

Collaborating and Connecting: The emergence of the sharing economy

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Abstract

While sharing is a longstanding form of exchange, new forms of sharing have emerged. What is innovative about today's sharing is that it is a market form in which strangers—rather than kin and communities—exchange goods and services. The contemporary sharing economy creates new ways of provisioning goods and services and opportunities for what we have called connected consumption, relying on peer-to-peer relationships rather than existing market actors to mediate exchanges. In this chapter, we suggest that participation in the sharing economy is motivated by economic and ecological concerns, as well as a desire to increase social connections. However, we question how effective the sharing economy has been in meeting these goals. Further, we suggest the importance of digital technologies, facilitating the emergence of “circuits of commerce,” in overcoming the trust and reputational barriers that once restricted sharing to kin and community. Finally, we suggest that the market orientation and organization of sharing economy platforms—as well as whether exchanges are monetized or non-monetized—are critical characteristics shaping these platforms and their potential to provide truly alternative economic arrangements.

Introduction

Sharing, or practices by which individuals use, occupy, or enjoy something with others, is longstanding. Anthropologists analyze the ways that sharing produces and reproduces social relations (Belk 2009; Gell 1986:112). In the United States, scholars studied sharing in the close-knit farming towns of the colonial Northeast (Merrill 1977). In the mid-twentieth century, Carol Stack described sharing as a survival mechanism for African-Americans living in a community beset by poverty and discrimination (Stack 1974).

New forms of sharing have emerged in recent years, in part as a result of the Internet. What is innovative about today's sharing is that it is a market form in which strangers—rather than kin and communities—exchange goods and services. This contemporary sharing economy creates new ways of provisioning goods and services and opportunities for what we have called connected consumption, and what others have termed collaborative consumption. Connected consumption is predicated on peer-to-peer relationships rather than existing market actors to mediate exchange. As such, it represents an innovation that is capable of re-allocating wealth across the “value chain,” specifically away from “middlemen” and towards small producers and consumers. In 2011, *Time* magazine identified collaborative consumption as one of its 10 ideas that will change the world. While the phenomenon is still in its early stages in many product or service categories, its combination of economic rationality, technological infrastructure, and cultural appeal will likely lead it to grow significantly over the next decade (Schor

2010; Gansky 2011). If it does, it has the potential to enhance sustainability and reduce ecological and carbon footprints in a number of key areas.

In this chapter, we will begin by offering a broad definition of the sharing economy and the categories of practices it includes. Next, we discuss salient motivations for participation and describe the size and growth of these types of exchanges and the complexities of definition. We will then review the existing academic literature on the sharing economy, and suggest key themes and areas of investigation. We conclude by addressing the challenges faced by participants engaging in these emergent practices. Throughout, our discussion is based on four years of qualitative case-study research, which includes roughly 150 interviews and hundreds of hours of observation with sharing economy participants, mainly those aged 18-35.¹

The sharing economy emerges

In the last fifteen years, a growing number of young adults, as both business innovators and users of these services, have attempted to transform the sphere of consumption. (We focus on young adults because they are disproportionately active in these innovations.) They advocate shared ownership and use, re-use and re-sale of goods, and optimizing use of assets by renting or loaning out durable goods and spaces. The

¹ Information about our project, which is called “Connected Consumption,” and is funded as part of the MacArthur Connected Learning Research Network, can be found at: <http://clrn.dmlhub.net/projects/connected-consumption>.

movement they represented was originally dubbed the sharing economy, and later also came to be known as collaborative consumption, as the result of a popular book and website of that name (Botsman and Rogers 2010). We call it connected consumption to emphasize its social and digital dimensions. All three terms, which we will use interchangeably, refer to a wide and varied range of old, revamped and new practices whose central characteristics are the ability to save or make money, provide a novel consumer experience, reduce ecological and carbon footprints, and strengthen social ties. Not all the practices have all of these characteristics; however, most attempt to. Of course, there is considerable room for debate about the boundaries of the phenomenon. What is common across the “space,” as it is colloquially referred to, is that participants are transforming consumption practices as well as markets for consumer goods and services.

