

The Rise and Fall of Take Eat Easy, or Why Markets are not Easy to Take in the Sharing Economy

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Abstract: We examine the reasons behind the rise and fall of Take Eat Easy, a Belgian home food delivery platform, in order to understand better the competitive dynamics that are at play in the sharing economy. We start by describing the home food delivery market in Europe and by summarizing the key milestones in the short existence of Take Eat Easy. We propose next a brief review of what the economic literature on digital platforms teaches us about what they do and how they compete. On that basis, we analyse more deeply the strategic choices taken by the leadership of Take Eat Easy, and their implications. Finally, we combine the two previous analyses to question the sustainability of the current business model of platforms in the sharing economy.

Key words: Digital, platform, start-up, sharing economy

The rapid development of the mobile Web over the last decade has led policy makers and scholars to investigate the impact of this dimension of ICTs on the economy. More specifically, a great deal of attention has been paid to the way digital-enabled innovations affect existing market configurations and competition rules. While in some cases the digital revolution has completely disrupted entire industries – think about the retail industry with Amazon, the telecommunication industry with Skype, the electronic device industry with Apple, etc. – in other situations, it has triggered new market opportunities in more restricted areas of existing industries. This is for instance what happened in the context of what is today

called the "sharing economy", i.e., a structured system organising peer-to-peer transactions, which were previously happening in a decentralized and disorganised way.

The following analysis focuses on assessing the success factors of players competing against one another in the sharing economy. Most of the descriptions of the sharing economy are centred on a handful of success stories (or supposed so), such as those of Uber or Airbnb for instance. Yet, it is also worth sharing stories of half-successes or of failures, as there is at least as much to be learned from them. This is precisely our objective in this article. By examining the reasons behind the "rise and fall" of Take Eat Easy, a Belgian home food delivery platform, we aim at understanding better the competitive dynamics that are at play in the sharing economy.

The home food delivery sector remains a young and volatile market in Belgium, which is a very small playground compared to other European countries like the UK or Germany. As we will show in the following lines, the geographical criterion plays a central role in the end result, even if most people tend to think that with the Internet, a strategy can get rid of any physical location consideration.

This article begins by offering a view of the home food delivery market. It also includes a summary of the key milestones in the short existence of Take Eat Easy. In the second section, we propose a brief review of what the economic literature on digital platforms teaches us about their roles, their strategies, and the competition among them and with other forms of businesses. This review provides us with the necessary tools for a deeper analysis of the strategic choices taken by the leadership of the start-up, and their implications. We also base our analysis on numbers and figures provided by Take Eat Easy, as well as views directly expressed by one of its cofounders who had been interviewed twice by one of the authors. Finally, in Section 4, we combine the two previous analyses to question the sustainability of the current business model of platforms in the sharing economy.

■ Background

In this section, we start by describing the broad context of the European home food delivery market, before taking a closer look at the Belgian scene, with a particular focus on the first-mover, namely Take Eat Easy.

The home food delivery market

The home food delivery market is a typical urban phenomenon. In 2015, this market was worth €83 billion worldwide and represented four per cent of the food sold through restaurants and fast-food chains (HIRSCHBERG *et al.*, 2016). For decades, pizzerias have been almost the only restaurants to deliver food to hungry customers living in city centres. And most of them had their own pool of mopeds to ensure fast delivery. In recent years however, the home food delivery market has expanded to other types of restaurants and segments.

Digital technologies have actually largely contributed to the transformation of this particular niche in the wider food industry. Here, platforms usually organise the delivery of meals by acting as intermediaries between restaurants, customers, and couriers. Platforms expand the market by providing delivery solutions to restaurants that do not have their own logistics. A recent study conducted by McKinsey shows that the above-mentioned traditional form of delivery (i.e., restaurants bringing the food to the door) has still a 90 per cent market share, with almost three-quarters of orders placed by phone (HIRSCHBERG *et al.*, 2016). The remaining 10% represent orders facilitated via community-based online services like Delivery Hero, Deliveroo, UberEATS or Amazon Restaurants.

These home food delivery platforms are thus new players in this local ecosystem. Since they operate as intermediaries, their value proposition is threefold: for restaurants, a costless and riskless extension of their customer base; for couriers, a source of complementary revenues; for customers, the convenience of having great food delivered to their doorstep. Hence, platforms create enough value for each of these groups so as to capture a slice of it.

