Redefining the road ahead in the sharing economy: how to build sustainable competitive advantage of ride-hailing services

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ABSTRACT

The sharing economy's ride-hailing sector is marked by fierce competition and continuous innovation. This study investigates the competitive dynamics of this industry, focusing on the role of market dynamics, promotional innovation, and operational agility in establishing a sustainable competitive advantage (SCA). Despite an extensive review of 2,192 sources from 2010 to 2022, a significant gap was identified, with minimal focus on SCA within ride-hailing. The research methodology encompassed a comprehensive literature review, identifying only one out of 1,099 publications that directly addressed SCA in the ride-hailing context. Building on this gap, the study developed a novel conceptual framework that emphasizes market awareness, innovative engagement strategies, and operational flexibility as key components for maintaining a competitive edge. The proposed model highlights the importance of stakeholder engagement, the identification of growth catalysts, and the navigation of industry-specific challenges. This framework aims to enhance the understanding of SCA in ride-hailing and suggests pathways for companies to achieve leadership in sustainability. This study contributes to the discourse on sustainable business management by proposing a strategic approach for ride-hailing companies to secure and sustain a competitive advantage. It underscores the necessity of innovative and flexible operational strategies in responding to market dynamics and stakeholder expectations. Future research is encouraged to explore the untapped sustainable capacities of the ride-hailing sector, further enriching the strategies for achieving long-term success and sustainability in this competitive landscape.

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Introduction

The swift progression in information and communication technology has sparked a substantial shift in the business world. A vital aspect of this shift is the rise of what is known as the sharing economy business model. This modern approach enables businesses to share their resources and services with individuals. Using technology, the sharing economy facilitates the exchange or lending of goods and services between multiple parties (Na et al., 2019). However, this business model presents both benefits and challenges. It has driven growth but also disrupted established industries and reshaped the concept of employment (Ahsan, 2020), significantly affecting labor conditions. This shift has attracted extensive research in various fields, including economics, ethics, governance, and law (Ahsan, 2020; Burtch et al., 2018; Calo & Rosenblat, 2017; Deng et al., 2016; Friedman, 2014; Malhotra & van Alstyne, 2014; Schor, 2014).

Although the sharing economy is transformative, it faces numerous challenges and controversies, mainly due to its impact on traditional business practices (Na et al., 2019). The ride-hailing sector is a prime example of these tensions. The explosive growth of online transportation platforms like Uber and Lyft has escalated competition, forcing some competitors out of the market (Na et al., 2019). These platforms, which began as intermediaries between drivers and passengers, have significantly evolved, adopting...
innovative and strategic changes. However, the rapid expansion of companies like Uber and Lyft has resulted in market oversaturation, reduced profit margins, and increased competition (Ettner et al., 2019).

In response to market pressures, numerous companies have shifted towards subscription models, striving for steady revenue by providing perks and discounts to loyal customers. There is a growing trend of diversifying into areas like food delivery, last-mile e-commerce logistics, and merging with conventional public transit systems. A significant focus is now on sustainability, with initiatives like introducing electric vehicles and promoting carpooling to reduce environmental impact. These strategies are proactive steps, not just reactionary moves, aimed at broadening market reach and redefining transport services. Such flexibility is critical for these companies to stay ahead of current and future competition. In the complex sharing economy environment, finding the most influential business model is crucial (Möhlmann, 2015). In this highly competitive arena, sustainability and adaptability are vital. Companies must rapidly alter strategies and show market agility to boost performance (Nadkarni & Herrmann, 2010). Competitive advantage now hinges on evolving quicker than rivals (Pratono et al., 2019). Companies that learn and adapt from experiences in this constantly changing market are more likely to secure a lasting competitive edge (Peng et al., 2021).

This study aims to deepen our understanding of the ride-hailing sector within the more extensive context of the sharing economy. We aim to pinpoint and examine the factors contributing to sustainable competitive advantage. Leading companies, such as Uber and Lyft, have revolutionized urban transport, offering unmatched ease to countless users. However, their rapid expansion introduces challenges, from market saturation to evolving customer preferences. In this fluid environment, firms must have keen market insight, embrace new promotional approaches, and remain agile in adapting to change. The success of ride-hailing platforms will depend on their response to consumer demands and their capability to manage competition and market transitions. Our research explicitly explores market intelligence, innovative promotional techniques, and operational flexibility as keys to gaining a competitive advantage. To distill this complex interplay, our research revolves around a central question:

i. “How to build a sustainable competitive advantage in the sharing economy?”

