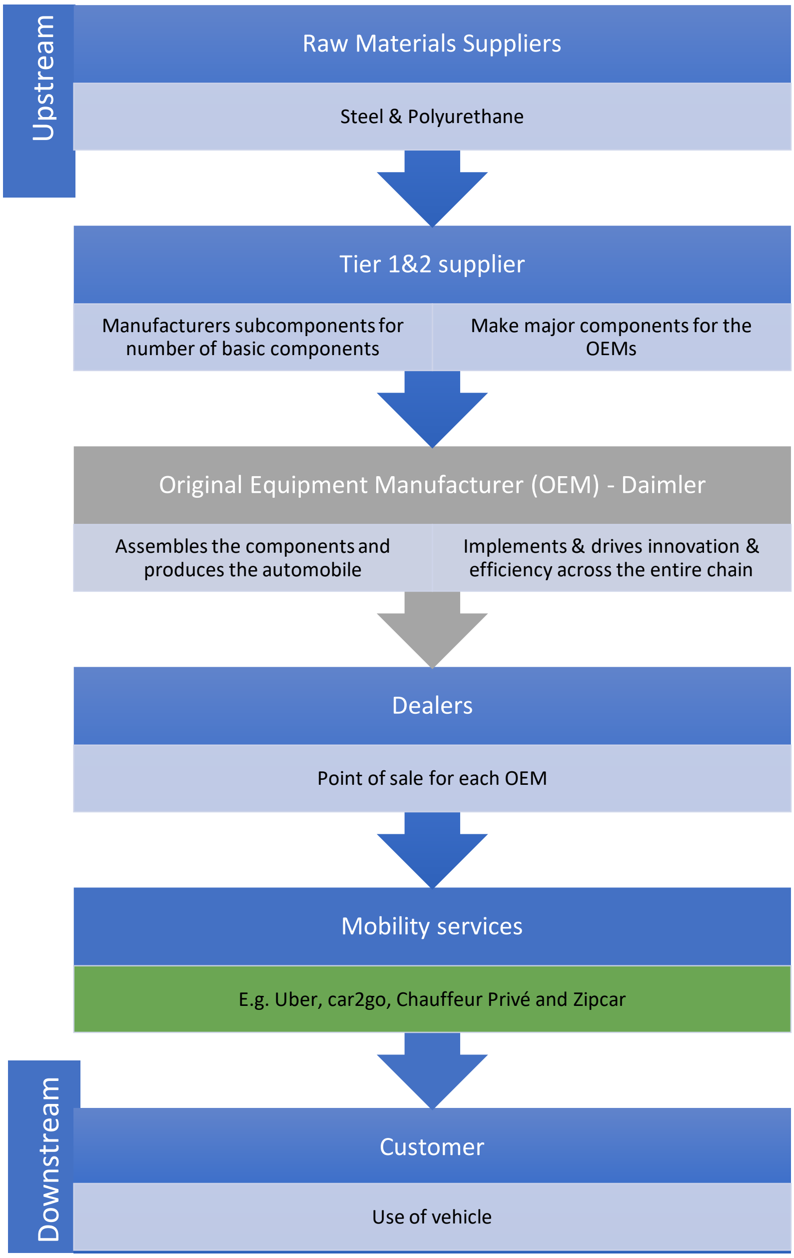

FIGURE 19: CAR MANUFACTURER VALUE CHAIN – SELF-PROVIDED

Krommes & Schmidt (2017) suggest that most of the mobility services require knowledge, resources and infrastructure that are far from the car manufacturer's core business. These capabilities and resources are often acquired through partnerships and acquisitions. Daimler has done so in the past with car2go. Daimler's most recent acquisition of Chauffeur Privé as well as its announcement to establish a joint venture with BMW, aim to develop, expand and consolidate the market. Academics (Krommes & Schmidt, 2017), as well as practitioners (Sachgau et al., 2018) argue that BMW and Daimler are performing well, due to their auspicious customer access, as well as established market relevance through several past acquisitions. Appendix 6 illustrates Daimler's commitment through various investments into different categories within mobility services and shows its complex structure. Daimler's mobility services merger with BMW's mobility services is just another step that combines and strengthens both companies positioning within the field (Daimler, 2018h; Sachgau et al., 2018; The Associated Press, 2018).

Recent academic publications have investigated exactly why car manufacturers are evolving from pure manufacturer with focus on development, manufacture, and sale of vehicles to transforming their business model to become integrated mobility service provider (Krommes & Schmidt, 2017; Lazarus et al., 2018; Meyer & Beiker, 2014). Appendix 8 offers an overview of the degree to which incumbent car manufacturers can be involved in Mobility services, provided by Krommes & Schmidt (2017). Our findings confirm that Daimler is evolving to an integrated mobility service provider with a wide portfolio of mobility products. Krommes & Schmidt (2017) suggest that by offering mobility services, car manufacturer such as Daimler will gain deeper insights into customers' mobility behaviors as well as increase brand loyalty. These reasons suggest that the aforementioned acquisitions are also motivated by long term strategic intentions. They will be a key success factor for the car manufacturer's future business model.

Similarities can be found in the Case of Caterpillar. Of the six studied cases, two incumbent companies were primarily manufacturers. The first being Daimler, the second one being Caterpillar. For Caterpillar, we can see a similar development; from manufacturer to a further downstream integrated value chain. As the analysis revealed, Caterpillar has strengthened its positioning in the downstream value chain through its sound distribution channel, as illustrated in Figure 20. This case revealed that, similar to the Daimler case, it followed a horizontal strategic aim as per the Håkanson framework. The acquisition was in fact about *Extending existing resources*. Here again, the emphasize lies on *existing*, as Caterpillar already had invested in IoT. Through this acquisition, Caterpillar further strengthened its technological capabilities to be able to offer a stronger integrated value proposition to its customers. This acquisition is thus in accordance with Chaudhuri & Tabrizi, (1999), who suggest that success is no longer determined on the success of a product, but the company's ability to build on exceptional, develop or incorporate new technologies, and adjust them to fit new markets.

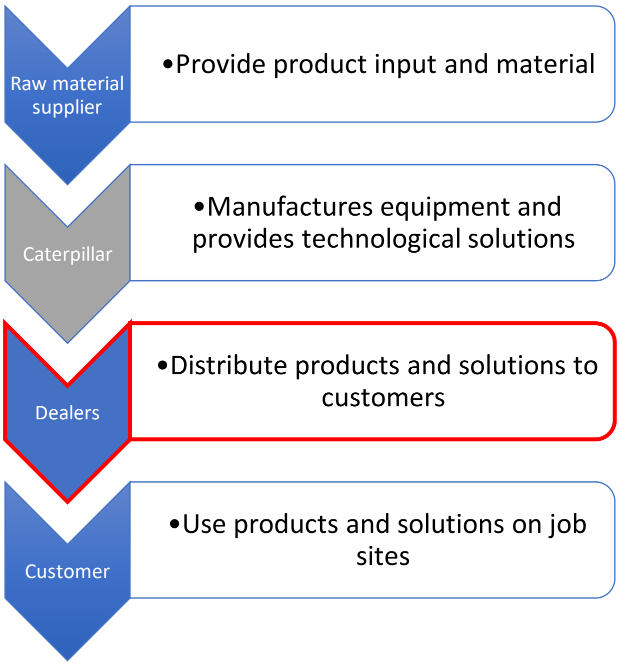

FIGURE 20: CATERPILLAR VALUE CHAIN – SELF-PROVIDED

Daimler and Caterpillar are representing a category we call *The Manufacturer*. Both companies are large in size and although their core business lies in the manufacturing of goods, they illustrate commitment to the downstream value chain through their investments. More importantly, due to decreasing ownership, the Manufacturer's revenue streams are exposed and might pose problems in the long run. By positioning themselves further downstream, the Manufacturer increases its customer reach by providing goods and services, in the form of access to the customer. In this case the customer's choice of ownership over access is primarily price driven. Their commitment in the downstream value chain emphasizes how these businesses have evolved from a mere manufacturer to an integrated actor along the value chain. The reason why we found Daimler's and Caterpillar's strategic aims as well as integration to be horizontal, is in fact due to their evolvement into a player within the related downstream value chain.

The Distributor

Zipcar is similar to Chauffeur Privé, a broadly defined mobility service provider. However, unlike Chauffeur Privé which was bought by Daimler, a Manufacturer, Zipcar was acquired by Avis Budget Group, a *Distributor*. Distributors represent the other spectrum regarding the types of acquirer. We identified three distributors: Expedia, AccorHotels and Avis. As the findings illustrate these acquisitions were mostly about gaining access to customers that were previously difficult to reach due to their changing preferences. The literature review suggests that these preferences include ecological, economic and social traits (Plewnia & Guenther, 2018).

Interestingly, these three acquirers already have a business model where customers rely on access over ownership. In the cases studied, none of the incumbent firms under this type have an exchange of ownership. However, the key difference lies in the type of customers they are able to serve. In all three cases, the customers of these sharing economy platforms had needs that the incumbent firms were unable to match with their current portfolio of products and services. These preferences typically include: flexibility, more comprehensive features, urban coverage and unique and authentic products or services (Chen & Schuckert, 2016; Jones, 2017; Ryerson University, 2016). Therefore, through these acquisitions, the incumbent firm is repositioning itself with a complementary business model to serve these additional customers. The integration strategy strongly suggests that these platforms will not disappear but will continue to operate in the market. That is because both business models must operate in order to serve the customer of both the sharing economy platform offering and the incumbent firms offering. In all three cases, we can validate that the sharing economy's business is maintained after the acquisition.

On the one hand, HomeAway and Onefinestay are both accommodation providers and rely on peer supply. They are therefore significantly different from their incumbent counterparts as they require individuals as opposed to businesses as suppliers. Thus, they have a much higher incentive of creating a favorable environment for the peer suppliers. That is because the utility of the platform increases as the number of users increases. If supply decreases, the demand side has less choice and might seek alternatives elsewhere. On the other hand, Zipcar does not rely on peers as supplier. It was simpler to create synergies for the Avis Budget Group as it could combine resources more effectively such as fleet utilization. In fact, the business model of Zipcar is essentially not that different from the incumbent counterpart. Both rely on a fleet that is not provided by peers and is hence relatively capital intense. Zipcar essentially provides a customer value proposition that is more flexible compared to conventional rentals.

Concluding, we observed that Zipcar's as well as Onefinestay's and HomeAway's business model can be seen as complementary to their acquirer's traditional business model. That is because they are essentially serving customer segments with different preferences. These cases represent the category of the Distributor. As illustrated, from the very beginning, the Distributor's business model relies on access. Whereas the acquirer type Manufacturer, relied on ownership in its business model. The Manufacturer opposed to the distributor, integrates the business model in its overall value proposition to create a better value offering.

The Maverick

IKEA represents a unique case; we therefore name the type Maverick. On the one hand, it could be regarded as a Manufacturer, although not primarily as it is involved in the production of furniture. IKEA, similar to Daimler and Caterpillar, relies on sale of ownership as key revenue stream. It also possesses elements comparable to the Manufacturer in the sense that it wants to differentiate its product offering from its competitors by providing additional services. On the other hand, it is similar to the Distributor category as IKEA is primarily a furniture Distributor. In fact, IKEA aims to provide a better value proposition to customers who do not wish to assemble their furniture themselves. Analogous to the Distributor category, IKEA was unable to serve these customers with its current portfolio of products and services. Thus It is comparable to the Distributors, as it aims to reach customers that were previously unattainable.

The acquisition of IKEA is clearly vertical, and provides a vertical strategic aim and integration. Although this would suggest that IKEA is entering the downstream value chain, TaskRabbit's operations, logically, cannot be considered to be a part of a furniture value chain (see Chapter 5). The case represents a unique category as the acquirer is primarily a distributor but secondary also a manufacturer. The acquisition represents the only category where the type of the acquisition was truly vertical. In conclusion, IKEA aims just like every other player to increase its revenues by serving more customers.

Table 8 summarizes the different categories of incumbent acquirers. As previously outlined, we discussed three distinguished categories of cases: *Manufacturer*, *Distributor*, and *Maverick*. From the perspective of the incumbent firms, sharing economy platforms represent a lucrative revenue alternative as well as a differentiation opportunity. If the access over ownership trend is to continue, incumbent firms that can be categorized as *Manufacturer*, can learn from Daimler's and Caterpillar's lessons and may seek to acquire access-alternatives in the sharing economy. This strategy leads to not only reaching more customers but may also lead to a value proposition that is more customer centric. This can be realized through the generation and analysis of data as each transaction generates identity, location, time-of-day, and behavioral data (Wallenstein & Shelat, 2017c).

Incumbent firms in the category *Distributor,* may seek acquisitions in the sharing economy in order to differentiate and complement their current business model with a value proposition that is perceived as unique by the end customers in the sharing economy. Finally, IKEA represents the category of the *Maverick* in which incumbent firms may acquire sharing economy platforms in order to provide a holistic value proposition that encompasses not only a good, but also a service.

	Strategic aim	Example	Progress	Business Model
Manufacturer	Long-term strategic intention to integrate downstream in value stream. Provide more integrated value proposition to customer and provide access to products and services.	Daimler Caterpillar	Acquisitions have horizontal strategic aims as companies have progressed to fully represent downstream role (consolidation)	**Integrated business model**
Distributor	Reach more people through the acquisition. Target group that were previously not reachable as product offering differs. Provide unique offering of sharing economy.	Accor-Hotels Avis Expedia	Acquisitions have horizontal strategic aims as they serve the same industry (diversify customer base)	**Complementary Business model**
Maverick	Differentiation and added features to reach wider scope of customers	IKEA	Vertical strategic aim – part of IKEA's plan to serve products to wider target group	**Integrated Business model**

Table 8: Categories of Incumbent Acquirers – Self-provided

For sharing economy platforms, our findings suggest that entry barriers are increasing as established platforms gain power through their networking effects. Our thesis particularly focused on the mobility service and hospitality segment in the sharing economy. For established sharing economy platforms such as Airbnb and Uber, their horizontal acquisitions suggest a consolidation of the market. Our findings suggest that the emergence of incumbent firms in the context of the sharing economy causes established platforms to face competitors with strong financial muscles. Indeed, for new entrants in hospitality and mobility services, our findings suggest that market barriers are rising through increasing consolidation. However, other segments within the sharing economy, we argue are less saturated and might represent vast opportunities to capture customers and disrupt industries.

6.4 Effects on the Sharing Economy Environment

The previous section discussed key implications for the types of acquisition targets as well as the types of acquirer. Besides discussing the incumbents strategic aim of the acquisition, we detected that incumbent firms primarily target commercially driven platforms. This section will discuss further implications on the sharing economy environment following the acquisitions. The findings from this thesis suggest that the sharing economy platforms are expanding globally after acquisition; through the acquisition we see imposed business model changes that reflect a change away from social interaction.

Global Expansion

The cases in our study that involved P2P exchange, unlike Zipcar, are: Onefinestay, Chauffeur Privé, HomeAway, YardClub and TaskRabbit. Schor (2014) argues these platforms generate revenue per transaction as they take a fraction on each transaction. Therefore, the aim of these is to increase the number of transactions. This suggests there are strong incentives to expand the platform to grow the customer base in order to drive up the number of transactions. Schor (2014) argues, that the introduction of venture capitalists into the sharing economy have changed the dynamics of sharing economy platforms. She argues that the dynamics changed from serving a locally based community to platforms that are expected to rapidly expand to maximize profits. This is something that we are able to confirm through our observation in our case studies. Appendix 5 suggests, five out of six case studies are expected to reach more customers in larger geographical areas. The exception, YardClub, is going to be absorbed and its services are likely to disappear in the foreseeable future.

In fact, the acquirer, with its financial strength and global presence is expected to leverage the platform globally. This can be seen particularly in Zipcar which was acquired by Avis Budget Group. After the acquisition in 2013, Zipcar was launched globally within only four years. US based company TaskRabbit, which was acquired by IKEA, is now available in the UK and is expected to go global soon. Chauffeur Privé is expected to be part of a large initiative, in which Daimler aims to globally serve customers with mobility services. Onefinestay integrated and consolidated its acquired platforms in the luxury rental market to serve larger customer base across the globe.

Decreasing Social Aspect

To sum up, B2C platforms create revenue by maximizing the revenue per transaction, in contrary, P2P platforms create revenue per transaction. One can observe that these platforms often extract a lower fee than established businesses which make them a competitive alternative. As long as there is competition the peers should be able to capture a higher fraction of value, due to the risk of peers leaving a platform to a competing alternative. As suggested earlier we can see that the industry is consolidating and that fewer players increase their market share. Another effect of the consolidation is the increase of market entry barriers, as the initial idea of these platform is to build a network effect, where the more peers are part of the network the higher the added value is. As the key players gain power and increase their network effect, it will be harder for smaller players to compete over customers that already use existing platforms networks. Thus, there are indications that the sharing economy is starting to develop similar characteristics to "traditional markets" where incumbent firms set market barriers that limit smaller competitors access to the market. In addition, a consolidated market suggests dominant players have more pricing power (Grant, 2016). These effects are perceived negatively for the consumer and the peer supplier (that is if there is a peer as supplier).

Airbnb for example increased its fees from 15% to 20%. Our findings from the business model are consistent with this expectation. Similarly, the case of Expedia and HomeAway suggest unfavorable changes in the customer value proposition. As the platform altered their search algorithm to create a "best match" for the customer. To consumers, the "best match" mechanism offers added value; however, sharing economy platforms are also providing services to the supplier as they aim to connect peers. This led to unhappy homeowners for HomeAway. Homeowners could no longer pay a higher subscription fee to increase their search results.

There is an emergence of service providers such as Airsorted, Homekey and HostMinded that offer services to Airbnb peer suppliers (Airsortet, 2018; Homekey, 2018; HostMinded, 2018). These services include: handling of all contact with the guest, cleaning and often the installation of key solutions that do not require any physical presence of the host. These innovations facilitate sharing (Wallenstein & Shelat, 2017c); however, P2P contact and social connections lose value in the sharing economy. Similarly, Onefinestay offers the installation of key solutions. Moreover, homeowners do not meet the guests at any given time. Hence, the social interaction is left to the third-party platform. The HomeAway case provides further insights as the social connection between the homeowner and the guest declined after it was acquired by Expedia, creating less social interactions between peers.

Furthermore, the Zipcar case illustrates some adverse effects on the environment and social values within the sharing economy. Zipcar claims that 40% of its customers are either selling their car or repress a purchasing decision of a car (Frankel, 2008). Likewise, Canadian car sharing service Communauto calculated a 13.000 ton reduction in CO2 emission by its 11.000 members in Quebec. Although Keegan (2009) argues that paying by the hour (Zipcar's business model) does indeed create strong incentives to cut back on driving, it arguably does not reduce CO2 emission (Belk, 2014b; Martin & Shaheen, 2011; Schor, 2014). Zipcar's business model does not rely on peers as suppliers, but it purchases its fleet together with Avis Budget Group. Due to its discounts, these cars are not long after the acquisition sold to the secondary market, often at a profit (Kell, 2013). Therefore, it does not increase the utilization of existing assets, in contrary, it purchases a new fleet. This fundamentally questions the effects that many sharing economy platforms are associated with. The same applies to car2go, DriveNow, Enterprise carsharing, and ultimatively every platform that labels themselves as "car sharing" when the fleet is supplied by the company. For car sharing platforms supplied by businesses, the car ownership shifts to companies that grant access to the car fleet for a fee.

