WHO IS UP FOR DISRUPTION NEXT? EMERGING MULTISIDEDNESS AS AN ENTREPRENEURIAL OPPORTUNITY (SUMMARY)

Johanna K. Strunz
RWTH Aachen University, Germany, strunz@time.rwth-aachen.de

Recommended Citation
Strunz, Johanna K. (2017) "WHO IS UP FOR DISRUPTION NEXT? EMERGING MULTISIDEDNESS AS AN ENTREPRENEURIAL OPPORTUNITY (SUMMARY)," Frontiers of Entrepreneurship Research: Vol. 37 : Iss. 11 , Article 10. Available at: https://digitalknowledge.babson.edu/fer/vol37/iss11/10
Summary

Who Is Up for Disruption Next? Emerging Multisidedness as an Entrepreneurial Opportunity

Johanna K. Strunz, RWTH Aachen University, Germany

Principal Topic

Multi-sided platforms (MSPs) such as AirBnB, Amazon, or Kickstarter are re-shaping entire industries. MSPs facilitate transactions between two or more distinct customer groups and are hence characterized by indirect network effects that arise between the distinct customer groups (Hagiu and Wright, 2015). While MSPs have attracted increasing academic interest (Thomas et al., 2014), we do not yet understand why the prevalence of MSPs is increasing and why there exist MSPs in some industries, but not (yet?) in others (Gawer and Cusumano, 2014). This is particularly surprising as MSPs may offer promising entrepreneurial opportunities. Positive indirect network effects not only trigger virtuous feedback loops that create monopolies (van Alstyne et al., 2016), they also imply high barriers to entry once an MSP has successfully been established (Eisenmann et al., 2006). Monopoly outcomes furthermore imply that MSPs have high buyer power and hence pose a serious threat to the margins of incumbent firms that are not orchestrating their own MSPs (Porter, 2008). As MSPs are such a relevant phenomenon for both entrepreneurs and incumbent firms, this study aims to answer the question: Which contextual factors influence, i.e. aid or hold back, the emergence of MSPs?

Method

This study is based on multi-method case study research (Yin, 1994), which examines settings in which new multi-sidedness has successfully emerged as well as settings in which there is no multi-sidedness (yet?). We analyze digitally recorded and transcribed interviews as well as archival data from internal and external sources using single case and cross-case analysis (Charmaz, 2000).

Results and Implications

We develop a new framework that reveals contextual factors and related mechanisms that influence the emergence of MSPs. On the technology side, for example, we find technologies alleviating asymmetric information and technologies lowering production costs to be pivotal. Sharply decreasing production costs, for example, lead to lower entry barriers and hence via a more fragmented market to a higher need for matching between transaction partners. Our research contributes to both the nascent literature on platform emergence (Gawer and Cusumano, 2014) and the literature of entrepreneurial opportunity (Davidsson 2015). This study also provides guidance to practitioners when it comes to spotting an attractive entrepreneurial opportunity.

Contact: Johanna K. Strunz; strunz@time.rwth-aachen.de; (T): +49-241-8099224; Innovation and Entrepreneurship Group (WIN), RWTH Aachen University, Kackertstr. 7, 52072 Aachen, Germany.