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Market Entry, Categories and Value Propositions in the Digital Domain

—

A Comparative Longitudinal Case Study on Uber vs. BlaBlaCar

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Summary

Business model innovation has gained increasing attention in the last few years. Nowadays, the literature provides many definitions and different interpretations of what a business model is. Some of these interpretations see the business model as attributes of real firms, as cognitive/linguistic schemas, and as a formal representation of how a business works. At the core of the business model there is the value proposition.

When a firm with a new and innovative business model enters a competitive market, it “*can trigger oppositions from industry incumbents*” (their market position is threatened), and challenges regulators that will try to protect public welfare in case of risk (Uzunca et al., 2018), (Aldrich and Baker, 2001), (Pache and Santos, 2010), (Gurses and Ozcan, 2015).

Business models are the key element that supports the definition of the company competitiveness by leveraging social and economic interactions to create value and empowering the firm to achieve its goals. During this process, firms must also consider that they are enabling the categorization process as stakeholders need to classify the business and will firstly do it through a comparison with existing categories of business models. Once the categorization process has started, the company will be associated with one category with respect to another by media, incumbents and institutional stakeholders. They will react to the new business model according to their perception of the company’s activity. This is the reason why choosing which category to be associated with, is a key strategic step: it influences the market positioning and the consequent reactions of the market stakeholders.

We address the research questions by conducting a comparative longitudinal case study on Uber vs. BlaBlaCar. Their cases are an interesting example of how two similar business model, with different value propositions, can lead to different categorizations that cause different reactions from the stakeholders. In their specific case, in Spain, Uber has been banned and classified by the European Court as a “transport service” company, while BlaBlaCar is still running its business and is considered as a generic social network platform.

Considering the described theoretical framework and the Spanish cases, the aim of this work is to answer the following question: “*How do different new entrants’ value propositions influence the stakeholders’ categorization?*”.

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Abstract

Literature provides many definitions and different interpretations of what a business model is. When a firm with a new and innovative business model enters a competitive market, it “*can trigger oppositions from industry incumbents*” (their market position is threatened), and challenges regulators that will try to protect public welfare in case of risk (Uzunca et al., 2018), (Aldrich and Baker, 2001), (Pache and Santos, 2010), (Gurses and Ozcan, 2015).

By presenting their value proposition, firms must consider that they are enabling the categorization process. Once it has started, the company will be associated with one category with respect to another by media, incumbents and institutional stakeholders. They will react to the new business model according to their perception of the company’s activity.

Index

1. Introduction
2. Research Question and Methodology
 - 2.1. Key Concepts Definition
 - 2.1.1. Business Model
 - 2.1.2. Value Proposition
 - 2.1.3. Digital Environment
 - 2.1.4. Sharing Economy
 - 2.1.5. Categories
 - 2.1.6. Transportation Network Company
 - 2.1.7. Carpooling
 - 2.2. Theory
 - 2.2.1. Business Model Creation and Categorization: Value Creation and Positioning
 - 2.2.2. Media Influence to Market Categories Emergence
 - 2.2.3. Stakeholders Reactions to the New Business Model Entry
 - 2.3. Methodology
3. Companies Overview
 - 3.1. Uber
 - 3.1.1. Business Model
 - 3.1.2. Use Case
 - 3.2. BlaBlaCar
 - 3.2.1. Business Model
 - 3.2.2. Use Case
 - 3.3. Business Model Comparison
 - 3.4. Legal Issues Introduction
4. Findings
 - 4.1. Terms and Conditions
 - 4.2. Media
 - 4.3. Legal Processes
 - 4.3.1. Uber
 - 4.3.2. BlaBlaCar
 - 4.4. Uber European Court Legal Sentence
5. Results and Discussion

5.1. Media Quotes Data Analysis

5.1.1. Uber Results

5.1.2. BlaBlaCar Results

5.1.3. Media Results Conclusions

5.2. Results Comparison

6. Conclusion

Appendix

References

Table of Contents

Chapter 1

Introduction

Business model innovation has gained increasing attention in the last few years. Nowadays, the literature provides many definitions and different interpretations of what a business model is. One of the most recent, the “*A Critical Assessment of Business Model Research*” (Massa et al., 2017) shows three different interpretations of the meaning and the function of a business model. These interpretations see the business model as attributes of real firms, as cognitive/linguistic schemas, and as a formal representation of how a business works. At the core of the business model there is the value proposition. It explains how a customer need is met, or a problem is solved (Cantamessa and Montagna, 2016) and enable to compare it to how competitors do or could do so. The value proposition is “*a bundle of benefits that a company offers customers*” (Osterwalder, 2004).

Through the sharing economy advent, entrepreneurs have started creating new business models that figured out how to manage underutilized assets by taking advantage of digital environments: share them. When a firm with a new and innovative business model enters a competitive market, it “*can trigger oppositions from industry incumbents*” (their market position is threatened), and challenges regulators that will try to protect public welfare in case of risk (Uzunca et al., 2018), (Aldrich and Baker, 2001), (Pache and Santos, 2010), (Gurses and Ozcan, 2015).

Business models are the key element that supports the definition of the company competitiveness: they leverage social and economic interactions to create value and empower the firm to achieve its goals. During this process, firms must also consider that they are enabling the categorization process as stakeholders need to classify the business and will firstly do it through a comparison with existing categories of business models.

Business models categories are a crucial element in the dynamic business environment, they are “*conceptual tools for understanding organization-environment relationships*” (Negro et al., 2010).

As emergent theories have shown, the value proposition is the pivotal element in the categorization process: it is the tool for targeting customers and defining the market

penetration strategy. Once the categorization process has started, the company will be associated with one category with respect to another by media, incumbents and institutional stakeholders. They will react to the new business model according to their perception of the company's activity.

Respect to market and organizations, *categories* are a cognitive infrastructure to evaluate organizations and their products, and they can affect expectations (Durand and Paolella, 2013). They are "*conceptual tools for understanding organization-environment relationships*" (Negro et al., 2010) that simplify people comprehension by enabling recognition. The association to a category respect to another one is strongly related to how the new entrant states and presents its value propositions (in the form of official statements, advertising, corporate communications etc): the stakeholders will relate the new business to one category rather than another according to this basis. This is the reason why choosing which category to be associated with, is a key strategic step: it influences the market positioning and the consequent reactions of the market stakeholders.

We address the research questions by conducting a comparative longitudinal case study on Uber vs. BlaBlaCar. Their cases are an interesting example of how two similar business model, with different value propositions, can lead to different categorizations that cause different reactions from the stakeholders. In their specific case, in Spain, Uber has been banned and classified by the European Court as a "transport service" company, while BlaBlaCar is still running its business and is considered as a generic social network platform.

Considering the described theoretical framework and the Spanish cases, the aim of this work is to answer the following question: "*How do different new entrants' value propositions influence the stakeholders' categorization?*". The scope is to identify which are the main factors that influence the market categorizations and that has brought to two different legal outputs for these companies.

The research has been based on data analysis of media's quotes related to these companies. Those have been compared with the official terms and conditions documents provided by the two companies, and with the legal paper that described the judges' opinions. The match or mismatch of the categorization respect to the company value proposition will represent how the business model can affect the categorization process. Implications for theory and practice are discussed.

Chapter 2

Research Question and Methodology

“How do different new entrants’ value propositions influence the stakeholders’ categorization?”

Business models, whose core part is represented by the company’s value proposition, are fundamental and powerful tools that companies possess, in order to set competitiveness and enable the process of categorization.

When a firm with a new and innovative business model enters a competitive market, it *“can trigger oppositions from industry incumbents”* (their market position is threatened), and challenges regulators that will try to protect public welfare in case of risk (Uzunca et al., 2018), (Aldrich and Baker, 2001), (Pache and Santos, 2010), (Gurses and Ozcan, 2015).

Being associated with one market category respect to another one could mean having a different market penetration: it influences the reactions of the market stakeholders and the market positioning. This is the reason why it is crucial to understand what affects the stakeholders’ categorization process. All these observations motivate our inquiry into what affects the categorization process, especially considering the lack of studies addressing this topic.

2.1 Key Concepts Definition

In order to allow the reader to have a better understanding of the research, the development of the work, and the theoretical background, here are reported some definitions of the key concepts that will be frequently found during the reading of this thesis.

2.1.1 Business Model

The concept of *Business Model* (BM) has probably been introduced for the first time in the 20th century in relation to the *razor and blades strategy*. Nowadays, the literature provides many definitions and different interpretations of what a business model is.

Despite these many points of view, the BMs are used to classify and describe businesses: “*A business model is a description of an organization and how that organization functions in achieving its goals*” (Massa et al., 2017)

In the following table (Table 1 - Definitions of Business Model), are reported some of the definitions of business model that are present in the literature.

Definition	Author (Year)
<i>“The framework of a “business model” might provide a structured way for sustainable business thinking by mapping the purpose, opportunities for value creation across the network, and value capture (how to generate revenue) in companies.”</i>	(Bocken et al., 2015)
<i>“A business model is an organization’s approach to generating revenue at a reasonable cost, and incorporates assumptions about how it will both create and capture value.”</i>	(Gambardella and McGahan, 2010)
<i>“A business model distinguishes a company/unit according to its strategy, culture and processes.”</i>	(Markides and Oyon, 2010)
<i>“Business Model refers to the logic of the firm, the way it operates and how it creates value for its stakeholders. A firm’s business model is a reflection of its realized strategy.”</i>	(Casadesus-Masanell and Ricart, 2010)
<i>“We suggest that a business model has three components: a value proposition, a value constellation, a profit equation.”</i>	(Yunus et al., 2010)
<i>Business model “is an Optimal design of activity systems to manage key interdependencies”</i>	(Martins et al., 2015)
<i>“Business model is a cognitive structure organizing managerial understanding of interdependencies”</i>	(Martins et al., 2015)
<i>“Business models represent the “format” with which firms can bring technological innovations to the market, and are</i>	(Chesbrough, 2010)

therefore key to determining success and failure of the same innovations”

A business model represents a “conceptual, rather than financial, model of a business” (Teece, 2010)

“A business model is a description of an organization and how that organization functions in achieving its goals” (Massa et al., 2017)

“Business models are schemas that organize managerial understanding of the design of firms’ value creating activity systems.” (Martins et al., 2015)

“The business model is seen as an implicit mental schema (rather than having a material manifestation as a property of firms or a formal conceptual representation), a cognitive structure that operates as a focusing device, making decision-making of boundedly rational decisionmakers facing conditions of imperfect information and cognitive complexity more efficient” (Massa et al., 2017)

“A business model is defined as the designed system of activities through which a firm creates and captures value” (Zott and Amit, 2010), (Martins et al., 2015)

Table 1 - Definitions of Business Model

In the “*A Critical Assessment of Business Model Research*”, Massa, Tucci, and Afuah explain the three different interpretations of meaning and function that a BM could have. These interpretations are:

1. as attributes of real firms (the BM defines how firms do business by describing their business operations);
2. as cognitive/linguistic schemas (the BM presents how the way the firms do their business is perceived and interpreted);
3. as a formal representation of how a business works (the BMs is a formal representation of activity systems and stakeholders’ perceptions).

An additional interpretation of business models is the one that considers them as *schemas* that organize managerial understanding of the design of firms’ value-creating activity systems (Martins et al., 2015).

2.1.2. Value Proposition

A *value proposition* (VP) is the core of a business model: it represents the values of what the company offers and can be the main source of competitive advantage for that firm. The value proposition is what can show to the customers the company's "why": it enables to communicate from inside-out the purpose of what the company does.

VP explains how a customer need is met, or a problem is solved (Cantamessa and Montagna, 2016) and enable to compare it to how competitors do or could do so. It is "a bundle of benefits that a company offers customers" (Osterwalder, 2004).

A strong value proposition can be relevant for some potential customer and results not relevant for some others. When defining the business model, and so the VP, companies must consider that it is a powerful tool to target the customers and that it could affect the company's market penetration. It is a strong decision-making drive: "people don't buy what you do, but buy why you do it" (Sinek, 2009).

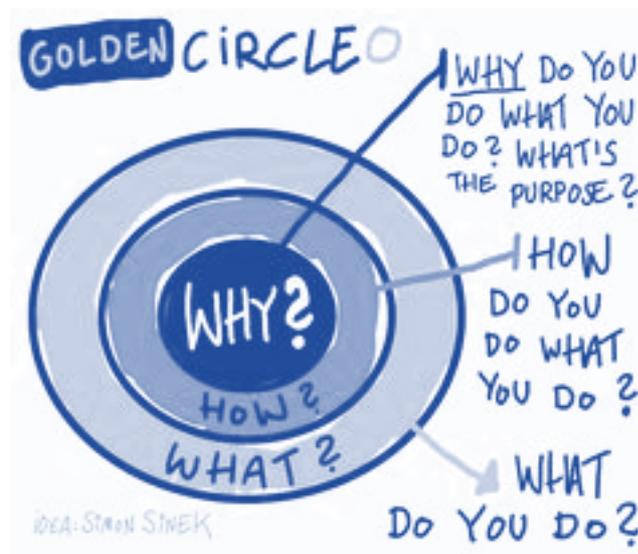


Figure 1 - "Golden Circle", Simon Sinek, Start with Why

2.1.3 Digital Environment

The digital advent has brought a significant impact on business activities. New models of business, distribution, services, access, and participation have emerged thanks to the expansion of social networks, the emergence of new players, the usage of big data and cloud computing (Kulesz, 2017).

According to April Rinne², the *sharing economy* is the “*focus on the sharing of underutilised assets, monetised or not, in ways that improve efficiency, sustainability and community*”.

The capability of monetizing or not from these activities has made people claiming that sometimes the sharing economy activities are not really “*sharing*”. Uber, and in particular Uber X, is one of the cases that people cite when raising their doubts.

2.1.5 Categories

Respect to market and organizations, *categories* are a cognitive infrastructure to evaluate organizations and their products, and they can affect expectations (Durand and Paoletta, 2013). They are “*conceptual tools for understanding organization-environment relationships*” (Negro et al., 2010) that simplify people comprehension by enabling recognition.

Categories can emerge or be created. In the former case, they emerge “*when the existing classification system and categorical structure of markets do not sufficiently account for material novelties sponsored by innovators*” (Durand and Khaire, 2017). In the latter case, categories can be created “*within an industry in the form of rearrangement or cognitive reinterpretation of existing cues to benefit the actors that initiate these processes in material and symbolic ways*” (Durand and Khaire, 2017).

2.1.6 Transportation Network Company³

Transportation Network Company (TNC), is a term that has been coined in the U.S. by the California Public Utilities Commission (CPUC). TNCs are firms which offer “*prearranged transportation services for compensation using online platforms (website or mobile apps) to connect passengers with drivers using their personal vehicles*”.

²“What exactly is the sharing economy?”, World Economic Forum website, 13 December 2017.

³From the EU Commission’s “Exploratory study of consumer issues in online peer-to-peer platform markets - Task 4 – Uber – Case study report”, February 2017; source: European Parliament Briefing on “Social, economic and legal consequences of Uber and similar transportation network companies”, October 2015.

For the European Parliament Briefing, these companies represent examples of collaborative consumption, since they allow people to share physical assets and services through digital platforms.

2.1.7 Carpooling

Carpooling can be defined as a method through which the costs of traveling are lowered. By sharing the costs of petrol, paid parking spaces, high way tolls and other expenses, traveling becomes cheaper and affordable to more people. The connection between the person who propose to share the trip (the driver) and the ones who are interested in the free seats (passengers) is provided by social networks or specific platforms. A key feature of carpooling is that money is supposed to cover only the costs that users should face and no more, meaning that carpooling is not a profit generating activity.

Carpooling is different from other types of “*travel sharing*” such as hitch-hiking (the passengers take the lift for free: no costs sharing), car sharing (the commodity shared is not the trip itself, but a car), the transport service of persons (the drivers want to make profits, so basically being a driver is a job) or slugging (no money exchanged, but other benefits are obtained) (Polkowski and Dysarz, 2016).

2.2 Theory

2.2.1 Business Model Creation and Categorization: Value Creation and Positioning

A Business Model (BM) is defined as a set of activities through which a firm creates and captures value (Zott and Amit, 2010). Despite the fact that there are many points of view regarding the definition, the BMs are generally defined as a tool used to classify and describe businesses: “*A business model is a description of an organization and how that organization functions in achieving its goals*” (Massa et al., 2017)

As said, there are three different interpretations of meaning and function that a BM could have (Massa et al., 2017):

1. as attributes of real firms: the BM defines how firms do business by describing their business operations;
2. as cognitive/linguistic schemas: the BM presents how the way the firms do their business is perceived and interpreted;
3. as a formal representation of how a business works: the BMs is a formal representation of activity systems and stakeholders' perceptions.

The value proposition (VP) is the core of a business model: it represents the values of what the company offers and can be the main source of competitive advantage for that firm. The value proposition portrays to the customers the company's "why": it enables to communicate from inside-out the purpose of what the company does.

The VP explains how a customer need is met, or a problem is solved (Cantamessa and Montagna, 2016) and enables a comparison with competitors' potential or actual alternatives. It is "*a bundle of benefits that a company offers customers*" (Osterwalder, 2004).

It has to be pointed out, however, that a strong value proposition can be relevant for some potential customer but result not relevant for some others. Considered all those elements, when defining the business model, and so the value proposition, companies must acknowledge the power of this tool in targeting customers and its effect on the company market penetration.

Other studies echoed those findings, specifying that business models can be defined as schemas that organize managerial understanding of the design of firms' value-creating activity systems (Martins et al., 2015).

Business models are the key element that supports the definition of the company competitiveness: they leverage social and economic interactions to create value and empower the firm to achieve its goals.

During this process, firms must also consider that they are enabling the categorization process as stakeholders need to classify the business and will firstly do it through a comparison with existing categories of business models.

Business models categories are a crucial element in the dynamic business environment, they are "*conceptual tools for understanding organization-environment relationships*" (Negro et al., 2010).

With respect to the market and to organizations, categories are a cognitive infrastructure to evaluate organizations and their products, and they can affect expectations (Durand and Paoletta, 2013).

Categories can emerge or be created. In the former case, they emerge “*when the existing classification system and categorical structure of markets do not sufficiently account for material novelties sponsored by innovators*” (Durand and Khaire, 2017). Recent studies revealed how categorization can be approached in two main ways: as a cognitive process and as a social process (Durand et al., 2017). The first process consists in referring to existing prototypes and adding own knowledge in order to evaluate and judge. The second process, instead, is “*rooted in cultural understanding and expectations*” (Glynn and Navis, 2013): this means that the market categorization is affected by the social context that the actors belong to.

In the latter case, the category creation, categories can be created “*within an industry in the form of rearrangement or cognitive reinterpretation of existing cues to benefit the actors that initiate these processes in material and symbolic ways*” (Durand and Khaire, 2017).

As emergent theories have shown, the value proposition is the pivotal element in the categorization process: it is the tool for targeting customers and defining the market penetration strategy. Once the categorization process has started, the company will be associated with one category respect to another by media, incumbents and institutional stakeholders. They will react to the new business model according to their perception of the company’s activity. This is the turning point: their reaction could be positive or negative and it could result in a ban, like in the Uber case.

2.2.2 Media Influence to Market Categories Emergence

Considering the study conducted on *Airbnb* by Mikhalkina and Cabantous (Mikhalkina and Cabantous, 2015), it possible to underline the crucial role that media has with respect to market categories emergence: they have power to lead a business model to become iconic. An *iconic business model* is the one that “*has been labelled with the name of the company that introduced it*”.

