

Unpacking the sharing economy

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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

JustPark



9,731 platforms in 132 countries

<http://meshing.it>



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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



B2B sharing

How disruptive is the sharing economy?

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)





Sustaining
innovation?



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Different value proposition

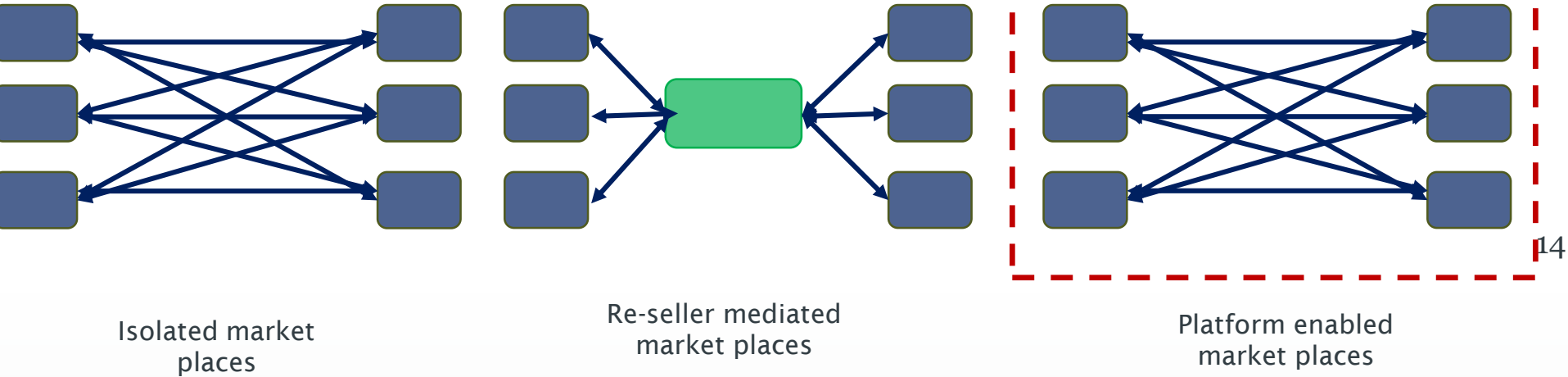
- discovering and experimenting with new value proposition
- a cost-effective and convenient access to underutilised or redundant resources (economic efficiency; unleashing dormant resources)
- an appeal to a different group of customers such as those willing to use/reuse someone else's assets on a regular 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?

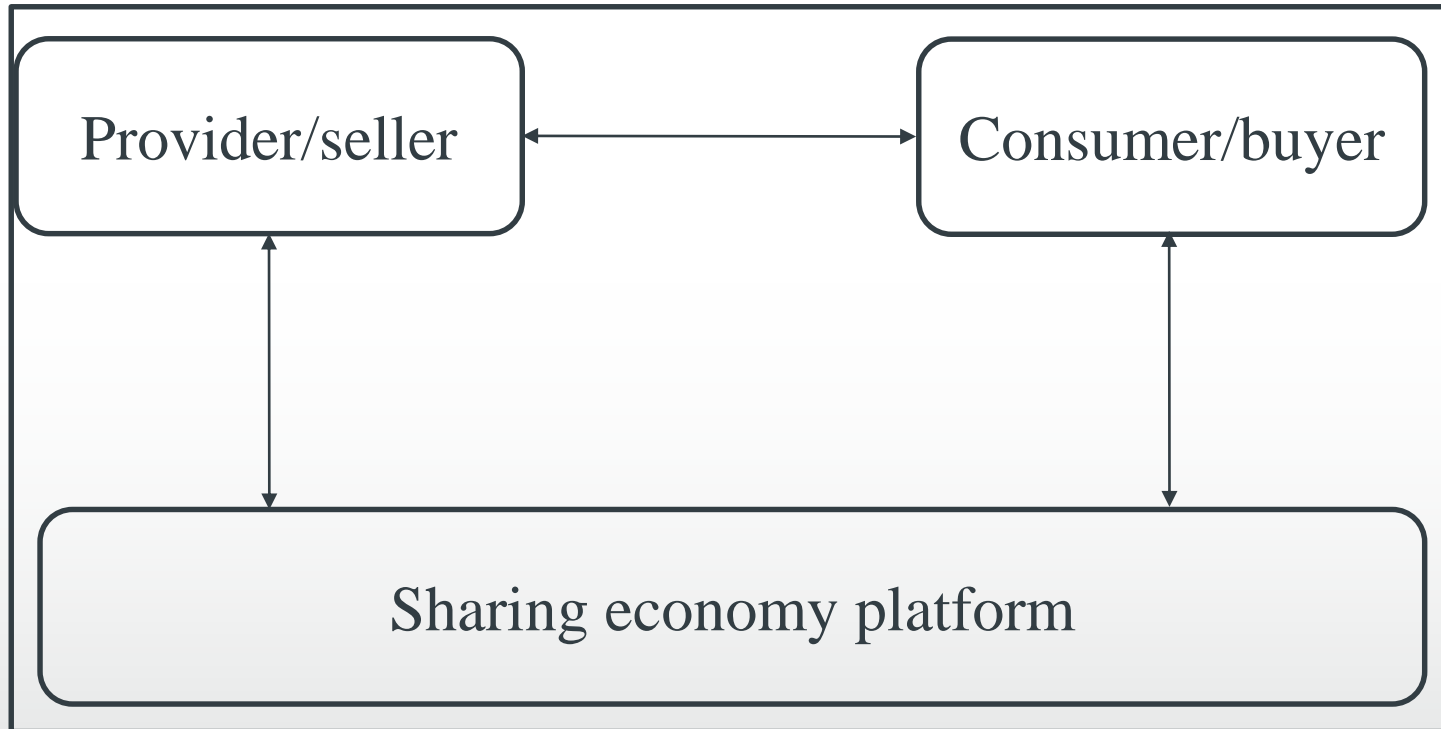
Sharing economy sectors



Platform-centric design



Platform-centric design



- 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 UNIVERSITY OF Southampton

Model	Monetisation	Resource flow	Through the platform	Outside the platform
1	?	Goods/services		✓
		Money	✓	
		Information	✓	
2	?	Goods/services	✓	
		Money	✓	
		Information	✓	
3	?	Goods/services		✓
		Money		✓
		Information	✓	

Monetisation models

Model	Monetisation	Resource flow	Through the platform	Outside the platform
1	Transaction cut	Goods/services		✓
		Money	✓	
		Information	✓	
2	Transaction cut	Goods/services	✓	
		Money	✓	
		Information	✓	
3	Subscription/paid promotion/lead generation fee	Goods/services		✓
		Money		✓
		Information	✓	

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)

- 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](#)