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The Sharing Economy - Implications for Business

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1. Introduction

Sharing is said to be fast becoming the new approach to consuming. For example, what is the rationale for purchasing an electric drill for a simple DIY job if it is for drilling only one hole if one could be shared within a community? What is the benefit of having a car or vehicle that spends much of its time in a garage when it could be utilised by others? Also, why not offer an allocated room for guests seeking temporary accommodation on a more regular basis? These are all questions that are pertinent to the sharing or peer-to-peer (P2P) economy.

Within the last decade, online P2P platforms have been launched by creative and innovative start-ups that bring the different parties into contact (i.e. private owners and users) to undertake a transaction with each other. Unlike car rental companies or hotels/guest houses, such platforms offer products or services without the need for a central mediator, which makes the transaction a less expensive alternative.

The following paper explores the concept of the sharing economy in terms of its emergence and how it is funded, how it has been defined and classified, existing and important trends, how it compares with traditional models, and what existing examples of sharing economy businesses look like. We also explore whether or not the sharing economy poses a threat or opportunity to existing businesses, the challenges that the sharing economy sector faces, along with implications for business and how the sharing economy could look in the future.

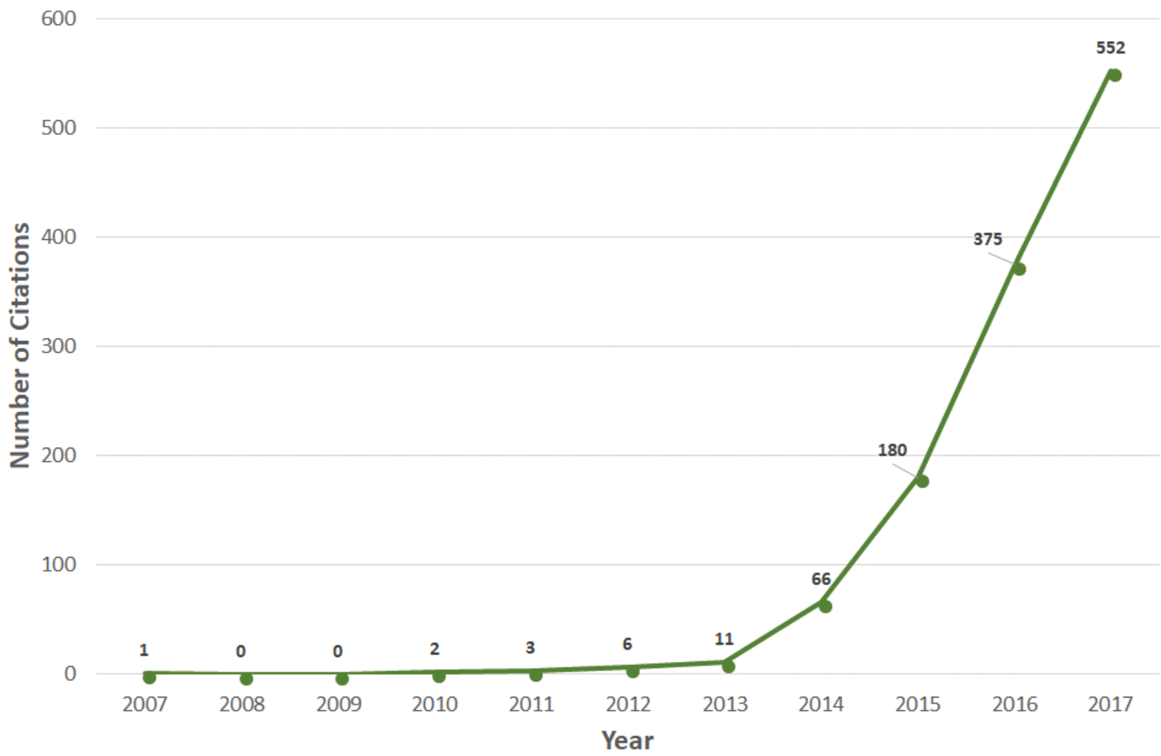
2. The Emergence of the Sharing Economy

The sharing economy as a term came more prominently on to the scene largely because of the 2008 global recession and stood to benefit those who were struggling on below-average incomes in meeting their daily living expenditures and economising through the sharing of high-value assets; it is essentially about selling access rather than ownership.

The sector emerged through investors becoming involved in 'sharing' start-ups, such as the widely-cited examples of Uber and Airbnb. According to Deloitte (2015), annual global investment in sharing economy start-ups increased from US$300m in 2010 to more than US$6bn in 2014. The brand council 'Crowd Companies', puts the total amount of investments above US$12bn, with Uber having access to approximately a quarter of that amount (US$2.7bn).

From an academic perspective, the term sharing economy has also become a significant area worthy of study, where there has been an exponential increase in the number of academic and practitioner citations (with 'sharing economy' in the paper title) from 11 in 2013 to 552 in 2017 (see Figure 1 below).

Figure 1: Rise in 'Sharing Economy' Citations



Source: Google Scholar – Based on citations of 'Sharing Economy' in the title

2.1. Defining the Sharing Economy

It would be reasonable to say that there is no widely-accepted definition of the term sharing economy within the literature (we have highlighted some examples of varying definitions, shown in Table 1 below). However, it would seem likely that there is a consensus as to what the main characteristics of such activities are:

- Operating through an online platform through a website or an app
- Enabling peer-to-peer (P2P) transactions
- Providing short-term access to products or services with no transfer of ownership (which would exclude goods that are resold in the second-hand economy)
- Utilising an under-used asset, either monetised or not, to improve efficiency and sustainability.