As said, categorization is a fundamental cognitive process that is influenced by and that will influence interpretation, perception, and actions (Hannan, 2007). The process that media go through consists in three phases:

- **Assimilation:** the media try to understand the innovative business model through multiple analogies. They compare it with incumbents and existing BMs, then they try to match it with existing market categories and schemas (Bingham and Kahl, 2013). During this first step, media start presenting the company as related to one category (e.g., Airbnb as *a potential mini-hotel* (T, 16 November 2010)) and then move to point out the differences with the established category (e.g., *Airbnb is not a hotel* (NYT, 12 November 2012));
- **Elaboration:** the media elaborate all the information gathered and develop a better understanding of the company and its business model.
- **Establish:** the media establish that the innovative business model is a new kind of organization and that it establishes a new prototypical exemplar of market category. This last phase includes additional steps: the media first describe the company as being in opposition to traditional businesses or categories, they use the new business model (labeled with the firm name) to describe other firms' activities (e.g., company X is *the Airbnb of Y* industry), and then, they recognize the company as a pioneer.

Consequently to this process, the disruptor becomes iconic and from that moment on, its business model is used as a comparison to comprehend other business activities or other innovative BMs.

2.2.3 Stakeholders Reactions to the New Business Model Entry

In a sharing economy environment, new entrant firms have many interactions with the various market stakeholders (e.g., consumers, regulators, incumbents, institutions, competitors). What happens when a company with a new and innovative business model enters a competitive market is that the new entrant “*can trigger oppositions from industry incumbents*” since their market position is threatened, challenging regulators that will try to protect public welfare in case of risk (Uzunca et al., 2018), (Aldrich and Baker, 2001), (Pache and Santos, 2010), (Gurses and Ozcan, 2015). The subsequent process will see

market stakeholders trying to understand the dynamics of the entrant's business model, and, to obtain a better comprehension, it will be followed by classification attempts, associating the firm to a pre-existing market category (e.g., taxi company). After this process, the incumbents will usually proceed attacking directly the new entrant.

The firm performances are related to the coevolution between the “*strategies of firms and the reaction key stakeholders in the environment*” (Uzunca et al., 2018). The association to a category respect to another one is strongly related to how the new entrant states and presents its value propositions (in the form of official statements, advertising, corporate communications etc): the stakeholders will relate the new business to one category rather than another according to this basis. This is the reason why choosing which category to be associated with, is a key strategic step: it influences the market positioning and the consequent reactions of the market stakeholders.

If on the one hand being associated with a very established, pre-existing category (e.g., taxi companies) facilitates the stakeholders' identification, it immediately and more strongly places the company in a potentially more crowded market, where incumbents might react with aggressive counter-actions. Yet, on the other hand, opt for a newer and less established category (e.g., sharing economy company) makes identification less clear and straightforward, it probably places the organization in a less crowded or competitive market, where incumbents are non-existing, or less established. This means that the firm could rely on causal ambiguity and avoid direct competition from traditional incumbents.

2.3 Methodology

The research reported in this paper has followed these steps:

- **Theoretical Framework Identification:** the project was started with the identification of the theoretical framework: *business model* and *business model innovation*. Uber and BlaBlaCar are two examples of this innovation since they have brought to the market a new way of conducting business thanks to the digital transformation.

The cognitive aspect of the business model led the writer to consider the legal issues that these two companies have faced. Is it possible that the legal outputs have been influenced by how the stakeholders and the judges perceive what the company does?

- **Companies Discovery and Comparison:** Uber and BlaBlaCar have been analyzed to better understand their BMs and functions. The European Commission’s Case Studies have been taken into account since their report represents an overview from an institutional point of view. Then, the theoretical framework has been applied to analyse and classify the companies’ business models and then compare them (see Table 3 - Comparison of Uber and BlaBlaCar business models).

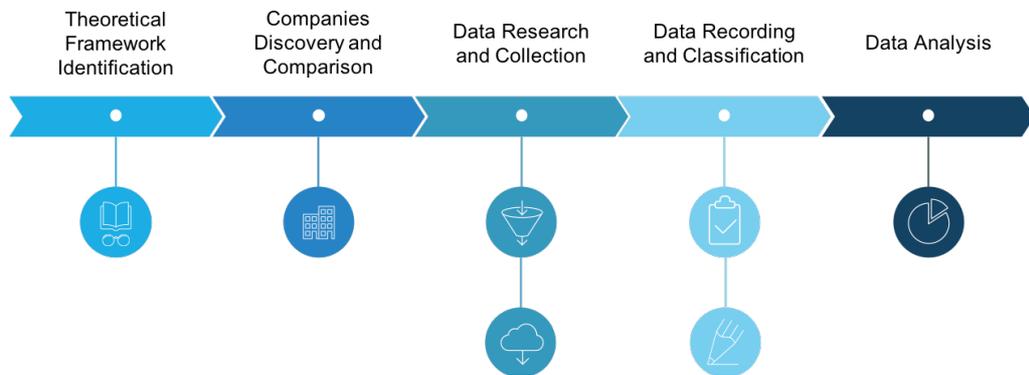


Figure 3 - Methodology Steps

- **Data Research and Collection:** To find and collect media articles that could provide the information needed, it has been used the Factiva database collection. On this platform, it is possible to search by keywords, select a period, and add filters to select the results. As input, the following keywords have been used:
 - Uber BlaBlaCar
 - Uber BlaBlaCar Law
 - Uber BlaBlaCar Legal
 - BlaBlaCar Legal
 - BlaBlaCar Law

- Uber Legal
- Uber Law
- Uber BlaBlaCar Judgment
- Uber Judgment
- BlaBlaCar Judgment
- Uber BlaBlaCar Sentence
- Uber BlaBlaCar Verdict
- Uber BlaBlaCar Banned
- CNMC Uber BlaBlaCar
- CNMC Uber
- CNMC BlaBlaCar
- Uber BlaBlaCar ECJ

The main criteria applied before downloading all the documents have been the usage of proper filters to select the articles of potential interest. In Figure 4 - Factiva Filters Usage are reported the main filters applied which are related to country selection (Spain and UK), industry selection, source selection, etc. It is possible to see that it has been more efficient excluding some fields with respect to adding the one of interest: by trial and error, it has been verified a higher number of results as research output.

The articles have been downloaded and collected into different folders according to the used keywords.

Regarding the legal documents or official case studies related to the two companies, a general Google research has been conducted using the same keywords and adding the word “*trial*” to the research. It led to 17 official documents from the European Commission, ECJ⁴, CNMC⁵, and other authorities.

⁴ European Court of Justice

⁵ Comisión Nacional de los Mercados y la Competencia, the Spanish National Authority for Markets and Competition

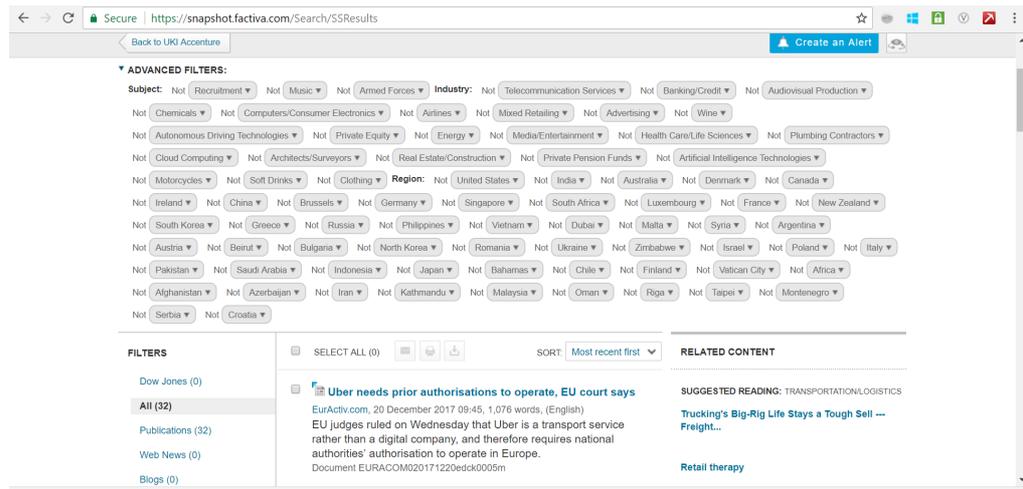


Figure 4 - Factiva Filters Usage, example

- **Data Recording and Classification:**

All the articles downloaded have been primarily reviewed and through a qualitative analysis they have been identified as “*useful*”, “*not useful*” or “*double*” (sometimes the same article was present more than once). With the term “*useful*” we identified an article that was giving relevant information about the companies, the legal processes or issues faced within Spain. The “*useful*” category also considered articles that presented detailed description or definitions of the two firms.

After having reviewed these articles and legal reports, the results showed strong linkages between what people were associating to each of the two businesses. The theme of *categories* came up: how do different new entrants’ value propositions influence the stakeholders’ categorization?

Keyword of research	Downloaded results	Recorded results
Uber BlaBlaCar	119	22
Uber BlaBlaCar Law	27	1
Uber BlaBlaCar Legal	18	7
BlaBlaCar Legal	36	2
BlaBlaCar Law	45	1

Uber Legal ⁶	6828	0
Uber Law ⁷	8993	0
Uber BlaBlaCar Judgment	0	0
BlaBlaCar Judgment	1	0
Uber BlaBlaCar Sentence	1	0
Uber BlaBlaCar Verdict	1	1
Uber BlaBlaCar Banned	32	5
CNMC Uber BlaBlaCar	5	2
CNMC Uber	25	0
CNMC BlaBlaCar	5	1
Uber BlaBlaCar ECJ	6	2

Table 2 - Factiva Recorded Results

The question that emerged from the initial research required a second review of the collected data, in order to verify the proper identification of the key articles and proceed to the recording. This led to the record of 45 key article out of 324. The process is detailed in Table 2 - Factiva Recorded Results where the initial number of results and the final ones are displayed.

A third review has been required in order to deepen the analysis, identify the relevant quotes present in these articles and classify them. This process led to the creation of Table 5 - Quotes on Uber and BlaBlaCar (whose full version is reported in the Appendix).

- **Data Analysis:** the data analysis has been based on the keywords' presence and association in order to identify the categorization. Through excel it has been possible to record all the quotes in tables and execute advanced research with filters and logic conditions. For example, by searching the presence of “Uber” AND “Cab” in the quotes, 12 results have been found.

An additional analysis has been conducted on these outputs to check whether the association of a certain keyword was connected (i.e., “The taxi service Uber

⁶ Uber Legal results have not been considered since lots of them were present in Uber BlaBlaCar Legal ones

⁷ Uber Law results have not been considered since lots of them were present in Uber BlaBlaCar Law ones

has been banned [...]”) or a disconnected (i.e., *“BlaBlaCar is not profit-driven, unlike Uber, [...]”*) to the company. All results have then been translated into graphs.

Starting from these, the last step consisted in a comparison with what is reported in formal papers like the legal sentences, the European case studies and companies’ terms and conditions.

Chapter 3

Companies Overview

In this chapter, the reader will find the companies overview respect to their business description according to the European Commission's case studies, and their use cases.

3.1 Uber

Uber was found by Garrett Camp and Travis Kalanick in 2009 as UberCab. The idea was born on New Year's Eve: after having spent a huge amount of money on hiring a private driver, Camp wanted to solve the extreme cost of direct transportation. If only people would have the possibility to share the cost, it could be affordable. Thanks to this intuition, Uber became reality. The first city in which the service has been launched in San Francisco in July 2010 followed by other US cities.

After less than one year, the company received the first cease-and-desist letter from the San Francisco Municipal Transportation Agency: Uber was "operating an unlicensed taxi service". In response, the company changed its name to "Uber".

Only in 2013, an agreement was reached reversing the actions. In September, the CPUC (California Public Utilities Commission) created a new service category and assigned it to Uber: the Transportation Network Company (NTC).

With multiple fundraisings, Uber managed to quickly expand in Europe, Asia, Africa, India, and Mexico followed by launches of new lines like UberPool and Uber X. As of 2016, the company operates in 82 countries worldwide.

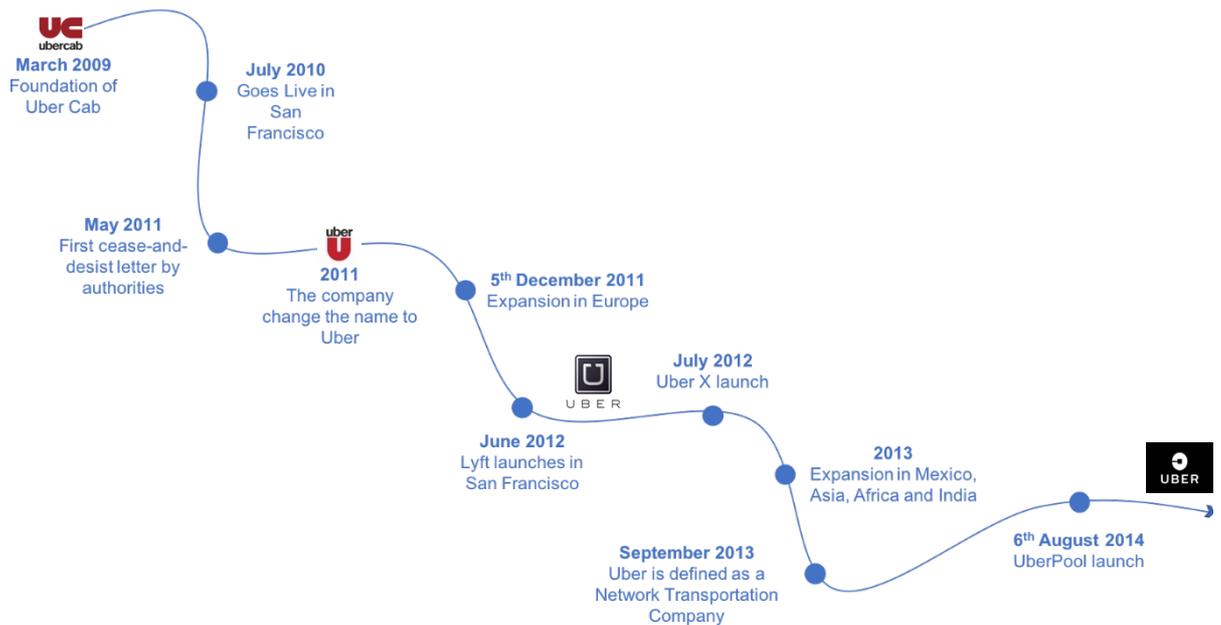


Figure 5 - Uber Timeline

3.1.1 Business Model⁸

Uber is, what is so called, a “*transportation network company*”: it connects people who need transport in cities (peer consumers) with drivers by a request submission via smartphone. An analysis conducted in 2016 (Arribas et al., 2016) revealed that the company sets the price through a dynamic model which imply that sometimes, at peak hours/seasons, the price is raised to encourage their drivers to be on the street. Which are the benefits of this mechanism? Uber’s drivers can decide when to work, unlike the taxi drivers. This turn into the opportunity to earn money without having fixed full-time working hours. Moreover, Uber is a complimentary service respect to the public transport, but is not time-limited (no 24/7) and not space-limited (no door-to-door transport). In addition, the company represents a cheap alternative to traditional taxi.

The company has diversified its services and this is reported in a European Commission’s case study in 2017. We are interested in two of them: UberPool (Uber’s carpooling service) and UberPop (Uber’s ridesharing/transport service of person). The first one relies on an algorithm that matches passengers’ ride requests, pools them and divides fares among passengers sharing all or part of their ride, while the latter, that is

⁸ From the EU Commission’s “Exploratory study of consumer issues in online peer-to-peer platform markets - Task 4 – Uber – Case study report”, February 2017

suspended or even banned from many countries, is a P2P ride-sharing service where drivers without professional license offer rides in their own car which means that non-professionals drive people in order to make profits.

3.1.2 Use Case

When a generic User decides to register to the platform, Uber asks to do it by providing a valid mobile phone number: the company will send a code in order to verify the validity of the contact and provide the access to the registration.

By providing all the information required and defining a password for the login, it is possible to proceed to the following step which asks for the type of payment. At this point, it is possible to conclude the registration and proceed with the authentication.

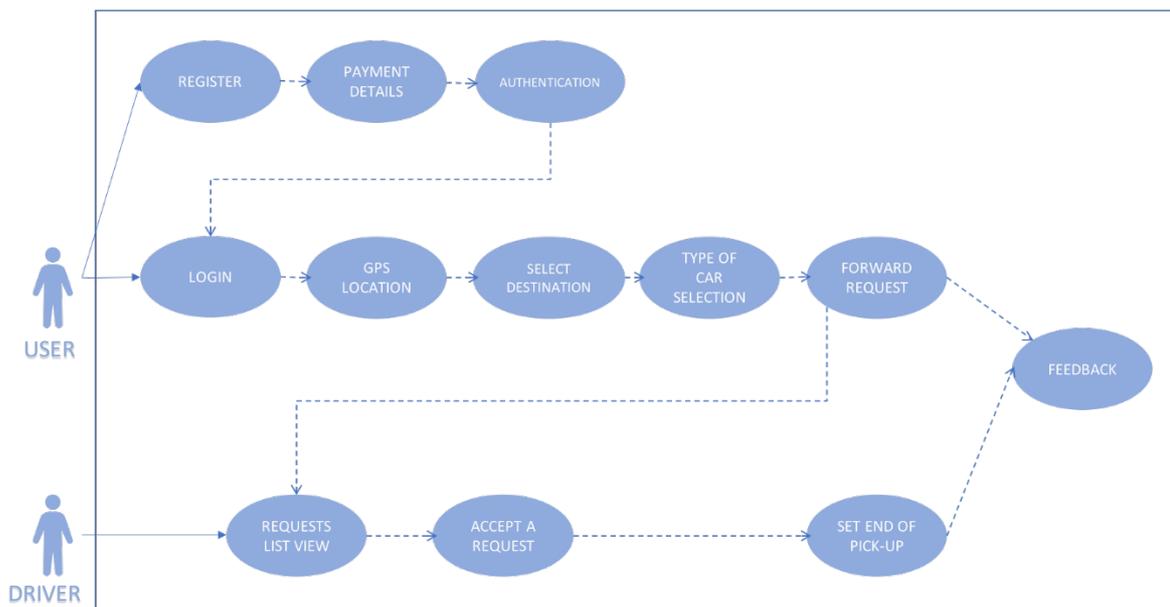


Figure 6 - Uber Use Case

In the case of positive authentication, the user is redirected to the login. After entering the platform, the user is allowed to set the GPS location and let the app identify its current position. Then, after choosing the destination and the type of car needed, it is possible to forward the request. The system will show a list of requests to the drivers which present

an available status. They can match with one of the requests and start moving towards the pickup point. At this point, the system changes the driver status to busy.

After having dropped the passenger, both users have the possibility to leave feedback. The payment will be done automatically and the status of the driver will be set to available again.

3.2 BlaBlaCar

It was Christmas in 2003, Frédéric Mazzella had no car and all the trains were full. He started figuring out how to get back to his family in the French countryside. He managed to convince his sister to pick him up, and, on the way home, Fred noticed that there were many people driving alone with spare seats. Immediately he came up with an idea that would have been a revolution in the transport industry: he wanted to create the possibility to fill those seats by connecting the people that were going the same way. Together with co-founders Francis Nappez and Nicolas Brusson, they realized a platform that would have become is the world's leading carpooling platform.

In 2006, Frédéric bought the domain *Covoiturage.fr* from Vincent Caron and created a company called *Comuto*. This company will be the owner of every carpool sites. The innovative platform has been launched in France and then it expanded in 2009 in Spain.