Most of these platforms share the same business model. To optimize the interaction, i.e., maximizing the probability of having lots of individual successful matches between restaurants and customers, platform operators rely on algorithms and delivery planning automation mechanisms, which are made possible by a clever use of digital technologies, such as smartphones and geolocation. To monetize their services, platforms generally charge restaurants a share of the overall bill. For instance, if someone orders pizzas via the platform for a total cost of 55€, the restaurant agrees to leave a commission of 20% to the intermediary who earns 11€ on this side. On the other side, the platform can also ask customers a fixed amount per delivery.

It might also be a variable amount based on the distance covered by the courier, just like the way taxis set fees.

The rise and fall of Take Eat Easy

Launched in Brussels in the summer 2013, Take Eat Easy was among the very first to enter the home food delivery market in Belgium by focusing on the premium segment. Indeed, their mission was to enable quality restaurants to provide a reliable delivery service to their clients. Very quickly, the start-up expanded to other cities. The entry on the international market started with Paris in October 2014, followed one year later by Berlin, London and Madrid. At that time, the goal was clearly to become the leading platform in the European home food delivery market.

To fuel its rapid growth, Take Eat Easy raised €6 million in a first venture capital funding round in April 2015, and a second one in August 2015 which brought an additional €10 million investment to sustain growth. Between August 2015 and July 2016, the young company increased the size of its team from 10 to 160 employees; it also entered new geographies to end up with 20 European cities. Moreover, they grew their community from 30,000 to 350,000 customers and concluded partnerships with 3,200 restaurants. Active customers ordered once every three weeks on average and represented one third of the total customer base.

Just after having reached a landmark in its history by achieving 1 million deliveries, Take Eat Easy in July 2016 abruptly announced its intention to apply for judicial restructuring and to cease trading. The reason for this is that despite rapid growth, the start-up was making no profits, as announced on social media in 2016: "Contribution margin has been steadily improving and is now positive across the group, though not yet high enough to cover our fixed costs." (see ROOSE, 2016). To understand why revenues did not cover the costs, it is necessary to dive into the business model.

On each order, Take Eat Easy charged a commission ranging between 25 and 30 %. A fixed delivery fee, €2.5, was also charged to the customer. The start-up paid the courier with a fixed amount per hour. The number of deliveries per courier and per hour was the most important metric to optimize. Aligning demand and supply in time and space is not so easy to achieve. There are multiple parameters to take into account like last position of the courier, preparation time (and unexpected delays in preparation), potential order cancellation, weather conditions, distance to be covered, etc.

As noted by McKinsey experts: "The biggest disadvantage [of home delivery platforms] is the need to invest in a delivery fleet and drivers, which can quickly turn into a cash drain if the operators cannot achieve a high rate of utilization" (HIRSCHBERG *et al.*, 2016). As a consequence, a low courier utilization could rapidly imply a negative contribution margin.

Finally, despite multiple attempts to convince investors, the start-up did not succeed in the completion of a third round of funding. Moreover, one of their historical funding partners decided to aggressively invest in Foodora, a direct competitor of Take Eat Easy. On the other hand, Deliveroo, another direct competitor, succeeded in closing a round of funding. In this context, the management of the start-up considered that it was impossible to continue operating the business as usual (ROOSE, 2016).

■ A microeconomic analysis of peer-to-peer platforms

In this section, we use recent advances in the theory of industrial organisation to understand which type of companies Take Eat Easy and other similar platforms are¹. We start by defining peer-to-peer platforms as multisided platforms; we then detail the external effects that these platforms seek to internalize; finally, we examine why the emergence of these platforms is disruptive for incumbent firms.

Peer-to-peer platforms as multisided platforms

Take Eat Easy belongs to the category of "sharing economy platforms" or "peer-to-peer platforms". In this category, we find companies (mainly for-profit) that operate a specific kind of marketplaces, which are called "peer-to-peer" (or P2P for short); in other words, these companies facilitate exchanges among "peers". The term "peer" is used to highlight the fact that, in many cases, any user of these platforms can choose to operate either on the demand or on the supply side of the platform. For instance, on Airbnb, you can be a host one day or a guest the next day; similarly, on Take Eat easy, couriers can order a meal through the platform once their shift is over. Thus, there is no *a priori* definition of the respective role of any participant.

¹ For a textbook coverage of the industrial organisation literature on multisided platforms, see BELLEFLAMME & PEITZ (2015, Part IX).