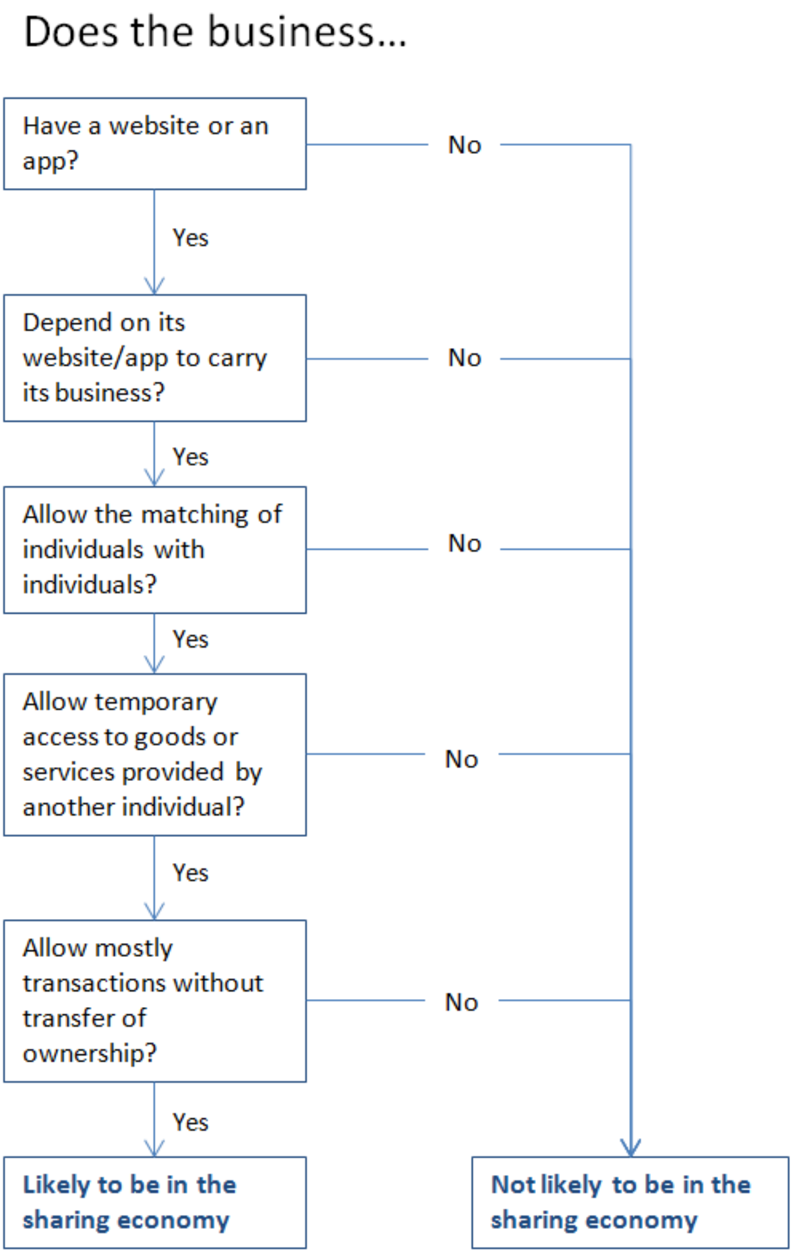
Table 1: Defining the Sharing Economy

The sharing economy is ...	Source
'An internet mediated economic model based on sharing, swapping, trading, or renting products and services, enabling access over ownership'	Botsman, 2013
'The collaborative consumption made by the activities of sharing, exchanging, and rental of resources without owning the goods'	Choi, 2014
Potentially an entirely new socio-economic system with sharing and collaboration at its heart	Matofska, 2014
'A way for individuals to succeed by sharing privately owned assets and by sharing information about a market demand for those assets'	Dyal-Chand, 2015
A market which satisfies the following conditions: users are individuals, businesses or machines; there is excess supply of an asset or skillset and sharing creates economic benefit for both the sharer and the user; and the internet provides means for communication and coordination of the sharing	Olson & Kemp, 2015
'An economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the Internet'	Oxford English Dictionary, 2015

A means of facilitating community ownership, localized production, cooperation, small-scale enterprise, and the regeneration of economic and natural abundance; and encourages innovative forms of sharing underused facilities	Posen, 2015
'The growing ecosystem of providers and consumers of temporary access to products and services'	Santana & Parigi, 2015
'An economic model where people are creating and sharing goods, services, space and money with each other'	Miller, 2016
'An economic model often defined as a peer-to-peer (P2P) based activity of acquiring, providing or sharing access to goods and services that are facilitated by a community based on-line platform'	Investopedia, 2018

Within the UK, to help identify what is likely to be a sharing economy business, the Office for National Statistics (ONS, 2017) has developed a functional decision-tree, which is in the form of a flow diagram (see Figure 2 below). The key starting point is whether the business has a website/app or not, can users and providers be matched, and an end-point where transactions take place without a transfer of ownership.

Figure 2: Deciding Whether a Business is in the Sharing Economy or Not



Source: Office for National Statistics, 2017

2.2. Classifying the Sharing Economy

Botsman & Rogers (2010) describe the early history of the sharing economy in their book 'What's Mine is Yours'.

They suggest a four-way classification, which reflects their emphasis on the social and environmental motivations of the early examples:

- Collaborative consumption systems (e.g. time banks, local exchange trading schemes, couch surfing, ride-sharing, peer-to-peer currencies, co-housing, and shared offices).
- Product service systems (multiple users for assets that would otherwise be idle for much of the time, such as cars, washing machines, tools or spare rooms).
- Redistribution markets (exchange of pre-owned goods, either free – e.g. Freecycle, or for sale – e.g. eBay or Gumtree, and community forums that allow people to swap unwanted goods).
- Collaborative lifestyles (trading of skills and services - either free or paid - such as gardening, DIY jobs, or undertaking small tasks).

Coyle (2016) also developed a typology of the sharing economy, which is set out in the table below with some examples of the variety of businesses involved in each category (see Table 2).

Table 2: Typology of the Sharing Economy

Category	Attributes	Examples
Learning	Mass provision of free learning; sharing of textbooks and course material	Khan Academy; Coursera; Chegg; Futurelearn
Municipal	Sharing of facilities between government agencies; provision of shared services	Bicycle sharing schemes; Munirent
Money	Crowdfunding; peer-to-peer lending	KickStarter; Kiva; Zopa
Goods	Sharing, lending or swapping; peer-to-peer trading	Etsy; eBay; Craigslist; SnapGoods
Health and wellness	Sharing of time, expertise and resources	MacMillan Team Up; Kindly
Space	Renting or sharing spare accommodation or workspace	Airbnb; LoveHomeSwap; ShareDesk
Food	Matching chefs to home diners; collaborative consumption; sharing surplus food	VizEat; Feastly; Olio
Utilities	Sharing of home-generated power, network capacity	Mosaic; Fon

Transportation	Efficient matching of transportation providers and consumers; ride and asset sharing	Uber; ZipCar; Hailo
Labour/Professional Services	Efficient matching of freelance task providers to need	TaskRabbit; Freelance.com; Fiverr
Logistics	Shared storage; local delivery that makes sharing more efficient; shipping	Sharemystorage.com; UberRUSH
Corporate	Aggregation of sharing services	Compare and Share

Source: Coyle (2016)

The ONS (2016) simplified this further based on their research and came up with the following categories (see Table 3 below).