In 2011, Comuto introduced *BlaBlaCar.com* in the UK market and after one year, it expanded in many European countries such as Italy, Portugal, Poland, Netherlands, Luxemburg, and Belgium.

To unify the websites in the different countries, on 29th April 2013, the company decided to rebrand the French website *Covoiturage.fr* into *BlaBlaCar.fr*.

In the following years, BlaBlaCar launched its services outside Europe and reaches more than 10 million users.

In order to have more visibility, in 2016, the company signed a contract with GoEuro, a website engine that allows its user to compare prices and the journey length according to the travel option (air, rail, bus).

On the 2nd May 2017, BlaBlaCar decided to launch a second application that would have brought the carpooling to daily commuting for short distances: BlaBlaLines. This service is still tested in France with two different lines.

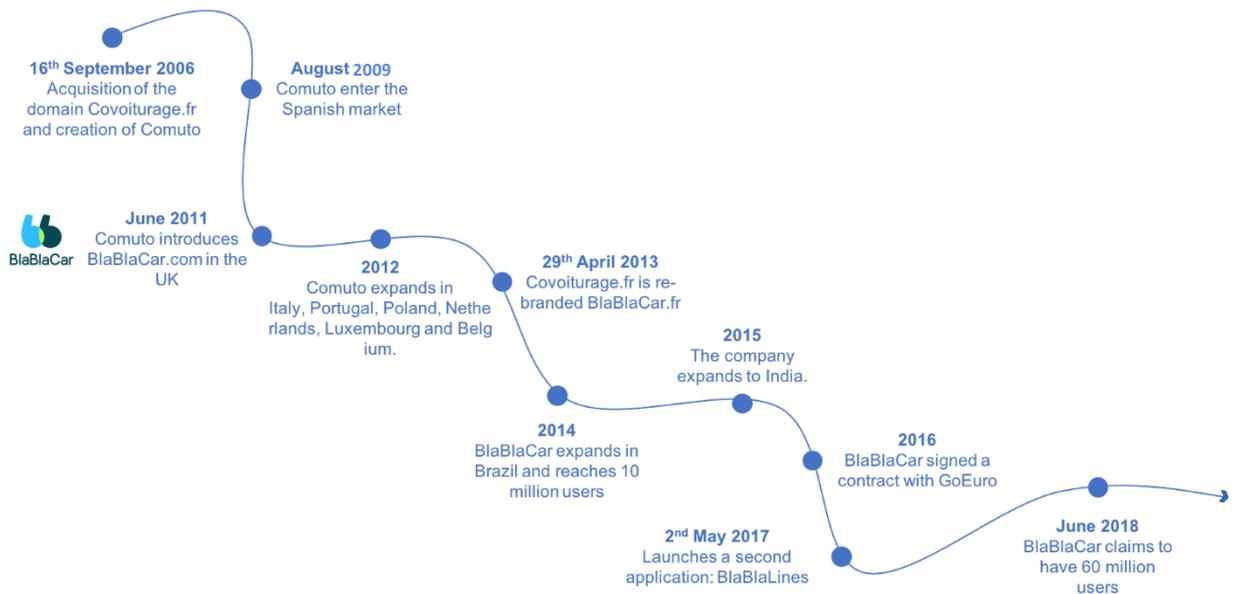


Figure 7 - BlaBlaCar Timeline

In June 2018, the French company claimed to have 60 million users and to be present in 22 countries.

3.2.1 Business Model⁹

This business model is affected by network effects: the value for the drivers is dependent on riders’ engagement, and vice versa.

BlaBlaCar is a platform that connects drivers and passengers who are willing to share a medium-long travel between cities and share the costs of the journey. The transactions are based on costs sharing between peers. The platform is a “*platform governed per transactions*”: prices are fixed when a car owner offers a ride and the user has limited freedom in adjusting these terms. In fact, the platform imposes a pricing mechanism that

⁹ From the EU Commission’s “Exploratory study of consumer issues in online peer-to-peer platform markets - Task 4 – BlaBlaCar – Case study report”, February 2017;.

forces providers to keep the price low, and – in principle - does not allow peer providers to make a profit. In fact, there is a maximum amount that can be charged per km, which is usually based on governmental guidelines. For these reasons, the BlaBlaCar suggests a price which cannot be exceeded, in order to ensure that costs are fairly shared and that car owners do not make a profit.

As BlaBlaCar has profit goals, and its monetization is derived by collecting a share of the users’ transaction, which can raise up to 20%. These fees include a fixed and variables parts, the former based on the value of the ride, while the latter varying on the country where it takes place.

3.2.2 Use Case

When a user registers to the platform, he can decide to do it with an e-mail or through social network accounts like Facebook.

By providing all the information required and defining a password for the login, it is possible to verify the account and proceed to authentication.

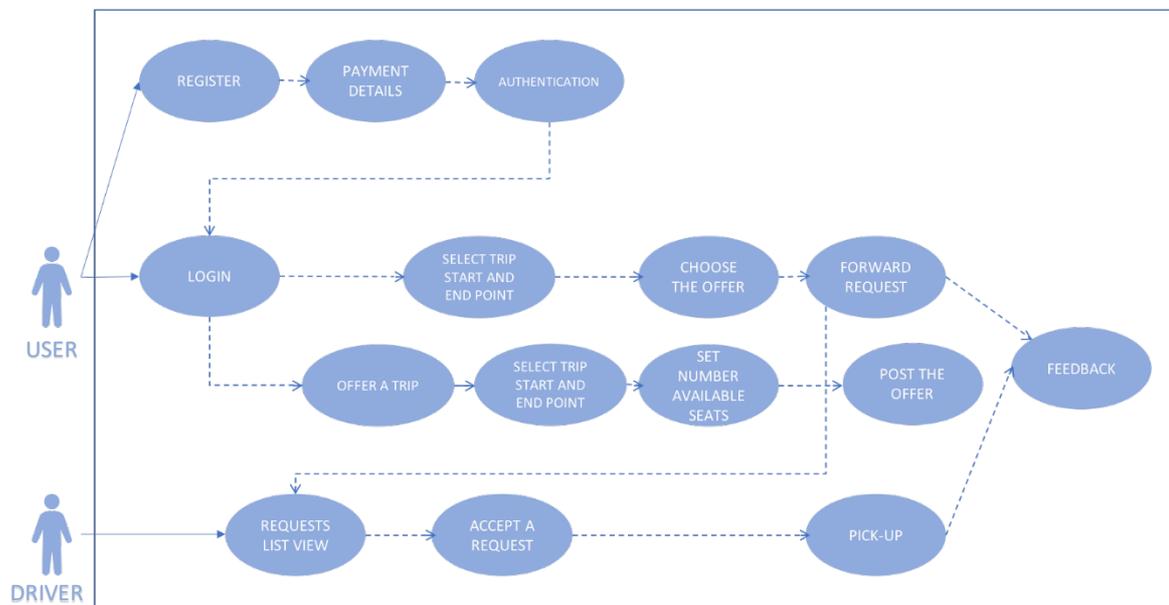


Figure 8 - BlaBlaCar Use Case

After logging in, the user can decide to look for a trip by setting the starting and the ending point, or to offer a lift. In the latter case, the driver has to set the price and state the number of seats available. He can also add some intermediate stops.

When comparing and choosing the trip, the potential passengers send a request to the driver who can accept or decline.

After the trip, both users have the possibility to leave feedback.

3.3 Business Model Comparison

	Uber	BlaBlaCar
Customer sensing		
<i>Underlying structure</i>	Multi-sided business model (driver-rider; user-advertiser). The rides are usually short or medium haul, but the technology can support long haul as well.	Multi-sided business model (driver-rider; user-advertiser). The rides are usually long or medium haul, but the technology can support short haul as well.
Customer engagement		
<i>Customization</i>	Customized for the riders, which can decide the specific route as in a taxi. Non-customized for the drivers, which need to follow the rider's preferred path. Still, they can accept or reject the riders' request.	Non-customized for the riders, which have to adapt to the driver's path (adjustments are negotiable). Customized for the driver, which set the destination, the path and can decide whether to accept or reject the riders' request.
<i>Digitalization</i>	Digital platform and mobile app.	Digital platform and mobile app.
<i>Review system</i>	Rating focused on driving.	Rating focused on driving and chatting.
<i>Sharing economy value proposition</i>	No.	Yes.

Monetization

<i>Revenues</i>	Transaction fee (20%) Additional advertising revenues.	Transaction fee (max 20%) Additional advertising revenues.
<i>Pricing</i>	The company uses a dynamic pricing system whose algorithm recommends a base fare which varies depending on location, car availability, time and distance. Possibility for the driver to add fees for waiting time, cleaning service and similar.	The company uses a fixed pricing scheme which is based on standard mileage costs set at the regional level.
<i>Non-profitability assumption</i>	No	Yes
Value chain and linkages	Network effect between the different sides of the business model, corresponding to the main user groups (drivers and riders; advertisers and users).	Network effect between the different sides of the business model, corresponding to the main user groups (drivers and riders; advertisers and users).

Table 3 - Comparison of Uber and BlaBlaCar business models

BlaBlaCar is a digital platform that connects users who want to offer a car ride (i.e., drivers) with users who need a car ride (i.e., riders). The drivers share their car and offer the unused seats to possible travel companions who want to share the ride. They usually decide the overall journey; however, it is possible to negotiate intermediate stops to facilitate their guests. The underlying value proposition is sharing the travel costs, increase car occupancy, and make the journey more entertaining through some conversation (i.e., what the firm calls “*Bla*”). With its value proposition, BlaBlaCar provides a clear positioning in the sharing economy. This business model is affected by network effects: the value for the drivers is dependent on riders’ engagement, and vice versa. The rating system let the users rate and assess the others’ driving skills and relational quality in terms of conversation.

In line with the sharing economy value proposition, BlaBlaCar does not focus on helping its users make profits: in fact, it suggests a standard participation price for each rider, which is overall calculated on standard mileage costs set at the regional level.

As BlaBlaCar has profit goals, and its monetization is derived by collecting a share of the users' transaction, which can raise up to 20%. These fees include a fixed and variables parts, the former based on the value of the ride, while the latter varying on the country where it takes place.

Uber is a digital platform connecting its users (i.e., drivers and riders) for short or medium trips, usually within the greater city area (despite the underlying technology allows any sort of ride length). The difference vis-à-vis BlaBlaCar is not only related to the distance covered, but it is also linked to the high customization of these trips. The service is customized for the riders, which can decide the specific route as in a taxi, while it is non-customized for the drivers, which need to follow the rider's preferred path. Still, they can accept or reject the riders' request.

The company uses a dynamic pricing system whose algorithm recommends a base fare which varies depending on location, car availability, time and distance. The system dynamically leverages demand and supply to adjust the ride price. The aim of this mechanism is to encourage drivers to increase supply when the demand is high: for example, in rush hours, weekend or holidays demand increases and it must be matched to make the platform succeed, so Uber increases prices, which means higher revenues for drivers if they offer their availability at undersupplied time and locations. Also, the driver can optionally add fees for waiting time, cleaning service and similar.

Uber's business model is based on transaction fees that are equal to the 20% of the ride price. The success of the platform is also dependent on users' reliability, and that is why the platform presents ratings about drivers and riders.

Uber originally did not embrace traditional sharing economy value propositions, and it lacks non-profitability assumption. Its value proposition for drivers is instead focused on providing a profitable and flexible profession while offering riders a more convenient taxi service.

3.4 Legal Issues Introduction

As the previous descriptions state, Uber and BlaBlaCar, both sharing economy platforms, have at a high-level almost the same business model. The first one, has given rise to the most notable example of legal conflict arising out of sharing economy platforms in the transportation field, and also BlaBlaCar has been subject to different legal disputes.

New-born companies belonging to new economies, like the sharing one, are often classified as disruptors, probably due to two main factors that challenge incumbents: the technological improvement which leads to quicker placement in the market and quicker connection to users, and the re-new idea of sharing. In recently years, in order to contrast global economic crisis, new ways of sharing have come up: with platform like Uber and BlaBlaCar, users are able to share costs or even make profits in their spare time. With the increasing popularity of these companies that are like “*adults in an adolescents’ bodies*” incumbents start their battle rising clarifications about safety, regulations, and licenses challenging the reputational risk of the new entrants. These facts reveal that companies need society’s permission to grow¹⁰.

In addition, belonging to different categories, as is shown in the data analysis section, could have affected the output of the legal processes that the two companies have faced: different categories of incumbents have been at risk and the regulators have immediately tried to protect public welfare.

¹⁰“Uber Needs Our Permission to Grow” by Derek van Bever, Harvard Business Review, 09 February 2015

Chapter 4

Findings

As described in the *Research Question and Methodology* chapter, articles and legal documents have been collected in order to classify description and categorizations with respect to the companies that are the subject of this research.

In this chapter all the findings have been reported. In particular, the reader will find the companies' terms and conditions, media's description, the legal processes overview, and the European Court Sentence of the Uber Case.

4.1 Terms and Conditions

An analysis of the companies' terms and condition reports a similar cost structure and a similar definition of the business. Both firms underline that they are not a transportation service: they are digital platforms that connect users who can offer a car ride (i.e., drivers) with other users who need a car ride (i.e., riders). Respect to the cost structure, it is stated the freedom that users have regarding charges and tips: in the BlaBlaCar case, it is up to the driver to adjust the final price according to the expenses he will incur through the trip, while, in the Uber case, it is up to the rider the decision whether to give tips or not, depending on the service received.

Neither company aims to give by default some extras to drivers: “*Uber does not designate any portion of your payment as a tip or gratuity to the Third Party Provider*”¹¹ and for BlaBlaCar, “*The Cost Contribution is determined by you, as Driver, under your sole responsibility. It is strictly prohibited to profit in any way from using our Platform*”¹².

The core main difference is related to the price definition and the rewards provided by Uber but not by BlaBlaCar: the former uses a dynamic pricing system whose algorithm recommends a base fare which varies depending on location, car availability, time and

distance. The system dynamically leverages demand and supply to adjust the ride price. The purpose of this mechanism is to encourage drivers to increase supply and be in the streets when the demand is at its peak (e.g., during rush hours, weekend or holidays). Much availability from drivers will allow the platform to match the demand. To do so, Uber increases prices, which means higher revenues for drivers if they set their availability at undersupplied time and locations.

	Uber ¹¹	BlaBlaCar ¹²
Costs and Profits		
<i>Cost Contribution</i>	<p>[...] You retain the right to request lower Charges from a Third Party Provider for services or goods received by you from such Third Party Provider [...] Uber will respond accordingly to any request from a Third Party Provider to modify the Charges for a particular service or good.</p> <p>[...] Uber reserves the right to establish, remove and/or revise Charges for any or all services or goods obtained. [...] Charges applicable in certain geographical areas may increase substantially during times of high demand. [...] Uber may from time to time provide certain users with promotional offers and discounts that may result in different amounts charged for the same or similar services or goods obtained</p> <p>[...] This payment structure is intended to fully</p>	<p>The Cost Contribution is determined by you, as Driver, under your sole responsibility. It is strictly prohibited to profit in any way from using our Platform. Consequently, you agree to limit the Cost Contribution you ask your Passengers to pay to the costs you actually incur to make the Trip. [...]</p> <p>When you post an Advert, BlaBlaCar will suggest an amount of for the Cost Contribution, which notably takes account of the nature of the Trip and the distance travelled. This amount is given purely as a guideline and it is up to you to increase it or reduce it to take account of the costs you actually incur on the Trip. To avoid abuse, BlaBlaCar limits the possibility of adjustment of the Cost Contribution.</p> <p>As Driver, you agree not to request a Cost Contribution</p>

¹¹ Source: Uber’s “Terms and Conditions”

¹² Source: BlaBlaCar’s “Terms and Conditions”

compensate the Third Party Provider for the services or goods provided. [...] Uber does not designate any portion of your payment as a tip or gratuity to the Third Party Provider. [...] tipping is “voluntary,” “not required,” and/or “included” in the payments you make for services or goods provided is not intended to suggest that Uber provides any additional amounts, beyond those described above, to the Third Party Provider. [...] Gratuities are voluntary. [...]

higher than the costs you actually incur and that may generate a profit, [...] You are solely responsible for calculating the costs you incur for the Trip and for checking that the amount requested of your Passengers does not exceed the costs you actually incur (excluding your share of the costs).

Service Fees

[...] Uber UK reserves the right to introduce a fee for the provision of the Booking Services. If Uber UK decides to introduce such a fee, it will inform you accordingly.

[...] BlaBlaCar, [...], shall collect service fees (hereinafter referred to as the “Service Fees”) calculated on the basis of the Cost Contribution.

The Service

The Services constitute a technology platform that enables users of Uber’s mobile applications or websites provided as part of the Services (each, an “Application”) to pre-book and schedule transportation, logistics, delivery, and/or vendor services with independent third party providers of such services, including independent third party transportation providers [...], independent third party logistics and/or delivery providers under

You agree to use the Services and the Platform only to be put into contact, on a non-business and non-commercial basis, with people wishing to share a Trip with you.

[...] BlaBlaCar reserves the right to suspend your Account in the case where you [...] generate a profit from the Platform. You agree to provide to BlaBlaCar, [...] any other document showing that you are authorised to use this vehicle on the Platform

agreement with Uber or certain of Uber's affiliates, and/or independent vendors such as restaurants ("Third Party Providers"). [...] the Services are made available solely for your personal, non-commercial use.

and are not drawing any profit therefrom.

BlaBlaCar also reserves the right to suspend your Account, limit your access to the Services, or terminate these T&Cs, in the case of activity by you on the Platform which, [...] entails a situation of profit for you, or for any reason suggesting to BlaBlaCar that you are generating a profit on the Platform.

Role of the company

You acknowledge that Uber does not provide transportation, logistics, delivery or vendor services or function as a transportation provider or carrier and that all such transportation, logistics, delivery and vendor services are provided by independent third party contractors who are not employed by Uber or any of its affiliates.

The Platform constitutes an online networking platform on which the Members can create and post Adverts for Trips for the purposes of carpooling.

[...] You recognise and accept that BlaBlaCar does not control the validity, truthfulness or legality of the Adverts, Seats and Trips offered. In its capacity of carpooling intermediary, BlaBlaCar does not provide any transport service and does not act in the capacity of carrier; the role of BlaBlaCar is limited to facilitating access to the Platform.

Table 4 - Comparison of Uber and BlaBlaCar Terms and Conditions

4.2 Media

Through the analysis of the collected media articles, it has been possible to check how Uber and BlaBlaCar's businesses are perceived and described by the media. The former company is, for most of the time, associated to categories like "taxi", "cab", "taxi service" and similar, while the latter is generally linked to the general concept of "sharing".

BlaBlaCar is described and defined as a social platform that allows users to connect with each other in order to share a ride that has already been planned. It gives its drivers the opportunity to cover costs and not to make profits. The service matches users that have to go to the same way and let them save money while meeting new people. Uber, on the other hand, looks like an unfair disruptor which offers drivers on hire: it works on demand like a taxi and allows its drivers to supplement their income and make profits. That's why it is associated with a taxi service and to transportation services. However, sometimes it happens that the two companies are perceived as substitutes as if they do the same business.

What is reported is that Uber is challenging incumbents belonging to the taxi sector. In addition, the company has entered the market without licenses and permissions and with the aim to let its user making profits. BlaBlaCar, instead, represent a different case: media are not associating it to a specific category. It is generally recognised as a sharing economy company and it is associated with positive externalities like the pollution one. Media talk about how it allows users saving money while chatting with new potential friends when none is making profits or stealing the job to someone else.