P2P marketplaces are organised through digital platforms that can be seen as "multisided platforms". EVANS (2011) notes that a business opportunity emerges for a multisided platform when distinct groups of economic agents (the "sides" of the platform) wish to interact but fail to do so because of too high transaction costs; the platform can then create value by intermediating between the groups so as to internalize part or all of the external effects resulting from the interaction among the groups.

P2P marketplaces are just one particular category of multisided platforms. Other well-documented categories are the following: exchanges help "buyers" and "sellers" search for feasible contracts and for the best prices (e.g., eBay, Booking.com, edX...); hardware & software systems allow applications developers and end users to interact (e.g., Mac OS, Android, PlayStation...); matchmakers help members of one group to find the right "match" within another group (e.g., Alibaba, Monster, Tinder...); crowdfunding platforms allow entrepreneurs to raise funds from a "crowd" of investors (e.g., Kickstarter, Indiegogo, LendingClub...), transaction systems provide a method for payment to buyers and sellers that are willing to use it (Visa, Bitcoin, PayPal...).

As already mentioned, the main function of multisided platforms is to internalize the various external effects generated by the interaction between the groups that they serve. They do so by making appropriate decisions about prices, design and governance rules. A prerequisite for making these decisions is to have a clear view of the various external effects at play. We now perform this exercise for the case of P2P platforms.

External effects on peer-to-peer platforms

What are the external effects that are present on P2P platforms? Most platforms facilitate the interaction between two main groups, which can be generically referred to as "producers" and "consumers". Let us first identify the external effects that exist across groups. The goal is to estimate how the members of one group value an increased participation by the members of the other group. Clearly, the effects are positive in both directions: if more producers register with the platform, consumers will be more likely to find the product or service that matches their needs or tastes; similarly, a larger

number of consumers visiting the platform expands the potential demand for each producer. Such effects are also called (indirect) network effects².

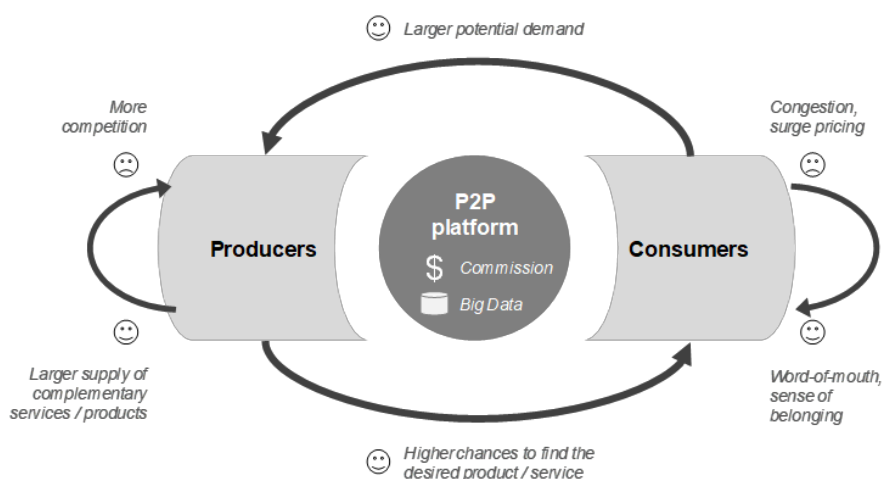
A larger number of participants, and thus of transactions, may also allow the platform to enhance the quality of its intermediation services. Participants and transactions do indeed generate massive flows of data, which platforms can use to improve the relevance of the algorithms on which are based their reputation or recommendation systems, or to optimize the logistics of their operations as in the case of Take Eat Easy. As the co-founder said (see ROOSE, 2016), "to optimize courier utilization, our Technology & Operations team focused their efforts on automatic optimization and dispatching of orders, analytics-based capacity planning, and deep integration with the restaurants' operations"³.

External effects may also arise within groups. In the group of consumers, word-of-mouth generates positive effects: the more consumers are satisfied with the services of a platform, the more they talk about it, which contributes to attract new customers. Naturally, the reverse effect may happen if some form of congestion is reached (for instance because the infrastructure of the platform is insufficient to accommodate an increasing mass of transactions). Another form of external effects may result from the way the platform monetizes its services. As an illustration, take the surge pricing mechanism that Uber applies. With this mechanism, the price of a ride depends on the state of supply and demand at any point in time. As a result, any customer will be negatively affected if many other customers want to use Uber services at the exact same time (and if supply takes some time to adjust).

