



Exploring the Commercial Logic and Profit Models of the Sharing Economy

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Abstract. The sharing economy, as a model that leverages internet platforms to integrate idle resources, has experienced rapid global growth in recent years and has profoundly influenced traditional industries. This paper focuses on the commercial logic and profit models of the sharing economy. First, the introduction presents the research background, significance, current state of related studies both domestically and internationally, and the research methodology. Second, the study analyzes the core commercial logic underlying the sharing economy. It then identifies the main challenges faced by existing profit models and proposes optimization strategies such as refined operations, diversified revenue sources, differentiated competitive advantages, and enhanced compliance measures. Finally, the conclusion summarizes the essential characteristics of the sharing economy's commercial logic and profit models. This study aims to contribute to a deeper understanding of the intrinsic operational mechanisms of the sharing economy and to offer insights for improving its profitability.

Keywords: Sharing economy; Commercial logic; Profit model; Platform economy; Value creation

1 Introduction

Over the past decade, a novel business model known as the "sharing economy" has quietly emerged. From bike-sharing schemes and ride-hailing services to globally widespread online short-term rental platforms, the sharing economy is transforming traditional perceptions of ownership in an unprecedented manner. By leveraging internet platforms, it aggregates vast quantities of dispersed, underutilized resources—whether vehicles, housing, tools, or skills—enabling users with specific needs to access their use on a per-use or time-based basis, rather than being compelled to purchase ownership. This model not only enhances resource utilization efficiency but also offers consumers more convenient and cost-effective options^[1,2].

However, competition within the sharing economy sector is becoming increasingly intense. Following an early phase of fervent expansion, many once-high-profile enterprises have fallen into difficulties or even collapsed due to their failure to identify sustainable pathways to profitability. This reality has prompted scholars and industry practitioners alike to engage in sober reflection: how exactly does the sharing economy

create value? What constitutes its core commercial logic? And which viable profit models can support the long-term survival and development of such businesses? A thorough exploration of these questions will not only help clarify the fundamental nature and operational principles of the sharing economy from a theoretical perspective, but also provide practical guidance for practitioners in formulating effective business strategies and mitigating potential risks. Accordingly, this study aims to systematically analyze the commercial logic underpinning the sharing economy, examine its diverse income-generating approaches, and propose optimization recommendations in response to real-world challenges, thereby contributing modestly to the healthy development of this field.

This paper attempts to integrate macro-level analysis of commercial logic with micro-level dissection of profit models, aiming to construct a more comprehensive analytical framework. This approach seeks to more clearly reveal the intrinsic connection between why the sharing economy functions and how it generates profits. Second, the study adopts a practice-oriented perspective in its policy recommendations. By closely aligning with the real-world context of China's sharing economy development, the proposed optimization strategies strive to combine theoretical rigor with practical feasibility, with the goal of providing more actionable references for relevant enterprises.

2 Analysis of the Core Commercial Logic of the Sharing Economy Model

The core of the sharing economy lies in activating and efficiently utilizing idle resources. In traditional economic models, many resources remain unused for significant portions of time—such as private cars during non-commuting hours, vacant rooms when owners are away, or personal skills outside working hours. The sharing economy integrates these dispersed and fragmented idle resources via internet platforms, bringing them into market circulation. This process expands the total pool of available resources without substantially increasing overall societal resource inputs. Such integration not only improves resource utilization rates but also reduces the cost for individuals to access resources, thereby creating a new source of value.

Traditional consumption emphasizes the transfer of ownership; to obtain a product or service, users typically must make a substantial one-time payment for purchase. In contrast, the sharing economy allows users to pay only for the actual duration or frequency of use, gaining access to the right of use rather than ownership. This model meets people's demands for low cost, flexibility, and convenience.

Platform operation logic is the key to the scalable development of the sharing economy. The sharing economy relies on a two-sided or multi-sided market structure: one side connects resource suppliers, while the other connects resource demanders. As the user base expands, platforms generate positive network effects—more supply attracts more demand, and vice versa—thereby continuously enhancing platform value and user stickiness. This self-reinforcing mechanism enables successful sharing

economy platforms to achieve dominant market positions within relatively short periods.