Table 3: Categories for the Sharing Economy

Category	Examples of activities
Property and rental access	Accommodation, parking spaces, storage space, vehicles (without a driver), tools
Peer-to-peer services	Transportation, delivery, household services, professional services
Collaborative finance	Crowdfunding, peer-to-peer lending, investment, money transfer and exchange

Source: Office for National Statistics (2016)

2.3. The Sharing Economy Model vs the Traditional Business Model

The traditional business model relies on companies producing and providing products and services and the consumer purchasing through, for example, an e-commerce application. However, many households that are struggling to make ends meet are not only facing financial hardship but many are increasingly socially isolated. Environmentally, the current economic model is not likely to be sustainable as high consumption levels place ever-increasing pressures on the carrying capacity of the world we live in.

Within the last decade, a growing departure from such traditional business models has led to the influx of startup companies offering peer sharing services. Some commentators go as far as believing that the sharing economy is going to replace the traditional economy model completely in the long-term, thus generating more providers of products and services into the market, extending consumers' choice, and reducing waste.

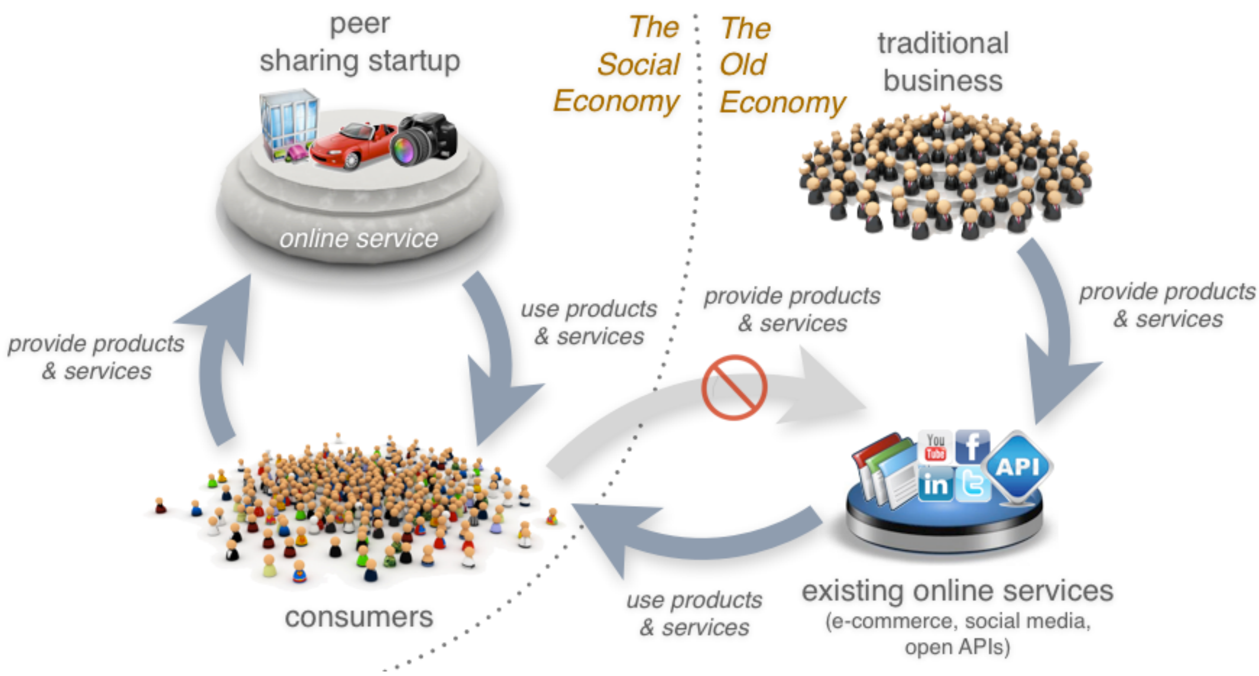
According to VanderLinden (2018), the sharing economy marketplace involves three important sets of players:

- The platform - that provides the marketplace
- The buyers - also referred to as consumers, riders, or renters
- The sellers - also referred to as suppliers, providers, or hosts.

The distinctive feature of all sharing economy platforms is to match the supply of and demand for services promptly and at a low cost. Figure 3 highlights the distinction between a sharing and a traditional model.

A further possible difference between the models is the distinction between the provision of labour (matching the supply and demand of services, such as driving or cleaning) and capital services (renting or providing access to assets, such as cars or properties); often the two are pushed together but sometimes they are not.

Figure 3: Business vs. Sharing Economy Model



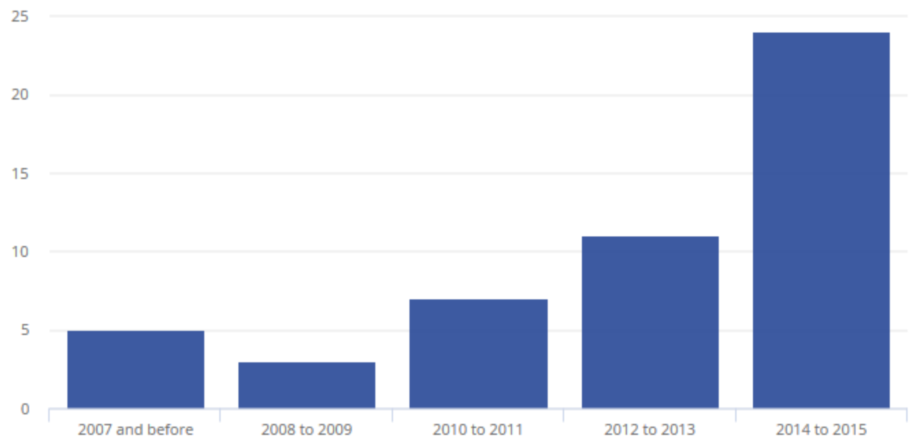
Source: http://www.seg.com.hk/en/sharing-economy.php

2.4. The Growing Importance of the Sharing Economy

As recently as 2015, the UK Government set out its objectives to improve economic growth including: to make the UK the '...best place in the world to start, invest in, and grow a business, including through a package of measures to help unlock the potential of the sharing economy...' [HM Treasury, 2015].

According to research by Price Waterhouse Coopers (PwC, 2016), at least 275 sharing platforms have been founded across key countries in Europe - including UK, France, Germany, Spain and Italy in the west, and Poland in the east. They found that the UK and France combined are leading the way with over 50 sharing platforms. Furthermore, research by the Office for National Statistics (ONS, 2016) reported that within the UK, most of the businesses in the sharing economy have been established since 2012, with a significant increase between 2014 and 2015 (see Figure 4 below).