To answer our central question, this study engages in a systematic literature review, focusing on how market dynamics, promotional innovation, and operational agility intertwine in the ride-hailing sector. The research makes several critical contributions to both academic theory and practical application. Firstly, it offers an in-depth analysis of the elements essential for achieving sustainable competitive advantage in ride-hailing, extending beyond the scope of traditional business models. Secondly, it presents a novel conceptual framework within the context of the ride-hailing industry.

This framework illuminates the development and execution of competitive strategies through three critical lenses: (1) market sensing, (2) innovative outreach, and (3) dynamic adaptability. These lenses are centered on three pivotal aspects: (1) stakeholders, (2) catalysts, and (3) challenges. The insights garnered from this approach invite further exploration and lay a groundwork for scholars and industry practitioners. They provide a strategic basis from which new understandings of the ride-hailing industry's potential for comprehensive and genuine sustainability can be derived. This contribution is particularly significant for advancing sustainable business management, offering a fresh perspective on how the ride-hailing sector can navigate and flourish in the complex landscape of the sharing economy.

**Literature Review**

**Sustainable Competitive Advantage (SCA)**

The concept of competitive advantage (Porter, 2011; Porter & Kramer, 2019), is grounded in a company's unique qualities and resources, enabling it to outshine its rivals in a specific industry or market. This idea became widely recognized primarily through Porter's influential work. Rattalino (2018) posits that competitive advantage springs from a company's capability to leverage its internal strengths, capitalize on external opportunities, and counteract threats and weaknesses. Viewing competitive advantage as an evolving process, not a static state, is essential. This evolution is reflected in various aspects of a company's operations, ranging from product development to customer service, setting it apart from its competition (Kumar & Pansari, 2016).

In the current competitive business environment, the overarching aim for organizations is to outdo their rivals and draw in new clientele. Amiri et al. (2017) underline organizational members' critical role as pivotal knowledge holders who propel innovation. Organizations can foster unique ideas that distinguish them in the market through their individual creativity, expertise, and abilities. Furthermore, Ha and Tran (2019) identify key factors that boost organizational competitiveness, including internal motivation, financial backing, and effective leadership. Wagner and Hollenbeck (2020) also stress the significance of innovation in empowering companies to develop and offer products and services that meet market demands. The foundation of an organization's competitiveness lies in its efficient use of internal resources, such as leadership, financial robustness, the drive for innovation, and the collective creative prowess of its team. Building on these ideas, Porter and Kramer (2019) articulate that competitive advantage is realized when a company's core competencies are in sync with the critical success factors of its industry, leading to superior performance. According to Porter, there are two primary strategies for achieving this: firstly, adopting a cost-effective approach to enable more competitive pricing, and secondly, implementing a differentiation strategy that offers unique value to customers, justifying a higher price point.
Sustainable competitive advantage (SCA) is the enduring possession of distinctive resources that distinguish a platform from its competitors (Chaston, 2015). Platforms possessing SCA exhibit challenging qualities for rivals to imitate, cementing their position in the market. SCA's significance is particularly pronounced in the on-demand transportation sector, a vital part of the sharing economy. Firstly, SCA enables companies to sustain and expand their market share in a highly competitive environment. Firms with SCA consistently draw and keep customers. Secondly, SCA promotes operational efficiency, often rooted in innovation, state-of-the-art technology, or an exclusive business model, resulting in cost savings and heightened profitability. In the context of on-demand transportation, this could mean sophisticated algorithms, integrated technological solutions, or strategic partnerships. Thirdly, SCA is instrumental in ensuring the long-term viability of a business (Ingram, 2022).

In the age of the sharing economy, establishing and maintaining consumer trust is crucial. Companies that consistently deliver reliable services earn greater trust, thus enhancing their competitive advantage. This solid competitive positioning helps firms maintain their reputation and build customer loyalty. Additionally, SCA motivates companies to pursue long-term projects. With confidence in their sustained competitive edge, these firms are more likely to invest in research and development and other future-oriented activities. In conclusion, SCA is vital for achieving success and endurance in the sharing economy-driven on-demand transportation sector, helping companies stay relevant, operationally efficient, and ahead of their competition.

