What are the drivers of the sharing economy and how do they change the customer behaviour?

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Date of completion: June 24th, 2015
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1. Introduction

The global economy as we used to know is no longer a stable fact; it is rapidly changing everywhere and every minute (Bales, 2012; Gilpin & Gilpin, 2000; Grossman & Helpman, 1993). One of the most prominent trends observed is the shift from possessing and owning assets like a house, car or even dress towards sharing them (Estrin & Weitzman, 1985). This economic model allows people to borrow or rent and enjoy the use of underutilized assets owned by someone else. The higher the value of the asset is, the higher the chances that this transaction will occur when it is not fully utilized by the legit owner (Radcliffe, 2014).

This new trend is affecting many aspects of our daily lives in one-way or another. Groceries are being delivered by Instacart (Instacart, 2015), daily annoying or time consuming tasks can be outsourced with help of Taskrabbit (Taskrabbit, 2015), rooms and entire houses can be rented out via Airbnb (Airbnb, 2015) and even your car could be shared with others (Blablacar, 2015). These companies have recognized this trend and perceived it as a new opportunity.

This so-called sharing economy or collaborative consumption has been developing rapidly over the past few years and still continues to grow every day. But what are main drivers of this new economic model and how does this influence our customer behaviour.

This paper tries to understand what the main underlying drivers of the sharing economy are as well as how these drivers change the customer behaviour. This will be done by first analysing different industries in chapter 2. Then we will look at some major players and analyse them in more detail. In chapter 4 we will look at how this new economy is influencing customer behaviour. Next we will discuss the main challenges this industry faces and further considers overall implications. This paper ends with its conclusion.
2. Industry overview

The sharing economy has already been rapidly disrupting many current industries and will continue its path of disruption in many more industries. In 2015 the main sectors in the current sharing economy have generated a stunning $15 billion in revenue (PwC, 2015). It is expected that in 2025 more than $335 billion in revenue will be generated by the main industries in the sharing economy (PwC, 2015).

It is no surprise that we expect this huge increase in growth for the coming years. The beginning of the rise in the sharing economy goes back to the economic crisis. People got unemployed, their purchasing power decreased and also their perception of traditional businesses changed (Dervojeda, Verzijl, Nagtegaal, Lengton, Rouwmaat, Monfardini, Frideres, 2013). This development in combination with other key drivers that lie at the heart of the shared economy, led to the fast growth in this new way of doing business.

Digitalization is one of the key drivers behind the sharing economy and this phenomenon will continue to foster as well (Molenaar, 2015). Because of digitalization business within the sharing economy now have the possibility to reach a much broader audience, which is crucial for the services they are offering (Dervojeda et al., 2013). Consumers depend on other consumers (C2C) and they create value for each other. Platforms that encourage and establish such a connection are called multi-sided platforms.

Another key driver is the fact that many parties are willing to heavily invest in sharing businesses. Public as well as private companies are seeing the potential of the sharing economy and many of the sharing economy startups are even part of accelerator or incubator programs (Dervojeda, et al., 2013).

Technology is also a strong enabler of these new online platforms (Molenaar, 2015). With the rise of mobile devices and the increase in technological safety, location based search options and safer transactions (PayPal) became a fact. This will become clear when we talk about Uber and Airbnb.

This chapter will cover three main industries that have been disrupted by sharing businesses and their models. We will elaborate on the hospitality industry, the automotive industry and the retail and consumer goods industry.
2.1 Hospitality industry

The main player in the hospitality industry is without no doubt Airbnb. “Airbnb is an online community marketplace facilitating short-term rentals ranging from shared accommodations to entire homes” (Zervas, Proserpio, Byers, 2014: 1). With more than over ten million worldwide bookings, 50.000 renters and currently valued at $24 billion, Airbnb is challenging the current hospitality companies like hotels, hostels and motels (PwC, 2015; Winkler & Macmillan, 2015). This is no surprise if we look at the research conducted by Zervas, et al., (2014). They have identified a significant negative correlation (in Texas) between the penetration of Airbnb and hotel revenue. In addition, Boston University showed a research in which it showed that a 10% increase in Airbnb supply led to a 0,35% decrease in hotel revenue (Borison, 2015). Recent research from PwC shows that around 4,6% of the population in the US has already been using a service related to the hospitality sharing economy and 1.4% has taken the role to provide spare space (PwC, 2015).