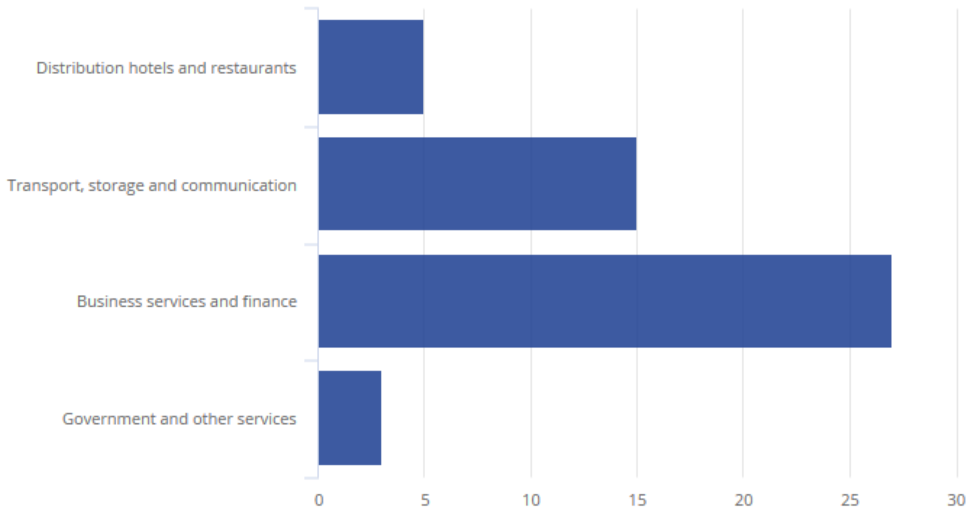
Figure 4: Establishment Dates of 50 UK Sharing Economy Businesses (2007 to 2015)



Source: Office for National Statistics (2016)

Figure 5 presents the classifications of the 50 sharing economy businesses identified by the ONS (2016) across a range of industry groups. They report that over half of these businesses had their primary business activity documented as 'Business services and finance', followed by 'Transport, storage and communication' where 15 of the businesses were classified.

Figure 5: Classifications of 50 UK Sharing Economy Businesses by Industry Group (2015)



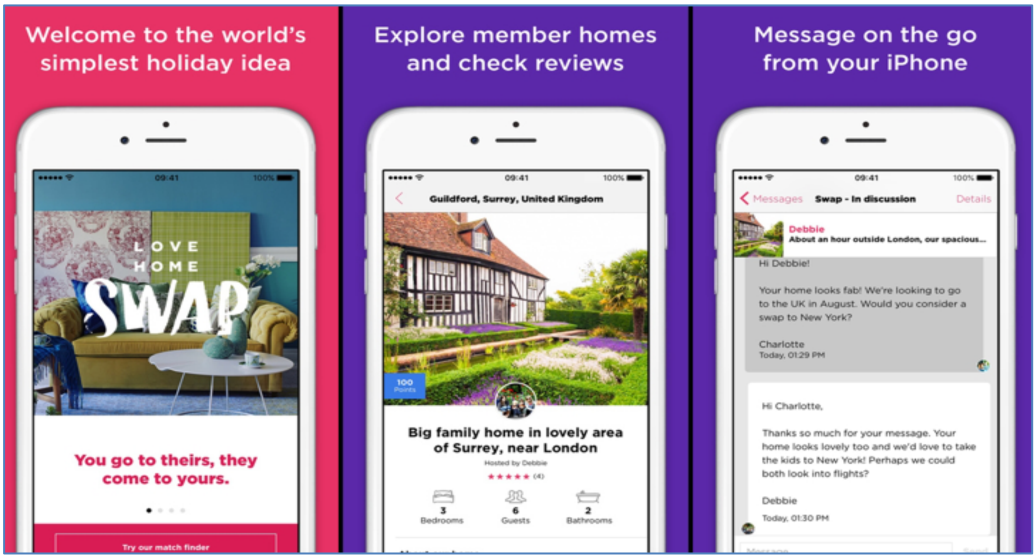
Source: Office for National Statistics (2016)

2.5. Some Success Stories in the Sharing Economy

The UK has embraced the sharing economy and has become a hub within Europe, having contributed to approximately a third of this activity in 2015. This growth in the sector and the UK's role as a hub is mainly reflected by being a digitally literate and entrepreneurial population and the UK's attractiveness as a location to incubate and accelerate sharing economy enterprises. To reflect this, there are numerous sharing economy success stories that are rapidly expanding beyond just UK shores, such as 'Lovehomeswap', 'JustPark', BlaBlaCar' and 'Hassle' (now Helpling). We explore some of these successes below.

Lovehomeswap

'Love Home Swap' (see: https://www.lovehomeswap.com/) is a home-swapping website enabling members to exchange and rent homes (see app below). It was founded in 2011 by Simon Walker and acquired by RCI for £40m in 2017.

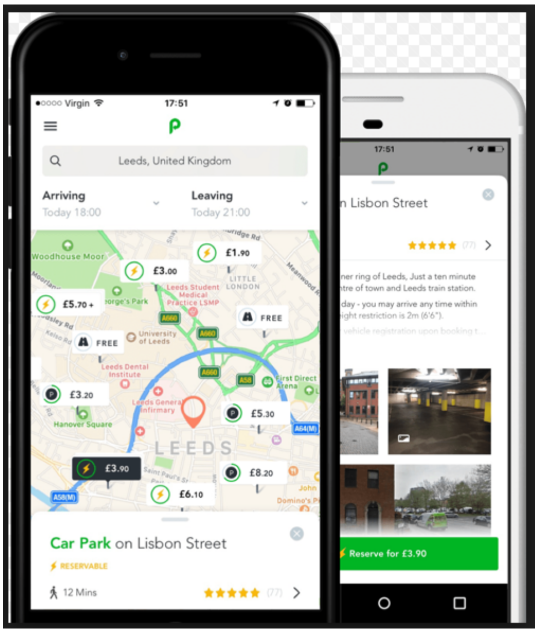


Source: Lovehomeswap

JustPark

'JustPark' is a technology platform that matches drivers with millions of available parking spaces at over 20,000 locations through its website and mobile application. Previously known as 'ParkatmyHouse', the company was founded in 2006 by Anthony Eskinazi.

The service lets drivers book via the app or website and includes commercial and public car parks in addition to private parking spaces, by 'allowing property owners to make money from their underused spaces by opening them up to drivers looking for parking.' (see: https://www.justpark.com/). The company's slogan is 'The Parking App: Find parking in seconds' (see app below).