As they pertain to consumption, the new sharing practices fall into four major categories—re-circulation of goods, exchange of services, optimizing use of assets, and building social connections. In our reading of the history, the first innovation was sites devoted to the *re-circulation of goods*, in particular eBay and Craigslist. They were both sites founded in 1995 and are online marketplaces for individuals to exchange used products. Both eventually moved beyond their beginnings to encompass a much wider range of offerings, and both moved out of the niche of the sharing economy into the consumer mainstream. The intensification of purchasing that occurred in the late 1990s and 2000s was key to their success because it led to a ready supply of items for re-sale. What we have elsewhere called the “fast-fashion” model, i.e. the speed-up of consumer

acquisition and discard (Schor 2010), was crucial to the emergence of connected consumption: increased consumer purchases and the subsequent social superfluity of goods led to the development of secondary markets (i.e., markets where goods are exchanged a second time). In addition, digital technology and sophisticated online software reduced what had traditionally been high transactions costs in secondary markets. Thus, a combination of technological and socio-economic changes facilitated the growth of connected consumption. eBay and Craigslist are now enormous entities, and their example has been followed by many similar ventures. There are now scores, if not hundreds, of Internet sites that facilitate the exchange of used goods. They range from sites that handle many products to specialized sites. Modes of exchange include two-way trades, gifting, sale, and multiple-party exchanges.

Apparel has been an especially fertile area for secondary outlets, on account of extensive growth in apparel purchasing in the U.S. and Europe as a result of the globalization of production and the decline in prices. (Schor 2013). For example, Swapstyle.com is a clothing exchange site that has been operating for 10 years and boasts more than 55,000 participants and more than 4 million completed trades. Registrants browse a worldwide inventory of fashion items and negotiate swaps with others. If suitable swaps are not forthcoming, items may be purchased with cash. Threadflip is oriented to the resale of high-end designer item and does not include a swapping dimension. Other examples are Dig n' Swap, 99 Dresses, I-Ella, Rehashclothes, ThreadUp, and Rent the Runway, in addition to a growing number of local, face-to-face clothing exchange organizations and events.

Outside of apparel, the range of goods now being exchanged includes nearly the full portfolio of consumers' possessions, from items such as books, DVDs, and toys, where there are "thick" or densely populated markets, to the thinner markets of sporting equipment, furniture, and other home goods. Goods can be swapped, "gifted" or purchased online using a variety of exchange formulae at sites such as Swap, Netcyclers, and Bartercard. Freecycle emphasizes the creation of a community and operates with a gift model in which people join a local group and all exchange is free. The expectation is that members both give and receive, and over time develop social bonds (Nelson, Rademacher, and Paek 2007). At Yerdle, if the consumer is unable to find what he or she is looking for, the site provides a link to a retail store where it can be purchased. Another variant of the exchange model is the sale of new, but home- or hand-made items. Etsy, a craft marketplace, is the largest and best-known of these sites.

Another early innovator was Zipcar, a business-to-peer company founded by Robin Chase, a visionary entrepreneur with a strong sustainability motive. Zipcar was a membership organization that placed vehicles in convenient locations in urban areas and rented them out for short periods of time. A central goal was to reduce urban car ownership. Over time, car sharing became very popular, particularly among young people, whose car ownership is lower than previous generations. The concept of car sharing entered the mainstream and Zipcar expanded dramatically. Eventually, the company was acquired by Avis and car sharing in one form or another began to be adopted by large transportation corporations, including car manufacturers such as BMW.

The rationale behind Zipcar represents the second major type of connected consumption—schemes for *optimizing the use of durable goods* or other economically-productive assets. In a wealthy economy, individuals and households can afford to purchase durable goods that are used only intermittently, or to own assets that are not operated to capacity. Examples include spare bedrooms, unused garage or other storage space, unproductive lawns, and square footage in office environments.

After the 2009 recession, deploying unused assets for economic gain take on added appeal and schemes for offering idle capacity emerged. Quite a few were focused on durable goods, such as lawn mowers, tools, or expensive equipment for specialized uses. Some of these initiatives had histories that long antedated Zipcar. For example, tool libraries had developed decades earlier in low-income communities. However, earlier efforts tended to be small and local, in order to facilitate the transfer and use of heavy items as well as to solve the problems of trust and credibility which arise with lending schemes. A number of neighborhood sites attempted to replicate that functionality online, but with a local focus, by including durable goods sharing as one dimension of their efforts. Examples include Share Some Sugar, the Front Porch, Neigh*goods, Hey, Neighbor, and Neighborgoods.

In 1999, Couchsurfing built a platform that matched people who had empty couches (or beds) and were willing to lend them, to people looking for a cheap way to travel. Originally a non-profit, Couchsurfing is now a Benefit-corporation operating on a large scale and around the world. It reports having 6 million members hosting in more

than 100,000 cities. (<https://www.couchsurfing.org/n/about>, accessed on February 14, 2014.) It aims to create “a better world,” through fostering new social experiences and connections. Couchsurfing led to AirBnB, which is a for-profit bed-and-breakfast in which people host travelers in their spare rooms, which we discuss in more detail below. Other sites include Roomarama, and Tourboarder. Practices such as ratings, comments and feedback have helped to solve the problems of trust and reputation that are present in a context where people are opening their homes or lending expensive possessions to strangers.