Of course, there are some other players fighting to get a piece of the pie. Roomorama, Wimdu, BedyCasa, CouchSurfing and HomeAway are examples of companies that offer a more or less similar service as Airbnb. Looking more precisely at the other players, CouchSurfing was one of the first offering a service in which members were able to stay as guests at providers who had spare space left. CouchSurfing started as a non-profit company in 2003 and in 2009 had more than over a million members (Coca, 2015). In 2011, CouchSurfing made a shift by going private and this greatly influenced CouchSurfing’s image (negatively). Although, the actions taken by this new CouchSurfing to scale led to an increase in members, it also brought many unsatisfied customers (Coca, 2015).

HomeAway, also pretty similar to Airbnb, is an Inc. based in Texas, offers only entire houses/homes instead of only rooms. With more than over 1 million properties in 190 different countries HomeAway is one key competitor of Airbnb (Homeaway, 2015). You could say that in one way or another HomeAway is targeting slightly different customer segment by offering entire accommodations. People who rely more on their privacy and rest may prefer HomeAway instead of CouchSurfing or Airbnb.

A final player is Roomorama. Roomorama, which offers more than 300.000 rentals around the globe, is based in Singapore and provides again a very similar service compared to the other players in the hospitality industry (Roomorama, 2015). They mainly focus on the Asian market, but are slowly targeting the European as well as the American markets. Their transaction process works with handing in a specific code when the C2C service is finished.
and just like most of the other players they generate revenue through booking fees (Faust, 2011).

Although, most players do give a bit of their own twist to the Hospitality industry (compared to Airbnb’s business model), the essence remains the same: offering accommodation (C2C). The winner however for now is Airbnb.

Although, Airbnb offers consumers the possibility to rent rooms, apartments and houses at relatively cheap prices and in addition offers a more local and unique experience, people still prefer to visit other hospitality companies like hotels. The main reasons for this are less flexibility, trust issues, security problems and hygiene (PwC, 2015).

With the rise of Airbnb eventually some questions were raised with regards to legislation. Landlords and hotel-industry insiders are blaming Airbnb for “evading established systems of regulation” (Kaplan & Nadler, 2015). Housing laws and taxation rules are the prime legislation issues that Airbnb is facing. However it is still vague what law and rule applies to Airbnb. The main reason for this is because Airbnb operates in more than hundreds of different countries, making it difficult to define one single legal document that covers all legislation problems (Kaplan & Nadler, 2015). Later on we will discuss this more specifically.
2.2. Automotive industry

The automotive industry has been overwhelmed by the new possibilities the sharing economy offered. Car-sharing, carpooling and also parking space sharing are all part of this new C2C model in the automotive industry. With the rise of electric cars (like Tesla’s cars) there is even a new development being introduced: sharing (car) charging stations (Plugshare, 2015).

In 2015, 1% of all adults offered some form of sharing in the automotive industry and 8% made use of an automotive sharing service (PwC, 2015). It is expected that the car sharing industry will exceed the $10 billion by 2020 (Team, 2011).

When there are winners there are also losers. A research conducted by Alix Partners in 2014 showed that the car manufactures have been missing out on 500,000 car sales due to the impact of car sharing companies (Le Beau, 2014). Additionally they predict that in 2021 a stunning amount of 1.2 million car sales will be avoided thanks to car sharing (Le Beau, 2014).

What is pretty interesting to notice is that some car manufactures are pursuing this initial car sharing threat as an opportunity. For instance BMW has created a partnership with Sixt in which they created DriveNow, a company that provides premium car-sharing services in some cities across North America and Europe (Boeriu, 2011). Also Daimler (part of Mercedes-Benz) has created a subsidiary called Car2Go. Car2Go is also a car-sharing company that only offers two passenger (electric) vehicles and charges customers by the minute (Steinberg, 2013).

Although car-sharing and carpooling are relatively old phenomena (Steininger, Vogl, Zettl, 1996; Teal, 1987), it is only in the last decade that an enormous increase in popularity has been noticed within the automotive industry. Of course the above-mentioned business models like carpooling and parking lot sharing play a key role here. However, there are other main drivers for this increased popularity, which will be identified later on in this paper.

Uber, Blablacar, Zipcar and Justpark are among the key players in this rapidly changing automotive (sharing) industry. Zipcar, founded in 1999, was one of the pioneers with regards to car-sharing (Eha, 2013). In 2012 Zipcar had over 767,000 members, 700 employees and 11,000 cars available (Eha, 2013). The company offers automobile reservations (via mobile devices) and generates revenue via memberships and reservation charges. Mainly operating
in North America and the U.K., this disruptor growing rapidly and enters new market on regular basis. Compared to for example Uber (which will be described next), Zipcar does not have to cope with legal issues.

