**INTRODUCTION**

Internationally operating tech companies have taken up a dominant position in several sectors and these “Death Star” platforms seem invincible. However, many of them are heavily criticized for disregarding local norms, regulations, and worker’s interests. In an attempt to right these wrongs, newly formed local cooperative platforms are determined to fight back.

**OBSERVATIONS**

- Loconomics is a cooperative platform for all sorts of services (e.g. dog walking, house cleaning), owned by the service providers themselves from San Francisco. Fairmondo is a German marketplace for ethical goods and services. Stocksy a stock photography and video database, and Resonate is a cooperative music streaming service owned by musicians. All of these dwarf in comparison with their corporate peers.

- Although strictly speaking not a cooperative, NYC-based ride-hailing app Juno (acquired by Gett in April 2017) takes a smaller cut of the fares than Uber or Lyft. LaZooz also takes on Uber by offering a blockchain-powered ride-sharing platform on a quid pro quo basis.

- The Waag Society from The Netherlands develops a cooperative alternative to Airbnb: Fairbnb. The goal is to create a more transparent and neighborhood friendly platform that helps to “ease the impact of tourism, protect residency, and fight gentrification”.

- Sharetribe develops a tool with which any entrepreneur should be able to build his or her own customized online marketplace for selling, sharing, or renting.

**ANALYSIS**

The typical business model in the platform economy resembles a bring-your-own-drinks party. That is, tech companies offer a software-based platform, but consumers and suppliers are expected to provide the core assets: their own cars, bikes, homes, bodies, and brains. Platform providers thus run relatively asset-light and low-risk operations, but still they manage to skim off a considerable share of total revenues. In response, local entrepreneurs decided to organize their own “parties” and they developed cooperative platforms to regain control over their business.

It will be interesting to see whether these, still very small, coops stand a chance against the “Death Stars”. Due to network effects, users of a dominant platform enjoy the greatest returns on their membership (i.e. cheaper and better services) and, eventually, all consumers are likely to use that single platform. However, most network effects are limited to local services. E.g. Airbnb can offer places to sleep anywhere in the world, but a cooperative competitor could survive by gaining dominance in a single city. The same goes for ride-hailing: the most popular platform can offer the best service and price in some city, but spillovers to other cities are limited.

More importantly, local cooperatives may have some distinct advantages over multinational corporations. Big Tech, and its business models, tends to clash with local norms, rules, and authorities and it either fails to win over lawmakers or spends enormous amounts of cash on lobbying. Local businesses may have much more goodwill of their authorities and are much more apt to engage with the institutional entrepreneurs; both are necessary to make the platform economy work. Also, cooperative platforms are likely to appeal to consumers who care for local interests and who, at least initially, may even be willing to pay more for lesser services as long as they feel that they are consuming “ethically” on a platform they can trust.

The irony of these developments is that much of the platform economy started from an ideological basis. E.g. Couchsurfing provided free places to sleep well before Airbnb turned the idea into a hypercapitalist business model. Today, local cooperatives have to fight an uphill battle to regain control over their markets and restore the utopian gloss of sharing and caring.

**POTENTIAL BENEFICIARIES**

- Providers of (generic) online platform software and consultancies who can support coops.

- Global coops may arise as local entities unite, although it would be difficult to retain their original values on a global scale.

- In markets so far untouched by digitization, cooperatives can empower consumers/citizens and create new paths for innovation. For instance, Midata offers a cooperative system for patients who can manage their own health data, which could, in theory, break the impasse in electronic medical records.