The idea of renting excess space was extended to empty garages, attics and parking spaces. Other variants include landsharing, which matches unused land with would-be gardeners who lack acreage, and co-working, in which unrelated individuals share office space. A related concept is to mobilize idle capacity in publically owned assets. One example is Neighborhood Fruit, which identifies and publicizes publically owned fruit trees and also helps transfer excess fruit from tree owners to consumers. In their peer-to-peer versions, these innovations provide people with low-cost access to goods and capacity and allow owners to earn modest amounts of money to supplement regular income streams.

The third major type of connected consumption involves *the exchange of services*, rather than goods. Here, the originator is time banking, a practice whose origins as a formal institution date to the 1980s (Cahn and Rowe 1992; Collom et al. 2012; Seyfang 2004). Time banks are typically community-based non-profits whose members trade

services on an egalitarian basis in which each member's time is equivalent in value to every other member's. Time banking participants offer services such as baby-sitting, painting, or massage, and earn "time dollars" when they provide services to others. This currency can then be used to receive services. Time banks explicitly aim to circumvent monetized market exchange and create more egalitarian relations. There are now an estimated 276 time banks officially operating in the United States and time banks exist in 26 countries (http://en.wikipedia.org/wiki/Time_banking, accessed on 9 February 2014).

The impetus to innovate in the connected consumption space has led to variants of time banking which use money or in some cases, a convertible "social currency." Zaarly and Task Rabbit are sites in which some users request services and others bid (in dollars) for the opportunity to do them. Hub Culture is a social networking site for management professionals offering advice, skill acquisition, and other services. Delivery is partly face-to-face, and the currency earned is called Ven, which has dollar convertibility. The other major service-sharing category is in transportation, where a number of ride-sharing sites operate.

A variant between goods and service provision involves the exchange of home-produced goods, such as food, crafts and the like. Sites that facilitate this type of exchange include Mama Bake, Soup Sharing, and EatWithMe. These also have as a main objective the *creation of more social connection and social experience*. This is a goal shared by many of the connected consumption platforms, but it is the key motivator for a number of the neighborhood sites, such as those mentioned above. Facilitating peer-to-

peer connection and avoiding financial institutions is also at the root of social lending sites such as Prosper, Zopa, and the Lending Club, which allow people to go online, learn about initiatives that require financial investment, and transfer money/invest in them. Finally, there are sites whose purpose is to help people build their own skills and capacities, such as Skillshare.com, which offers peer-to-peer workshops to democratize access to skill and knowledge and to supplant traditional educational institutions.

Motivations for new forms of sharing

In our research, we have found three major motivations for participation in the sharing economy. The first is economic. Because these sites are peer-to-peer they are able to re-distribute value across the supply chain, to producers and consumers, and away from middlemen. They both deliver more value to consumers and create new income-earning opportunities for producers. Sharing sites boast that people are able to earn significant sums by renting out their spare rooms or cars or doing tasks for money. One consequence is that these sites can be highly disruptive of established or “legacy” businesses and interests in these sectors. Hotel demand can fall when AirBnB activity rises. Taxi and limousine drivers have organized against Uber and Lyft, which sell rides online (Chen 2012). While proponents of collaborative consumption extol its virtues, they rarely discuss its negative economic impact on old economy businesses and employees.

The second motivation is to reduce ecological impact, including carbon and eco-footprints. Most sites advertise their green credentials and impacts, and many of the users

care about eco-impact. In some cases, the effect seems obvious. Re-circulation of goods, rather than buying new involves a lower footprint. Staying in existing homes reduces the demand for new hotels. Sharing space is less resource-intensive than letting it sit empty. In general, however, we have found that ecological impacts have been largely assumed and there are relatively few studies of how these new practices affect resource intensity and greenhouse gas emissions. One careful study of carsharing (Martin and Shaheen 2010) found that the practice had a significant negative impact on greenhouse gas emissions. However, this was due to the fact that a few households used carsharing to reduce their emissions a substantial amount. For the majority of households, the practice increased emissions. The authors conclude that because the impacts of carsharing vary so greatly across households, broad generalizations about climate impacts cannot be inferred. This is likely true for a number of sharing economy platforms. One reason is that by creating new markets for used goods, they expand the volume of commerce and inject additional purchasing power into the economy, which in turn creates impact.

The third motivation is to increase social connection and build social networks. Many sites advertise this feature of their business, and we have found in our case studies that this motivation is common among users. However, we have also discovered that a number of these platforms fail to deliver durable social ties. In our time bank case, we found many participants were disappointed in the extent of social connection they developed (Dubois, Schor and Carfagna 2014). In her study of carsharing, Fenton found that the two parties to the transaction often never met, on account of remote access technology (Fenton 2013).