Our analysis regarding the acquisition of Zipcar by Avis Budget Group revealed that the acquisition was about buying a competitor and its customer base, rather than about sharing practices. This is where one must emphasize the difference between sharing economy practices and collaborative consumption. Collaborative consumption is much more about unlocking the untapped and underutilized potential of the asset and making them available for other peers (Botsman & Rogers, 2010; Dredge & Gyimóthy, 2015). Zipcar's customer base was increasing rapidly prior to the acquisition and attracted young, urban, rather wealthy consumers who were enticed by Zipcar's vanguard technology (Frankel, 2008). The analysis concluded that the acquisition was much more about the acquisition of an attractive, technology-savvy platform than about a sincere sharing economy platform.

7. Limitations

This chapter will provide an overview of the limitations of this thesis. First, the limitations regarding scope will be discussed before we review limitations regarding the methodological approach. Our research was not conducted under prefect circumstances, hence resulting in certain limitations for our research. We are aware of the limitations and wish to provide recommendations of how future research can provide additional insights.

7.1 Limitations

This Master's Thesis was limited with regards to the scope, which were conscious choices outlined in Chapter 1.4 Thesis Delimitation. Due to the novelty of the phenomenon this research is investigating, the sample size was limited to 18 cases. The case selection of this Thesis comprehended six cases that were studied in-depth in order to answer our research question. Although the sample size is relatively small, it represents one third of the whole sample size. We applied a selective and purposeful sampling method to represent categories of sharing economy platforms that were most frequently targeted (outlined in Chapter 4.6). As the sample size is limited to six cases, our findings do not necessary represent the whole truth, but they do provide valuable insights into the logics behind acquisitions considering the positioning in the value chain of the incumbent firm.

With regards to the methodological limitations, we outlined in Chapter 4.7 how we aim to mitigate limitations in our research design. In the data collection, we were able to triangulate our data sources. However, we encountered some difficulties in doing so for some of our cases. In the case of Daimler-Chauffeur Privé and IKEA-TaskRabbit we identified scarce communication from the acquisition target. Furthermore, we discovered a lack of completion in integration. As mentioned throughout this thesis we discovered some adverse results regarding the integration strategy. For example, in the case of Daimler-Chauffeur Privé and Avis-Zipcar. Thus, our findings provide merely indications instead of conclusive evidence about the realized integration strategies.

Lastly, although trying to avoid the occurrence, we cannot be certain of the lack of researcher bias. To some extent the research is influenced by a personal interpretation and judgement as we follow the interpretivist research philosophy. This means there is a risk of misinterpretation. However, throughout the data coding process we categorized the information based on the source. This increased our awareness of the authors' social context. In addition, writing this research in pair, we have made each other aware of biases.

7.2 Future Research

The aim of this Master's Thesis was to generalize our findings from the case studies. We gained an understanding of the phenomenon through the use of representative selection of cases. This increased the validity and generalizability of our findings. For future research, additional cases of acquisition in the sharing economy may provide a larger data source. Moreover, future research can provide more in-depth studies with regards to the categories that we identified as Manufacturer, Distributer, and Maverick. Furthermore, research can provide a more in-depth approach by the collection of primary data sources through interviews.

The last section of the discussion provided insights on the effects incumbent acquisitions cause in the context of the sharing economy environment. Due to the novelty of these acquisitions, our research regarding the degree of change in business models of sharing economy platforms, could not be conducted to a full extent. For example, in the Daimler-Chauffeur Privé case, we could not identify significant changes. However, as already discussed, the recent nature of the acquisitions mean the integration processes was not concluded at the time of the data collection. Therefore, it is too early to conclude how these acquisitions have affected the environment of the sharing economy through changes in the components of the business model. Future research could investigate how these business models are affected after they were fully integrated. In the long run, we would assume that the cases reveal more information about how redundancies were reduced, and synergies were achieved. This particularly applies to the key processes and key resource components in the business model. In the example of Chauffeur Privé, we would expect Daimler to create one overarching application for mobility. This affects components such as fleet management, customer support and overhead functions.

8. Conclusion

The sharing economy has created alternative ways of doing business that have disrupted industries since they caught traction after the financial crisis. We have revealed the profound impact these platforms have in some industries. The literature suggested three strategies to compete with these businesses: compete through differentiation, partner, or acquire. The latter was the focus of our thesis. This thesis answers the following research question: "*What drives incumbent firms to acquire sharing economy platforms?"* We further specified this research by asking the following sub-question: "*What are the incumbents' strategic aim and integration strategy?"* Finally, we provided insights on the effects of the sharing economy environment. We outlined this as a central future research theme.

We have identified three categories of incumbent firms, and what drives them to acquire sharing economy platforms. The *Manufacturer* category represents those companies that have their core business as a manufacturer in the value chain. Our findings prove Daimler and Caterpillar belong to this category. Over the years, these manufacturers have entered the downstream segment of the value chain. Their acquisitions of sharing economy platforms were motivated by strengthening their positioning in the downstream segment. As manufacturers rely on ownership over access, the sharing economy represents a threat to this category. However, by acquiring and entering the distribution channel of sharing economy platforms, the manufacturer is repositioning itself to offer an integrated business model that serves the customer not only through ownership but also access.

In the *Distributer* category, customers already relied on access over ownership, opposed to the category of the *Manufacturer*. We identified these acquisitions to be motivated by reaching more customers. By offering an additional, complementary business model, these distributors are now able to increase their product and service offering to meet customer preferences. Zipcar, HomeAway and Onefinestay are all complementary offerings to the existing products and services provided by Avis, Expedia and AccorHotels respectively.

Finally, we identified that IKEA's acquisition of TaskRabbit was unique in the sense that it cannot be categorized under either categories. We therefore refer to this category as the *Maverick.* It is unique as the acquisition was motivated by providing a service as an extension to IKEA's core products. As a company, IKEA remains reliant on sale of ownership as opposed to access.

As the literature suggests, we also discover the integration process in the six cases to be highly complex and individualized. In none of the cases we analyzed, we consider the integration process to be completed. However, due to the Håkanson (1995) framework we were able to sort the integration strategies into four main groups, where we discovered *Holding, Preservation* and *Absorption,* to be used as integration strategies in the cases we analyzed. We found a clear connection between the strategic aim and the integration strategy as suggested in the Håkanson framework.

Furthermore, our findings have some implications on the context of the sharing economy. We discovered that the acquisition targets are within a discipline that is primarily motivated by economic factors; as opposed to social and environmental motivations that the sharing economy is associated with. In addition, through these acquisitions, we observed changes in the business model of companies that lower the social impact of the platforms. Instead of focusing on a local community and reducing the middleman's share of the profit, these platforms are rapidly expanding and increasing their share of each transaction.

Based on our research we were able to present new findings that challenge the status quo in the sharing economy and that have some major implications on the future of the sharing economy. Through the merge of traditional businesses with sharing economy businesses, we observe that product and service offerings of incumbent firms are becoming more and more flexible. The sharing economy environment is likewise affected by the merge of two market logics, less social and profit maximization. Customers may now enjoy a greater variety of products and services from incumbent firms, but they are also increasingly limited in the choice of suppliers of these products and services as the sharing economy market is consolidating. In the future, we expect the sharing economy to be gradually more embedded into the traditional environment of incumbent firms.

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Appendix

Appendix 1: Sharing Economy Definition Table

AUTHOR	MAIN AREA	DEFINITION
(Schor and Fitzmaurice, 2015)	Participation strategic aim / is it environmentally friendly	What specific characteristics make these forms of exchange part of the "sharing economy," rather than novel market forms?
(Matofska, 2014)	Definition and 10 building blocks	The Sharing Economy is a socio-economic ecosystem built around the sharing of human and physical resources. It includes the shared creation, production, distribution, trade and consumption of goods and services by different people and organisations.
(Dyal-Chand, 2015)	Regulation / revolution of sharing markets	A sharing economy takes a variety of forms, often leveraging information technology to empower individuals, corporations, non- profits and government with information that enables distribution, sharing and reuse of excess capacity in goods and services. A common premise is that when information about goods is shared (typically via an online marketplace), the value of those goods may increase, for the business, for individuals, and for the community. => but this comes from Wikipedia
(Olson and Kemp, 2015)	1) SE enablers 2) sub-sectors of SE **3) impact to existing businesses**	companies who connect business needs to individuals who may offer their services when it is convenient for them (i.e. with extra time at night or on a weekend), with few making it their primary source of income;
(Miller, 2016)	Regulation – 10 principles	an economic model where people are creating and sharing goods, services, space and money with each other.
(Botsman, 2013)	Lack of shared definition	**Collaborative economy** "An economy built on distributed networks of connected individulas and communities as opposed to centralized institutions, transforming how we can produce, consume, finance and learn. **Collaborative consumption** An economic model based on sharing, swapping, trading or renting products and services enabling access over ownership. It is reinventing not just what we consume but how we consume." **Sharing economy** An economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits. It is largely focused on P2P marketplaces.
(Richardson , 2015)	Socially revolutionary to	The sharing economy refers to forms of exchange facilitated through online platforms, encompassing a

	include or business as usual?	diversity of for-profit and non-profit activities that all broadly aim to open access to under-utilised resources through what is termed 'sharing'.
(Cusumano, 2015)	Incumbent firms	"… web platforms that bring together individuals who have underutilized assets with people who would like to rent those assets short-term."
(Puschmann and Alt, 2016)	General	collaborative consumption made by the activities of sharing, exchanging, and rental of resources without owning the goods. by Lessig
(Lessig, 2008)	General - Definition	"collaborative consumption [is] made by the activities of sharing, exchanging, and rental of resources without owning the goods"
(Posen, 2015)	Ridesharing and regulation	"facilitates community ownership, localized production, sharing, cooperation, small- scale enterprise, and the regeneration of economic and natural abundance.
(Santana and Parigi, 2015)	Risk aversion and Engagement in SE	"…ecosystem of providers and consumers of temporary access to products and services."
(Rifkin, 2001)	Access based consumption	The Age of access - The New Culture of Hypercapitalism
(Stephany, 2015)	The business of sharing: Making it in the new sharing economy	Not known who first came up with the terminology

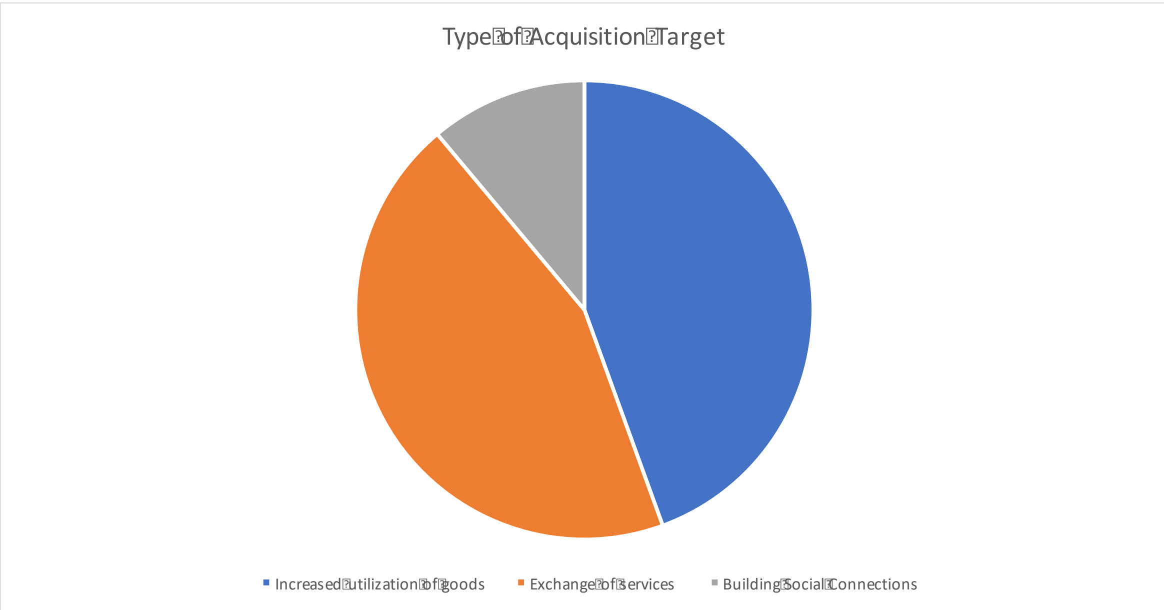
Appendix 2: Acquisition Overview in the Sharing Economy

Acquired	Acquirer	Type	Industry	Date of Dea	Year of the Deal	Category
Mobike	Meituan-Dianping	Horizontal Competitor	Mobiility service	04.04.2018	2018	1
RoundMenu	Careem	Horizontal Competitor	Mobiility service	03.04.2018	2018	1
AND CO	Fiverr	Horizontal Competitor	Mobiility service	24.01.2018	2018	1
99	Didi Chuxing	Horizontal Competitor	Mobiility service	04.01.2018	2018	1
Foodpanda	Ola	Horizontal Competitor	Mobiility service	19.12.2017	2017	1
TemanJalan	Line Indonesia	Horizontal Competitor	Social Network	23.11.2017	2017	1
AdBasis	Airbnb	SE Tech	Hospitality	16.11.2017	2017	2
Accomable	Airbnb	Horizontal Competitor	Hospitality	16.11.2017	2017	1
YesGraph	Lyft	SE Tech	Mobiility service	10.08.2017	2017	2
DataScore	Lyft	SE Tech	Mobiility service	10.08.2017	2017	2
VeedMe	Fiverr	Horizontal Competitor	Mobiility service	27.05.2017	2017	1
bokarum.com	Gaest	Horizontal Competitor	Hospitality	15.05.2017	2017	1
Guiides	LeaveTown.com Vacation	Horizontal Competitor	Hospitality	11.05.2017	2017	1
ShareShed	LeaveTown.com Vacation	Horizontal Competitor	Hospitality	11.05.2017	2017	1
Deco Software	Airbnb	SE Tech	Hospitality	02.05.2017	2017	2
Juno	Gett	Horizontal Competitor	Mobiility service	27.04.2017	2017	1
KuDo	Grab	Horizontal Competitor	Mobiility service	03.04.2017	2017	1
DogVacay	Stayhound	Horizontal Competitor	Gig economy	30.03.2017	2017	1
FinitePaths Inc.	Lyft	Horizontal Competitor	Mobiility service	20.03.2017	2017	1
Roost	Spacer	Horizontal Competitor	Mobiility service	14.03.2017	2017	1
Tilt	Airbnb	Horizontal Competitor	Hospitality	23.02.2017	2017	1
Luxury Retreats	Airbnb	Horizontal Competitor	Hospitality	17.02.2017	2017	1
Taxibeat	mytaxi	Horizontal Competitor	Mobiility service	16.02.2017	2017	1
Geometric Intelligence	Uber	SE Tech	Mobiility service	05.12.2016	2016	2
8spaces	FlySpaces	Horizontal Competitor	Mobiility service	28.11.2016	2016	1
Qeerad	Mountain Partners	Horizontal Competitor	Mobiility service	06.10.2016	2016	1
Trip4real	Airbnb	Horizontal Competitor	Hospitality	19.09.2016	2016	1
Otto	Uber	Horizontal Competitor	Mobiility service	18.09.2016	2016	1
Uber China	Didi Chuxing	Horizontal Competitor	Mobiility service	01.09.2016	2016	1
Bluemove Carsharing	Ulbeeqo	Horizontal Competitor	Mobiility service	09.05.2016	2016	1
ChangeTip	Airbnb	Horizontal Competitor	Hospitality	13.04.2016	2016	1
Savaree	Careem	Horizontal Competitor	Mobiility service	30.03.2016	2016	1
Qarth	Ola	SE Tech	Mobiility service	21.03.2016	2016	2
CycleSwapNow	Spinlister	Horizontal Competitor	Sharing platform sport gear	16.03.2016	2016	1
Spielersolutions	mShipper	Horizontal Competitor		15.03.2016	2016	1
Airvy	Campanda	Horizontal Competitor	Rental Booking	15.01.2016	2016	1
Carnomise	TravelCar	Horizontal Competitor	Mobiility service	25.11.2015	2015	1
Geotagg Technologies Pvt. Ltd.	Ola	SE Tech	Mobiility service	11.11.2015	2015	2
FlexiDrive.se	SnappCar	Horizontal Competitor	Mobiility service	20.10.2015	2015	1
Lapka	Airbnb	Horizontal Competitor	Hospitality	28.09.2015	2015	1
Vamo	Airbnb	Horizontal Competitor	Hospitality	11.09.2015	2015	1
Zirtual	Startups.co	Horizontal Competitor		11.07.2015	2015	1
carpooling.com	BlaBlaCar	Horizontal Competitor	Mobiility service	15.04.2015	2015	1
HagamosPool.com	Tripda	Horizontal Competitor	Mobiility service	01.04.2015	2015	1
deCarta	Uber	Horizontal Competitor	Mobiility service	03.03.2015	2015	1
TaxiForSure.com	Ola	Horizontal Competitor	Mobiility service	02.03.2015	2015	1
Amovens	GoMore	Horizontal Competitor	Mobiility service	02.03.2015	2015	1
Pencil Labs	Airbnb	Horizontal Competitor	Hospitality	02.12.2014	2014	1
Corral Labs	Lyft	Horizontal Competitor	Mobiility service	22.09.2014	2014	1
Cherry	Lyft	Horizontal Competitor	Mobiility service	26.03.2013	2013	1
Lyft	Cherry	Horizontal Competitor	Mobiility service	26.03.2013	2013	1
Localmind	Airbnb	Horizontal Competitor	Hospitality	01.12.2012	2012	1
Fondu	Airbnb	Horizontal Competitor	Hospitality	03.10.2012	2012	1
NabeWise Media	Airbnb	Horizontal Competitor	Hospitality	01.07.2012	2012	1
Crashpadder	Airbnb	Horizontal Competitor	Hospitality	20.03.2012	2012	1
dailybooth	Airbnb	Horizontal Competitor	Hospitality	01.01.2012	2012	1
TaskRabbit b*	Ikea	Vertical	Gig economy	01.09.2017	2017	3
Flinc	Daimler	Horizontal traditional	Mobiility service	01.09.2017	2017	3
MyTaxi	Daimler	Horizontal traditional	Mobiility service	01.02.2016	2016	3
Homeaway	Expedia	Horizontal traditional	Hospitality	01.10.2016	2016	2
Zipcar a*	Avis	Horizontal traditional	Mobiility service	01.12.2012	2012	2
Wimdu	Wyndham Worldwide	Horizontal traditional	Hospitality	01.11.2016	2016	2
YardClub	Caterpillar	Horizontal traditional	Peer to peer rental	01.05.2017	2017	2
autoshare.com	Enterprise	Horizontal traditional	Mobiility service	01.03.2014	2014	2
SideTour	Groupon	Horizontal traditional	Hospitality	01.09.2013	2013	5
TripBod	Tripadvisor	Horizontal traditional	Hospitality	01.05.2014	2014	5
Chariot	Ford	Vertical	Mobiility service	01.09.2016	2016	3
Chauffeur Privé	Daimler	Horizontal traditional	Mobiility service	01.12.2017	2017	3
Respiro Car Sharing	Seat	Vertical	Mobiility service	01.02.2018	2018	2
Veeve	Wyndham Worldwide	Horizontal traditional	Hospitality	01.12.2016	2016	2
Accor Hotels	OneFineStay	Horizontal traditional	Hospitality	01.02.2017	2017	2
Beat	Daimler	Horizontal traditional	Mobiility service	01.01.2017	2017	3
RideScout	Daimler	Horizontal traditional	Mobiility service	01.04.2016	2016	3
Careem	Daimler	Horizontal traditional	Mobiility service	01.05.2017	2017	3

