Case Summary: Mary Barra and the Lyft investment: leading GM into the sharing economy through acquisitions

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Abstract

The case presents the impact of the digital disruption coming from the sharing economy from the perspective of the largest American auto manufacturer, General Motors (GM). The car-sharing business led by Uber has been forcing a change to the traditional model by introducing the for-hire transport business especially in densely populated urban settings. At the same time, technology innovation has allowed non-traditional competitors making serious advancements. For GM, despite its history of innovations, these forces represent uncertainty and perhaps even an existential challenge. At the beginning of 2016, GM failed to acquire Lyft, the most promising competitor of Uber and ended up in an investment of $500 million corresponding to only 9% of the company. This investment, together with other two (Maven and Cruise Automation) are the proof that GM and its CEO Mary Barra, realized how difficult would be - for a company of the size and structure like GM - to compete with agile and innovative start-up companies leveraging on data and digital technologies. Despite being the pioneer of the technology of the connected cars with its OnStar® technology, GM finds itself desperately looking for insights and customer data that would allow better understanding the changing preference of the urban customers shifting their consumption behaviour from car-ownership to shared mobility services. With declining market share in the traditional automotive space, Mary Barra is called to make a tough strategic call that should attempt to steer this giant and iconic American company into a new ecosystem where value creation is much more delocalized and where GM should attempt to take a large part in order to avoid the risk of irrelevance that the new competitors and the digitally enabled service-based economy are posing.