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What managers should know about the sharing economy

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Abstract The phrase 'sharing economy' has grown to become an umbrella term for a wide range of nonownership forms of consumption activities such as swapping, bartering, trading, renting, sharing, and exchanging. In spite of such a wide spectrum of behaviors, there is limited practical knowledge about how individual sharing economy practices should be managed. Building on a framework that categorizes sharing economy practices based on their detailed characteristics, this article provides extensive recommendations to managers and practitioners. The article argues that each practice is a hybrid of sharing and exchange, and provides several recommendations based on the nature of each practice's offering.

1. The paradox of sharing in a sharing economy

Zipcar, a car sharing company that brands itself as an alternative to the costly, consuming, and environmentally degrading industry of car ownership, is perhaps one of the prime symbols of what has grown to become the sharing economy (Bardhi & Eckhardt, 2012; Botsman & Rogers, 2010). Since its inception, Zipcar has experienced an annual growth of 100%. It currently serves approximately 900,000 members with more than 10,000 vehicles in urban areas and colleges across countries such as the U.S., U.K., Canada, and Turkey (Zipcar, n.d.). It contrasts itself from established and traditional car rental agencies by matching many of the criteria of a sharing economy practice. Specifically, it offers consumption through pooled resources and social collaboration, and promotes community building while alleviating environmental concerns by offering car sharing as a more sustainable practice.

Ironically, consumers do not regard Zipcar as the alternative it claims to be. Research shows that Zipcar members neither look for community bonds

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nor have the desire to share communal links with other members. Environmental and political concerns and socialization were also not among the priorities of consumers using Zipcar's services (Bardhi & Eckhardt, 2012). In short, Zipcar customers were solely interested in the accessibility offered by this 'sharing' practice. Moreover, cost savings are revealed to be the main motivation for consumers who joined sharing economy practices such as Zipcar (Lamberton & Rose, 2012). These findings indicate that either Zipcar's efforts in promoting the business as a sharing economy practice are not effective or consumers simply have difficulty perceiving it as a sharing alternative.

Since the boom of the sharing economy that followed the financial collapse of 2008, the necessity to reduce customer costs combined with technological advances created a synergy prompting firms and consumers to find creative ways to consume through pooling and sharing resources that would otherwise be left idle. As such, numerous practices coined under the umbrella term 'sharing' began to emerge. As of 2015, the sharing economy is worth about $15 billion and it is estimated to grow to $335 billion within 10 years (PricewaterhouseCoopers, 2015). Today, a large number of businesses operate by pooling many different kinds of resources such as time, skills, jewelry, and even wi-fi networks. Almost all of them build on the positive aspects of the sharing economy and aim to exploit consumer co-creation in order to create value for the firm as well as consumers (Belk, 2014). Despite their attempts to label themselves as sharing models, these enterprises vary widely as to the nature of their ability to offer a sharing alternative. Thus, it is important for managers and marketers to understand how and when a practice falling under the veil of the sharing economy should promote values, such as community building and social collaboration, and when it should focus on less sharing-related attributes.

This article provides a practical framework to answer these questions and helps resolve these inconsistencies. The framework provides a roadmap for what to do and what to avoid based on the specificities of each type of sharing economy practice. Our main argument is this: even though most practices are called sharing or are promoted as sharing, they have varying degrees of true sharing characteristics in their nature. Those with a low degree of sharing (pseudo-sharing) are more similar to exchange practices and should mainly follow the market norms of supply, demand, and efficiency. Those with a high degree of sharing, on the other hand, are better able to build on consumer co-creation and positive sharing values such as communal links and socialization. Below we elaborate on the framework and provide detailed suggestions for managers.

2. Nonownership consumption: Is it really about sharing?

As the sharing economy continues to grow, many different market practices are trying to capitalize on the values intrinsically connected with the term sharing. Notably, a careful analysis of many of these practices leads to the conclusion that they are actually far from the concept of sharing. A more appropriate descriptor for them is what Belk (2014, p. 7) refers to as 'pseudo-sharing,' which he defines more specifically as a "phenomenon whereby commodity exchange and potential exploitation of consumer co-creators present themselves in the guise of sharing." Consider two sharing economy practices that assist passengers travelling short or long distances. The first, Kangaride, is a Canadian-based ridesharing network platform that pairs drivers with passengers and currently serves over 350,000 members (Vachon, 2016). Kangaride follows a peer-to-peer sharing model in which ordinary drivers share their extra seats while going on a trip. The Kangaride platform allows drivers to post information about their trips such as date and time, destination, and other relevant information, and then allows would-be passengers to read the information and request to share rides. Although the platform supervises the whole matchmaking process, the informal aspects of ridesharing can guide cooperative behavior and establish friendships among members. The second practice, the aforementioned Zipcar, acts directly as a third-party mediator between members who never come into contact with one another. Members share the vehicles but not at the same time and therefore lack any sense of community or collaboration with one another.

While both practices share similarities—such as the use of pooled resources and the use of online platforms to arrange payments, place reservations, and implement rating systems—they can reasonably be distinguished by the actual degree of sharing involved in the customer's experience. The Kangaride experience consists of communal bonding among members, with barely any profit-seeking motivation (i.e., drivers typically ask for compensation to pay for gas) and no explicit expectations of reciprocity. In contrast, Zipcar offers a private experience with selective pricing schemes and nonexistent interactions among members. It is worth asking if Zipcar should even fall under the sharing economy lexicon