3 Analysis of the Main Profit Models of the Sharing Economy

Having clarified the core commercial logic of the sharing economy, the key challenge becomes how to translate this logic into sustainable revenue and profit, which is critical for the survival and development of enterprises. The profit models in the sharing economy are not singular; rather, they exhibit diversity, with each model differing in terms of income sources, cost structures, and risk exposure^[3].

Transaction Commissions and Service Fees: This is the most basic and common profit model. After facilitating a sharing transaction, the platform charges a certain percentage of the transaction amount as a service fee. For example, Didi Chuxing deducts approximately 20% (depending on city and vehicle type) from drivers' earnings for each ride-hailing trip completed. This model directly correlates with transaction volume and serves as a primary source of cash flow during the platform's expansion phase^[4].

Advertising and Value-Added Services: Once a platform accumulates a large user base and traffic, it can monetize through advertising and value-added services. Airbnb, in addition to charging hosts a commission on bookings, sells advertising space on its app homepage and search results to tourism agencies, airlines, and local experience providers to increase brand exposure. Simultaneously, it offers premium services such as "Superhost" certification and professional photography to hosts for a fee, enhancing listing attractiveness.

Membership Systems and Subscription Fees: Platforms can charge regular fees to high-frequency users or merchants, providing exclusive benefits or tools to strengthen loyalty and stabilize revenue. Hello Inc. has offered bicycle and e-bike subscription passes, allowing users to enjoy multiple free or discounted rides within a given period after paying a fixed fee. Similarly, shared office providers like WeWork charge monthly or annual subscription fees for workspace rentals along with supporting services such as meeting room reservations and administrative assistance.

Data Utilization and Derivative Value Development: Through prolonged operations, platforms accumulate vast amounts of user behavior data. Analyzing this data yields commercial insights that can optimize services or enable external collaborations. For instance, Meituan's shared bicycles and e-bikes analyze usage patterns across regions and times to adjust deployment strategies and improve turnover rates. Its mobility data can also be integrated with food delivery and hotel booking services, offering precise marketing suggestions to partner businesses, thus extending cross-sectoral value. However, this model requires strict adherence to data privacy regulations to mitigate legal and reputational risks^[5].

4 Challenges and Optimization Strategies for the Profit Models of the Sharing Economy

Although the sharing economy demonstrates diversity and innovativeness in its commercial logic and profit models, in practice, these models still face numerous challenges. If these issues are not effectively addressed, they may not only affect the financial health of individual enterprises but also constrain the sustainable development of the entire industry^[6,7].

A prominent issue is the conflict between substantial initial investments and long profit realization cycles. To rapidly capture market share, many sharing economy companies launch large-scale deployments of resources in the early stages—such as shared bicycles and shared cars—incurring high costs for procurement, maintenance, and dispatch. However, the formation and stabilization of a user base take time, and revenue growth often lags behind expenditure growth, leaving firms in a prolonged state of loss. Should financing conditions tighten or investor patience wane, the risk of capital chain rupture becomes evident.

Another major challenge is the high cost of user acquisition and retention. The sharing economy fundamentally relies on economies of scale and network effects, requiring continuous investment in marketing and promotion to attract new users, alongside subsidies to maintain activity levels. Yet, this subsidy-dependent growth model tends to cultivate price sensitivity rather than genuine loyalty to platform services. When discounts are reduced or removed, user churn can rise sharply, directly impacting transaction volumes and commission revenues.

Price wars and compressed profit margins are also widespread problems. In highly homogeneous competitive environments, companies often cut prices or offer subsidies to gain market share. This not only erodes profits but can also trigger destructive competition within the industry. Over the long term, excessive reliance on pricing tactics weakens incentives for investment in service quality and technological innovation, hindering the development of differentiated advantages.

Uncertainty in regulatory policies further increases compliance costs. The sharing economy spans multiple regulatory domains, including transportation, housing, data security, and labor protection. Changes in legislation may require firms to modify operational models, increase compliance expenditures, or even alter revenue structures. For instance, caps on platform commissions or stringent rules governing deposit management could directly impact revenue streams and liquidity.