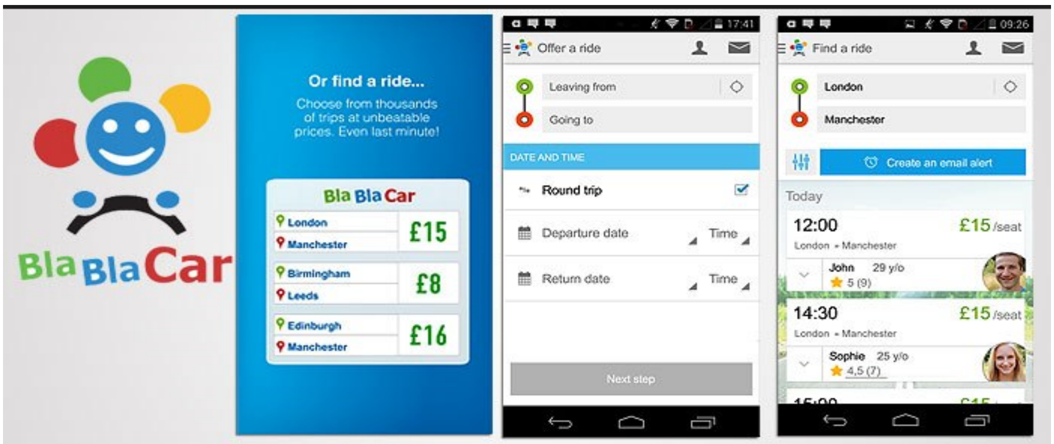


Source: JustPark

BlaBlaCar

'BlaBlaCar' (see: https://www.blablacar.co.uk/) is a ride-sharing service based in the UK and was founded by Frédéric Mazzella, Francis Nappez and Nicolas Brusson in 2006. It matches passengers or riders looking to hitch a ride with drivers who are interested in getting some help with fuel costs for long journeys by sharing the cost. Riders pay a set fee directly to the driver for a seat, which is enough to help with motoring costs and usually from 50% to 90% cheaper than a train.

The service is available in over 20 countries, the majority of which are in Europe (e.g. UK, Germany, France, Italy, and Spain) but also in other countries, such as India, Turkey, Mexico, and Brazil. Upon creating an account, members set up an online identity and, after leaving comments on their experiences with other members, develop a reputation. The business does not physically own any vehicles; it acts as a broker for each booking, receiving a 12% commission for the role it plays (see app below).



Source: BlaBlaCar

Hassle

'Hassle.com' was initially founded by Jules Coleman, Alex Depledge, and Tom Nimmo and was launched in 2011. It is a London-based online booking and payment platform that connects customers with pre-vetted local cleaners. In July 2015, the on-demand cleaning marketplace 'Helpling' (see: https://www.helpling.co.uk/) bought Hassle.com for £27m. The app is shown below.

Source: Helpling

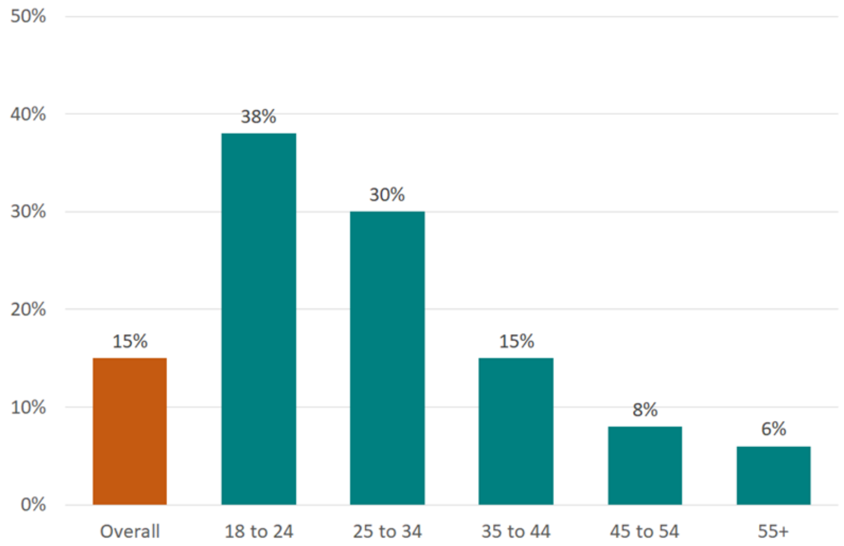
2.6. Drivers of the Sharing Economy

It is important to understand some of the key factors that are driving the increasing interest in the shared economy. First, the global financial crisis causing a 'credit crunch' had a significant impact on consumer buying behaviour in the UK with lower disposable income affecting consumer spending. Second, housing affordability, which has been well-documented in the media and also likely to have been discussed in many social settings, has had an impact on home ownership. The housing charity, Shelter, reports that house prices are currently at a level that is seven times people's incomes and it is the millennials (aged 18-34 years) who are finding it the hardest because, according to the Office for National Statistics (ONS, 2016), only 36% of those aged 25-34 years 'were homeowners in 2014, a significant drop from 67% in 1991.'

According to Baldwin (2017), 'millennials make up 23% of the UK population and are growing up quite differently to their elders, realizing that the prospect of home ownership is moving ever further out of their reach. Recent research suggests that less than half of those born in 1990 will be homeowners by the age of 40. While 54% do not think they will ever be able to afford a property without financial aid from family.'

Research by YouGov (2017) highlights that the sharing economy is mainly driven by millennials, with almost two in five aged between 18 to 24 (see Figure 6 below) although, according to PwC (2017), the fastest growing users are in the 50+ age group.

Figure 6: Consumers in the Sharing Economy by Age Group

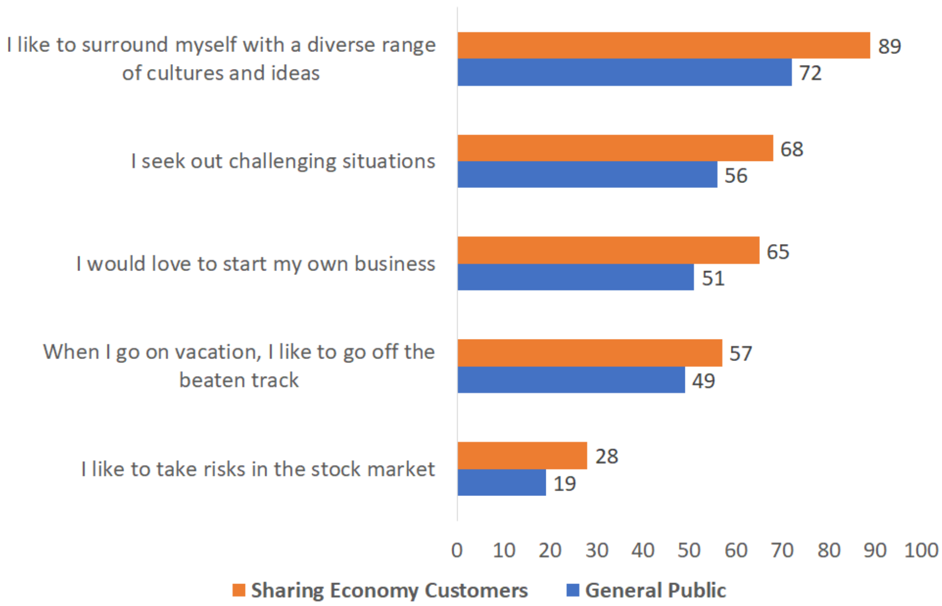


Source: YouGov, 2017

Other earlier research by YouGov (2016) also surveyed and identified the characteristics of UK consumers within the sharing economy and compared these with the public overall. They found that these sharing economy consumers were more likely to embrace diversity, and be more open to risk, adventure, and new ideas (see Figure 7 below).

