

# Uberization (or Uberification) of the Economy

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## INTRODUCTION

The management of technological innovation is one of the most demanding challenges today (Dodgson et al., 2008). The external environment characterized by globalization, convergence, competitive/market uncertainty, time-to-market pressure, shortening product lifecycles is also based on knowledge, information, fast-changing technology and an innovative economy. In recent years a series of innovations and trends have changed the way people perceive technology. The global availability of the Internet, along with innovations (products, services and applications) explain certain aspects of the dynamics of the innovation process, the diffusion of technology and the development of various platforms (product and service marketplace, social networking platform, content platform).

The Uber taxi-booking smartphone app, matching those who have cars with people who need rides quickly, was created in 2009 in the US and has been progressively launched all around the world. Since this pioneering app, several other start-ups operating in various activities (transportation, flower and food delivery, events, home services, legal services) have adopted a Uber-like business model (BM) and more and more companies are looking to disrupt regulated industries, such as banking or healthcare.

Uber has been a driving force behind the emergence of a new kind of platform connecting consumers and providers in real time and organizing information without any ownership of the products concerned. Uber, based on trust (MacDonald, 2016), has changed the rules of the

economic game and its success has inspired the term “uberization”.

The objective of this chapter is to gain a more precise understanding of uberization and in particular its theoretical scope. How would we combine uberization with other accepted and widely used concepts in economics and strategy, such as platforms, multi-sided markets, externalities and business ecosystems? Is uberization a relevant concept, an all-purpose word with a multitude of meanings or just a buzz word?

This chapter attempts to answer these questions and is structured as follows. This first section introduces the topic and key concepts and presents a brief overview of the evolution of the Uber phenomenon to a larger trend named uberization or uberification. The second section discusses the conceptual and theoretical framework to analyze the development of uberization. It develops a strategic and economic perspective. In section 3, several recommendations are proposed. Section 4 suggests directions for further research. Section 5 concludes.

## BACKGROUND

### From Uber to Uberization

Uber (the mobile application) is not uberization (Table 1). In recent years, a number of studies have been performed to gain further insight into the uberization phenomenon, notably empirical publications. The particular attention given to uberization (even in non-specialized press) shows how its importance has grown year by year since

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*Table 1. From Uber to uberization*

<p><b>Uberization of Work - Employment</b></p>	<p>“But of all the ways that Uber could change the world, the most far-reaching may be found closest at hand: your office. Uber, and more broadly the app-driven labor market it represents, is at the center of what could be a sea change in work, and in how people think about their jobs”. (Manjoo, 2015)                  “There has been a lot of debate about how online platforms have changed the nature of work. In some cases, on-demand companies have been harshly criticized for making employer like demands on workers but denying them basic benefits and protections”. (Bernard, 2016)</p>
<p><b>Uberization of Finance and Banking</b></p>	<p>“We are on the verge of the Uberization of finance, which will bring multiple new opportunities but also a range of new risks (...). Uber is a high-tech middleman that is making the intermediaries of the past obsolete. The financial world is one of the most mediated industries on the planet, and that is precisely what is about to change. (Karabell, 2015).</p>
<p><b>Uberization of Business Schools</b></p>	<p>“What could more surely come next is the appearance of low cost and/or no frills business schools, focusing on the essentials and offering options. That’s partially the idea of online business schools, with some success, but it never really diffused to brick-and-mortar or hybrid models. With the strong discussions on fees in many countries of the world, there is now room for the emergence of a new type of business schools.” (Therin, 2015).</p>

Source: specialised web sites.

the end of the 2000s. The definitions given in the general and specialized press are generally broad or applied to a particular industry or activity.

Uberization should lead to a transformation of the entire economy. Uberization is a phenomenon based on on-demand services (enabled by the Internet and smartphones) and peer-to-peer platforms combining imitable features such as dynamic pricing sometimes called “surge” pricing (Horpedahl, 2015; Smith, 2016), mobile payment, rating systems, algorithmic and data management (Hall et al., 2015).

### **Towards a New Kind of Capitalism or Its End?**

Uberization may turn out to be a concept in the future seen as a new, complex and dynamic form of liberalization (economy) and a more perfect supply and demand equilibrium (market).

Some authors suggest the evolution of capitalism towards ‘postcapitalism’ (Mason, 2015) or ‘platform capitalism’ based on a physical and digital transformation of how goods and services are produced, shared and delivered and how customers (final consumers) engage directly with each other through on-demand platforms (Davis, 2016); others consider uberization “as a form of populism” (Kyrou, 2015, p. 106).

Some experts are even predicting the end of capitalism with the development of sharing, collaborative and participatory practices. However, the rules governing these practices activities (Cusumano, 2015) should be compatible with the market economy and capitalist system. Experts already believe that the potential for growth of the sharing and on-demand economy will be significant in the future. This nascent economy will set the stage for reshaping the economic system, renewal of the market relationships between economic actors, changes in the nature and structure of work (labor considered as a commodity) and work organization and consumer behavior shifts.

The uberization phenomenon calls for a multidimensional framework for understanding its development and impact including the following levels of analysis.

### **Country Level**

The impact of uberization may differ in complexity from country to country depending on the national legislation concerned. The questions raised by uberization have become more pressing as they are closely related to a wide variety of laws and regulations including labor law, antitrust and competition law, and corporate law. The uberization of the economy is widely debated

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