Within the group of producers, external effects may also go in both directions. The competition among producers generates a negative effect: for a given number of consumers, the more producers there are on the platform, the lower the expected profit that each of them can make. Conversely, a larger number of producers may contribute to sustain the development of useful third-party services, to the benefit of each producer (e.g., companies that propose Airbnb hosts to handle a series of services on their behalf, such as listings, guest arrivals and departures, cleaning services, etc.). Figure 1 summarizes the various external effects.

² For a definition of the various forms of network effects, as well as an analysis of their consequences, see BELLEFLAMME & PEITZ (2017).

³ Similarly, SHEAD (2017) explains that Deliveroo managed to reduce its delivery times by 20% with a new algorithm using machine learning.

Figure 1 - Sources and directions of external effects on a P2P platform

"Uberization" or the disruptive entry of P2P platforms

The emergence of P2P platforms disrupts the working of numerous industries. Industries such as ride-hailing (with Uber, Lyft or Blablacar) or short-term accommodation (with Airbnb) come immediately to mind. But other sectors are also affected, e.g., delivery (with Instacart, Postmates), food (with MenuNextDoor), on-demand job (with TaskRabbit, Handy) and even the banking sector (with Lending Club, Funding Circle).

The term "uberization" has been coined to describe the disruption caused by the entry of these startups. Behind this term, one finds a new form of competition that is first exerted through the type of organisation (platform vs. integrated firm), and then through the prices and quality of the product and services (as is usual in any market).

The choice of organising the company as a platform instead of a vertically integrated structure entails a number of important effects in terms of costs, quality and prices; entrant platforms may turn these effects into competitive advantages with respect to conventional incumbents. As far as costs are concerned, the main difference comes from the fact that these startups do not produce anything by themselves: their activity consists in matching independent producers with customers. As a result, their cost structure is radically different from that of the conventional firms they compete with.

Conventional firms usually have large production costs, which they have endeavoured to reduce by developing their activities. That is, they have benefited from economies of scale and/or scope and thereby, they have erected barriers to entry. Yet, as TANEJA (2015) explains, these entry barriers are largely inoperative against platform businesses that face intermediation costs instead of production costs. For instance, an integrated hotel group like AccorHotels managed, through its sheer size, to keep entrants at bay as long as these entrants shared its business model. However, AccorHotels was powerless against the entry of Airbnb, which does not own a single hotel room. Moreover, those costs differences are sometimes amplified by the fact that entrant platforms elude (at least for a while) the regulations that constrain the operations of incumbent firms. This explains why, in the ears of incumbent firms, uberization often rhymes with unfair competition.

The platform mode of organisation also impacts on the quality of the products and services offered to the consumers. Because they do not produce anything by themselves, platforms are much more flexible than conventional firms (which have their hands tied by their previous production choices and past investments). Platforms can thus focus on products and services that match the consumers' tastes, and adapt them fast whenever necessary. Moreover, through a clever use of digital technologies, platforms make the products and services they offer easier and more convenient to use.

Finally, in terms of prices, platforms usually set asymmetric price structures because they need to incentivize the participation of one group to make sure that the other group will also participate (the so-called "chicken-and-egg problem"). This may induce platforms to reduce the price they charge consumers. The reason is that the additional revenue gained from one consumer does not stem only from the price that this consumer pays; it also includes the positive external effect that this consumer exerts on the producer side. In other words, the platform may find it optimal to reduce (even to zero) the margin it achieves on the consumer side because it can more than recoup this loss by increasing its margin on the producer side. Such a policy is perfectly rational for a platform that internalizes the positive external effects that exist across the groups that it serves. Yet, from the point of view of integrated incumbent firms, there is there another reason to cry foul.

■ Is the platform business model sustainable?

It cannot be denied that by adopting a platform model, a number of startups managed to gain significant market shares in a variety of sectors, as attested by the current success of Uber, Airbnb and others. Yet, it is legitimate to wonder to which extent these successful entries can be sustained in the long run. P2P platforms do indeed face three major threats: (i) the reaction of incumbent firms; (ii) the competition coming from other P2P platforms; and (iii) the "growth for growth's sake" fallacy. We detail these three threats in turn, before hypothesizing what is in store for P2P platforms in the near future.