We have also found that technophilia accounts for people's interest in connected consumption. They like using the Internet to do things efficiently and easily. They enjoy the sophisticated interfaces offered by many of the sites. We have found that many users have been "digitally primed" by years of online sharing of files, music and other cultural products. We have also found a significant number of our respondents are themselves in the world of digital technology as programmers or website designers.

A final motivation is that many participants are ideologically committed to the concepts of sharing and collaborating, and many have critiques of market provision, especially in services. In our time bank research (Dubois, Schor and Carfagna 2014), we found that half our respondents are ideologically motivated to engage in non-market, personal types of service exchange. In the food swap case, all of the founders and many of the participants are motivated by ideas surrounding organic and local food, membership in Community Supported Agriculture (CSA) programs, and other aspects of the alternative food movement (Fitzmaurice and Schor 2014). Indeed, the founding of the food swap itself was due to issues associated with alternative food practices. More generally, we find that for many participants, especially early adopters, joining sharing or swapping initiatives is an intentional political act with the purpose of helping to construct an alternative to normative market provision. In this way, we find that our respondents do believe in what Viviana Zelizer (2007) has termed the hostile worlds view of the relation between the market and intimate life. But they are not so concerned about how the market is undermining private life, as in the classic cases Zelizer discusses. Rather, they are

trying to construct new kinds of markets that produce personalized exchange relations. We find this in research on time banking, food swapping, lodging exchange and service provisioning.

Quantifying and Defining the Sharing Economy

To our knowledge, there is not yet a serious quantification of the size and extent of the phenomenon. However, there is considerable anecdotal evidence of its growing reach. In 2013, Rachel Botsman reported that the peer-to-peer (or P2P) rental market had reached \$26 billion (Botsman 2013). Jeremiah Oywang, a marketing consultant, estimated that in 2013 there were 200 companies with more than \$2B in venture funding, although this includes only for-profit sites and those that have advanced to the venture capital stage. (<http://www.web-strategist.com/blog/2013/06/14/infographic-collaborative-economy-startups-proliferating/>) We have gathered data from some of the largest sites in a few of the major categories, which is shown in Table 1. These platforms range considerably in size. AirBnB, which is the largest, logged a cumulative total of 10 million overnight stays by 2012i. Freecycle has more than 6 million members. Among the transportation sites, the trend is towards availability in a growing number of cities; this is also the case with bike sharing programs, which are expanding rapidly.

Defining the limits of the sharing economy is difficult. What specific characteristics make these forms of exchange part of the “sharing economy,” rather than novel market forms? An even more complex issue is what distinguishes these phenomena

from older practices of sharing. We have identified three characteristics that can help define which practices warrant inclusion in this emergent economy.

First, the new sharing economy is distinguished from previous forms of sharing by its ability to facilitate sharing between strangers, rather than among kin or within communities. In contrast to monetized commodity exchange, sharing necessitates at least a modicum of social connection. As Russell Belk has argued, in standard market exchanges, one time trades are possible and participants are not required to encounter each other again. “Commodity exchange is about the reproduction of rights to objects, not the reproduction of relationships between people,” (Belk 2009:718). As a result, sharing has historically been associated with exchanges within the home or community. Previous forms of sharing have not been characterized by the participation of strangers.

The historical restriction of sharing practices to familiar “others” is largely due to two limitations of sharing in comparison to market exchanges. The first has been described as the problem of the “leaky self” and involves fears of contagion—be it biological or social (Belk 2009). The act of sharing inevitably blurs social boundaries, both in relation to the commodities and the social actors involved. “When this happens we symbolically become one so that, at least for a moment, the former me and you, as well as mine and yours, become us and ours,” (Belk 2009:728). The social obligations of sharing mean that exchange partners do not come together as prototypical self-interested, autonomous actors. As a result, the usual markers of social distinction such as race, class, gender, and cultural capital (Bourdieu 1984) can become salient. With familiar individuals such information is easily known, and exchange partners are likely similar.

Among strangers, exchange partners are forced to ask with whom are they willing to share, and whether or not they are willing to become associated with such “others.”

A second characteristic of sharing that historically limited such practices to kin and communities is the problem of establishing trust. Trust can be conceptualized as “a disposition to engage in social exchanges that involve uncertainty and vulnerability, but that are also potentially rewarding,” (Bicchieri et. Al. 2004:286). However, among strangers, exchange partners often lack the necessary information or previous experience necessary to establish trust. As a result, individuals must rely upon impersonal trust, presenting exchange partners with a one-sided social dilemma (Bicchieri et. Al. 2004:287). “The standard solution to ‘social dilemmas’ is to introduce some form of formal or informal social control,” which can range from institutional monitoring to “repetition itself, with its possibilities for signaling, retaliation and reputation formation,” (Bicchieri et. Al. 2004:287). Sharing among kin and community ensures that exchange partners have a basis for trust based on pre-existing social relationships. But it also ensures the types of informal social controls needed to generate impersonal trust. Among strangers, the market has typically provided solutions to the problem of trust by minimizing risk. In our view, the ability to facilitate sharing between strangers is a defining feature of institutions and practices that are part of the emergent sharing economy.

