Unpacking the sharing economy
Today

- What is the sharing economy?
- How disruptive is it?
- What are the related opportunities and challenges?
What is the Sharing Economy?
What is the sharing economy?

- No shared definition or terminology
  - Crowdsourced (peer) economy
  - Access economy
  - Collaborative economy
  - Mesh economy
  - Gig economy
  - On-demand economy
Sharing economy landscape

9,731 platforms in 132 countries

http://meshing.it
What is the sharing economy?

- The way to engage households, individuals, businesses, government, non-government organisations, and their idle (or redundant) resources in collaborative [Co-]
  - production
  - distribution
  - consumption
- via on-line platforms and mobile applications
Types of ‘sharing’

“Pure” sharing economy
Temporary P2P access to underutilised physical assets

On-demand economy
P2P access to intangible resources

Second-hand economy
P2P transfer of ownership

Product service economy
B2C shared access

Adapted from Frenken et al, 2015
How disruptive is the sharing economy?
Disruptive innovation?

Criteria:

• a smaller company with fewer resources challenges established businesses

• targets overlooked segments – deliver suitable functionality frequently at lower price
  – **Low-end** market (less demanding consumers)
  – **New markets** (from non-consumers to consumers)

Christensen et al, 2015
Disruptive innovation?

Sustaining innovation?
Different value proposition

• discovering and experimenting with new value proposition

• a cost-effective and convenient access to underutilised or redundant resources (economic efficiency; unleashing dormant resources)

• an appeal to a different group of customers such as those willing to use/reuse someone else’s assets on a regular basis (potential sustainability benefits; behavioural change aspect; social benefits)

• a novel supply chain and operations model – customer operators (business efficiency – regulatory challenges)
What are the opportunities and challenges?
Sharing economy sectors
Platform-centric design

Isolated market places

Re-seller mediated market places

Platform enabled market places

Salminen, 2014
Platform-centric design

Provider/seller → Consumer/buyer

Sharing economy platform
• trust among strangers is key

• ‘reputation dashboards’ across platforms (similar to credit score) could help.

• Risks: “big brother society” - may not only restrict access to the sharing economy for certain categories of customers, but can also undermine their essential economic freedoms

• Conventional tools still matter such as insurance products: underdeveloped market infrastructure to support
## Monetisation models

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<th>Model</th>
<th>Monetisation</th>
<th>Resource flow</th>
<th>Through the platform</th>
<th>Outside the platform</th>
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Social and racial discrimination

• Consumers of lower socio-economic status may find it difficult to take full advantage of sharing economy services (Thebault-Spieker et al., 2015).

• Black service providers (in the case of Airbnb) may be discriminated against by consumers (Edelman and Luca, 2014).

  – Sharing platforms may be best positioned to detect and eradicate discriminatory practices by applying digital algorithms (Cohen and Sundararajan, 2015).
Geographical availability

• Mainly urban agglomerations due to business model rationale (assuming there are no issues with internet and infrastructure connectivity)

• Disadvantaged high risk areas may not be covered by insurance products and face higher prices
Social protection/exclusion

• Risk of downward pay spiral for certain type of tasks – market efficiency driven

• Especially relevant for those who make the sharing economy main job
  – Male, young, single, between 18-34 (The 2015 1099 economy report)

• Health/safety in workplace, social security (illness, overtime, pensions, unemployment/income reductions)
Concluding remarks

- Phenomenon driven by ICT technology
- May not always disruptive from the classic business theory point view (i.e. may not always target low end or create entirely new markets)
- May bring economic efficiency, unleash dormant resources, and generate entrepreneurship opportunities, but has certain risks too due its uneven distribution
Unpacking the sharing economy

**Upscaling in the sharing economy: insights from the UK** - Grinevich, V., Huber, F., Baines, L. and Eder, M.

http://eprints.soton.ac.uk/389358/

Grinevich, V., Huber, F

https://www.researchgate.net/publication/305325823_Organizing_upscaling_in_the_sharing_economy_a_typology_of_socio-technical_enablers_and_constraints