Incumbent firms' reaction

As their market shares were shrinking, incumbent firms deployed new strategies to respond to the entry of P2P platforms into their market. MATZLER *et al.* (2015) describe the main strategies that have been observed so far. First, incumbent firms can sell the use of their product instead of selling the product itself (like Daimler AG did with its car sharing service car2go). Second, they can support their customers in their attempts to resell (as Ikea Group did by launching a platform where customers can resell used Ikea goods). A third option is to take advantage of unused resources and capacities (e.g., by sharing unused office space with the collaboration of a platform such as LiquidSpace). Fourth, incumbent firms can strengthen their offering by providing repair and maintenance services (as Best Buy did by acquiring Geek Squad, specialised in the repair of computers). Fifth, they can align with collaborative consumption to target new customers (as Pepsi did when it partnered with Task Rabbit to launch a new soft drink). Finally, it is possible to embrace the sharing economy to define new business models (at the image of the platform Kuhleasing.ch created by Swiss farmers for leasing cows).

Incumbent firms have also lobbied regulators to make them set a level playing field in their industry, either by extending existing rules to entrant platforms, or by applying new adjusted rules to old and new players alike.

Competition among P2P platforms

More often than not, it is not one but several P2P platforms that try to enter a particular market more or less at the same time. For instance, Take Eat Easy and Deliveroo were launched almost simultaneously.

Competition among P2P platforms is peculiar in that it concerns the various sides of the platform at the same time: platforms compete indeed to attract both producers and consumers, knowing that the former group will not join if the latter group does not, and vice versa. Competition is thus exacerbated by the presence of indirect network effects: by attracting, say, one additional producer, a platform not only attracts additional consumers but, often, it also reduces the rival platforms' ability to do the same (insofar as the producer that it has attracted is not able to join any other platform). As highlighted by the co-founder of Take Eat Easy⁴: "Even if we launched our activities at the same time, Deliveroo rapidly got ahead of us because their start-up capital was much bigger than ours and they also had this advantage of having selected a much more profitable city where to start, London."

Note that this effect is somehow attenuated when platforms are not exclusive, i.e., when producers and/or consumers have the possibility to use several platforms at the same time, a situation known as "multihoming" in the economics literature⁵. In that case, having one producer more on one platform does not necessarily mean that there is one producer less on another platform. VERMEULEN (2017) gives the example of taxi drivers in Singapore who have at least two smartphones in their car: if a ride comes on one phone, they accept it and turn the other phone off; in a similar way, riders have several apps on their phone, which allow them to compare competing offers in terms of price and quality. As this example shows, even if the reinforcing nature of network effects is somehow reduced in the case of multihoming, competition remains extremely fierce on both sides of the platforms (partly because digital technologies, on which these platforms rely, make it easier for consumers and producers to compare competing offerings). In the specific case of the home food delivery market, *a priori* open for multihoming, studies have shown that the reality is much more contrasted: "Once customers sign up [on online food-delivery platforms],

⁴ We translate here a number of quotes taken from Adrien ROOSE'S interview in BELLEFLAMME (2017).

⁵ In contrast, one talks of "singlehoming" when users are restricted to use a single platform.

80 per cent never or rarely leave for another platform, creating a strong winner-take-all dynamic, in which the reward goes to the player who can sign up the most customers in the shortest amount of time" (HIRSCHBERG *et al.*, 2016).

As any participant is very valuable for each competing platform, one understands that in such a context, competition may quickly lead to a dominant position: as soon as one platform takes a significant lead with respect to its rivals, its advantage is likely to feed itself because of network effects (a platform that registers more consumers, attracts more producers, which in turn attract more consumers, and so on and so forth). As noted above, the likely outcome of competition among P2P platforms is thus a "winner-takes-most" situation, with one winner and a couple of "losers", who take refuge in niche segments or in geographically limited markets.

This scenario is clearly the one that can be observed in the home food delivery market. "A large platform is more effective than a small one, thanks, among others, to economies of scale and reputation effects. Logically, the big platform becomes always bigger and the small one always smaller. Let's be honest, in our industry, in the end, there is no room for more than one intermediary", the co-founder of Take Eat Easy said.

As SHAPIRO & VARIAN (1999) explained about twenty years ago, this competition "for the market" (to be opposed to the usual competition "in the market") may turn out to be very profitable for the winner, but it is also very risky (as it is extremely hard to predict *a priori* who the winner will be).