Along with these characteristics, a higher proportion also indicated that they would like to start their own business (65% vs. 51%), which could have implications for the traditional banking approach and how sharing economy consumers will manage their finances in the future.

Figure 7: Characteristics of Sharing Economy Consumers



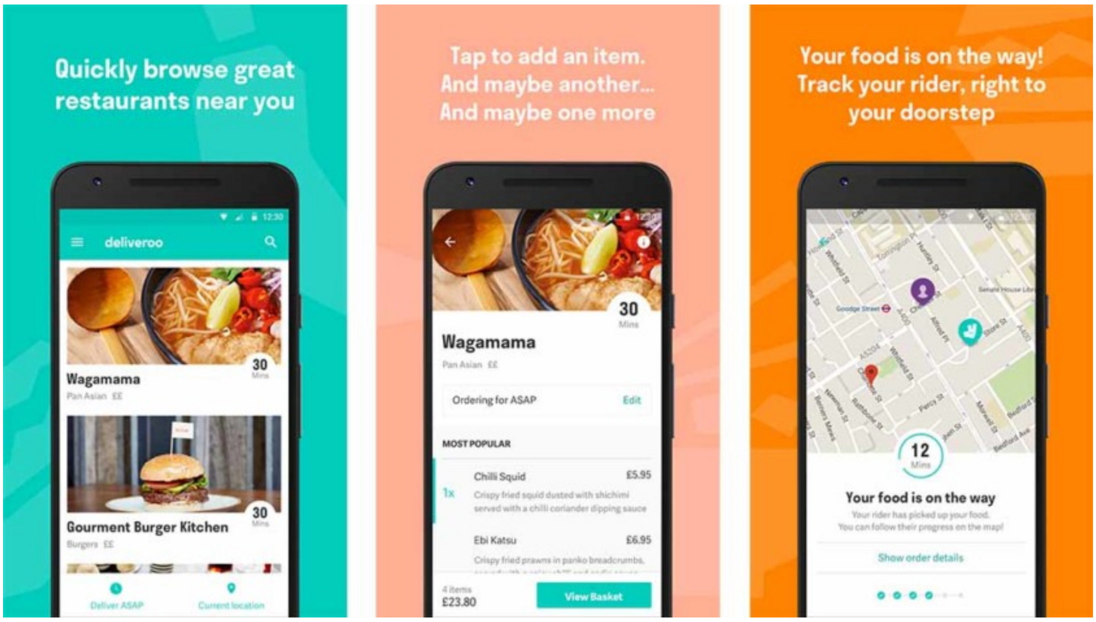
Source: YouGov, 2016

2.7. Future Growth in the Sharing Economy

The sharing economy is likely to exist and remain strong in the future. PwC (2017) 'expect the UK's sharing economy to expand at over 30% per year over the next decade, generating £18bn of revenue for platforms and facilitating about £140bn worth of transactions per year by 2025. European countries may see their sharing economy marketplaces mature and the UK will need to be conscious of this as they continue to grow.'

Looking ahead, PwC (2017) believe that peer-to-peer transportation is likely to remain the largest sector of the UK sharing economy as measured by revenues, driven by urban ride-sharing apps and parking sharing platforms that are growing at over 35% per year. Also, the collaborative finance sector will continue its strong growth as the UK establishes itself as a FinTech hub in Europe, with nearly £70bn of finance projected to flow through these platforms in the UK by 2025, up from £3bn today.

However, fastest-growing of the five sharing economy sectors is expected to be 'on-demand household services, which could see revenues expand at roughly 45% a year to 2025. The UK has driven the sector's strong development, with rapid take-up of on-demand business models in areas such as DIY tasks, dog walking and dry cleaning. The UK has also contributed one of the sharing economy's quickest-growing businesses' (PwC, 2016). In three years, London-based Deliveroo built a network of over 5,000 agents delivering restaurant food across approximately 70 cities in 12 different countries.



Source: Deliveroo

3. Business Impact

It could be argued that some of the early start-ups can no longer be classified as newcomers to the market due to their increased size and scale of operations. Indeed, they have rivalled or have even started to surpass their traditional counterparts. In this section, we report on the impact the sharing economy is having on three key sectors: banking and finance; the automotive industry; and retail.

3.1. Banking and Finance

In the financial sector, we are already seeing the impact of the emergence of P2P online platforms, for example, for payment transactions, lending and financing (e.g. Funding Circle). In principle, all the ingredients for sector-derailing disruption are there with new start-ups and fintech companies, offering products and services to clients who are less attractive to traditional banks – products and services that are moreover cheaper and more transparent. But the emergence of P2P platforms does not necessarily mean an abrupt end to today's key financial players. A recent study from the World Economic Forum (Cump, 2017) identified three different scenarios that financial institutions need to seriously consider, where some are more likely than others:

- Disruption that derails the sector: the traditional banks disappear and the market is taken over by P2P platforms
- Collaboration between traditional banks and P2P platforms, in which each party serves a different target group and focuses on its own strengths
- Traditional banks develop their own P2P platforms.

3.2. Automotive Industry

Many commentators deliberate on the belief that ride-sharing will lead to a reduced number of cars in use and, hence, quickly conclude that ride-sharing will have a negative impact on vehicle manufacturers and new sales. However, continuous technological advances in car design and their impact on the environment (e.g. emissions), along with safer more reliable vehicles, are always likely to entice owners to trade up to a newer model. Ride-sharers are more likely to have more confidence in a vehicle that is 2 to 3 years old rather than in one that is, say, 15 years old and beginning to show its age. Some possible scenarios include:

- Ride-sharing companies become big enough to acquire car manufacturers and shift their research and development emphasis towards reliability and cost reduction
- Ride-sharing prompts people to ditch their cars, thus having no need for a vehicle, and allows time for passengers to undertake other tasks whilst travelling
- Ride-sharing companies will demand vehicles that will become more and more homogenous, thus making it harder and reducing the scope to offer differentiated, niche products.