*1	
1) recirculation of goods	E.g. Ebay
2) increased utilzation of durable a	E.g. Zipcar, Airbnb and Couchsurfing
3) exchange of services	E.g. taskrabbitt and Zaarly
4) sharing of productive assets	E.g. like co working spaces
5) building social connections	E.g. Zirtual

Appendix 3: Case Overview: 18 Incumbent Firms Acquiring a Sharing Economy Platform

Acquisition Target	Incumbent firm	Type	Industry	Date of Deal	Year of Deal	Category (Schor, 2014; Schor and Fitzmaurice, 2015)
TaskRabbit	IKEA	Vertical	Gig economy	01.09.2017	2017	3) exchange of services
Flinc	Daimler	Vertical	Mobiility service	01.09.2017	2017	3) exchange of services
MyTaxi	Daimler	Vertical	Mobiility service	01.02.2016	2016	3) exchange of services
Homeaway	Expedia	Horizontal traditional	Hospitality	01.10.2016	2016	2) increased utilzation of durable assets
Zipcar	Avis	Horizontal traditional	Mobiility service	01.12.2012	2012	2) increased utilzation of durable assets
Wimdu	Wyndham Worldwide	Horizontal traditional	Hospitality	01.11.2016	2016	2) increased utilzation of durable assets
YardClub	Caterpillar	Vertical	P2P rental	01.05.2017	2017	2) increased utilzation of durable assets
autoshare.com	Enterprise	Horizontal traditional	Mobiility service	01.03.2014	2014	2) increased utilzation of durable assets
SideTour	Groupon	Horizontal traditional	Hospitality	01.09.2013	2013	5) building social connections
TripBod	Tripadvisor	Horizontal traditional	Hospitality	01.05.2014	2014	5) building social connections
Chariot	Ford	Vertical	Mobiility service	01.09.2016	2016	3) exchange of services
Chauffeur Privé	Daimler	Vertical	Mobiility service	01.12.2017	2017	3) exchange of services
Respiro Car Sharing	Seat	Vertical	Mobiility service	01.02.2018	2018	2) increased utilzation of durable assets
Veeve	Wyndham Worldwide	Horizontal traditional	Hospitality	01.12.2016	2016	2) increased utilzation of durable assets
Accor Hotels	OneFineStay	Horizontal traditional	Hospitality	01.02.2017	2017	2) increased utilzation of durable assets
Beat	Daimler	Vertical	Mobiility service	01.01.2017	2017	3) exchange of services
RideScout	Daimler	Vertical	Mobiility service	01.04.2016	2016	3) exchange of services
Careem	Daimler	Vertical	Mobiility service	01.05.2017	2017	3) exchange of services



Appendix 4: Coding of Cases

1. Caterpillar – YardClub

Name: Caterpillar (acquirer)
Website: https://www.caterpillar.com
Country of Origin: Illinois, United States
Number of employees: 98.400
Geographical coverage: Global
Mission: Our vision is a world in which all people's basic needs – such as shelter, clean water, sanitation, food and reliable power – are fulfilled in an environmentally sustainable way and a company that improves the quality of the environment and the communities where we live and work.
Revenue: $45 billion

Name: YardClub (acquisition target)
Website: https://www.yardclub.com
Deal Value: not disclosed
Headquarter: Bay Area, San Francisco (United States)
Founders: Colin Evran
Founded: July 01, 2013
Number of employees: 11-50
Number of users: 2.500 contractors and rental companies in 2016
Geographical coverage: Bay Area (United States)
Mission: to build technology for the men and women who build our world.
What we do: With next generation web and mobile apps, we make it easy for construction professionals to streamline communication, optimize utilization and remotely manage their owned and rented equipment fleet.
"Airbnb for construction" because of equipment owners' ability to make money on their equipment during down time and also because users can reportedly rent that equipment at below-market rates.
Revenue / Profitable: $9.5 million

Sources: https://www.crunchbase.com/organization/yard-club
https://www.caterpillar.com/en/company/history.html
https://www.caterpillar.com/en.html
http://www.wsj.com/articles/startup-matches-heavy-equipment-owners-and-renters-1432805583
http://www.wsj.com/articles/caterpillar-invests-in-an-airbnb-for-excavators-1431036654
https://social.techcrunch.com/2017/05/05/caterpillar-yard-club-acquisition/
https://www.constructionequipmentguide.com/caterpillar-acquires-tech-startup-yard-club/34160

1.1 Strategic aim

1.1.1 Technology acquisition

1.1.1.1 Communication acquirer

Thanks to the growth of IoT and telematics, it was now possible to constantly monitor machine health. Oberhelman explained that this type of constant attention to keeping its machines operational would be what the company stakes its future success upon. Yard Club also supplied contractors with an impressive fleet utilization dashboard that gave customers the ability to manage the coming and going of machines. (Oberhelman, 2015 CEO of Caterpillar) (Grayson, 2017a).

1.1.1.2 Communication acquired

Challenges: Evran has very ambitious plans to invest in technology and build out the platform's functionality for contractors. "I'd like to get there as fast as possible but building out takes time to get it right. In the construction industry especially you have to make sure what you build is very user-focused, because these are folks that don't adopt technology as fast as they might in other industries," he says. "That means it's easy on the user end but very complex on the back end."(Zimmerman, 2015)

The business relationship between Caterpillar and Yard Club initially involved the rental solutions company connecting with Caterpillar's dealer network and helping them rent and sell equipment to contractors and construction crews. "Our visions are aligned. We were already working within the Caterpillar distribution network and they were an investor in our company," stated Evran in a recent interview with (Rauch, 2017)

"Cat's digital enabled services group is a shared resource for developing applications for common user experience across many different product lines," Kline, COO of YardClub
explained. "The strategic aim for the acquisition was as much about the team's expertise and development style as it was about the products we'd developed." (Grayson, 2017a)

"Cat's customer portal my.cat.com allows customers to access rental information, inspections, telematics data, and a variety of other information. The Yard Club rental application is a standalone project but we're working with Cat to port its functionality over to Caterpillar's applications," Kline, COO of YardClub said. (Grayson, 2017a)

1.1.1.3 Communication 3rd party

"If it's disrupting their core business, they can at least invest in what is disrupting it," Strawn said. "It's better to embrace those changes than try to repel them because if they don't embrace them, they'll likely find themselves left behind." (Pramuk, 2015)

Yard Club has expanded its tech platform to include a SaaS model that allows customers to manage all the equipment they buy or rent on various digital devices. The Yard Club platform support inspection and maintenance management, dispatching, scheduling, and fleet visibility.(Construction Equipment, 2017)

Now that it's part of Caterpillar, the hope is that Yard Club will be able to bring more tech to an industry that has sorely been lacking in tech.
"Cat is a very customer-focused company. They want to build great digital experiences for their customers and they know they need to build quickly to do so. Our team knows how to move fast and build great technology, and we're excited to do that with a company as storied as Caterpillar." (Grayson, 2017a)

The Yard Club acquisition isn't the only plunge Caterpillar has taken into technology, however. In October 2015, the equipment giant and other investors delivered $45 million to data analytics startup Uptake. indicated increased demand for tech that can accurately predict future performance and failures before major incidents or malfunctions happen. (Slowey, 2017)

The deal had much more to do with technology than P2P rental. Their office in San Francisco – just an office for Caterpillar to stay closer to Silicon Valley. (Grayson, 2017a)

1.1.2 Addition of unrelated skills – Entering the sharing economy

1.1.2.1 Communication acquirer

"We're big time in the rental business," Mike DeWalt, a Caterpillar vice president, told analysts in a conference call in October. That means dealers have to invest more heavily in equipment available for rent, increasing their risks. "If the economy tanks," one dealer said, "you're sitting there with a lot of equipment."(Hagerty, 2015a)

1.1.2.2 Communication acquired

He sees YardClub as part of the "sharing economy" pioneered by such companies as Uber Technologies Inc. and Airbnb. So far, Yard Club operates mainly in the San Francisco Bay Area but Mr. Evran aims to start spreading to other parts of the U.S. and into Canada this year. (Hagerty, 2015a)

1.1.2.3 Communication 3rd party
Caterpillar, in turn, is hoping for an ever broader reach of customers. "The Cat dealer will use this tool as another avenue to strengthen customer relationships by increasing the utilization rates of heavy equipment and lowering the total cost of equipment ownership," said Phil Kelliher, Caterpillar's vice president for Americas distribution services, in a release. (Pramuk, 2015)

1.2 Integration

1.2.1 Procedural
The Yard Club rental application is a standalone project but we're working with Cat to port its functionality over to Caterpillar's applications," he said.

He sees YardClub as part of the "sharing economy" pioneered by such companies as Uber Technologies Inc. and Airbnb. So far, Yard Club operates mainly in the San Francisco Bay Area but Mr. Evran aims to start spreading to other parts of the U.S. and into Canada this year. (Hagerty, 2015a)

1.2.2 Technical
Cat's customer portal my.cat.com allows customers to access rental information, inspections, telematics data, and a variety of other information. (Grayson, 2017a)

Though Cat may not offer P2P rentals for much longer, a big part of Yard Club's platform remains highly attractive to Cat's plan for the future. (Grayson, 2017a)

1.2.3 Managerial & Socio-cultural
As part of the deal, Yard Club's 13 employees have joined Caterpillar and will act as the equipment maker's digital presence in San Francisco. (Lawler, 2017).

Yard Club employees will remain in San Francisco and serve as Caterpillar's "digital presence" in the area. Company representatives did not disclose additional terms of the deal (Slowey, 2017)

Communication: didn't really acknowledge the purchase at all. No press release. No replies to our requests for comment. Radio silence. (Grayson, 2017a)

1.3 Business model

1.3.1 Customer Value Proposition
Target customers

Constructors who wish to rent equipment instead of the high costs of owning equipment.

The American Rental Association estimates that the share of U.S. construction equipment owned by rental companies last year reached 54%, up from around 40% a decade ago. Ted Grace, an analyst at Susquehanna Financial Group, said he believes the rate could top 60% within the next five or 10 years. "Younger contractors are more comfortable with renting," he said, unlike "old-school contractors who have always owned."(Hagerty, 2015a)

Job to be done

Offer inventory for rental.

Offering

Make more efficient use of construction and other heavy equipment. (Lawler, 2017).

Members are prescreened and construction fleet inventory is detailed virtually so posting equipment to rent and accessing specific gear are easy tasks. The rental process was "seamless," said Mike Haley, equipment manager at McGuire & Hester. "This is about making the process easier and expanding the contractors renters can connect with," said Yard Club's founder and CEO, Colin Evran.

as a basic Web and mobile marketplace that enables contractors to find items like boom lifts or excavators to rent from peers in the industry with yards or warehouses nearby. (Kolodny, 2016)

From https://www.caterpillar.com/:

Our Cat® Rental Store network offers the largest construction equipment rental fleet in the world. From our well-known Cat earthmoving machines, excavators, skid steer loaders, backhoes, pavers and compactors, work tools and power generators to more than 60 other top-tier brands for aerial work platforms, compressors, concrete, HVAC or dumpers.

From heavy equipment rental to power generation, from trenching or shoring to scissor and telescopic boom lifts we have the equipment you need to get the job done.

Whether your project is in general construction, industrial, manufacturing, commercial or residential building, utility contracting, road building or landscaping you can rent everything you need with Cat Rental Store!

THE DIGITAL FABRIC CONNECTING FLEETS, JOBSITES AND MORE.

Every worksite has the potential to generate incredible amounts of data. This data holds the key to working more efficiently, producing more and keeping operators safer. To unlock these benefits, that raw data must be turned into actionable intelligence. Cat® Connect gives you a single view into the intelligence you need to make quick informed decisions. Decisions that have the potential to change your business for the better.

From Official Website @Caterpillar regarding technology

CAT® CONNECT TECHNOLOGY AND SERVICES ARE HELPING OUR CUSTOMERS SAVE TIME, FUEL AND MONEY.

It's these applications that showcase the power of Cat Connect to produce more, stay safer, and keep our customers moving onward and upward.
By gathering all the data generated by your equipment, materials and people and serving it up to you in easy-to-digest bites, Cat® Link telematics technology helps take the complexity out of managing your jobsites. These useful insights come automatically and accurately—no human error or effort—via one digital interface. All you have to do to start getting more done in less time for less cost? Get connected with Cat Link.

WHAT TELEMATICS SUBSCRIPTIONS ARE AVAILABLE?

Options range from simple machine monitoring to full fleet tracking and management. Choose the plan that best fits your needs and budget:

LOCATOR SERVICE	BASIC SERVICE	ESSENTIALS SERVICE
• Location • Geo-fences • Maintenance	**Locator Service plus:** • Hours • Asset Utilization	**Basic Service plus:** • Fuel Level & Utilization • Safety & Operator Abuse • Fault Codes & Health Alerts • Cycles & Payload

Improve scheduling. Identify under-utilization. Plan maintenance when it's convenient for you. Even set geo-fences and get alerts when equipment moves outside your boundaries.

With Asset Tracking, you get instant access to the location of your connected assets—and, in some cases, the hours they were in use. Use it to monitor equipment usage, to track activity across multiple sites and to pinpoint locations. You choose how often data is transmitted, and you can view it online anywhere you have an internet connection.

1.3.2 Profit Formula

Revenue model:

Evran would not disclose revenue, but the company isn't profitable yet as it's investing in its expansion into different areas in the U.S. Yard Club takes a percentage of each transaction, and that varies widely based on volume, says Evran, but it's roughly 20 percent. "That's a pretty standard fee in the industry," says Evran. "And this is found revenue for the contractor." (Zimmerman, 2015)

Yard Club charges a transaction fee for connecting renters and owners. It provides a standard rental agreement and makes sure both sides are insured. Users of the club rate one another based on their experiences, providing an incentive for fair play. (Hagerty, 2015a)

The company also moved from a transactional business based on taking a cut of rentals made on its platform to one that provides a SaaS platform to help customers manage all the pieces of equipment they own or rent. That includes tools for dispatch, scheduling and fleet visibility, as well as inspection and maintenance management. (Lawler, 2017).

Cost structure:

Purchase and maintenance of construction equipment. Running of servers.

Margin model:

Transaction based model. On each transaction a commission.

Resource velocity:

Increase in utilization of assets. Since the supplier is the peer, the costs are incurred by the peer.

1.3.3 Key Resources

The technology behind the platform such as fleet management, IoT

Yard Club has about 700 pieces of heavy equipment listed on its platform, worth about $200 million. It recently formed a partnership with the equipment company Caterpillar CAT +0.08%, now an investor in Yard Club. Some Caterpillar dealers will soon list their inventory of equipment available for rent with Yard Club alongside P2P members. (Zimmerman, 2015)

That's likely to be a huge boon for the company because of Caterpillar's well-developed distribution network and decades-long relationships with construction companies worldwide. "Having their inventory on the platform creates more liquidity and additional equipment in the system and that will help us expand to new regions more quickly," says Evran. Right now the company only operates in the Bay Area but in the second half of this year it will expand to Arizona, Georgia and western Canada. (Zimmerman, 2015)

1.3.4 Key Processes

Processes:

Companies join the site—the club, if you will—and are able rent out their equipment and rent the equipment of other club members. Companies using the platform generally have sales between $10 million and $500 million. (Zimmerman, 2015)

Before Acquisition:

(Grayson, 2017b) outlines: the service has launched a Fleet utilization dashboard. Yard Club Fleet not only manages rental equipment, but also provides

- ♦ Dispatch and Scheduling tools for keeping track of owned machines and their attachments
- ♦ Online storage of machine documents like maintenance reports, inspections and contracts
- ♦ A platform for team communication, allowing for a centralized discussion "between the shop, jobsite and office."
- ♦ Automated inspections and reports
- ♦ Service and maintenance tracking
- ♦ Fleet Visibility for avoiding renting when an idle machine can do the job (Grayson, 2017b)

1.4 Additional Information

Reader review in (Grayson, 2017b): Two major macro-trends discussed in this article.

1-capital good machine manufacturers and their distribution channels are evolving into rental/sharing providers; dramatically improving the utilization of the installed base, and ultimately decreasing the installed base required to be employed in a process.

2-machine manufacturer's business model will be all about obtaining the largest market share of the installed base in order that "manufacturers can still count on replacement-parts revenue regardless of whether equipment is sold or rented."

Yet as the above evolves, you would never know how important Product Support/Aftermarket/replacement-parts are to the bottom line of machine manufacturers; you rarely see the reporting of such a shift in the business model on a 10K...with CAT being the biggest culprit of all. (Grayson, 2017b)

2. Avis Budget Group – Zipcar

Name: Avis Budget Group (acquirer)
Website: http://www.avisbudgetgroup.com/
Headquarter: New Jersey, United States
Number of employees: 30.000
Geographical coverage: Global
Mission: We will provide the leadership and support necessary to sustain long-term growth and customer satisfaction for our world-class brands. We will passionately promote quality and service at all levels while enhancing each brand's competitive advantage.
Revenue: $8.66 billion

Name: **Zipcar** (acquisition target)
Website: https://www.zipcar.com/
Deal Value: $500 million
Country of Origin: United States
Founders: Robin Chase
Founded: 2000
Number of employees: 501-1000
Number of users: +800.000
Geographical coverage: United States, UK, Spain, France, Turkey, Canada and Austria.
Mission: To enable simple and responsible urban living. We envision a future where car-sharing members outnumber car owners in major cities around the globe. Most residents of these cities will live within a five-to-ten-minute walk of a self-service Zipcar.
What we do: Glad you asked. It's a smarter way to get around the city.

