



THE EVOLUTION OF STRATEGIC MANAGEMENT IN PLATFORM-BASED BUSINESS MODELS: THE CASE OF UBER AND AIRBNB

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Abstract

The rise of platform-based business models has revolutionized strategic management across various industries. Companies like Uber and Airbnb exemplify how digital platforms can disrupt traditional markets, create new value chains, and redefine consumer behavior. This paper examines the evolution of strategic management in platform businesses, focusing on Uber and Airbnb as case studies. It analyzes the strategic shifts from asset ownership to network orchestration, customer co-creation, and data-driven optimization. The study highlights how these companies manage scalability, governance, competition, and regulation through innovative strategies, offering insights for future platform ventures.

Keywords. Platform economy, digital platforms, strategic management, Uber, Airbnb, network effects, business model innovation, sharing economy, digital disruption, platform governance

Introduction

Over the last two decades, the proliferation of digital technologies has transformed the structure of markets and the nature of competition. Platform-based business models, characterized by their facilitation of interactions between users and providers, have emerged as dominant forces across multiple sectors. Unlike traditional pipeline businesses that produce and push value through linear supply chains, platform businesses enable decentralized value creation through networked participants. Uber and Airbnb, two of the most prominent platform companies, have redefined mobility and hospitality by



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leveraging digital platforms to connect supply with demand at unprecedented scale. This paper explores the strategic management evolution within platform-based business models, with a particular focus on Uber and Airbnb. It seeks to understand how these companies have crafted and refined their strategies in response to growth, competition, technological advancements, and regulatory pressures. By studying their approaches, this paper sheds light on the dynamic nature of strategy in the platform economy.

Theoretical Framework

Platform theory provides the foundation for analyzing the evolution of strategic management in digital ecosystems. Central concepts include network effects, multi-sided markets, modularity, and openness. Network effects, where the value of the platform increases as more users join, are central to the growth strategy of platforms like Uber and Airbnb. Traditional strategic management frameworks, such as Porter's Five Forces and the Resource-Based View (RBV), are adapted in platform contexts to account for data-driven decision-making, minimal asset ownership, and dynamic interactions among users. Additionally, the role of ecosystem orchestration—managing interactions among various stakeholders—is critical for long-term sustainability.

Materials and Methods

This research employs a qualitative, multiple case study approach to explore the evolution of strategic management practices in platform-based business models, specifically focusing on Uber and Airbnb. These two companies were selected due to their global reach, disruptive impact, and well-documented strategic transitions, making them ideal for comparative analysis.

Research Design

A multiple-case study design was used to allow for an in-depth comparison of two prominent platform businesses operating in different but overlapping sectors—ride-sharing (Uber) and short-term accommodation (Airbnb). The objective was to identify similarities and differences in their strategic



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trajectories, management responses to environmental pressures, and evolution over time.

Data Collection

The data collection process relied on secondary data sources, including:

- Academic journal articles
- Business case studies
- Company reports and investor briefings
- Media coverage from reputable sources (e.g., Forbes, The New York Times, TechCrunch)
- Regulatory filings and policy documents
- Public interviews with executives and stakeholders

Additionally, scholarly databases such as Scopus, Web of Science, JSTOR, and Google Scholar were used to gather peer-reviewed literature on platform business models and strategic management theories.

Analytical Framework

The data was analyzed using a thematic analysis approach informed by strategic management theories, including:

The Resource-Based View (RBV)

Dynamic Capabilities Theory

Platform Ecosystem Theory

Institutional Theory

This framework allowed the researcher to interpret how internal capabilities and external institutional pressures shaped the strategic evolution of both firms over time.

Comparative Criteria

To ensure consistency in comparison, the following dimensions were used:

1. Initial business model and value proposition
2. Growth and expansion strategy
3. Governance and regulation
4. Ecosystem development



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5. Technological infrastructure and data use
6. Strategic responses to crises (e.g., COVID-19)
7. Stakeholder management and legitimacy-building

Limitations

This study is limited by its reliance on publicly available data and documents, which may not reflect all internal decision-making processes. Additionally, the dynamic nature of platform businesses means that strategic shifts may continue to evolve beyond the timeframe covered by this analysis.

Strategic Management Evolution in Uber

Uber's strategic trajectory reveals a shift from rapid market entry and subsidy-driven growth to operational efficiency, diversification, and regulatory collaboration. Initially, Uber employed aggressive expansion tactics, subsidizing both drivers and riders to build network density. This phase emphasized market penetration over profitability.

As competition intensified and regulators pushed back, Uber's strategy evolved. The company invested heavily in data analytics, route optimization, dynamic pricing algorithms, and partnerships with local governments. Diversification into food delivery (Uber Eats), freight, and autonomous vehicles reflected a broader platform play.

Uber also adopted a more localized approach to regulatory engagement, tailoring its operations to legal environments in different countries. Its IPO in 2019 further shifted its focus toward profitability, leading to cost-cutting, consolidation, and strategic partnerships.

Strategic Management Evolution in Airbnb

Airbnb's strategic evolution followed a path from community-based home sharing to a global travel platform. Initially, the company capitalized on the sharing economy ethos, connecting hosts and guests in a peer-to-peer model. It prioritized trust-building mechanisms like user reviews, verification, and secure payment systems.