The "growth for growth's sake" fallacy

Whether a P2P platform fights against a conventional incumbent or another platform, its main short-term strategy consists in... growing. The platform needs to reach what is commonly known as a "critical mass" of users, i.e., a sufficient size from which growth starts feeding itself thanks to the self-reinforcing power of network effects. Yet, as noted by HAGIU & ROTHMAN (2016), it is dangerous to try to grow fast at any cost. When focusing on the number of participants, the platform may neglect the quality of the intermediation service that it provides; it may then face the risk of being superseded by an entrant platform, which would have learned from the mistakes of its predecessor and which would be able to propose transactions that producers and consumers would find more valuable. As

evidence, the authors refer to the case of Uber, which supplanted Lyft by copying its P2P ride-hailing model.

Likewise, in the case of Take Eat Easy, it seems that the management did not pay enough attention to the local market conditions to drive the international expansion. As noted by Adrien ROOSE, "we should have adopted a more military strategy, which means going into battle only where we knew we could end up as market leader. From the start, it should have been clear for us that cities like London or Paris were no more within reach. So, one piece of advice that I would give is not to make growth an end in itself."

The rapid growth strategy is also very costly in the short run. Actually, it is a bet on the future: the platform accepts to make losses now to attract participants, hoping that it will recoup this investment once it will have reached a dominant position. To win this bet, the platform needs to convince funders that its growth strategy leads to a self-fulfilling prophecy. The challenge for funders is to bet on the right horse. "Three years after we created Take Eat Easy, investors didn't believe anymore we could beat Deliveroo and decided to largely support our nearest competitor. They thought Deliveroo was at that time best positioned to win the bid. Today, however, it seems that the entry of UberEATS is reshuffling the cards...", the co-founder of Take Eat Easy said.

Investors must hope that the final victory, if it happens, will not be a pyrrhic one. In this respect, the current state of Uber's balance sheet causes legitimate worries to its investors⁶.

Towards an "Uberization 2.0"?

Take Eat Easy is not the only example of startups that did not manage to achieve success in spite of a promising start. For instance, Homejoy (an on-demand home cleaning platform) shut down in July 2015 after two years of "torrid growth"; according to FARR (2015), the reasons for Homejoy's collapse were the following: "mounting losses, poor customer retention, a costly international expansion, run-of-the-mill execution problems, technical

⁶ Uber lost about \$3 billion for all of 2016 (see SOMERVILLE, 2017). Yet, the company keeps afloat thanks to its incredible capacity to raise funds (about \$15 billion in total since it started in 2009; see SORKIN, 2016).

glitches and the steady leak of its best workers to direct employment arrangements with its own (now former) clients." Other examples are Spoon Rocket (an on-demand pre-made meal delivery service) and Washio (an on-demand laundry service), which shut down respectively in March and in August 2016. Even though the failure rate of startups is notoriously high, it appears that it is even higher among the sharing economy startups. As GRISWOLD (2016) nicely summarizes it: "These companies—Uber included—have also learned that even "asset-light" businesses can be cash-intensive to run. At launch, many had easy access to money from venture capitalists and relied on expensive subsidies to attract both customers and workers. Since the fourth quarter of last year, an abrupt decline in funding has made that model untenable for all but the richest on-demand startups."

What is even more worrying is that the few companies that manage to survive do not seem to have won the battle yet, as exemplified by Uber's current difficulties. Hence this nagging question: how to break even? Driving competitors out of the market is not enough (although it obviously helps); it is also necessary to block the entry of new competitors and/or the forceful return of incumbents, which manage to adjust their business model.

To increase their profitability, P2P platforms only have two options: reduce their costs and/or increase their prices. But none of these strategies shows much promise. As far as cost reductions are concerned, possibilities are limited: for most platforms, logistics has already been optimized and it seems hard to extract more favourable terms from independent producers⁷. In terms of price reductions, there seems to be even less room for action, as consumers of P2P marketplaces turn out to be particularly price sensitive. For instance, OWYANG & SAMUEL (2015) report that 68% of their respondents (51,078 American and Canadian users of P2P platforms) indicate low prices as the main reason for using sharing services⁸. It is thus quite likely that raising prices would make a significant share of consumers look for substitutable services⁹. And if consumers leave a platform, so will

⁷ Worse, costs may well increase in the near future: sharing economy producers increasingly protest—or even file lawsuits—to be treated as employees rather than independent contractors. For instance, in August 2017, French Deliveroo couriers protested over pay changes (<http://bit.ly/2hvM2EN>).

