SHARING ECONOMY

Prof. Oksana Mont
Lund University, Sweden
FEATURES

ACCESS OVER OWNERSHIP

MAXIMIZING RESOURCE UTILIZATION

SHARING ECONOMY

DISTRIBUTED RESOURCES

DIGITAL PLATFORMS
CUMULATIVE FUNDING OF ASSET-SHARING START-UPS SINCE 2010 GLOBALLY

Cumulative funding for asset-sharing startups ($billions)

- Ride sharing
- Accommodations
- Workspace, storage, delivery and logistics
- Vehicle sharing
- Fashion
- B2B (including machinery and equipment)
- Other

(WEF 2017)
A survey of 3,000 US citizens and 130 public-service leaders found that two-thirds believed sharing could lead to identical levels of user satisfaction as ownership (Accenture, 2016).

In China, the government promotes sharing to “improve efficiencies in resource usage” and “[make] people more affluent” based on Frenken & Schor (2017).
URBAN SHARING ORGANISATIONS

PLATFORM

PEER PROVIDER

PEER USER
URBAN SHARING ORGANISATIONS

- Web – or app-based
- Platform revenue is mostly based on fixed or variable commissions, which vary from 1 to 2 %, for peer-to-peer lending, to up to 20 % for ridesharing services.
- Irl platforms and markets are often non-profit

**PLATFORM**

**PEER PROVIDER**
- Asset owners
- Flexibility in deciding own working hours
- 85 % of the gross revenue of platforms goes to its providers

**PEER USER**
- User-based rating systems for quality control
- Pay for product/service, platform fee, etc.
CHALLENGING PREVALENT INSTITUTIONS

not a corporation that owns production assets and has traditional innovation cycle, periods of cooling and getting warm again

Tiny smart start-ups with great idea that escalate exponentially due to large venture capitalist investments.

OR

Small local non-profits without growth aspirations

not a profession with defined features

not a state who controls quality

PEER PROVIDER

PEER

PLATFORM

PEER USER
Ten-year-old Etsy has 19 million active shoppers, doesn’t own a single factory, warehouse, or showroom, had an IPO for $3.3B

Eight-year-old Lending Club has issued over $7B in P2P loans, doesn’t own a single bank, branch or ATM and is valued at $7B

Seven-year-old Airbnb has over 23 million guests, doesn’t own a single bed, bath, or bar, and is valued at $20B

Six-year-old Uber had 140M rides in 2014, doesn’t own a single taxi, cab, or town car and is valued at $40B

In the next 10 years, PwC predicts the Collaborative Economy will grow from $15B Revenue to $335B Revenue

Data compiled on April 2015, by @jowyang, learn more at CrowdCompanies.com
MARKET ORIENTATION

• For-profit - Fast expansion and economic rationale *It is hard for them to maintain sustainability aspirations as they are responsible to their investors and Boards who push for return on investment and not for sustainability.*

  "For-profit sharing does not create social belonging or social capital. The interests are mostly financial on for-profit platforms: “It’s not in their DNA”"

• Non-profit – Low or no growth ambitions, often ideologically driven – small scale, hard to survive economically. Have environmental and social aspirations that they vigorously maintain when positioning themselves.
### BUSINESS MODELS OF PLATFORMS: ACCOMMODATION SECTOR

<table>
<thead>
<tr>
<th>Free</th>
<th>Reciprocal</th>
<th>Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warm Showers</td>
<td>HomeExchange.com</td>
<td>Airbnb</td>
</tr>
<tr>
<td>Welcome</td>
<td>GuestToGuest</td>
<td>9flats.com</td>
</tr>
<tr>
<td>TRUSTROOTS</td>
<td>behomm</td>
<td>onefinestay</td>
</tr>
<tr>
<td>couchsurfing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MARKET STRUCTURE

• Peer-to-peer
• Business-to-peer
• Business-to-business
• Government-to-peer
• Government-to-government

CULTURALLY DETERMINED DIVERSITY
• Diverse stakeholders
• Different issues
• Policies
• Norms
### Motivations for Sharing for Different Actors

<table>
<thead>
<tr>
<th>For Users</th>
<th>Economic</th>
<th>Social</th>
<th>Environmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recession driving people with financial difficulties to revisit consumption patterns.iii</td>
<td>Expanding their social circle with like-minded new connections.</td>
<td>Leading a healthy lifestyle.</td>
<td></td>
</tr>
<tr>
<td>Access to superior quality goods that are too costly to own.</td>
<td>Altruistic reasons.</td>
<td>Engaging in environment-friendly, sustainable consumption practices</td>
<td></td>
</tr>
<tr>
<td>For Providers</td>
<td>Monetary benefits from capitalizing on idle capacity or unused asset.</td>
<td>Establish a network of loyal customers for repeat transactions.</td>
<td>Increased environmental consciousness, where not utilizing spare capacity is perceived as counterproductive to sustainability.</td>
</tr>
<tr>
<td>Self-employment or freelancing opportunities with flexible working hours.</td>
<td>Access wider markets with higher transaction volumes through user recommendations.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tap customer base in creating new market offerings</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CITY ROLES IN SHARING