Quote	Subject	Source
<i>"Local regulations and politics can get in the way, especially in the taxi business, where Uber, in particular, is seen as a disruptive force."</i> ¹³		The Economist
<i>"The point is to share unused resources that [...] would otherwise [...] go to waste. This is the idea underlying ride-sharing services such as Zimride, BlablaCar, [...]."</i> ¹⁴		The Economist

¹³ "Special report - Technology and geography: Local services online: Your frie", The Economist, 27/10/2012

¹⁴ "Special report - Technology and geography: Local services online: Your frie", The Economist, 27/10/2012

<i>“An alternative service, Uber, [...], allows drivers to turn their cars into minicabs.”¹⁵</i>		The Sunday Times
<i>“Fares vary according to demand, and one friend recently used a driver who worked as an architect but drove for Uber at rush hour to supplement his income.”¹⁴</i>		The Sunday Times
<i>“BlaBlaCar, a French lift-sharing company, enables people to rent out their passenger or back seats to other commuters.”¹⁶</i>		thetimes.co.uk
<i>“[...] Shiraz is now supporting the family, making up to \$125 a day as a private taxi driver, linking up with passengers through Uber.”¹⁷</i>		NPR: Morning Edition
<i>“Uber and Lyft's smartphone apps flag down nearby taxis. With BlaBlaCar you hitch a ride in someone else's car.”¹⁸</i>		The Times
<i>“Uber and Lyft provide a marketplace for drivers to offer their services [...] for profit.”¹⁹</i>		Post Magazine
<i>“At the other end of the spectrum you have companies like [carpooling service] Bla Bla Car, which is not attempting to make a profit”¹⁸</i>	David Ovenden	Post Magazine
<i>“BlaBlaCar has managed to avoid many of the regulatory issues which have plagued Uber, partly because it ensures fee-charging structures which mean that drivers do not make a profit.”²⁰</i>		Sky News
<i>“Uber: “Get a taxi, private car or rideshare from your mobile phone. [...]” says the firm.”²¹</i>		Independent Online
<i>“BlaBlaCar is in the vanguard of the “sharing economy”, which helps people to make money from under-utilised assets and services.”²²</i>		sundaytimes.co.uk

¹⁵ “To get a ride, stick out a thumb and hit that app”, The Sunday Times, 17/05/2014

¹⁶ “Business fights back against the sharing revolutionaries”, thetimes.co.uk, 13/06/2014

¹⁷ “Uber, Airbnb Under Attack In Spain As Old And New Economies Clash”, NPR: Morning Edition, 29/07/2014

¹⁸ “Possessions? They're Just so last year”, The Times, 21/04/2015

¹⁹ “Ride-sharing: Innovation Uber allies”, Post Magazine, 12/05/2015

²⁰ “Insight To Back Ride-Sharing App BlaBlaCar”, Sky News, 05/08/2015

²¹ “Independent Travel Awards”, Independent Online, 25/09/2015

²² “Move over, Uber, we want a lift with BlaBlaCar”, sundaytimes.co.uk, 26/09/2015

*“Charges are capped so that passengers pay just a share of the [...] running costs. As drivers do not make a profit, the company has not fallen foul of some of the regulations that have dogged Uber.”*²²

sundaytimes.co.uk

*“BlaBlaCar is a social network that puts users in contact to share cars. (...)”*²³

Jaime Rodríguez de Santiago

TWOBEN

*“The taxi service Uber has been banned [...]”*²⁴

Science Business

*“online car sharing service BlaBlaCar, [...] “It’s a good way to generate some income from something you are going to do anyway,” says Gazeley. “Having a passenger basically pays for my fuel money. It’s a good way to meet people, too.”*²⁵

Mat Gazeley

The Guardian

*“Uber’s adviser, David Plouffe, explained recently that it is designed to “help people who are struggling to pay the bills, earn a little extra spending money, or transitioning between jobs.”*²⁶

David Plouffe

The Observer

*“UberPool Uber’s new car-sharing service works on the same premise as BlaBlaCar, but for local trips. [...] UberPool will enable customers to share rides [...] as well as sharing the price.”*²⁷

The Telegraph Online

*“UberPOOL, a platform to share a trip with other app users. “It maximizes the drivers’ profits, and reduces traffic density” note the company.”*²⁸

TWOBEN

*“BlaBlaCar is not profit-driven, unlike Uber, [...]. It allows costs to be shared”*²⁹

Gunther Oettinger

Bulletin Quotidien Europe

²³ “Spain poses more obstacles for us than anywhere else”, TWOBEN, 28/09/2015

²⁴ “EU Commission announces plans to reinforce the single market”, Science Business, 29/10/2015

²⁵ “Cashing in on driveways and spare rooms: the UK’s sharing entrepreneurs”, The Guardian, 25/11/2015

²⁶ “My father had one job in his life, I’ve had six in mine, my kids will have six at the same time”, The Observer, 30/11/2015

²⁷ “How to beat expensive Christmas travel prices”, The Telegraph Online, 11/12/2015

²⁸ “Uber now threatening bus lines”, TWOBEN, 11/12/2015

²⁹ “(AE) DIGITAL: Oettinger backs French BlaBlaCar service”, Bulletin Quotidien Europe, 12/01/2016

“After a ban from Berlin, Spain joins the ban and [...] Uber suspends its taxi service in Spain” ³⁰	EIPA
“[...] the platforms that merely enable users to share costs (Blablacar) from than the ones that enable people to make profit out of these platforms (Uber)” ³⁰	EIPA
“The price cannot exceed a ceiling set by BlaBlaCar, in order to ensure [...] that car owners do not make a profit.” ³⁰	EIPA
“Uber is clearly an electronic platform for users to provide a taxi-like service for profit.” ³¹	EUobserver.com
“Controversial taxi app Uber isn’t the only way you can use your car to make money.” ³²	Mirror.co.uk

Table 5 - Quotes on Uber and BlaBlaCar

4.3 Legal Processes

4.3.1 Uber³³

At the end of 2013, Uber started operating in Spain with its UberPOP taxi service. Sooner, this event causes taxis strikes and during 2014, in the city of Barcelona (Spain), an organization representing taxi drivers, the *Asociación Profesional Elite Taxi* (‘Elite Taxi’), brought an action to impose penalties on Uber Systems Spain SL (‘Uber Spain’) for its in unfair competition towards Elite Taxi’s drivers.

The Advocate General Maciej Szpunar, in charge for the legal process in Barcelona, showed his concerns about whether the service offered by the Uber platform is an

³⁰ “Cost of non-Europe in the sharing economy: legal aspects”, EIPA, 01/02/2016

³¹ “Share you in court”, EUobserver.com, 10/05/2017

³² “Sharing is caring - how being nice can save you £779 a year”, Mirror.co.uk, 19/12/2017

³³ Main Source: PRESS RELEASE No 136/17, Court of Justice of the European Union, Luxembourg, 20 December 2017

'*information society service*' or whether its service falls within the field of transport which is regulated by the law of the Member States.

During the same year, in Madrid, the *Asociación Madrileña del Taxi* challenged Uber for unfair competition and brought the company to court. There, Judge Andrés Sanchez Magro ordered the stop of operations and Uber suspended its taxi service in Spain. He agreed with the Advocate General Maciej Szpunar about bringing the Uber issue to a European level to define to which field the American company belongs to.

Fact	Description	Date
<i>Starts operating in Spain</i>	Uber starts operating in Spain with its UberPOP taxi service.	End 2013
<i>Taxi strike</i>	The entrance of Uber causes a taxi strike in Madrid by the <i>Asociación Madrileña del Taxi</i> .	2014
<i>Legal action</i>	The Asociación Profesional Elite Taxi (' <i>Elite Taxi</i> ') brings an action to impose penalties on Uber Systems Spain SL (' <i>Uber Spain</i> '), for engaging in unfair competition towards Elite Taxi's drivers.	2014
<i>Service Suspension</i>	In Madrid, Judge Andrés Sanchez Magro orders the stop of operations and Uber suspends its taxi service in Spain.	Dec 2014
<i>Trial Approach</i>	The Advocate General Maciej Szpunar, in charge for the legal process in Barcelona, showed his concerns about whether the service offered by the Uber platform is an 'information society service', or whether its service falls within the field of transport which is regulated by the law of the Member States. The Catalan Judge received support from the Madrid court about bringing the Uber issue to an European level.	2014-2015
<i>Restart</i>	Uber restarts its business in Spain with licenses.	Mar 2016
<i>Field identification</i>	Advocate General Maciej Szpunar proposes that the Court's answer should be that the service offered by the Uber platform must be classified as a ' <i>service in the field of transport</i> '.	May 2017
<i>Consequences</i>	Uber's activity is not governed by the principle of the freedom to provide services in the context of	May 2017

‘information society services’ and that it is thus subject to the conditions under which non-resident carriers may operate transport services within the Member States. Uber can thus is required to obtain the necessary licenses and authorizations under national law.

<i>Sentence</i>	Uber’s activity operates in the transportation services field.	11 th May 2017
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Table 6 - Timeline of Uber's Trial in Madrid - Spain³⁴

Uber controls all the urban transport service main aspects: price, conditions, and offer accessibility (Gramano, 2018): it sets conditions which drivers must fulfill, it financially rewards drivers who accumulate a large number of trips and informs them of where and when they can find a high volume of trips and/or advantageous fares, it indirectly controls the quality of drivers’ work through feedbacks, and it determines the price of the service. Such features convinced the regulators that Uber cannot be regarded as a mere intermediary between drivers and passengers.

The amount paid to the driver is apparently much higher respect to the cost reimbursement (for petrol for example) and, in addition, the destination is selected by the passenger it is possible to state that Uber does not offer a ride-sharing service. For this reason, Maciej Szpunar proposed that the Court’s answer must classify the Uber platform’s service as a ‘*service in the field of transport*’.

According to this interpretation, Uber’s activity must be compliant with the field of transport’s laws: the company will be required to obtain the licenses and the authorizations needed and since it is not in the context of ‘*information society services*’, it will be not governed by the principle of the freedom to provide services.

4.3.1 BlaBlaCar

In 2009 BlaBlaCar entered the Spanish market to benefit from an ‘*early mover*’ advantage, and it progressively became the most popular ride-sharing platform in the

³⁴ Source: PRESS RELEASE No 136/17, Court of Justice of the European Union, Luxembourg, 20 December 2017

country. The impact on incumbents involved busses and trains: the company originally focused on mid- to long-haul rides. This pushed *Confibus*, the Spanish confederation for bus transport, in 2014 to charge BlaBlaCar for unfair competition, and stated that drivers are profiting.

Confibus raised its argument by accusing BlaBlaCar to be providing traditional transport company services, without aligning to the regulatory requirements imposed by the government. Allegedly, this could be classified as ‘*unfair competition*.’ These irregularities, according to the association point of view, caused an average drop of 20% in bus ridership.

BlaBlaCar’s defence, though, responded by denying to be a transport firm, but rather a social network whose main purpose was connecting drivers and passengers in order to share the travelling costs. Simply put, their underlying assumption is that the user offering a ride is assumed not to make significant profit. Blablacar however, just like Airbnb, does retain a fee on the transaction which is about 20% of the price required.

Fact	Description	Date	Source
<i>Start operating</i>	BlaBlaCar starts operating in Spain as comuto.es.	2009	Source ³⁵
<i>Name Change</i>	Comuto.es becomes BlaBlaCar.es.	2012	Source ³²
<i>The charge</i>	The Spanish confederation for bus transport Confibus charges BlaBlaCar for competition irregularities and says that drivers are profiting. This made bus ridership has gone down by around 20%.	2014	Source ³⁶
<i>Market Evidence</i>	The judge rules that other factors caused the decrease in bus usage and that any drivers making a profit from ride-sharing were an “ <i>exceptional</i> ” case.	2 nd Feb 2017	Source ³⁷

³⁵ “Exploratory study of consumer issues in online peer-to-peer platform markets” Task 4 – Case study: BlaBlaCar European Commission

³⁶ “Spain buses lose competition case against ride-sharing”, Agence France Presse

³⁷ “Court in Spain rules in favour of BlaBlaCar vs bus transport confederation”, Spanish Collection

<i>Field Identification</i>	The Judge recognizes that BlaBlaCar provides an intermediation activity, that scarcely differs from that which could be provided in a more primitive way. The only factor that changes is that, due to it being performed electronically, much more people are reached.	2 nd Feb 2017	Source ³⁸
<i>Sentence</i>	The court said it had not found evidence of any unfair competition: <i>“They are individuals who offer their services on the platform of their own accord and at their own risk, looking for people who are interested in going on the same trip and paying”</i> it said.	2 nd Feb 2017	Source ³⁷

Table 7 - Timeline of BlaBlaCar's Trial in Madrid, Spain

In its official response, the judge (i.e., Juzgado de lo Mercantil No 2 de Madrid, magistrate Andr s Sanchez Magro) that on 2nd February 2017 ruled in favour of carpooling service BlaBlaCar stated that other factors, that are not dependent from BlaBlaCar, caused the decrease in demand for bus transportation. In addition, it stated that BlaBlaCar drivers were not making profit and deviation should have been considered as an exception. He acknowledged that *“BlaBlaCar operates a match-making platform that brings online what is a common cost-sharing practice of everyday life. Differently from transportation companies, those who offer rides are not profit-oriented, and the digitization of the service solely helps scaling-up the size of the user-base”*³⁹. This means that the court has not found significant evidence of unfair competition: BlaBlaCar drivers are not employed by the company and not belong to another firm seeking to make a profit from their activity. *“They are individuals who offer their services on the platform of their own accord and at their own risk, looking for people who are interested in going on the same trip and paying”* it said.

*“For us, sharing a car is something that has always been done (...) Now because of the technology people can do it more easily. But it doesn't make sense to accuse that person of delivering transportation services.”*⁴⁰

³⁸ <https://legalssharing.eu/en/blablacar-judgement/>

³⁹ Juzgado de lo Mercantil No 2 de Madrid, magistrate Andr s Sanchez Magro, 2nd February 2017

⁴⁰ Source: Elia Ferrer Trav , public policy manager at BlaBlaCar

4.4 Uber European Court Sentence

The EU Court has been asked by Juzgado de lo Mercantil n.3 de Barcelona (Barcelona's court) to define which service is Uber providing with respect to the EU legislation. What emerges from the opinion of Advocate General Maciej Szpunar is that Uber is a “traditional transport service”.

The company is immediately associated with a taxi service and the aim of the judge has been to confirm or not this perception by trying to answer the following question: “*is it solely an electronic platform enabling users to locate, book and pay for a transport service provided by someone else?*”⁴¹

Quote ⁴¹	Section
<i>“What is Uber? Is it a transport undertaking, a taxi business to be blunt? Or is it solely an electronic platform enabling users to locate, book and pay for a transport service provided by someone else?”</i>	41
<i>“[...] it certainly cannot be considered to be a ride-sharing platform. Drivers on the Uber platform offer passengers a transport service to a destination selected by the passenger and, accordingly, are paid an amount which far exceeds the mere reimbursement of expenses incurred. It is therefore a traditional transport service. [...]”</i>	42
<i>“[...] Uber actually does much more than match supply to demand: it created the supply itself. It also lays down rules concerning the essential characteristics of the supply and organises how it works.”</i>	43
<i>“[...] Drivers also receive a financial reward from Uber if they accumulate a large number of trips. In addition, Uber informs drivers of where and when they can rely on there being a high volume of trips and/or preferential fares. Thus, without exerting any formal constraints over drivers, Uber is able to tailor its supply to fluctuations in demand.”</i>	47
<i>“Lastly, it is Uber that sets the price of the service provided. That price is calculated based on the distance and duration of the trip, [...]. An algorithm then adjusts the price to the intensity of the demand, by applying an appropriate multiplier to the basic fare when demand increases as a result of, for instance, an event or simply a change in the weather conditions, such as a storm.”</i>	49

⁴¹ Court of Justice of the European Union, Case C-434/15, Asociación Profesional Elite Taxi v. Uber Systems Spain SL, 20 December 2017

- “Although Uber's representatives stated at the hearing that drivers are, in principle, free to ask for a lower fare than that indicated by the application, this does not seem to me to be a genuinely feasible option for drivers. Although drivers are theoretically given such a discretion, the fee Uber charges is the amount resulting from the fare as calculated by the application. Since any reduction in the fare paid by the passenger is to the detriment of the driver, it is unlikely that drivers would exercise that discretion. Consequently, I think it is hard to deny that the fare is set by Uber.” 50
- “[...] Indirect control such as that exercised by Uber, based on financial incentives and decentralised passenger-led ratings, with a scale effect, makes it possible to manage in a way that is just as — if not more — effective than management based on formal orders given by an employer to his employees and direct control over the carrying out of such orders.” 52
- “The foregoing leads me to conclude that Uber's activity comprises a single supply of transport in a vehicle located and booked by means of the smartphone application and that this service is provided, from an economic standpoint, by Uber or on its behalf. The service is also presented to users, and perceived by them, in that way. When users decide to use Uber's services, they are looking for a transport service offering certain functions and a particular standard of quality. Such functions and transport quality are ensured by Uber.” 53
- “[...] Within the framework of that service, first, Uber's drivers are only able to locate passengers through the Uber application and, secondly, that application allows only drivers working on the platform to be located. One is thus inseparable from the other and together they form a single service. I do not think that the supply of transport in the strict sense can be regarded as being of secondary importance, either.” 63
- “It is true that the innovative nature of the Uber platform is to a large extent based on the use of new technologies, such as GPS and smartphones, in order to organise urban transport. However, the innovation does not stop there: it also extends to the organisation of the transport itself, without which Uber would be a mere taxi booking application. Accordingly, within the context of this service, it is undoubtedly the supply of transport which is the main supply and which gives the service economic meaning. Users look for drivers with one aim in mind: to be transported from A to B. Hence the connection stage is merely preparatory in order to enable the main supply to be performed in the best possible conditions.” 64

Table 8 - European Court Sentence

The judge has identified several key aspects that have led him to his final opinion and then the sentence. The first one is how Uber matches supply and demand. According to him, with its dynamic pricing system, Uber is not only defining the pricing, but it is creating the supply itself: at peak hours, drivers have the possibility to offer lifts at higher prices and this encourages them to take their car and be on the street.

The second aspect that has been analyzed is related to the reward and to the “*advices*” that drivers receive from Uber: if they accumulate a certain number of trips, the company is remunerating them: “*Uber informs drivers of where and when they can rely on there being a high volume of trips and/or preferential fares*”⁴¹. These actions reflect, again, on supply and demand.

The third and most relevant point is the pricing dynamic system. With this mechanism, Uber is able to adjust the prices in response to the demand fluctuations. The number of requests could vary according to some factors and events (e.g., storm): through an algorithm, the company can apply a multiplier that takes into account these variables and sets the final price in response to the increasing or decreasing demand.

This implies that drivers have the possibility to make profits: they should set a price which is lower than the one suggested by the platform, but the judge shows its doubts respect to this decision since “*any reduction in the fare paid by the passenger is to the detriment of the driver,*”⁴¹ and so “*it is unlikely that drivers would exercise that discretion.*”⁴¹

Uber controls all the urban transport service main aspects: price, conditions, and offer accessibility (Gramano, 2018). The Advocate General conclusions are clear: starting from the definition of the business activities, “*Uber’s activity comprises a single supply of transport in a vehicle located and booked by means of the smartphone application [...]*”⁴¹, the authority moved to what people perceive and look for when using the platform: “*The service is also presented to users, and perceived by them, in that way. When users decide to use Uber’s services, they are looking for a transport service [...]*”⁴¹. The new technologies combined and used by Uber, provide a service that is capable to “*organize urban transport*”⁴¹, otherwise, “*Uber would be a mere taxi booking application*”⁴¹.