The all-famous Uber is well known for its endurance and protest in current society. Valuated at an incredible $41 billion, Uber is one of the fastest growing startups on the planet (Ramadan, Lochhead, Peterson, 2014). Created in 2009 Uber offers consumers an application in which they can order a cab. The cab driver can be anyone who is registered to Uber’s platform. Uber generates revenue by taking a commission between 5% to 20% commission. It is expected that Uber will generate around $10 billion in revenues and $2 billion in profit by the end of 2015 (Shontell, 2014).

Operating in more than 45 countries and 205 cities around the world, it is no surprise that Uber is facing sever legislation issues (Pullen, 2015). Because in some countries Uber drivers are seen as taxi drivers, this means that they needed to be addressed like them. This means that the Uber drivers need have insurance just like cab drivers. Also some countries (like the Netherlands) obligate cab drivers to have a taxi permit/license. Besides all these legislative challenges the main resistance and endurance comes from taxi companies and cab drivers. They see that a service sharing platform like Uber is highly competitive and means their jobs are in danger. We will briefly refer back to this later on.

Another player in the sharing automotive industry is Blablacar. Blablacar, which has the largest long-distance ridesharing community (Wauters, 2015), offers a platform where passengers and drivers that have to go to more or less the same location (or direction), can connect with each other and split the fuel costs. With over 20 million users spread over 19 different countries Blablacar is one of the biggest players in the carpooling industry (Picker & David, 2015).

The above-mentioned changes in the automotive industry are just the tip of the iceberg. In addition, from all the different industries that have been “disrupted” by C2C or sharing economy initiatives, consumers show that they want the automotive industry to succeed the most (PwC, 2015). Companies like Apple and Google are also joining the industry with autonomous cars.
2.3 Retail and consumer goods industry

Just like you are able to share your car with anyone you like, a new trend has arrived in which people also share, rent or sell their personal belongings and their assets. The things that are being shared ranges from cloths to special equipment to books. It is difficult to calculate how big these specific industries are because they cover for-profit, non-profit business models as well as social enterprises. There are some companies, especially the ones focussing on retail products, that do have a model in which they generate revenue through certain commission fees.

The main driver behind this new trend is the fact that people are willing to reduce waste and save cost. Why buying new cloths all the time when you could just get them very cheap on Poshmark? Or why buying a completely new chainsaw or book when you can borrow those items from your neighbour via Peerby. “78% of consumers agree that the sharing economy reduces waste” (PwC, 2015:21). Moreover, 40% of consumers offer goods in this sharing industry (PwC, 2015).

Of course this sharing retail and consumer goods industry is beneficial for consumers it might be a nightmare for retail companies. There might be a big chance that the customer journey could be affected (Molenaar, 2015). If consumers need to have for example a specific tool to repair their Macbook, they maybe first would look up on sharing platforms if they can find it through there, instead of going to the nearest shop which sells that specific tool. There are already signs that retail is losing ground. The holiday sales in 2014 declined with around 0.9% due to this new sharing industry (PwC, 2015).

The amount of companies operating in the sharing retail and consumer goods industry is enormous. Peerby for instance is a Dutch-based company with over 100.000 users every month, offers a platform on which neighbours can ask each other for specific items they need (van Oerle, 2014). This can be anything they need from ladders to gardening tools, the possibilities are endless. Peerby mostly operates in Europe but has recently received a €1.7 million investment to expand his operations to the United States in which it want to be actively present in over 50 cities (Moerman, 2014). Like many others, Peerby have not made any single dollar of revenue yet. We will cover Peerby a bit more deeply more in the next chapter.
Another interesting company in this sharing industry is Yerdle. Yerdle offers an application in which it allows people to exchange goods for credits, it is a bit similar to what Ebay does but no actual money is involved. Based in San Francisco Yerdle as well does not have any revenue generated whatsoever. Yerdle wants to motivate consumers to reduce the purchase of new goods with around 25% (Werbach, 2014). In a reusability report it is mentioned that the current household in the U.S. buys for $1 trillion of goods. Yerdle wants to replace a quarter of this amount ($250 billion) with their mission (Werbach, 2014).

Postmatch focuses solely on the sharing/selling of clothes between consumers for relatively low prices. Having raised over $47 million, 10 million listings as well as 700,000 sellers, this company can be seen as one of the big players in the sharing retail industry (Griffith, 2015). Postmatch takes a 20% commission from every sale meaning they were able to generate a profit of approximately $3.4 million (Griffith, 2015). Poshmark wants to slightly adjust their business model by not only offering secondhand goods, but also new goods.