The Resource-Based View (RBV)

Emerging from global economic studies, the Resource-Based View (RBV) theory, introduced by Wernerfelt in 1984, offers strategic guidance for companies seeking competitive superiority. This theory underscores the crucial impact of a company's resources and capabilities on its competitive position and overall success. By embracing RBV, businesses can identify their distinctive resources and capabilities, forming the basis for a sustainable competitive advantage. Additionally, RBV suggests that a firm's control over strategic assets significantly influences its profitability and competitive standing in the market (Kozlenkova et al., 2014; Miller, 2019). The core of RBV revolves around the concept of competitive advantage. It proposes that firms secure economic rents—earnings exceeding the average in their industry—to establish a durable competitive position (Lichtenthaler, 2021). This perspective shifts the focus to strategies that enable firms to achieve and maintain such an advantage. It delves into how companies can effectively use their resources for competitive gain (Truyens et al., 2014). The longevity of a competitive edge, according to RBV, depends on the ability to utilize critical resources that are valuable, rare, difficult to replicate, and non-substitutable. This requires strategic deployment of these resources, encompassing decision-making, human resource management, and aligning critical resources to maximize firm value (Shukor et al., 2019).

In summary, RBV provides a strategic framework that places a firm's internal resources at the forefront of its quest for competitive advantage (Lockett, 2005). This approach is particularly relevant in the on-demand transportation industry, offering insights into how assets can be optimized for differentiation and competitive strength. RBV posits that a firm can achieve and sustain a competitive advantage if its resources meet four critical criteria: valuable, rare, inimitable, and non-substitutable (Freeman et al., 2021). Firms that excel in identifying and leveraging these resources can differentiate themselves and build substantial barriers against competitors. This strategic approach ensures the longevity of their competitive edge. Therefore, RBV acts as a fundamental guide for companies in the on-demand transportation sector, directing them to capitalize on their inherent assets for market dominance.

The Market-Based View (MBV)

The Market-Based View (MBV) contrasts with the Resource-Based View (RBV) by focusing on external factors rather than a company's internal resources as key drivers of competitive advantage. According to Freeman et al. (2021), MBV highlights the importance of branding and market positioning in a company's competitive strategy. Truyens et al. (2014) describe MBV as adopting an "outside-in" approach, evaluating an organization's success or failure by examining market conditions and competitive dynamics, as opposed to RBV's "inside-out" perspective, which focuses on a company's unique resources. MBV emphasizes the significance of understanding the market, including competitors, customers, and other external elements, in shaping a company's strategic positioning and decisions. Within the MBV framework, strategic choices are informed by an in-depth analysis of the market environment (Sousa et al., 2019). This view argues that factors such as market demand, competitor actions, the threat of substitutes, and broader industry trends play crucial roles in determining competitive advantage (Truyens et al., 2014). Companies embracing MBV prioritize thorough market and competitor research to identify opportunities and threats, and they adjust their strategies based on these external insights (Freeman et al., 2021). In summary, the Market-Based View offers a strategic lens that emphasizes the role of the industry or market environment in shaping corporate strategies. This approach starkly contrasts the Resource-Based View, which focuses primarily on leveraging a company's internal resources and capabilities to gain a competitive edge.

The Sharing Economy Business (SEB)

This study focuses on ride-hailing services within the sharing economy (SE) industry, a concept that gained prominence in 2011 with the success of platforms like Airbnb and Uber (Hossain, 2020). Since its inception, the sharing economy has been analyzed from various perspectives, including consumer behavior, lifestyle, mobility, social movements, disruptive models, trust, and motivation (Benjaafar et al., 2019; Etter et al., 2019; Schor, 2016; Stephey, 2015; Yang et al., 2016). This model has enabled the rise of new business ventures, making companies like Airbnb and Uber well-known among global travelers. While sharing as a business practice has historical roots, its modern incarnation as a business model is primarily fueled by the Internet and related technologies (Belk,
The sharing economy has been a subject of interest across multiple academic disciplines, including anthropology, business modeling, consumer behavior, economics, geography, innovation, law, management, marketing, psychology, sustainability, tourism, and transactions (Muñoz & Cohen, 2017; Teubner & Flath, 2019). Generally, the sharing economy is a system where individuals participate in activities such as bartering, lending, renting, trading, and commuting (Möhlmann, 2015). However, its definition is not uniform and often intersects with other related concepts. The collaborative economy, collaborative consumption, access economy, platform economy, and community-based economy are frequently used interchangeably with the sharing economy (Belk, 2014).