Drive cars by the hour or day. Gas & insurance included. In neighborhoods, cities and airports across the globe. Car sharing saves you hundreds over car ownership. Choose from sedans, hybrids, vans and more. Membership starts as low as $7/month.
Revenue / **Profitable**: $186 million

Sources: https://www.avis.com/en/about-avis/company-information/corporate-facts
https://www.crunchbase.com/organization/zipcar#section-overview
https://www.crunchbase.com/organization/zipcar
https://datafox.com/zipcar
https://www.statista.com/statistics/295919/zipcar-customers-usa/

2.1 Strategic aim

2.1.1 Minimizing Redundancy

2.1.1.1 Communication acquirer

Avis Budget chairman and chief executive Ronald Nelson: "I've been somewhat dismissive of car sharing in the past," he said. "But what I've come to realise is that car sharing . . . is complementary to our traditional car rental model." (Gelles, 2013)

Avis Budget said it expected to make $50m to $70m in annual synergies from the deal, largely by using its existing operations to buy, operate, service and sell the cars that Zipcar needed to operate. (Gelles, 2013)

"By combining with Zipcar, we will significantly increase our growth potential, both in the United States and internationally, and will position our Company to better serve a greater variety of consumer and commercial transportation needs," said Ronald L. Nelson, Avis Budget Group chairman and chief executive officer." (Zipcar, 2013a)

"We see car sharing as highly complementary to traditional car rental, with rapid growth potential and representing a scalable opportunity for us as a combined company. We expect to apply Avis Budget's experience and efficiencies of fleet management with Zipcar's proven, customer-friendly technology to accelerate the growth of the Zipcar brand and to provide more options for Zipsters in more places. We also expect to leverage Zipcar's technology to expand mobility solutions under the Avis and Budget brands." (Zipcar, 2013a)

Avis Budget expects significant cost reductions across the fleet life cycle (from procurement to operations and maintenance to disposition, as well as financing), in addition to savings from eliminating Zipcar's public-company costs. Avis Budget also plans to achieve substantial cost savings by increasing fleet utilization across the two companies. Significant revenue growth opportunities exist, including by leveraging Avis Budget's fleet to meet more of Zipsters' weekend demand, which is currently constrained by fleet availability. (Zipcar, 2013a)

"I've been somewhat dismissive of car sharing in the past, " Avis Chief Executive Ron Nelson said during a conference call. "But what I've come to realize is that car sharing, particularly on the scale that Zipcar has achieved and will achieve, is complementary to our traditional business." (Kell, 2013)

Mr. Nelson said Avis could help Zipcar achieve better profitability by leveraging Avis's fleet and infrastructure, as well as offer more vehicles during peak rental periods. Mr. Nelson said the synergies were tied to three components: lower fleet costs, better fleet utilization and increased revenue by targeting corporate clients, one-way rentals and airport bookings. (Kell, 2013)

Mr. Nelson said Zipcar utilization is low during weekdays but spikes during weekends, resulting in excess fleet vehicles during the week that often aren't used. Avis, meanwhile, has utilization that peaks during the midweek commercial-travel period and has excess capacity on the weekends. (Kell, 2013)

Avis CEO Ronald L. Nelson. "We see car sharing as highly complementary to traditional car rental." (Eha, 2013).

2.1.1.2 Communication acquired

"We believe this is a major step forward to reaching our goal of fundamentally revolutionising personal mobility," said Scott Griffith, chairman and chief executive of Zipcar. (Gelles, 2013)

We will be well positioned to accelerate enhancements to the Zipcar member experience with more offers and additional services as well as an expanded network of locations," said Scott Griffith, chairman and chief executive officer of Zipcar. (Zipcar, 2013a)

By combining Zipcar's expertise in on-demand mobility with Avis Budget Group's expertise in global fleet operations and vast global network, we will be able to accelerate the revolution we began in personal mobility." (Zipcar, 2013a)

"At the same time, we are committed to retaining the elements of the Zipcar brand and culture that have allowed Zipcar to achieve such rapid growth and success over the last twelve years." (Zipcar, 2013a)

2.1.1.3 Communication 3rd party

"In particular, Avis Budget expects significant cost reductions across the fleet life cycle (from procurement to operations and maintenance to disposition, as well as financing), in addition to savings from eliminating Zipcar's public--company costs. (Worstall, 2013)

Avis Budget also plans to achieve substantial cost savings by increasing fleet utilization across the two companies. Significant revenue growth opportunities exist, including by leveraging Avis Budget's fleet to meet more of Zipsters' weekend demand, which is currently constrained by fleet availability." (Worstall, 2013)

acquiring a small but desirable customer base and gaining a foothold in the rapidly growing world of collaborative consumption. (Sundararajan, 2013)

2.2 Integration

2.2.1 Procedural

Zipcar will operate as a subsidiary of Avis Budget, and Mr Griffith will stay with the company. (Gelles, 2013)

Following the acquisition, Zipcar will operate as a subsidiary of Avis Budget Group and will continue with its planned move to new headquarters in Boston, Massachusetts. (Zipcar, 2013a)

2.2.2 Technical

Zipcar has combined leading-edge technology, an outstanding customer experience, and clear brand messaging to develop strong loyalty and advocacy among its customers. (Zipcar, 2013a)

2.2.3 Managerial & socio cultural

Avis Budget Group, Inc. (Nasdaq:CAR) today announced that Kaye Ceille has been appointed president of Zipcar, the world's leading car sharing network. Ms. Ceille brings nearly 20 years' experience at Avis Budget Group to her new position. She is currently Managing Director, United Kingdom, Avis Budget Group, where she oversees all aspects of the Company's UK vehicle rental operations, including customer service and fleet management (Zipcar, 2014).

Ms. Zhen has nearly two decades of experience in the consumer technology industry, including senior management roles at TripAdvisor and Expedia overseeing business strategy, finance, operations, product development and marketing. At TripAdvisor, Ms. Zhen was vice president and general manager of FlipKey, an online vacation rental marketplace. At Expedia, she served as general manager for emerging markets and strategy, leading international business growth in Europe and strategic partnerships.(Zipcar, 2017).

"At the same time, we are committed to retaining the elements of the Zipcar brand and culture that have allowed Zipcar to achieve such rapid growth and success over the last twelve years." (Zipcar, 2013a)

Avis Budget anticipates that key members of the Zipcar management team, including Mr. Griffith and Mark Norman, president and chief operating officer, will continue to set the overall direction and run day-to-day operations of Zipcar. (Zipcar, 2013a)

Sadly, the Zipcar culture may not survive the merger. (Sundararajan, 2013)

2.3 Business model

2.3.1 Customer Value Proposition

Target Customer

Zipster demographic -- young, college-educated, higher-income, environmentally conscious, techno-savvy Facebook and Twitter users (Keegan, 2009)

Job to be done

Provide rentals to urban areas with more flexible renting times.

Offering

Before acquisition: Offers more than 30 makes and models of self-service vehicles by the hour or day to residents and businesses looking for an alternative to the high costs and hassles of owning a car. (Zipcar, 2013a)

Rather than buy or lease an entire car, customers buy just the amount of car they actually need. It could be an entire day's worth or just an hour. The car is there when they need it—and in use by someone else when they don't. (Griffith, 2009)

After acquisition: New flexible features = Choose your destination: Designated vehicles can be used either one-way or round trip, with parking included, providing members a variety of trip options.

- Change destination mid-trip: Members can reserve a vehicle which can be returned to a different end destination as plans change during a trip, providing the freedom to enjoy the journey.

- Extend reservations indefinitely: Members can continue the trip for as long as they choose. (Zipcar, 2016a)

Zipcar announced the launch of a new fleet management service called Local Motion by Zipcar, a comprehensive vehicle hardware and software platform that allows operators of large fleets to share vehicles effortlessly, increase utilization and streamline operations. This technology solution is now available to support corporate, government and university fleet management customers. (Zipcar, 2016b)

New features introduced in 2016:

- **Share vehicles effortlessly.** Local Motion by Zipcar technology integrates into an employer's RFID badge, allowing vehicle access with one tap on the card reader – conveniently mounted inside of the vehicle windshield. Local Motion by Zipcar supports a wide variety of vehicle types including sedans, utility trucks, electric vehicles and even golf carts.

- **Increase fleet utilization.** "Tap & Go" functionality allows users on-demand access to a vehicle by scanning their RFID-enabled badge on any available car – no booking required. Reservations can also be made in advance on the Local Motion by Zipcar website, iOS app or Android app.

- **Streamline operations.** With GPS tracking, vehicle status and detailed usage history, Local Motion by Zipcar provides all the information fleet managers need to monitor and streamline their fleet. (Zipcar, 2016b)

2.3.2 Profit Formula

Revenue model

Before acquisition:
Standard usage rates apply, starting at $8.25 per hour or $74 per day. (Zipcar, 2013b)

After acquisition: announced a new plan that gives members the option to pay for membership on a monthly basis for its "wheels when you want them" service. (Zipcar, 2013b)

The new membership plan costs $6.00 per month (plus the standard $25 application fee for new members). Existing Zipcar members will be able to switch to the new monthly plan on their yearly renewal date if desired. (Zipcar, 2013b)

Cost structure

Zipcar reservations, gas, insurance and 180 miles per day are included in the reservation price for these vehicles. The vehicles contain E-ZPass® readers, and members will be billed separately for the toll charges. (Zipcar, 2013c)

We put thousands of self-serve vehicles in reserved parking spots in (Griffith, 2009)

After acquisition: But for really big buyers of fleets of cars the discounts they get from the manufacturers are larger than this immediate depreciation. Thus if they run the car for a few months, or up to the 10,000 mile sort of level, they can and do make a profit on the disposal into the second hand car market. To some extent this does depend upon the over capacity or not in the car manufacturing industry but believe me, the way things have been this past couple of decades a buyer looking for tens of thousands of cars a year can pretty much write his own price. (Worstall, 2013)

Margin Model

Per transaction fees for rental. Depending on location, coverage, model and membership.

Resource velocity

the first in many new offerings that will enhance the value of Zipcar membership that we can provide thanks to the support of the Avis Budget Group." (Zipcar, 2013c)

Combined fleet management with Avis Budget Group.

2.3.3 Key Resources

The world's leading car sharing network, today announced the introduction of Zipcar vehicles at three airports in the Greater New York City area, including Newark Liberty, LaGuardia and John F. Kennedy (JFK) airports. The cars are conveniently located in Zipcar branded parking spaces at the Avis Car Rental pick-up facility at each airport. "We look forward to supporting members' travel needs at additional airport locations over the course of the coming year." (Zipcar, 2013c)

In 2015, Zipcar acquired Local Motion, a leading California-based developer of fleet and mobility management technology, to accelerate development of its next-generation car sharing platform and prepare for continued global growth. (Zipcar, 2016b)

Technology as competitive advantage: You name it—we track it, analyze it, and base every major decision on the information we glean from our systems. (Griffith, 2009)

We know that if neighborhood residents can walk to a Zipcar in less than ten minutes, they are much more likely to use our service. But convenience alone won't win the day; Zipcar must also be as easy to use as owning a car and cost less. Technology not only accomplishes all that but also enables a truly sustainable and scalable business model. (Griffith, 2009)

Zipcar has combined leading-edge technology, an outstanding customer experience, and clear brand messaging to develop strong loyalty and advocacy among its customers. (Zipcar, 2013a)

2.3.4 Key Processes

"pods," or groups of cars in parking lots or garages, so if one car was taken, others would be available in the same location. (Keegan, 2009)

Zipcar reservations, gas, insurance and 180 miles per day are included in the reservation price for these vehicles. The vehicles contain E-ZPass® readers, and members will be billed separately for the toll charges. (Zipcar, 2013c)

"Our members are co-creators of our service, and this inflection is a result of their feedback as well as key learnings from our ONE>WAY beta program in Boston and in various test markets," said Nichole Mace (Zipcar, 2016a)

the first in many new offerings that will enhance the value of Zipcar membership that we can provide thanks to the support of the Avis Budget Group." (Zipcar, 2013c)

"With an enhanced comprehensive service, we believe Zipcar can further grow its B2B segment while continuing to reduce congestion and the number of vehicles on the road through fleet efficiencies," explained Kaye Ceille, Zipcar president. "Local Motion by Zipcar is another incremental step toward offering a more flexible user experience to a wide range of customers and an important advancement to for our B2B segment." (Zipcar, 2016b)

Rather than buy or lease an entire car, customers buy just the amount of car they actually need. It could be an entire day's worth or just an hour. The car is there when they need it—and in use by someone else when they don't. (Griffith, 2009)

We put thousands of self-serve vehicles in reserved parking spots in (Griffith, 2009)

(Griffith, 2009) 1. The user must be able to easily reserve a specific vehicle for a specific day and time.
2. The system needs to know which vehicles have been reserved, and for how long.
3. The system must be able to communicate that reservation to the car to enable access by the designated member.
4. The vehicle must be able to authenticate the member's unique Zipcard, open the doors, and enable the engine to be started.
5. The system needs to keep a database of usage for the correct billing of automated highway tolls or unpaid parking violations.
6. A gas purchase card—which we provide, so members don't have to pay out of pocket—needs to be authenticated for a unique member during a trip, in the event the gas drops below a quarter tank.
7. The vehicle must track and report back to the system the number of hours used and miles driven during a trip.
8. The system must correctly calculate the bill for that trip and charge the member's credit card.
9. An array of information about cars and users must be kept current, up to the minute, to enable customer service agents to deliver on-demand 24/7 teleservice.
10. Our fleet-management teams need to schedule and perform all the regular cleaning, repair, and maintenance functions while maximizing the fleet's uptime. (Griffith, 2009)

3. Chauffeur Prive – Daimler

Name: Daimler
Website: https://www.daimler.com
Headquarter: Stuttgart, Germany
Number of employees: 282.488
Headquarter: Global
Mission/Vision: Four future-oriented fields are set to radically change the nature of mobility: greater vehicle connectivity, advances in autonomous driving, the development of digital mobility and transport services, and electric mobility. Our goal as one of the leading vehicle manufacturers is to become a leading provider of mobility services. Every strategic action revolves around one thing, the customer. So also for the future, we will only be as successful as our products and services are in the market.
Revenue: €153.261 billion

Name: Chauffeur Privé
Website: https://www.chauffeur-prive.com/
Deal Value: not disclosed
Country of Origin: France
Founders: Omar Benmoussa, Othmane Bouhlal, Yannick Hascoet
Founded: May 11, 2012
Number of employees: 101-250
Number of users: 1.5 million customers; 18.000 drivers
Geographical coverage: France
Mission/Vision: Révolutionner la mobilité urbaine
What we do: "Chauffeur Privé est le leader français du VTC présent à Paris, Lyon, sur la Côte d'Azur et bientôt dans d'autres villes d'Europe. Depuis 2012, 15 000 chauffeurs partenaires et près d'1 million de clients nous font confiance pour leurs déplacements" (facebook, 2018)
Revenue / Profitable: N/A

Sources: https://wwww.chauffeur-prive.com
https://www.crunchbase.com/organization/daimler
https://www.crunchbase.com/organization/chauffeur-privé-3
https://www.daimler.com/company/at-a-glance.html
https://www.facebook.com/pg/ChauffeurPrive/about/?ref=page_internal

3.1 Strategic aim

3.1.1 Technology for autonomous driving

3.1.1.1 Communication acquirer

"Daimler, with its financial strength, is ideally poised to continue its transformation from a pure car manufacturer to a comprehensive Mobility services company as we pave the way to autonomous driving," Chief Financial Officer Bodo Uebber said in the statement. (Lavell, 2017)

Jörg Lamparter, describes as a "broad portfolio." "Over the course of the last several months, we have intensified our investments in Mobility services in order to create a holistic mobility system with a broad portfolio," he said. "As part of this strategy, we decided to fully acquire the remaining shares in car2go Europe." (Lunden, 2018)

Daimler consequently invests in the development of efficient drive trains with the long-term goal of locally emission-free driving: from hightech combustion engines about hybrid vehicles to electric drive trains powered by battery or fuel cell. Furthermore, the company follows a consistent path towards intelligent connectivity of its vehicles, autonomous driving and new mobility concepts. This is just one example of how Daimler willingly accepts the challenge of meeting its responsibility towards society and the environment. (moovel Group, 2017)

3.1.1.2 Communication acquired

M. Hascoët a également évoqué les défis technologiques à venir, notamment l'essor prévu des robots taxis d'ici à la fin des années 2030. "Daimler a pour ambition de développer la voiture autonome" or "les plateformes de VTC utiliseront ces technologies là", a-t-il expliqué. (Capital.fr, 2017).

3.1.1.3 Communication 3rd party

En dehors de faire une entrée fracassante sur le marché français des VTC, ce rachat permet aussi au groupe allemand d'ajouter une brique supplémentaire pour déployer des voitures autonomes dans les années à venir. (Fabrion, 2017)

3.1.2 Reducing Redundancy

3.1.2.1 Communication acquirer

"With this step, we continue to dynamically expand our portfolio and presence in Europe and solidify our leading position in multi-modal Mobility services. We have found an excellent partner for France with Chauffeur Privé whose ability to deliver mobility at your fingertips ideally complements our current portfolio and approach". (Daimler, 2017)

"Demain, nous souhaitons nous développer en Europe, pour devenir à terme le numéro un. Daimler, avec son assise financière, va nous aider à accélérer le pas", explique Yan Hascoët. (Jacqué, 2017)

"With this joint venture model, the BMW Group and Daimler AG want to establish a significant international market player in the field of innovative Mobility services on the same footing as their digital rivals. We naturally also want to leverage synergies wherever possible. To achieve sustainable success and a relevant market position quickly in the future, the main attributes needed are a comprehensive product portfolio, rapid response, a high level of flexibility and financial strength," Kuhn continued. (Singh, 2018)

Interestingly, further acquisitions are apparently in the works. Uebber stated: "We want to grow significantly and we are in a position to handle large acquisitions." (Ayre, 2018)

3.1.2.2 Communication acquired

L'alliance "va nous permettre de concurrencer Uber sur le leadership européen à moyen terme", a-t-il affirmé, assurant qu'il allait "revoir à la hausse" son plan d'expansion. (L'express.fr, 2017)

Daimler is one of the strongest and most future oriented partners in the market. We share the same visions for the issue of new and advanced mobility concepts especially in urban areas," said Yan Hascoet, CEO of Chauffeur Privé.(Keane, 2017)

"More and more you need to have lots of financial means so to be accompanied by a partner with financial muscle was important." (Campbell and Agnew, 2017)

3.1.2.3 Communication 3rd party

L'objectif: concurrencer le géant américain Uber sur le marché européen. (L'express.fr, 2017)

Logique donc de voir le géant allemand Daimler (Mercedes, Smart) annoncer le rachat d'un acteur important, en l'occurrence le français Chauffeur Privé, principal challenger d'Uber en France. (Chicheportiche, 2017)

En mettant la main sur Chauffeur Privé, Daimler accorde une corde supplémentaire à son arc de services de mobilité. Désormais dans le giron de Daimler, Chauffeur Privé devrait se déployer dans plusieurs européennes dès l'an prochain. (Fabrion, 2017)

Au total, les services de mobilité de Daimler revendiquent 17 millions de clients, dans plus de 100 villes à travers l'Europe, l'Amérique du nord et la Chine. (Capital.fr, 2017).