To address these challenges, optimizing profit models in the sharing economy should focus on several strategic directions. First, promote refined operations by leveraging big data and intelligent scheduling to enhance resource utilization and reduce maintenance and idle costs, thereby achieving cost savings and efficiency gains. Second, diversify revenue sources: while maintaining commission income, actively develop advertising, value-added services, membership subscriptions, and data-derived value channels to spread business risk. Third, build differentiated competitive advantages by improving service quality, technological experience, or brand culture to strengthen user loyalty and lessen dependence on price competition. Fourth, reinforce compliance infrastructure and risk management by proactively monitoring policy

developments, refining internal systems, and ensuring operations remain within the legal framework to safeguard user rights and data security.

In summary, sharing economy enterprises must strike a balance between innovation and stability. Through model optimization and operational upgrading, they can gradually establish a resilient, sustainable profit system capable of supporting long-term survival and growth amid fierce market competition.

5 Conclusion and Future Outlook

This paper has conducted a systematic examination of the commercial logic and profit models of the sharing economy. By analyzing three interrelated dimensions—value creation, value proposition, and platform operation—it identifies the core commercial logic as a resource allocation model that leverages internet platforms to activate idle resources and facilitate access to usage rights rather than ownership. Building on this foundation, the study categorizes and reviews the predominant profit models currently adopted in the sector, including transaction commissions, advertising and value-added services, membership systems and subscription fees, as well as data utilization and derivative value development. Through case analyses, it illustrates the operational mechanisms and practical effectiveness of each model. These findings demonstrate that profitability in the sharing economy generally depends not on a single revenue stream, but on a carefully combined portfolio designed to mitigate market risk and enhance sustainability.

On the basis of this profit model analysis, the paper further investigates the principal challenges encountered in practice: the tension between substantial upfront investment and extended profit realization cycles; persistently high user acquisition and retention costs; margin compression driven by homogenized competition and price wars; and rising compliance burdens caused by regulatory uncertainty. In response, corresponding optimization strategies are proposed, including advancing refined operations to improve resource utilization, diversifying revenue sources to distribute risk, cultivating differentiated competitive advantages to reduce reliance on pricing tactics, and strengthening compliance frameworks and risk management to ensure lawful and stable operations. These recommendations aim to provide viable pathways for sharing economy enterprises to transition from subsidy-driven expansion toward sustainable profitability.

Looking ahead, the evolution of the sharing economy will continue to be shaped by both technological progress and institutional environments. On one hand, deeper integration of artificial intelligence, big data analytics, and the Internet of Things promises to further enhance the efficiency of supply-demand matching and the intelligence of resource scheduling, thereby lowering operational costs and improving user experiences. Blockchain technology may also play an expanded role in identity verification, transaction traceability, and trust-building mechanisms, offering novel solutions for platform governance. On the other hand, as governments around the world place greater emphasis on data security, labor rights, and consumer protection, sharing economy firms must strike an increasingly delicate balance between innovation and

compliance. Enterprises that succeed in simultaneously advancing technological empowerment, service quality, business model optimization, and regulatory adherence will be better positioned to thrive in future competition.

From a broader perspective, the sharing economy represents not merely a commercial phenomenon, but also an innovative mode of organizing social resources. It promotes the socialized utilization of idle assets, encourages green and low-carbon consumption patterns, and contributes to transformations in traditional employment forms and industrial structures. With accelerating urbanization and evolving consumption attitudes, the sharing economy retains considerable growth potential in sectors such as transportation, accommodation and tourism, cultural creativity, and skill-based services. Particularly in a market like China—characterized by a large population and uneven resource distribution—the sharing economy is poised to play a progressively constructive role in enhancing economic efficiency, alleviating resource constraints, and fostering inclusive prosperity.

Nevertheless, the road ahead will not be obstacle-free. Companies must abandon the pursuit of scale for its own sake in favor of growth models centered on quality, efficiency, and sustainability, especially as capital markets become more rational. Policymakers, meanwhile, need to balance the encouragement of innovation with the establishment of orderly regulations, creating a transparent, fair, and predictable institutional environment for the sector. Only through coordinated efforts among enterprises, markets, and regulators can the sharing economy mature from a transient trend into a lasting component of the economic landscape, generating not only economic value but also multifaceted social and ecological benefits.

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