While extensively discussed in the literature, the sharing economy is characterized by various interpretations that are not universally agreed upon and often overlap. Köbis et al. (2021) focus on its social-relational and peer-to-peer aspects, while Matzler et al. (2015) distinguish between coordinated access and collaborative consumption, involving either monetary exchange or non-monetary benefits like bartering and trading. Markman et al. (2021) further categorize the sharing economy into two segments: the sharing of privately owned assets (e.g., homes on Airbnb or peer-to-peer car-sharing services) and the sharing of corporate-owned assets (e.g., car2go and ZipCar). Specifically in the realm of on-demand transportation services, the sharing economy is seen as a system where private vehicle owners use their cars to provide rides to those in need, typically through digital platforms or applications. For example, companies enable drivers with personal vehicles to offer transportation services to passengers. These passengers use the app to set their destination, connecting them with a nearby driver. Payment is made through the app after the ride, with a portion going to the driver and the rest to the platform, in what is commonly known as a “commission-based platform” (Ritter & Schanz, 2019). Therefore, in the context of on-demand transportation, the sharing economy effectively merges technology, personal mobility, and peer-to-peer business models, providing consumers with a transportation option that is more adaptable and often more economical.

Research Method

Search Strategy and Material Collection

Two thousand one hundred ninety-two (2,192) samples were retrieved from databases, including Google Scholar, Web of Science, and Scopus (refer to Figure 1), collected through Publish or Perish software. The compilation, executed on December 9, 2023, encompassed publications from 2010 to 2022 and was limited to titles, keywords, and abstracts. The selection was initially refined based on criteria emphasizing sustainable competitive advantage and the sharing economy business. From the entire set, 1,646 samples were found to cover both topics. However, based on keyword searches from these 1,646 samples, the primary selection underwent a secondary review for titles and abstracts using Mendeley software. This additional scrutiny led to the exclusion of 547 samples for insufficient relevance, narrowing the pool to 1,099. These were then analyzed using VOSviewer software (illustrated in Figure).

The VOSviewer analysis revealed a noteworthy gap: among the 1,099 samples published from 2010 to 2022, only a single exploratory study specifically addressed the nexus of sustainable competitive advantage within the sharing economy business sector. This gap was evident in the visualization of the relationship between the two constructs in Figure. A comprehensive full-text review of each remaining sample was conducted, ultimately retaining only one study that thoroughly resonated with the theme of developing sustainable competitive advantage in the sharing economy industry. To enrich the literature review for this research, we reintegrated nine highly relevant studies that were previously excluded. This was done by employing the snowballing technique, where additional literature pertinent to the development of sustainable competitive advantage was added to the review, even if not directly linked to the sharing economy business in their initial selection.
Sample Analysis

In the dynamic context of the sharing economy, the study by Na et al., 2019) is noteworthy for exploring sustainable competitive advantage. They surveyed 400 individuals to investigate the complex relationships between market orientation, marketing innovation, and performance. Their research revealed the critical role of consumer orientation and functional coordination in fostering product innovation, although competitive orientation had less impact. This study's unique approach, examining market orientation both culturally and behaviorally, distinguishes it. However, convenience sampling may only partially represent the broader sharing economy dynamics. Transitioning to the manufacturing sector, Quaye and Mensah (2019) focused on Ghana's small and medium-sized enterprises (SMEs). They aimed to understand how these SMEs could enhance their competitive edge by integrating specific resources and capabilities. Their findings highlighted the importance of innovations in product design and promotion. Additionally, their introduction of the resource capability-based view (RCBV) provides a novel strategic marketing perspective. However, the study's geographical focus on Ghana and specific industrial sectors may limit its broader applicability.

Pratono et al. (2019) expanded on competitive advantage by examining inter-organizational learning across 280 firms. Their study aimed to connect green entrepreneurial practices with market orientation, uncovering inter-organizational learning as a critical mediator in achieving sustainable competitive advantages. This research presents a unique perspective, emphasizing the balance of economic, social, and environmental aspects. However, it is essential to consider possible biases in self-reported data. Peng et al. (2021) highlighted the Chinese hotel sector in the hospitality industry. They found that the combined effects of entrepreneurial, market, and learning orientations contribute significantly to sustainable competitive advantage. While this offers valuable insights into the Chinese hotel industry, its regional focus may only translate sometimes. Similarly, Kamboj and Rahman (2017) investigated the relationship between market orientation, marketing capabilities, and sustainable innovation in India. Their study demonstrated that marketing capabilities mediate between market orientation and performance, marking a significant empirical finding. However, focusing on a limited set of marketing capabilities suggests caution in generalizing these results.

Udriyah et al. (2019) conducted a significant study focusing on small and medium textile enterprises (SMEs) in Selangor, Malaysia. Their research assessed how market orientation and innovation influence competitive advantage and business performance. The study concluded that both market orientation and innovation have a positive and considerable impact on these areas, underlining their vital role in improving the competitive stance and performance of textile SMEs in the region. In the financial sector, Khan et al. (2019) highlighted the transformative impact of Corporate Social Responsibility (CSR) in banking. They posited that a strong reputation, bolstered by effective CSR initiatives, is crucial for achieving sustainable competitive advantage. This perspective on trust and loyalty aligns well with the research conducted by Arsawan et al. (2020), who examined employee loyalty within the hotel industry during the COVID-19 pandemic. Meanwhile, Buccieri et al. (2020) charted the course of International New Ventures (INVs), emphasizing the pivotal role of international entrepreneurial culture in shaping innovation and dynamic marketing capabilities. Their findings reiterate the overarching theme: a firm's culture and values are instrumental in creating a sustainable competitive edge in today's globalized marketplace.