3.3. Retail

Consumer attitudes towards the ownership of things is changing, where – according to research from Hammerson (2017) - 64% of millennials would consider using the sharing economy in the future to rent products that they do not currently own, compared to 30% of over 35-year-olds, citing affordability and convenience as the main reasons. Such products include DIY equipment, sports gear and clothing. The concept of owning has also been challenged due to digitisation, certainly regarding DVDs, because much of it is now available on-demand (e.g. Apple TV, Netflix). Some possible scenarios include:

- Retailers going out of business by not seriously considering the products they sell, monitoring how consumer habits are changing, how they use products, and how much they are prepared to pay for them.
- Retailers develop a rental model to provide a fully stocked product to rent (e.g. a DIY toolbox), creating a demand and an opportunity to engage more and generate trust and loyalty among the customer base within a sharing community.
- Retailers put more effort into a personalised service delivery and begin owning platforms, creating greater convenience for customers allowing them to connect to the goods and services they need creating a greater customer experience.

4. Strategic Options for Traditional Businesses

To remain competitive in the future, doing nothing is not likely to be an option. Under certain conditions, the sharing economy could create win-win scenarios that benefit not just consumers but manufacturers too (Abhishek et al, 2018).

Zhang *et al* (2018) identified five strategic response options for companies established in the accommodation and package delivery sectors to online, platform-based sharing economy disruptors. Each of these response options is also likely to have implications for businesses generally.

1. **Strengthen-Business-as-Usual** - an established firm maintains its traditional business model while modifying its existing assets to better meet the needs of current customers, and to attract new customers in market segments with less competition from the sharing economy.
2. **Invest-Learn-Act** - an experimental strategy where an established firm invests in a sharing economy disruptor to learn more about its business model, potential success and customers' preferences. The learning might result in actions to improve or modify the firm's existing product or service offerings to better meet its customers' needs in response to sharing economy disruptors' threats.
3. **Step-Out-and-Partner** - an established firm can partner with a successful sharing economy disruptor from another industry to attract the disruptor's customers and offer new products or services to existing customers. The partnership also allows the established firm to access a largescale sharing platform's ecosystem.
4. **Hybrid** - an established firm incorporates varying degrees of a platform-based sharing economy model into its traditional business. This implementation of mixed strategies enables a firm to maintain its competitive position.
5. **Expand-and-Compete** - when a significant portion of an established firm's business model and/or operating philosophy already resembles a sharing economy model, it can grow and strengthen that portion of its business model to directly compete with sharing economy disruptors.

Some examples from the package delivery and accommodation businesses are highlighted in the table below (see Table 4).

Table 4: Strategic Options

Strategic Response	Example
1. Strengthen-Business-as-Usual	FedEx is growing the scale, delivery density and usage of its logistics network, especially in the global market, where competition from the sharing economy is less intense

2. Invest-Learn-Act	Hyatt invested in 'onefinestay' to learn about the sharing economy model and platforms and changing customer behaviour. UPS invested in 'Roadie' to learn more about the threats and sharing economy business model
3. Step-Out-and-Partner	Hilton partnered with Uber—a leading sharing economy disruptor in the taxi industry—to differentiate its services from competitors'. Hilton's guests can request Uber rides easily to destinations and get recommendations about restaurants and attractions based on data about Uber riders. Uber can also benefit from this partnership by attracting users from Hilton's customers
4. Hybrid	DHL, having early exposure to aspects of the sharing economy, is willing to modestly alter its business model to include some aspects of the sharing economy
5. Expand-and-Compete	Wyndham competes in the sharing economy with its expanded timeshare business, which it believes has the key aspects of the sharing economy business model. Leveraging this sharing economy potential with superior services, it seeks to achieve better synergy and brand effects across all three segments in which it competes

Source: Zhang et al. (2018)

5. Challenges Facing the Sharing Economy

Despite its impact, there are numerous challenges facing the sharing economy and we explore some of these in this section:

» Definition

There seems to be no clear definition of what the sharing economy means, although there are common attributes which help define it. Having clarity in defining the sharing economy is important as both supporters and opponents are demanding a set of pre-defined regulations to protect businesses and individuals alike.

» Lack of Information

There is little detailed information available on the UK's sharing economy, which can be discouraging because of the signs that it is growing rapidly, and because there is a void in terms of the evidence needed to effectively debate and develop policy. There is wide acknowledgement that there is a need for better data on the sharing economy and the wider digital economy with a call for the modernisation of statistics.

» Trust

The innate problem with many of the largest companies is that their business models are based on trust yet, by growing rapidly, they could easily forget that. Secondly, P2P platforms are often set up as a response to the dominance of key companies, such as the large banks. Crucial to the success of such platforms is mutual trust. The financial sector has organised itself around central players, precisely because they can provide that trust.

» Innovation

Rob Vaughan, economist at PwC, comments: 'Innovation will remain crucial to success in the sharing economy. Several established players branched out into new service offerings in 2016 and we expect them to invest significantly in these this year … The success of these new services will be an acid test of whether sharing economy platforms can eventually become the established leaders of their markets or will forever be known as the disruptors.'

» Risk of a monopoly

The threat of monopoly in the sharing economy is a genuine one. In the fairness of competition between platforms, regulations are required to empower users concerning the platform. For example, it should be made easy for users to switch easily between platforms and to transfer across their personal reviews/opinions and ratings from one platform to the other. This prevents users from getting tied into one platform, which can then extract most of the value generated by platform interactions and transactions. Most of all, the ownership of data generated by users through use of sharing platforms should be a major issue of regulatory concern.

» Unfair competition

Another criticism is that of unfair competition between existing businesses and the new platforms. Individuals offering goods or services to others on these platforms are competing with existing providers but are not necessarily constrained by the same rules and regulations. Despite growing criticism, most platforms do not seem eager to take the responsibility and to respect regulations. Notably, Uber has continued offering UberX despite court bans in various countries, and Airbnb only barely cooperates with municipalities in their aim to collect taxes and to help combat illegal hotels.

» The need for smarter regulation

Regulation is likely to determine whether businesses, such as Uber and Airbnb, will be assimilated into the sharing economy or not. An example is the regulatory process that the municipality of Amsterdam has instigated with Airbnb. The Dutch municipality wants to ensure that people only rent out their property on the occasions that they are away (sharing economy), rather than running a long-term, unregulated business like that of a hotel (not sharing economy). Its solution is to allow residents to rent out their homes for no more than 60 days per year. Customers are also required to pay a tourist tax via Airbnb, although this is proving difficult to impose, mainly because Airbnb does not wish to share its data with the municipality. The philosophy of the policy is, therefore, important in these situations: it is trying to regulate the rental of homes in such a way that it becomes part of the sharing economy. Without this regulation, Airbnb would be creating an incentive for illegal renting with negative consequences for local residents.