A final company we will briefly cover is Etsy. Etsy is a platform that offers members the possibility to sell handmade, vintage or uniquely manufactured items to other individuals. The items being sold on Etsy are toys, jewellery, vintage items, cloths, fashion items, beauty products, the items being offered are numerous and versatile. With over 54 million members, 19.8 million buyers, 1.4 million sellers and revenues near $2 billion, Etsy also can be classified as a major player in the sharing economy (Nagarkar, 2015). Just like Postmatch, Etsy earns revenue through a commission of 3.5% from every sale. Furthermore they also earn revenue through a listing fee of $0.20 per item. Even though the above numbers are quite impressive, Etsy is not profitable right now. Recently they went public and collected $16 a share and raising a total of $267 million (Egan, 2015).

Compared to the previous two industries, the retail and consumer goods industry does not experience any legal resistance from other parties. No significant legislation problems have occurred yet and besides that the industry seems to grow every day and covers a broader range of industries at the same time.
3. Business models

This next chapter will zoom in on three key players in today’s sharing economy. We will do this by presenting and explaining their business models. The three companies all operate in one of the in chapter 2 mentioned industries. Also we will make a short comparison between the three different business models.

3.1 Business Model of Airbnb

Since Airbnb is the biggest and most famous player, it is interesting to have a closer look at their business model. Therefore their business model got analysed and the overall findings are shown in the business model canvas (see figure 1).

As a platform that connects travellers to local accommodation, Airbnb works as a connector between guests and host (Airbnb, 2015). Thus, their customer segment can be divided into these two types. The guests are budget and business travellers, but also people who want to have different experience while travelling. With their service they offer a trusted community marketplace, where first of all the hosts can list their unused places and therefore monetize them, and second of all travellers can book unique places to stay for an affordable price. The listings include tree houses, castles and basic rooms. Moreover, user of their website and app can customize their search by price, room type, property type, host language and so on…. Additionally a rating system increases the trust of travellers and further clarifies what they can expect in each location.

Further, Airbnb communicates with its customers mostly via online channels e.g. via their website, App, social media channels such as Facebook, Youtube or Twitter. It also uses paid advertising such as banners and affiliates to attract new customers. Additionally, registered users are able to refer their friends via a special URL, so that they will receive a discount. The customer relationships are also mostly online. Via their high-performing website and App, they provide fast and reliable customer service. For emergencies, problems or other incidents they also have 24/7 online support as well as via phone. Moreover, to promote Airbnb and strengthen the overall community feeling, they also send out local ambassadors who keep direct contact to the hosts in most big cities.

The Airbnb model generates revenue through commissions. Firstly, when booking each guest pays 6-12% service fee to Airbnb, secondly, from the hosts they get additional 3% of the overall booking fee.
Airbnb has key digital resources such as their online platform and App. Furthermore, a key resource is their community and moreover, the listings. Finally, since Airbnb is such a big and well-known name, their brand value is another of their key resources.

Since all the business activities of Airbnb occur through their website, one of their key activities is to develop and maintain this online platform. Further, they also need to engage in marketing activities online via banners and affiliates, as well as offline by taking pictures from the locations that they use to better promote their listings and also by engaging in community events such as cooking evenings.

Airbnb is further backed up by strong investors such as Greylock Partners, Sequoia Capital and Y Combinator who supported Airbnb as a start-up initially. For their marketing activities they work together with local photographers and traveler communities and networks. Moreover, in order to make their system work on a global basis, they are also very well connected with online payment providers such as PayPal and Western Union.

The ninth box of the business model canvas presents the cost structure of Airbnb. Most of their costs are directly linked to their key activities such as maintenance costs for their platform, marketing costs and business development costs. Further, since they want to offer a trusted community marketplace, they need to pay for the safe online payment methods and additionally, for insurances that take over costs if something happens to the rented apartments. Whereas the secure online payment system serves as a trust increaser for travelers, the insurance strengthen the trust of hosts in the overall Airbnb system.

Figure 1. Business model canvas of Airbnb
3.2 Business Model of Uber

In the Automotive sector, Uber is the most famous example of a shared economy company. Therefore, special attention was paid to this company and their business models analysed and presented in figure 2.

Uber disrupted the taxi industry by offering exclusive, certain and convenient transport at affordable prices to their users that are mostly young people, but also business travellers who can order this service on demand (Uber, 2015). Further, for its second customer segment, the drivers who are existing drivers with a privately owned car, they offer their service to monetize their unused resources, the car.