Second, practices comprising the sharing economy can be distinguished from previous forms of sharing by their strong reliance on digital technologies. Digital technologies provide mechanisms for crowd-sourcing information to create accountability, ratings, and reputation indicators. This solves some of the barriers to

generating impersonal trust among strangers. However, digital platforms also help to coordinate sharing among strangers by facilitating connections between goods and services and their potential users and consumers. Sharing within households and communities requires little complex coordination because needs are either known or readily discerned. However, among strangers coordination costs arise—a problem that impersonal market exchanges have heretofore resolved. The Internet dramatically reduces the costs of coordination in terms of time and money (Shifferes 2014).

Finally, the contemporary sharing economy can be distinguished from other systems of sharing by the participation of high cultural capital consumers. Increasingly, such consumers are electing to share, rather than sharing out of necessity. While anthropological studies have certainly documented the social roles of sharing beyond providing for necessities (Belk 2009), in wealthy countries sharing has been best documented sociologically as a survival mechanism among the most disadvantaged (Stack 1974). Moreover, in the West there has been a decline in sharing (Ivanova 2007). Robert Putnam has noted that along with declining levels of community and civic engagement there has been a decline generalized reciprocity and trust in the US, and a related reticence to engage in the types of sharing that once characterized neighborhoods, such as raking another's leaves (Putnam 2000). The sharing economy is a reversal of this trend, as sharing practices are being adopted by high cultural capital consumers as a distinctive consumption preference (Carfagna et. Al. 2014). Our argument is not that the sharing economy is limited to elite consumers. Rather, a distinctive feature of sharing economy platforms and practices is their ability to involve such consumers in practices they previously refrained from.

These characteristics distinguish the sharing economy from other forms of sharing. Additionally, many platforms within the sharing economy establish what Viviana Zelizer has termed “circuits of commerce” (Zelizer 2010), as opposed to more traditional conceptions of sharing as sporadic and often bilateral. Zelizer has identified five criteria that must be met for a pattern of interactions to constitute a circuit of commerce rather than a market or a social network. These include social ties among a group of individuals, economic exchanges stemming from those relationships, a common system of evaluation and accounting, shared meaning attached to the exchanges, and a boundary defining membership in the circuit (Zelizer 2010). Sharing economy platforms often serve to bring together bounded groups of people into circuits to facilitate such exchanges. This is another way in which these platforms address the problems of trust associated with sharing among strangers.

Trust and Reputation Studies

The ability to overcome barriers of trust is not only a defining characteristic of sharing economy platforms—trust and reputation has become the central question in the social science literature on the sharing economy. In the previous section we noted that crowd-sourcing of information from participants is the key mechanism for creating trust and reputation. Additional research has shown that online reputation systems shift revenue in markets as consumers gain access to more information. Yelp reviews, for example, have been shown to shift consumer spending away from chains (about which, historically, greater reputational information was available) to independent establishments (Luca 2011).

However, much of the academic literature explores the limitations of the reputational mechanisms that sharing platforms provide. For example, Lauterbach et al. (2009) have examined reputation and trust among CouchSurfers and find that the number of exchanges facilitated by the CouchSurfing platform is the result of its reputation system, which allows users to vouch for each other and through references and descriptions of their experiences. They also find significant problems for the reliability of the information that is offered. A quarter of members had vouched for each other, which is a sign that vouching is too freely given by members who only know each other through the site and may be inflating members' reputations. Moreover, due to the public nature of the platform's reputational system, vouching can be induced by social pressures rather than genuine affirmations of a member's trustworthiness (Lauterbach et al. 2009).

Also using CouchSurfing as an exemplary case, Overgoor et al. (2012) note a similarity to other peer-to-peer (hereafter P2P) public reputation systems: anonymity can lead to misinformation. Furthermore, the public nature of these systems produces positive biases as users seek to avoid retribution for less positive reviews. Similar problems have been found across online, peer-rated, public trust systems. Wang and Nakao (2010) suggest that P2P reputation systems—which aggregate a community's evaluation of a user's trustworthiness—are vulnerable to attack by what they term “front peers.” These are individuals who cooperate and collude with peers to inflate their own reputations. Ott et al. (2012) find that for P2P reputation systems which have low posting cost and allow any user to post reviews without safeguards to ensure reviewers actually used the service, the prevalence of dishonest “deceptive opinion spam” has increased. The popular site Yelp.com fits this model.

