3 Understanding the Sharing Economy

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Introduction

Understanding the sharing economy requires a knowledge of the definitions, concepts, and theories that help us to understand how they work. 'Sharing economy', 'peer-to-peer economy', 'collaborative consumption', 'gig economy', and 'collaborative economy' are among the terms used in the academic and business world to name a new economic and socio-cultural phenomenon (Dolnicar, 2021, Aloni, 2016: 1398). Some others emphasise that it is an 'access economy' in which companies act as intermediaries between customers (Buhalis et al., 2020), rather than a form of 'sharing', which is social exchange between people who know each other (Eckhardt & Bardhi, 2015). Controversy continues about this matter, and academics are still discussing which name is more appropriate. For example, there are some differences between a *collaborative* economy, introduced by Botsman and Rogers (2011), and *sharing* economy. 'Collaboration' implies a more communal framework, whereas 'sharing' implies relying on solidarity. Ravenelle (2017) stated that it is not 'sharing', but it 'selling'. These terms are used for the phenomenon in the literature (Gül and Zeki, 2017: 2), and the 'sharing economy' is one of the most common among them. This chapter follows Sundararajan (2016: 27) and continues with the term 'sharing economy' to maximize the number of people who are familiar with our topic.

Early stages of the sharing economy and reasons for its emergence

Consumerism and hyper-consumption have taken over modern societies. Hyper-consumption became a reality of the world, along with poverty. It is a dilemma that creates social inequality. Capitalism rearranged the socio-economic form by supplying 'mass' products instead of 'posh' products (Migone, 2007: 174), when production speed increased alongside the nurturing of hyper-consumption and changes in people's priorities. The motivation of having something has started to be more important than satisfying the needs. The market and monetary economy have used individualism and reflected it as a successful doctrine (Druica et al., 2010: 390). Individualism and romantic myths, like 'discovering yourself' and 'living your independent life' have continued to nurture hyper-consumption. People continue to buy, buy, and buy. Huge production capacities, endless types of products, and hyper-consumption have resulted in natural resources being used more and more. It is easy to see that hyper-consumption is not sustainable for humankind or for the world. The situation pushes the limits of both economic sources and ecological capacity (Steffen, 2004: 3).

Ecological and monetary problems are the results of hyper-consumption and production. Hyper-consumption leads to over-production, and when we buy things, we need space to store them, which creates another environmental issue. There are 53,000 personal private storage sites in the United States, which is seven times the number of Starbucks locations in the USA. So, those storage facilities take up space that equals nearly 38,000 football fields (Botsman and Rogers, 2011: 13). A large portion of the things in storage lockers are used just a few times in a person's lifetime (e.g. books, DVDs, sports and fixing equipment). The cost of a product is not only its price tag but also the cost of keeping and maintaining it. Even if you do not need a storage area, repair and maintenance expenses and taxes are a burden.

People have empty rooms, and houses, cars and bicycles, which are only occasionally used by their owners. For this reason, people prefer to lend them, and others prefer to lease them instead of purchasing them. But peer-to-peer logic brings a new perspective to these sharing activities.

In the first stage of the sharing economy, the peer-to-peer system let people share their virtual goods, like song, movie, and game files. In that stage, there was no middleman or regulation. eBay was one of the first websites that made peer-to-peer contact available for shopping for virtual items *and* physical belongings. The next stage let people rent rooms, houses, cars, bicycles, spaces, and even empty seats in their cars during their drive to work. In the latest stage, people share their talents and abilities with others – of course, for a fee. The evolution of the web and capitalism has created a new disruptive market for goods, for example eBay; a market for houses rooms and properties, e.g. Airbnb; a market for transportation options, e.g. Uber; and a market for jobs and job-seekers, e.g. TaskRabbit. In summary it created the sharing economy. But what is the sharing economy exactly? How can we define it? And how does it work?

What is the sharing economy?