Both of their customer segments are reached via their App. Additionally the drivers can also register via their website, but in order to make the business model work, both parties, users and drivers need to have Uber’s App. Moreover, Uber highly advertises its service in social media such as Twitter and Facebook to address their target customers and promote their service. Uber further offers 24/7 good and trusted customer relationships to their users. Interestingly they have no committed relationships to their driver. This means that the driver can drive and work for Uber whenever he wants and has no fixed working hours.

Further, the revenue structure of Uber incorporates two specialities. In general Uber generates revenue via a commission-based income. However, the specific rates can be very flexible and can range up to 30%. Moreover, they use so called “surge pricing”. This pricing system matches supply to demand. It works as an incentive for drivers to drive when the demand is high e.g. when special events end or when it rains.

Uber’s key resources are clearly its platform and App. It wouldn’t work without the App, but also not without the listings and the overall community of drivers and users. Additionally, also the brand name of Uber helped their geographical expansion and the increase in customers. These key resources also match with their key activities which focus on the platform development and maintenance, the community management of drivers and users and on geographical expansion which often faces legal challenges in the new marketplaces.
Moreover Uber is also backed up by big venture capital firms such as Summit Partners, BlackRock, Fidelity Investments, Menlo Ventures, Wellington Management and also Google Ventures. Beside their investors, other key partners are also mobile payment providers, but also the drivers who are key partners and customers simultaneously. Lastly, their costs include the maintenance and development costs of their platform, the additional incentives they pay driver to increase the supply and further marketing costs.

**Figure 2. Business Model Canvas of Uber**

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Investors</td>
<td>• Platform development &amp; maintenance</td>
<td></td>
<td></td>
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<tr>
<td>• Drivers</td>
<td>• Community management</td>
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<td>• Mobile payment providers</td>
<td>• Geographical expansion</td>
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<td>× Exclusive, certain and convenient transport at affordable prices</td>
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<td>× On demand availability</td>
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<td></td>
<td>× Monetize unused resources</td>
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</tbody>
</table>

**Key Resources**
- Platform / App
- Listings
- Brand
- Community of users and drivers

**Channels**
- User: Direct via the App
- Driver: Direct via App & Website

**Cost Structure**
- App development and maintenance costs
- Marketing costs
- Driver incentives

**Revenue Streams**
- Up to 30% commission
- Surge pricing

**User:**
- Young people
- Business people

**Driver:**
- Existing drivers who own a private car
3.3 Business Model of Peerby

Peerby is a Dutch sharing economy company which provides a platform for neighbours to share items such as tents, drills, moving boxes, patio heaters and many more (Peerby, 2015). They currently operate in the Netherlands, Belgium, France and Germany. In the Netherlands, they are the biggest player in the peer-to-peer lending market.

The customer segment of Peerby can be divided into two groups. Firstly, there are the borrowers who represent people who are in need for a specific item, appliances or equipment. Secondly, there are the lenders who are people owning specific appliances or equipment and who are willing to share them with other people in their neighbourhood. Both groups are further considered as environmentally aware people since they want to engage in Peerby, borrow and share items instead of buying new ones.

The value proposition of Peerby is to offer a platform where one can borrow and share items with neighbours in a safe and fun environment. Additionally, items and equipments which are seldomly used are so much better utilized. Further, does the sharing of items also enable people to meet their neighbours and get into contact with them through the engagement of this platform.

Peerby provides its customers with a fast, reliable and secure customer service through their website and App. Since they promise the borrowers to find somebody in their neighbourhood with a needed item within 30 minutes, they need a high-performing website and App to enable this relationship. Obviously, their main communication channel is also their website and their App. These are the digital platforms where they connect borrowers with lenders. Additionally, they also promote their service through social media such as Facebook, Twitter or Youtube. Also word of mouth plays a big role in their concept. The more neighbours tell their neighbours to engage in Peerby, the bigger the community grows.

Since Peerby works as a social enterprise, their main goal is not to make profits, but to engage in activities that have a social impact and also allow them to finance their operations. Currently, Peerby does not generate any profit, it is backed up by some foundations and investors which will be further described when looking at their key partners. However, they are currently testing to sell insurances for 1€ per day borrowed. From this they will get a small amount which allows them generate sufficient income to sustain themselves, but it
further helps to increases the trust in the platform which is a big challenge for them in order to grow their market.

Clearly, the key resources of Peerby is first of all their platform. Without it they would not be able to connect borrowers and lenders. But similar to Uber and Airbnb, also their listings, as well as their community, but also their brand, which enjoys increasing awareness, are important key resources. Also similar to other two companies, their key activities focus on the development and maintenance of their platform, marketing activities such as promoting Peerby in social media and also community management.

