

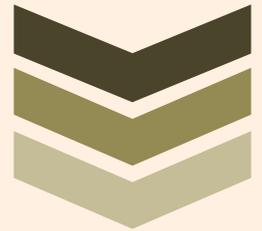
Webinar Announcement



**When Sharing Economy Meets Traditional Business:
Coopetition between Ride-Sharing Platforms
and Car-Rental Firms**

by

Mr. Chenglong ZHANG
University of Texas at Dallas



Date : **Wednesday, 28 October 2020**
Time : **10:00 am - 11:30 am (Hong Kong Time)**
[Click here to join Zoom](#)
Zoom Details : **Meeting ID: 934 6847 8551**
Passcode: 275219

Abstract:

We examine coopetition between a ride-sharing platform and a car rental firm. A distinctive aspect of this context is that the platform operates under the sharing-economy model where the supply is self-scheduled by drivers depending on the wage whereas the car rental firm operates under the traditional model with a fixed supply and cost structure. The platform and the car rental firm compete for riders looking for transportation. If the platform and the rental firm choose to cooperate, they allow a (secondary) driver to rent from the rental firm and drive for the platform. In the absence of cooperation, only those with their own vehicles (i.e., primary drivers) are allowed to drive for the platform. We show that such supply-side (i.e., driver-side) cooperation intensifies the demand-side (i.e., rider-side) price competition and decreases the total revenue. Therefore, coopetition is mutually beneficial only when it leads to a significant decrease in the supply or driver cost. Moreover, when coopetition is mutually beneficial, the benefit arises solely because of the improved profit margin from riders that switch from the rental firm to the platform and from those that are switched from primary to secondary drivers under cooperation. We find that cooperation is more likely to occur when the total rider market size is not high, the degree of rider substitutability between the platform and the rental firm is low, and the platform has a significant market size advantage over the rental firm. Coopetition between the platform and the rental firm benefits the riders and hurts the drivers, but benefits the society overall. The presence of cross-side network effects on the platform enhances the incentives to engage in coopetition.

Bio:

Chenglong Zhang is a PhD Candidate on Management Science with concentration on Information Systems from the University of Texas at Dallas. He started pursuing his doctoral degree in 2016 and is expected to receive his degree in 2021. Before that, he received his degree in Management of Information System from Tianjin University. His research interest is on sharing economy, information security, and smart contract.