Cette acquisition donne aux services de mobilité de Daimler un accès au marché français et lui permet ainsi d'étendre sa position sur le continent en étant désormais présent de façon opérationnelle sur 18 marchés européens (Capital.fr, 2017).

“Daimler, with car2go and moovel, which is comprised of RideScout and GlobeSherpa, definitely is looking at other avenues to be a mobility service provider, rather than strictly a car manufacturer,” he said. “I think Daimler is looking at, ‘What are the trends? What is the next evolution of the automobile [and] of Mobility services?’ They are certainly very interested, very excited about the potential of their Mobility services. I think it’s less about dollars and cents and more excitement about what’s to come – and ‘How are we addressing change and being prepared for change?’ (Automotive, 2016)

There are strong synergies driving the merger – economies of scale for one. In the car-sharing market, with profitability the challenging proposition it currently is, combining forces would go a long way in tipping the scales in their favour. (Singh, 2018)

The merger would also place the companies in prime position to take on the competition. With over three million members globally, Daimler’s car2go is one of the largest car-sharing operators today. After the merger with BMW, the joint car-sharing operation will command a share of over 30% in the global car-sharing market. (Singh, 2018)

3.2 Integration

3.2.1 Procedural

“Avec cette étape, nous continuons à étendre de manière dynamique notre **portefeuille** et notre présence en Europe, et à consolider notre position de leader dans les services de mobilité multimodale”, assure, dans le communiqué commun des deux entreprises, Klaus Entenmann, PDG de Daimler Financial Services. (Jacqué, 2017)

Yan Hascoët, co-fondateur et PDG de Chauffeur Privé, lors d'une conférence téléphonique. L'alliance "va nous permettre de concurrencer Uber sur le leadership européen à moyen terme", a-t-il affirmé, assurant qu'il allait "revoir à la hausse" son plan d'expansion. "Un réseau mondial est un atout conséquent pour assurer une continuité de service" aux clients, a-t-il ajouté. (Capital.fr, 2017).

En 2018, la start-up devrait se déployer dans plusieurs villes européennes. Selon les villes, le patron de la société pourrait changer le nom du service. A plus long terme, Chauffeur privé pourra s’appuyer sur les travaux du groupe allemand dans la voiture autonome pour proposer une offre complete. (Jacqué, 2017)

It will continue to operate post acquisition. (Etherington, 2017)

3.2.2 Technical

We are transforming from an automobile manufacturer to a mobility service provider. We are becoming even more global. And we are developing expertise in fields which are outside of our current core competence. Starting in January 2016, the corporate wide initiative of Leadership 2020 has been working on strategic projects to kick start and support cultural change within Daimler. This applies to employee development, decision making processes as well as the organizational structure, work methodology and tools.
(Daimler, 2018a)
“[…] creates the conditions required for an agile and networked organization.” (Daimler, 2018b)

3.2.3 Managerial & socio cultural

En fonction des villes qu’elle veut conquérir, la société française pourrait changer le nom de son service. (Fabrion, 2017)

3.3 Business model

3.3.1 Customer Value Proposition

Target customer

Chauffeur Privé will be focusing on the higher end of the potential market rather than competing across segments with Uber. (Ayre, 2017)

Job to be done

Now that clients are there, industry player will have to work not on acquisition but on retention and loyalty – that's been poorly addressed until now – will become essential. (Duperrin, 2017).

Offering

On demand peer taxi service
Focus on high-end market (Talmon, 2013)
Covering major cities in France: Paris, Lyon and Cote d'Azur

3.3.2 Profit Formula

Margin Model

Chauffeur Privé's 20 per cent commission (Agnew, 2017).

Resource velocity

Many drivers choose to use both the Uber and the Chauffeur Privé apps to give themselves a better chance of finding rides (Agnew, 2017).

Revenue model

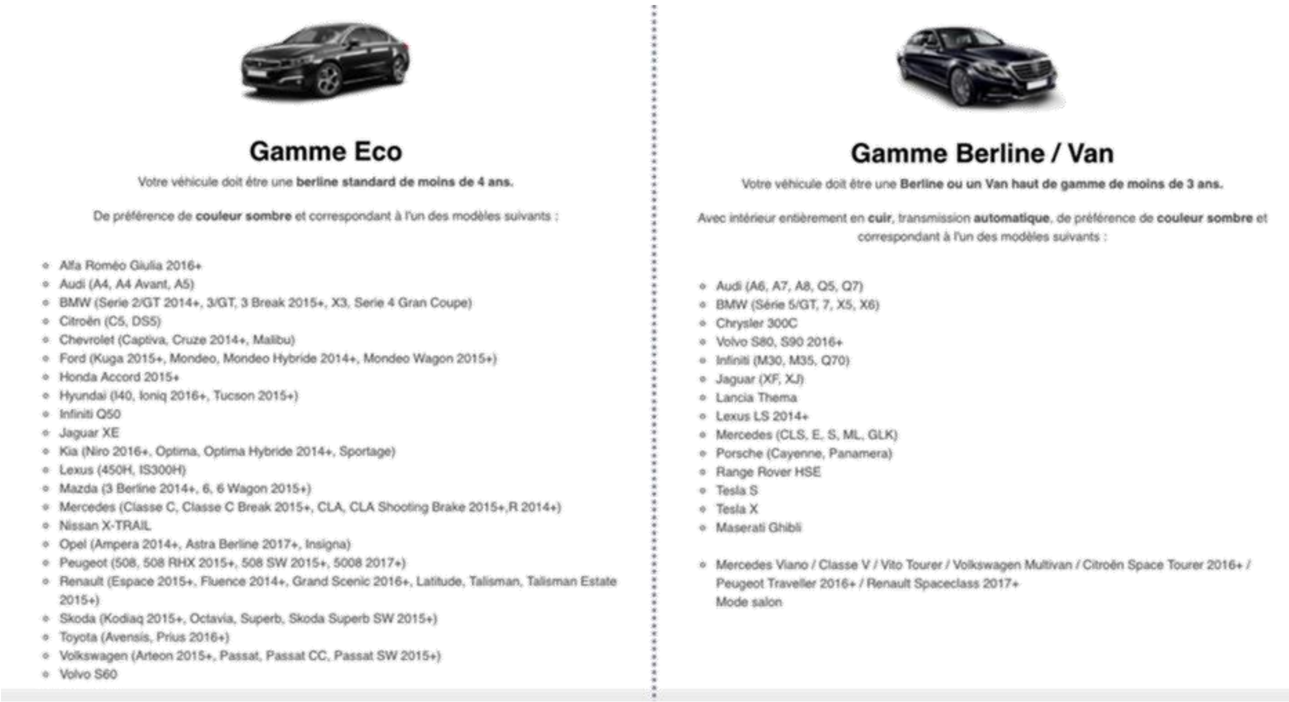
Chauffeur Privé's 20 per cent commission (Agnew, 2017).

3.3.3 Key Resources

As the name suggests, Chauffeur Privé targets indeed the premium customers of ride hailing users. Therefore, the brand perception already fits well with Daimler's. Although there is a rather long list of accepted car brands for registering as driver (See Appendix X) It can be observed, that after the acquisition, when registering to Chauffeur Privé the associated car is a Mercedes-Benz (See the screenshot below).

Chauffeur Privé, the second-largest car-booking app in France by number of users (Agnew, 2017) – illustrating the importance of the network effect

200 drivers (Talmon, 2013)
It is looking to recruit an additional 70 to 100 people to its team of 150 people in the coming months. (Agnew, 2017)



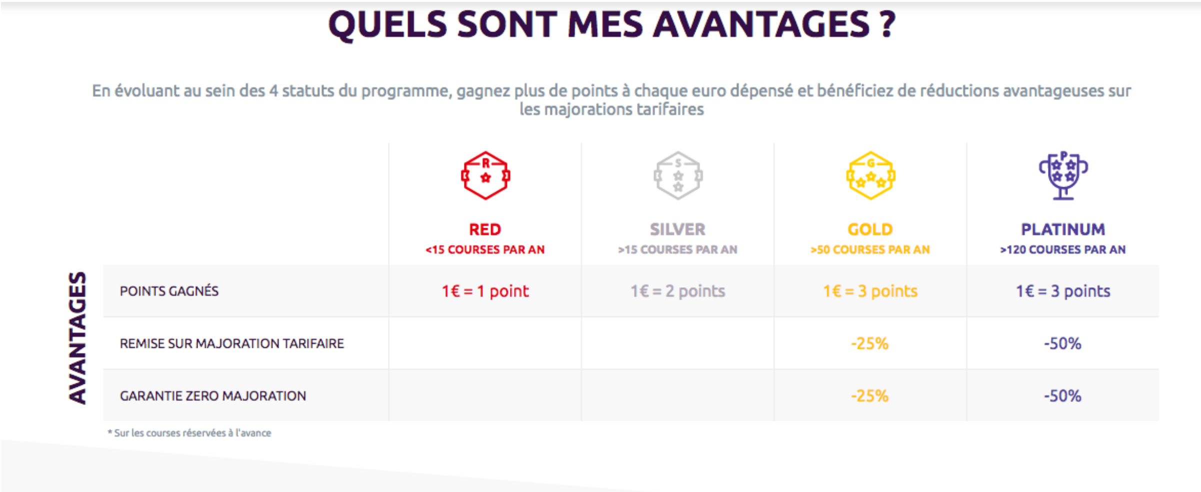
3.3.4 Key Processes

App application for booking and connecting peers. Pre-booked ride hailing
Carpooling is associated with vehicle owners allowing other passengers to ride in the same vehicle to and from the same or similar destinations. (Cohen and Kietzmann, 2014)

Passenger: 1) Smartphone apps make hailing a car fast and easy. 2) The app automatically transfers funds, no physical payment. Ride costs often undercut taxis, no tipping the driver. Meter manipulation eliminated. 3) Drivers are thoroughly vetted by the rideshare company and are considered safe. 4) Rides are more comfortable/enjoyable. 5) Passengers rate drivers, giving the next passengers comfort in their selection 6) Rideshare platforms provide extensive insurance coverage. Passengers feel safe.
Driver: 1) Rideshare apps increase frequency of pick-ups, reduces time when car is empty. 2) Drivers can earn an average of $35,000 per year driving. 3) No physical cash changes hands. 4) Reviews and Facebook integration help drivers verify passenger identity. 5) Drivers rate passengers. Drivers can avoid picking up low rated passengers. 6) Some rideshare companies (e.g. Lyft) let passengers sit up front. Driver feels more comfortable. 7) Driving hours are flexible allowing drivers to focus on other careers. (Olson and Kemp, 2015)

Loyalty Program

Chauffeur Privé has a loyalty program, on the same model as airlines. My first thoughts, an many people around me reacted in the same way, was to say “One need too many rides to benefit from a status, I’ll never make it”. That’s why I did not see the program as a market differentiator. (Dupperin, 2017)



QUELS SONT MES AVANTAGES ?

En évoluant au sein des 4 statuts du programme, gagnez plus de points à chaque euro dépensé et bénéficiez de réductions avantageuses sur les majorations tarifaires

AVANTAGES	RED <15 COURSES PAR AN	SILVER >15 COURSES PAR AN	GOLD >50 COURSES PAR AN	PLATINUM >120 COURSES PAR AN
POINTS GAGNÉS	1€ = 1 point	1€ = 2 points	1€ = 3 points	1€ = 3 points
REMISE SUR MAJORATION TARIFAIRE			-25%	-50%
GARANTIE ZERO MAJORATION			-25%	-50%

* Sur les courses réservées à l'avance

Compliance

Car of drivers compliance with regulation – inspection process of driver and cars

4. AccorHotels – Onefinestay

Name: AccorHotels (acquirer)
Website: https://www.accorhotles.group
Headquarter: Paris, France
Number of employees: 240,000
Geographical coverage: Global
Mission/Vision: “Feel Welcome”, our signature. But more than that, Feel Welcome is the very essence of the hospitality that drives us every day. It is a promise we make to all our stakeholders.
Revenue: €5.45 billion 2014

Name: Onefinestay (acquisition target)
Deal Value: $170 million The finest homes are the fruits of the love and effort of their owners. Our mission consists of finding them, so that you, in turn, can feel at home.
Country of Origin: London, England, United Kingdom
Founders: Demetrios Zoppos, Evan Frank, Greg March, Tim Davev
Founded: 2009
Number of employees: 569
Number of users: N/A
Geographical coverage: Global
Mission/Vision: The finest homes are the fruits of the love and effort of their owners. Our mission consists of finding them, so that you, in turn, can feel at home.
What we do: Provide luxurious stays in some of the most popular cities in the world, with a highly specialized service.
Revenue / Profitable: $30.1 million, Not profitable

Sources:
https://www.crunchbase.com/organization/onefinestay
http://www.accorhotels.group/en/group/our-brands-and-services/onefinestay

4.1 Strategic Aim

4.1.1 Holding

4.1.1.1 Communication acquirer

“Onefinestay has successfully captured a sweet spot: a combination of needs that neither traditional hotels nor new actors of the sharing economy can meet,” admitted Sébastien Bazin, chairman and CEO of AccorHotels “With the acquisition of this exceptional brand, unique operating model and outstanding management team, AccorHotels is developing as the worldwide leader of the serviced homes market.” (Terrelonge, 2016)
“We’ve looked at around 200 companies in 2015,” **AccorHotels** deputy CEO Vivek Badrinath told me. “We’re really interested in this vertical; private rentals for high-end stays. Our clients are interested in this vertical. And if we follow our clients’ needs then we’re sure we remain relevant for them.” (Dillet, 2016)

Sébastien Bazin, chief executive of Accor, has said the hotel industry must respond (to start-ups developing their own internet initiatives), adding that 30 per cent of Accor’s business will come from revenue streams other than hotel rooms within five years. (Ahmed, 2017)

Sébastien Bazin, Chairman & CEO of AccorHotels said: “*onefinestay has successfully captured a sweet spot: a combination of needs that neither traditional hotels nor new actors of the sharing economy can meet. With the acquisition of this exceptional brand, unique operating model and outstanding management team, AccorHotels is developing as the worldwide leader of the Serviced Homes market. Today, together with our recent investments, we are accelerating the transformation of our business model to capture the value creation linked* *to the rise of private rentals and also strengthening our presence in the luxury market with a complementary offer".* (AccorHotels, 2016)

Bazin has long warned that revenue from traditional hoteliers was under threat from companies like Airbnb, who have made it more popular to turn to accommodation other than hotels when on vacation or on business. (Vidalon, 2016)

"We are accelerating the transformation of our business model to capture the value creation linked to the rise of private rentals and also strengthening our presence in the luxury market with a complementary offer," Bazin said. (Vidalon, 2016)

When AccorHotels announced it would buy Onefinestay in April 2016, AccorHotels CEO Sebastien Bazin told Skift, "You don't know how strategic and key this acquisition [of Onefinestay] is for changing AccorHotels. It's all about providing guest satisfaction and onefinestay is so unique and their team is so strong, it will bring enormous value to our company." (Ting, 2017)

4.1.1.2 Communication acquired

He also intends to focus on culture by "building that network with the three combined companies that enables us to be able to have that service culture, that passion in everything we do, the dedication for others, and also that out of ordinary flair that we've put into all the experiences. That really is a strategy. The strategy is really to be able to continue to make Onefinestay that extraordinary brand that people love." (Ting, 2017)

"The project was about making sure that the full acquisitions were where we were focused, and in fact, I'm glad that we were the pioneers in this because I believe that there's space for many people. … For me, when I see the consolidation of the industry, when I see the growth is that there are others, not only us, that believe in the growth of the sector. For me it is all good signs. I'm a big optimist of this sector." (Ting, 2017)

"For me there is space for many players," he said. "Our strength is in the luxury sector, and that's really where we'll continue to focus. It's a dependable space for us. Luxury is a dependable space because it's about service, and it's about a relationship with guests. We believe the luxury private rental is about building guest relationships. In the luxury space, you have much more margin for that, and you have much more space for that." (Ting, 2017)

4.1.1.3 Communication third-party

And AccorHotels thinks private rentals and hotels aren't a zero-sum game. Overall, the market is growing, and the hotel company wants to take advantage of this trend.
(Dillet, 2016)

Accor, the French hotels group, is bolstering its presence in the home-sharing market by bolting new acquisitions on to its Onefinestay brand to tackle the threat posed by Airbnb and other online booking services. (Ahmed, 2017)

Traditional hotel chains are investing hundreds of millions of dollars acquiring start-ups and developing their own Internet initiatives, as a time that online groups are disrupting their business models. (Ahmed, 2017)

French hotels group Accor is acquiring the UK home rentals start-up Onefinestay for at least €148m, in the latest move by hoteliers to address the threat posed by online competitors from Airbnb to Expedia. (Ahmed, 2017)

The AccorHotels purchase of Onefinestay was followed by a number of deals in the luxury alternative accommodation space. (Whyte, 2017)

With a reported valuation of more than $25 billion, Airbnb has emerged as the poster child not only for the home-sharing industry, but for the broader sharing economy (alongside other "startups," such as Uber). This has led to countless regulatory tussles as legislation struggles to keep pace with technological advances. And while lobbying has been one tactic to combat the rise of the sharing economy, "if you can't beat them, join them" seems to be a growing mantra among incumbents. Indeed, some hotels have even taken to Airbnb to list their own free inventory. (Sawers, 2016)

Dominique Vidal, partner at Index Ventures, added: "This a great deal for Onefinestay, for Index and for our investors, and another European-born success story. The team led by Greg is as hungry and ambitious as it was when we first invested in 2010 leading the company's Series A. Accor is a perfect and natural partner to help turn Onefinestay into a truly global brand." (Shead, 2016)

4.2 Integration

4.2.1 Procedural

"I also think Accor is thinking creatively about structuring their operational trade area reach in ways that will improve the Onefinestay model," he said. "Finally, we should anticipate that as Accor integrates the Onefinestay model into their business, they will develop a product roadmap with unanticipated branches, perhaps alternative accommodations branches that are derivatives of the Onefinestay model but also new and highly profitable. Time and talent will tell!" (Whyte, 2017)

4.2.2 Technical

Greg Marsh, Co-Founder & CEO of onefinestay *said: "AccorHotels' investment in onefinestay is a tremendous invitation for us to write the next chapter in our story. We share their deeply held conviction about the scale of the home rental opportunity, and greatly value their expertise, their practical & financial support as we plan the launch of more than 40 new markets over the next five years. With AccorHotels' help, onefinestay will become a globally recognized byword for exceptional experiences, extraordinary service, and handmade hospitality."* (AccorHotels, 2016)

Bazin also said that within three months of the deal close, customers would be able to book a Onefinestay accommodation via AccorHotels.com and that later that summer, the loyalty program would be added so that LeClub AccorHotels members could earn and redeem points through Onefinestay. But more than a year later, that's not necessarily the case. When booking an accommodation on AccorHotels.com, Onefinestay listings aren't always shown alongside hotel options, and there is no connection to AccorHotels' loyalty program for booking a Onefinestay home. We have some links that that you from AccorHotels to Onefinestay, and for now that's as much as we've been able to do," Cedillo-Espin said. He did say that while there is no loyalty connection yet, Onefinestay is being marketed to members of Accor's loyalty program "from time to time." Cedillo-Espin also hinted that there will be more synergy among Onefinestay and AccorHotels' other brands and business going forward (Ting, 2017).