Further, Peerby has two main partners. First of all, as already touched on, their investors. Since Peerby is a social enterprise, they do not have classic venture capital firms as their investors. Moreover, they are supported by social foundations such as Stichting Doen in the Netherlands. Also Sanoma Media granted them some money and they further won several entrepreneurship competitions, which allowed them to grow initially.

Finally, their cost structure is made by two main activities, firstly, the costs from the development and maintenance of their platform and secondly, marketing costs.

**Figure 3. Business Model of Peerby**

**The Business Model Canvas**

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
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</thead>
<tbody>
<tr>
<td>Investors &amp; funders (Stichting Doen, Sanoma Media)</td>
<td>Online platform development &amp; maintenance, Marketing, Community Management</td>
<td>Borrow and share items with your neighbors in a safe and fun environment</td>
<td>Fast, reliable and secure customer service, High-performing website &amp; App</td>
<td>Borrowers: people who are in need of appliances or equipment, environmentally aware people</td>
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<tr>
<td>Insurance companies</td>
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<td>Utilization of unused items that would have been bought otherwise</td>
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<td>Lenders: people with appliances &amp; equipment to lend, environmentally aware people</td>
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<td>Key Resources</td>
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<td>Listings</td>
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<td>Brand</td>
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<td>Community of borrowers &amp; lenders</td>
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<td>Cost Structure</td>
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<td>Revenue Streams</td>
<td>Insurance packages</td>
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3.4 Similarities of Airbnb, Uber & Peerby

When comparing the three business models of Airbnb, Uber and Peerby, one can find several similarities. Firstly, all business models are only possible due to digitalisation. All three platforms are based on online websites and Apps. Only through the digitisation and the internet it is possible for them to reach such as big crowd and also enables them to grow much quicker. Airbnb, Uber and Peerby would not exist if they could not make use of online resources.

Secondly, all of them make use of somebody else’s resources in order to make their model working. Airbnb depends on empty rooms and unused resources of their hosts, Uber relies on unused cars as well as spare time of their drivers and Peerby counts on their communities to offer spare items and unused equipment.

Thirdly, since all three companies depend on resources of their community and listings, community management is of high importance for all of them and therefore, a key activity for Airbnb, Uber and Peerby. Community management can range from local cooking evenings, to establishing rating and review systems that all aim at increasing trust among the participants.

Finally, although not directly obvious, one can further say that all of them generate revenue or at least aim at generating revenue through commissions. Airbnb gets a specific percentage of their host’s and traveller’s booking fee and Uber also earns part of the overall charged transportation price. Although Peerby does not generate any revenue yet, they aim at doing so by introducing insurance for the borrowers of which they will also receive specific amount as their commission.

Whereas this and the previous chapter focused on the industry drivers of the sharing economy, the following chapter discusses the implications and driver of this new way of consumption for the consumer’s behaviour.
4. Implications and drivers of consumer behaviour

Whether it’s accommodation, cars, money or even time in the form of services, people share more than ever before. This collaborative consumption represents a reinvention of old market behaviours which disrupts old business models based on buying by introducing new models of sharing and trading. This disruption does not only have implications for the businesses, but further also alters the behaviour of consumers.

After reviewing literature and academic research, several drivers that lead consumers participating in collaborative consumption were identified, further it is shown how their decision process changes accordingly.

Shared economies and collaborative consumption are driven by added value for consumers on two levels: firstly it offers economic benefits such as time and money savings, but secondly, it further influences social aspects that motivate people to participate as a consumer as well as an offer due to socio-demographic changes nowadays.

In order to better understand these added benefits for the consumer, it is important to notice where the sharing economy is coming from. The sharing economy and collaborative consumption have its roots in the economical crisis of 2008 (Ballard, 2015). In these turbulent times consumers' view on traditional businesses became more critical and people started re-evaluating the value of ownership and their owned resources that they only used sporadically. Thus, consumers started to look for more economically solutions. This development combined with an increasing number of single households who wish to engage in more communities led to the raise of collaborative consumption (Ballard, 2015).

On the one hand, sharing economies offer economic benefits to the consumer. This is one of the reasons why consumers engage in collaborative consumption, due to the economic savings in time and resources (Ammerman, 2013; Lamberton & Rose, 2012). On the other hand it further impacts social aspects and personal perceived benefits that lead consumers to share products instead of buying.