Result and Discussion

In this section, we present the findings from our content analysis of the selected sample (n = 10). Through this analysis, we address the research question regarding how can a sustainable competitive advantage be built in the sharing economy. Our findings highlight the main antecedents of Sustainable Competitive Advantage (SCA), a conceptual framework for SCA in Sharing Economy Business (SEB), and a structural model for SCA-SEB designed to guide and enhance replicability in future research.
Main Antecedents of SCA

To enhance sustainable competitive advantage, companies must possess strategic flexibility that centers on market needs and conditions, often referred to as market orientation (Na et al., 2019). The sustainability of a business's operational cycle and success hinge on the capacity to deliver superior customer value compared to market competitors (Cadogan et al., 2012). Companies that adeptly anticipate market shifts and respond swiftly and accurately to market demands are positioned to achieve sustainable competitive advantage. According to Na et al. (2019), market orientation can be viewed from cultural and behavioral perspectives. From a cultural perspective, market orientation is defined by a company's focus on competitors, consumers, and coordinating functions among partners. In contrast, a behavioral perspective on market orientation involves the exchange, creation, and responsiveness to market information (Narver & Slater, 1990). From these standpoints, a company's performance and sustainable competitive advantage are enhanced when market orientation is fortified, boosting the company's ability to address the fluctuating needs of customers (Kumar et al., 2011). Consequently, various studies have highlighted the positive influence of market orientation on marketing performance, which is simultaneously acknowledged as a vital component of competitive advantage (Kamboj & Rahman, 2017; Na et al., 2019; Udriyah et al., 2019).

Beyond market orientation, marketing innovation is crucial to a company's overall performance, as marketing is pivotal for value generation (Bartoloni & Baussola, 2016). While several experts recognize that marketing innovation can be instrumental in boosting product enhancements and sales growth, the mechanisms behind market innovation still need to be empirically verified, with many propositions yet to be empirically verified (Tang et al., 2021; Tang & Zhang, 2016). Na et al. (2019) categorize marketing innovation into two mechanisms: product (service) and communication. This distinction suggests marketing innovation can be executed through service products and customer communication. Research has demonstrated that non-technological innovations can bolster a company's competitive abilities and are instrumental in transforming new products into assets (Peng et al., 2021).

Marketing innovation has effectively boosted company performance in the manufacturing industry (Bartoloni & Baussola, 2016). Other researchers emphasize the positive effects of innovative marketing strategies on a company's enduring advantage (Quaye & Mensah, 2019). Accordingly, numerous studies confirm that marketing innovation exerts a positive influence on marketing performance, simultaneously emerging as a vital facet of competitive advantage (Arsawan et al., 2020; Peng et al., 2021; Tang et al., 2021; Tang & Zhang, 2016; Udriyah et al., 2019). Beyond market orientation and marketing innovation, organizations must continually adapt to address the challenges posed by an increasingly complex environment in an ever-evolving business landscape. Failure to adapt can jeopardize their performance, leading to potential declines (Buccieri et al., 2020). Hence, organizational capabilities and processes must be continually developed, expanded, and updated. Dynamic marketing capabilities offer a contemporary viewpoint on achieving and maintaining competitive advantage in dynamic markets (Buccieri et al., 2020; Kachouie et al., 2018).

Market Orientation

Competitive advantage is a culmination of various elements that set a company apart and make it more predominant than its competitors. Specific studies, such as Udriyah, Tham and Azam (2019), highlight the significance of market focus in delivering
added value to consumers and crafting a long-lasting competitive edge. In essence, a positive correlation exists between market focus and competitive advantage, as supported by several academic works (Kamboj & Rahman, 2017; Pratono et al., 2019; Puspaningrum, 2020; Udriyah et al., 2019). In the contemporary business landscape, market orientation, and sustainable competitive advantage are intricately intertwined. Firms with a robust market orientation tend to possess a deep understanding of customer needs, enabling them to devise products or services that exceed expectations. Furthermore, this orientation facilitates quick adaptation to shifting market dynamics, ensuring continual innovation and relevance (Pratono et al., 2019). Collaborative efforts between departments, such as marketing and sales, streamline responses to customer demands, fortify long-term relationships, and foster loyalty (Na et al., 2019). Strategic investments in research and development, propelled by market insights, often give rise to innovations that serve as pillars of enduring competitive advantage. By consistently meeting customer expectations, companies cultivate a robust brand image, distinguishing themselves in the eyes of consumers and solidifying their market standing. Fundamentally, market orientation serves not only as a compass for understanding consumers but also as the bedrock for crafting and sustaining a lasting competitive edge amid business competition (Puspaningrum, 2020).