Javier Cedillo-Espin commented: "With this new step in consolidating our leadership position, Onefinestay now has a sound platform combining brand excellence, a vast and complementary offer and distribution efficiency. We are hugely excited about the global development potential for our network. Our guests are always asking for more places where they can enjoy our professional hospitality and concierge experience and the integration of these 3 innovative brands is the answer." (AccorHotels, 2017)

4.2.3 Managerial & Socio-cultural

Onefinestay will remain an independent business unit within the AccorHotels Group and will continue to be led by Greg Marsh and the key management team. (AccorHotels, 2016)

When it comes to Onefinestay, the company won't change much. If you want to look at a place on Onefinestay, you'll still have to go to the company's website. "Onefinestay will remain an independent company," co-founder and CEO Greg Marsh told me. "We're not going anywhere, the business will continue to be led by the current founders and management team. In many ways, nothing will change in the way we deliver our service." (Dillet, 2016)

The French hotelier is also putting its stamp on management of the group, which has been run as an independent entity since the takeover. Evan Frank, Onefinestay's co-founder, has been replaced as chief executive by Javier Cedillo Espin, a long-time Accor executive. (Ahmed, 2017)

Changes have already taken place in the leadership team. Co-founders Demetrios Zoppos and Greg Marsh, who was also the chief executive, left the company following the AccorHotels acquisition. (Whyte, 2017)

Since the acquisition, the founding CEO and his successor, another co-founder, left the company. (Ting, 2017)

That move brought together Onefinestay Travel Keys, and Squarebreak under the leadership of new CEO Javier Cedillo-Espin, a longtime executive with AccorHotels and Starwood. Most previously, he served as AccorHotels global integration officer following AccorHotels' acquisition of Fairmont Raffles Hotels, so Cedillo-Espin clearly has experience bringing acquired brands into the AccorHotels family. (Ting, 2017)

4.3 Business model

4.3.1 Customer Value Proposition

Target customers:

Our guests are affluent, sophisticated travellers who can afford a boutique hotel, but seek a more unique experience, and the distinctiveness of a real home. We appeal particularly to regular business travellers to London, professional couples seeking a unique way to experience the city, or for families with children. Our hosts are owners of distinctive central properties who spend time away from town for work or leisure. (Charlton, 2011)

Job to be done:

Offer a unique stay in some of the most popular travel destinations in the world, with a high element of luxury.

Offering:

onefinestay is the leading brand in the luxury segment of the Serviced Homes market, combining the best homes and the finest service. Leisure and business guests stay in hand-picked distinctive private homes with made-to-measure, personal service from a personal welcome on arrival to a team on call 24/7. For homeowners, onefinestay provides peace of mind, convenience and flexibility, by taking care of everything from marketing, distribution and insurance to screening each guest, to professional cleaning, management and maintenance.(AccorHotels, 2016)

We are creating more accommodation in an overcrowded city, but using the resources we already have: people's homes. Instead of building more hotels on space we don't have, we are meeting the demand for city accommodation while offering a more characterful experience for those who are bored of staying in hotels. For people who are often away from their homes, we deliver extra income on their greatest asset. Because we handle everything from marketing to insurance, cleaning to maintenance, they enjoy the benefits of that income without the inconvenience of short letting or trying to find their own house guests while they're out of town. (May, 2010)

For guests, our services provide an alternative to a traditional hotel. Nobody wants to be a tourist, so our homes come with recommendations from the people who live in them. We're on call 24/7 for anything a guest needs, and provide all guests with our 5* hotel linen, fluffy white towels and toiletries from The White Company. Room service and concierge services are set to roll out over the coming months. We want guests to live like a local while they're in London. We lend them an iPhone which we to make local calls and get info about the area and the home. We put small barcode labels on things like paintings or set-top boxes. You press the scan button in our app, point the phone at the barcode, and a short video plays automatically of the host explaining the history of the painting, for instance, or how to use the TV. (May, 2010)

"Most of the time, you leave a trip and it's over. Guests feel that they're kicked out of their experience," Cedillo-Espin says. "We're taking the opposite approach and actually coming back with you."

More than anything else, Cedillo-Espin believes he is in the business of making people happy, and Onefinestay prides itself on its ability to deliver not only on wow-factor accommodations, but hot-air balloon rides and Alpine motor-skiing excursions to match. "The customer has become more demanding about what they require," he says. "There are millions of experiences out there, and we're focused on making sure they have the very best." (Porter Katz, 2018)

4.3.2 Profit Formula

Revenue model:

We're a bit like a hotel in that guests pay us a deposit to guarantee their booking, and we then take the balance of payment by credit cards when they arrive.

With hosts, we agree a fair rate, which is usually similar to the long let rental value of their home, and take care of all of the hassle.

We’ll reach profitability when we have enough hosts and enough guests!
(May, 2010)

Cost structure:

We’re a bit like a hotel in that guests pay us a deposit to guarantee their booking, and we then take the balance of payment by credit cards when they arrive. With hosts, we agree a fair rate, which is usually similar to the long let rental value of their home, and take care of all of the hassle. We’ll reach profitability when we have enough hosts and enough guests! (May, 2010)

Margin model:

And this approach is quite lucrative as Onefinestay agrees on a per-night basis and then handles pricing, listing and everything with a healthy margin of 50 percent on average. (Dillet, 2016)

For now, Marsh says that Onefinestay tries to stay cool with local authorities, and makes sure that it pays all occupancy taxes and other fees — one reason that it takes on average a 50% cut on all transactions on its site.
(Lunden, 2015)

Resource velocity: N/A

4.3.3 Key Resources

Both Airbnb and Onefinestay embrace the idea of using technology to underpin and redefine the way that people can offer and rent accommodation in cities, disrupting the traditional hotel industry with a technologically efficient platform that handles all aspects of the process from searching and booking to communications and payments. Onefinestay even patented a key-free, software-based smart-lock system called Sherlock that it currently sells to its hosts. That might be one of the reasons that the company caught Intel Capital’s eye; it means the company is covering a lot of bases, including IoT and security alongside e-commerce.
(Lunden, 2015)

4.3.4 Key Processes

High quality and concierge services. Homeowners don’t have to provide any additional service than providing their homes. (onefinestay, 2018a)

4.4 Additional Information

The world’s fifth-largest hotel group, being reshaped by Chief Executive Sebastien Bazin, paid 148 million euros ($168.5 million) for the loss-making start-up and pledged to invest a further 64 million euros by 2018 to help it grow worldwide. *(Vidalon, 2016)*

Javier joined onefinestay in July 2017 to lead the assimilation of Travel Keys, Squarebreak and onefinestay under the onefinestay brand. Javier brings to this role a diverse repertoire of experiences acquired in key global markets across North America, Asia Pacific and Europe, with leading brands, including Starwood and AccorHotels. He's been at the helm of a number of roles in distribution, brand development, and regional management most recently acting as AccorHotels' Global Integration Officer post the acquisition of Fairmont Raffles Hotels International. Javier is a graduate of the Cornell University’s School of Hotel Administration, holds an Executive MBA from Essec-Mannheim Business School and a Diploma in Japanese Language from Hokuriku University. He is fluent in English, French, Japanese and Spanish. (onefinestay, 2018b)

“My concern is not the actual business idea; I love the business idea of taking a mainstream vacation rent product and putting it into a niche, which is the luxurious sector,” said one travel investor who did not want to be named. “I just don’t understand how somebody can think there’s enough people that actually have deep enough pockets to afford homes that are posted on that website.”

The investor added: “It was definitely a success story for the investors. It may not have been extreme multiples but it was multiples our industry on average is used to. So I think from that perspective it was a fine deal and I think for a strategic [buyer] it definitely makes probably more sense, but from a pure venture capital/private equity side I could never see how it scaled and brings up the returns we would have an interest in.”

Chris Hemmeter, managing director at Thayer Ventures, also sees the potential benefits Onefinestay might bring to AccorHotels in the long run.

“Onefinestay is an interesting model and I do think they can be profitable or at least accretive to Accor. The challenge for them is all about cost management, which gets easier as volumes scale,” he said via email. (Whyte, 2017)

5. Expedia – HomeAway

Name: Expedia (acquirer)
Website: https://www.expedia.com
Headquarter: Washington, United States
Number of employees: 22,600
Geographical coverage: Global
Mission/Vision: Our purpose is to bring the world within reach.
Revenue: $10.06 billion

Name: HomeAway (acquisition target)
Deal Value: $3.9 billion
Country of Origin: Austin, Texas, USA
Founders: Carl Sheperd
Founded: February 1st 2005
Number of employees: 1,900 (Hawkins, 2016))
Number of users: +2 million listings
Geographical coverage: 2 million listings in over 190 countries.
Mission/Vision: N/A
What we do: HomeAway connects homeowners and property managers with travellers who seek the space, value and amenities of vacation rental instead of hotels.
Revenue / Profitable: $446,8 million (2014)

Sources:
https://www.crunchbase.com/organization/homeaway#section-overview
https://www.homeaway.com/info/about-us/advertising
http://ir.expediagroup.com/static-files/5c1508ca-04e8-4a62-9d19-47805d30bc29

5.1 Motivation

5.1.1 Holding

5.1.1.1 Communication acquirer

"We have long had our eyes on the fast growing ~$100 billion alternative accommodations space and have been building on our partnership with HomeAway, a global leader in vacation rentals, for two years," said Dara Khosrowshahi, the CEO of Expedia in today's announcement. "Bringing HomeAway into the Expedia, Inc. family and adding its leading brands to our portfolio of the most trusted brands in travel is a logical next step."
Expedia's biggest competitor, Priceline Group, doesn't currently own a dedicated "sharing economy" travel site, but its Booking.com brand is slowly moving into this space. (Lardinois, 2015)

"We are thrilled to enter the fast-growing, ~$100 billion alternative accommodations space with HomeAway on our side," Expedia CEO Dara Khosrowshahi said in a press release announcing the acquisition's closing. "We couldn't be more excited about the opportunity to create even more robust experiences for our shared global traveller audience and for HomeAway's homeowners and property managers all around the world." (Demmitt, 2015)

Dara Khosrowshahi, Chief Executive Officer, Expedia, Inc. "We couldn't be more excited about the opportunity to create even more robust experiences for our shared global traveller audience and for HomeAway's homeowners and property managers all around the world. We have a ton of hard work ahead of us, but the HomeAway team, in line with Expedia's track record in building first class global transactional platforms, can get us there together faster and more effectively." (Hotel Online, 2015)

Dara Khosrowshahi, Chief Executive Officer, Expedia, Inc. "We have tremendous respect for the HomeAway team and the business they have built. With our expertise in powering global transactional platforms and our industry-leading technology capabilities, we look forward to partnering with them to accelerate their shift from a classified marketplace to an online, transactional model to create even better experiences for HomeAway's global traveller audience and the owners and managers of its 1.2 million properties around the world." (CNBC, 2015)

5.1.1.2 Communication acquired

"HomeAway has a very bright future as part of the Expedia family," said Brian Sharples, Chief Executive Officer of HomeAway, Inc. "We are eager to benefit from Expedia's distribution and to learn from their expertise in technology and online travel, which will be critical to our success as we move to a marketplace where all of our properties are fully bookable online. This acquisition is the perfect next step on the HomeAway journey and it sets us on a terrific path forward for travellers and our homeowners and property managers alike." (Expedia Inc., 2015)

Mr. Sharples continued, "Separately, we're thrilled to announce our agreement to join the Expedia family of leading travel brands and couldn't be more excited about what this move means for our very bright future. We're eager to benefit from Expedia's distribution, technology and expertise, which will allow us to provide an even better product and service experience for our owners, property managers and travellers. In this way, I believe our combination with Expedia will turbocharge our growth and industry leadership for many years to come." (CNBC, 2015)

HomeAway announced that its board of directors unanimously approved the acquisition by Expedia, which will include all of HomeAway's global brands, including VRBO, HomeAway.com, and VacationRentals.com in the United States; HomeAway.co.uk and OwnersDirect.co.uk in the United Kingdom; HomeAway.de in Germany; Abritel.fr and Homelidays.com in France; HomeAway.es and Toprural.es in Spain; AlugueTemporada.com.br in Brazil; HomeAway.com.au and Stayz.com.au in Australia; and Bookabach.co.nz in New Zealand. Asia Pacific short-term rental site, travelmob.com. (Schaal, 2015a)

"As one of the most visited online travel agencies, each month Expedia.com will give millions of travellers the opportunity to discover the benefits of booking a vacation rental, and we look forward to also helping our customers increase the visibility of their properties." *Quote is from the announced partnership between the two firms.* (Schaal, 2013)

5.1.1.3 Communication third-party

Expedia said it had agreed to acquire HomeAway, adding vacation rentals to its wide swath of online travel booking options (Picker, 2015).

The blockbuster deal, which is Expedia's largest ever at $3.9 billion, is the company's way of establishing a beachhead in the so-called "sharing economy." While Expedia and Priceline have continued to duke it out over traditional hotel bookings for the past several years, a new breed of competitors crept up with a way to let homeowners rent out their own spare bedrooms.(Demmitt, 2015)

With more than one million paid listings in more than 190 countries, Expedia's pending acquisition of HomeAway is a game-changer in that it saves Expedia years of building up its own vacation rental supply in an increasingly important lodging sector. (Schaal, 2015a)

In November 2015, Expedia announced that it had agreed to acquire HomeAway Inc. for US$3.9 billion. The acquisition is a clear indicator that both HomeAway, portrayed as the main competitor of Airbnb, and Expedia are concerned about the threat Airbnb is posing to their business. Airbnb has taken big steps to boost vacation rentals on its platform -traditionally serviced by HomeAway-and there are growing indications that Airbnb will soon start to offer hotel rooms as well, which is Expedia's primary lodging focus. (Euromonitor International, 2016)

Khosrowshahi said the HomeAway vacation rental inventory is a complement to Expedia's own services. (Schaal, 2015b)

5.2 Integration

5.2.1 Procedural

December 2015, Expedia completed the acquisition of HomeAway, Inc., including all of its brands. We intend to continue leveraging these investments when launching additional points of sale in new countries, introducing new website features, adding supplier products and services including new business model offerings, as well as proprietary and user-generated content for travellers. (Expedia Group, 2016)

5.2.2 Technical

"We're going to be able to make these changes under the air cover of the fact that we now have a greatly expanded distribution network with Expedia," he said. "We deliver the most bookings today. You turbocharge that with the Expedia family and this is the place where everyone is going to have to be. I think long term, even people in urban markets are going to be on this channel. It's just too big for people who are in this business to ignore." (Demmitt, 2015)

Expedia and HomeAway say the changes are necessary to adapt to consumers' expectations and remain competitive in the rapidly evolving travel market.

Airbnb's meteoric rise disrupted what's known as the "alternative accommodations market," and its competitors have struggled to keep up. Expedia's purchase of HomeAway, part of a larger acquisition spree, is meant give the company a foothold in this market. Expedia also plans to start incorporating HomeAway listings on its flagship Expedia.com and Hotels.com sites.

HomeAway's "take rate" before the latest changes lagged behind Airbnb, despite strong bookings, as shown in these charts from an Expedia financial presentation.

Expedia's strategy in adding the service fee and focusing on bookings is to beat Airbnb at its own game. Expedia's chief financial officer, Mark Okerstrom outlined plans to compete more aggressively with Airbnb in March, when the company moved key executive John Kim, Expedia's long-time chief product officer, to HomeAway. HomeAway's plan to shift its main revenue source from annual homeowner subscriptions to service fees is in line with Airbnb's model.
(Nickelsburg, 2016)

One specific area where HomeAway lags behind rival Airbnb is its online booking system. The backing of Expedia has further kicked things into gear, as HomeAway has a renewed focus on its online bookability. In April 2016, HomeAway announced a number of far-reaching measures to entice owners to make their properties online bookable:

- The company is moving to a single subscription model, with a yearly subscription costing US$349 if online bookable, and US$499 if not online bookable.
- Commissions for pay-per-booking owners are reducing from 10% to 8% if online bookable.
- Implementing a 2-way review system which is so successful at Airbnb, meaning owners can now also review travellers, but this is only enabled for online bookable properties.
- For travellers, a Book with Confidence Guarantee is introduced, providing protection from cancellation, fraud and double bookings, as well as 24/7 consumer service. Only available to customers booking and paying online.

(Euromonitor International, 2016)

5.2.3 Managerial & Socio-cultural

But Expedia said in a call on Tuesday that this acquisition would be different from others it has done because HomeAway would be run almost autonomously out of Austin, Tex (Picker, 2015).

"The rules of the marketplace are changing," said Khosrowshahi. "They will be a bit more favorable to travelers and travel preferences so the owners who are updating their calendars, who have great reviews, the owners who have terrific pictures and who put up pricing and are online bookable will tend to get more share in our marketplace." (Nickelsburg, 2016)

But HomeAway, which last year had more than 1,900 employees, including 1,086 in Austin, has faced increasing competition, particularly from room-sharing sites such as San Francisco-based Airbnb.

"While it's never easy to hand over the reins of something you built, I believe now is the right time to empower the next generation of leadership as we continue the hard work of transitioning to an online transaction model," Sharples said in a written statement. "John is already an incredible force within HomeAway, and I'm very comforted in knowing we have someone of such caliber to lead our overall mission."