Lamberton & Rose (2012) found that shared economy businesses and services are viewed as an attractive solution regarding risk of scarcity. Thus, it appeals to many environmentally friendly consumers who consider it as reasonable and more eco-friendly to share car rides via Blablacar or share seldom used equipment such as drills via platforms such as Peerby. This is accompanied by an on-going paradigm shift about what it means to own a car, a
Another important aspect that is often underestimated is the social character. Since more and more people live in single households, the connections to neighbours and other people from communities become more and more important (Walsh, 2011; Molenaar, 2015). People who participate in models such as Airbnb are not only fuelled by the economic benefits, but also by intrinsic motivations such as the feeling of doing something good (Hamari, Sjöklint & Ukkonen, 2015). But they further provide participants with a sense belonging to a specific community that people nowadays appreciate (Albinsson & Yasanthi Perera, 2012). A good example for this is also the Dutch borrowing and lending platform Peerby. People do not only engage in Peerby due to economic or environmental benefits, they also want to be part of it in order to engage more in the neighbourhood community around them.

These drivers of the sharing economy that influence the motivations and perceived benefits of consumers also affect their overall decision making process if there is a collaborative consumption alternative. Ammerman (2013) argues that the traditional „Buyer Decision Process“ by Kotler, Armstrong, Wong & Saunders (2010) with its five stages of need recognition, information search, evaluation of alternatives, purchase decision and finally the post-purchase evaluation stage, is aligned differently when considering collaborative consumption decisions (see figure 4).

**Figure 4. Traditional buyer decision process and advanced buyer decision process**

![Image of buyer decision process](image)

Whereas the first stage stays the same, the results of the second stage, information search, can lead to two different paths. After having conducted an information search about a product, the consumer might find providers that offer collaborative services or products. The consumer then chooses to either buy or trade this product or service, this is especially the case for high-involvement products where the consumer appreciate the above named benefits of not owning the good. In the third stage he evaluates and assesses different options e.g. if he choose for “trading” he considers different companies that offer shared products. The consumer then shares or trades products in the sharing decision phase, which does not face any hazards regarding financial losses compared to the traditional buying phase. Moreover, the phase of the decision process represents the post-sharing evaluation which is of high importance for collaborative consumption since it evaluates other users and the overall platforms and therefore helps to improve trust (Ammerman, 2013).

Although collaborative consumption offers several benefits for the consumer that also changes his consumption behaviour, it also brings challenges for the participants as well as the businesses. These challenges are further considered in the following part.
5. Challenges of the shared economy

The shared economy faces in general three main challenges that it needs to overcome in order to sustain further growth.

Firstly, although people are motivated by economic and social drivers, there is still scepticism especially since people are hesitant to borrow their belongings to total strangers. In order to overcome this scepticism, shared economy companies need to secure for wrong usage or damage of the items. Peerby for example is trying to address this challenge by creating an affordable insurance for €1 per borrowed item. However, this system is still in their test phase and it is not clear yet if the consumer is willing to engage in this. Other options to increase trust are reviews and rating systems (Ammerman, 2013). Airbnb and Uber already use rating and review system on their platform.

Secondly, collaborative consumption businesses need to proof society that they bring more benefits than harms. Although these businesses already exist for a while, there are many current debates about whether businesses such as Uber and Airbnb create wage-earning opportunities or rather displace traditional secure jobs (Penn & Wihbey, 2015). On the one hand, some people argue for these businesses as they create new financial opportunities for thousands of workers, make use of otherwise unused resources and further lower prices leading simultaneously to an increased demand and therefore, to more job opportunities e.g. in the transportation industry through Uber (Hall & Krueger, 2015).

On the other hand, critics stress that these new job opportunities are highly insecure and only lead to an exploitation of workforces (Penn & Wihbey, 2015). However, if these businesses are able to overcome this challenge and gain societal acceptance, they further have the ability to create a huge social movement that focuses on sharing and cooperation of goods and services rather than ownership. Overcoming societal skepticism will also decrease the third challenge of shared economy businesses and will make it easier for them regarding legitimization.

Thirdly, the biggest challenge for shared economic businesses such as Airbnb and Uber is to overcome existing regulations and gain legitimization from governments worldwide. Complaints about Uber that would break all sorts of taxi regulations and Airbnb, which would run unlicensed hotels, led to many legal complications for both companies (Penn & Wihbey, 2015; Schumpeter, 2015). In Berlin Airbnb faced issues regarding banned short-term rentals, in Paris city inspectors check houses that rent their apparentness illegally and in New York a
state attorney general stated that 72% of their rentals violate regulations and laws (Penn & Wihbey, 2015). Uber also faced legal issues when it got banned in Germany as well as in Canada with the reasoning that Uber drivers operate as illegal taxis (Rauch & Schleicher, 2015).