Chapter 5

Results and Discussion

This chapter will discuss the results obtained through the data analysis on the media's quotes and make a comparison with the other data gathered. The match or mismatch of the categorization respect to the company value proposition will represent how the business model can affect the categorization process.

5.1 Media Quotes Data Analysis

The data analysis has been based on some keywords' identification, presence and association in order to identify the possible categorization. There are 75 quotes related to Uber and 55 quotes related to BlaBlaCar respect to a total of 109 quotes. Through excel it has been possible to record all the quotes in tables and do advanced research with filters and logic conditions. For example, by searching the presence of "Uber" AND "Cab" in the quotes, 10 results have been found. In the following table, Table 9 - Media Quotes Data Analysis, the results are reported.

Company, Keyword	Number of Quotes with the Company and the Keyword	Total Quotes Containing the Keyword
Uber, Taxi	25	26
Uber, Sharing Economy	5	7
Uber, Profits	13	22
Uber, Transport service	5	5
BlaBlaCar, Taxi	9	26

BlaBlaCar, Sharing Economy	2	7
BlaBlacar, carpooling	4	6
Uber, Carpooling	1	6
BlaBlaCar, Sharing	22	31
Uber, Sharing	21	31
BlaBlaCar, Cost	21	27
Uber, Cost	15	27
Uber, Cab	10	12
BlaBlaCar, Cab	4	12
BlaBlaCar, Pro13fit	16	22
BlaBlaCar, Share	18	26
Uber, Share	13	26
BlaBlaCar, Social	4	4
Uber, Social	0	0
Uber, Platform	13	20
BlaBlaCar, Platform	11	20
BlaBlaCar, Transport Service	0	5
BlaBlacar, Sharing	22	31
BlaBlaCar, Bus	0	0
Uber, Bus	0	0
BlaBlaCar, Train	0	0
Uber, Train	0	0
BlaBlaCar, coach	0	0
Uber, Coach	0	0

Table 9 - Media Quotes Data Analysis

These data have been elaborated in order to obtain some ratios that would have explained the associations trends. Two ratios have been used:

$$R_1 = \frac{\text{number of quotes containing the company and the keyword}}{\text{total number of quotes containing that keyword}}$$

Equation 1 – Reference to the company with a certain respect to the total quotes containing that keyword

$$R_2 = \frac{\text{number of quotes containing the company and the keyword}}{\text{total number of quotes referred to the company}}$$

Equation 2 - Reference to the company with a certain keyword respect to the total quotes describing the company

The first ratio, R_1 , shows as a percentage how many times the quotes containing a certain keyword are related to one of the two company. For example, if we want to see

how many times the word *social* is linked to BlaBlaCar respect to the total number of quotes in which that word appears, we can do the following calculation:

$$R_{1\ BlaBlaCar, Social} = \frac{4}{4} = 100\%$$

The second ratio, R_2 , reports as a percentage how many times the company is associated to a certain keyword respect to the total number of quotes referred to the company. For example, if we want to see how many times Uber is associated to the word *profit* respect to the total number of quotes related to the company, we can do the following calculation:

$$R_{2\ Uber, profit} = \frac{13}{75} = 17\%$$

In addition, another analysis has been conducted on these outputs to check whether the association of a certain keyword was *associated* (i.e., “The taxi service Uber has been banned [...]”) or *dissociated* (i.e., “BlaBlaCar is not profit-driven, unlike Uber, [...]”) to the company.

5.1.1 Uber Results

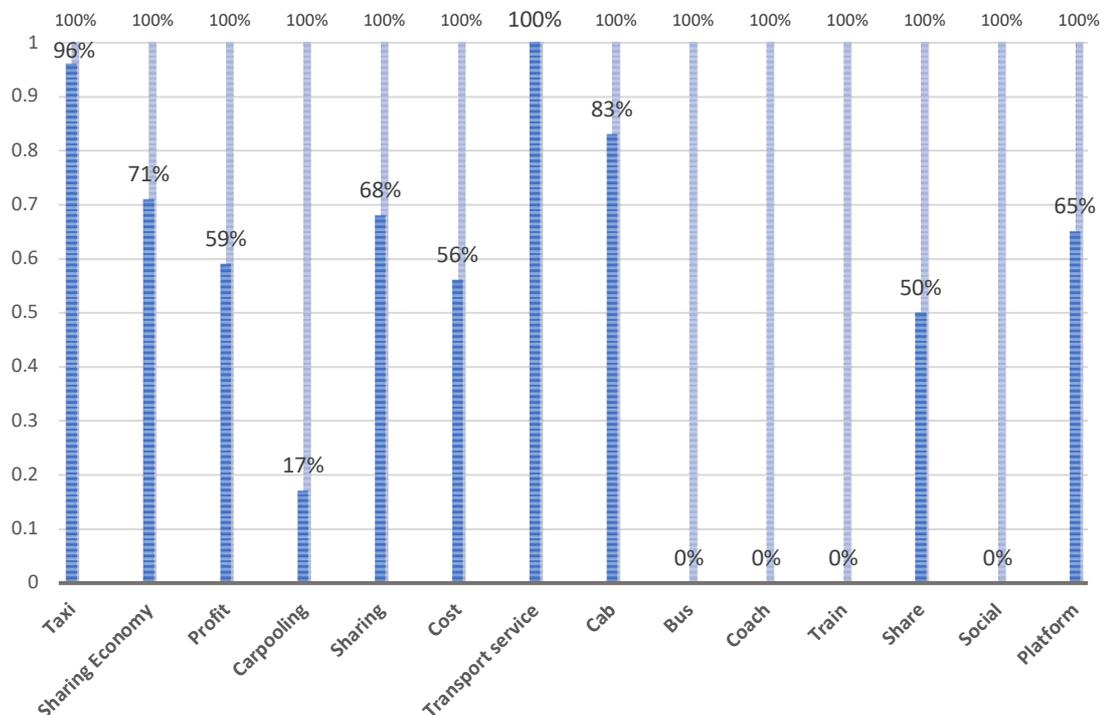


Figure 9 - Uber's R1 Trends

Uber is for the majority associated to the words taxi (33%), social (28%), and profit (17%) as it is shown in Figure 10 - Uber's R2 Trends. It is relevant to see that respect to the total number of quotes containing a certain keyword, how many times Uber is associated to that word: the company is mentioned for the 100% of times to the word *transport service*, 96% to *taxi*, and 83% to *cab*, as shown in Figure 9 - Uber's R1 Trends.

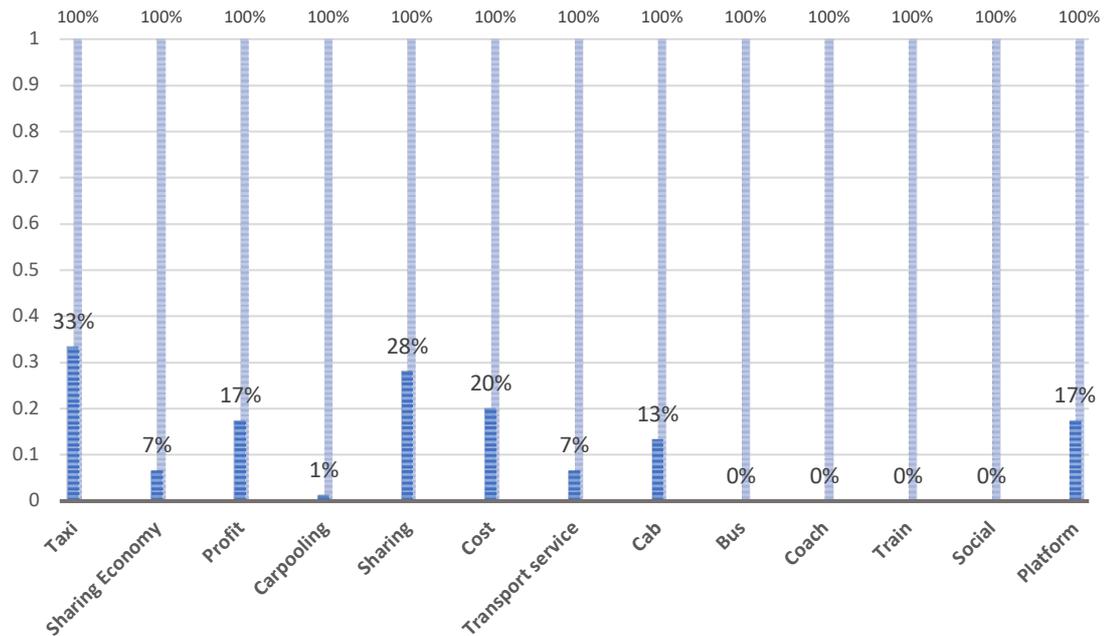


Figure 10 - Uber's R2 Trends

The additional analysis to check whether the association of a certain keyword was associated or dissociated revealed the main results reported in Figure 11. Uber is for 100% of the cases associated to the *taxi* category, for the 86% to the *cab* category, and for the 92% to the word *profit*.

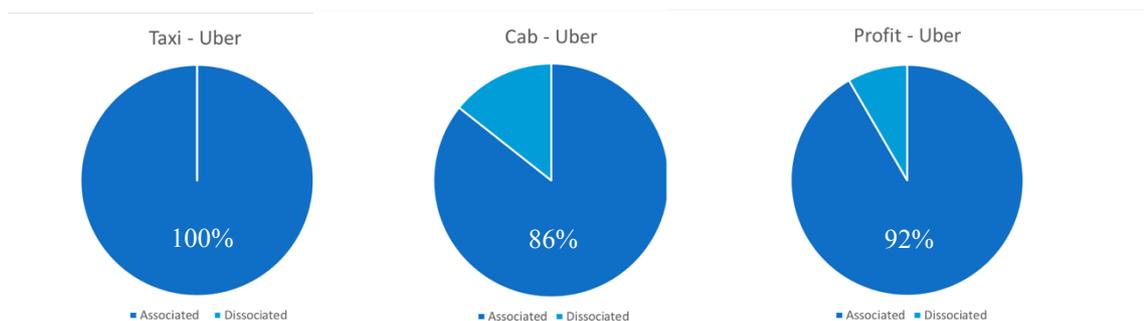


Figure 11 - Uber's Associations and Dissociations

What the analysis shows, is that the media define and associate Uber to a transport service and, in particular, to a taxi/cab one. The link with the word profit is due to the fact that the company allows its user to make some extra revenues when offering a lift. Uber is recognised as a sharing economy company providing its service through a digital platform.

5.1.2 BlaBlaCar Results

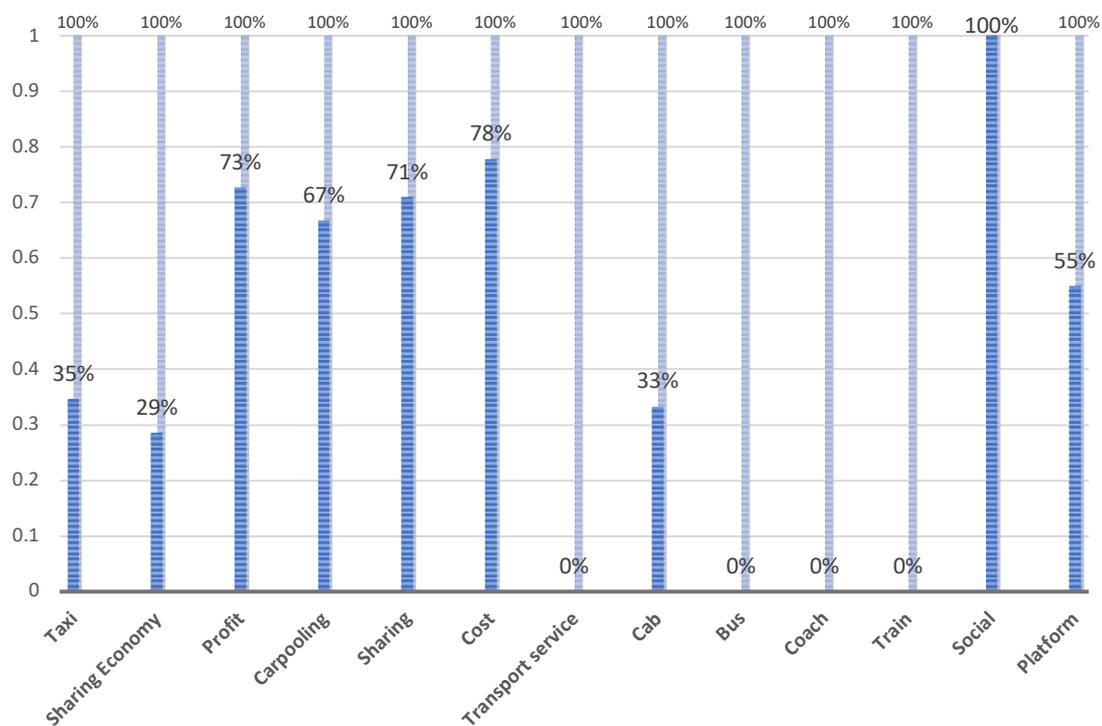


Figure 12 – BlaBlaCar's R1 Trends

BlaBlaCar results, for most of the time, associated to the words *sharing* (40%), in particular with reference to *sharing cost*, and dissociated to *profit* (29%) and *taxi* (16%) as it is shown in Figure 13 - BlaBlaCar's R2 Trends. It is interesting to verify that respect to the total number of quotes containing a certain keyword, how many times BlaBlaCar is associated to that word: the company is reported for the 100% of times to the word *social*, 71% to *sharing*, 67% to *carpooling*, and 0% to *transport service*, as shown in Figure 12 – BlaBlaCar's R1 Trends.

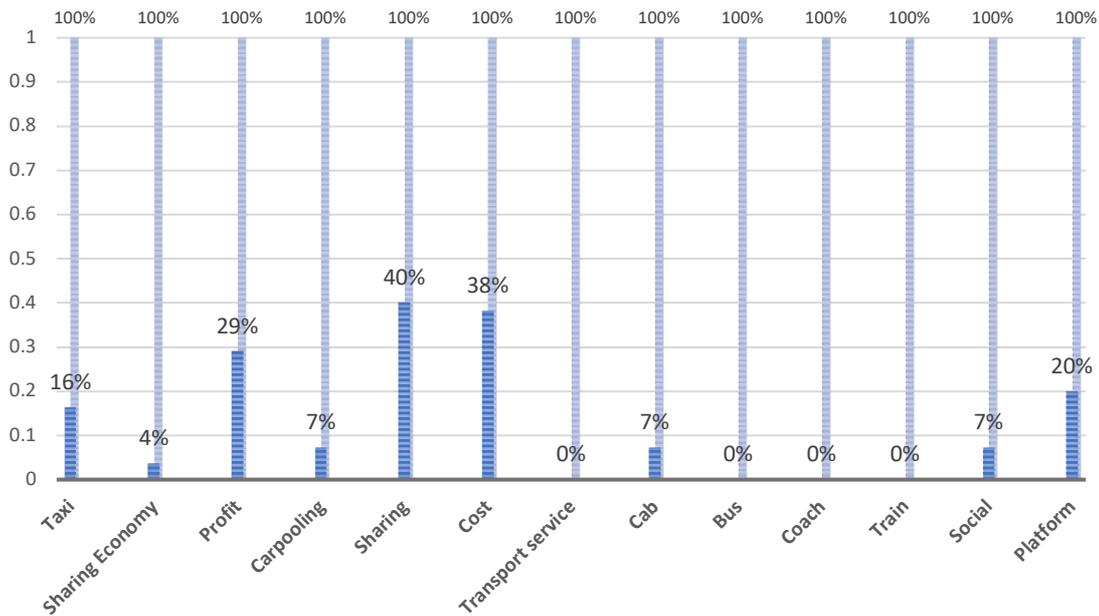


Figure 13 - BlaBlaCar's R2 Trends

To check whether the association of a certain keyword was associated or dissociated showed the main results reported in Figure 14: BlaBlaCar is for the 89% of the cases dissociated to the *taxi* category, for 100% to the *cab* category, and for the 93% to the word *profit*.

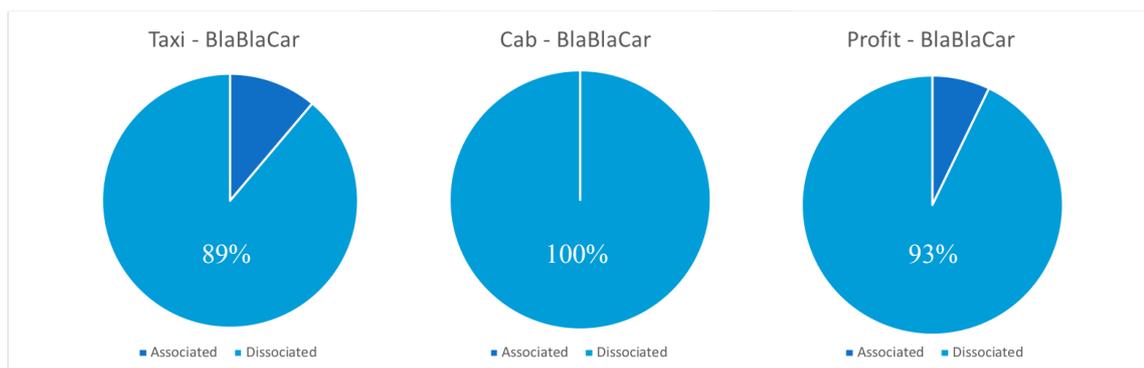


Figure 14 - BlaBlaCar's Association and Dissociation

Through this analysis, it is possible to proof how media define and dissociate BlaBlaCar to a transport service and, in particular, to a taxi/cab one: for them, the company is a carpooling platform that allows its users to share costs. As Uber, BlaBlaCar is recognised as a sharing economy company providing its service through a digital platform.

5.1.3 Media Results Conclusions

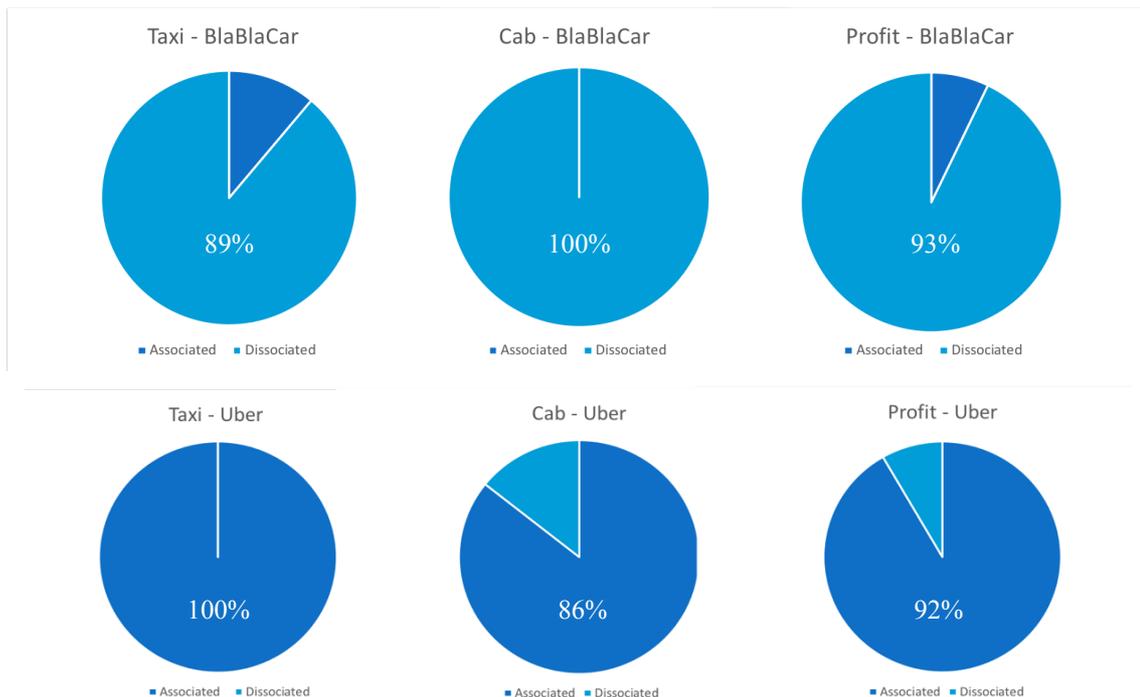


Figure 15 - Media Results Comparison

The categorization process conducted by media results into the qualification of Uber as a taxi transportation company which is profit oriented for its customers. For BlaBlaCar, instead, the process conducted to classify the company as a merely social platform which is not like a transport company (e.g., taxi, bus, train...) and that is not users profit oriented.