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As the platform scaled, Airbnb introduced strategic shifts including "Experiences" (local tour offerings), luxury rentals, and long-term stays. These initiatives aimed to broaden its value proposition beyond short-term lodging. The COVID-19 pandemic in 2020 tested Airbnb's resilience, prompting a strategic pivot toward domestic travel and longer stays. Airbnb also took steps to professionalize its offerings, onboarding property managers and investing in AI-driven customer service. It has walked a fine line between preserving its community-oriented image and competing with traditional hospitality giants. Like Uber, its IPO in 2020 marked a new phase of strategic discipline and investor accountability.

Comparative Analysis

While Uber and Airbnb operate in different sectors, their strategic evolutions share common themes: reliance on network effects, iterative adaptation to regulation, expansion beyond core offerings, and balancing growth with profitability. Both firms faced significant backlash from incumbents and governments, requiring agile policy responses and brand repositioning. However, key differences also emerge. Uber's model is more transactional and standardized, while Airbnb deals with more heterogeneity in supply and customer experience. This has influenced their platform governance models—Uber exerts tighter control over service standards, whereas Airbnb provides more autonomy to hosts. In terms of innovation, Airbnb has diversified more into adjacent lifestyle services, while Uber has focused on vertical integration in mobility. Their different capital intensities, regulatory risks, and customer relationship strategies offer valuable contrasts in strategic evolution.

Discussion

The cases of Uber and Airbnb provide fertile ground for analyzing the strategic transformation that platform-based business models undergo over time. Unlike traditional pipeline businesses, platform companies derive their value not from direct control of resources, but from **enabling interactions** between producers and consumers through digital infrastructure. This fundamental distinction



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requires a **reconceptualization of strategic priorities**, capabilities, and governance mechanisms.

Initially, both Uber and Airbnb adopted a “**growth-at-all-costs**” **strategy**, prioritizing rapid user acquisition, geographical expansion, and network effects. While this approach yielded impressive early results and investor enthusiasm, it also generated significant **externalities**, including regulatory challenges, legal disputes, and reputational risks. For instance, Uber faced bans in several cities due to non-compliance with transport laws, while Airbnb struggled with local housing regulations and community backlash.

These challenges have driven a gradual shift toward more **sustainable and stakeholder-oriented strategic models**. Both companies began investing in **compliance infrastructure**, local partnerships, and public relations to rebuild trust and legitimacy. This evolution highlights the growing need for **strategic ambidexterity**—the ability to simultaneously exploit existing capabilities while exploring new ones in response to environmental shifts.

Another key insight from these cases is the role of **ecosystem leadership**. Uber and Airbnb do not operate in isolation; their success depends on the health of their broader ecosystems, including drivers, hosts, users, regulators, and third-party developers. Strategic management, therefore, extends beyond the firm to include **platform governance**, curation of third-party innovation, and enforcement of norms and quality standards.

Moreover, **data and algorithmic governance** have emerged as central to strategy. The reliance on algorithms to match supply and demand, determine pricing, and manage user experience creates both opportunities for efficiency and risks of opacity and bias. Thus, managing technological transparency and accountability becomes a core strategic concern.

The **COVID-19 pandemic** further underscored the importance of strategic agility. Uber had to pivot toward food delivery (Uber Eats), while Airbnb restructured its offerings to focus on long-term stays and remote work accommodations. These strategic shifts illustrate how platform businesses must be capable of **rapid reconfiguration** in response to external shocks.

In light of these observations, the discussion affirms that platform-based strategic management is no longer confined to digital tactics but must embrace



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multi-stakeholder governance, ethical considerations, and institutional integration. Companies must balance innovation with responsibility, agility with stability, and scale with inclusivity.

Conclusion

Platform-based business models have fundamentally redefined the principles and practice of strategic management in the digital age. Through the case studies of Uber and Airbnb, it becomes evident that platform firms are not merely technology providers—they are **ecosystem orchestrators** that thrive by facilitating value co-creation among diverse stakeholder groups. Their evolution from disruptive startups to globally recognized, regulated enterprises showcases the complex interplay between innovation, market dynamics, and institutional pressures.

Uber and Airbnb exemplify the need for **adaptive and dynamic strategic frameworks**. Their success has been largely driven by their ability to quickly scale, leverage network effects, and adapt to local market conditions, while their challenges—such as regulatory backlash, labor disputes, and reputational risks—have exposed the strategic necessity of accountability, transparency, and long-term stakeholder engagement.

Furthermore, these platform companies highlight how **data-driven decision-making, customer-centric innovation, and agile organizational structures** are replacing traditional competitive strategies based solely on cost leadership or differentiation. Strategic management in platform ecosystems requires firms to focus not only on the platform itself but also on nurturing trust, ensuring interoperability, and managing the entire ecosystem's health.

The implications extend beyond Uber and Airbnb. As platform models proliferate across sectors—from healthcare and education to logistics and finance—the demand for a **new generation of strategic leaders** who can manage digital complexity, regulatory uncertainty, and social impact becomes urgent. Policymakers, meanwhile, must adapt governance frameworks that balance innovation with consumer protection and fair competition.

In conclusion, the strategic evolution of platform-based business models signals a **paradigm shift** in how value is created, captured, and governed. For scholars,



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this shift opens new avenues of research into digital ecosystems, platform governance, and strategic adaptability. For entrepreneurs, it underscores the power of scalable network design and user experience. And for managers, it highlights the enduring importance of **visionary leadership, ethical responsibility, and strategic resilience** in navigating an increasingly platformized world.

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