The remainder of the literature on the sharing economy has focused on the consumer side. An influential theoretical paper by Takahashi (2000) addresses the problem of how norms of generalized exchange—critical for many sharing platforms—can arise when people are assumed to be rational actors. Takahashi’s shows that altruism is unnecessary for exchanges to take place and demonstrates that norms or generalized exchange can emerge as long as individuals have a personal sense of fairness.

Other research has investigated the ability of the sharing economy to foster community. Ozanne and Ballantine (2010) found that a toy-sharing library provided a space for collective mobilization of anti-consumption values. Albinsson and Perera (2012) suggest that individuals involved in the sharing economy through the creation of alternative markets built community on the local level as “citizen-consumers” seeking more sustainable futures. Finally, Setiffi’s (2011) analysis suggests the need to consider how the sharing or recirculation of goods conveys social meaning and suggests a theorization of the “culture of the used.”

In contrast, as we noted above, our research and that of others has revealed less evidence of social connection within the sharing economy than proponents suggest. In their study of Zipcar, Bardhi and Eckhardt (2012) found that users resisted the creation of brand communities. They argue that the altruism typically associated with sharing might be limited by the market-mediation of sharing exchanges and by platforms that allow participants to remain anonymous to each other. Similarly, our research on time banking has pointed to limitations in the ability of the sharing economy to build social capital and community (Dubois, Schor and Carfagna 2014). Participants often engaged in one-time trades, or were reluctant to provide services in their areas of expertise, both because they

could be better compensated for those skills in the market and because they desired opportunities to try out skills they would not be rewarded for in the labor market due to inexperience. Fenton's study of RelayRides users challenged the potential of such platforms to truly build community and users described their interactions as "anonymous" and "sterile," (Fenton 2013).

Moreover, along with failing to produce a basis for meaningful connections, some studies have provided evidence for the reproduction of inequality within the sharing economy. In our study of food swaps we have observed the ways that cultural capital—as reflected in the products, packaging, and even the appearance of participants—limited the trades members are willing to make and who feels comfortable at the events. Only participants who possess the "right" taste will be traded with and, in many cases, will feel comfortable returning (Fitzmaurice and Schor 2013). In the time bank we found that the skills individuals are willing to trade for reproduces inequality on the basis of participants' cultural capital (Dubois, Schor and Carfagna 2014). Finally, Edelman and Luca (2014) have identified racial bases of discrimination among AirBnB users. They found that white users were able to charge 12% more for rentals than non-white users for comparable properties, controlling for all other information available on listings.

Classifying the Sharing Economy: A Typology of Platforms and Practices

Having suggested the characteristics distinguishing the platforms and practices of the sharing economy from other forms of sharing and reviewed the primary concerns of the academic literature on sharing, we suggest that certain features are particularly useful when classifying these emergent platforms and practices. These characteristics are the

predominant influences giving shape to the platforms, provide organizing logics, and also determine how disruptive to mainstream market models a platform may be and the ability of platforms to expand. To that end, we suggest the following typology for categorizing sharing economy platforms:

		Organization	
		Peer-to-Peer (P2P)	Business-to-Peer (B2P)
Market Orientation	Non-Profit	P2P Non-Profit Sharing e.g. Food Swaps, Time Banks	B2P Non-Profit Sharing
	For-Profit	P2P For-Profit Sharing e.g. Relay Rides, AirBnB	B2P For-Profit Sharing e.g. Zipcar

The first characteristic that influences the nature of sharing economy platforms and practices is the organization’s orientation towards profits and value creation. While all sharing economy platforms effectively create “markets in sharing” by facilitating sharing amongst strangers, the imperative for a platform to generate a profit influences how sharing ultimately takes place. For-profit sharing platforms such as Zipcar and AirBnB have become market leaders. However, many of the for-profit entities in the sharing economy—such as RelayRides and AirBnB—earn money by taking a

commission on the peer-to-peer exchanges they facilitate. As a consequence, revenue growth depends on increasing the number of peer-to-peer exchanges occurring on the platform. This is a significant departure from traditional business models that seek to maximize revenue per transaction—an approach far more common on business-to-peer platforms.