It is possible to see how the results are totally in contrast in Figure 15. Media reported information related to the companies' market entry, to their legal issues and processes, and to how they reacted when attacked by competitors or institutions.

5.2 Results Comparison

Starting from what is stated in the *terms and conditions* document of each company, which is supposed to report to the stakeholders the firm's value proposition, it is possible to see if the categorization process respects the aim of the company or not.

For the Uber case even if the company states that it is not a transportation service, it seems that the categorization process has associated the company to a transportation one,

and in particular, as a service, it is associated to a taxi service. Uber claims to be only a digital platform that connect users who can offer a car ride (i.e., drivers) with other users who need a car ride (i.e., riders). Often, the media represent the company as substitute of cabs and leverage the profit aspect by underlining the firm allows its user to make some extra revenues when offering a lift. This is not totally matching with what is reported in the company's terms and conditions: for Uber it is up to the rider decide whether to give tips or not depending on the service used.

The European Court, through the opinion of the Advocate General Maciej Szpunar, immediately identified Uber as a transportation company. For him, the fact that the firm has the power to influence the supply and defines the price implies that drivers have the possibility to make profits: they should set a price which is lower than the one suggested by the platform, but the judge shows its doubts respect to this decision since “*any reduction in the fare paid by the passenger is to the detriment of the driver,*”⁴¹ and so “*it is unlikely that drivers would exercise that discretion.*”⁴¹

Earnings that work for you

Uber makes it easy to fit earning into your life.



Make money on your schedule

Choose when and where driving is convenient for you.



Ways to earn extra

Promotions during busy times and tips for great service can put more money in your pocket.



Get paid fast

Weekly payments in your bank account.

Figure 16 - Uber's Website Snapshot

By going on Uber's website, whose snapshot is reported in Figure 16, it is possible to verify how the company is, for its drivers, earnings oriented: it is clearly stated “*ways to earn extra*”. This is totally in accordance with the media and institutions perception.

The output of the legal process is in contrast with the company value proposition and what has affected this result is the dynamic system of pricing combined with the willingness of the company to give its drivers the possibility to have extra income by making profits.

The BlaBlaCar case differs for various reasons. The company, as Uber does, defines itself, in its *terms and conditions document*, as a digital platform that connects two types of users (i.e., drivers and riders). Regarding its cost structure, BlaBlaCar suggest a certain price, according to the trip distance, and then it is up to the driver to adjust the final price according to the expenses he will incur through the trip. In addition, the driver cannot exceed a certain amount.

In Spain, Confibus raised its argument by accusing BlaBlaCar to be providing traditional transport company services, without aligning to the regulatory requirements imposed by the government. Allegedly, this could be classified as ‘*unfair competition*’. In its official response, the judge in Madrid ruled in favour of BlaBlaCar stating that BlaBlaCar drivers were not making profit and deviation should have been considered as an exception.

The media describes BlaBlaCar as a social platform that allows users to connect with each other in order to share a ride and gives the opportunity to cover costs but not to make profits.

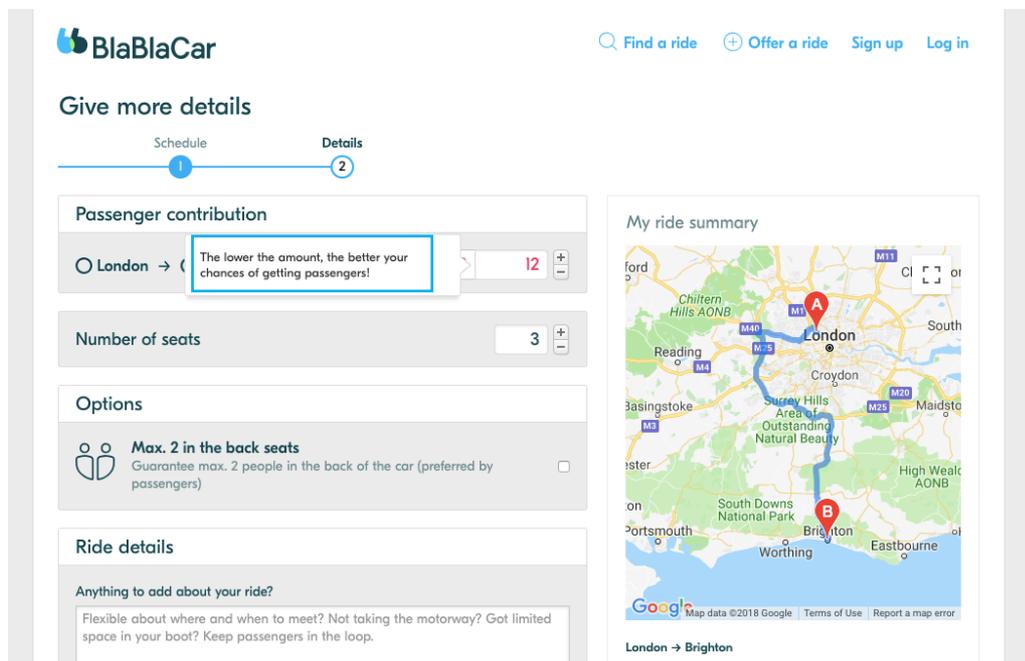


Figure 17 - BlaBlaCar's Website Snapshot

As previously anticipated, when increasing the suggested price on BlaBlaCar's website, it is possible to verify that the company imposes a maximum limit: when trying to set it higher, an alert popup shows up to remember the user that "*the lower the amount, the better your chances of getting passengers!*" (Figure 17). The user cannot keep increasing the price and so, cannot try to make profits by sharing a trip. This is totally in accordance with what media, institutions and the company's *terms and conditions* report.

The categorization process' output confirms the company's vision: media descriptions and legal outputs are in accordance with the company value proposition: they are not competing in an *unfair* way and they constantly check whether one of their users is trying to *cheat*. Their only aim is to give people, who decide to become BlaBlaCar users, the possibility to connect with other user and share empty seats for a trip while socializing with some "*bla*".

Chapter 6

Conclusion

The purpose of this work was to answer the following research question: “How do different new entrants’ value propositions influence the stakeholders’ categorization?”.

What we have considered is the cognitive/linguistic function of a business model, which means how the stakeholders perceive and interpret a company’s value proposition. To do so, we have considered, as elements showing the firm’s VP, the official *terms and conditions* documents of Uber and BlaBlaCar, their website information, and the dynamics of the services. To get a better overview of the BMs, they have been compared according to the European Commission’s case studies.

All of this information are the ones which start the categorization process: the stakeholders classify the business of a company according to what they perceive and understand of its business activities. In additions, the process has the power to target customers and influence market penetration.

These identifications are visible through media articles and reviews for example. After an accurate classification of the articles relevant quotes, it has emerged that the media categorization results into the qualification of Uber as a taxi transportation company which is profit oriented for its customers, while, for BlaBlaCar, the process conducted to classify the company as a merely social platform which is not like a transport company and that is not users profit oriented.

The results from the media side are mismatching with the company’s terms and conditions for the Uber case, while totally matching for the BlaBlaCar one. It is possible to prove how media define and dissociate BlaBlaCar to a transport service, while they define and associate Uber to it.

At a high level, Uber and BlaBlaCar business models are similar: they both have a multi-sided business model, two types of users (i.e., drivers and passengers), they are both digital platforms, and they have the same transaction fees and advertising. The two companies are both affected by network effect.

What has influenced this output and the legal one provided by the European Court?

The difference in the companies' value propositions: by giving the possibility to its users to make profits through the dynamic pricing system, Uber is not only defining the pricing, but it is creating the supply itself: at peak hours, drivers have the possibility to offer lifts at higher prices and this encourages them to take their car and be on the street. With this mechanism, Uber is able to adjust the prices in response to the demand fluctuations.

Uber controls all the urban transport service main aspects: price, conditions, and offer accessibility (Gramano, 2018). Uber has challenged the traditional taxi service by including in its business the majority of the key features that a taxi transport service has, and this is what made the Advocate General Maciej Szpunar classify and define the company as a "traditional transport service".

BlaBlaCar, which has been covering only long trip so far, is now launching a new service called "BlaBlaLines": it is for trips inside a city or in near suburbs and has the same business model as BlaBlaCar. This means that, unlike Uber, it is not on-demand and it is not profit oriented: users can post and share a trip that has already been planned and in this way, they create a line (e.g., commuting to the workplace outside the city center).

Further studies could analyse the strategic decisions behind the launch of BlaBlaLines: we are supposing that BlaBlaCar could have immediately become one of the main competitors of Uber, but since the American company has been facing legal issues since the very beginning, the French one could have adopted a "wait and see" strategy.

In addition, it will be curious to see how the new-born business will be classified at a European level.

Appendix

Table 4 - Comparison of Uber and BlaBlaCar Terms and Conditions [FULL VERSION]

	Uber	BlaBlaCar
Costs and Profits		
<i>Cost Contribution</i>	<p><i>“[...] Charges will be inclusive of applicable taxes where required by law. Charges paid by you are final and non-refundable, unless otherwise determined by Uber. You retain the right to request lower Charges from a Third Party Provider for services or goods received by you from such Third Party Provider at the time you receive such services or goods. Uber will respond accordingly to any request from a Third Party Provider to modify the Charges for a particular service or good.”</i></p> <p><i>“[...] As between you and Uber, Uber reserves the right to establish, remove and/or revise Charges for any or all services or goods obtained through the use of the Services at any time in Uber’s sole discretion. Further, you acknowledge and agree that Charges applicable in certain geographical areas may increase substantially during times of high demand. Uber will use</i></p>	<p><i>“The Cost Contribution is determined by you, as Driver, under your sole responsibility. It is strictly prohibited to profit in any way from using our Platform. Consequently, you agree to limit the Cost Contribution you ask your Passengers to pay to the costs you actually incur to make the Trip. Otherwise, you alone will bear the risks of recharacterization of the transaction completed via the Platform.”</i></p> <p><i>“When you post an Advert, BlaBlaCar will suggest an amount of for the Cost Contribution, which notably takes account of the nature of the Trip and the distance travelled. This amount is given purely as a guideline and it is up to you to increase it or reduce it to take account of the costs you actually incur on the Trip. To avoid abuse, BlaBlaCar limits the possibility of adjustment of the Cost Contribution.”</i></p>

reasonable efforts to inform you of Charges that may apply, provided that you will be responsible for Charges incurred under your Account regardless of your awareness of such Charges or the amounts thereof. Uber may from time to time provide certain users with promotional offers and discounts that may result in different amounts charged for the same or similar services or goods obtained through the use of the Services, and you agree that such promotional offers and discounts, unless also made available to you, shall have no bearing on your use of the Services or the Charges applied to you. You may elect to cancel your request for services or goods from a Third Party Provider at any time prior to such Third Party Provider's arrival, in which case you may be charged a cancellation fee. [...]"

"As Driver, you agree not to request a Cost Contribution higher than the costs you actually incur and that may generate a profit, being specified that in the context of a cost sharing, you have to bear as a Driver your own part of the costs induced by the Trip. You are solely responsible for calculating the costs you incur for the Trip and for checking that the amount requested of your Passengers does not exceed the costs you actually incur (excluding your share of the costs)."

"This payment structure is intended to fully compensate the Third Party Provider for the services or goods provided. Except with respect to taxicab transportation services requested through the

Application in some jurisdictions, Uber does not designate any portion of your payment as a tip or gratuity to the Third Party Provider. Any representation by Uber (on Uber’s website, in the Application, or in Uber’s marketing materials) to the effect that tipping is “voluntary,” “not required,” and/or “included” in the payments you make for services or goods provided is not intended to suggest that Uber provides any additional amounts, beyond those described above, to the Third Party Provider. You understand and agree that, while you are free to provide additional payment as a gratuity to any Third Party Provider who provides you with services or goods obtained through the Service, you are under no obligation to do so. Gratuities are voluntary. [...]”

Service Fees “The Booking Services are provided by Uber UK to you free of charge. Uber UK reserves the right to introduce a fee for the provision of the Booking Services. If Uber UK decides to introduce such a fee, it will inform you accordingly and allow you “In the context of Trips with Booking, BlaBlaCar, in exchange for use of the Platform, at the time of Booking, shall collect service fees (hereinafter referred to as the “Service Fees”) calculated on the basis of the Cost Contribution.”

to either continue or terminate your access to the Booking Services through the Uber App at your option. [...]

The Service

“The Services constitute a technology platform that enables users of Uber’s mobile applications or websites provided as part of the Services (each, an “Application”) to pre-book and schedule transportation, logistics, delivery, and/or vendor services with independent third party providers of such services, including independent third party transportation providers (including Transportation Providers as defined in Part 1), independent third party logistics and/or delivery providers under agreement with Uber or certain of Uber’s affiliates, and/or independent vendors such as restaurants (“Third Party Providers”). Unless otherwise agreed by Uber in a separate written agreement with you, the Services are made available solely for your personal, non-commercial use. “

“You agree to use the Services and the Platform only to be put into contact, on a non-business and non-commercial basis, with people wishing to share a Trip with you.”

[...]

“BlaBlaCar reserves the right to suspend your Account in the case where you use a chauffeur-driven or other business vehicle or taxi, or a company car, and due to this, generate a profit from the Platform. You agree to provide to BlaBlaCar, on its simple request, a copy of your car registration certificate and/or any other document showing that you are authorised to use this vehicle on the Platform and are not drawing any profit therefrom.”

“BlaBlaCar also reserves the right to suspend your Account, limit your access to the Services, or terminate these T&Cs, in the case of activity by you on the Platform which, owing to the nature of the

Trips offered, their frequency, the number of Passengers carried and the Cost Contribution requested, entails a situation of profit for you, or for any reason suggesting to BlaBlaCar that you are generating a profit on the Platform.”

Role of the company

“YOU ACKNOWLEDGE THAT UBER DOES NOT PROVIDE TRANSPORTATION, LOGISTICS, DELIVERY OR VENDOR SERVICES OR FUNCTION AS A TRANSPORTATION PROVIDER OR CARRIER AND THAT ALL SUCH TRANSPORTATION, LOGISTICS, DELIVERY AND VENDOR SERVICES ARE PROVIDED BY INDEPENDENT THIRD PARTY CONTRACTORS WHO ARE NOT EMPLOYED BY UBER OR ANY OF ITS AFFILIATES.”

“The Platform constitutes an online networking platform on which the Members can create and post Adverts for Trips for the purposes of carpooling. These Adverts can notably be viewed by the other Members to find out the terms of the Trip, and where applicable, to directly book a Seat in the vehicle in question with the Member having posted the Advert on the Platform.”

[...]

“You recognise and accept that BlaBlaCar does not control the validity, truthfulness or legality of the Adverts, Seats and Trips offered. In its capacity of carpooling intermediary, BlaBlaCar does not provide any transport service and does not act in the capacity of carrier; the role of BlaBlaCar is limited to

facilitating access to the Platform.”

“The Members (Drivers or Passengers) act under their sole and full responsibility.”

Table 5 - Quotes on Uber and BlaBlaCar - [FULL VERSION]

QUOTE	DATA	SUBJECT	TITLE	SOURCE
<i>Uber, from San Francisco, has been running taxis in Boston, Chicago and Toronto as well as limousine services in several cities.</i>	27/10/2012		Special report - Technology and geography: Local services online: Your frie	The Economist
<i>Not everyone is glad to see new services arrive. Local regulations and politics can get in the way, especially in the taxi business, where Uber, in particular, is seen as a disruptive force.</i>	27/10/2012		Special report - Technology and geography: Local services online: Your frie	The Economist
<i>The point is to share unused resources that already exist and would otherwise, in effect, go to waste. This is the idea underlying ride-sharing services such as Zimride, BlablaCar, (...).</i>	27/10/2012		Special report - Technology and geography: Local services online: Your frie	The Economist

<i>An alternative service, Uber, which has recently launched in Britain and is already popular in America, allows drivers to turn their cars into minicabs.</i>	17/05/2014	To get a ride, stick out a thumb and hit that app	The Sunday Times
<i>(...). Fares vary according to demand, and one friend recently used a driver who worked as an architect but drove for Uber at rush hour to supplement his income.</i>	17/05/2014	To get a ride, stick out a thumb and hit that app	The Sunday Times
<i>How it works for drivers. As car owners make a profit, they must register as private-hire taxi drivers with Transport for London in the capital or the city council in Manchester and undergo a criminal record check. They must also have commercial insurance.</i>	17/05/2014	To get a ride, stick out a thumb and hit that app	The Sunday Times
<i>An alternative service [respect to BlaBlaCar], Uber,(...), allows drivers to turn their cars into minicabs. Passengers “hail” cars whose drivers are running the app using their smartphone’s GPS and the app will estimate the fare, take payment for the journey, leave a tip and issue an emailed receipt.</i>	17/05/2014	To get a ride, stick out a thumb and hit that app	The Sunday Times
<i>Apps such as BlaBlaCar, which originated in France, and GoCarShare allow car owners to advertise an intended journey, then</i>	17/05/2014	To get a ride, stick out a thumb and hit that app	The Sunday Times

accept a passenger who wants to go the same way.