Despite how long Uber has been in existence, regulation is still largely lacking, yet many options for regulating UberX are possible. The discussions tend to be narrowly focused on what requirements UberX drivers must meet compared with regular taxi drivers - that is regulating Uber as a provider of taxi services. However, in cases where companies like Uber prominently present themselves as a sharing service, regulators should urge these companies to *organise* their services as such. In Uber's case, this would mean eradicating the on-demand taxi model it currently has and moving towards a supply-driven ride-sharing platform like *BlaBlaCar*.

» Classification of workers

Over the past few years, there has been significant global debate over the classification of workers either as independent contractors or as employees in the sharing economy. While Uber and Lyft have dominated recent attention, the worker classification debate extends beyond ride-sharing companies and affects workers in different sectors. Classification of a worker as an employee, rather than an independent contractor, brings with it a range of implications for worker treatment, exploitation and protection under labour law.

» Blurred lines between personal and commercial

Whilst the classification of workers is blurred, the lines between personal and commercial can also become blurred: for example, peer-to-peer activities, such as car-sharing, used to be considered as 'personal' yet using an online platform to organise this activity can commercialise it.

» Culture

The organisational culture has led to some issues regarding how the business is managed. Uber, prominent in today's sharing economy, is an example of this, where a former employee came forward claiming a culture of sexual harassment within the firm, which along with other criminal investigations into its operating procedures, led to the ultimate downfall of its then CEO, Travis Kalanick.

6. Future Trends

Critics of the sharing economy highlight its commercial nature, where the sharing economy has long been discussed with platforms such as Uber and Airbnb heralded as thriving examples. However, these companies would not appear to be interested in sharing the marketplace that they have created and, instead, aim to create monopolies that extract most of the value created by the users as corporate revenue.

Community Sharing

These critics believe that part of the solution needs to be a fundamental shift towards community sharing. Perhaps this is the 'real' sharing economy, where people share information, knowledge, skills and assets with one another in a way that creates additional value for all concerned. This is a model that is locally owned and is created to meet the needs of those in the local community.

These examples are often created by enthusiastic individuals and are currently small scale but, by becoming mainstream, they could tackle some of the problems major society faces including:

- **Financial hardship** - Redistributing surplus items that would have been wasted by local households helps save money; as does not buying things that are only used occasionally.
- **Environmentally** - Sharing maximises the value gained from existing resources reducing the pressure to constantly buy new things.
- **Socially** - Community sharing relies on trust, creating new bonds between communities. Sharing skills and knowledge builds stronger societies helping people become more independent.
- **Well-being** - Many people are living in smaller spaces. Not having to own so much stuff helps declutter homes giving more space for householders to enjoy.

This community sharing model, however, is still some way off mainstream debate, and once it happens, new thinking will need to emerge. Government at all levels needs to think about ownership of land, making more of it available for public good rather than private gain, which will be difficult to achieve. Businesses will need to explore new approaches to generate profit by offering services rather than products.

The Economy of Hours (or Echo for short), a job-share platform based in London, has a similar philosophy. Its network of more than 3,000 users trade their time and skills equally among themselves. An hour of one person's time is worth an hour of someone else's, regardless of whether it is a logo-design they are offering or a haircut. The 'Library of Things' is another example.

Inspired by lending libraries in Berlin and Toronto, the Library of Things (see: https://www.libraryofthings.co.uk/) was set up as an enterprise that shares high-end commodity products rather than having to buy them, and can include kitchen appliances, tools, gardening equipment and seeds, electronics, toys and games, art, science kits, craft supplies, musical instruments, recreational equipment, and more.

Source: Library of Things

These new types of collections can vary widely, and can go far beyond books, journals, and media that have been the primary focus of the library offering in the past. These borrowing centres and library collections are all a part of the sharing economy.

Cryptocurrencies

One of the biggest barriers for shared economy companies has been credit cards, which have suffered from often reported security issues and do not lend themselves to highly agile, flexible payment models. Cryptocurrencies, such as 'bitcoin', have risen to the fore in recent times and are used to secure financial transactions using strong cryptography as well as building trust. The next generation of sharing economy companies could be backed by cryptocurrency-like tokens.

Blockchain

Blockchain has its origins in bitcoin and is widely used in cryptocurrencies. It is a relatively new and innovative technology. Essentially, it is a digital ledger in which transactions made in bitcoin or another cryptocurrency are recorded chronologically and publicly. It is effectively a database that is validated by a wider community, rather than a central authority. It is a compilation of records that a 'crowd' oversees and maintains, rather than relying on a single entity, like banks or governments, which are more likely to host data on a central server. It has implications for banks as it could cut out the relevance of banks in the future as an intermediary.

7. Summary and Conclusion

The concept of the sharing economy is still in its infancy but it is a sector that has grown significantly within the last two to three years because of the global economic crisis and it is likely to grow exponentially in the future. We have highlighted some examples in this document but the sharing economy still faces its challenges and its critics and is unlikely to be a fad and, in time, is likely to develop into a business model that could replace traditional business models.

It is largely driven by millennials who are more likely to embrace diversity, new approaches and ideas, and who have grown up in the digital age. We suggest that traditional businesses will need to:

- Understand the potential impact and prepare themselves in terms of strategic options alternatives - to compete alongside or work with businesses in the sharing economy
- Keep on top of emerging technologies and on how transactions are likely to be completed in the future
- Realise that standing still is not likely to be an option.

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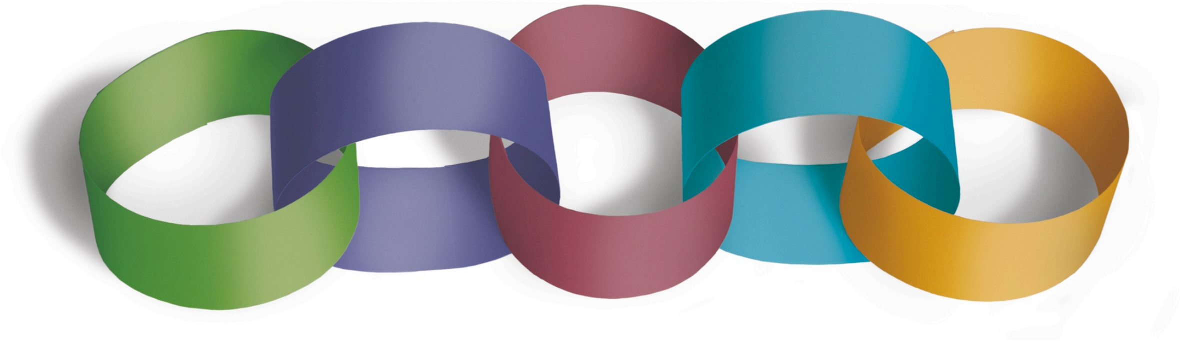

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