This difference points to a second characteristic of consequence: whether a sharing platform operates Peer-to-Peer (P2P) or Business-to-Peer (B2P) exchanges. Peer-to-Peer exchanges are more like the traditional idea of sharing, except that exchange partners often begin as strangers. Individual participants have agency to set the terms of exchanges, and loan and exchange their own goods and services. Business-to-Peer exchanges have the tendency to assume the form of more conventional rental arrangements. Consider the differences between Zipcar (B2P) and RelayRides (P2P). RelayRides allows vehicle owners to share their own cars and earn income from their vehicles. It allows members to choose rentals based on their needs, owner-determined rates, and availability. Zipcar functions in a manner much more akin to a short-term car rental company: members pay a specific membership fee and hourly charges for access to company owned vehicles.

What Does the Sharing Economy Look Like in Practice?

Having outlined the main characteristics that shape the practices and organization of exchange platforms within the sharing economy, we turn our attention to examples of what the sharing economy looks like in practice. Below, we offer four short descriptions of different platforms and practices. Data is drawn from our own research. These

examples span the various spectrums we have outlined, yet all provide opportunities for novel forms of exchange.

Food swaps are an example of a peer-to-peer, non-profit sharing platform for barter exchange (Carfagna et al. 2014). Although there are online resources to connect interested individuals to local swaps, swaps are autonomously organized and can range from small groups of interested individuals to as many as fifty participants. At food swap events, individuals bring products they have made, foraged, or grown themselves. Most often, these are foods such as granola, jam, baked goods, and spice blends. Swaps operate using a silent auction format. After a period of sampling, individuals bid on goods with the aim of enacting bilateral exchanges. Transactions are finalized when two individuals express mutual interest in each other's products. At the food swap we have studied, participants tend to be white women ranging in age from their mid 20's to middle age.

RelayRides is a peer-to-peer, for-profit car-sharing platform in which owners list their vehicles for rent. (<https://relayrides.com/how-it-works>) In exchange for connecting vehicle owners to renters, RelayRides receives a commission from the rental cost. We have found that car owners often decided to rent on RelayRides as a result of working from home, traveling often, or simply using their car infrequently. Owners reported being able to cover their loan payments or maintenance costs, and occasionally making a profit. Unlike other car sharing programs, owners set the terms of rental as well as the hourly or daily rental fee. Renters include those who do not own cars or need a particular car for a unique task. Unlike with food swapping, the digital component is critical in facilitating this sort of sharing. The platform connects renters to cars by allowing them to search for cars that are available near them and provides a solution to trust barriers through

reputational rating systems for both owners and renters. Additionally, unlike the food swap model—which allows participants to more efficiently produce new products—RelayRides facilitates a form of sharing that creates opportunities for individuals to earn money by tapping into the existing idle capacity of their unused vehicles.

AirBnB is a similar platform to RelayRides, making use of the idle capacity of a room, apartment, or home. The accommodation platform was founded in 2008 and now operates in over 33,000 cities located in 192 countries worldwide.

(<https://www.airbnb.com/about/about-us>). Like RelayRides, it is an online, peer-to-peer, for-profit sharing platform that generates revenue via service fees on bookings. In our research, we found that AirBnB hosts seek to supplement their incomes, as well as to meet travelers and introduce them to their communities. Guests were found to use this service as an affordable alternative to traditional hotels that is less commercialized and perceived as offering a more “authentic” experience of place.

In both RelayRides and AirBnB the online platform is critical for facilitating sharing. An online profile for each listing provides information about the accommodations, rates, and guidelines for renters. Users are able to review ratings for both hosts and prospective renters. The platform provides a system for overcoming the barriers of trust involved in sharing among strangers by providing a consistent system for evaluating user reputations.

Our final example, Task Rabbit, is an online, for-profit, peer-to-peer marketplace that connects local individuals to complete specific tasks for others (<https://www.taskrabbit.com/about>). As such, it functions as a shared labor market, in

which Task Posters create listings for tasks they are seeking to have completed, and Task Rabbits bid for the chance to carry out these tasks for their desired level of compensation. Task Rabbit monetizes the traditional sharing relationships of neighbors, and expands such sharing practices from the spheres of kin and community to strangers.

Task Posters create listings describing the tasks, including information on the location and the deadline for when a task must be completed. Posters either designate prices for tasks, or accept bids from Rabbits. Rabbits are then selected based on the competitiveness of their bid. Posters can consult the reviews that are located on Task Rabbits' profiles. Unlike the previously described forms of sharing, Task Rabbit mediates exchanges between individuals with particular skills and surplus time with those needing various services. Moreover, it provides an efficient online platform for evaluating reputations and competencies of participants, as well as a basis for monetizing such sharing exchanges.

Concluding thoughts: transformative potentials and challenges

To what extent can the sharing economy lead to a sustainable and more humane regime of consumption and production, a goal shared by many of its participants? In 2013, this question attracted considerable attention in the popular media, as the ambitious claims of proponents were scrutinized by analysts with a more critical view, particularly of the for-profit platforms. (Slee 2013; Golumbia 2013) Critics raised the question of whether these sites can create a more progressive and socially just economy, a frequently articulated goal of advocates. Agyeman et al. (2013) argued that the key to keeping

sharing economies socially just is to emphasize shared urban space, and collective, public forms of sharing as well as an explicit politics of sharing, a view we endorse.