Supporting
Regulator
Governing by authority

Penalising

+ Promoter
- Inhibitor

+ Partnering
Communicating
Match-making

Hosting
Investing

Provider
Governing by provision

Consumer
Self-governing

Enabler
Governing through enabling

Not granting
Withdrawal

Ignoring
Disabling

Source: Developed from Zvolska, Lehner, Voytenko Palgan, Mont, Plepys 2018 (based on Bulkeley & Kern 2006, Kern & Alber 2008)
SPECTRUM OF CITY ACTIONS: MALMÖ

- - - 0 + ++

Prohibit
Discourage
Neutral
Encourage
Support

Large disruptive USOs
"They will institutionalise themselves"

Local business USOs with potential for improved collaboration

Non-profit USOs that deal with social integration and justice

Voytenko Palgan, 2018
HOW CITIES ENGAGE WITH SHARING?

**Seoul** has top-down driven sharing economy program, backed by resources and 60 people department promoting sharing economy.

**London** has many bottom-up activities, industry association and city council that is looking into the sharing economy for public services and municipal organisations.

**San Francisco** has a vibrant scenery of mostly for profits.

**Berlin** has many non- and for-profits, city supports mostly for-profits, “top-down is dead”
LEVELS OF MATURITY

- **Emergent** - new business models are emerging in some sectors (e.g. storage space sharing), but are more or less established in others (mobility and accommodation – stage of settling);

- **Immature** – high competition, many start-ups, the society is learning about the effects of SE and how to accommodate it including regulation;

- **Dynamic** in terms of opening new markets and high level of competition with incumbents, with new SE businesses and between local and global players.
ONGOING PROJECTS ON SHARING AT THE IIIEE
ONGOING PROJECTS

Urban Reconomy
Collaborative consumption and production for circular resource efficiency

Sharing and the City

Sharing Cities

Sustainable consumption – from niche to mainstream

Sharing Potential

Urban Sharing

URBAN SHARING
From Excess Economy to Access Economy

Resource-Efficient and Effective Solutions based on circular economy thinking
Interrelations Between Product and Service Design, Business Models and Policies for REES

Large companies
- Attends Healthcare
- Ericsson AB
- Stena Recycling AB
- Volvo Group
- Volvo Car Group

Small and medium size enterprises
- Godsinlösen
- HTC Sweden AB
- Inrego AB
- Off2Off
- Polyplank AB
- Qlean Scandinavia AB
- Ståthöga MA teknik AB

Public and non-profit organisations
- StplIn
- Din fabrik
- Lund municipality
- Malmö municipality

Academic partners
- Linköping University
- Lund University
- Chalmers University of Technology

2015-2019 MISTRA
In what way do collaborative consumption and production contribute to closing material urban loops?

+ Snap-shot case studies in London, Berlin, Barcelona

Malmö  Copenhagen  Helsinki

2015-2019, FORMAS
URBAN SHARING
FROM EXCESS ECONOMY TO ACCESS ECONOMY

**DESIGN**

to examine the ways in which USOs are designed

**PRACTICES**

to study the sustainability of USOs practices

**PROCESSES**

to develop a deeper theoretical understanding of institutionalisation processes of USOs

London

Berlin

San Francisco

Riksbankens Jubileumsfond 2016-2018
# SUSTAINABLE CONSUMPTION
FROM NICHE TO MAINSTREAM

## REDUCE

## SHARE

## EFFECTIVISE

### Air travel

- Meat consumption
- Furniture & home textiles

### Table

<table>
<thead>
<tr>
<th>Private sector</th>
<th>Food practices</th>
<th>Furnishing practices</th>
<th>Vacation practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICA, Oatly, Food for progress, Max Burgers</td>
<td>IKEA, Hemtex, Svenssons i Lammhult, Retuna, Erikshjälpen Second Hand</td>
<td>Stena Line, Vingresor, The West Sweden Tourist Board, VisitA, Centralens Resebutik</td>
<td></td>
</tr>
<tr>
<td>Camino Media Cooperative</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Public sector</th>
<th>Food practices</th>
<th>Furnishing practices</th>
<th>Vacation practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>The National Food Agency</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Civil society</th>
<th>Food practices</th>
<th>Furnishing practices</th>
<th>Vacation practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Swedish Society for Nature Conservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Swedish Tourist Association</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>