In the on-demand service industry, market orientation and sustainable competitive advantage play pivotal roles in platform success. In this dynamic and fast-paced milieu, a profound grasp of consumer desires is paramount. Platforms that proactively discern user preferences and swiftly react to consumer trends stand a better chance of outshining their competition. Here, market orientation implies an understanding of service speed, reliability, pricing, and other consumer-critical aspects. Cross-functional coordination on on-demand platforms is crucial (Na et al., 2019). The technology team must collaborate with the marketing division to ensure a functional, user-friendly application laden with pertinent features. Concurrently, customer service teams should be poised to address user feedback to enhance overall service quality. Innovation investments are central in this sector (Udriyah et al., 2019). Amid an increasingly saturated market, platforms offering unique features or services—perhaps through advanced technologies—can distinguish themselves and carve out a competitive edge.

Furthermore, reputation and trust are paramount in the on-demand service sector. Delivering consistent and reliable user experiences can shape a powerful brand image, fostering loyalty and reducing the likelihood of users migrating to rival platforms (Na et al., 2019). Thus, for on-demand service platforms, market orientation is not just about discerning current customer desires but also about anticipating future needs and innovating accordingly (Udriyah et al., 2019). This foresight becomes instrumental in crafting enduring competitive advantages amid intense industry competition.

**Market Innovation**

Marketing innovation plays a pivotal role in enhancing a company's performance, as marketing is instrumental in generating value (Bartolini & Baussola, 2016). Na et al. (2019) categorize marketing innovation into two mechanisms; (1.) product (or service) innovation and (2.) communication innovation. This reveals that firms can innovate through both their service offerings and their communication with customers. Scholars have discerned that non-technological innovations can bolster a company's competitive capabilities, playing a crucial role in converting novel products into tangible advantages (Peng et al., 2021). Indeed, marketing innovation has been evidenced to significantly enhance performance in the manufacturing industry (Bartolini & Baussola, 2016). Concurrently, other researchers emphasize the positive effects of innovative marketing strategies in achieving a firm's sustainable competitive advantage (Quaye & Mensah, 2019). Hence, numerous studies confirm the positive influence of marketing innovation on competitive advantage (Arsawan et al., 2022; Na et al., 2019; Peng et al., 2021; Tang et al., 2021; Tang & Zhang, 2016; Udriyah et al., 2019).

In the domain of on-demand service platforms, marketing innovation—comprising both product/service and marketing communication innovations—holds paramount importance in ensuring enduring competitive superiority. First, product/service innovation provides platforms with opportunities to introduce offerings distinct from competitors. In a dynamic on-demand environment, it is imperative to possess the agility to update and refine services in line with customer requirements continually. This not only caters to current customer needs but also anticipates future demands, ensuring the platform's sustained relevance and top-of-mind recall (Arsawan et al., 2020).

Conversely, innovations in marketing communication ensure that messages about these innovations are conveyed to customers most engagingly and efficiently. Innovative communication strategies can elevate brand awareness, fortify customer relationships, and cultivate loyalty (Udriyah et al., 2019). In today's digital epoch, innovative marketing communications also harness the latest technologies to reach a broader audience cost-effectively. The harmony of these dual innovation dimensions enables on-demand service platforms to carve out and sustain a competitive edge in a fiercely contested market (Peng et al., 2021). Success in marketing innovation, spanning both product/service and communication facets, ensures platforms not only excel in the present but are also poised to confront future challenges and opportunities, thus safeguarding their long-term competitive advantage (Tang et al., 2021).

**Dynamic Marketing Capabilities**

Marketing management plays a pivotal role within the framework of dynamic marketing due to the contributive essence of marketing capabilities in generating insights about customer needs, competitive products, and distribution channels (Rebs et al., 2019). Dynamic marketing capabilities refer to a firm's adaptive capacity to respond to the ever-shifting landscape of the marketing environment (Vorhies & Morgan, 2005). In a business epoch characterized by rapid transformations fueled by technological advancements and
evolving consumer behavior, possessing dynamic marketing capabilities becomes paramount. This extends beyond merely adapting marketing strategies and tactics based on market feedback and data; it encompasses innovation in devising new approaches aligned with market trends.