<i>(...) BlaBlaCar, the price of a lift should cover the driver's costs only, although the company says any fee charged is voluntary.</i>	17/05/2014	To get a ride, stick out a thumb and hit that app	The Sunday Times
<i>black cab drivers brought London to a standstill with a go-slow protest against Uber, a company in the vanguard of the sharing economy.</i>	13/06/2014	Business fights back against the sharing revolutionaries	thetimes.co.uk
<i>Uber is a private "driver for hire" service that allows passengers to find drivers, often employed by minicab or chauffeur companies, who have slack time in their schedule</i>	13/06/2014	Business fights back against the sharing revolutionaries	thetimes.co.uk
<i>This week, black cab drivers brought London to a standstill with a go-slow protest against Uber, a company in the vanguard of the sharing economy.</i>	13/06/2014	Business fights back against the sharing revolutionaries	TIMEUK
<i>Uber is a private "driver for hire" service that allows passengers to find drivers, often employed by minicab or chauffeur companies, who have slack time in their schedule. Uber interviews and tests all its drivers but does not manage or directly employ them.</i>	13/06/2014	Business fights back against the sharing revolutionaries	TIMEUK

<i>BlaBlaCar, a French lift-sharing company, enables people to rent out their passenger or back seats to other commuters.</i>	13/06/2014		Business fights back against the sharing revolutionaries	thetimes.co.uk
<i>BlaBlaCar, a French lift-sharing company, enables people to rent out their passenger or back seats to other commuters. "It is getting more and more expensive to drive and people just want to offset some of the cost"</i>	13/06/2014	Nicolas Brusson, BlaBlaCar's co-founder	Business fights back against the sharing revolutionaries	TIMEUK
<i>(...) Shiraz Jeral is 25, born in Pakistan. His father moved the family to Barcelona during the construction boom. But then he lost his job, so Shiraz is now supporting the family, making up to \$125 a day as a private taxi driver, linking up with passengers through Uber.</i>	29/07/2014		Uber, Airbnb Under Attack In Spain As Old And New Economies Clash	NPR: Morning Edition
<i>[referring to Uber in Spain] But Vincent Rosso, the Spain director of another ride-share website in Europe, called Blablacar, says it's just the opposite.</i>	29/07/2014		Uber, Airbnb Under Attack In Spain As Old And New Economies Clash	NPR: Morning Edition
<i>BLABLACAR calculates the recommended price for each journey, to make sure that contributions to drivers don't exceed running costs, in accordance with UK law.</i>	05/10/2014		APP of the WEEK	The Sun

<i>the lift-sharing app BlaBlaCar. It's kind of a cross between the Uber taxi app and Airbnb, only for people who want to recoup a bit of petrol money by advertising their empty car seats online.</i>	07/04/2015	The lowdown: BlaBlaCar	thetimes.c o.uk
<i>Uber and Lyft's smartphone apps flag down nearby taxis. With BlaBlaCar you hitch a ride in someone else's car.</i>	21/04/2015	Possessions? They're Just so last year	The Times
<i>On 24 March, transportation network companies Uber (...).</i>	12/05/2015	Ride-sharing: Innovation Uber allies	Post Magazine
<i>Uber and Lyft provide a marketplace for drivers to offer their services to those looking for lifts in a nearby area for profit. The driver and user are connected via a phone application.</i>	12/05/2015	Ride-sharing: Innovation Uber allies	Post Magazine
<i>(...) transportation network companies Uber and (...).</i>	12/05/2015	Ride-sharing: Innovation Uber allies	Post Magazine
<i>Uber (...) provide(s) a marketplace for drivers to offer their services to those looking for lifts in a nearby area for profit.</i>	12/05/2015	Ride-sharing: Innovation Uber allies	Post Magazine

<p><i>A number of companies in the UK such as Uber, BlaBlaCar and Liftshare connect those planning journeys with those looking to travel in the same direction. Passengers can make contributions to the drivers for fuel and a percentage of running costs, but this is simply to allow the driver to offset costs, not to generate profit.</i></p>	<p>12/05/2015</p>	<p>Ride-sharing: Innovation Uber allies</p>	<p>Post Magazine</p>
<p><i>“(...) Ride-sharing is clearly a commercial endeavour (...)”</i></p>	<p>12/05/2015</p>	<p>Neil Alldredge, senior vice-president of state and policy affairs at NAMIC</p>	<p>Ride-sharing: Innovation Uber allies</p> <p>Post Magazine</p>
<p><i>Carsharing explained: A number of companies in the UK such as Uber, BlaBlaCar and Liftshare connect those planning journeys with those looking to travel in the same direction. Passengers can make contributions to the drivers for fuel and a percentage of running costs, but this is simply to allow the driver to offset costs, not to generate profit. As such car sharing is not defined as hire and reward (...).</i></p>	<p>12/05/2015</p>	<p>Ride-sharing: Innovation Uber allies</p>	<p>Post Magazine</p>

<p><i>“(...) At the other end of the spectrum you have companies like [carpooling service] Bla Bla Car, which is not attempting to make a profit and [in those circumstances] your personal lines cover will cover you. (...)”</i></p>	<p>12/05/2015</p>	<p>David Ovenden</p>	<p>Ride-sharing: Innovation Uber allies</p>	<p>Post Magazine</p>
<p><i>“(...) companies like [carpooling service] Bla Bla Car, which is not attempting to make a profit (...)”</i></p>	<p>12/05/2015</p>	<p>David Ovenden, head of the underwriting practice at consultancy Towers Watson</p>	<p>Ride-sharing: Innovation Uber allies</p>	<p>Post Magazine</p>
<p><i>Sharing is about more efficient use of physical assets and not about private individuals delivering each other a service. (...) Internet platforms that bring consumers together to provide each other with services represent the on-demand economy. (...) you can hire on-demand an individual to drive you (UberX), (...).</i></p>	<p>20/05/2015</p>		<p>Smarter regulation for the sharing economy</p>	<p>The Guardian</p>
<p><i>Individuals providing their goods or services to others are competing with existing providers but are not necessarily bound by the same rules and regulations. (...) Notably, Uber has continued offering UberX despite court bans in various countries, (...).</i></p>	<p>20/05/2015</p>		<p>Smarter regulation for the sharing economy</p>	<p>The Guardian</p>

<p><i>The need for smart regulation will determine whether businesses like Uber and Airbnb will be integrated into the sharing economy or not.</i></p>	<p>20/05/2015</p>	<p>Smarter regulation for the sharing economy</p>	<p>The Guardian</p>
<p><i>The debate tends however to be narrowly focused on what requirements UberX drivers must meet compared with regular drivers - that is on regulating Uber as a provider of taxi services. But where a company like Uber presents itself so prominently as a “sharing” service, regulators could encourage the company to organize its services as such. In Uber’s case, that would mean doing away with the on-demand taxi model it has now and becoming a supply-driven ridesharing platform such as BlaBlaCar. On this type of platform, drivers post trips that they are going to make anyway, and other people can join these rides.</i></p>	<p>20/05/2015</p>	<p>Smarter regulation for the sharing economy</p>	<p>The Guardian</p>
<p><i>The technology-enabled sharing economy is an increasingly significant social and economic phenomenon. Increasing numbers share their homes (Airbnb), cars (Relayrides) and rides (BlaBlaCar), (...).</i></p>	<p>20/05/2015</p>	<p>Smarter regulation for the sharing economy</p>	<p>The Guardian</p>

<i>BlaBlaCar has managed to avoid many of the regulatory issues which have plagued Uber, partly because it ensures fee-charging structures which mean that drivers do not make a profit.</i>	05/08/2015	Insight To Back Ride-Sharing App BlaBlaCar	Sky News
<i>The Uber minicab app has made hailing a taxi simple when there isn't one in sight, (...).</i>	17/08/2015	Be a 'Disruptor' - and save cash with high-tech upstart brands: How to cut your bills...from hailing a taxi to selling a home	Mail Online
<i>Try car and lift sharing with BlaBlaCar, (...). Cut taxi costs with (...), Uber.</i>	17/08/2015	Be a 'Disruptor' - and save cash with high-tech upstart brands: How to cut your bills...from hailing a taxi to selling a home	Mail Online
<i>Drivers do not need extra insurance because they are just covering costs and not making a profit from their passengers, although it is worth checking with their existing insurer. BlaBlaCar also offers free breakdown cover when the ride is being shared.</i>	17/08/2015	Be a 'Disruptor' - and save cash with high-tech upstart brands: How to cut your bills...from hailing a taxi to selling a home	Mail Online

<i>While car services such as Uber have often clashed with local authorities, Blablacar has so far been met with much less resistance. This is partly because its drivers don't make profits on the rides.</i>	17/09/2015	Blablacar: The Uber of Hitch-Hiking is now worth \$1 billion	express.co .uk
<i>Uber: "Get a taxi, private car or rideshare from your mobile phone. Uber connects you with a driver in minutes," says the firm.</i>	25/09/2015	Independent Travel Awards	Independe nt Online
<i>BlaBlaCar: If you're travelling long-distance in your car, offer a ride to other members. If you need to travel, choose a ride and make an agreed contribution to driving costs. Organised hitch-hiking.</i>	25/09/2015	Independent Travel Awards	Independe nt Online
<i>Today, BlaBlaCar is in the vanguard of the "sharing economy", which helps people to make money from under-utilised assets and services.</i>	26/09/2015	Move over, Uber, we want a lift with BlaBlaCar	sundaytim es.co.uk
<i>Charges are capped so that passengers pay just a share of the fuel, toll road fees and other running costs. As drivers do not make a profit, the comp- any has not fallen foul of some of the regulations that have dogged Uber.</i>	26/09/2015	Move over, Uber, we want a lift with BlaBlaCar	sundaytim es.co.uk

<i>"BlaBlaCar is a social network that puts users in contact to share cars. (...)"</i>	28/09/2015	Jaime Rodríguez de Santiago	Spain poses more obstacles for us than anywhere else	TWOBEN
<i>The taxi service Uber has been banned in France, Italy, Spain, Belgium and Germany and embraced in Lithuania and Estonia, for example.</i>	29/10/2015		EU Commission announces plans to reinforce the single market	Science Business
<i>But the Commission shies away from proposing a single market approach to 'sharing economy' companies like Uber and Airbnb which many view as unfair competition for professional services firms.</i>	29/10/2015		EU Commission announces plans to reinforce the single market	Science Business
<i>(...) The taxi service Uber has been banned (...).</i>	29/10/2015		EU Commission announces plans to reinforce the single market	Science Business
<i>There is no consensus on whether companies like (...) or France's journey-sharing service BlaBlaCar are innovators or outlaws. The taxi service Uber has been banned in France, Italy, Spain, Belgium and Germany and embraced in Lithuania and Estonia, for example.</i>	29/10/2015		EU Commission announces plans to reinforce the single market	Science Business

<p><i>There is no consensus on whether companies like (...) or France's journey-sharing service BlaBlaCar are innovators or outlaws.</i></p>	<p>29/10/2015</p>	<p>EU Commission announces plans to reinforce the single market</p>	<p>Science Business</p>
<p><i>(...) online car sharing service BlaBlaCar, which enables commuters to book a space in his vehicle for a fee. He advertises his journey, including a price and start time, and then liaises with interested customers via the platform. "It's a good way to generate some income from something you are going to do anyway," says Gazeley. "Having a passenger basically pays for my fuel money. It's a good way to meet people, too.</i></p>	<p>25/11/2015</p>	<p>Mat Gazeley</p>	<p>Cashing in on driveways and spare rooms: the UK's sharing entrepreneurs</p>
<p><i>Uber's adviser, David Plouffe, explained recently that it is designed to "help people who are struggling to pay the bills, earn a little extra spending money, or transitioning between jobs. Most drivers are not making a decision to do this for a lifetime or even for a long time.</i></p>	<p>30/11/2015</p>	<p>David Plouffe</p>	<p>'My father had one job in his life, I've had six in mine, my kids will have six at the same time'</p>

<p><i>UberPool Uber 's new car-sharing service works on the same premise as BlaBlaCar, but for local trips. (...) UberPool will enable customers to share rides to the same locations in a city, as well as sharing the price. Not only will this cut down on congestion (in theory, fewer Ubers will be on the road), it also makes the idea of taking a taxi to the station seem much less indulgent.</i></p>	<p>11/12/2015</p>	<p>How to beat expensive Christmas travel prices</p>	<p>The Telegraph Online</p>
<p><i>UberPool Uber 's new car-sharing service works on the same premise as BlaBlaCar, but for local trips. From Friday, UberPool will enable customers to share rides to the same locations in a city, as well as sharing the price. Not only will this cut down on congestion (in theory, fewer Ubers will be on the road), it also makes the idea of taking a taxi to the station seem much less indulgent.</i></p>	<p>11/12/2015</p>	<p>How to beat expensive Christmas travel prices</p>	<p>The Telegraph Online</p>
<p><i>"In Uber,(...) the tech company having spotted the opportunity to become the new Blablacar. In order to do so, the company is proposing UberPOOL, a platform to share a trip with other app users. "It maximizes the drivers' profits, and reduces traffic</i></p>	<p>11/12/2015</p>	<p>Uber now threatening bus lines</p>	<p>TWOBEN</p>

*density" note the company.
(...)*

"In Uber, we've been able to verify that many users carry out identical routes at the same time". Collaborative transport could get even cheaper, with the tech company having spotted the opportunity to become the new Blablacar. In order to do so, the company is proposing UberPOOL, a platform to share a trip with other app users. "It maximizes the drivers' profits, and reduces traffic density" note the company.

11/12/2015

Uber now threatening bus lines

TWOBEN

UberPool Uber's new car-sharing service works on the same premise as BlaBlaCar, but for local trips. From Friday, UberPool will enable customers to share rides to the same locations in a city, as well as sharing the price. Not only will this cut down on congestion (in theory, fewer Ubers will be on the road), it also makes the idea of taking a taxi to the station seem much less indulgent.

11/12/2015

How to beat expensive Christmas travel prices

The Telegraph Online

<i>BlaBlaCar The Airbnb of transport, this website allows people driving to a destination with spare seats in their car to offer a space to passengers going the same way, often just for the price of petrol.</i>	11/12/2015	How to beat expensive Christmas travel prices	The Telegraph Online
<i>BlaBlaCar The Airbnb of transport (...)</i>	11/12/2015	How to beat expensive Christmas travel prices	The Telegraph Online
<i>(...) BlaBlaCar, the French car-pool service similar to Uber's Pool service in the U.S. (...)</i>	15/12/2015	2016 Year in Preview: Don't hold your breath for more London unicorns	Digiday
<i>So what's being traded? Often, it's an under-used asset - a spare room perhaps, as in the case of Airbnb, or a taxi that might previously have had long waiting periods between jobs, when it comes to Uber.</i>	27/12/2015	The sharing economy	Independent On Sunday
<i>Uber is also rolling out an initiative that could change travellers' habits in 2016. Named simply "UberPool", it allows users to share a ride when heading in the same direction, lowering the overall cost for each individual.</i>	27/12/2015	The sharing economy	Independent On Sunday

<p><i>Take Uber. The taxi app's game-changing decision was surge pricing. If demand in one area of London spikes, fares rise. The higher prices draw drivers to the area so supply picks up, waiting times fall and prices drop. It's the practical application of supply and demand, the first lesson any economic student learns.</i></p>	<p>28/12/2015</p>	<p>Business is dancing to a different beat, and Wu-Tang Clan know it</p>	<p>thetimes.co.uk</p>	
<p><i>BlaBlaCar, the car-sharing app, has made a market out of hitch-hiking.</i></p>	<p>28/12/2015</p>	<p>Business is dancing to a different beat, and Wu-Tang Clan know it</p>	<p>thetimes.co.uk</p>	
<p><i>"Digital Economy Commissioner Gunther Oettinger will not take the same approach (...) as with US-headquartered Uber service which allows cars with drivers to be reserved."</i></p>	<p>12/01/2016</p>	<p>(AE) DIGITAL: Oettinger backs French BlaBlaCar service</p>	<p>Agence Europe</p>	
<p><i>"(...) Uber, which is a commercial service provider in direct competition with taxis. (...)"</i></p>	<p>12/01/2016</p>	<p>Digital Economy Commissioner Gunther Oettinger</p>	<p>(AE) DIGITAL: Oettinger backs French BlaBlaCar service</p>	<p>Agence Europe</p>
<p><i>"BlaBlaCar is not profit-driven, unlike Uber, which is a commercial service provider in direct competition with taxis. It allows costs to be shared, as happened when I was a</i></p>	<p>12/01/2016</p>	<p>Gunther Oettinger</p>	<p>(AE) DIGITAL: Oettinger backs French BlaBlaCar service</p>	<p>Bulletin Quotidien Europe</p>

<i>student, and provides good conversation”</i>				
<i>"Digital Economy Commissioner Gunther Oettinger will not take the same approach with French car sharing service BlaBlaCar as with US-headquartered Uber service which allows cars with drivers to be reserved."</i>	12/01/2016		(AE) DIGITAL: Oettinger backs French BlaBlaCar service	Agence Europe
<i>“BlaBlaCar is not profit-driven, unlike Uber, which is a commercial service provider in direct competition with taxis. It allows costs to be shared, (...), and provides good conversation”</i>	12/01/2016	Digital Economy Commissi oner Gunther Oettinger	(AE) DIGITAL: Oettinger backs French BlaBlaCar service	Agence Europe
<i>"Digital Economy Commissioner Gunther Oettinger will not take the same approach with French car sharing service BlaBlaCar as (...)."</i>	12/01/2016		(AE) DIGITAL: Oettinger backs French BlaBlaCar service	Agence Europe
<i>“BlaBlaCar is not profit-driven, (...). It allows costs to be shared, (...), and provides good conversation”</i>	12/01/2016	Digital Economy Commissi oner Gunther Oettinger	(AE) DIGITAL: Oettinger backs French BlaBlaCar service	Agence Europe

<p><i>Unlike Uber, which competes with taxi companies and has battled them in many places, including Paris, BlaBlaCar concentrates on the intercity market, matching riders with trips posted by drivers.</i></p>	<p>25/01/2016</p>	<p>Stampede of VC-Backed Billion-Dollar Startups Could Run Out Of Steam in 2016; 2015 was the Year of the Unicorn – companies that launched with billion-dollar valuations. But the magic could be wearing off, writes Russ Garland</p>	<p>Private Equity News</p>
<p><i>Through its platform, Uber allows consumers with smartphones to submit a trip request which is then routed to Uber drivers, who – using their own cars – will provide the transport service for the price fixed by the platform.</i></p>	<p>01/02/2016</p>	<p>Cost of non-Europe in the sharing economy: legal aspects</p>	<p>EIPA</p>
<p><i>We have detected that the transport platforms providing transport services similar to taxis (Uber and assimilated) have been the most problematic and finally banned in four of the six MS.</i></p>	<p>01/02/2016</p>	<p>Cost of non-Europe in the sharing economy: legal aspects</p>	<p>EIPA</p>

<i>[Uber] they can offer a cheap alternative to traditional taxi rides.</i>	01/02/2016	Cost of non-Europe in the sharing economy: legal aspects	EIPA
<i>After a ban from Berlin, Spain joins the ban and in December 2014 Uber suspends its taxi service in Spain, (...).</i>	01/02/2016	Cost of non-Europe in the sharing economy: legal aspects	EIPA
<i>In the French case, some legal provisions shed some light on what is understood as SE. In particular, the definition of car sharing is significant as it distinguishes between the platforms that merely enable users to share costs (Blablacar) from than the ones that enable people to make profit out of these platforms (Uber).</i>	01/02/2016	Cost of non-Europe in the sharing economy: legal aspects	EIPA
<i>Furthermore, the divide between for profit and not-for profit service providers would add further elements into the classification. The example of Uber (for profit making) and BlaBlacar (not-for profit) with the difference in treatment given by the authorities in France serves as an example.</i>	01/02/2016	Cost of non-Europe in the sharing economy: legal aspects	EIPA

<p><i>On the contrary, transport platforms facilitating car sharing but being not-for-profit (Blablacar), have been allowed provided that users comply with the basic existing local/national legislation (taxes, insurance, consumer protection, data protection, etc.).</i></p>	<p>01/02/2016</p>	<p>Cost of non-Europe in the sharing economy: legal aspects</p>	<p>EIPA</p>	
<p><i>The platform connects drivers and passengers willing to travel together between cities and share the cost of the journey. Prices are fixed when a car owner offers a ride⁷. They are non-negotiable and the same for all co-travellers. The price is always based on a suggestion calculated by BlaBlaCar according to the itinerary and real costs incurred by car owners. (...) The price cannot exceed a ceiling set by BlaBlaCar, in order to ensure costs are fairly shared and that car owners do not make a profit.</i></p>	<p>01/02/2016</p>	<p>Cost of non-Europe in the sharing economy: legal aspects</p>	<p>EIPA</p>	
<p><i>Uber - This minicab hailing mobile phone app is used (...).</i></p>	<p>14/03/2016</p>	<p>Millions want to share their cars with strangers — but we don't</p>	<p>The Times</p>	
<p><i>[BlaBlaCar] It also sets the company apart from the likes of Uber, the giant minicabhailing service, says Mr Brusson. "In Uber, it's a</i></p>	<p>14/03/2016</p>	<p>Nicolas Brusson</p>	<p>Millions want to share their cars with strangers — but we don't</p>	<p>The Times</p>

driver providing a service for a fee. In BLABLACAR, it's a community of people sharing the cost of travel."