The ongoing debate about the potential for social transformation associated with these initiatives is due to the fact that their long-term impacts are currently unknown. Some of these efforts, if they can scale up, do have the possibility of creating new economic relations that are more equal, sustainable, and socially cohesive. On the other hand, others reproduce existing inequalities, foster high-impact consumer demand, or are likely to converge to business-as-usual if they are successful. The likelihood of going one way or another is determined by a range of factors, such as the business model, whether they are non-profit or for-profit, and the nature of the service they provide.

While most of the for-profits identify social goals as part of their mission, in some cases as they grow and mature, they come to behave very similarly to existing profit-centric businesses. Zipcar seems to be an example of this. Carbon footprint reduction was central to its original purpose, however its partnership with Ford Motor Company involved offering sport utility vehicles. Furthermore, its goal of putting cars on college campuses, where cars were rare, may end up increasing car use, rather than reducing car usage. In contrast, some of the for-profit sites may be able to maintain their footprint reducing, or socially progressive goals as they grow, particularly in cases where their service or product is itself low-impact, eg., clothing swaps or Etsy. And yet, eBay started by selling used items, but eventually included a large range of new products. Similarly,

sites such as Craig's List, which began as a non-profit, can convert to for-profit status, as it did.

A second issue is whether the site uses money as a medium of exchange (versus goods, time, or an invented currency such as Ven). Those that create a new currency or trade in used goods have a much greater likelihood of fostering new economic relations. Time banks use an internal currency, measured time dollars or hours. They therefore facilitate a new "economy" in which participants can deploy a relatively more equally distributed asset (time). This counteracts the highly unequal market distribution of financial assets and skills and creates opportunities for people whose labor market options are constrained. We have also found that this can be a limiting feature of time banks, particularly in good economic times. If highly-skilled professionals can sell their time on the market, they are unlikely to participate in trades with others whose market wage is low. (Trading plumbing services for babysitting is not appealing for plumbers.) But trades among more equal partners can be attractive in a labor market where professionals are unable to work to their desired capacities. Ourgoods.com, a site for artists, is an example of this type of platform. Coding Cupboard and Concept Cupboard are others. Other sites, such as Zaarly and TaskRabbit, operate within the dollar economy, and give people with excess time and inadequate cash a chance to sell their services to others with the reverse situation. We find that TaskRabbit seems to differ little from an inexpensive concierge service, and is likely to evolve into a conventional business if it is successful, but one in which employees lack secure hours, income streams and protections.

Given that connected consumption is so new, it is impossible to say how it will evolve. What we do believe is that this sector is likely to grow, including in its more transformative forms. The demand for sharing comes in part from its capacity to foster economic activity among people with constrained earning power in the formal economy. In our research, we also find that people want to share because they crave connection with others, are concerned about climate change, and because they fervently believe in the need to humanize what has become a dysfunctional and anti-social market.

Site	Statistics	Source	Date Accessed
AirBnB	<u>Total Guests:</u> 9,000,000+ <u>Total guest nights booked:</u> 10,000,000+ as of June 2012 <u>Cities:</u> 34,000+ <u>Countries:</u> 192	https://www.airbnb.com/about/about-us	10 Feb. 2014
TaCouchSurfing	<u>Members:</u> 7,000,000+ <u>Cities:</u> 100,000	https://www.couchsurfing.org/n/about	11 Feb. 2014
Uber	<u>Countries:</u> 20 <u>Cities:</u> 72	https://www.uber.com/cities	11 Feb. 2014
Lyft	<u>Cities:</u> 20	http://help.lyft.com/	11 Feb. 2014
Zip Car	<u>Cities:</u> 181	http://www.zipcar.com/?redirect_p=0	11 Feb. 2014
Capital Bikeshare	<u>Trips per Month on Average:</u> 218,000+ <u>Annual Members:</u> 41,000+ <u>24-hour Passes per Month:</u> 380,000+	http://cabidashboard.dot.dc.gov/CaBiDashboard/	11 Feb. 2014
CitiBikes	<u>Annual Membership:</u> 85,000+ <u>Total Miles Traveled:</u> 8,000,000+ <u>Trips Taken:</u> 3,500,000+	http://cf.datawrapper.de/DJ3mf/2/	11 Feb. 2014
FreeCycle	<u>Groups:</u> 5,120 <u>Membership:</u> 6,912,829	http://www.freecycle.org/	11 Feb. 2014

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