Furthermore, continuous learning and technological integration emerge as vital, enabling firms to gather and analyze data, discern effective strategies, and leverage cutting-edge technologies to amplify marketing campaigns (Nath et al., 2010). Consequently, cultivating dynamic marketing capabilities is not solely about swift responses to changes but also anticipatory and proactive marketing strategies, ensuring firms maintain their competitive edge and relevance in the eyes of their clientele (Day, 2011).

The establishment of capabilities for on-demand service platforms hinges on their grasp of the market dynamics in which they operate (Buccieri et al., 2020). Such a concentrated focus enables platforms to discern emerging opportunities and pinpoint areas necessitating enhancements. Moreover, when platforms initiate innovative endeavors, their overarching objective is to proffer added value to consumers via differentiated approaches (Kachouie et al., 2018). To birth such innovations, platforms must diligently excavate, orchestrate, and harness their resources. Marketing prowess is instrumental in delivering this distinctive value to consumers (Buccieri et al., 2020; Kachouie et al., 2018) and holds a cardinal role in fortifying competitive advantage and enhancing business performance (Buccieri et al., 2020; Kachouie et al., 2018; Khan et al., 2019; Park, 2009; Vorhies & Morgan, 2005). A profound comprehension of competitors’ pricing strategies can bolster a company’s overarching performance. This underscores that platforms with efficacious pricing strategies can set their product or service prices in ways that augment profitability and market grasp. Hence, organizations with heightened marketing capabilities are more inclined to produce superior performance in terms of customer value, profitability, and market dominance.

**Conceptual Framework of SCA-SEB**

In the on-demand service platform industry, market orientation serves as a crucial foundation for recognizing and understanding consumer needs and expectations (Crittenden et al., 2011; Singh et al., 2020). This orientation empowers platforms to chart trends, discern shifts in consumer behavior, and evaluate potential threats from competitors. However, a deep-seated understanding of the market does not directly equate to a sustainable competitive advantage (Iyer et al., 2019; Naidoo, 2010). Marketing innovation, encompassing both product/service and communication innovations, enables platforms to translate this market insight into strategic actions. Through such innovation, platforms can swiftly address consumer demands, craft unique offerings, and communicate in ways that resonate more effectively with their target audience (Na et al., 2019; Udriyah et al., 2019). Consequently, marketing innovation acts as a bridge linking market orientation to the attainment of sustainable competitive advantage. This ensures that companies not only grasp the nuances of the market but also continually adapt and evolve in tandem with these shifts to retain a leading position in the industry.

Furthermore, understanding market dynamics through market orientation lays the foundational groundwork for responding to rapid and fluctuating changes. Nevertheless, merely recognizing and understanding these market dynamics only automatically translates to sustained competitive advantage (Iyer et al., 2019; Naidoo, 2010). This is where dynamic marketing capabilities come into play as pivotal mediators (Buccieri et al., 2020). Dynamic marketing capabilities refer to a platform’s capacity to identify, develop, and implement flexible and responsive marketing strategies. This allows platforms to swiftly adapt to environmental changes, craft innovative solutions, and address competitive challenges (Kachouie et al., 2018). While market orientation facilitates insights into consumer needs and competitors’ movements, dynamic marketing capabilities ensure these insights are operationalized through appropriate strategies and tactics. Thus, dynamic marketing capabilities enable the transition from market understanding to strategic action, ultimately underpinning sustainable competitive advantage in a highly competitive and volatile on-demand environment (Buccieri et al., 2020).
Therefore, to achieve sustained competitive advantage in the on-demand service industry, platforms should adopt three primary approaches: (1) embrace market orientation to understand consumer needs and expectations, (2) implement marketing innovation to translate this knowledge into strategic actions, and (3) develop dynamic marketing capabilities to ensure swift and effective adaptation to environmental changes. In the conceptual framework, we propose (Figure 3), market orientation functions as the initial trigger, reinforced by marketing innovation and dynamic marketing capabilities, all crucial to realizing sustained competitive advantage.