Although these companies currently face many legal issues, other examples proof that there is also another way to handle these disruptive businesses. Amsterdam for example became the first “Airbnb friendly” city which allows short-term rentals, similar as San Francisco. The UK even goes one step further and wants to become a global hotspot of the sharing economy (Penn & Wihbey, 2015).

These examples show that governments struggle with these businesses that change traditional sectors drastically. Although on the one hand it is important to protect employees, it is also crucial to respond to these innovations and adapt the legal system accordingly. If shared economy businesses are not able to overcome this major challenge and if the rules are not going to be adopted, Uber and co. need to be prepared to play with the traditional rules of business in order to sustain and need to consider alternative strategies (Schumpeter, 2015).
6. Implications for other businesses & industries

If the sharing economy players are able to overcome the mentioned challenges, its impact won't end with transportation, hospitality or consumer goods. It will expand into other industries and has the potential to be part of our daily lives. Employment will be more and more flexible as part-time opportunities like Uber's drivers become more available.
New fields will include renewable energy and consumer healthcare industries as well as a shared Internet of things economy (Villano, 2014).

Moreover, other platforms will emerge that bring the participation in the shared economy to a new level e.g. enable drivers that don't own a car to use other unused cars for Uber's driving services. Companies like Breeze offer vehicles on a week-to-week basis which people can use in order to work as drivers for Lyft or Uber in case if they don't own a private car. (Villano, 2014).

Moreover, these services will be more consolidated and work as collaborative models. One will go to a restaurant by using a Uber driver and wearing borrowed clothes, the tables will be shared and then stay is booked in an Airbnb.

The increasing raise of sharing products will decrease the overall product demand. Companies won't compete anymore solely with other first-time sellers, but also with consumers who rent these items at a lower cost. This will lead to overall less consumption and therefore decreasing the margins of businesses.

Traditional businesses need to face these future scenarios and need to avoid being disrupted. Therefore, it is important they open up and also embrace the collaborative model. Corporate companies like BMW, which introduced its own car-sharing service with DriveNow. Companies in high-end retail and utilities are especially vulnerable to this new model (PWC, 2015). Thus, companies need to assess the potential how collaborative consumption might influence their business model. To mitigate the risks, they need to develop open business model strategies such as partnering with other companies, investing into shared economy startups, creating their own spin-offs or considering total renewal (Chesbrough, 2007).

The further growth of the sharing economy will lead to reinventions of business models in various sectors in order to not get disrupted by new entrants (Amerman, 2013). In order for this to happen and moreover, to be the disruptor themselves, companies need to employ the found insights and enhance their business and marketing strategies accordingly.
7. Conclusion

The sharing economy challenges the 20th century concept. It does not only impact businesses and consumer behaviour, but also alters society, in the way that it changes our perception of ownership and material objectives that defined us for many years. Although this disruption led to many changes in the society, some people are still reluctant to change and see the shared economy suspiciously. Further, current legislation and rules are blocking developments and discourage companies to pursue their sharing businesses.

Even with these challenges that we face today we will eventually shift to an economy in which sharing has a significant influence. The support and successes that already have been achieved in established industries are proof of this.

However, in order for collaborative consumption businesses to flourish, they may need to receive further legitimisation from governments all over the world (Ammerman, 2013). Also individuals will have to face the fact that the sharing economy is nothing to be afraid of. Just like every other new experience it are just the first steps that are a bit anxious. Therefore, companies need to actively engage with the society and governments to overcome these challenges. Further, the sharing economy might also lead to disruptions in other high-involvement consumer businesses. Thus, also other companies and industries need to be aware of this change and adopt an open business model that enables them to be disruptive instead of being disrupted.

Scientifically and personally, we believe in the trend of the sharing economy. One of the authors of this paper (Niels) believes strongly in the new possibilities of the sharing economy. He recently started a business with 2 friends called AnyJobby. AnyJobby is a multi-sided platform, which allows individuals to outsource all sorts of jobs, tasks or services to other verified individuals (Jobbers) who have the time, expertise and tools. AnyJobby is still in its development phase but much interest has been shown already.
The philosophy behind AnyJobby is that nowadays with Uber, Airbnb and Etsy, we are sharing mostly our assets but why not our skills or time. Service sharing is a relatively new concept and its based on the principles of the sharing economy as well. In the Netherlands this concept is pretty new, but in the U.S. and Australia the idea has been proven to be a huge success.

We believe that eventually our economy will adapt itself to this new disruption like it always has: “To deny these new changes and developments would be to deny the future” (Molenaar, 2015).
References


