

Comparative Study of Business Models of Ridesharing Platforms in Lithuania

(Abstract)

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ABSTRACT

The need for sustainable consumption practices is growing, as well as the need for sustainable business models. Sharing economy is promoting sustainable usage of materials, equipment and tools. Moreover, ridesharing is a recognized mean of sustainable mobility. As existing research usually compare sharing economy business models versus more traditional ones, in this study, authors aim to identify differences of business models of ridesharing platforms. The comparative analysis was carried out based on Business Model Canvas framework proposed by Osterwalder and Pigneur (2010). The data on business models of most significant ridesharing platforms operating in Lithuania was collected from secondary sources. The platforms compared in the paper are international (Uber, a global ridesharing service, and Bolt, a regional ridesharing service) as well as local (eTransport, providing ridesharing as an additional option, and CityBee, free-floating car-sharing service provider). Future research will include interviews with representatives of the ridesharing platforms and provide a more detailed case analysis.

Keywords: sharing economy, platforms, business models, ridesharing, Lithuania.

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BACKGROUND

The need for sustainable consumption practices is emphasized on United Nations' Sustainable Development Goals, dedicating Goal 12 to ensure sustainable consumption and production patterns (United Nations, 2015). Under Goal 12 Ensure sustainable consumption and production patterns, United Nations note that "In 2002 the motor vehicle stock in OECD countries was 550 million vehicles. A 32 per cent increase in vehicle ownership is expected by 2020. At the same time, motor vehicle kilometers are projected to increase by 40 per cent <...>" (United Nations, n.a.). Meanwhile sharing economy is promoting sustainable usage of materials, equipment and tools. Moreover, ridesharing is a recognized mean of sustainable mobility (Lee, Lee, & Yoo, 2019) as they reduce number of traveling in single-occupant vehicles, and thus generating externalities in the form of congestion, pollution, and vehicle-miles traveled (Shoshany Tavory, Trop, & Shiftan, 2019). Deloitte (2017) identified that ridesharing continuously grows in double-digit speed and 50% of global ridesharing market is concentrated in Europe. According to Statista (2019), in Lithuania ride hailing user penetration is 7.7% (0.2m) in 2019 and is expected to hit 12.7% (0.4m) by 2023.

As existing research usually compare sharing economy business models versus more traditional ones. Meanwhile, comparisons of ridesharing business models look into specific aspects specific to ride sharing businesses (e.g. Deloitte, 2017). And Cohen and Kietzmann (2014) based their study on Business models for sustainable innovation proposed by Boons and Lüdeke-Freund (2013). In this study, authors aim to identify differences of business models of ridesharing platforms by using more generic Business Model Canvas framework (Osterwalder, & Pigneur, 2010) for comparison.

METHODOLOGY

The purpose of this research is to analyze differences of business models of ridesharing platforms. To compare the business models, this study uses a Business Model Canvas (Osterwalder and Pigneur, 2010) as main framework. It is the most popular approach widely accepted by practitioners and academics.

The cases for comparison were selected based on following criteria: 1) they have to be providing ridesharing service, 2) consumers access the service by using an internet-based platform. In addition to these criteria, authors sought to compare business operating internationally versus ones operating locally only. To choose a local case a Lithuanian market was chosen because of the convenience of understanding sources in local language. A number of ridesharing service platforms operating in Lithuania were identified (see Table 1).

Table 1: Ridesharing Platforms operating in Lithuania

Platform	Geography	Market players	Core service?
Uber	International – Global	C2C	Ridesharing is core service
Bolt	International – Global	C2C	Ridesharing is core service
Opti	International – Regional	C2C	Ridesharing is core service
Yandex Taxi	International – Regional	C2C	Ridesharing is core service

Platform	Geography	Market players	Core service?
eTransport	Local	C2C	Ridesharing is additional service, traditional taxi is core service
eTaxi	Local	C2C	Ridesharing is additional service, traditional taxi is core service
Trafi	International – Global	C2C	Ridesharing is additional service, transit information is core service
eSpark	Local	B2C	Free-floating ridesharing is core service
CityBee	Local	B2C	Free-floating ridesharing is core service

Source: This study.

The platforms compared in the paper are international (Uber, a US based global ridesharing service, and Bolt, Europe based ridesharing service) as well as local (eTransport, providing ridesharing as an additional option, and CityBee, free-floating car-sharing service provider).

To gain deep insights into business models of ridesharing platforms, the qualitative research design was applied following Täuscher & Laudien (2018). This selected approach ensures to collect rich data and more in-depth understanding of ridesharing BMs.

RESULTS SUMMARY

The study has analysed of differences of business models in the context of ridesharing platforms. Moreover, the paper explored four business models (i.e., Uber, Bolt, CityBee, eTransport) and compared them to each other.

The results showed that all four business models have similarities regarding the main value propositions and segments, communication channels (e.g., platform, and social media such as Facebook, Instagram). Interestingly, the main differences are customer segments and value propositions (eTransport offers advertising services (video) for small and medium and big companies; Bolt is going to deliver food), communication channels (Uber is passive on social media; CityBee has the biggest fan base on social media (Instagram)), revenue stream (i.e., advertising and food services) and key activities (e.g., selling of video advertising space on digital screens in eTransport cars; maintenance of social media presence).

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