**Structural Model Design of SCA-SEB**

Following the results of our literature review, we have developed a conceptual framework (Figure 3), which we have designed into a structural equation model (SEM). This is carried out to facilitate easy replication in future research. We initiated this process by mapping the operational definitions of each construct, which includes market orientation, marketing innovation, dynamic marketing capabilities, and sustainable competitive advantage. These constructs are designed using the hierarchical component models (HCMs) approach, commonly referred to as second-order constructs (Figure 4). HCMs encompass the construction of more general latent variables, termed higher-order constructs (HOC), measured at a heightened level of abstraction. Simultaneously, they incorporate several subcomponents or dimensions, termed lower-order constructs (LOC), which address the more tangible aspects of these constructs (Hair et al., 2018; Putra, 2022; Sarstedt et al., 2019). HCMs allow for the reduction of the number of relationships in the structural model, rendering the PLS path model more parsimonious while expanding the content bandwidth covered by each construct. As highlighted by Hair et al. (2017), second-order constructs comprise a model that includes two layers of components, while the first-order has just one component layer.

Market orientation is designed using reflective-formative HCM construct. In this design, indicators of the lower-order construct (LOC) are reflective, but relationships from the LOC to the higher-order construct (HOC) are formative. To measure market orientation, this study integrates two latent constructs, cultural market orientation and behavioral market orientation, with a total of 16 measurement items (Na et al., 2019). The variable marketing innovation is characterized as a reflective-reflective HCM construct. This HOC is composed of two LOC constructs. In quantifying marketing innovation, this research employs a total of 7 measurement items (Na et al., 2019). Similarly, the variable dynamic marketing capabilities is a reflective-reflective HCMs construct, made up of four LOCs. To measure this, the study uses a total of 16 measurement items (Kachouie et al., 2018; Vorhies & Morgan, 2005). Meanwhile, the sustainable competitive advantage variable is also a reflective-reflective HCMs construct, encompassing four LOCs. This construct is assessed using a total of 24 measurement items (Na et al., 2019).

**Conclusion**

This paper offers a review of ride-hailing in sharing economy settings to achieve sustainable competitive advantage. This is done by analyzing 10 papers and summarizing their core findings into a conceptual framework (Figure 3) and structural model (Figure 4).
Our main goal was to figure out how services in the sharing economy, like ride-hailing, can consistently outperform their competitors. What we discovered fills a gap in current academic discussions as we identified the main factors that drive this competitive edge in the sharing economy. Our paper's key contributions are a new framework that explains how to achieve SCA in the sharing economy, a model that other researchers can use and build upon, and an in-depth look at what makes some sharing economy businesses more successful than others.

Central to our findings is the role of market orientation. This concept underscores the necessity for businesses, especially within the sharing economy, to be deeply attuned to consumer needs and preferences. It is not merely about amassing data but extracting actionable insights from it. For firms, this entails a steadfast commitment to staying abreast of market shifts through continuous market research, proactive engagement with customer feedback, and leveraging predictive analytics. Another pivotal aspect revealed by our research is the significance of marketing innovation in carving out a niche in a saturated market. This innovation transcends traditional marketing strategies. Managers are urged to foster an organizational culture that encourages out-of-the-box thinking, facilitating the creation of groundbreaking promotional campaigns and the harnessing of emerging technologies. The constant evolution of products or services based on consumer feedback can help businesses remain memorable and differentiated. Dynamic marketing capabilities emerge as another cornerstone in our research findings. In an age characterized by swift market changes, businesses must be nimble, anticipating and adapting to market fluctuations. Managers should champion not just reactive strategies but proactive ones. This involves an unwavering vigilance of industry trends and competitors' moves, coupled with the agility to modify marketing strategies as the landscape changes. Continuous upskilling of marketing personnel and integration of cutting-edge tools are pivotal in this endeavor.

Furthermore, a crucial insight from our study is the synergistic relationship between market orientation, marketing innovation, and dynamic capabilities. These elements, when harmoniously integrated, provide a robust blueprint for a holistic business strategy. In today's digital age, infusing these strategies with advanced technologies, such as AI-driven analytics and digital communication platforms, can further amplify their efficacy, solidifying a firm's competitive edge in the sharing economy. In summation, for managers navigating the intricate terrains of the sharing economy, the trifecta of customer-centricity, innovation, and agility, underpinned by our findings, is crucial. By embedding these insights into their strategies, businesses can bolster their competitive stance, fostering both growth and sustainability. Looking ahead, our proposed conceptual framework, SCA-SEB, lays fertile ground for future research endeavors. Subsequent studies could delve deeper into its components, examining market orientation across varied industries or exploring the nuances of marketing innovation across diverse cultural landscapes. The structural equation model (SEM) we have introduced, tailored for replicability, also invites further empirical scrutiny across different contexts. Moreover, the employment of hierarchical component models (HCMs) in our structural model can be a springboard for future academic inquiries, particularly in examining the dynamics between higher-order and lower-order constructs across myriad business settings. A paragraph should explain the purpose and approach of review.

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