In 2008, Brian Chesky, Nathan Blecharczyk, and Joe Gebbia took a step to turn a problem into an opportunity. They realised that conferences, conventions, and similar large events create huge demands for accommodation. As a result, most hotel rooms are sold out or are available only at unaffordable prices (Botsman & Rogers, 2011: X). So, they created a business, matching visitors who need rooms with locals who have empty rooms. They also realised the market is not just limited to events like conventions and conferences. This made it possible for Airbnb to come alive. In 2009, Garrett Camp and Travis Kalanick created Uber with a similar story. Camp and his friends spent $800 for a private driver one night. Even though he had made a fortune from selling StumbleUpon, the service seemed too costly to him (Shontell, 2020). He was looking for a solution and created UberCab, which eventually became Uber, because of legal problems with regular taxi organisations. This ridesharing idea has now spread all over the world, and Uber did not stop at ridesharing. Uber started organising food delivery services. In 2019, the rides segment accounted for nearly 75% of Uber's revenue, with the food-delivery segment accounting for 18% and the freight segment accounting for about 5% (Harrison et al., 2020). Uber sparked a new concept, and 'Uberisation' emerged. Airbnb and Uber inspired many derivatives like BlaBlaCar and Lyft, and even extended into the food sector with Eatwith, MealSharing, and Feastly.

While some small start-ups turn into tech giants, not all sharing economy startups are about profit and money. If you are a traveller who does not have money to rent a room, or if you want to socialise in a new city as an outlander, CouchSurfing can meet your needs (Sundararajan, 2016: 39).

The idea of creating a web-based platform and matching seekers with providers became a trend on the internet. Service platforms like TaskRabbit represent a job market for a wide range of skilled people. If you have an innovative idea that needs funding, Kickstarter or Funding Circle are ideal places for it. If you are looking for a unique item, it is almost certain you will find it on eBay or Etsy. With all these different types of examples, we can now answer the question of "What is the sharing economy?"

There is no consensus about the answer. Rachel Botsman and Roo Rogers discussed the sharing economy under the name of 'collaborative consumption', which they saw as a more suitable definition, in their influential book *What's Mine Is Yours*. Botsman and Rogers (2011: 75) define collaborative consumption based on four principles: critical mass, idling capacity, belief in common, and trust between strangers. Botsman suggests collaborative consumption makes people realise the benefits of *access* to products and services over *ownership*. Also, people can save money and time, and socialise (Botsman and Rogers, 2011: xv, xvi). In a TED talk, Botsman (2012) further stated that the collaborative economy is a social and economic system that provides a means for people's habitats, skills, and even cars with the network technologies, in a unique way.

Alex Stephany uses the term 'sharing economy', which he defines as having five limbs. According to him, "The sharing economy is the value in taking underutilised assets and making them accessible online to a community, leading to a reduced need for ownership of those assets". The five limbs are value, underutilised assets, online accessibility, community, and a reduced need for ownership (Stephany, 2015: 9). An independent report in the United Kingdom supported Stephany in stating that these platforms help people share access to property, resources, services, and skills (Leaphart, 2016: 190). Arun Sundararajan is the writer of another influential book entitled *The Sharing Economy: The End of Employment and the Rise of Crowd-Based Capitalism*. Sundararajan describes the sharing economy as an economic system. He states that crowd-based capitalism (i.e. the sharing economy) has five characteristic features (Sundararajan, 2016: 27):

- First, it is largely market-based.
- Second, it has high impact capital.
- Third, it is a crowd-based network rather than a centralised structure, and, thus, it decentralises the market. This is supported by other publications (Martin, 2016: 156).
- Fourth, crowd-based capitalism is blurring the lines between the personal and the professional.
- Fifth, it also blurs the lines between fully employed and casual workers, independent and dependent employment, and work and leisure.

The sharing economy and related concepts

The sharing economy contains or is related to other concepts. 'Digital economy', 'co-creation', 'gig economies', 'platform economy', 'peer-to-peer economy', and 'uberisation' are words that you will likely come across when reading about the sharing economy. It is important to explore these concepts in more depth before giving our definition of the sharing economy.

Innovation is the steam of economic development (Kızılkaya, 2010; Schumpeter, 1911). The internet and related innovations have brought about a new effective economy. In this new economy, information is digital, and it moves at fantastic speeds compared to the old physical-based economy