Prior to joining HomeAway, Kim served as chief product officer for Expedia, where he led global product development efforts for brands including Expedia, Orbitz and Travelocity.(Hawkins, 2016)

5.3 Business model

5.3.1 Customer Value Proposition

Target customers

In another switch, HomeAway search results now prioritize what's called "Best Match," an algorithm that considers how frequently a homeowner's calendar is updated, how often they convert inquiries into bookings, quality of photos, and how closely the listing matches the traveler's preferences. The site also introduced a "Book With Confidence" guarantee, promising to refund customers who book or pay via HomeAway if a listing is fraudulent or misrepresented. (Nickelsburg, 2016)

Job to be done and **Offering**

Through HomeAway, owners and property managers offer an extensive selection of vacation homes that provide travelers with memorable experiences and benefits, including more room to relax and added privacy often for less than the cost of traditional hotel accommodations. The company also makes it easy for vacation rental owners and property managers to advertise their properties and manage bookings online. (HomeAway, 2018)

5.3.2 Profit Formula

Revenue model:

Before:

In tandem with the acquisition announcement, HomeAway revealed it will change its business model midway through 2016 and will add a booking fee for consumers. Until now, unlike Airbnb, HomeAway charged fees to hosts but not to guests. (Schaal, 2015a)

After:

One of the biggest changes is the introduction of a traveller's fee — also referred to as a "service fee." Travelers who book through the HomeAway checkout process are now charged a fee that averages between 4 percent and 9 percent of the rental amount, not exceeding $499, the company says. Airbnb charges a similar fee. (Nickelsburg, 2016)

In Expedia's first quarter earnings report last week, CEO Dara Khosrowshahi announced that HomeAway's multi-level subscriptions would be slowly phased out. Instead, homeowners will be able to list their properties using one annual subscription at a flat rate of $349 if the owner enables online booking and $499 if he or she does not. Homeowners can also list properties for free and pay a percentage of each booking facilitated through HomeAway. (Nickelsburg, 2016)

"Today we're announcing business model changes, including the addition of a traveler service fee in mid-2016, which will dramatically change our ability to compete and thrive in the coming years," says Brian Sharples, chief executive officer of HomeAway. "Better monetization will allow us to accelerate revenue growth, but most importantly will provide more resources for an even better product and service experience for our owners, property managers and travelers."
(CNBC, 2015)

Cost structure:

Mr. Sharples noted traveler service fee, which will be based on a sliding scale, will begin rolling out in Q2 of 2016 and is expected to add an average of roughly 6% to most transactions that run through its online shopping cart. In conjunction with the new traveler service fee, the Company plans to lower commission rates for most of their pay-per-booking customers and provide financial incentives to subscribers based on their annual booking volume through HomeAway's platform. (CNBC, 2015)

Margin model: N/A
Resource velocity: N/A

5.3.3 Key Resources

- One of the biggest players in the private holiday rental market.
- Experience
- More than 2 million listings in over 190 countries all over the world. (HomeAway, 2018)

5.3.4 Key Processes

Processes:

HomeAway's decision to move toward online booking makes its model more similar than it was previously to rival Booking.com's way of doing business — but there still is a big difference. Booking.com's more than 625,000 vacation rentals are all online bookable with an immediate confirmation, while hosts using HomeAway's sites, including VRBO in the United States, Arbitel in France, and FeWo-direkt in Germany, have the option of making their online bookable listings instant bookings or with a window of up to 24 hours to vet the guests and answer questions.(Schaal, 2017)

"We're going to be able to make these changes under the air cover of the fact that we now have a greatly expanded distribution network with Expedia," he said."We deliver the most bookings today. You turbocharge that with the Expedia family and this is the place where everyone is going to have to be. I think longterm, even people in urban markets are going to be on this channel. It's just too big for people who are in this business to ignore." (Demmitt, 2015)

5.4 Additional Information

HomeAway and Expedia say the impetus for the new focus on conversions, over subscriptions, is to meet travelers' expectations and increase revenue. But the changes are causing friction among many homeowners. A Change.org petition to remove the traveler's fee has 1,070 supporters as of May 4 and a Facebook group called Say No to VRBO Service Fee has 2,422 followers. (Nickelsburg, 2016)

However, when Bellevue, Wash.-based online travel giant Expedia purchased HomeAway for $3.9 billion in December, the Franks say everything changed. "My inquiries — they just tanked," Susan Frank said. The Franks aren't alone. Homeowners in regions across the U.S. say they've been impacted negatively by recent changes at HomeAway — including a different approach to displaying search results for rentals, and a new structure for charging travelers and homeowners for the service. Expedia is seeking to improve HomeAway's underlying economics, going toe-to-toe with industry juggernaut Airbnb and staking its claim in the booming "sharing economy." But in the process, homeowners say, the company is risking the loyalty of the people whose rental properties form the foundation of the site.(Nickelsburg, 2016)

This friction is the latest chapter in a broader narrative about the unwritten rules of the sharing economy. Lawmakers, businesses, and users are all grappling to define the customer, seller, product, manager, and employee in this new type of transaction. Does the power ultimately lie with the person who supplies the inventory or the company that provides the technology? (Nickelsburg, 2016)

HomeAway CEO Brian Sharples acknowledged during the conference call that this is going to be a challenging transition and some property owners who use their platform to rent out rooms won't like the change. But he said he thinks the increased business they'll see because of Expedia will be enough to keep people happy. (Demmitt, 2015)

A vacation rental property owner has filed a class action lawsuit against HomeAway over the online portal's pricing tactics, after the company changed its fees and policies last month.
In the case, owner Ivan Arnold of the Los Angeles-area says he has been a customer of the Austin-based company since 2013. (He rents out a home in Palm Springs to offset the cost of ownership.) Arnold says he entered into his current year-long subscription contract of $1,848 without him and other consumers being made aware of coming fee changes.
The suit alleges that tens of thousands of consumers experienced a loss because they might have otherwise purchased a cheaper service from HomeAway or a rival vacation rental marketplace if they had been aware of the fee changes in advance. It claims that owners face lost bookings because HomeAway's new service fee to travelers has led to owners receiving fewer bookings than they would have received otherwise.(O'Neill, 2016)

6. IKEA - TaskRabbit

Name: IKEA (acquirer)
Website: https://www.ikea.com
Country of Origin: Leiden, Netherlands
Number of employees: 194,000
Geographical coverage: Global
Mission/Vision: At IKEA our vision is to create a better everyday life for the many people. Our business idea supports this vision by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.
Revenue: €36.3 billion

Name: TaskRabbit (acquisition target)
Deal Value: not disclosed
Country of Origin: San Francisco, CA, USA
Founders: Leah Busque
Founded: Jan 1st 2008
Number of employees: 60
Number of users: 1,5 million users
Geographical coverage: US and London, UK
Mission/Vision: Revolutionizing everyday work
What we do: Our same-day service platform instantly connects you with skilled Taskers to help with odd-jobs and errands, so you can be more productive, every day.
Revenue / Profitable: $25 million (2016)

Sources: https://blog.taskrabbit.com/category/partners/
https://www.linkedin.com/company/923423/
https://www.crunchbase.com/organization/taskrabbit
https://www.taskrabbit.com/about
https://www.retaildive.com/news/ikea-owned-taskrabbit-hit-by-apparent-data-breach/521714/

6.1 Motivation

6.1.1 Adding of unrelated skills

6.1.1.1 Communication acquirer

"In a fast-changing retail environment, we continuously strive to develop new and improved products and services to make our customers' lives a little bit easier. Entering the on-demand, sharing economy enables us to support that," Ikea chief Jesper Brodin said in a statement. "We will be able to learn from TaskRabbit's digital expertise, while also providing Ikea customers additional ways to access flexible and affordable service solutions to meet the needs of today's customer." (Swisher and Schleifer, 2017) (Dickey, 2017) (O'Brien, 2017)

Gillian Drakeford, IKEA's UK CEO, told Business Insider in an interview this week: "IKEA can't do everything itself. When we look at the gig economy, the platform economy, this has the ability to bring people together that have skills and experiences." The acquisition forms part of IKEA's efforts to "become more relevant to the customer," Drakeford said. "It's not enough just to have a great product with a great price. We need to offer services. People are saying there's value to time — I don't have the time to assemble it myself. I don't necessarily have the time to install things myself. Actually, I'm looking for services from you." (Williams-Grut, 2017)

Brodin said the acquisition is about leveraging TaskRabbit's digital expertise to continue to grow Ikea's own online business. "It's a strategic digital move for Ikea to offer an easy connection to so many service providers who can actually assemble their furniture," he says. "This move not only showcases a continued investment in digital commerce, but offers a truly complete omnichannel experience, where one of those channels becomes your home. The holistic experience of finding, buying, and assembling any Ikea products is now possible, completely enabled online under the Ikea brand." (Lindner, 2017)

"The mobile is the most important platform in the digital meeting with the customer. Now it's also becoming an integrated part of the instore experience enabling us to provide our customers with a truly seamless experience" Jonas Hassler, Web, ecommerce & digital manager. (IKEA, 2018)

6.1.1.2 Communication acquired

In 2017, Stacy (TaskRabbit CEO) led the successful acquisition of TaskRabbit by the IKEA Group. (..) In addition to shaping the future of work, TaskRabbit is now a core driver of the e-commerce and services strategy for the world's largest furniture retailer with the mission of making everyday life easier for everyone. (TaskRabbit, 2018a)

The most listed task listed on the TaskRabbit platform is assembly of IKEA furniture. Most of the listed taskers on TaskRabbit already work part-time. The income form TaskRabbit is a supplemented income. Further TaskRabbit offer healthcare, pension plans, tax planning, etc. for a discounted price to their taskers. (CBS This Morning, 2017)

6.1.1.3 Communication 3rd party

Ikea can now use TaskRabbit to spend more time with customers in their homes. Ikea can help customers build furniture – and a variety of related tasks. It seems to be more profitable for Ikea to ship these large cases of disassembled pieces all over the globe, and have local gig economy workers put it together in the customer's home. And what other services will Ikea now be able to help customers with in the future? In fact I could have used an Ikea TaskRabbit to install crown molding in my house. Companies can think differently about their brand - and their category. For example the mentality is, "Today we are a furniture company, but tomorrow we offer a full range of products and services.!" Great brands shift categories fluidly. The gig economy should be part of every company's growth strategy. How can we lean on the gig economy to make customers' lives easier and better? This is a brilliant move from Ikea we can all learn from. (Morgan, 2017)

The purchase of TaskRabbit was fuelled by Ikea's need to further bolster its digital customer service capabilities to better compete with rivals likes Amazon, which has stepped up its home goods and installation offerings. The purchase is Ikea's first step into the on-demand platform space. (Swisher and Schleifer, 2017)

But a purchase of TaskRabbit will get Ikea even more deeply into the tech space, although it has not been without some tech innovation of late. The company — which has sales of more the $36 billion annually and 183,000 workers — recently announced an initiative to shift its 389 stores worldwide to electric car transportation and infrastructure. (Swisher and Schleifer, 2017)

"The purchase of TaskRabbit was fuelled by Ikea's need to bolster its digital customer service capabilities to better compete with rivals likes Amazon, which has stepped up its home goods and installation offerings," Recode reported. "The purchase is Ikea's first step into the on-demand platform space."
But analysts say this deal, which was confirmed by the companies Thursday, tells a deeper story about what retailers need to do to survive as more people shop online. "Ikea's reasons for purchasing TaskRabbit may go well beyond the gains of having that company in-house for purposes of delivery and assembly," said Ryan Calo, an assistant professor at the University of Washington School of Law, who has written about the sharing economy. "You never know what these new marriages with tech companies are going to yield," he added. . (Grill-Goodman, 2017)

The deal makes sense for a company such as Ikea, according to analysts, who said many customers were already outsourcing furniture building. (Lien and Masunaga, 2017)
The acquisition is also part of Ikea's shifting focus from its physical stores to its online business. In recent years, traffic to Ikea's website has surpassed the number of physical store visits reported by the company, though most sales are still done in-store, according to IBISWorld.(Lien and Masunaga, 2017)

6.2 Integration

6.2.1 Procedural

Ikea offered few details about how it might integrate TaskRabbit into its operations. (Hsu, 2017)

Not only are we available online, where TaskRabbit services are located, we are also in six IKEA stores in the San Francisco and New York City markets, including IKEA Emeryville, IKEA East Palo Alto, IKEA Brooklyn, IKEA Elizabeth, IKEA Long Island and IKEA Paramus. Additional IKEA stores will add the service in 2018, including those in Los Angeles, Miami, Houston, Boston, Washington D.C. and more.
(TaskRabbit, 2018a)

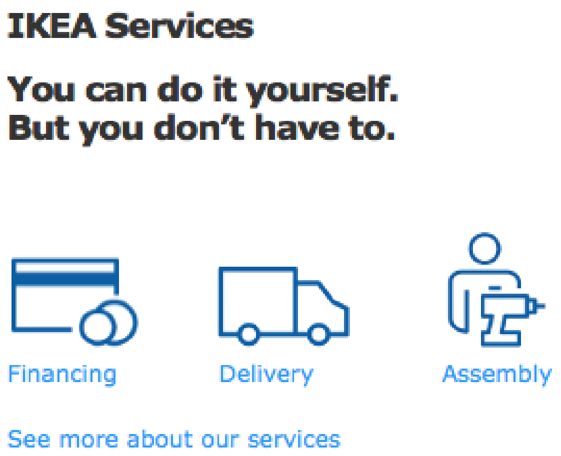
(…) TaskRabbit will continue to operate independently (…) (Dickey, 2017)

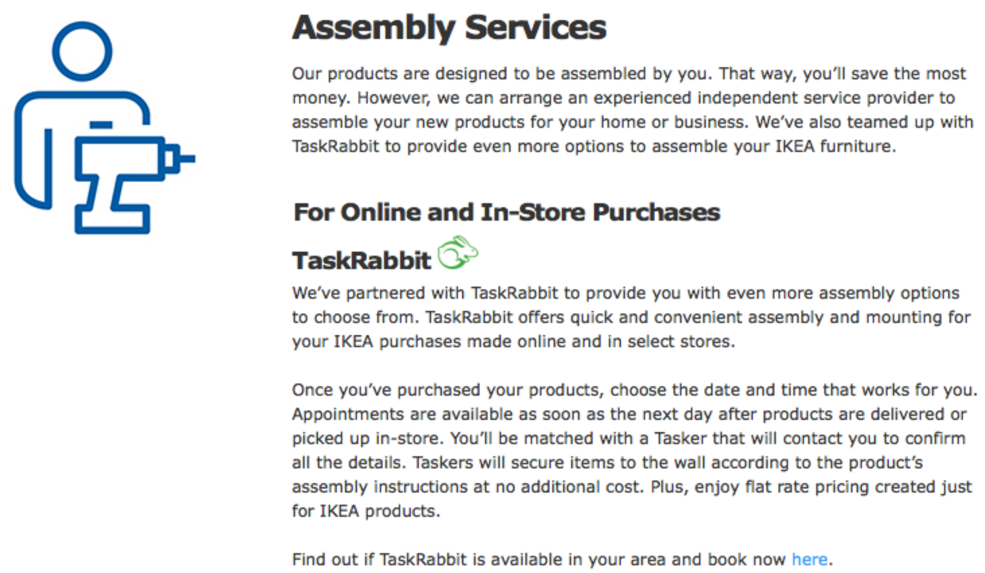
6.2.2 Technical

“With just a few clicks, TaskRabbit offers a truly seamless experience for customers who can now purchase IKEA home furnishing products today and have them assembled in their homes as soon as tomorrow,” says Stacy Brown-Philpot, Chief Executive Officer of TaskRabbit. “We love improving people’s homes and their lives, and we know this service will help even more customers get things done.” (TaskRabbit, 2018a)

“We are always looking at ways we can innovate and help make our customers lives at home easier,” says Jackie DeChamps, Chief Operating Officer & EVP, IKEA U.S. “We are excited to participate in the on-demand, sharing economy and give our customers access to a flexible, convenient and affordable service solution with the new TaskRabbit At-Home Assembly service.” (TaskRabbit, 2018a)

“With just a few clicks, TaskRabbit offers a truly seamless experience for customers who can now purchase IKEA home furnishing products today and have them assembled in their homes as soon as tomorrow,” says Stacy Brown-Philpot, Chief Executive Officer of TaskRabbit. “We love improving people’s homes and their lives, and we know this service will help even more customers get things done.”(TaskRabbit, 2018a)





IKEA – US webpage (https://www.ikea.com/us/en/)

6.2.3 Managerial & Socio-cultural

IKEA has since confirmed the acquisition, saying the plan is for the furniture retailer to acquire 100 percent of the shares in TaskRabbit but that TaskRabbit will continue to operate independently. That means TaskRabbit CEO Stacy Brown-Philpot and her staff will remain on board and continue to fulfil their partnerships with other retailers. (Dickey, 2017)

The company said that when the deal is completed, something that is expected next month, TaskRabbit will remain an independent company within Ikea and stay based in San Francisco.
A spokesperson for TaskRabbit told the Los Angeles Times that no layoffs are on the horizon, and that the company's existing leadership, including Chief Executive Stacy Brown-Philpot, will remain in their roles. (Lien and Masunaga, 2017)

6.3 Business model

6.3.1 Customer Value Proposition

Target customers

"TaskRabbit's customer base includes people that don't have the time or skills to do manual labor projects themselves," he says. "These demographics are prime candidates to expand Ikea's customer base, as these individuals aren't inclined to shop for do-it-yourself products, older consumers or those that don't want to hassle with assembling furniture were probably previously reluctant to purchase unassembled items from Ikea. Now they can benefit from Ikea's unique designs, at value prices, without having to worry about assembling the furniture themselves." Top500Guide.com data shows that 57.78% of Ikea's online shoppers are under the age of 45. (Lindner, 2017)

Job to be done

TaskRabbit provide a service where customers can list small task, experienced and approved taskers will execute within the preferred timeframe.

Offering

TaskRabbit already advertises furniture pick up, delivery and assembly services. In New York City, "Ikea Assembly" is a specific task that customers can select from a list of available options, which include things such as waiting in line and yard work.(Taylor, 2017)

«I see the acquisition of TaskRabbit by Ikea as part of a broader trend, where firms enhance the value to their customers by offering additional services, with these service provided by a third party» said Saif Benjaafar, director of the university of Minnesota's initiative on the sharing economy. (Thadani, 2017)

“With just a few clicks, TaskRabbit offers a truly seamless experience for customers who can now purchase IKEA home furnishing products today and have them assembled in their homes as soon as tomorrow,” says Stacy Brown-Philpot, Chief Executive Officer of TaskRabbit. “We love improving people’s homes and their lives, and we know this service will help even more customers get things done.” (TaskRabbit, 2018a)

- Saves time
- Easy to get help
- Taskdoers with a clean background
- Insurance (every task is insured upto $1,000,000)
- Cash free payment
- Local jobs in and around the neighbourhood
- No schedule job, work at your own convenient time
- Instant money- wages immediately after the task
- Better return on reputation as the level increases

(JungleWorks, 2015)

6.3.2 Profit Formula

Revenue model:

The only way TaskRabbit earns its revenue is by taking a cut on every transaction that happens over the app.(JungleWorks, 2015)

When you book a task, you choose a Tasker based on their skills, reviews and hourly rate. The hourly rate you see is inclusive of the payment for your Tasker and the 15% TaskRabbit service fee. Your Tasker sees the price that you pay, as well as the exact hourly rate they will earn. (TaskRabbit, 2018b)

Cost structure:

We’re so excited to launch flat-rate pricing on IKEA furniture assembly. With flat-rate prices starting at $36, getting your IKEA furniture assembled has never been easier. Book online today or check us out on IKEA.com. With our integration into the IKEA.com site, you can check the availability of TaskRabbit based on your location and product choice and start the process of booking a Tasker as you shop online. You can buy your IKEA furniture and have it assembled as soon as the next day! (TaskRabbit, 2018a)

Margin model: N/A

Resource velocity: N/A

6.3.3 Key Resources

- Handymen and handywomen that can execute tasks people can’t do themselves, or do not have the time to do.
- Been in the gig-economy and alternative marketplace since 2008. This give the company an advantage in experience and customer base.
- Technology
- Their partners. TaskRabbit is still free to partner with other companies after the acquisition.