It makes a distinction, however, between the business models of BlaBlaCar and Uber with regard to monitoring price setting: it says that BlaBlaCar, unlike Uber, is not necessarily looking to make a profit.

26/04/2016

(AE) DIGITAL: Commission sets out role and obligations of digital platforms

AGEU

[Talking about Waze Carpool] Unlike Uber, the carpooling service limits drivers to two rides a day and designates that journeys won't involve multiple stops. It also only requires riders to reimburse drivers a minimal amount for the cost of fuel and wear and tear on the car.

17/05/2016

Google launches Uber rival that gets passengers to pay for your commute

The Telegraph Online

It may not be as easy to get drivers to sign up to Waze Carpool as it is for Uber, as it doesn't allow them to profit from the service. "Waze Carpool focuses on covering costs, not generating an income," said Waze.

17/05/2016

Google launches Uber rival that gets passengers to pay for your commute

The Telegraph Online

[Talking about Waze Carpool] The service is also similar to the one provided by \$1.2 billion French startup Blablacar which operates a ride-sharing service (...). Notably, the business model

17/05/2016

Google launches Uber rival that gets passengers to pay for your commute

The Telegraph Online

*is very similar to Waze
Carpool: drivers don't make
money, but cover their costs
by giving someone a ride in
the same direction.*

*(...) collaborative economy,
(...), the best-known
companies being online
platforms Uber, BlaBlaCar
and Airbnb.*

31/05/2016

(AE) Agence
DIGITAL Europe
AGENDA:
Commission
does not want
to hamper
collaborative
economy

*Uber is an urban transport
platform (“transportation
network company”) that
connects people who need
transport in cities (peer
consumers) with drivers.*

01/02/2017

Exploratory EUROPE
study of AN
consumer COMMIS
issues in SION
online peer-
to-peer
platform
markets.
Task 4 –
Case study:
BlaBlaCar

<p><i>One particularity is the use of “dynamic pricing” which adjusts ride prices depending on demand and supply. Periods of high demand or scarce supply – (i.e. when there are more peer consumers than peer providers), typically at weekends or on national holidays are subject to “surge pricing”. The aim of dynamic pricing is to provide a better match between demand and supply with peer providers focusing on areas where they can earn the highest revenue per ride and peer consumers reducing demand during periods of surge pricing.</i></p>	<p>01/02/2017</p>	<p>Exploratory study of consumer issues in online peer-to-peer platform markets. Task 4 – Case study: BlaBlaCar</p>	<p>EUROPEAN COMMISSION</p>
<p><i>An Uber spokesperson underlined that peer providers can decide to charge a lower price but not a higher than the one suggested by Uber.⁶¹ If a peer provider wants to charge a lower price, they have to notify this on the Uber app after completing a ride. Despite this limited price flexibility for peer providers, Uber has important price setting power.</i></p>	<p>01/02/2017</p>	<p>Exploratory study of consumer issues in online peer-to-peer platform markets. Task 4 – Case study: BlaBlaCar</p>	<p>EUROPEAN COMMISSION</p>

<p><i>(...) Uber commissioned a study to analyse driver data. The study has found that 71% of French drivers for UberX report to earn their “biggest source of income” or their “only source of income” through Uber. Furthermore, the study has shown that 44% of drivers work more than 30 hours a week on the platform.</i></p>	<p>01/02/2017</p>	<p>Exploratory study of consumer issues in online peer-to-peer platform markets. Task 4 – Case study: BlaBlaCar</p>	<p>EUROPE AN COMMIS SION</p>
<p><i>BlaBlaCar is a long-distance ridesharing platform which connects people who need to travel between cities (peer consumers) with drivers who have empty seats (peer providers).</i></p>	<p>01/02/2017</p>	<p>Exploratory study of consumer issues in online peer-to-peer platform markets. Task 4 – Case study: BlaBlaCar</p>	<p>EUROPE AN COMMIS SION</p>
<p><i>BlaBlaCar transactions are based on cost sharing between peers. The platform imposes a pricing mechanism that forces providers to keep the price low, and – in principle - does not allow peer providers to make a profit.</i></p>	<p>01/02/2017</p>	<p>Exploratory study of consumer issues in online peer-to-peer platform markets. Task 4 – Case study: BlaBlaCar</p>	<p>EUROPE AN COMMIS SION</p>
<p><i>BlaBlaCar, though, insists it is not a transport firm but a social network that brings drivers and passengers together to share the costs</i></p>	<p>03/02/2017</p>	<p>Spain buses lose competition case against ride-sharing</p>	<p>Agence France Presse</p>

of a trip, from which the firm takes a fee (...).

<i>It argued that the drivers on the BlaBlaCar platform are not employed by the company, nor do they belong to another firm seeking to make a profit. (...) It concluded that these passengers were not paying any form of levy or service, but were merely paying for the cost of the trip. The court acknowledged that some people on the platform may try and make a profit out of offering trips, but added these cases appeared to be "exceptional" and were not what BlaBlaCar aimed to do.</i>	03/02/2017	Spain buses lose competition case against ride-sharing	Agence France Presse
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<i>BlaBlaCar is a platform that helps individuals get in touch and share travel expenses, according to the ruling.</i>	06/02/2017	Court in Spain rules in favour of BlaBlaCar vs bus transport confederation	Spanish Collection
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<i>Uber, which offers discounted shared journeys for users in London through UberPool (...).</i>	26/04/2017	'We've become good friends': carpooling eases drudgery of commuting	The Guardian
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<i>Even though it still calls itself a "ride-sharing app", Uber is clearly an electronic platform for</i>	10/05/2017	Share you in court	EUobserver.com
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users to provide a taxi-like service for profit.

The service [BlaBlaCar], which has been called an "electronic hitchhiking app", allows drivers to bring guests along with them so they can 'bla bla' during their journeys.

10/05/2017

Share you in court

EUobserver.com

The BlaBlaCar case is typical of the legal situation. Entrenched transportation businesses are suspicious of a service, that started as social networking for people to share car costs, morphing into a profit-making venture used by professionals.

10/05/2017

Share you in court

EUobserver.com

She says BlaBlaCar, (...), has safeguards in place to make sure it is not being used by professionals. Drivers can only charge 50 percent more than a price suggested by BlaBla, and cannot carry more than four passengers.

10/05/2017

Elia Ferrer Travé

Share you in court

EUobserver.com

The BlaBlaCar case is easier to resolve because the company tells its users that making a profit should not be their prime motive.

10/05/2017

Share you in court

EUobserver.com

Uber offers urban transport services to customers that demand the ride via a digital platform.

11/05/2017

EU court's opinion challenges Commission's pro-Uber stance

EurActiv.com

<p><i>The advocate general said Uber drivers “do not pursue an autonomous activity that is independent of the platform. On the contrary, that activity exists solely because of the platform, without which it would have no sense.”</i></p>	<p>11/05/2017</p>	<p>EU court’s opinion challenges Commission’s pro-Uber stance</p>	<p>EurActiv.com</p>
<p><i>Uber is an electronic platform which makes it possible, using a smartphone equipped with the Uber application (‘the App’), to order urban transport services in the cities where Uber has a presence.</i></p>	<p>11/05/2017</p>	<p>PRESS RELEASE No 50/17</p>	<p>Court of Justice of the European Union</p>
<p><i>(...) Consequently, the service offered by Uber cannot be classified as an ‘information society service’. Instead, the service amounts to the organisation and management of a comprehensive system for on-demand urban transport. Moreover, Uber does not offer a ride-sharing service, since the destination is selected by the passenger and the driver is paid an amount which far exceeds the mere reimbursement of costs incurred.</i></p>	<p>11/05/2017</p>	<p>PRESS RELEASE No 50/17</p>	<p>Court of Justice of the European Union</p>
<p><i>Uber (...). The car-sharing company (...).</i></p>	<p>22/09/2017</p>	<p>Here are some good alternatives to Uber in</p>	<p>Mashable.com</p>

		case it loses its appeal	
<i>Mytaxi. (...) It's very similar to Uber — with payment via app, real-time updates, and so on — but there's no surge pricing and all taxis are licensed.</i>	22/09/2017	Here are some good alternatives to Uber in case it loses its appeal	Mashable.com
<i>Uber(...) . The ride-hailing service (...).</i>	22/09/2017	Alternatives to Uber: Apps to use if Uber is banned	The Telegraph Online
<i>There are several major competing cab hire apps that offer competitive rates compared to Uber, (...).</i>	22/09/2017	Alternatives to Uber: Apps to use if Uber is banned	The Telegraph Online
<i>Uber tried to get away with pretending it was a neutral software platform for far too long – all it did was link people together, and its responsibilities went as far as fixing glitches.</i>	22/09/2017	Uber had this coming – it was never just a ‘tech platform’	Independent Online
<i>(...) Underused cars got out on the road, drivers earned an extra few pounds in their spare time and passengers got to their appointments on time.</i>	22/09/2017	Uber had this coming – it was never just a ‘tech platform’	Independent Online
<i>(...) the reality was that Uber was never meant as a small scale, car sharing company, like the French BlaBlaCar. Instead its goal was always total market domination at any cost.</i>	22/09/2017	Uber had this coming – it was never just a ‘tech platform’	Independent Online

<i>Uber isn't the only sharing economy app that has become part of daily life in the capital. (...)</i>	22/09/2017	Uber had this coming – it was never just a 'tech platform'	Independent Online
<i>(...) the reality was that Uber was never meant as a small scale, car sharing company, like the French BlaBlaCar. Instead its goal was always total market domination at any cost.</i>	22/09/2017	Uber had this coming – it was never just a 'tech platform'	Independent Online
<i>Blablacar. This carpooling app for long-distance trips (...).</i>	22/09/2017	Here are some good alternatives to Uber in case it loses its appeal	Mashable.com
<i>The French company has recently launched in Paris area BlaBlaLines, its first attempt to take on Uber with a daily commute's ride-sharing service.</i>	22/09/2017	Here are some good alternatives to Uber in case it loses its appeal	Mashable.com
<i>BlaBlaCar(...) offers a carpooling service, which is great for travelling between cities. The app lets users offer free rides and pair up with drivers and get free rides. (...) share petrol costs.</i>	22/09/2017	Alternatives to Uber: Apps to use if Uber is banned	The Telegraph Online
<i>(...) the reality was that Uber was never meant as a small scale, car sharing company, like the French BlaBlaCar. Instead its goal was always total market domination at any cost.</i>	22/09/2017	Uber had this coming – it was never just a 'tech platform'	Independent Online

<i>BlaBlaCar. While not exactly a traditional cab service, BlaBlaCar is an established carpooling app that's been around for over ten years.</i>	22/09/2017	Stuck for a ride? Here are seven alternative taxi-hailing apps you can use instead of Uber	Mail Online
<i>While not exactly a traditional cab service, BlaBlaCar is an established carpooling app (...) the app gives drivers the opportunity to give rides and charge users with an agreed fee. (...) BlaBlaCar suggests the pricing (...) the app doesn't allow people to charge riders with extortionate rates.</i>	22/09/2017	Stuck for a ride? Here are seven alternative taxi-hailing apps you can use instead of Uber	Mail Online
<i>Take a taxi instead – Uber may have come under fire in recent weeks, but still remains a cheap way of getting around the place.</i>	17/10/2017	6 ways to legally stay on the road and NOT pay for car insurance	Mirror.co.uk
<i>Car-pooling – if you don't want to own your own car, search for someone making the same journey as you through sites such asBlablacarandLiftshare,</i>	17/10/2017	6 ways to legally stay on the road and NOT pay for car insurance	Mirror.co.uk
<i>Controversial taxi app Uber isn't the only way you can use your car to make money.</i>	19/12/2017	Sharing is caring - how being nice can save you £779 a year	Mirror.co.uk

<i>The long-awaited ruling argues that Uber organises the transport service and also has a “decisive influence” over the conditions under which the drivers provide the service.</i>	20/12/2017	Uber needs prior authorisation to operate, EU court says	EurActiv.com
<i>If you’re splashing out on a cab, then why not check out UberPool which matches you with riders heading in the same direction, so you can share both the ride – and the cost.</i>	31/01/2018	9 ways other people can make you richer – how to make big savings by buying as a group	Mirror.co.uk

Table 8 - European Court Sentence - [FULL VERSION]

Quote	Section
<i>“What is Uber? Is it a transport undertaking, a taxi business to be blunt? Or is it solely an electronic platform enabling users to locate, book and pay for a transport service provided by someone else?”</i>	41
<i>“What is relevant as far as Uber is concerned is that it certainly cannot be considered to be a ride-sharing platform. Drivers on the Uber platform offer passengers a transport service to a destination selected by the passenger and, accordingly, are paid an amount which far exceeds the mere reimbursement of expenses incurred. It is therefore a traditional transport service. Whether or not it is regarded as forming part of a ‘collaborative economy’ is irrelevant to its classification under the law in force.”</i>	42
<i>“In its written observations, Uber claims that it simply matches supply (the supply of urban transport) to demand. I think, however, that this is an unduly narrow view of its role. Uber actually does much more than match supply to demand: it created the supply itself. It also lays down rules concerning the essential characteristics of the supply and organises how it works.”</i>	43

“Uber makes it possible for persons wishing to pursue the activity of urban transport to connect to its application and carry out that activity subject to the terms and conditions imposed by Uber, which are binding on drivers by means of the contract for use of the application. There are numerous terms and conditions. They cover both the taking up and pursuit of the activity and even the conduct of drivers when providing services.” 44

“Thus, in order to access the Uber application as a driver, you must have a car. The vehicles permitted to drive on behalf of Uber must satisfy certain conditions which seem to vary depending on the country and city. As a general rule, however, they must be four- or five-door passenger vehicles subject, at least, to an age limit. The vehicles must have passed a roadworthiness inspection and comply with the provisions on mandatory insurance.” 45

“Drivers must obviously be in possession of a driving licence (held for a specific period) and have no criminal record. In some countries, a list of traffic offences is also required.” 46

“Although there are no rules on working time within the framework of the Uber platform, so that drivers may pursue that activity alongside others, it is apparent that most trips are carried out by drivers for whom Uber is their only or main professional activity. Drivers also receive a financial reward from Uber if they accumulate a large number of trips. In addition, Uber informs drivers of where and when they can rely on there being a high volume of trips and/or preferential fares. Thus, without exerting any formal constraints over drivers, Uber is able to tailor its supply to fluctuations in demand.” 47

“The Uber application contains a ratings function, enabling drivers to be rated by passengers and vice versa. An average score falling below a given threshold may result in exclusion from the platform, especially for drivers. Uber therefore exerts control, albeit indirect, over the quality of the services provided by drivers.” 48

“Lastly, it is Uber that sets the price of the service provided. That price is calculated based on the distance and duration of the trip, as recorded by the application by means of GPS. An algorithm then adjusts the price to the intensity of the demand, by applying an appropriate multiplier to the basic fare when demand increases as a result of, for instance, an event or simply a change in the weather conditions, such as a storm.” 49

“Although Uber's representatives stated at the hearing that drivers are, in principle, free to ask for a lower fare than that indicated by the application, this does not seem to me to be a genuinely feasible option for drivers. Although drivers are theoretically given such a discretion, the fee Uber charges is the amount resulting from the fare as calculated by the application. Since any reduction in the fare paid by the passenger is to the detriment of the driver, it is unlikely that drivers would exercise that discretion. Consequently, I think it is hard to deny that the fare is set by Uber.” 50

“While this control is not exercised in the context of a traditional employer-employee relationship, one should not be fooled by appearances. Indirect control such as that exercised by Uber, based on financial incentives and decentralised passenger-led ratings, with a scale effect, makes it possible to manage in a way that is just as — if not more — effective than management based on formal orders given by an employer to his employees and direct control over the carrying out of such orders.” 52

“The foregoing leads me to conclude that Uber's activity comprises a single supply of transport in a vehicle located and booked by means of the smartphone application and that this service is provided, from an economic standpoint, by Uber or on its behalf. The service is also presented to users, and perceived by them, in that way. When users decide to use Uber's services, they are looking for a transport service offering certain functions and a particular standard of quality. Such functions and transport quality are ensured by Uber.” 53

“Under Uber's operating system, the connecting of potential passengers and drivers with one another does not, therefore, have any economic value of its own because, as explained above, drivers working for Uber do not pursue — at least when they are driving in the context of Uber's services — an independent economic activity. Within the framework of that service, first, Uber's drivers are only able to locate passengers through the Uber application and, secondly, that application allows only drivers working on the platform to be located. One is thus inseparable from the other and together they form a single service. I do not think that the supply of transport in the strict sense can be regarded as being of secondary importance, either.” 63

“It is true that the innovative nature of the Uber platform is to a large extent based on the use of new technologies, such as GPS and smartphones, in order to organise urban transport. However, the innovation does not stop there: it also extends to the organisation of the transport itself, without which Uber would be a mere taxi booking application. Accordingly, within the context of this service, it is undoubtedly the supply of transport which is the main supply and which gives the service economic meaning. Users look for drivers with one aim in mind: to be transported from A to B. Hence the 64

connection stage is merely preparatory in order to enable the main supply to be performed in the best possible conditions.”

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Table of Contents

List of Figures:

Figure 1 - "Golden Circle", Simon Sinek, Start with Why	7
Figure 2 - Sharing Economy	8
Figure 3 - Methodology Steps	15
Figure 4 - Factiva Filters Usage, example	17
Figure 5 - Uber Timeline	21
Figure 6 - Uber Use Case	22
Figure 7 - BlaBlaCar Timeline	24
Figure 8 - BlaBlaCar Use Case	25
Figure 9 - Uber's R1 Trends	48
Figure 10 - Uber's R2 Trends	49
Figure 11 - Uber's Associations and Dissociations	49
Figure 12 – BlaBlaCar's R1 Trends	50
Figure 13 - BlaBlaCar's R2 Trends	51
Figure 14 - BlaBlaCar's Association and Dissociation	51
Figure 15 - Media Results Comparison	52
Figure 16 - Uber's Website Snapshot	53
Figure 17 - BlaBlaCar's Website Snapshot	54

List of Tables:

Table 1 - Definitions of Business Model	6
Table 2 - Factiva Recorded Results	18
Table 3 - Comparison of Uber and BlaBlaCar business models	27
Table 4 - Comparison of Uber and BlaBlaCar Terms and Conditions	33
Table 5 - Quotes on Uber and BlaBlaCar	37
Table 6 - Timeline of Uber's Trial in Madrid - Spain	39
Table 7 - Timeline of BlaBlaCar's Trial in Madrid, Spain	41
Table 8 - European Court Sentence	43
Table 9 - Media Quotes Data Analysis	47

List of Equations:

Equation 1 – Reference to the company with a certain respect to the total quotes containing that keyword	47
Equation 2 - Reference to the company with a certain keyword respect to the total quotes describing the company	47