

# TODAY'S MANAGER

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## SHARING ECONOMY— THE NEW BUSINESS DRIVER?



Sharing Economy \ **Impacts on Future Brand Strategy**

FastFast \ **On Demand Courier Service**



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**TODAY!**




# WHAT THE SHARING ECONOMY MEANS FOR FUTURE BRAND STRATEGY



Living in a customer-empowered and sharing economy era, the sooner businesses learn to maneuver the changed lanes in the economy, the better their chances of survival and success.

by *Martin Roll*

**T**he digital revolution has seen unprecedented growth in the last decade. Since the release of the first iPhone in June 2007, the digital and technological landscape has changed radically. The world is not the same anymore. Today, it is almost impossible for city dwellers to go about their day-to-day activities without a smartphone. It is hard to imagine life without Facebook, Twitter, Instagram, and Uber.



One of the greatest shifts that has occurred in the consumer world is the sharing economy—digital platforms enabled through easy-to-use technologies like location-based GPS that allow people to quickly make and respond to requests for goods and services. Users can freely share their data to let others know what they need, while big data algorithms are used to calculate and match idle capacity to fit the needs of users.

The sharing economy has greatly benefitted consumers and largely changed the way they behave. Instead of standing in line to queue for a taxi, consumers can use a ride-sharing application (app) to find out exactly how long they need to wait for their taxi to arrive. Instead of having to choose only from limited hotel locations, consumers now have an almost infinite number of accommodation choices with Airbnb. In numerous aspects of their lives, consumers now have more choices and can easily find the product or service that best meets their need.

#### **The Sharing Economy's Impact on Consumers and Businesses**

To understand how businesses can effectively adapt to and leverage on the sharing economy, it is imperative to understand the ways in which the sharing economy has impacted consumers and businesses:

**Empowerment of consumers.** Until the advent of the Internet, businesses have thrived on information asymmetry between them and their customers. Consumers had very little say in the products and services pushed out into the market by businesses, with information being disseminated in a top-down fashion. Brands had complete control over what the public knew about them. With limited access to information, geographical separation, and minimal interaction between customers, businesses were able to establish a superior position and exploit customers. With the advent of the sharing economy, such asymmetry has reduced tremendously. Passengers of a ride-sharing app know exactly how much it costs for them to get to their destination.

The emergence of aggregation Web sites that consolidate and provide comprehensive product information have greatly facilitated consumers in making informed decisions. Similarly, discussion forums have enabled customers to interact and share information with one another, further enhancing consumer purchase decision. These developments have levelled the corporate-consumer divide and greatly empowered consumers.

**Enhanced value to consumers.** Another impact of the sharing economy on consumers is the greater value or

consumer surplus they enjoy. Airbnb guests enjoy a huge amount of consumer surplus from the lower prices they pay, compared to hotels of similar quality. They also get to choose exactly what type of accommodation they want, rather than having to settle with what typical hotels can offer. For businesses to keep up and leverage on this new change in dynamics, they need to engage in value co-creation—to collaborate with customers in activities such as product development, in order to increase the value offered to the customer and to enhance customer relationship. Value co-creation involves fundamental shifts in corporate activities. Businesses will have to formulate and implement strategies to facilitate value creation through constant customer inputs rather than function as arbitrary creators of products and services.

Coca-Cola is a great example of successful value co-creation. Based on customer feedback, one of its exciting innovations, the FreeStyle machine offers over 100 products enabling virtually any flavour mix. Its mobile app also allows users to save their favourite blends, while this product and customer engagement data is constantly fed back to Coca-Cola. This winning strategy enables it to specially customise its drinks to the preferences of the millennial consumer.

**Real time interactivity.** The sharing economy has allowed customers to interact with other customers and businesses in real time. The emergence of discussion forums, online dashboards, chat rooms, and virtual communities founded around specific products, issues, and businesses allow customers to not only share information with each other but also generate collective customer power that can impact corporate decisions. Such collective customer power provides businesses with a double-edged sword. On one hand, such power will force businesses to design product features in a way that would enhance customer experience and in turn entice customers to make purchases. On the other hand, such interactivity allows businesses to gather real-time customer feedback, perceptions, and attitudes which are crucial to enhance the customer experience and brand equity.