(JungleWorks, 2015)

6.3.4 Key Processes

- Vetting process. Before the taskers are listed, they go through an extensive process of being cleared as safe and reliable to conduct the tasks people list.
- A matching process where the listed task is connected with the taskers with the highest score close by. The customer will get a respond to the task very quickly.

6.4 Additional Information

The deal has some precedent: The two partnered in November 2016 on a pilot program to make TaskRabbit available to IKEA customers in London for furniture assembly.(O'Brien, 2017)

But the world's largest furniture retailer is looking at changes to all parts of that model. Mr Lööf said a priority would be to offer its full range of goods online in all countries. Ikea is also experimenting with new store formats including city-centre pick-up points and specialised pop-up stores as well as smaller shops that have fewer car parking spaces and less inventory. "Traditionally the whole Ikea value chain has been designed to deliver to stores. That is changing and it is challenging a number of ways of doing business. We are fast learners and we are moving," Mr Lööf said. (Milne, 2017)

It also launched an app that allows users of Apple devices to visualise placing Ikea furniture into their own homes using augmented reality. Ikea's shift on giving customers more choice in terms of delivery or help with assembly moves away from its founder Ingvar Kamprad's idea that getting customers to build their own furniture would keep costs down. But the push to sell through ecommerce retailers could be the biggest change yet, marking the first time Ikea has sold products through a third party and radically revamping its business model. "We want to learn, and know what it is for a company like Ikea to be there. We want to find out how we could keep our identity on a third-party platform," Mr Lööf said. (Milne, 2017)

With this acquisition, Ikea may now have access to TaskRabbit's trove of data and information on user behaviour. «it's like buying a thousand anthropogists, who can say things like, 'it looks like this population of urban, women millennials are always asking for this task – could we sell a product that meets that need» Calo said. (Thadani, 2017)

A deal with Ikea probably gives TaskRabbit the resources to continue its expansion, and also delivers it a built-in global customer base that has a need for its services. (Lien and Masunaga, 2017)

Appendix 5: Cross Case Findings

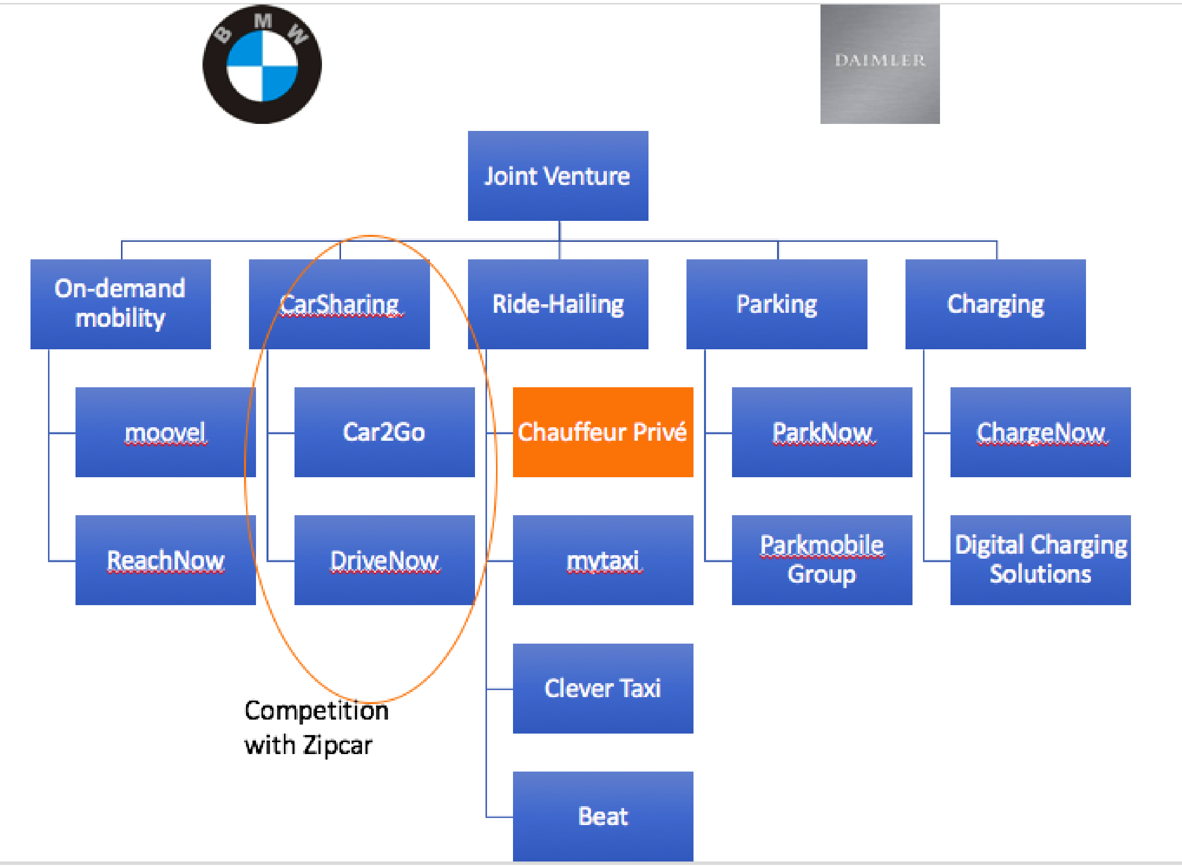
General Information						
			Number employee		Revenue	
Selected cases	Year	Deal Value	acquirer	acquired	acquirer	acquired
Caterpillar - YardClub	2017	Undisclosed	98,400	11-50	$45.5 billion	$9.5 million
Avis - Zipcar	2013	$500 million	30,000	500+	$8.66 billion	$186 million
Daimler - Chauffeur Privé	2017	Undisclosed	282,488	101-250	€153.261 billion	N/A
AccorHotels - OneFineStay	2017	$170 million	240,000	569	€5.45 bill ion	$30.1 million
Expedia - HomeAway	2016	$3.9 billion	22,600	1900	$10.06 billion	$446.8 million
IKEA - TaskRabbit	2017	undisclosed	194,000	60	€36.3 billion	$25 million

	Framework								
		Motivation							
Selected cases	Type of acquisition	Summary	Reason for targeting SE	Integration	Substantial changes BM	Post acquisition appointment of new management	Geographical coverage	Customer segments	Unique technological abilities by platform acquired
Caterpillar - YardClub	Horizontal	Extending existing resources	Threat from SE due to shift to access over ownership	Absorption	Significant - likely to disappear	No (1y)	YardClub: Bay Area Caterpillar: Global reach	Caterpillar: constructers and energy sector YardClub: Suppliers for construction equipment and constructors	Data gathering & fleet management
Avis - Zipcar	Horizontal	Minimize Redundancy	Provide unique experience from SE	Holding	more flexibility for consumer regarding rental	Yes (5y)	Zipcar: international expansion after acquisition Avis: Global reach	Zipcar: Urban locations, young & technological savvy people, college students After acquisition: more populistic Avis: General public	Data gathering & fleet management
Daimler - Chauffeur Privé	Horizontal	Minimize Redundancy	Threat from SE due to shift to access over ownership	Holding	None	No (1y)	Chauffeur Privé: France; Daimler division: geographically spread (France not covered)	Chauffeur Prive: Target people preference access over ownership in major cities in France. "Shared & Services" Division at Daimler target same demographics PLUS more ubran	None
AccorHotels - OneFineStay	Horizontal	Minimize redundancy	Provide unique experience from SE	Holding	None	Yes	OneFineStay: limited reach before the acquisition, after the merger - international coverage Accor Hotel: Global reach	Onefinestay seek to target customers that want a higly luxurious travel experience. Target customers are families with high incomes.	Sherlock - an app that allowes you and other people enter your home, without keys. (Enter Sherlock. Sherlock is a small box of tricks which lets you and people you trust unlock your building and apartment doors using your phone wherever, whenever. Even if you are away from home.)
Expedia - HomeAway	Horizontal	Minimize Redundancy	Provide unique experience from SE	Holding	Significant changes transaction based revenue model, search algorithm, …	Yes	Homeaway: International reach Expedia: Global reach	Target customers are families and friends that seek to find a vacation rental for shorter periods. I assume the target customers are in the age segment 30-60	None
IKEA - TaskRabbit	Vertical	Addition of unrelated skills	Target customers who do not wish to assemble themselves	Preservation	Few - flat pricing for IKEA furniture assembly; In-store "Taskers"	No (1y)	Taskrabbit: US and London in Uk, aiming to globalize IKEA: Global reach	Target customers that have limited time or energy to execute small tasks. Especially assembly of IKEA furniture seem to be a popular task on the site.	Gig-economy:

	Categorization						
	Acquirer - Incumbent Firm			Sharing Economy Platform			
Selected cases	**Core business**	**sub-industries**	**Position in Value Chain**	**Peer-to-Peer**	**Increase utility when increase in user base**	**Category (Schor, 2014; Schor and Fitzmaurice, 2015)**	**Industry**
Caterpillar - YardClub	construction equipment manufacturer	Engines and Financial services Disribution stores (retailing and rental)	Manufacturer	yes (decreasing and arguably not much	yes	2) increased utilzation of durable assets	construction equipment rental
Avis - Zipcar	car rental and leasing	N/A	Distributor	no	N/A	2) increased utilzation of durable assets	ride hailing mobility
Daimler - Chauffeur Privé	Automotive industry	mobility service	Manufacturer	yes	yes	3) exchange of services	ride hailing mobility
AccorHotels - OneFineStay	Hospitality industry: hotel chain		Distributor	yes	yes	2) increased utilzation of durable assets	Hospitality
Expedia - HomeAway	Travel Technology: Booking website (accomodation & transporation)	N/A	Distributor	yes (also B2C)	yes	2) increased utilzation of durable assets	Hospitality
IKEA - TaskRabbit	Furtniture retailer - are they also manufacturer?	N/A	Distributor	yes	yes	3) exchange of services	Gig-economy

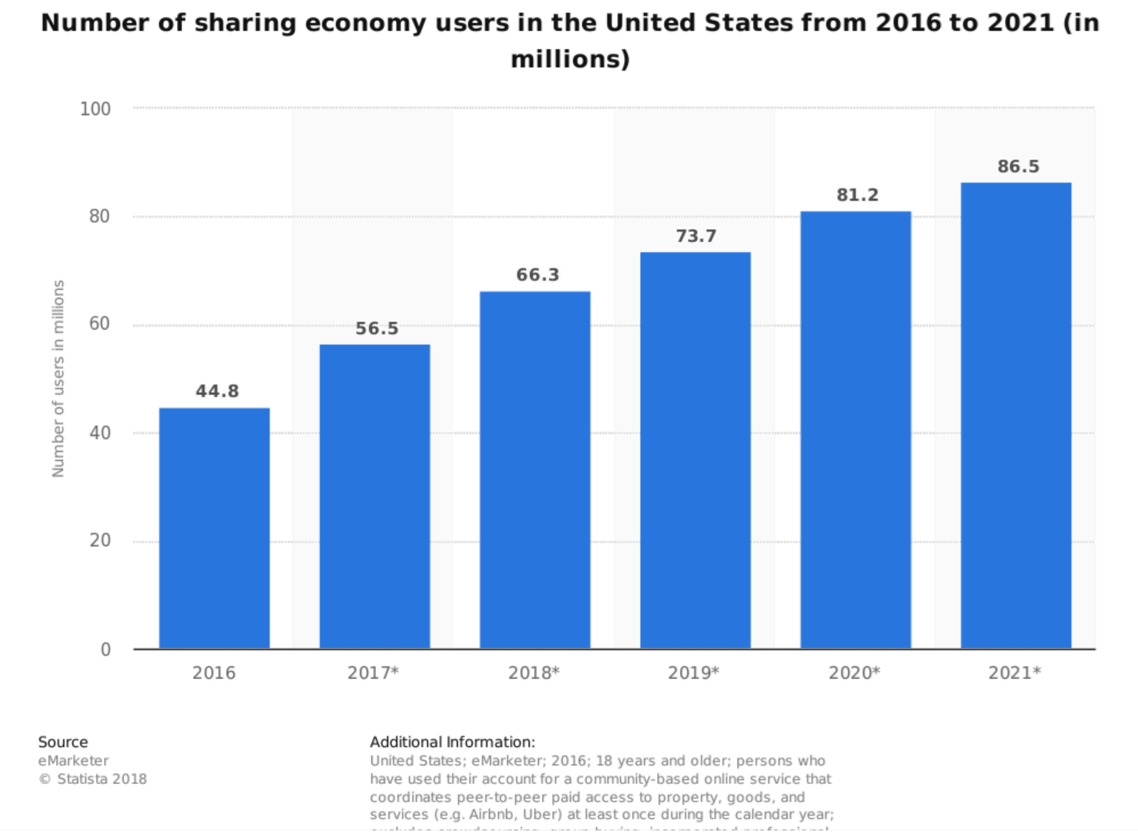
	Additional information						
		Cost/Revenue structure		Communication		Part of a bigger strategic goal?	
Selected cases	**Mission**	**Value driven**	**Cost driven**	**acquirer**	**acquired**		**what?**
Caterpillar - YardClub	to build technology for the men and women who build our world.	X		no	yes	yes	prepare for less ownership and IoT improvemetns on the equipment
Avis - Zipcar	To enable simple and responsible urban living. We envision a future where car-sharing members outnumber car owners in major cities around the globe. Most residents of these cities will live within a five-to-ten-	X	X	yes	yes	no	consolidate power in an industry
Daimler - Chauffeur Privé	Révolutionner la mobilité urbaine	X		yes	little	yes	prepare for autonomous, electirc vehcle services (integrated)
AccorHotels - OneFineStay	Experience the finest homes in our favourite cities – with an unprecedented level of service and care.	X		yes	yes	no	consolidate power in an industry and offer to wider audience
Expedia - HomeAway	We're committed to helping families and friends find the perfect vacation rental to create unforgettable travel	X	X	yes	little	no	consolidate power in an industry and offer to wider audience
IKEA - TaskRabbit	Our mission is to connect busy people with entrepreneurs who can help them get things done	X	X	yes	yes	yes	target more people who do not want to built themselves / extend the traditional business to now provide

Appendix 6: Daimler Portfolio Mobility Services



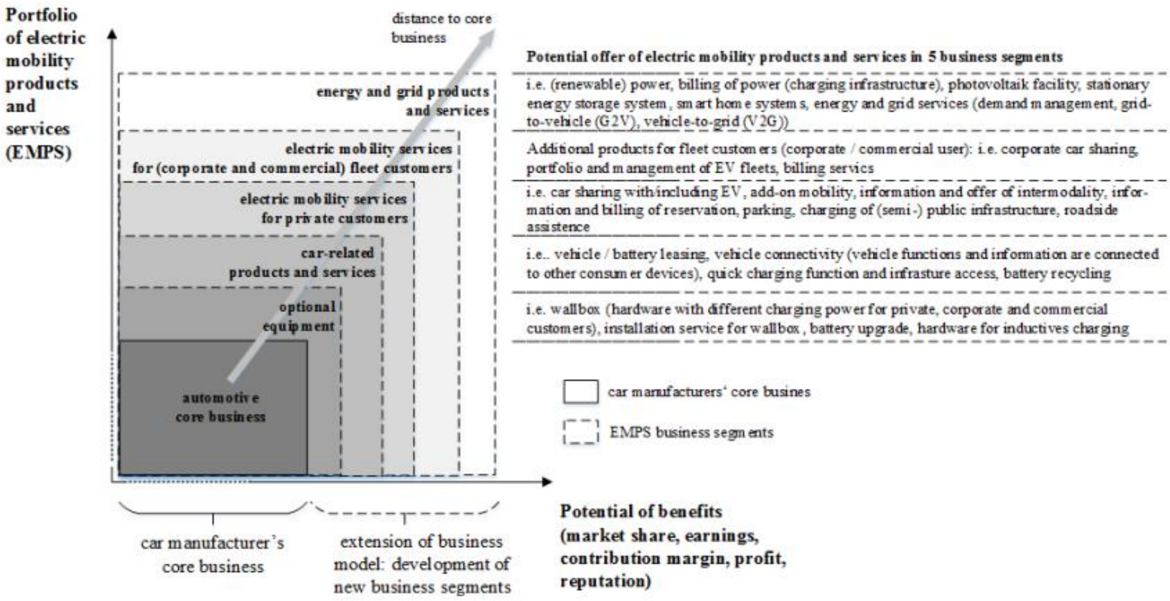
Source: Self-provided

Appendix 7: Increased customer base in the sharing economy

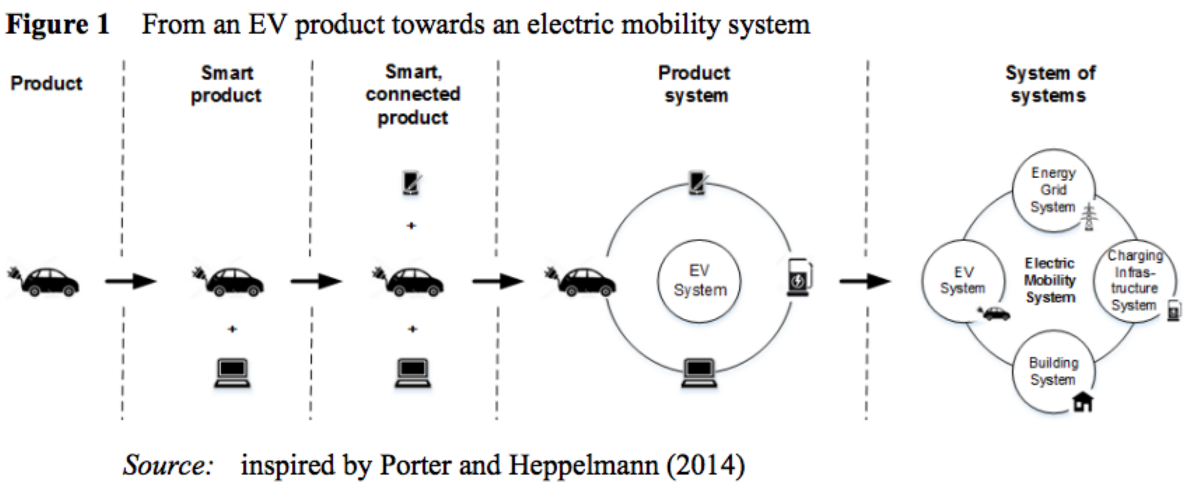


Source: (Statista, 2018b)

Appendix 8: Electric Mobility Products and Services (Krommes and Schmidt, 2017)



Source: (Krommes and Schmidt, 2017)



Source: (Krommes and Schmidt, 2017)