⁸ "Convenience" is the only more popular reason (quoted by 78% of the respondents).

⁹ As KLINE (2016) explains, commenting the reasons behind the bankruptcy of Spoon Rocket: "raising prices would have flown in the face of the company's mission of "sub-10 minute delivery of sub-\$10 meals." Without additional funding or higher prices, there was nowhere to go but down."

producers because of the network effects that link the two groups. This would trigger a vicious circle, which may further put the profitability of the platform at risk.

According to Adrien ROOSE, this high price sensitivity is also a reason why major players show a significant advantage: "Although Deliveroo has reached a critical mass of users, Amazon Restaurants or UberEats can easily push them out of the market because such giants have enough reserves to fund a price war. They can reduce the delivery price, reduce their commission, and better pay couriers... even if they aren't profitable. Eventually, it is the company with the deepest pockets that wins the market", he said.

The previous elements suggest that the "pure" platform business model is hard to sustain in the long run and may thus disappear as such. This disappearance seems already on its way, as a number of companies start adopting new "hybrid" business models, whereby they combine vertical integration for some of their operations and intermediation services for other operations. Moves along these lines have been recently observed, either from new platforms or from incumbent firms. For instance, in 2015, AccorHotels transformed its AccorHotels.com distribution platform into a marketplace open to a selection of independent hotels (see HotelNewsNow, 2015).

A similar move was shared by Adrien ROOSE about Deliveroo: "Being confronted to big players, Deliveroo tries to find alternative ways to survive in the marketplace. They are now investing in professional kitchen space, which they put at the disposal of their best restaurants' chefs, so as to expand their offering in areas where demand exceeded supply" (see also O'HEAR, 2016).

■ Conclusion

After very a promising start and three years of regular growth, Take Eat Easy realised that it would never be the winner that "takes" the home food delivery market and decided that it was better to leave this market altogether. As this story illustrates quite well the current evolution of the (commercial) "sharing economy", we found that it was interesting to share it, so as to help scholars and practitioners understand better the dynamics of competition in this fast-moving arena.

The lessons we can draw from our analysis are threefold.

- First, platforms in the sharing economy operate amidst various sources of positive feedback: the participations of producers and of consumers reinforce one another; a higher intensity of interaction among producers and consumers may allow platforms to enhance the quality of their services (through big data and machine learning); by funding preferentially the growth of those companies that they believe will prevail, venture capitalists fuel self-fulfilling prophecies.
- Second, these positive feedback effects give rise to a form of cut-throat competition, where the big gets bigger while the small gets smaller, leading eventually to dominant positions where a few (or unique) platforms take most of the market; hence, for those companies that do not manage to "take the market", the only option is to leave it, which explains why the failure rate of start-ups is higher in the sharing economy than in other sectors.
- Finally, winning a market is by no means a guarantee for long-lasting success in the sharing economy: efficient strategies still have to be found to clear the big losses incurred to grow faster than the competitors and, eventually, to make a profit; incumbent firms may react forcefully after having been, temporarily, disrupted; there are always new entrants out there, ready to propose improved services. The "pure" platform business model appears thus as shaky, and it is no surprise that "hybrid" business models emerge, which try to leverage the advantages of both vertical integration and platform intermediation.

Even if the previous lessons sound like a word of warning, we believe that startups should not shy away from the sharing economy and peer-to-peer platforms. While writing this article, we came across a number of news¹⁰ that should convince anyone that the sharing economy is a vibrant sector where it is still worth investing money and energy. First, after Transport for London decided (on September 22, 2017) to strip Uber of its licence to operate in London, more than half a million people signed a petition, showing strong support for Uber in particular and for ride-hailing platforms in general. Second, Deliveroo managed (on September 24, 2017) to raise \$385 million in new funding with three objectives in mind: open more delivery-only kitchens, further improve its logistics, and expand into new cities and countries. Finally, to prove that there is a life beyond a failure in

¹⁰ See, respectively, <http://bit.ly/2xZ1Vyu>, <http://tcrn.ch/2fpB8U4>, and <http://tcrn.ch/2wq1GIN>.

the sharing economy, two of the co-founders of the defunct Take Eat Easy announced (late August, 2017) that they were on the verge of launching a new startup, dubbed Cowboy, which aims to build and commercialize a new electronic bicycle, which would "better previous e-bikes in terms of pricing, product design, and technology." This may be the ground for another study of, hopefully this time, a success story.

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