#### **Implications on Brand Strategy**

The multiple changes brought about by the sharing economy have a direct impact on brand strategy. In line with the dominant corporate orientation, branding was traditionally carried out by businesses in a way that placed them at an advantageous position. However, with the empowerment of customers through the sharing economy, businesses are being forced to change the old model.

## PEOPLE SHARE



## ACCOMMODATION



## VEHICLES

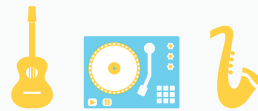


## WORKING SPACE



## SHARING ECONOMY

### infographics



## MUSIC instruments



## DEVICES



## TOURIST equipment



## TOOLS



With all these developments, much of a brand's success in the future will depend on how it manages the mobile, social, and digital revolution. The rise of Big Data is a paradigm shift for businesses worldwide. Business leaders recognise the need to invest in technologies like E-commerce and analytics, but spending alone is no substitute for strategy. In this new age for brands, organisations must make IT & analytics an extension of branding and part of its DNA. The value of information and Big Data must be recognised and managed like all other assets on the balance sheet. These managers must be given a seat at the boardroom table in order to reflect the strategic importance of being data-driven.

Some important considerations for brands that want to successfully leverage on the trends and development of the sharing economy are:

**Provide differentiation through multiple touch points.** Seventy-five per cent of the globe now has a mobile phone. Any brand that wants to capitalise on the way consumers buy and interact in the future must be optimised not just for online commerce, but also mobile commerce and all forms of digital interaction. Brands must provide fluid experiences across multiple devices from PCs, laptops, smartphones and tablets to televisions and even cars.

As the number of touch points with consumers increase with digital mediums, brands have more opportunities to differentiate themselves from competitors and meet or exceed customer expectations.

**Leverage consumer insight.** Connected devices and users have led to an abundance of consumer insight. Software can now not only capture every conversation about a brand in blogs, comments, news, and social media but use natural language processing to decipher the nuance of language like sarcasm and word play. Newer generations of devices will also collect data from our physical bodies and environments. This potential level of insight means that analytical rigor has to become a core competency for brands. Businesses need data scientists in order to fuel innovation, improve products and services, generate better retail offers, deliver more contextually relevant ads, and anticipate customer needs before they are actually expressed.

**Using digital presence to enhance customer experience.** The way consumers prefer to receive brand messaging has changed. Too many businesses treat digital media like a traditional platform, targeting consumers with ads. A brand's digital presence must be consistent with the reasons their consumers use new media in the sharing economy—to interact and solve problems. Any communication channel used by businesses must be one that would encourage and initiate a dialogue with its customers. Great brands create relevant and useful content for consumers that their followers can use as an extension of themselves.

**Change of corporate culture.** Businesses have long been entrenched in the traditional model and do not have the flexibility to respond to such new initiatives. The first step to success would be to ensure this change

happens smoothly through establishing structures and policies in the companies that allow them to quickly react to the new trends of the sharing economy.

### A Great Opportunity for Businesses

Much has been debated about the impact of the sharing economy on businesses given how much it has empowered consumers, but it is clear from the discussion that it can be a great opportunity for businesses. By allowing businesses the reach and tools to better serve their customers, the sharing economy has ushered in an era of cooptation that allows both businesses and consumers to reap benefits in the long run. Businesses will benefit greatly if they choose to fine-tune their processes and procedures such that they can not only respond to the ongoing changes caused by the sharing economy, but also innovate in ways that would be beneficial to their customers.

The era of customer empowerment and the sharing economy is for real. The sooner businesses learn to maneuver the changed lanes in the economy, the better it will be for their survival and success. ☺



Mr Martin Roll is a world-renowned thought-leader, CEO mentor, and advisor to Fortune 100 and prominent business families on the most important issues in managing successful businesses and exercising great leadership. He is author of the global bestseller *Asian Brand Strategy* and holds an MBA from INSEAD.

Check out Mr Martin Roll's Web site at <http://martinroll.com>.

Mr Martin Roll has thoroughly updated the second edition of his book, *Asian Brand Strategy*.

The book provides key insights and knowledge about rising Asian brands including model frameworks, brand cases, and checklists on Asian branding.

